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of 21 May 2009)

**Guidelines for the Corruption Prevention and Combating 2009-2013**  
(Informative Part)

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## **Abbreviations Used**

AFCOS – Anti-fraud Coordination Service

UNO – United Nations Organization

GRECO - The Council of Europe's Group of States against Corruption

CPCB - Corruption Prevention and Combating Bureau

CPI – Corruption Perception Index

CC – Committee of the Cabinet

OECD - Organisation for Economic Co-operation and Development

OLAF - European Anti-Fraud Office

PEST – Political, Economic, Social and Technological environment

PPP – Public Private Partnership

SRS – the State Revenue Service

## 1. Introduction

Guidelines for the Corruption Prevention and Combating 2009-2013 (hereinafter – Guidelines) are a medium-term development planning document and continuation of the guidelines approved in the preceding planning period „Corruption Prevention and Combating State Strategy 2004-2008” (approved by the Cabinet Order No. 153 of 9 March 2004, On Guidelines "Corruption Prevention and Combating State Strategy 2004-2008"). In order that all the fields of policy in the country are integrated, the Guidelines have been developed taking into account Task 8 „To Prevent Corruption in the Public Administration Authorities” to be solved in Sub-paragraph 4.1.4 „Strengthening of the Ability of the State Administration to Act” of the Latvian National Development Plan 2007-2013 (approved by the Cabinet Regulation No. 564 of 4 June 2006, Regulation Regarding Latvian National Development Plan 2007-2013).

The purpose of this document is to characterise the present situation, determine actual problems, determine objectives and action directions in the field of corruption prevention and combating, in order to attain efficient and legitimate activities of the public officials in the interests of the public.

The Corruption Prevention and Combating Programme 2009-2013 will be developed for the implementation of the Guidelines.

## 2. Description of the Current Situation

### 2.1. Responsible Authorities and Legal Regulation

A leading authority for the development and implementation of the State policy for corruption prevention and combating is the Corruption Prevention and Combating Bureau (hereinafter - CPCB) whose directions of activity and draft regulatory enactments proposed are assessed and approved by the government and the *Saeima*. The Parliament and government have a special role in the legislative process, CPCB director selection process, decision-making regarding his or her approval in the office or dismissal therefrom. In general, the activity of the CPCB is supervised by the Prime Minister, the criminal procedural activities – by the Prosecutor’s Office. An administrative act issued by the CPCB or rule of law and usefulness of actual action of the CPCB is controlled by the administrative court within the framework of the administrative procedure.

Until now, sufficient financing has been allocated and regulatory basis has been ensured for the activity of the CPCB, in order to implement the main anti-corruption functions: investigation of criminal offences in the service of State authorities, performance of inspections in the field of prevention of interest conflict, control of financing of political parties, implementation of corruption prevention measures, including educating of the public officials, however, financing granted for the educating of the public has been insufficient. The public has assessed the CPCB approvingly – 46% of the respondents have indicated at the end of 2007 that they put trust in the activity thereof<sup>1</sup>.

The Commission for Defence, Internal Affairs and Corruption Prevention of the *Saeima* supervises the activity of the CPCB in general, assessing the results of activity thereof and putting forward the developed draft regulatory enactments for further approval. The Commission of the *Saeima* carries out significant work in the strengthening of corruption prevention abilities of many State administration institutions, by implementing parliamentary supervision over performance of internal organisational anti-corruption measures of the institutions.

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<sup>1</sup> Attitude of inhabitants towards corruption, questionnaire of the inhabitants of Latvia in November and December 2007 [http://www.knab.lv/uploads/free/aptaujas/aptauja\\_2007\\_pieredze.pdf](http://www.knab.lv/uploads/free/aptaujas/aptauja_2007_pieredze.pdf)

Investigation regarding criminal offences in the service of the State authorities is carried out also by the State Police, Latvian Prison Administration, Financial Police, State Border Guard and Security Police. Certain functions in the corruption prevention have been assigned also to the Military Police, State Revenue Service and the Constitution Protection Bureau.

Legal regulation of corruption prevention and combating is satisfactory in Latvia - the progress has been attained in certain fields, however, there are fields where the regulatory enactment system still needs to be established or improved. The Law on Prevention of Conflict of Interest in Activities of Public Officials has been adopted to ensure that the actions of public officials are in the public interests, prevent the influence of a personal or financial interest of any public official, his or her relatives or counterparties upon the actions of the public official, while the Law on Financing of Political Organisations (Parties) regulates ensuring of transparency and legality of financial activities of political parties.

Taking account of deficiencies determined in practice, amendments have been made to the referred to laws during the last four years. Thus, listing of public officials, procedures for fulfilment of restrictions in respect of combining the offices, restrictions on acceptance of gifts and donations, the procedures for submission of declarations of public officials and the principles for determination of civil liability have been clarified in the Law on Prevention of Conflict of Interest in Activities of Public Officials. The restrictions for financing of parties and sanctions for non-observance thereof have been clarified in the Law on Financing of Political Organisations (Parties).

The liability for violations of the abovementioned laws is provided for in the Latvian Administrative Violations Code and the Criminal Law. Liability for criminal offences in the service of the State authorities is also provided for in the Criminal Law, for example, for bribery, use of official position in bad faith, trading with influence. In compliance with the requirements of international agreements binding on Latvia (for example, the Council of Europe Criminal Law Convention on Corruption), amendments to the Criminal Law have been adopted on 5 May 2005 determining liability of legal persons for offences related to bribery, trading with influence and money laundering.

The Freedom of Information Law, the State Administration Structure Law and the Law on Submissions regulate sufficiently the issues related to access to the information for the public and possibilities thereof to involve in solving different issues in the State and self-government institutions which promote transparency in the activities of institutions.

However, there are certain fields where there is no legal regulation at all or it is insufficient. It refers to lease of the State and self-government property, criminal liability for essential violations in the financing of political parties, administrative liability for violations in the field of public procurements, low-price procurements in the authorities, protection of persons who notify regarding conflicts of interest or corruptive violations, control of property status of natural persons, lobbying etc. Although active work has been carried out for the settlement of the referred to issues by developing draft regulatory enactments, the most part of them has not been adopted by the Cabinet and the *Saeima* yet.

## **2.2. Evaluation of the Previous Activity**

Corruption Prevention and Combating State Strategy 2004-2008 (approved by the Cabinet Order No. 153 of 9 March 2004, On Guidelines "Corruption Prevention and Combating State Strategy 2004-2008") and Corruption Prevention and Combating State Programme 2004-2008 (approved by the Cabinet Order No. 547 of 4 August 2004, On Corruption Prevention and Combating State Programme 2004-2008) have been basic development planning documents in this field until now. The CPCB coordinates the implementation thereof. Several assessments have been performed during the operation of the

strategy, compiling the results in the Annual Informative Report on the Course of Implementation of the Prevention and Corruption State Strategy 2004-2008.

In order to assess the previous activity, the information regarding tasks included in the strategy was compiled. The responsible authorities have fulfilled the most part of the planned (92%) within the framework of the competence thereof, but several significant measures have been neither supported, nor introduced, for example, introduction of control mechanisms for property status of natural persons and improvement of legal regulation of pre-election canvassing, eradication of unofficial payments in providing medical services, determination of responsible authority regarding holding a person administratively liable for violations in the field of public procurements, as well as determination of the procedures for lease of the State and self-government properties. The work has been done on the level of experts as concerns the issue regarding the granting of the State financing for political parties – the conception regarding the State financing for political parties has been developed and supported by the Cabinet.

The work results of involved authorities attest that 667 criminal proceedings regarding criminal offences in the service of the State authorities have been commenced during the time period from 2006 to the end of 2008.

As a result of financial control of political organisations carried out by the CPCB, the cases when parties have been financed from unauthorised sources and violations of regulations of pre-election canvassing, as well as mistakes in the submitted declarations and other violations, have been discovered during five years. 176 administrative acts have been drawn up regarding violations detected, applying administrative fines to political parties in the amount of LVL 80 845.39. During the time period from 2004 to 2007 it was assigned to parties to reimburse the financing received in contradiction to the Law on Financing of Political Organisations (Parties) – in the total amount of LVL 1 295 467.42.

The CPCB has carried out 2448 inspections in relation to possible action in the situation of the conflict of interest during five years. Legal proceedings have been commenced in 432 cases of administrative violations during a time period from 2004 to 2007 regarding non-observance of restrictions determined for public officials which have been determined in the Law on Prevention of Conflict of Interest in Activities of Public Officials. 456 public officials have been held administratively liable applying pecuniary penalty in the total amount of LVL 32°711. In most cases an administrative violation is connected with violation of restrictions and prohibitions determined for a public official.

Since 2004 the work on establishment of efficient control system in the field of protection of European financial interests complying with the requirements of the European Commission regulations has been carried out and the supervision of resources granted by the European Union is being ensured within the framework thereof.

In order to improve the understanding of the public regarding damage caused by the corruption to the country and individual and to explain that the corruption reduces the possibilities of inhabitants up to the minimum to participate in creation of policy and State administration fairly and legally, the CPCB addressed the wide public for the first time by carrying out outstanding social advertising campaign. In order to draw attention by available modest resources, an analogy between the corruption and other type of immoral behaviour – prostitution – was drawn in unusual way associatively.

Since the beginning of the activities of the CPCB the level of administrative corruption<sup>2</sup> has reduced, which is attested by researches<sup>3</sup> and experience of the Corruption Prevention and Combating Bureau.

For example, *Freedom House*, in performing annual analysis of democracy development *Nations in Transit*<sup>4</sup> 2008, has concluded that during the time period from 2005

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<sup>2</sup> *Administrative corruption* – bribery in small amount related to application of laws and regulations.

