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**THE ROLE OF NGOS IN LOCAL DEVELOPMENT: LATVIAN  
AND RUSSIAN CASES**

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***Abstract***

The paper analyses the collaboration between different stakeholders of local development but focuses mainly on the social aspects of the process. On the one hand, economic growth without improving the population's quality of life could not ensure sustainable development of the territory and increase the motivation of stakeholders for long-term economic activity. On the other hand, social aspects tend to be necessary conditions for achieving economic agreements and for creating new economic projects. As part of the analysis, following issues will be discussed: the trust as one of the social factors; the culture of building a dialogue between authorities, business and society; the ability of governmental and non-governmental organizations to perform the role in social resources redistributing and in enduing participants of the economic process with required social status. In contrast to numerous studies on the social development of territories, this discussion will be more focused on the micro level of the process. The NGOs do not just operate in a region but are actively involved in dialogue-based collaboration and interpersonal communications, observed by researchers. The discussion of these issues will be based on the situation in Russia and Latvia, the two post-Soviet countries with the partly common historical background, but the significantly different development of social institutions nowadays. A special aspect of the discussion is the role of civil society in the development of small areas, which is the European Union for Latvia's province and federal state bodies for small Russian towns.

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## 1. Introduction

At present, the local development represents broad ranging concepts with different interpretations and implementation in varied contexts. However, the core of this approach is the collaboration between institutions and local society mobilise themselves to create, reinforce and stabilise the socio-economic landscape using the local resources most effectively (OECD, 2001). Local development, especially in areas undergoing a structural adjustment, can be understood as a bottom-up attempt by local actors to improve the social, economic situation on different levels, such as improvement in households' incomes, employment opportunities and quality of life in their localities (Lind, 2012). These local activities can be seen as responses to the failure of markets and national government policies to meet the local requirement (OECD, 2001) or as the way for development local self-confidence and relative independence (Nikula, Granberg, & Kopoteva, 2015). Some of the scholars highlighted the role of local development in contribution to the goal of strengthening local social partnership and participation (OECD, 1990; Nikula & Ivashinenko, 2017).

The local development processes involved a wide range of actors such as local and regional authorities and offices of central government; business, community and non-governmental organisations, trade unions, co-operatives, development agencies, universities and so on. The mix of actors involved and their role in local development varies from country to country (Waddock, 1991). The local development approaches are related with is the concept of the social landscape which can be defined as exists networks of local people and agencies which impact on local development roads (Vasey, 2016). In its turn, this type of approach is associated with the notions of social partnership, participation, co-operation and trust.

## 2. Problem Statement

The concept of local development as cooperation between different stakeholders is relatively new for post-soviet countries. According to numerous scholars such as (Lister, 2000), the process of decision-making about the development of local territory is still an imbalance in power hierarchy. The local authorities have more power and resources for local development rather than local entrepreneurs or non-governmental organisations. However, after transformation administrative systems and reduction of local budget, the local territories faced serious difficulties (Kay, Shubin, & Thelen, 2012). On the one hand, this situation exists as a result of a decrease in local economics and migration of young people and professionals to larger cities (Lindner, 2007; Verdery, 2003). The lack of budgeting as a driver for the cooperation between governmental and non-governmental organisations has been found in studies which were devoted to the development of social services (Kulmala, Kainu, Nikula, & Kivinen, 2014). On the other hand, the changes in the way of cooperation between stakeholders in a particular territory can be initiated by outside actors such as regional, federal or international programmes (Thelen, Dorondel, Szöke, & Vettters, 2011).

In the post-Soviet space, NGOs also have the quite recent history of development. The way of their establishment and role in socio-political and socio-economical processes were widely criticised, especially in Russia (Howard, 2003; Crotty, 2009; Evans, Laura, & Sundrom, 2005). Dependence on governmental support, weak connections with the local population, lack of self-budgeting have been

pointed out as the main weaknesses of NGOs, especially in Russia (Cook & Vinogradova, 2006). Despite various difficulties and problems, in post-Soviet space NGOs increase their role in different areas such as social services and support of vulnerable people (Bindman, 2015). Taking all strengths and weaknesses of post-Soviet NGOs in consideration, the role of non-government organisations in local development needs in further investigation with employment of more adequate and sensitive research tools.

### **3. Research Questions**

The proposed study aims to examine the role of NGOs in the process of local development and to analyse different factors influencing their positions based on two case studies in Russia and Latvia.

More specifically, the study seeks to answer the following research questions:

- What kind of background was created in different towns for cooperation between local authorities, entrepreneurs and NGOs in local development?
- What kind of goals for this cooperation existed in different places? How all stakeholders seemed the role of NGOs in this collaboration?
- What kind of barriers and problems in this cooperation still exist?
- What can be done for improvement of NGOs' positions in collaboration?

