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Fact-finding report on territorial reform in Latvia

Committee on the Honouring of Obligations and Commitments by Member States of the European Charter of Local Self-Government (Monitoring Committee)

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Summary

This report follows a fact-finding visit which took place on 4 December 2019.

The rapporteurs express their concern about the deterioration in the overall situation of local democracy in Latvia since the last monitoring report by the Congress adopted in 2018. They deplore the lack of proper consultation in due time and in an appropriate way of the local authorities concerned, the national association and the residents of the municipalities affected during the planning and implementation of the reform; the reduction in the financial autonomy of local authorities as a result of certain financial and fiscal decisions by central government concerning the national budget for 2020 of which local budgets form part; and the repeated instances of interference by central government in the institutional life of the city of Riga, such as the suspension of the chair of the city council and the intended dissolution of the city council on the grounds of its alleged failure to cope with the waste management crisis.

Consequently, national authorities are in particular called upon to defer the adoption of the bill on the local government reform until fair and effective consultation has been conducted in due time to enable local authorities and the association to express their views and make proposals on the content and timetable of the reform ; to adopt legislative measures to increase the budgetary autonomy of local authorities and give them greater responsibility in terms of financial management ; to ensure that the transfer of responsibilities to the local level is accompanied by corresponding financial resources; review the legal framework governing the suspension of the chair of a municipal or city council and dissolution of such councils so as to reduce the discretionary power of the minister.

The Congress will continue to closely follow the state of progress of the local government reform in Latvia, to expand its political dialogue with the Latvian national authorities so that they comply with the provisions of the Charter, and to include the follow-up of the situation in Latvia as a regular item on the agenda of its Monitoring Committee meetings.

1. L: Chamber of Local Authorities / R: Chamber of Regions.
EPP/CCE: European People's Party Group in the Congress.
SOC/G/PD: Group of Socialists, Greens and Progressive Democrats.
ILDG: Independent Liberal and Democratic Group.
ECR: European Conservatives & Reformists Group.
NR: Members not belonging to a political group of the Congress.

DRAFT RECOMMENDATION²

1. The Congress of Local and Regional Authorities of the Council of Europe refers to:

a. Article 2, paragraph 1.b, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1, providing that one of the aims of the Congress is “to submit proposals to the Committee of Ministers in order to promote local and regional democracy”;

b. Article 1, paragraph 2, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1, providing that “[t]he Congress shall prepare on a regular basis country-by-country reports on the situation of local and regional democracy in all member States and in States which have applied to join the Council of Europe and shall ensure the effective implementation of the principles of the European Charter of Local Self-Government”;

c. Chapter XVII of the Rules and Procedures of the Congress on the organisation of monitoring procedures;

d. Recommendation Rec (2004) 12 of the Committee of Ministers to member States on the processes of reform of boundaries and/or structure of local and regional authorities, adopted by the Committee of Ministers on 20 October 2004;

e. Recommendation CM/Rec(2019)3 of the Committee of Ministers to member States on supervision of local authorities’ activities, adopted on 4 April 2019;

f. the Guidelines for civil participation in political decision making, adopted by the Committee of Ministers on 27 September 2017;

g. Recommendation CM/Rec(2018)4 of the Committee of Ministers to member States on the participation of citizens in local public life, adopted on 21 March 2018;

h. Congress Recommendation 412 (2018) on local and regional democracy in Latvia;

i. the explanatory memorandum on the fact-finding visit to the Republic of Latvia.

2. The Congress notes that:

a. Latvia joined the Council of Europe on 10 February 1995. It signed and ratified the European Charter of Local Self-Government (ETS No.122, hereafter, “the Charter”) on 5 December 1996 and the Charter came into force in Latvia on 1 April 1997; in accordance with Article 12, paragraph 1, of the Charter, Latvia declared that it was not bound by Article 9, paragraph 8, of the Charter;

² Preliminary draft recommendation approved by the Monitoring Committee on 11 February 2020.

Members of the committee: *L. VERBEEK* (Chair); *H. AKGUN*; *L. ANSALA*; *V. ARQUES CORTES*; *N. BARBU*; *C. BAS*; *V. BELIKOV*; *B. BELIN*; *G. BERGMANN*; *H. BERGMANN*; *M. BERNTSSON*; *K. BILLE*; *A. BINDI*; *Z. BROZ*; *M. BUFI*; *T. BUYUKAKIN*; *X. CADORET*; *V. CASIAN*; *M. CAVARA*; *P. CEGONHO*; *G. CHATZIMARKOS*; *M. COOLS*; *J. CROWE*; *V. CRUDU*; *S. DICKSON* (*alternate*: *S. CHARLES*) ; *N. DIRGINCIENE*; *A. DISMORE*; *R. DODD*; *S. DOGUCU*; *D. ERAY* (*alternate*: *L. WEHRLI*); *R. FEJSTAMER*; *M. FENECH ADAMI*; *L. GARLITO BATALLA*; *M. GAUCI*; *G. GEGUZINSKAS*; *A.G. GEORGESCU*; *K. GERMANOVA*; *L.V. GIDEI*; *M. R. GOMES DE ANDRADE*; *B.A. GRAM*; *N. GROZEV*; *I. HANZEK*; *Z. HASSAY*; *G.M. HELGESEN*; *B. HIRS* (*alternate*: *M. HOLLINGER*); *J. HLINKA*; *B. HORDEJUK*; *M. H. HOURIGAN*; *V. HOVHANNISYAN*; *A. IBRAHIMOV*; *G. ILLES*; *A. JOZIC*; *K. KALADZE*; *A. KALEVA*; *G. KAMINSKIS* (*alternate*: *H. ROKPELNIJS*); *O. KASURI*; *M. KAUFMANN*; *N. KAVTARADZE*; *B. KERIMOGLU*; *J-P. KLEIN*; *A. KNOBOVA*; *J. KOKKO*; *C. LAMMERSKITTEN*; *A. LEADBETTER*; *F. LEC*; *J-P. LIOUVILLE*; *K. T. MAGNUSSON*; *A. MAGYAR* (*alternate*: *A. ACSAY*); *P. MANGIN* (*alternate*: *J-M. BELLiard*); *K. MARCHENKO*; *G. MARSAN*; *O. MELNICHENKO*; *R. MONDORF*; *S. MOSHAROV*; *D. PANTANA*; *V. PASQUA* ; *G. PAUK*; *S. PAUNOVIC*; *M-L. PENCHARD*; *V. PREBILIC*; *V. PROKOPIV*; *P. PRYHARA*; *I. RADOJICIC*; *G. RIBA CASAL*; *J. ROCKLIND*; *R. ROHR*; *B. RUDKIN*; *S. SCHUMACHER*; *I. SEREDYUK*; *L. SFIRLOAGA*; *P. SMOLOVIC*; *A-M. SOTIRIADOU*; *R. SPIEGLER*; *Y. SVITLYCHNA*; *T. TAGHIYEV*; *T. TALIASHVILI*; *A. TARNAVSKI* (*alternate*: *T. BADAN*); *P. THORNTON* (*alternate*: *L. GILLHAM*); *K. TOLKACHEV*; *F. TRAVAGLINI*; *M. TURCAN*; *S. VAAG*; *V. VARNAVSKIY*; *R. VERGILI*; *D. VLK*; *B. VOEHRINGER*; *A. VYRAS* (*alternate*: *M. KOUKLIS*); *H. WENINGER*; *E. YERITSYAN*; *J. WIENEN*; *L. ZAIA*; *F. ZIMMERMANN*.

N.B.: The names of members who took part in the vote are in italics.

Secretariat of the committee: *S. POIREL*, Secretary to the Committee and *S. PEREVERTEN*, co-Secretary to the Committee.

b. On 10 October 2019, the Chair of the Latvian Association of Local and Regional Governments (*Latvijas Pasvaldību Savienība*, hereafter, “the LPS”), Gints KAMINSKIS, wrote to the Congress complaining of numerous alleged violations of the Charter in connection with the preparation and implementation of the country’s administrative territorial reform, in particular a problem regarding consultation. In the letter, the association also complained of a significant decline in the budgetary autonomy of local authorities and a risk of changes to legislation that had been declared to be in conformity with the Charter by the Congress.

c. Further to a decision by the Bureau of the Congress to conduct a fact-finding visit to Latvia to clarify the association’s allegations, the Committee on the Honouring of Obligations and Commitments by Member States of the European Charter of Local Self-Government (hereafter, “the Monitoring Committee”) entrusted the rapporteurs, Xavier CADORET (France, L, SOC/G/DP) and Marc COOLS (Belgium, L, ILDG), with the task of conducting the visit to the Republic of Latvia;

d. During the fact-finding visit, which took place on 4 December 2019, the Congress delegation met representatives of various institutions at all levels of government. The programme of the visit is appended to the explanatory memorandum;

e. The delegation wishes to thank the Permanent Delegation of Latvia to the Council of Europe and all the people it met during the visit, with whom it had open and constructive exchanges.

3. The Congress notes that the Latvian authorities are planning a wide-ranging administrative territorial reform, which involves a massive reduction in the number of local authorities and is to be passed by law, the bill for which was being debated in the *Saeima* at the time of the visit.

4. The Congress expresses its concern at the following points in particular:

a. the deterioration in the overall situation of local democracy in the Republic of Latvia since the last monitoring report by the Congress adopted in 2018;

b. the lack of proper consultation, in due time and in an appropriate way, within the meaning of Articles 4.6 and 5 of the Charter, of the local authorities concerned, the national association and the residents of the municipalities affected during the planning and implementation of the reform;

c. the reduction in the financial autonomy of local authorities as a result of certain financial and fiscal decisions by central government concerning the national budget for 2020, of which local government budgets form part. Municipalities’ “own” resources remain inadequate and their funding depends too much on central government priorities, which runs counter to Articles 3.1 and 9 of the Charter;

d. the repeated instances of interference by central government in the institutional life of the city of Riga, such as the suspension of the chair of the city council and the intended dissolution of the city council on the ground of its alleged failure to cope with the waste management crisis, infringe the local self-government of the capital with regard to Articles 7.1 and 8.3 of the Charter.