<sup>3</sup> Attitude of inhabitants towards corruption, questionnaire of the inhabitants of Latvia in November and December 2007 [http://www.knab.lv/uploads/free/aptaujas/aptauja\\_2007\\_pieredze.pdf](http://www.knab.lv/uploads/free/aptaujas/aptauja_2007_pieredze.pdf)

to 2007 the corruption spread index constantly reduced from 3.5 to 3.0 points (in a scale of 10 points), but it remained unchanged in 2008 indicating certain weakening in the anti-corruption activities. „While all indications attest that the corruption is detectable in a limited amount on the medium and lowest level of administration and court instances, however the top of political power is rather smeared.”<sup>5</sup> Also several other international corruption spread indicators have attested regarding positive trends in the corruption diminishing until now.

Corruption perception index (CPI), which has been compiled by the international anti-corruption organisation "Transparency International" including 180 world countries in the researches, attests regarding improvement of the situation in Latvia. Assessment performed according to a scale of ten points attests that Latvia has achieved 5 points in 2008 what is for 0.2 points better than in the previous year. During ten years since Latvia is included in this research, our country has stepped higher in the scale of CPI for 1.6 points and now in the list of CPI it is among such countries as Jordan, Malaysia, Slovakia and the Republic of South Africa.

Both, *Freedom House*, in performing annual analysis of democracy development *Nations in Transit 2008*, and scientists of Latvia mention corruption as the largest problem of our country. In 2007 experts in Latvia, when carrying out democracy audit<sup>6</sup> in accordance with internationally recognised IDEA methodology, detected that „Diminishing of corruption” has been assessed with the lowest mark – 2.0 points in a scale of five points. Experts suggested to solve several serious democracy problems of Latvia related to anti-corruption policy in further democratisation process:

- financial and institutional dependence of judicial power on executive power;
- unsatisfactory situation of health protection system of inhabitants which promotes corruptive relations between physicians and patients;
- lack of the State financing for political parties which causes financial dependence of parties on narrow economic interests;
- involvement of high level politicians in corruptive transactions;
- previous inability of law-enforcement institutions to combat and prevent such activity.

Hereinafter an outlook in the implementation of essential tasks of the Guidelines is provided.

### **2.2.1. Prevention and Combating of Influence of Private Persons on Creation of Decisions Adopted by the State and Self-governments (State Seizure)**

In accordance with the World Bank report<sup>7</sup> there may be the following state seizure signs: unauthorised payments to parliamentarians, in order to influence their ballot, to governmental officials, in order to influence the content of regulations issued by the government, to judges, in order to influence a court judgement, and illegal donations to political parties. During a period of implementation of the strategy different activities were performed for the ensuring of rule of law in the referred to fields.

In order to improve the system for financing of parties in Latvia, a conception regarding issues of financing of political parties has been developed in which the possibilities for introduction of financing of parties from the State budget were assessed, what would enable to reduce taking of decisions of State significance in the interests of sponsors of political organisations.

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<sup>4</sup> Nations in Transit 2008. Democratization from Central Europe to Euroasia. *Freedom house*. [http://www.freedomhouse.hu/images/fdh\\_galleries/NIT2008/NT-Latvia-final.pdf](http://www.freedomhouse.hu/images/fdh_galleries/NIT2008/NT-Latvia-final.pdf)

<sup>5</sup> The same source.

<sup>6</sup> *Cik demokrātiska ir Latvija. Demokrātijas monitorings 2005-2007. Zinātne, Rīga, 2007, page 95.*

<sup>7</sup> World Bank report: *Anticorruption in Transition2. Corruption in Enterprise - State interactions in Europe and Central Asia, 1999-2002*



At the same time, amendments to the Criminal Law have also been submitted to the Cabinet for examination the purpose of which is to extend the content of criminal liability for violations in the field of financing of parties creating such unified system of administrative liability and criminal liability as it is traditionally in other fields and sectors, namely, administrative liability shall be determined for smaller violations, but criminal liability - for more serious violations. At present, administrative liability is intended for violations of the Law on Financing of Political Organisations (Parties) regardless of the amount of a gift (donation), in its turn the Criminal Law determines the liability for narrow range of issues – only for financing of parties using intermediary.

The conception „Necessity for Legal Regulation of Lobbying in Latvia” which was accepted by the Cabinet meeting of 21 July 2008 (minutes No. 21, § 33). The purpose of the conception was to attain transparency in relation to taking of those decisions of State significance which have been drawn up in the interests of certain persons or groups. The approved version of the conception provides for inclusion of special regulations for behaviour of officials in the codes of ethics of the authorities.

### **2.2.2. Prevention and Combating of Useless, Inefficient and Illegal Use of the State and Self-government Property**

In 2005 an instrument for electronic procurement implementation - electronic procurement system - was established, in order to diminish red tape and corruption risk, increase efficiency for utilisation of budget resources, increase the level of transparency and information availability.

However, it should be taken into account that large State financial resources are being invested in the public procurement process, and the risk of corruption will remain very high also in the future. The discovered criminal offences in the field of public procurement or in the action with the State or self-government property, including, land, prove that sometimes officials use their official position in order to ensure provision of public services only for narrow range of applicants causing bureaucratic obstacles for others.

Investigations performed by CPCB, especially regarding public procurement practice, and the analysis of certain aspects of the corruption influence on the State economy performed by the experts in economy<sup>8</sup> allow to conclude that in exchange for a bribe the State officials are used to provide a possibility for a briber to implement such transactions which provide the possibility for him or her to gain profit valued in hundreds of thousands of lats.

Decentralised management has been characteristic in Latvia, when each authority itself manages the property, for example immovable properties, at the disposal thereof, what creates good grounds for corruption.

Although the procedures for use of means of communication and transport of an institution have been developed in the most part of institutions, however, they do not cover all use of the property at the disposal of the institution or the procedures determined are not observed. In controlling prevention of the conflict of interest in the activities of the public officials, the CPCB has concluded that a part of public officials, especially in self-governments, sometimes violates the procedures specified in regulatory enactments regarding the action with the State or self-government property or the procedures for the use of public resources for private purposes - for example, an official car for his or her family needs outside working hours, or travelling to exotic countries or resorts documenting it as a business trip etc. Therefore, the work with the development of internal regulatory enactments of the institutions in the field of prevention of conflicts of interest and improvement thereof is being continued.

To diminish such decentralised and hard to be monitored management system, the solution, which was developed in order to promote a unified management of the State

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<sup>8</sup> Dombrovskis V.2008., Dangerous Liaisons, BICEPS, <http://www.politika.lv/index.php?id=15481>

immovable properties and suggested by the conception, was supported by the Cabinet Order No. 319 of 9 May 2006, On the Unified Administering and Management Conception of the State Immovable Property.

At present, the final stage for the introduction of the conception is taking place, the draft Law on Lease of State and Self-government Property was examined repeatedly during the meeting of CC of 21 July 2008. The purpose of this draft law is to introduce a clear regulation for lease of the State and self-government property. It provides for determination of the procedures for lease of the State and self-government property: the methods for granting of leasehold, procedures for taking of decisions regarding lease of a property, publishing of information regarding a property to be leased and possibilities for lease thereof, the main rules regarding granting of leasehold of the State or self-government property in auction or tendering, as well as for determination of the responsible persons for lease and restrictions for officials of lease commissions.

In order to assess the possibilities to improve the control of utilisation of resources, the CPCB developed a draft informative report regarding "Ensuring of Performance of Financial Control in the State and Self-government Institutions" in 2007. The CPCB has studied financial control mechanisms of the State and self-government institutions, detecting that the mechanisms offered by the CPCB are already operating in a part of the institutions, but the introduction of new mechanisms is impossible in the rest of institutions in the present situation of financial crisis.

### **2.2.3. Improvement of Control of Illegal Income and Expenditure**

In 2005 the State Revenue Service (hereinafter – SRS) established a working group in order to develop draft regulatory enactments for improvement of income control of inhabitants. In 2007 an informative material regarding an inspection of income gained by natural persons was prepared in accordance with the Law on Personal Income Tax.

The work for improvement of control of personal income tax payment is being continued, a risk analysis system of natural persons is being developed, methodological materials for the calculation of income tax are being updated and supplemented, seminars regarding uniform application of tax are being organised. The measures for improvement of internal control system of the SRS have been carried out.

In order to ensure the improvement of the system for income and expenditure of persons in compliance with the approved policy document, in 2007 the Ministry of Finance established a working group in co-operation with other authorities in order to introduce initial declaration of the inhabitants and developed the following draft laws: Law on Declaration of Property Status of Natural Persons, amendments to the Law on Personal Income Tax, amendments to the Law on Taxes and Fees, amendments to the Law on the Prevention of Conflict of Interest in Activities of Public Officials, amendments to the Law on Credit Institutions, amendments to the Latvian Administrative Violations Code which have not been adopted by the *Saeima* yet.

Such measures as introduction of legal presumption of the fact in the criminal law have been performed, interdepartmental agreements have been entered into regarding mutual exchange of information in the field of the control of property status of the inhabitants and prevention of money laundering. On 17 July 2008 the Law on Prevention of Money Laundering and Terrorism Financing was adopted, making significant improvements in the field of prevention of money laundering (the range of subjects of the law has been extended, the issues related to identification of the customers and making out of actual beneficiaries are regulated in more detail, as well as "risk-based" approach in activities with customers of credit institutions has been introduced).

On 29 January 2008 the informative report "Regarding Improvement of Legal Regulation for Operation of Undertakings in Latvia Registered in Offshore, Low Tax and Tax

Haven Countries” was examined in the Cabinet, in which several possible solutions are offered, in order to prevent the use of undertakings registered in offshores, low tax and tax haven countries for illegal activities in Latvia.

#### **2.2.4. Improvement of Possibilities for Corruption Combating, Ensuring Fast and Qualitative Progress of Criminal Procedure**

On 21 April 2005 the Criminal Procedure Law was adopted providing simplified and speeded up procedure, extended use of alternative solutions for a criminal procedure, proportionate restriction of human rights when it is necessary for the public safety and democracy interests, as well as wider powers for finding and identification of proceeds of crime, etc.. With the law of 28 April 2005, Amendments to the Criminal Procedure Law, amendments were made in Section 355 of the Criminal Procedure Law, supplementing the list of property to be considered proceeds of crime.

