INNOVATIONS FOR SUCCESSFUL SOCIETIES

SURMOUNTING STATE CAPTURE:

LATVIA'S ANTI-CORRUPTION AGENCY SPURS REFORMS, 2002 2011

SYNOPSIS

Eager to demonstrate progress against corruption in order to advance its standing in the accession processes for NATO and the European Union, Latvia established the Corruption Prevention and Combating Bureau, known as KNAB, in 2002. Through its investigations into high-level graft and campaign finance violations, the new agency rapidly established a reputation for effectiveness. When a prime minister tried to dismiss KNAB's popular director on a flimsy pretext, citizens rallied in support of the agency, leading to the prime minister's resignation. Despite an internal scandal and leadership conflicts that undercut its credibility, KNAB launched over a hundred investigations, targeting suspects that included three of Latvia's powerful oligarchs. KNAB's work helped drive a wave of reform that reduced opportunities for high-level corruption in government, changing the laws covering asset disclosure, parliamentary immunity, legislative transparency, judicial procedures, and the financing of political campaigns.

Gabriel Kuris drafted this case study based on interviews conducted in Riga, Latvia, in June 2012. Case published October 2012.

INTRODUCTION

On a chilly spring night in April 2004, Aleksejs Loskutovs sat in a parked car outside the gates of a mansion in Latvia's thickly forested Kurzeme region, awaiting a secret meeting with one of Latvia's richest, most powerful, and most respected men. Aivars Lembergs was one of three Latvian businessmen popularly called "oligarchs" for their wealth, political influence, and alleged ties to corruption. As mayor of the Kurzeme town of Ventspils since 1988, Lembergs had gained national prominence by transforming the neglected former Soviet port town into a center of business and tourism and had become a power broker in the Union of Greens and Farmers, the political coalition that included recently appointed prime minister Indulis Emsis.

Loskutovs had emerged as the leading candidate for director of Latvia's Corruption Prevention and Combating Bureau (Korupcijas novēršanas un apkarošanas birojs, or KNAB). Without Lembergs's assent, Loskutovs felt sure parliament would reject him, as it had rejected the previous candidate, Juta Strīķe, an experienced police investigator nominated by the former prime minister on the unanimous recommendation of an independent evaluation committee.

Loskutovs believed Lembergs and other influential figures favored a KNAB candidate with a complaisant, restrained leadership style. At first blush, Loskutovs seemed to fill the bill. A soft-spoken lawyer and police academy professor, Loskutovs had little management experience. His only work in law enforcement was a year spent at KNAB, during which he clashed with Strīķe (who had been appointed acting director). "It was obvious," Loskutovs conceded, "that the [ruling coalition's] advisers proposed my candidacy as a theoretical academician who would be more or less easy to manage."

Loskutovs described his meeting with Lembergs as brief. "He was not a person with strong hospitality," he said. "We talked close to the gate of his compound." Within weeks, Loskutovs was director of KNAB, and his performance in the position would have nationwide implications.

The Latvian government had established the anti-corruption agency 18 months earlier to confront the legacy of corruption that decades of opaque and inefficient Soviet rule had etched into Latvia's institutions of governance. Poor oversight gave well-connected citizens unfair advantages, ranging from the purchase of state assets at bargain prices to favorable treatment by the justice system. While Latvia did not suffer from the ubiquity of everyday graft that afflicted many other post-communist countries, corruption lingered at high levels of government. Western allies had indicated that Latvia's corruption was a key barrier blocking its entry into NATO and the European Union (EU), goals the public strongly supported.[1] To meet the economic and legislative benchmarks of accession, Latvia had to demonstrate progress against corruption.

The murky circumstances behind Loskutovs's appointment raised questions that he like many of the politicians who supported him cared more about the *appearance* of fighting corruption than with the fight itself. However, Loskutovs moved quickly to prove to the public that he was committed to a robust, impartial KNAB. Together with deputy directors Strīķe and Alvis Vilks, he led the bureau to take on political corruption at the highest levels. In doing so, KNAB strengthened its reputation and caught the attention of powerful enemies.

THE CHALLENGE

Latvia, a Baltic country of 2 million people, became independent of the Soviet Union in 1990 and began a rapid transformation toward European-style free-market democracy. The government restored the prewar constitution, which provided for a proportionally elected parliament (called the Saiema) and a presidency with limited powers. Parliament elected the president, who formally appointed the prime minister chosen by the ruling coalition. Government

coalitions tended to be volatile, resulting in 13 changes of government from 1991 to 2011.[2] The parties themselves were numerous and unstable, often based more on powerful individuals than substantive ideologies.

In early 1997, Latvian prime minister Andris Šķēle invited the World Bank to make Latvia an early test case for anti-corruption reform. The World Bank had recently announced a new focus on fighting corruption, part of what Inese Voika, founder of Delna, Latvia's Transparency International chapter, called a "global anti-corruption tide" in the mid-1990s. After a comprehensive in-country survey, a World Bank team released landmark studies of corruption in Latvia in 1998 and 1999 that recommended several policy changes.[3] The media, sensitive to foreign perceptions, gave the studies high levels of credence and attention.[4] The government saw the World Bank's proposals as concrete steps toward building international credibility.

The World Bank found that, relative to other post-communist states, Latvia had low levels of administrative corruption (such as petty bribery) but high levels of grand corruption (such as procurement fraud). Specifically, Latvia showed evidence of "state capture," the subversion of key state institutions by individuals and firms for private advantage. Once captured, the powers of those institutions could be exploited to award lucrative government contracts or manipulate regulations to lock out competitors.[5] Vilks, KNAB's deputy director of corruption prevention, described the situation: "A lot of political parties were created as economic projects to ensure their [backers'] economic interests in state policy. . . . If you are taking part in privatization, then you can ensure you get the biggest part of the pie, the most tasty part of the pie." From questionable transfers of state assets after independence to the drafting of financial regulations, Latvia's economic transition provided openings for those with a stake in state policy to tilt the rules to their own benefit.

Gunta Veismane, director of the State Chancellery from 2000 to 2010, said that before the World Bank report, "*state capture* was a term nobody in Latvia had ever heard before." But if the term was little known, the practice was not. Latvians were well acquainted with the costs of state capture: the misuse of government funds, profiteering, economic inefficiencies, and suppression of foreign investment. State capture also carried a political price: subversion of democratic processes, discouragement of civic participation, and distrust of state institutions.[6]

By its nature, state capture was hard to eradicate. Successful state captors commanded substantial wealth, political influence, and other resources. Their influence within the legislative and judicial systems made it difficult to hold them accountable. Their abuses of state power often fell into legal gray areas — not entirely legal but not necessarily illegal — and were generally sophisticated and hard to trace. Far from being viewed as villains, state captors often parlayed their wealth and influence into public respect and support.

