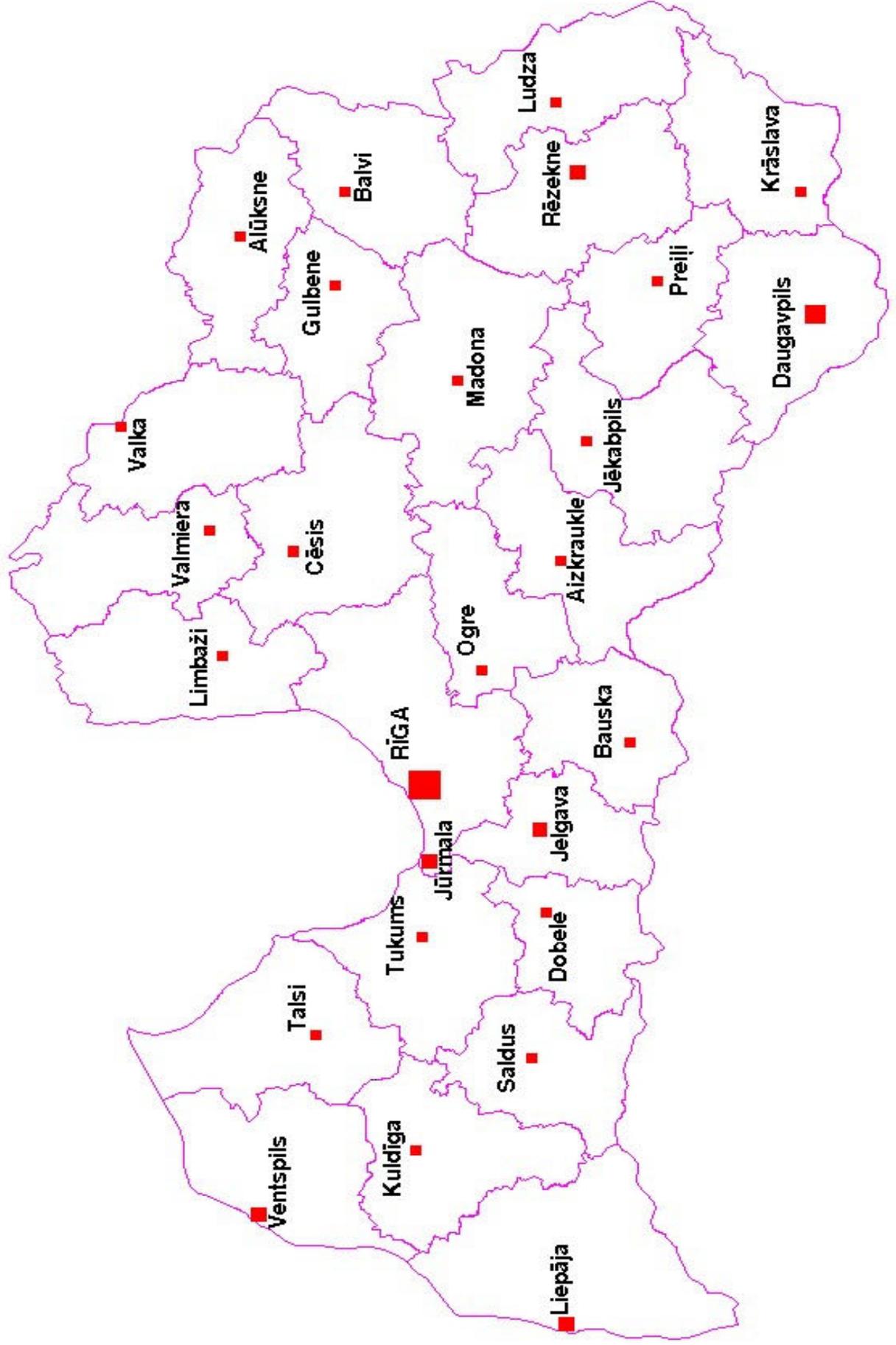




# **STRUCTURE AND OPERATION OF LOCAL AND REGIONAL DEMOCRACY**

**Latvia**

LATVIA  
Territorial set-up



# **STRUCTURE AND OPERATION OF LOCAL AND REGIONAL DEMOCRACY**

**Latvia**

**Situation in 2006**



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## 1. LEGAL BASIS

The Constitution (*Satversme*) of the Republic of Latvia makes the following reference to local/regional democracy: "Every citizen of Latvia has the right, as provided for by law, to participate in the activities of the State and of local government, and to hold a position in the civil service. Local governments shall be elected by Latvian citizens who enjoy full rights of citizenship. The working language of local governments is the Latvian language" (Article 101).

There are five main laws, which determine the activities of local/regional governments:

- the Law on Local Authorities;
- the Law on the Elections of the Town/City Council, County Council and Parish Council;
- the Law on the Status of Town/City Council, District Council, County Council and Parish Council Deputies;
- the Law on Administrative Territorial reform;
- the Law on the Financial Equalisation for Local Authorities.

The performance of several other functions is governed in addition by special laws, for example, in the field of social care, education etc.

## 2. STRUCTURE OF LOCAL/REGIONAL AUTHORITIES

### 2.1. Main subdivisions

The administrative structure of the Republic of Latvia comprises two tiers of self-governments: districts (*rajons*) and local governments (cities, towns, parishes (*pagasts*) i.e. rural districts, and counties (*novads*) i.e. new amalgamated authorities).

### 2.2. Statistical data

#### 2.2.1. Total number of units (Data for January 1<sup>st</sup> 2005)

There are 26 districts and 530 local governments: 7 republican cities, 53 towns, 444 parishes and 26 counties.

Republican cities are local authorities which carry out functions of both local and regional government. In accordance with the law "On the establishment of administrative territories and definition of the populated area status of the Republic of Latvia", cities with advanced industry, transport and community management and social infrastructure or with a complex of significant cultural institutions and social care can be included in the category of Republican cities if there are at least 50 000 permanent residents in the city. *Saeima* (parliament) confers the status of republican city.

#### 2.2.2. Surface area

The Republic of Latvia covers a territory of 64 589 sq. km and has a population of 2.31 million. The population density is 35,7 persons per sq. km.