On 26 May 2005 amendments to the Law on Credit Institutions were adopted which provide for the right of the CPCB to receive the information from credit institutions, if it is necessary during the pre-trial criminal procedure, as well as in the cases, if the data is necessary, in order to ensure the control of restrictions specified for public officials in the Law on Prevention of Conflict of Interest in Activities of Public Officials and find out non-cash savings of public officials, income earned, transactions performed or debt obligations, or if the data is necessary to ensure the control of norms specified in the Law on Financing of Political Organisations (Parties), to find out annual financial activities of political organisations (parties) and associations thereof, genuineness and legality of expenditure of pre-election period and financial resources specified in election income and expenditure declarations and donations (gifts) received. The referred to amendments have promoted more efficient implementation of the CPCB functions. Moreover, on 12 June 2007 amendments to the Law on Credit Institutions have been adopted, what gave the right for the SRS to receive the information from credit institutions regarding income and deposits of natural persons in the cases specified in the Law on Personal Income Tax.

With amendments of 22 September 2005 to the Law on Judicial Power the norms regarding immunity of a judge and lay judge have been supplemented with a condition, if a judge (lay judge) is apprehended in committing a serious or especially serious criminal offence, a decision of a Supreme Court justice specially authorised concerning the forcible conveyance, arrest or subjection to a search is not necessary, but a Supreme Court justice specially authorised and the Prosecutor General shall be informed thereof within a time period of 24 hours. It improved significantly the possibilities for corruption prevention in courts, because until coming into force of these amendments in any case in order to perform the referred to procedural activities a decision of a Supreme Court justice specially authorised was required, what could be a reason for insufficiently effective and fast response in situations when a judge is apprehended in committing a serious or especially serious criminal offence.

In order to solve problems related to the fact that in conducting of investigatory operations, including bribery in investigatory experiment, it is often necessary to use large cash resources, besides, there are no such resources in the budget of law-enforcement institutions, starting from 2006 the financing is intended in the budget to ensure resources for financing of measures of investigatory operations and for special investigation activities. The resources in the amount of LVL 100 000 are available for such purpose in the current account opened in the Treasury for conducting of investigatory operations.

With the view to diminish corruption in the field of provision of public services, especially in the health care institutions and education system, proposals were put forward in order to make it possible to hold administratively or criminally liable the persons employed in this field for requesting or accepting unauthorised payments. Partial solution was attained by

providing criminal liability for requesting and accepting illegal benefit, but administrative liability was not provided for acceptance of unauthorised payments.

In order to facilitate efficient introduction of the anti-corruption standards of the Council of Europe, during the period from 2004 to 2008 Latvia continued to take active part in the work of the Council of Europe's Group of States against Corruption (GRECO), which regularly assesses the compliance of regulatory enactments of Latvia and application practice thereof with the international documents developed by the Council of Europe in the field of anti-corruption. The first stage of GRECO assessment for Latvia was concluded in October 2006. In July 2004 a report of the second evaluation round was adopted, and Latvia received 13 recommendations regarding implementation of which the conformity report was adopted in 2006 and additional information was provided in 2008. Thus, since 2004 GRECO has provided its assessment regarding such topics as recovery of resources acquired as a result of corruption, the State administration and corruption, legal persons and corruption. The last assessment of GRECO was provided in October 2008 and 8 deficiencies in the legislation of Latvia were specified therein, including unclear or insufficient regulation in several Sections of the Criminal Law.

The CPCB has systematically compiled, as well as used the foreign experience of the European Union States, United States of America, Australia, Hong Kong, Japan and Canada in the work thereof. With increase and development of the abilities and experience of Latvia in the corruption combating and prevention, more and more Latvian experts were involved in the sharing of experience with other countries, especially supporting the reform processes in the priority regions of development co-operation policy of Latvia (the countries of Commonwealth of Independent States, the countries of Balkan region) and such priority recipients of development co-operation policy as Moldova, Georgia and the Ukraine. The CPCB has also strengthened interdepartmental co-operation by entering into two co-operation agreements – with the Special Investigation Service of Lithuania and the National Corruption Prevention Service of Kyrgyzstan.

Latvia has established regular and close co-operation with the European Anti-Fraud Office -OLAF. The Ministry of Finance implements the functions of the Anti-fraud Coordination Service -AFCOS – in Latvia. In 2007 the Latvian Co-ordination Council for the protection of European Community financial interests was established.

During the time period from 2004 to 2008 Latvia continued active co-operation with the Organisation for Economic Co-operation and Development (OECD) the purpose of which is acquiring of the status of OECD member state and accession to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the working group. While Latvia has not become a full-fledged member of the OECD, the objective of Latvia is acquiring of the status of an observer or a participant in OECD committees and working groups that are priority for Latvia.

As the field of corruption prevention and combating has been defined by Latvia as priority, then Latvia wants to acquire the status of a participant in the Anti-Bribery Working Group and join the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. However, in order to achieve such objective, unanimous support of present OECD countries is necessary, what has not been achieved until now. In order to facilitate identification of Latvia among OECD Member States and demonstrate the experience of Latvia in the field of corruption prevention, the experts of Latvia participate in the OECD measures on regular basis which are available for non-member states, as well as active lobby campaign was carried out during the time period from 2006 to 2007. Within the framework of the OECD assessment missions the CPCB experts have participated in evaluation of anti-corruption policy of such countries as Armenia, Kirghizia and Kazakhstan.

### **2.2.5. Ensuring of Legal and Useful Granting of Financing of the European Union and Other International Authorities and Organisations**

In 2007 the Law on Management of European Union Structural Funds and the Cohesion Fund, which determines the measures for strengthening of control and reduction of corruption risks, was approved. In 2008 the Supervisory Committee was established for the management of the European Union funds (the Cabinet Regulation No. 331 of 13 May 2008, Bay-laws of Supervisory Committee). One of the tasks thereof is to supervise the efficiency of utilisation of financing granted by the European Union funds and compliance with the approved planning documents. The relevant examinations are performed by the intermediate bodies and grant scheme managers. The Procurement Monitoring Bureau shall perform selective pre-examinations of procurement documentation and the process of procurement procedures.

All the authorities involved in the management of the European Union Structural Funds in Latvia shall, in addition to the requirements of the European Commission Regulations, ensure the establishment of the internal control system and operation thereof in compliance with the requirements of the Cabinet Regulation No. 466 of 19 August 2003, Regulations Regarding Essential Requirements for Establishment of Internal Control System. Each quarter the Ministry of Finance shall notify the OLAF regarding non-compliances detected in the European Union funds. Each year the Ministry of Finance shall compile the information submitted by the authorities involved in the administration of the financial interests of the European Community for preparation of a report regarding implementation of Article 280 of the Treaty establishing the European Community and submit the report to OLAF until 15 February.

The CPCB has received and compiled the information regarding officials involved in the granting and control of the European Union and foreign financing, what will allow to perform the control over lawful and useful granting of the European Union and foreign financing more efficiently in the future.

### **2.2.6. Ensuring of Internal Anti-corruption System and Improvement Thereof in the State and Self-government Authorities**

A draft law „Amendments to the Law on Prevention of Conflict of Interest in Activities of Public Officials” has been developed (examined in the meeting of the State Secretaries of 6 December 2007, minutes No. 48 35.§) and submitted for examination to the Cabinet, which clarified the duties and responsibility of the heads of institutions for the implementation of the requirements for prevention of the conflict of interest in the authority. However, the draft law was not examined in the Cabinet or in the Committee of the Cabinet, because no agreement has been reached with the interested authorities regarding many issues during the co-ordination process, therefore, the draft was examined repeatedly in the meeting of the State Secretaries of 19 June 2008 (minutes No. 24 42.§) and further progression of the draft law was not supported until the conception regarding the relevant legal regulation is developed. The draft law was revoked and the work of development of the conception is being carried out. The draft of the referred to conception will be advanced for examination in the Cabinet in the second half of 2009, afterwards, the progression of the draft law "Amendments to the Law on Prevention of Conflict of Interest in Activities of Public Officials" will be renewed.

On 3 May 2005 the Regulation No. 310, Regulation On the Position Classification System and Procedures for Position Classification in State Institutions of Direct Administration, was approved in the Cabinet. Position classification has been performed in State institutions of direct administration on the basis of the Regulation which was the first stage in the establishment of a unified remuneration system.

On 20 December 2005 the Regulation No. 995, Regulation On the System of Work Remuneration and Qualification Levels of Civil Servants, Employees and Officials of Institutions of Direct Administration and Employees of the Central Electoral Commission and the Central Land Commission, as well as Allowances and Compensation for Civil Servants, was approved in the Cabinet, which formed the second stage in the establishment of the unified remuneration system.

Anti-corruption measures have been developed in the most part of the State institutions, as well as internal control systems have been established for prevention of corruption.

From 1 November 2007 the Court Information System ensures automated case distribution system in courts the purpose of which is to ensure matter distribution by the principle of randomness and to even up the load of judges.

By improvement of the CPCB inspection performance abilities, the cases when officials perform activities in the situation of the conflict of interest have become significantly more rare. However, such trend is observed only under external control influence and in the long run when these employees will understand that the control is impossible or hard to be performed in a certain field, there is a greater risk that personal interests could dominate over a duty to work for the public.

At present, the work for evening of remuneration is being done in the third stage. In accordance with Paragraph 3 of Transitional Provisions of the Law on Remuneration of Officials and Employees of State and Self-government Authorities in 2009 the Cabinet shall, until 1 June 2009, submit a draft Law to the *Saeima* regarding a unified remuneration system for the officials (employees) of State and self-government authorities.

