



CORRUPTION PREVENTION AND COMBATING BUREAU

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

(Mission Statement)

PROGRESS AND RESULTS IN PREVENTING AND COMBATING CORRUPTION IN LATVIA

Periodical update

2012

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Introduction

In order to address corruption in an effective and comprehensive manner a single institution was set up in Latvia through the Law on Corruption Prevention and Combating Bureau (KNAB) adopted on 18 April 2002. KNAB was established in October 2002 and its work is threefold: prevention of corruption, countering of corruption and education of the society on anti-corruption matters.

Exposure of corruption in nowadays is not considered as disturbing as it was in daily life of population, for example, ten years ago, but in certain areas it is still observed. However, it has to be taken into account that manifestation of corruption changes and corruptive offences are more sophisticated.

Approximately **33, 3% of population** admit that administrative or low level corruption is still very common in health care area. In other sectors of public administration which were previously indicated as problematic, including traffic monitoring occasional corruption has decreased. Surveys indicate increasing number of institutions where corruption is hardly occurring or almost impossible. That shows increasing intolerance against corruption and also that institutions have taken a number of measures in order to improve quality and procedures of provided services, to ensure transparency of administrative procedures and control of employees.

In order to learn about perception and experience with the corruption in business environment at the end of 2011 the Bureau conducted opinion **survey of entrepreneurs**. This was the first ever survey in Latvia with the purpose to identify possible corruption risks in private sector. The most substantial conclusion is that administrative level corruption has decreased. Majority of respondents (82%-100%) admitted that have not used assistance of acquaintances or relatives, have not given presents, offered paid lunches or entertainment events for solving day-to-day issues with authorities.

Recent achievements

Combating corruption

During first six months of 2012 KNAB has forwarded 6 criminal cases for prosecution against 31 persons. During the same period 15 criminal cases were initiated and 2 cases were received from other law enforcement institutions.

As a result of the Bureau's activities, from 2003 until 2012 166 persons were found guilty of corruption and convicted. 113 criminal cases were investigated by the Bureau against 196 persons, out of which 88% were convicted.

It is observed that sophisticated bribery offences are planned and committed very often in cooperation with highly qualified experts in law and finances and expertise of these specialists is used for hiding the real sources of income through fictitious brokerage or consultancy agreements.

KNAB has forwarded to the Prosecutor's General Office materials of criminal proceedings and asks to start criminal prosecution against one former board member of „Latvenergo” AS and two former board members of „Sadales tīkls” AS for false statements in asset declarations with regards to large-scale assets pursuant to the Article 219 of the Criminal Law. During pre-trial investigation it was detected that all three public officials from 2008 were beneficial owners of 10 % shares each in a company which had received contracts from “Sadales tīkls” and this company was one of the biggest suppliers of goods and services.

In September KNAB has sent to the Prosecutor's General Office for criminal prosecution materials of criminal proceedings regarding illegal activities of the "**Latvenergo**" AS officials alleging misuse of official position for purposes of acquiring property, passive bribery and laundering of criminally acquired assets on a large scale in organised group of persons during the period of time from 2006 until June 2010. Criminal proceedings were initiated on 14 June 2010. KNAB investigator asks to start criminal prosecution against **17 persons** in relation to bribery of „Latvenergo” AS officials in Pļaviņas HES and TEC-2 reconstruction projects implemented by the „Latvenergo”:

- for taking bribes – against four former „Latvenergo” AS public officials, two of them –for legalisation of illegally acquired assets;
- for giving bribes- against four official representatives of foreign companies;
- for legalisation of illegally acquired assets- against eight persons, among them against one person – also for repeated intermediary in bribery;
- for the support of intermediation in bribery- one person.

In the framework of so called “Latvenergo” case KNAB investigator has also applied provisions of the Criminal Procedure Law stipulating seizure and confiscation of illegal assets. According to gathered evidences 448 000 LVL were recognised as illegal assets and according to the Court ruling this amount of money (in different currencies) has to be transferred to the state budget. Court ruling has entered into force.

In August KNAB started investigation into allegations of illegal activities of two judges for misuse of the office for the purpose of gaining undue advantage. It was established by

investigation that in a Court of Riga City district factious employment of several persons took place for several years. It is alleged by the investigator that salaries paid to non-existing court employees was used by the Chairman of the Court. Evidences collected by KNAB give sufficient grounds to believe that illegal activities of the Chairman were supported by a judge from a district level court.

Taking into account procedural immunity of judges provided by the law, decision about opening of criminal was taken by the Acting Prosecutor General on the basis of information provided by KNAB. Decision about search of premises of two judges and detention of one of the judges was taken by the authorised Supreme Court judge.

