



Summary

Most significant achievements in reaching the 5 sub goals of the Guidelines for the Corruption Prevention and Combating 2015 – 2020

1. Human resource management policy that excludes motivation for corrupt behavior

- ✓ Significant amendments have been made to Article 4 of the IKNL, **expanding the range of public officials** that are subject to the obligations, restrictions and prohibitions for public officials in the IKNL. As of 1 January 2016, in accordance with Paragraph 1, point 26 of Section 4 of the IKNL, insolvency administrators are public officials, subjecting them to IKNL provisions, thus strengthening the control of administrators' activities with the aim of preventing personal or financial interest in the official's activities, while promoting public trust in administrators.
- ✓ **Extensive and intensive state and local government institution staff educational measures** have been carried out ¹on issues of anti-corruption, prevention of conflict of interest, public administration ethics, internal anti-corruption control and prevention of corruption risks, as well as on the implementation of the OECD Convention and other topics, including lobbying and corruption risks in medicine.
- ✓ In 2015, a **training program for further education trainers on anti-corruption issues in institutions of public persons** was introduced and methodological support was provided to further education trainers, thus strengthening the internal control of institutions, promoting transparent management of processes and approaching the goal of reducing the need for external control.
- ✓ Cabinet of Ministers 21 November 2018 recommendations No. 1 "**Values of State Administration and Fundamental Principles of Ethics**" were adopted. Their purpose is to promote a common understanding of the values of State administration and the

¹During the 2015-2020 period KNAB conducted 624 educational events in which 33 442 persons were educated, including public officials and employees, as well as civil servants, heads and deputies of institutions, chairmen and deputies of municipal councils, executive directors, heads of rural territory administrations, deputies, members of procurement commissions, foreign students and entrepreneurs.

fundamental principles of ethics based thereon as well as appropriate action, promoting good governance and increasing public trust and facilitating decision-making quality.

- ✓ **Methodical training was provided to procurement specialists**, as well as to officials temporarily included in procurement commissions, in order to reduce violations during procurement procedures (including in projects co-financed by the EU), as well as to develop their abilities to proactively identify possible illegal activities of applicants in the process of drafting offers (e.g., forming cartels), thereby preventing support of unfair business practices with State and local government funds when concluding contracts.
- ✓ In 2020 KNAB **introduced new forms of training and informational support**, which was also partly facilitated by the COVID-19 pandemic and conditions created thereby: 1) conducted online seminars on the MS Teams platform (in the first half of the year - also on Webex), where online consultations were also provided, but training groups were organized using the technical capabilities of Google drive; 2) support was provided to the development of the LSPA e-learning course "Prevention of corruption" for new public officials, which was created within the framework of the European Social Fund project No. 3.4.2.0/15/I/002 "Professional development of public administration human resources in the field of prevention of corruption and reduction of the shadow economy", with KNAB participating in developing and testing course content; 3) opportunity to receive support/consultation by phone, e-mail, online communication during or after the seminar was provided; 4) technical solutions were sought for knowledge tests on the KNAB website on issues of prevention of corruption and conflict of interest and ethics of public officials.²
- ✓ The SRS has improved the methodology for verifying declarations of public officials, as well as carried out informational work to facilitate correct filling of declarations of public officials in the EDS. According to the information of the SRS, there were 57 684 persons with the status of a public official in Latvia in 2020³.
- ✓ With the amendments to IKNL (entered into force on 13 July 2016) **the restrictions on public officials' advertising were clarified**, stating that public officials are prohibited from using their name for advertising, except in cases where it falls within the duties of the public official's position.
- ✓ On 21 January 2021, the Saeima adopted amendments to Section 14 of the IKNL, which imposes restrictions on accepting donations. The new wording eliminates the possibility of different interpretations in the application of donation acceptance restrictions to public officials, as well as the conditions for accepting donations for the promotion of culture, art, science, education, children's' or youth sports, environmental or health protection, or promoting social assistance. With the aforementioned amendments, the mandatory obligation for public officials to report to the head of the institution, KNAB or the Prosecutor General in all cases where they have received information that *prima facie* indicates the commission of corruptive crimes has been strengthened.

