

Nations in Transit 2021 - Latvia

CONSOLIDATED DEMOCRACY

80

/ 100

Democracy Percentage 80.36 / 100

Democracy Score 5.82 / 7

LAST YEAR'S DEMOCRACY PERCENTAGE & STATUS

80 / 100 Consolidated Democracy

The ratings are based on a scale of 1 to 7, with 7 representing the highest level of democratic progress and 1 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year. The Democracy Percentage, introduced in 2020, is a translation of the Democracy Score to the 0-100 scale, where 0 equals least democratic and 100 equals most democratic.

Score changes in 2021

- Civil Society rating improved from 5.75 to 6.00 due to Constitutional Court decisions that acknowledge the rights of same-sex couples and extend language rights by partially striking down requirements that obliged preschools and private universities to use Latvian as the language of instruction.

As a result, Latvia's Democracy Score improved from 5.79 to 5.82.

Executive Summary

By Maija Spurina

In 2020, Latvia remained a stable consolidated democracy with a robust election system, well-functioning national and local governance, diverse and independent media, and an active civil society. Corruption scandals on both the national and municipal level were a common topic of national news, which signaled that corruption remains one of the main issues for Latvian democracy. Corruption trials have been long, stretching on for years, and have often ended with mild monetary penalties or even acquittals instead of imprisonment or other punishments that many felt were deserved. At the same time, high-profile corruption cases are investigated and thoroughly reported in mass media, showing that corruption does not go unnoticed, and providing many with hope that the allegedly guilty will eventually be held responsible.

The government's ability to manage the COVID-19 crisis, as well as Latvian society's overall compliance with the authorities, proved that the country's democracy is sufficiently strong to deal with such an outside shock. The government announced a state of emergency twice, in March and November. In the spring, the number of infected persons remained low, but Latvia introduced the same precautionary measures as other European countries where the spread of coronavirus was much more significant. Schools and universities were closed, and classes were conducted online. Even though this transition was stressful, it forced teachers, parents, and students to upgrade their IT skills and introduced technologies in everyday teaching—a long-needed development. The commercial sector and public sector switched to remote work where possible. All public gatherings were restricted, and, for a certain period, people were allowed physical contact only with members of their own households. In the fall, the spread of the virus was much more extensive and required stricter measures. Even though the restrictions were stringent, Latvian society dutifully adhered to them.

While Latvian democracy passed the first pandemic test relatively well, the long-term economic and social consequences of the crisis are still to come. Because of the severe restrictions and closure of schools, the revenues of many businesses dropped dramatically. The culture, entertainment, and

tourism sectors suffered the most. Also, it is projected that homeschooling widened the gap between socially advantaged students, whose parents could provide both necessary technologies and assistance, and socially disadvantaged ones, who might have been neglected for the whole crisis period. There is still insufficient data to measure these effects, but it is safe to assume that the COVID-19 crisis worsened existing socioeconomic inequality in the country.

One of the key political developments in Latvia in 2020 was the outcome of early elections in the capital city of Riga, which resulted in a change of leadership in the city. The alliance of Harmony and An Honor to Serve Riga (HtSR) lost the election to a multiparty coalition that mirrored the ruling coalition on the national level. The downfall of the Harmony-HtSR alliance in Riga began in 2018 when former mayor Nils Ušakovs and former vice-mayor Andris Ameriks, respective leaders of Harmony and HtSR, were suspected of involvement in graft to the tune of \$13–19 million. Both stepped down and were later elected to the European Parliament. The parties' partnership faltered, however, leading to an impasse in decision-making in the Riga City Council. Among other things, the council failed to conclude negotiations and sign contracts with waste management companies, which threatened to leave the entire city without a functioning waste disposal system. As a result, the central government stepped in to announce a state of emergency, dismiss the council, appoint a temporary administration, and announce early elections in June 2020. The governance crisis in Riga created an opportunity for national leaders to take the city over in an undemocratic way, but the central government maintained its integrity, did not overextend the rule of the temporary administration, and managed to organize elections despite difficulties caused by the pandemic.