Smallest towns as to population:

Durbe (Liepaja district):	472 inhabitants
Subate (Daugavpils district):	1 222 inhabitants
Ligatne (Cesu district):	1 356 inhabitants

Smallest parishes as to population:

Kalnecmpji (Aluksne district):	294 inhabitants
Ipiki (Valmieras district):	332 inhabitants
Jumurda (Modonas district):	341 inhabitants
Kepova (Kraslavas district):	345 inhabitants
Zvarde (Saldus district):	380 inhabitants

The largest parishes in terms of their area are Dundaga (Talsu district): 559 sq. km, Ance (Ventspils district): 398 sq. km and Targale (Ventspils district): 364 sq. km.

The least densely populated parishes are: persons per sq. km:

Zvarde (Saldus district):	1.9
Ance (Ventspils district):	2.0
Jumurda (Madonas district):	2.6

#### Surface and population of each district (rajons) for January 1<sup>st</sup> 2005

No.	District	Surface km <sup>2</sup>	Population		
			Total	Towns	Parishes and counties
1	Aizkraukle	2 567	41 105	15 204	25 901
2	Aluksne	2 245	25 086	11 291	13 795
3	Balvi	2 381	28 246	9 860	18 386
4	Bauska	1 881	51 675	10 393	41 282
5	Cesis	2 973	57 698	19 954	37 744
6	Daugavpils	2 526	40 588	4 132	36 456
7	Dobele	1 631	38 710	15 150	23 560
8	Gulbene	1 876	26 983	9 484	17 499
9	Jekabpils	2 997	53 473	31 621	21 852
10	Jelgava	1 605	37 054	2 542	34 512
11	Kraslava	2 288	34 573	13 565	21 008
12	Kuldiga	2 500	36 574	16 996	19 578
13	Liepaja	3 593	44 703	14 017	30 686
14	Limbazi	2 602	38 660	21 042	17 618
15	Ludza	2 412	32 634	14 493	18 141
16	Madona	3 349	44 141	16 916	27 225
17	Ogre	1 843	63 297	39 073	24 224
18	Preili	2 042	39 465	18 001	21 464
19	Rezekne	2 809	41 662	3 687	37 975
20	Riga	3 132	153 240	60 121	93 119
21	Saldus	2 182	37 417	16 215	21 202
22	Talsi	2 748	47 575	17 871	29 704
23	Tukums	2 457	55 275	23 663	31 612
24	Valka	2 441	32 498	15 621	16 877
25	Valmiera	2 373	59 020	33 566	25 454
26	Ventspils	2 462	14 123	1 738	12 385
	<b>Average</b>	<b>2 458</b>	<b>45 211</b>	-	-

## Municipalities according to population

Population	Cities	Towns	Parishes and counties
0-999	0	1	190
1 000-5 000	0	39	288
5 000-10 000	0	15	27
10 000-50 000	2	15	18
50 000-100 000	3	0	0
100 000-500 000	1	0	0
Over 500 000	1	0	0

## Statistical data on cities for 2005

Cities	Population	Area (km <sup>2</sup> )	Population density (persons per km <sup>2</sup> )
Riga	731762	307	<b>2382,0</b>
Daugavpils	110379	73	<b>1522,5</b>
Jelgava	66136	60	<b>1096,8</b>
Jurmala	55603	100	<b>556,6</b>
Liepaja	86264	60	<b>1428,2</b>
Rezekne	36798	18	<b>2102,7</b>
Ventspils	44017	55	<b>794,5</b>

### 2.3. Regulations governing changes in structures

Republican cities and districts of the Republic of Latvia shall be established or eliminated, their boundaries shall be changed and administrative centres of districts shall be set up under a law issued by the *Saeima* (parliament), based upon the opinion of the Cabinet of Ministers and the decision of the self-governments concerned. As an exception, during the administrative territorial reform the Cabinet of Ministers can change the boundaries of a district, in accordance with the Law on Administrative Territorial reform.

Regional towns and parishes shall be established or eliminated, their boundaries shall be changed and administrative centres shall be set up by the Cabinet of Ministers, based upon the decisions of the self-governments concerned.

Local authorities may carry out surveys to identify the opinion of inhabitants regarding the necessity to establish or break up administrative territories of the republican cities or administrative territories of regions, towns, or parishes, to change the borders or their administrative centres.

### 2.4. General units of state administration at local/regional level and their relationship to local/regional authorities

There is no institution of general public administration at local/regional level in the Republic of Latvia. Most of the specialised state institutions have their local or regional agencies.

### **3. ORGANS OF EACH CATEGORY OF LOCAL OR REGIONAL AUTHORITIES**

#### **3.1. Deliberative body**

The deliberative body of cities, towns, counties and districts is the council (*dome*). The deliberative body of parishes is the council (*padome*).

All local councils are composed of councillors elected by the local population by direct universal suffrage, proportional representation and secret ballot. The number of councillors ranges from seven to fifteen, whereas the council of the capital (Riga) has sixty.

District councils are not elected directly, but are made up of all parish council chairpersons from the relevant district.

The council has no distinct collegiate executive body.

#### **3.2. Political head of the local authority**

The chairperson of the local self-government council is the political head of the local authority. He/she is elected by and from the councillors of the given council by secret ballot.

The chairperson:

- manages the work of the city, county or parish council, co-ordinates the examination of issues in committees;
- represents the local authority in relations with the State and other local authorities;
- represents the city, county or parish council in court without special authorisation;
- in the name of the city, county or parish council issues powers of attorney, signs contracts and other legal documents;
- manages the work of the finance committee;
- issues binding instructions to local government administrative employees;
- recommends the examination of issues in the city, county or parish council and committees;
- prepares submissions from officials of State institutions for examination at meetings of the city, county or parish council;
- is responsible for the execution of court judgments in which one of the parties is the city, county or parish council;
- may recommend the dismissal of local heads of state administrative institutions or officials from such institution within the relevant administrative territory; and
- performs other duties provided for in laws, Cabinet decisions, by-laws of the relevant local authority, and decisions of the city, county or parish council.

The political head of the local authority does not receive tasks directly from the government.

