

**FISCAL DECENTRALISATION IN
AMATEUR ART SECTOR IN LATVIA:
CASE OF SONG AND DANCE CELEBRATION**

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Abstract. The authors analyse the concept of fiscal decentralisation in culture. The funding model of the Song and Dance Celebration movement in the period 2011–2015 has been chosen as a case study. Three criteria to assess the level of fiscal decentralisation are introduced: 1. The equalisation of public expenditure regionally; 2. The ratio between central and sub-central authorities in total public expenditure; 3. Distribution of public subsidies among different groups of cultural producers. Qualitative and quantitative analysis has been used for conducting the research: analysis of documents and of the budgets in 11 municipalities around Latvia. Conclusions show that although the division of competence between the state and local governments meets the principles of decentralisation, strengthening the non-governmental sector and individual financial contributions would increase the level of decentralization and foster sustainability of the amateur arts sector and the tradition of the Song and Dance Celebration in the long term.

Keywords: decentralization, fiscal decentralization, amateur arts, participation in arts, Song and Dance Celebration, cultural economics, Latvia

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1. Introduction

In most cases leisure time activities are to be carried out and sustained by individuals and community members who are direct beneficiaries of these activities. It is considered that amateur artists perform or produce strictly for their own satisfaction and quite often that of other members of the local community, while making their living some other way (Elkington and Stebbins 2014). Usually an amateur group is self-financing and has no paid workers; their primary motive for coming together is to have fun (Hill et al. 2011). However, amateur arts in Europe are increasingly supported through different support mechanisms (Villarroya 2015) or different fiscal measures on national or local level aiming to

sustain social and economic benefits (Tjarve et al. 2017). The ambiguity of financial maintenance of amateur art is in the centre of this study.

In Latvia, there are 69,600 amateur artists who take part in different amateur art groups: they dance, sing in choirs, make theatre or come together to knit or weave. They form 3.5% of the total number of inhabitants in Latvia in 2015 (Central Statistical Bureau). The majority of these amateur artists sustain the tradition of the Nationwide Song and Dance Celebration in Latvia, a phenomenon which together with Song and Dance Celebrations in Estonia and Lithuania in 2008 has been inscribed on the Representative List of the Intangible Cultural Heritage of Humanity by UNESCO. The largest and the most significant groups are choirs and folk dance groups, which acquire common repertoire and are exposed to certain quality inspection in order to qualify for taking part in the Song and Dance Celebration which takes place every fifth year in the capital city Riga.

Even though in many other countries amateur art groups are self-governed, in Latvia the process is rather institutionalised, mainly due to the organisation of amateur art sector during the Soviet period (Daugavietis 2015) and also due to the complicated organisational process which involves numerous and diverse stakeholders. Moreover, there are several fiscal support mechanisms both on national and local level that sustain the tradition of Song and Dance Celebration in Latvia (Tjarve et al.).

The current research is part of the research programme “*Habitus: Sustainability of Latvian Cultural Traditions in an Innovative Environment*” which is carried out by the Latvian Academy of Culture. The overall aim of the programme is to define preconditions of safeguarding and criteria for the continuity of Latvian national identity forming traditions in a changing and innovative environment. The current article takes a closer look at economic factors that are crucial for the development of the tradition of the Song and Dance Celebration in long term. The authors presume that fiscal decentralisation of amateur arts is a precondition for sustaining the tradition of the Song and Dance Celebration in future because of several reasons. First, amateur arts in its essence are oriented at self-initiative and bottom-up activities. Therefore, certain financial responsibility should be taken at the lowest, individual level. Second, as amateur art in Latvia is strongly supported by public authorities, it is significant to assess the level of fiscal decentralisation, because the principle of subsidiarity aims to ensure that decisions are taken as closely as possible to the citizens (European Union 1992).

The aim of the article is to assess whether and to what extent fiscal decentralisation applies to amateur arts and particularly to those artistic groups which maintain the process of Song and Dance Celebration (choirs and dance groups) in Latvia. For this aim, the authors have set several tasks: (1) to study theoretical literature to understand what the criteria which allow to assess the level of fiscal decentralisation in amateur art sector are; (2) to analyse the situation in Latvia and collect data regarding choirs and dance groups in Latvia; and (3) to conclude whether public funding for amateur arts in Latvia is financially decentralised.

2. Fiscal decentralisation in culture: theoretical considerations

Before taking a closer look at fiscal decentralisation aspects of the Song and Dance Celebration in Latvia, the authors will shortly look at the concept of decentralisation in culture and particularly fiscal decentralisation in the field of culture. After that the authors will suggest which criteria can be applied to assess fiscal decentralisation in amateur arts sector.

In general, decentralisation – whether cultural, fiscal or political – is rarely questioned (Kawashima 2004). Decentralisation, combined with democratic local governance, is a key mechanism that can be and is being used to broaden public sector legitimacy, transparency, and accountability, and so contribute to effective governance and service delivery (Work 2001). Decentralisation can also be a key factor in achieving objectives of sustainable development of the country, as it can provide improved access to services and employment, increased people participation and enhanced government responsiveness (UNDP, German Federal Ministry for Economic Cooperation and Development 1999, see also De Vries 2000). There are also some arguments against the decentralisation, e.g. it can lead to unequal conditions in different municipalities or not coordinated standards across the country, e.g. in education (De Vries).

