Cabinet Order No. 393
of 16 July 2015

GUIDELINES FOR THE CORRUPTION PREVENTION AND COMBATING

2015 - 2020

(Informative Part)

Corruption Prevention and Combating Bureau
Riga, 2015

Contents

Abbreviations Used

AFCOS	Anti-Fraud Coordination Service in Latvia
MD	Ministry of Defence
UNO	United Nations Organisation
SP	Security Police
ME	Ministry of Economics
EU	European Union
OEDC	Organisation for Economic Cooperation and Development
GRECO	Group of States against Corruption of the European Council
GPO	General Prosecutor's Office
MF	Ministry of Finance
MI	Ministry of the Interior
LGSI	Lotteries and Gambling Supervision Inspection
PMO	Procurement Monitoring Office
LPCI	Law on Prevention of Conflict of Interest in Activities of Public Officials
MEd	Ministry of Education
OPLPC	Office for the Prevention of the Laundering of Proceeds from Crime
CL	Criminal Law
CPL	Criminal Procedure Law
CPCB	Corruption Prevention and Combating Bureau
MW	Ministry of Welfare
LAVC	Latvian Administrative Violations Code
DISS	Defence Intelligence and Security Service
CM	Cabinet of Ministers
NEPL	National Electronic Mass Media Council
NGO	Non-Governmental Organisations (associations and foundations)
FVS	Food and Veterinary Service
CA	Court Administration
MJ	Ministry of Justice
SLI	State Labour Inspectorate
SRS	State Revenue Service
FP SRS	Finance Police of the State Revenue Service
MEPRD	Ministry of Environmental Protection and Regional Development,
SAS	State Administration School
HI	Health Inspectorate
NCE	National Centre for Education
SC	State Chancellery
MH	Ministry of Health
SFS	State Forest Service
SP	State Police
SBG	State Border Guard
MA	Ministry of Agriculture

Explanation of Terms

Corruption: bribery or any other activity directed towards obtaining undeserved benefits for personal needs or for other persons by misusing official position and powers or by exceeding them.

Corruption risk: probability that any of the persons having power or responsibility within the framework of certain authorisation may, intentionally or recklessly, commit a corruption offence.

Corruption crime: criminal offence in the public service, offence set forth by the Criminal Law, Chapter XIX "Criminal Offences of an Economic Nature" related to unlawful acceptance of benefits or commercial bribes, use or exceeding of authorisations, as well as an offence set forth by the Paragraph 1 of the Section 170 "Misappropriation" of the Criminal Law, Chapter XVII "Criminal Offences against Property".

Corruption offence: generalised term that includes corruption crimes, cases of non-compliance with statutory restrictions by public officials or activities within the framework of authorisations in case of a conflict of interest.

Fraud: activities involving liability under the Criminal Law, Section 177 "Fraud", Section 275 "Forgery of a Document, Seal and Stamp and Use and Sale of a Forged Document, Seal and Stamp", or any other activities corresponding to the characteristics described in Section 1 of the Convention on the Protection of the European Communities' Financial Interests or related to the field of protection of financial interests of the EU and other foreign financial assistance instruments.

Policy results: changes in society (in the field of the relevant policy) arising directly from achievement of one or more operational results.

Operational results: the end product that is used to evaluate the policy implemented by a direct administration institution and activities thereof in accordance with the resources allocated.

Performance indicators: essential features of the result that provide as objective measurements of the achievement progress as possible and that can be expressed as a numerical value. In expressions indicating the type of the relevant performance indicator, the word "performance" is replaced by the name of the relevant indicator type (for example, economic effectiveness indicator, quality indicator).

1. Introduction

Guidelines for the Corruption Prevention and Combating 2015 -2020 (hereinafter - Guidelines) is a medium-term development planning document, drawn up in accordance with the Law on the Corruption Prevention and Combating Bureau, Section 7, Clause 1, which states that the CPCB shall elaborate a corruption prevention and combating strategy and a national programme approved by the Cabinet of Ministers. The Guidelines ensure the continuity of the documents "Guidelines for the Corruption Prevention and Combating 2009 - 2013" approved during the previous planning period (approved by the Cabinet Order No. 326 of 21 May 2009), and the continuity of the Programme for the Corruption Prevention and Combating 2009 - 2013 (approved by the Cabinet Order No. 654 of 24 September 2009).

According to the Cabinet Regulation No. 1178 of October 13, 2009 "Regulations on Elaboration of Development Planning Documents and Assessment of the Impact", the policy planning system has been changed and the range of policy planning documents has been restricted, further providing for only three types of policy planning documents: guidelines, plans and concepts, therefore the term "programme" mentioned in the Law on the Corruption Prevention and Combating Bureau shall not be applied to the newly created documents.

By providing an integrated and unified national policy of corruption preventing and combating, the Guidelines have been developed taking into account the direction of measures necessary for reduction of the corruption in the State and in accordance with the analysis of the situation set forth by the Latvian National Development Plan 2014 - 2020 (approved by the Latvian Parliament's decision of 20 December 2012).

In order to develop policy planning documents for the subsequent period, in 2013 the CPCB organised four inter-institutional working meetings with representatives of state institutions and municipalities, as well as representatives of NGOs. The meetings were devoted to the following topics:

1) Internal control system in public administration institutions;
2) How to reduce the risks of corruption in procurement procedures, and to reduce unlawful activities carried out when using the funds of the State, municipalities and the property of the capital companies? Necessary amendments to the regulatory framework and improvements in organisation of the work of institutions;
3) Practice for application of the Law "On Prevention of Conflict of Interest in Activities of Public Officials", deficiencies identified. Improvement of the legal framework, by reviewing regulations with regard to the range of subjects of the law and the amount of restrictions;
4) How to reduce the role of money in politics? Control of the financing of political parties.

On 20 February 2014, the CPCB organised a meeting for the Public Consultative Council of the Corruption Prevention and Combating Bureau, when ten non-governmental organisations discussed the Draft Guidelines. Proposals made during the meeting have been included in the draft guidelines.

During the meeting of 24 October 2014 of the Coordination Council created for the protection of the EU's financial interests, it was decided to extend the Guidelines and to set objectives for corruption prevention and combating in events and activities funded by the EU

funds[1] and other foreign financial assistance instruments[2], thereby providing a uniform and complex approach to the corruption prevention in the State.

In the process of developing the guidelines, the following aspects were taken into account: proposals made during the working meetings, recommendations on possible improvements given during events (meetings, seminars), surveys, studies, and reports related to the corruption prevention and combating in Latvia, including information established during inspections carried out by the CPCB and in the framework of criminal cases. For the first time, the CPCB has carried a full assessment of the compliance of Latvian institutional system with the requirements of the UN Convention against Corruption. Based on this assessment, the Guidelines are structurally organised in accordance with the contents of the above UN document.

These guidelines aim to describe the current situation in corruption preventing and combating in Latvia, define current problems, set goals, objectives, directions of activities and tasks for 2015 – 2020.

[1] European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development, and European Maritime and Fisheries Fund

[2] Financial instrument of the European Economic Area, Norwegian Financial instrument (hereinafter - EEA / Norwegian financial instruments) and Latvian-Swiss Cooperation Programme (hereinafter - the Swiss program)

2. Description of the Current Situation

2.1. Responsible Authorities and Legal Framework

The CPCB is a public authority supervised by the Cabinet of Ministers that performs the functions set forth in the Law on the Corruption Prevention and Combating Bureau related to the corruption prevention and combating, and to the control of compliance with regulations on funding of political organisations (parties) and their alliances. According to the Law on the Corruption Prevention and Combating Bureau, Section 7, Clause 2, the CPCB coordinates the cooperation of authorities mentioned in the national programme, in order to ensure the implementation of the programme.

Given the leading role of the CPCB in coordination of the corruption prevention policy, there is often a mistaken belief that the CPCB has to take full responsibility for anti-corruption measures. Consequently, in long term, it is necessary to promote a shift to a system where the responsibility for the prevention of corruption is a permanent task of each department; it is necessary to change the role of the CPCB from a task executor to the supervisor of corruption prevention systems, and to develop a policy enabling to abandon the development of a centralised policy and to solve the corruption problem together with the prevention of other risks.

Thus, it is considered that authorities responsible for reaching the goals of the corruption prevention and combating are national and municipal authorities, as well as public persons' capital companies and ports whose employees may take part in corruptive offences.

With regard to prevention of corruption and fraud in the use of the EU funds and other foreign financial assistance instruments, Latvian leading/ national authorities are the following: MF, VARAM, MA, MI, MW that are responsible for implementation of a sound financial management system and for the protection of the EU's financial interests, by involving law enforcement institutions.

Latvia is bound by legislation[3] of the EU which is related to the protection of the EU's financial interests and which obliges the Member States to put in place efficient and

[3] Section 125, Paragraph 4, Clause c) of the European Parliament and Council Regulation (EU) No.1303 / 2013 laying down common provisions on the European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development and European Maritime and Fisheries Fund and the general provisions on European Regional Development Fund , European Social Fund, Cohesion Fund and European Maritime and Fisheries Fund and repealing Council Regulation (EC) 1083/2006;
Section 58, Paragraphs 1 and 2 of the Regulation (EU) No. 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No. 352/78, (EC) No. 165/94, (EC) No. 2799/98, (EC) No. 814/2000, (EC) No. 1290/2005 and (EC) No. 485/2008;
Regulation (EU, EURATOM) No. 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No. 1605/2002;
Article 114.1 d) of COM(2011) 804 of 2.12.2011;
Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived, Section 32, Paragraph 4, Clause c).
Section 26, Paragraph 5, Clause (c) of the Commission implementing regulation No. 897/2014 of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No. 232/2014 establishing the European Neighbourhood Instrument.
Section 5, Paragraph 21, Clause h) of the Regulation (EU) No 514/2014 of the European Parliament and of the Council of 16 April 2014 laying down general provisions on the Asylum, Migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime, and crisis management.

proportionate anti-fraud measures to ensure efficient prevention of fraud, act as a deterrent in view of the risks identified.

Latvia is also bound by regulatory documents[4] of the donor countries[5] stating that the beneficiary countries, during implementation of the EEA / Norwegian Financial Instruments, should follow the principles of good governance to ensure an open, transparent and traceable process of implementation, besides they should not tolerate corruption and mismanagement of resources. Latvia is also bound by the principles of the Intergovernmental Agreement[6] in relation to the Swiss programme, noting that both sides have common interests and intent in the fight against corruption that threatens good governance and adequate use of resources of the cooperation programme.

Corruptive criminal offences in Latvia are listed in the CL, Chapter XXIV „Criminal Offences Committed in State Authority Service" , and Chapter XIX „Criminal Offences of an Economic Nature", and they are related to unlawful receipt of benefits or commercial bribery, abusing or exceeding the power in the private sector. Offence mentioned in Chapter XVII „Criminal Offences against Property" of the CL is also considered to be corruptive.

Thus, investigation of the offences listed in the CL can be performed by all law enforcement authorities that have the competence to investigate offences committed by the persons who have committed such offence. In most of the cases, investigation of offences committed by officials employed by other public institutions is carried out by the CPCB, while the SP has jurisdiction over investigation of offences committed in the private sector and offences committed by officials employed by the State Police. Frequently, offences are also discovered by the FP SRS, DISS, SBG and SP. In proving the facts of criminal offences, the prosecutor's office and the court have also an essential role.

Since persons employed in the private sector are also liable for unauthorised receipt of benefits or commercial bribery, while legal persons, including public persons' capital companies and partnerships, may be subjected to coercive means, if the offence in the interests of the legal person, on behalf of that person or under inadequate supervision or control by that person has been committed by a natural person, acting individually or as a member of the collegial body of the respective legal person, the Guidelines also apply to the institutions of this sector .

Section 20 of the LPCI describes the duties of the heads of institutions in the prevention of conflicts of interests (obligation to avoid conflicts of interest, to transfer the performance of any function or task to another public official, to decide upon issues regarding possible combining of the office of public official with another office, to ensure the submission of lists of public officials and amendments thereto to the SRS, to inform the controlling authorities regarding detected breaches of the Law).

Cabinet Regulation No. 326 "Regulations on the Internal Control System for Direct Public Administration Institutions" provides for the responsibility of the heads of all institutions for creation, monitoring and improvement of the internal control system, by providing a permanent, economical, efficient and useful functioning of the institution in accordance with the principles of State administration and legislative requirements set forth in the State Administration Structure Law.

[4] Regulation approved on 13 January 2011 by the Committee of the European Economic Area's Financial Instrument on Implementation of the European Economic Area's Financial Instrument 2009- 2014, and Regulation approved on 11 February 2011 by Norwegian Ministry of Foreign Affairs on Implementation of the Norwegian Financial Instrument 2009- 2014 .

[5] Norwegian Ministry of Foreign Affairs and Committee of the European Economic Area's Financial Instrument

[6] Framework Agreement of 20 December 2007 concluded between the government of the Republic of Latvia and the Council of the Swiss Confederation on Implementation of the Cooperation Programme between Latvia and Swiss.

In line with the LPCI, the main role in the prevention of the conflicts of interest, by means of control, supervision and punishment, is entrusted to the CPCB, SRS and Constitution Protection Bureau, according to the competence of these institutions and to the Head of each institution.

While fulfilling the tasks in the field of corruption prevention, the CPCB controls execution of the LPCI and restrictions of public officials provided by other regulatory enactments, by controlling declarations of public officials within the determined competence, and, in cases stipulated by the Law, by bringing public officials to administrative liability and applying penalties for administrative violations in the field of corruption prevention.

By contrast, according to Section 28 of the IKNL, the SRS examines whether the declaration is submitted and completed in accordance with the procedure and submitted within the prescribed period, and examines administrative violation cases mentioned in Section166[27] of the LAVC on failure to submit declaration within the prescribed period, failure to comply with the procedure of completing or submitting the declaration, or on providing false information in the declaration.

Since amendments were made to the regulations on the State Chancellery in 2014, the State Chancellery is no longer obliged to assess the performance of functions and the efficiency of internal control system, or to perform other inspections in state administration institutions subordinate to the State Chancellery or to the Prime Minister. The State Chancellery, according to the Clause 4.16 of the Regulations of this institution, is now responsible for coordination of cooperation of state administration institutions in order to ensure good governance and client-oriented performance culture in state administration and to reduce the administrative burden of citizens.

By contrast, the MF is the institution responsible for coordination of internal audit and for a unified long-term planning of the internal audit development. When coordinating the internal audit, the MF, in accordance with Section 10, Paragraph 2 of the Internal Audit Law, is obliged to prepare annual reports on the functioning of the departments of the internal audit in ministries and institutions and to submit these reports to the Cabinet of Ministers and to the State Audit Office, and, at least every five years, to assess the performance of the departments of the internal audit created in ministries and institutions.

2.2. Implementation of the Previous Policy

During the previous planning period, Guidelines for the Corruption Prevention and Combating 2009 – 2013 (approved by the Cabinet Order No. 326 of 21 May 2009) and Corruption Prevention and Combating Programme 2009 – 2013 (approved by the Cabinet Order No. 654 of 24 September 2009) (hereinafter – Programme) were the basic development planning documents in the field of corruption prevention and combating in Latvia. In order to ensure coordination of performing tasks of the programme, the CPCB, as the authority responsible for the tasks and cooperation of institutions included in the Programme, has periodically analysed the performance of tasks and drawn up two informative reports summarising information on the performance of the tasks of the Programme both for the period from 1 January 2009 to 31 December 2010[7] and for the whole Programme term[8].

Information furnished in the informative reports indicates that the objective of the corruption prevention and combating policy has been the provision of faithful and lawful use of the power entrusted to state officials according to the public interests. Although the incidence of corruption in public administration has been considerably reduced, it is not possible to speak about a complete absence of this negative phenomenon. The biggest problem for good governance is the imbalance between the amount of power entrusted to state officials on the one hand, and the remuneration of officials, controllability and inevitability of punishment on the other hand. These restrictive factors are closely related to financial difficulties in Latvian economy and the low living standard of private individuals. In areas where the level of remuneration is proportionate to the power, the risk of corruption is caused by the lack of monitoring and internal control, by the bad faith of officials and their desire to make a fortune.

The objective of the programme was to set tasks, plan their performance and funding for implementation of the Guidelines for the Corruption Prevention and Combating 2009- 2013 implementation in order to reach the objective of the corruption prevention and combating policy. However, no separate funding for execution of the program was planned. During the economic crisis, each institution, as far as possible, provided the funding within the framework of the annual budgeting planning, and therefore the lack of resources has limited meeting the Programme's objectives. Especially critical problem was the lack of funding for such areas with great authority as law enforcement institutions, health care and individual institutions responsible for absorption of the EU structural funds in the country.

According to the principle set forth in the Guidelines for the Corruption Prevention and Combating 2009 – 2013, the Program was created as a complex counteraction to corruption (corruption prevention and combating, as well as educating in anti-corruption issues). Although several external assessments state that implementation of the Programme has been formal, performance of the tasks stipulated in the document approved by the government is binding upon the institutions, which is a sign of political will and commitment to fulfil specific tasks. For a long time, the tasks of the programme have been a reminder of serious deficiencies that the state has undertaken to eliminate. The main drawback of the Programme is its lack of flexibility and the need for harmonisation of complicated activities to update and adjust them to the changing situation.

[7] Informative report „Implementation of the Corruption Prevention and Combating Programme 2009–2013." http://www.knab.gov.lv/lv/legislations/policy_planning/strategy/

[8] Informative report „On Implementation of the Guidelines for the Corruption Prevention and Combating, 2009 – 2013 and Implementation of the Programme" http://www.knab.gov.lv/uploads/free/knabzino_17032014_programma_2009.-20131.pdf

Results of Achieving Sub-objectives Set within the Programme:

Sub-objective No. 1. Improve the control of financial activities carried out by political parties and their alliances.

The initiatives implemented and amendments made to the regulatory framework have promoted the carrying out of tasks set within the Programme. Thus:

i. A normative basis has been created by determining the state funding for political parties in accordance with the version supported in the „Concept for the Funding of Political Parties".
ii. Accountability mechanisms for political parties and their alliances have been specified.
iii. Responsibility of political parties and their alliances for committing financing offences has been improved; balanced, effective and dissuasive sanctions mechanism, as well as appropriate control processes and monitoring has been ensured; institutions involved in the control have been established.
iv. Regulatory framework for pre-election campaigns has been improved, including the definition of the term „covert pre-election campaigning" and introduction of restriction to use the state or municipal property in the campaigns.
v. A regulatory framework has been introduced in relation to campaigning before referendums, on law proposing and on proposing to revoke the *Saeima*.
vi. A stricter control of the legality of financial activities carried out by political parties has been ensured for breaches of the Law on Financing of Political Organisations (Parties).

The main objective that has not been achieved is ensuring equality and transparency in the process of lobbying, because no regulations has been introduced that would apply to the political decision-making. According to the Cabinet Task, the CPCB had developed a bill „Lobbying Transparency Law", but on 17 February 2014 the Cabinet Committee rejected the proposed version of the bill. The bill was presented to the *Saeima*, sub-committee for Corruption Prevention of the Committee for the Defence, Internal Affairs and Corruption Prevention, explaining the objectives to be attained. However, members of the *Saeima* did not take the initiative in development of regulatory framework for lobbying transparency. Therefore it can be concluded that the lack of transparency of lobbying remains the major problem that seriously affects all residents of the country, who probably have to comply with the laws and regulations adopted under the influence of lobbyists.

Sub-objective No. 2. Ensure appropriate and lawful use of state and municipal property, including the property of the EU and other international organisations, as well as foreign funding.

During the reporting period, processes of allocation of state and municipal property or financial resources have been improved:

i. Administrative liability of customers for violations in the area of public procurement and public or private partnerships has been introduced.
ii. State and municipal institutions, as well as capital companies owned by these institutions have received the right to examine whether the financial resources allocated by them to non-governmental organisations and private capital companies are being used appropriately and efficiently.

iii. Practice of institutions in relation to the use of state and municipal property has been identified, by determining main problems and corruption risks; guidelines „Corruption Risks in the Use of State and Municipal Property" have been elaborated to reduce the corruption risks.

iv. Institutional practice in the field of public and private partnership has been analysed from the point of view of corruption risks; „Report on Corruption Risks in Implementation of Public and Private Partnerships in Latvia" has been elaborated.

v. Exceptions of procurement procedures have been analysed, guidelines for prevention of corruption risks have been created for exceptions set forth in the Public Procurement Law in relation to the transparency, free competition and principle of equality.

vi. System of control and supervision of the EU funding allocation and implementation, as well as offences committed in 2007 - 2013 have been analysed.

Control procedures in relation to the use of the EU funding are at an appropriate level. At the same time, it should be noted that it still cannot be considered that the control of public officials involved in the processes of allocation of state or municipal property and funds is sufficiently efficient. Systemic problems are still present particularly in public persons' capital companies and in many municipalities.

Sub-objective No. 3. Restrict the activities of public officials in situations of conflict of interest, and to limit the opportunities for public officials to legalise proceeds from crime

Several significant solutions have been found for unsolved problems in the field of the control of activities carried out by public officials.

i. There has been a clearer separation of decision-making power and executive power in municipalities in order to prevent possible risks of corruption and conflicts of interest during the decision-making process in municipalities, providing for a prohibition of Members of Councils to take certain positions in the administration, institutions or capital companies of the same municipality, as well as restricting the possibilities of the Members to provide certain payable services to the relevant municipality.

ii. Improvement of liability for violations in the field of public procurement and public and private partnerships, and on 1 September 1 2013 amendments to the LVAC came into force.

iii. Ensuring transparency of all administrative violations committed by state officials in the field of corruption prevention.

iv. Expanded scope of public officials: public official is also a member of the board of a state or municipal subsidiary capital company[9], as well as a Member of the council representing the interests of state or municipal capital company.

v. The Law on Prevention of Conflict of Interest in Activities of Public Officials sets a prohibition upon heads of institutions to disclose information concerning the question on which employee has reported the violation, and to cause any unfavourable consequences to this employee without any objective reason, as

[9] The law applies to the members of the board and council of capital companies where the share of the equity capital of one or more state or municipal capital companies , together or separately, exceeds 50 percents.

well as provides for an administrative liability of the heads for non-compliance with the above mentioned prohibition.

vi. Expansion of possibilities of the heads of public or municipal institutions to control whether the respective public official does not come into conflict of interest, by granting the right to ask the public official to provide information that must appear in the non-public part of the declaration.

vii. The Law on Declaring Assets and Unreported Income of Natural Persons has been adopted, and it limits tax evasion and legalisation of proceeds from crime.

Sub-objective No. 4. Improve the internal anti-corruption systems and to strengthen the ethical principles in public and municipal institutions, to improve knowledge of public officials on corruption prevention requirements. No. 6. To strengthen the principles of good governance in the activities carried out by the State and municipalities.

Within the task, several improvements have been achieved by improving the procedures of internal anti-corruption control system in state and municipal institutions. Most improvements are related to the improvement of the quality of services provided by state and municipal institutions, by ensuring transparency in administrative processes, electronic document circulation and client-targeted administration.

i. The most of governmental institutions have carried out analysis of corruption risks and developed anti-corruption action plans. By contrast, the majority of municipalities have not implemented specific measures to limit the risks of corruption.

ii. Guidelines have been elaborated for state officials on measures to be taken if a bribe is offered.

iii. The following informative materials have been prepared: „Standards for Internal Control in the Context of Organisational Anti-Corruption Measures", „Guidelines for Elaboration of Anti-Corruption Action Plan in the Institution", as well as „Model of Anti-Corruption Action Plan" and „Methodology for Determination of the Proportion of Income and Debts".

iv. Practice of institutions in organisation of internal anti-corruption measures has been identified and analysed, providing assessment of corruption prevention mechanisms in public institutions and municipalities.

v. Employees of the public administration and the society have been informed about the ethical principles in public administration.

vi. Quality assessment of the leading public administration authorities, their subordinate institutions and municipalities has been performed, and recommendations for improvement of the quality of the code of ethics have been made.

vii. The system for the protection of individuals who report corruptive offences (whistle-blowers).

viii. Overall, a systemic education of public officials has been ensured in the field of the ethics of public administration, prevention of conflicts of interest and anti-corruption measures. The experts of the CPCB provided training seminars for state officials on the ethics of public administration, prevention of conflicts of interest and corruption, seminars for the heads of institutions about identification of corruption risks in institutions and about organisational anti-corruption measures, as well as supplemented the range of teaching materials for public institutions and municipalities which are publicly available on the website of the CPCB and which may be used by any resident of Latvia.

ix. Training of individuals who provide further education has been introduced in most of the state and municipal institutions, which has contributed to the formation of institution's internal training system in the SRS, Rural Support Service, SP, Riga City Council and National Armed Forces.

However, there are still institutions of public persons without an internal control system that would create a confidence that everything necessary has been done to minimise the risks of corruption, conflicts of interest or squandering. Such lack of confidence about the efficiency of the internal anti-corruption control system is mostly related to capital companies of public persons, municipalities, courts and the parliament.

In addition it should be noted that, except for the civil service and judiciary institutions, there are no recruitment procedures based on the principles of free competition and equality in all positions of Latvian institutions of public persons. There has been some progress in this field: Cabinet Order No.48 of 6 February 2013 „Concept Paper on the Development of Human Resources of the State Administration" approved the concept of the development of human resources of the State Administration, where one of the tasks is to elaborate a bill on the employment relations in the direct public administration, with the exception of municipalities and capital companies of public persons. The Bill of the State Service Law stipulates that applicants for the posts of state officials and the posts of employees are selected in an open competition. Amendments of 29 May 2014 to the State Civil Service Law adopted by the *Saeima* stipulate that, in order to ensure an open, fair and professional selection of senior posts in the public administration, the selection of the heads of authorities is ensured by the State Chancellery. The relevant amendments shall enter into force on 1 September 2015.

The Concept provides for measures to be implemented in medium term in the field of personnel selection. Besides, taking into account funding options, such as the process of standardisation and unified selection principle for certain groups of offices, it provides for creation of a centralised portal for applications of candidates, offering access to the information on vacancies in public administration.

Contrary to the initial plans, during the Programme planning period no Code of Ethics was developed for the employees of public administration, because the Cabinet had not adopted the draft guidelines for the development of human resources policy for 2008 to 2013, where it was expected to include a more detailed explanation of this task and to include the task in the draft Cabinet Order on implementation of the guidelines. According to the Concept Paper on the Development of Human Resources of the State Administration (approved by the Cabinet Order No. 48 of 6 February 2013), in 2015 it was planned to develop a unified code of ethics for the employees of public administration by strengthening the values of ethics and loyalty.

Sub-objective No. 5. Reduce the population's tolerance towards corruption, to strengthen awareness of the unacceptability of corruption and its negative consequences.

The measures taken have ensured complete implementation of the tasks set within the Programme:

i. Citizens' awareness of the unacceptability of corruption and its negative consequences has increased, higher intolerance against corruption manifestations in the field of health care.
ii. Methodological materials have been prepared for comprehensive school students on the most important anti-corruption issues for use in economics, politics and law, social sciences, ethics and class teacher's classes.
iii. There has been a regular provision of information to the public on possibilities of lodging complaints, complaint handling procedures, anonymous means of

communication of law enforcement authorities have been promoted, there has also been a regular provision of information to the public and mass media on anti-corruption measures implemented and on the cases of corruption detected, several social advertising campaigns have taken place.

At the same time, it should be noted that the sociological survey data suggest that in April 2014 a little less than one third (29.5%) of Latvian population admitted the possibility of giving a bribe to a public official. Compared with the results of 2007, there has been a slight increase in both the number of respondents who admitted the possibility of giving a bribe from 7.8% to 10.3%, and the number of respondents who rejected it - from 24.9% to 40.2%. Overall, the population's tolerance towards corruption is still quite stable, which creates a very high risk of public involvement in corruptive activities.

.

Sub-objective No.7. Ensure timely and qualitative litigation in the courts.

i. Outside the framework of the tasks of the Programme, the *Saeima*, in collaboration with the MJ and the Judicial Council, has made extensive amendments to the Law on Judicial Power, that, for example, stipulate that the head of the district (city) court shall have the right to examine the way the judges observe deadlines of legal proceedings; they stipulate that, starting from September 2013, any court decision made in an open session shall be published on the Internet after its entry into force. The amendments also provide that in circumstances where, according to the CPL, a judge acquires the status of a person who has the right of defence, the procedure of suspension of judges and assessment of judges' professional performance shall be applied. In civil proceedings, mandatory requirement to record the court proceedings in a sound record has been introduced. The above amendments to the Law provide for a full transition to adjudication in the 'pure' court instances. According to this principle, for all the cases the court of first instance shall be the district (city) court, abandoning the current regulation that some of the more complex categories of cases are being adjudicated by Regional court as the court of first instance, appealing procedures are handled by the Court Chamber of the Supreme Court, while the cassation procedures are handled by the Senate of the Supreme Court. Consequently, the district (city) court has more power and there are more corruption risks because of unanimous adjudication of complex cases. In the administrative district court, the cases may be heard collegially.
ii. Regular assessment of the qualification and performance results.
iii. Improved procedures for disciplinary measures against judges.
iv. Fulfilment of the task of electronic distribution of cases in all the courts (elaboration of legal framework for the introduction of electronic distribution of cases in the courts).

This direction of activities is generally outside the jurisdiction of the executive power, therefore the fulfilment of tasks cannot be achieved by the executive power: for example, no regular training on anti-corruption issues in judiciary power has been introduced. The task **Education of Judges on Anti-corruption and Ethical Issues** is to be considered as partially fulfilled, because there is no systematic training system for judges on anti-corruption and ethical issues, including the fact that there is no at least one educational activity per year that would cover a significant number of judges. At the same time it must be noted that, during the training of candidates for the office of judge, the so-called „Week of Skills" and special lectures are devoted to the issue of the judge's ethics.

The Ministry of Justice indicates that the Latvian Judicial Training Centre annually organises a training for judges on the judge's role and ethics. The judge has a duty to continually improve his knowledge during his whole career, but there is no mechanism to help the judges to take part in trainings given their current workload. Regular trainings require diversification of the course content, because judges shall not choose the courses that they have already attended. It would be necessary to consider whether it would be possible to choose any other way to ensure the education of judges on corruption and ethical issues, such as sending out regular newsletters. In addition, it should be mentioned that neither the Ministry of Justice, nor the Court Administration has the right to appoint a judge to trainings on specific issues, such as corruption or ethics.

Corruption risks in the courts are not only related to the judges themselves, but also to the activities of all individuals belonging to the judicial system and involved in the court proceedings. Consequently, attention should be paid to measures that should be taken to prevent the risks of corruption among the persons belonging to the judicial system: bailiffs, attorneys, prosecutors and sworn notaries.

According to the data of *Justice Scoreboard 2014* elaborated by the European Council's European Commission for the Efficiency of Justice (CEPEJ), duration of adjudication of cases in Latvia is average, if compared to other EU member states[10]. The workload of several courts and duration of court proceedings raise concerns about the timeliness of the proceedings. The data on the half-year of 2014 show that, at the first instance courts, average duration of adjudication of criminal cases is the following: Latgale Regional Court - 59.3 months (in 2012 - 2.3), Kurzeme Regional Court - 45.8 months (7.9), Riga Regional Court - 43 months (8.1) Zemgale Regional Court - 44.7 months (4.2), Vidzeme Regional Court - 23.9 months (1.5). Court proceedings in district (city) courts are comparatively shorter. By contrast, speaking about appeal procedure, very long court proceedings take place in the Chamber of Criminal Cases of the Supreme Court (on average 19.7 months) and the Regional Administrative Court (on average 17.1 months). In other regional courts, the proceedings do no exceed normal limits.[11]

In relation to the cassation instance, the longest proceedings take place at the Department of Civil Cases of the Senate of the Supreme Court - on average 15.9 months (for comparison: Department of Criminal Cases - 1.3 and Department of Administrative Cases - 2.9 months). It means that long proceedings are not a problem inherent in all Latvian courts. Only in individual courts and in relation to some types of proceedings adjudication of cases is unacceptably long[12].

Because of the above reasons, transition to the system of „pure" judicial instances is useful, i.e. by sending the cases from the regional courts of first instance to the district (city) courts, thus reducing the average duration of proceedings.

During this period of the Programme, analysis of corruption risks in the judicial system was initiated and it shall be completed during this planning period, by developing recommendations. There are no proposals presented on anti-corruption measures in the courts.

Sub-objective No. 8. Improve possibilities of combating crimes in public institutions, improve judicial practice in criminal cases related to crimes committed by public institutions.

[10] The 2014 EU Justice Scoreboard, pg. 8., http://ec.europa.eu/justice/effective-justice/files/justice_scoreboard_2014_en.pdf.

[11] TIS (Court Information System) information on the average weighted duration of adjudication at the first instance and the appellate instance (in months), the first half-year of 2014.

