



# Annual Report 2021

# Address by the Director of the Corruption Prevention and Combating Bureau



## **Jēkabs Straume**

*Director of Corruption Prevention  
and Combating Bureau*

The year 2021 was an active and productive one for the Corruption Prevention and Combating Bureau (hereinafter - the Bureau). Despite the protracted Covid-19 pandemic and its impact on the daily work, the Bureau referred 27 criminal cases for prosecution during the reporting period, the highest level in the last five years. In these criminal proceedings, the Bureau recommended prosecution against 45 natural and five legal persons.

This indicator clearly highlights the trend that illegal activities committed by natural persons are often carried out in the interests of legal persons.

During the reporting period, in criminal proceedings initiated by the Bureau EUR 5.6 million were confiscated and transferred to the State budget and EUR 8.46 million were seized. The significant results confirm that the Bureau is achieving its previously stated objective of confiscating the proceeds of crime to the extent possible so that they cannot be used to plan and carry out other criminal offences.

In the successful pre-trial investigations of the Bureau in 2021, the Prosecutor agreed with seven persons on a penal order and they were sentenced to fines or community service. In turn, the court has ruled on 12 persons - 10 of the accused were sentenced to deprivation of liberty, and four of them have been sentenced to real prison terms. A number of persons were also sentenced to additional penalties, such as deprivation of the right to hold positions in state and local government institutions. Prosecutor and Court decisions show that punishment for criminal offences is inevitable and serves as a deterrent to society.

One of the tasks of the Bureau is to monitor whether public officials comply with the prohibitions and restrictions imposed on them by the Law on Prevention of Conflict of Interest in Activities of Public Officials. In 2021, the Bureau held 222 public officials administratively liable, fining them a total of EUR 40 365. Whereas for violations of the Law on Financing of Political Organisations (Parties) and Pre-election Campaign Law the Bureau imposed fines totalling EUR 16 890.

In the area of corruption prevention, in the reporting year the Bureau invested in preparing the Action Plan for Corruption Prevention and Combating for 2021–2024. The draft Plan was submitted for public consultation, and in this process, the activity of several non-governmental sector organisations in making proposals and thus participating in the development of anti-corruption policy is particularly noteworthy. Work on this major and nationally significant plan will continue in 2022.

During the reporting period, the European Economic Area Financial Mechanism played a key role, which supports the Bureau project “Support for the establishment of a whistle-blowing system in Latvia”. As part of the project, the Bureau engaged high-level experts and organised training for law enforcement officials on financial investigations and financial analysis.

The Bureau also launched a major social campaign under a project supported by the Financial Instrument to reduce tolerance of corruption and to promote public involvement in identifying corruption cases. As a result of the Bureau activities, the number of applications and whistleblower reports received increased by a quarter in 2021, and the number of reports received on the mobile app “Ziņo KNAB” reached a record high.

The Bureau thanks the public for their active involvement in reporting possible irregularities both in their daily lives and in the run-up to the elections. The Bureau values cooperation with partners and partner services both in Latvia and abroad. I would also like to thank all the staff of the Bureau for their dedication and excellent work in 2021.

2022 will be a special one for the Bureau - it marks 20 years since its founding. I wish us all to look back on what we have accomplished, to critically evaluate the achievements and to set future goals to continue our fight against corruption together. Honour over power!

# Results in preventing and combating corruption

63

whistleblower reports received

82

educational events

10 011

participants in educational events

50

persons transferred for prosecution

39

criminal proceedings initiated

5,6 mil.€

proceeds of crime confiscated

27

criminal proceedings referred for prosecution

1 059

corruption risk analysis performed on draft legislation

57 255 €

imposed administrative fines

1 833

reports received

49 820 €

administrative fines paid into State budget

383

administrative proceedings initiated

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# General Description and Priorities of the Bureau

The Corruption Prevention and Combating Bureau (hereinafter – Bureau) is a direct administration authority under the supervision of the Cabinet of Ministers that performs the functions prescribed in the Law on Corruption Prevention and Combating Bureau in the field of corruption prevention and combating, as well as controls fulfilment of financing regulations of political organisations (parties) and associations thereof, and inspects how the restrictions laid down for pre-election campaigns, campaigns before referendum, campaigns for the initiation of a law and campaigns for initiation of recalling of the Saeima are complied with.



## Mission of the Bureau

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

## Structure of the Bureau

The Director of the Bureau has three deputies:

- 1.** The Deputy Director for Investigation Matters oversees the Criminal Investigation Department (comprising two investigation divisions) and the Administrative Investigation Department (comprising the Division for Investigation of Violations of Political Organisations and the Division for Investigation of Administrative Violations).
- 2.** The Deputy Director for Criminal Intelligence oversees the Criminal Intelligence Department (comprising two criminal intelligence divisions) and the Criminal Intelligence Support Department (comprising two divisions of criminal intelligence support).
- 3.** The Deputy for Strategy and Policy Planning oversees of the Policy Planning and Communication Department (Policy Planning Division and Communication Division) and the Strategy Department (Analytical Division and Information Records Division).

The Director of the Bureau also oversee separate divisions (record-keeping, legal and financial matters, internal security, human resources and IT division) and the internal auditor and advisor.



## Bureau Priorities

In previous reporting periods, the Bureau focused its resources to reduce the illegal actions of public officials in public procurements and the judiciary, as well as on combating the illegal financing of political organisations (parties). Based on the information gathered through targeted activities, the Bureau concluded that the risks of corruption in these areas remained high in 2021 and planned its activities in line with the priorities set out in the Bureau 2020-2022 strategy:

### 1.

To reduce the possibility of unlawful actions by public officials with the property and finances of a public person, including the identification and elimination of corruptive criminal offences in institutions of a public person, by performing targeted activities in the following priority areas:

- 1.1.** financial sector;
- 1.2.** judicial authorities;
- 1.3.** healthcare;
- 1.4.** public procurements:
  - a) European Union-funded projects
  - b) construction sector
  - c) Latvia's largest municipalities;
  - d) Rail Baltica project.

### 2.

To conduct parallel financial investigations in each criminal proceeding investigated by the Bureau in order to identify, seize and confiscate proceeds of crime.

### 3.

To improve the supervision of financing of political organizations (parties) by applying the new financing model of political organizations (parties).

### 4.

To strengthen the capacity of human and material resources by improving the Bureau's analytical, criminal intelligence and investigative capacities, preventing and combating corruptive criminal offences and controlling compliance with the regulations for financing of political parties.

# Bureau Performance in Corruption Prevention



## Anti-corruption Policy Planning

In order to reduce the risks of corruption and conflicts of interest, as well as the risks of squandering of the financial resources and property of a public person, the Bureau drafts development planning documents, information reports and legal acts, continuously analyses draft legislation and regulatory acts and makes proposals to the responsible institutions on the need for amendments to regulatory acts or drafting new legislation, and coordinates the implementation of development planning documents in the field of preventing and combating corruption.

In the reporting period, the Bureau prepared a number of development planning documents, information reports and draft legislation in compliance with the Law on Corruption Prevention and Combating Bureau.

In 2021 the Bureau drafted the Corruption Prevention and Combating Plan 2021-2024 (hereinafter - the Plan) and compiled information on the implementation of the tasks contained in the Corruption Prevention and Combating Guidelines for 2015–2020 (hereinafter - the Guidelines), as well as continued work on the implementation of the tasks of the Guidelines that were not implemented in previous years.

The Plan is a policy planning document intended as a follow-up to the Guidelines and contains the main objectives of Latvia's corruption prevention and combating, the courses of action, as well as specific measures and tasks to achieve them. Both public authorities and non-governmental organisations submitted proposals to the Plan. It is important to note that the public was also involved in the development of the Plan in 2021 - the Bureau invited to submit written proposals and then held meetings with representatives of non-governmental organisations to discuss the proposals received. As a result of the public participation, the Bureau received and assessed more than 50 proposals from non-governmental organisations as well as from one political party. Most of the proposals were taken into account or partially taken into account by the Bureau. The Plan was announced in the Meeting of State Secretaries on 1 July 2021. 62 objections and 33 proposals were received from 16 different institutions on the content of the Plan, and work on the coordination of the Plan and its submission to the Cabinet of Ministers for approval will continue in 2022.