### 3.3. Head of administration

On the recommendation of its chairperson a city, county or parish council shall appoint an executive director who, in accordance with procedures prescribed by local authority by-laws, is responsible for the work of local government institutions and undertakings.

The executive director of the local government:

- organises the implementation of binding regulations and other regulatory enactments issued by the city, county or parish council;
- issues orders to the heads of local authority institutions;
- prepares recommendations for the city or county council (parish council) regarding the revocation of unlawful or ineffective decisions of the relevant local government institutions;
- recommends to the city or county council (parish council) the appointment to or removal from office of the heads of local government institutions and undertakings, and, in accordance with the procedures specified in the by-laws of the city or county council (parish council), hires and dismisses territorial local government administrative employees;
- submits proposals to the city, county or parish council regarding the formation, reorganisation and dissolution of local authority institutions and undertakings;
- in accordance with the procedures and within the scope prescribed by the city, county or parish council, manages local authority property and financial resources, and concludes economic transactions with legal and natural persons;
- organises formulation of the draft territorial development plan, the territorial planning draft and the draft budget, as well as preparation of the economic and annual public reports; and
- performs other duties provided for in the by-laws of the relevant local authority and the decisions of city, county or parish council.

### 3.4. Powers and responsibilities

The autonomous functions of local authorities are as follows:

1. Organising the provision of utilities to residents (water supply and sewerage; heating; managing municipal waste; collection, conducting and purification of waste water) irrespective of the ownership of the residential property:
  - provide conditions for effective functioning of centralised heating systems;
  - determine the heating supply development and co-ordinate it with the regulatory body as part of the development plan of the administrative territory;
  - with a view to developing the heating supply, determine in which parts of the administrative territory a centralised heating supply should be maintained and developed and where the energy consumers have the right to choose another type of heating supply;
  - co-ordinate new types of heating supply in accordance with the adopted heating supply development concept;
  - co-ordinate expansion and construction of new heating supply facilities in the administrative territory in accordance with the adopted heating supply development concept;
  - determine and approve service tariffs at the council meeting for those services supplied by municipal institutions;

- where the municipal services are supplied by an enterprise, establish a Regulatory body that approves tariffs and informs the citizens in time about expected tariff changes;
  - determine the procedure of service payments for residents by issuing binding regulations and taking into account the development perspective of the administrative territory;
  - make decisions on establishing household waste recycling and storage facilities;
  - issue binding regulations determining household waste management, as well as determine the procedure of payment for household waste management.
2. To look after the public services and facilities, and the sanitary cleanliness of their administrative territory (building, reconstruction and maintenance of streets, roads and public squares; lighting of streets, public squares and other areas designated for public use; development and maintenance of parks, public squares and green zones; control of collection and removal of industrial waste; flood control measures; establishment and maintenance of cemeteries and burial places for animals):
- make decisions on the construction of new industrial waste recycling and storage facilities;
  - control treatment of industrial waste by legal and natural persons ;
  - issue binding regulations on public order, maintenance of sanitary tidiness, maintenance of buildings, constructions and their territories, as well as on organising the territory of the town, county or parish maintenance and protection of green zones;
  - fence in territories for animal cemeteries, construct gates for entry and exit of vehicles;
  - ensure sanitary protection of the environment and people, establish a protective zone around cemeteries and animal cemeteries.
3. To determine procedures for the utilisation of public-use forests and waters if this is not otherwise specified by law:
- issue binding regulations, envisaging administrative responsibility for their breach, on the protection and maintenance of forests and waters in public use and of specifically protected objects of nature and culture in the administrative territory;
  - suggest that the respective public institutions in charge limit, stop or terminate economic activity or construction, reconstruction and expansion of objects in cases where breach of environmental protection legislation has occurred, as well as submit proposals for preventing the respective offence;
  - control environmental protection and use of natural resources in its administrative territory.

4. To provide education for residents (ensuring the specified rights of residents to acquire primary and general secondary education; ensuring children of pre-school and school age places in training and educational institutions; organisational and financial assistance for extracurricular training, educational institutions and education support institutions, and others):
  - maintain, establish, reorganise and close boarding schools, special educational establishments, vocational education establishments, interest education establishments, pre-school establishments, primary school, secondary school and general education establishments under its responsibility;
  - employ and dismiss heads of the educational establishments within the municipal remit;
  - provide financing for payments to executive staff of educational establishments within the municipal remit;
  - ensure that the children living in its administrative territory, who have reached school age, are provided with places in pre-school, general and secondary education establishments;
  - provide school transport services for pupils to and from their place of residence when public transport services are not available;
  - determine the amount and the procedure for allocating allowances and other types of material assistance to pupils in educational establishments within its scope of competence.
  
5. To maintain culture and help preserve traditional cultural values and develop creative folk activity (organisational and financial assistance to cultural institutions and events, support for the preservation of cultural monuments, and others):
  - employ and dismiss the heads of cultural institutions;
  - ensure maintenance of the cultural monuments under municipality ownership (tenure);
  - allocate resources for conserving and restoring economically unused cultural monuments of local importance;
  - provide organisational and financial assistance for cultural institutions and events;
  - promote development of popular art by organising song and dance festivals, town festivals, music festivals (concerts), applied arts exhibitions, etc.
  
6. To ensure access to health care, as well as to promote a healthy lifestyle of residents:
  - allocate (lease) premises for establishing health care institutions within the administrative territory of the municipality (GP offices, health care points, etc.);
  - promote a healthy lifestyle for citizens by organising sports and tourism, as well as cultural events.

