

Learning to give as well as receive



Just over two years after joining the EU, Latvia is taking its first steps in development cooperation, despite its status as the bloc's poorest member state. This cooperation involves both government institutions and a small but growing number of non-governmental development organizations. One of the main challenges they face is to change society's view of the country from that of a support receiver to a support giver.

Latvian NGO Platform
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Historical and economic background

Following the collapse of the Soviet Union, Latvia regained its independence and was recognized as an independent and sovereign state in 1991. After creating the fundamentals of a market economy in the early 1990s, Latvia quickly established a new macroeconomic environment, which for several years served as the basis for the transition from a planned to a market economy. Latvia became a member of the European Union on 1 May 2004.

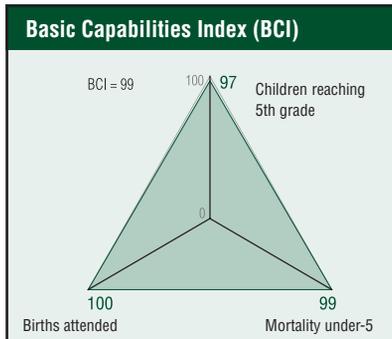
Latvia has also become successfully integrated into international structures. However, its achievements have been focused on the most immediate needs of the country, while overall development has been insufficiently consistent and coordinated. Pride in its accomplishments is tempered by acknowledgement of its status as the poorest EU member state, in terms of per capita GDP.

The rapid growth that has taken place in recent years has increasingly led to the emergence of inequalities in the national economy. This is evidenced by the rise in inflation and the high current account deficit in the balance of payments. More and more economic indicators show that the supply of the national economy cannot satisfy the growing domestic demand. Low employment levels, long-term unemployment, the risk of social exclusion, and the growing prevalence of undeclared work have become significant sources of concern in Latvian society. Social segregation and the increasing income gap between rural and urban populations are the country's main social problems. Because Latvia has the lowest salaries, lowest minimum wage and lowest pensions among the EU member states, there has also been a significant exodus of workers to other member states and other countries around the world.

Until Latvia has achieved the status of a developed nation with a sufficiently stable economy, Latvian society will continue to view the country as a support receiver, as opposed to a support giver.

First steps in development cooperation

The Ministry of Foreign Affairs has been designated as the institution responsible for designing and implementing Latvia's development cooperation policy.

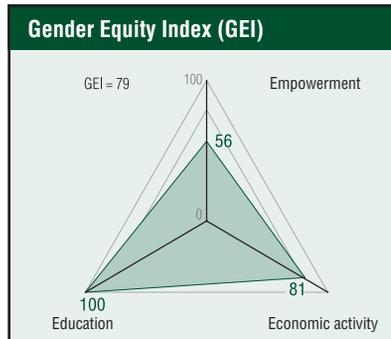


Since the beginning of the 1990s, Latvia has made regular payments to international organizations in order to provide assistance to developing countries and transition economies, including the UN, UNESCO, World Health Organization (WHO), International Red Cross and International Organization for Migration (IOM). Up until 2005, Latvia's direct development cooperation activities were basically ad hoc responses to specific situations or events.

In 2004, Latvia allocated 0.06% of its GNP, or approximately EUR 6.4 million, to development cooperation. Of this total funding, 97% represented payments to international organizations and their programmes, such as the EU, UN agencies, the IOM and the IMF. Bilateral assistance projects through which Latvian institutions provide assistance to less developed countries accounted for the remaining 3%.¹

Bilateral assistance in 2004 was mainly directed towards countries in South and Central Asia (Georgia, Uzbekistan, Kazakhstan), the Balkan countries (Bosnia and Herzegovina, Croatia, Albania) and Moldova as *ad hoc* technical assistance. In addition, the Ministry of Foreign Affairs, in cooperation with UNDP Latvia, supported a technical assistance project in Iraq. Latvia also provided humanitarian assistance to Iran following the earthquake in Bam in late December 2003.

