



Corruption Prevention and Combating Bureau

PERIODIC UPDATE

Main results in 2006

(23 January 2007)

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 entrusted to public officials.

(Mission Statement)

General overview

In 2006 the Corruption Prevention and Combating Bureau (KNAB) continued its active and dedicated work as the leading public institution combating and preventing corruption in Latvia. In cooperation with other public institutions, such as the State Income Service, State Police, Security Police, Prosecutor General Office, KNAB continued to increase its efficiency in carrying out its work in the areas of : criminal investigation, administrative control of public officials, coordination of the implementation of the state anti-corruption programme, development of methodology to counter corruption, control of financing of political parties, education and information and international cooperation. As of today, KNAB has 133 staff members. KNAB budget in 2006 was 3 million lats (state allocations and PHARE).

Combating corruption

KNAB is empowered to carry out pre-trial investigation and criminal intelligence to detect criminal offences involving corruption in public institutions. Once sufficient evidence is gathered, the proceedings are sent to prosecution offices.

In 2006, 51 criminal proceeding was initiated by KNAB and 14 cases were received from and 5 sent to other law enforcement institutions. 41 criminal proceeding was sent by KNAB for prosecution against 65 persons. In 2006 there were 20 adjudicated corruption cases that were initiated by KNAB.

Selected examples of criminal proceedings began by KNAB and sent for prosecution in 2006:

- On 3 March 2006 criminal proceedings sent for prosecution involving a businessman (Article 323 Giving a Bribe) and a person who served as

intermediary (Article 322 Intermediation in Bribery) related to allegedly giving a bribe in the amount of 50 000 lats to an officer of KNAB with the aim to stop KNAB from conducting investigation into possible criminal activities of the bribe giver;

- On 17 March 2006 criminal proceedings sent for prosecution involving former State Secretary and a lawyer of the Ministry of Science and Education (Article 317 Exceeding Official Authority and Article 319 Failure to Act by Public Official) relating to allegedly renting public real estate in Mezaparks area in Riga at a considerably lower price than it would be in the public interest in a 20 years contract that if executed would bring a damage up to several million lats.
- On 17 May 2006 criminal proceedings sent for prosecution involving Chairman of the Ventspils City Council and Chairman of Ventspils Free Port Council in relation to his failure to execute the decision taken by the Cabinet of Ministers on 23 February 2005 “On appointment of O.Grinbergs as member of the Ventspils Free Port Council” and as a high level public official acting against the public interest (Article 318 Using Official Position in Bad Faith and Article 298 Deliberately Providing False Information).
- On 5 June 2006 criminal proceedings sent to prosecution involving an official of the Ministry of Interior who was the head of procurement commission and an official of an enterprise participating in the bidding for procurement of uniforms (Article 319 Failure to Act by Public Official, etc).
- On 1 September 2006 criminal proceedings sent to prosecution involving Riga City Council official for asking and taking bribe in the amount of 12 600 lats from a private person with the aim to ensure land privatisation.
- On 25 September 2006 KNAB arrested an official of the Ministry of Science and Education (then deputy state secretary) and director of Riga State Technicum, an institution supervised by the Ministry of Science and Education, for asking and taking a bribe in the amount of 80 000 lats from an enterprise for settlement in a civil case. KNAB investigator started criminal proceedings under Article 320 Accepting Bribes and Article 322 Intermediary in Bribery.
- On 5 October 2006 criminal proceedings sent to prosecution involving Executive Director of the Daugavpils City Council under Article 320 Accepting Bribes and Article 195 Laundering Proceeds from Crime for allegedly deliberately organising procurement of oil products allowing to obtain personal benefit in total amount of about 5000 lats later used in acquiring household objects.
- On 10 October 2006 KNAB sent to prosecution office criminal proceedings and the Prosecutor General started prosecution against the head of Riga City Vidzeme district court and a judge of the same court. The evidence gathered by KNAB showed that one of the judges allegedly misused the office and several times took bribes in order to take a decision in favour of the bribe giver. Both judges were arrested right after taking the bribe.
- On 18 December 2006 criminal proceedings sent for prosecution involving two officials of the Central Board of the State Border Guard of Latvia in relation to taking bribes in relation to procurement and four other persons: one for giving bribe and three for support in bribery.