In Latvia, accusations of state capture centered on business leaders who were popularly known as "oligarchs," although

they repudiated the term and its connotations. Most prominent among them were Lembergs, Šķēle (who served as prime minister from 1995 to 1997 and from 1999 to 2000), and Ainārs Šlesers. While their interests and personal positions diverged in many ways, those men wielded common levers of power. Each was a lead power broker within a major right-leaning political party or alliance: the Union of Greens and Farmers, the People's Party, and Latvia's First Party/Latvian Way, respectively. Nearly all of Latvia's governing coalitions until October 2011 featured at least one of these parties; many centrist and left-leaning parties preferred them as coalition partners, as opposed to left-wing parties seen as pro-Russian.

The oligarchs maintained extensive networks of influence that reached beyond the halls of government. Līga Stafecka of Delna said, "They have their own people in most influential institutions." For example, in 1998, Lembergs purchased one of Latvia's two leading newspapers; and a foreign corporation whose ownership was unclear purchased the other in 2009.

The use of bribery or extortion to slant media coverage for political gain had become increasingly common by the turn of the century. "[Media corruption] has created a culture of believing the worst about everybody, and that's a deliberate strategy by the really corrupt," said Rasma Karklina, a Latvian parliamentarian and professor emeritus of political science at the University of Illinois in the United States. "They have done a lot to neutralize the media sphere."

Arguably, the oligarchs' most prized asset was information, especially the real or manufactured sources of leverage referred to by the Soviet term *kompromat* (compromising materials). Valts Kalniņš of Providus, Latvia's leading corruption research center, said: "The oligarchs have intelligence services of their own. If there is a major case against them, they will try to do due diligence on each officer who is investigating the case."

Through the use of influence, information, and money, the oligarchs were able to capture and exploit state power in subtle ways. "The oligarchs in Latvia usually try to reach their goals with the minimum force," Karklina said. Intimidated by the oligarchs' reputations, officials and journalists tended to steer clear of major corruption investigations. "Many people don't even try" to fight high-level corruption, Karklina said. "They feel the outcome is given."

During the so-called fat years of economic expansion that lasted until 2007, the public was mostly unconcerned with corruption. During that time, Latvia had the highest economic growth rate in Europe, and everyday citizens were preoccupied with escaping Soviet-era hardships.[7] "You cannot feed your family with anti-corruption measures," said Einars Repše, prime minister from 2002 to 2004. Even if voters saw the oligarchs as tainted by corruption, they also viewed them as sharp-witted and public-spirited entrepreneurs capable of bringing private-sector expertise to government. Repše said many Latvians might have reasoned, "That corrupt guy is stealing something for himself, but he is also giving something to me."

The ambiguity and subtlety of state capture also camouflaged the scale of the problem. Delna founder Voika said high-level corruption "wasn't so visible to everyday citizens. They knew the politicians weren't working for them, but they couldn't grasp it."

One of the reforms the World Bank recommended was that Latvia create a single agency empowered to handle corruption investigation, prevention, and education, following the model of Hong Kong's Independent Commission Against Corruption (ICAC). "The World Bank pushed this model since Day One," Voika recalled, inviting Bertrand de Speville, a former ICAC director, to visit Latvia and explain the ICAC model and its benefits.

Eager to move ahead toward EU and NATO accession, the government embraced the World Bank's program. The Corruption Prevention Council, a consultative body established in 1997 under the Ministry of Justice to draft Latvia's first five-year anti-corruption program, began discussing the creation of an anti-corruption agency in 1999. The justice minister endorsed the idea at the 1999 International Anti-Corruption Conference in Durban, South Africa. And the government established a working group to develop a plan for implementation, resulting in a concept paper approved by Latvia's Cabinet of Ministers in 2000.

Some of the proponents of a strong, Hong Kong style anti-corruption agency were suspicious of the government's commitment to meaningful reform. They saw the plan as a hollow attempt to impress the international community. "The anti-corruption bureau was set up in the first place not to fight corruption but to appear good in the eyes of foreigners," said Repše, who became prime minister in 2002. "The modus operandi was to establish it but to keep it underfinanced and with weak leadership."

Strīķe said the agency was like a check box to tick to "fulfill this demand" by foreign governments, but the government would be content if KNAB staff simply "slept in their chairs."

Other skeptics, like Voika, said Šķēle and other oligarchs sincerely supported anti-corruption reforms but also believed they could be subverted to consolidate power. "That's how state capture works," she said. "If you have the political power, you need the system to work well. . . . You need a clean government to execute a corrupt scheme." However, Voika emphasized, the oligarchs did not want KNAB to have strong teeth.

The strongest opposition to KNAB's creation came from those who saw the proposed new agency as redundant and who advocated for the government to work within existing institutions instead. In addition, existing law enforcement agencies were reluctant to cede power to a new agency.

Aivars Borovkovs, president of the Latvian Law Society, commented in a 2000 interview: "There are 356 clauses in the criminal law, and we could form a bureau for each of them. This, in my opinion, is another example of the squandering of state funds."[8]

Dina Spule, an international relations specialist at KNAB, recalled: "There was a lot of criticism from the media, from

political parties, from law enforcement agencies. They didn't understand why there was a need for a special independent agency."

Proponents of a new organization argued that the lines of responsibility for investigating corruption among Latvia's various law enforcement agencies were too tangled to combat the problem effectively, as Latvian legal expert Ilze Gredzena had concluded in an influential EU-funded analysis. "The findings were striking because it turned out that according to the effective normative acts, so many units and agencies had rights and obligations to combat corruption, but we had so little results," Gredzena said. "All these units were not cooperating with each other, or they just hoped that their work would be done by another agency."

In May 2002, Latvia's first evaluation report by the Group of States Against Corruption, which had been established in 1999 by the Council of Europe to monitor compliance with anti-corruption standards, noted: "There are presently in Latvia a range of policing institutions that contribute to the fight against corruption. The [group's evaluation team] considers that their efforts are frankly segmented and disjointed and that there is an obvious lack of direction and coordination which no doubt leads to lost opportunities. Clearly, these bodies are failing to produce the results expected by society."

Thus, from before KNAB's creation, its proponents had divergent aims. Some saw it as a remedy for state capture. Some saw it as a technical reform to address deficiencies in the Latvian justice system. To others, it was a measure to assuage international concerns. Balancing those interests represented perhaps the greatest challenge that faced the bureau's creators and early leaders.