7. To ensure social assistance (social care) to residents (social assistance for low income families and socially vulnerable persons, ensuring places for old people in retirement homes, ensuring places for orphans and children without parental care in training and educational institutions, provision of overnight shelters for the homeless and others):
- establish social assistance services;
  - evaluate family incomes and material well-being;
  - pay social assistance allowances;
  - ensure social assistance for children – orphans and children without parental care, providing the children with places in children’s homes where needs be;
  - provide disabled children with social care and rehabilitation services;
  - provide senior citizens and persons with mental or physical disabilities with home care or care in social care institutions;
  - provide shelter for homeless persons;
  - provide mentally disabled persons and blind persons with the possibility of working in specialised workshops;
  - where municipalities lack the necessary social assistance institutions agreements should be concluded with other social assistance service providers for the provision of the respective services.
8. To take care of guardianship, trusteeship, adoption and the protection of personal and property rights and the interests of a child:
- establish a municipal establishment – the Custody Court (Parish Court) elects its chair and members;
  - the Custody Court grants the status of foster-family, provides training to the respective family, signs the child care agreement with the family, assists in the child’s upbringing and ensures the necessary social services;
  - the Custody Court appoints a guardian for a minor immediately following the termination or suspension of parental rights, the death of both parents or where the minor has been left without parental care, or where the child’s mother is herself a minor and not married;
  - the Custody Court accepts adoption applications with respect to the permanent place of residence of either the adopter or the adopted;
9. To provide assistance to residents in resolving housing issues :
- may draw up favourable terms for registering persons (families) in need of municipality assistance for solving housing issues;
  - shall provide separate groups of people with rented flats in accordance with the law “On municipality assistance in solving housing issues”;
  - determines the rent for municipal housing;
  - leases residential premises and social flats owned by the municipality;
  - provides residents with temporary residential premises if their home is destroyed in a disaster;
  - provides assistance for change of rented accommodation ;

- allocates allowances for persons on low incomes to cover rent and payments for services related to the use of residential premises, as well as single allowances for the redecoration of residential premises or houses.
10. To facilitate economic activity within the relevant administrative territory, and to be concerned about reducing unemployment:
- estimate the development of commercial activity by approving the development plan of the territory;
  - maintain and develop economic and social infrastructure and the environment;
  - determine rebate for Real Estate Tax;
  - provide consultancy for persons in economic activity, as well as assistance in project development and attraction of credit resources;
  - envisage concrete measures for decreasing unemployment within the development plans of the territory;
  - co-operate with State Employment Service institutions to resolve issues of increasing and decreasing employment.
11. To issue permits and licences for commercial activity, if such is provided for by law, for:
- shooting-galleries and shooting-stands (provided a permit from the State Police institutions has been granted);
  - cremation activities;
  - commercial passenger transport facilities within the territory of the respective municipality;
12. To participate in ensuring public order and to combat drunkenness and immorality:
- maintains public order by co-operating with the police, army;
  - may establish Municipal Police to monitor public order, and combat heavy drinking and disorderly behaviour;
  - Administrative Commission examines administrative offences and determines the forms of punishment;
  - organises compulsory community service activities in its administrative territory.
13. In accordance with the territorial planning of the relevant local government, to determine land utilisation and procedures for its development:
- adopts a decision determining the order of land use and building activities, monitors observation of the determined order;
  - where needs be co-operates with State Land Service to resolve issues under this Section.
14. To ensure in their relevant administrative territory the lawfulness of the construction process:
- develops and, after receiving a positive valuation from the State Environment Examination Board, issues construction regulations binding on all construction parties and applicable to all types of construction in the respective administrative territory, as well as inspects the implementation of the regulations;
  - organises public discussion on the respective construction projects;
  - examines and takes decisions on construction projects ;

- issues and registers construction permits (also permits issued by other institutions);
  - controls the construction projects financed by municipal resources;
  - controls construction parties' observance of the Constructions Act and other relevant legal acts;
  - issues binding regulations on issuing construction permits;
  - co-operates with the Construction Department of the Ministry of Economics.
15. To register civil status documents:
- establishes structural units to deal with this responsibility or entrusts the responsibility to separate council officials;
  - where needs be, co-operates with the Civil Acts Department of the Ministry of Justice.
16. To collect and provide information necessary for State statistics:
- determines the procedure for collecting information and decides who is to survey the information and send it to the regional departments of the State Statistics Service;
  - co-operates with state statistics institutions.
17. To organise elections of lay judges and to take the necessary measures for elections of city or county councils (parish councils):
- approves the election commission;
  - establishes polling stations by allocating necessary premises and equipment;
  - determines opening hours of the polling stations and organises security service;
  - approves the staff for constituency election commissions;
  - elects court assessors;
  - adopts decisions on the organisation of elections in accordance with the procedure stipulated by the Central Election Commission.
18. To participate in ensuring civil defence measures. This function is performed by district and republican city authorities. They:
- together with the structural units of the State Fire and Emergency Service (SFES) develop Civil Defence (CD) measures, as well as territorial plans for accidents and rescue measures;
  - participate in preventive CD measures, and deal with the outcomes of rescue and emergency situations within the respective administrative territory;
  - provide the necessary work and living conditions for the forces assisting in concrete emergency situations;
  - provide the information necessary for SFES in concrete emergency situations;
  - provide a special municipal emergency force for the SFES at their request.

19. To organise public transport services. This function is performed by the district and republican city authorities. They:
- issue licences (permits) for passenger transport services within the borders of the district (republican city);
  - examine issues concerning the opening or modifying of regular passenger transport routes by issuing (or refusing) respective permits;
  - provide for the establishing, furnishing and maintenance of transport facilities (except bus stations);
  - approve bus schedules;
  - determine fares (tariffs);
  - determine travel concessions for the different public transport user groups ;
  - ensure rational and efficient use of earmarked grants received from the State Road Fund.
20. To ensure representation of local government in the regional health insurance fund. This function is performed by district and republican city authorities which provide representation in this health insurance institution.
21. To organise teacher training. This function is performed by district and republican city authorities. They:
- establish a structure which ensures training is carried out;
  - assist the educational establishments within their administrative territories by providing literature on study and methodology, and other study materials;
  - ensure the improvement of teacher qualifications, co-ordinate and facilitate activities on methodology.
22. To register all children residing in the relevant administrative territory
- registers children of compulsory school age according to the procedure set out by the Cabinet of Ministers;
  - provides the Department of Citizenship and Migration Affairs with information on the registration of persons (including children under 16) at their place of residence, as well as on their removal from the register.
23. To implement the protection of children's rights within the relevant administrative territory:
- analyses the situation in the field of children's rights, develops and implements children rights' protection programmes within the administrative territory of the respective town or pagasts;
  - provides assistance and support for families with children, thus guaranteeing for every child within the territory of the municipality shelter, warmth, clothing and nourishment corresponding to the child's age and condition of health;
  - provides out-of-family care for the children temporarily or permanently without a family or who, in their own interests, cannot be left with their families ;
  - ensures the child's rights to general secondary education and provides assistance in vocational training;
  - organises primary health care for the mother and child;
  - provides for the organisation of recreation facilities for children.