5. In the light of the above, the Congress recommends that the Latvian authorities:

a. defer the adoption of the bill on the local government reform until fair and effective consultation has been conducted in due time and in an appropriate way, in accordance with Articles 4.6 and 5 of the Charter, to enable local authorities and the association to express their views and make proposals on the content and timetable of the reform;

b. adopt legislative and regulatory measures to increase the budgetary autonomy of local authorities and give them greater responsibility in terms of financial management;

c. ensure that the transfer of responsibilities to the local level is accompanied by corresponding financial resources and that the adoption of any measures with an impact on local authorities’ financial capacity does not negatively affect their ability freely to perform their functions;

d. review the legal framework governing the suspension of the chair of a municipal or city council and the dissolution of such councils so as to reduce the discretionary power of the minister (as in the current

case in Riga, see explanatory memorandum) to initiate these procedures by setting out more clearly in law the cases and circumstances in which they may be employed.

6. The Congress invites the Committee of Ministers to transmit this recommendation to the Latvian authorities and to take it into account, along with the accompanying memorandum, in its activities relating to this member State.

DRAFT RESOLUTION

1. The Congress of Local and Regional Authorities of the Council of Europe notes that:
 - a. Latvia joined the Council of Europe on 10 February 1995. It signed and ratified the European Charter of Local Self-Government (ETS No.122, hereafter, “the Charter”) on 5 December 1996 and the Charter came into force in Latvia on 1 April 1997; in accordance with Article 12, paragraph 1, of the Charter, Latvia declared that it was not bound by Article 9, paragraph 8, of the Charter;
 - b. On 10 October 2019, the Chair of the Latvian Association of Local and Regional Governments (*Latvijas Pasvaldību Savienība*, hereafter, “the LPS”), Gints KAMINSKIS, wrote to the Congress complaining of numerous alleged violations of the Charter in connection with the preparation and implementation of the country’s administrative territorial reform, in particular a problem regarding consultation. In the letter, the association also complained of a significant decline in the budgetary autonomy of local authorities and a risk of changes to legislation that had been declared to be in conformity with the Charter by the Congress;
 - c. Further to a decision by the Bureau of the Congress to conduct a fact-finding visit to Latvia to clarify the association’s allegations, the Committee on the Honouring of Obligations and Commitments by Member States of the European Charter of Local Self-Government (hereafter, “the Monitoring Committee”) entrusted the rapporteurs, Xavier CADORET (France, L, SOC/G/DP) and Marc COOLS (Belgium, L, ILDG), with the task of conducting the visit to the Republic of Latvia;
 - d. During the fact-finding visit, which took place on 4 December 2019, the Congress delegation met representatives of various institutions at all levels of government. The programme of the visit is appended to the explanatory memorandum.
2. The Congress notes that the Latvian authorities are planning a wide-ranging administrative territorial reform, which involves a massive reduction in the number of local authorities and is to be passed by law, the bill for which was being debated in the *Saeima* at the time of the visit.
3. The Congress expresses its concern at the deterioration in the overall situation of local democracy in the Republic of Latvia since the last monitoring report by the Congress adopted in 2018 and, in particular, the lack of proper consultation, the reduction in the financial autonomy of local authorities and the repeated instances of interference by central government in the institutional life of the city of Riga.
4. In the light of the above, the Congress:
 - a. resolves to continue closely following the state of progress of the local government reform in Latvia;
 - b. undertakes to expand its political dialogue with the Latvian national authorities so that they comply with the provisions set out in the Charter, in particular when implementing the reform, so as to improve the situation of local and regional democracy in Latvia;
 - c. agrees to include monitoring of the situation in Latvia, in particular in the area of non-conformity with the Charter, on the agenda of its Monitoring Committee’s meetings;
 - d. invites its Bureau to consider the possibility of inviting the Latvian Minister for Environmental Protection and Regional Development to address the Congress at one of its forthcoming sessions and discuss the developments planned by the Latvian authorities.

EXPLANATORY MEMORANDUM

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1. INTRODUCTION

1. From 3 to 5 December 2019, a delegation from the Congress of Local and Regional Authorities of the Council of Europe (hereafter, “the Congress”) made a fact-finding visit to the Republic of Latvia. The Congress delegation (hereafter, “the delegation”) comprised two rapporteurs on local democracy, Mr Xavier CADORET (France, L, SOC/G/DP) and Mr Marc COOLS (Belgium, L, ILDG). They were assisted by Professor Angel M MORENO, expert and Chair of the Group of Experts on the European Charter of Local Self-Government (hereafter, “the Charter”) and by the Congress Secretariat. The rapporteurs wish to thank Prof. MORENO for his valuable assistance with preparing the visit and drawing up this draft report.

2. The Congress decided to make the visit following a complaint submitted to it on 10 October 2019 by the Latvian Association of Local and Regional Governments (*Latvijas Pasvaldību Savienība*, hereafter, “the LPS”). In its letter, the association complained of various developments which it alleged constituted violations of several provisions of the Charter and accordingly requested that a fact-finding visit be made to Latvia at the earliest opportunity.

3. The developments complained of comprised the following:

- the Latvian government was planning to conduct a wide-ranging administrative territorial reform, but neither the local authorities concerned nor the LPS had been properly consulted;
- budgetary decisions taken by central government for 2020 would significantly reduce local authorities’ revenues;
- there had been serious interference in the institutional life of the City of Riga by the relevant government ministry.

4. On 4 December 2019, the delegation had several meetings in Riga with parties concerned or having knowledge of the facts complained of, in particular with representatives of the LPS, experts, representatives of the City of Riga, the Minister for Environmental Protection and Regional Government and representatives of the Ministry of Finance.

The programme of the visit is appended to this report.

5. In addition to the complaints made in the letter from the LPS, and after the visit on 4 December 2019, the delegation became aware of other developments that echoed the complaints made by the association: in particular, on 6 December 2019, the Minister for Environmental Protection and Regional Development (hereafter, the “MEPRD”) decided to initiate a procedure to dissolve Riga city council. The rapporteurs considered this development to be particularly serious and linked to the allegations made in the letter from the LPS and therefore decided to include it in this report.

2. PLANNED ADMINISTRATIVE TERRITORIAL REFORM

2.1. Nature and timeline of the reform

6. The Latvian government is planning to conduct a wide-ranging administrative territorial reform in the country. In spite of the fact that there are currently only 119 local authorities in Latvia (nine “*republikas pilseta*” or republic cities, including Riga, and 110 “*novads*” or ordinary municipalities), the planned reform would reduce the current number of local authorities (which themselves resulted from a far-reaching reform that ended in 2009)³ from 119 to 36. In other words, through the compulsory merger of municipalities and the abolition of municipalities merged with or absorbed by others, the reform seeks to abolish 84 local authorities, or over 60% of the authorities currently in existence. The reform would take effect following the next local elections, which are due to be held in July 2021, with the establishment of the councils for the new local authorities.

7. As the delegation discovered, it is not just a matter of a technical adjustment or minor corrections, but a comprehensive reform of local government structures with a very far-reaching impact.

8. The reform would be based on legislation, the draft of which was still being debated in the *Saeima* (Latvian parliament) at the beginning of December 2019, namely the draft Act on Administrative Territories and Populated Areas (*likumprojektu “Administratīvo teritoriju un apdzīvoto vietu likums”*,

3. The last visit by the Congress to Latvia was conducted in 2017. See explanatory memorandum CG34(2018)11 final of 27 March 2018 (rapporteurs: X. CADORET, France, (L, SOC) and M. COOLS, Belgium (L, ILDG)).

No. 462/Lp13), replacing the law of the same name passed in 2009, which provides the legal basis for current administrative boundaries. The draft legislation comprises 18 sections and several transitional provisions, as well as an appendix listing the new local authorities resulting from the reform with their names (or new names, as appropriate) and the names of the municipalities to be absorbed.

9. The reform provides for 34 new, larger municipalities (on the “county” model), while Riga, Jurmala, Daugavpils, Liepaja and Rezekne would retain their current status as “republic cities”. The bill reduces the number of “republic cities” from nine to five. Riga, the country’s capital, is not affected by the reform. Other cities, such as Jelgava and Ventspils, would be enlarged through the amalgamation and merger of adjoining municipalities. For instance, the new municipality of Ventspils would include the current city of Ventspils and 13 other authorities.

10. It is important to stress the radical scale of this government plan in order better to assess the application of the Charter in this case, as it is obvious that the rules and requirements stemming from the international instrument are not the same when it is just a matter of merging two neighbouring municipalities and when – as is the case here – it is a matter of completely overhauling the administrative structure of an entire country. This is especially true since local authorities are the only democratically legitimated territorial entity in the country, apart from the state itself. At present, the reform planned in Latvia is probably the most far-reaching and most significant territorial reform in Europe.

11. The timetable pursued by the Latvian authorities was roughly as follows:

- 21 March 2019: the parliament voted to instruct the new Karins government to “continue” the reform process that ended in 2009 (apparently, it was not completed for good, according to the MEPRD);
- 10 April 2019: the government produced an information report on its model for administrative boundaries;
- May 2019: the MEPRD drew up its preliminary draft administrative territorial reform, proposing that there should be 35 municipalities in future;
- 30 August 2019: revision of the draft bill on administrative territories;
- 3 October 2019: approval of the bill amending the Electoral Act;
- 15 October 2019: following amendments to the first version of the reform (resulting from disputes about the boundaries of some future municipalities), the cabinet introduced the final figure of 39 local authorities. The government approved the reform bill;
- 21 October 2019: the government submitted its bill on administrative territories to parliament;
- 7 November 2019: through a specific parliamentary committee, the *Saeima* gave the bill its first reading. That commenced a six-week period for the submission of comments;
- December 2019: second reading of the bill (initially scheduled for 18 December 2019). There should be a third reading in the following months.