Financing of political parties

KNAB is in charge of monitoring financial and economic activities of political parties by means of checking declarations of political parties, accountancy documents, control of legality of donations and counter-checks.

In the course of 2006, KNAB has controlled altogether 668 lists of donations to political parties. 34 decisions were taking finding a political party administratively liable sanctioning them with 36 495 lats in total.

All together in 2003 – 2006, KNAB has detected illegal political party financing in the amount of 365 501 lats.

The work is ongoing to finalise the monitoring of the financing of 7 October 2006 parliamentary elections campaign financing. According to the law, the monitoring in relation to these elections will be finalised and the results made public in 2007 when all the work is completed.

Prevention of conflict of interest of public officials

In 2006 KNAB received 679 reports and inquiries regarding the law “On Prevention of Conflict of Interest in the Activities of Public Officials”. In response, all together were prepared 608 answers. In various cities and municipalities were carried out 180 enquiries.

In controlling the activities of public officials KNAB also uses the income and asset declarations of public officials that are submitted to the State Income Service using the electronic data base “VADIS” (declarations are also accessible to the public at http://www6.vid.gov.lv/vid_pdb/vad.asp). KNAB all together checked data in 1518 declarations of public officials. In addition, information is being requested from financial institutions (banks, etc).

As result of KNAB enquiries, for violating the aforementioned law were found liable 105 public officials, monetary sanctions were imposed on 90 public officials in the total amount of 5870 lats, 17 officials received a verbal reprimand. In a number of occasions results of enquiries and information received by KNAB was sent to the State Income Service, the State Audit Office of Latvia, Prosecutor General Office, State Employment Inspection, Ministry of Regional Development and Local Government, the Financial and Capital Market Commission, Security Police and other institutions. For instance, subsequent to information provided by KNAB the State Income Service carried out audits resulting in imposition of additional tax to 13 persons in the total amount of 373 976 lats. There is also a close cooperation with investigations branch of KNAB: as a result, 7 criminal proceedings were started by KNAB investigators on the basis of information received from the Division of Control of Public Officials of KNAB, which is part of the preventive branch.

Implementation of the state anti-corruption programme

KNAB oversees the implementation of the “State Programme for Preventing and Fighting Corruption 2004-2008” adopted by the Cabinet of Ministers on 3 August 2004. The programme contains 120 tasks. Part of them is implemented by KNAB and part by other public institutions. Till October 2006 out of 70 tasks about three thirds or 76% tasks were implemented.

Policy and legal initiatives

To improve the policy and legal framework in Latvia to more efficiently prevent and fight corruption, in 2006 KNAB has developed or the Cabinet of Ministers has reviewed the following legal initiatives developed by KNAB:

- Draft Law “On Financing Voters’ Unions”. The aim of this initiative is to ensure transparency, legality and democratic principles in the functioning of voters’ unions extending to them the same limits of financing and accountability mechanisms as currently applied to political parties and organizations. All together 1256 voters’ unions participated in municipal elections in 2005, that were mainly set up before elections in small municipalities. The draft law proposes to entrust KNAB the function of monitoring financing of voters’ unions. The law was submitted to the Parliament on 6 April 2006.
- Draft Law “On Prevention of Conflict of Interest”. Today this area is regulated by the law “On Prevention of Conflict of Interest in the Activities of Public Officials” into force since 2002; previously it was regulated by the law “On Prevention of Corruption” adopted in 1995. The new draft law is based on the extensive experience of KNAB in applying the existing law. It does not propose major changes in restrictions to public officials, but proposes to clarify certain aspects in order to better enforce the law. For instance, the current law provides for a number of restrictions in decision-making by public officials in relation to their relatives. The new draft proposes to include also brothers and sisters-in-law of public officials. The responsibility of heads of public institutions in preventing conflict of interest within their institutions is also better determined. Specific rules are included for issuing permission for officials taking up a second employment. Finally, the draft law provides for an obligation to report conflict of interest and protection of whistleblowers. The draft law is still pending in the Cabinet of Ministers.
- Draft Law “On Lease of State and Municipal Property”. The aim is to develop a clear regulation for leasing state and municipal property. The experience of KNAB shows that the lack of such regulation and wide freedom of action given to public officials has sometimes allegedly caused ineffective use of public property or misuse of public office. The draft law was reviewed by the Cabinet of Ministers on 4 December 2006.
- Amendments to the Law “On Financing of Political Organisations (Parties)”. In the light of the upcoming parliamentary elections on 7 October 2006, KNAB proposed amendments to the law to establish the procedure for returning to the

state budget the financial means exceeding the pre-election campaign financing limits. Otherwise, it was only possible for KNAB to impose administrative sanction to political parties (up to 5000 lats) but not to ensure the return of the overspent money to the state budget. These amendments were adopted and came into force on 25 May 2006.

