



## **CORRUPTION PREVENTION AND COMBATING BUREAU**

**We take action against corruption for the good of society and the national interest with the full force of law and public support, in order to achieve integrity in the exercise of power vested in officials of State.**

**(Mission Statement)**

## **PROGRESS AND RESULTS IN PREVENTING AND COMBATING CORRUPTION IN LATVIA**

**Periodical update**

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## Introduction

In order to address corruption in an effective and comprehensive manner a single institution was set up in Latvia through the Law on Corruption Prevention and Combating Bureau (KNAB) adopted on 18 April 2002. KNAB was established in October 2002 and its work is threefold: prevention of corruption, countering of corruption and education of the society on anti-corruption matters.

Year 2009 marked beginning of new anti-corruption policy planning period for the next five years. **National Corruption Prevention and Combating Strategy and Programme for 2009-2013** were elaborated by KNAB taking into account new realities of corruption. Both documents were adopted by the Government last year.

Last year KNAB **initiated introduction** of a clearly stipulated obligation to every public official to report on possible conflict of interest situations and other corruptive offences in a respective institution (*whistleblowing*) and providing adequate legal protection of *whistleblowers*. In 2009 KNAB also developed several draft legal regulations with the purpose to ensure that information about **lobbying activities** is publicly disclosed.

Implementing intensive control of financing of political parties from the time KNAB was established up to date **nearly 2,4 million lats of illegal funding** was discovered from which parties have reimbursed 294 637 LVL including 9 000 lats during the last year. Role of private funding in Latvia is very important as the only public funding provided for political parties is a very short time in public broadcasting companies allocated for pre-election advertisement. In order to reduce impact of private funding KNAB initiated state funding for political parties which would apply to parties having passed threshold of 2 %. **Currently amendments in the Law on Financing of Political Parties stipulating introduction of state funding are adopted by the Saeima in the second reading.**

From the time KNAB was established until the end of last year **119 criminal cases against 250** persons initiated by KNAB are forwarded to the court and **106 persons are convicted** for corruption related offences. Among public officials against whom the Bureau has initiated criminal proceedings there are prosecutors, judges, senior level officials of state institutions and several municipalities including of the Riga city council as well as law enforcement officials.

Substantial amendments were adopted in the Criminal Law regarding **provisions on private and public sector bribery**, for example, range of subjects of criminal liability for private sector bribery is expanded, acceptance of an offer of undue advantage is criminalized, public sector bribery in favour of third persons is criminalized, etc. Amendments were elaborated in line with the Council of Europe Group of States against Corruption (GRECO) recommendations.

## *Recent achievements*

### *Combating corruption*

In 2009 KNAB forwarded **16 criminal proceedings** to Prosecutor's Office asking to start criminal prosecution against 65 persons, including two prosecutors, persons involved in sustained bribery at the Station for Inspection of Vehicles, officials of Riga City Council and Finance Police.

27 criminal proceedings were started by KNAB investigators during the last year, materials gathered in 5 criminal proceedings were received from other institutions.

In October KNAB started criminal proceedings about alleged criminal offences in relation to public procurement contracts in the University Children's Hospital (Bērnu klīniskā universitātes slimnīca) during the period 2007-2009. In the course of long-term operational and investigative activities it was detected that hospital officials misused their position for gaining undue advantage in connection with procurement of hospital construction works.

Former administrator-accountant of the European Commission Delegation to Latvia was recognised as suspect by KNAB in the framework of investigation of alleged wangling of European Union money. Investigation of the case was started in September 2008 on basis of the information received from the European Anti-Fraud Office (OLAF) concerning alleged fraudulent activities of former employee of the European Commission Delegation to Latvia. In the course of investigation both in Riga and in Brussels in cooperation with OLAF it was detected that administrator-accountant at that time transferred EU money to accounts of fictitious companies for workshops which in reality were not organized. Total amount of wangled money is 21 000 lats.

In September KNAB started criminal proceedings against officials (also senior level officials) of the State Labour Inspectorate (SLI) alleging fictitious employment of persons in relation to the implementation of projects financed from the European Social Fund and European Regional Development Fund.

During the first six months of 2009 KNAB started criminal proceedings against officials in National Armed Forces, customs, Food and veterinary service.

### *Financing of political parties*

KNAB is the authority in charge of monitoring **political parties'** compliance with party financing rules violations of which are subject to sanctions. In the light of both elections to local municipalities and to the European Parliament in June 2009 KNAB had increased work load. This period was also challenging for KNAB due to vested exclusive rights for KNAB to stop pre-election campaigning of any political party if established threshold for agitation is exceeded. Monitoring of party campaigns showed that two political parties have spent at least 90 % of allowed resources but the established threshold was not exceeded. Thus, KNAB did not exercise rights provided by the legislator.