12. If the parliamentary approval procedure is not suspended, extended or deferred, final approval of the new legislation is due to take place in May 2020. The bill also entails amendments to electoral law to ensure that the next local elections are held only in the municipalities resulting from the reform. The other local authorities would be either merged or absorbed and would suffer a kind of “institutional death”.

2.2. The controversial nature of the reform

13. As the delegation noted during the visit, the administrative reform promoted by the MEPRD is a source of great controversy and dispute. The main reason is that, far from having been negotiated or agreed between central government and local players, the reform was devised and drawn up by the said ministry alone with no real prior negotiation with local authorities and their representatives (in particular the LPS). The municipalities set to disappear reject the very idea of a second large-scale local government reform. In this connection, it should be noted that the number of local authorities was already reduced from 524 to 119 in 2009.

14. First of all, the delegation believes that a government cannot initiate such a sweeping, wide-ranging and radical reform like the one started in Latvia without complying with certain substantive and procedural requirements. In addition, it is not implementing an electoral pledge that could have been seen as decisive during the 2019 parliamentary elections.

15. Through its Minister for Environmental Protection and Regional Development, who is in charge of the reform, the government maintains that it is merely implementing instructions from parliament, which it says was behind the reform. Nevertheless, those instructions are entirely compatible with compliance with domestic and international standards regarding application.

16. With regard to the “consultation” of local authorities referred to in the Charter (Art. 5, see below), the delegation heard diametrically opposing views from its discussion partners. The government maintains that such consultation of the local authorities did take place, in a process which lasted several months:

a. According to the government, consultation regarding its plan began in April 2019. Consultations continued between May and August 2019. During that period, it says there were dozens of meetings between the minister (or his staff) and representatives of a good 30 of the municipalities affected by the reform. Apparently, over 100 municipalities submitted comments on the plan, to which replies were issued by the MEPRD.

b. The ministry set up a public website explaining the reform,⁴ and an information hotline and an email address for members of the public to put questions and submit their views.

17. The ministry further maintains that, as there is currently no legislation in Latvia governing local referendums, it is not possible to consult the public on this matter or any other and that it makes more sense to talk directly with mayors or municipal councils.

18. According to the LPS, however, the reform was prepared and decided upon by the government without any meaningful consultation or negotiation with local representatives. They maintain that the reform was not studied dispassionately and lacks a clear and reasonable approach. According to the association, the reform was rushed and approved in haste. The outlines of the plan were drawn up solely by a team of MEPRD officials and no local representatives were involved in the preparatory discussions. There was no in-depth, coherent analysis of all possible alternatives, and the reform was rejected by many experts and academic bodies (see below). Moreover, the reform does not provide sufficient explanation of why the model chosen is the most suitable or what the thinking behind it was: for instance, nothing explains the total of 36 municipalities resulting from the reform or the reasons why some municipalities were chosen as opposed to others.

19. Again according to the LPS, the “consultation” meetings held were more “information” monologues than meetings for dialogue or negotiation.

20. The LPS maintains that the majority of Latvians oppose the reform, as demonstrated by the public votes held on the government’s plan in around 30 municipalities, which all showed near unanimous rejection of the proposals.⁵

21. However, the MEPRD challenges the validity of such “polls” on the grounds of a gap in the law: as no legislation governing local referendums has yet been introduced in Latvia, these polls cannot be described as real local “referendums”. The LPS told the delegation that the ministry demonstrated a hostile approach to the “polls”. Even though practices of this kind could not be regarded as genuine referendums in the technical sense, they were an informal mechanism for determining citizens’ views. In several municipalities, these “polls” had had to be stopped because of strong, if not aggressive, opposition from the MEPRD. Instead of channelling, encouraging or facilitating such consultation processes or polls, the association indicates that the ministry did everything possible to prevent their being held and sometimes even prohibited them. In several municipalities, the polls that had been organised had had to be interrupted because of ministerial pressure.

22. Still in the area of public perceptions of the reform, the delegation learned that, although Latvians did not usually demonstrate, many demonstrations and collections of signatures against the reform had taken place in several municipalities, such as Ikšķile, making the rejection of the reform very clear. The largest of the demonstrations against the reform, in which several thousand citizens took part, was held

4 http://www.varam.gov.lv/lat/administrativi_teritoriala_reforma/

5 The LPS appended a table to its letter, giving relevant figures on the number of municipalities where polls were held, the number of respondents and the outcome of their votes.

in Riga opposite the parliament building on 7 November 2019, when the first reading of the bill was taking place.⁶

23. The day before, the LPS had met the President of the Republic to inform him of their displeasure at the government's reform. During the meeting, the President of the Republic stressed that implementation of the local government reform should focus on three key aspects: the scope of local powers, administrative boundaries and identity. In his view, it was necessary to analyse the scope of the municipalities' powers in greater depth. The President also called for greater involvement of local communities in the determination of the territorial units' boundaries so as to take account of people's customs. He stressed the close ties between the reform and the sense of belonging and identity and the fact that the reform should not weaken communities which had developed historically in Latvia. He also suggested that the phases of the legislative process should include wide-ranging and structured discussions between the relevant ministries, the *Saeima* (parliament) and municipal representatives. That would ensure the broadest possible support from stakeholders for the new legislation.⁷

24. It therefore seems that the President of the Republic did not express explicit and enthusiastic support for the reform.

25. As already mentioned, the reform was not favourably received in academic circles either. By way of example, reference could be made here to the opinion of the Social Sciences and Humanities Division of the Latvian Academy of Sciences, which is perhaps the most respected and prestigious academic institution in the country. Its board of experts met on 4 November 2019 to discuss the government's planned administrative reform. In short, its conclusions regarding the reform were entirely negative. Among other things, this prestigious academic body concluded that:

- a. the impacts of the reform on the country's socio-economic development were not properly set out and were poorly explained; they therefore remained unclear for the public;
- b. there had been no long-term or short-term cost-benefit or comparative analysis of the reform;
- c. the reform was going to produce centralisation of power and concentration of funding, which would restrict local democracy;
- d. the reform was not linked to other major reforms of public administration or physical and social infrastructure;
- e. it would worsen the problem of internal migration;
- f. it made no provision for adapting the financial equalisation system for local authorities to the new circumstances;
- g. it would not be able to achieve either the declared objectives or the promised outcomes, as they were set out too roughly and vaguely.

26. The board of experts recommended that implementation of the reform be deferred until such time as those promoting it had prepared a comprehensive analysis and had explained to the public the reasons for several aspects of the reform, in particular those mentioned above.

27. In the summer, the Chamber of Commerce came out against the planned reform and said that the new administrative boundaries were not justified. The association representing major cities also held a congress on the reform, where the overall view of the experts was negative.

28. In September, the LPS proposed major changes to the reform, believing it to be absurd in several respects. Two examples may be given here: (1) in order to form the new municipality of Ulbroka, a municipality will have to be divided in two; (2) the plan provides for the establishment of the new municipality of Valka, which, among others, is to include the municipalities of Rujiena and Naukseni. However, the residents of these municipalities are fiercely opposed to the reform on the grounds that their daily lives are mainly connected to the municipality of Valmiera because of employment and communication aspects. For these reasons, they would like to remain as separate municipalities or, alternatively, be merged with Valmiera, but these entirely reasonable and justified demands have not been accepted by the government. None of the main comments made by the LPS was taken on board by the government; only drafting issues and minor questions were entertained. As a result of this disagreement, the LPS called for the resignation of the minister.

⁶ See: *Baltic Times*, online edition of 7 November 2019.

https://www.baltictimes.com/protest_against_regional_reform_blends_with_medics_picket_outside_saeima/

⁷ See: Office of the Presidency of the Republic, "President of Latvia: administrative and territorial reform should strengthen people's sense of belonging to Latvia", 6 November 2019.

29. In conclusion here, it should also be pointed out that several Latvian towns have announced their intention to appeal against the local government reform to the country's Constitutional Court (the LPS association is not allowed to bring proceedings under Latvian legislation and cases can only be brought by individual municipalities). The towns concerned are reported to include Valmiera and Ikšķile. In the latter, there was a turnout of 42% in the local poll, in which the vote was 92.45% against the reform, and hundreds of people came out to demonstrate against the minister's visit to their municipality.

30. The planned reform has therefore triggered political conflict.

2.3. The Congress legal framework

31. In order properly to assess the application of the Charter (and possibly the rest of the Congress *acquis*) in the present case, account has to be taken not only of the text of this international instrument but also of other standard-setting documents and the interpretation which the Latvian Constitutional Court might have arrived at. Examples from comparative law can also be quite important and helpful in interpretive terms.

32. With regard to application of the Charter in the present case, it should be stressed that Latvia signed the Charter on 5 December 1996 and ratified it the same day, while depositing a declaration indicating those articles by which the country declared itself bound. The Charter came into force in Latvia on 1 April 1997. Its commitments were extended in 1999 and Latvia is therefore currently bound by the entire Charter, except Article 9.8.

33. The relevant provision in the Charter which is applicable in this case is the one which provides as follows (in French):

"5.- Protection des limites territoriales des collectivités locales. Pour toute modification des limites territoriales locales, les collectivités locales concernées doivent être consultées préalablement, éventuellement par voie de référendum là où la loi le permet".

It should be noted that the English version of the article reads as follows:

"5.- Protection of local authority boundaries. Changes in local authority boundaries shall not be made without prior consultation of the local communities concerned", instead of the more formal or institutional French wording "les collectivités locales concernées" ("the local authorities concerned").

34. In other words, the French version of Article 5 of the Charter provides for the prior consultation of "the local authorities", which can be interpreted as the organs of those authorities, in particular the municipal (or provincial, département or other) councils or assemblies or the mayors or presidents of second-tier authorities (especially if elected directly) or other bodies exercising key powers in the municipalities (executive committees or equivalent). However, the English version of the Charter refers to the consultation (again beforehand) of the "local communities concerned", i.e. the population or residents of the municipalities or other local authorities affected by mergers or other mechanisms leading to reforms of local authority boundaries.