The functions specified under 1-18, 22 and 23 above are performed by district city, county and parish local authorities; the functions specified under 18-21 by district authorities. However, republic city local authorities perform all functions under 1-23 above.

### **3.5. Legal provisions concerning internal structures**

The work of local authority councils is organised according to relevant local authority (city, county and parish councils) by-laws, prepared in conformity with the Law on Local Government.

## **4. DIRECT CITIZEN PARTICIPATION IN DECISION-MAKING**

There are no requirements for the holding of referendums as part of the decision-making process at local government level, although, local authorities have to carry out surveys to identify the opinion of inhabitants regarding construction and territorial planning.

## **5. STATUS OF LOCAL ELECTED REPRESENTATIVES**

### **5.1. Conditions for local elections**

Any citizen of the Republic of Latvia or of another European Union member state, registered in the Population Register, having reached the age of 18 by Election day has the right to vote if:

- he/she has been registered as living on the territory of the corresponding local authority for at least the last 90 days prior to the election day;
- he/she has duly registered real estate in the territory of the corresponding local authority;
- he/she is not disqualified from passive election rights.

The following persons are disqualified from passive election rights:

- those who are deemed to be incompetent according to law;
- those who are serving a prison sentence;
- those who don't have the right to vote in an European Union member state.

Any citizen of the Republic of Latvia or of another European Union member state, registered in the Population Register, having reached the age of 18 by Election day can run for a councillors' position if:

- he/she has been registered as living on the territory of the corresponding local authority for at least the last 10 months prior to the election day;
- he/she has worked in the territory of the corresponding local authority for at least the last 4 months prior to the election day;
- he/she has duly registered real estate in the territory of the corresponding local authority;
- he/she is not disqualified from active election rights.

A candidate can run for a councillors' position in only one council.

The following persons are disqualified from running for a councillors' position:

- those who are serving a prison sentence;
- those who are deemed to be incompetent according to law;
- those who have been sentenced for very severe crimes with the exception of those who were rehabilitated;
- those who while committing a crime were mentally deficient or afterwards were struck by mental disease, which deprived them of the cognitive capacity to understand their own behaviour;
- those who after the 13 January 1991 were officials or employees of the KGB of the USSR or the Latvian SSR;
- former officials or employees of the Ministry of Defence of the USSR, of the Russian Secret Service or the Secret Service of other countries, of the armed forces or the counter-espionage service.

A political party who runs in local government elections can not spend more than 0,20 LVL (0,285 EUR) for one elector in the pre-election period for their election campaign.

## **5.2. Functions or activities incompatible with elected office**

The President of the Republic, deputies of the *Saeima* (parliament), members of the government, prosecutors, judges or military persons (with the exception of those who are in active service) are allowed to run for local elections, but lose their previous position if they are elected.

The elected representative cannot hold several elective offices concurrently, except for the chairperson of a district council, who also has the right to be the chairperson of a city, county or parish council.

## **5.3. Term of office**

Representatives are elected for a term of four years.

Their term of office ends before the end of term:

- when the council takes a decision to terminate a deputy's mandate in accordance with the deputy's personal, written application of resignation;
- when the court's verdict on the deputy takes legal effect or the deputy's incapacity is acknowledged according to law;
- when the verdict stating that the deputy was elected in violation of restrictions set out in the Law on Elections of the Town/City Council, County Council and Parish Council comes into legal effect;
- when the deputy is no longer a citizen of the Republic of Latvia;
- when the council terminates the deputy's term of office following his/her failure to participate in council meetings more than three times in succession without valid reason.

## **5.4. Duties and responsibilities**

A deputy has the following obligations within the council:

- to take part in council meetings, as well as the meetings of the institution to which the member has been elected;

- to observe the requirements of the law, as well as the requirements of the corresponding council meetings' manual/regulations;
- to carry out the assignments/instructions of the council and its institution's leader;
- to inform the chairman, if he/she will not participate in a councils/committees meeting.

A deputy has the following tasks within his/her constituency:

- to take part in controlling the implementation of the corresponding council's resolutions;
- to examine complaints and applications of local residents, and to reply within a month;
- to organise a meeting with local residents at least once every two months.

There are no restrictions or provisions on reinstatement and activities once the period of office is terminated.

### **5.5. Working conditions**

For a deputy to carry out his/her term of office in a satisfactory manner, a self-government has the following obligations:

- to provide proper premises;
- to provide transport services which are at the self-government's disposal;
- to allow the deputy to use communication services, computers, copying and printing equipment which are at the disposal of the corresponding self-government.

A deputy generally carries out his/her mandate outside work hours. However, the administration of an enterprise or organisation cannot prevent a deputy from carrying out his/her mandate during work hours. In such cases, the deputy should inform the head of that enterprise or organisation in advance (in writing) of the necessity to carry out his/her mandate during work hours.

If a deputy carries out his/her mandate in work hours, the wage/salary for this period may be deducted.

Deputies of the local authority council shall be remunerated for participating in council and committee meetings, and for carrying out the other duties of councillors. The council decides on the remuneration of deputies by adopting a regulation.

## **6. DISTRIBUTION OF POWERS BETWEEN LOCAL AND REGIONAL AUTHORITIES**

The distribution of powers is shown in the following table.