Turnout in the June elections was lower than usual. Both Harmony and HtSR admitted that they had failed to reach voters, who stayed home.¹ A factor in this dynamic was the closure of the local news outlet of the Russian-language First Baltic Channel (PBK), which for years had served as the "mouthpiece" of Harmony. The formation of a governing coalition proceeded smoothly. The large representation of The Progressives, an up-and-coming political power on the council, and their cooperation with the more experienced Development/For! (D/F!) signaled a shift in voter preferences toward higher citizen engagement, especially since The Progressives united and involved many local activists from various Riga neighborhoods who might be inexperienced in party politics but in line with local communities' interests.

Some may celebrate the downfall of the Harmony-HtSR alliance, or be concerned about the representation of Russian-speakers in Riga, but only time will show if the new ruling parties will be less corrupt and more efficient than the old and whether they will be mindful of minority interests. There is hope that the ethnic divide, long used to attract voters by both Harmony and other so-called Russian parties, as well as by the National Alliance and other so-called Latvian parties, has lost its appeal. So far, both D/F! and The Progressives have communicated rather tolerant positions in terms of minority interests. In any case, it is likely that cooperation between the central government and capital city leadership will be much smoother, which would be a gain not only for those who live and work in Riga agglomeration but for the society at large.

A positive development in Latvia's justice system in 2020 was the successful appointment of a new prosecutor general and the passing of the new Criminal Law. Additionally, a symbolically significant change came in the form of a November Constitutional Court ruling in favor of a same-sex couple, which not only asserted the functionality of the Latvian justice system but also made a hopeful step toward eliminating systemic discrimination against LGBT+ minorities. Together with continual protests by LGBT+ activists, the court ruling could help bend lawmakers toward a more liberal and inclusive definition of family. Another major ruling by the Constitutional Court was delivered on the issue of language in minority education. In June, the court found unconstitutional two recent changes in education legislation, one rule that imposed the Latvian language as the only language of study in private institutions of higher education, and another rule that Latvian should be the language of communication in minority preschools. However, the court did find constitutional the gradual increase in use of Latvian language in primary and secondary education programs. Even though Latvian is the language of the majority, used at home by over 60 percent of the population and protected by the Latvian constitution, the concern that it is endangered by Russian has always framed Latvian politics. One of the main challenges in education and media governance has been to ensure that the Russian-speaking minority has a command of the official language and is reached by local media, yet is also free to practice their language and culture.

Looking forward, it is clear that the COVID-19 crisis is not over and will present further tests to the government and society at large. With respect to monitoring corruption, distribution of state support for those affected by the crisis will need to be closely monitored. Also, municipal elections will take place everywhere (except in Riga) in 2021. These local elections will be especially interesting because of the administrative-territorial reform in 2020 that dramatically reduced the number of municipalities from 119 to 42. Lastly, time will tell whether the new Riga City Council can hold true to its promises, get rid of corruption in municipal enterprises, and succeed in developing Riga agglomeration as an economic hub of regional importance.

Considers the democratic character of the governmental system; and the independence, effectiveness, and accountability of the legislative and executive branches. 6.00 / 7.00