### **2.2.7. Raising of Judicial Consciousness Among Public Officials and Other Members of the Public on Issues Related to Corruption**

In order to diminish the possibilities that due to ignorance public officials do not observe the restrictions determined for them, 120 informative measures, meetings and seminars have been implemented in the State and self-government authorities during operation of the programme, explaining the norms of the Law on Prevention of Conflict of Interest in Activities of Public Officials, recommending the authorities to strengthen internal anti-corruption measures and improve professional ethics of public officials covering audience of approximately 4500 persons in total.

During implementation of Corruption Prevention and Combating State Programme 2004-2008 the School of Public Administration in co-operation with CPCB has prepared an educational programme for public officials which promotes corruption prevention (manuals, methodology), as well as the lecture courses have been prepared which have been lectured in higher educational establishments. The CPCB in co-operation with the SRS has ensured training measures for public officials of self-governments of Latvia.

Judgements adopted by the Administrative District Court, Administrative Regional Court and the Department of Administrative Cases of the Supreme Court Senate are available free of charge on the court portal [www.tiesas.lv](http://www.tiesas.lv).

The Bureau has prepared informative and educational materials for public officials: Manual for Self-government Officials in Prevention and Discovering of Conflict of Interest; Guidelines for Police Officials, Public Servants, Public Officials of Capital Companies and Ports in Prevention of Conflict of Interests; a booklet „Restrictions for Acceptance of Gifts" and a sign to be hung on the door "Please, do not disturb with gifts and bribes!"; a booklet "Ethics in Activities of Public Officials", as well as a collection of public administration ethics materials in the format of a compact disc.

In 2004 the Bureau together with the Centre for Public Policy "Providus" developed a booklet "System for Financing of Parties in Latvia" the purpose of which was to provide the

information in a clear way regarding the procedures for financing of parties in Latvia, regarding the restrictions for income and expenditure of parties and the way, in which the parties shall report the public regarding income and expenditure thereof.

In order to extend the ways for informing the public, the possibility to ask questions to the specialists regarding corruption or prevention of a conflict of interest either openly or anonymously is ensured on the internet homepage of the CPCB.

In order to draw attention of inhabitants to immoral essence of corruption, to create negative associations and attitude towards corruption and to demonstrate that the corruption is facilitated by each briber and bribe-taker, as well as in order to promote the discussion in the public regarding this problem, in 2007 the first voluminous anti-corruption social advertising campaign with a motto "Corruption is prostitution of the power" was implemented and other campaigns of public relations were performed.

The objective of measures for educating the public was to change the attitude of inhabitants towards bribery, taking into account the fact that 39% of inhabitants would be ready, to a lesser or greater extent, to bribe a public official (in 2005 - 49%). Assessing the reasons due to which a bribe could be given, it shall be concluded that they are the following – faster examination of an issue (36.4 %), guarantee regarding solving of a problem (32.4%) and assurance regarding desirable solution of an issue or problem (29.9%).

In order to assess the spread of administrative corruption in the country, the attitude of inhabitants towards corruption, readiness to involve in corruptive relations, a research of public opinion had been performed several times during the implementation of the programme, once also examination of the knowledge of public officials took place.

### **2.3. Analysis of Corruption Prevention and Combating Environment**

Taking into account the fact that corruption prevention and combating measures have very wide context in terms of political and public opinion and socio-economic situation, it is necessary to perform PEST (political, economic, social and technological environment) analysis, as well as analysis of legal aspects. Thus, it is possible to underline also those issues related to corruption prevention and combating which are outside the range of issues to be solved within the framework of one policy.

#### **2.3.1. Political Aspects**

Since accession to the European Union anti-corruption policy of Latvia is not one of the main priorities of the government anymore, although attention is still paid to certain corruption prevention aspects. Several tasks have been formulated in the government declaration which attest to determination of the government to perform activities in improvement of normative regulation of penalty policy and procedures for financing of political parties, as well as in the development and implementation of Corruption Prevention and Combating State Programme, emphasizing corruption risk exploration and reduction in the State authorities. The Cabinet performs monitoring of the Corruption Prevention and Combating Bureau, assessing the reports regarding operation thereof twice a year, controlling the action of the Director of the Bureau in administrative issues and, in case of necessity, organising a director selection procedure.

However, the improvement initiatives of regulatory enactments offered by CPCB for corruption risk reduction in many fields have been rather rarely supported by the government. A draft Law on Lease of State and Self-government Property after improvement thereof for several times and repeated submission to the Cabinet, was transferred to the Ministry of Finance in order for the Ministry of Finance to be a responsible authority in the progress of the draft in the future. For several conceptions developed by the CPCB the Ministry of Justice and the Ministry of Finance not CPCB are determined as the authorities responsible for the

implementation thereof in the Cabinet. During several years the CPCB advanced the draft Law on Prevention of Conflict of Interest developed by it which was not supported by the government and was revoked. The CPCB developed draft laws „Amendments to the Criminal Law” and „Amendments to Latvian Administrative Violations Code” which intended sanctions in relation to "black cash desks" of political parties. The draft law „Amendments to Latvian Administrative Violations Code” is being put forward for examination in the *Saeima*, however, the draft law „Amendments to the Criminal Law” has been „frozen” in the Cabinet.

Several tasks in the field of corruption prevention arise from international requirements. It is provided for in the UNO Convention against Corruption to establish a mechanism for assessment of introduction of the requirements of cross-border conventions. Since 2006 Latvia participates in the development of such mechanism, on the basis of previous work in GRECO and taking into account the experience accumulated by Latvia. Support is expressed to such assessment mechanism which would allow to assess the achievements and also existing deficiencies, introducing UNO Convention, as well as which would be directed not only to establishment of regulation and authorities, but also to assessment of application of practical norms and successful work of the authorities.

The CPCB has developed several draft regulatory enactments on the basis of GRECO requirements, including, a draft law „Amendments to the Law on Prevention of Conflict of Interest in Activities of Public Officials” has been developed (examined in the meeting of the State Secretaries of 6 December 2007, minutes No. 48 35.§) and submitted for examination to the Cabinet, which clarified the duties and responsibility of the heads of institutions for the implementation of the requirements for prevention of the conflict of interest in the authority. However, the draft law was revoked for further progression in accordance with the objection of the Ministry of Justice that for the development of such a draft law the conception is necessary.

The financing of parties in Latvia is characterised by private financing sources and insignificant State financing in the form of pre-election transmission time in the Latvian Radio and Latvian Television. Widely extended campaign in radio and television, which is comparatively expensive, requesting large financial resources, is characteristic to pre-election canvassing. Besides, influencing of voters choice with techniques characteristic to advertising, not by educating and informing a voter, is characteristic to pre-election canvassing. Thus, the amount of financing has a greater importance in the pre-election competition among parties than the content of pre-election canvassing, programmes of the parties and ideology represented by it. The referred to causes financial dependence from private donations what increases a risk to become dependent on the requirements defined by the donors. In its turn, it causes a risk that the opinion of voters, also the opinion of majority of voters may not be listened to and a crisis of confidence may form among parties, political officials and voters.

It promotes low confidence to legislators and executive power, diminishing belief that decision are taken in favour of the public. There is a catastrophically low confidence of the public to the parliament and government<sup>9</sup> in Latvia, comparing to other European Union states. It prevents from strengthening participation culture when the public actively requests the responsibility of politicians and political culture prevent unfair action. The voters of Latvia do not have the right to dismiss the *Saeima* also in such cases when the representatives of the people have lost trust of the public.

The CPCB is actively working also with embodying of the principles of ethics in the authorities. The necessity for development of the norms of ethics in the authorities arises, for example, from the Order of 28 July 2008, Regarding Conception "Necessity for Legal Regulation of Lobbying in Latvia", where it is stipulated in Paragraph 6 that the ministries and other State central institutions shall, until 1 November 2008, ensure the development of the norms of ethics in compliance with the principles referred to in Sub-paragraph 7.3.1 of the Conception and implementation thereof in the authorities. If certain traditions of professional

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<sup>9</sup> <http://www.knab.gov.lv/lv/education/publication/articles/article.php?id=3536>



ethics have already been strengthened in many executive authorities and public service, then in political environment they are accepted gradually and the Code of Ethics of the *Saeima* was adopted only in 2006, while the Cabinet does not have such still.

Taking into account all the abovementioned, the interaction of the State administration processes and political parties shall be actual problematic issue in the public, for example, in respect of boards and councils of capital companies and in respect of distribution of financing to self-governments. At the same time, the present political culture allows for the situation when the leading political parties violate the laws, for example, regulations for financing of political parties and pre-election canvassing, approved by themselves.

At the end of 2008 the work for improvement of the remuneration system, replacement of management contracts with clear conditions of remuneration was commenced, the possibility to grant the right to certain officials to combine even more than ten offices by the Cabinet decision was prevented. In this field the Cabinet Regulation No. 926 of 8 November 2008, Amendments to the Cabinet Regulation No. 955 of 20 December 2005, Regulation on the System of Work Remuneration and Qualification Levels of Civil Servants, Employees and Officials of Institutions of Direct Administration and Employees of the Central Electoral Commission and the Central Land Commission, as well as Allowances and Compensation for Civil Servants, was adopted in the Cabinet, as well as the draft Cabinet Regulation, Amendments to the Cabinet Regulation No. 704 of 16 December 2003, Regulation Regarding Number of Members of Boards or Councils of State or Self-government Capital Companies, Remuneration for Members of Councils and Boards, Remuneration for Representative of a Holder of State or Self-government Capital Shares and a Responsible Employee, and the draft law, Amendments to the Law on State and Self-government Capital Shares and Capital Companies, were examined in the meeting of the Cabinet of 11 November 2008.

### **2.3.2. Economic Situation**

Growth of consumer prices (inflation) promotes the increase of criminality in all fields – more petty larcenies are occurring at sales places, number of thefts increases at public places and private person property. During the first six months of 2008 28 451 criminal procedures were registered in the State Police what is for 780 more than in the previous year at the same time period, according to the information compiled regarding the criminal situation in the State and activity of the police in the first half of the year. It is forecasted that growth of cost of living and decrease of salaries, and consequently - deficiency of income, will decrease the level of living of public officials. In order to compensate it, the growth of administrative corruption is possible, first of all, in those fields where salary of employees are retained rather low and the powers of officials are related to performance of supervision and control.