[12] TIS (Court Information System) information on the average weighted duration of adjudication at the cassation instance (in months), the first half-year of 2014

All tasks of the Programme have been fulfilled and there have been significant improvements in relation to possibilities of detection of offences.

i. On 13 December 2012 and 14 March 2013, the *Saeima* adopted amendments to the Criminal Law, and on 14 March 2013 it made amendments to the Criminal Procedure Law, addressing conceptual problems that have been identified long time ago in relation to application of criminal liability of state officials and coercive means upon legal persons. Amendments to the CL and to the CPL entered into force providing a more precise definition of the range of legal persons subject to coercive means, by extending it to capital companies of public persons and partnerships. There is also a possibility to initiate separate proceedings against a legal person, allowing application of coercive means to the company even in cases where the natural person has not yet been convicted.
ii. Criminal liability of political organisations (parties) or alliances of political organisations (parties) for illegal financing, and for acceptance or extortion of such illegal financing, or for mediation in such offences.
iii. The most of the GRECO recommendations addressing deficiencies in the CL have been implemented. Particularly remarkable regulation is related to the bribery of persons who are employed by state or municipal institutions, but are not public officials.

There are still problems of criminal law nature in the application of liability for the abuse of official position in the public service and economic sector. It cannot be considered that Latvia is successful in the private sector of corruption or in the detection of commercial bribery and unlawful acceptance of financial benefits. There are still unresolved issues complicating the investigation, such as the immunity from prosecution of the *Saeima* Members that does not permit searches related to the Members, as well as the immunity of judges that limits rapid and efficient criminal-procedural activities, thus hindering the application of criminal liability.

2.3. Analysis of the Corruption Prevention and Combating Environment

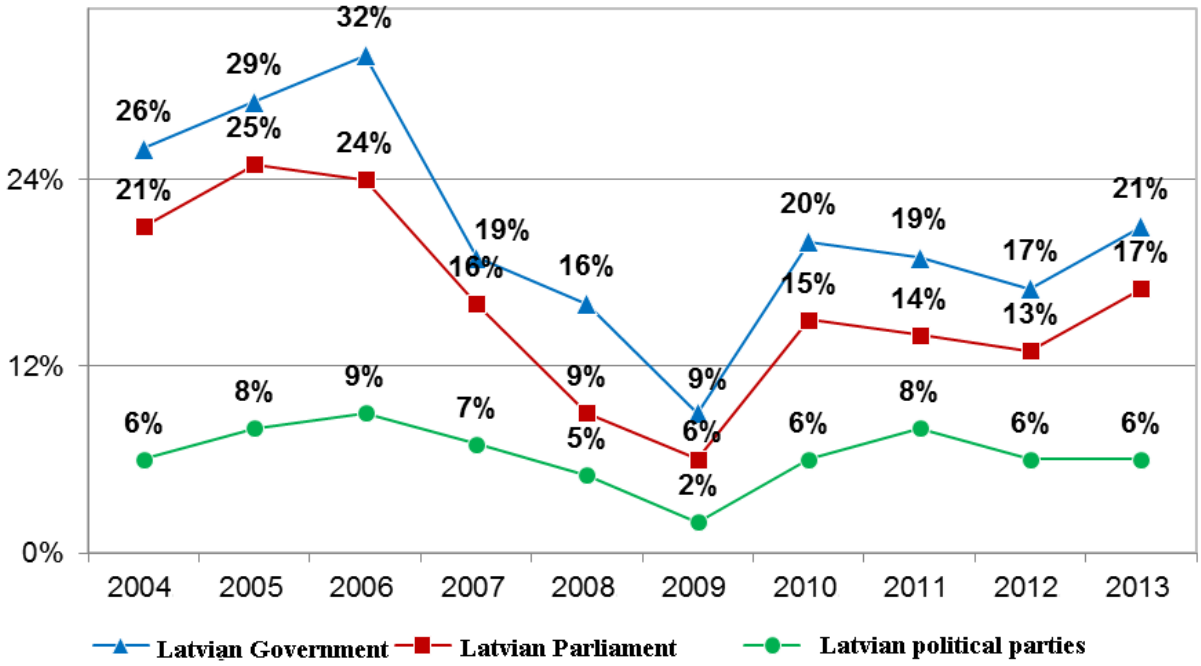
Anti-corruption measures have a wide area of impact, therefore it is appropriate to carry out the PEST analysis (analysis of political, economic, social and technological environment), as well as the analysis of legal aspects in order to identify more accurately problematic issues related to the corruption prevention and combating that go beyond the issues of one policy.

2.3.1. Political Aspects

Sociological surveys show that public attitudes towards government, parliament and political parties are getting better: in 2009, the attitude was very negative and the work of government was positively assessed by only 9% of respondents, while in 2013 attitude of 21% of respondents was positive.

Compared with other EU countries, the level of public trust in Latvian government, parliament and political parties is still low. In the EU, the average indicator of trust in the national parliament is 25%, in the government - 23%. A long-term deficit of trust in parliament very often leads to calling into question the legitimate power and the arising consequences, i.e. non-compliance with the laws adopted by the *Saeima* and growth of the proportion of irregularities. Low level of trust in these institutions may reflect a societal view that the decisions are not made in the overall public interest, thus calling into question the fairness and justice of these institutions.

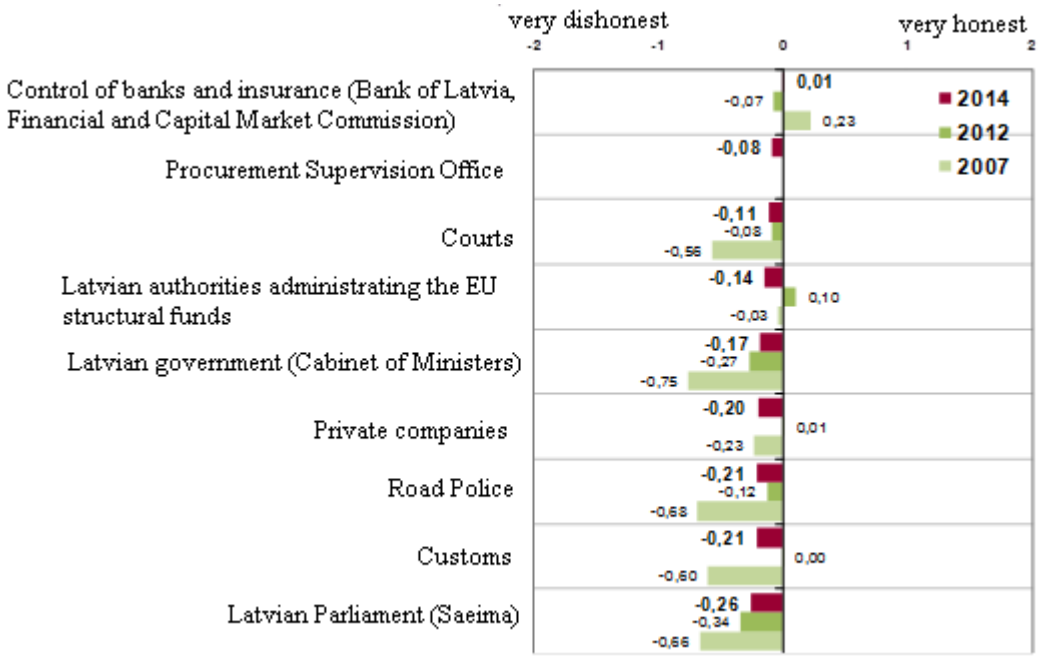
Figure 1. Summary of standard Euro Barometer's responses to the question „Do we trust the following institutions: Saeima, Latvian government, Latvian political parties, comparison in the period from 2004 to 2013"[13]



Sociological study performed in April 2014 by the market and social studies agency „Latvian Facts" basing on the order made by the CPCB, revealed that the *Saeima* and the Cabinet of Ministers are still among the most critically assessed institutions in terms of corruption. Parliament is assessed as a very dishonest or quite dishonest institution by 38.8% of respondents, the Cabinet of Ministers is assessed as a very dishonest or quite dishonest institution by a slightly less number of respondents - 34.4%, while only 20.3% of the population assess the Parliament as an honest institution, but the Government is considered to be honest by 22.6%.

Figure 2. Assessment of the Honesty of Institutions in Terms of Corruption. *Responses to the question: How would you assess the honesty of the following institutions in terms of corruption? (Average assessment in scale of 5, where „-2" is „very dishonest" and „2" is „very honest")*

[13] Standard Eurobarometer 80. http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_first_en.pdf



The data of *Transparency International* Global Corruption Barometer survey 2013 on the population's attitude towards corruption revealed that 68% of respondents recognised political parties to be the most corrupt, while in 56% of cases the most corrupt was also Latvian Parliament. Only 6% consider that the Government's efforts to fight corruption are efficient, which is significantly less than in 2010 when positive evaluation was given by 12% of respondents. However, majority, i.e. 66% (in 2010, 73%), assessed the anti-corruption work of the Government to be inefficient, while 28% (in 2010, 15%) of population consider that the work in the government is neither ineffective, nor effective[14]. The Special Euro Barometer shows similar results, where the data of March 2013 reveal that only 14% of Latvian respondents consider the work performed by the government in the field of corruption to be efficient.[15]

At the same time it should be noted that several political parties define corruption as their objective and support the adoption of laws and regulations by the Parliament, thus promoting corruption prevention. Declaration on planned activities of the Cabinet of Ministers headed by Laimdota Straujuma stipulates that one of the priorities is „To promote public trust in the state power, which is based on strengthening of the rule of law, public participation in public administration processes and high-quality implementation of the tasks of public administration". In relation to the specific anti-corruption field, the Declaration adopted on 5 November 2014 by the Cabinet of Ministers headed by Laimdota Straujuma stipulates that one of the tasks is to continue the eradication of corruption in the State, to implement preventive measures for reduction of the risk of corruption, as well as to provide professional performance of the CPCB.

Overall, public officials do not consider the corruption to be our national problem, and it is not included as a priority in the regular communication in several fields where the fact of corruption is confirmed by offences detected and studies on public opinion. Topicality of the corruption problem and communication of state officials in the context of this problem is increasing in relation to the criminal proceedings carried out by the CPCB.

[14] Global corruption barometer, report 2013.
http://www.transparency.org/policy_research/surveys_indices/gcb/2010/results
[15] Special Eurobarometer 397 http://ec.europa.eu/public_opinion/archives/eb_special_399_380_en.htm#397, 63.lpp.

Latvian National Development Plan 2014 – 2020, Section 137, within the direction of activities „Excellent Business Environment" indicates that global competition for investments is growing and business environment with equal competition has an increasingly decisive role in the decision making process where the shadow economy and the impact of corruption is minimal. Excellent business environment should be internationally reachable.

Corruption prevention and combating in Latvia is also affected by the lack of a strong political commitment to introduce a uniform legal anti-corruption framework between in the EU member states. On 6 June 2011, the European Commission presented the Communication „Fighting Corruption in the EU" to the European Parliament, the Council and the European Economic and Social Committee. In the Communication[16], the Commission underlines that, despite the fact that in recent years there have been various efforts aimed at combating corruption both in the EU and at international level, yet the introduction of anti-corruption legal framework in the EU member states is not equally active. The Commission considers that the reason for this situation is insufficient political will of national leaders and decision-makers. The Commission has decided to promote the political will of the EU Member States' to fight corruption, to improve the EU Member States' anti-corruption policies and to harmonise their anti-corruption efforts. The Communication aims to identify the future directions of the EU anti-corruption policies. One of them is to create a new monitoring and evaluation mechanism, i.e. the EU Anti-Corruption Report to periodically monitor and evaluate the Member States' fight against corruption and to promote the political support. The Commission intends to issue the EU Anti-Corruption Report every two years, and the first Report was published in early 2014.

The EU Anti-Corruption Report was drawn up by the Commission on the basis of different information sources and taking into account existing monitoring mechanisms, as well as experts and the network of local research correspondents. According to the findings of the EU Anti-Corruption Report, the Commission shall consider the need for additional initiatives of the EU policy, including the approximation of criminal law in the field of corruption. Along with the monitoring and evaluation mechanism, another Commission's objective is to put more emphasis on corruption in such policy areas as cooperation of courts and police in the EU, public procurement, crime statistics, anti-fraud policy, in order to protect the EU financial interests, improve the regulatory framework for confiscation of the proceeds of crime, and to improve the financial criminal investigation in the EU.

The final report of the European Parliament Resolution of 23 October 2013 „On Organised Crime, Corruption and Money Laundering: the Recommendations on Action and Initiatives to Be Taken"[17] stipulates that in 2013 there were almost 4,000 international criminal organisations in the EU. Losses caused by the fraudulence in relation to the value added tax in the EU amount to 100 billion euro every year, while amount of funds paid in bribes is equivalent to 1% of the EU gross domestic product. „The cost of the mafias, difficult to estimate, ranges from 4 to 5 percentage points of GDP for the EU alone," said Salvatore Iacolino (EPP, IT) who drew up the proposals approved by the Parliament. „This resolution is a list of specific actions to be implemented by the European Commission over the Parliament's next legislative term. Elimination of organised crime is a common challenge to criminal systems of all member states," he added.

Latvia is a full member of the OECD Working Group on Bribery in International Business Transactions (hereinafter - the OECD Working Group on Bribery). On 6 March 2014 the *Saeima* urgently adopted the bill „On OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions", by which it adopted and approved the OECD Convention on Combating Bribery of Foreign Public

[16] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee: Fighting corruption in the EU (COM(2011) 308 final

[17] http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2013/2107%28INI%29

Officials in International Business Transactions (hereinafter – OECD Anti-Bribery Convention), which is an essential precondition for Latvia to obtain official status of a member state of this international organisation. On 31 March 2014, the Ministry of Foreign Affairs submitted the ratification report to the OECD Secretary General on accession to the Anti-Bribery Convention. According to Article 12, paragraph 2 of the Convention, on 30 May 2014 it entered into force in Latvia.

The CPCB's experience indicates that prerequisites for successful investigation are international requests for judicial assistance and efficient use of international legal instruments. In this respect, the Anti-Bribery Convention is seen as the most efficient international anti-corruption instrument. Latvia's accession to the OECD Anti-Bribery Convention and to the OECD Working Group on Bribery shall significantly improve both the Latvian legal framework with regard to the international fight against bribery and its prevention, and the practical application of this legal framework. Already now, by implementing a series of recommendations made by the OECD Working Group on Bribery, Latvia has improved the provisions of the CL and CPL concerning the liability of legal persons for criminal offences stipulated by the CL: it provides liability of legal person for criminal offences committed by natural person if it has been done due to insufficient supervision or control. Therefore, Latvian entrepreneurs should establish internal control mechanisms and take appropriate anti-corruption measures to ensure adequate control and supervision over their employees.

Changes in relation to the reduction of the role of money in the politics and the impact on the highest level political corruption cannot be fully assessed because of the short period that has passed since the introduction of funding of political parties from the state budget, however, there are already some trends. In 2012, importance of the state budget funds in ensuring of functions of political parties can be proved by the fact that state grants for three of five political forces significantly exceeded financial resources received from official donations.

In 2013, when municipal elections took place and several pre-election campaigns attracted large amounts of private donations, grants from the state budged formed a significant part of the total revenue of the parties, i.e. for three of five parties, the grants formed more than a third of the total revenue.

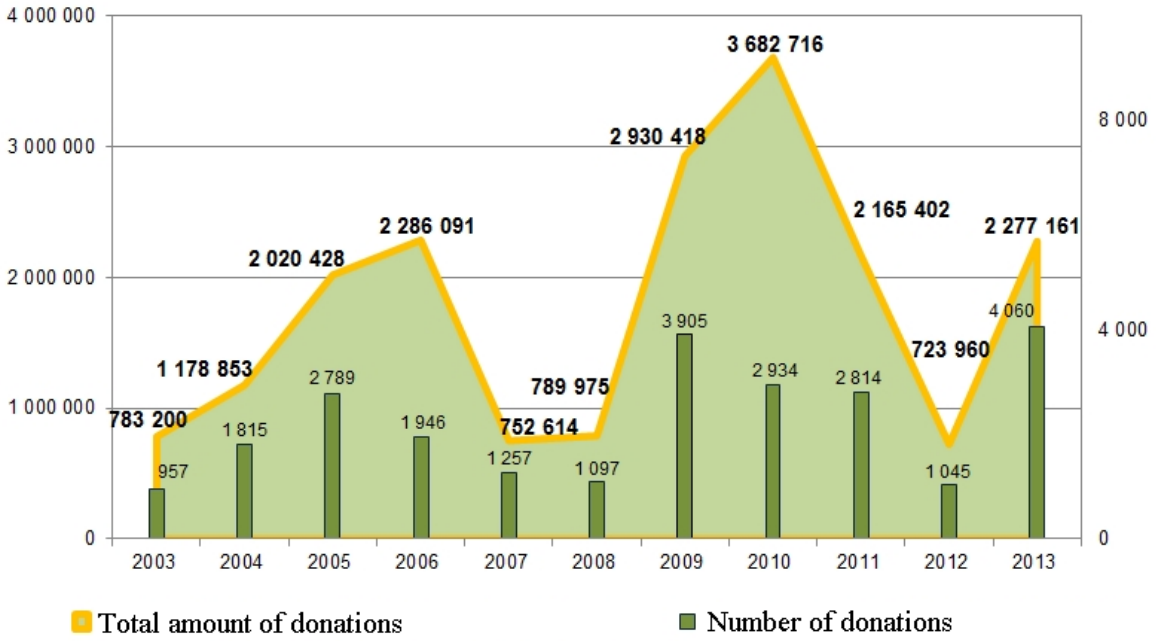
Figure 3. Inter-Correlation of the Amount of Private Donations and State Budget Grants for Political Organisations (Parties) Represented in the Saeima

It is possible that influence of narrow economic groups on the performance of parties still takes place with the help of large donations given to the parties in parts by private persons. There are cases where there is a doubt as to whether the income of donors indicated in the public database is sufficient to make a donation from their own resources and still have

normal living conditions, and whether they do not allow using their identity in another persons' interest. At the same time it should be noted that, in recent years, political parties complied more with the formal requirements of the law and that violations related to the funding were detected less frequently or were less significant. Furthermore, the *Saeima* has supported the adoption of several laws and regulations for corruption combating. In 2012, substantial amendments were drawn up and adopted to the Law on Financing of Political Organisations (Parties) (adopted by *Saeima* on 29 November 2012) and to the Law on National Referendum, Legislative Initiative and European Citizens' Initiative (adopted by *Saeima* on 22 November 2012), besides the new Pre-election Campaign Law was drawn up (adopted by *Saeima* on 29 November 2012) that includes significant requirements restricting illegal funding of political parties, e.g. prohibition to use administrative funds of the state or municipal institutions in pre-election campaigns.

Analysing the total official revenue of political parties, it can be seen that the funding is being received unevenly, and it obviously increases during the pre-election period.

Figure 4. Inter-Correlation of the Amount of Donations and State Grants for Political Organisations (Parties) Represented in the Saeima



The graph shows that, after the adoption of the Pre-election Campaign Law on 29 November 2012, the total revenue of parties that correlates with the pre-election campaign expenditure decreased by more than 20% compared to the municipal elections of 2009, approaching the amount of the municipal elections of 2005.

By contrast, between elections political organisations do not attract funds for daily activities, do not carry out large-scale activities to involve the members or to recruit new representatives. The fact that political parties do not represent a significant part of the electorate and that they do not consolidate the public opinion can be proved by the fact that political parties have a very small number of members - from 600 to 3,000 members, they operate in isolation from the majority of voters and want to convince them to vote in the elections by organising massive pre-election campaigns only a short time before elections. In fact, internal control mechanisms of the parties are also inefficient, because the power is concentrated in the hands of very small authorities. Parties have weak relations with various

social groups, which results in the fact that a part of social interests, probably, are not represented in the parliament. Some parties have developed practices of patronage and clientelism, especially in relations with municipalities, by offering them a certain funding from the state budget and receiving, in return, municipal support.[18]

This situation significantly affects the role of money in politics: promotion of politicians and parties during the campaign requires significant financial resources, which in turn increases the impact of the sponsor on political activities of the respective party. Given that the non-public objective of sponsorship is probably the impact on the regulatory framework or politics, any attraction of larger financial resources creates a high risk of corruption, raising public suspicion that the donations are received in exchange for decisions taken by the public authorities. Close relations of individual representatives of political parties with sponsors belonging to different economic groups limit the opportunities and desire of political parties to disclose information about lobbyists. This fact probably explains the reticence of political forces when it comes to implementation of regulatory framework on lobbying transparency.

External control of political parties carried out by the CPCB has actually reached its limits: financial activities of all political parties, donors, legality of income are being verified, openness is being ensured, back-testing is being carried out by monitoring the mass media and the compliance of pre-election campaigns with the regulations. However, in the struggle for power and influence it is still possible to avoid reactive sanctions, by finding new ways of using the methods related to shadow economy. Therefore, the State must create a policy promoting the prevention of the problem, in order to reduce dependence of parties on attraction of large financial resources from one source, thus exposing their activities to the risk of unlawful influence. Political parties should strengthen their relations with the society, by involving an increasingly wide public in the party's activities, by diversification of sources of income, and by ensuring a reasonable balance between donations of natural persons and state funding.

Another problem to be mentioned is the weak mechanism of internal control of the *Saeima*, the fact that the State Control does not ensure the auditing of the *Saeima*'s performance, and that the interests of *Saeima*'s Members are not being declared during the decision-making process in the *Saeima*.

2.3.2. Economic Situation

During the planning of the Guidelines, there are several risks hindering Latvian economic growth. Besides, the trends of changes in the corruption level are closely correlated with the country's economic development and changes in people's welfare. In case of economic development, by implementation of efficient anti-corruption measures, overall decrease in the level of corruption may be expected.

According to the informative report „On the Macro-Economic Situation in the State" elaborated in October 2013 by the Ministry of Economics and Finance, there is a cautious optimism about the economic situation in the country and expectations of moderate economic growth. „Largely due to the growth of private consumption, in early 2013, the Latvian economy continued growing and the growth of the GDP was still one of the highest in the EU. It is expected that in 2013 and 2014 the domestic demand shall contribute to the growth. With the improvement of situation in the labour market, private consumption shall also continue growing. At the same time, the rapid growth in private consumption shall be constrained by the high household indebtedness, while private sector investments shall be affected by the hesitant behaviour of entrepreneurs regarding future perspectives, as well as the cautious lending policy of commercial banks."[19]

[18] „Association for Transparency – Delna", Assessment of the Public Fairness System in Latvia, pg. 23.
[19] http://www.em.gov.lv/images/modules/items/tsdep/makro_situac_valsti/EMZino_22_151013.pdf

Figure 5. Income of residents (average in month, euro)[20]

	2009.	2010.	2011.	2012.	2013.
Average monthly net wage	486	450	470	488	516
Public sector, gross	717	669	700	731	766
Public sector, net	529	476	494	514	542
Private sector, gross	616	608	636	658	689
Private sector, net	459	433	456	474	501
Average amount of old-age pensions of pensioners entered in the records of Social Security Institutions	233	250	254	257	259
Value of minimum subsistence basket of goods and services per capita	239	237	247	250	253

Economic development and improvement of the economic situation still has a weak effect one of the main causes of corruptive activities, i.e. remuneration insufficient for normal living conditions, and its unproportionate growth comparing with the cost of living in Latvia. Data obtained by the Central Statistical Bureau show that in 2012 the value of minimum subsistence basket of goods and services per capita was about half of the amount of revenues of persons working in public administration (public sector), which actually does not allow to attract highly qualified and motivated employees who have family and household to the positions of specialists working in public administration.

Changes in the economy have a significant impact on salaries both in the private and public sector. Austerity measures during the period from 2009 to 2010 that included significant reduction in funding for public administration institutions, dismissal of approximately 20% of employees working in the public administration and drastic reduction of the remuneration of officials and employees, caused a process that significantly increased the risks of corruption in the country.

In 2014, remuneration of officials of special ranks working in the MI and Prison Administration slightly increased, but it is planned to implement more significant changes starting from 2016. The CM supported the 2nd version of the Concept presented by the MI on a new remuneration system for officials of special rank employed by institutions of the system of the Ministry of Interior and the Prison Administration (approved by the Cabinet Order No. 675 of 27 December 2013), i.e. a remuneration system based on new principles. Implementation of the new remuneration system and increase of remuneration of officials of special rank starting from 1 January 2016 shall require additional funding of up to 61,972,913 euros, including the MI - 52,356,560 euros and MJ - 9,616,353 euros. The lowest monthly salary is planned to be 588 euros (413.24 lats), while the average remuneration would be around 765 lats (1,088.50 euros) and increase by 211 lats (300.23 euros) compared to 2013.[21]

The corruption in Latvia is promoted and reinforced by inequality of income, resulting in motivation of people with low remuneration to improve their financial situation with the

[20] http://www.csb.gov.lv/statistikas-temas/iedzivotaju-ienemumi-galvenie-raditaji-30268.html
[21] Information provided by the Ministry of Interior:
http://www.iem.gov.lv/lat/aktualitates/informacija_medijiem/?doc=28102

help of corruptive activities. In Latvia, GINI coefficient that measures inequality of income in the society is the highest among the EU member states, amounting to 35.7 out of 100.[22]

Latvia is the 42nd in the Global Competitiveness Index of 2014 (hereinafter - GCI). Corruption is the 4th of the 16 most problematic factors affecting the business.[23] GCI data allow determining national advantages and disadvantages from the point of view of individual competitiveness determinants. Enterprises from highly competitive countries are often able to conquer easily the markets of less competitive countries and compete with the local companies without any necessity to use unfair and unlawful methods, while enterprises from less competitive countries, for promotion of their goods and services in the domestic or export market, are forced to use unfair and unlawful competition methods, including corruption.

As Latvian economy recovers from the economic crisis, Latvian perspectives of economic growth and export volumes are increasing. More companies are exporting their goods, thus searching to expand markets for their products. Export is currently the main engine for the development of Latvian economics.[24]

However, in case of such positive trends, we must ensure that companies do not use bribery as a means for the conquest of market or commercial gain. In order to promote the competitiveness of Latvian enterprises in exporting industries and to ensure economic growth in the long term, one of the main tasks and challenges is to prevent international bribery in business transactions. Cases recently investigated by Latvian law enforcement institutions show that investigation of such cases related to international bribery are very time-consuming, because such bribery is carried out with mediation of intermediate companies and uses complex money laundering schemes through enterprises registered in Latvia and in many foreign countries, dealing with the real estate and making investments in companies owned by these enterprises.

The spread of corruption is significantly affected by the shadow economy in Latvia that makes it possible to carry out unlawful activities with proceeds of crime. Due to the economic crisis, people were more tempted to work in the shadow economy. As the shadow economy and circulation of illegal money grow, the state budget has less revenues and it is more difficult to stabilise the economy of the state. Therefore, the fight against the shadow economy in the country should be one of the main tasks of the government, by efficient implementation of the plans for combating the shadow economy and promoting fair competition.

Forms of corruption and shadow economy become more complex and more difficult to be identified, which requires specific knowledge, close cooperation in exchange of experience with foreign institutions, therefore it is necessary to invest in professional training of employees of controlling institutions[25], by raising efficiency of the methods for strategic and operational analysis, to ensure a more efficient fight against corruption, prevention of the shadow economy and further development of the regulatory framework.

According to data provided by the Central Statistical Bureau of Latvia, in 2013 the GDP increased by 4.1% comparing with 2012, which is still the fastest growth among the EU countries. One of the biggest promoters of Latvian economy is the public investment of the EU funds and other foreign financial assistance, which has greatly contributed to the country's

[22]Eurostat, http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=tessi190. Gini coefficient ranges from 0 to 100. Gini coefficient is 0 if there is absolute income equality (that is, all citizens have the same income), but the more it is approaching 100, the greater income inequality.

[23] Global Competitiveness Index 2014.-2015. http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

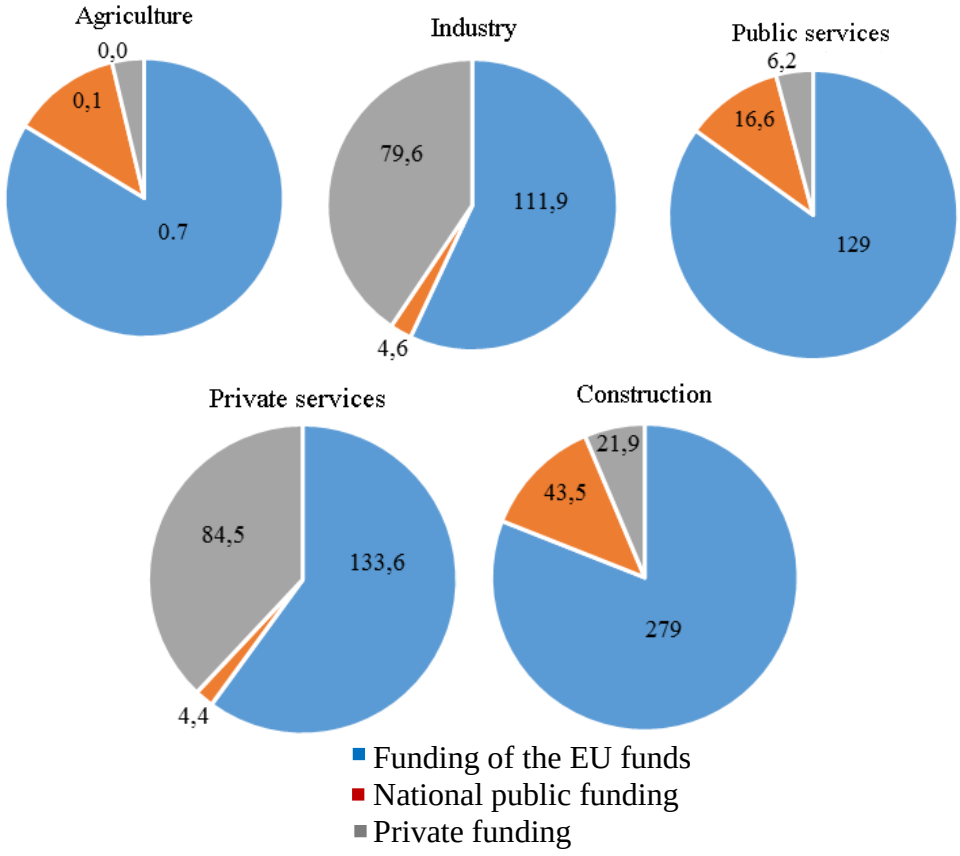
[24] Latvian Guidelines for the Promotion of Goods and Services Exports and Attraction of Foreign Investment for 2013–2019 http://polsis.mk.gov.lv/view.do?id=3053

[25] Including the CPCB, LGSI, FVS, SFS, SLI, SRS, HI, SBG, SP, etc.

economic growth and has had a positive impact on the development of industries and promoted the growth of the added value of economic sectors. During the planning period 2007 – 2013, the EU fund investments of the total Cohesion policy were allocated in the amount of 4.5 billion euros from the European Social Fund, European Regional Development Fund and Cohesion Fund, while in the period 2014 – 2020 it is planned to allocate the EU funds in the amount of 4.4 billion euros. Along with the EEA/ Norwegian Financial Instrument, in both periods[26] Latvia received 118 million euros, and within the Swiss program Latvia has been granted funding of 47.7 million euros, thereby increasing the total amount of investments in Latvia.

EU funds and other funds of foreign assistance have been invested in the following areas: public services, private services, construction, industry and agriculture. It should be noted that the EEA / Norwegian Financial Instruments and the funds of the Swiss program have been transferred to the field of public services, thus improving the performance of state and municipal functions (such as justice and home affairs, environmental protection, health and education), increasing availability of state and municipal services of high quality. Besides, it is planned to support enterprises operating in the field of green innovations, business incubation and loans to micro-enterprises. The figures present the situation of 2013, thus it can be concluded that the EU funds have mostly affected the construction sector, followed by private services and public services (the Figure below represents main sectors where the EU funds have been invested).

Figure 6. Distribution of the Funding of Economic Sectors according to Sources in 2013 (mm. Euro)



In 2013, the projects co-financed from the EU funds contributed to the increase of the speed of growth of added value in the construction sector by 3.4%, while the total impact of

[26] Period 2004-2009 and period 2009-2014

construction projects on the GDP growth rate has increased by about 0.4%. It should be noted that investments in construction projects have an indirect impact on other sectors of the economy, by creating favourable conditions for the development, for example, promotion of the internal consumption: due to the impact of the EU funds, private consumption growth rate increased by 0.4%. From the above sectors, public services increased the GDP growth rates by 0.5% (private sector - 0.4%, industry - 0.2%, while agriculture has almost no effect because of the small funding), which is the greatest contribution if compared with other sectors. It can be explained by the fact that the main task of the public sector is to create conditions necessary for successful development of other sectors. The largest EU fund investments within the sector were made in health infrastructure, education, infrastructure, vocational training and development of lifelong learning.

In order to ensure long-term impact of the EU funds, other funds of foreign financial assistance and funds of the state budget on economic development, a part of project's cost is covered by private funds of the project implementers. In 2013, the greatest private funding was attracted by the projects of EU funds, providing contribution to companies directly related with research and innovation. The second largest private funding was attracted in the field of energy efficiency, cogeneration and energy management investments, in particular, for the improvement of heat insulation in apartment buildings and projects for the increase of efficiency of centralised heating systems. The third largest private funding was attracted in projects to promote entrepreneurship in small and medium-sized enterprises. It should be noted that the EEA / Norwegian Financial Instrument projects of the period 2004 – 2009 were completed in April 2011, while the largest part of projects of the period 2009 – 2014 were initiated in 2014 and the largest private funding to be invested in companies is related to the field of innovation. Speaking about the Swiss program, all projects are basically implemented by the state and municipal institutions, the support to the private sector is provided only within the framework of micro-lending program, and companies should only ensure the recovery of interests of the micro-loan.