In international cultural policy research ‘decentralisation’ is often employed as one of the criteria along with ‘creativity’ and ‘participation’. Researchers François Matarasso and Charles Landry in their research project on major dilemmas in cultural policy include different aspects of decentralisation (whether cultural, administrative or fiscal) among dilemmas which cultural policy developments are facing (Matarasso and Landry 1999). Finnish researcher Ilkka Heiskanen suggests that decentralisation in culture is concerned with the following aspects: (1) providing equal cultural opportunities for all citizens; (2) educating people by involving them in cultural policy decision-making and administrative practices; (3) maintaining transparent communication and just and effective balance of power and responsibilities between different levels of government; (4) organising efficient allocation of resources for artistic and cultural production; (5) optimising the division of sectorial jurisdictions in cultural administration; (6) optimising the allocation of resources and the distribution of cultural values through politics, the market and the voluntary sector (Heiskanen 2001:7–8).

Concerning the theory on the decentralisation in culture, two authors are of particular importance. First of all, the cultural policy researcher Nobuko Kawashima whose work is substantial in understanding decentralisation of culture and referring to this topic. Another important work on decentralisation in culture is published by the Council of Europe in 2001 (Heiskanen). Speaking about culture, Kawashima proposes division of three types of decentralisation: cultural decentralisation, political and fiscal decentralisation (Kawashima). This division is slightly different from the general classification of decentralisation in political science: in Kawashima’s classification political decentralisation includes also

administrative decentralisation (classified separately by Work (2001) and Treisman (2007)) and additionally proposes the concept of cultural decentralisation.

Each category is distinct from the others in two respects: one in terms of its location within the framework of cultural policy process and another in relation to 'actors' in policy within which inequality is found (Kawashima). Kawashima suggests that cultural decentralisation is first and foremost a policy objective and should be assessed in the light of the policy outcome. It is to combat inequality in cultural opportunities among people. Fiscal decentralisation, in contrast, should be about policy measure, or input, which is concerned with uneven distribution of public expenditure among cultural producers. It sometimes addresses disparity of spending levels made by different authorities. Political decentralisation, meanwhile, is about policy measure or policy administration. Hence it concerns the power balance between different decision-makers or funding authorities (Kawashima).

It is difficult to measure decentralisation and to isolate its effect from other phenomena (Martinez-Vazquez et al. 2016). Taking into account that fiscal decentralisation is very closely linked to political decentralisation, which is about diffusion of political and administrative power for making and implementing cultural policy, the authors primarily presume that fiscal decentralisation is concerned with disparity of power between different spending authorities or decision-makers. In most cases, it refers to the relationship between central, regional and local bodies. What is distinctive with this type of decentralisation is that it does not directly take consumers into consideration, but it is focused upon either funders or producers of cultural and artistic activities.

It is the central question when the authors are going to look in more detail at fiscal decentralisation and its significance in amateur art sector in general, and in the process of Song and Dance Celebration in Latvia in particular. As a starting point the authors take the suggestion of Kawashima that fiscal decentralisation refers to the diffusion of public expenditure in the arts and culture, and is subdivided into three. The first is a concern to equalise public expenditure regionally for the arts and culture. A typical accusation is that the centre is spending too much in the capital city. The second sub-division of fiscal decentralisation concerns the ratio between central and sub-central authorities in the total public expenditure in culture. It may happen that the apparently increased contribution by the local government is simply due to the withdrawal of the centre. The third is about deconcentration of public subsidies among different groups of cultural producers. Concentration of subsidy is often correlated to the location of organisations, or to different arts disciplines, organisations of different sizes, or according to the degree to which organisations or art forms are established, and it can also occur between 'mainstream' culture and 'non-mainstream' (e.g. non-European) cultures.

There is only one study which has analysed economic aspects of the Song and Dance Celebration in Latvia focusing on the financial contributions (both public support and individual contributions) and assessing economic effects. The study

has been carried out almost a decade ago, in 2008 (LZA EI 2008). The main focus of the study was on spending for the event of the Song and Dance Celebration that took place in 2008. The study concludes that the government, municipalities and participants are the most significant financial contributors in the organisation of the festival. As the focus of this paper is on the process of the Song and Dance Celebration during the period between the festivals, it is an original study.

3. Methodology

In the study the authors focus on the amateur art groups, more concretely on choirs and dance groups that take part in the process of the Song and Dance Celebration in Latvia. The aim of the article is to assess whether and at what extent fiscal decentralisation applies to amateur arts and particularly to those artistic groups which maintain the process of Song and Dance Celebration (choirs and dance groups) in Latvia.

The authors introduce three criteria to assess whether there is a fiscal decentralisation of amateur art sector in Latvia:

1. Whether there is equalisation of public expenditure regionally for the arts and culture.
2. What is the ratio between central and sub-central authorities in the total public expenditure in amateur arts sector.
3. Whether public subsidies are equally distributed among different groups of cultural producers that are involved in the field.

To carry out the analysis, the authors have used mixed research methodology, both applying qualitative and quantitative analysis:

1. Analysis of documents (laws, public reports etc.).
2. Case studies of 11 municipalities.

There are 110 municipalities and 9 republican cities in Latvia since the Administrative territorial reform of Latvia in 2009 was completed, and only one territorial level. Based on the classification of the municipalities in the state Cultural Policy Guidelines 2014–2020 “Creative Latvia” (Ministry of Culture 2014), as well as on geographical principle – covering all the five planning regions of Latvia (Ministru kabinets 2009) – 11 municipalities and republican cities were chosen for the case study.

