

PARTNERSHIP FOR TRANSPARENCY FUND

PROJECT COMPLETION ASSESSMENT

Monitoring Government Initiatives to Address “State Capture” Issues Transparency International – Latvia (DELNA)

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Background

1. This assessment was completed after reading all the background materials provided by PTF and following a visit to Riga from January 25-28, 2005. (This report should be read with the Final Report submitted to PTF by Delna on June 16, 2003. It provides an excellent overview of the project, its accomplishments and the lessons learned by Delna.) My January visit was organized very well by former Delna Chairman Inese Voika, to whom I am especially grateful as she made all the arrangements by email and phone from Cambridge, Massachusetts where she is currently a Fulbright scholar. Delna's current Chairman Roberts Putnis and Project Director Daiga Rutka provided much appreciated warm hospitality and valuable assistance while I was in Riga.

2. During my visit I was pleased to discuss the original project – which dates back to 2001 – and the broader context of Delna's subsequent anti-corruption efforts in Latvia (based in part on the experience and reputation gained during this project) with the following individuals. I much appreciate their willingness to share their time and insights with me.

Ms. Inese Voika, former Project Director and Delna Chairman (by phone before the visit)

Mr. Roberts Putnis, Chairman, Delna

Ms. Daiga Rutka, Project Director, Delna

Mr. Peteris Timofejevs, Delna researcher (leading current Delna campaign finance monitoring study)

Dr. Valts Kalnins, Researcher, Providus Centre for Public Policy (short term expert on PTF-funded project and a current Delna Board member)

Ms. Vita Terauda, Director, Providus Centre for Public Policy, former head of Soros Foundation, Latvia

Prof. Rasma Karklins, Dept. of Political Science, University of Illinois at Chicago (expert on region and corruption issues, currently doing research in Latvia)

Ms. Diana Kurpniece, Head of Public Relations and International Cooperation

Bureau, Corruption Prevention and Combating Bureau (KNAB), former Director of Delna

Mr. Pauls Raudseps, Editorial Page Editor, Daily Diena (a founder of TI-Latvia)

Mr. John Ginkel, Second Secretary, US Embassy, Riga

Ms. Linda Austere, former Delna staff member who evaluated PTF-supported project

Mr. Lars Jeurling, retired World Bank staff, formerly WB country representative in Riga (by phone)

Project Objectives and Design

3. This grant for \$11,835 was approved in January, 2001, which makes it one of PTF's earliest projects. Its purpose was to permit Delna to participate in three working groups set up by the Latvian Government to prepare legislation on political party finance, a new corruption law on public officials' conflict of interest and a proposed new anti-corruption bureau to investigate corrupt officials. The Delna objective was both to monitor the legislative process and to have an impact on the shape of this legislation. The main goal was to create a basis and a structure for closer cooperation and dialogue between the government and civil society. About half the funding was spent on expert services and the other half on support services, communications and distribution of reports.

Assessment

4. Project Benefits. Based on my review of project documentation and conversations with the people listed in paragraph 2 above, I conclude that the project yielded many important benefits, both for the anti-corruption legislation itself and for the enhancement of Delna's skills, experience and standing in Latvia. As so much time has passed since the project's completion, my assessment is focused less on the details of its implementation in 2002 and more on what the passage of time since then permits us to say about the value and positive impact achieved from this small expenditure of PTF monies. (It should be noted that as set out in the project proposal, Delna participated as planned in the workshops, produced a full report in Latvian, as well as shorter pieces on particular aspects of the working group deliberations, and also initiated a number of public discussions of the workshop results. There was, however, no complete report or manual produced in English for wider distribution through the TI network as both funds and time were limited.)

- a) Impact on Delna. This was the first opportunity for Delna – or in fact any civil society representative - to participate in an organized fashion with the executive branch of government in preparing legislation for submission to Parliament. Delna and other informed observers agree that this was the real beginning of an important movement, for it legitimized the involvement of NGOs in this legislative process. Delna gained valuable experience and knowledge about the workings of government, established a record of responsible participation with colleagues from inside and outside government, demonstrated its expertise and capacity to contribute substantively to the evolving debate, and built up important contacts both within and outside government, including with international organizations such as the World Bank and with EU embassy representatives.

- b) Impact on the anti-corruption legislation. Delna's active participation in the drafting of the proposed legislation was important to the outcome in several significant ways. Thus, for example, a Delna initiative resulted in the concepts of corruption and conflict of interest being separated and the latter becoming the focal point of the new law. Delna had a major role in shaping the new anti-corruption bureau – now called the KNAB. Delna also had an instrumental role in the amendments made to the political party finance law – a subject very much on Delna's continuing agenda. The legislation was considered very important by the Europeans as Latvia prepared itself for EU membership.
- c) PTF role. i) PTF's overall goal is to permit the independent ngo voice to be heard in important fora. In this case, had it not been for PTF, Delna would not have been able to participate in this process, and in the judgment of knowledgeable observers the benefits noted above would have been missed and the legislation itself might have gone nowhere. ii) On another point, the then-project director, looking back on the grant process, thought that PTF was perhaps "too easy", not demanding enough of Delna in terms of specific requirements and structure before providing the grant. (In more recent grants PTF leaders have become quite demanding, but as noted this was one of the first activities supported by the Fund.) iii) For many years the major source of funding for civil society activities in Latvia and elsewhere in the region has been George Soros, through one channel or another. He has left a very important legacy, but it is a matter of some concern to NGOs in this area that they not become too dependent on just one source. While Delna has not been overly dependent on Soros funding, this small grant from PTF helps in a small way to diversify its funding.