Given that investments in infrastructure are not directly related with the increase of the national export capacity, the impact of the initiatives co-financed from the EU funds on the speed of export is quite moderate: in 2013 the EU funds increased the export growth rates by only 0.6%, because, along with the productivity growth, the funding from the EU funds has contributed mainly to the development of internal market and the improvement of infrastructure. It should be noted that the implementation of EU funds has also affected the import growth rates, because a part of the construction materials are imported to Latvia.

Thus, it can be concluded that contribution of the EU funds and other foreign financial assistance has direct impact on the country's economic development and on circulation of available financial resources in both the public and private sectors.

2.3.3. Social Factors and Culture Environment

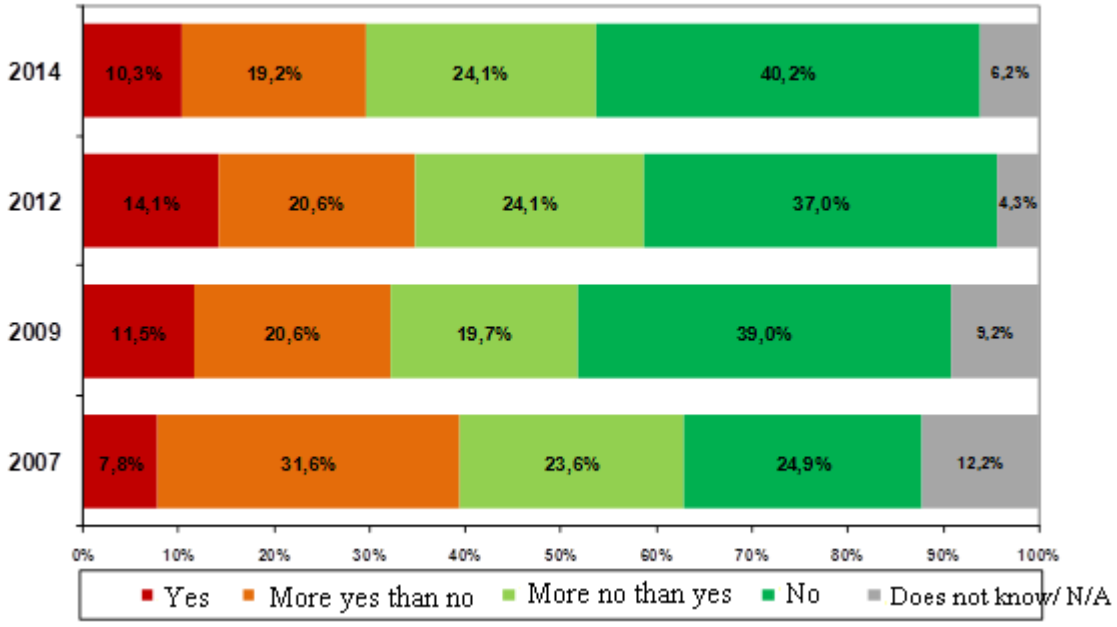
In Latvia there is still a relatively high tolerance against corruption and tax evasion. Educational activities and sociological studies carried out by the CPCB have shown that there is still lack of public awareness of the negative consequences of corruption, responsibility for corruptive behaviour, and exercise of the authority of state officials in case of a conflict of interest.

Sociological surveys show that tolerance of various social groups remains a significant problem, because the part of population ready to engage in corruptive activities declines one year, while another year it rises again. In 2005, 48% of respondents gave an affirmative answer to the question of whether they were ready to pay a bribe in order to solve their problem in a state or municipal institutions; in 2007 the number of persons answering affirmatively decreased to 39%, while in 2009 - to 32% of population. By contrast, in 2011,

39% of entrepreneurs gave affirmative answer to this question. However, opinion poll of 2012 revealed that the number of persons affirming the possibility of giving a bribe to a state official if it would be necessary to solve a problem, exceeded one-third (34.7%) of Latvian population, while in April 2014 the proportion of such persons declined again to 29.5%, which is less than in all previous studies. It indicates that the situation is unstable, it is impossible to confidently believe that the trust in public administration and social traditions are changing, there is still no firm belief that the state is able to resolve issues without use of illegal activities.

Figure 7. Tolerance of residents against corruption

Are you personally ready to offer a bribe to state officials if it may be necessary for you or your relatives and if it solves the problem?
(Base = all respondents)



Distrust in the honesty of state administration is also confirmed by *Transparency International*'s Global Corruption Barometer survey 2013 that compiles information on people's perceptions and experiences in relation to corruption. This study pointed to the negative public attitude, where 29% of respondents admitted that, over the previous three years, the level of corruption had increased, while 55% of respondents believed that the level had not changed.[27] Being asked the question of the importance of the problem of corruption in the public sector in Latvia, the majority of respondents, i.e. 51%, recognised that the problem was very serious.

In 2013, the Corruption Perceptions Index, i.e.an internationally used comparative index of corruption distribution in different countries, showed an improvement by 4 points amounting to 53 points out of 100. This is the first time when Latvia is not among the countries where corruption is considered to be a serious problem. Comparison with

[27] Global Corruption Barometer, Report 2013,
http://www.transparency.org/policy_research/surveys_indices/gcb/2013/results

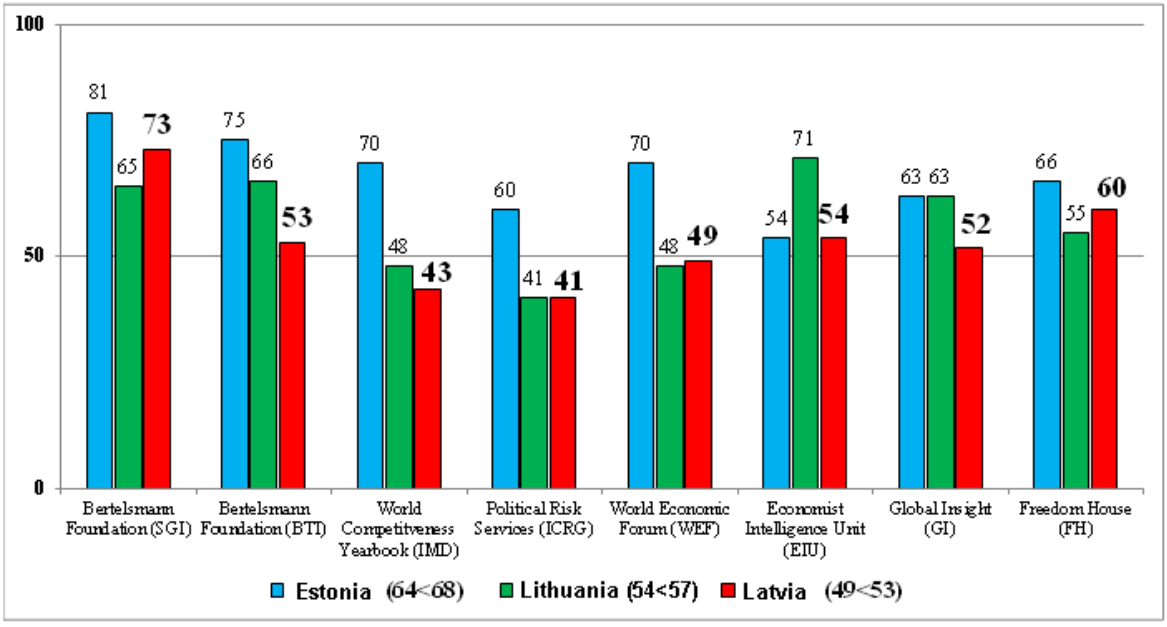
neighbouring countries: Lithuania reached 57 points, while Estonia amounted to 68 points out of 100.

Analysing the results of measurements forming the Corruption Perceptions Index included in various international studies on the spread of corruption carried out in 2013, and evaluating data of observations, it can be seen that the incidence of corruption in Latvia decreases, however, in comparison with the other two Baltic states Estonia and Lithuania, according to three indicators, the situation in Latvia is seen more negatively than in both neighbouring countries, two indicators – it is equally low with one of its neighbours, three indicators – it is in the middle position between the two neighbouring countries.

Comparing different indicators for the assessment of corruption incidence in Latvia with 12 other new EU member states that joined the organisation after 2004, our country is only in the eighth place, leaving behind only the Czech Republic, Croatia, Slovakia, Romania and Bulgaria. Speaking about other EU member states, Italy and Greece also have lower rates.

Figure 8. ***Results of Corruption Incidence Measurements in Various International Studies Forming the Corruption Perceptions Index***

Place among EU28	New EU Member States (changes with the previous year)	Bertelsmann Foundation (SGI)	Bertelsmann Foundation (BTI)	World Competitveness Yearbook (IMD)	Political Risk Services (ICRG)	World Economic Forum (WEF)	Economist Intelligence Unit (EIU)	Global Insight (GI)	Freedom House (FH)
12	Estonia (64<68)	81	75	70	60	70	54	63	66
13	Cyprus (66>63)	49			69	61	71	63	
15.	Poland (58<60)	73	66	55	50	52	54	63	58
17 -18	Lithuania (54<57)	65	66	48	41	48	71	63	55
17 -18	Slovenia (61>57)	57	62	36	60	47	54	73	68
19	Malta (57>56)	49			60	54	54	63	
20	Hungary. (55>54)	49	58	35	50	39	71	63	55
21.	**Latvia (49<53)**	**73**	**53**	**43**	**41**	**49**	**54**	**52**	**60**
22 -23	Czech Republic (49>48)	49	62	36	41	34	54	52	58
22 -23	Croatia (46>48)	49	66	39	31	43	54	52	50
24	Slovakia (46<47)	57	62	29	41	26	54	52	52
25	Rumania (44>43)	57	53	37	31	34	38	42	50
27	Bulgaria (41=41)	49	58	26	31	39	38	42	50



2.3.4. Technological Environment

Formation of international networking and technological developments increases the role of these factors in committing criminal offences, provision of financial services offshore is blooming, thus promoting possibilities of laundering proceeds of crime. However, the technologies also offer the opportunity to increase the information and data traceability and recording of evidences, if there is a sufficient amount of resources and if investigating authorities have sufficient capacity for technological innovations.

Implementation of technological solutions in the field of physical control, such as photo radars, border control or other areas, reduces the importance of the subjective factor in the decision making process. Creation of electronic services through the introduction of remote customer service solutions limits direct communication between officials and clients, which may be seen as an essential aspect for elimination of corruption risks.

In the guidelines for the Development of the Information Society 2014 – 2020 (approved by the Cabinet Order No. 486 of 14 October 2013), the MEPRD, as the leading state administration institution in the field of electronic administration, information society and information technologies, provided summary of information indicating that from around 600 state administration services whose electronisation would be useful, approximately 240 services are currently eloctronised. During the EU Structural Fund planning period 2007 - 2013, e-services in the field of the health, education, welfare and social services were created; a range of services for entrepreneurs were introduced: electronic registration of the company and other services of the Company Registry; e-services of the State Environmental Service, State Labour Inspectorate, etc. In September 2013, in the portal *www.latvija.lv* 61 e-services were available, and the most popular among them was the possibility to apply for studies in universities, declaration of the place of residence, personal data in the Population Register. In 2012, the number of use of e-services in the portal *www.latvija.lv* exceeded 1 million times. Besides, an electronic procurement system has been created that has a constantly growing turnover (for example, in 2012 it amounted to 18.27 million lats, which is by 37% more than in 2011). At the same time, thanks to the support of the EU Structural Funds, electronic identity cards were also introduced, which also includes e-services that are necessary for obtaining the identification and electronic signature tools.

These MEPRD guidelines stipulate that one of the main directions of activities for the next planning period is “a modern and efficient public administration", underlining that the society wants public administration to serve according to the public interest, to be rationally and effectively organised, the services should be available as conveniently as possible for each resident, entrepreneur and NGO.

All leading authorities of the EU funds have established or plan to establish management information systems, where the data on project promoters, project progress and other information essential for monitoring of the used funds is stored, by analysing the risks that are associated with corruption and fraud, and that reduces the administrative burden on citizens. Besides, it is planned to develop the created systems by improving their functionality and usefulness in the administration of the EU funds.

Involvement of the society in the public administration is important to prepare the public administration institutions and to make decisions in line with the public interests, by offering relevant content and quality of services, and to use public resources for implementation of decisions or for monitoring of the performance, and to reduce public distancing from the administration processes .

On 1 July 2013, a new type of public involvement, i.e. discussion papers (abroad - *green paper*) entered into force. It provides anyone interested with an opportunity to get acquainted with the draft legislation at the early stage of development of the documents - at least 14 days before the submission of the document to the State Secretaries' meeting, thus

significantly expanding and strengthening public involvement in the governmental decision-making process.

3. Basic Existing and New Principles, Objectives and Priorities of the Policy

Basic Principles of the Corruption Prevention and Combating Policy

The main principle of the corruption prevention and combating policy is the reliability of administration of the public and private sector.

Reliability of administration may be achieved by meeting the following principles:

1) **Principle for good administration of institutions and organisations**, including the rule of law, openness, equality, impartiality, proportionality, legal certainty, legitimate expectations, complying with reasonable deadlines, participation, transparency and effectiveness;
2) **Principle for efficient management of human resources** including the fair assessment of merits, ethics, transparency, responsibility, equality, respect for the public interest, prohibition of arbitrariness and the principle of legitimate expectations.

Main Objective of the Corruption Prevention and Combating Policy

In line with the principles of **good administration and efficient management of human resources**, ensure reliable operation of any institution of organisation.

Priorities of the Corruption Prevention and Combating Policy

1) Reorient anti-corruption and anti-fraud policy from the external control exercised by control institutions, to the internal control of departments and institutions;
2) Ensure openness of the selection of public administration human resources, and ensure ethical, motivated, competent staff across the whole public administration and judiciary power;
3) Reduce public tolerance towards corruption and promote public involvement in the policy-making process;
4) Launch measures for corruption and fraud combating in the private sector.

4. Directions for Achieving Objectives and Results of Corruption Prevention and Combating Policy

In order to achieve the main objective of the corruption prevention and combating policy, the following sub-objectives have been set:

1. **Sub-objective: Ensure public administration's policy of human resource management that excludes motivation for corruptive activities**
   1.1. Direction of activities: Review of the scope of persons subject to the preventive anti-corruption measures
   1.2. Direction of activities: Improvement of the public administration's human resource management, thus promoting ethical principles and reducing the risks of corruption and conflicts of interest
2. **Sub-objective: Create and improve an independent internal control system to limit cases of corruption or defrauding of financial resources, including the EU and other foreign financial resources, in the public, municipal or private sector**
   2.1. Direction of activities: Improvement, maintenance and supervision of the internal control system in the public and municipal institutions or capital companies

2.2. Direction of activities: Provision of the legality of use of public property and funds, including the EU funds and other foreign financial assistance instruments
2.3. Direction of activities: Strengthening of good faith and prevention of corruption risks among officials related to the judicial power
2.4. Direction of activities: Implementation of anti-corruption measures in the private sector

3. **Sub-objective: Reduce the public tolerance towards corruption**
   3.1. Direction of activities: Involvement of persons and groups that do not represent the public sector into the corruption prevention, and promotion of public intolerance towards corruption and the consequences thereof
   3.2. Direction of activities: Improvement of the system of whistleblower protection and provision of information to the society in cases of violation of the law
4. **Sub-objective: Ensure inevitability of penalties for offences related to the abuse of official power and for unlawful use of the power**
   4.1. Direction of activities: Setting of effective, proportionate and dissuasive administrative or criminal penalties for offences committed.
   4.2. Direction of activities: Prevention and combating of bribery of officials related to foreign and international organisations
   4.3. Direction of activities: Determination of responsibility for the squandering or misappropriation of property, and for other unlawful activities carried out by public officials in relation to the property
   4.4. Direction of activities: Prevention of the laundering of the proceeds of crime and promotion of possibilities to recover the proceeds of crime
   4.5. Direction of activities: Efficient operation of the preventive anti-corruption organisations and ensuring of their independence, including acquisition and spread of information on corruption prevention
5. **Sub-objective: Limit the power of money in the politics**
   5.1. Direction of activities: Ensuring transparency of financing of political organisations and reducing the role of money in the politics
   5.2. Direction of activities: Promoting social involvement in the policy creation process

5. Problems Related to Corruption Prevention and Combating Policy and Further Activities

5.1. General Description of the Current Situation, Identified Problems and Data of Sociological Studies

Analysis of results of various internationally recognised studies shows that Latvia is one the countries with moderately high level of corruption, where most public officials reject unlawful payments, however, the public is very sceptical speaking about honest problem settlement in state and municipal institutions. The special Euro Barometer[28] dedicated to the measurements of corruption level shows that in Latvia there is a very high disproportion between the public perception of corruption and its impact on public administration and the need to use illegal payments in everyday business activities. In other words, although only a fifth of the respondents, i.e. 20%, admit that their personal lives are affected by corruption (which is the 12th lowest rate in the EU, and higher than the EU average - 26%) and 6% have

[28] Special Eurobarometer 397, lauka darbs 2013.gada februāris un marts; http://ec.europa.eu/public_opinion/archives/eb_special_399_380_en.htm#397

given a bribe (EU average - 4%), 83% believe that corruption is a widespread phenomenon (average EU level - 76%). At the same time, 33% of Latvian population and 31% of Estonian population belong to the first two countries, where the least of the respondents have admitted that the level of corruption has increased in the previous three years. In Latvia, unlike other new EU member states, there is the lowest number of persons who agree with the statement that it is necessary to have political ties to ensure success in business: 55% of population and 50% of entrepreneurs agree with this statement.

The survey data show that disproportion between the perceived and experienced corruption in Latvia is caused both by the high level of public awareness of the hidden forms of corruption in transactions where residents are not personally involved, and by the very high ethical requirements (59% believe that liability for corruption activities is inadequately enforced), compared to other EU countries, very critical attitude and distrust in public administration, and an extremely high readiness of the population to give gifts themselves: this statement has been admitted by 67% of respondents which is the highest level among the EU Member States. Although several studies show that in everyday life people are rarely involved in situations of bribe extortion, the long proceedings before courts and administrative requirements in institutions contribute to the opinion that it is necessary to offer unlawful payments to resolve the respective issues.

According the survey carried out by "Latvian Facts" in April 2014, 32.2% of respondents admitted to have made unofficial payments, given gifts or used informal contacts for addressing their issues in public institutions.

In Latvia, the level of corruption in some sectors is still significant, especially given the fact that the manifestations of corruption are becoming increasingly complex and subtle. In many areas, internal monitoring mechanisms in institutions and departments are still not sufficiently effective to get rid of the intense external control provided by the CPCB. Analysing the results of the study, it can be seen that in 2014 the most of Latvian population (20.2% of respondents) used acquaintances, informal payments or gifts in relation to reception of health care services. 5% - 6% of them carried out such informal activities in the field of education, for getting a new job, dealing with real estate affairs. Almost in all positions of the survey, there is increase of the number of residents having carried out informal activities to resolve some issue. Smaller number of respondents having done such activities can be observed only in relations with the Road Police.

Figure 9. ***Frequency of Using Corruptive Methods***

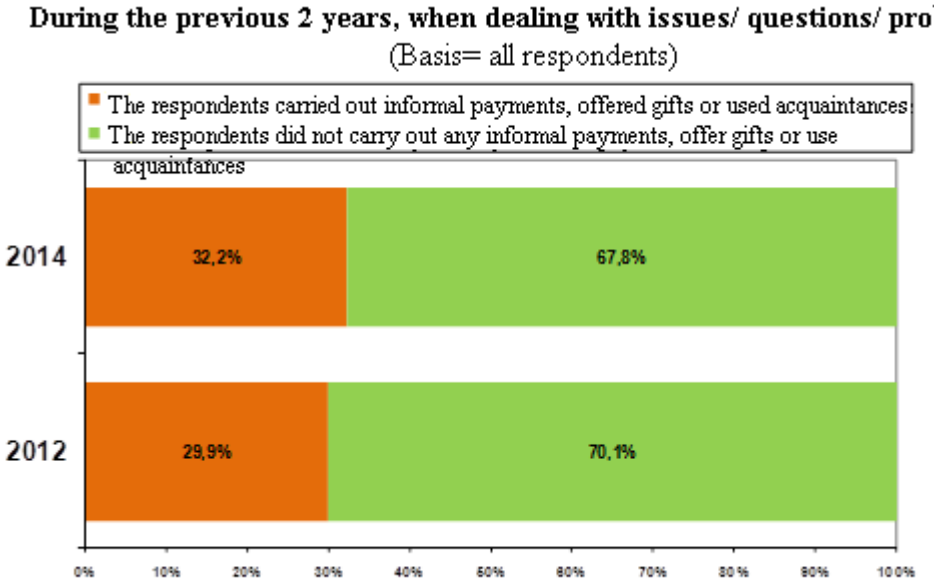
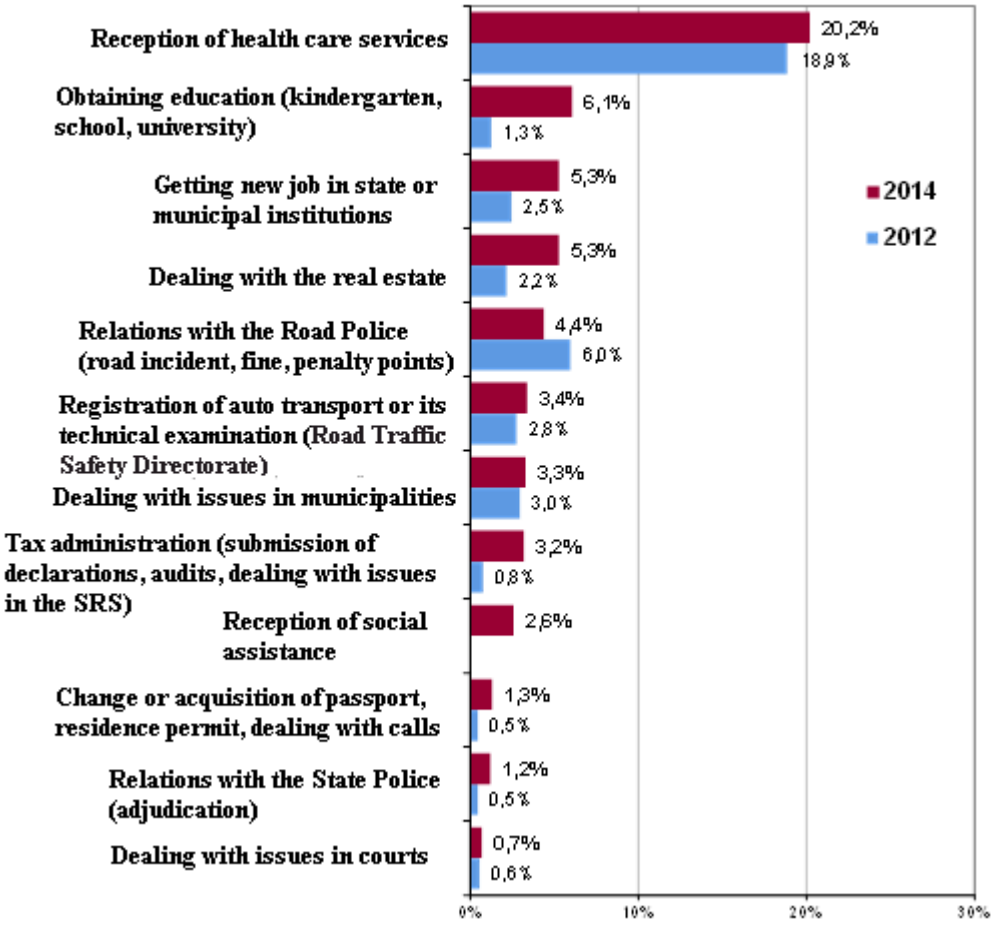


Figure 10. ***Frequency of Using Corruptive Methods for Reception of Various Services***

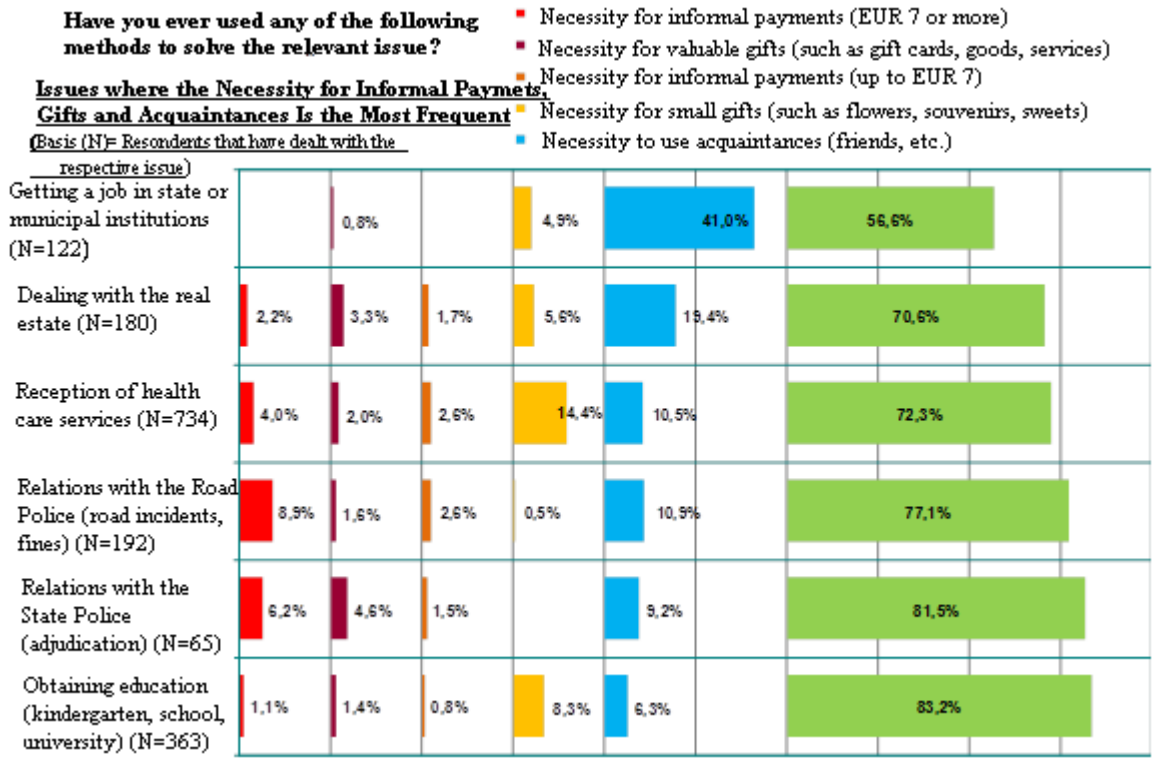
During the 2 previous years, when dealing the respective issues, the respondents used informal payments, gifts and acquaintances
(Basis = all respondents)



In April 2014, approximately 28% of residents that, over the past two years, had been in contact with health care professionals and 22% of population having been in contact with the road traffic surveillance officials admitted that, for receipt of a service, they had used unofficial payments (in the amount of approximately seven euros), offered gifts, used acquaintances or barter. 8.9% of residents admitted that they had made unofficial payments in the amount of more than seven euros, when dealing with the road traffic surveillance officials.

Most of the surveyed Latvian residents (20.2%) have used acquaintances, unofficial payments or barter for treatment purposes (clinics, hospitals), while much less part of the respondents, i.e. 5-6%, have carried out unofficial activities to get education or new job in state or municipal institutions; 4.4% of respondents have carried out such unofficial activities when being in contact with the road police. In other sectors of administrative management where there is a contact between administration officials and general public, level of situational corruption decreases: there, unlawful payments were used by only 3% or less of the surveyed Latvian residents. Similar data can be seen in the results of the *Special Euro Barometer 397*, where 7% of respondents having received health care services admitted to have given bribes, valuable gifts or donations.

Figure 11. ***Fields where informal payments, gifts or acquaintances are the most often used***



Surveys of entrepreneurs[29] show that businessmen identify less the corruption as the main problem. There is an increasing number of institutions where, from the entrepreneurs' standpoint, the corruption is a relatively rare or even almost impossible phenomenon. In case of corruptive activities in many areas, there is an increased risk that one of the persons involved in the relevant bribery stage may be held liable if the individuals involved in the offer or reception of unauthorised benefits are not well known to each other. This is due to the increase in the feeling of inevitability of punishment, for example in relation to the efficient work of the CPCB and SP in crime detection, and to the fact that the information on detected cases is being published. It helps to dissuade others from engaging in similar activities, increases public intolerance towards corruption, besides institutions take internal measures to improve organisation of customer service, ensure transparency of administrative procedures and staff control.

Informative report drafted by the AFCOS in collaboration with the competent authorities (in accordance with Section 28[2], Paragraph 2 of the Law on Budget and Cabinet Regulation No.269 of 23 March 2010 „Regulation of the European Union's Council for Financial Interests Protection Coordination", sub-paragraph 2.2) shows that, during the planning period 2007 – 2013, only 0.4%[30] of non-compliance cases related to corruption and fraud risks (cases of conflict of interest or suspicion of fraud and organised crime). By the end of 2013 the total volume of non-compliance, in terms of the total required public financing, amounts to 1.3%. In view of the problems identified, which are mostly associated with breaches of requirements on procurement or competition standards (22.71%) or with non-

[29] Enterprises' attitude towards corruption-related issues, SKDS, November 2011, http://knab.gov.lv/uploads/free/aptaujas/knab_aptauja_2011_attieksme.pdf.
[30] Informative report on Inappropriately Performed Tasks within the Framework of the EU's Policy Instruments, EU's Iniciatives, Pre-Accession and Transition Period Assistance until 31 December 2013, http://polsis.mk.gov.lv/.

compliance with conditions for implementation of various projects (21.91%), the leading institutions working with the EU funds and other foreign financial assistance instruments continue to work on improving the situation. Cooperation with beneficiaries of the EU funds and other foreign financial assistance instruments (municipalities, entrepreneurs, NGOs, public authorities, etc.) is going on, including attraction of representatives of the PMO, European Commission's experts and other foreign or national experts. However, Sociological study performed in April 2014 by the market and social studies agency „Latvian Facts" basing on the order made by the CPCB, revealed that the level of credibility in the EU institutions involved in the administration of funds has decreased in terms of corruption. It might be caused by the fact that the media have loudly criticised implementation of the EU funds and achievement of the objectives. However, there is also a positive trend: better cooperation between the authorities involved in administration of the EU funds and other foreign financial assistance instruments and the law enforcement bodies, which can be proved by the increase in the number of cases investigated and criminal proceedings initiated. It is planned to continue to develop cooperation of the authorities involved in the administration of the EU funds with the law enforcement bodies, for example by organising workshops and mutual trainings.

Speaking about implementation of the EEA / Norwegian Financial Instruments in the period 2009- 2014, the donor countries in 2013 launched a pilot project where the *Transparency International*, in collaboration with the Berlin Risk Institute, developed a Report of Corruption Risk Assessment-Risk Filtering Stage of the EEA / Norwegian Financial Instruments for each beneficiary country with the aim to draw attention of the beneficiary countries to the probability of the corruption risk in each country, pay attention to the relevant corruption risk, and seriously evaluate and take the measures necessary for the risk prevention or mitigation. The report provides an overall assessment of the probability of the corruption risk at national level and at the level of the EEA / Norwegian Financial Instrument Programmes[31]. At the national level, in Latvia there is an average probability of corruption risks, while, at the programme level, three of the eight programmes have shown a high probability of the corruption risk. The MF as the leading institutions of the EEA / Norwegian Financial Instruments, in cooperation with the CPCB, compiled a list of measures to be taken to reduce the risk of corruption and submitted it to donor countries in September 2014, stipulating that the main measures are the following: elaboration of the Guidelines for Corruption Prevention and Combating 2015 – 2020 (including the trainings organised by the CPCB for employees of the public sector), development of a strategy for EEA / Norwegian Financial Instrument risk management, and creation of mechanisms for submission of complaints to the websites of the EEA / Norwegian Financial Instruments administrated by the leading institution. Corruption risk assessment reports on each of the beneficiary countries shall be compiled in a single document, which shall be published during in 2015.

5.2. Conclusions on Information Obtained during Inspections Carried Out by Law Enforcement Bodies

Inspections and investigations of criminal cases carried out by the CPCB reveal that elimination of situational corruption in unplanned everyday contacts between public officials and clients of institutions does not diminish the desire of certain dishonest individuals to gain personal benefits or to get such benefits on behalf of others, by using official position in bad faith. There is a trend that persons involved in gaining personal benefits have close personal relations, work in conspiratorial way, adapt legal provisions that may be differently interpreted according to the desired solution, use networks of mediators, fictitious companies,

[31] *Transparency International* 24.09.2014. presentation on the main conclusions from the corruption risk assessment , http://eeagrants.lv/files/Draft_TI-S-presentation_Tallinn_23-09-14rev.pdf.

offshore commercial companies and other money laundering schemes to transfer unlawful payments. Such phenomena occur mainly in sectors administrating significant financial resources, especially in public procurements in such sectors as public service providers, public capital companies, as well as in areas where the State carries out monitoring of the legality of oligopolistic enterprise activities and fight against the shadow economy.