In 2007 salaries were increased for a large part of employees of the authorities, as a result of which it had been possible to make up the staff in several law-enforcement institutions and create even certain competition to positions in these institutions. Selecting the best applicants for work in the State administration, the possibilities of corruption are reduced. However, economy measures introduced in 2008 and 2009, which provide for an opposite process, have increased the corruption risk in these authorities again.

### 2.3.3. Social Factors and Culture Environment

Different researches approve that consumer society is dominating in Latvia where there is a very high cult of material values and conviction that it is impossible to achieve your material targets with fair work. Therefore, corruptive action of officials is not sufficiently condemned.<sup>10</sup>

By the development of market economy values orientation of inhabitants has changed. „Material welfare is still the most essential aspect for the quality of life, and it is underlined by a clear trend of the questionnaire data; (..) In a common scale of values personal life is assessed as significant – family and home; but positive progress is very different at present; if construction and renovation of apartments is very fast (close relation with material growth is apparent), then the development of family ties is delaying and ethic values do not become a determinant.”<sup>11</sup> 39 per cent of inhabitants have an opinion - „in order to gain success, unfairness has a great importance" (for 25 per cent it is hard to say, whether it has any significance) and 65 per cent agree that „one cannot become rich by fair work”<sup>12</sup>. These data match with the data of sociological questionnaires regarding readiness of inhabitants to use bribery, in order to deal with their affairs in State or self-government authorities. In a questionnaire carried out in 2007 still 39% per cent of inhabitants admitted that they were ready to bribe, if such necessity would arise.

### 2.3.4. Technological Environment

Using information technologies it is possible to improve internal control systems and risk analysis mechanisms.

For example, until now the Electronic Procurement State Agency has been established for maintenance and development of electronic procurement system which is the authority of centralised procurements within the meaning of the Public Procurement Law and which in accordance with Paragraph 1 of the Cabinet Regulation No. 689 of 10 November 2008, Regarding Reorganisation of Electronic Procurement State Agency” was reorganised by 1 January 2009, by joining it to the Secretariat of the Special Assignments Minister for Electronic Government Affairs. Administrative load is diminished for entrepreneurs and the transparency of procurement process is ensured. According to the data of the Procurement Agency, during three years since such system is operating, in performing State procurements, the reduction of prices for 7.9% was achieved and the total economic benefit has been LVL 266 389 during the time period from 2005 to 2007.

Different e-government initiatives are being implemented, e-signature is being popularised, different information and communication technologies are being applied in more and more varied ways, however, the advantages of technologies in reduction of corruption risks are not being evaluated.

Although the Cabinet Regulation No. 199 of 20 March 2009 (minutes No. 19, §14) provides for the reorganisation of the Secretariat of the Special Assignments Minister for Electronic Government Affairs by joining it to the Ministry of Regional Development and Local Government, e-government policy will be implemented and the ministry will ensure the fulfilment of functions of the Secretariat in the future.

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<sup>10</sup> Quality of Life Index of Inhabitants of Latvia. Report of the Working Group of Strategic Analysis Commission, [http://www.president.lv/images/modules/items/PDF/item\\_598\\_Dzives\\_kval\\_indekss.pdf](http://www.president.lv/images/modules/items/PDF/item_598_Dzives_kval_indekss.pdf), 2006, 24.1pp.

<sup>11</sup> Quality of Life Index of Inhabitants of Latvia. Report of the Working Group of Strategic Analysis Commission, [http://www.president.lv/images/modules/items/PDF/item\\_598\\_Dzives\\_kval\\_indekss.pdf](http://www.president.lv/images/modules/items/PDF/item_598_Dzives_kval_indekss.pdf).

<sup>12</sup> Latvia. National Human Development Report 2006/2007. Human Capital: My Gold is My People? LU, SPPI, page 74.

### 3. Formulation of Problems Requiring Implementation of Definite Government Policy

#### 3.1. Insufficiency of Control of Activity of Political Parties and Associations Thereof Allows Certain Persons or Economic Groupings to Implement the Influence on Adoption of Political Decisions

In Latvia pre-election canvassing in mass media is the main weapon of political parties in the political battle for power. Unlike other countries where prohibition of paid political commercials in television exists (Belgium, France, Ireland, Italy, the Netherlands, Norway, Portugal, Sweden, Switzerland, Great Britain and Japan), in our country pre-election canvassing cost in television makes a large part of pre-election expenditure of the parties for placement of canvassing. It has been proved in pre-election practice that it is the most efficient type of convincing the voters, because numerous repeated adulations of politicians on TV significantly increase the number of supporters in elections and influence the voters who do not follow political processes in the country on regular basis. Thus, the communication with the public during pre-election periods has only a formal character.

Mass media still has a great influence on the establishment of public opinion in Latvia. There is a high level of media freedom in Latvia, what is approvingly assessed on international ratings. However, in accordance with *Freedom House* report of 2008, after rough intervention in the activity of the Latvian Television the freedom of media in 2007 was been evaluated for 0.25 points lower than in 2006, when it was assessed with 1.5 points (the highest assessment – 10 points). Essential deficiency is publicly unavailable information regarding owners of media.

Vjačeslavs Dombrovskis, a researcher of the Baltic International Centre for Economic Policy Studies, *Political Connections and Firm Performance: The Latvian Way*, in performing analysis of connection between political forces and entrepreneurs in Latvia, noted that „Some critically-minded people argued that, although politicians are elected by the voters, they mostly cater to the interests of small but well-organized business groups. They do so by using their legislative and executive powers to protect the business interests of these groups, and create profit opportunities for them. When the election time comes, business groups use these profits to finance expensive election campaigns that help these politicians to get re-elected.”<sup>13</sup>

Within the framework of pre-election canvassing control it was determined that broadcasting organisations and media agencies implement unequal price policy in relation to different political parties. Justifying such action with special market conditions or different time of purchase of transmission time, significant discounts are granted for definite political parties for purchase of transmission time during pre-election period. Such situation is in contradiction with the recommendations of the European Council which provide that „in member States where political parties and candidates are permitted to buy advertising space for electoral purposes, regulatory frameworks should ensure that the possibility of buying advertising space should be available to all contending parties, and on equal conditions and rates of payment.”<sup>14</sup>

Moreover, the Department of Administrative Cases of the Supreme Court Senate has concluded in the decision of secondary importance of 3 November 2006, that "the competence has not been granted for the State administration institutions to prevent violations of restrictions for certain pre-election expenditure of political organisations during pre-election period", and decided „to pay attention of the Cabinet to the necessity to establish efficient

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<sup>13</sup> Dombrovskis V.2008., *Dangerous Liasons*, BICEPS, <http://www.politika.lv/index.php?id=15481>

<sup>14</sup> Council of Europe Recommendation Nr. R (99)15

mechanism for control of rule of law of the process of election appropriate for a democratic state".

### **3.2. State and Self-government Property, Financing Granted by Foreign States, as well as Financial Resources and Property in the State and Private Partnership Projects are Used Uselessly or Violating Legal Norms**

Although mass privatisation process is already completed in the country, very large amount of property is still at the disposal of the State and self-government authorities which is necessary to be managed. Moreover, the State budget has significantly increased during the last years, very expensive and capital-intensive projects are being implemented and, upon setting of economic weakening in the country, more intense competition regarding availability of public resources is forming. At the same time, the urgency of supervision of the activities of officials is determined also by the beginning of new period for uptaking of the European Union Structural Funds.

The economist V.Dombrovskis in his research *Political Connections and Firm Performance: The Latvian Way*,<sup>15</sup> has concluded, that „politicians use their office to create monopoly power – by creating barriers to entry, making life difficult for competitors, and often simply by consistently favouring connected firms. Economists have called it the production of *rents*".

A new co-operation model of public sector and private commercial companies – public private partnership (hereinafter – PPP) is being introduced gradually for the development of the national economy. Public partners commence to implement PPP projects, performing a research and financial-economic calculations (thus, analysing whether PPP is more profitable than traditional procurement), however, PPP agreements entered into are comparatively few.

At present the process of PPP is not regulated in one separate law, but in several laws - in the Concessions Law, Public Procurement Law, Commercial Law and other regulatory enactments, thus, dispersing the control mechanism in several regulatory enactments.

Taking into account more and more increasing interest in the State authorities and private sector regarding the possibilities provided by the public and private partnership in the ensuring of qualitative services and infrastructure projects, the Draft Public and Private Partnership Law was developed which was supported by the Cabinet on 17 February 2009 and at the present moment it is being prepared for the second reading in the *Saeima*. The draft law provides for regulation of both the contractual PPP (concession and partnership purchase agreement) and institutional (establishment of joint-venture companies) partnership.

As a public private partnership causes a long-term financial obligations for the State and self-government and permanent source of income for a private partner, then the risk of personal material interest or conflict of interest of officials responsible for adoption of decisions is very high, therefore, adoption of new PPP law shall be facilitated, thus, determining a joint access to all PPP projects and uniform control mechanism for selection of a private partner.

### **3.3. Due to Deficiencies in Control System of Income Property Status of Public Officials, Public Officials Gain Illegal Income and Legalise It, as well as Act in the Situation of Conflict of Interest**

The possibilities for control of income of officials are limited, because regulatory enactments developed by the initiative of CPCB which provided for declaration and control of property status of all inhabitants have not been adopted. In such situation the use of proceeds of crime in the implementation of corruptive criminal offences has not been eradicated, what

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<sup>15</sup> Dombrovskis V. 2008., *Dangerous Liasons*, BICEPS, <http://www.politika.lv/index.php?id=15481>

burdens the investigation of corruptive criminal offences, besides, laundering of financial resources and property obtained as a result of corruption is possible.