- Introducing criminal liability for public service providers (amendments to the Criminal Law). In March 2006 the Criminal Code was amended establishing criminal liability for acceptance of illegal payments to persons delivering public services (for instance, persons working in health or education sectors who are not public officials). While the subject of these offences is not public official, in some cases these offences fall under the competence of KNAB.
- Clarifying the liability for violating party financing rules (amendments to the Criminal Law and the Administrative Violations Code). KNAB has submitted on 2 November 2006 to the Meeting of State Secretaries the proposed amendments to the Criminal Law and the Administrative Violations Code. The aim of the amendments is to introduce administrative liability for donators to political parties and to criminalize serious violations regarding party financing.
- Development of a system of asset declarations. KNAB together with the Ministry of Finance, the State Income Service, Ministry of Justice and the Prosecutor General Office of Latvia have participated to the working group that elaborated the draft law „On Asset Declarations of Physical Persons” as well as the necessary amendments to the existing legislation in order to introduce a general system of asset declaration in Latvia. At present only public officials are required to declare their income and assets. This package was submitted to the Cabinet of Ministers in June 2006.
- Regulating lobbying activities in Latvia. In the course of 2006 the working group on the regulation of lobbying activities in Latvia continued its work. The working group is led by KNAB and includes the Parliament, State Chancellery, Ministry of Justice and the Public Policy Centre “Providus”. The group has acknowledged that it is necessary to improve the transparency of parties involved in lobbying and the aims of their activities.

Education and information

KNAB is tasked to educate public officials about ethics, corruption and the respect of law.

KNAB provides training seminars to various state and municipal institutions. KNAB proposes three modules of training seminars of about 3 hours:

- Prevention of Conflict of Interest and Professional Ethics of Public Officials;
- Assessing Corruption Risks and Development of Anti-Corruption Action Plans;
- Corruption and its forms. Studies, evaluations, statistics.

Based on the abovementioned models KNAB provided 32 seminars to public and municipal institutions in Latvia in 2006.

In October 2006 KNAB released a new comprehensive training resource on Public Sector Ethics. This compilation of interactive training materials for public officials reflects practical situations about corruption and conflict of interest that public officials could face in their every day life. It also includes main legal provisions in Latvia, international norms and useful reading. These materials are available in form of CDs. This resource was prepared in cooperation with OECD/European Commission programme SIGMA,

Public Administration School and the State Income Service of Latvia. This project was made possible through co-financing provided by the British Embassy in Riga.



Analysis and methodology

In September 2006 KNAB released results of a public opinion survey “Knowledge and Understanding of Public Officials about Issues Related to Corruption Combating and Prevention”. The survey was carried out by the Institute of Sociological Studies of Latvia. This was a first survey of its kind.

Work has begun to develop the following methodologies:

- control of financing of political parties and election campaigns;
- control of public officials under the law on preventing conflict of interest;
- corruption risk management in public institutions.

International cooperation

In 2006 KNAB completed the implementation of the EU PHARE project “Raising the Institutional and Professional Capacity of the Corruption, Prevention and Combating Bureau” started in 2004. Three project components were implemented: 1) strengthening of institutional capacity (experts on lobbying, political party finance, fraud in EU funds, procurement, etc); 2) local and integrated data base with Ministry of Interior, State Revenue Service, Land Register, etc.; 3) improvement of operational capacity.

KNAB took part in the meeting establishing the International Association of Anti-Corruption Authorities in Beijing 22-26 October 2006 (<http://www.iaaca.org/>).

In 2006 KNAB also continued to participate to the European Partnership against Corruption launched by Austria and became co-chair with Lithuania of the working group “Common Standards and Best Practice for Anti-Corruption Agencies” (http://www.epac.at/download/budapest_declaration.pdf).