

Latvia

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Capital: Riga
Population: 1.98 million
GNI/capita, PPP: US\$ 24,220

Source: World Bank *World Development Indicators*.

Nations in Transit Ratings and Averaged Scores

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
National Democratic Governance	2.00	2.50	2.50	2.25	2.25	2.25	2.00	2.00	2.00	2.00
Electoral Process	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Civil Society	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Independent Media	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00
Local Democratic Governance	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Judicial Framework and Independence	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.50
Corruption	3.00	3.25	3.25	3.50	3.25	3.00	3.00	3.00	3.00	3.00
Democracy Score	2.07	2.18	2.18	2.14	2.11	2.07	2.07	2.07	2.07	2.04

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. If consensus cannot be reached, Freedom House is responsible for the final ratings. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year. The opinions expressed in this report are those of the author(s).

EXECUTIVE SUMMARY

There were no major political, economic or social shifts in Latvia in 2016, and the country remains a consolidated democracy. The democratic system has not been challenged, and no noteworthy political player has proposed major reforms. The idea of direct presidential elections that were on the agenda in early 2015 are no longer discussed after failing to find support among most of the parties in the parliament. The success of populists in other Western democracies has provoked fears of the phenomenon in Latvia, but what populism there is in the country has not widely expressed itself during the year, for example in the adoption of the national budget in November or towards ethnic minorities in the country.

While there were no elections in 2016, political parties already started to prepare for municipal elections in June 2017. In October, the Unity party became the first political party to be sanctioned for overspending on the national elections in 2015, leading to a stop of the party's financing from the national budget. This continued a streak of internal problems that the once-powerful former ruling party has faced since a dispute between its previous leader, Solvita Āboltiņa, and former prime minister Laimdota Straujuma at the end of 2015. The result was a government reshuffle in which Unity lost its dominance and the Union of Greens and Farmers took over the prime minister's post, with Māris Kučinskis becoming the new head of the government on February 11, 2016. Although Unity retained several posts in the new government, including that of the minister of foreign affairs, the debacle forced the party to go through a public debate about the selection of its new leader in the spring of 2016.

Other notable political challenges during 2016 were related to the health problems of President Raimonds Vējonis and his cardiac operation in the spring, which led to the speaker of the parliament performing his duties for two months. Also early in the year, newly elected prime minister Kučinskis fired Minister of Healthcare Guntis Belēvičs, a millionaire and member of the same party alliance, over abuse of office for skipping the mandatory waiting list in a public facility and receiving medical treatment.

Latvia continues to face recurring problems with corruption, tax evasion, and tax fraud. These activities, together with overly lengthy court proceedings and remaining gaps and inefficiencies in legislation that are prone to abuse, remain the greatest challenges to good governance and greater trust in public institutions. The most prominent example of the latter was a scandal that broke out around suspicious numbers in income declarations and property machinations in the State Revenue Service. The underlying problem is further exacerbated by the ongoing internal challenges in the Corruption Prevention and Combating Bureau of Latvia (KNAB), which is in the midst of a multi-year leadership crisis.

Latvia is an active member of the European Union (EU) and North Atlantic Treaty Organization (NATO), which the majority of the country's population sees as guaranteeing security and an environment for economic development. Four international events were noteworthy for Latvia's politics in 2016. First, on July 1 Latvia became the 35th member of the Organization for Economic Cooperation and Development (OECD), thus completing all of its foreign policy objectives when it comes to membership in core international organizations. Second, at the July 2016 NATO Summit in Warsaw, the organization decided to increase its multinational presence in the Baltics, including the deployment of NATO forces to Latvia beginning in 2017. Additionally, the Brexit referendum in the United Kingdom and the election of Donald Trump as president of the United States sent signs of worry to Latvia's political elite and the society at large. The latter was regarded as especially troubling due to Trump's contradictory statements on U.S. commitment to NATO. At the same time, the European refugee and migrant crisis—which was a hot topic in 2015—gradually faded from the domestic agenda in 2016.