Interpretation of certain issues of the Law on Prevention of Conflict of Interest in Activities of Public Officials is still unclear for public officials, therefore, supervision, control and educating of public officials shall be continued, improving the regulation in case of necessity.

Manifestation of patronage<sup>16</sup> is also observed in the public administration of Latvia. Non-transparent personnel policy on the higher level of executive power, including changeability of officials along with the change of political governance, management contracts, in which the remuneration rate is not related to the average indicators in the State administration, huge compensations were disbursed for leaving a position, etc.. However, on 1 January 2009 the Cabinet Regulation No. 1067 of 22 December 2008, Regarding Repeal of the Cabinet Regulation No. 46 of 21 January 1997, Regulation Regarding Management Contract, has come into force. Section 5, Paragraph two, Clause 3 of the Law on Remuneration of Officials and Employees of State and Local Government Authorities in 2009 determined that upon coming into force of this Law, management contracts are not entered into and the entered into management contracts shall be considered as terminated.

Non-regulated relations of the State and self-governments economically negatively affect the development of many self-governments. Several researchers conclude that sometimes the State investments in self-governments are performed, if the administration of self-governments belongs to political parties belonging to the leading position. Although the project selection procedure is determined in the Cabinet which is observed on the level of executive power, when the draft law reaches the *Saeima*, it is being changed in compliance with the regional interests of political parties.<sup>17</sup>

### **3.4. Requirements for Internal Anti-corruption System and Ethics in the State Administration and Self-governments do not Ensure Reduction of Possibilities for Corruption, Knowledge of Public Officials Regarding Requirements of Corruption Prevention and Professional Ethics are Still Insufficient**

Although the plans for anti-corruption measures have been developed in the most part of the State authorities, as well as the internal control system for corruption prevention have been established, in assessing the internal anti-corruption control system introduced in the authorities, it can be concluded that only certain basic elements thereof have been introduced - essential corruption risks have been assessed, by-laws have been approved or certain control measures of employees have been implemented.

The management of many authorities fail to undertake the responsibility regarding ensuring of regular anti-corruption measures, systematic updating of corruption risks is not being performed in the authorities, employees are not being informed and educated regarding requirements of regulatory enactments and ethics, career growth and remuneration is not influenced by committed violations of different type, persons are employed permanently in corruption risk positions without application of rotation, decisions adopted are not examined repeatedly or other systematic corruption prevention measures are not performed. Therefore,

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<sup>16</sup> In the publication *Latvija. Pārskats par tautas attīstību. (2004/2005. UNDP Latvija. LU, SPPL)* the expression of patronage in self-governments of Latvia is characterised in two ways: assigning of representatives of the leading parties of a self-government in the management of the self-government authorities and undertakings and supporting of the self-government projects on the level of national authorities – the *Saeima* and the Cabinet. The first form of the patronage has gained wide spread in large self-governments (mainly of the cities) and there is no basis to think that it is facing sharp refusal from the public. There are also many proofs for the existence of the second form of patronage.

<sup>17</sup> Iveta Kažoka. Institutional Obstacles to Fair Policy in Latvia. Report Regarding Corruption and Anti-corruption Policy in Latvia. No.6. Second half year of 2007, Centre for Public Policy *Providus*, 2008, page 34.

the CPCB has to carry out large-scale educating work and provide methodological assistance in the implementation of anti-corruption measures.

In order to ensure protection of a reporter (a person, who reports regarding violations of regulatory enactments in the authorities), it is necessary to develop relevant amendments to certain regulatory enactments, for example to the Law on Prevention of Conflict of Interest in Activities of Public Officials. The necessity for introduction of protection system for reporters is also one of GRECO recommendations.

### **3.5. Tolerance of Inhabitants Towards Corruption, Weak Understanding Regarding Inadmissibility of Corruption and Negative Consequences Thereof Promote Spread of Corruption**

Public opinion regarding the wish of public officials to combat corruption has become more critical – comparing the data of 2007 to the results of research of 2005, assessment has decreased in the scale of 10 points from 3.38 in 2005 to 3.27 in 2007.<sup>18</sup>

However, such social factors as inhabitants' distrust of the State administration, disloyal attitude towards adopted laws, comparatively large tolerance towards corruption<sup>19</sup> and non-payment of taxes, secure a conviction in some part of the public that bribery may still solve all matters in the State administration. A significant factor is also the lack of knowledge regarding negative consequences and responsibility for corruptive action, as well as regarding participation possibilities in decision-making processes.

Case law is gradually changing, in examining criminal offences in the service of State authorities, and persons guilty for corruptive violations of rights are punished more often even with real deprivation of liberty. Courts more and more apply property confiscation which is very efficient type of punishment. 262 persons were sentenced for criminal offences "in the service of the State authorities" during the time period from January 2005 to 25 November 2008, including property confiscation was adjudged to 31 person as additional punishment<sup>20</sup>.

However, still rather critical opinion is expressed in the compilation of case law issued by the Supreme Court: „Case law has not appropriately assessed and observed harm of criminal offences not related to violence, especially harm of office-related criminal offences. Although criminal offences committed by officials cause great harm to the State administration, punishments to be adjudged to violators usually are rather light<sup>21</sup>

Thus, informing and educating of the public and public officials is of special importance. Moreover, these measures shall take place along with continued analysis of the situation and researches regarding more essential problems.

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<sup>18</sup> Attitude of inhabitants towards corruption, questionnaire of the inhabitants of Latvia in November and December 2007 [http://www.knab.lv/uploads/free/aptaujas/aptauja\\_2007\\_pieredze.pdf](http://www.knab.lv/uploads/free/aptaujas/aptauja_2007_pieredze.pdf)

<sup>19</sup> Public opinion questionnaires indicate to insufficiently intolerant attitude of inhabitants towards corruption. 39% of inhabitants still specified in a questionnaire, which was carried out in 2007, that they could agree to bribe an official, if he or she helped to solve some important issue.

<sup>20</sup> Court Information System (CIS), Statistical Report of Criminal Laws: number of persons sentenced and punishment adjudged.

<sup>21</sup> Supreme Court of the Republic of Latvia. Practice for application of punishments by regional courts as a court of first instance and the Chamber of Criminal Cases of the Supreme Court as a court of appeal instance, approved by the decision of 1 July 2008 of the general meeting of the judges of the Chamber of Criminal Cases of the Supreme Court Senate, page 51.

### **3.6. Performance of Administrative Procedures in the State and Self-government Authorities is Related to Needless Administrative Load on Natural and Legal Persons, There Is Lack of Information Regarding Activity of the State and Self-government Authorities**

Procedures non-complying with good management principle not only impose needless load upon an individual, as well as the State and self-government authorities, but also influence the attitude of the public towards the State and self-government authorities, diminish trust in them.

The most essential deficiency is lack of information and non-transparency of activities performed by the State and self-government authorities.

The development of information and communication technologies facilitates the improvement of data and information exchange, the quality, transparency and accessibility of State administration services. Electronic services which provide automatic data exchange between information systems of institutions or information systems of inhabitants and institutions, diminishing direct contact of persons, are being established. Procedures without direct contact with a person influence also exclusion of corruption possibilities, as well as ensure more efficient, economic and open work of the State administration.

Therefore, it is necessary not only to continue the introduction and development of e-governance, but also to stress the advantages of technologies in reduction of corruption risks.

At the same time, by enlargement of application of information and communication technologies and the range of users, the issues to be solved in respect of information security and protection and access rights become current.

### **3.7. Continued Examination of Matters in Courts and Low Trust in Judicial Power and Quality of Activity Thereof Promotes the Spread of Corruption in Courts**

There is very low trust in judicial power in Latvia comparing to other European Union states. In a research performed by the CPCB in 2007 in assessing the possible corruptibility of judges only 14% of respondents have recognised the representatives of judicial power as honest. Although the spread of corruption is not wide or systematic in courts, certain cases of corruption have been detected within the framework of investigations performed by the Bureau. The office of judge is subject to corruption risk more than other offices due to several objective reasons – judgements are very important in solving essential issues, taking of decisions often takes place singly under circumstances of comparatively wide freedom of action, the immunity granted to judges reduces the control and monitoring possibility.

Such administrative obstacles as continued examination of cases and possibilities to defer decision-making often create unclear judicial situation and may promote a wish of persons interested in the legal proceedings to bribe judges and other officials of judicial power. Under such circumstances the ethics and independence of an individual judge has a great significance, however, case law proves that the Disciplinary and Ethics Commission of judges has limited powers to promote judicial power to dismiss judges, the decisions of which are not qualitative or the action of which reduces trust in objectiveness of judicial power. A part of judges has weak understanding even regarding requirements of certain norms of the Law on Prevention of Conflict of Interest in Activities of Public Officials.

Already in 2006 the Economic and Social Council of the United Nations Organisation recommended the member states to consider the possibility to adopt regulations for representatives of judicial power in compliance with the law system thereof, which are similar to Bangalore Principles of Judicial Conduct, however, such action has not been taken in Latvia.

Another problem is financial and administrative dependence of judicial power on executive power, what fails to ensure sufficient independence of this branch of power. There

is no organisational and co-ordinating authority in Latvia which would be able to assess the problems of the system and provide proposals for new initiatives and in which representatives of all fields of legal system would be included. There is a political management – a minister who manages the system, there is a court which operates independently, the Court Administration, the institution of direct administration subordinate to the Minister for Justice which organises and ensures the administrative work of district (town) courts, regional courts and Land Registry offices, but all these representatives do not form united joint policy of the system.