During the reporting period, the Bureau requested information from public authorities on the implementation of the tasks set out in the Guidelines. In parallel with the development of the Plan, a draft information report "On the Final Impact Assessment of the Implementation of the Corruption Prevention and Combating Guidelines for 2015–2020" was prepared, which summarises the information provided by institutions on the implementation of the tasks and measures included in the Guidelines, as well as the results achieved in the six-year period. The Information Report provides an overview of the progress made in implementing the five sub-objectives and the 15 action lines set out in the Guidelines, as well as the results achieved. In 2022, the inter-institutional coordination of the above-mentioned information report will continue, and its submission to the Cabinet of Ministers is expected.

In 2021, the Bureau started work on possible amendments to the Law on the Corruption Prevention and Combating Bureau, providing for strategic and tactical analysis as a permanent function in corruption prevention and combating, and enforcement of financing regulations of political organisations (parties) and associations thereof.

In addition, the Bureau started work on possible amendments to the Law on Credit Institutions to allow the Bureau to obtain information on financial transactions carried out by public officials as part of its tactical analysis.

In 2021, the Bureau also worked on improving the legal framework of the Law on Prevention of Conflict of Interest in Activities of Public Officials.



**Two amendments, which entered into force in 2021, are the most important:**

The amendments that clarify the definition of relatives, establish a conceptually new procedure for accepting donations to public institutions, the obligation to submit the declaration of a state official also to the director of the Constitution Protection Bureau, expand the scope of information of the declaration to include information on half-sisters and half-brothers, restrict the commercial activities of a wider range of persons, and provide for a temporary prohibition for public officials to represent the interests of a public institution against a former private sector employer, obliges public officials to inform about situations of possible cases of corruption which have come to their knowledge in the course of their duties, to submit information necessary for internal control measures to prevent the risk of corruption and conflict of interest in the institution, and grants the Financial Intelligence Unit the right to inspect information of the publicly inaccessible part of the declaration.

The amendments introduced a functional mechanism to oblige political officials (advisor to the President, Prime Minister, Deputy Prime Minister, Minister, Minister for Special Affairs head of office, advisor, consultant and assistant) to seek permission from their appointing official to combine the office of a public official with another office, thereby preventing potential conflicts of interest and introducing greater transparency in the activities of political officials, as well as preventing violations of ethical norms or damage to the performance of their direct duties.

The Bureau participated in the drafting of the Law “Amendments to the Criminal Law” (No.1211/Lp13) on supplementing the Law with new Sections 275.<sup>2</sup> and 275.<sup>3</sup>, providing for criminal liability for the acquisition and possession of a forged interoperable certificate and, respectively, for the acquirer, custodian and user of a forged interoperable certificate to be released from criminal liability under certain circumstances. The Bureau also participated in the drafting of the Law “Amendments to the Criminal Law” (No. 1230/Lp13) on the implementation of the recommendations of the Phase 2 Evaluation Report of the Working Group on Combating Bribery in International Business Transactions of the Organisation for Economic Co-operation and Development. The Bureau also provided its views on the amendments to Articles 317, 318 and 319 of the Criminal Law, which entered into force in August 2021.

The Bureau participated in the working group led by the Ministry of Health, which developed the Guidelines on the basic requirements for an internal control system to prevent the risk of corruption and conflict of interest in private outpatient medical institutions. From 1 January 2022, private outpatient medical institutions providing at least five types of state-funded healthcare services are obliged to introduce an internal anti-corruption control system. To facilitate compliance with the requirement, the Bureau provided a workshop to private outpatient facilities on the basic requirements of an internal anti-corruption control system.

In 2021, the implementation of the Unified Portal for the Development and Harmonisation of Draft Legislation (hereinafter - the TAP Portal) was a challenge. The Bureau issued opinions on draft legislation regulating the operation of the TAP portal, expressing objections and proposals on the procedure for the approval, submission, advancement and consideration of documents to be considered by the Cabinet of Ministers. The TAP portal was launched in September 2021, and the draft legislation, information reports and development planning documents prepared by the Bureau, as well as opinions on draft legislation, information reports and development planning documents prepared by other institutions, are currently provided through the TAP portal.

During the reporting period, the Bureau carried out an analysis of potential corruption risks in 1 059 draft legislative acts submitted to the Meeting of State Secretaries and in draft legislative acts submitted to the TAP portal for approval. According to the risk analysis, the Bureau issued 139 initial opinions on draft legislation prepared by ministries, including drafts received for approval (without announcement at the Meeting of State Secretaries), expressing both conceptual and drafting objections or proposals on draft legislation.



## International Cooperation

During the reporting period, the Bureau, as the leading anti-corruption institution, ensured participation in various events of international organisations, as well as fulfilled the obligations of the Council of Europe Treaty on the Establishment of a Group of States against Corruption (hereinafter - GRECO) and Convention on the Organisation for Economic Co-operation and Development (hereinafter - OECD) on Combating Bribery of Foreign Public Officials in International Business Transactions, the United Nations (hereinafter - UN) Anti-Corruption Convention, and participated in the implementation of the recommendations made by European Council Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism Moneyval and in activities related to measures to protect the financial interests of the European Union.

During the reporting period, the Bureau, together with other co-responsible institutions, made significant progress in implementing the recommendations of the OECD Working Group on Bribery in International Business Transactions (WGB) Phase 3 assessment, achieving and demonstrating tangible results in the successful investigation and further progress of criminal cases of bribery of foreign public officials. The OECD WGB acknowledged that Latvia has fully or partially implemented 35 of the 44 recommendations.

The Bureau involved its experts in the processes of international organisations: in OECD WGB Phase 4 evaluation of Slovenia and the OECD Anti-Corruption Network pilot monitoring in Ukraine.

An official of the Bureau presented “Corruption Prevention in Latvia and the Role of Awareness Raising” at the OECD Global Anti-Corruption Forum 2021 and “Innovative tools to implement public integrity in Latvia” at the OECD SPIO (Working Party of Senior Public Integrity Officials) meeting.

The Bureau signed a trilateral cooperation agreement with the Lithuanian Special Investigation Service and the Polish Central Anti-Corruption Bureau to strengthen cooperation in the areas of investigation, information exchange, education and exchange of experience, and prepared a Memorandum of Cooperation with the National Bureau of Investigation of Ukraine.

The Bureau provided information to the European Commission on progress in strengthening the anti-corruption framework in 2020, leading to the publication by the European Commission in July 2021 of the Rule of Law Report on the Member States of the European Union, including Latvia, which summarises Member States' information on strengthening the rule of law in the areas of the judiciary, media pluralism, anti-corruption and other inter-institutional balances.

The Bureau participated in the UN General Assembly Special Session on Anti-Corruption, organising the thematic event “Promoting Integrity in Public Administration – A Regional Perspective”, which brought together representatives of the Polish and Lithuanian anti-corruption institutions, as well as UN experts. A separate event was dedicated to the exchange of experience on anti-corruption measures promoting integrity in state and local government institutions.