5. Project Weaknesses. a) The most significant weakness, as far as Delna's then-project director is concerned, was Delna's inability to influence most of the Parliamentary decisions. While Delna was actively engaged in the executive's drafting, once the texts reached the Parliament there was no role for Delna or other representatives of civil society, except on the party finance law on which Delna was consulted on a regular basis. Parliament moved very quickly and made changes in the legislation, usually without reference to the debates that had occurred in the working groups. (As noted below, this situation is now much improved.) b) In addition, the project director regrets that by joining the working group structure Delna gave up the opportunity to criticize the draft resolutions in public as much as they would have wished, thereby to some extent losing their public voice. With more experience they know how to do both now. c) Of highest priority is ensuring more effective implementation of existing laws. Nevertheless, this project's focus on improving the legislative base was an appropriate one at the time, and certainly since the new laws were put in place Delna has been very active in monitoring their implementation. d) As noted in paragraph 4 above, Delna had neither the time nor the resources to prepare a manual in English based on their workshop participation, as had been proposed in the project design. The then-project director now suggests this aspect of PTF grants deserves another review, as the benefits of such experience to others

elsewhere in the world could be significant, but as the translation cost is usually a significant share of the rather small grant it tends to be deleted or short-changed in actual budget proposals.

6. Subsequent Developments. As this project was completed three years ago, it is possible to see how Delna has developed since that time.

- a) Through this project, Delna gained valuable experience in how to influence legislation, and since 2002 Parliament itself has become much more open to relying on outside expertise. It is now common for Delna and other NGO experts (particularly those of Providus, the more policy oriented anti-corruption NGO with which Delna works closely) to be relied upon by Parliamentary committees for advice as they discuss and prepare legislation. This has been reflected in conflict of interest and other anti-corruption legislation considered more recently. There has also been a general improvement in Latvia's legal structure in the last five years. But while there has been progress, the key need remains improved implementation.
- b) The creation of the anti-corruption bureau (KNAB) has been a major development and very helpful to the anti-corruption fight. While KNAB is criticized by some in the anti-corruption community (including by Delna) for concentrating too much on "small fish" (Latvia's Chief Prosecutor is, however, now investigating four "big fish" who are deeply involved in the political arena as well as in finance), KNAB has in fact prosecuted a number of senior government officials, including a minister, prosecutors, tax collectors, and Armed Forces officers. Its criminal case load is growing. KNAB wins about 50 percent of the cases it brings, and it has specialists in certain areas – such as conflict of interest – far in excess of what any NGO can offer. Delna works closely with KNAB.
- c) Delna is considered very effective in raising public awareness, and it is viewed as credible, constructive and engaged. In a recent independent survey, Delna emerged as the most well-known NGO in Latvia and is widely seen as playing a very effective "watchdog" role. In Latvia there is reportedly a high level of collusion between finance and politics – reflected, for example, in the cost of political campaigns where per capita costs exceed those elsewhere in Europe. Delna has not been afraid to take on high-profile targets. For example, last year Delna led a public effort to have the President's nominee to be Latvia's first European Commissioner withdrawn because she had been Chairman of a political party found to be in serious violation of the new, stricter campaign finance law (which Delna had championed). In what was viewed as a "shock to the system", the campaign succeeded, and the nominee had to be replaced. Delna's Chairmen have made regular appearances on Riga TV and radio and in the independent daily *Diena*. Partially as a result of this high-profile activity, Delna has been subject to increasing numbers of attacks from some leading political figures and from unsympathetic media. Public attacks against

Soros and other externally supported organizations are not new, but this past year has apparently been particularly rough on this NGO community. One result has been more overt foreign embassy (especially US) support for NGO efforts to promote openness and transparency – expressed privately to the government and to some extent in public as well. Delna's leadership has made clear it does not intend to shy away from controversy, and despite the criticism and its more controversial image, the government does seem to still be reaching out to Delna and other NGOs.

- d) Delna's three year strategy is very broad ranging, with its highest priority on addressing political corruption.. Its ability to cover the wide area lies in its ability to find the resources and people needed. Foreign support has been very valuable, and continues to be so, but Delna is also concerned that now, following EU accession, the pressure to respond to EU requirements is no longer a lever for results with Latvian politicians and the government. (For example, many EU countries have poor records on anti-corruption issues – so it is hard to argue that Latvia should be tougher on corruption than, say Italy.) But as a further example of the respect Delna has developed, the US Embassy recently initiated a request to Delna that it lead a \$25,000 joint project on the judiciary with Lewis and Clark University in Oregon, USA. Growing out of its extensive work on party finances, one area of Delna current interest is the monitoring, in the March 2005 municipal elections, how incumbents use the advantages they have as officeholders to either attract positive publicity for themselves or generate negative publicity for their opponents. The goal is to establish the facts which can then serve as a basis for programmatic action and public naming and shaming. The field work is being done by volunteers. This work parallels monitoring underway by Providus of non-official expenditures in these same elections.

7. Overall Impressions. Delna is an effective and influential organization, well-regarded by its partners, both domestic and foreign, and seemingly respected by government and by its critics as well. It is prepared to take on tough issues, and to make its views known. It has learned how to be effective in influencing the executive and legislative parts of the government, and is dedicated to following up with practical surveys and studies to help improve implementation. Of course, not all of these developments can be attributed to the small project PTF funded four years ago, but it is fair to look back at that activity and see the benefits that accrued to Delna and others: they influenced important legislation, and have helped to ensure it is implemented; they have learned how to work together with both the executive and the parliament in a constructive and effective fashion; they have strengthened their ability to reach the public with their views on important topics; and they have built their own staff capacity to carry out important tasks – including monitoring of performance under the new laws - under very difficult financial and physical constraints. In my judgment, the \$11, 835 was a very good investment. For the future, PTF should review how it provides in its grant budget for the preparation of materials in English that would permit wider utilization of the experience in such projects.