- Throughout 2020, Latvia had stable governance marked by cooperation between the *Saeima*, the country's 100-seat unicameral parliament, and the government, which functioned smoothly. Latvia was governed by a coalition of five parties—The New Conservatives, KPV LV, Development/For! (D/FI), The National Alliance, and New Unity—led by Prime Minister Arturs Krišjānis Kariņš from New Unity. Two parliamentary parties, the Union of Greens and Farmers and Harmony, worked in opposition. During the year, 6 members of parliament (MPs) left their parties (3 left Harmony, 2 left KPV LV, and 1 left the New Conservatives), bringing the total number of independent MPs to 12. Both the opposition parties and the independent MPs were well-represented in parliamentary committees.
- As elsewhere in the world, the top challenge of the year in Latvia was the threat of the COVID-19 pandemic. The government introduced a state of emergency twice, in the spring and fall. While a number of restrictive measures were put in place, none impeded the functioning of democratic processes and access to justice, or violated human rights. During the first wave of coronavirus, the number of infected persons remained very low. The government introduced the first state of emergency in mid-March, which lasted through mid-June. All public gatherings were prohibited, with the exception of outdoor funerals. Those infected were subject to self-isolation, and state police and municipal police were entitled to check that these measures were observed. Businesses were encouraged to allow employees to work from home. Schools and universities functioned remotely.² In November, the spread of the virus was much more extensive, and even stricter measures were introduced, including a nighttime curfew on weekends and holidays, a requirement to wear masks in public, and a ban of onsite trade of most products other than groceries and essential items.³
- Despite low overall support of both the government and political parties in Latvia (only about 28 percent of citizens trust the government in comparison with an overall average of 34 percent in the European Union, EU⁴), the Latvian population generally complied with the pandemic-related emergency measures. In the early stages of the crisis, government decisions were clearly communicated; more importantly, measures were based on the professional opinion of epidemiologists, not on emotions or political opportunism, thereby earning public support (about 70 percent viewed the measures as necessary).⁵ In November, as government decisions became more hectic and less well-communicated, popular dissent increased, and the proportion of those deeming the measures necessary dropped to 43 percent.⁶
- Over the course of the year, one of the coalition parties—the populist KPV LV, which won 17 seats in the 2018 elections—showed signs of internal disintegration. Both of its original leaders (Artuss Kaimiņš and Aldis Gobzems) and five other members terminated their party membership and acted as independent deputies.⁷ In addition, an internal conflict between members of another coalition party—Development, of D/FI—led to the resignation of Minister of Environment and Regional Development Juris Pūce after evidence was revealed of his involvement in petty fraud.⁸ The conflict started when an adviser to the minister and a newly elected Riga City Council member, Maris Micerevskis, defected from the party, accusing its leadership of being undemocratic and working in the interests of several local entrepreneurs.⁹
- Among Latvia's major unresolved challenges, one of the most concerning—persistent inequality—continued to hinder the ability of a significant part of the population to take part in democracy. According to the latest Eurostat data, 27.3 percent of Latvians are at risk of poverty and social exclusion (significantly higher than the EU average of 21.1 percent).¹⁰ The State Audit Office pointed out that there is a lack of systematic information about the country's most vulnerable groups and existing support mechanisms, which is one important reason why poverty and inequality rates remain high in Latvia.¹¹

Electoral Process 1.00-7.00 pts

Examines national executive and legislative elections, the electoral framework, the functioning of multiparty systems, and popular participation in the political process. 6.25 / 7.00

- Elections in the capital Riga were conducted fairly in spite of difficulties caused by COVID-19. No special electoral measures were introduced due to the pandemic. Voters could preregister in any voting district, vote in the district of their residence, or register to vote at their residence if unable to participate in person due to health reasons. All of these options had been in place in previous municipal elections, but they proved especially convenient under the circumstances of the pandemic.
- The next municipal elections will take place in 2021 across the country except in Riga. This will be the first election in the newly created municipalities after the recent administrative-territorial reform (see "Local Democratic Governance") whereby only registered political parties will be eligible to compete in local elections. Under the current legislation, in small municipalities (with a population under 5,000) 20 or more voters could form a union and submit their list of candidates without founding a party. After the administrative-territorial reform is implemented, there will be no more municipalities of such a small population size,

and therefore no opportunity to form voters' unions. President Egils Levits initiated a change in legislation allowing for the formation of voters' unions in larger municipalities as well, but the parliament dismissed it, citing insufficient transparency and the potential for political fragmentation. The opposition argued that the real reason for this move was the ruling parties' desire to strengthen their influence in the regions.[12](#)

- Before the dissolution of the Riga City Council, the parliament introduced an amendment to the electoral law that ensured that the newly elected city council would stay in power for the next five years, allowing it to skip the scheduled date of the next local elections in 2021. The amendment was opposed by 41 MPs, most from Harmony and a few from KPV LV. Upon their request, the president suspended the amendment and initiated a collection of signatures to determine whether the issue should be put to a popular vote. Only about a third of the required signatures were collected, therefore the amendment came into force. The changes in the legislation specify procedures in the case of a local government losing its legitimacy and new elections are held. By current law, if a local government falls and a new government is elected, it remains in power for the time left until the next scheduled election day, which, in this situation, would be already 2021. The new law specifies two exceptions to this rule: if a city government falls, and there is less than nine months until the next election, a centrally appointed temporary government will act as a caretaker local government until the scheduled election date. If the period is greater than nine months but less than two years until the next election, the newly elected government may stay in power until the next scheduled election day plus another full term. The latter rule ensures that the newly elected Riga City Council will bypass the scheduled elections in 2021 and serve until 2025.[13](#)

Civil Society 1.00-7.00 pts

Assesses the organizational capacity and financial sustainability of the civic sector; the legal and political environment in which it operates; the functioning of trade unions; interest group participation in the policy process; and the threat posed by antidemocratic extremist groups. 6.00 / 7.00