Riga was excluded from the case studies because of its complexity. Moreover, the budget of Riga municipality includes a large share of the budget of the Song and Dance Celebration which takes place in the city (LZA EI). The case of financing the Song and Dance Celebration movement in Riga would need a separate study.

Years 2011–2015 were chosen because the period comprises the whole cycle of the Song and Dance Celebration (2 years before the Celebration; year 2013 when the Celebration took place; 2 years after the Celebration).

Table 1. Review of the 11 municipalities analysed in the research

No.	Classification of the municipalities	Municipality	Region
1	Centre of international level	Liepāja	Kurzeme
2	National development centre	Jelgava	Zemgale
3	National development centre	Jēkabpils	Zemgale
4	National development centre	Jūrmala	Rīga
5	Regional development centre	Kuldīga	Kurzeme
6	Regional development centre	Tukums	Rīga
7	Regional development centre	Cēsis	Vidzeme
8	Regional development centre	Alūksne	Vidzeme
9	Regional development centre	Ludza	Latgale
10	Regional development centre	Balvi	Latgale
11	Regional development centre	Valka	Vidzeme

Source: Cultural Policy Guidelines 2014–2020 “Creative Latvia”, Cabinet Regulation No. 391. Created by authors.

3.1. Analysis of the budgets of 11 municipalities (2011–2015) has been conducted. Three budget positions were analysed:

- 1) The municipality budget for
 - a) The remuneration (salaries for the leaders of the amateur art groups, the employees of cultural centres),
 - b) The goods and services (that support the amateur art activities – organizing concerts, events, tours, transportation costs, making costumes etc.),
 - c) Maintaining the infrastructure needed for the amateur art groups (cultural centres, buildings and places for rehearsals and concerts).
- 2) The state grants for the remuneration of the leaders of the amateur art groups (salaries and state mandatory insurance contributions).
- 3) Donations and other grants raised by individual amateur art groups and co-financed by the municipality.

3.2. Analysis of the performing art units (choirs and dance groups) which take part in the process of the Song and Dance Celebration of 11 municipalities. The analysis included identification of those groups which have established civic associations (non-governmental organisations (NGOs)), and the analysis of annual reports of these NGOs (data from the public database www.lursoft.lv).

4. Amateur arts sector in Latvia

The Latvian cultural policy model is centralized around the Ministry of Culture, which is the main institution formulating and coordinating the state cultural policy. There have been some changes towards decentralization and involvement of non-governmental organizations and the civil society in the cultural field, delegating a number of specific functions. One of the priorities of

the Cultural Policy Guidelines 2014–2020 “Creative Latvia” (Ministry of Culture 2014) is outlined as a preservation and development of cultural capital involving community members in cultural processes. It means that cultural policy officials have recognized the importance of the participation in the arts, mainly in terms of social impact, as a tool to improve the quality of life and boost creativity of individuals and communities.

Participation of Latvian inhabitants in amateur art groups since 2000 is stable: around 3% of the population. In 2015, there were 69,600 participants in amateur art groups in Latvia (see Figure 1). In 2018 the Song and Dance Celebration dedicated to the centenary of the Republic of Latvia will take place. The significant growth of the participants has been observed since 2015 and most probably it is going to increase, as more and more people are willing to experience this historical event.

Those amateur arts groups, which are established by the local authorities, are mostly located at the culture centres, which operate under the jurisdiction of municipalities; therefore they have direct administrative and financial support and are publicly owned and operated. As we can observe in Figure 2, since the collapse of the Soviet Union the number of culture centres has dropped by almost half. Since 2000 the number of culture centres in Latvia is stable (around 550) with the exception during the years of the economic crisis.

Amateur art activities are extremely diverse in essence. Survey on cultural consumption in Latvia suggests that handicrafts, photographing and filming are the most common participatory cultural activities of Latvian people (respectively 15%, and 13% are involved). Other amateur art activities involve just 2–6% of

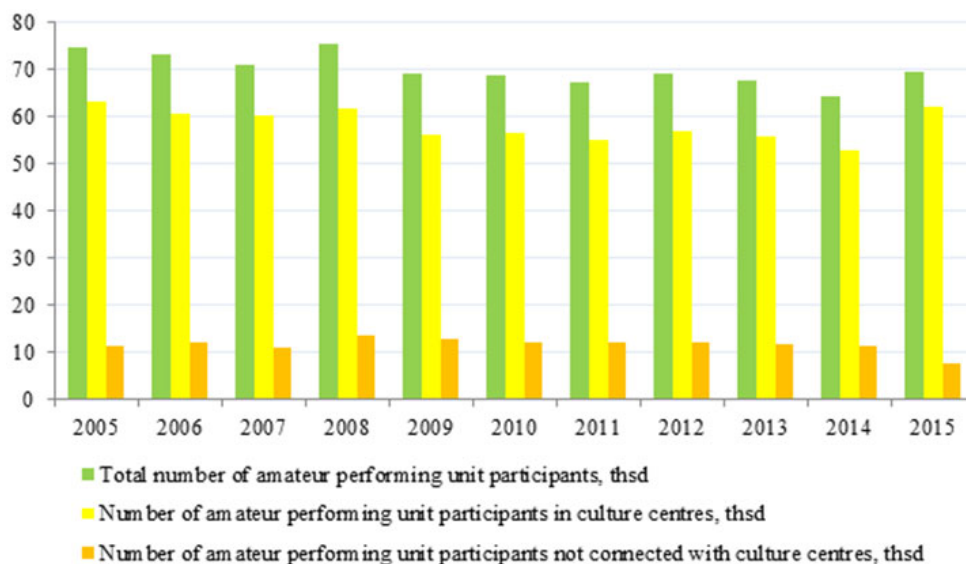


Figure 1. Number of Amateur Performing Unit Participants in Latvia 2005–2015, *thousand*.