FRAMING A RESPONSE

In 2001, an intergovernmental working group under the justice ministry drafted KNAB's establishing legislation in parallel with two groups dedicated to new laws on conflict of interest and campaign finance. The KNAB law working group, led by a former state police chief, studied Hong Kong's ICAC as well as Lithuania's Special Investigation Service, established in 1997 as the first specialized anti-corruption agency in Europe. After some debate, the group agreed the new agency needed full investigative powers, including the authority to carry out special police activities like undercover work, sting operations, and court-approved telecommunications surveillance. "It had to be strong or it wouldn't work," said Voika, a working group member. Like their counterparts in Latvia's other investigative agencies, KNAB agents would conduct investigations under the supervision of prosecutors from the Public Prosecutor's Office. In Latvia's procuratorial legal system a variant of civil law common in post-communist states public prosecutors mediated between investigators and judges during the pretrial process and had exclusive control over the filing of charges and the prosecution of cases.

The working group resolved several open questions about KNAB's structure. A director would lead the bureau with two deputy directors: one responsible for investigations and the other for prevention

activities. Voika said education and prevention functions "merged very quickly" and initially took a backseat to investigations, wherein KNAB was seen as having "real teeth." (Over time, prevention and, to a lesser extent, education activities gained greater prominence, although the investigation directorate received the lion's share of funding.)

The working group struggled over whether to extend KNAB's reach by opening multiple offices in different locations. Riga, Latvia's capital and largest city, made a convenient base because it was centrally located and accessible to most citizens. Branch offices could potentially spread KNAB's resources too thin and prove both hard to oversee and vulnerable to local political influence. The final law gave the bureau the option to set up future regional branches.

The working group's thorniest issue involved KNAB's status within Latvia's government. Some members agreed with international recommendations that called for complete independence, like that of the central bank and the state auditor. However, the State Chancellery's legal department determined that the creation of an autonomous entity would require a constitutional amendment. Instead, the KNAB law placed the bureau under the supervision of the prime minister but gave it broad authority to carry out its mission with limited political interference.

Solveiga Līce, deputy legal director of the State Chancellery, said, "In the implementation of their functions, especially criminal and administrative procedures, [KNAB is] independent and can't be influenced by the Cabinet of Ministers or parliament." The cabinet's primary lever of control was the responsibility to appoint and, upon legal cause, remove the head of KNAB, with parliamentary confirmation. The law allowed for, but did not clearly require, an open nomination process.

KNAB also had to report semiannually about its affairs to the Cabinet of Ministers and to parliament. As with other agencies, KNAB made annual budget requests to the finance ministry, whose budget proposals were subject to parliamentary approval. The State Chancellery reviewed KNAB's internal policies for legal compliance, as it did the internal policies of other agencies. KNAB's staffers became members of the specialized state civil service and were governed by corresponding regulations, which let KNAB's human resources policies be more flexible than those of typical state agencies.

The draft KNAB law was approved by the Cabinet of Ministers in February 2002 and passed by parliament in May. The law passed easily for several reasons. First, Latvian legislators generally exhibited strong party discipline and deferred to cabinet priorities. Voika described the KNAB law as "done by the government, decided by the government," and legislators were unlikely to oppose it. Second, politicians were preoccupied in the run-up to the October elections and eager to avoid being tagged as soft on corruption. Third, foreign governments made clear their support for the KNAB law. Voika said, "When the law got to parliament, the Americans played a major role in pushing the committees of the parliament to leave it like it is." Although

not all legislators wanted a robust and effective KNAB, few overtly opposed it.

Before the law passed, parliament put in place a significant amendment that gave KNAB a responsibility unique among anti-corruption agencies: the authority to monitor compliance with campaign finance regulations. Latvia lacked strong regulations over party financing and had no system of public campaign funding. Inspired by an Argentine model, Delna, the Latvian Transparency International chapter, drew attention to opaque and corrupt campaign finance practices in the 2002 campaign season by tallying campaign ads and media appearances, estimating party expenditures, and demonstrating how parties underreported their finances.

After that issue captured public attention, a reformer in parliament introduced draft campaign finance legislation. Other parties signed on, hesitant to risk negative publicity. The draft legislation gave the election commission responsibility for monitoring campaign finance violations, but the election commissioner opposed the move, fearing it would politicize his office. Responsibility fell to KNAB almost by default. Voika said, "It was handy; the [KNAB] law was open for amendment." As a new agency, KNAB could most easily take on the role.

Because unfettered and unaccounted flow of money in the political sphere was a pathway of state capture, the power to monitor party finances was a potential game changer in the fight against corruption. But the role was an awkward one for the bureau. Some critics said it was anti-democratic to conflate campaign finance with corruption. Others distrusted KNAB to regulate parties impartially, because it was an office under the prime minister's auspices.

GETTING DOWN TO WORK

During KNAB's early years, despite leadership instability, the bureau built a strong team and a record of early achievements. After Loskutovs became permanent director in May 2004, KNAB broadened the agency's impact through high-profile cases and preventive work. (See Figure A for a chronological listing of relevant events.)

Building a strong team

Days after the October 2002 elections, the outgoing parliament confirmed Guntis Rutkis, deputy chief of the Security Police, as KNAB's first director. Frequently absent due to persistent health problems, Rutkis resigned six months later.

Prime Minister Repše, who had campaigned on an anti-corruption platform, announced that he would replace Rutkis using an open competition judged by an independent committee of officials that received dozens of applications. The committee unanimously chose Strīķe, a trained lawyer and top corruption investigator in Latvia's Constitution Protection Bureau (an elite state security agency), but parliament rejected her by a slim margin in a secret-ballot vote in September 2003.

Repše said the vote reflected legislators' fears about having an assertive leader in the position fears that would soon cost him his job as well, as his governing coalition depended upon oligarch-associated parties.

"My coalition refused to back her because they were afraid that if KNAB would be led by a real serious person who wants to fight corruption, then many from the legislature and the government's parties would find it difficult to survive," he said. Incensed by the defeat, Repše appointed Strīķe as deputy director of investigation and then made her acting director, a role she maintained until Loskutovs's appointment. "This was too much for members of my coalition, so another coalition was formed against me," Repše said. "The three so-called oligarchs made a coalition between themselves that was unthinkable before." Repše's government soon collapsed, and Latvia's next three prime ministers all came from oligarch-associated parties.

Despite such leadership turmoil, KNAB's capacity grew steadily from 2002 to 2004, aided by Strīķe's expertise and shielded by Repše's political support. Alvis Vilks joined as a senior specialist and quickly rose to the position of deputy director of prevention, a position he held until June 2012. Previously, Vilks had run the State Revenue Service's anti-corruption unit, which shared responsibility with KNAB for the monitoring of conflicts of interest by public personnel. Deputy Directors Vilks and Strīķe hired most of the staff for prevention and investigation, respectively. When the bureau became legally operational in February 2003, the staff numbered about 30. By the end of the year, it numbered 111. It soon stabilized around 130 to 140 before budget cuts in 2009.