- COVID-19 did not affect the viability of the civic sector in Latvia, which remained engaged and active in 2020. At the end of October, there were about 22,700 nongovernmental organizations (NGOs) registered in Latvia, 770 of which were newly founded during the year.[14](#) The main governmental framework for the civic sector is the Cooperation Memorandum, which was implemented through monthly meetings between the Cabinet of Ministers and NGOs that have signed the memorandum (437 as of this report). Within the framework, NGOs may submit proposals, express opinions, and comment on government policies.[15](#)
- The entrance of The Progressives on the Riga City Council was a positive step toward further empowerment of the nongovernmental sector. Not only did the up-and-coming political party put strong emphasis on social inclusion and equality, fight against all forms of discrimination, and introduce a wide range of participatory governance tools, it also included a significant number of civic activists among its members.[16](#)
- There was notable civic action on the issue of same-sex partnership rights in 2020. Marriage in Latvia has been defined as between a man and a woman since 2005.[17](#) In September, an initiative urging the parliament to legitimize same-sex partnerships was signed by 10,000 citizens who argued that same-sex couples or cohabiting couples who have not registered their marriage are subject to numerous discriminatory regulations. For example, persons who are not married cannot have adoptive custody of the same child; therefore, if the adoptive parent passes away, the coparent has no rights concerning the child. In October, the parliamentary commission declined to endorse the initiative, but activists once again collected another 10,000 signatures.[18](#)
- Yet progress toward improving LGBT+ rights in Latvia came from a different avenue. In November, the Constitutional Court granted the request of a woman in a same-sex partnership to receive a 10-day parental leave that fathers are entitled to receive upon the birth of a child. The court emphasized that the obligation of the state is to ensure that a child grow up in a family environment and to protect the families of same-sex partners.[19](#)
- Language rights, which also came before the Constitutional Court in 2020, have been a contentious issue since Latvia's independence. Although Latvian is the language of the majority in the country and is protected by the constitution, Russian is the primary language of communication at home in about 38 percent of the population²⁰ and is used as the primary language of instruction in 94 state-funded schools.²¹ Since 1995, national education policy has reflected concerns over insufficient command of the Latvian language among Russian-speaking minorities and has aimed at the use of Latvian as the primary language of instruction in all levels of education. Several language rights changes that were introduced in 2018 as amendments came before the Constitutional Court, which issued its decision in June 2020. Whereas the first amendment, which dictated an increase in the proportion of instruction in Latvian in minority education programs, was upheld, the court found the two other amendments to be unconstitutional. Therefore, the court overturned changes that would have 1) obligated private higher education institutions to implement their study programs in Latvian

(now, following the decision, applicable only to state-funded institutions) and 2) required that minority preschools use Latvian as the primary language of communication for children age five and older.²² The overturned changes had also been criticized by the Venice Commission, which, while recognizing the aim to improve proficiency in Latvian amongst the population, emphasized the need for adequate resources, such as proficient teachers, adequate methodologies, and educational materials.²³

Independent Media 1.00-7.00 pts

Examines the current state of press freedom, including libel laws, harassment of journalists, and editorial independence; the operation of a financially viable and independent private press; and the functioning of the public media. **6.00 / 7.00**