Function	Competent authority			Type of competence				Exercise of the competence				Remarks	
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority		
<b>Social welfare</b>													
Kindergarten and nursery			•	•		•							
Family welfare services		•		•		•							
Welfare homes			•										
Social security	•			•									
Other		•	•		•								
<b>Housing and town planning</b>													
Housing		•	•				•						
Town planning		•	•		•								
Regional/spatial planning	•	•					•						
<b>Environment, public sanitation</b>													
Water & sewage			•			•							
Refuse collection & disposal	•		•				•						
Cemeteries & crematoria			•			•							
Slaughterhouses	•					•							
Environmental protection	•	•	•				•						
Consumer protection	•					•							
<b>Culture, leisure &amp; sports</b>													
Theatres & concerts	•	•	•				•						
Museums & libraries	•	•	•				•						
Parks & open spaces	•	•	•				•						
Sports & leisure	•	•	•				•						

Function	Competent authority			Type of competence				Exercise of the competence			Remarks	
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right		For another authority
Religious facilities												
Other cultural facilities	•	•	•				•					
<b>Traffic, transport</b>												
Roads	•	•	•				•					
Transport	•	•	•		•							
Urban road transport		•	•		•							
Urban rail transport		•	•		•							
Ports	•			•								
Airports	•			•								
Other traffic & transport	•	•	•				•					
<b>Economic services</b>												
Gas	•			•								
District heating			•	•		•						
Water supply		•	•		•							
Agriculture, forests, fishing	•		•				•					
Electricity	•			•								
Economic promotion	•	•	•				•					
Trade & industry	•		•		•							
Tourism	•	•	•				•					
Other economic services	•					•						
<b>Other functions</b>	•	•	•				•					

## **7. CO-OPERATION AND OTHER TYPES OF LINKAGE BETWEEN LOCAL/REGIONAL LEVELS**

In order to perform tasks in which all or several local authorities have an interest, local authorities have the right to co-operate as well as to establish local government public organisations or to join such organisations.

Local government co-operation agreements shall be entered into within the limitations of local authorities' budget, if a relevant decision has been taken by the council, or also if the procedures for entering into such are specified in the local authority regulation.

Local authorities are represented in their associations by the chairperson of the respective council or his/her authorised agent.

A local government public organisation is entitled to represent local authorities in their discussions with the Cabinet of Ministers if, in accordance with procedures prescribed by law and the regulations of the association, more than half the city local governments, more than half the district local governments, more than half the county local governments and more than half the parish local governments have joined as members.

Local authorities and public organisations established by them may co-operate with the local authorities of other states and associations thereof, if such co-operation is not contrary to legislative enactments of the co-operating states and conforms with mutual agreements concluded among such states.

Local authorities which do not have the necessary infrastructure for performing certain functions prescribed by law have a duty to enter into agreements with other local authorities in order to ensure their performance

## **8. FINANCE**

### **8.1. Taxes**

There are no local taxes in Latvia; there are only state taxes, which are distributed between the local gross budget, the local special budget, the state gross budget and the state special budget. Local authorities have no right to introduce new taxes.

The real estate tax is calculated and levied by local authorities, and is transferred straight to local budgets. For example, the amount is 1.5% of the cadastral value of the respective real estate. In accordance with the Real Estate Tax Act the tax is fully administered by local authorities.

Local authorities have the right to reduce the real estate tax for specific taxpayer groups in accordance with Article 5 of the Law on Immovable Property Tax. Local authorities can decide to award for specific real estate taxpayer categories grant reductions of 90%, 70%, 50% or 25% on the total real estate tax amount.

For the period 1995-1997 all personal income tax was transferred to local budgets. As from 1997, personal income tax has been divided between the central health care budget (28.4%) and the local budget (71.6%).

The Law on Personal Income Tax determines the right of local authorities, by concluding a special agreement with the Ministry of Finance, to administer collection of this tax themselves within their territory.

The local government budget also receives a share from other taxes, but the total sum of these does not form a large part of municipal revenue.

The Law On Lottery and Gambling Games Tax and Duty provides that local authorities receive a share of 25% of the gambling game tax and of 100% of locally organised lotteries. The tax is given to the budget of those local authorities in whose territories this type of activity is conducted.

The Law On Natural Resources Tax provides that special budgets of local authorities receive 60% of the natural resources tax in their territories (if radioactive waste is imported, they receive 70%, if waste is disposed by burning, 100%). The application of this revenue is limited and can only be used for the purposes set out in the Law On Natural Resources Tax.

## **8.2. Grants**

Financial transfers by the state under various forms (specific grants, general grants) represent an important part of municipal financial resources.

## **8.3. Equalisation of local finances**

The equalisation system for local finances was introduced in Latvia in 1995. For the period 1995-1997, the system was newly determined for each fiscal year by the adoption of a Law on the Financial Equalisation for Local Authorities. As the law had been worked out for a specific fiscal year in accordance with the financial possibilities for the state total budget, the equalisation calculation algorithm changed each year. This prevented the stable formation of local budgets and long-term planning.

As from 1998, the consolidated Law on Financial Equalisation of Local Authorities has come into force. This law stipulates that in order to estimate the necessary state budget grant to the equalisation fund, the government must present to parliament the draft calculation for the equalisation fund at the same time it presents the draft law of the budget for the coming fiscal year.

The law provides that amendments to the law on equalisation, if necessary, have to be presented to the parliament together with the state budget law. Two weeks after the adoption of the state budget, the Cabinet of Ministers must adopt the regulations which confirm the results of the equalisation calculations.

In accordance with the law, for local financial equalisation to be carried out:

- local fiscal revenue from the personal income tax and real estate tax is evaluated;
- local expenditure needs are calculated.

As from 1997, the government has undertaken to guarantee tax projection in correlation with personal income tax.

According to the Law on Financial Equalisation of Local Authorities, local authorities' total minimum financial needs shall be defined as part of the annual preparation procedure of the Law on the State Budget, and shall be recorded under the mutual negotiations between the Cabinet of Ministers and the Union of Local and Regional Authorities of Latvia on the basis of the following:

- planned total financial needs of local authorities;
- state macroeconomics forecast for the year;
- yearly reallocation of functions between local authorities, as well as between state and local authorities;
- priorities defined for the year.