² KNAB website, see: <https://www.knab.gov.lv/lv/testi>

³ State Revenue Service website, News, see: <https://www.vid.gov.lv/lv/lidz-1-apriliim-valsts-amatpersonam-jaisesniedz-valsts-amatpersonas-karteja-gada-deklaracija-par-2020>

2. Independently functioning anti-corruption internal control system in the State, local government and private sector

- ✓ KNAB has prepared three information reports on the assessment of internal control systems in institutions⁴, reflecting the current situation in State and local government institutions, including in capital companies in 2015, 2017 and 2019.
- ✓ **Cabinet of Ministers Regulation No.630 were adopted on 17 October 2017**, ensuring a common understanding of the basic requirements for the creation of an internal control system for the prevention of corruption risks and conflict of interest in institutions.
- ✓ In January 2018, by resolution of the Director of KNAB, **guidelines on the basic requirements of the internal control system for the prevention of risk of corruption and conflict of interest in the institution of a public person were approved**⁵. The guidelines were developed to provide suggestions, methodical assistance and examples for prevention of corruption and conflict of interest by implementing the essential requirements laid out in Cabinet Regulation No. 630. The guidelines were drafted by an interinstitutional working group, which consisted of representatives from KNAB, CSCC, SRS, ISB and the Bureaucracy Combating Centre of the Riga Council.
- ✓ On 10 December 2019, **Cabinet Regulation No. 642 "Amendments to Cabinet Regulation No. 555 "Procedures for the Organisation of and Payment for Health Care Services"" were adopted**, which provide that from 1 January 2022, state-paid health care services can be provided only by those health care service providers who have implemented an internal anti-corruption control system. The aforementioned provisions apply to private ambulatory healthcare institutions that provide State-funded healthcare services in at least five service types.
- ✓ On 28 October 2021, by order of the Ministry of Health No. 214, **guidelines on the basic requirements of the internal control system for the prevention of the risk of corruption and conflict of interest in private outpatient medical institutions were approved**. The guidelines for private ambulatory medical institutions were developed to provide recommendations, methodical assistance and examples of how to create, improve and maintain an internal anti-corruption control system. The guidelines were developed by an interinstitutional working group consisting of representatives from MoH, KNAB, NHS and Healthcare Employers' Association.
- ✓ **Control of activities of officials responsible for handling public resources has been improved**, providing for administrative responsibility for the ineffective (wasteful) handling of State property and financial resources by public officials. With the amendments to Section 18 of the IKNL, it was established that the property and financial resources of the institution can be used only for the purposes provided for in external laws and regulations and in accordance with the procedures laid down in laws and regulations.

⁴See 1) 29 January 2016 information report “On the assessment of internal control systems in institutions of public persons” (Cabinet Reg.No. 2016-TA-102); 2) 19 July 2018 information report “On the assessment of internal control systems in institutions of public persons” (Cabinet Reg.No. 2018-TA-1453); 3) 29 June 2020 information report “On the assessment of internal control systems in institutions of public persons” (Cabinet Reg.No. 2020-TA-1104).

⁵Guidelines on the basic requirements of the internal control system for the prevention of the risk of corruption and conflict of interest in the institution of a public person, see: <https://www.knab.gov.lv/lv/search?q=Vadl%C4%ABnijas%20&types=file&page=1>

- ✓ **Amendments were adopted to the State Audit Office Law** on 20 June 2019, in order to facilitate lawful actions with financial resources and property of a public person, and to ensure that public sector employees reimburse to the State damages caused by illegal actions thereof. Amendments to the aforementioned law provide that the SAS Council **has the right to recover damages caused by unlawful actions of a person**, which were discovered by the audit of SAS.
- ✓ On 11 February 2020, the Cabinet of Ministers adopted Order no. 49 "**On the Action Plan for the Improvement of the Public Procurement System**", which includes measures for improving the public procurement process and, inter alia, reducing the risks of corruption.
- ✓ **State budget program "Fund for Non-Governmental Organizations" established.** The purpose of the aforementioned State budget program is to promote transparency in the allocation of State funding to NGOs, ensuring an equal opportunity for all applicants to receive State financial support, as well as transparent control over the use of allocated funding. **The Social Integration Fund was designated as the NGO fund administrator, as it has** an established procedure for the redistribution of public funding and monitoring of funding recipients in the non-governmental sector.
- ✓ Informational materials for entrepreneurs on the basic principles of fair business and internal anti-corruption control have been developed⁶.