35. This is important when it comes to understanding that the Charter wishes the participation of local authorities in planned local government reforms to be as far-reaching and extensive as possible. The spirit of the Charter is clear, especially when the official explanatory report is taken into consideration. This text (which is of great importance when determining the "authoritative" interpretation of the instrument) clarified the scope of the article by providing as follows: "Proposals for changes to its boundaries, of which amalgamations with other authorities are extreme cases, are obviously of fundamental importance to a local authority and the citizens whom it serves. (...) prior consultation of it, either directly or indirectly, is essential. Referendums will possibly provide an appropriate procedure for such consultations (...) Where statutory provisions do not make recourse to a referendum mandatory, other forms of consultation may be exercised."

36. The French version of the explanatory report also uses the term "local community" instead of "local authorities". This means that the spirit of the Charter seeks to ensure the genuine and effective participation not only of local executive and governance bodies but also, and above all, of the residents

of the communities concerned. That is why the Charter gives preference to local referendums as the means of determining the views of the residents of the communities affected by local boundary reforms.

37. The Charter accordingly introduces procedural rules for changes in local authority boundaries. In this connection, it is therefore a mandatory procedural requirement that no changes in local boundaries may be adopted without consultation of the local communities affected by the changes.

38. It is very important to stress that they must be consulted beforehand, not at the end of the government decision-making process. In other words, the consultation must take place at a timely stage before a final decision on the matter is made. This is also required to promote the effectiveness of consultation, in other words, the real possibility for local communities to be heard and to express their views at a time when their influence over merger decisions and their various aspects can actually be exercised and consultation is not merely formal or symbolic. Consequently, a boundary change carried out without consulting the local communities affected would be in breach of Article 5.

39. Moreover, if the mergers include a considerable part or all of the country, then the national associations of local and/or regional authorities should also take part in the consultation procedures.

40. It is also relevant to consider the wording of the second part of Article 5 of the Charter, the French version of which provides that the prior consultations must take place "*éventuellement par voie de référendum là où la loi le permet*". If this text is compared with the English version, it can be seen that it states that the consultation must take place "*possibly by means of a referendum, where this is permitted by statute*". Even though the two versions are seemingly identical, there is a small nuance that makes a difference. The French version uses the adverb "*éventuellement*", which means "if appropriate" or "hypothetically", etc. In other words, the French version leaves open the possibility of not using a referendum (at local level) even where that is permitted by law. However, the English version is stronger and unambiguous in calling for a referendum: where permitted by law, a referendum should be held.

41. A further issue is determining the meaning of the expression "where this is permitted by statute". Two opposing interpretations are possible: according to the first, it means there must be a law (or possibly regulations) setting out in detail the criteria and procedures for referendums at local level. If there are no such laws or regulations, there can be no question of consulting the citizens of the municipalities concerned by boundary changes. According to the second interpretation, however, where referendums are permitted in general by law, even if the said legislation does not govern them in detail, the "voice of the people" should be listened to through sufficiently effective mechanisms. For instance, the law governing the general framework for local government in a country (or possibly the Constitution itself) may provide for the existence of local referendums but defer the detailed legal regulation of such referendums to future legislation. In such cases, "polls" or "informal consultations" (including online) of citizens might not perhaps meet the technical criteria for being regarded as real referendums, given that the criteria and procedure could not be known, as they had not yet been laid down by law. Nevertheless, these instruments could in any case be regarded as effective means of determining the views of the public.

42. Moreover, this interpretative approach is confirmed by other requirements set out in the Charter. In particular, Article 3.2 provides that the exercise of local self-government by councils or assemblies should "in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute". The Charter therefore favours a "non-formalistic" interpretation of Article 5, indicating that "referendum" does not just mean the technical term "local referendum" as determined by specific legislation on "local referendums" but also refers to other mechanisms such as "assemblies of citizens" (Art. 3.2). Such mechanisms, implemented in accordance with less stringent formal and legal requirements and under the aegis of local government, could be used to determine residents' views on planned boundary changes.

43. In this context, it should be pointed out that in the case of Latvia, the legislation on local government does provide for the existence of local referendums (section 61.3). Moreover, a bill on such referendums was apparently tabled in parliament some time ago, but its discussion and approval have not yet been completed.

44. In the light of the above, the rapporteurs believe that the Latvian central government should have allowed the municipalities which so desired to complete the polls concerning the reform rather than preventing or banning them. Even though these procedures did not satisfy the criteria to be regarded

as genuine “referendums” in the strict sense of the term, they would have served to determine the views of the local residents, while engaging proactively with local democracy. It would seem that instead of taking a proactive approach to local democracy, the MEPRD chose to stick to a highly formalistic stance so as to disregard views held very widely by the public.

45. A third issue is determining what is meant in the Charter by the term “by means of a referendum”. It has to be determined whether such a referendum must be strictly “local”, i.e. confined to the territory and the residents of the municipality/ies affected by the mergers or boundary changes or, alternatively, whether other referendums of a broader geographical scope, for instance, county/département, provincial, regional or even national, would be possible. This question is much more relevant when local government reforms may affect a whole country, as in the case of the reform planned in Latvia. In that case, it would not at all be inappropriate to maintain that, where a reform affected all the existing municipalities in a country, one way of applying and complying with the Charter would be to hold a national referendum, given also that national referendums are usually regulated and structured in much greater detail than local referendums, which also applies in Latvia. Moreover, national referendums have already been held in the country on issues of similar importance to the administrative territorial reform.⁸

46. So far, application of Article 5 of the Charter has been discussed in the present case. Apart from the Charter, however, it is important also to mention other Council of Europe standard-setting instruments. In this connection, in Recommendation Rec (2004) 12, the Committee of Ministers established some principles that should be complied with by the member States when they engage in reforms of the boundaries or structure of local authorities. Moreover, the objectives, methods and results of a process of reform must comply fully with the provisions of the Charter.⁹

47. This recommendation by the Committee of Ministers of the Council of Europe is directly applicable to the local government reform planned in Latvia. The text of the recommendation (which is also addressed formally to Latvia as a Council of Europe member country) sets out and proclaims several principles which apply in this case. They should be reiterated here.

48. Firstly, and at the stage of the preparation of a reform like that planned in Latvia, the Committee of Ministers recommends that “thorough preparation entails being aware of the following: ... among stakeholders and others concerned with a reform there needs to be at least a degree of consensus that permits the setting of clear goals for the reform” (point I.1). This requirement was not met in the reform process in Latvia, as it is clear that there was no consensus between the local authorities and central government at the stage of the preparation and design of the reform. The local authorities were made aware of the reform once it had already been designed in a unilateral, executive manner by the MEPRD.

49. One of the core aspects of the recommendation is, of course, devoted to the participation of local authorities (points I.13 to I.22). In this connection, the recommendation lays down a number of principles and rules, including the following:

- “Reform based on the willing participation by the level of local or regional authorities to be reformed is to be preferred to the exercise of its legal power by the higher authority against the will of the level involved ... A “top-down” initiative should, in order to lead to a successful reform, seek to obtain the willing participation by the level of territorial administration that is to be reformed” (point I.14). Also:
- “Stakeholders and others concerned should be involved from the preparatory stage” (point I.15). And:
- “Mergers and other changes involving modifications of boundaries should only be performed in conformity with the principles underlying the European Charter of Local Self-Government (such as the consultation of the local communities concerned, possibly by means of referendum)” (point I.16). Lastly:
- “Any process of reform should in its preparation, decision-making, implementation and evaluation be based on institutional dialogue ...” (point I.17).

50. It is clear to the rapporteurs that with the reform initiated in Latvia, these criteria have not been met and the principles have not been complied with. This is because neither the local authorities nor the

⁸ For example, on 23 August 2008, a referendum was held on amendments to the Pensions Act (however, its result was not taken into consideration because of the low voter turnout).

⁹ See: Recommendation Rec (2004) 12 of the Committee of Ministers to member States on the processes of reform of boundaries and/or structure of local and regional authorities (adopted by the Committee of Ministers on 20 October 2004 at the 900th meeting of the Ministers’ Deputies).

LPS were involved in the reform from the preparatory stage; there was no agreement on the relevance and founding principles of the reform; and the reform was not based on institutional dialogue.¹⁰

51. With regard to the “design” stage of the reform, Latvia did not comply with the criteria and principles set out in the recommendation either. For instance, point III. 23 provides that “The time schedule for implementing a reform should be given careful consideration. On the one hand, enough time should be devoted to the necessary discussions and practical arrangements at central as well as at local level ... Any proposed reform should usually be expected to take several years.” Yet the reform was drawn up in the space of three months by the MEPRD and then apparently two months were set aside to receive the local authorities’ “comments”. By October, the plan had already been finally approved by the government. Above all, it would seem that the reform was not examined carefully over an extended period but that, on the contrary, it was approved with great haste.

52. The rapporteurs conclude that the reform planned in Latvia respects neither the principles nor the criteria provided for in Recommendation Rec (2004) 12 of the Committee of Ministers of the Council of Europe.

53. In addition to Article 5, Article 4(6) of the Charter provides that “Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly”. With regard to the latter provision, the Congress has recommended that consultation procedures be implemented not only for changing boundaries of individual local authorities, but also for any restructuring of the local government system (introduction, abolition of tiers, changes in legislation concerning municipal structures, etc.).¹¹

54. With regard to the Latvian Constitutional Court’s potential interpretation of Article 5 and the legislation incorporating it in the country (Act of 22 February 1996), it is important to note that the court delivered a key judgment in case no. 2009/04.06 on 30 October 2009. In the case in question, several municipal councils had lodged an appeal alleging unconstitutionality of the Act on Administrative Territories and Populated Areas, which introduced the 2009 territorial reform, on the grounds that it breached Article 5 of the Charter. The applicants maintained that they had not been consulted and their views had not been taken into account during the parliamentary debates, and opposed the merger of the municipalities concerned. In its judgment, the Constitutional Court held, among other things, that the provisions of Article 5 were to be interpreted as meaning that the consultation it provided for did not apply only at the “governmental” stage of the drafting of legislation like that impugned but also throughout the various stages of parliamentary debate. It was therefore important to enable the representatives of the municipalities affected by the reform to speak and make presentations at the parliamentary committee responsible for approving the legislation or, alternatively, to allow them to submit written documents to that committee. The Court also held that consultation through the mass media or through the local government association did not suffice for proper application of Article 5 of the Charter. Lastly, the Court concluded that, in the case of a reform of the scale of the one planned at the time, “consultation” did not just mean “listening” to local authorities and their representatives – account also had to be taken of their replies and comments and it was necessary to provide arguments and counter-arguments. Accordingly, the relevant provision of the Charter, i.e. Article 5, entailed an obligation to consult and an obligation to give reasons for any subsequent decisions.