Most of the staffers, including all investigators, were recruited by word of mouth. Applicants had to demonstrate commitment against corruption, had to be university educated, and had to qualify for a security clearance. KNAB attracted strong candidates for a few reasons. Its small size facilitated a tight-knit, collegial atmosphere. Its investigative techniques were considered more cutting-edge than those of the police. And it adopted performance-based compensation that allowed for relatively high salaries, permitted by regulations applying to the specialized state civil service.

Combating corruption required a diverse staff with a broad base of expertise. Vilks said KNAB's high salaries "allowed us to talk with the best specialists from other agencies."Strīķe recalled, "One thing that was very good from the beginning was that KNAB employed people from very different areas: Transparency International, the Constitution Protection Bureau, the Ministry of Interior, the Ministry of Foreign Affairs, the State Revenue Service, the State Audit Office . . . a mixing of backgrounds and personalities."

Drawing staff from many sources helped reduce the impact on the recruits' former employers, but Strīķe conceded that the diversity created some special needs: "Of course it meant more discussions, more internal misunderstandings . . . [but] in the long term, it gave very good results."

Vilks and Strīķe hired most of their staffers through informal processes so they could build capacity quickly. Vilks said: "The leaders of our institution had to recruit staff in a short term. There was no procedure for recruiting staff, no guidelines."

International relations specialist Spule emphasized, "There was no time for open competition for these positions."

Given Latvia's small, closely knit population, KNAB leaders felt confident relying on subjective assessments rather than objective testing in making hiring decisions. "It's very hard to set up an investigative unit in Latvia where you could trust everyone," said Kalniņš of Providus, who added that the "culture of integrity is not that high" among police officers. Nevertheless, KNAB's closed recruitment process posed clear corruption risks, and KNAB's leaders later came to see it as a mistake.

To augment its capacity, KNAB looked abroad for advice and assistance. "A lot of things we were doing for the first time in Latvian history," said Strīķe.

Accordingly, Spule recalled: "We had to look at other countries' experience. We organized a lot of study trips." Destinations included Lithuania, France, Austria, the United States, and Hong Kong.

The EU, the United States, and the World Bank provided funds, technical assistance and diplomatic leverage. "Especially at the beginning and for some years after, US support was absolutely necessary," Strīķe emphasized. Strīķe also stressed the importance of learning from peer agencies abroad, saying: "[It was] important to communicate with similar anti-corruption agencies. You feel lonely, without the experience, support, and advice of international partners."

Demonstrating early results

From the beginning, the agency faced high expectations. "The prime minister [Repše] and the government wanted us to achieve some real results in a short time," Vilks said.

Strīķe lamented public beliefs that KNAB would quickly catch "not just one big fish [but] all the big fish!" In early 2003, shortly after the bureau became legally operational, KNAB announced significant bribery investigations, including a case against the health minister, a pharmaceutical procurement case involving a bribe of 45,000 lati (US$83,000), and a graft case among Riga's traffic police, with 12 defendants.

Overall, however, KNAB's leaders saw wisdom in proceeding cautiously. "You have to do your work carefully," said Strīķe. "If you make one mistake, especially concerning political parties, it will be the last decision for your agency." Thus, she continued: "From the beginning, every decision was discussed again and again. We worked long hours."

One of KNAB's major early targets was justice-sector corruption, which could undercut the bureau's work and reinforce the cynicism of a public embittered by Soviet-era injustices. Strīķe said judges were too lenient in corruption cases, often granting suspended or conditional sentences. She said that judges denied the presence of systemic corruption and accused her of intimidation, which she saw as a sign of aloofness and defensiveness. "It's most difficult to change attitudes in the courts,

because they are conservative by definition," she said.

Through surveillance and sting operations, KNAB uncovered cases of judicial bribery that reached high-level judges and prosecutors. One involved a judge who was chief of a district court and a member of the disciplinary commission of judges. Another involved a judge who had previously adjudicated a judicial bribery case against a colleague, imposing a light conditional sentence.

"When the public saw how the judges were taking bribes to make decisions, it was a very big scandal," Strīķe said. The cases, many of which involved straightforward crimes like bribery with gift cards, were well covered in the media. "It was very important not only for Latvian democracy but also for justice development," she said.

The cases "made a big difference," Spule added. "This changed the mind of judges." Judges began to take judicial corruption more seriously and to hand down harsher sentences in corruption cases. The cases also gave KNAB agents a chance to hone their investigative skills and learn to rely less on informants and more on their own investigations.

KNAB achieved early successes in its prevention efforts, especially in the monitoring of party finances (considered a preventive or "control" activity because it generally involved administrative violations rather than crimes). Strīķe recalled that the bureau turned up a "huge number of violations" during the first year. Unaccustomed to oversight from the outside, the parties had violated regulations with impunity.

"They were so ridiculous, these violations," Spule said, "because there was no institution before that checked all those donations." The people named on lists of major donors included individuals with little declared income, young children, and deceased people. KNAB lodged a formal complaint against the Lembergs-associated Union of Greens and Farmers over the latter's campaign for the 2002 elections, which led the speaker of parliament to accuse KNAB of politicization.

The accusation gained little traction, and KNAB'S high-profile move served as an early warning that political parties should begin to make their finances more transparent and verify their donor lists. Vilks said, "Strict control activities from KNAB made [the parties] start to think about this issue for the future."

From 2003 to 2004, KNAB analyzed deficiencies in Latvia's campaign finance laws, looking to other European models. Vilks said: "When we saw the gaps in the law, we tried to make the law much stricter. We submitted amendments to the law, and most were adopted by parliament because there had already been scandals on party funding." Civil society groups put pressure on parliament for tighter regulations. Legislation passed that prohibited donations from legal entities (such as corporations), that capped campaign expenditures, that limited donations to a donor's recent average income, and that capped campaign spending by outside organizations.

Stabilizing leadership

After Repše's resignation in February 2004, new political challenges confronted

KNAB as oligarch-associated parties dominated Latvian politics for the next seven years. Repše's successor, Indulis Emsis, still had to find a new leader for the agency. According to Voika, Emsis first asked the state police chief to take the helm, but he declined. Emsis then held an open competition again under the auspices of an independent committee. Strīķe, Vilks, and Loskutovs were the finalists. Strīķe received the most committee votes again, but the cabinet voted her down, arguing that parliament would reject her, as it had in the September 2003 secret ballot. In May 2004, the cabinet and parliament approved Loskutovs for the job.

Deputy Directors Strīķe and Vilks reacted warily to the idea of working with Loskutovs. Although Loskutovs had worked briefly within KNAB, his allegiances were uncertain because he had gained the top position with the tacit blessing of the oligarchs. "At the beginning, I looked at him with suspicion," said Strīķe.