The Bureau developed and submitted three project applications for grants under the European Union Anti-Fraud Programme (EUAF, formerly Hercule III programme) for a total amount of EUR 1 989 443. The Bureau also prepared an application and received approval

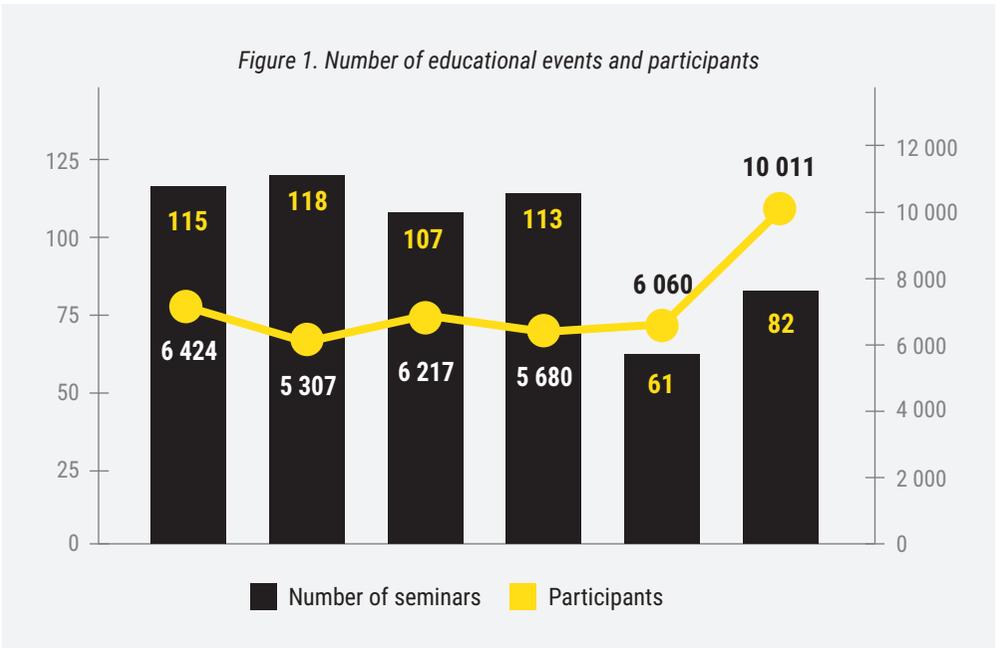
for EUR 500 000 in funding under the European Commission's Directorate-General for Structural Reform Support Technical Assistance Instrument "Strengthening the Anti-Corruption Framework in Latvia". In cooperation with the European Commission and its engaged experts, it is planned to revise the legal provisions of the Law on Prevention of Conflict of Interest in Activities of Public Officials in line with international standards and good practice; to assess the quality of the anti-corruption internal control system framework and develop a methodology for assessing the quality of these systems; to develop a national corruption risk assessment methodology and a methodology for assessing the level of corruption latency.



## Education and Public Participation

### Educating public officials and the public

In 2021, 82 educational events were organised and conducted by officials of the Bureau on anti-corruption, prevention of conflict of interest, public administration ethics, prevention of corruption risks in internal control and development of anti-corruption action plans, with a total of 10 011 participants. The number of educational events and participants in the Bureau is shown in Figure 1.





During the reporting period, the number of medical practitioners and healthcare administrators who participated in the Bureau educational activities increased. This is due to the fact that in public healthcare institutions more and more attention is paid to the establishment and functioning of an effective internal anti-corruption control system, including by fulfilling the obligation of heads of institutions under laws and regulations to ensure training of all employees on conflict of interest and anti-corruption issues. During the reporting period, special attention was also paid to educating staff in the priority areas identified in the Bureau strategy, including seminars for Rail Baltica project management and members of procurement committees, employees of the judiciary, local government deputies and senior administration officials, members of boards and procurement committees of state capital companies, etc.

In 2021, the Bureau, in cooperation with the “Transparency International - Delna” and the Latvian School of Public Administration, organised the institution’s first idea hackathon - the “Anti-Corruption Data Hackathon”. The event brought together 70 participants from various public administration and local government institutions, as well as the private sector, to develop ideas and tools for identifying corruption risks over two days.

During the reporting period, the Bureau implemented several activities within the framework of the project “Support for the establishment of a whistle-blowing system in Latvia” supported by the European Economic Area Financial Mechanism (hereinafter - EEA Grants). In August 2021, at the conversation festival “LAMPA” the Bureau organised a discussion “To Report or Not to Report? - that is the question”, which was attended by senior management from the Bureau, the Financial Intelligence Unit and the State Police, as well as representatives from the Embassy of the Kingdom of Norway, the Embassy of the United States of America in Latvia and the anthropology sector.

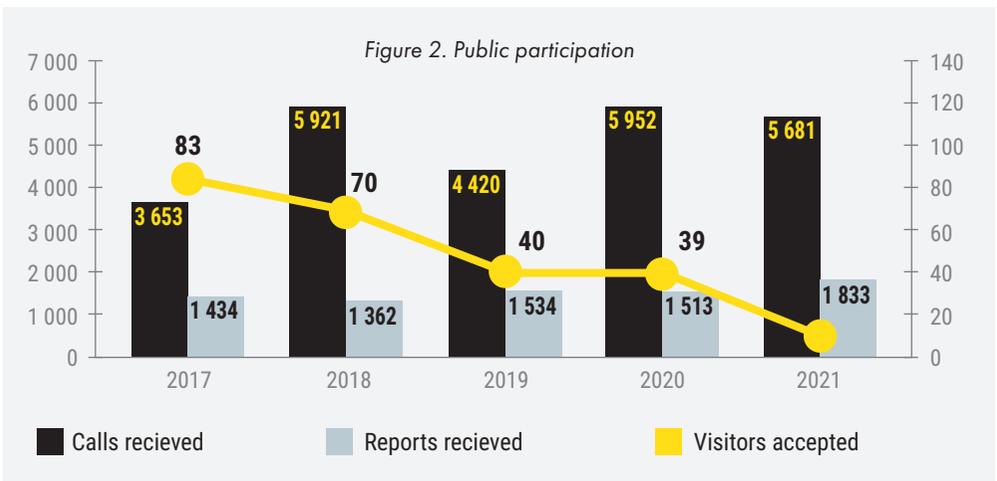
The Bureau also launched a social campaign “Korupcijas aisbergs” (The Iceberg of Corruption) at the end of the year to reduce tolerance towards corruption and to promote public involvement in reporting corruption and other latent crimes.

In order to inform the public about the development trends of corruption, detected cases of corruption, as well as measures to prevent and combat corruption, during the reporting period, the Bureau published 75 press releases, as well as provided various types of communication, incl. interviews, with media 434 times.

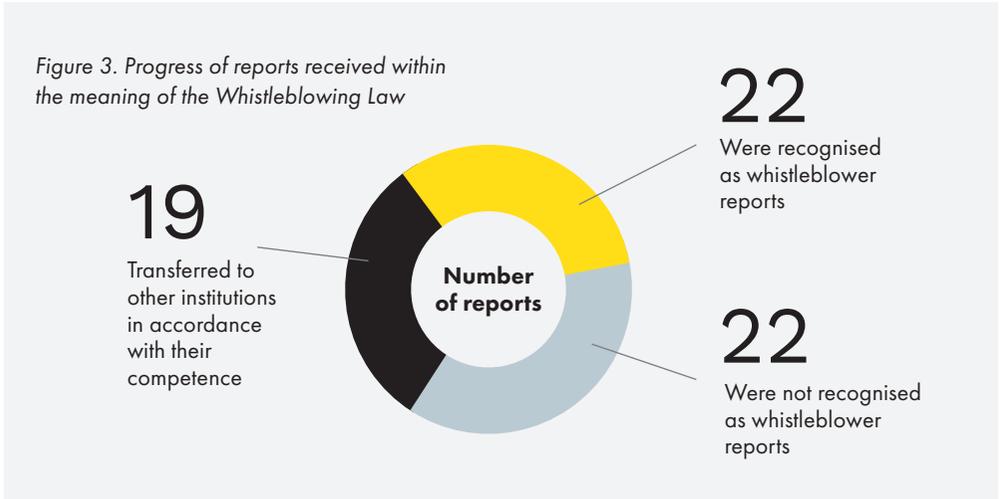
During the reporting period, the Bureau joined the unified platform for websites of national and local authorities, migrating to a website with a new design and accessibility requirements.