- In 2020, the media in Latvia showed no visible signs of a loss of integrity or independence. Media outlets remained sufficiently diverse both in form and content, and there were no indications that COVID-19 had negatively impacted the sustainability of the media sector. There were three notable developments in the media environment during the year: first, sanctions were instituted against the Baltic Media Alliance, and there were closures of multiple Russia-based TV channels and the news service of the First Baltic Channel; second and related, an amendment to the Law on Media restricted the amount of Russian-language content allowed in basic packages of commercial TV service providers; and third, reform of public media through the new Law on Public Media passed in November.
- The effects of Russian propaganda on the Latvian population, especially on the Russian minority, have long been a concern. The authorities have used proactive and restrictive tools to affect the information Russian-speakers in Latvia consume. Most prominently, the authorities have sparred with the First Baltic Channel (PBK)—the most popular local TV channel among Russian-speakers in Latvia²⁴—that primarily broadcasts content of the progovernment First Channel of Russia, intermixed with locally produced news tinted by Kremlin propaganda.²⁵
- In February, the Latvian Security Service raided the offices of Baltic Media Alliance, the owner of PBK, for evidence of possible connections with Yury Kovalchuk, a Russian billionaire who was blacklisted by the EU in 2016.²⁶ Soon after, PBK announced the closure of its local news service and other locally produced shows. In July, the National Electronic Mass Media Council (NEPLP) revoked the broadcasting license of seven Russia Today (RT) programs for their connections to Dmitry Kiselyov, head of the Russian government-owned international news agency *Rossiia Segodnya* (“Russia Today”), also included on the EU blacklist.²⁷ In October, NEPLP fined PBK for violating the obligations of its broadcasting agreement by rebroadcasting content from Russia’s First Channel and the public broadcaster LTV7 without authorization. PBK was also fined for failing to reserve 51 percent or more of its airtime for European audiovisual content.²⁸
- In February, President Levits, looking for a systemic solution to the Russian propaganda problem, proposed amending the Law on Media to limit Russian language content in basic packages of commercial TV service providers. The president suggested that at least 80 percent of any basic package must be in an EU language (a category that does not include Russian).²⁹ The Saeima passed the amendment in June. However, critics of this move pointed out that the language-based restrictions might not affect Kremlin propaganda in English, such as on RT, but might affect independent Russian media, such as Dozhd (TV Rain), which also broadcast in Latvia.³⁰
- A new Law on Public Media (first drafted in 2016) was passed by the parliament in November.³¹ In its current version, the law is expected to ensure greater editorial independence and financial stability for public media and more efficient supervision of the media sector overall, satisfying both legislators and media professionals alike. Additionally, the law establishes a new funding scheme for public media, which are currently financed through a government-determined annual subsidy.³²

Local Democratic Governance 1.00-7.00 pts

Considers the decentralization of power; the responsibilities, election, and capacity of local governmental bodies; and the transparency and accountability of local authorities. **5.75 / 7.00**

- While there were major developments in local governance in 2020, the state of Latvia’s democracy at the subnational level did not significantly change. The ongoing governance crisis in the capital Riga—launched by a series of corruption scandals involving then-mayor Nils Ušakovs and vice-mayor Andris Ameriks, which ultimately led to the fall of the Harmony-HtSR party alliance—began to resolve during the year. When Riga was left without a functioning waste disposal system due to an impasse on the city council, the central government stepped in to announce a state of emergency,³³ dismiss the city council,³⁴ and appoint a temporary administration that took control until snap elections were held.³⁵ Although the crisis in Riga provided an opportunity for an undemocratic power grab, the central government kept its integrity and did not overextend the rule of the temporary administration. And despite difficulties caused by COVID-19, successful snap elections were organized.³⁶ Turnout was low,

but otherwise the new city council was elected in a democratic manner and the formation of a new governing coalition proceeded smoothly.

- Several political parties formed alliances before the elections, and as a result, more parties passed the 5-percent threshold and gained seats in the city council. In February, D/F! and The Progressives announced the formation of an alliance for the upcoming elections in Riga.³⁷ This union proved to be successful and was selected by 26.6 percent of voters, which ensured the alliance 18 seats on the city council. Another alliance formed early in the year, National Alliance–Regional Union, united many heads of local municipalities and received 9.6 percent of votes, ensuring 7 seats on the city council. The previous ruling coalition, Harmony-HtSR, decided to run as separate parties and received 15.2 percent (10 seats) and 7.7 percent (5 seats), respectively.³⁸
- The postelection coalition formation was quick and smooth. Mārtiņš Staķis, a 41-year-old businessman representing D/F!–The Progressives, emerged as the undisputed candidate for mayor of Riga. His key aim was to form an alliance that would mirror the current coalition in the national parliament, arguing this would ensure much-needed cooperation between the central government and the capital city leadership.³⁹
- In June, the parliament passed administrative-territorial reform that dramatically reduced the number of Latvia's municipalities from 119 to 42.⁴⁰ The positive outcomes of the reform are more equal distribution of the population among municipalities, a larger share of budget for each, and the improved potential of all to provide services of equal amount and quality.⁴¹ The European Commission had identified administrative-territorial reform as a necessary step toward reducing regional disparities and improving the quality of education and social services throughout the country. At the same time, many municipal leaders were not eager to lose their areas of influence. Several municipalities disputed the new administrative boundaries in the Constitutional Court, while others used the Chamber of Local Authorities to express criticism of the reform in the Council of Europe.⁴² But, significantly, the reform failed to incorporate cities—the centers of Latvia's economic activity—with their surrounding territories, which serve as residential areas for the urban workforce. The authors of the reform aimed to have 33 municipalities and 2 cities—but in the final version, 5 national cities are administratively separate from their surrounding territories, even though they function as economically integrated units.⁴³ Notably, the reform did not provide any solution to the Riga agglomeration, which remained divided into the city proper and seven surrounding municipalities.⁴⁴