Source: Central Statistical Bureau, 2016. Created by authors.

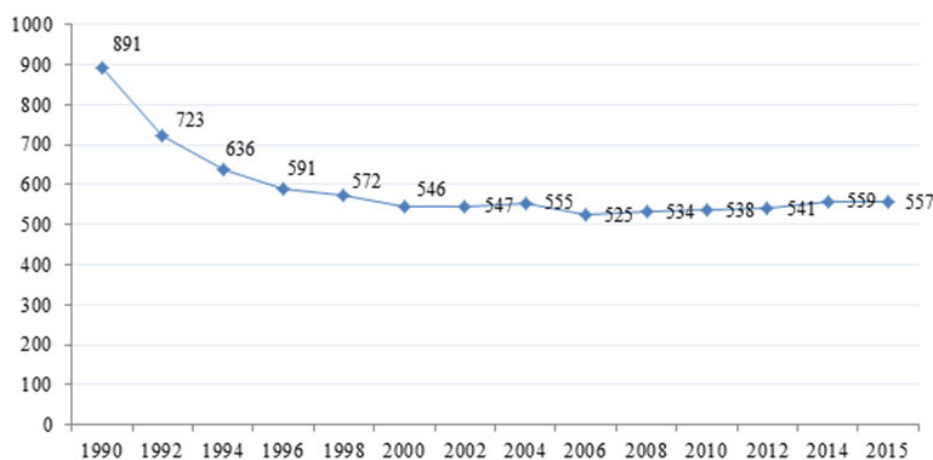


Figure 2. Number of culture centres in Latvia.
Source: Central Statistical Bureau, 2016. Created by authors.

respondents each: playing a musical instrument, engaging in visual arts (painting, drawing, etc.), singing in a choir (around 4%), making creative work with computer (home pages, design creation, etc.), writing articles in the press or internet, dancing folk dances (around 3%), writing poetry, stories, dancing modern dance, contemporary dance, singing in a group, playing in an orchestra, participating in amateur theatre, songwriting (Culturelab 2016). Despite relatively small numbers of participation level, choir singing, the dance and folk ensembles are the most significant activities of amateur art sector in Latvia. Once per five years, the best amateur choirs and dance groups are selected to take part in the Nationwide Latvian Song and Dance Celebration, which is among the most important cultural events of the country. The last festival took place in the summer of 2013 gathering about 40,000 participants that is more than 60% of all amateur artists affiliated to collective amateur art groups (Central Statistical Bureau). The Nationwide Latvian Song and Dance Celebration is made possible by the huge and stable framework support by the municipalities. Moreover, there is a state authority implementing the cultural policy in this field: the Latvian National Centre for Culture, which carries out national cultural policy in the field of intangible cultural heritage and its associated fields of amateur arts.

5. Fiscal decentralisation of amateur arts sector in Latvia

As explained earlier, the authors describe data that would help to answer three questions helping to assess the fiscal decentralisation of Latvian amateur arts sector.

5.1. Equalisation of public expenditure regionally for the amateur arts and the Song and Dance Celebration

The first concern of fiscal decentralisation in culture is a question whether public funding is equally distributed for the sector.

Local authorities in Latvia play the key role in organising and supporting the local cultural life and particularly amateur art. “The Law on Local Governments” defines the division of labour and responsibilities between the state and local authorities in providing services, including those in the cultural field. According to the Law, the local governments have autonomous functions to maintain culture and facilitate the preservation of traditional cultural values and the development of creative folk activity (Saeima 1994). The process of Song and Dance Celebration is of special attention on a national level as well, secured by the Latvian National Centre for Culture. Moreover, the legislative framework has been set to safeguard the preservation of the tradition and it includes also financial incentives. “The Song and Dance Celebration Law” (Saeima 2005) ensures the cyclical and continuous process of the Song and Dance Celebration, ensures the preparation process of the Celebration, moreover Section 9 determines the financial and organisational responsibility of the State and local governments.

As can be seen, financial support to the Song and Dance Celebration process is assigned by both – national and local authorities. Moreover, the state guarantees not only support for the Celebration that takes place once every five years, but also for the process to safeguard the tradition. As one of the instruments highly appreciated in public discourse, is earmarked grant for the work remuneration of the group leaders. Cabinet Regulation No. 670 (Ministru kabinets 2015), issued pursuant to “The Song and Dance Celebration Law” regulates the State earmarked grant for the payment of the work remuneration and state mandatory insurance contributions of the group leaders of amateur art groups. The amount of the grant for each group is calculated based on the special formula and taking in account four aspects: 1) whether the group has operated for at least 2 years, 2) whether it acquires the common repertoire of the Song and Dance Celebration, 3) whether the group takes part in the state organized quality assessment showcases (exhibitions, competitions) at least once per year, 4) whether the group takes part in the events organized by the Latvian National Centre for Culture at least once per year. Based on this Cabinet Regulation, grants have been allocated since 2012. Even though this public incentive has been highly appreciated, results in case studies of 11 municipalities suggest the extent of this state grant is averagely only about 1–3% of the total budget for the amateur arts.