### Number of calls and applications received by the Bureau

During the reporting period, the Bureau received a total of 1 833 reports, of which 692 were from natural persons, 174 from legal persons, 223 from state and local authorities and 744 from anonymous applicants. In 2021, 292 reports were received in the mobile app “Ziņo KNAB”. In 2021, the Bureau received and listened to 10 visitors, which is four times less than in 2020. The significant drop in the number of visitors is due to the national restrictions put in place to contain the Covid-19 pandemic, but at the same time the number of reports received by the Bureau has increased. In 2021, the Bureau received a total of 5 681 calls to the telephone number 6735 61 61 and the helpline 8000 20 70. The number of applications received and visitors of the Bureau are shown in Figure 2.



The Bureau is one of the competent authorities to which a whistleblower can report an alleged crime or offence. In 2021, the Bureau received 63 reports, an increase of 19% compared to the previous reporting period (see Figure 3).



## Activities of the Public Consultative Council

The Public Consultative Council of the Bureau (hereinafter - the Council) was established to ensure the participation of public representatives in the development, implementation and public education on anti-corruption policy. The Council's role is to promote the Bureau relationship with the public by making recommendations on current issues.

In 2021, the Bureau held four Council meetings, covering, among others: election of the President and Vice-President of the Council; the performance indicators of the Bureau; development and progress of the draft Anti-Corruption Action Plan 2021-2024; results of a public opinion poll and a social campaign; conclusions of the Organisation for Economic Co-operation and Development Working Group on Combating Bribery in International Business Transactions on Latvia's progress in combating bribery of foreign public officials, subjective and objective conditions in criminal proceedings investigated by the Bureau, including terminated criminal proceedings, and other topics.

Council members agreed that cooperation should be further developed and promoted, both through more frequent Council meetings and more information exchange, as well as through public-private partnerships where possible.

# Bureau Performance in Combatting Corruption

In accordance with the Law on Corruption Prevention and Combating Bureau, the Bureau holds public officials administratively liable and imposes fines for administrative offences in the field of prevention of corruption. In order to combat illegal financing of political organisations (parties), as well as corruption-related offences in the service of public institutions, the Bureau carries out criminal intelligence activities, departmental inspections and criminal procedural activities, as well as provides assistance to foreign countries in carrying out procedural activities, if they are related to corruption investigations.

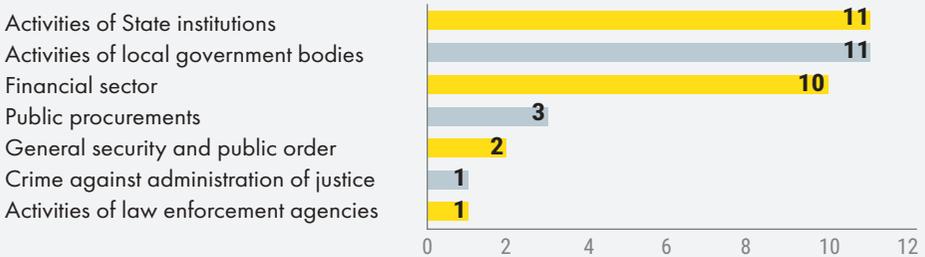


## Criminal Investigation

In 2021, the Bureau initiated 39 criminal proceedings, of which 15 were initiated on the basis of criminal intelligence information provided by the Department for Criminal Intelligence, three on the basis of an application by a person, four were separated from criminal proceedings in progress and the rest from other sources of information. During the reporting period, 23 criminal proceedings pending before the Bureau were terminated.

In 2021, the tendency observed in previous years that the Bureau initiates most criminal proceedings in connection with unlawful conduct in the activities of state and local government institutions remained. The trend remains the same for criminal offences in the financial sector, while in the area of public procurements the share of criminal proceedings initiated has halved compared to the previous reporting period (see Figure 4).

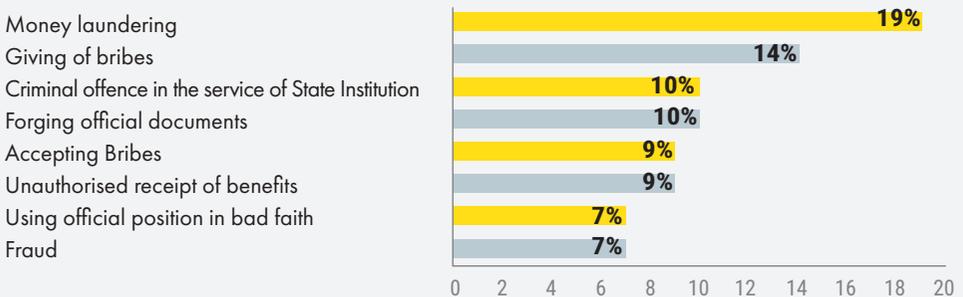
Figure 4. Breakdown of the number of initiated criminal proceedings by areas offences



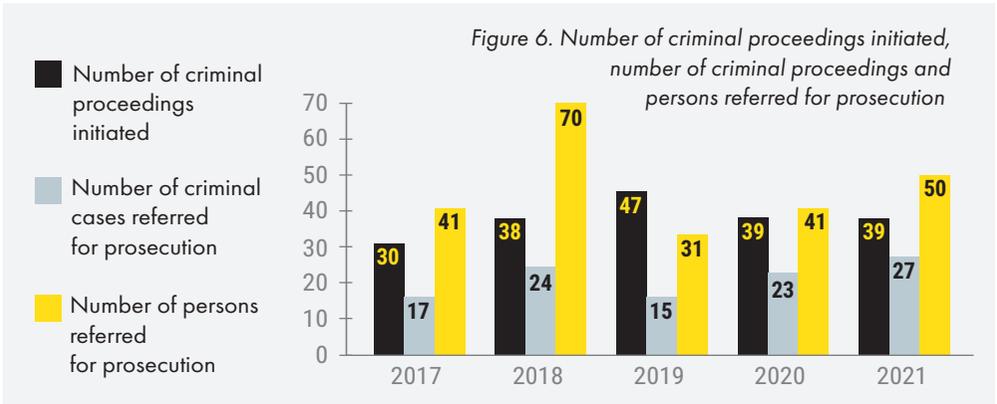
It can be concluded that in recent years, the risks of unlawful conduct by public officials with the property or financial resources of a public person have remained high. There are still a large number of criminal proceedings initiated based on information provided by the Financial Intelligence Unit on money laundering by foreign officials. In 2021, a quarter (10 criminal proceedings) of the criminal proceedings initiated by the Bureau were related to money laundering by foreign officials, in which requests were maintained to declare assets as criminally acquired and to confiscate them for the benefit of the State. Due to the impact of the Covid-19 pandemic, the Bureau also focused on the medical sector, and in 2021, criminal proceedings were initiated against medical staff for alleged fake vaccination and testing.

During the reporting period, the highest number of criminal proceedings was initiated for offences such as money laundering and bribery, offences in the service of public authorities, forgery, unauthorized receipt of benefits, using official position in bad faith and fraud (see Figure 5).

