

Legal environment and space of civil society organisations in supporting fundamental rights

Latvia

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1 Five most significant civic space developments in 2020

1.1 Counter-terrorism / Anti-money laundering

In 2020, the Latvian Civic Alliance (*Latvijas Pilsoniskā alianse, (LCA)* – an umbrella organisation of Latvian NGOs, reported about the disproportionate negative effect of anti-money laundering (AML) and terrorism financing (TF) legislation on NGOs. Stricter AML/TF provisions were adopted following a report by the Financial Intelligence Unit of Latvia (*Finanšu izlūkošanas dienests, FIUL*) on Money Laundering and Terrorism Financing Risks of Legal Persons and Non-governmental Organisations published in 2019. The report was drafted in response to the recommendations provided in the Moneyval report in 2018, namely that Latvia should also identify high-risk NGOs according to the NGO definition provided by FATF and should perform a risk assessment of the NGOs on a regular basis, as well as educate the NGO sector about the risks of ML/TF.

The FIUL report says that NGOs generally do not provide direct and immediate TF and support, but they mainly have a role of an intermediary to attract funding and later transfer the funds by concealing beneficial owners and the purpose of use. The report identifies the following categories of NGOs in the high-risk set: NGOs that have the status of a public profit organisation, NGOs that have indicated their type of activity as a religious organisation, charity organisation and organisation that deals with social aid, accommodation issues, health care, education, representation or similar, and NGOs that have not indicated a certain type of activity or have indicated "Association or foundation not classified elsewhere".¹ Even though an NGO that does not have an ultimate beneficial owner (UBO), for instance, when the main beneficiary of NGO activities is society in general, the report states that the establishment and the registration of the UBO is one of the conditions for the provision of transparency of the NGO operation. Therefore, FIUL considers that NGOs should be subject to the same requirements that is applied to other legal persons taking into consideration that NGOs like any other legal person may be involved in money laundering and terrorism financing.² Following the report new legal provisions on client assessment by credit institutions were adopted in the end of 2019. Thus, the Rules of the Financial and Capital Market Commission (*Finanšu un kapitāla tirgus komisija*), stipulate that credit institutions must pay special attention to NGOs when those make transfers to other countries or cash withdrawals, and the amount of such a transaction exceeds EUR 10 000.³

¹ Financial Intelligence Unit of Latvia (*Finanšu izlūkošanas dienests*) (2019), [Money Laundering and Terrorism Financing risks of Legal Persons and Non-governmental Organisations](#), p.12

² Financial Intelligence Unit of Latvia, (*Finanšu izlūkošanas dienests*) (2019), [Money Laundering and Terrorism Financing risks of Legal Persons and Non-governmental Organisations](#), p.16

³ Latvia, Financial un Capital Market Commission (*Finanšu un kapitāla tirgus komisija*) (2019) [Rules No. 135 on the development of a system for customer research, customer in-depth research and numerical risk assessment \(Noteikumi Nr. 135 "Klientu izpētes, klientu padziļinātās izpētes un skaitliskā riska novērtējuma sistēmas izveides normatīvie noteikumi\)](#), adopted on 21 August 2019.

According to LCA, the FIUL report overly generalizes anti-money laundering and terrorism financing risks for the NGO sector in Latvia. According to a survey conducted by the organization from 1 July to 30 July 2020, 23,7% of NGOs faced difficulties in opening a bank account in Latvian banks. 38 NGOs took part the survey.⁴ LCA considers that the provisions impact on freedom of association as the banks have a disproportionate role in the evaluation of NGO activities, not just by assessing their financial flow, but also the content of their activities and the composition of the board. LCA also criticized banks for not explaining reasons to NGOs about the refusal to open a bank account or demand the closure of the account.⁵

During 2020, LCA initiated a number of discussions and meetings involving different institutions, such as FIUL, the Ministry of Justice (*Tieslietu ministrija*), Ministry of Internal Affairs (*Iekšlietu ministrija*), State Revenue Service (*Valsts ieņēmumu dienests*), Financial un Capital Market Commission, Finance Latvia Association (*Finanšu nozares asociācija*), and the Parliament about the problems for the NGO sector due to the generalization of AML/TF control.⁶ LCA proposed to improve relevant legal provisions, improve AML guidelines produced by the Financial un Capital Market Commission, adopt NGO specific guidelines for banks and conduct training for banks about the NGO sector to improve the questionnaire for bank clients. As a response, the institutions have expressed their readiness to look for a possible solution.⁷ E.g., the Ministry of Justice has taken into consideration NGO opinion and agreed to improve the classification of the type of activities of NGOs in order to cover all possible areas.⁸

⁴ Latvian Civic Alliance (*Latvijas pilsoniskā alianse*), [Cilvēktiesību komisija skata NVO apgrūtināto sadarbību ar bankām](#), press release, 9 October 2020

⁵ Latvian Civic Alliance (*Latvijas pilsoniskā alianse*), [Notikusi NVO tikšanās ar banku nozari uzraugošām institūcijām](#). Press release, 17 July 2020.