5.3. Good Governance and Internal Control

Corruption is considered to be the most dangerous threat to good governance. Corruption and inefficient administration of institutions distort economic growth and development. Thus, the priority of institutions should be setting tasks that promote good governance and prevention of corruption and ineffective administration, such as rapid response to any symptom of mismanagement or corruption, equal response to any case of mismanagement or corruption by similar measures in all instances and at all levels, using international experience and cooperation to ensure a good governance. To achieve the objectives of good governance, continuous initiative of the institutions' leading persons is needed, as well as demonstration of moral and ethical behaviour in everyday activities.

It has been suggested to apply principles of disciplinary liability of officials, which would be one of disciplinary mechanisms for reduction of violations, including possible fraud, cases of corruption or conflict of interest in the projects of the EU funds implemented by direct or indirect public administration institutions, derived public persons or other public authorities, according to the Point 4 of the Cabinet Protocol Decision of 8 March 2011 (Protocol No.14, § 21). Accordingly, information on the proposed service investigation and the number of disciplinary cases is compiled in the informative report of the MF on implementation of the European Union's structural funds and the Cohesion Fund, Financial Instrument of the European Economic Area, Norwegian Financial Instrument and Latvian-Swiss Cooperation Programme until 31 December of the current year.

Improvement of the internal control system in the field of anti-corruption is one of the most efficient ways to reduce the risks of corruption in state and municipal institutions, however, there are often cases where state representatives point to the existence of internal control system in the institution, but it should be concluded that only some of its basic elements have been introduced.

On 7 February 2012, the Cabinet of Ministers supported the Concept on Reduction of Corruption Risks in Public Administration Institutions and Municipalities (approved by the Cabinet Order No.72 of 13 February 2012) and the third version of the solution, that wants institutions to implement the minimum set of measures for corruption control, and, speaking about the others, to choose the priority direction of the corruption control measures, taking into account work specificity, personal observations and previous experience.

Evaluating the practice of the leading public administration authorities and their subordinate institutions in organisation of internal anti-corruption control measures, the CPCB has concluded that there are still deficiencies:

1) There are detailed requirements for internal anti-corruption control in relation to the prevention of conflict of interest in activities of public officials, but, in relation to other control procedures, there is quite visible discretion where it is possible to choose control measures to be implemented. As a result, in the field of management of the EU funds and other foreign financial assistance instruments which has to be carried out in accordance with the requirements defined by the European Commission and donor countries[32], a strict, integrated control system has been implemented that applies to

[32] Norwegian Ministry of Foreign Affairs, European Economic Area Financial Mechanism Committee, Swiss competent authorities.

prevention of corruption and other risks; in other areas of public administration, there is a mixed system - some control elements are strictly regulated, while others are discretionary. As a result, implementation of anti-corruption measures in state institutions is not carried out in accordance with uniform standards and regulations; moreover, the CPCB has developed methodological tools, but recommendations included in these tools, due to their non-mandatory nature, are rarely taken into account or included in descriptions of institutional procedures. Consequently, it is necessary to look for solutions to ensure that mandatory control measures are provided by laws and regulations.

2) Although the majority of institutions have updated anti-corruption action plans, many institutions, during elaboration of their anti-corruption plans, have not analysed offices that are subject to corruption risks, there is no confidence that the developed anti-corruption action plans are real tools for risk management, if the set objectives are not targeted at specific groups of officials.

3) Ability to identify the risks of corruption in the institution (to identify conditions that are favourable for corruption risks, determine the corruption risks that are the most difficult to identify, identify the functions that are the most subject to the corruption risks) points to the responsible officials' professionalism and detailed analysis. Unfortunately, some institutions have carried out this analytical task carelessly and have not offered any answer to theoretical questions or they have tried to distance themselves from the risks of corruption, pointing out that this problem is not topical.

4) 37% of public administrations and 40% of public persons' capital companies, in response to the question "Which of the risks of corruption, based on practical experience, are the most difficult to detect and prevent in the work of employees of your institution?" replied that this problem was not topical. Since the respondents were not asked to explain their answer, it is difficult to conclude definitely whether the specific institutions consider that they do not have any corruption risks or, contrary, all possible risks have already been identified and eliminated completely. However, given that, among the respondents who responded "the problem is not topical", 48% of institutions had not carried out or had only partially carried out the assessment of corruption-sensitive offices (hence the assessment of functions and competences), it may be concluded that at least a part of the heads of institutions are perhaps unaware of the existing corruption risks in their workplace, or do not want to accept them.

5) It has been concluded that the conditions that are the most favourable for the corruption risks are the following: low wages and low motivation of employees (often linked with financial aspects). However, while in Latvian public administration it is not possible to provide employees with the desired amount of remuneration, heads of institutions must be aware of the high corruption risk and hence the need to ensure more resources for internal control measures to prevent the risks.

6) Each institution has to ensure that the employee is familiar with its internal regulations and is able to act independently when faced with specific problematic situations. Besides, internal regulations of institutions should provide for a plan for employees if they want to report violations in the institution's management, providing anonymity and restricting potential repressive actions against whistleblowers. The above survey shows that this issue has been addressed only in some institutions.

In Latvia, the level of the institute of internal audit is acceptable in public institutions whose quality requirements are supervised by the MF, but it is weak and undeveloped in municipalities, public persons' capital companies, judicial power and the *Saeima*. There is an

uncertainty as to the coordination between all the main representatives of the internal control system. It is believed, but not included in the laws and regulations, that the State Chancellery is responsible for the development of basic requirements of the internal control system for a limited number of institutions, while the CPCB monitors the internal control system in relation to the prevention of corruption. The State Chancellery is not collecting data on the efficiency of the internal control system, but the CPCB is carrying it out occasionally. The main supervisor of the internal control system with respect to the use of the state budget is the Ministry of Finance that develops and oversees the internal audit policy in the country, provides methodological support for financial controls. In turn, the State Treasury is responsible for consolidation of the state budget reporting statistics, the MF is the managing authority responsible for the supervision of the internal control system in the field of the EU funds and other foreign financial assistance instruments.

Section 31 of the Law on Budget and Financial Management stipulates the Cabinet shall submit to the *Saeima* a report on the financial year concerning the implementation of the State budget and local government budgets together with the opinion of the State Audit Control. Cabinet regulations No. 375 of 29 May 2012 "On the Procedure of Preparation of the Report of the Financial Year" lays down procedures and the extent to which the Ministry of Finance prepares the report of the financial year, including the statement of the Ministry of Finance on the report of the financial year, national consolidated balance sheet and its annexes, as well as overview on execution of the consolidated budget and its annexes, overview of the consolidated public debt and its annexes, but it does not provide for obligation of the executive power to supplement report of the financial year with certification of the efficiency of the internal control system and its compliance with requirements.

According to Section 6, paragraph 1 of the Internal Audit Law, the State Secretary or the head of institution has no obligation to provide information or certification on the performance of the created system, when submitting annual reports, while Section 6, paragraph 1, point 7 provides a general requirement to "send information to the State Chancellery for evaluation regarding the facts established during the performance of an internal audit, which affect the operation of State administration in general".

From the point of view of the internal audit policy, such situation results in a problem concerning the competence of the *Saeima*, namely, internal audit has no clear customer from the part of the government. It might be the Minister of Finances to be delegated to perform governmental functions, including the right to make decisions on the allocation of financial resources and sign the report of the financial year, by providing certification of the internal control system, because there is no other instrument to rely on. To make the MF sign the statement of assurance on the use of state budget with full confidence, it would be necessary to improve the internal control system across the whole government sector, the CPCB should improve preventive measures, the State Treasury should develop solutions to impose liability for errors committed in the internal control system when drawing up the annual accounts, the MF should improve financial controls.

During the next programming period, greater attention should be paid to the improvement of the internal control system and the audit in the *Saeima*, judicial power, municipalities and capital companies, including development of anti-corruption measures.

5.4. Prevention of Corruption and Conflict of Interest

Given the hidden nature of corruption, it is very important to identify and prevent situations of conflicts of interest when they might be precursors to corruption. In this area there are two trends: strict compliance with laws and regulations in many institutions, or active looking for ways to evade from meeting the requirements of the law, by non-application of the status of public official or narrow interpretation of the law. Activities of public officials are controlled by a permanent trend, i.e. administrative violations in the field

of corruption prevention are mostly committed by public officials in municipalities (council members, heads of municipal institutions, officials working in municipal capital companies).

The CPCB often finds that officials breach the prohibition to operate in their personal and financial interests or interests of their relatives: relatives are recruited or hired to execute orders for the needs of the institution, orders are issued to grant premiums or other benefits (going on a business trip, use of vehicles, mobile phone limits, advantageous lease agreements, etc.). Although education and explaining of regulations takes place, sometimes officials are still unable to apply the provisions of the law in practice.

In order to reduce corruption in the country as a whole, it is needed to strengthen capacity of institutions involved in the fight against corruption, bribery prevention, monitoring of conflicts of interest and in the judicial field; it is also necessary to educate officials faced with the risk of being involved in situations of corruption or conflict of interest on anti-corruption issues and to provide them with regular further training on problematic situations that may occur when carrying our official duties.

Due to the control and explanations carried out by the CPCB, public administration institutions have implemented procedures for monitoring the compliance with the LPCI, but there are still deficiencies that require further discussions: public official declaration system, actual conflicts of interest in municipalities, public resources at the disposal of NGOs and private capital companies. Unresolved issues are related to application of business limits to all persons whose activities might involve a conflict of interest, as well as acceptance of donations for public needs.

5.5. Implementation of International Commitments

Latvia is bound by obligations of the Agreement of the Council of Europe establishing the Group of States against Corruption (GRECO), the UN Convention against Corruption and the OECD Anti-Bribery Convention

Latvia became a full participant of the OECD Working Group on Bribery in International Business Transactions on 3 October 2013. In Latvia, the OECD Anti-Bribery Convention entered into force on 30 May 2014. In the process of Latvian accession to the OECD, the Organisation shall assess the compliance of Latvian legislation and their application in practice with the legal instruments of the Organisation, as well as, if necessary, prepare an opinion on the necessary amendments or supplements. To become a member of the OECD, the Working Group on Bribery in International Business Transactions has to pass two evaluation phases. The first phase is a legislative assessment, while the second phase is assessment of practical implementation of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Latvian initial memorandum on accession to the OECD, Section on Combating Bribery provides for evaluation of compliance of the state with the three recommendations of the OECD Council (recommendation on future combating of bribery of foreign public officials in international business transactions; recommendation on the tax measures for future combating of bribery of foreign public officials in international business transactions; recommendation on bribery and officially supported export credits) and with one OECD's Development Assistance Committee's recommendation on anti-corruption proposals within the framework of mutual assistance. The five Council recommendations included in the Latvian initial memorandum on accession to the OECD, Section on Public Management are also related to anti-corruption issues. They are related to the principles of management of public - private partnership; transparency and integrity principles in lobbying; increase of integrity in public procurements; management of conflicts of interest in the public service; improvement of ethical behaviour in the public service, including principles for management of ethics in the public service.

In 2012, the GRECO carried out the fourth round of evaluation, resulting in adoption of the Latvian Evaluation Report with 14 recommendations with regard to the prevention of corruption in the parliament, judicial institutions and prosecutor's office.

It should be noted that the OECD, GRECO and UN commitments continue to require higher financial and human involvement than before.

6. Schedule of Tasks and Activities

The main objective of the corruption prevention and combating policy: In line with the principles of good administration and efficient management of human resources, ensure reliable operation of any institution of organisation.					
Sub-objective: Ensure public administration's policy of human resource management that excludes motivation for corruptive activities					
1.	***Direction of activities: Review of the scope of persons subject to the preventive anti-corruption measures***				
	Tasks/ Main Measures to Take to Reach the Objective	**Deadline**	**Responsible Authorities**	**Authorities Involved**	**Provided Funding and Its Sources**
Description of the Situation	*The scope of officials set forth in the law „On Prevention of Conflict of Interest in Activities of Public Officials" and CL does not cover all officials employed by state and municipal institutions, it covers only a definite range of officials: mostly higher officials of institutions of public persons. Only public officials are obliged to submit statutory declarations and to comply with the restrictions and prohibitions related to conflicts of interest. Only public officials are subject to the sanctions for all offences in the service of state institutions referred to in the CL. Overall, on 1 August 2013, in Latvia there were 58,968 public officials from around 200,000 persons employed by state and municipal institutions. To prevent problems related to criminalisation of bribery, that, in accordance with international conventions, should be applicable to any person, the CL provides for a slightly different regulatory framework on liability of officials and employees of state or municipal institutions, however it does not cover all types of offences that are subject to criminal liability in the service of state institutions. The UN Convention against Corruption stipulates that public official means: (i) any person holding a legislative, executive, administrative or judicial office of a State Party, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority; (ii) any other person who performs a public function, including for a public agency or public enterprise, or provides a public service, as defined in the domestic law of the State Party and as applied in the pertinent area of law of that State Party. Determination of the scope of public officials is needed both to determine the scope of liability for various offences, and to provide preventive restrictions and prohibitions that would prevent them from operating in a situation of a conflict of interest or from committing infringements of corruptive nature.*				

	When making adjustments to the Law on „On Prevention of Conflict of Interest in Activities of Public Officials", it is necessary to consider the possibility of differentiating the range of public officials according to their capacity and the volume of distribution of powers, which in turn should be taken into account when defining the scope of restrictions, prohibitions and obligations. At the same time it should be noted that the obligation of public officials to submit declaration in some cases can become disproportionate, when comparing the volume of powers and interference with the person's private life, therefore, when reviewing the circle of public officials, it would be necessary to assess, whether the principle that all officials, without exception, must submit the declaration of public official, should be kept. Besides, there is an issue that has not been solved for a long time: there is a confusion related to granting the status of public officials to persons who, acting outside the public administration, are granted the right to dispose of public funds, including the opportunity to make decisions on their reallocation to other individuals. On 20 December 2011, the CM adopted the informative report "On the Development of Regulatory Framework on the Operation of Institutions Funded from the State or Municipal Budget" (prot. No. 75, § 38), but not all of its objectives have been achieved, only a part of the tasks have been fulfilled, while others are still being performed.				
1.1.	Draw up amendments to the regulatory framework (Criminal Law, Law on Prevention of Conflicts of Interest in Activities of Public Officials), by defining the range of public officials.	31/12/2016	MJ, CPCB, SRS	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Practical application of the status of public officials may be contrary to the judiciary practices. For example, the Decision in the Case No. SKA-206/2013 of 25 February 2013 by the Senate of the Supreme Court, Department of Administrative Cases, stipulates that economic activities are activities with state property. Subject to the foregoing, status of the public official is applicable to employees of capital companies of public persons who deal with public property, however there are regular deviations from this practice, especially in municipalities and in state or municipal companies, ports and universities. The SRS as the responsible supervisory authority does not have a uniform position relating this matter, therefore the behaviour of the institutions can vary.*				
1.2.	Prepare assessment on the compliance of lists of public officials submitted by the heads of state and municipal institutions with the requirements of the Law „On Prevention of Conflict of Interest in Activities of Public Officials", including identification of derivations from a uniform practice and imperfections in the application of the status of public officials	31/12/2016	SRS	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

2.	***Direction of activities: Improvement of the public administration's human resource management, thus promoting ethical principles and reducing the risks of corruption and conflicts of interest***				

Description of the Situation	*Article 7 of the UN Convention against Corruption stipulates that each State Party shall, where appropriate and in accordance with the fundamental principles of its legal system, endeavour to adopt, maintain and strengthen systems for the recruitment, hiring, retention, promotion and retirement of civil servants and, where appropriate, other non-elected public officials: (a) That are based on principles of efficiency, transparency and objective criteria such as merit, equity and aptitude; (b) That include adequate procedures for the selection and training of individuals for public positions considered especially vulnerable to corruption and the rotation, where appropriate, of such individuals to other positions.* *Thus, for the work in the institutions of public sector, i.e. in state or municipal institutions, with a help of fair and open selection procedure, it is necessary to select the candidate the most compliant with all requirements in terms of knowledge and competences. In the Convention, the term "Public official" means: (i) any person holding a legislative, executive, administrative or judicial office of a State Party, whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority; (ii) any other person who performs a public function, including for a public agency or public enterprise, or provides a public service, as defined in the domestic law of the State Party and as applied in the pertinent area of law of that State Party; (iii) any other person defined as a "public official" in the domestic law of a State Party. However, for the purpose of some specific measures contained in chapter II of this Convention, "public official" may mean any person who performs a public function or provides a public service as defined in the domestic law of the State Party and as applied in the pertinent area of law of that State Party.* *Precise, comparable criteria and the principle of transparency for the selection and recruitment of employees of state and municipal authorities, have been determined only with respect to two groups of public officials: civil servants and judges. At the moment, the draft "State Service Law" is being prepared, that, in relation to persons (both officials and employees of direct public administration) involved in implementation of state administration functions, shall provide for clear and predictable recruitment procedures. Law does not provide for standards applicable to secondary public entities, i.e. municipalities, port authorities, capital companies of public persons. Open staff selection procedure based on certain criteria is not applicable to municipalities, capital companies of public persons, institutions of the interior system and other institutions of public persons under external regulatory enactment, but can be applied in accordance with the decision of the head of the relevant institution, however, in practice, is applied only occasionally. Therefore, in Latvia, there is a very high level of favouritism and patronage risk that are typical risks of corruption, the society does not believe that the most competent and appropriate candidates are chosen to work in state and municipal institutions without using acquaintances or personal relations; opportunities of other candidates to apply for the job are limited, because there is no transparency in relation to existing vacancies. The only exception is the transparency in relation to civil servants, which is currently provided for by the Cabinet Regulation No. 171 of 6 March 2007 "Procedures for Placement of Information on the Internet by Institutions", sub-paragraph 11.4.8, stipulating that institutions should place information on their websites, under the section "News", including the news on job offers, i.e. offers subject to the procedure of open competition.* *In relation to capital companies of public persons, it should be noted that the Decision in the Case No. SKA-206/2013 of 25 February 2013 by the Senate of the Supreme Court of the Republic of Latvia, Department of Administrative Cases, stipulates that economic activities are activities with state property. Thus, when dealing with funds of capital companies of public persons, remunerated staff is attracted for performance of specific tasks. For the state as a shareholder it is important to know that resources of capital companies of public persons are spent in the most efficient way , therefore the shareholder as a good owner should ensure both that the funds for the procurement needs are spent in an economically advantageous manner by assessment of market opportunities, and that the staff is selected on the basis of clear criteria, by choosing the best candidate and by excluding subjective decisions and eliminating corruption risks.* *The sociological survey 2014 ordered by the CPCB reveal very alarming data: 41% of the persons who have got a new job in a state or municipal institutions during the past two years have used personal relations and acquaintances to get this job, while 4.9% also used small gifts.* *Given that the overall number of persons employed in the state and municipalities is approximately 200,000, while the number of employees in the public service amounts to only 6,000, the principle of free competition, equal opportunities and transparency applies only to a small portion of posts in the public sector.*

2.1.	Ensure compliance with the principle of transparency, justice, efficiency and objectiveness in the process of staff selection.	31/12/2016	All state and municipal institutions (except for officials of the state civil service), capital companies of public persons	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year and within the framework of funds available from the municipal budget
2.2.	Ensure public availability of information on vacant job positions in municipalities, state or municipal institutions, administration bodies of public persons' capital companies (board, council), establishments of the interior system and other institutions of public persons (except for state civil servants) on the institution's website.	31/12/2015	All state and municipal institutions (except for officials of the state civil service), capital companies of public persons	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year and within the framework of funds available from the municipal budget
Description of the Situation	*In 2012, the CPCB developed „Guidelines for the Use of the Test of Good Faith in the Recruitment and Evaluation of the Staff of Law Enforcement Bodies". During elaboration of the Guidelines, the CPCB identified legal obstacles hindering the use of such tests of good faith in the staff recruitment procedures, but, at the same time, it was established that it is possible to use such tests for verification of the attitude of the current employees. Although introduction of such methods is useful only in positions exposed to the risk of corruption where officials have freedom of action, currently in the service of public institutions there are no resources needed to attract qualified staff specialists and psychologists to be able to carry out such verifications.*				
2.3.	1) Identify the amendments necessary to be made to the internal and external laws and regulations of the law enforcement bodies to ensure the legality of the use of methods for verification of good faith; 2) Improve the procedure of candidate selection, including condition that, with a	31/12/2019	CPCB, SP, SBG, SRS	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	help of psychological tests, there is a verification of the good faith of the candidates by asking them a question about their behaviour in case of corruptive offer or in case the candidate becomes a witness of corruptive activities committed by others.				
Description of the Situation	*At present, rotation of civil servants is seen as reassignment of officials to another position, which is laid down in Article 37 of the State Civil Service Law. Law describes the reasons for changing the position and the procedures to be followed in the rotation of officials. In other positions in public persons' institutions, due to corruption risk factors, rotation does not take place.* *In other EU Member States, rotations is a mandatory process of public administration. For example, the German[33] laws and regulations stipulate that officials may work in positions subject to corruption risks (sensitive) up to five years. In Estonia, there are wide rotation procedures across the whole public service, which include the Ministries, all authorities, including the prosecutor's office, and municipalities.* *Rotation is an effective anti-corruption mechanism, as it changes the usual employee's work environment conditions, relations with colleagues and clients of the institutions, which reduces probability of corruption. At the same time, the rotation prevents stagnation, providing opportunities for professional development, improves the understanding of the work directions and objectives of institutions, strengthens knowledge, increases motivation and improves coordination.[34] Rotation is mainly recommended within the same administrative unit or agency, by transferring employees to work in another department or asking them to perform other functions, in order to change the employees' tasks, and to make the staff become more universal, professional and motivated. In circumstances where possibilities of transferring employees to another department or asking them to perform other functions are limited, periodic rotation of the staff from one position to another within one shift may be applied, by changing the employee's tasks, as well as periodic rotation from one shift to another thus providing rotation of members of one shift.*				
2.4.	Develop a draft regulatory enactment and submit it to the CM, by providing additional conditions for the rotation of employees of the direct public administration, depending on the corruption risk factors in the performance of their duties, by indicating the	31/12/2018	CPCB	All institutions	Within the framework of funds set forth in the Law on the State Budget for the Current Year

[33] Federal Government Directive Concerning the Prevention of Corruption in the Federal Administration., 2004, Germany
[34] Holle, S. What about Job Rotation? National Fire Academy, 2005, PP.13.

	experience of other countries in ensuring the rotation process in the assessment report (abstract) on the document's initial impact (*ex-ante*).				
Description of the Situation	*Basing on the assessment made by the Ministry of Welfare on minimum income or minimum basket of consumer's goods and services by different types of households in the territorial context, it is necessary to revise the salary calculation principles in law enforcement institutions, medical institutions, as well as institutions working on implementation of projects of the EU's structural funds, thus ensuring that persons working in positions sensitive in terms of corruption receive remuneration appropriate to the responsibilities and delegated authority, which is also sufficient to ensure the basic needs of the household.* *The Ministry of Welfare has developed a draft concept „On Setting the Level of Minimum Income" (announced in the meeting of State secretaries on 7August 2014 (Minutes No. 3013, § VSS-714)), offering two solutions: 1) Set the minimum income level: 40% of the median of disposable income recalculated to an equivalent consumer, applying the equivalence scale (1; 0.7; 0.5) .OEDC equivalence scale, the so-called Oxford scale, where the first adult has a value of 1, household members above the age of 14 have a value of 0.7 (70% consumption from the consumption of the first member of the household), and children up to the age of 14 have a value of 0.5 (50% consumption from the consumption of the first member of the household), or 2) Develop a new basket of full minimum consumption goods and services for different types of households in the territorial context.* *The low remuneration of employees is one of the reasons reducing the employee's motivation to fulfil his/her duties in good faith and to seek to assert him/ herself in the best possible way, while the allocated power and sanctions, that the official is entitled to apply in case of violations (in law enforcement institutions, in institutions working on implementation of projects of the EU structural funds), in combination with the offender's interest to avoid punishment and prosecution, considerably increase the risks of corruption.* *Experts from the International Monetary Fund, analysing the correlation of remuneration with the risks of corruption, have found that it is necessary to provide for a reasonable level of remuneration for employees working in sensitive positions exposed to the risks of corruption, which might be adapted to the level of remuneration of employees working in the private sector. It is recommended to review the current system of determining the amount of remuneration and introduce principles for wage amplitude determination based on the factual costs.* *Corrections in the remuneration system could prevent massive multiple office holding, for example in the SP, medical institutions, which may create a conflict of interest or reduce the efficiency of the work in the institution. In 2011, the CPCB carried out a self-evaluation survey for the leading public administration bodies and their subordinate institutions on the institutions' practice in organisation of internal anti-corruption events. Data obtained during the survey showed that the majority of institutions (60%) considered the most favourable condition for corruption risks was the low remuneration of employees. By contrast, a relatively smaller number, i.e.28% of respondents related the probability of corruption in institutions with low motivation of the staff, 24% pointed to the difficult controllability of employees (due to the location of the job), while 22% saw corruption risks in the direct relations of employees with the private sector.*				
2.5.	Basing on the assessment made by the Ministry of Welfare on minimum income or minimum basket of consumer's goods and services by different types of	31/12/2020	All ministries	MW, MF	Within the framework of funds set forth in the Law on the State Budget

	households in the territorial context, it is necessary to analyse and identify the positions subject to corruption risks in public administration, where the remuneration is not sufficient to ensure the basic needs of the household with very low income, it is necessary to examine the possibility of increasing remuneration.				for the Current Year
ion of the Situatio	*The competence of the staff professionals working in state and municipal institutions has a great impact on whether, during the institution's staff selection, attention shall be paid to the possible risks of corruption or conflicts of interest, and whether the staff development strategy shall include measures to promote the ethics and elimination of conflicts of interest. Although staff specialists are not the final decision-makers in matters of personnel development, their professional recommendations are generally taken into account by the heads of institutions focused on governance. In addition, the staff professionals need a good knowledge on determination of the status of public officials and on issuing lists of public officials.*				
2.6.	Organise educational activities for the human resource management specialists of institutions of public persons on issues related to corruption risk identification and prevention.	31/12/2017	VAS, CPCB, SRS	All ministries and institutions	Within the framework of funds set forth in the Law on the State Budget for the Current Year, and by attracting the funding from the EU funds[35]

[35] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment"

Description of the Situation	*Currently, trainings on anti-corruption issues are carried out without distinguishing between the target audience - the newly appointed public officials and officials with experience of working in the public administration, except in cases where a public institution, when organising a training on anti-corruption issues, forms itself different groups of learners.* *Currently, trainings are offered only in the form of full-time studies (seminars). In order to optimise the training process and ensure its maximum efficiency, it is necessary to provide an opportunity to get information on anti-corruption issues in distance education, by using the possibilities of online learning environment.* *Public officials attend seminars on anti-corruption issues voluntarily, therefore it cannot be considered that the training is carried out systematically and comprehensively, ensuring that all public officials have the necessary knowledge on anti-corruption issues.*				
2.7.	Establish and provide education and training programs for new employees of public administration, whose work is exposed to high risks of corruption.	31/12/2020	SAS, CPCB, SC	All institutions	Within the framework of funds set forth in the Law on the State Budget for the Current Year, and by attracting the funding from the EU funds [36]
2.8.	Plan and carry out the necessary actions to ensure online Internet training of public officials, as well as tests of knowledge of anti-corruption issues.	31/12/2020	SAS, CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year, and by attracting the funding from the EU funds [37]

[36] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment"

[37] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment"

Description of the Situation	*In public institutions, there is usually no special employee with appropriate knowledge and skills to carry out training on issues of anti-corruption institution workers. At present, there is no legal framework that would oblige public institutions to train an employee or to establish a position of the trainer in anti-corruption matters. To ensure the quality of trainings of employees of public institutions in anti-corruption in matters and thereby contribute to continuous growth of the level of knowledge of public officials, it is necessary to provide the trainers with the most efficient methodological assistance after the end of the trainings.*				
2.9.	Create and implement a model for education of further education trainers, by training the officials of the lading state and municipal institutions, who in turn would provide trainings in their own institutions.	31/12/2015	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
2.10.	Provide further education trainers with methodological assistance in the process of ensuring the training process in their institutions.	31/12/2015	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*In the procurements organised within the framework of the EU co-financed projects, the state and municipal institutions sometimes violate the Public Procurement Law, which results in reduction of the amount of co-financing (by applying a financial correction of up to 100%), and which actually increases the amount of funding from the budget of the relevant institution that has not been initially intended for such purposes.*				
2.11.	Provide systematic trainings to procurement professionals and to officials temporarily taking part in the procurement commission, in order to minimise breaches of procurement procedures (including the EU co-financed	31/12/2015	MF, PMO, SAS	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	projects) within the framework of funds set forth in the Law on the State Budget for the Current Year.				
Description of the Situation	*Within conditions of limited market conditions, in public procurement and similar procedures, there is still a high risk that entrepreneurs can form a cartel or conclude unlawful agreements, thereby unfairly coordinating their participation in particular procurements, eliminating the competition and precluding the possibility for the awarding authority to receive a lower market price that would be appropriate to the situation in the market.* *Due to such unlawful agreements, competition is distorted in procurements organised by public institutions. The awarding authorities purchase goods or services at a more expensive price than it would be possible in conditions of free competition.*				
2.12.	Provide training for procurement professionals, developing their capacity to preventively identify potential illegal activities of the bidders in the offer elaboration process (e.g. formation of cartels), thereby preventing further support of dishonest business practices from to state and municipal funds in case of conclusion of contracts.	31/12/2016	Competitiveness Council, PMO, CPCB, SAS	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*No system has been created for systematic training of public officials in matters related to management of risks of corruption and conflicts of interest.*				
2.13.	Introduce training of persons working in municipalities and capital companies on management of risks of conflicts of interest.	31/12/2018	Municipalities	CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year and within the

					framework of funds available from the municipal budget
Description of the Situation	*It is necessary to raise the importance of ethical standards in the Saeima, including an efficient discussion and creation of a system for solving problems related to ethical issues both at individual level (confidential recommendations) and at institution level (training, institutional discussion on good faith and ethical issues related to parliamentary activities, etc.).*				
2.14.	Review the code of ethics of the Saeima members and make suggestions on its updating, supplemented by practical measures that would provide appropriate guidelines and recommendations to the *Saeima* members on regulation related to the ethics and corruption prevention.	31/12/2016	CPCB		Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*GRECO Fourth Round Evaluation Report stipulates that efficiency of the standards set forth in the Code of Ethics of the Saeima members and in the Law „On Prevention of Conflict of Interest in Activities of Public Officials" depends not only on the awareness and willingness to follow the rules of individual Saeima members, but also on appropriate means to ensure their implementation. In addition, it has expressed an opinion that the Mandate, Ethics and Submissions Committee is not pro-active with regard to examination of cases related to violations of the Code of Ethics of Saeima members; besides, even in these cases, the violations were relatively insignificant and they were punished with a warning. GRECO considers that a fair, efficient and strong ethics promotion system can greatly enhance the political prestige.*				
2.15.	Provide recommendations on how it would be possible to develop intra-parliamentary mechanisms to ensure compliance with the Code of Ethics, and to prevent conflicts of interest undefined in legal enactments.	31/12/2015	CPCB		Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*At present, no information is being collected and published on breaches of the Code of Ethics in public administration institutions. The only exception is judges. Thus, it is difficult to create a uniform practice in application of ethical standards in public administration, public officials cannot learn the already-existing experience of interpretation and application of ethical standards, and the existing practices are not being analysed therefore cannot be improved.*				
2.16.	Regularly collect practices of public administration institutions in application of standards of professional ethics, and analyse deficiencies of these practices, as well as examples of good practice. On the basis of this analysis, prepare reports and recommendations of good practice to be published on the Internet.	31/12/2017	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Sociological study performed in April 2014 by the market and social studies agency „Latvian Facts" reveal that, in most cases, acquaintances, unofficial payments or barter transactions are being used in contact with the Road Police (violations of road traffic regulations, fines, penalty points): unofficial solutions were used by 22.9% of respondents; unofficial payments are also made during medical treatment in clinics, hospitals (27.7%). The statistics indicate that the society still considers (often based on experience) that employees of institutions of several areas (especially in the health care, in the traffic area controlled by the State Police, and other fields where the problem of offering benefits exists) would like to receive bribes or unauthorised benefits including gifts. Institutions need to dispel such expectations actively, showing clearly that it is not necessary to offer or give any benefits to employees of any institution because public services are provided in accordance with the law and mandatory procedures, by providing equal attitude to any individual.* *It is necessary to ensure a situation where all institutions, where, according to studies or real situation, there is a practice of offering benefits, demonstrate, publically or in a public place, negative attitude of the institution's employees towards acceptance of benefits, and ensure imposing of appropriate liability upon persons that give bribes.*				
2.17.	Take steps to raise awareness of the visitors of the institution about the negative attitude of persons working in the state or municipal institution towards acceptance of benefits (gifts, bribes, other forms of motivation), and to inform them about availability of uniform and standardised services in the institution	2015 – 2020	All institutions	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	without necessity to offer or give any additional motivation to the employees.				
Description of the Situation	*The SRS verifies revenues obtained by the taxpayer (natural person) in a fiscal year, basing on any information on the taxpayer's revenues at the SRS disposal. However, in some cases, when information indicated in the declaration of public official does not comply with information indicated in the income statement, it has been found that information indicated in the declaration of public official is not being used for auditing of income. Although the SRS may penalise persons for failure to comply with the deadlines of submitting declarations and indicating false data in declarations, it is also essential that the public declarations contain truthful information that is used in the tax calculation. In addition, according to the GRECO Fourth Round Evaluation Report, it would be necessary to assess the possibilities for improving cooperation and coordination between the SRS and CPCB in the field of prevention. The Law „On Prevention of Conflict of Interest in Activities of Public Officials" that provides for a system of declarations of public officials has been in force for almost 10 years (since 2003), and both institutions have accumulated knowledge and experience in relation to the most serious offences. Thus, the SRS could improve its control function, focusing on anti-corruption measures, which complies with the objective of the Law „On Prevention of Conflict of Interest in Activities of Public Officials". For example, the SRS, in close collaboration with the CPCB, might develop a specific methodology to identify better the risks of corruption by examination of financial asset declarations or regular review of the system with respect to accidental inspections, in order to focus on specific interests or functions that might be subject to corruption, and thus jointly strengthen the efficiency of their role.*				
2.18.	Assess possibilities of using information included in the declaration of public official to improve the control of legality of income and develop a methodology to better identify the risks of corruption by examination of declarations of financial situation of public officials and regular review of the system with respect to accidental inspections, in order to focus on specific interests or functions that might be subject to corruption, and thus strengthen the role and efficiency of the controlling institutions.	31/12/2017	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