The situation was rocky for Loskutovs as well. "The first weeks were very difficult because I had very limited communication with the deputies," he recalled. "In the viewpoint of the public, I was appointed with the support of the oligarchs, which made it challenging to build credibility with my colleagues."

Loskutovs decided that he had to demonstrate his commitment to leading KNAB impartially. "That's his greatest strength and it's no small thing his very principled attitude," said Kalniņš of Providus.

Repše added, "He turned out to be a real decent leader of KNAB. He did not serve the persons who put him in this position."

Loskutovs showed his independent leanings with two major decisions. First, just weeks into his term, the Union of Greens and Farmers, (the party of the prime minister), implored him to override KNAB's decision to fine the party an unprecedented 100,000 lati (US$185,000). "All journalists in Latvia were waiting to see what he would do," Strīķe recalled. "He said to the press that he trusted KNAB's unit on political party funding control and lawyers. . . . He read [the case] through, and he agreed the party had to be punished. . . . It was the first sign for us that he was trustful."

Loskutovs told the media he would take the case to the Supreme Court if necessary. "It was the very first demonstration to the public that I'm free of influence," he said.

Second, when the prime minister's chief of staff indicated his support for firing Strīķe, Loskutovs declined to do so. "I said I would only do it if there was a legal basis to do so," he recalled. "Of course they had nothing." He reported the meeting to Strīķe, telling her: "[We might have] different attitudes and personalities, but if we wish KNAB to survive, we have to stand back-to-back and fight in all directions." Strīķe readily agreed. To Strīķe, Vilks, and the rest of the KNAB staff, the incident showed Loskutovs was trustworthy. "After that," Loskutovs said, "it became much easier" to work with them.

Kalniņš said of Loskutovs, "His greatest merit is that he acted as a wall between his employees and those who wanted to influence KNAB." While active as a leader, Loskutovs often deferred to Strīķe and

Vilks's expertise and allowed them autonomy.

"It's not a secret that when Loskutovs was selected, politicians thought that he would be sleepy and ineffective," Spule said. "Then it turned out he made a good team with both deputy directors."

The deputies played a strong role in building KNAB's reputation. "Juta Strīķe is really our image maker," said Diāna Kurpniece, head of the agency's department of prevention. "She is not the only one, but she has an extremely high trust of the population, proven by her work."

In turn, Strīķe trusted Vilks's judgment. "He was very strategic," she said. "If I could foresee 3 steps, he could foresee 10 without making mistakes."

The trusting relationship between the three leaders eased cooperation between the investigative staff and those who worked on prevention and education, and it encouraged a culture of collegiality and openness. "Teamwork is important," said Kurpniece. "Loskutovs, Strīķe, and Vilks were good leaders, always supporting their employees, looking over their proposals, and moving forward." KNAB also enjoyed a solid working relationship with Prosecutor General Jānis Maizītis, a popular figure with a reputation for integrity who served in office from 2000 to 2010.[9] Because Maizītis's office supervised KNAB's investigations, that relationship was critical to KNAB operations.

Earning public trust

"The main goal for me was to achieve public credibility," Loskutovs said. "Publicity for an anti-corruption agency is one of the bases for survival." KNAB raised its profile by communicating openly about its activities and achievements and the problems of corruption in Latvia. "We had to be visible, very visible," Loskutovs said. During a time of economic growth, he had to keep "reminding the public that corruption exists."

Loskutovs's strategy of keeping KNAB in the limelight fed Latvian media's hunger for corruption stories. Spule joked: "In the UK, the royal family is always in the papers. KNAB is always in the papers here."

From 2004 to 2007, KNAB earned public respect by conducting a series of high-profile investigations that implicated the oligarchs in high-level corruption. The first, Jurmalgate, involved bribery charges related to the March 2005 municipal elections in Jurmala, Riga's upscale beachside suburb. The case resulted in charges against four defendants, three of whom were convicted, including a former Jurmala mayor). Trial evidence that was leaked to the media showed all three oligarchs' involvement, although prosecutors found insufficient evidence to bring charges against them. The prime minister demanded the resignation of one of the three oligarchs, Ainārs Šlesers, from his post as transportation minister, although Šlesers returned to the post after the 2006 elections.[10]

A second case that dominated headlines involved 20 defendants charged in connection with a fraud totaling tens of millions of US dollars and related to the introduction of digital television in Latvia in 2003. The trial, which began in 2007, included Šķēle, an oligarch and former prime minister, as a witness and many of his

close associates as defendants. (A final ruling was expected in late 2012.)[11] As with Jurmalgate, the case didn't directly implicate the oligarchs but implied the existence of deeper corruption, which KNAB continued to pursue in its long-term investigations.

Most significantly, a third case directly targeted businessman Lembergs. Beginning in October 2005, KNAB collaborated with other agencies to investigate accusations against him involving bribery, money laundering, and misuse of his mayoral authority in Ventspils and totaling more than US$15 million. Police briefly arrested Lembergs in March 2007; charges were filed in July 2007 and amended in 2008 and 2012. (The case was ongoing in October 2012.)[12] Courts in Latvia and the UK froze $200 million of assets tied to Lembergs and his close relatives.[13]

KNAB's preventive activities kept pace with its investigations. During its first five years, the bureau pored through the finances of nearly 1,700 public officials suspected of conflicts of interest, handing out more than 380 sanctions and 200 warnings. About half of the cases concerned officials who had made decisions that benefited their own financial interests or those of their relatives or associates. However, KNAB found its efforts hampered by the ease with which officials disguised their ill-gotten assets under ownership by friends or relatives, who had no duty to report them. The agency lobbied parliament to close that loophole.

Constituting roughly 5% of the bureau's staff, KNAB's party-finance division investigated thousands of donor lists and issued 135 administrative sanctions during its first five years, thereby prompting the courts to suspend or terminate more than 20 political parties. After the 2006 elections, in which Šķēle's People's Party won a plurality of parliamentary seats (23%), KNAB fined the party 1.03 million lati (US$1.9 million) for egregious campaign finance violations. (For comparison, the sum total of previous party fines KNAB had issued was less than a tenth of that amount). Predictably, the fines did not sit easily with Prime Minister Aigars Kalvītis, of the People's Party, who had just become Latvia's first prime minister in recent history to win reelection.

OVERCOMING OBSTACLES

From 2007 to 2011, a series of controversies put KNAB on the defensive. Primary among them was an extended and controversial effort to oust Loskutovs from his position as director. After Loskutovs was forced out, his successor proved polarizing.