### **3.8. High Latency of Criminal Offences in the Service of the State Authorities, as well as Case Law in Relation to Criminal Offences in the Service of the State Authorities Creates a Feeling of Impunity of Persons Involved in the Corruption**

Crimes related to bribery are latent (hidden): except for cases of blackmailing of a bribe, the both parties – the briber and bribe-taker gain benefit and are interested that the criminal offence is not discovered. Besides, usually there are no witnesses for such activities. Although as a result of active operation of law-enforcement institutions there is rather stable trend during the last five years - the number of registered cases of bribe appropriation, intermediation in bribery and bribes increases, however, it is necessary to perform improvements also in the field of corruption prevention - to supplement the methods for discovery of criminal offences in the service of the State authorities, as well as to improve the investigation work.

In compliance with GRECO assessment, now the provisions specified in the Criminal Law of Latvia in relation to bribery cause several uncertainties and contain certain contradictions, as well as deficiencies, in relation to the requirements of the Criminal Law Convention on Corruption and Additional Protocol thereof<sup>22</sup>

The CPCB has developed several draft regulatory enactments on the basis of GRECO requirements, including, the draft law „Amendments to the Law on Prevention of Conflict of Interest in Activities of Public Officials” has been developed (examined in the meeting of the State Secretaries of 6 December 2007, minutes No. 48 35.§) and submitted for examination to the Cabinet, which provided to clarify the duties and responsibility of the heads of institutions for the implementation of the requirements for prevention of the conflict of interest in the authority. However, the draft law was revoked for further progression in accordance with the objection of the Ministry of Justice that for the development of such a draft law the conception is necessary.

As the countries more and more recognise that corruption is a significant problem, new specialised anti-corruption institutions and structural units are established. As the combat against corruption becomes an international problem, it is essential for the Bureau to activate co-operation with similar services abroad, as well as it shall be able to involve in the most varied co-operation projects which ensure the possibility to take over the good practice of the activity of the authorities of other countries. It is also important to ensure complete introduction of international standards in the field of corruption combating, thus, incorporating into the international anti-corruption environment.

Case law is gradually changing, in examining criminal offences in the service of the State authorities, and more often persons guilty for corruptive violations of rights are punished even with real deprivation of liberty. Courts more and more apply property confiscation which is very efficient type of punishment. 307 persons were sentenced for criminal offences "in the service of the State authorities" during the time period from January 2005 to 25 November 2008, including 35 women<sup>23</sup>.

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<sup>22</sup> GRECO Third Round Evaluation Report „Report Regarding Criminal Liability for Corruptive Criminal Offences", adopted in 39th Plenary Meeting of GRECO in Strasbourg, 6-19 October 2008.

<sup>23</sup> Court Information System (CIS).



It must be mentioned that regional courts and also the Chamber of Criminal Cases of the Supreme Court usually consider that the penalty which is not related to isolation of a person from the society shall be applied for criminal offences in the service of the State authorities. The courts attach too great importance to the fact that the former public official is characterised positively, that he or she has dependent children, that he or she has not been previously punished, although it is clear that being punished he or she could not be a public official. Data characterising a person shall be taken into account in determining a punishment, although there is no basis to exaggerate the significance thereof. At the same time, the courts usually fail to indicate the facts that a person who has committed white collar crime has caused damage to prestige of the State authorities, that the trust of inhabitants in the State authorities has been destroyed, that the interests of the State administration have been endangered.”<sup>24</sup>

#### **4. Basic Principles for the Corruption Prevention and Combating Policy**

State policy in the field of corruption prevention and combating is formed on the basis of the following principles:

- 1) observance of lawfulness;
- 2) ensuring of good management;
- 3) political neutrality;
- 4) systematic and complicated approach to corruption combating; and
- 5) unavailability from responsibility of public officials for violations.

#### **5. Objective and Sub-objectives of the Policy**

Overarching objective of the corruption prevention and combating: „To ensure the use of power entrusted to public officials in good faith and lawfully in the interests of the State and the public.”

Sub-objectives of the policy:

5.1.1. to improve the control of financial activity of political parties and associations thereof;

5.1.2. to ensure useful and lawful action with the State and self-government property, including use of the financing granted by the European Union and other international organisations, as well as foreign countries;

5.1.3. to limit action of public officials in the situations of conflict of interest, as well as to restrict the possibilities of money laundering for public officials;

5.1.4. to improve internal anti-corruption systems and strengthen ethics in the State and self-government institutions; to improve the knowledge of public officials regarding corruption prevention requirements;

5.1.5. to diminish tolerance of inhabitants towards corruption, weak understanding regarding inadmissibility of corruption and negative consequences thereof;

5.1.6. to strengthen good management principle in the activity of the State and self-governments;

5.1.7. to ensure timely and qualitative examination of cases in courts; and

5.1.8. to improve the possibilities for combating of criminal offences in the service of State authorities, to improve case law in criminal matters regarding criminal offences in the service of the State authorities.

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<sup>24</sup> The same source, page 131.

## 6. Outcomes, Outputs and Performance Indicators

Outcomes and indicators.

Indicator	Performance indicator	2007	2010	2013
Public officials act lawfully and in good faith in their activity, and they use the power entrusted to them only in the interests of the public – in equal, useful and lawful manner.	Control of corruption indicator <sup>25</sup> <i>(The amount in which the power granted to officials is used for gaining of personal benefit is measured. The indicator covers both bribery in small amount and large-scale corruption, and the State theft indicators. The indicator is expressed as percentile rank within the context of other countries in the comparative analysis of the World Bank.)</i>	66	69 (in 2009 <sup>26</sup> )	72
The efficiency of investigation of criminal offences increases, therefore, the conviction of inhabitants and public officials regarding unavailability of punishment is strengthened.	Rule of law indicator <sup>27</sup> <i>(The amount, in which individuals have a conviction and tendency to obey public norms/legislation, including in relation to activity of law-enforcement authorities, is measured.)</i>	65,7	70	75
The conviction regarding reduction of the spread of corruption in the State increases in the society in general.	Corruption perception index. <sup>28</sup> <i>(Assessment in 10 point system, where „10” means „no corruption”, and „0” – „heavy corruption”.)</i>	4,8 (2008 – 5.0)	5,2	5,4

### Outputs and Performance Indicators

Taking into account that definite tasks and measures have been planned in "Corruption Prevention and Combating State Programme 2009-2013" for achievement of results in each of the directions of action, only more general results are referred to in this document. Therefore, detailed performance indicators, including indicators in relation to regulatory enactments, planning documents, methodologies, guidelines and reports and similar, are included in the programme for each task and measure.

<sup>25</sup> Control of corruption indicator is one of six parameters of the World Bank's international comparative indicator GRICS. GRICS (Governance Research Indicator Country Snapshot) is a complex indicator which is prepared by WBI once every two years and which consists of different variables of several hundreds compiled from the information obtained by 18 different international organisations. More detailed information regarding this indicator is available on the Internet homepage of WB: <http://info.worldbank.org/governance/wgi/index.asp>

<sup>26</sup> The World Bank carries out the measurements of this indicator once every two years.

<sup>27</sup> Rule of law indicator is one of six parameters of the World Bank's international comparative indicator GRICS, (see also reference 3).

<sup>28</sup> Corruption perception index of Transparency International

Result	Performance Indicator	2007	2010	2013
Trust of inhabitants in judicial power increases.	Corruption level in courts (Assessment of inhabitants regarding fairness of courts in respect of corruption, where 1 means "very fair" and 5 "very unfair") <sup>29</sup>	3,6	3,3	3
Improved knowledge of public officials in the field of corruption prevention.	Number of public officials trained by the CPCB	2975	3100	3100
Lawfulness of procurement procedures is ensured.	Proportion (%) of cancelled results of procurements from appealed procurements	* <sup>30</sup>		
Reduced time for examination of matters in courts.	Administrative matters not examined for more than one year at the beginning of the year in the courts of first instance	1287 <sup>31</sup>	1200	1100
	Criminal matters not examined for more than one year at the beginning of the year in the courts of first instance	1005	965	925
By reduction of corruption in the institutions, the trust of the public to the State and self-government institutions increases.	Proportion of inhabitants (%) who trust completely or partially <sup>32</sup> :			
	1. self-governments	48,4	53,2	55,8
	2. ministries and institutions subordinated thereto	28,1	31,4	34,6
	3. the <i>Saeima</i>	19,1	23,1	27,1
	4. the Cabinet	17,1	21,1	25,1
Intolerance of inhabitants towards corruption increases, the inhabitants understand negative consequences of corruption.	Proportion of inhabitants (%) who are ready or rather ready to give a bribe to a public official, if it would be essential in their interests or interests of their relatives and a problem would be solved <sup>33</sup>	39,4	32,4	25,4

## 7. Directions of Action for the Achievement of Objectives and Outcomes of Corruption Prevention and Combating

### 7.1. Improvement of Financing System of Political Parties and Associations Thereof

It is necessary to develop the base of regulatory enactments for financing of political parties and associations thereof from the State budget, to clarify reporting of political parties and associations thereof, to regulate the process of pre-election canvassing, to improve responsibility for violations of regulations for financing of political parties and associations thereof, as well as to ensure efficient control mechanism of political parties and associations thereof, including by ensuring that financial control is performed by an independent State authority.

<sup>29</sup> „Attitude of inhabitants towards corruption", questionnaire of the inhabitants of Latvia performed by SKDS in 2007.

<sup>30</sup> Information is compiled by the Procurement Monitoring Bureau.

<sup>31</sup> Information regarding duration of examination of administrative and criminal matters from the section „Duration of examination of matters" of the Court Information System.

<sup>32</sup> „Attitude of inhabitants towards corruption", questionnaire of the inhabitants of Latvia performed by SKDS in 2007.

<sup>33</sup> „Attitude of inhabitants towards corruption", questionnaire of the inhabitants of Latvia performed by SKDS in 2007.

## **7.2. Ensuring of Equality and Transparency in the Process of Lobbying**

It is necessary to clarify normative regulation determining where and to what extent the information shall be published:

- regarding communication of institutions and self-governments with lobbyists, as well as consultations with natural persons or legal persons of private rights;
- regarding proposals of the members of the *Saeima* and substantiation thereof.