Latvia's economic development has been stable and positive, though slower than projected largely due to delays in the absorption of EU funds and the effects of economic sanctions on Russia. Latvia's GDP grew by 2 percent in 2016¹ and the registered unemployment rate was 7.9 percent in 2016; growth is projected at 3.5 percent for 2017. Investments and economic growth in Latvia still largely depend on EU funds. Although the absorption of financing available for 2014—2020 is currently insufficient, the absorption rate for the 2007—2013 period has been 100 percent. Large discrepancies in income levels can still be observed between big cities (especially Riga) and the regions (especially in the east). Latvia still

follows low budget deficit policies, with a 0.9 percent deficit in 2016 and 1.1 percent deficit in 2017.² The adopted 2017 budget provides for spending 1.7 percent of GDP on national defense, and the law requires it to reach the NATO-wide goal of 2 percent by 2018.

Score changes:

- **Judicial Framework and Independence improves from 1.75 to 1.50** due to structural reforms, including changes to even out the workload and salaries, the simplification of court processes, a more widespread application of mediation, as well as streamlining of the auditing and internal controls procedures in the court system.

Outlook for 2017: The year will be politically active due to the municipal elections in June. The main unknowns are the new political party of Artuss Kaimiņš, a former actor and prominent critic of the political establishment, and the future of the Unity party, which could be the main loser in the elections. Intrigue also surrounds the vote in Riga, namely whether Harmony in combination with Honor To Serve Riga will retain their control over the City Council for four more years.

A shift in political tone corresponding to global trends is visible in Latvia. While Latvian politicians have traditionally been “catch-all,” they are becoming more direct, and less politically correct in their rhetoric. Antiestablishment parties have not yet emerged, although Latvia has a long tradition of new political leaders and parties appearing in the months leading up to the election. Considering public frustration with the political elite due to various and regular scandals,³ as well as a growing political confidence professed by the post-Soviet generation, such developments are likely to take place in 2017.

MAIN REPORT

National Democratic Governance

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2.00	2.50	2.50	2.25	2.25	2.25	2.00	2.00	2.00	2.00

- Latvia retained the same three-party center-right coalition of Unity, Union of Greens and Farmers, and the National Alliance as in 2015, but all three coalition political parties experienced internal problems in 2016. The most notable was that of Unity. At the end of 2015, former chair of the board of Unity Solvita Āboltiņa unsuccessfully lobbied for herself for the post of prime minister, going against the government led by Unity’s Laimdota Straujuma. The conflict resulted in Straujuma’s resignation in December 2015. A new government was formed in January 2016, and Māris Kučinskis from the Greens and Farmers Union took the prime minister’s seat after the president weighed in—given that the coalition parties had failed to agree on a candidate.⁴ This costly internal battle left Unity severely damaged. After a period of internal consolidation, former European Commissioner for Energy (2004-2009) and Development (2010-2014) Andris Piebalgs was elected as the new chairman of the board of Unity on June 4.
- Newly elected prime minister Kučinskis has been in Latvian politics for many years, but his highest posts included minister of regional development and municipalities (2004-2006) and mayor of Valmiera City. He was an active member of the now-defunct People’s Party (1998-2011). The new prime minister brought no immediate notable new policies to the table and continued the work of the previous governments, but at the same time accelerated long-planned reforms in healthcare, education, and taxation, and brought justice reform closer to its end.
- The Union of Greens and Farmers also experienced internal problems despite being the ruling party. The first blow to the new government came with removal of Minister of Health Guntis Belēvičs in June. The prime minister fired Belēvičs after he lied about skipping the queue to receive public medical services, but the incident was just the last in a long list of problems as well as fines from the Corruption Prevention and Combating Bureau of Latvia (KNAB) for conflicts of interest in 2015⁵ and 2016. After his removal, Belēvičs also left the party and his office as a member of parliament. The second blow to the Greens and Farmers came when KNAB started criminal proceedings against Gatis Truksnis, the long-time mayor of Jūrmala city in October.⁶ The corruption prevention bureau accused Truksnis with mismanagement of the city’s funds and drawing a salary from municipality-owned enterprises—even though he was supposed to work for free according to the law. Finally, at year’s end, the party’s maverick, Iveta Grigule, a member of the European Parliament (EP) faced exclusion from the party due to her inactivity in the EP, scandalous alignment with marginal political parties, objections towards introduction of the euro in Latvia in 2013, and voting against an EP resolution on anti-EU propaganda from Russia and Islamist terrorist groups.⁷
- The third coalition partner, the right-wing National Alliance, has been facing discontent regarding the activities of Minister of Justice Dzintars Rasnačs, related to his attempts to regulate the lucrative business of insolvency administration. Insolvency administrators and lawyers’ communities have traditionally been among the biggest supporters of the National Alliance, which is clearly visible in the party’s membership. Thus, legislative changes that led to mandatory disclosure of insolvency administrators’ annual income led to personal media attacks on the minister, who first stalled the reforms but decided to support them later on. Allegedly orchestrated by Māris Sprūds, an infamous millionaire insolvency administrator,⁸ a one-issue satire journal ridiculing Rasnačs⁹ was distributed in September 2016 for free to several thousand people in Riga. Rasnačs said that he will sue the authors of the journal,¹⁰ arguing that the campaign was targeted against his insolvency policy development plan for 2016-2020.¹¹ The Cabinet of Ministers adopted the plan on September 21.