The total financial need of local government is divided between the following groups:

<b>Local Authority group</b>	<b>Proportion (%)</b>
1. City local authorities group (republican cities)	45
2. Rural local authorities group (towns, counties and parishes)	55

The financial need of local authorities is calculated taking into account:

- total financial needs in the corresponding local government group;
- criteria provided in the Law on Financial Equalisation of Local Authorities, and the relative weighting given these criteria, presented in an appendix to the same law;
- data confirmed by the Office of Citizenship and Migration Affairs on the number and structure of inhabitants in corresponding local government units, (number of inhabitants, children under 6 years of age, children and young adults aged between 7 and 18 years, inhabitants of pensionable age);
- data from the Ministry of Welfare on the number of children in orphanages and number of residents in old people's homes and centres;
- data approved by State Land Service on the Cadastral Value of Real Estate in municipalities;
- data from the Ministry of Finance on personal income tax estimates in municipalities and on the overall municipal financial needs for a fiscal year.

When calculating local government financial requirements and knowing the estimated income forecast, it can be determined that:

- a local authority must contribute to the equalisation fund if its estimated income exceeds the top margin of financial requirements for equalisation. This margin is 10% over the calculated local authority's financial requirements;
- a local authority must receive a grant from the equalisation fund if its estimated income is lower than the bottom margin of the local authority's financial requirements for equalisation. This margin is calculated on the basis of the financial requirement as follows:
  - for cities: 95% of the calculated financial requirement;
  - for districts: 100% of the calculated financial requirement;
  - for towns and parishes: 90% of the calculated financial requirement.

The State contribution to the equalisation fund must be determined when local authority financial needs are being calculated and during negotiations between the Cabinet of Ministers and the Union of Local and Regional Authorities of Latvia. The state contribution adds up to approximately 15% (15,13% in year 2005) of the equalisation fund every year.

#### **8.4. Other sources of income**

According to the Law on Taxes and Fees, local authorities have the right to impose local authority fees for:

- receipt of official documents prepared by a local authority council and certified copies of such;
- organisation of events of a recreational nature in public places;
- tourist accommodation;
- trade in public places;
- keeping of all types of animals;
- driving of a means of transport into special regime zones;
- placing of advertisements, posters and announcements in public places;
- keeping of boats, motorboats and sail-boats;
- utilisation of local authority insignia; and
- receipt of a construction permit.

The portion of local authority fees in local government funding is small. It represents 1-2% of all annual local government revenue.

As stipulated by the law, local authorities budgets are also awarded certain state duties. The duties are collected by the respective town or parish authorities or institutions established for this purpose by local authorities.

## 8.5. Loans

The general rights of local authorities to take out loans and issue guarantees are defined by the following legislation: Law on Budget and Financial Management, Law on Municipal Budgets, as well as by special regulations of the Cabinet of Ministers.

In accordance with the Law on Municipal Budgets, in Latvia only the local government council can decide whether to take out a local government loan. Short-term loans must be paid back in the same budget year and may be used to cover a short-term deficit of financial resources. Long-term loans, which exceed the economic year, cannot be used for covering short-term budget deficits. Long-term loans can be taken out only for implementing investment projects.

The law provides that local government loans can be contracted both domestically and abroad, by releasing securities or concluding loan agreements. However, since 2002, local government loans are to be made through the State Treasury. Direct loans from credit institutions are allowed only on an exceptional basis with the approval of the Minister of Finance, provided the proposed loan facilities set better terms than the State Treasury.

The above-mentioned restrictions do not apply to local government enterprises. The Law On Municipal Budgets determines that if a local government enterprise wishes to take a loan in a credit institution, the local government can issue respective securities, but only if the local government owns more than 50% shares of the enterprise or its shareholders include several local authorities, which together hold not less than 65% of the total share capital.

The Council on Control and Supervision of Local Government Loans and Guarantees was established in 1996. Its goal is to secure conformity of local government economic activities with common state interests, thus averting possible negative macroeconomic consequences of local government loans, as well as to co-ordinate and diminish as much as possible the costs of these loans.

## **8.6. Control of expenditure**

In accordance with the Law on Local Authorities, the State Audit Office within the scope of its competence shall supervise the actions of local authorities with financial means and property.

Local budgets constitute a part of the state budget and are accordingly included in the national financial and economic planning.

In accordance with the Law on Local Financial Stabilisation and Supervision of Local Financial Activities, financial restrictions are imposed on local authorities in the following cases:

- when the volume of local financial liabilities which have reached the term of payment exceeds 20% of the respective annual budget;
- if the local authority is unable or, according to proven circumstances, will be unable to settle its commitments;
- if local property is endangered owing to debt recovery.

In these cases, the chairman of the local authority, the responsible minister, the Minister of Finance or the State Auditor can propose local financial stabilisation. The local authority discusses the question, and, if it is adopted, a financial stabilisation announcement is prepared. If the local authority is against it, a substantiated letter is sent to the minister responsible and the Minister for Finance.

The Minister of Finance takes decisions on financial stabilisation. If the local authority does not agree with the decision of the Minister of Finance, the Cabinet of Ministers makes the final decision.

If financial stabilisation is decided, the Ministry of Finance appoints a special supervisor for the local authority. He/she is remunerated from the state budget. The local authority in co-operation with the special supervisor develops the project for financial stabilisation.

## **9. CONTROLS OVER LOCAL/REGIONAL AUTHORITIES**

### **9.1. General administrative supervision**

Local/regional authorities act independently within their competence and the law.

The activities of local/regional authorities within the scope of the Law on Local Authorities shall be monitored by an institution determined by the Cabinet of Ministers (at the present moment the Ministry of Regional Development and Local Authorities).

## 9.2. Control restricted to legality

The operation of an unlawful binding regulation or other regulatory enactment issued by a local council may be suspended by a substantiated order of the minister of regional development and local authorities. The order shall indicate the paragraphs of the specific binding regulations or other normative enactment that are to be revoked as unlawful, or shall indicate that the binding regulations or other regulatory enactment are to be revoked in their entirety. The order shall be published in the newspaper *Latvijas Vēstnesis* and shall be sent to the chairperson of the relevant local council.

The chairperson of the local council shall convene within two weeks an extraordinary meeting of the local council in which shall be examined the issue regarding revocation of the relevant binding regulations or other regulatory enactment. The minister of regional development and local authorities shall be given timely notice of the time and place of the extraordinary meeting of the local council.

If the local council fails to take a decision to revoke the relevant binding regulations or other regulatory enactment thereof, it shall submit an application to the Constitutional Court regarding the revocation of the order of the minister of regional development and local authorities. In such case the order of the minister shall remain in force until the proclamation of the judgment of the Constitutional Court.