3. Reduced social tolerance of corruption

- ✓ CC, PMB and KNAB organized educational seminars for informing Latvian entrepreneurs about fair business - 1) about aspects of fair competition in public procurement procedures, determining the risks of distorting competition and the possibilities of their prevention; 2) on the issues of anti-corruption, prevention of conflict of interest, public administration ethics, internal control and prevention of corruption risks, as well as the negative consequences of corruption (on a national and international scale).
- ✓ By publishing information on its website and providing information to mass media and preparing press releases, KNAB has constantly informed the public about identified violations of pre-election campaigning procedures in the activities of political organizations (parties) and associations thereof, as well as violations of the financing rules of political organizations (parties) and associations thereof.
- ✓ The responsible institutions carried out informative measures within their financial means, in order to strengthen public confidence in the possibility of solving issues in healthcare institutions, in the field of traffic monitoring and in court, without resorting to illegal payments to persons employed therein, and so that citizens are informed about their duties and rights.
- ✓ On 27 November 2018, the Cabinet of Ministers adopted Regulations No. 747 "Regulations Regarding the State Basic Education Standard and Model Basic Education Programmes" (entered into force on 1 September 2020), which provides for the development of students'

⁶ KNAB website, booklet "Fair business" (2015), see.: <https://www.knab.gov.lv/lv/media/70/download>; KNAB website, infographics for entrepreneurs: "Fair business" (2015) and "What is internal control?"(2016), see: <https://www.knab.gov.lv/lv/uznemejiem>; KP website, Corporate competition law compliance program, see: <https://www.kp.gov.lv/leumi-un-atzinumi/uzticamibas-atjaunosana/korporativa-konkurences-tiesibu-ieverosanas-programma>

(up to 9th grade) skills in social and civic learning, comparing the moral and legal aspects of people's actions according to criteria of justice, fairness, responsibility and voluntariness in different cultures and societies. To understand the values of democratic society and state and democratic principles of public administration. Justify one's opinion on external and internal factors that can threaten or weaken a democratic state, etc.

- ✓ On 1 September 2019, the Cabinet of Ministers adopted Regulations No. 416 "Regulations Regarding the State General Secondary Education Standard and Model General Secondary Education Programmes" (entered into force on 1 September 2020), which, *inter alia*, **provides the promotion of students' understanding of corruption** and raising their ability, to analyze compliance with the rule of law, ethics and interests conflicts in different cases, and to analyze the legality and ethics of actions of officials and civil society organizations in different situations. Assess the lawfulness and unlawfulness, recognize real or potentially corrupt situations, as well as distinguish corruption from conflict of interest, political influence, lobbying and other adjacent phenomena. Thirdly, by learning the topic at the highest level, the student will be able to analyze specific examples of lobbying, corruption, state "capture/plunder" and the use of the rule of law concept in different political environments. Give reasoned arguments on the impact of lobbying on the development of society, local government and the State.
- ✓ On 11 October 2018, Saeima adopted the **Whistleblowing Law** (entered into force on 1 May 2019) and on 20 January 2022 - a new Whistleblowing Law was adopted (entered into force on 4 February 2022) to promote whistleblowing in public interests about everyday observed criminal offences, administrative violations or other violations of legal norms or violations of binding ethical or professional norms, and to ensure the creation and operation of whistle-blowing mechanisms, as well as the proper protection of whistle-blowers. The Law defines who is a whistle-blower, how whistle-blowing can be done, for what violations, and also sets the basic requirements for examining a whistle-blower's report. The Law establishes the right for anyone to submit a whistleblower report using the mechanisms provided by the Law. As one of the competent authorities to which a whistleblower can report possible criminal offenses or violations of the Law, KNAB received 76 submissions in the first year (from 1 May 2019 to 1 June 2020) since the Whistleblowing Law came into force, which were registered as whistleblower reports. 23 of these were recognized as whistleblower reports, and 20 were transferred to other institutions according to competence. Based on these reports, KNAB found 3 violations⁷. But throughout the entirety of 2020 KNAB received a total of 53 submissions, which were registered as whistleblower reports⁸.
- ✓ As of 2019, KNAB has provided the public a reporting channel in the form of the mobile app "Ziņo KNAB", through which citizens can simply and conveniently notify of public officials in potential conflict of interest situation, alleged cases of corruption, as well as provide information about, in their opinion, political organizations (parties) violating financing or pre-election campaign rules.