- Earlier, in the spring of 2016, Rasnačs provoked the anger of Prime Minister Kučinskis after he tried to delay the insolvency administration reforms by opening a public discussion on ratifying the Council of Europe Convention on preventing and combating violence against women and domestic violence (the Istanbul Convention, which conservatives have opposed in various countries, arguing it undermines the concept of traditional family).¹² Despite Rasnačs’ objections, Minister of Welfare Jānis Reirs signed the convention a few days later.¹³ Nevertheless, the parliament had yet to ratify it at year’s end, despite an open letter by Nils Muižnieks, Commissioner for Human Rights of the Council of Europe, who is of Latvian origin and has been urging the ratification of the convention.¹⁴
- Finally, another issue on the national agenda was the unexpected health problems of President Raimonds Vējonis, which resulted in heart surgery in Riga on January 20.¹⁵ He only returned to his duties on March 30.¹⁶ During his absence the speaker of the parliament performed the presidential functions, following the same procedure as during the president’s regular vacations.¹⁷

Electoral Process

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75

- No national or municipal elections took place in Latvia in 2016. Instead, all eyes were on the municipal elections to be held June 3, 2017. Some, like the Social Democratic Party “Harmony,” already started preparing themselves for the elections using increasingly blunt rhetoric and blamed the current government for all of the country’s problems.¹⁸ Harmony, which has most effectively represented Latvia’s Russian-speakers, stated at its congress in 2016 that its goal is to become a ruling party after the national elections in 2018 by mobilizing voters on social democratic principles against the traditional neoliberal parties. This continues the party’s attempts, started around 2014, to shift the Latvian political discourse from a traditionally ethnically based one to a classical economic divide of left and right—and gain Latvian-speaking voters in the process.
- The main prize in the municipal elections is Riga, currently controlled by Harmony and the local center-right party Proud to Serve Riga. The ruling national coalition parties¹⁹ and parliament (Saeima) opposition parties like Regional Alliance have been discussing how to challenge the ruling tandem by running under a single list.²⁰ The talks had yet to result in an actual agreement by year’s end, although Unity identified as its frontrunner for the Riga Council a relatively unknown politician, member of Saeima Vilnis Ķirsis.
- A notable development for Latvia’s electoral process in 2016 was that Unity was taken off state financial support. The party fell victim to a regulation adopted in 2010—which the party itself initiated and supported—that provided state funding to all parties receiving more than 2 percent in national elections but strictly controlled their spending.²¹ After eight Unity politicians overspent by providing additional financing to their campaigns in the 2014 national elections, KNAB decided to halt Unity’s allowance from the national budget beginning October 15, 2016. This resulted in loss of financing worth 35,417 euros every quarter.²² The party also has to pay to the state budget money it overspent during the 2014 national elections to the tune of 41,779 euros.²³ Of the eight Unity politicians that caused the overspending, only one, the aforementioned Vilnis Ķirsis, is planning on repaying the party for the expenditure.²⁴
- The quarrels within the ruling coalition and the parties themselves in 2016, together with the fact that political parties had yet to start a full-fledged campaign for municipal elections, dented public support according to the latest polls. As of October, Harmony was leading with 17 percent, followed closely by the Union of Greens and Farmers with 16 percent, while National Alliance polled 8.7 percent and Unity only 6.2 percent. Unity’s collapse was particularly significant, given that it had received 22 percent at