55. Lastly, it is also relevant to refer to other judgments by constitutional courts or courts of last resort in Europe which have interpreted Article 5 of the Charter. In this context, it seems appropriate to mention in particular a judgment of the Swiss Federal Supreme Court of 3 June 2016 (*Ref.: BGE 142 I 216*). The dispute involved a popular initiative aimed at merging 17 municipalities in the region of Locarno and Belinzona (canton of Ticino), where there had been no prior consultation of the citizens concerned. The initiative had been declared invalid by the cantonal authorities (Gran Consiglio) and the promoters of the initiative had appealed to the Federal Supreme Court. The court confirmed the cantonal decision invalidating the initiative because it breached Article 5 of the Charter, among others. The court even ruled that Article 5 of the Charter was directly applicable and that it referred to local communities and not just local authorities as such; it further held that a merger of municipalities required prior consultation of the residents of the municipalities affected. The court then referred to this ruling in subsequent cases, meaning that it has established case law on the matter. The ruling is all the more

¹⁰ The recommendation lays down several principles to ensure that there is effective institutional dialogue (points II.18 to II.22).

¹¹ See: Congress of Local and Regional Authorities of Europe: “The consultation of local authorities by higher levels of government”, report to the Governance Committee, CG35 (2018) 20 prov., 26 June 2018, p. 13.

the remarkable given that Swiss courts are reluctant to declare popular initiatives invalid and give direct effect to the obligations arising under international treaties.

2.4. Upholding the Congress *acquis*

56. In the light of the above presentation of the Congress *acquis* and other standard-setting elements, it is possible to draw some conclusions concerning compliance with it by the administrative territorial reform planned in Latvia. First of all, such a far-reaching reform requires the government to complete an exhaustive, comprehensive strategy involving not only one-way, top-down communication (government to municipalities) but, above all, frank and honest negotiations with local authorities. This means negotiations where all possibilities and alternatives are still open and where the government's intentions can be discussed and possibly even be rejected as running counter to the will and wishes of citizens.

57. It is important to underline that territorial units at local level have a very significant human and emotional dimension. Municipalities are not just bland geographical divisions of a country's territory which a government can adjust or increase or reduce in size as if they were Lego blocks that can be moved about at will. Above all, municipalities are the settings in which the lives of residents develop, forming human spaces with their own histories (sometimes centuries-old), memories and identity factors, especially in rural areas. While residents of a large city like Daugavpils may well be indifferent to the news that a municipality from the suburbs is to be incorporated into their city, residents of a small suburban municipality such as Baltinava may feel existentially threatened by the fact that their village is going to disappear, their mayor will no longer exist and their town hall is to be closed for obscure technocratic reasons – and all that without their being consulted.

58. It is clear from the testimonies, documents and statements gathered by the delegation during the fact-finding visit that the MEPRD did conduct an information and communication campaign concerning the reform (see above). At first sight, the efforts made by the MEPRD deserve a positive assessment. However, they do not meet the requirements of Article 5 of the Charter. As stated, it does not suffice to inform the public about a decision that has already been made, without taking account of the opinions or views of the human communities affected by the reform. Residents (and the municipal bodies representing them) did not have the opportunity to discuss the relevance of the measure or its scale or details.

59. And they are not minor details, either. They include very important issues such as what is going to happen with the former town halls of the municipalities abolished (will they be closed or not) or with the public officials of the municipalities, etc. All these issues which are theoretically “details” but are important to many people are left unresolved by the planned reform. In principle, they are decisions which will have to be taken by the new municipal councils set up following the local elections scheduled for July 2021.

60. In addition, the approach taken by the reform, which involves deferring the final decisions on these points to a later date and “transferring” responsibility to the municipal councils, is clearly contrary to the provisions of Recommendation (2004) 12 in this connection: “The issues of ownership of public capital, transfer of personnel and institutions as well as the sharing of the burden of debt and the possible shift in the fiscal burden should not be overlooked at the preparatory stage” (point I.7). In practice, these issues were clearly overlooked. However surprising it may seem they are not mentioned at all in the reform proposals.

61. According to the rapporteurs, there was no consultation or negotiation at a time when all the alternatives (including the “zero” option, i.e. not carrying out the reform) were still open.

62. The minister informed the delegation that the number of municipalities affected by the reform had in the end been increased from 35 to 39, thereby possibly indicating that genuine consultation and negotiation had taken place. However, that is only a point of detail. There was no prior consultation and still less any negotiation about the main thrusts of the reform, the methodology behind it and, above all, its final shape.

63. It is clear to the rapporteurs that the requirements, rules and principles deriving not only from several articles of the Charter (in particular, Articles 5 and 4.6) but also from other Congress standard-setting texts (Recommendation Rec (2004) 12) have not been complied with. The same conclusion

can be drawn concerning compliance with the principles laid down in the case law of the Latvian Constitutional Court.

3. MUNICIPAL FINANCING

3.1. The complaint by the LPS

64. In its letter of complaint, which was sent before the approval of the overall national budget for the fiscal year 2020, the LPS complained that the revenues of Latvian municipalities (both republic cities and “*novads*”) were going to be substantially reduced for 2020, as a result of certain legislative and administrative measures provided for in the draft national budget for 2020.

65. In particular, the LPS complained of:

- a. the reduction in the share of municipalities’ own revenues from 19.6% in 2019 to 18.8% in 2020;
- b. a reduction in tax revenues for municipalities of approximately 28 million euros as a result of several personal income tax relief measures (municipalities receive a share of the revenues from this national tax, i.e. some 80%);
- c. redistribution of municipalities’ shares in environmental resources tax and gambling tax, which was detrimental to municipalities;

These measures were said to be in breach of the three-year compromise agreed in 2018 by the government and the LPS and the law on the framework budget for 2018, 2019 and 2020;

- d. the delegation by the government to municipalities of a new responsibility, i.e. the provision of catering in primary schools (years 1-4). This was decided unilaterally by the government, without consultation of local authorities. Moreover, it was not accompanied by additional funding, i.e., the government does not provide funding for the new task.

66. According to the LPS, the government had promised to offset the shortfall in municipal revenues caused by the above-mentioned tax changes (and to keep own revenues at 19.6%) by means of a special fund, but, in the end, the promise had only been kept for a year. Local revenues were declining steadily, and the association predicted that in 2021 the share of “own” resources would fall to 17%. The LPS also provided other data to show that the share of local revenues in overall public sector revenues was declining and had fallen from 26.7% in 2017 to only 26.3% in 2018, 25.1% in 2019 and 24% in 2020.

67. Moreover, the statutory procedure for consultation with the LPS prior to the adoption of the relevant decisions had not been complied with and the budgetary decisions had been taken in private. In addition to these national issues, the LPS reported an unjustified cut of 38 million euros from the budget of the city of Riga.

3.2. Analysis framework

68. Before analysing the complaints, two key points must be made to provide a framework for the response to them by the Congress. The first concerns the scope for reaction available to the Congress at the time of drafting this report. When the fact-finding visit took place at the beginning of December 2019, the delegation was informed that the national budget for 2020 had already been approved by the Latvian parliament (*Saeima*), i.e. on 14 November 2019. It is therefore clear that the Latvian authorities can no longer take account of any comments or recommendations by the Congress concerning the 2020 budget. However, analysis can be performed to possibly identify a trend and make recommendations for future financial years.

69. The second point concerns budgetary methods in Latvia. In practice, the budgets of the 119 existing local authorities are incorporated “institutionally” in the overall national budget, as if they were component entities like a ministry. That has several consequences for Latvian municipalities. Firstly, central government takes budgetary decisions which have a decisive influence on local budgets, for instance on the exact amount which central government is to pay into the local authority financial equalisation fund, which accounts for a very large share of local authority revenues.

70. Moreover, central government naturally determines the key public spending priorities. For example, the delegation learned in the Ministry of Finance that two main national priorities for the fiscal

year 2020 had been set by the ruling coalition, namely defence spending and expenditure concerning the Moneyval network, which combats corruption and money laundering at international level. It is therefore against the background of these strategic public spending decisions that local authorities can receive “their” money and the funding promised by central government.

71. This situation means, firstly, that the main parameters for municipal financing (at least those which depend on central government transfers and grants) fluctuate, as the Congress already pointed out during its monitoring visit in 2017.¹² Moreover, this approach to the local budgetary process can have serious consequences for municipalities, as illustrated by the situation in Riga (see below).

72. In the light of the above, it is clear that the legislative and accounting approach followed by the Latvian authorities to date has very negative consequences for the budgets of Latvian municipalities. In line with what happens in many countries in Europe, it would be more than advisable for local authorities’ budgets to be completely removed and separated from the national budget so as to ensure the authorities’ autonomy and responsibility for their own financial management and prevent them suffering too much from the budgetary impact of central government’s macrodecisions concerning spending priorities.

3.3. The Ministry of Finance’s version

73. The senior Ministry of Finance officials gave the delegation a very different version compared to the complaints by the LPS and presented a completely different message. According to the ministry, which acknowledges that local authority budgets are included in the overall national budget, local authorities’ financial position is acceptable. According to the ministry’s three-yearly forecasts and projections, local budgets should increase steadily in the coming years. They therefore maintain that there is growth, not a reduction.

