

Progress and results in the field of corruption prevention and combating

Periodic Update (December 2004)



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 of the Bureau)

Progress in implementation of the National Programme for Corruption Prevention and Combating for 2004-2008

The Bureau has submitted the first report to the Government on activities and results in line with the National Programme for Corruption Prevention and Combating for 2004-2008. Among all the assignments there are some that have to be performed on regular basis, while other are designed as occasional events. In order to provide assistance and guidelines on how to proceed with introducing those measures the Bureau organized 4 discussion rounds for representatives from various institutions. Information for about 60 tasks and assignments has been included in the report.

Main priorities during the first period were:

- 1) issue of income declaration and possible solutions;
- 2) introduction and improvement of internal anti-corruption activities, including elaboration of anti-corruption plans in state institutions;
- 3) to call into being values of ethics and codes of conduct;
Executives and managers are liable for following values of ethics in institutions;
- 4) to define scope of State officials working with European Union funds.
In order to gather information on personnel working with European Union the Bureau asked all relevant institutions to submit lists of officials as well as description of procedures working with EU funds. This information could be used for random examinations to prevent conflict of interest situations;
- 5) improved legal framework of control over financing of political parties (draft Regulations that stipulates procedures for submitting declarations of political parties);
- 6) creation of working group to solve detected problems in renting out state and municipal property (real estate) has taken place. Expected outcome is elaboration of amendments to current legislation thus eliminating existing loopholes.

Most of the problems were encountered while working with internal anti-corruption activities due to large scope of institutions and so far very little attention has been paid to this issue. Furthermore, it is responsibility of management staff to ensure that a state or municipal institution has internal anti-corruption measures in place. All institutions generally had a number of internal regulations in place, however very little of those addressed anti-corruption matters.

Within the context of the Programme main priorities for 2005 are:

- 1) introduction into legal system provisions for (legal) lobbying;
- 2) to continue working with state institutions in order to strengthen internal efforts against corruption;

- 3) to continue following up procedures used working with EU funds;
- 4) introduction of legal liability for providers public services (teachers, physicians).

Elaboration of anti-corruption policy documents: Concept on Improvement of Income Control of Individuals

To improve efficiency of control system over income for natural persons and to solve currently acknowledged problems detecting the origin of illicitly acquired means the Bureau initiated creation of working group comprising officials from state institutions as well as nongovernmental community. Problems that were encountered in most cases were:

- loopholes in current income control system for natural persons

Limited resources of state institutions to proceed with income control of natural persons and herewith very little possibility to detect alleged corruptive offences.

Legislation in place stipulates that no examinations are to be carried out for the period of more than three past years.

In cases when income of a person exceeds four times the amount of untaxed minimum an income declaration has to be submitted however it is not a regulation followed by most people.

- lack of proper sanctions for not declaring income

Currently legislation provides that a fine in amount of 20 LVL can be imposed for not submitting income declarations as provided in the Law. However, a fine is not a sufficient measure taking into account that there is no complete information on the amount of income of tax payers at the disposal of the State Revenue Service.

Taking into account above listed problems, there are difficulties in detecting real amount of income of State officials, therefore income declaration system has to be improved in general.

Several lines of activities laid down in the Concept of Income Control for Natural Persons that are seen as solution to current problems:

1) to introduce obligation for annual income declaration that would apply to everybody though it is foreseen to introduce thresholds.

2) amendments to legislation in place as one of the measures in order to:

- to extend the authority of the State Revenue Service regarding examination of income of natural persons;

- to introduce additional requirements in declaring income, including an obligation to declare the amount of cash brought into the country on the border;

- to introduce sharper sanctions for not following respective rules and to extend the scope of persons who have to declare income as well as to require including more information in the declaration in place;

- to introduce into legal system of Latvia provisions for legal presumption and reversal burden of proofs.

Nevertheless, most rational solution would be introduction of general income declaration.

The Concept is to be examined by the Government and most appropriate suggestion will be approved.

Current situation, results

In 2004 fairly good progress has been made in terms of implementation of the Bureau's functions in corruption prevention and combating, for example:

- there are 35 criminal cases in the competence of the Bureau. 22 criminal cases are passed to the Prosecutor's Office for criminal prosecution against 29 persons. 7 criminal cases are passed to the Court and in three of the cases verdict of guilty have been made. Most of the criminal cases were initiated for using official position in bad faith and accepting bribes. Among persons against whom criminal cases have been initiated there are: high ranking Prosecutor, police officers and public official from the State Agency for Compulsory Health Insurance, Deputy Head of State Cultural Monument Protection Inspection, an official of the National Armed Forces.
- A number of criminal cases have been initiated against officials of municipalities, including Riga City Council, for either failure to act by a state official or exceeding official authority. In all cases municipalities have incurred crucial financial damages.