the 2014 elections. Although 41 percent of voters did not make up their minds or were not planning on voting, the rest of the political parties polled below the 5 percent electoral threshold.²⁵

Civil Society

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1.25	1.50	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75

- Civil society in Latvia continues to develop and gain increased representation in the decision-making process. With the introduction in 2014 of the green book principle that requires public consultation,²⁶ and the nongovernmental sector's increasing activity in 2015 and 2016, the quality and engagement of society has been growing. Instruments like social media make it increasingly difficult for either government representatives or mass media to ignore nongovernmental organizations (NGOs). At the same time, civil society does not always fully and qualitatively exercise the role and influence it has achieved in the decision-making process.
- The traditional and most influential social partners like the Employers' Confederation of Latvia, which represents businesses employing 44 percent of Latvian employees, and the Free Trade Union Confederation of Latvia, are well-respected and important partners of the Latvian state. Their influence stems from Latvia's collective bargaining system, in which the two confederations and government representatives make up the National Tripartite Cooperation Council, which directly engages in setting wages and implementing budgetary procedures.²⁷ Another important business association with substantial influence is the Latvian Chamber of Commerce and Industry with the largest number of members, mostly consisting of small businesses.
- Due to increased living standards and wages as well as a more welcoming attitude from state institutions and politicians, NGOs have become a regular part of the political processes, especially in situations when the government needs in-depth knowledge of a social phenomenon. Organizations dealing with social problems in particular have become an integral part of the policy process. Lobby groups, including churches and businesses, are increasingly learning the power of mass media and their influence on societal processes, although their influence varies from organization to organization.
- While being institutionally well developed and legally protected, the sector's greatest problem is economic, particularly the relatively low availability of capital and weak capital accumulation and low income in the society in general. These result in a low level of donations to NGOs, creating worries regarding the capacity of many NGOs to be resilient during economic shocks. To facilitate sponsorship and donations, in 2010 Latvia introduced tax deductions for sponsors.²⁸
- In 2016, after long discussions the NGO Fund became operational to provide funding for NGOs from the state. The process started in 2014 with the adoption of a Concept for NGO Fund,²⁹ and implementation reached a new stage in January 2016 with the government institution Society Integration Fund administering state money, drafting priorities, and appointing a project evaluation commission. The fund's decision-making body, the Strategic Planning Committee, consists of six NGO and six public sector representatives.³⁰ Under the auspices of the Minister of Culture, in 2016 the fund provided financing in the amount of 400,000 euros to projects facilitating the influence and capacities of civil society organizations, democratic values, and human rights in the country.³¹
- Because of its multiethnic character, Latvian society has traditionally marginalized xenophobic nongovernmental organizations. The European refugee and migrant crisis, however, did stir up xenophobic attitudes online and among some politicians in 2015. These attitudes gradually faded from the political agenda in 2016 mostly because most of the refugees relocated to Latvia had left the country by then.³² Nonetheless, in 2016, coinciding with Donald Trump's election in the United States in November, anti-globalization and anti-Muslim views became more common and stronger.³³ Trump's

election resulted in some praise in Latvia for his statements against Islam and globalization. Politicians from the National Alliance in turn started to popularize and support these statements.³⁴