Taking a look at financial incentives for amateur art on a local level, it is important that there is a system of financial equalisation procedure to assist financially weaker local authorities, which has been introduced in Latvia since 1995 and is regulated by the “The Law on Local Government Financial Equalisation” (Saeima 1998, Saeima 2015). In general, the financial equalisation system in Latvia is evaluated as efficient by local and international experts (Pašvaldību

Table 2. Review of the financial and organisational responsibilities between the state and local governments in providing for the Song and Dance Celebration process

State Budget	Local municipalities / founders of the amateur art collectives
<ul style="list-style-type: none"> • the preparation and organisation of the Nationwide Latvian Song and Dance Celebration and Latvian School Youth Song and Dance Celebration, • covering of lodging and catering expenses for Festival participants during the Festival, • the artistic preparation of the cultural and historical regional Song and Dance Celebrations, • the organisation of the events provided for in the Plan for the Safeguarding and Development of the Song and Dance Celebration Tradition, • the payment of the work remuneration and social tax of the chief conductors of choirs and brass bands, the chief group leaders of folk dance groups (collectives) and folk music ensembles, • the purchase of new creations, • the payment of royalties in accordance with the procedures specified in regulatory enactments, • the preparation and publication of the sheet music of the concert repertoire and folk dance descriptions, • joint rehearsals for the mastering of the repertoire, • the further education of conductors and group leaders, • a State earmarked grant for the payment of the work remuneration and social tax of the group leaders of collectives 	<ul style="list-style-type: none"> • ensure the premises for rehearsals necessary for the activities of a choir, orchestra, folk music ensemble, folk dance or other collective, • ensure the technical equipment necessary for rehearsals, • ensure the purchase of costumes, sheet music and folk dance descriptions, • ensure the work remuneration of the group leader, conductor and principal accompanist of a collective, • ensure the transport services in the time period between the Song and Dance Celebrations and during the Festival

Source: Saeima. 2005. The Song and Dance Celebration Law. Created by authors.

konsultāciju centrs 2007). In principle, this means that municipalities may have equal possibilities to support amateur arts and the tradition of the Song and Dance Celebration. However, when we look at 11 case studies conducted in different municipalities in Latvia, we see that support for amateur arts differs significantly. See the financial overview of the budgets in 11 municipalities over years 2011–2015 in the Appendix 1.

5.2. Ratio between central and sub-central authorities in the total public expenditure for the sector

Another aspect to assess fiscal decentralisation is the ratio between central and sub-central authorities in the total public expenditure for amateur arts. The authors conducted the analysis of the budgets of 11 municipalities in Latvia – four cities: Liepāja, Jūrmala, Jēkabpils and Jelgava, and 7 municipalities which included both the town and rural territories: Cēsis, Balvi, Ludza, Kuldīga, Alūksne, Valka and Tukums. Municipalities were asked to extract budget items for the remuneration (the salaries for the leaders of the amateur art groups, the employees of cultural centres), the goods and services (that can be addressed to supporting the amateur art activities – organizing concerts, events, tours, transportation costs, making costumes etc.), and the maintenance of the infrastructure needed for the amateur art groups (cultural centres, buildings and places for rehearsals and concerts). Moreover, from the case studies the authors identified the proportion of the state subsidies, municipal support and fund-raised amount from donations and grants. Full financial overview in 11 municipalities over years 2011–2015 can be found in the Appendix 1 of this paper.

The results show that amateur art groups in Jelgava, Jēkabpils, and Kuldīga have regularly applied for additional funding (1–4% of the total budget for amateur arts in the municipality). Amateur art groups in Kuldīga in 2014 have raised additional funding from donations and grants that is 9% of the total budget for amateur arts, but this is an exception and does not give evidence about

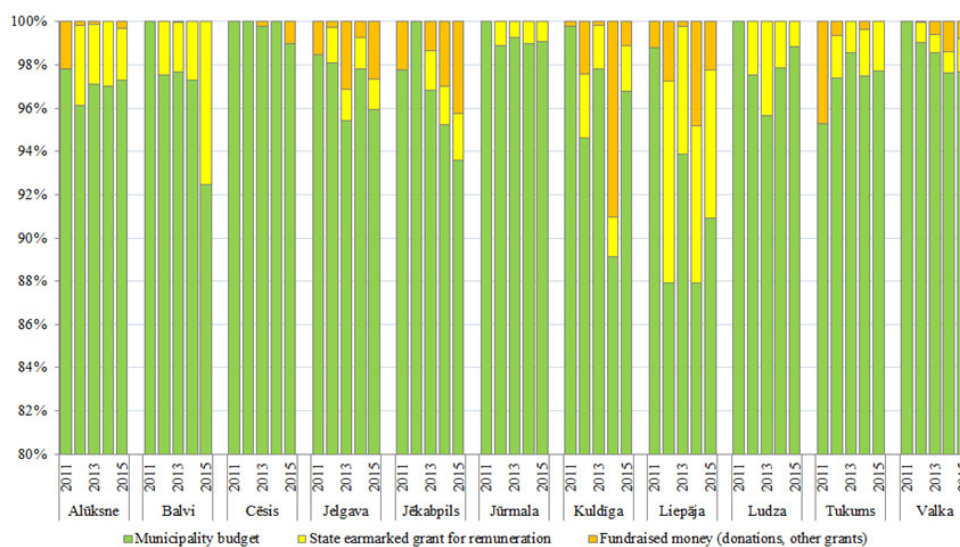


Figure 3. Proportion of the municipality budget, state earmarked grant and fund-raised money in 11 municipalities in years 2011–2015, %