⁶ Latvian Civic Alliance (*Latvijas pilsoniskā alianse*), [LPA iepazīsies ar Finanšu izlūkošanas dienesta sagatavoto nacionālo NVO riska novērtējumu](#), press release, 9 October 2020

⁷ Latvian Civic Alliance (*Latvijas pilsoniskā alianse*), [Cilvēktiesību komisija skata NVO apgrūtināto sadarbību ar bankām](#), press release, 9 October 2020

⁸ Latvian Civic Alliance (*Latvijas pilsoniskā alianse*), [LPA kopā ar atbildīgajām iestādēm meklē risinājumus kā uzlabot NVO klasificēšanas noteikumus](#), press release, 31 July 2020

1.2 Emergency measures (including those related to COVID) / Travel restrictions / Freedom of movement / Visa bans

Covid-19 related restrictions had an impact on NGO sector and their financial situation. According to the report by the Ministry of Culture (*Kultūras ministrija*) approved by the government on 1 December, financial crisis has impacted around 50% of NGOs, especially those with the status of a public benefit NGO.^{9 10} According to a survey conducted by the Latvian Civic Alliance in March, negative consequences for NGOs are caused by the following factors: inability to provide services to specific target groups, hindered participation in decision and policy making, stand-off, inability to implement project activities which results in the decrease of funding, decrease of income from economic activities, and decrease of donations.¹¹ No updated data is available on the actual impact on NGOs during 2020.

Stand-off benefits (up to EUR 700) to NGO employees were made available during the first wave of Covid-19 during the state of emergency from 14 March to 9 June 2020¹² and are available since state of emergency was proclaimed for the second time in November (the benefit has been increased to EUR 1 000). However, only those NGOs who perform economic activity and whose income decreased by at least 20% are eligible to receive the benefit.¹³

1.3 Financing of civil society work / Taxation / Charitable or public benefit status / Foreign funding

In the framework of "NGO fund 2020", 71 projects were supported. The funding is aimed at strengthening the NGO capacity, strengthening the protection of NGO interests, supporting NGO civic activities, and strengthening NGO mutual cooperation.¹⁴ The "NGO fund" programme is fully funded from the state budget. In 2020, the total available funding was 1 million euros. The funding for 2021 was increased up to 1.5 million euro.¹⁵ The NGO fund was set up in 2015.

⁹ Ministry of Culture, [Valdība apstiprina finansējumu nevalstiskajām organizācijām Covid-19 krīzes seku mazināšanai, press release](#), 1 December.2020.

¹⁰ According to the [Public Benefit Organisation Law](#), the status of a public benefit organisation can be granted to an organisation which provides a significant benefit to society or a part thereof, especially if it is directed towards charitable activities, protection of civil rights and human rights, development of civil society, education, science, culture and promotion of health and disease prophylaxis, support for sports, environmental protection, provision of assistance in cases of catastrophes and extraordinary situations, and raising the social welfare of society, especially for low-income and socially disadvantaged person groups.

¹¹ [Par atbalsta risinājumiem COVID19 krīzes radīto negatīvo seku mazināšanu nevalstiskajām organizācijām](#), press release, 6 April 2020.

¹² Latvia, Cabinet of Ministers (*Ministru kabinets*) (2020), [Ministru kabineta noteikumi Nr. 165 Noteikumi par Covid-19 izraisītās krīzes skartiem darba devējiem, kuri kvalificējas dīkstāves pabalstam un nokavēto nodokļu maksājumu samaksas sadalei termiņos vai atlikšanai uz laiku līdz trim gadiem](#), adopted 16 March 2020

¹³ Latvia, Cabinet of Ministers (*Ministru kabinets*) (2020), [Ministru kabineta noteikumi Nr. 709 Noteikumi par atbalstu par dīkstāvi nodokļu maksātājiem to darbības turpināšanai Covid-19 izraisītās krīzes apstākļos](#), adopted 24 November 2020

¹⁴ Information about [NGO fund 2020](#)

¹⁵ Latvian Civic Alliance (*Latvijas pilsoniskā alianse*) (2020), [Kā jaunais 2021. gada budžets ietekmēs NVO?](#) press release, 16 October 2020

At the same time, initially the government did not support granting funding for the co-funding programme of NGO projects. An open letter requesting the Ministry of Culture (*Kultūras ministrija*) to continue the programme was signed by 33 NGOs. The programme has provided sufficient amount of co-funding to NGOs required for the implementation of projects funded by international donors.¹⁶ On 26 February 2021, following NGO advocacy efforts, the government supported co-funding programme in the total amount of EUR 430,000.¹⁷