Judicial Framework and Independence 1.00-7.00 pts

Assesses constitutional and human rights protections, judicial independence, the status of ethnic minority rights, guarantees of equality before the law, treatment of suspects and prisoners, and compliance with judicial decisions. 6.25 / 7.00

- Latvia's judiciary remained largely independent and continued to ensure protection for political, civil, and human rights in 2020. Nevertheless, Latvian society remained skeptical about the independence of the country's justice system—only about 45 percent believe that the courts are independent from political and economic influence.⁴⁵ There is greater trust in higher than lower courts: 42 percent trust first-instance courts, 50 percent trust the Supreme Court, and 51 percent trust the Constitutional Court. Only about a fifth of Latvian citizens believe they have sufficient legal ability to protect their rights against enterprises, government institutions, or unfair regulation.⁴⁶
- Much of the public skepticism stems from the country's long-lasting corruption trials, some of which have resulted in fines but none in actual prison sentences. In October, the Supreme Court reversed the decisions of the Riga Regional Court in the so-called Digitalgate, a fraudulent scheme from 2000 that involved a multimillion-dollar digital-TV project realized through shell corporations. The investigation started in 2003, and court proceedings have been ongoing since 2007.⁴⁷ In 2018, the district court found ten persons not guilty and eight guilty.⁴⁸ Among those found guilty, the judge punished three with fines and five with prison sentences of nine months to two years. However, in October, the Supreme Court overruled all eight guilty charges. It remarked that the district court had changed the description of the alleged crime and substantially increased the estimate of defrauded funds without providing sufficient evidence.⁴⁹
- Juris Stukāns, a Riga Regional Court judge who worked on Digitalgate and insisted on prison sentences for some of the accused, was confirmed in June by the parliament as Latvia's new prosecutor general (PG) following the term of PG Ēriks Kalnmeiers.⁵⁰ Just a few months later, a new Digitalgate-related criminal investigation was started against Juris Gulbis, the long-term president of the Latvian telecommunications company Tet (formerly Lattelecom). The Prosecutor General's Office accused Gulbis of a rigged public procurement scheme involving the same overpriced and now outdated technologies that were at the center of the Digitalgate scheme back in 2000.⁵¹
- In June, the parliament passed a new Criminal Law.⁵² It may help to solve the issue of extremely long trial processes, like that of oligarch Aivars Lembergs (see "Corruption"). For example, the new law states that the accused must tell the truth, and intentionally providing

untrue testimony may be treated as aggravating circumstances. Also, the judge can limit the time available for debate and for the closing argument of the defense, an issue that notoriously has been used by Lembergs and his lawyers to delay proceedings for years.⁵³ The new law not only diminishes the possibility for defendants to manipulate judges but also ensures greater transparency in trial processes by giving reporters greater freedom in criminal courts. Reporters are now allowed to audio-record court proceedings and film or take pictures with permission of the judge. Judges are advised to inquire about the preferences of both sides, but these considerations are not binding; it is now up to the judge to decide if a trial is open or closed to the press.

Corruption 1.00-7.00 pts

Looks at public perceptions of corruption, the business interests of top policymakers, laws on financial disclosure and conflict of interest, and the efficacy of anticorruption initiatives. **4.50 / 7.00**