Source: Research Centre of the Latvian Academy of Culture, information provided by the 11 municipalities, 2017. Created by authors.

consistent work in fundraising, as in the previous and following years the fund-raised amount is less than 1%. The additionally fund-raised grants and donations (fund-raised by cultural centres or municipal administration) can help to diversify funding sources; however, this budget income part is consistently low, although in some municipalities it might even exceed the amount of state earmarked grant that is also proportionally low. Amateur art groups also may establish non-governmental organisations mainly for fundraising reasons. This data will be analysed later in the article.

Analysing the budget expenditures of the 11 municipalities in 5 year period the most important budget item is the remuneration. In year 2013 which is the year when the Song and Dance Celebration took place, the proportion has changed – the expenses for goods and services have increased (transportation, costumes etc.). Although the costs of remuneration are proportionally high, most of it (two-thirds) goes for administrative staff and the employees of the cultural centres, not the artistic leaders of the collectives (only one third is assigned to them). Only in Cēsis this proportion is equal and in 2011–2012 even inverted and the artistic leaders have received more than administrative staff. In general the remuneration costs for amateur arts grow every year according to the overall tendencies in Latvia that indicate gradual increase of salaries in the country (Central Statistical Bureau of Latvia). However, results suggest the extent of the state grant for salaries form only about 1–3% of the total budget for the amateur arts. Liepāja is the only example where the proportion of the state grant is 6–9% of the total budget and that likely indicates at smaller financial contribution from the local municipality.

To conclude, the financial contribution of the municipalities to the amateur arts in Latvia for ensuring the tradition and the continuity of the Song and Dance Celebration compose more than 90% of the total budget for amateur arts.

5.3. Deconcentration of public subsidies among different groups of cultural producers

The final aspect the authors are going to analyse to assess fiscal decentralisation in the amateur arts sector, is the deconcentration of public subsidies among different groups of cultural producers. The authors are going to identify the main actors in amateur art sector (more concretely concerning the choirs and dance groups that take part in the process of the Song and Dance Celebration) and whether there are other funding sources than municipal and state funding.

Since 2003 the share of performing amateur art units which operate outside the municipal cultural centres varies between 10–15%. In the period between years 2011 and 2015 there were averagely 3773 amateur art groups in Latvia from which 3257 were institutionalized and worked within the culture centres (therefore their founder is the municipality) and 515 units that were not affiliated to the culture centres (Central Statistical Bureau). That means that the municipalities play a leading role managing and financing the largest part of collective amateur art groups. Other founders include educational institutes (schools, universities), companies

(for example, banks), state institutions (for example, hospitals) and others. Also the performing units established by other institutions can equally qualify for receiving the state earmarked grant for the remuneration of the group leaders of collectives.

The other option performing art units can do (and slowly start doing) towards fiscal decentralization and more specifically towards deconcentration, is developing non-governmental sectors in the field of amateur arts. Analysis shows that the majority of amateur art collectives are established and financed by municipality, which is providing the basic needs – the premises and technical equipment for rehearsals, costumes, sheet music and folk dance descriptions, the work remuneration of the group leader, conductor and principal accompanist of a collective, transport services in the time period between the Song and Dance Celebrations and during the festival. More active and pro-active amateur art collectives have chosen to raise additional funding through the third sector by establishing non-governmental organizations (NGOs – associations, societies and foundations) for their

Table 3. Review of the annual financial reports of the non-governmental organizations representing choirs and folk dance groups in 11 municipalities in 2011–2015, euros

Non-governmental organization	Municipality	Founded	2011	2012	2013	2014	2015
Association “Diždancis” (folk dance group)	Jelgava	2006	0	0	0	0	0
Association “Zemgaļi” (folk dance group)	Jelgava	2011	129	1861	1956	4371	33
Association “Snēpeles pagasta deju kolektīvs” (folk dance group)	Kuldīga	2011	0	5107	593	9075	2552
Kuldīgas dejotāju biedrība (Kuldīga dancers’ association)	Kuldīga	2011	0	7884	18965	27873	5215
Association “TDA Banga” (folk dance group)	Liepāja	2011	121	65	50	3090	2174
Association “Cēsu pils koris” (choir)	Cēsis	2012	NA	0	0	7990	1645
Foundation “Koris Laiks” (choir)	Liepāja	2012	NA	626	329	0	8150
Association “Attīstības horizonti” (folk dance group)	Alūksne	2013	NA	NA	0	0	0
Cultural association “Raitais solis” (folk dance group)	Cēsis	2013	NA	NA	322	20529	818
Association “Sadancis” (folk dance group)	Jēkabpils	2013	NA	NA	142	8306	242
Foundation “TDA Lielupe” (folk dance group)	Jelgava	2014	NA	NA	NA	0	0
Association “Pierobežas raksti” (folk dance group)	Alūksne	2014	NA	NA	NA	9039	9442
Association “Tumes Solis” (folk dance group)	Tukums	2015	NA	NA	NA	NA	0
Association “JDK Zālīte” (folk dance group)	Jūrmala	2016	NA	NA	NA	NA	NA
Association “Sprīņi” (folk dance group)	Valka	2016	NA	NA	NA	NA	NA

Source: Research Centre of the Latvian Academy of Culture, 2017, www.lursoft.lv. Created by authors.

collectives (Research centre of the Latvian Academy of Culture 2015). The case studies conducted in 11 municipalities also included identification of NGOs established by the municipal choirs and dance groups. In 11 municipalities there are in total 144 choirs and folk dance groups from which 15 groups (or 10 %) have founded an NGO for their collective. 13 out of 15 NGOs are established by folk dance groups.