## **7.3. Improvement of Processes for Granting of the State and Self-government Property, as well as Financial Resources**

It is necessary in compliance with identified corruption risks to improve the procedures and improve the control in the following fields for granting of the State and self-government property, as well as financial resources:

- 1) public and private partnership;
- 2) allocation of the State financing to self-governments;
- 3) public procurements; and
- 4) financing of the European Union and other international authorities.

## **7.4. Ensuring of Efficient Control over Activity of Those Public Officials who are Involved in the Processes of Granting of State and Self-government Property, as well as Financial Resources**

It is necessary to determine the range of officials to be controlled according to corruption risks and amount of examinations and to perform selective pre-planned examinations of the activity of public officials in relation to granting of financing of EU and other international authorities and organisations, as well as to ensure signing of objectiveness and confidentiality certifications for officials involved in the granting of financing of the European Union and other international authorities.

## **7.5. Control of the Activity of Public Officials in the Field of Prevention of Conflict of Interest**

It is necessary to clarify in regulatory enactments the range of duties and responsibility of the heads of State and self-government authorities in the field of conflict of interest prevention control.

## **7.6. Improvement of Control System for Income and Property Status of Public Officials**

It is necessary to improve and enlarge the range of those measures which are performed in order to identify efficiently the income of a public official, as well as to determine precisely the property status of a public official, especially in the initial stage of examination or investigation.

## **7.7. Improvement of Internal Control Mechanisms in the State and Self-government Institutions**

It is necessary to study and analyse the practice of authorities in organisation of internal anti-corruption measures, providing the guidelines for improvement of anti-corruption measures, the State and self-government authorities shall continue the work at development and introduction of anti-corruption plans, ensuring that employees of the authority are involved in the establishment of anti-corruption mechanisms.

## **7.8. Improvement of Protection System for Public Officials who Inform Regarding Corruptive Offences**

It is necessary to establish the base of regulatory enactments for protection of those public officials who inform regarding possible conflict of interest of public officials of other relevant authority or other violations of corruptive character in the relevant authorities, as well as regarding corruptive offences which a public official has identified in performing his or her direct duties.

## **7.9. Strengthening of Understanding of Inhabitants Regarding Inadmissibility of Corruption and Negative Consequences Thereof, Promotion of Intolerance Towards Expressions of Corruption**

It is necessary to find out the opinion of the public regarding corruption and the spread thereof, to perform educational measures for promotion of intolerance of the public, as well as to inform the public and mass media regarding implemented anti-corruption measures and disclosed corruption cases.

## **7.10. Educating Public Officials in the Field of Public Administration Ethics, Prevention of Conflict of Interest and Anti-corruption Measures**

It is necessary to ensure training of the heads and responsible officials of institutions regarding identification of corruption risks in the institutions and anti-corruption organisational measures, to ensure consultations regarding issues of ethical action and regarding solving of ethical problems faced in the operation of the institution.

## **7.11. Improvement of the Quality of Services Provided by the State and Self-government Authorities, More Transparency and Efficient Involvement of the Public in Decision-making**

It is necessary to introduce open personal policy based on common principles on the level of higher executive power, in compliance with identified corruption risks to improve and simplify those procedures which are related to service of entrepreneurs or inhabitants. It is necessary to introduce and develop electronic services in order to diminish direct contact possibilities of customers and officials.

## **7.12. Improvement of Quality of Activity of Judges and Prevention of Corruption Risks at Court**

It is necessary to strengthen the procedure for distribution of matters at courts in compliance with corruption risks identified in the court system, to provide proposals for reduction thereof.

## **7.13. Improvement of Possibilities for Disclosure and Proving of Criminal Offences in the Service of State Authorities, Ensuring of Fast and Qualitative Progression of Criminal Procedures**

It is necessary to improve the norms of the Criminal Law in relation to criminal offences in the service of the State authorities, to explain the norms of the Criminal Procedure Law in all authorities which perform pre-trial investigation in the country, by preparing

manuals, methodological instructions and educating the employees, to activate international co-operation with specialised anti-corruption institutions.

## **8. Impact on the State Budget and Self-government Budgets**

Within the framework of the Guidelines it is intended to implement Corruption Prevention and Combating Programme 2009-2013 in which the measures intended for 2009 will be implemented for the relevant authorities within the framework of the granted State budget resources.

The tasks included in the guidelines do not provide for the tasks which would cause direct influence on the self-government budgets.

The authorities shall ensure the implementation of the Guidelines within the framework of the granted budget resources.

## **9. Link with the Priorities Specified in the Development Programmes and Strategies of Planning Regions**

Priority development directions, objectives and tasks for the achievement thereof have been defined for each region in the regional planning documents (development strategies). Although corruption prevention is hardly referred to in direct way therein, it should be noted that horizontal character of anti-corruption policy indicates also regarding a link with these documents. Namely, the most significant development priorities thereof – development of human resources, development of entrepreneurship, quality of services, attraction of investments, etc. - and achievement thereof is linked to great extent with the spread of corruption. Corruption burdens and endangers efficient achievement of the objectives defined by the planning regions.

## **10. Further action**

The Corruption Prevention and Combating Bureau shall develop and submit to the Cabinet the draft Corruption Prevention and Combating Programme 2009-2013 until 1 June 2009 in accordance with the specified procedure for the implementation of the State policy for corruption prevention and combating.

## **11. Reporting and Assessment Procedure**

The Corruption Prevention and Combating Bureau shall co-ordinate implementation of the Guidelines.

Prime Minister,  
Minister for Children, Family and  
Society Integration Affairs

V. Dombrovskis

(Cabinet Order  
No. 326  
of 21 May 2009)

**Summary of Guidelines for the Corruption Prevention and Combating  
2009-2013**

Guidelines for the Corruption Prevention and Combating 2009-2013 (hereinafter – Guidelines) are a medium-term development planning document and continuation of the guidelines approved in the preceding planning period „Corruption Prevention and Combating State Strategy 2004-2008” (approved by the Cabinet Order No. 153 of 9 March 2004, On Guidelines "Corruption Prevention and Combating State Strategy 2004-2008").

The Guidelines have been developed taking into account Task 8 - To Prevent Corruption in the Public Administration Authorities – referred to in Sub-paragraph 4.1.4 „Strengthening of the Ability of the State Administration to Act” of the Latvian National Development Plan 2007-2013 (approved by the Cabinet Regulation No. 564 of 4 July 2006, Regulation Regarding Latvian National Development Plan 2007-2013), in order that all the fields of policy are integrated in the country.

Essential problems have been detected in the field of corruption prevention and combating:

1. Inconsistency between the objectives of the system for financing of parties and the present system.

2. Corruption risk in action with the State and self-government property, as well as in utilisation of the financing granted by foreign countries in public and private partnership projects.

3. Deficiencies of control system of income and property status of public officials and risks of conflict of interest situation.

4. Deficiencies in internal anti-corruption systems in the State and self-government institutions.

5. Tolerance of inhabitants towards corruption, weak understanding regarding inadmissibility of corruption and negative consequences thereof, poor knowledge of public officials regarding corruption prevention requirements.

6. Procedures non-complying with good management principles.

7. Continued examination of matters in courts and low trust in judicial power and quality of activity thereof.

8. The duty to ensure the compliance of regulatory enactments and application practice thereof with the requirements of international agreements.

The main objective of the Guidelines is to ensure the use of power entrusted to public officials in good faith and lawfully in the interests of the State and public.

In order to implement the objective referred to in the Guidelines, the following sub-objectives have been determined: 1. In the field of corruption prevention:

1.1. to improve control of financial activity of political parties and associations thereof, diminishing the influence of certain persons or economic groupings on adoption of political decisions;

1.2. to prevent useless and unlawful use of the State and self-government property, including the financing granted by the European Union and other international organisations, as well as foreign countries;

1.3. to prevent conflict of interest in the activity of public officials, as well as to improve the control of property status of officials, in order to prevent the possibilities to gain illegal income and to legalise it;

1.4. to improve internal anti-corruption systems in the State and self-government institutions;

1.5. to diminish tolerance of inhabitants towards corruption, weak understanding regarding inadmissibility of corruption and negative consequences thereof, as well as to improve the knowledge of public officials regarding corruption prevention requirements;

1.6. to use good management principles, in order to prevent corruption possibilities.

2. In the field of corruption combating:



2.1. to improve combating of criminal offences in the service of the State authorities, attaining faster and more qualitative progress of criminal procedure;

2.2. to improve corruption combating possibilities by developing international co-operation.

On the basis of the defined objectives and identified problems, seven main directions of action have been determined:

1. Improvement of control of financial activity of political parties and associations thereof and arrangement of legal procedure of lobbying, diminishing the influence of certain persons or economic groupings on adoption of political decisions.

2. Ensuring of useful and lawful action with the State and self-government property, including the financing granted by the European Union and other international organisations, as well as foreign countries.

3. Prevention of conflict of interest in the activity of public officials, as well as improvement of the control of property status of officials, in order to prevent the possibilities to gain illegal income and to legalise it.

4. Improvement of internal anti-corruption system in the State and self-government institutions.

5. Diminishing of tolerance of inhabitants towards corruption, diminishing of weak understanding regarding inadmissibility of corruption and negative consequences thereof, improvement of the knowledge of public officials regarding corruption prevention requirements.

6. Introduction of good management principles, in order to prevent corruption possibilities.

7. Improvement of possibilities for corruption combating to ensure fast and qualitative examination of matters.

The achievement of the objectives determined in the Guidelines will be ensured within the limits of the funds allocated from the State budget.

For the achievement of the objectives determined in the Guidelines and prevention of the identified problems, the Corruption Prevention and Combating Bureau will, until 1 June 2009, develop draft development planning document "Corruption Prevention and Combating Programme 2009-2013", in which the measures to be taken, the terms for fulfilment thereof, responsible authorities and the financing necessary for the implementation of the measures will be determined in detail.

Minister for Justice

M.Segliņš