In 2004 the Bureau made a considerable progress in combating corruption (21 criminal cases within the competence of the Bureau in 2003) due to increased staff number and also improved professional level of personnel. Apart from that year 2004 is the first year when the Bureau has been fully operational for 12 months.

- the Bureau has examined 382 declarations of assets of state officials in regard to the restrictions and prohibitions imposed on them by the law "On Prevention of Conflict of Interest in Actions of State Officials". Within the given authority to bring administrative charges against public officials for violation of restrictions provided in the respective law, a fine was imposed against 75 state officials. 297 in-depth examinations have been carried out in totally 207 institutions. In 19 cases a decision was taken that state officials have to pay caused losses to the state budget in total amount of 5045, 00 LVL, 13 decisions were disputed. Most common violations are combining offices and taking decisions for own benefit and benefit of family members or relatives.

Given that mostly administrative violations are committed by officials of municipalities the Bureau has prepared for publishing a handbook giving general explanations on provisions of the law "On Prevention of Conflict of Interest in Actions of State Officials". The handbook will be distributed mainly among officials of municipalities.

- implementing an extensive examination of the political parties finances it was detected that 27 have received donations in contradiction with the Law on Financing of Political Organizations (Parties) in total amount of 133 231 LVL (almost 100 000 EUR). According to the law these illegal donations received by the parties have to be paid to the state. The Bureau receives declarations of parties' financial activities (declaration on expenditure of pre-election campaigns, election expenditure declaration, and annual financial declaration) and compiles and analyses the processed information provided in financial declarations of political organisations (parties) and their associations as well as monitors legitimacy of received declarations and parties' donations.

In 2004 the Bureau has forwarded to the Court claims against 16 political parties for not following regulations provided in respective law. According to the Court decisions:

- 2 parties have to pay back illegally received donations;

- activities of 7 parties have been stopped temporarily with an obligation to avert detected breaches;
- activity of 1 party have been eliminated.

In 17 cases a decision to impose administrative charges against representatives of political parties have been taken, in 13 cases a fine has been imposed as an administrative charge.

Comprehensive report on results of examination on financing political parties and detected breaches in 2003 was published in March 2, 2005.

The Bureau has made an agreement with public policy centre "Providus" to cooperate in monitoring pre-election campaign for local elections, held in spring 2005.

Legal framework

The Parliament has approved in the second reading amendments to the Law on Corruption Prevention and Combating Bureau. Amendments provide independence of the Bureau and restrictions to interfere in activities carried out by the Bureau implementing its functions. Currently, the Bureau is an institution of state administration under the supervision of Cabinet of Ministers.

The Parliament has also approved in the first reading amendments to the Law on Corruption Prevention and Combating Bureau providing that the Bureau is entitled to require and to receive information for free from credit institutions.

The Bureau has contributed to the process of ratification of United Nations Convention against Corruption in Latvia. Draft law on ratification has been elaborated and currently harmonisation process among institutions takes place.

Draft law on ratification of European Council Civil Law Convention on Corruption has been submitted to the Government.

Assistance in strengthening institutional capacity of the Bureau

The European Commission has approved changes in the *Phare* project aimed at replacing Twinning activities with technical assistance of experts. Assistance of experts will be required to strengthen the institutional and operational capacity in terms of providing guidelines and methodology in following areas: state capture prevention, enhancement of control over the use of state and municipal property, prevention of conflicts of interest and controlling the property status of private persons; planning and organization of training programs for the CPCB officers on corruption combating and prevention matters, establishment of the integrated information network.

Currently two purchase contracts have been announced on the home page of the Procurement Monitoring Bureau.

Within the frame of the World Bank project "Strengthening the capacity of institutions in charge of fighting corruption" drafting of terms of reference currently is in process. Main beneficiaries apart from the Bureau are the Parliamentarian Anticorruption Commission and NGO community. Main directions of activities include increasing capacity of prevention department of the Bureau.

The Bureau has received a project proposal “Public Sector Ethics Resource”. The Resource package is intended to be developed by an individual countries with Sigma assistance and customized to the specific needs and context of the country.

The Research consists of a comprehensive package of materials for capacity-building, reference, decision-making support, training materials, focused on capacity-building in public service sector corruption detection and prevention. All materials resident in the resource are normally delivered on CD ROM.