### **4. Purpose of the Study**

The purpose of the study is to open discussion about the role of NGOs in local development and collaboration between local stakeholders within a different context. Investigation of collaboration required the employment of special research tools which should be sensitive to questions about the balance between researcher and researched, who were not a passive source for information but an active participant in decision-making process toward local development. Bearing in mind the research questions, it was offered to employ two KETSO sessions in two different countries which have some common past and different present. Luznava and Gorodets case study can be employed to evaluate the role of NGOs in local development and factors influencing collaboration between local stakeholders

### **5. Research Methods**

The article is based on empirical data collected in 2016 as the part of the project "Collaboration between Local Authorities and Small Firms for Local Economic and Social Development in Russia and Latvia," financed by the Swedish Institute. The local development was investigated in several cases studies from the Latvian district (Luznava) and Russian (Gorodets). Luznava is a village which is located approximately 230 kilometres from Riga. According to the last census, the population of Luznava is about 450 people. However, this town is the central location of Lūznava parish, Rēzekne municipality. The one of historical attraction and important assets is Lūznava Manor which was built between the years 1905-1911. The population of Gorodets is 30 thousand so it can be classified as a small town according to the classification of local territories in Russia. Gorodets is the administrative centre of Gorodetsky District in Nizhny Novgorod Oblast, Russia. The differences in economic and socio-political situation between

Luznava and Gorodets are significant. However, both territories have a similar structure of stakeholders and face similar problems in their local development so that can be used as case studies for investigations.

Bearing in mind the power hierarchy of main stakeholders in local development, it can be argued that traditional methods such as analyse of economic statistics and interviews cannot be enough for investigation of a partnership between local authorities, entrepreneurs and NGOs as a living process. In this case, the participatory research can provide the opportunities to observe real collaborations in action during a discussion between representatives of all group of stakeholders (Greenwood & Levin, 2007).

KETSO was employed as the main research method which shaped group discussions. As it was suggested by Joanne Tippet one of the inventors of this methods: Ketso offers a structured way to run a workshop, using re-useable coloured shapes to capture everyone's ideas. Ketso is unique in that each part is designed to act as a prompt for effective engagement (Tippet, Handley, & Ravetz, 2007). KETSO sessions were conducted with the participation of a mixed group of local stakeholders – entrepreneurs, civil servants from the local municipality and representatives from local NGOs. According to the previous results obtained from SWOT analysis, the main branches of KETSO tree were: 1) People; 2) Nature and architecture; 3) Initiatives; 4) Current programs; 5) Financial resources; 6) Infrastructure; 7) Contacts, collaboration; 8) Services

## 6. Findings

The structural and complete comparison between Luznava and Gorodets seems to be extremely difficult due to various factors such as the scale of populations, economic structure and political landscape. However, the employment of these two cases can give the researcher novel ideas about the role of NGOs in local development. Both small towns have some shortage in financial resources for their growth and cooperation between local stakeholders seemed like a critical factor in this situation.

In comparison to other municipalities included in our international project, Latvian ones were smaller, and for these reasons, the discussions were more specific. The main feature of Luznava's situation was a definite visible asset for organising collaboration between NGOs and other stakeholders. Participants discussed the ways to employ the opportunities created on the base of renovated Lūznavas manor. This manor locates in Rezigne park which can also provide some additional prospects as cultural and tourists object. The Lūznavas manor was renovated by the support of European funds and plays the role of a key driver for the local development. All groups of stakeholders have a common interest in cooperation. This cooperation was one of the obligations given by local authorities to European fund which was one of the initiators of this partnership. The intention of the development of this collaboration was fixed in the local programme of supporting SME in Rezekne region. The municipality actively supported the idea of collaboration between them, local entrepreneurs and NGOs by providing information resources, rooms and facilities for business and spaces for NGOs. The municipality also provides a connection with Rezekne region and international experts.

The municipality viewed the role of NGOs as organisers of cultural events, which would be helpful for advertising a new infrastructural complex. According to the opinion of participants, in Latvia, the NGOs have more opportunities to find finance through application to European programs for local

development than local authorities. The NGOs seem as quite independent from local authority and business due to the opportunity to receive support from European organisations.

The mechanism of collaboration between NGOs operated in Gorodets and local administration largely based on their informal contacts and some of the national programmes. These programmes played a significant role in the creation of different types of NGOs. As the main direction for collaboration were noted irregular activities oriented to the support of vulnerable groups and children. For example, in Gorodets, KETSO participants mentioned quite well-established collaboration between NGOs and local authority within the several projects such as the provision of free medical examination for addicted people and organisations of sports events for children. The municipality sometimes provides free premises for NGOs and helps to cover some of NGO's expenses. While in Luznava, the main drivers for engaging cooperation between NGOs and other stakeholders were the European funds, in Gorodets, these roles played different federal initiatives. They were realised as federal support programs, grants, loans, which were partly linked to local development.

In Luznava, the discussion about the goals of potential cooperation between NGOs and other stakeholders was fruitful and productive. Participants demonstrated a wide range of different types of targets, which would be positive and encouraging for the local development. The main idea was to build a coordination centre for expanding tourists flow to Luznava and creating facilities to encourage visitors to be here often and longer.