ion of the Situatio	*In the declaration of public officials, it is necessary to provide information not only on assets owned by the public official, but also on real estate and vehicles in his/ her possession. Given that such information is not officially registered, verification of the veracity of the declared information is difficult. Nevertheless, the media have repeatedly reflected cases where public officials, on a daily bases, use, for example, undeclared vehicles belonging to other persons. This raises concerns about the possibly of illegally accepted benefits or hidden income.*				
2.19.	Develop a methodology to verify the information on the fact that a public official has not declared his/ her property or vehicle own or held, according to the requirements of Section 24 of the Law "On Prevention of Conflict of Interest in Activities of Public Officials".	31/12/2016	SRS, CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*At present, Section 17 of the Law „On Prevention of Conflict of Interest in Activities of Public Officials" stipulates that „(1) A public official is prohibited from working in any kind of advertising or from utilising his or her name for advertising, except in cases where such is included in the duties of office of the public official. (2) Within the meaning of this law, advertising is the public expression of any kind of personal evaluation of a public official regarding a specific merchant or the goods produced or services provided by the merchant, if the official has received remuneration for such expression".* *However, in practice there are cases where officials deal with advertising for free, by demonstrating their opinion about goods and services, thus the regulatory framework does not reach its goal. Besides, it is necessary to define/ explain the term „use of information" in Section 19 of the Law.*				
2.20.	Improve the content of restrictions and prohibitions of the public officials in relation to advertising and use of information.	31/12/2016	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*Currently, in Latvia there is no specific procedure for the leading state officials (the President, Prime Minister and municipal council members) how they, in order to prevent potential conflicts of interest, inform about their personal interest in adoption of external regulations or in making political decisions. To make the decision-making process transparent, it is necessary to introduce such procedure. The GRECO also expressed concern about the passivity of the Saeima in issues related to introduction of good faith and corruption prevention, finding that self-control mechanisms are still at the initial stage. GRECO found that Saeima members are not subject to several regulations of the Law „On Prevention of Conflict of Interest in Actions of Public Officials". For example, the GRECO notes that, although the Law „On Prevention of Conflict of Interest in Actions of Public Officials" provides for modalities and procedure of reporting conflicts of interest, such procedures have not been implemented in the practice of the Saeima.* *Responsible institutions pointed out that this is because such a procedure requires reporting to an official of higher level, but Saeima's members are independent and are not hierarchically subject to anyone. Basically, Law „On Prevention of Conflict of Interest in Actions of Public Officials" clearly indicates that the Presidium of the Saeima or the Head of the Saeima may not be regarded as "the head of the institution", public official or institution of higher level within the meaning of the law. Reporting to the CPCB is possible for the other Saeima's members or for suspected law violations, but not for themselves. In this context, having asked about the current procedure of solving issues related to possible conflict of interest, GRECO was informed that such issues are being solved by the Saeima's members themselves. Such consideration reveals that there is no understanding of the objective of the law „On Prevention of Conflict of Interest in Actions of Public Officials", as well as the mechanisms for the prevention of conflicts of interest, the concept of conflict of interest, and the way the Saeima members must report their actions and decisions when doing the parliamentary work. It also sends a wrong signal to the public. The GRECO further notes that currently in Latvia there is no ad-hoc declaration system for verbal notification that would be recorded in the parliament during examination of specific issues. This is a good practice, which is currently being used in many countries, and it could also be useful in Latvia as a way to ensure identification of potential conflicts of interest and reporting them in the Saeima, when dealing with certain issues.*				
2.21.	Develop recommendations and make a proposal to the *Saeima* to determine the procedure for the President and *Saeima* members to inform about their personal interest in adoption of external regulations or in making political decisions *(Saeima* members, and also in relation with the issuance of administrative acts).	31/12/2015	CPCB		Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*An increasingly significant part of the work of the CPCB is constituted by investigation of cases related to administrative infringements which result in bringing persons to administrative liability, but which are considered to be insignificant, therefore these persons are punished by a verbal reprimand. In 2012, it was done in 136 out of 207 investigated cases. Consequently, it is necessary to address the issues of investigations of such offences internally, i.e. within the institution, including consideration of possible application of a disciplinary liability to the officials.* *These situations are mostly related to the following breaches of the Law "On Prevention of Conflict of Interest in Actions of Public Officials": combination of the office of public official without statutory authorisation with an office that is not prohibited and if such combination has not caused a conflict of interest because the person, neither collegially, nor solely, has prepared or issued administrative acts, performed monitoring, control or punitive functions, or carried out any other activities related to the duties of the office in relation to a legal entity, where this official has another work, in situations where such combination of offices by the relevant official would be acceptable it the official would have received a written permission, and if the offence has been committed unintentionally, and has not harmed the administration procedure. Liability for such offence is set in the Section 166[30] of the LAVC. Addressing the issue is related to the Administrative Violations Procedure Law.*				
2.22.	Prepare and submit to the Cabinet an informative report on the assessment of application of the law "On Prevention of Conflict of Interest in Activities of Public Officials" in relation to expansion of powers of heads of state or municipal institutions in prevention of conflicts of interest, including assessment of the possibility of granting to the heads of institutions the right to hold public officials liable for violating the prohibition to combine offices and restrictions related to income earning, or the procedure of holding multiple offices.	31/12/2016	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*To limit various interpretations of provisions of the Law „On Prevention of Conflict of Interest in Activities of Public Officials" and to avoid preventively the risks of conflict of interest in activities of public officials, there is a need to prepare explanations on application of the provisions of the Law „On Prevention of Conflict of Interest in Activities of Public Officials".*				
2.23.	Analyse problematic issues related to application of the law „On Prevention of Conflict of Interest in Activities of Public	One theme per year	CPCB	-	Within the framework of funds set forth in the Law

	Persons", prepare and publish explanations for application of the most problematic regulatory provisions.				on the State Budget for the Current Year
Description of the Situation	*Applying the LPCI, responsible institutions regularly identify various problems that are being resolved, either by making amendments to the LPCI or, in certain situations, by postponing changes in the regulation. The CPCB has identified several undoubtedly urgent amendments to the Law. For example, the need to grant to the heads of institutions the right to hold public officials liable for violating the prohibition to combine offices and restrictions related to income earning, or the procedure of holding multiple offices; the need to avoid different interpretations in application of Section 14 of the Law, uncertainties in application of regulations on personal interest, conflict with the Constitution, which require proposals to be submitted in short term. At the same time, structure and regulations of the LPCI have become more complex, in some cases it is not systemic enough, and therefore it is necessary to assess the whole complex of the regulatory framework of the LPCI within the framework of the programming period.* *When planning the drawing up of a new law by 2020, it is necessary, with the involvement of outside experts, to carry out an in-depth analysis of the LPCI, by developing an expanded analysis of practices of application of the Law, as well as comments of the Law. Such particular study shall provide an opportunity to develop a new, qualitative version of the Law, preventing the imperfections identified during the study.*				
2.24.	Ensure an in-depth study on application practices of the law „On Prevention of Conflict of Interest in Activities of Public Officials", by involving experts working outside the CPCB.	31/12/2017	CPCB	NGO, state institutions, municipalities, capital companies	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*In practice, there are various interpretations of the provisions of Section 14 of the LPCI in relation to the acceptance of donations for public needs (such as soup kitchens, goods and services necessary for children's camps, trees planted in territories of municipalities, equipment for children's playgrounds in the territories of municipalities, free tickets for poor to visit concerts and events, that were also co-financed from the council budget or, without co-financing from the municipality; at the same time it is known that organisers of events later ask permission of the council to organise another event in the municipality, etc.). Having established this confusion related to interpretation of the regulatory framework, it is necessary to define clearly in the law that it is permitted to accept donations not only for the state or municipal needs, but also to achieve socially important objectives.* *Section 14, paragraph 3 of the LPCI stipulates that a public official, as well as a State or self-government authority may accept a donation from any non-involved third party. Considering that there have been several uncertainties in relation to what is understood by the notion „with the acceptance of the donation is to be understood by the term „non-involved", it is necessary to expand explanation of this notion. Proposals on the necessary amendments to the LPCI have been submitted to the Saeima State Administration and Local Government Committee (05/21/2013, Letter No. 1/3759)*				
2.25.	Develop proposals for amendments to the law "On Prevention of Conflict of Interest in Activities of Public Officials",	31/12/2015	CPCB	NGO, state institutions, municipalities,	Within the framework of funds set forth in the Law

	avoiding different interpretations in application of Section 14 of the Law.			capital companies ,	on the State Budget for the Current Year
Description of the Situation	*It is necessary to improve the definition of conflict of interest, specifying the term „personal interest". In order to effectively ensure the prevention of conflict of interest in activities of public officials, it is necessary to revise the scope of persons included the LPCI, in relation to which a public official, in the performance of his/ her duties of public official, may not take decisions or participate in the decision-making process, or carry out other activities related to the office of public official. Currently, the LPCI defines the conflict of interest more narrowly than, for example, Section 57 of the Regulation (EU, Euratom) No. 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No. 1605/2002, stipulating that „a conflict of interests exists where the impartial and objective exercise of the functions of a financial actor or other person, as referred to in paragraph 1, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a recipient". The qualifying criterion for a situation of a conflict of interest is a personal or economic interest. Regarding the sense and objective of provisions of this Law, it is essential that, firstly, the public official may not make decisions where he/ she has an interest, and, secondly, the society has no doubt about alleged interest of any public official in the decision-making process. Such doubts and situations are resolved if officials avoid to enter into situations of conflict of interest rather than completely avoiding to make decisions concerning themselves. See the decision of the Senate of 23 October 2008 in the case No. SKA-456/2008, paragraph 11.*				
2.26.	Evaluate efficiency of the provisions on personal interest in the law „On Prevention of Conflict of Interest in Activities of Public Officials" and make proposals for their improvement.	31/12/2015	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*During the inter-institutional working meeting organised by the CPCB on 6 August 2013, a proposal was made to the SRS to draw up a comprehensible, illustrative information material for officials to facilitate the completion of the declaration of public official.*				
2.27.	Draw up an illustrative information material for officials about completion of the declaration of public official.	31/12/2015	MF	SRS	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	Sub-objective: Create and improve an independent internal control system to limit cases of corruption or defrauding of financial resources, including the EU and other foreign financial resources, in the public, municipal or private sector
3.	***Direction of activities: Improvement, maintenance and supervision of the internal control system in the public and municipal institutions or capital companies***

Description of the Situation	*Efficiency of the internal control system for prevention of corruption risks may differ in different public administration institutions and it often depends on subjective factors, such as professional competence of experts. In some institutions, understanding and knowledge of the heads of institutions about measures to take to prevent corruption risks are still insufficient for purposeful organisation of work on risk prevention. Usually, the internal control system in the area of monitoring EU funds and other foreign financial assistance instruments, when implementing the European Commission's procedures, it is much more developed than in areas dealing with the management of the Latvian state budget. Usually, the internal control system in the area of monitoring EU funds and other foreign financial assistance instruments, when implementing the European Commission's and donor states' procedures, is much more developed than in areas dealing with the management of the Latvian state budget. Although supervision and control in the field of implementation of the EU's funds and other foreign financial assistance instruments is relatively strict, the European Commission periodically reports cases of fund fraud and revises the introduced control systems. To ensure protection of the EU's financial interests, a coordination council has been created, in order to take measures, at the national level, for prevention of fraud, corruption and other illegal activities affecting the EU's financial interests. The heads and chiefs of the SRS, GPO, CPCB and SP also take part in this council, and information is annually prepared for submission to the Cabinet of Ministers about improper use of the EU funds, including fraud. However, basic requirements of the Latvian internal control system that are defined in the Cabinet Regulations, are very general, loosely interpretable, they are not being regularly reviewed, which indicates that the requirements of the internal control system are unclear, which, in turn, endangers useful and effective action with property and financial resources.* *In order to hide the deficiencies of the system, the task of drawing up an anti-corruption action plan of the institution is often entrusted to, for example, internal auditors, because other experts working in the institutions are not competent even in risk identification. Therefore, the actual implementers of the control measures (i.e. heads of institutions and departments) do not perform the control function on everyday basis, instead an auditor is asked to perform the task, and the same auditor later verifies the execution of this task during an audit. In order to resolve the situation and to increase the involvement of officials responsible for the control and supervision in definition and implementation of control requirements, by focusing on appropriate and continuous control measures and responsibility of all stakeholders, it is necessary, in accordance with the risks identified, to determine the internal control requirements within the departments and oblige the relevant Ministry to monitor efficiency of the risk prevention measures and regular review procedure.* *According to Article 125, Paragraph 4, Sub-paragraph c) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006, according to Article 32, Paragraph 4, Sub-paragraph c) of the Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived, and according to Article 26, Paragraph 5, Sub-paragraph (c) of the Commission Implementing Regulation (EU) No 897/2014 of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument, in relation to the management and control of finances of the operational programme, each leading authority should introduce efficient and proportionate anti-fraud measures taking into account the risks identified. In the field of agriculture and rural development, Article 58, paragraph 2 of the Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 stipulates that Member States have to minimise the risk of financial damage to the Union.* *According to Article 1.6 of the Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014, the beneficiaries, in application of the EEA/ Norwegian Financial Instruments, should meet the principles of good governance, implementation process has to be open, transparent and traceable, and no tolerance towards corruption or mismanagement of funds is allowed. Similarly, Article 10 of the Framework Agreement on Implementation of the Switzerland's programme in Article 10 stipulates that both Parties share a common concern in the fight against corruption, which jeopardises good governance and the proper use of the Swiss resources.*

3.1.	Ensure internal requirements for prevention of fraud, corruption and conflict of interest in accordance with the functional area of the department and regularly monitor compliance with the requirements. Ensure that officials of the subordinate institutions are competent (trained) in measures to take to control the corruption. Update the department's internal control system requirements at least once every two years.	31/12/2015	All ministries	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
3.2.	Draw up and / or update anti-corruption plans of institutions and municipalities, including measures for prevention of fraud and corruption risks identified in the EU funds and other foreign financial assistance instruments[38], if applicable	Draw up until 31/12/2015 or update „once a year"[39]	All state administration institutions, municipalities	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*During the previous programming period, it was possible to strengthen the basic awareness of the fact that, next to performance of direct functions in the institutions exposed to the risks of corruption or conflict of interest, it is also necessary to plan anti-corruption measures. However, in many places it has been perceived as a formal, external requirement rather than an internal need of the institutions, which should be changed. Many institutions have drawn up and implemented institutions' plans for anti-corruption measures, other institutions have identified corruption risks in the framework of the quality management system, or anti-corruption measures are being planned within the framework of the institution's work planning documents. This situation has resulted in necessity to pay more attention to the form, not the content of anti-corruption measures. Therefore, it is necessary to provide the institution with discretion when choosing the planning form of anti-corruption mechanisms, while emphasising the objectives pursued - to ensure activities that really eliminate the probability of corruption, and to integrate such activities in the institution's management processes as a permanent element.*				
3.3.	Identify the risks of corruption and positions subject to such risks or, in case the risks are already identified, due to	2015-2020	All state and municipal institutions, capital	-	Within the framework of funds set forth in the Law

[38] Given that implementation of the projects of the EEA / Norwegian Financial Instruments shall end on 30 April 2016, elaboration of the plan for prevention of the identified fraud and corruption risks is not topical.

[39] In case the plan is already drawn up.

	conditions and factors influencing the risks, once a year revise and update the corruption risks, and accordingly plan and implement measures for corruption risk prevention, evaluate their usefulness and efficiency, include the measures for corruption risk prevention into the documents regulating the institution's management processes; ensure that all employees of the institution are aware of probability of corruption risks, knows ethical standards and requirements for conflict of interest risk prevention.		companies of public persons		on the State Budget for the Current Year and within the framework of funds available from the municipal budget
Description of the Situation	*Information about efficiency of internal control systems in municipalities is fragmentary, because municipalities are not obliged to ensure the internal audit function, whose task is to provide an assessment of efficiency of the institution's internal control system and its compliance with its objectives. However, due to the functions of municipalities, where a large part of functions is related to distribution of financial resources, the work in municipalities is exposed to a high risk of corruption. Thus, in order to ensure transparency of the work of municipalities, the society needs to have confidence that the municipalities have implemented efficient internal control system. However, as the requirements for such system have not been defined, it is difficult to assess whether the risks have been identified and the necessary measures have been taken to prevent them.*				
3.4.	1) Develop basic requirements for internal control systems of municipalities for prevention of fraud, corruption and conflict of interest, in accordance with the functional area and the risks identified; 2) Ensure that municipal officials are competent (trained) in issues related to corruption control measures needed; 3) Update requirements for the internal corruption control system once a year in accordance with the risks identified.	31/12/2015	All municipalities	-	Within the framework of funds available from the municipal budget

3.5.	Draw up guidelines on requirements for the internal control system to prevent risks of fraud, corruption and conflict of interest, in accordance with the functional area and risks identified.	31/12/2016	CPCB	MEPRD	Within the framework of funds set forth in the Law on the State Budget for the Current Year
	Information about efficiency of internal control systems in commercial companies of public persons is fragmentary, because municipalities are not obliged to ensure the internal audit function, whose task is to provide an assessment of efficiency of the institution's internal control system and its compliance with its objectives. Laws and regulations do not provide for a special regulatory framework on preventive internal control procedures to be implemented in capital companies of public persons for prevention of corruption and conflicts of interest. However, Section 183 of the Commercial Law stipulates that it is possible to use such a follow-up mechanism as internal audit, if there is a substantiated reason for it. In special cases, it is provided that the participants, for the internal audit and control, may elect one or more company's controllers. The company's controller shall verify the company's performance, and, in cases requested by the participants representing not less than one-tenth of the share capital, carry out examination of the company's annual report of the company.				

Description of the Situation	*However, due to the functions of public persons' capital companies that are significantly related to economic activities, for example, such expenditures as procurement, recruitment and maintenance of staff, that are not subject to the direct control of the owner - public figure, the work of such capital companies is exposed to risks of corruption or selfish enrichment. Not all capital companies have introduced quality control procedures that could be considered as a compensatory mechanism for the prevention of risks. Thus, to ensure transparency of the work of the capital company, the society has to be confident that these companies have introduced efficient internal control systems. However, as the requirement of such systems have not be defined, it is difficult to assess whether the risks have been identified and whether all necessary countermeasures have been taken to address them. There are situations when the instruments provided for in the Commercial Law for audit procedures in capital companies of public persons are not used efficiently enough. The draft law „On the Management of Public Persons' Capital Companies and Capital Shares", which was drawn up within the framework of the reform of the management of public persons' capital shares, and was adopted on 3 July 2014 during the 2nd reading in the Saeima, determines necessity to improve follow-up procedures of the performance results of public persons' capital companies, stipulating that the state administration institution appointed by the Cabinet of Ministers, which is the coordinating institution, might propose the national shareholder to carry out audits in the capital companies, if there is a reason to suspect wasteful, inefficient behaviour or violations, and there are significant risks endangering possibility of achieving the objectives. At the same time, it should be noted that the internal revision, as well as the internal audit, is a follow-up procedure of the internal control system, rather than comprehensive element of the internal control system. Consequently, there is no document stating that administrations of the public persons' capital companies are obliged to establish internal control systems and audit their efficiency, including elaboration of anti-corruption measures, or measures for risk management, control and monitoring whose task is to reach the objectives of the public persons' capital companies, their efficient operation, active protection, reliability of reports, compliance of activities with the regulatory enactments.* *According to the OECD, the World Bank and UNODC „Anti-Corruption Ethics and Compliance Handbook for Business", obligations of legal persons, when ensuring internal control, include the company's process assessment, by identifying: the potential risks (fraud and corruption); conditions favourable for risks (responsibility entrusted, direct contact, deadlines); causes (pressure from the part of administration, work plans). For risk identification, the following documentation is essential: internal audit (revision) reports; corruption cases, interviews, surveys, brainstorming, risk register or card (probability of risks, effect of the potential loss). It is necessary to define precisely the measures necessary for prevention of risks of corruption: organisation model (roles, responsibilities); monitoring officials (Compliance Officer); guidelines for the policy and business practice, by determining how conflicts of interest are avoided, how to act in case of bribe request / offer; transparency (structure, owners); transparency of donations and sponsorship; principles of communication with the industry (lunch, gifts, payment of conferences); code of ethics (agreement with the partners on compliance with the policies and guidelines; supervision, control, audit, monitoring (for example, reports, sales agent certification, audits); inspections; communication and education; promotion of the ethics and policies; detection of infringements and promotion of reporting; solution to the infringements – disciplinary punishment. Recommendations provided in the OECD Guidelines „OECD Guidelines on Corporate Governance of the State-Owned Enterprises" are more detailed, for example, it is recommended that it is a good practice when reports of public persons' capital companies on efficiency, structure and procedures of the internal control are annexed to the annual report which is publically available.*				
3.6.	Develop proposals for requirements of internal control system of capital companies of public persons for prevention of fraud, corruption and conflict of interest in accordance with the department functional areas, if no quality management system has been introduced in the capital company, by providing that	31/12/2016	Coordination institution in the administration of state capital companies or public capital shares	CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	representatives of the person in capital companies are responsible for efficiency monitoring of the internal control systems of capital companies.				
Description of the Situation	*During the previous anti-corruption policy planning period, the task No.54 was not completely performed. The task No. 54 is the following: „Improvement of the construction control system, by revision of the construction control system and preparation of proposals for improvement of the control system", because mechanisms for prevention of corruption and conflict of interest of responsible officials were not introduced.* *Transactions with real estate is usually one of the most resource-demanding areas, therefore monitoring system established in the state may cause economic pressure on the parties of the transaction, contributing to the desire to reduce the vigilance of public officials by corrupt practices. Thus, institutions responsible for the construction and housing policy development should regularly re-evaluate the probability of the risk of corruption in regulatory enactments describing construction procedures and housing policy, by drafting proposals necessary for the regulatory framework.*				
3.7.	Assess probability of corruption risks in regulatory enactments on construction procedures and housing policy, make recommendation for the necessary regulatory framework.	2016 and 2020	ME		Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*The CPCB, when applying the provisions of the LPCI and investigating criminal offences in the service of public institutions, sees systemic cases of violations, which should be identified within internal control procedures or when auditing the efficiency of the internal control system. Such situation can be explained by the lack of clear rules or guidelines on how to organise the internal control procedures, or by the incomplete knowledge of the responsible persons on how to identify the risks of corruption and conflicts of interest.* *It is necessary to identify and analyse the institutions' practice in organisation of internal anti-corruption measures, evaluate them, enhance cooperation between the CPCB and auditors of institutions, by organising experience exchange discussions on anti-corruption priorities and risks identified. Such cooperation would improve the quality of internal audits, and reduce the need for the CPCB's inspections.*				
3.8.	Assess internal anti-corruption system of institutions particularly subject to corruption risks, and, basing on this assessment, make recommendations for prevention of the corruption risks identified, including the development of proposals to the Cabinet regulations or improvement of the guidelines.	31/12/2015, 31/12/2017, 31/12/2019	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*Task of the previous policy planning period was that the CPCB should identify and analyse the institutions' practice in organisation of internal anti-corruption measures, by introduction of assessment of mechanisms for prevention of corruption in state institutions and municipalities. Although the CPCB has carried out a broad collection of information on corruption prevention mechanisms in institutions, due to lack of capacity of the CPCB, it cannot be considered that regular assessment of corruption prevention mechanisms in institutions has been introduced. The CPCB has no capacity for a systemic or regular monitoring of anti-corruption measures in all public persons' institutions, including periodical evaluation of the relevant legal instruments and administrative measures in order to establish and promote efficient practices aimed at the prevention of corruption, and therefore it is necessary to increase the capacity of responsible officials of institutions for risk analysis.*				
3.9.	Provide trainings on monitoring of corruption risks in institutions, by ensuring the acquisition of knowledge on the necessary anti-corruption measures.	31/12/2017-31/12/2020	SAS	CPCB, all institutions	Within the framework of funds set forth in the Law on the State Budget for the Current Year and by attracting the funding from the EU funds [40]
4.	***Direction of activities: Provision of the legality of use of public property and funds, including the EU funds and other foreign financial assistance instruments***				
Description of the Situation	*The law „On Procurement for the Needs of Public Service Providers" does not prescribe a framework for possibilities of making amendments to procurement contracts that are already concluded, which is prescribed in, e.g. Section 67[1] of the Public Procurement Law describing the procedure and conditions under which customers have the right to make amendments to existing contracts and when such amendments are not permitted. Due to the takeover of the new directive on procurements for the needs of public service providers (Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014), similar regulation should also be applied to procurements of public service providers. Thus, it would be necessary to assess the existence of contract amendments in procurements of public service providers, non-compliance with implementation deadlines or other terms of the contract, compared with the procurement requirements. Namely, whether the contract amendments do not change the situation insofar as the other contenders in the procurement would have won if, initially, there would have been the same requirements that were allowed during the execution of the contract.*				
4.1.	Perform analysis of problems related to monitoring of execution of procurement	30/04/2016	MF	PMO	Within the framework of funds

[40] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment"

	contracts described in the law „On Procurement for the Needs of Public Service Providers" and make recommendation for amendments to the regulatory framework or institutional control procedures, in order to reduce illegal activities and financial wastage risks after the conclusion of the procurement contracts at their execution stage				set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Public procurements whose estimated contract price is lower than the price specified in the Public Procurement Law are not subject to the statutory possibility to protect one's rights in the amount specified in the Public Procurement Law in relation to the procurement procedures. „Sub-threshold" purchases are not monitored by the PMO, and suppliers shall not be entitled to protect their rights by submitting a complaint about the requirements, conditions and breaches during such purchase procedures. By increasing the threshold of the „sub-threshold" procurement price, it would be necessary to assess whether procurement principles are being complied with in such „sub-threshold" procurements: for example, at least 3 candidates, openness (advertising rules), or changes in the order performers.*				
4.2.	Analyse risks of squandering of funds and corruption risks in „sub-threshold" procurements and purchases that do not require compliance with regulatory enactments, and give recommendations for risk reduction	31/12/2016	CPCB, MF	PMO	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*One the problems identified by the CPCB during of inspections is related to determination of potential losses in cases when responsible officials have not complied with regulatory requirements when dealing with property and financial resources and identification of such losses is the right and obligation (competence) of the relevant institution. Responsible institutions are unable to provide sufficient assessment to the CPCB on material losses caused to them by unlawful activities of officials and to calculate precisely the extent of losses. In the field of criminal law, there is no common understanding of the concept of „substantial harm" that results in criminal liability of person having caused such harm. It is necessary to provide a precise definition of losses, by making clear their characteristics, and to develop methodology for calculating the amount of the losses. Speaking about the established administrative violations, institutions, who have obviously suffered losses, in practice avoid calculating losses caused by public officials, e.g. losses incurred because of an official who has been performing his duties in a situation of conflict of interest. Therefore, there is a need for methodology to calculate and recover the losses. It is also important to pay attention to whether such violations are not committed in cases of public procurement financed from the EU funds and other foreign financial assistance instruments, taking into account that, in the use of the EU funds, there is still an increase in terms of volume and number of violations of procurement and competition standards.*				
4.3.	Improve the procedure for recovery of losses caused by a wrongful act or	31/12/2017	MJ, MF		Within the framework of funds

	omission by a public official.				set forth in the Law on the State Budget for the Current Year
Description of the Situation	*One of the problems identified by the CPCB during inspections is related to determination of potential losses in cases when responsible officials have not complied with regulatory requirements when dealing with property and financial resources and when identification of such losses is the right and obligation (competence) of the relevant institution. Responsible institutions are unable to provide sufficient assessment to the CPCB on material losses caused to them by unlawful activities of officials and to calculate precisely the extent of losses. It is necessary to provide a precise definition of losses, by making clear their characteristics, and to develop methodology for calculating the amount of the losses. Speaking about the established administrative violations, institutions, who have obviously suffered losses, in practice avoid calculating losses caused by public officials, e.g. losses incurred because of an official who has been performing his duties in a situation of conflict of interest. Therefore, there is a need for methodology to calculate and recover the losses.*				
4.4.	Assess possibilities of providing online public access to information on all agreements concluded by state and municipal institutions on purchase of goods and services and other transactions, if made, and make recommendations for taking such measures.	31/12/2020	MF	CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year
4.5.	Assess the possibility of introducing more efficient monitoring or enforcement mechanisms to control the performance of officials who are responsible for using public resources, and impose administrative liability upon public officials for wasteful use of state property and financial resources.	31/12/2017	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*When starting application of administrative liability for breaches of procurement requirements, it is essential to identify procurement risks in formation of the procurement committees: are the officials competent enough in relation to procurement procedures and choice of procurement object. Heads of public persons' institutions, in cooperation with responsible institutions of the relevant area, should ensure that persons responsible for implementation of public procurement procedures, are competent and able to ensure a legally correct implementation of procedure prescribed by the law. According to the statistical report provided by the PMO in 2012, the total contractual amount concluded by state and municipal institutions (subjects of the Public Procurement Law) amounted to 1,279.8 million lats for 12,576 decentralised and centralised procurements. It means that there have been more than 12 thousand procurement procedures in conditions without any system that would help the public administration institutions or institutions responsible for monitoring of the relevant area to assess whether complex procurement procedures are implemented by competent, trained professionals that are possibly certified to ensure that the use of public funds complies with laws and regulations. Given that each member of the procurement committee is individually responsible for the legality of decisions made, situation where, e.g. only one member of the committee is trained, is not acceptable. Therefore, it is necessary to create a system of training and aptitude tests that would provide confidence that all members of the procurement committee are competent, before their involvement in implementation of the procurement procedure is permitted. Such procedure is prescribed in the regulatory framework in relation to, e.g. performers of internal audits. However, given that in small public persons' institutions there is a small number of performers of public procurements having special knowledge and that their aptitudes may not be tested by other such specialists of the institutions that are not acquainted with the regulatory framework of the procurement area, the system of aptitude testing should be developed with the help of the PMO.*				
4.6.	Take the necessary educational measures to ensure that all officials forming public procurement commissions are competent and familiar with the regulatory requirements in procurement matters.	31/12/2015	All state and municipal institutions	MF	Within the framework of funds set forth in the Law on the State Budget for the Current Year and within the framework of funds available from the municipal budget
Description of the Situation	*Capital companies created by big municipalities receive grants, and legality, usefulness and efficiency of these grants is poorly monitored or controlled, e.g. when performing autonomous municipal functions in organisation of public utilities (water and heat supply), provision of availability of education (pre-school educational institutions) and access to health care. Issues related to the funding of NGOs are still topical, and it would be necessary to audit the systems where these issues fit in, especially because the procedure for allocation of donations to NGOs is still not transparent.* *On 20 December 2011, the Cabinet of Ministers adopted informative report "On the Development of Regulatory Framework on the Operation of Institutions Funded from the State or Municipal Budget" (prot. No. 75, § 38), but not all of its objectives have been achieved, only a part of the tasks have been fulfilled, while others are still being performed. The Informative Report identifies problems related to the funding of associations, foundations and capital companies from the state and municipal budgets, and to recommendations proposed for improvement of the monitoring system. It has been concluded that, in the State, there is no a uniform procedure for allocation of funds or accountability and that institutions have not ensured sufficient control of compliance of the use of subsidies and grants with the initial objective of allocation. In the Report it is proposed to specify the competence of external controlling institutions in the regulatory framework and to ask the institutions that have allocated funding to associations, foundations and capital companies to take certain control and monitoring measures. At the same, it has been recommended to impose administrative or criminal liability for use of the allocated or granted funds for another purposes, as well as civil liability, by providing obligation to compensate the State for all losses incurred due to the use of the allocated funding for another purposes that do not comply with the initial objective.*				
4.7.	Improve the system of financing of	31/12/2016	MF	CPCB	Within the