In implementing its development cooperation, Latvia does not provide direct financial assistance. Rather, it provides assistance by sharing its experience in implementing public administration reforms, promoting a democratic society and social development, environmental protection and improving the educational system.



For example, consultants from the Bank of Latvia have provided assistance to the National Bank of Georgia in matters of bank supervision and human resources management; consultative assistance has also been provided in the public administration sector.

In 2005, for the first time ever, separate budgetary resources were provided for development cooperation, in the amount of EUR 140,000. The funding allocated within the budget of the Ministry of Foreign Affairs for the implementation of development cooperation activities in 2006 was increased to EUR 214,000. Because it has never had bilateral lending arrangements with the countries it has assisted, Latvia has never engaged in any debt relief activities.

The funding allocated for bilateral assistance in 2005 was used to implement several technical assistance projects in Latvia's priority countries –Moldova and Georgia– in sectors such as border security, customs, administration of penitentiary institutions, coordination of EU matters, establishment of local government systems, and others.

Of the EUR 108,240 allocated to bilateral projects, NGOs received EUR 31,840.

YEAR	ODA (EUR)	ODA/GNI	BILATERALLY MANAGED AID
2002	716,547	0.01%	10%
2003	702,835	0.01%	10%
2004	6,657,910	0.06%	3%
2005	8,336,138	0.07%	8.81%

Thanks to the expertise and practical experience of Latvia's national experts, the Ministry of Foreign Affairs believes it can contribute considerably to the promotion of stability and development in the neighbouring region.

¹ Republic of Latvia, Ministry of Foreign Affairs. <www.mfa.gov.lv/en/DevelopmentCooperation>.

Latvia's priorities with regard to the European Neighbourhood Policy are the key elements in planning and implementing its development cooperation policy. Latvia pays particular attention to the European Neighbourhood Policy in its foreign policy, since its goal is to ensure increased stability and welfare in the countries to the east of the EU's external border and of Latvia's national border.

The Development Cooperation Policy Plan for 2006 has set the implementation of bilateral and trilateral cooperation projects as one of its priorities, as well as public information activities to raise awareness and support for the implementation of development cooperation policy.

Development cooperation and humanitarian aid are considered to be areas of shared competence, which means that both the EU and its member states may legislate on these topics. For the Latvian government, like those of other new member states, there seems to be little understanding of the need to "untie" aid, since development cooperation is already very difficult to "sell" to their constituencies. The current predominance of tied aid – bilateral assistance that must be used to purchase or use goods or services from the donor country – allows Europe to use its development funds for its own economic benefit. Unfortunately, the shape of Latvia's development cooperation policy clearly reflects the tendency to satisfy its own interests first. Moreover, this tendency is fully supported by Latvian society.

As of 2005, there had been no national private resources allocated to development cooperation.

Civil society's role

Since 1991, more than 10,000 NGOs have been registered in Latvia. Their main target area is the wide range of social problems in the country. Until now, no more than 10 organizations in Latvia have been actively involved in development cooperation. There have been several projects designed together with western NGOs or experts and short-term consultants provided to developing or neighbouring Eastern European countries. There are only three pure non-governmental development organizations (NGDOs) in Latvia, but there are a significant number of NGOs that intend to begin working in the development field: 24 of them are members of the Latvian NGDO platform that was established in 2004. It should be acknowledged, however, that the creation of the NGDO platform was motivated mainly by the European example, not by the country's own internal drive.