Independent Media

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00

- The mass media in Latvia are diverse, with an increasing number of free information sources on the internet. More often than not, however, online sites compile and provide articles that are becoming strongly opinionated and selective. New portals like nozagts.com (Stolen)³⁵ emerged to repost very specific bits of information or even fake news.³⁶ With the increasing dominance of internet news portals in general, the Latvian media space is going through a redefinition similar to that in many other countries. Alongside investigative journalism becoming increasingly more scarce and post-factual, a “post-truth” society is emerging in Latvia as well.
- Since the Ukraine crisis began in 2014, Latvian authorities and decision-makers have been dealing with Russia-based or -related media transmissions. Latvian cable providers are eager to include Russian channels and programs in the packages they provide, and satellite users have unlimited possibilities to access Russian media. But due to the one-sidedness, manipulated, and non-objective journalism that the Russian media often present, the Latvian authorities have become cautious about their influence.³⁷ Although the government fined several television and radio channels, including the most popular Russian television channel in the Baltics (First Baltic Channel or PBK), in 2015, the year 2016 did not see an increase or wide use of this practice. In one exception, in April the National Electronic Mass Media Council (NEMMC) of Latvia did rule that retranslation of Rossiya RTR over the cable networks should be banned for six months due to repeated hate speech and war-mongering in their shows during 2015.³⁸
- In somewhat controversial and yet ineffective steps, the Latvian authorities attempted to counter online propaganda as well. On March 29, the Ministry of Foreign Affairs of Latvia asked the agency maintaining the “.lv” domains to close sputniknews.lv, a website of the Russian state information agency Russia Today.³⁹ The ministry argued that the reason behind the step was the management of the news agency, in particular Dmitry Kiselyov, who is on the EU sanctions list against Russia. The Latvian Security Police (DP) supported the decision, arguing that sputniknews.lv cannot be considered independent as it is state-owned, while many in Latvia argued that the decision could be considered an infringement of freedom of information. Regardless, the very next day the site reopened at the domain sputniknews.lv.com,⁴⁰ and remained accessible at year’s end.
- Another approach to providing the Russian-speaking Latvian population with non-Russia-based television entertainment that Latvian politicians discussed was the introduction of a Russian-language third channel with national reach. On November 30, the NEMMC announced a tender for launching the channel starting 2018, with the initial period of operation planned as three years.⁴¹ The announcement was unexpected because NEMMC had decided to start such a channel already in 2015,⁴² only to scrap the idea at the end of that year. Ainārs Dimants, the former chairman and member of the NEMMC, kept pushing the idea, however, especially after the closure of Russian language Latvian TV-5 in March 2016 for financial reasons.⁴³
- TV-5 was owned by the Swedish firm MTG Broadcasting, which also owns Latvian TV3 and LNT and several popular radio stations. On December 1, rumors appeared that the Swedish media concern is looking to sell its business in the Baltic states,⁴⁴ even though TV3 was still running a profit (in 2015 it was 2.62 million euros), LNT limited its losses, and MTG’s overall turnover increased by 9 percent in 2015.⁴⁵ Such a sale would be an interesting shift in the Baltic media landscape from both the economic and political points of view. Latvia criminalized defamation on the internet in May 2011, and hate speech

has been punishable by law since the 1990s. While the law prescribes a punishment of up to 10 years of imprisonment, prosecutions most often end in suspended sentences. Some comments have resulted in prosecutions over the years. The most notable pending cases in 2016 included that of Illarions Girss and Aleksandrs Gapoņenko.⁴⁶