	institutions funded by the State: procedure for allocation of public grants to organisations, associations, and foundations, by specifying the procedure of allocation in the regulatory framework, procedure for selection of beneficiaries of funding, as well as the procedure for controlling and monitoring of implementation of the funded activities, by describing rights and obligations of donors and beneficiaries and procedure of making, contesting or appealing decisions of institutions involved in the funding.				framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Monitoring of public persons' capital companies from the part of the shareholder is often formal, in many municipalities it is performed by one person, i.e. the head of the municipality who, at the same time is also representative of the shareholder in all capital companies of the municipality. Given that there are also capital companies where the Board consists of only one person, there is a doubt whether the monitoring model is efficient enough. Thus, within inspections and audits, it has been established that sometimes the use of the property or financial resources in capital companies is inexpedient, e.g. when paying for officials' personal expenditures or violating procedures of public procurements. The following problem still remains unsolved: use of financial resources for advertising, events non-related to the direct activity, sponsoring of organisations or donations by public persons or their capital companies. Even in cases when competent authorities have established violations of procedures resulting in losses or unproportionate expenditures incurred by capital companies within the framework of the EU projects, no recovery from the offenders takes place.*				
4.8.	Improve the system of financing institutions funded by the State: procedure for allocation of public grants to organisations, associations, and foundations, by specifying the procedure of allocation in the regulatory framework, procedure for selection of beneficiaries of funding, as well as the procedure for controlling and monitoring of implementation of the funded activities, by describing rights and obligations of donors and beneficiaries and procedure	31/12/2016	MF	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	of making, contesting or appealing decisions of institutions involved in the funding.				
Description of the Situation	*Regulatory framework included in the Public Procurement Law, Law on the Procurement of Public Service Providers and the new directives on public procurements (Directive 2014/24/EU and Directive 2014/25/EU) stipulates that candidate or tenderer shall be excluded from participation in a procurement procedure only if the final judgement of the court (prosecutor's statement of the punishment, a court judgment that has come into effect and that is incontestable and unappealable) on the relevant offences enters into force.* *The European Parliament has proposed to consider the possibility of creating a public list of EU companies that are found guilty of corruption or whose employees have been accused for corruption-related activities in the Member States or third countries. It is believed that such a list would exclude the possibility of the company to participate in any public procurement procedure in all EU Member States. Given that the final court judgment may come into effect even after three or more years, a situation is possible when commercial company whose responsible officials, in order to win competition, have grossly violated the rules, continues receiving public funds. Even if the respective legal person has not yet been found guilty by an effective court judgment, but there is a reasonable suspicion basing on accusation of prosecutor or submission of prosecutor's statement on the punishment to the court, inclusion into "the black list" has a very important effect deterring companies from engaging into corruption activities, and it is a good motivation for companies to improve and implement their own internal integrity procedures. Currently, Latvian regulatory enactments on procurement stipulate that only in case of a judgement of conviction rather than accusation for corruption-related activities in the Member States or third countries, the person is to be excluded from being able to qualify for acquisition of public contract.* *Dealing with public funds requires special care and caution, therefore there is a need for maximum protection from their illegal use. It is stipulated by the law. The Public Procurement Law aims to ensure free competition of suppliers, equal and fair attitude towards suppliers, as well as efficient use of the state and municipal resources, by minimising customer's risk. The budget is a tool for implementation of the national policy by financial methods. The Law on Prevention of Squandering of the Financial Resources and Property of a Public Person aims to ensure that property and financial resources of public persons are used lawfully and in accordance with the interests of citizens, prevent squandering and inefficient use of these resources, and limit the corruption among public officials.* *However, in situation, where the right to conclude the public procurement agreement can be obtained by a company whose responsible officials, according to Chapter 5 of the CPL, are individuals who have the status of person with the right of protection, i.e., persons, in relation to whom the public prosecutor – person directing the proceedings does not doubt that he or she will be able to convince the court with the existing evidence that reasonable doubts do not exist regarding the fact that precisely such person has committed a concrete criminal offence, the State should limit allocation of funds from the state budget to legal or natural persons that are involved in committed of criminal offence.* *The State has no mandatory obligation to provide opportunities for everyone to get the right of public procurement, it provides such right to those who do not violate the principle of free competition in an unlawful manner. In other words, the State may impose stricter criteria for selection of proper candidates, by limiting the right of any person whose behaviour raises reasonable doubt to receive procurement contracts.* *An exception could be the only situations in which the legal person agrees with the statement on punishment, since it promotes faster legal proceedings and deters the person responsible for the offence from hindering of litigation.* *Therefore, it is necessary to assess the restriction of the rights to participate in public procurement procedures for a specified period or for specified orders. It would be a basis for further decision on how the resources of the Latvian State budget must be protected in the period until final court decision, on what should be the procedure of imposing restrictions to participate in public procurement procedures, on whether restrictions of such rights shall be applied to all contractual obligations with the State or only those in respect of which the public procurement procedure is implemented, etc.*				
4.9.	Assess possibilities to exclude company whose employee has been accused for	31/12/2018	CPCB, MF	MJ, PMO	Within the framework of funds

	corruption-related activities in member states or third countries from participation in any public procurement in the whole EU; publish the list of such companies.				set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Currently there is a collision between the LPCI and the provisions of the Public Procurement Law, Section 14, stating that, in cases provided by the Law, a public official, as well as a State or self-government authority may accept a donation and other type of financial aid for State or self-government needs – for the improvement of staff training or work organisation or technical support. Public official or collegial authority is prohibited to take any decisions in relation to the donor, including decisions on procurements, for a time period of two years after the acceptance of the donation or financial aid referred to in Paragraph three of this Section. At the same time, procedures prescribed in the Public Procurement Law do not provide for conditions of tenderers or candidates that would be resulting from the above prohibition in the LPCI. Such situation causes misunderstandings in correct application of the public procurement procedure.*				
4.10.	Eliminate contradiction between Section 14 of the LPCI on prohibition of donors to make any decision and the Public Procurement Law.	2016	MF	PMO, CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year
5.	***Direction of activities: Strengthening of good faith and prevention of corruption risks among officials related to the judicial power***				
Description of the Situation	*It is necessary to improve and update the Code of Ethics for Latvian Judges according to the Bangalore principles on Judicial conduct adopted by the UN Economic and Social Council and topical cases in the Latvian courts' practice* *(See http: //www.unodc.org/pdf/crime/corruption/judicial_group/Bangalore_principles. pdf).* *Provisions included in the Code of Ethics for Judges require a more detailed explanation, certain provisions require even a more accurate regulation. For example, similarly to the Bangalore Draft Code of Judicial Conduct adopted by the Judicial Group on Strengthening Judicial Integrity in 2001, as revised at the Round Table Meeting of Chief Justices held at the Peace Palace, The Hague, November 25-26, 2002, the Latvian regulatory enactment should also explain the term „judge's family" (judge's spouse, son, daughter, son-in-law, daughter-in-law, or any other close relative or person who is a judge's associate or employee residing in the judge in the house); "Judge's spouse" (includes judge's partner whom he lives with, or any other person of either gender, which has a close relationship with the judge), or other issues. In addition, no representatives of other social groups who care about the reputation of the judiciary power are involved in the work of the Commission of Judicial Ethics, therefore there is a risk that the critical assessment of the population is not sufficiently taken into account and that professionals, within in their group, do not see any problem in this fact. Thus, it would be necessary to involve in the work of the Commission of Judicial Ethics representatives of the society who have the authority.*				
5.1.	Invite the Commission of Judicial Ethics to assess the necessity to make recommendations for amendments to the Code of Ethics of Judges, in order to	31/12/2015	MJ	CPCB	Within the framework of funds set forth in the Law on the State Budget

	update the existing or create a new Code of Ethics for Judges, by cooperating with representatives of the judicial power, that would comply with international standards, legal framework and experience.				for the Current Year
Description of the Situation	*In order to strengthen the role of Latvian judicial system, within the GRECO IV Round Evaluation Report it has been recommended to set a higher priority to professional training in the field of anti-corruption, ethics and good faith in the judicial system, to allocate appropriate resources for it, to ensure that it is included in the judges' regular training program and to develop a specific training for court presidents to help them in dealing with issues related to ethics, conflict of interest, good faith and other anti-corruption issues. Currently, in Latvia there are 593 judges in addition to employees of courts. However, according to information provided by the MJ, non-regular aptitude workshops „The Role of Judges and Ethics" were mostly attended in 2012 - less than 10% of all judges, in later years - far less (it is difficult to determine the precise number, because statistics provided by the MJ includes other employees of courts as well). The judiciary system does not ensure regular trainings on issues of anti-corruption and conflict of interest or mandatory requirements for new judges to attend such trainings.*				
5.2.	Ensure that regular training programmes for presidents of courts, judges and judge candidates each year include issues of corruption prevention, ethics and good faith in the judicial power.	31/12/2015	MJ	CA	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*As mentioned in the study „National Fairness System" carried out by the „Association for Transparency – Delna": „There is a problem in the field of Judicial independence, i.e. an expressed dependence of the judiciary power from the executive power, in particular in issues related to selection of judge candidates, direction, budget drafting". Speaking about the process of selection of judges, judicial power interferes with judicial independence more than the executive power. It is noted that the Saeima's necessity to vote for any judicial appointment by changing from a court of lower level to a court of higher level, refers to the excessive involvement of the legislator in the judicial work. Appointment of judges is considered to be the weakest practical and regulatory aspect of independence of judiciary power. Consequently, it is necessary to extend the power and capacity of the Judicial Council, by giving a greater role in the selection of candidates for judges and the development of requests for judiciary budget. To support the work of the Judicial Council, it is needed to ensure the administrative staff. It is necessary to abolish the secret ballot in the Saeima for the candidates to the office of judge.* *An issue that should be additionally assed is related to the dependence of the Court Administration on the executive power and possibilities to change these institutions to subordinate bodies of the judiciary power, by asking for a logistical support for the administrative processes in courts, including requirements for elaboration of internal control regulations, internal audits, and measures for control of employees.*				
5.3.	In order to meet concerns about risks of undue political influence of the legislative power on the independence of	31/12/2018	MJ	-	Within the framework of funds set forth in the Law

	the judicial power, analyse the actual situation and regulatory framework; prepare amendments to the Law "On Judicial Power" in order to strengthen the decisive role of relevant municipal judicial institutions (such as the Judicial Council and Judicial Qualification Committee) in appointment, re-appointment and career development of judges, clarify parliamentary powers in this matter, particularly by limiting its relation to the appointment of judges.				on the State Budget for the Current Year
Description of the Situation	*According to Section 94.2 of the Law "On Judicial Power", when evaluating judge's professional activity, the Judicial Qualification Committee has no information available on professional behaviour/ ethics, and accordingly it is impossible to provide an estimate of the judge's ability to adopt and adhere to professional ethical standards, instead it is necessary to analyse questions directly and clearly related to the preparation of rulings, e.g. judicial arguments contained, application of material and procedural standards, use of additional sources; administration of court proceedings; organisation of the work for adjudication of court cases; compliance with organisational requirements and orders of the President of the Court in the work of judges. Only one skill to be evaluated by the Law, i.e. „maintain emotional balance in a stressful situation", partly relates to regulation of the code of ethics for judges. Given that the activities of judges are independent, it means that the obligations are carried out unanimously, there is some discretion in application of laws and regulations; it is prohibited to intervene with the reasoning of courts, it means that there are no strict mechanisms for the control of decision making process, which means that, actually, the most important factor in the judge's performance evaluation is his/ her fairness and compliance with professional ethical norms. Although ethical violations are relatively rare in the work of the judges, it is essential that the infringements found are taken into account in evaluation of judges (in some cases, during career development) having already committed offences before. Therefore, criteria described in the law for assessment of judges' professional activity are complemented with the assessment of the judges' ethics and ability to set an example on how the law should be respected.*				
5.4.	Supplement regulatory enactment with the following criteria for assessment of judges' professional activities: assessment of judge's professional behaviour, ethics, capability to meet standards of professional ethics and set an example on how the law should be	31/12/2016.	MJ	Council for the Judiciary	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	respected.				
Description of the Situation	*It is necessary to take measures to ensure that the disciplinary proceedings in connection with improper behaviour of judges is adjudicated before the end of the limitation period, e.g. by providing for extension of period for application of sanctions starting from the period of the infringement detection, revision of the limitation period, or suspension of the limitation period under certain circumstances. In 2012, the Ministry of Justice created a working group for development of a unified disciplinary system model, and the group has decided that a three-month period for application of disciplinary sanctions is adequate if the moment of infringement detection is considered to be the moment when the case is being brought. At the same time, members of the working group want to preserve a 2-year limitation period for application of disciplinary sanctions.*				
5.5.	Review and improve the system of judges' disciplinary liability, by developing necessary amendments to the regulatory framework that would provide for a possibility of equal, as far as possible, regulation on disciplinary liability applicable to persons representing the judicial power or judicial system, by establishing a unified disciplinary court.	3/12/2015	MJ	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*Compared with other countries, there is low confidence in the judiciary system, which can be explained not only by information represented in the media on suspicion of low quality of the work of judges, slow litigation and corruption, but also by the fact that the most of population has not had personal contact with courts and hence they have no idea about judges' work and its quality, because only a relatively small part of the society has had a direct contact with courts. Public opinion about courts is not based on personal experience, but on the experience of others or information in media, rather than on specific knowledge of the work of judges. Therefore, there is a need for an organised strategy on how to display information on the work of courts, by offering solutions for qualitative display of the work, and by providing information on the measures taken to increase efficiency of judicial work and to prevent errors.* *In June and July 2013, the Commission of Judicial Ethics of the Supreme Court held discussions on cooperation of judges and judicial power with representatives of mass media. They discussed problematic issues related to cooperation of judges with representatives of media, and possible directions of activities to enhance and improve mutual cooperation in promoting judicial transparency and public accessibility. The Commission considers that it would be useful to draw up guidelines for judges to determine the main principles of communication with the media, because of the need to promote efficient cooperation between judges and journalists or other publishers. In order to improve and develop communication of the judicial power, supportive attitude is needed from the part of both judges and representatives of the mass media. The members of the Commission suggested to develop a concept of judicial power's public relations, in order to introduce a unified practice throughout the system. The judicial power has adopted an internal document „Guidelines for Communication of Courts", that defines goals and objectives of the judicial communication, covers communication of courts with mass media and society, by formation of a court as an institution open to the society and by promotion of such an image of the court, as well as by providing society with information on the work of courts, nature of the system, rulings of courts, thus contributing to public trust in the judicial power. The Commission of Judicial Ethics is currently working on updating the „Guidelines for Communication of Courts".*				
5.6.	Create a training course for judges on communication with mass media, for explanation of activities of the judicial power, in order to strengthen public trust in the judicial power.	31/12/2020	MJ	CA	Within the framework of funds set forth in the Law on the State Budget for the Current Year and by attracting the funding from the EU funds [41]

[41] Within the framework of the specific support objective 3.4.1. „To improve the competence of the staff of courts and law enforcement authorities, to promote improvement of business environment" of the operational programme "Growth and Employment"

Description of the Situation	*Principle of accidental distribution of cases is a fundamental issue for prevention of suspected corruption or risks of conflict of interest. During the previous programming period 2009 – 2013, there were some improvements in distribution of cases. According to Section 28.2 of the Law „On Judicial Power", President of the Court, prior to the beginning of each calendar year, confirms the plan of distribution of cases, which may be amended during the calendar year in case of conditions set out in Section 28.1 of the Law „On Judicial Power" (for example, overload of the judge or insufficient workload).* *Currently, electronic distribution of cases in courts is carried out through the Computerised Distribution of Cases of the Court Information System that was introduced in courts on 1 November 2007 with the aim of distributing cases received by the court to judges at random, taking into account the workload and specialisation of each judge and other circumstances. Thus, once a day or after registration of each case, the computer program - Court Information System - identifies the judges whose workload, compared with other judges, is smaller, and randomly distributes cases received in the court. Besides, if there are specialised cases among all cases received in the court, they are distributed first (specialisation of judges may be determined both by the whole field of law or by a specific field of law; deadlines of case litigation are also taken into account).* *On 31 October 2011, new principles of distribution of cases were introduced in the Court Information System providing that, in order to ensure equitable distribution of cases and reduce the possible corruption risks, in case the court has introduced specialisation of cases, at least two judges have to be registered for each specialisation.* *According to Section 89.11, Paragraph 6, of the Law „On Judicial Power", basic principles of specialisation and case load indexes for a part of judges are determined by the Judicial Council. Despite the above achievements, it is necessary to improve the distribution of cases and implement a permanent monitoring system.*				
5.7.	Develop the principle for determination of specialisation of judges and case load indicators, including compliance with the principle of accidental distribution of cases, to ensure possibilities of sufficient choice, prevention of errors in the computer system or programme, and sufficient number of judges of each specialisation.	31/12/2015	MJ	CA	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*Since 1922, the body of the Latvian Constitution contains the principle of inviolability of public officials, under which certain groups of public officials, such as judges and members of the Parliament, currently have administrative and criminal immunity. Unlike other public officials and private individuals, these groups of officials are subject to different conditions of administrative or criminal liability, as well as different conditions of application of procedural coercive means, i.e. certain groups of officials are granted immunity or a certain inviolability. Section 29 and 30 of the Constitution of the Republic of Latvia provides for a procedure different from the general order and the need for consent in relation to the members of the Saeima, it means that, for example, without the consent of the Saeima, criminal prosecution may not be commenced and administrative fines may not be levied against its members, while Section 30 of the Constitution provides for a special procedure in relation to the State President. Section 13 of the Law „On Judicial Power" provides for condition of inviolability of judges, e.g. an administrative sanction may not be applied to a judge, and he or she shall not be arrested pursuant to administrative procedures; a judge is subject to disciplinary liability for the committing administrative violations. Similar principles of inviolability are laid down in Section 7 of the Law „On Public Prosecutor's Office". Section 120 of the CPL ""Immunity from Criminal Proceedings of State Officials Guaranteed by Law" lays down regulations on inviolability of certain public officials in relation to criminal proceedings: initiation of criminal proceedings, detention, searches, forced delivery, prosecution.* *GRECO has pointed out that the system of administrative immunities no longer serves its initial purpose, i.e. protection of judges from undue influence, and, as it currently has very low public support, it would have to be repealed. GRECO recommends to abolish the system of administrative immunity of judges, prosecutors and members of the Saeima. In addition, according to the assessment of implementation of the UN Convention against Corruption, Latvia is recommended to set up a regulatory framework which would not apply immunity from criminal proceedings to the pre-trial investigation until initiation of criminal prosecution, and, before abolishment of immunity, would carry out investigation in premises held by the persons and apply procedural coercive means that would protect evidences and prevent potential risk of their loss or counterfeiting.* *Thus, it is necessary to assess the role of the inviolability of the officials in the modern democratic states and evaluate whether the legislation complies with the purpose and meaning of such inviolability of officials; whether conditions relating to inviolability are not wider than necessary for protection of public officials and whether they do not come into conflict with one of the most important constitutional principles, i.e. principle of equality, because deviation from the principle of equality is admissible in so far as it is based on real necessity to ensure proper and smooth performance of professional duties, e.g. duties related to adjudication by judges.*				
5.8.	Ensure regular training of prosecutors in relation to anti-corruption issues (including issues of provision of confidentiality and reporting of violations), as well as issues of ethics and good faith.	31/12/2015	GPO	CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year
5.9.	Draw up a draft regulatory enactment, in order to ensure that, prior to abolishment of immunity, it is permitted to carry out investigation activities that would protect evidences related to alleged unlawful activities of the members of the *Saeima*, officials of the judicial power and prosecutors, and ensure that immunity	31/12/2019	CPCB	MJ	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	from criminal proceedings is applied to the phase of criminal prosecution only.				
5.10.	Make recommendations to review the whole system of administrative immunity of officials of judicial power, members of the *Saeima* and prosecutors, and its compliance with the initial objective, i.e. to protect performance of the official's duties from an undue influence.	31/12/2019	CPCB	MJ	Within the framework of funds set forth in the Law on the State Budget for the Current Year
6.	***Direction of activities: Implementation of anti-corruption measures in the private sector***				
Description of the Situation	*On average, the CPCB initiates 32 criminal proceedings per year, 20 cases against 49 persons are sent to prosecutors' institutions for criminal prosecution. Lack of knowledge about anti-corruption issues and lack of liability in the private sphere can contribute to unfair business. In order reduce the number of crimes of corruption, reduce the public and entrepreneurs' tolerance against corruption (at national and international level), and promote responsibility of the private sector for fair competition and sustainable business, expanded anti-corruption measures should be taken in the private sector. Latvia has improved regulations of the CL and CPL concerning the liability of legal persons for the offences set forth in CL: henceforth, legal persons are liable for criminal offence committed by a natural person if it results from the lack of supervision or control. Therefore, Latvian entrepreneurs should establish internal control mechanisms and take appropriate anti-corruption measures to ensure adequate control and supervision over their employees.*				
6.1.	Draw up a manual for entrepreneurs on such topics as corporate social liability and measures of internal control in commercial companies, in order to prevent bribery.	31/12/2015	CPCB	MW, CP	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*International recommendations stipulate that the countries should ensure educative events for officials (especially those working abroad in the diplomatic and consular missions of the Republic of Latvia or in foreign trade missions), so that they can detect and report foreign bribery cases and provide adequate support, if such companies are faced with bribe offers. In addition, the Latvian diplomatic and consular missions abroad are an important information channel for foreign investors when they are turning to them to explore the Latvian market environment, including practices of corrupt activities.*				
6.2.	Ensure trainings of public officials (especially those working abroad in the	31/12/2015	CPCB	MFA, NGO	Within the framework of funds

	diplomatic and consular missions of the Republic of Latvia or in foreign trade missions), so that they can detect and report foreign bribery cases and provide adequate support, if such companies are faced with bribe offers.				set forth in the Law on the State Budget for the Current Year
Description of the Situation	*OECD Working Group on Bribery, during the 2nd phase evaluation, shall assess the progress in the field of taxation in Latvia: whether awareness of criminalisation of bribery of foreign public officials has been raised, whether trainings on identification of bribery by tax payment audits in commercial companies have been carried out. It would therefore be necessary to organise trainings for the SRS's tax inspectors on identification of corruption symptoms, basing on the procedure "On Behaviour of Officials and Employees of the SRS's Tax Control Board" approved by the SRS's Tax Control Board, by identifying the risks of bribery cases, focusing on bribery committed by foreign officials. The Procedure has been developed on the basis of the OECD's Bribery Awareness Handbook for Tax Examiners.*				
6.3.	Update recommendations for the SRS's tax inspectors on identification of corruption symptoms, by applying it to bribery abroad, and carry out regular trainings of the SRS's tax inspectors.	31/12/2015, 31/12/2017, 31/12/2019	MF, SAS	SRS	Within the framework of funds set forth in the Law on the State Budget for the Current Year and by attracting funding from the EU funds[42]
Description of the Situation	*In order to promote faster economic recovery, by attracting large investments in Latvia, on 1 January 2011 amendments to the Law „On Enterprise Income Tax" entered into force, that provide for renewal of a discount of the enterprise income tax credit for initial long-term investments made within the framework of supported investment projects. Evaluation of investment projects takes place in accordance with the Cabinet Regulation No.78 of 24 January 2012 „Procedure for Approval and Implementation of Supported Investments". Currently, the assessment of the projects of supported investments does not evaluate whether liability for corruptive offences has been previously applied to the respective legal person. This criterion should be included in the assessment of projects of supported investments, in order to express a conceptual support of honest entrepreneurs and businesses at the national level.*				
6.4.	Make recommendations for amendments	31/12/2015	MF	ME, SRS	

[42] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment", for training of SRS inspectors

	to the regulatory framework on the procedure for approval and implementation of projects of supported investments, by setting previously applied liability for corruptive offences as a criterion for exclusion from the projects of supported investments.				Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*In order to promote unified understanding of implementation of Section 4, paragraphs 3 and 4 of the Law „On Prevention of Conflict of Interest in Activities of Public Officials" in the work of organisations, societies and foundations, and to reduce intentional or unintentional evasion from meeting the law in determination of the status of public officials, it is necessary to draw up an explanation of application of the above regulatory provisions in practice.*				
6.5.	Draw up an informative material on implementation of Section 4, paragraphs 3 and 4 of the Law „On Prevention of Conflict of Interest in Activities of Public Officials" in the work of organisations, societies and foundations.	31/12/2015	MF SRS	CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year
	Sub-objective: Reduce public tolerance towards corruption				
7.	***Direction of activities: Involvement of persons and groups that do not represent the public sector into corruption prevention, and promotion of public intolerance towards corruption and consequences thereof***				
Description of the Situation	*On average, the CPCB initiates 32 criminal proceedings per year, 20 cases against 49 persons are sent to prosecutors' institutions for criminal prosecution. Lack of knowledge about anti-corruption issues and lack of liability in the private sphere can contribute to unfair business. In order to reduce the number of crimes of corruption, reduce the public and entrepreneurs' tolerance towards corruption (at national and international level), and promote responsibility of the private sector for fair competition and sustainable business, institutions whose officials receive offers of bribes relatively more often should inform entrepreneurs about the negative consequences of the corruption (at national and international level), liability applied to legal and natural persons and corruption prevention measures to be taken in enterprises.*				
7.1.	Law enforcement bodies, in cooperation	31/12/2015 -	CPCB, SRS, SP, SBG	NGO	Within the

	with organisations representing the interests of entrepreneurs (in various areas) should organise and participate in informative events that are aimed to inform Latvian entrepreneurs about negative consequences of corruption (at national and international level), by promoting introduction of complex internal anti-corruption measures.	31/12/2020			framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Corporate social responsibility is a basis for sustainable business strategy and identity. It includes the company's business practices, values and principles upon which the company shall be guided, besides it contributes to the development of the local population. The concept of corporate social responsibility is relatively new in Latvian business environment, but its importance is well-known by entrepreneurs interested in sustainability of their business, and those who want and the need to act at international level and attract investments. The concept of corporate social responsibility in Latvia is mainly associated with the improvement of work environment, workplace safety and social security of employees. However, the corporate social responsibility is being insufficiently analysed and evaluated in the context of planning and implementation of anti-corruption policy in the private sector, although these are the issues that reflect the company's values to base its business practices on. Therefore it can be concluded that anti-corruption issues should be more included in educational programmes and seminars for entrepreneurs. In today's business environment, ethical and strict attitude against corruption should not be seen as a choice but as a necessity for sustainable success. It is necessary to ensure a legal and competitive environment in which entrepreneurs are encouraged to report corruption. Non-governmental organisations should also be responsible for provision of information to entrepreneurs and their education by providing them with the basic knowledge of binding rules and legal obligations to ensure compliance with the 10th principle of the UN Global Compact: „Businesses should work against corruption in all its forms (including bribery and extortion of money or other benefits)".*				
7.2.	Develop understanding of corruption risks and its negative impact on business, enhance better compliance with the principle of corporate social responsibility	31/12/2018	ME	MJ CPCB NGO	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Fair elections, as well as a fair and responsible policy between elections, is fundamental for a democratic state. Therefore, it is necessary to ensure transparency in the activities of politicians in the fight for voters' trust in the pre-election periods.*				

7.3.	Inform society on violations of procedure for pre-election campaigns by political organisations and their alliances, and on violations of regulations on financing of political organisations and their alliances.	31/12/2015-31/12/2020	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*High tolerance towards corruption has been observed in young people's attitudes. In order to create awareness about the negative consequences of corruption and harm to society and democracy among young people, as well as to involve young people into discussion on good governance, good faith and other social values, anti-corruption issues need to be integrated into education programs.* *Currently, speaking about the national general secondary education standard, the corruption issue has been included only in the standard of the subject "Politics and Law". In order to promote the intolerance towards corruption and to ensure systematic understanding of corruption, anti-corruption issue must be included in the standards of basic and general education, by including corruption-related issues in the standards of the following subjects: Social Sciences, Economics, Culturology and Ethics.*				
7.4.	Make amendments to the Cabinet Regulation No.281 of 21 May 2013 „On Standard of National General Secondary Education, Standards of Subjects and Models of Basic Education Programmes", by supplementing the content of such subjects as „Economics", „Culturology" and „Ethics" with corruption-related issues.	31/12/2017	MEd	NCE	Within the framework of funds set forth in the Law on the State Budget for the Current Year
7.5.	Make amendments to the Cabinet Regulation No.468 of 12 August 2014 „On Standard of National General Secondary Education, Standards of Subjects and Models of Basic Education Programmes", by improving the corruption-related information in the subject „Social Sciences", by providing explanation of the nature, reasons, consequences, forms of manifestation	31/12/2017	Med	NCE, CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	and prevention.				
7.6.	Create and implement communication strategy, by focusing on good faith of employees, good governance of institutions and unacceptability of various offers (bribes, gifts, unlawful benefits) to employees, in order to strengthen population's understanding of possibilities to deal with issues in health care institutions, traffic control and courts, without using unlawful payments to employees working in these fields, and to ensure that people are well informed about their rights and obligations.	31/12/2015	MH, MI, municipalities, MJ		Within the framework of funds set forth in the Law on the State Budget for the Current Year and within the framework of funds available from the municipal budget
Description of the Situation	*Currently, in Latvia, there is no unified code of ethics for employees working in the field of health care or in the field of education. Therefore there is no regulation, e.g. for exchange of gifts, or cases of conflicts of interest between employees working in state or municipal institutions and institutions' clients.*				
7.7.	Draw up guidelines for creation of unified codes of ethics for employees working in the field of health care and education.	31/12/2016	MH MEd	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*In order to facilitate learning of the anti-corruption topic in audiences of students of different ages, it is necessary to make lessons more interesting and practical, by using modern technology. Creation of different video situations that reflect the most typical problems related to ethics and corruption in everyday situations in a visually attractive way, could contribute to students' understanding of the corruption-related problems, its forms of manifestations and consequences, as well as promote responsibility for their own behaviour and activities carried out by their family members in various dilemma situations. Additionally, it is necessary to elaborate other types of informative materials (posters, cards, stickers, leaflets) to educate students.*				