⁷KNAB data on the situation as of 1 June 2020

⁸KNAB website, KNAB 2020 Annual Report , see: <https://www.knab.gov.lv/lv/media/777/download>

4. The inevitability of punishment for offences

- ✓ The 23 August 2018 5th evaluation round report of the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism "Moneyval" on the effectiveness of Latvia's money laundering and terrorism financing prevention system during the reporting period has significantly changed the agenda of many institutions and organizations. **In order to implement the “Moneyval” recommendations, the government, starting from 11 October 2018, adopted several action plans for the prevention of money laundering and terrorism financing.** Action plans include a broad set of tasks aimed at inter-institutional cooperation in the relevant fields. The tasks are grouped into 11 directions, where KNAB participation is provided in 6 of them.
- ✓ On 8 June 2017, amendments to the wording of Section 320 of the Criminal Law (entered into force on 1 January 2018) were adopted, providing for criminal liability for soliciting a bribe as a completed criminal offense committed by a public official. Within the scope of these amendments, the previously identified disproportionate and significant differences in the sanctions provided for in Section 321 of the Criminal Law "Misappropriation of a Bribe" and Section 322 of the Criminal Law "Intermediation in Bribery" have been eliminated. In the opinion of the PGO, there is no reason to consider the misappropriation of a bribe less harmful compared to intermediation in bribery. So the deprivation of liberty penalty in the first paragraph of Section 321 of the Criminal Law has been increased from one to three years, while in the second paragraph the penalty has been increased from three to four years. Simultaneously, Section 321 of the Criminal Law was supplemented with a new third paragraph, which provides for criminal liability for the misappropriation of a bribe if it was committed by an organized group or if it was committed on a large scale. This was necessary to bring the threshold of responsibility for the misappropriation of a bribe in an organized group or on a large scale closer to bribery provided for in Section 320 of the Criminal Law with the same qualifying features.
- ✓ With the 11 June 2020 amendments to the Pre-election Campaign Law, the maximum fines for administrative violations in pre-election campaigning have been increased - for non-compliance with the procedure for placing or bookkeeping of pre-election campaign materials in electronic media. For the aforementioned violations, administrative violation proceedings are carried out by the NEMMC, and a fine from 50 EUR - 500 EUR is applicable for natural persons, and 500 EUR - 7100 EUR for legal persons (previously up to 1400 EUR).
- ✓ **NCIIS¹⁰** has been operating since 2017, being the main long-term cooperation and coordination platform of competent national law enforcement and security institutions (SP,

⁹Cabinet of Ministers 11 October 2018 Order No. 512 "On the Action Plan for the Prevention of Money Laundering and Terrorism Financing for the Period Until December 31, 2019"; Cabinet of Ministers 23 December 2019 Order No. 653 "On the Action Plan for the Prevention of Money Laundering, Terrorism and Proliferation Financing for the Period from 2020 to 2022"; Whereas the “Action Plan for Strengthening a Proportionate Approach in Fulfilling the Requirements for Prevention of Money Laundering, Terrorism and Proliferation Financing” was approved at the 27 November 2020 Financial Sector Development Council meeting.

¹⁰NCIIS was created within the scope of the project HOME/2011/ISEC/AG/4000002542 "Establishment of the National Criminal Intelligence Model", which was jointly implemented by the Ministry of the Interior and SP in 2012-

SBG, SSB, SRS Tax and Customs Police Administration, KNAB, MP, IeVP, PGO, FIU, ISB) in prevention and combating of crime in the country based on joint criminal intelligence, the results of which are essential for the adoption of evaluated decisions at the strategic, tactical and operational level on the necessary actions for the prevention and combating of crime, as well as for defining objective priorities for the prevention and combating of crime.