- Corruption remained among the weakest spots in Latvian democracy in 2020. The proportion of the population that considered corruption a widespread phenomenon was unchanged at 84 percent, significantly higher than the EU average of 71 percent. At the same time, only 18 percent of Latvians reported being personally affected by corruption in their daily lives, significantly less than the EU average of 26 percent.⁵⁴
- In February, the Financial Action Task Force (FATF), an intergovernmental organization combating money laundering, announced that Latvia is now “compliant” or “largely compliant” with all FATF recommendations.⁵⁵ The fight against money laundering had been among the government’s top priorities since 2018, when the U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCEN) pointed to suspicious activities by Latvia’s scandal-plagued ABLV bank, and the Council of Europe’s Moneyval issued a negative assessment of supervision of the Latvian financial system.⁵⁶ The most recent European Commission report also remarked on Latvia’s commitment to, and progress in, fighting money laundering.⁵⁷
- At the same time, corruption investigations and trials remained a common topic in local news. On the eve of the June elections, journalists estimated that in the past decade Riga had been the target of 29 criminal investigations in various municipal enterprises, including public transport administration, municipal cemeteries administration, a municipal hospital, and others. Seventeen cases have reached the court. One of the largest corruption investigations concerned Rīgas Satiksme, the city’s public transportation system, and involved an alleged bribe estimated at €19 million.⁵⁸
- Not all corruption cases were related to Riga, however. In September, Āris Žīgurs, chairman of the state electricity company Latvenergo, was forced to step down after a private conversation with entrepreneur Maris Martinsons (recorded in 2015 by the Corruption Prevention and Combating Bureau, KNAB) appeared in the media in which Žīgurs suggested to Martinsons that he bribe the Minister of Economics in order to secure a certain decision from Latvenergo board members.⁵⁹
- In March, a special parliamentary commission finished a nine-month investigation concluding that the Compulsory Procurement Component (OIK) system, while counter to the public interest, is nevertheless not illegal. The OIK system was introduced in 2005 in line with an EU directive on the promotion of electricity produced from renewable energy sources.⁶⁰ Since then, green energy producers have sold energy to the state for a high price, and the cost of this subsidized energy is charged back to every household and enterprise as an additional charge in their monthly electricity bills. The commission discovered multiple cases where energy producers had sold energy that they had never produced. At the moment, there are five active criminal investigations against fourteen commercial enterprises suspected of fraudulent OIK schemes.⁶¹
- The trial of oligarch Aivars Lembergs reached its final stage in the court of first instance in 2020. In March, the prosecution finished its deliberation, which had lasted for a year over 80 court sittings, and requested that Lembergs be charged a fine of €64,500 and serve an eight-year prison sentence. That same month, the defense started its deliberation; however, 33 of the 127 scheduled court sittings did not take place due to illness of the defendant or his lawyers. The defense also requested that the trial be postponed until after the COVID-19 emergency, but the court did not grant the request.⁶²

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Footnotes

- ¹Aivars Ozolins, “Rīgu restarts” [Riga Restart], IR.LV, September 3, 2020, pp.12-15. <https://ir.lv/2020/09/02/rigu-restartes/>
- ²Aleksejs Demitrovs, More on restrictions during the state of emergency from March 14 to June 10 2020 see: “COVID-19 in Latvia: Precaution Above All”, May 2,

2020, <https://verfassungsblog.de/covid-19-in-latvia-precaution-above-all/>

- 3“Health Ministry's three-week "quiet period" info in English”, LSM.LV, December 18, 2020, <https://eng.lsm.lv/article/society/health/read-health-ministrys-three-w...>
- 4See Standard Eurobarometer 92: <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm>
- 5Anete Bertule, “70% iedzīvotāju aptaujā atzīst: Covid-19 ierobežojumi – apgrūtinoši, bet vajadzīgi” [70% of the population admits: Covid-19 restrictions are burdensome but necessary], May 7, 2020, LSM.LV, <https://www.lsm.lv/raksts/zinas/latvija/70-iedzivotaju-aptauja-atzist-c...>; See: Standard Eurobarometer 93: <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/get...>
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ecoi.net summary:



Report on democratisation
(electoral process, civil society,
independent media,
governance) and rule of law
(corruption) in 2020

Country:

Latvia

Source:

[Freedom House](#)

Original link:

<https://freedomhouse.org/country/latvia/nations-transit/2021>

Document type:

Periodical Report

Language:

English

Published:

28 April 2021

Document ID:

2069409

Austrian Red Cross
Austrian Centre for Country of Origin and
Asylum Research and Documentation (ACCORD)

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ecoi.net is run by the Austrian Red Cross (department ACCORD) in cooperation with Informationsverbund Asyl & Migration. ecoi.net is funded by the Asylum, Migration and Integration Fund, the Austrian Ministry of the Interior and Caritas Austria. ecoi.net is supported by ECRE & UNHCR.