7.8.	Ensure elaboration of an educational video material on anti-corruption issues for student audience.	31/12/2019	CPCB	NCE	Within the framework of funds set forth in the Law on the State Budget for the Current Year
7.9.	Ensure elaboration of an informative material on anti-corruption issues for student audience.	31/12/2017	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*In order to provide students (pupils) with a possibility to receive a fully-fledged knowledge of corruption issues that would be based on experience of persons involved in corruption prevention and combating, it is necessary to improve the teachers' knowledge on this issue, by organising seminars, trainings and conferences.*				
7.10.	Improve teachers' knowledge on corruption as a social phenomenon, in order to make this knowledge usable in the further training of pupils.	31/12/2017	CPCB	MEd	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*European Parliament resolution of 23 October 2013, states that " independent investigative journalism plays a vital role in exposing fraud, corruption and organised crime schemes as demonstrated in April 2013 through „Offshore leaks" that disclosed details of 130 000 offshore accounts following years-long investigations by the International Consortium of Investigative Journalists together with 36 international newspapers; European Parliament considers that investigative journalism reports represent a valuable source of information to be considered by the European Anti-Fraud Office (OLAF) and law enforcement or other relevant authorities in Member States". In Latvia, it is commercially disadvantageous for privately-funded media to maintain investigative journalism, and the public support for the development of investigative journalism is very weak, therefore it is necessary to assess the possibilities of developing a national support mechanism.*				
7.11.	Assess possibilities of creating a national support mechanism for the development	31/12/2018	CPCB	NEMMC	Within the framework of funds

	of investigative journalism in Latvia that would not endanger its independence and would promote its existence.				set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Match-fixing is unanimously considered to be one of the biggest threats to modern sports. It undermines the sporting virtues such as honesty, fair play and respect for others. Mach-fixing may alienate fans and supporters from the organised sports - area forms almost 2% of the EU's gross value added. In addition, match-fixing is often associated with global organised crime networks. It is a problem that has now become a priority of national authorities, sports movement and law enforcement bodies. Match-fixing is a form of corruption subjected to national criminal legislations.*				
7.12.	Analyse corruption risks in the work of Latvian sports organisations, assess the policy and practical measures in the fight against corruption and evaluate their efficiency and possibilities of use.	31/12/2019	CPCB	SP, MEd	Within the framework of funds set forth in the Law on the State Budget for the Current Year
8.	***Direction of activities: Improvement of the system of whistleblower protection and provision of information to the society in cases of violation of the law***				
Description of the Situation	*On 30 April 2014, at the 1198th meeting of the Ministers' Deputies, the Committee of Ministers of the European Council adopted Recommendation CM/Rec(2014)7 to member States on the protection of whistleblowers (available: https://wcd.coe.int/ViewDoc.jsp?Ref=CM/Rec(2014)7&Language=lanEnglish&Ver=original&Site=CM&BackColorInternet=C3C3C3&BackColorIntranet=EDB021&BackColorLogged=F5D383). The Recommendation provides for creation of regulatory, institutional framework for legal protection of whistleblowers.* *Since the moment when the State Civil Service Administration was eliminated, in Latvia there is no institution to examine, within the framework of state administration, complaints about alleged unlawful activities carried out by heads of public persons' institutions in relation to employees of state administration, such as arbitrary dismissal, unjustified disciplinary sanctioning, breach of regulations on whistleblower or other violations. Risk of long court proceedings related to a financial expenditures hinder initiative to fight against unlawful behaviour and contributes to fear to report detected irregularities. Reporting or whistleblowing mechanism in Latvia is weak, and there is a certain protection only for public officials who report conflicts of interest. However, there are no even equivalent mechanisms for state and municipal employees who are not public officials. The State does not contribute to citizens' involvement in detection of different violations, such as informing about violations of regulations on environmental protection, tax payment, construction requirements, etc. It would be especially significant for the State to develop mechanisms for identifying any irregularities in any field related to investments of public funds because, as shown in foreign studies, encouraging reporting may contribute to reduction of the amount of defrauded or squandered funds from approximately 18% of the total state budget grant to 3- 5%.* *(See the study carried out by the Association for Transparency „Delna" "On Legal Protection of Whistleblowers in Latvia", Kristine Dupate, 2012.)*				
8.1.	1) Draw up a draft law on protection of whistleblowers reporting violations of	1)31/12/2015 2)	1) SC 2), 3) CPCB	MJ, MF, MW, ME, MH	Within the

	law; 2) Promote reporting mechanisms in the society, motivate whistleblowers for proactive and reactive action; 3) Within the framework of State administration, ensure competent and politically independent investigation of offences committed by heads of institutions.	independentl y 3)31/12/2019			framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*Providing information on fraudulent actions of officials to the law enforcement bodies is a duty of every citizen, and in legal state such action should become a social standard. In the way towards a legal state where corruption is a shameful action, it is necessary to strengthen population's intolerance towards corruption and promote readiness to detect and report dishonest officials. However, non-governmental organisations indicate (see the study carried out by the Association* for *Transparency „Delna" "On Legal Protection of Whistleblowers in Latvia", (hereinafter – Study); (Kristine Dupate, 2012) that in Latvia there are currently significant deficiencies in legal protection of whistleblowers and suggest to ensure the protection of whistleblowers in a special law. The biggest concerns of potential whistleblowers are related to a direct or indirect „revenge" by the employer, head of the relevant institution or department (mainly by administrative methods) in case of reporting. Conclusion of the Study: 1. Currently, in Latvia there is no special legal framework for whistleblowing. The existing legal framework that can be applied to whistleblowing cases is fragmentary both in material and personal sense. 2. Due to the fact that Latvian legislation does not identify directly whistleblowing cases and whistleblowers, in such case the general legal framework is applied, which, taking into account the real cases, may result in serious legal consequences, such as complicated and expensive civil litigation or initiation of criminal proceedings against the whistleblower because of alleged violation of other person's rights. 3. Up to now, the few regulations indirectly focused on protection of whistleblower (Section 9 of the Labour Law, Section 28 of the CL) have not been applied in the context of whistleblower protection. Case-law and knowledge of legal scientists reveal that, for protection of whistleblowers in the context of Latvian legal system, the right to freedom of expression has been mostly used. 4. In Latvia, protection of the whistleblower's identity set forth in the Law on Submissions and Freedom of Information Law does not work efficiently; moreover, efficiency and impartiality of institutions supervising compliance with rights are often called into question. 5. Court proceedings that are initiated against the whistleblower, are basically legally complex, which can be explained by the lack of relevant case-law and clear special legislation. 6. In Latvia, qualified legal aid is expensive, and whistleblower court proceedings are not typical, and therefore require additional specific knowledge. To be able to afford qualified legal assistance, whistleblower themselves have to be highly qualified lawyers or people with high income. Therefore, only whistleblowers with a high professional qualification and / or sufficiently high income reach positive result in protection of their rights.* *Recommendations made in the Study: A. There is a need for special legal framework that provides definition of whistleblowing and whistleblower and that is applied as a* lex specialis *in relation to other general legal framework applicable to specific situations. B. As the boundary between whistleblowing and violation of the rights of others is hardly predictable and identifiable, it is necessary to create a special legal framework for protection of the whistleblower in the event the information provided proves to be erroneous. In such case, it would be also important to take into account proportionality between the possible role of the information provided (if not erroneous) in the society and the consequences it has caused to others, to ensure compliance with the principles of general rights and human rights. C. Special legal framework for whistleblowing cases should prescribe not only adequate protection of the whistleblower against the negative effects, but also the right to reasonable financial compensation if the benefit for society has been remarkable.*

	1. Regulatory enactments should provide non-governmental organisations with an opportunity to be an independent claimant in civil proceedings and applicant in administrative proceedings in case of whistleblowing in the public interest, in the absence of a specific victim. 2. Taking into account the small Latvian population, the Labour Law should provide for protection of the person against negative effects in case of whistleblowing, including from third parties, i.e. other employers, in order to prevent the real situation, when the whistleblower has to terminate employment relationships with the employer against whom whistleblowing has taken place and later face serious difficulties in finding a job and another employer. 3. The special legal framework on whistleblowers should provide for special procedural rights. In criminal proceedings, under the civil procedure, reversed obligation of proof should be taken into account, particularly with regard to the erroneous reporting: the whistleblower should only prove that there have been *prima facie* facts pointing to alleged infringement of the law. However, here too the principle of proportionality should be applied in parallel with the assessment of the potential benefits to society and harm (damages) caused to other persons. 4. The legislator should set and the executive power should ensure more efficiently protection of the whistleblower's identity set forth in the Law on Submissions and Freedom of Information Law. 5. There is a need for legal framework to improve both internal and external reporting mechanisms. Especially large attention should be paid to the change of subordination of the Internal Investigations Office of the State Police, in order to ensure impartiality of its operations. 6. The legislator should amend all laws that regulate public services, by providing provisions of the Labour Law that prohibits causing of negative consequences, as it has already been currently provided by the State Civil Service Law. 7. To promote public awareness of whistleblowing and the need to foster a supportive attitude towards whistleblowers, it is necessary to consider the possibility of providing special legislation in certain areas, such as construction and road building, where poor execution of tasks that is hidden can endanger public health and life. Similar special legal framework both for whistleblower protection and for financial compensation could be introduced in the field of tax payments, which is recognised as one of the areas that are the most subjected to risks of corruption and violations of the law.				
8.2.	Draw up regulatory framework that would improve the system for protection of persons providing information on corrupt offences, by defining status of whistleblower that would to include the right to efficient confidentiality.	31/12/2016	SC	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
8.3.	State that public officials are obliged to inform the CPCB on all cases at their	31/12/2015	CPCB	-	L Within the framework of funds

	disposal that point to alleged commitment of criminal offence.				set forth in the Law on the State Budget for the Current Year
8.4.	Analyse Section 324 of the CL and the newest cases where this provision on voluntary reporting of bribery was applied, in order to assess whether this provision may be potentially abused and, in case of necessity, take respective measures.	31/12/2016	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
	Sub-objective: Ensure inevitability of penalties for offences related to the abuse of official power and for unlawful use of the power				
9.	***Direction of activities: Setting effective, proportionate and dissuasive administrative or criminal penalties for offences committed***				
Description of the Situation	*Currently, in the State there is no active process in relation to detection of corruption cases in the private sector. Given that investigation of corruption in the public sector requires the same methods as investigation of offences in the private sector, it would be useful to merge these both investigation functions, by changing the jurisdiction of investigation of criminal cases. Currently, according to Section 387, Paragraph 6 of the CPL and Section 2 of the Law on Corruption Prevention and Combating Bureau, the CPCB has a competence to investigate offences in the service of public institutions.*				
9.1.	Draw up amendments to the Law on Corruption Prevention and Combating Bureau and to the Criminal Procedure Law, by extending the CPCB's competences in relation to the rights to investigate corrupt offences in the private sector as well.	31/12/2015	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*According to the Council of Europe Criminal Law Convention on Corruption and the UN Convention against Corruption, the requirements of national laws and regulations should provide that the request of a bribe, committed by a public official, should be recognised as a completed offence also in cases where the bribe acceptance has not actually taken place. However, the Section 320, Paragraph 3 of the CL of the Republic of Latvia sets a liability for requesting a bribe as a complete offence only in case the bribe was requested „for acts provided for in Paragraphs one and two of this Section". It means that requesting a bribe shall be considered a qualifying characteristic for criminalisation only in case of acceptance of a bribe, that is, material values, properties or benefits of other nature.*				
9.2.	Draw up a draft law, by setting criminal	31/12/2015	MJ	CPCB	Within the

	liability for requesting a bribe by public official as for a completed offence.				framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*According to sociological surveys, 57% of Latvian population indicate that they do not know where to turn in case they would like to report corruption cases. Therefore, it is necessary to educate the public about reporting possibilities, and to provide easily accessible information on reporting options.*				
9.3.	Education of employees working in state and municipal institutions on the necessity to report violations of law in the institutions. Provision of information on programmes for protection of witnesses and possibilities of use of such programmes, on whistleblowers' protection and assurance of anonymity.	Independently	CPCB, SP	GPO	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*According to the European Parliament's action plan on organised crime, corruption and money laundering 2014 – 2019, Member States are proposed to introduce specific regulations for the prohibition of persons, after the final court judgment for corruption-related crimes, to apply for certain positions, providing a sufficiently long period for such sanction (ideally at least 5 years), relating to participation in all types of elections (European, national, regional and local level), by prohibiting, during this period, to hold a position in the government at various levels of the administration. Currently, it is possible that municipalities, municipal institutions and companies, public persons' capital companies may continue employing officials convicted for corruption offences. Thus, in cases when a non-custodial sentence has been applied, a situation can arise where the person continues working in a municipal or self-government institution, thereby undermining public trust in the municipality and allowing corrupt officials hoping that even in case of detection of a corrupt offence and conviction he/ she shall be allowed to continue his/ her job.*				
9.4.	Evaluate the possibility of stipulating in the laws and regulations that persons convicted by a final judgment for participation in organised crime, corruption (criminal offences committed	31/12/2017	All ministries		Within the framework of funds set forth in the Law on the State Budget for the Current Year

	in public service or office abuses in the private sector), or money laundering, cannot hold positions in municipal institutions and in public persons' capital companies.				
Description of the Situation	*With the increase of the capacity of investigation, new forms of committing criminal offences are created, therefore it is necessary to develop new methods and inter-institutional cooperation in order to determine the most efficient way for identification of corruption-sensitive areas and, with a help of risk analysis, for identification of suspects whose activities have signs of an offence. European Parliament resolution of 23 October 2013 stipulates that proceeds and infiltration capacity of criminal organisations have grown considerably due to the fact that they are operating in many sectors, most of which are subject to the control of government departments. Thus, detection of corruption offenses requires criminal investigation at the strategic, tactical and operational level, in order to increase the efficiency of crime detection and promote optimal cooperation of law enforcement bodies for prevention of criminal offences in the public service and abuse of official authority in the economy.*				
9.5.	Develop and implement methods of the national criminal investigation model in detection of corruptive offences (criminal offences in the public service and abuse of official authority in the economy), by carrying out strategic analysis and other necessary methods.	31/12/2017	CPCB	SP	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*According to requirements set within the framework of the assessment of Latvia by OECD Working Group on Bribery, Latvia has to ensure: 1) statistics on the execution of the legal requirements in relation to the bribery of foreign officials; 3) statistics on requests for legal assistance sent in relation to the bribery of foreign officials; 4) Statistics on requests for extradition in connection with the bribery of foreign officials; 5) The statistics on criminal proceedings on bribery of foreign officials. Latvia will have to provide information on the implementation of the OECD Anti-Bribery Convention in practice, including provision of the above mentioned statistical data.*				
9.6.	Ensure accountability of statistical data in accordance with statistical contents required by the OECD Working Group on Bribery of the Anti-Bribery Convention.	31/12/2015	CPCB	MJ GPO	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*At the international level, in the context of corruption prevention, there are studies aiming to establish whether there is any correlation between the sex of a person and his/her readiness to engage in corrupt activities. Up to now, no such study or analysis has been carried out in Latvia. To make Latvia participate effectively in international discussions on the influence of the person's sex on manifestations of corrupt activities, it is necessary to carry out an in-depth analysis, taking into account national methodological experience of countries that such have already carried out such studies.*				
9.7.	Carry out analysis of the role of the person's sex and its possible influence on manifestations of corrupt activities.	31/12/2020	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Currently, information on administrative offences committed by officials is more and easier available than information on corruptive criminal offences committed. Section 31 of the LPCI provides for a duty to inform the society regarding violations of this Law detected in the activities of a public official, placing the following information on the website of the relevant authority 1) the given name, surname and position held by a public official; 2) the legal norm of this Law which has been violated; 3) the essence of the violation and time of commitment thereof; 4) the decision (adjudication) taken; 5) the date of entering into effect of a decision (adjudication) and of execution thereof. On the other hand, amount and access to the information on violations of the CL by public officials in the public space is limited.*				
9.8.	Draw up a concept on possible solutions, in order to ensure publishing of information on criminal penalties applied to officials, in compliance with the Personal Data Protection Law.	31/12/2016	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*According to the most important areas suggested by the European Parliament Tax Gap prevention strategy „On Tax Fraud and Tax Evasion", the Member States are urged to allocate adequate staff, expertise and budget resources to their national tax administrations and tax audit staff, as well as resources for the training of tax administration staff focusing on cross-border cooperation on tax fraud and avoidance, and to introduce strong tools against corruption. Since it is considered that in Latvia the level of the shadow economy is still high and the EU's external border controls are exposed to high risks of corruption, the State should strengthen anti-corruption capacity in border control.*				
9.9.	In order to strengthen the capacity of the national anti-corruption policy in the field of tax and border control, it is necessary to assess compliance and	31/12/2017	MF, SAS	SRS	Within the framework of funds set forth in the Law on the State Budget

	special knowledge of the staff working in the state tax administration and tax audit institutions; it is needed to ensure adequate budget resources for training of tax administration staff focusing on cross-border cooperation on tax fraud and avoidance, and to introduce strong tools against corruption				for the Current Year and by attracting funding from the EU funds[43]
Description of the Situation	*Currently, the CPL does not provide for equivalent security measures applied to natural persons in situations when the coercive means set forth in the CL are applied to legal persons, therefore it is necessary to make appropriate amendments to the legislation.*				
9.10.	Draw up recommendations for amendments to the Criminal Procedure Law on introduction of coercive means equivalent to natural persons even in case of implementation of coercive means set forth in the CL in relation to legal persons.	31/12/2015.	MJ, CPCB		Within the framework of funds set forth in the Law on the State Budget for the Current Year
10.	***Direction of activities: Prevention and combating of bribery of officials related to foreign and international organisations***				
Description of the Situation	*According to Section 12 of the OECD Anti-Bribery Convention, the OECD Working Group on Bribery shall carry out a programme of systematic follow-up to monitor and promote full implementation of this Convention. Assessment of Latvia consists of three phases. The Working Group on Bribery shall provide its formal opinion about compliance of the Latvian laws and regulations and their implementation with the OECD legal instruments after the first two phases. Assessment of compliance of the Latvian legislations (first phase) was terminated in June 2014. In 2015, the OECD shall evaluate implementation of the Convention in practice (second phase). Within the third phase, according to the deadlines of the programme of the OECD Working Group on Bribery, implementation of the Anti-Bribery Convention and compliance with OECD recommendations shall be assessed.*				
10.1.	Ensure assessment of Latvia's	31/12/2015	MJ	CPCB, GPO, MF,	Within the

[43] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment", a training shall be ensured to strenghten capacity of the national anti-corruption policy in the field of taxes and border control.

	compliance with the OECD Convention of 21 November 1997 „On Combating Bribery of Foreign Public Officials in International Business Transactions" (phase 1, 2 and 3).	(2nd phase), 31/12/2017 (3rd phase)		MFA	framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*According to the initial memorandum of accession to the OECD Bribery Combating section, it is necessary to assess Latvia's compliance with 5 instruments:* *a. C(2009)159/REV1/FINAL: Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions;* *b. C(2009)64: Recommendation of the Council on* Tax *Measures for Further Combating Bribery of Foreign Public Officials in International* Business Transactions; *c. C(2006)163: Recommendation of the Council on Bribery and Officially Supported* Export Credits*;* *d. DCD/DAC(96)11/FINAL: Development Assistance Committee's Recommendation on Anti-Corruption Proposals for Bilateral Aid Provision* *e. OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.* *The OECD shall assess the compliance of Latvian laws and regulations and their implementation in practice with the above mentioned legal instruments, and, in case of necessity, shall provide its opinion on the amendments or supplements needed.*				
10.2.	Ensure compliance of Latvian laws and regulations with the legal anti-corruption instruments defined by the OECD and included in the Initial Latvian Memorandum.	31/12/2020	MJ	CPCB, MF, MFA, GPO	Within the framework of funds set forth in the Law on the State Budget for the Current Year
11.	***Direction of activities: Determination of responsibility for the squandering or misappropriation of property, and for other unlawful activities carried out by public officials in relation to the property***				

Description of the Situation	*On 15 November 2013, in the Summary Report on the assessment of implementation of the UN Convention against Corruption in Latvia, it is stated that there is a need to introduce legal framework that complies with Article 17 of the UN Convention against Corruption. Namely, Each State Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences, when committed intentionally, the embezzlement, misappropriation or other diversion by a public official for his or her benefit or for the benefit of another person or entity, of any property, public or private funds or securities or any other thing of value entrusted to the public official by virtue of his or her position. Currently the CL includes regulation on using official position in bad faith (Section 318 of the CL), failure to act by a state official (Section 319 of the CL) and exceeding official authority (Section 317 of the CL), however, the group of experts of the UN has reported on legal uncertainty in these Sections of the CL that is caused by the „substantial harm". Experts consider that the existence of such a requirement is not justified. The report highlights the fact that currently, according to Sections 318 and 319 of the CL, a pre-condition for criminalisation is causing of substantial harm to State authority, administrative order or rights and interests protected by law of a person. The experts have concluded that thereby the concept of loss / harm are not constituent elements of a criminal offence. This additional condition may contribute to the fact that criminal liability is not applicable at all if no harm is caused.* *The Criminal Law Working Group created by the Ministry of Justice has drawn up the draft Law „On Amendments to the Law „On the Procedures for Coming into Force and Application of the Criminal Law""(MSS-241), which aims to ensure a clear understanding of the concept of substantial harm, when calling persons to criminal liability. However, the amendments provide that the qualifying characteristic „causing of substantial danger to other interests protected by law", which is a discretionary and subjectively interpretable provision, shall be used in the future as well.*				
11.1.	Develop a conceptual report on the fulfilment of the UN recommendations, reflecting the extent to which the amendments to the CL adopted by the Saeima have improved criminal liability of public officials for squandering, misappropriation or inappropriate use of the institution's property, financial or other resources at their disposal or for another similar activities with property carried out by public officials, regardless of whether liability presupposes or not „substantial harm to State authority, administrative order or rights and interests protected by law of a person", thus reflecting compliance with the UN Convention against Corruption.	31/12/2016	CPCB	MJ, MI, SC	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*On 15 November 2013, in the Summary Report on the assessment of implementation of the UN Convention against Corruption in Latvia, it is stated that there is a need to introduce legal framework that complies with Article 17 „Embezzlement, misappropriation or other diversion of property by a public official" of the UN Convention against Corruption:* *Each State Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences, when committed intentionally, the embezzlement, misappropriation or other diversion by a public official for his or her benefit or for the benefit of another person or entity, of any property, public or private funds or securities or any other thing of value entrusted to the public official by virtue of his or her position. Currently the CL includes regulation on using official position in bad faith (Section 318 of the CL), failure to act by a state official (Section 319 of the CL) and exceeding official authority (Section 317 of the CL), however, the group of experts of the UN has reported on legal uncertainty in these Sections of the CL that is caused by the „substantial harm". Experts consider that the existence of such a requirement is not justified. The report highlights the fact that currently, according to Sections 318 and 319 of the CL, a pre-condition for criminalisation is causing of substantial harm to State authority, administrative order or rights and interests protected by law of a person. The experts have concluded that thereby the concept of loss / harm are not constituent elements of a criminal offence. This additional condition may contribute to the fact that criminal liability is not applicable at all if no harm is caused.* *The Criminal Law Working Group created by the Ministry of Justice has drawn up the draft Law „On Amendments to the Law „On the Procedures for Coming into Force and Application of the Criminal Law""(MSS-241), which aims to ensure a clear understanding of the concept of substantial harm, when calling persons to criminal liability. However, the amendments provide that the qualifying characteristic „causing of substantial danger to other interests protected by law", which is a discretionary and subjectively interpretable provision, shall be used in the future as well.*				
11.2.	Assess elements constituting criminal offence in the service of public institutions that are subject to liability under the CL, in order to make conclusions on whether it is possible to impose liability for illicit enrichment, i.e. significant increase in the assets of a public official that he or she cannot reasonably explain in relation to his or her lawful income, and, in case of necessity, give recommendations on possible amendments to the law.	31/12/2017	MJ	CPCB	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Although the Law on Prevention of Squandering of the Financial Resources and Property of the State and Local Governments stipulates that operational transport shall be used only for the performance of official duties, job responsibilities, duties of office, referring to the statutory exceptions, in many institutions, basing on a doubtful justification, a situation is possible where the operational transport is regularly used for private trips of officials. It particularly relates to officials of institutions' administration. Such situation gives the impression that certain leading officials have privileges if compared to ordinary employees of institutions.*				
11.3.	Ensure and strengthen internal control	31/12/2015	All state institutions and	MF, CPCB	Within the

	measures for supervision of compliance with regulations on the use of state and municipal vehicles; assess the results of the control measures taken by preventing possibilities of the use of service vehicles for personal needs.		municipalities		framework of funds set forth in the Law on the State Budget for the Current Year and within the framework of funds available from the municipal budget
Description of the Situation	*According to Article 20 of the UN Convention against Corruption on „Illicit Enrichment", subject to its constitution and the fundamental principles of its legal system, each State Party shall consider adopting such legislative and other measures as may be necessary to establish as a criminal offence, when committed intentionally, illicit enrichment, that is, a significant increase in the assets of a public official that he or she cannot reasonably explain in relation to his or her lawful income. In Latvia, such assessment has not been carried out.*				
11.4.	Assess making amendments to the CL and other measures as may be necessary to establish as a criminal offence, when committed intentionally, illicit enrichment, that is, a significant increase in the assets of a public official that he or she cannot reasonably explain in relation to his or her lawful income	31/12/2018	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
12.	***Direction of activities: Prevention of the laundering of proceeds of crime and promotion of possibilities to recover the proceeds of crime***				
Description of the Situation	*Rapid and efficient achievement of the objectives of criminal proceedings is sometimes hindered by the lack of legal measures that would immediately terminate transactions or certain debit operations in the customer's bank account. Thus, information obtained during prevention of money laundering is not most fully and efficiently used in criminal proceedings related to such criminal activities.* *Upon receipt of information on transactions in an account of a credit institution, the person directing the proceedings impose an attachment on the funds on the account, but in such case it is necessary to initiate criminal proceedings and to turn to the investigating judge with the decision on attachment, and the judge shall approve this decision in accordance with Section 361, paragraph 3 of the CPL. Only in emergency cases, under Section 361, paragraph 4 of the CPL, an attachment may be imposed on the property with the consent of a public prosecutor. This procedure can be time consuming, and, in case of any delay, there is a possibility that the transaction takes place, and then the funds shall no longer be usable for achievement of the objectives of criminal proceedings. For example, funds may be withdrawn or transferred to accounts in countries from which the recovery is very difficult or even impossible.* *The situation is different in several other countries, including Estonia, where, upon receipt of information on alleged criminal financial transactions, certain public institutions have the right to block the respective account transaction or block any transactions in the respective account immediately for a period set forth by the law. It gives an opportunity to assess whether the transaction is related to a crime and, if the information is confirmed, within criminal proceedings initiated, impose an*				

	attachment on the property. *For example, in Estonia the right to block account transactions is provided by Section 40 of the Law on Prevention of Money Laundering and Terrorism Financing. This law stipulates that the Estonian Money Laundering Prevention Service, in case of reasonable suspicion, may suspend certain transactions or impose a ban on any use of funds in the account for up to 30 days.* *Latvian Law on Prevention of Money Laundering and Terrorism Financing does not provide such authorisation. In accordance with Section 51, paragraph 2, point 1, the Control Service the right to order to suspend a transaction that is only based on the assessment of the information provided by a subject of the Law, e.g. credit institution. The CS has no right to suspend operations in response to information received from investigation authorities on suspicious transactions. The law does not stipulate that the CS or other institutions may impose such restrictions upon credit institutions because of suspicion of a crime on their own initiative.* *In Latvia, the CS evaluates information provided by credit institutions on the basis of formal criteria, but the Service has no opportunity to monitor operatively the transactions and to react in case of s substantiated suspicions.* *Application of certain provisions of the Law is also problematic, e.g. Section 32 of the Law on Prevention of Money Laundering and Terrorism Financing provides that the credit institution shall take a decision regarding refraining from executing transactions, if there are substantiated suspicions that it is related to money laundering. However, criteria of suspicious transactions are not defined and determination of substantiated suspicions in the work of credit institutions may be difficult.* *Therefore, it is necessary to expand the range of subjects that are authorised to provide information on the identified transactions related to prevention of money laundering.* *Under the existing regulatory framework, the CS exercise its statutory right only in cases where the information is received from the subjects of the law (in fact, stakeholders). If the information is sent by a person that is not mentioned in the law, the Service shall assess whether such information is at its disposal, which can be provided solely by the credit institution itself, which often has an interest not to report such transactions or clients. Directive 2005/60/EC of the European Parliament and of the Council „On the Prevention of the Use of the Financial System for the Purpose of Money Laundering and Terrorist Financing and the Warsaw Convention do not provide for restrictions in relation to subjects that can provide information. On the contrary - the Member States are free to act to make the system work efficiently.* *To help the law enforcement bodies to ensure more efficient investigation of criminal proceedings and to offer access to significant information, within the Plan for Organised Crime Prevention and Combating 2014 – 2016, the MI has to draw up proposals on the need to create a single register of credit institutions' accounts for provision of requested information to the law enforcement bodies.*				
12.1.	Evaluate the need to amend the Law on Prevention of Money Laundering and Terrorism Financing, providing that information on the transactions or accounts identified by pre-trial investigation institutions set forth in the CPL, when carrying out operational activities or special investigatory activities, is reasonable basis for realisation of the rights provided by the provisions of Section 51 of Law on	31/12/2015	CPCB, MI, MJ	OPLPC	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	Prevention of Money Laundering and Terrorism Financing and elsewhere in the law, to order a subject of the law to suspend the transaction or particular debit transactions in the customer's account.				
12.2.	Develop proposals for amendments to the laws and regulations, in order to help law enforcement bodies in obtaining information in an expeditious manner in case of substantiated suspicions, and to suspend transactions or certain types of debit transactions in accounts of natural and legal persons in credit institutions.	31/12/2016	CPCB, MI, MJ	OPLPC	Within the framework of funds set forth in the Law on the State Budget for the Current Year
13.	***Direction of activities: Efficient operation of preventive anti-corruption organisations and provision of their independence, including spreading of information on corruption combating***				

Description of the Situation	*The Law on Corruption Prevention and Combating Bureau contains several outdated provisions that have not been updated after making amendment to the related laws and regulations; uncertainties are related to the regulations on legal relation of CPCB's officials and employers and with several other problematic issues. Section 7 of the Law on Corruption Prevention and Combating Bureau provides for the following functions: 1) develop a corruption prevention and combating strategy and draw up a national programme, which is approved by the Cabinet; 2) coordinate cooperation among the institutions referred to in the national programme in order to ensure implementation of the programme. It does not comply with the Development Planning System Law. Another unresolved issue is related to the CPCB's proposals for elimination of deficiencies and to the question whether they are binding for all state and municipal institutions, as well as their capital companies. It is therefore necessary to clarify the jurisdiction and functions of the CPCB.* *According to the Prime Minister's Order No. 12 of 17 January 2014, a working group of the Law on Corruption Prevention and Combating Bureau has been created in order to improve the regulation of the Law. The working group has certain tasks - to prepare a draft law on amendments to the Law on Corruption Prevention and Combating Bureau, and to address the following issues: specify the legal status of the CPCB's officials, contents and scope of the monitoring carried out by the Prime Minister given that the Law on Corruption Prevention and Combating Bureau does not provide for detailed limits of application of the State Administration Structure Law and the Labour Law, which results in problems of their implementation; regulate disciplinary liability of the head of the Bureau by determining the official (authority) that has disciplinary power over the head of the CPCB, regulate issues related to the Head's disciplinary procedural liability and the possible forms of punishment (the regulation should ensure both liability of the head of the CPCB and guarantee against the risk of using disciplinary liability to influence the performance of the Bureau in bad faith); strengthen the role of the municipal institution- Council of the Bureau; assess the necessity to keep the territorial divisions of the Bureau as the CPCB's departments in the Law on Corruption Prevention and Combating Bureau; assess the need to develop the regulatory framework for calculating, requesting and granting state budgetary funds; prevent the possibility of different interpretations of some of the provisions included in the Law on Corruption Prevention and Combating Bureau, if such provisions that may be differently interpreted are identified by the Working Group. The Working Group submitted the above mentioned amendments to the Law to the Prime Minister on 17 September 2014, but their examination has not been included in the Cabinet agenda.*				
13.1	Make recommendations for amendments to the Law on Corruption Prevention and Combating Bureau, by specifying the CPCB's competence in the field of corruption prevention and combating.	31/12/2015	SC, MJ, CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*Analysis of criminal offences detected by the CPCB shows that in the institution's record-keeping there is an increasing proportion of large-scale and complex criminal cases, and investigation of such cases requires strategic planning and close cooperation with other national and foreign authorities. More often it is found that persons involved in activities for personal gain often have close private relations, use chains of mediators, shell companies, off-shore commercial companies and schemes for money laundering, in order to transfer unlawful payment. Offences investigated by the CPCB are often related to illegal activities in public procurement procedures and large financial resources, the offences are becoming more complex, the detected illegal activities are classified as fraud, misappropriation, money laundering, and service forgery. In order to ensure an efficient fight against manifestations of corruption, the CPCB as a specialised anti-corruption body should focus its human and technical resources on investigation of crimes that cause substantial harm, including significant material losses and putting at risk national economic interests. Therefore, it is necessary to raise the efficiency of the CPCB's resources and review its competence in determining the jurisdiction for the investigation of corruption crimes that are detrimental for national economic interests and undermine economic stability. By contrast, other law enforcement bodies should investigate offences related to the abuse of professional power committed by officials working within the relevant department, while the SP should investigate other situational cases of corruption.*				
13.2	Develop proposals for amendments to regulatory enactments to develop specialisation of the central anti-corruption institution in relation to investigation of offences in the state service and abuse of professional power in national economy that are detrimental for national economic interests and undermine economic stability.	31/12/2016	CPCB	MI	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Employees of controlling institutions are not provided with a mandatory or recommended training programme, standard or specific, for fulfilment of professional duties.*				
13.3	Plan and ensure training of the staff of the *controlling institutions*, which is necessary for performance of duties in the field of corruption prevention, combating and reduction of the shadow economy.	31/12/2015 - 31/12/2020	SAS, SC	LGSI, CPCB, FVS, SLI, HI, SRS, SFS, SP, SBG, etc.	Within the framework of funds set forth in the Law on the State Budget for the Current Year and by attracting funding

					from the EU funds[44]
Description of the Situation	*According to the UN Convention against Corruption (in force starting from 03/02/2006), each Member State has to ensure and improve special educational programs for its employees working in the field of corruption prevention and combating.*				
13.4	Ensure special educational programs for employees of the CPCB according to Article 60, Part 1 of the UN Convention against Corruption	31/12/2015 - 31/12/2020	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year and by attracting funding from the EU funds[45]
	Sub-objective: Limit the power of money in the politics				
14.	***Direction of activities: Ensuring of the transparency of financing of political organisations and reduction of the role of money in the politics***				

[44] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment"

[45] Within the framework of the specific support objective 3.4.2. „Professional Improvement of Public Administration for Creation of a Better Legal Framework to Support Small and Averages Businesses, Prevent Corruption and Reduce the Shadow Economy" of the operational programme "Growth and Employment"