- ✓ KNAB has prepared and submitted to Cabinet of Ministers the information report "On the competence of the Corruption Prevention and Combating Bureau in relation to the right to investigate corrupt criminal offenses in the private sector". KNAB evaluation concluded that issues of institutional jurisdiction of specific criminal offenses are currently resolved in accordance with the procedure established by the CPL, and from the point of view of international organizations, it is not important which institution is competent to investigate corrupt criminal offenses in the private sector. It is important that a clear delegation exists in the country to investigate such crimes, as well as that the relevant institution is capable of doing so effectively.
- ✓ Statistical data recording is permanently provided in accordance with the statistical content determined by the OECD WGB, including, inter alia, information on terminated criminal proceedings due to statute of limitations. KNAB constantly collects detailed statistics related to criminal proceedings investigated thereby and its international criminal justice cooperation. Similarly, the responsible structural unit of the PGO has, in accordance with its competence, since 2014 ensured the entry of detailed statistical data into the information system on requests for international criminal justice cooperation, which is a database specially created with the financial support of the EU for centralized and detailed accounting of requests for international cooperation in the area of criminal justice.
- ✓ By strengthening the capacity of the State anti-corruption policy in the field of taxation and border control, the **staff of state tax administration and tax audit institutions, as well as law enforcement institutions**, are provided with specialized training on cross-border cooperation of law enforcement authorities (on mitigating shadow economy and corruption) and legal framework on approaches to prevention and combating of money laundering and financing of terrorism and proliferation, on the legal aspects of conducting an operational experiments via the joint cooperation of several countries, on preventive tools for combating fraud and implementing the national strategy.
- ✓ Deliberate work has been carried out to ensure **training of the personnel of controlling institutions**, which is necessary for the performance of work duties in the field of prevention and combating of corruption and mitigating shadow economy.

5. Limited power of money in politics

- ✓ Amendments have been made to the Law on Financing of Political Organisations (Parties)¹¹, setting a threshold of 30% of a person's income which can be gifted (donated) to one political organization (party) during one calendar year.

2014. Its purpose was the creation of a unified criminal intelligence system in national law enforcement and security institutions.

¹¹Likumi.lv, Amendments to the Law on Financing of Political Organisations (Parties), see: <https://likumi.lv/ta/id/294878-grozijumi-politisko-organizaciu-partiju-finansesanas-likuma>

- ✓ **EDIS (Electronic Data Input System)** was introduced, which allows automatic data entry for political organizations (parties). It was created with the aim of digitizing and simplifying the submission of documents and reports of political parties, which will help use the information submitted by political parties about their financial activities in various sections, facilitate the processing and publication of this information, and speed up the progress of KNAB inspections. EDIS will also reduce the administrative burden in the submission of reports, and parties will be able to receive information more quickly about the non-compliance of donations with legal requirements.
- ✓ On 10 September 2019, the Cabinet of Ministers adopted Regulations No. 417 "Regulations Regarding the Submission and Publishing of the Information of Political Organisations (Parties) Regarding Joining Fees, Membership Fees, Gifts (Donations), Declarations of Income and Expenses of Elections, and Annual Reports". They set out the procedure by which political organizations (parties), using EDIS, inform KNAB about the joining fees, membership fees and gifts (donations) received and transferred back (returned), and submit declarations of election revenues and expenses and annual reports.
- ✓ In accordance with the 14 November 2019 amendments to Section 7.¹ of the Law on Financing of Political Organisations (Parties) (entered into force on 1 January 2020), **State budget funding for political parties** has been significantly increased, determining the payable State budget funding amount and the procedure for making payments. The purpose of this financing model is 1) to reduce the financial dependence of political parties on donations from private individuals, which increases the risk of becoming dependent on the demands made by such individuals; 2) to solve the administrative incapacity of Latvian political parties - a constant need for resources, which has not allowed Latvian political parties to cover their administrative costs and become more professional. Also, a prohibition to incur debts has been introduced for political parties.
- ✓ On 14 January 2020, the Cabinet of Ministers adopted Regulations No. 24 "**Regulations Regarding Spending of the State Budget Financing Granted to Political Organisations (Parties)**". They determine, inter alia, the target group types for the use of the allocated State budget funding, permissible expenses and limitations. Furthermore, the parties are required to act efficiently with the allocated State funding, that is, the goal must be achieved with the smallest possible use of financial resources, as well as the purchase of property or services that can be obtained for ownership or use must be at the most favorable price possible.
- ✓ Legal regulations has been improved regarding the mechanism of responsibility for the political organization (party) regarding the termination or suspension of the payment of State budget funding.