Analysing the annual reports of these 15 NGOs, the authors can conclude that only half of the NGOs are active since they were established and they have fund-raised money every year. Three of the NGOs are new (established in 2015 or 2016) and their financial data is incomplete or not yet publicly available. There is one very positive example – the folk dance group in Kuldīga (*Kuldīga dancers' association*) whose NGO has been working since 2011 and has regularly raised the funding that is larger than the state earmarked grant for the whole municipality of Kuldīga.

In general the fundraising in these NGOs is not systematic – there are more active years with donations or project grants raised, and the years where the only income is from the membership fees (see Table 3 – less than 150 euros per year). Some of the NGOs have not presented any activity during the years 2011–2015, but none of the NGOs is closed up and that gives the hope about the possible activity in the future.

6. Discussion and conclusions

The aim of the article was to assess whether and to what extent fiscal decentralisation applies to amateur art sector and particularly to those artistic groups which maintain the process of Song and Dance Celebration (choirs and dance groups) in Latvia. The authors used different data sets to analyse three aspects of fiscal decentralisation in amateur art sector in Latvia.

The first concern of fiscal decentralisation in culture is a question whether public funding is equally distributed for the sector. Analysis suggested that there are several instruments on national level that endorse fiscal decentralisation. There is a strong legislative framework to safeguard the tradition of the Song and Dance Celebration, also defining the financial responsibilities of the government and municipalities. The role of local authorities is strengthened by “The Law on Local Governments” defining that the local governments have autonomous functions to maintain culture and facilitate the preservation of traditional cultural values and the development of creative folk activity. On a national level the process of the Song and Dance Celebration is supervised and secured by the Latvian National Centre for Culture which is a policy making body on a national level. Moreover, there is a financial instrument on a national level which is highly appreciated in public discourse. It is the state earmarked grant for the work remuneration of the artistic leaders of amateur groups that take part in the process of Song and Dance Celebration.

Even though there is a great number of municipalities in Latvia (119), very diverse in their size and economic activity, in principle all municipalities have equal possibilities to financially support local cultural activities, because the system of financial equalisation procedure to assist financially weaker local authorities has been functioning in Latvia since 1995 and in general the system is evaluated as efficient. However, when we look at 11 case studies conducted in different municipalities in Latvia, we see that support for amateur arts differ significantly. Total budgets for culture and amateur arts in 11 municipalities in 2015 can vary between 0.2 and 1.2 million euros (see full budget information in Appendix 1). Reasons for that can be different, including economic performance of each municipality, personal priorities of local politicians, or divergent intensity of cultural activities. Also authors have to take into account the fact that administrations of 11 municipalities providing budget information could interpret some budget items differently. Moreover, some municipalities included also reconstruction costs of the infrastructure in the budget for culture and amateur arts which could significantly increase the total amount of the municipality share (e.g. Ludza). Differences in municipalities would require a particular attention and is beyond the tasks set for this paper. This also means that amateur art groups need to look for alternative funding sources to make the work of the group more sustainable.

The second aspect to assess fiscal decentralisation is the ratio between central and sub-central authorities in the total public expenditure for amateur arts. The authors conducted the analysis of the budgets of 11 municipalities in Latvia. From the case studies we identified the proportion of the state subsidies, municipal support and fund-raised amount from donations and grants for amateur art sector. The analysis of results explicitly demonstrated the significant role of municipalities in supporting amateur art. More than 90% of the budget for amateur art sector was allocated from the municipal budget, the largest share of it was assigned to the salaries. The state support for the salaries of leaders of the artistic groups constituted a small share (the extent of the state grant for salaries forms only about 1–3% of the total budget for the amateur arts). Share of donations and grants is also insignificant (4 municipalities have not fund-raised from other sources; 2 municipalities have raised additional funding amounting 1–4% of the total budget for amateur arts in the municipality; 1 municipality in 2014 have raised additional funding from donations and grants that is 9% of the total budget for amateur arts, but this is an exception and does not give evidence about consistent work in fundraising, as in the previous and following years the amount is less than 1%).

As the authors presumed that fiscal decentralisation also means assigning public grant at the lowest administrative level (that means – municipality), it is possible to observe fiscal decentralisation likewise in this respect. The ratio between the central and sub-central authorities has largely inclined towards the municipalities (more than 90% of the budget is subsidized by the municipalities which have a decisive role in funding amateur art groups).