Description of the Situation	*On 10 June 2010 the Saeima adopted amendments to the Law on Financing of Political Organisations (Parties) providing for allocation of the state budget funding to political organisations, while setting specific conditions for reception and use of such funding. In order to determine whether allocation of the state funding has achieved its initial purpose (reduction of the role of major donors in the politics, policies for which the state funding may be used), it is necessary to assess the operation of the system of funding of political parties and political organisations, by identifying existing deficiencies and problems, and by offering solutions for their elimination. It would be necessary to consider the possibility of development of a targeted state funding model that would not only be related to the number of votes obtained in the elections, but also such parameters as the number of members in the organisation, etc. It is necessary to evaluate proportionality of termination or suspension of financing of political parties from the state budget and, in accordance with the conclusions, develop relevant proposals for to the Law on Control of Financing of Political Organisations (Parties).*				
14.1	Assess the operation of the system of funding of political parties and political organisations after making amendments to the Law on Financing of Political Organisations (Parties) on allocation of funds to political organisations (parties) from the state budget; develop proposals on operation of political parties between elections, reduce dependence of parties from large donations, and promote attraction of small donations.	31/12/2016	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Given that the Law on Control of Financing of Political Organisations (Parties) lays down a very precise framework for legal performance, in some cases there may be situations when the mechanism of applicable sanctions is too harsh, e.g. in case of insignificant administrative offences, therefore, for improvement of the framework for supervision of legality of political parties' financing, it would be necessary to assess possibilities of reducing administrative burden.*				
14.2.	Ensure transparency of financial activities of political organisations (parties), by increasing efficiency of mechanisms for liability imposing for offences committed and by providing lighter sanctions in the field of the control of financing of political parties for insignificant violations, including assessment of possibilities of reducing	31/12/2015	CPCB		Within the framework of funds set forth in the Law on the State Budget for the Current Year

	administrative burden.				
Description of the Situation	*Although the Pre-Election Campaign Law stipulates that covert pre-election campaigning is prohibited, in pre-election period the issue of covert campaigning in the public space constantly becomes topical. During the pre-election period, the CPCB also receives complaints from residents with information on alleged illegal campaigning. The CPCB considers that cases of covert campaigning should be summarised and assessed, by determining conditions (including deficiencies in the regulatory framework that possibly contribute to covert campaign practices and their appearance before every election). It would also be necessary to take measures to ensure that involvement of organisations that do not constitute a part of the party's structure and that are directly or indirectly related to political parties / coalitions, should be open and would not endanger financial principles set by the Law on Financing of Political Organisations (Parties).*				
14.3.	Basing on submissions received and inspections carried out by the CPCB, analyse manifestations of covert pre-election campaigning between elections and develop propositions on amendments to laws and regulations for prevention of covert campaigning.	31/12/2016	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Latvia plans to take over the Lithuanian experience in the field of control of financing of political organisations (parties), by introducing a new procedure for entering new political party financial documents and reports, i.e. when the parties themselves enter transactions and reports into a unified electronic system. Its main advantages: the party,, upon registration of donations, can see whether official income of the donor (whose types are defined in Sections 8 and 9 of the Law „On Personal Income Tax") is sufficient to carry out the specific donation (i.e. whether the donation is acceptable or it has to be repaid back to the donor); 2) there shall be no need to be present during submission of parties' financial reports to the CPCB.*				
14.4.	Ensure creation and implementation of electronic declaration system in Latvia.	31/12/2017	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*To prevent possible violations related to funding of political organisations (parties) and pre-electoral campaigns, it is necessary to draw up a methodological material for political parties, to ensure correct interpretation and application of the binding laws and regulations when preparing for elections.*				
14.5.	Basing on previous analysis of problematic issues important for parties and other participants of elections between and during elections, the CPCB should draw up methodological material for political parties, to ensure correct interpretation and application of the binding laws and regulations when preparing for elections.	31/12/2015 - 31/12/2020 before each election	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

Description of the Situation	*At the meeting of the Cabinet of Ministers on 6 December 2011, the concept was drawn up by the CPCB on provision of public access to information about lobbyists, by supporting the development of a special Law (TA-2581, TA-176), which should result in development of regulatory framework stipulating that institutions should account and register information on cases of lobbying and lobbyists (indicating name, surname or title of the person and title of the document in relation to which the proposals were presented), who, orally or in writing, have made proposals to the institution or official on development planning draft documents and documents related to regulatory enactments. To avoid an increase in public expenditure, a monitoring mechanism was not planned.* *The bill of the "Lobbying Transparency Law" drafted by the CPCB prescribed to define, in a special law, what kind of communication with the subjects of the public power (state and municipal institutions) is considered to be lobbying and what kind of information on communication with lobbyists should be kept by institutions. Likewise, the draft law defined the group of persons to be considered as lobbyists. However, on 17 February 2014, the Cabinet Committee did not support further procession of the bill "Lobbying Transparency Law" to the Cabinet of Ministers on the grounds that the bill developed duplicated several other existing requirements of the law (for example, LPCI, Law on Submissions, Information Transparency Law. Freedom of Information law), created an additional administrative burden, and did not provide for control mechanism in relation to the law requirement control mechanisms. At the same time, the Cabinet Committee agreed that the existing legislation did not set the definition of lobbying and common requirements for lobbying, therefore it would be necessary to assess possibility of including the regulations of the bill into the existing regulatory enactments. (TA-3829)* *In 2012, the evaluation team of GRECO, in the fourth round assessment report, focused on the existing problem that the Saeima Members are still not obliged to provide for information on meetings and consultations that have taken place with third parties outside the commission meetings in relation to draft law initiatives. Lack of transparency in this field results in a significant gap in the system, which is a justification of statements on the increasing influence of private interests on the legislation procedure. According to the conversation "The Road Map" on admission approved by the OECD on 15 October 2013, Latvia should implement the OECD Council recommendation C(2010)16 on Principles for Transparency and Integrity in Lobbying.* *During the previous planning period, it has not been possible to perform the 8th and 9th tasks of the Programme: " Make amendments to the regulatory enactments, by defining the place and amount of information on the place where to publish information on communication of institutions with municipalities" and "Make amendments to the regulatory enactments providing that proposals on making amendments to the draft law investigated by the Saeima should be published timely, adding information on consultations with private persons.*				
14.6.	Develop proposals for reduction of the growing influence of private interests on the legislative process, for promotion of lobbying transparency, for improvement of the way public officials (including members of the parliament), communicate with lobbyists and other	31/12/2016	CPCB		Within the framework of funds set forth in the Law on the State Budget for 2015

	interested parties who are trying to influence the legislative process, and for possibilities of publishing such information.				
Description of the Situation	*In order to ensure transparency, legality and compliance with the system of parliamentary democracy in financial activities of political organisations, the parties, in accordance with the Law on Financing of Political Organisations (Parties), submit and the CPCB publishes the following information on the Internet: grants (donations) received by parties by specifying the type, amount, date of receipt, natural person having given the grant (donation), as well as grants (donations) that have not been accepted or have been repaid (given back) to the donor. Perhaps a part of potential donors avoid making donations (even small) in person, not wanting to be entered into the publicly available donor registry. To increase the proportion of small donors of political organizations, it is necessary to assess regulatory framework related to publishing information on the donor's identity and setting a limit of donations; if the amount of donation does not exceed this limit, information on the donor should not be published. It is also necessary to assess other mechanisms for promotion of voluntary donations.*				
14.7.	Assess regulatory framework related to publishing information on the donor's identity and set a limit of donations; if the amount of donation does not exceed this limit, information on the donor should not be published, thus promoting involvement of „small" donors in financing of political organisations.	31/12/2015	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*From the point of view of anti-corruption policy it is essential to prevent wasteful use of property and financial resources in the Saeima that is currently the only institution not audited by the State Control, which results in public concern whether the use of the allocated resources meets the standards of good governance. In addition, it must be taken into account that, in most European countries, the national supreme auditing institutions provide auditing in the parliament as well.* *According to the data of sociological survey, the level of public trust in the Saeima is very low level in the context of corruption-related issues in this institution. Political parties generally have a weak connection with various social groups, ethnical division is an exception. Political parties have the lowest public trust, if compared to all other the state institutions.*				
14.8.	Develop and provide proposals to the *Saeima* on necessity of making amendments to the regulatory framework, by asking the State Control to carry out periodical audits on activities of the *Saeima* Chancellery.	31/12/2016	CPCB	-	Within the framework of funds set forth in the Law on the State Budget for the Current Year

15.	***Direction of activities: Promoting social involvement in the policy creation process***				
Description of the Situation	*The Saeima has a low public trust in the corruption-related issues. Political parties generally have a weak connection with various social groups, ethnical division is an exception. Political parties have the lowest public trust, if compared to all other the state institutions. It is one of the lowest indicators in the EU and, according to the data of "Eurobarometer 80", and accounts for only 6% of the population. In response to the question „Do you trust in political parties?" 90% of respondents gave a negative answer. This may be due to the large amount of negative information on the work of parties, critical information regularly generated by parties about the other parties, and the fact that only a small part of the society has had personal contact with the work of such organisations. Political parties activate their work only in pre-election periods and do not perform their function of ensuring democratic process, they do not involve the largest part of population in making decisions that are further directed to the Saeima for approval. Public participation is usually ensured by direct communication of NGOs and individuals with public administration and decision-making authorities, and therefore the most active persons do not need to reach decision-making through political party's internal decision-making system.*				
15.1.	Carry out a study and give recommendations to the Saeima on possibilities of increasing the number of members of political parties, especially youth organisations of the parties, and on promotion of internal democracy development in political parties.	31/12/2016	CPCB	Saeima	Within the framework of funds set forth in the Law on the State Budget for the Current Year
Description of the Situation	*Given that the external control mechanisms in any organisation are always weaker than the internal control measures that provide better circulation of information, in Latvia it would be necessary to improve the external control, by strengthening self-control measures of political organisations (parties).*				
15.2.	Develop recommendations for improvement of internal democracy procedures of *political organisations (parties)*, development of mechanisms for internal control, creation of codes of ethics, democratisation of the decision-making process, choosing candidates for offices in the administration of political parties and public administration	31/12/2018	CPCB	Saeima	Within the framework of funds set forth in the Law on the State Budget for the Current Year

	institutions, etc.				
Description of the Situation	*Given that the data held by the State should be both legally and technologically available for public use and re-use, and to ensure implementation of e-administration basic principles included in the Guidelines for Information Society Development 2014 – 2020 (http://ej.uz/isap), there is a need for measures for application of open data principles in relation to database on finances of political parties (organisations), administered by the CPCB. For application of open data principles, it is necessary to ensure possibility to export data of the public part of political parties' (organisations') financial database in a machine-readable format. As a result, the society shall be able to analyse and process data of parties' finances, thus improving the transparency of the parties' financial activities.*				
15.3.	Ensure possibility to download data of the public part of political parties' (organisations') financial database in a machine-readable format.	31/12/2015	CPCB		Within the framework of funds set forth in the Law on the State Budget for the Current Year

7. Policy Results, Activity Results and Performance Indicators for Achieving such Results

Sub-Objective of the Policy:	Ensure public administration's policy of human resource management that excludes motivation for corruptive activities					
		Reference Level		**2015**	**2017**	**2020**
		Indicator	**Year**			
Policy Result **A1:** Considerations about circumstances promoting the corruption are not related to the problems in remuneration of officials or to the lack of the control	***Performance Indicator:*** Public government effectiveness index (measures the quality of public services, the quality of the civil service and its independence from political pressure, the quality of policy development and implementation)[46]	74.64	2012	75		85
	Performance Indicator: Decrease in the number of respondents that, when asked what are the main circumstances promoting corruption in state and municipal institutions, mention the low level of remuneration as a reason for the corruption (% of all respondents)	8%	2012	9%		5%
Policy Result **A2:** Management of human resources in the public administration ensures good faith of the staff	***Performance Indicator:*** Due to knowledge tests during educational events, there has been an increase in the number of public officials familiar with anti-corruption requirements (number of public officials familiar with the requirements from the number of all officials whose knowledge was tested)	n/a	2013	25%	40%	55%
	Performance Indicator: Proportion of public institutions that, in staff selection, ensure open procedures based on clear, assessable criteria (percentage of all organised selection procedures)	n/a	-	70%		97%
Policy Result Knowledge of anti-corruption requirements	***Performance Indicator:*** Number of persons educated in trainings organised by the CPCB and during events funded from the EU funds s[47]	3138	2013	3500		
	Performance Indicator: Number of individuals providing further education	50	2013	150	1000	3000

[46] http://info.worldbank.org/governance/wgi/index.asp
[47] Funding from the EU funds is applicable starting from the second half of 2015

	trained in educative events					
	Performance Indicator: Number of persons trained in educational events funded from the EU funds	0	2014	0	1650	5293
Sub-Objective of the Policy:	Create and improve an independent internal control system to limit cases of corruption or defrauding of financial resources, including the EU and other foreign financial resources, in the public, municipal or private sector					
		Reference Level		**2015**	**2017**	**2020**
		Indicator	**Year**			
Policy Result **A3:** Corruption control index	***Performance Indicator:*** Increase of the Corruption Perceptions Index (assessment within a 100-point scale, where „100" means „no corruption")[48]	53	2013	55	60	70
	Performance Indicator: Corruption Control Index (measures the extent to which the power granted to officials is used for personal gain) (assessment within a 100-point scale, where „100" means „the best")[49]	62.68	2012	65		70
Policy Result **A4:** Efficient system for the internal control has been created in state and municipal institutions	***Performance Indicator:*** Increase in the number of respondents that consider public administration institutions to be very or quite fair in terms of corruption: police (SP) and court (C) (5-point scale, where -2 is minimum and +2 maximum level)	0.12 (VP) -0.08 (T)	2012	0.07 (VP) -0.11 (T)	0.2 (VP) -0.11 (T)	1
	Performance Indicator: Increase in the number of respondents that consider public administration institutions to be very or quite fair in terms of corruption: institutions administrating the EU funds and foreign financial assistance instruments (5-point scale, where -2 is minimum and +2 maximum level)	0.10	2012	-0.14	0.10	1
	Performance Indicator: Increase in the number of respondents that consider that there has been a slight or considerable decrease speaking about problems	19.5%	2012	21.3%	27%	35%

[48] http://www.transparency.org/research/cpi/overview
[49] http://info.worldbank.org/governance/wgi/index.asp

	related to corruption of lower level					
Policy Result Improvement of the quality of internal control system	***Performance Indicator:*** Assessment of the control system has revealed that it maximally reduces corruption risks in state and municipal institutions (% of all institutions assessed)	n/a		10%		30%
	Performance Indicator: Increase in the number of municipalities where anti-corruption procedures have been implemented (% showing the speed of growth of the number of relevant institutions)	n/a		10%		30%
	Performance Indicator: Increase in the number of commercial companies of private sector that have been trained on implementation of anti-corruption procedures (% showing the speed of growth of the number of relevant institutions)	n/a		10%		30%
	Performance Indicator: Increase in the number of capital companies of public persons where anti-corruption procedures have been implemented (% showing the speed of growth of the number of relevant institutions)	n/a		10%		30%
Sub-Objective of the Policy:	Reduce public tolerance towards corruption					
		Reference Level		**2015**	**2017**	**2020**
		Indicator	**Year**			
Policy Result **A5:** Reduction of public tolerance towards corruption	***Performance Indicator:*** Decrease in the proportion of residents who have admitted to be ready to offer a bribe to a public official to solve a problem in state or municipal institutions (% of the respondents)	34.7%	2012	29.5%		25%
	Performance Indicator: Decrease in the number of persons who have admitted that, during the previous 2 years, they have used unofficial payments or acquaintances to solve issues/problems in state or municipal institutions (%of the respondents)	29.9%	2012	25 %		20%

Policy Result **A6:** Growth of the reliability of the performance of public administration	***Performance Indicator:*** Decrease in the number of respondents confirming the consideration that it is not possible to resolve anything without giving/taking bribes because the whole system of the state is corrupt	48.4%	2012	46 %		35%
	Performance Indicator: Decrease in the number of respondents confirming the consideration that the current state bureaucracy system forces to pay bribes	58.9%	2012	50%		
Policy Result Providing society with education and information on cases of corruption detected and the measures taken	***Performance Indicator:*** Anti-corruption social campaigns (number of campaigns)	1	2013	1	1	1
Sub-Objective of the Policy:	To ensure inevitability of penalties for offences related to the abuse of official power and for unlawful use of the power					
		Reference Level		**2015**	**2017**	**2020**
		Indicator	**Year**			
Policy Result **A7:** Growth of public trust in the Latvian right protection system	***Performance Indicator:*** The rule of law index (measures individuals' beliefs about the primacy of law and the tendency to comply with social standards and laws, including relation to activities carried out by law enforcement authorities and courts) (assessment within a 100-point scale, where „100" means „the best")[50]	72.51	2012	55		84
	Performance Indicator: Decrease in the number of respondents who, when, during sociological surveys, asked „I am not ready to report corruption cases at all", give affirmative answer	4.,1%	2012	37.4%		25%
Policy Result **A8:** Reduction of the feeling of impunity	***Performance Indicator:*** Decrease in the number of respondents who, during sociological surveys, confirm the consideration that the corruption may be justifiable if there is no other way to resolve the relevant	3.,4%	2012	31.2%		27 %

[50] http://info.worldbank.org/governance/wgi/index.asp

	issue					
	Performance Indicator: Increase in the number of respondents who, during sociological surveys, consider that bringing to justice is an important aspect deterring from offering bribes to state officials.	26.1%	2012	23.3%	25%	30%
Policy Result Increase of the effectiveness of sanctions and public confidence in the inevitability of punishment	***Performance Indicator:*** Adjudication in the Court of First Instance of criminal cases related to infringements in the public service does not exceed 24 months (% of all cases)	n/a	-	20%		50%
	Performance Indicator: An efficient mechanism has been introduced for imposing proportionate and dissuasive criminal penalties for committing corruptive offences in the private sector (number of persons against whom it has been asked to start criminal prosecution)	1	2013	3		10
Sub-Objective of the Policy:	Limit the power of money in the politics					
		Reference Level		**2015**	**2017**	**2020**
		Indicator	**Year**			
Policy Result **A9:** Increase of public trust in activities carried out by the *Saeima* and Cabinet of Ministers	***Performance Indicator:*** Increase in the number of respondents who consider the *Saeima* to be very or quite fair in terms of corruption (5-point scale, where -2 is minimum and +2 maximum level)	-0.34	2012	-0.26	0.1	0.5
	Performance Indicator: Increase in the number of respondents who consider the Cabinet of Ministers to be very or quite fair in terms of corruption (5-point scale, where -2 is minimum and +2 maximum level)	-0.27	2012	-0.17	0.1	0.5
Policy Result **A10**: Increase in the political parties' level of obeying the law	***Performance Indicator:*** Increase in the number of citizens who consider the financial activities carried out by political parties to be transparent, and their control – efficient.	15%	2013	16%	18%	20%
	Performance Indicator: Growth of the level of public trust in the activities	6%	2013	7%	10%	15%

	of political parties (number of respondents that consider political parties to be fair)					
Policy Result Decrease of violations in financing of political parties	***Performance Indicator:*** Decrease in the proportion of the political parties and alliances that have submitted annual reports and declarations of election incomes and expenditures where, during inspections, administrative offences have been established.	30%[51] 10%	2012 2013	28%[52]		10%

[51] Year when the verification results of election declarations are published
[52] Year when the verification results of election declarations are published

8. Initial Evaluation of the Effects of the Solutions Proposed

By transition from a centralised to a decentralised corruption prevention model when each department in its area of responsibility provide the necessary control measures to prevent the risks of corruption and the human resource management model, which reduces the risks of corruption, the counteraction to corruption becomes more focused and more efficient. However, it is expected that problems existing in the departments, that, firstly, are related to the lack of will and political support, secondly, to the lack of knowledge and skills, will not be easy to overcome. Only if in the country there is sufficient motivation, both at the national and local level, to limit the interdependence between political forces and entrepreneurs that provide funding for their activities, it will help the interests of the majority of population to outweigh the interests of narrow economic groups, which would meet the basic idea of a democratic state.

Therefore, implementation of the complex solution described in the Guidelines is possible, provided that organs established in a democratic state, are complementary and mutually stimulating each other's activities, and that there are adequate resources and motivation necessary for their activities. A targeted policy planning has to be ensured by the CPCB as an organisation that independently and, on the basis of competent and comprehensive system and process evaluation, gives recommendations on anti-corruption policy and oversees its implementation, while the implementation of the policy has to be ensured by the support of democratic development-orientated decision-making power (the *Saeima* and municipal councils). The judiciary power, without failures and improper influence, basing on efficient investigation by law enforcement authorities, has to ensure the control of the rule of law and bring to justice persons for committing corruption offences or violations. At the same time, all institutions of the public sector have to assess the risks and, in accordance with the risks, have to take measures to reduce the opportunities for corruption, including attracting the necessary resources on everyday basis. By consistent implementation of the policy described in the Guidelines that is primary focused on strengthening of internal control procedures and development of good faith of human resources, it is expected that all the institutional pillars can become efficient elements of the national anti-corruption system.

The less the problems identified are addressed, the greater the deficiencies shall be in the capacity of the national anti-corruption system to prevent cases of individual abuse of the service and dominance of personal and financial interests over the balanced development and growth of the common good.

Object of the Impact	***Impact and Advantages of the Proposed Solution***	***Disadvantages of the Proposed Solution***	***Financial Impact***
1.Direction of activities: *Review of the scope of persons subject to the preventive anti-corruption measures* 2.Direction of activities: *Improvement of the public administration's human resource management, thus promoting ethical*	Creation of human resource management policy in public administration that excludes motivation of corruptive activities. Motivated and competent employees perform functions in accordance with	To ensure transparency and verifiability, it is necessary to develop unified procedures, which is perceived as an unnecessary administrative burden.	If it is not possible to improve the efficiency of expenditure within the existing budget, in certain areas funding is needed in order to increase remuneration in positions where the corruption is

principles and reducing the risks of corruption and conflicts of interest	legislative requirements and ensure efficient provision of services, such as tax collection or public services. By selection of competent staff to work in institutions of public persons in conditions of free competition, the work quality of public persons is increasing.	There is a lack of institutional power and will for provision of transparency and free competition in the recruitment process in all the areas described in the Guidelines.	widespread, for example, medical practitioners or officials working in the control and law enforcement field. It is estimated that, by ensuring efficient monitoring procedures in the field of tax collection, the collection rate may rise even by 5 - 10% of the current amount of tax collected.
3.Direction of activities: *Improvement, maintenance and supervision of the internal control system in the public and municipal institutions or capital companies* 4.Direction of activities*: Provision of the legality of use of public property and funds* 5.Direction of activities: *Strengthening of good faith and prevention of corruption risks among officials related to the judicial power* 6.Direction of activities: *Implementation of anti-corruption measures in the private sector*	Establish and improve an individually working internal control system that would limit risks of corruption and possibilities of defrauding funds, including the EU and other foreign funds, in the state, municipal and private sector, thus preventing the squander of the EU funds and funds of other foreign financial assistance instruments and saving public resources. Performance of the tasks and activities described in the Guidelines shall result in increase of efficiency of the judiciary power that is the cornerstone of the rule of law in the state,	To prevent corruption in internal control procedures and conflicts of interest, as well as to ensure transparency and verifiability, it is necessary to develop unified procedures, which is perceived as an unnecessary administrative burden. There is a lack of institutional power and will for prevention of corruption in internal control procedures and conflicts of interest in all the areas described in the Guidelines Performance of tasks relating to	Depending on efficiency of control mechanisms, economic losses caused by corruption amount to 3-15%, and often 5-10% of the funds provided for performance of public functions. At present, it is not possible to assess precisely the extent of losses caused by corruption to the Latvian state, but it is possible to predict that, given the high prevalence of corruption, overall losses amount to at least 3% of the state budget, which fiscally is a huge sum. Any control procedures that reduce such losses, have a significantly higher positive fiscal effect

	and the confidence in its ability to ensure the leading role of rule of law. By implementation of the planned policies, public authorities shall strengthen citizens' confidence in the efficiency of their administration. By implementation of the planned policies, at least minimum anti-corruption procedures shall be introduced in the municipalities and private sector organisations that have not introduced any such activity so far.	the judiciary power significantly exceeds the influence of the executive power.	than the administrative burden caused to the public administration.
7.Direction of activities: *Involvement of persons and groups that do not represent the public sector into the corruption prevention, and promotion of public intolerance against the corruption and the consequences thereof*	Increase of public intolerance of corruption and dishonest public officials. Residents do not commit corruptive offences on their own initiative.	Extensive educational campaigns require significant financial resources. The CPCB's resources are too small to ensure decentralised educational events and insufficient for training area, but the responsible departments are too passive to take informative measures.	Financial resources of the population and commercial companies are being saved, and are not spend for bribery or corrupt activities.

8. Direction of activities: *Improvement of the system of whistle-blower protection and provision of information to the society in cases of violation of the law* 9.Direction of activities: *Setting of effective, proportionate and dissuasive administrative or criminal penalties for offences committed*. 10.Direction of activities: *Prevention and combating of bribery of officials related to foreign and international organisations* 11. Direction of activities: *Determination of responsibility for the squandering or misappropriation of property, and for other unlawful activities carried out by public officials in relation to the property* 12. Direction of activities: *Prevention of the laundering of proceeds of crime and promotion of possibilities to recover the proceeds of crime* *13.* Direction of activities: *Effective operation of the preventive anti-corruption organisations and ensuring of their independence, including provision and spread of knowledge on corruption prevention*	Inevitability of penalty for offences related to malicious acts in the service and abuse of official power entrusted, by receiving information on the alleged violations and by increasing efficiency of the penalty imposition possibilities and methods.	Need for elaboration of regulatory framework.	Depending on efficiency of control mechanisms, economic losses caused by corruption amount to 3-15%, and often 5-10% of the funds provided for performance of public functions. At present, it is not possible to assess precisely the extent of losses caused by corruption to the Latvian state, but it is possible to predict that, given the high prevalence of corruption, overall the losses amount to at least 3% of the state budget, which fiscally is a huge sum.

14.Direction of activities: *Ensuring of the transparency of financing of political organisations and reduction of the role of money in the politics* *15.*Direction of activities: *Promotion of public involvement in the process of policy creation*	When elected organs gain financial stability and public authority, it reduces the influence of certain economic groups and individual sponsors on activities of political parties represented in the parliament, which, in turn, helps to focus on balanced compliance with the public interests.	Performance of tasks significantly exceeds the influence of the executive power. There is a need for financial resources to increase the state funding allocated to political parties. Lack of institutional power and political will.	Depending on efficiency of control mechanisms, economic losses caused by corruption amount to 3-15%, and often 5-10% of the funds provided for performance of public functions. At present, it is not possible to assess precisely the extent of losses caused by corruption to the Latvian state, but it is possible to predict that, given the high prevalence of corruption, overall the losses amount to at least 3% of the state budget, which fiscally is a huge sum.

9. Impact of the State and Municipal Budgets

The measures included in the Guidelines on corruption preventing and combating do not provide for tasks that would create a direct impact on the state or municipal budgets. Implementation of the Guidelines shall be provided by the institutions within the framework of the allocated budgetary resources.

10. Link of the Guidelines with Other Policy Planning Documents and with Documents of International Organisations

The Guidelines provides for objectives, policy and operational results, performance indicators for achievement of the required policy and operational results, main tasks for achievement of the results stipulated in the guidelines, schedule for the fulfilment of the tasks, as well as reporting and evaluation procedures related to the Latvian corruption prevention and combating policy.

Guidelines 2015 – 2020 are related to several policy planning documents, including the following:

1) **National Security Concept** (adopted by the *Saeima* on 10 March 2011) where one of priorities in the context of reduction of risks to the national security is the reduction of risks to economic interests. This Concept provides for a stable and predictable economic environment stating that „*In the state administration, prevention of corruption risks shall be continued, implementing effective internal control measures and ensuring explicit*

decision making mechanisms, as well as creating transparent and open public procurement system, improving mechanism of administrative responsibility in relation to offences in area of procurement and strengthening inevitability of punishment. Law enforcement institutions must continue systematic operation in corruption combating, paying particular attention to reducing of the higher corruption level and "stealing of the state".

2) **Strategy for Latvia's long-term development „Latvia 2030"** (adopted by the *Saeima* on 10 June 2010). The document highlights the possible causal link between the decline in the level of public trust in state administration institutions, political parties and the emergence of the risk of corruption, thereby pointing to the need to significantly increase the citizens' confidence in the public administration in order to further facilitate the implementation of the policy in all its aspects.

3) **Latvian National Development Plan 2014 – 2020** (adopted by the *Saeima* on 20 December 2012) setting the objective „*to create an outstanding business environment, by optimally reducing administrative burden, proportion of the shadow economy and the corruption, ensuring a predictable tax policy, improving the work of the judicial system and increasing efficiency of the state administration performance".*

4) **Concept for the Development of the State Administration Human Resources** (Cabinet Order No. 48 of 6 February 2013) where the objective of the human resource development policy is to have professional, motivated and honest employees of the state administration.

5) Informative report of 20 July 2012 by the Cabinet of Ministers „On Assessment of the Capacity of Controlling Institutions, to Prevent Corruption Risks and Ensure a Fully-Fledged Performance of the Control Functions".

6) Plan for Organised Crime Prevention and Combating 2014 – 2016 (approved by the Cabinet Order No. 276 of 5 June 2014 „On the Plan for Organised Crime Prevention and Combating 2014 – 2016").

7) Action Plan for Combating Organised Crime, Corruption and Money Laundering 2014 – 2019 (adopted by the European Parliament on 23 October 2013).

8) European Parliament Resolution of 23 October 2013 on Organised Crime, Corruption and Money Laundering: Recommendations on Action and Initiatives to Be Taken (Final Report)[53] (2013/2107(INI)

9) OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 21 November 1997 (the Law adopting and approving the Convention was adopted by the *Saeima* on 6 March 2014).

10) Operational programme "Growth and Employment" of European Union structural funds and Cohesion Fund programming period 2014–2020.

11) Partnership Agreement for the EU Funds Programming Period 2014 –2020.

12) EU strategy „Europe 2020: strategy for a mart, sustainable and inclusive growth" (the strategy „EU 2020").

13) Guidelines drawn up by the State Chancellery „Guidelines for the Development of the State Administration Policy 2014 – 2020".

[53] http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2013/2107%28INI%29; http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P7-TA-2013-0444&language=LV&ring=A7-2013-0307

For elaboration of the Guidelines, recommendations made by state administration institutions and non-governmental organisations, as well as requirements and recommendations included in the following documents were taken into account:

1) Recommendation CM/Rec(2007)7 of the Committee of Ministers to member states on good administration[54];
2) Recommendation Rec(2003)4 of the Committee of Ministers to member states on common rules against corruption in the funding of political parties and electoral campaigns (adopted by the Committee of Ministers on 8 April 2003 at the 835th meeting of the Ministers' Deputies);
3) Resolution on the 20 Guiding Principles for the Fight against Corruption, adopted on 6 November 1997 by the Committee of Ministers of the European Council;
4) GRECO Third Round Evaluation Report on Openness of Funding of Political Parties in Latvia;
5) GRECO Third Round Evaluation Report on Criminal Liability for Corruptive Offences;
6) GRECO Fourth Round Evaluation Report „Corruption Prevention in Relation to Parliament Members, Judges and Prosecutors";

The content of the Guidelines was drawn up basing on the legal enactments adopted by the *Saeima* on the accession of the Republic of Latvia to international treaties (conventions), providing for specific obligations of the State to combat corruption. Conventions binding upon Latvia are the following:

1) United Nations Convention Against Corruption (adopted by the *Saeima* on 31 October 2003);
2) Convention on the Fight against Corruption Involving Officials of the European Communities or Officials of Member States of European Union (adopted by the *Saeima* on 22 April 2004);
3) Criminal Law Convention on Corruption of the European Council (adopted by the *Saeima* on 7 December 2000);
4) Additional Protocol to the Criminal Law Convention on Corruption of the European Council (adopted by the *Saeima* on 15 June 2006);
5) Civil Law Convention on Corruption of the European Council (adopted by the *Saeima* on 17 February 2005);
6) European Council's Agreement Establishing the Group of States against Corruption (GRECO) (adopted by the *Saeima* on 15 June 2000);
7) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions by Organisation for Economic Co-operation and Development

Within the initial Latvian memorandum of accession to the OECD, the Section on Bribery Combating, 4 more instruments were assessed that contain guidance and recommendations on corruption control measures:

a. C(2009)159/REV1/FINAL: Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions;

[54] Recommendation CM/Rec(2007)7 of the Committee of Ministers to member states on good administration, https://wcd.coe.int/ViewDoc.jsp?id=1155877&Site=CM

b. C(2009)64: Recommendation of the Council on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions;
c. C(2006)163 –Recommendation of the Council on Bribery and Officially Supported Export Credits
d. DCD/DAC(96)11/FINAL – Recommendation of the Development Assistance Committee on Anti-Corruption Proposals for Bilateral Aid Procurement.

Corruption prevention issues, wastage prevention and control of internal and external development measures are included in the 5 instruments provided for in the initial Latvian memorandum of accession to the OECD, Section on Public Management:

i. C(2012)86 – Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships;
ii. C(2010)16 – Recommendation of the Council on Principles for Transparency and Integrity in Lobbying;
iii. C(2008)105 – Recommendation of the Council on Enhancing Integrity in Public Procurement;
iv. C(2003)107: Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in the Public Service;
v. C(98)70/FINAL: Recommendation of the Council on Improving Ethical Conduct in the Public Service, including Principles for Managing Ethics in the Public Service

11. Reporting and Assessment Procedures

The Corruption Prevention and Combating Bureau, by ensuring implementation of the guidelines, is responsible for the implementation of the guidelines as a whole, coordinating and controlling performance of the tasks and measures defined in the guidelines.

Authority responsible for implementation of the tasks and measures included in the guidelines shall ensure performance of these tasks and measures within certain time limits and within the framework of the allocated budgetary funds, and shall provide the Corruption Prevention and Combating Bureau with information about the progress and results of the task performance until 2018 and until 1 July 2021.

The Corruption Prevention and Combating Bureau shall submit interim evaluation of implementation of the guidelines to the Cabinet of Ministers by 1 November 2018 for the period from 2015 to 2017 and the final evaluation of the effects of implementation of the guidelines by 1 November 2021.

Prime Minister L. Straujuma

Visa:
Head of the Corruption Prevention
and Combating Bureau J. Streļčenoks

2015.07.07.
38 661
A. Strīķeris 67356168
Alvils.Strikeris@knab.gov.lv