Local Democratic Governance

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25

- The main problems in municipalities from year to year remain the embezzlement of funds on foreign business trips, poor accounting and budgeting, the inability to attract private domestic and foreign investments, and weak leadership. Additionally, the gap between more successful constituencies and poorer ones is increasingly based on economic performance. Even the mayors of larger cities have raised concerns regarding the depopulation of many regions after young people have moved to Riga or other parts of the EU, creating what some call “reservations of pensioners” in the regions.⁴⁷
- All municipalities depend on funding from taxes on personal income, property, gambling, and natural resources. Because of the uneven distribution of wealth and economic activity, the Municipality Equalization Fund allows for the transfer of money from wealthier to poorer municipalities.⁴⁸ In 2016, 15 local governments were paying funds out, while 104 received them. The city of Riga still contributes the most—approximately 55 percent of the total assets of the equalization fund in 2016 in accordance with the new system adopted in 2015.⁴⁹ Yet the Equalization Fund does not reduce the differences in economic development, because it only provides for equal social payments, not investment money.
- The economic situation caused by underinvestment and income gaps between the regions are the main arguments for regional reform in Latvia. A plan by the Ministry of Environmental Protection and Regional Development was put forward at the end of 2015 to reorganize the municipality system again.⁵⁰ The previous reform in 2009 introduced 110 municipalities and 9 major cities. The reform is supposed to address the unequal distribution among the municipalities of business activity, population, and resources. The new system aims to tackle the lack of administrative resources and services (including police) in smaller municipalities, and improve their ability to attract investors and absorb EU funds. The initial discussions among politicians favored the establishment of 29 voluntary cooperation territories structured around development centers of regional importance.⁵¹ But discussions in 2016 now have led to plans to establish 16 national and regional development centers instead.⁵² Municipalities would be incentivized to organize themselves into larger units and pool together their resources. The ministry is scheduled to submit amendments to the Law on Administrative territories and inhabited areas by March 2017.
- Finally, one development that should be noted from 2016 is the firing and reinstatement of the mayor of Jūrmala City, Gatis Truksnis. On October 13, in an extraordinary meeting of the Jūrmala City Council, Truksnis was voted out of office due to accusations of illegal party financing.⁵³ He was supported only by his party members from the Union of Greens and Farmers. But similar to 2013, when Truksnis also lost his mayoralty only to regain it, on November 4 he was reelected by the council. This time he was supported not only by his party members, but also by one member of Harmony.⁵⁴ This situation caused an uproar not only among local citizens but also among other politicians, including Truksnis’s own party, which excluded him following the incident. His case remained unresolved at year’s end.

Judicial Framework and Independence

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2.00	2.25	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.50