For 2009 electoral campaigning political parties have spent in total 3, 8 million lats. Largest sums for both campaigns were spent by political parties represented in the Saeima: the Latvia's First/Latvia's Way party (Latvijas Pirmā partija/partija "Latvijas ceļš") spent 632 907,17 Ls, People's party (Tautas partija) spent 569 131,83 Ls, expenditures of party "New Era" ("Jaunais laiks") and "Concord Centre" ("Saskaņas centrs") reached 448 922,57 Ls and 320 542,96 Ls respectively. Threshold of limited expenses was exceeded only by one political party "For Latvia and Ventspils" (Latvijai un Ventspilij) for 1 064, 93 Ls. This money in accordance with the effective legislation has to be reimbursed to the state budget.

24 parties faced administrative charges for various breaches of rules on financing of political parties (for example, false statements in declarations, acceptance of restricted donations, etc.). KNAB has imposed administrative fines ranging from 20 up to 620 Ls in total amount of more than 5 400 Ls.

Another important novelty of 2009 electoral campaigning is definition of so called third persons and their rights and obligations, as well as established maximum amount to be spent for pre-election campaigning.

Starting from 2009 administrative sanctions can be applied to a person if amount of donations during one year exceed 18 000 lats or donation is made in cash.

### ***Control of activities of public officials***

Control over activities of public officials and prevention of conflict of interest is one of main fields of KNAB. KNAB has powers to examine whether public officials follow provisions of the law "On Prevention of Conflict of Interest in Activities of Public Officials" (the Law) and to enact administrative charges in cases when breaches of the Law are detected. In accordance with the last important amendments to the law "On Prevention of Conflict of Interest in Activities of Public Officials" public officials are not allowed to have paid additional employment in more than two positions in state or municipal institutions and state owned enterprises. Another important restriction was adopted stipulating that officials of municipalities after leaving position in municipality shall not be shareholders for two years in the company which has participated in tenders launched by the same municipality.

Further, income and financial benefits obtained by violating the restrictions stipulated by the Law have to be reimbursed to the state budget. Starting from 2002 until the end of 2009 public officials are bound to return approx. **289 000 LVL and about 64 000 LVL are reimbursed so far.**

In 2009 77 public officials faced administrative charges (a fine from 50 up to 500 LVL). Violations of the law were detected in more cases- in 36 to be exact, however administrative sanctions could not be enacted due to limitation period. In most of the cases public officials breached special restrictions on additional employment and restrictions on obtaining income as well as failed to follow the procedure of asking permission for additional employment. Sanctions were enacted mostly against officials of local governments and State Police.

KNAB has raised the issue regarding use of budgetary funds in organizations and institutions employees of which are not public officials. Thus provisions of the Law are not applicable to them

and no declarations of assets are submitted by officials employed in these organizations. One of such institutions is the Latvian Olympic Committee. It was concluded that legal framework in relation to such organisations has to be improved in order to avoid risks of corruption in the future.

KNAB has checked declarations of assets of 369 public officials due to complaints and inquiries received from the population and in 32 cases information provided in declarations appeared to be false. This information was forwarded to the State Revenue Service for further proceedings.

### ***Education of the society and public officials***

KNAB provides training to various institutions of public administration on topics of applying provisions of the law “On Prevention of Conflict of Interest in Activities of Public Officials”, recommendations concerning internal anti-corruption measures in state and municipal institutions and the role of ethics in this process and also providing information concerning procedure for pre-election campaigning. In 2009 training was delivered to 1400 persons whereas special attention was paid to training of public officials of local governments after elections.

### ***International co-operation***

KNAB is designated national contact point of network against corruption of the Member States of the European Union (EACN) according to decision adopted by the Cabinet of Ministers on 30 June, 2009. According to the Council Decision task of the network is to facilitate the establishment and active maintenance of contacts between authorities and agencies of EU Member States mandated to prevent and counter corruption. In order to improve cooperation on anti-corruption issues among EU Member States, it shall constitute a forum for exchange throughout the EU of information on effective measures and experience in the prevention and combating of corruption. Prior to the Network cooperation among EU anti-corruption agencies was managed by “European partners against corruption” (EPAC) consisting of EU's National Police Oversight Bodies and Anti-Corruption Authorities. In November 2009 KNAB representative participated in the EACN/EPAC conference in Slovenia.

Together with the Lithuanian Special Investigations Service KNAB representatives are involved in implementation of *Twinning* project “Strengthening the capacity of Anti-Corruption Department of Prosecutor’s General Office of Azerbaijan”. Contribution of KNAB is related to improving methods for building public confidence in fighting corruption.

KNAB representatives were also invited to give expertise on anti-corruption policy and results in Slovakia, Azerbaijan and Greece in the framework of OECD and GRECO monitoring mechanisms.

There are a lot of inquiries about work and results of KNAB from the European Neighborhood Policy target countries and EU candidate countries. During 2009 KNAB hosted delegations from Armenia, Georgia, former Yugoslav Republic of Macedonia, Tajikistan, Croatia.