74. The representatives of the ministry provided the delegation with official tables and charts showing budget trends for the Latvian public sector. According to the ministry, municipalities’ overall revenues have increased over the years: municipal revenues stood at 1 469 million euros in 2016, 1 597 million in 2017, 1 653 million in 2018 and 1 739 million in 2019, and should total 1 799 million in 2020. Central government also covers motorway maintenance, teachers’ salaries, etc.

75. To demonstrate the sound state of local finances, the ministry also referred to the share of local budget revenues in overall public sector revenues in Latvia. The figure was 26.3% in 2018, well above the EU average of 23.7%. Another benchmark they mentioned for measuring the financial health of the local government sector was local government revenues as a share of GDP. The figure was 9.9% in Latvia, compared with the EU average of 10.7%.

76. The ministry provided the delegation with the forecast government tax revenues for 2019-2022, based on the multi-year budgetary framework approved in the budget legislation, as well as the figures for the previous years for comparative purposes. The data were as follows:

YEAR	NATIONAL REVENUES (€ million)	LOCAL AUTHORITY REVENUES (€ million)	(B) AS A SHARE OF (A)	Planned increase in local authority revenues over the previous year (€ million)
2017	6418.2	1597.1	31.4%	--
2018	7026	1631.5	31.1%	--
2019	7387.1	1693.5	30.8%	--
2020 (forecast)	8030	1651.4	31%	601
2021 (forecast)	8497.6	1723.3	31%	539
2022 (forecast)	8934.4	1798.1	30.9%	512

¹² See footnote 2.

77. For 2020, within the structure of local authority budgets, central government will provide local authorities with 80% of the income tax collected.¹³ In addition, the government has sought to offset the reduction in revenues from this tax (resulting from the tax relief measures) by increasing its grant or contribution to the financial equalisation fund (*dotacija pasvaldību finansu izlīdzināšanas fondam*): while the figure here was 36 million euros in 2017, it was 122.9 million in 2019 and will be 184 million in 2020, representing a further increase of over 61 million euros. Overall, central government's contribution to the local government financial equalisation fund will have quadrupled in recent years. The government also maintains that it is going to increase its contribution to the equalisation fund on an ongoing basis, which will ensure that local authorities have adequate funding.

78. With regard to consultation of local authorities, the ministry disputes the LPS's version. It states that, in accordance with the law, discussions were held when the budget was being prepared, minutes were drawn up on that basis and those minutes were appended to the draft budget legislation. The ministry representatives added that a framework agreement had been reached on the key figures.

79. With regard to the funding measures specifically affecting Riga, the ministry explained that it was true that the government had made cuts and that this was because the capital city had produced losses on the operation of the municipal public transport company because of inappropriate accounting for investments made and the incorrect charging of the relevant expenditure on the balance sheet, which had been detected by the State Audit Office. In the tables which the ministry representatives provided to the delegation concerning budgetary trends for local authorities, provision had been made for 2019 for revenues of 2 803 million euros for the country as a whole, while expenditure had totalled 2 881.6 million. There was therefore a negative balance of 78.6 million, which corresponded to Riga's mismanagement.

80. The reason given by the ministry for the decision to "hold back" such a high level of revenues from the city of Riga was that the Latvian public sector as a whole should not have to suffer from the losses generated by a single local authority and that the city of Riga should at least "offset" half of those losses, which the government was going to make possible by reducing the sum which central government was due to pay it by that amount.

81. In other words, for the fiscal year 2020, the city of Riga was actually going to receive 38 million euros less. The state treasury was going to deduct that amount from the revenues corresponding to Riga's share in the income tax collected. The following year (2021), Riga would have to continue "returning" or "offsetting" the said amounts, for an additional total of 10 million euros. Nevertheless, the Ministry of Finance gave an assurance that this amount could be reduced if Riga took "appropriate" measures in its budget, i.e. if the city adopted budget cuts.

82. This surprising decision stems from the budgetary approach or method that needs to be reviewed whereby municipal budgets are regarded as integral parts of the national budget. If a municipality generates "losses" for the public sector, central government "reacts" by reducing its allocation in the budget for the following year.

3.4. Application of the Charter

83. In terms of local finance, Latvia is bound by all the paragraphs of Article 9 of the Charter, except paragraph 8 (local borrowing). The conclusions in the monitoring report based on the 2017 monitoring visit still apply and there has been no improvement. Recommendation 412(2018) stressed that "the landscape of local finances is unstable, the revenues lack predictability in the long range, and the fiscal autonomy of local authorities is weak. In this sense, there is not a real system of 'local taxes' in the technical sense of the term; the system of equalisation could be improved, since the contribution of the state to the equalisation fund is too low" (para. 4 (a) and (b)).

84. In spite of central government's budgetary plans for 2020, which apparently guarantee an increase in central government's contribution to the local authority financial equalisation fund and hence in overall local authority revenues, the level of local authorities' own resources is still very low and local authorities are still too dependent on transfers, grants and appropriations from the national budget.

¹³ Municipalities are also entitled to 100% of revenues from real estate tax, which is the tax in Latvia that is most like a local tax.

85. For 2020, according to the tables and charts provided by the Ministry of Finance, local authorities' actual "own" share of revenues (real estate tax and other property income) apparently accounts for only 16.6% of local authority revenues (9.2% from real estate tax and 7.4% from other property income). The remainder of local authorities' budgets is made up of transfers, grants and appropriations from central government (21.3% in budgetary transfers plus 7.1% in a special grant from the national budget) and shares in national tax revenues (54.6% of local revenues). Nevertheless, from a technical point of view, these revenues are not strictly "own" resources, as municipalities have no legislative, regulatory, executive or management powers over these taxes (as with income tax).

86. On the basis of this review, the rapporteurs conclude that there has been no progress compared to the unsatisfactory situation noted in Recommendation 412 (2018) and that the weaknesses of local finance identified at the time still persist.

87. Lastly, the government has decided to transfer responsibility for catering in primary schools (years 1 to 4) to municipalities without providing specific additional funding. This was actually confirmed by the ministry responsible. Yet this new task involves a substantial additional financial effort for municipalities. In the case of Riga for instance, it amounts to approximately 4 million euros. This appears incompatible with the requirements of the Charter, in particular Article 9.2.

4. DEVELOPMENTS CONCERNING THE CITY OF RIGA

4.1. Suspension of the chair of the municipal council ("mayor") of Riga

88. On 5 April 2019, Mr Nils Usakov, chair of the municipal council of the city of Riga (hereafter, "the mayor of Riga") was suspended by the Minister for Environmental Protection and Regional Development. The exact reasons for the suspension remained unclear following the interviews conducted during the visit. It would seem that the minister (who himself was actually a former member of the opposition on Riga city council before the general election in 2019) accused the mayor of financial mismanagement in the capital city. Following his suspension, the mayor appealed to the relevant administrative court to have the ministerial order set aside. The legal proceedings were still in progress at the time of the fact-finding visit and nobody the delegation spoke to was able to predict either the date of the judgment or how it would go. In view of the excessive length of judicial proceedings in Latvia, the mayor decided to resign as Mayor of Riga on 29 May 2019, following his election to the European Parliament at the European elections held at that time.

89. Several obscure aspects were mentioned by the people the rapporteurs spoke to concerning the suspension, which was very controversial in Latvia. It is a development which may, indeed, give rise to some concerns. The first relates to compliance with the principle of proportionality (Art. 8(3)) as applied to the minister's decision to suspend the mayor. The rapporteurs believe that the measure clearly breaches that article. The ministry decided on the suspension in the absence of any legal proceedings, whereas the suspension of a mayor by a government is usually linked to the existence of judicial investigations.

90. Secondly, even though the suspended mayor was entitled to appeal to the administrative court, the suspension issued by the minister amounted to revocation or dismissal in practice, given the length of the judicial proceedings to review the lawfulness of the ministerial order. This increases the impression of a failure to comply with the requirements of the Charter and is in breach of Article 7.1 in the rapporteurs' view.

91. Thirdly, there is also the issue of the domestic legal framework under which the said suspension of the mayor of Riga was possible. As stated in the 2018 monitoring report on Latvia, there are extraordinary measures which central government can take in relation to local authority bodies. The first is the dismissal of the council chair (hereafter, simply "mayor") in cases of neglect of duty or serious irregularities in his/her behaviour. The decision to dismiss a "mayor" is adopted by the MEPRD after the appropriate adversarial procedure (under section 93 of the 1997 Act on Local Governments). Once the minister adopts such a decision, the individual concerned can litigate in the competent court.

92. More specifically, the said provision, as amended, stipulates that when the chair of a municipal council (or the mayor) fails to meet his/her statutory obligations, the MEPRD may request a written explanation of the reasons for the alleged breaches of the Constitution, laws or regulations or for failure

to execute a court ruling. The mayor concerned has a duty to draw up a written explanation concerning the minister's accusations, within seven days of receipt of the request from the MEPRD. Failure to do so within the deadline is deemed to be refusal to submit an explanation. Upon receipt of the requested application, the MEPRD may, by reasoned decision, suspend the mayor. The relevant order is published in the Latvian Official Gazette within three days and the mayor concerned is deemed to have been dismissed from office with effect from the date of such official publication.

93. Under the legislation, the mayor is also entitled, within 30 days of publication of the MEPRD's order, to appeal to the relevant administrative court against his/her dismissal (but if he/she fails to do so within two weeks, he/she is deemed to be dismissed). If the court dismisses the mayor's appeal, he/she is deemed to have been dismissed from the date on which the court's decision takes effect. In contrast, if the MEPRD's order is set aside by the court, the suspended mayor receives his/her monthly salary for the period during which he/she was suspended. However, the legislation does not clarify other issues, such as *restitutio in integrum* of a mayor whose suspension is set aside by an administrative court.