Resisting parliamentary attacks

Initially, KNAB's public popularity and high-level supporters like President Vaira Vīķe-Freiberga and Prosecutor General Maizītis limited the government's ability to rein in Loskutovs. Kalniņš explained, "For quite pragmatic reasons, the adopted strategy was to use every means possible to get [Loskutovs] out of the post, which was not so easy given growing public dissatisfaction with corruption." For example, when Kalvītis attempted to institute an oversight committee to limit KNAB in 2005, Maizītis decried the move as illegal, criticism arose in the media, and Kalvītis backed down.

By 2007, however, Kalvītis had a stronger hand. His government had been buoyed by years of economic growth, by NATO and EU accession in 2004, by the replacement of Vīķe-Freiberga with oligarch-supported Valdis Zatlers, and by a resounding election victory in October 2006.

In September 2007, after initiating three disciplinary investigations against Loskutovs that produced no charges, Kalvītis called for Loskutovs's dismissal. As justification, he seized upon a June State Audit Office report that had found weaknesses in KNAB's internal controls, such as the protocols for managing evidence, assets, and human resources. "These were problems you would find in any public office," said Līga Stafecka of Delna, Latvia's Transparency International chapter. "[Kalvītis's] response was very disproportionate. In other institutions, the audit office disclosed much more serious problems." Kalvītis instructed Maizītis to lead an independent commission to investigate the issue, which found no evidence of corruption or serious lapses of duty. The state auditor publicly stated that KNAB's deficiencies were minor in nature and that her office had made recommendations to KNAB to address them. Loskutovs described Kalvītis's attack as retribution for refusing to fire Strīķe and for resisting "extreme pressure from the prime minister" over his decision to discipline a KNAB staffer found to be abusing drugs and leaking information.

In late September 2007, Kalvītis suspended Loskutovs. Loskutovs ignored the order, arguing that it required a finding of legal violation by the prosecutor's office (an argument upheld in court in 2009). "As a lawyer," Loskutovs said, "I knew that according to the law, the prime minister did not have as much power as he thought." Inga Springe, a journalist who reported on the issue for *Diena*, a major Latvian newspaper, described Kalvītis as "blind drunk on power." And Maizītis publicly opposed the dismissal of Loskutovs. Nevertheless, in mid-October, the cabinet voted to submit Loskutovs's dismissal to parliament, triggering public outcry.

With *Diena's* support, Delna organized a protest outside parliament, drawing many of Latvia's celebrities, public intellectuals, and business leaders. "It was something really powerful when all these people came out and stood in front of the parliament," said Springe. The demonstration took place in the rain and became known as the umbrella protest. Another crowd gathered days later, followed by a rally in Riga's central Doma Square that drew an estimated 15,000 protestors despite inclement weather. "I wouldn't claim it was because of me," said Loskutovs, "but my suspension was the last straw for the public."

Confronted by post-communist Latvia's largest protest, Kalvītis bled political support and his cabinet collapsed. Parliament suspended its vote on Loskutovs. Within days, Kalvītis resigned. Kalniņš said, "It was not a revolution in any sense, but it marked the start of more-critical attitudes toward the government." Oligarch-associated parties began to lose clout with both the public and the legislature.

Ironically, while Kalvītis had no specific evidence for his charges against Loskutovs, the allegations were not far off the mark. In its rush for results, KNAB had neglected to

develop formal policies on the management of corruption risks in human resources, confidential information, and financial assets, as exemplified by the bureau's unstructured and subjective hiring process. Loskutovs defended that informal process as intended to "diminish risk" by giving discretion to department heads. "But as we know today," he conceded, "some persons without integrity did infiltrate."

In March 2008, KNAB discovered it was missing seized assets worth about US$300,000. Maizītis led an investigation that found two staffers responsible; they were convicted, but the funds were never recovered. Maizītis's report faulted Loskutovs for failing to set strong internal controls. Although Loskutovs refused to step down, his support had dwindled. Kalniņš said: "People argued that this was the responsibility of the director. It became more difficult to defend Loskutovs."

Delna's Stafecka added, "[Delna] said it is probably fair that he leave the position because we are not in favor of a specific leader; we are in favor of KNAB." On 29 June, parliament dismissed Loskutovs.

Deputy Director Vilks said that KNAB "adopted several internal regulations" in response to the incident. Some policies, such as new protocols on the management of classified materials, took effect immediately. A code of ethics was adopted in April 2009, and an open recruitment process for new hires was finalized in 2011. Still, the incident tarnished the bureau. "We lost the trust of society," Vilks said.

Endgame

In 2008, Latvia's fat years turned lean. Amid global financial crisis, Latvia's gross domestic product declined 26.54% Europe's sharpest economic downturn and unemployment quadrupled. A bailout package by the International Monetary Fund and the EU worth US$9 billion, the largest in the region, forced the government to impose austerity measures across the board.[14] KNAB's annual budget, roughly 3 million to 4 million lati (US$5.4 million to US$7.2 million), shrank by 30%. The bureau was forced to move from a historic building in the Art Nouveau District to a nondescript back-lot office. KNAB streamlined its bureaucracy from 18 to 10 divisions, managing to reduce personnel by 9% without cutting operational staff.

After violent anti-austerity riots in January 2009, Prime Minister Ivars Godmanis resigned. Before leaving, he appointed Loskutovs's replacement. Eschewing open competition, he chose Normunds Vilnītis, a law professor and law enforcement official. Parliament approved Vilnītis in March.

Vilnītis's appointment was controversial. Vilks cited "rumors he was sent by politicians simply to make the work of KNAB worse."

Loskutovs described his successor as "Project Loskutovs 2.0," saying, "[It was] the same approach, mostly an academic background. He was, for the oligarchs, a perfect choice."

Vilnītis faced a staff accustomed to autonomy and suspicious of outsiders. The new director felt sidelined, as Loskutovs had felt initially. Springe described him as "lonely" and surmised: "I don't know if Vilnītis at first knew he was going to do bad things. I think his weakness was that he wanted to have power, to be important."

Stafecka said, "As a newcomer to the organization, he had to build trust, but that didn't happen."

Half a year into his term, Vilnītis began to exert authority more aggressively. KNAB staffers claimed an array of abuses by the director, ranging from misuse of agency vehicles to leaks of information, to frivolous disciplinary procedures. Vilnītis centralized authority in his office and created what Stafecka called a "very demoralizing atmosphere. . . . Obviously, he was trying to get rid of the experienced staff who were strong in their positions." Examples of abuses included demotion of a seasoned agent to be a parking attendant and the issuing of formal complaints against Strīķe and Vilks for insubordination and incompetence, and accusations that Strīķe and Vilks were agents of foreign espionage.