Figure 5. The most common types of criminal proceedings instituted offences

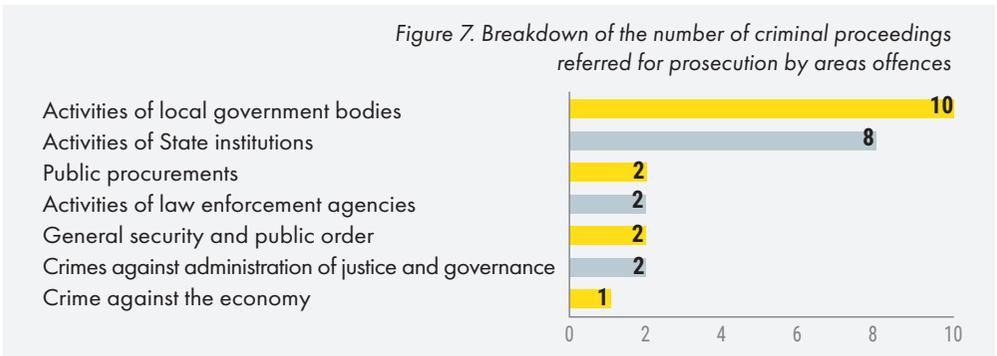


In 2021, the Bureau referred 27 criminal proceedings to Prosecutor’s Office, three of which were sent for expedited proceedings. 45 natural and five legal persons were prosecuted. This is the highest number of prosecutions in the Bureau in the last five years (see Figure 6).



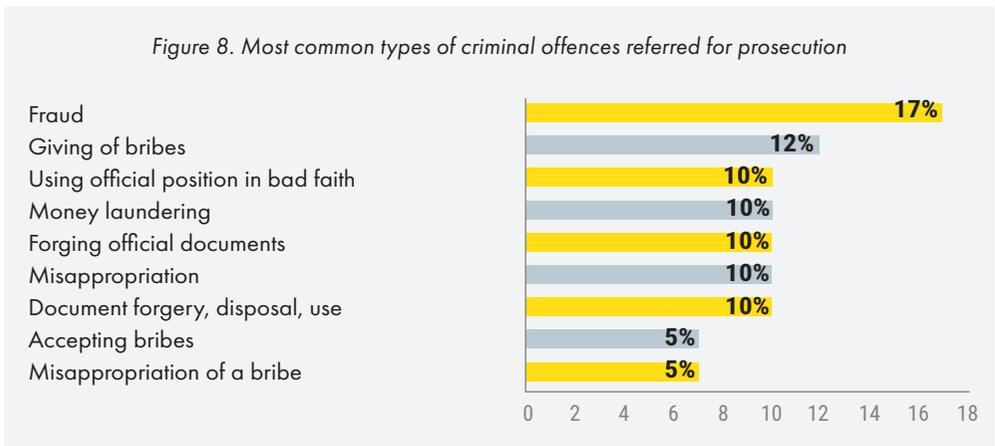
In 2021, an average of two persons in each criminal case investigated by the Bureau were referred for prosecution, indicating that more than one person is often involved in the planning and perpetration of a corruption offence. In recent years, the number of legal persons referred for criminal prosecution (application of coercive measures) has increased rapidly, indicating that corrupt transactions carried out by natural persons take place in the interests of legal persons.

During the reporting period, the criminal proceedings most frequently referred for prosecution were those investigating criminal activities in the work of municipalities and state institutions, and where the illegal activities were most often carried out by public officials of the state or municipal capital companies. Two criminal cases involve corrupt practices in public procurements. At the same time, the Bureau continues to identify cases of persons storing firearms or ammunition without the relevant authorisation, as well as illegal use of goods of strategic importance (see Figure 7).



The majority of the criminal proceedings referred for prosecution were initiated in 2021 (42%) and 2020 (34%), showing the capacity of the Bureau to investigate alleged corruption offences efficiently and within a reasonable timeframe. Of the 39 criminal proceedings initiated in 2021, 11 were sent to the Prosecutor's Office for prosecution during the reporting period. Of these, one is being investigated by the Prosecutor's Office, four criminal proceedings have resulted in an agreement on the Prosecutor's penal order, and six criminal proceedings have been sent to the courts. The average duration of criminal investigations initiated by the Bureau during the reporting period was three months.

In 2021, most people were prosecuted for criminal offences such as fraud, bribery, abuse of office, money laundering, etc. (see Figure 8).



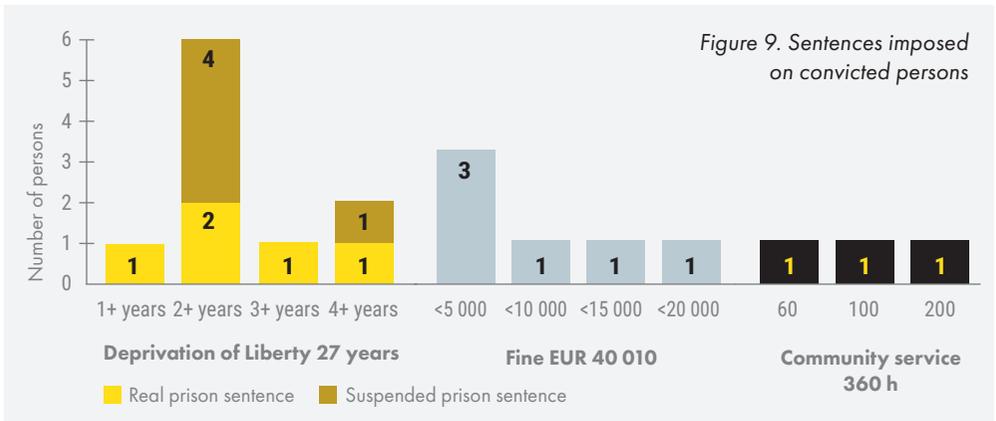
In 2021, nearly EUR 5.6 million of financial resources in Bureau's investigated cases were recognized as criminally acquired property by court rulings, confiscated and transferred to the State budget as a result of the proactive actions of the persons directing the proceedings in initiating proceedings on criminally acquired property and successfully maintaining their position in court. At the same time financial assets amounting to EUR 8.81 million were seized in criminal proceedings pending before the Bureau.

In the reporting year, the criminal proceedings investigated by the Bureau and sent for prosecution prevented possible material damage to public institutions in the amount of EUR 0.80 million and the transfer of bribes to public officials in the total amount of EUR 2.17 million.

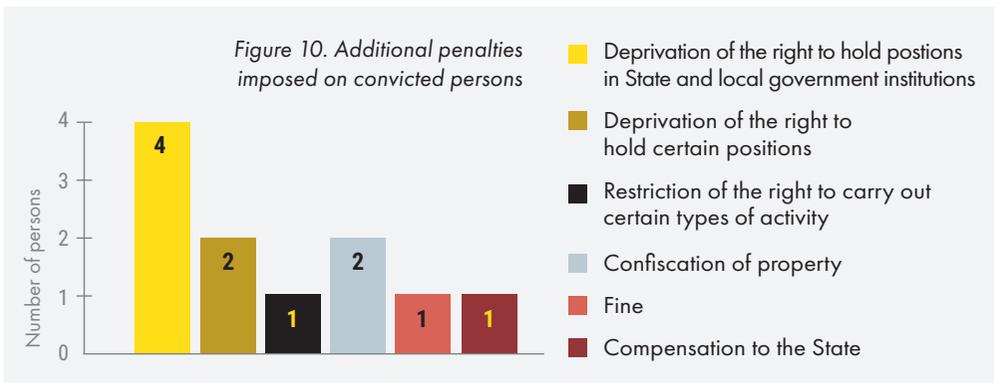
In the reporting period, gift-giving or "feeding" of public officials, where individuals seek to indirectly influence and secure the favour of public officials, continued to be an issue.

It should be noted that one criminal case initiated by the Bureau in 2020 and sent to the Prosecutor's Office for prosecution in 2021 has been adjudicated in the reporting period, resulting in a fine of EUR 16 500 with an additional sanction of deprivation of the right to hold a public office for two years. The progression of criminal proceedings from initiation, investigation, prosecution, referral and trial took less than a year, indicating the ability of the Bureau, the Prosecutor's Office and the court to investigate and try criminal cases in a relatively short period of time.

During the reporting period, 17 criminal proceedings initiated by the Bureau were adjudicated, in which seven persons agreed with the Prosecutor on a penal order, 12 persons were convicted and seven persons were acquitted. Three persons were sentenced to forced labour, six persons were fined and 10 persons were sentenced to deprivation of liberty, of which four were sentenced to actual deprivation of liberty (see Figure 9).