94. These legal regulations (which are very rarely applied according to the people the rapporteurs spoke to) raise many issues and problems. One of the most important, of course, is the minister's discretionary power in proceedings of this kind. This power is not limited by substantive criteria or by any other criteria which could ensure that any suspension measure is proportionate and neither arbitrary nor unreasonable. In this connection, the rapporteurs believe that even though this mechanism is provided for by law, it does not satisfy the minimum requirements for legal certainty and does not offer enough safeguards to prevent the administrative power being exercised arbitrarily. Such safeguards and criteria are nevertheless all the more necessary since the power concerned strikes at the heart of local democracy and can be exercised without the existence of any criminal investigations or proceedings. It therefore represents a major shortcoming in existing Latvian legislation.

95. Lastly, there is the issue of the right of defence of the mayor of Riga in these proceedings, which the people we spoke to locally indicated was not complied with. This is a matter which falls neither within the responsibility of the Congress nor within the scope of the Charter and is only mentioned here for the purpose of passing on background information reported to the delegation during its visit.

96. The rapporteurs believe that the above developments are a matter of serious concern and are in breach of several provisions of the Charter, in particular Article 8.3 and Article 7.1.

4.2. Funding for the city of Riga for 2020

97. There are also major concerns about funding for the city of Riga. One consequence of the institutional incorporation of municipal budgets in the national budget, which was referred to in section 3 above, is that if, for a given financial year, a municipality records a negative year-end balance between its revenues and expenditure, this "loss" has an impact not only on the municipality "at fault" but also on the entire public sector. This is what happened with the city of Riga. In the letter which the LPS sent to the Congress, it was stated that the budget of the capital city was to be reduced by 38 million euros without there being any apparent justification for that development.

98. During the talks which the delegation had with representatives of the city of Riga and the Ministry of Finance, the rapporteurs were informed that this reduction was the result of an accounting adjustment initiated by the State Audit Office concerning investment in the municipal transport company. The city accounts showed a loss of 76 million euros which it was required to make up for in the following financial years (starting with the budget for 2020). This accounting problem had therefore led to a reduction in the city's revenues, employed as a means of absorbing the losses recorded by the capital.

99. According to the representatives of the city, this was the first time that there had been such a serious development in Latvia. They were strongly opposed to the government's version and maintained that the State Audit Office's interpretation was being used as a weapon in the context of the political conflict between the government and the city of Riga (in particular, the ruling central government coalition is in the opposition on the city council). In their view, the suspension of the mayor in spring 2019 (see above) was further proof of this conflict. They said that the reduction of 38 million euros in the funding which the city of Riga was to receive from central government was an additional strategy to "punish" the city and cause it still greater financial difficulties, with the whole process being intended to justify the government "intervening" or even taking control (unfortunately, this impression seems to be confirmed by the developments considered below).

100. Moreover, the city representatives acknowledged that the reduction in budgetary resources was going to have a very severe negative impact on the city of Riga. For instance, the city's finance department was considering substantial cuts in the welfare benefits paid by the city.

101. Apart from the unusual nature of the measure from the angle of comparative law, it is clear that the government took it in a unilateral, executive manner and that the city of Riga was not able to defend itself or propose less painful alternatives, etc. These circumstances ran counter to the financial and budgetary autonomy of Latvian municipalities, further highlighting their extreme vulnerability to and dependence on central government decisions.

4.3. The plan to dissolve Riga city council

102. As indicated in the introduction to this report, following its fact-finding visit, the delegation was made aware of other developments which confirmed those complained of in the letter from the LPS. In particular, on 6 December 2019, the Minister for Environmental Protection and Regional Development decided to start a procedure to dissolve Riga city council as a whole. He accused the council of not being able to cope with the waste management crisis in the capital city that had been going on for several months. The final decision is to be taken by parliament.¹⁴ If the dissolution was actually ordered, fresh elections would be held at the end of February 2020 or the beginning of March.¹⁵

103. This is a very serious development which the rapporteurs therefore decided to address in this report.

104. As indicated in the last monitoring report on the situation of local democracy in Latvia in 2018, "the second form of extraordinary control that the State may exert on a local authority is the dissolution of the local council. This decision must be adopted by the Saeima by means of an act, although the MEPRD is responsible for triggering the procedure. This device is strictly limited to situations of serious malfunctioning of the local council, or when it repeatedly fails to observe the Constitution or to execute court judgments. Ministry representatives reported that in 25 years there have been only two cases of dissolution of a council in Latvia."

105. The fact-finding visit on 4 December 2019 provided a further opportunity to examine this mechanism in greater detail, as well as any changes that had occurred in the meantime. The mechanism is governed by sections 91 and 92 of the 1997 Act on Local Governments, as amended.

106. Under section 91, the *Saeima* (parliament) may dismiss a city or municipality council if it: 1) repeatedly fails to observe or violates the Constitution, laws, and cabinet regulations, or fails to execute court judgments; 2) repeatedly takes decisions and performs activities on issues that are within the competence of the Saeima, the cabinet, ministries, other state administrative institutions, or the courts; 3) within a two-month period after its first meeting, has not elected a chairperson, vice-chairperson or standing committees; (4) is unable to take decisions at three successive meetings for lack of quorum.

107. Section 92 of the act provides as follows: "A city or municipality council shall be dismissed by means of a law, the draft of which the cabinet shall submit to the Saeima. A draft law regarding dismissal of a city or municipality council shall be submitted by the cabinet pursuant to its own initiative or pursuant to the recommendation of the Prosecutor General. The Saeima, in adopting a law regarding dismissal of a city or municipality council, shall appoint pursuant to the recommendation of the cabinet a temporary administration in the relevant administrative territory and shall determine the time period within which elections for a new city or municipality council shall be held". However, if less than 15 months remain until the ordinary elections of the municipal council, no fresh elections are held. A temporary administration performs the functions of the local council and acts until the day of the first meeting of the newly elected council.

108. Given that the process is still in its initial stages, it is worth noting that the dissolution of a municipal council elected legitimately in local elections is an absolutely exceptional measure, which must be used solely for resolving genuinely unusual situations, such as extreme and ongoing institutional paralysis at local level, the ongoing commission of serious offences by the council or the adoption of decisions that

¹⁴ See: *LSM.lv*: "Minister Puce calls for Riga city council dissolution", 6 December 2019.

¹⁵ See: *The Baltic Times*: "Riga City Council's extraordinary elections might be held in early March", 16 December 2019.

seriously undermine the unity or sovereignty of the country. In the rapporteurs' view, it is doubtful whether these conditions are satisfied in the case in question. This is because, according to the information received, the situation which apparently triggered the minister's attempt to dissolve the council only concerns difficulties involved in awarding a public procurement contract for a local service (waste collection and processing in the municipality), these being of a kind which are not unusual with this type of public procurement contract, given the size of the contract and the complexity of the relevant legislation. Moreover, the city council would appear to be in the process of resolving the difficulties.¹⁶

109. While taking action against a local elected representative on an individual basis with a view to his/her dismissal or suspension by government (in the absence of legal proceedings) is serious, taking action against a collegial representative body as a whole (in this case, the highest local representative body) is still more serious. There are several worrying aspects here, which are described below.

110. Firstly, there is the issue of protecting and safeguarding the right of defence and to a hearing not only for the body as a whole but also for the individual members of the council, who may perhaps not have voted in favour of agreements or decisions which could possibly "justify" the collective dissolution procedure. Section 94 of the Act on Local Governments provides that "if a local government city or municipality council ... [does] not fulfil or violate[s] the Constitution, laws, cabinet regulations or also do[es] not fulfil court judgments, the Minister for Environmental Protection and Regional Development may request an explanation from the chairperson of the city or municipality council". In that case, the mayor is required to provide a "written explanation" regarding the violations allegedly committed by the municipal council within 20 days of receiving a request from the MEPRD or to indicate the reasons for not executing a court judgment.

111. No provision is made for the defence of individual members of the municipal council or even of political groups which may not have supported the adoption of allegedly unlawful decisions. Nor is there any provision for appeals against the MEPRD's decision to be made to a competent court, which would seem to be serious and very worrying from the angle of the protection of human rights. Moreover, as the dissolution of the municipal council is approved by means of a law passed in parliament, councillors have no possibility of bringing actions against the said law in the ordinary courts, as only the Constitutional Court (with very limited jurisdiction) is able to review it. Yet when reviewing the constitutionality of laws, the Constitutional Court cannot, in principle, take account of ordinary legislation aspects. It remains to be seen whether the procedure for dissolving a municipal council by means of a law passed by parliament complies with the constitution of Latvia in terms of breaches of the principle of separation of powers,¹⁷ the fundamental right of defence, the principle of local self-government or other constitutional or international standards (such as the European Convention on Human Rights). Unfortunately, the Latvian Constitutional Court has not yet had an opportunity to rule on that issue.

112. Secondly, there is also the issue of the wording of the legislation, which describes the conduct that may lead to the draft dissolution law in very general terms. In particular, paragraph 1 of section 91 and section 94 (violation of laws, regulations or the constitution) raise many questions: how many times does the law have to be broken for the criterion to be met? Are all breaches of the law of equal significance? How can the seriousness of the breaches be measured? Who decides that the law has been broken? As can be seen, the wording of the legislation is too vague and, once again, the minister's discretionary power is too great. Moreover, the minister's decision is taken without there being any criminal proceedings, investigations or files opened against the council, its members or its chair.

113. Thirdly, there is the fact that, following the dissolution of the council, management of the local authority is transferred to a "temporary administration", of which neither the members nor its relationship with local democracy are set out in the act. It seems obvious that the temporary administration will be made up of unelected members, who will be able to perform their duties for a period of up to 15 months, which seems to be entirely excessive and disproportionate. Moreover, the temporary administration is made up of individuals put forward by the government, which is at variance with the fundamental principles of local democracy.

¹⁶ On 12 December 2019, the city of Riga apparently published a new call for tenders for the above-mentioned public procurement contract.

¹⁷ Apparently, such a dissolution would be an executive act rather than a legislative measure, even though parliament implements legislative power.

114. Fourthly, the legislation does not provide for the possibility of leaving the temporary management of the local authority to its executive committee or a similar body, the members of which would, at least, enjoy democratic legitimacy.