Karklina, since 2010 a member of the parliamentary subcommittee on anti-corruption, described Vilnītis's tactics as "psychological warfare." When Vilnītis testified before the subcommittee, Karklina said: "It was painful to watch. You could see Strīķe and other KNAB officials were trembling. They were all close to nervous breakdowns. A few left the bureau; they couldn't stand it anymore." In early 2010, Strīķe delivered to Prosecutor General Maizītis a list of 76 charges of misconduct by Vilnītis.

As Maizītis launched an investigation into the allegations, civil society groups were wary of taking sides in what was viewed as KNAB's office politics. Stafecka said, "We waited to see what was going on . . . but later, we understood that it wasn't just a reaction to usual management changes. That caused us to conclude he was making politically based decisions. He tried to weaken the investigative part of the agency, which was very important because [that part is] still very limited in resources." Delna lobbied the prime minister both privately and publicly to remove Vilnītis, but the prime minister was reluctant to intervene.

In late 2010, Vilnītis proposed a reorganization of KNAB that would centralize power in the directorship and diffuse investigative staff across proposed regional offices. Vilks and Strīķe finally said they felt, as Vilks put it, "There was a time when we couldn't keep silent." Together with other KNAB leaders, they sent an open letter to the prime minister, refusing to authorize the reorganization plan and saying its "true goal" was to reduce KNAB's effectiveness.[15] While their open criticism of Vilnītis increased the pressure on the prime minister to do something, the appearance of infighting worsened KNAB's reputation and further distracted from its mission.

Seeing Vilnītis as an internal threat to KNAB, bureau veterans defied his orders and tried to cut him out of sensitive KNAB operations, especially concerning long-term investigations into the oligarchs. When Vilnītis suspended Vilks, Strīķe reappointed him during Vilnītis's absence. When Vilnītis

was testifying before parliament, Strīķe led a search raid without informing him. In February 2011, KNAB's investigations were further complicated by the discovery of an assassination plot against Strīķe by a Russian smuggling syndicate, prompted by the arrest of a customs official. The plot forced Strīķe to go abroad for several weeks.[16]

But in May 2011, KNAB's efforts paid off with the first search raids and arrests in a massive operation that the press dubbed the *Oligarchs Case*. The case ensnared 26 companies and 11 defendants, including six officials, in a complex web of kickbacks and hidden assets. All three oligarchs faced serious charges.

The Oligarchs Case added fuel to escalating public fury over state capture. "For a key part of the citizenry, the economic crisis was a wake-up moment," said Kalniņš. "The emperor had lost his clothes." The oligarchs had won power based on their records as business managers, but the crisis undercut their legitimacy and illuminated the cost of corruption. When Latvians were asked in a September 2009 survey about factors that had escalated the economic crisis, 59% cited state capture, and 48%, corruption.[17] A July 2009 survey found 91% of Latvians were at least "fairly dissatisfied" with the political system; 43.5% were willing to consider violent protests to change it.[18]

Furthermore, Latvians increasingly perceived their legislators as captive to oligarchic interests. In April 2010, in a secret-ballot vote, parliament rejected Maizītis's reappointment despite support pledged by 70% of its members. The vote even shocked the prime minister, who decried the vote switchers as "two-faced and unworthy of being respected as members of parliament."[19] After the April 2010 elections, the percentage of parliament held by oligarch-associated parties dropped to 30% from 51%.

When KNAB attempted to search Šlesers's property for the Oligarchs Case in May 2011, the search was blocked by Šlesers's parliamentary immunity, which covered searches as well as arrests. When parliament declined to lift Šlesers's immunity, public outrage exploded. On 28 May, President Zatlers exercised a power of his office, never before used, to call for a referendum to dissolve parliament. He specifically named the three oligarchs as threats to Latvian democracy.

"In a sense, everyone knew it, but it was brave that he said it so decisively," said Karklina. "The time was right." The constitution dictated that if the referendum failed, Zatlers would lose his job. However, the end of Zatlers's first term was imminent, and he knew he had already lost parliamentary support. On 2 June, Zatlers lost his reelection by parliament and Delna organized a rally outside of parliament that attracted thousands to protest the oligarchs. The protesters petitioned parliament with a list of 10 First Steps to Recover a Stolen Country, which Karklina read from the parliamentary floor. The first step was to dismiss Vilnītis as KNAB director.

In July, upon recommendation by an independent commission, parliament dismissed Vilnītis. "The writing was on the wall," Karklina said. "Parliament was getting dissolved, so deputies who previously had been reluctant to do so were trying to

position themselves as good guys before the election." Soon thereafter, 94% of voters approved the referendum to dissolve parliament only nine months after it had been elected.

With new elections scheduled in September 2011, the summer campaign season featured what Stafecka called a "huge anti-oligarchic wave." She said, "Usually Latvian pop musicians and actors try to stay out of politics and don't want to comment, but this time they really started to speak out about oligarchs and their influence on politics." Media figures announced they would no longer accept oligarch-sponsored performances, and youths rallied against the oligarchs' parties.

Election results gave Lembergs's party 13% of parliament; Šlesers's party won no seats; and Šķēle's party had been bankrupted after losing court battles with KNAB over its 2006 campaign finance violations. For the first time, none of the oligarchs' parties were part of the government coalition. "It has been 15 years, and finally we have gotten rid of our oligarchs from politics, for now," said Delna founder Voika. "The game ain't over yet."

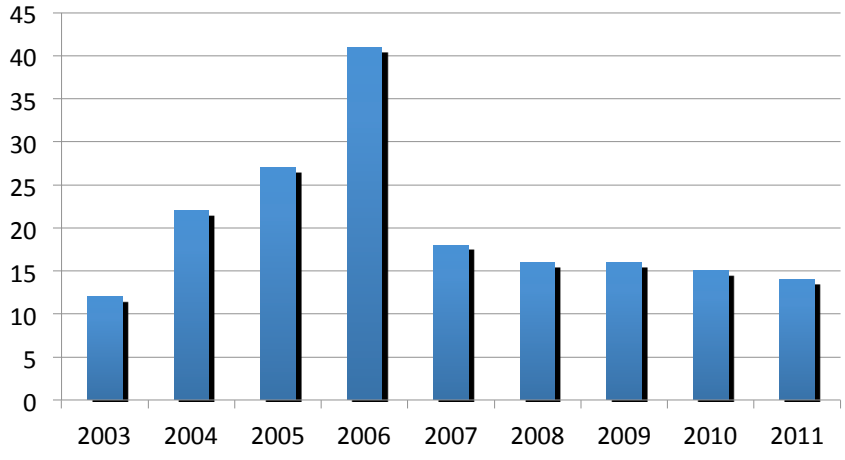
Karklina added, "It doesn't mean all politicians have become honest, but the situation is more open and responsive to citizens' demand for a certain decency in politics."