Additional penalties were imposed on 11 persons, with the most frequent being the restriction of the right to hold certain posts for a certain period of time (see Figure 10).



At the end of the reporting period, 35 criminal proceedings are under investigation by the Bureau, eight criminal proceedings have been referred for prosecution and are being investigated by the Prosecutor's Office, while 82 criminal proceedings against 193 persons were tried in courts.

In 2021, the Bureau officials examined 343 applications from natural and legal persons, assessing information on alleged criminal offences. During the reporting period, 64 departmental inspections were initiated and 61 resulted in a decision to refuse to initiate criminal proceedings; in the remaining cases, replies were provided to the applicants or the applications were forwarded to competent authorities.

During the reporting period, the Bureau, in the course of its tactical analysis, proposed that the Financial Intelligence Unit convene 10 meetings of the Cooperation Coordination Group and, by involving credit institutions in the tactical analysis process, identified officials whose activities showed signs of a criminal offence. Private and public partnership led to three criminal proceedings and two departmental inspections on false information in the declarations of public officials.

In 2021, the Bureau received 28 requests for foreign legal assistance from the following countries: Ukraine, Lithuania, Poland, Mongolia, Switzerland, Moldova, Romania, Netherlands. In 2021, 30 legal assistance requests were completed.

In 2021, the Bureau prepared 19 legal assistance requests to be sent abroad in order to ensure the acquisition and consolidation of evidence in criminal proceedings pending before the Bureau. Most of the requests for legal assistance were prepared for sending to EU Member States.

In 2021, the Bureau, in cooperation with the Financial Intelligence Unit, the Prosecutor's Office and representatives of major credit institutions, developed a document "Indicators and Case Studies of Corrupt Offences", which analyses specific examples and summarises the signs that may indicate corruption and/or money laundering resulting from corruption.



## **Control of Activities of Public Officials**

To ensure that public officials work in the interests of the public and to prevent any influence of personal or financial interests of public officials, their relatives or business partners on the activities of public officials, the Bureau controls compliance with the Law on Prevention of Conflict of Interest in Activities of Public Officials and additional restrictions applicable to public officials under other laws and regulations.

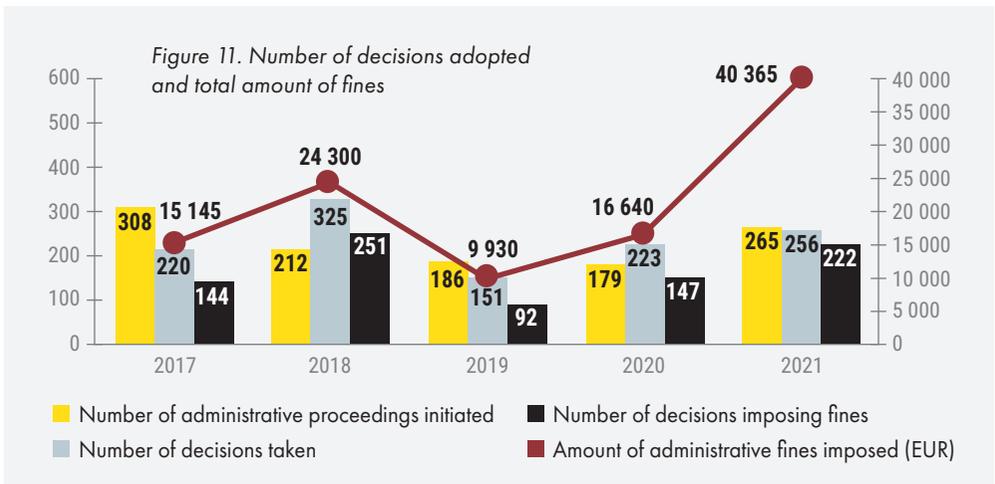
In 2021, the Bureau provided 136 written explanations on the application of the provisions of the Law on Prevention of Conflict of Interest in Activities of Public Officials, thus raising awareness of the prohibitions and restrictions imposed on public officials by the Law.

During the reporting period, the Division for Investigation of Administrative Violations of the Bureau initiated 410 and completed 419 departmental investigations.

When examining applications and complaints regarding the possible activities of public officials in a situation of conflict of interest, the information provided in the declarations of these public officials was simultaneously examined in order to establish whether the public officials have complied with the restrictions, prohibitions and obligations established by the Law on Prevention of Conflict of Interest in Activities of Public Officials. A total of 581 public officials were audited, examining the information in 787 declarations of public officials.

265 administrative proceedings were initiated, 256 decisions were adopted, and 56 decisions on refusal to initiate administrative proceedings were prepared for non-compliance with the restrictions of the Law on Prevention of Conflict of Interest in Activities of Public Officials.

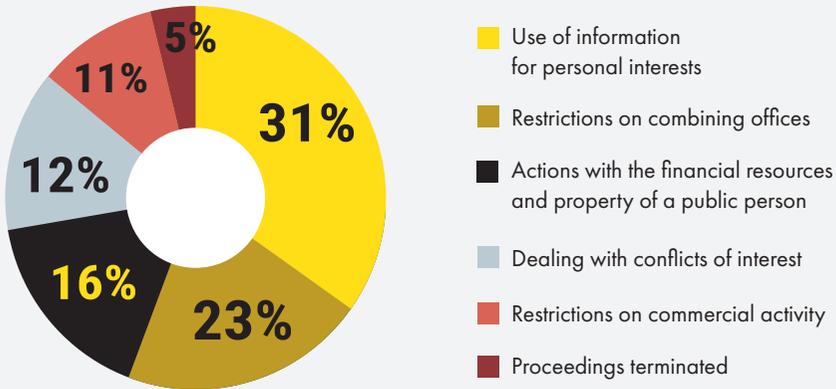
In 2021, the Bureau fined 222 public officials, imposing fines totalling EUR 40 365.20 public officials were reprimanded, and in 14 cases the administrative proceedings were terminated due to the establishment of circumstances excluding administrative liability (see Figure 11).



In 2021, 215 public officials paid administrative fines in the total amount of EUR 37 345 to the State budget on the basis of decisions taken by the Bureau in administrative offence cases. In cases where the person held administratively liable has received income or material benefits which have caused material damage to the State that can be assessed in financial terms, the Bureau shall take a decision on compensation. During the reporting period, the Bureau adopted 21 decisions requesting compensation for damages suffered by the State for a total amount of EUR 29 506.57.

In 2021, there was a significant increase in the number of offences relating to the extraction from databases of information available to public officials for the performance of their official duties and the use of this information for personal interests (31%). As in previous years, in 2021 the most frequent infringements detected were related to breaches of restrictions on combining the functions of public officials (23%) and actions of public officials with the financial resources and property of public person (16%), see Figure 12.

Figure 12. Breakdown of decisions adopted by type of infringement



In 2021, the administratively sanctioned persons appealed against 30 decisions taken by officials of the Division for Investigation of Administrative Violations to the Director of the Bureau. On the basis of the complaints received, the Director of the Bureau completely annulled two decisions taken by the Division for Investigation of Administrative Violations and amended the penalty in four cases. In 14 cases, the administratively sanctioned persons appealed against decisions taken by the Director of the Bureau. The Court upheld 10 decisions taken by the Director of the Bureau, and annulled two decisions.



## Control of Financing of Political Parties and Pre-election Campaigning

The Bureau controls the enforcement of the regulations on financing of political organisations (parties) and associations thereof and, in the cases specified in the law, holds the guilty persons administratively liable and penalizes them. The Bureau compiles and analyses information about the annual reports submitted by the parties, the violations detected therein and cases of non-compliance with the restrictions specified in the law. Before the elections of the Saeima, the national elections to the European Parliament and the local government, the Bureau within the scope of its competence enforces compliance with the restrictions on election campaigns, and after the elections examines the income and expenditure declarations submitted by the political organisations (parties) and associations thereof.