- Lengthy court processes and reforms to address them continue to dominate discussions and legislative work on the judiciary. In 2016, the European Commission found that the reforms in 2015 to improve the judiciary’s efficiency had shown progress.⁵⁵ Yet, the length of court proceedings is among the central reasons that Latvia is still being sued and losing cases at the European Court of Human Rights (ECtHR). Since Latvia joined the ECtHR system there have been 107 judgements made against it, and 55 of those are for violation of right to liberty and security.⁵⁶ Out of seven judgements in 2015, four were related to violation of right to liberty and security.⁵⁷
- The time needed to resolve civil, commercial, administrative, and other cases in the first instance in Latvia on average requires around 180 days, which is less than in many other EU countries, but more than in most of them.⁵⁸ In June 2015, the parliament amended the Law on Judiciary Authority⁵⁹ to allow for the merging of district courts and even out the workload, thus starting a structural reform in the Latvian judiciary which will lead to better communication with society and the introduction of a “clean” three-instance court system (including by abolishing the Supreme Court chambers so that the Supreme Court functions only as a court cassation, making regional (city) courts the court of first instance and district courts the court of appeal in all cases).⁶⁰ The reforms go back to the adoption of amendments to the Law on Courts in 2013, and continued in 2016 with several of the provisions entering into force,⁶¹ including the abolition of the Supreme Court Chamber on Civil Cases. Besides evening out the workload, the changes to be adopted by the end of 2018 will also improve the salary system and increase wages.
- Insolvency administration still remains the biggest challenge to completing the reform of the judicial system.⁶² On November 22, the Legal Committee of the Latvian Parliament held heated debates on the amendments to the Law on Insolvency, with 133 proposals submitted to the law.⁶³ Although the original plan prescribed that the amended law must be in force from January 1, 2017, the adoption of the changes had yet to be approved by year’s end. The changes when adopted will allow businesses to choose their own private insolvency administrators⁶⁴ instead of the current state-run and more or less randomized list of administrators.
- In 2016, two notable cases from previous years continued to make their way through the Latvian court system. The first was the appeal to the second-instance court in the infamous “digital-gate” scandal by 12 people, including several who were politically well-connected.⁶⁵ In the first instance decision of June 2015, the defendants were found guilty of conspiring to commit fraud during the initial stages of introducing digital television in Latvia in 2000.⁶⁶ By 2016, the case had been ongoing for eight years.
- The second important case began in September 2015 and was related to the 2013 collapse of a supermarket roof in Zolitūde that killed 54 people.⁶⁷ The complexity of the case and the nine defendants involved make it likely that the case will take several years to complete, with new aspects of the tragedy coming to light almost every week. In a major development on November 8, the supermarket, Maxima Latvija, agreed to pay 100,000 euros compensation for every family member who died in the tragedy in order to avoid lengthy litigation. Several families had yet to accept the proposal, and the case remained open at year’s end.⁶⁸
- Prison conditions, specifically overcrowding, ventilation and lighting problems, the lack of privacy for prisoners, and insufficient medical care,⁶⁹ remain a cause for concern for human rights advocates. Latvia took a step to address this issue in 2015, adopting plans for the construction of a new prison facility in Liepāja, to be finished by the end of 2018.⁷⁰ At the same time, the number of prisoners has decreased over the last few years reaching a stable average of 4,400 every year.⁷¹ The decrease, which has alleviated the problem of overcrowding, is due to both a demographic decline and a 2013 amendment to the Criminal Law that reduces the number of penalties punishable by imprisonment.

Corruption

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
3.25	3.25	3.50	3.25	3.00	3.00	3.00	3.00	3.00	3.00

- The overall situation regarding corruption in Latvia has been improving due to a decreasing tolerance for the practice. In the latest polling available from April 2014, 64 percent of respondents indicated that they would not bribe an official, compared to 29.5 percent who said that they would.⁷² Tolerance among police has also been decreasing due to regular public information on unsuccessful or successful attempts at bribery, by highway police, for instance.⁷³ At the same time, Latvia's fight against corruption continues to be weighed down by the continuous uncertainty over the work of the KNAB.
- Latvia's membership bid for the OECD,⁷⁴ criticism from the European Commission,⁷⁵ and the October 2016 appointment of a new KNAB director have driven the organization towards more active prosecution of corruption cases, with more and bigger cases becoming publicly known in 2016. In general, the powerful, multifunctional agency has had a strong performance record. But KNAB's leadership still constitutes the bureau's greatest challenge. Outgoing director Jaroslavs Streļčenoks and his deputy Jūta Strīķe have damaged the organization's reputation following constant and very public infighting. Experienced investigators still continue to quit the agency, tired of internal politics.⁷⁶ The constant clashes have been attributed to personal antipathies, differences in approaches to the fighting corruption, and intra- and inter-institutional turf wars. Streļčenoks has fired Strīķe several times but the deputy has been reinstated each time and has sued the organization. In 2016, Strīķe blamed Streļčenoks for working in the interests of "oligarchs" and closing investigations due to the absence of evidence.⁷⁷ The former director of KNAB, Aleksejs Loskutovs, also criticized the organization, claiming that its employees are only waiting for the leadership of the organization to be changed.⁷⁸
- The process of selecting a new KNAB director from among 10 candidates, including Streļčenoks himself, ended unsuccessfully in October.⁷⁹ Nevertheless, the fiasco led to Streļčenoks's departure, and KNAB was headed by his deputy, Ilze Jurča, at year's end.⁸⁰ Nongovernmental organizations like the Transparency International-supported "Delna" praised this decision, emphasizing that the current commission for the selection of a new candidate and mandate for KNAB should not be changed.⁸¹ A week before Streļčenoks left office, he excluded anticorruption NGOs "Delna" and "Providus" from the KNAB Consultative Council.⁸²
- Due to KNAB's prolonged leadership problems, it is the least trusted of the security structures in Latvia, with more people not trusting it than trusting it, according to a recent survey.⁸³ At the same time, KNAB has had successes, with several major corruption cases started and pending. In 2016, KNAB began criminal proceedings for corruption against more than two dozen people representing the state institutions and the police force, including the Mayor of Jūrmala Gatis Truksnis (see Local Democratic Governance) and his ties to millionaire Jūlijs Krūmiņš,⁸⁴ as well as the chair of Riga Kurzeme region court Aija Orniņa, who was suspended from office in October 2016.⁸⁵
- The most prominent case of 2015 was against Uģis Magonis, the president of the state-owned railway holding Latvijas Dzelzceļš, for accepting a bribe of €500,000 from influential Estonian entrepreneur Oleg Osinovsky for the public procurement and acquisition of several used trains. In July 2016, Latvia's General Prosecutor decided to prosecute Magonis.⁸⁶ The case is a very good example of collaboration between Latvian and Estonian corruption fighters.⁸⁷
- Throughout 2015 and 2016 the KNAB requested the parliament several times to lift the immunity of Minister of Health Guntis Belēvičs for a number of issues, including conflict of interest problems related to businesses he co-owned; disciplinary proceedings against then-director of the State Agency of Medicines Inguna Adoviča that lacked an adequate basis; and the appointment of his son as one of the members of the ministry's Consultative Council of the Pharmaceutical Industry.⁸⁸ These requests fueled public and parliamentary dissatisfaction with Belēvičs, who was eventually forced to step down after lying about abuse of his position while receiving medical treatment. In August KNAB opened a criminal investigation into his abuse of office.⁸⁹