The 2010 and 2011 elections brought Karklina, Loskutovs, former Delna chair Lolita Čigāne, and other prominent anti-corruption activists to parliament. Karklina resurrected the parliamentary anti-corruption committee, which had been disbanded after the 2006 elections. With Loskutovs as chair, the committee took a more active role in monitoring KNAB, including on-site visits. It also held hearings on topical issues and proposed reforms.

ASSESSING RESULTS

The anti-oligarch wave that began in 2010 opened a window of opportunity for KNAB to push long-stalled reforms in parliament, including the demands of the 10 First Steps petition. New legislation much

Figure B: KNAB Cases Forwarded to Prosecutors



Source: Transparency International National Integrity System Assessment Latvia 2011; KNAB 2011 Periodic Update. Figure for 2011 includes cases up to October.

of it based on drafts developed by KNAB's legal experts included the criminalization of campaign finance violations, the curtailment of secret-ballot parliamentary votes, judicial reforms to expedite trials, whistle-blower protections, and the lifting of parliamentary immunity for administrative offenses.

Perhaps the most ambitious reform was the 2012 passage of the Zero Declaration Law, which required all residents of Latvia to declare all assets valued at more than 10,000 lati (US$18,500) including property owned abroad as a blow to the underground economy and as a countermeasure against public officials' transfer of ownership of tainted assets to friends and relatives.

Parliament also introduced public financing of the electoral campaigns of eligible parties and candidates. Vilks admitted, "We were very late with this compared with other countries in Europe, but we had a good opportunity to learn from their mistakes."

In 2011, the State Chancellery developed new procedures for appointing the director of KNAB by an open, competitive process judged by an independent commission of high-level, nonpartisan justice officials, with nonvoting civil society representatives. The process was used contemporaneously to appoint Vilnītis's replacement, Jaroslavs Strelcenoks. In late 2012, an amendment to the KNAB law and an accompanying cabinet regulation formalized the change.

All of the reforms were expected to reduce the opportunity for state capture. While KNAB's specific cases against the oligarchs were likely to be tied up in courts for years, Karklina said in 2012 that KNAB had already made a difference: "Ten years ago, people had suspicions and there was some evidence, but nothing would happen. Since KNAB has been active, there have been cases, material has been gathered and given to the prosecutors and the courts. . . . If this continues on the road it's been going on, my expectation is that within the next three to five years, it will be a different picture."

By 2011, more than 100 criminal cases investigated by KNAB had been adjudicated, involving more than 150 individuals. In 87% of cases brought by KNAB, the defendants were found guilty.[20] Figure B shows the number of cases KNAB forwarded to prosecutors from 2003 to 2011; the decline in activity after 2007 reflected increasing political pressure.

While Latvia's level of administrative corruption was relatively low for its region, there was evidence that it continued to decline during KNAB's first decade. A 2009 Delna survey showed the number of Latvians reporting they were "not personally touched by corruption" rose to 58% in 2009 from 52% in 2005.[21] Eurobarometer showed Latvians' awareness of corruption as a major issue had risen to 84% in 2009 from 79% in 2005.[22]

After surviving a half decade under siege, KNAB in 2012 was, in Repše's words, "still alive and kicking."

Kalniņš said KNAB enjoyed "still a fair level of trust from the public," although its reputation suffered from 2008 to 2011. "Vilnītis did a lot of lasting damage," he said.

REFLECTIONS

The tumultuous history of Latvia's Corruption Prevention and Combating Bureau holds positive and negative lessons regarding the leadership and policies of anti-corruption agencies. First, KNAB's successes depended on a strong leadership team. Deputy Directors Alvis Vilks and Juta Strīķe, as well as other experienced officers, clearly brought essential expertise to the agency. Former prime minister Einars Repše said: "The people who work at KNAB are of paramount importance. Who leads them is important and who supports their leadership is important." The agency performed best and built its strongest public credibility when the leadership team worked in an atmosphere of harmony and mutual trust. KNAB director Aleksejs Loskutovs patiently built that trust, thereby demonstrating both his usefulness in providing political cover for the agency and his humbleness in granting his deputies autonomy.

However, KNAB's initial open and trust-based management style had disadvantages. In speaking of the asset theft by KNAB staff that had led to Loskutovs' dismissal, international relations specialist Dina Spule recalled that Loskutovs "felt betrayed because as a director he trusted everyone; he gave [staff] freedom to act."

Valts Kalniņš of corruption research center Providus advised: "When you manage an organization like this, and you know there are sophisticated ways to influence it, and you know people from outside will test your security to look for weak links, you really cannot base your management on the presumption of trust. You need a high degree of mistrust, put into nice words like *risk management*."

Because of the unusual vulnerability of anti-corruption work, the early development of strict protocols to manage finances, information, and human resources is imperative to success. With a hectic start and a relatively small team, KNAB had neglected those controls, leading to a scandal that brought down Loskutovs and blemished the bureau. Only belatedly did KNAB come to see strict internal controls as vital protection for the bureau and its reputation.

Second, KNAB's experience also showed that although anti-corruption agencies often feel friendless, they cannot succeed without solid support. Inese Voika of Delna, Latvia's Transparency International chapter, said, "Had it not been for the interplay of international experts and local watchdogs [such as the] media and Delna, we would have [ended up with] just another institution that has done some things but otherwise is a typical disappointing story."

Vilks emphasized other critical sources of support: "It's not enough to have pressure from society and [nongovernmental organizations]; you have to have political will." Einars Repše, Prosecutor General Jānis Maizītis, and President Valdis Zatlers all played critical roles in KNAB's survival. KNAB won those allies by building public credibility, which required strong media relations, the achievement of tangible results, and demonstrations of integrity.

Third, while KNAB brought significant cases early on to show its seriousness, it also

deliberately invested in complex, multiyear investigations, culminating in the Oligarchs Case. KNAB also pursued prevention activities aggressively, especially in its monitoring of campaign finance, a responsibility tacked on to the agency as an afterthought. Although KNAB's education function took a backseat to more-pressing concerns during the bureau's early years, KNAB staffers trained thousands of civil servants about ethical obligations and raised public awareness about corruption and its impact. Ultimately, investigating criminal and administrative violations, lobbying for regulatory reforms, and educating citizens all helped thwart state capture.

KNAB started with many advantages over its global peers by serving a small and centralized population with a developed economy and judicial system, with the support of the prosecutor's office and ample resources. However, it also operated in a post-communist country with unusually volatile politics. "KNAB is one of the most successful anti-corruption agencies in the democratic world," Voika said. "It is much more difficult to run and sustain [an agency] in a coalition democracy." Ultimately, KNAB's survival and entrenchment within the Latvian state helped curtail high-level corruption and level the playing field of democratic politics.

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