On 5 June 2021, the Latvian local government elections were held, and one of the priority tasks of the Bureau during the reporting period was to ensure control over the amount of pre-election expenditures and compliance with pre-election campaigning restrictions. It processed 3 200 notifications received on contracts concluded for the placement of election campaigns, charity and sponsorship events and postal expenses. In 2021, 533 notifications were processed on advertising rates offered to parties prior to the elections. At the same time, the Bureau organized monitoring of parties and third parties for possible breaches of the pre-election campaigning procedure and covert campaigns, as well as monitored the information provided in the Bureau mobile app "Ziņo KNAB".

To ensure safe conduct of the 2021 local elections during the pre-election campaign period and on election day, the Bureau held online webinars for advertising service providers, regional press outlets and campaigners on the limitations of the pre-election campaign period. In the reporting period, 130 explanations were also provided on issues related to the financing of political organisations (parties) and the regulation of the Pre-election Campaign Law.

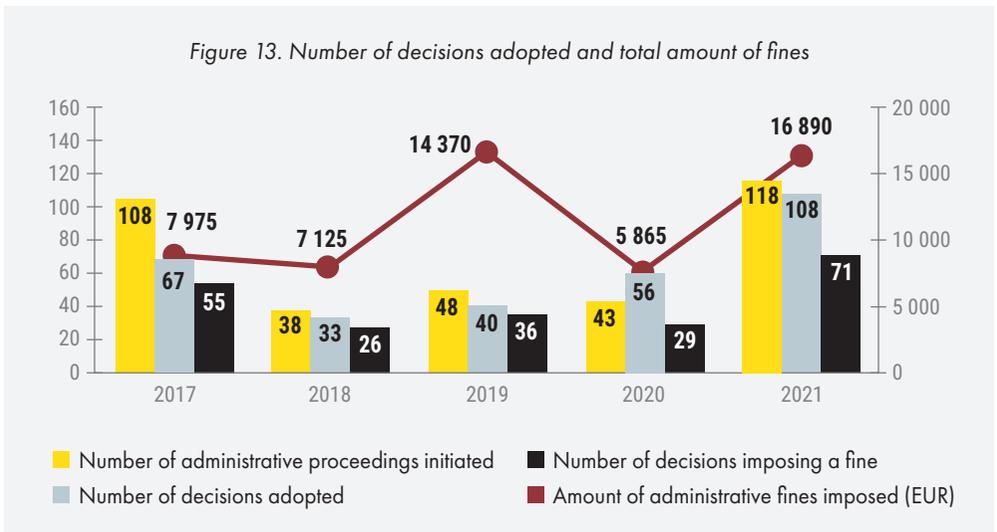
In 2021, state budget funding of EUR 4 531 492.50 was paid to 10 political parties, in line with amendments to the Law on Financing of Political Organisations (Parties).

During the reporting period, the Bureau published and verified information on 8 405 donations and membership fees made to political parties, totalling EUR 1 486 344.06, taking into account the additional restrictions and conditions set by the Law on Financing of Political Organisations (Parties) on the financing of political parties individually and the total amount of donations received by political parties.

In 2021, the Bureau launched 515, and by the end of the year had completed 459 departmental inspections of applications and complaints related to alleged infringements of the financing of political parties and pre-election campaigning.

The Bureau received and published 88 party declarations of revenue and expenditure for local elections, 61 annual party reports for 2020, and launched checks on them. At the same time, in 2021, the audits of party funding for 2019 and the 2019 accounts were completed, as well as the audits of the Riga City Council election declarations for 2020.

In 2021, the Bureau initiated 118 administrative offence cases against political parties and other legal and natural persons for violations of the Law on Financing of Political Organisations (Parties) and the Pre-election Campaign Law, adopting 108 decisions. As a result of the inspections, the Bureau adopted 71 decisions in administrative offence cases on the imposition of fines for the total amount of EUR 16 890 and adopted six decisions on the repayment of financial resources to the State budget for the total amount of EUR 18 112.72 for the infringements detected against political parties and other legal and natural persons. The decisions taken over the last five years are shown in Figure 13.



In 2021, administratively sanctioned persons appealed to the Director of the Bureau against 13 decisions taken by officials of the Division for Investigation of Violations of Political Organisations. On the basis of the complaints received, the Director of the Bureau annulled three decisions in their entirety and amended the penalty in one case. The administratively sanctioned persons appealed against the decisions taken by the Director of the Bureau in five cases through courts, and eight of the decisions taken by the Director of the Bureau were upheld in Court, without annulling any of the decisions of the Director of the Bureau and without closing the case.

During the reporting period, political organisations (parties) and other legal and natural persons, in accordance with the decisions adopted by the Bureau, repaid to the State budget illegally received funds amounting to EUR 94 602.02, and voluntarily repaid to the State budget financial funds amounting to EUR 1 230.02 and imposed fines amounting to EUR 12 475.

In 2021, work on the Electronic Data Entry System (EDIS) continued, identifying gaps and shortcomings in EDIS functionality and identifying possible solutions to address them, in order to ensure the entry and publication of information declaration of gifts (donations), subscriptions, membership fees, election income and expenses and annual reports.



# Personnel Policy and Internal Control

On 31 December 2021, the Bureau had 161 posts, of which 142 had been filled. The Bureau employs 55 men and 87 women. During the reporting period, 11 officials began their service and five officials terminated their service at the Bureau.

The minimum requirements for applicants to the Bureau are laid down in the Law on Corruption Prevention and Combating Bureau. In addition, during the recruitment process, the national security authorities check whether candidates meet the requirements set out in the Law on Official Secret for an official to obtain a special permit for access to official secret. The Bureau provides health insurance, accident insurance, allowances, compensation and other expenses provided for by the laws and regulations.

On 1 January 2021, amendments to the Law on Remuneration of Officials and Employees of State and Local Government Authorities and amendments to the Cabinet of Ministers Regulation No. 66 of 29 January 2013 "Regulations Regarding Work Remuneration of Officials and Employees of State and Local Government Authorities, and Procedures for Determination Thereof" entered into force, adding a new chapter regulating the procedure for determining

the monthly salary of officials (employees) of the Bureau. As a result, changes were made to the procedure for determining the salaries of officials and employees of the Bureau, which is innovative in the entire public administration, i.e. the salary of officials (employees) of the Bureau is determined on the basis of a new remuneration scale, taking into account the value of the post (level of responsibility and complexity), the assessment of the individual qualifications and competences of the official (employee) concerned, as well as the base salary amount.

On 23 March 2021, amendments to Cabinet of Ministers Regulation No. 556 of 4 September 2018 on the Statutes of the Corruption Prevention and Combating Bureau came into force, resulting in changes to the structure of the Bureau – the creation of a new department, new divisions and the introduction of nine new staff posts.

In 2021, Bureau officials participated in 34 conferences, seminars, and training events on prevention and combating of corruption, financial investigation and analysis, prevention of money laundering and conflict of interest, public procurement and other current topic. The Bureau officials travelled abroad on eight

missions to participate in conferences, working groups of various inter-institutional and foreign institutions, anti-corruption forums, exhibitions and experience exchange trips.

The officials of the Bureau have been regularly informed about Covid-19 containment issues, coordinating and organizing security measures to limit and reduce the spread of the virus in the Bureau. Vaccination against the Covid-19 virus has been organised for the officials of the Bureau.

During the reporting period, the Bureau carried out three internal audits on personal data protection, party funding compliance and risk management. The structural units of the Bureau received 12 recommendations for improvement, of which four were implemented by the end of 2021. The recommendations are aimed at improving and streamlining internal processes.