The third and final aspect to assess fiscal decentralisation in the amateur arts sector, is the deconcentration of public subsidies among different groups of cultural producers. Analysis demonstrated that the majority of amateur art groups are affiliated to municipality run cultural centres and that the municipality is the main actor in amateur arts field. Amateur art groups which operate outside the municipal cultural centres constitute only 10–15% of all amateur art groups in years 2011–2015. Moreover, the authors took a closer look at choirs and dance groups in 11 municipalities and tried to identify the level of civic initiative establishing NGOs. In 11 municipalities there are in total 144 choirs and folk dance groups from which 15 groups (or 10%) have established an NGO for their group. Besides, the activities of the NGOs are generally deficient. The fundraising which has been one of the main aims of these NGOs has occurred irregularly. Some of the NGOs have not presented any activity during the research period covered by this article (2011–2015), but none of the NGOs has been closed up and that gives the hope about the possible activity in the future. Hopefully the number of the NGOs of the amateur art groups will grow in time, as this is also a step towards decentralization and may demonstrate a tendency of not relying only on the public funding but showing also civic participation.

The authors presumed that fiscal decentralisation of amateur arts is a precondition for sustaining the tradition of the Song and Dance Celebration in future. As a result of the investigation, it can be concluded that public support for amateur arts is fiscally decentralised and decisions are mainly taken at the lowest administrative level, as the share of municipalities is about 90% of the total budget for amateur arts. The support of state authorities is significant in terms of public and political esteem, as the legislative setting strengthens and safeguards the tradition of the Song and Dance Celebration. Although the division of competence between the state and local governments meets the principles of decentralisation, there is a tendency that the state entrusts new functions to the local municipalities without the allocation of corresponding financial resources. This is demonstrated by the considerable differences in the amounts each municipality assigns to the amateur art sector. Finally, the authors have concluded that self-initiative and bottom-up activities of individuals and amateur art groups are at insignificant level, as the number and activity of NGOs and amount of fund-raised money is deficient. The authors have also conducted a quantitative survey of individuals taking part in amateur choirs and dance groups in 11 municipalities (the results of the survey will be analysed in another research paper). The preliminary results show that individual contributions are comparatively small, moreover, respondents admitted that they are willing to pay only up to 10% of the total costs of the amateur art group (Research Centre of the Latvian Academy of Culture 2017d). Strengthening the non-governmental sector and individual financial contributions for the amateur art would increase the level of decentralization and foster sustainability of the amateur arts sector and the tradition of the Song and Dance Celebration in the long term.

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APPENDIX 1

Table 4. Financial overview: Funding for culture and amateur arts in 11 municipalities over years 2011–2015, euros

		2011	2012	2013	2014	2015
Alūksne	Municipality budget	312081	332318	453371	443181	498286
	State earmarked grant for remuneration	0	12654	12868	13542	12274
	Fund-raised money (donations, other grants)	7010	675	697	0	1500
	Total	319 091	345 647	466 936	456 723	512 060
Balvi	Municipality budget	331378	343057	387817	379141	396079
	State grant	0	8735	9196	10478	32221
	Fund-raised money	0	0	142	0	0
	Total	331 378	351 792	397 155	389 619	428 300
Cēsis	Municipality budget	99989	100389	233179	338162	320571
	State grant	no data	no data	no data	no data	no data
	Fund-raised money	0	0	500	0	3300
	Total	99 989	100 389	233 679	338 162	323 871
Jelgava	Municipality budget	769954	981610	1068123	1274450	1187084
	State grant	0	16348	16354	18440	17027
	Fund-raised money	11931	2562	35216	9856	33111
	Total	781 885	1 000 520	1 119 693	1 302 746	1 237 222
Jēkabpils	Municipality budget	223905	249816	374659	328908	305380
	State grant	0	0	7238	6051	7106
	Fund-raised money	5174	0	5130	10360	13810
	Total	229 079	249 816	387 027	345 319	326 296

		2011	2012	2013	2014	2015
Jūrmala	Municipality budget	452832	532402	730212	680180	824480
	State grant	0	5865	5528	6955	7531
	Fund-raised money	no data	no data	no data	no data	no data
	Total	452 832	538 267	735 740	687 135	832 011
Kuldīga	Municipality budget	199514	208421	235003	256658	254187
	State grant	0	6496	4819	5255	5636
	Fund-raised money	400	5376	400	26011	2870
	Total	199 914	220 293	240 222	287 924	262 693
Liepāja	Municipality budget	147276	118495	240649	200638	193384
	State grant	0	12595	15091	16583	14535
	Fund-raised money	1800	3700	600	11000	4750
	Total	149 076	134 790	256 340	228 221	212 669
Ludza	Municipality budget	598122	256327	289290	292387	559471
	State grant	0	6442	13097	6339	6460
	Fund-raised money	0	0	0	0	0
	Total	598 122	262 769	302 387	298 726	565 931
Tukums	Municipality budget	407132	459466	622767	513726	537351
	State grant	0	9335	9094	11520	12597
	Fund-raised money	20207	3074	0	1840	0
	Total	427 339	471 875	631 861	527 086	549 948
Valka	Municipality budget	271270	311452	353480	366124	371346
	State grant	0	2948	2950	3746	5814
	Fund-raised money	0	100	2180	5192	3041
	Total	271 270	314 500	358 610	375 062	380 201

Source: Research Centre of the Latvian Academy of Culture, 2017. Excerpts from the budgets of local governments - Alūksne, Balvi, Cēsis, Jelgava, Jēkabpils, Jūrmala, Kuldīga, Liepāja, Ludza, Tukums, Valka. Created by authors