- Minister of Justice Dzintars Rasnačs almost faced the same fate when a scandal broke out over his use of a state-owned minibus to transport his personal wardrobe from one apartment to another. Rasnačs allegedly paid the ministry driver 20 euros in cash for the gasoline expenses.⁹⁰ But after journalist Lato Lapsa's investigations, KNAB opened an administrative process against Rasnačs and fined him for 250 euros.⁹¹
- Parallel to KNAB's activities, two more important corruption-related developments must be noted. The first relates to a criminal litigation started by the Economic Crime Enforcement Department of the State Police against the Freeport of Riga in August 2016.⁹² This was the second case the port was involved in 2016. Earlier, in May charges were lodged against the longtime governor of the Freeport, Leonīds Loginovs, and his deputy for abuse of office. They were accused of making illegal donations and salary payments.⁹³
- The second major corruption scandal in 2016 was related to the State Revenue Service. The investigative journalism program of the Latvian public television, *De Facto*, discovered discrepancies and suspicious numbers in the income declarations of one senior investigator of the Finance Police at the State Revenue Service in January 2016.⁹⁴ The investigator, who had been working in the post for almost 19 years, resigned (coincidentally with the start of the media investigation), and later a large-scale scheme of real estate and property machinations was discovered with the participation of companies registered both in Latvia and off-shore.⁹⁵ This led to an outburst of public interest and an avalanche of investigations⁹⁶ resulting in the rotation and firing of several suspicious officials and their superiors.⁹⁷ The head of the State Revenue Service Ināra Pētersone resigned on May 30.⁹⁸ After a longer public search and much debate, Ilze Cīrule, with long experience in private insurance companies, was selected as the new head on November 1.⁹⁹
- The final important development for Latvia's fight against corruption in 2016 was the stalled regulation related to whistleblowers. As of the end of 2016, parliament had yet to reach a decision on the legislation that would protect whistleblowers, even though the country had committed itself to adopting the requirements of the United Nations Convention against Corruption and promised it during the OECD accession process.¹⁰⁰ Such a law would mark a significant improvement for both Latvia's media and anticorruption environment.

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