In 2021, the Internal Audit Council opinion "Opinion on the Bureau Internal Audit Report 2020" was received, which assessed that the internal audit system is in place and functioning well. Within the framework of the interdepartmental agreement, the continuous monitoring of the performance and quality of the audit process is ensured by the responsible person of the State Chancellery as of 2 November 2020.



# Implementation of the Operational Strategy of the Bureau

During the reporting period, the Bureau based its activities on the tasks and priorities set in the Bureau Operational Strategy of 2020-2022. The performance indicators for the implementation of the Bureau Operational Strategy are summarised in Table 1.

<b>Goal</b>	Reduce the spread of corruption	Raise knowledge level of public officials awareness about anti-corruption requirements
<b>Result</b>	Corruption Perception Index improves (score out of 100, where "100" means "no corruption")	With the implementation of knowledge tests in educational activities, the number of public officials who are well acquainted with anti-corruption requirements increases.
2018 implementation	58	86%
2019 implementation	56	87%
2020 implementation	57	n/a
2021 plan	61	88%
<b>2021 implementation</b>	<b>59</b>	<b>89%</b>
<b>Comment</b>	The target has not been met, but Latvia's score on the 2021 Corruption Perceptions Index has increased by two points compared to 2020, reaching 59 out of 100 and ranking Latvia 36th in the world (Latvia was 42nd in 2020).	The goal has been achieved. The remote training was a challenge to continue to ensure a sufficient level of anti-corruption knowledge among public officials.

Table 1 Performance indicators

<b>Goal</b>	Detection and Investigation of Criminal Offence		
<b>Result</b>	Identified criminal offences	Ratio of criminal proceedings initiated by the Bureau, that have been sent for prosecution and not terminated by the Prosecutor's Office	Criminal proceedings initiated by the Bureau based on information provided by the Criminal Intelligence Department
2018 implementation	131	91,7%	17
2019 implementation	56	100%	30
2020 implementation	65	100%	10
2021 plan	90	95%	15
<b>2021 implementation</b>	<b>115</b>	<b>75%</b>	<b>15</b>
<b>Comment</b>	The goal has been achieved. During the reporting period, the Bureau completed investigations in a number of high-profile criminal cases with a high number of identified offences.	Goal not met. During the reporting period, two criminal proceedings referred by the Bureau for prosecution were discontinued by the Prosecutor's Office.	The goal has been achieved. Criminal Intelligence Department of the Bureau makes a major contribution to the comprehensive and efficient investigation of criminal proceedings by working in investigation teams and carrying out procedural tasks in criminal proceedings, including special investigation activities.

Table 1 Performance indicators

<b>Goal</b>	Take legal and reasoned decisions on the control of financing political parties	Reduce the role and influence of money in politics
<b>Result</b>	Ratio of decisions of the Bureau relating to administrative offences and recovery of unlawful funds upheld and not annulled in reporting year	Violations identified in the financing of political parties and campaigning
2018 implementation	100%	33
2019 implementation	97,5%	40
2020 implementation	98%	50
2021 plan	98%	25
<b>2021 implementation</b>	<b>97%</b>	<b>108</b>
<b>Comment</b>	Goal not met. During the reporting period, the Director of the Bureau annulled three decisions taken by the Head of the Division for Investigation of Violations of Political Organizations.	In view of the local elections in 2021, the Bureau ensured prompt monitoring of both pre-election campaigning and the financing of political parties.

Table 1 Performance indicators

Goal	To ensure that the decisions made by the Bureau on control of public officials are lawful and substantiated	Control of public officials in the prevention of conflict of interest	
Result	Ratio of decisions taken by the Bureau in relation to administrative irregularities in the field of anti-corruption that have not been annulled	Decisions taken by the Bureau on breaches of the provisions of the Law on Prevention of Conflict of Interest in Activities of Public Officials	Number of declarations of public officials examined (number of public officials)
2018 implementation	99,08%	325	783
2019 implementation	98,68%	151	473
2020 implementation	98,7%	223	453
2021 plan	98%	255	950
<b>2021 implementation</b>	<b>99%</b>	<b>256</b>	<b>581</b>
Comment	The goal has been achieved. During the reporting period, the Director of the Bureau annulled two decisions taken by the Head of the Division for Investigation of Administrative Violations.	During the reporting period, 31% of the decisions taken by the Bureau in the area of conflict of interest prevention concerned unlawful conduct of public officials using information for their personal interests.	The target has not been met, but the number of declarations of public officials examined has increased by 28% compared to the previous reporting period.

Table 1 Performance indicators

# Use of Budget Resources

The Bureau was allocated **EUR 8 016 438** from the State budget in 2021, including the approval of two priority actions:

1

**EUR 1 500 000** – for the introduction of competitive remuneration for the Bureau officials and staff;



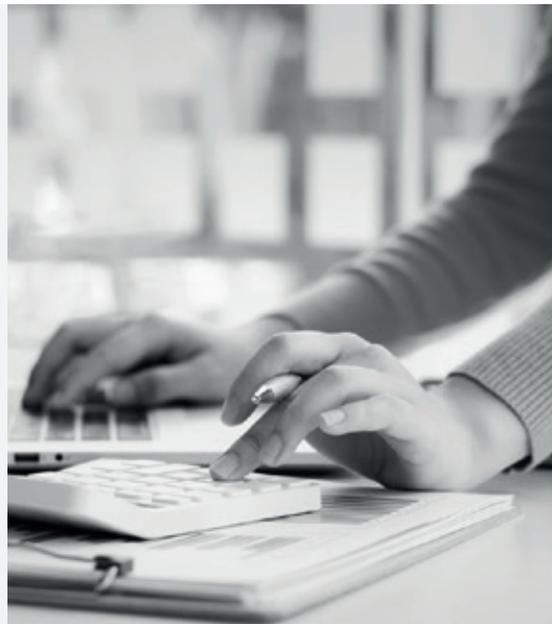
2

**EUR 35 000** – for the introduction and improvement of the Bureau physical security measures.



Priority measures in the amount of **EUR 4 531 493** were approved for the implementation of a new funding model for political organizations (parties).

The Bureau additionally received funding from the Ministry of Justice budget program “Fund for Confiscation of Criminal Assets” in the amount of EUR 489 028, to ensure the expansion of the Bureau investigative capacity. In order to continue the implementation of the European Economic Area Financial Mechanism 2014-2021 programme “Support for the establishment of a whistle-blowing system in Latvia”, the Bureau received additional funding of EUR 382 969.



The use of budget resources is presented in Table 2, which is completed in accordance with the Annex to the Cabinet of Ministers Regulation No 413 of 5 May 2010 "Regulations on Annual Public Accounts".

Table 2 Use of budget resources

No.	Financial indicators	2020 (actual implementation, EUR)	2021	
			Approved in regulations (EUR)	Actual implementation (EUR)
<b>1.</b>	<b>Financial resources to cover expenditures (total)</b>	<b>11 237 475</b>	<b>13 422 928</b>	<b>13 419 928</b>
1.1.	Grants	11 022 964	12 930 900	12 930 900
1.2.	Paid services and other own income	47	3 000	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
1.5.	State budget transfers	214 464	489 028	489 028
<b>2.</b>	<b>Expenditures (total)</b>	<b>10 989 368</b>	<b>13 525 819</b>	<b>12 629 976*</b>
2.1	Maintenance costs (total)	10 517 256	12 736 055	12 333 850
2.1.1.	Current expenditures	5 983 327	8 195 598	7 793 752
2.1.2.	Interest expenditures	0	0	0
2.1.3.	Subsidies, grants and social benefits	4 525 353	4 531 493	4 531 493
2.1.4.	Current payments to the EU budget and international cooperation	8 576	8 964	8 605
2.2.	Capital expenditures	472 112	789 764	296 126

\*Additionally, State budget funding paid to political organizations (parties) – EUR 4 531 492.50.



## HONOUR OVER POWER!

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