## 9.3. Financial supervision of local and regional authorities accounts

The local/regional authority council shall ensure financial audits are carried out in order to:

- control the use of financial means in conformity with approved budgets and estimates;
- examine the lawfulness and appropriateness of the activities of the heads and officials of self-government institutions and undertakings; and
- control whether self-government financial means, movable and immovable property is managed in conformity with the decisions of the council and the interests of residents.

According to the Law on Local Authorities, local councils shall, not less than once a year, invite an auditor company or authorised auditor to carry out the financial audit, prepare the audit report and submit an opinion on the annual financial report. The annual financial report of the respective year, supplemented by an evaluation prepared by an authorised auditor, shall be submitted annually to the State Audit Office and the State Treasury.

The law currently in force also determines that local authorities shall annually prepare a public report on their activities and send it to the Minister of regional development and local authorities and to the Minister of Finance and shall publish a notification on this. The annual local authority public report shall include information on:

1. the implementation of the two preceding years budgets and the accepted budget of the current year, including information on the number of obligations and guarantees;
2. the valuation of local authority immovable property for the last two years;
3. the value of local authority capital in undertakings and expected changes to it;

4. the measures taken over the last two years, as well as those planned for the current year for implementing the territorial development plan, including information on:
  - a) public investments in the infrastructure of the local authority's administrative territory ;
  - b) private investment in the local authority's administrative territory, the participation of residents, undertakings under discussion and improvement of the local government territorial development programme and territorial planning;
5. the opinion of the authorised auditor regarding the local authority's economic activities, its institutions and undertakings, as well as the local authority annual economic report for the previous year;
6. the decision of the local city or county council (parish council) regarding the annual economic report of the previous year;
7. the audit opinion of the State Audit Office and the measures taken by the territorial local city or county council (parish council) to rectify deficiencies it has identified;
8. the participation of the local authority in co-operation projects, institutions and undertakings;
9. the measures taken to improve the management of local authority institutions and undertakings; and
10. the measures taken in order to promote the awareness of residents regarding local authority activities and the opportunities available to them for taking part in discussion on decisions.

Local authorities may also add other information to the annual public report.

## **10. REMEDIES FOR INDIVIDUALS AGAINST DECISIONS OF LOCAL/REGIONAL AUTHORITIES**

Unlawful decisions regarding issues pertaining to individual natural or legal persons may be appealed against in court by the relevant natural or legal person, in accordance with procedures prescribed by law.

## **11. LOCAL/REGIONAL ADMINISTRATIVE PERSONNEL**

In accordance with the Law on Local Authorities the councils themselves decide upon their structure, personnel and remuneration.

The Latvian national civil service system does not apply under any circumstances to local government but only to the state administration institutions.

## **12. REFORMS ENVISAGED OR IN PROGRESS**

### **The administrative and territorial reform of local government**

The present administrative and territorial division was formed at the end of the 1960s and at the beginning of the 1970s and is considered to be inappropriate for carrying out local government functions, since administrative units with a small number of inhabitants and, consequently, a weak base of financial revenue, predominate. The small local authorities have low income per capita and high administrative expenditure. Since small local authorities are not able to execute effectively many decentralised functions, the process of decentralising functions and financial resources cannot be fully implemented.

The division of the state into twenty-six regions and seven republican cities is also considered to be inappropriate for decentralised administration.

### **The main targets of the administrative and territorial reform:**

- to form competent, independent local authorities which can provide services according to the interests of the inhabitants;
- to concentrate the material and financial resources of local authorities for effective implementation of the local authorities' functions;
- to reduce the necessity for subsidies and increase opportunities for local authorities to be self-financing;
- to further the process of decentralising state administration, to increase the role and influence of local authorities in state administration;
- to form a regional administrative and territorial division which would promote balanced, long-term regional development of the state and secure the cultural and historical heritage of each region.

Since 1996, 56 local authorities in total have amalgamated in Latvia, establishing 25 amalgamated municipal units, including 21 counties. All these local authorities have received an additional grant from the state budget.

In order to implement the provisions of the Law on Administrative-territorial reform an investigation of all 26 administrative districts has been carried out. On the basis of the summarised district investigation projects and the experience acquired through the ongoing reform process, an Administrative Division of Local Authorities Project was set up, presenting and applying national criteria for establishing new administrative territories, and a draft on unified administrative division for the territory of Latvia in 102 local authorities was prepared.

It is of high importance to stress the necessity for a unified project applicable to the whole territory of the country. The former practice of developing reform projects for separate districts or counties created problems due to the territories not matching the borders of districts, and in any case, different criteria were applied for planning and establishing new administrative territories.

When developing the project of 102 local authorities the following criteria were used for establishing new administrative territories:

1. the population of the new local authority shall not be less than 5000 inhabitants;
2. the new territory shall have a development centre with a population of 2000-25000;
3. the road network of the new territory shall be directed from the separate parts of the territory towards the administrative centre;
4. the distance from the centre of the new territory to its border shall not exceed 30 km;
5. individual analysis.

By choosing this project as a basis for the reform, the scale of local authorities is determined and a unified approach applied to the whole territory of Latvia.

At its meeting of 3 July 2002, the Cabinet of Ministers acknowledged that during the public discussion of the administrative and territorial division projects, as well as in the public opinion poll conducted by a company (SKDS) carrying out sociological investigations, the administrative and territorial division of local authorities project envisaging an eventual 102 local authorities was supported as a means for furthering administrative and territorial reform. The Cabinet of Ministers too is essentially in favour of the project to set up 102 local authorities.

The 6<sup>th</sup> Saeima, on adopting the Law on Administrative and Territorial Reform, has determined that the administrative and territorial reform of local authorities should be carried out by 30 November 2004. During the year 2005 the 8<sup>th</sup> Saeima adopted amendments on the Law on Administrative and Territorial Reform, stipulating that the reform of local authorities should be carried out by the local government elections in 2009.

Sufficient experience has been accumulated to prepare for the final stage of the reform and to complete the administrative and territorial reform successfully.