Focusing on the forms of collaboration, participants mentioned the necessity of creation of a local council for NGOs and entrepreneurship. Considering the importance of European funding, participants discussed the opportunities for mechanism and creating cultural services, which have affordable prices, covered costs of manor employments.

The local development cannot be successful without the growth of the local community. The Luznava manor and park are the part of local heritage. The participants highlighted the role of local community in creating the special socio-cultural environment and expected the increase of grass-roots NGOs, which could be able to organise local people for different actions such as cleaning park territories and celebrating historical and cultural events.

In Gorodets, discussion about goals of cooperation between NGOs and other stakeholders was devoted to the creation of conditions to prevent migration of young people from Gorodets district and depopulation through organising support programmes for young professionals, increasing attractiveness of the town and quality of life, creating new job places and jobs for disabled people. The main hope for local developments linked with an idea about touristic development and facilitating business environment (tax benefits). Having similar ideas about the touristic development of their territories, participants of KETSO sessions in Luznava and Gorodets found different ways for the involvement of NGOs in this process. In Gorodets, all partners were interested in increasing transparency in local development planning and accessibility to information about already existing or future planning social programmes. Russian NGOs were considered mainly as social supporters of vulnerable people rather as assistance in the improvement of the attractiveness of Gorodets' historical and cultural places.

In comparisons with other places, the Luznava participants were quite optimistic and expressed fewer problems than in other analysed municipalities. The main problems mentioned by participants

were quite predictable lack of finance, migrations from region to abroad, small tourist flow, undeveloped infrastructure. Only one of the participants mentioned bureaucracy as a barrier to the local development. The main vector of critics was targeted to a politic of regional and national levels, which seem to withdraw from the solution of local development problems.

In Gorodets, the discussed problems were closely linked with goals noted by participants. The main economic problems mentioned as background for cooperation were lack of financial resources and a decrease in quality of life especially related to the use of different social services. However, the cooperation between local authorities, entrepreneurs and NGOs were seen as a way to compensate for the lack of these types of resources. The main claim from NGOs was disunity of existing organisations, lack of NGO cooperation, lack of their inter-contacts, no collaboration to solve problems, though it is necessary.

Centre for Social Assistance to Families and Children: I see the low motivation of all actors, involved in local development, to solve common problems together. No common talks, no discussions where we could find some common ground to be able to solve at least one problem in the area.

Another point is the lack of ways, tools to influence the problems (a new branch appeared, connected with the level of powers of the local administration and their responsibilities).

## **7. Conclusion**

In both places, all participants highlighted the importance of cooperation between stakeholders including NGOs for local development. However, the role and social status of NGOs were entirely different. In Luznava, NGOs supported by European organisations had more powerful positions than its municipality. Sometimes they brought for local development more resources than other stakeholders. NGOs created a wide range of ideas about particular interesting events for local development. They actively cooperate with local business helping to engage more people in local programmes. Representatives from municipality paid significant attention to support local business by providing information, financial resources, improving infrastructure and giving them additional resources for cooperation. In their turn, entrepreneurs expressed their willingness to participate in the decision-making process. Even though all participants demonstrated high interest in cooperation, municipality played the role of main drivers for cooperation and coordination local development.

In Gorodets, NGOs demonstrated quite an active position and intention to support establishing contacts, interactions and collaboration. There were ideas of organising round tables, which could be efficient if solving common or similar problems NGOs deal with. NGOs felt they needed to coordinate their efforts to manage the situation, “otherwise, we are like the swan, the crayfish and pike from the Russian tale. We all try to go in one direction, and nevertheless, stand still” (NGO). NGOs were ready to expand their on-going activity; it could be some new activity, organised in collaboration with other NGOs; an example of it could be the idea of inventing training programs for disabled by a resource centre in collaboration with ‘the Russian society for blind people’ (VOS). However, describing their role, NGOs targeted preliminary on social services and claimed support from the local municipality. In its turn, the local municipality was less active in collaboration with NGOs and preferred to preserve existed contacts with quite a narrow circle of NGOs which had previous experiences of cooperation with local authorities.

The main questions discussed by KETSO participants was the transparency of the decision-making process in local development. NGOs would like to play a role of coordinator for local development but did not have appropriate resources. In contrast, the local authority was a most powerful actor of local development but less active in taking coordination position. The entrepreneurs tend to consider NGOs as a part of their charity activities giving them donations rather equal partners in local development.

To sum up, different political and socio-economic landscape created different conditions for the involvement of NGOs in local development. However, NGOs played significant roles as generators of ideas and part of communication between other stakeholders and the local population. While NGOs had access to some resources from non-local actors such as European organisations in Latvia or Federal programs in Russia their social status improved. In another case, their operations depend on positions of local authority towards cooperation. The entrepreneurs in both countries considered the importance of NGOs but did not initiate the cooperation with them for local development. The entrepreneurs preferred to involve NGOs as a partner for changing positions of local authority about a particular decision

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