The Latvian NGDO platform is primarily supported by the Soros Foundation. The first projects will be implemented in 2006 with the support of the Presidency Fund and in cooperation with other NGDO networks in Europe. The platform will undoubtedly have to struggle in order to survive.²

Successful implementation of any development cooperation policy is only possible if NGOs, the private and academic sectors and society at large work together with governmental institutions. Unfortunately,

TABLE 2

ODA sectors of intervention (%)		
SECTOR	2004	2005
Governance and reform of the State	40	95
Security and conflict prevention	50	0
Justice	0	0
Local economic development (agriculture, small and medium-sized companies, etc.)	7	0
Human rights and civil society support	0	5
Private sector and investment	3	0
Decentralization and strengthening of local authorities	0	0
Migration	0	0

this is not the case in Latvia. Public awareness of development cooperation is practically non-existent, and until now, not a single NGDO has been able to attract national private funding for its activities.

The country's first genuine NGDO, GLEN Latvia, arose from a trilateral project with the main stakeholder in Germany. GLEN Latvia is a politically neutral, non-profit organisation that seeks to raise awareness about global development issues and promote the ideas and basic values of sustainable development and global justice. Through the organization, young people are given the opportunity to participate in projects in Africa and Asia, and are thus able to experience and compare diverse understandings of development and development cooperation and to exchange knowledge and skills. GLEN Latvia encourages young professionals to use these unique project experiences to educate society on development issues.

As of now, it is impossible to speak of public support or even understanding of development cooperation. Even humanitarian assistance in crisis situations is seen as the responsibility of "rich countries". The first and so far only show of support for humanitarian actions from the Latvian cultural sector has come from singer Marie Naumova, who was designated UN Goodwill Ambassador for Latvia and organized a concert for the victims of Beslan³ in 2004.

Broader public participation in humanitarian aid actions, such as assistance for the December 2004 Indian Ocean tsunami victims, has been extremely limited and short-term. For the most part, people are disinclined to even think about the situation in low-income countries and about their global responsibility, at the same time that they are being asked to make a contribution. Globalization is viewed only as an instrument for ensuring their own welfare, and in some cases, even NGOs are open to cooperation merely in the event that somebody will offer a competitive salary for the work involved.

Facing the reality

It is a huge challenge to be a support receiver and giver at the same time. Latvia's three NGDOs and 20-odd likeminded NGOs face enormous pressure in compet-

ing with the 10,000 NGOs that focus on solving the growing problems within the country itself. The Ministry of Foreign Affairs has already made enormous progress from the moment back in 2002 when the Development Cooperation Policy department was created. On the basis of Latvia's commitment to development cooperation, as well as its economic growth and experience in reform implementation, there are plans to significantly increase the budget for bilateral and trilateral projects in the less developed countries in the coming years. The Ministry of Foreign Affairs has drafted a concept document that establishes annual increases in Latvian development cooperation funding so as to reach 0.1% of GNP by 2010.⁴

This commitment may seem meagre in comparison with the EU average, but considering the social situation within the country, it is more than adequate. In the meantime, a number of serious questions need to be answered in view of the pressures from the "old" EU member states and the growing number of NGOs that are willing to act as experts and share their transition-period experience.

- Is an increase in funding the only responsibility involved in achieving the Millennium Development Goals?
- Do the current EU policy and the way it is implemented genuinely contribute to reducing poverty and injustice in the world?
- Have we truly established a global partnership for development?
- Are we ready to recognize that a huge part of funding is spent on ensuring our own participation in the "game" that goes by the name of global development?
- Do we want to be players, fighters or students in this global game while injustice, poverty and human suffering continue to grow?

Perhaps it would still be possible to achieve the Millennium Development Goals if we were ready to accept the fact that the time has come to truly cooperate in giving for the sake of the world, as opposed to taking under the pretence of giving. ■

2 Additional information available from: < www.trialog.or.at/docs/lapas_ct2006.ppt >

3 The Beslan school hostage crisis (also referred to as the Beslan school siege) in the Russian town of Beslan in North Ossetia, which began 1 September 2004 and ended 3 September with hundreds of deaths.

4 Republic of Latvia, Ministry of Foreign Affairs. <www.mfa.gov.lv/en/DevelopmentCooperation>.