1.4 Access to information / Civil dialogue / Consultations / Participation in decision-making

The Latvian Civic Alliance appealed to the Prime Minister criticizing the Ministry of Culture for insufficient protection of the interests of NGOs during Covid-19 crisis. LCA claimed that the Ministry of Culture whose competence includes three sectors - culture, civil society and media - does not represent equally all three sectors giving preference to culture first and foremost, and dissociates or turns against civil society organisations who work for development of the sector and society integration. E.g., the Ministry of Culture has not initiated any proposal for the support of NGOs during the Covid-19 crisis. The parliamentary secretary of the Ministry during debates on the Recovery and Stability Plan stated that it represents cultural organisations, while the support for other organisations will be possible, only after culture is duly supported. The LCA also stressed that NGOs were not included as an equal partner in government working groups and political debates on overcoming the consequences caused by the pandemic. The representative of LCA was included in two working groups only after several months of numerous appeals. Therefore, the Alliance called upon the Prime Minister to assign the responsibility over the civil society sector to another ministry or institution.¹⁸

1.5 Freedom of peaceful assembly

Legal regulations restricting freedom of assembly were introduced as part of Covid-19 related restrictions. The most restrictive measures were introduced during the state of emergency. From 7 April until 7 May 2020, all pickets and public gatherings were banned. The restrictions were gradually relieved following the improvement of epidemiological situation and tightened again due to the rise in Covid-19 infections. From 7 May the gathering of not more than 25 persons at organized events observing 2-metre distance and other epidemiological safety measures was allowed.¹⁹ In June, the number of persons at outdoor events was raised up to 300, in August - up to 3000 and decreased to 1000 persons in

¹⁶ Latvian Civic Alliance (*Latvijas pilsoniskā alianse*) (2020), [Par finansējumu ārvalstu fondu projektu līdzfinansējuma programmai](#), press release, 7 December 2020.

¹⁷ Ministry of Culture (*Kultūras ministrija*), [Apstiprina līdzfinansējumu Latvijas NVO dalībai ārvalstu fondu projektos](#), press release, 26 February 2021.

¹⁸ [Letter of the Latvian Civic Alliance to the Prime Minister Krisjanis Karins](#), 25 January 2021

¹⁹ Latvia, Cabinet of Ministers (*Ministru kabinets*) (2020). [Grozījumi Ministru kabineta 2020. gada 12. marta rīkojumā Nr. 103 "Par ārkārtējās situācijas izsludināšanu"](#), subpoint 4.5.5

October.²⁰ After the introduction of the state of emergency for the second time on 6 November, only 50 persons were allowed to participate in marches, pickets and demonstrations.²¹ On 2 December, the number was decreased to 25 persons,²² but since 30 December 2020 all public gatherings are banned.²³

2 Example of promising practices

On 1 December 2020, the government supported granting EUR 600 000 to NGOs in order to alleviate crisis consequences caused by Covid-19. The funding will be distributed through an open grant competition in 2021. The funding will be available only to those NGOs that help prevent consequences caused by Covid-19 crisis.²⁴ In March 2021, Society Integration Foundation (*Sabiedrības integrācijas fonds*) announced that 21 NGOs received project grants in the amount of EUR 544 000.²⁵

²⁰ Latvia, Cabinet of Ministers (Ministru kabinets) (2020), [Grozījumi Ministru kabineta 2020. gada 9. jūnija noteikumos Nr. 360 "Epidemioloģiskās drošības pasākumi Covid-19 infekcijas izplatības ierobežošanai"](#), 9 October 2020

²¹ Latvia, Cabinet of Ministers (Ministru kabinets) (2020). [Ministru kabineta rīkojums Nr. 655 Par ārkārtējās situācijas izsludināšanu](#), subpoint 5.1., 6 November, 2020

²² Latvia, Cabinet of Ministers (Ministru kabinets) (2020). [Ministru kabineta rīkojums Nr. 655 Par ārkārtējās situācijas izsludināšanu](#), , subpoint 5.1., 2 December 2020

²³ Latvia, Cabinet of Ministers (Ministru kabinets) (2020). [Ministru kabineta rīkojums Nr. 655 Par ārkārtējās situācijas izsludināšanu](#), , subpoint 5.1., 30 December 2020

²⁴ Society integration foundation (*Sabiedrības integrācijas fonds*), [Izsludināts konkurss NVO atbalstam, kas piedalās Covid-19 seku pārvarēšanā; pieejamais finansējums 564 000 EUR](#), press release

²⁵ Society integration foundation (*Sabiedrības integrācijas fonds*), [Covid-19 radīto seku mazināšanai finansējumu saņem 21 NVO projekts](#), press release.