115. Lastly, the act provides that if less than 15 months remain until the ordinary elections of the council, fresh elections should not be held. It is obvious that the principles of local democracy require local elections to be held in the city immediately in order to fill the institutional and political vacuum as quickly as possible.

116. The exceptional arrangements in force at the time of the fact-finding visit have now been examined. Since the visit, however, the delegation has been informed of other developments:

117. The first involves the legislation governing the dissolution of the council. On 11 December 2019, the Committee on Public Administration and Local Governments of the Latvian parliament agreed to the approval under urgent procedure of two bills seeking to amend the Act on Local Governments and the Act on Municipal Council Elections. The bills were introduced by five members. It was planned to adopt the changes at first reading within two days of the presentation of the bills and approve them at second reading at the plenary sitting of parliament due to be held on 19 December. For the two bills, the time limit for tabling amendments was only one day. In accordance with the case law of the Latvian Constitutional Court and the recommendations of the Venice Commission, however, any changes to electoral legislation should be decided upon at least a year before elections are held so as to allow time for discussion with the public. Yet in this particular case, there were only a few weeks for discussions and a single day for proposing amendments to the bills. That is a parliamentary procedure which does not seem to pay too much heed to the requirements of dispassionate, in-depth discussion. It is clear that this haste in approving the legislative changes is aimed at possibly applying the new legislation to the dissolution of Riga city council that has been announced.

118. The second point concerns the theoretical timetable for implementing the dissolution of Riga city council, which is difficult to determine at the time of drafting. According to the leading online mass media, it seemed that the cabinet was to consider the minister's proposal at its meeting on 17 December 2019. Thereafter, the request for an "explanation" would be made to the current mayor of Riga, as required by law, after which, if the explanation was not convincing (and all the signs are that the minister has already made up his mind), a bill dissolving Riga city council would be submitted to the *Saeima*. Nevertheless, and again according to the same media outlets, it would appear that the support of all the parties in the current government coalition cannot be guaranteed.¹⁸

5. CONCLUSIONS

119. The fact-finding visit made to Latvia at the beginning of December 2019 showed that the complaints made by the LPS are serious and are of sufficient concern to the Congress to warrant specific monitoring of the situation.

120. The proposed administrative territorial reform planned by the Latvian authorities involves radical changes to the structure of local government in Latvia and will result in the disappearance of approximately 60% of existing municipalities, by means of a large-scale process of merging and abolishing authorities.

121. The reform planned by the Latvian authorities has not been carried out in accordance with the criteria provided for in Articles 4.6 and 5 of the Charter. Neither the local authorities concerned nor the national association itself took part in the design of the reform, as the plan was drawn up solely by experts from the ministry concerned.

122. Neither the individual local authorities concerned nor the national association was able genuinely to negotiate on the key aspects of the reform, as the government plan was only altered in respect of certain minor and technical points.

¹⁸ See: "Snap election in Riga may be postponed until March", Baltic News Network, 16 December 2019.

123. The ministry in charge of the reform did not conduct a genuine process of consultation and negotiation. Rather, it conducted a one-way communication campaign to provide information about a reform, the main thrusts of which had already been determined.

124. The residents of the municipalities affected by the reform were not consulted either. Moreover, instead of encouraging the holding of informal polls to gauge citizens' views, the relevant ministry prevented and, in some cases, even prohibited polls. In any case, the polls conducted by more than 30 municipal authorities produced results that were clearly opposed to the reform.

125. There were public demonstrations against the reform, and academic circles criticised it.

126. The reform also does not comply with Recommendation Rec (2004) 12 of the Committee of Ministers.

127. While the local government reform that ended in 2008/2009 took 13 years, the current reform, which is just as far-reaching, might be "wrapped up" in a few months, which is an objective indicator of the inadequacy of the necessary discussion and analysis.

128. With regard to local finance, the fact-finding visit showed the rapporteurs that the conclusions set out in Congress Recommendation 412 (2018) on local and regional democracy in Latvia are still topical. No progress was noted in terms of the expansion of local taxation or the weakness of local government funding in Latvia, which is in breach of Article 9.3 of the Charter.

129. In spite of central government's commitment to keep up its contribution to the local government financial equalisation fund, local authorities will still be too dependent on transfers, grants and appropriations from the national budget.

130. For 2020, local authorities' actual "own" share of revenues is inadequate.

131. The legislative and accounting approach which consists in treating local authority budgets as part of the national budget has very negative consequences for the budgets of Latvian municipalities, as they are entirely dependent on central government budget priorities. This is at odds with the financial and budgetary autonomy of municipalities required under Articles 3.1 and 9 of the Charter. Moreover, this approach can have a highly negative impact on the budget of cities, as in the case of Riga.

132. The deduction of a substantial proportion of the revenues of the city of Riga by means of a unilateral executive decision of the Ministry of Finance for the purpose of accounting adjustments in respect of certain investments needed to improve the municipal public transport service is unacceptable.

133. Fiscal decentralisation is not achieved by increasing grants and appropriations from the national budget but by increasing the share of own revenues in local government budgets.

134. The suspension of the "mayor" of Riga decided by a government minister and the planned dissolution of the capital's city council are sources of great concern.

135. The suspension of the "mayor" of Riga in the absence of any criminal proceedings brought against him is an attack on local democracy and amounts to interference by central government in the institutional life of a municipality, in particular in the case of the capital city.

136. The mechanism for suspending the chair of a city or municipal council ("mayor") raises many issues and doubts: the current legislation describes the grounds which may "justify" such a move too vaguely and the minister's power in this respect is too discretionary.

137. The dissolution of Riga city council is surprising, as it involves a procedure that has not been used for over 25 years. It raises concerns regarding the underlying principles of local democracy.

138. There is vagueness in the legislation concerning the reasons which may "justify" such a move; the discretionary power of the relevant minister here raises political and also legal issues; and the appointment of a "temporary administration" made up of unelected individuals for a period which may last several months seems to be diametrically opposed to the fundamental requirements of local democracy.

APPENDIX - Programme of the Congress fact-finding visit to Riga, 4 December 2019

**CONGRESS FACT-FINDING VISIT TO LATVIA
Riga (4 December 2019)**

FINAL PROGRAMME

Congress delegation:

Rapporteurs:

Mr Xavier CADORET	Rapporteur on local democracy Chamber of Local Authorities [SOC/G/DP], ¹⁹ Member of the Congress Monitoring Committee Mayor of Saint-Gérard-le-Puy, France
Mr Marc COOLS	Rapporteur on local democracy Chamber of Local Authorities [ILDG], Member of the Congress Monitoring Committee Municipal councillor, Uccle, Belgium

Congress Secretariat:

Ms Stéphanie POIREL	Secretary to the Monitoring Committee
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Expert:

Prof. Angel Manuel MORENO MOLINA	Chair of the Group of Independent Experts on the European Charter of Local Self-Government (Spain)
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Interpreters:

Ms Kristīne CEĻMILLERE
Mr Aivars VAJVODS

The working languages, for which interpretation will be provided during the visit, will be Latvian and French.

19. EPP/CCE: European People's Party Group in the Congress.
SOC/G/PD: Group of Socialists, Greens and Progressive Democrats.
ILDG: Independent Liberal and Democratic Group.
ECR: European Conservatives & Reformists Group.
NR: Members not belonging to a political group of the Congress.

Wednesday 4 December 2019 (Riga)

JOINT MEETING WITH THE MEMBERS OF THE LATVIAN NATIONAL DELEGATION, THE LATVIAN ASSOCIATION OF LOCAL AND REGIONAL GOVERNMENTS (LALRG) AND THE EXPERT

• **NATIONAL DELEGATION²⁰ / LALRG**

Mr Gints KAMINSKIS, Chair of the delegation/Chair of the LALRG association
Mr Andris RAVINS, Vice-Chair of the delegation/Vice-Chair of the LALRG association
Mr Harijs ROKPELNIS, Member of the delegation
Ms Inara SILICKA, Member of the delegation
Ms Evija ZURGE, Member of the delegation

Mr Aivars DRAUDIŅŠ, Expert on local government; Deputy State Secretary for Regional Development, Ministry for Environmental Protection and Regional Development (since 2016)
Mr Gunārs KŪTRIS, former President of the Latvian Constitutional Court
Mr Kārlis ŠENHOFŠ, representative of businesses and residents from the municipality of Ikšķile

Mr Māris PŪKIS, Senior adviser to the LALRG
Ms Sanita ŠKILTERE, Adviser, financial and economic affairs (LALRG)
Ms Lāsma ŪBELE, Adviser, financial and economic affairs (LALRG)
Ms Kristīne KINČA, Legal adviser (LALRG)
Ms Ivīta PEIPIŅA, Adviser on regional development (LALRG)
Ms Jana BUNKUS, Communication adviser (LALRG)
Ms Liene UŽULE, Communication adviser (LALRG)

Ms Mudīte PRIEDE, Secretary General of the LALRG, Secretary of the Latvian national delegation to the Congress
Ms Ilze RUKUTE, Secretary of the Latvian national delegation to the Congress

• **EXPERT**

Ms Iveta REINHOLDE, member of the Group of Independent Experts on the European Charter of Local Self-Government

MUNICIPALITY OF RIGA, CAPITAL CITY

Ms Anna VLADOVA, Acting chair of Riga City Council
Mr Druvis KLEINS, Vice-Chair of Riga City Council

Mr Juris RADZEVIČŠ, Chief Executive, City of Riga
Ms Evija PIŅKE, Head of Office, Housing and Environment Department, Riga City Council
Mr Roberts REMESS, Head of Treasury, Finance Department, Riga City Council
Ms Fatma FRĪDENBERGA, Deputy Director, Legal Directorate, Riga Central Administration

MINISTRY FOR ENVIRONMENTAL PROTECTION AND REGIONAL DEVELOPMENT

Mr Juris PUCE, Minister

MINISTRY OF FINANCE

Ms Jolanta PLŪME, Deputy State Secretary for the Budget
Mr Ints DĀLDERIS, Adviser to the Minister
Ministry Officials

²⁰ As at 16 October 2019.