In September KNAB started criminal proceedings into allegations that Riga City Council officials and employees have committed criminal offences in relation to leasing of apartments of the municipality. 7 persons were detained including one official and two employees of the Riga City Council. Evidences collected by KNAB show that Riga City Council official has in a long term accepted bribes with the assistance of intermediary. The official was responsible for taking decisions regarding lease of apartments owned by the municipality for unlimited period of time.

Control of activities of public officials

Control over activities of public officials and prevention of conflict of interest is one of main fields of KNAB. KNAB has powers to examine whether public officials follow provisions of the law "On Prevention of Conflict of Interest in Activities of Public Officials" (the Law) and to enact administrative charges in cases when breaches of the Law are detected.

From July 2012 information about detected violations of the Law, brief description of the violation and sanction imposed (if applicable) is published on the website of KNAB.

For failure to observe restrictions of the Law KNAB reviewed during the first six months this year 88 cases and 19 persons were fined, whereas 63 public officials were verbally reproached.

In most of the cases KNAB detected that public officials have taken decisions in conflict of interests situations, failed to observe restrictions concerning additional employment and restrictions concerning commercial activities. Officials of local governments did not observe the rule that they cannot award public procurement contract to companies where they have shares unless the contract is awarded in open competition.

It was also detected that in three cases declared income of public officials or their relatives are not compliant with life style. This information was sent to the State Revenue Service to process the personal audit. This has resulted in additional taxation of undeclared income and a fine in total amount of 4 058 LVL.

Financing of political parties

KNAB is the authority in charge of monitoring **political parties'** compliance with party financing rules and pre-election campaigning violations of which are subject to sanctions.

In 2011 Department of Administrative Cases of the Supreme Court Senate ruled that political organisation „Tautas partija” (People’s Party) has to transfer to the state budget 235 856 LVL for overspending election campaign threshold and donation of 791 510 LVL received in contradiction with the law. The Supreme Court thus agreed with the decision of the Bureau and after three years dispute on this matter is finalised. Similar decision was taken by the Director of the Bureau with regards to the political party „Partija LPP/LC” in 2008 requiring to transfer to the state budget 528 870 LVL for disclosed overspent campaigning and illegal donation. The Supreme Court ruling in this case has not been announced yet.

Starting from 2012 **five** political parties receive funding for their daily activities from the state and so far **215 628** LVL have been allocated for this purpose. In accordance with effective provisions state funding will be provided four times a year during the term of office of 11th Saeima. It is too early to analyse the impact of state funding and it is assumed that certain influence is still exercised by certain economic groups by using substantial private contributions. Nevertheless, observance of legal requirements by political parties is increasing and violations are detected less frequent.

During first six months in 2012 the Bureau imposed fines against 21 political parties, 16 violations were recognised insignificant. During the same period five decisions were taken concerning the transfer to the state budget of illegal donations received by political parties in total amount of 19 894 LVL and in three cases parties had to pay back 2 305 LVL to persons who had donated to political parties.

International cooperation

The representatives of the KNAB participated at the meeting of the OECD Working Group on Bribery in International Business Transactions (the Working Group on Bribery) held on 13- 16 March, 2012 in an ad hoc observer status. During this meeting Latvia’s request to accede to the OECD Anti-Corruption Convention was reviewed and after the meeting the Working Group on Bribery informed Latvia on the outcome of the meeting and that some concerns were expressed in regard to Latvia’s compliance with the provisions of the Convention.

The KNAB has considered concerns expressed by the Member States of the Working Group on Bribery and have addressed the raised issues as the priority matter. Information needed in order to assess Latvia’s readiness to accede to the Anti-Bribery Convention and its ability to meet the obligations was sent to the Chair of the Working Group in September 2012.

From October 2011 Latvia is a party to the Agreement for the Establishment of International Anti-Corruption Academy as an International Organisation. KNAB is assigned to coordinate implementation of the Agreement.

On 4-8 June 2012 GRECO (the Council of Europe Group of States against Corruption) experts visited Latvia for evaluation mission in the framework of IV Evaluation Round. Experts analysed legal and institutional framework in order to assess prevention of corruption in respect of Members of the Parliament, judges and prosecutors. GRECO mechanism follows mutual review procedure and KNAB representative was member of evaluation team for Estonia. Draft reports on Latvia will be reviewed and adopted by the GRECO plenary in December.

In response to the invitation from the Georgian State Audit Office KNAB representatives visited Tbilisi in May and presented experience of Latvia in controlling financing of political parties. After the visit with the support of the Latvian Embassy in Georgia and EU delegation in Georgia proposal for technical assistance project was elaborated. Objective of the Project is strengthening system of control of party financing in Georgia and it is implemented by a team of KNAB experts. In the framework of the Project KNAB experts visited Georgia and met with all the involved stake holders. At the end of October delegation of representatives from different Georgian authorities will visit Latvia and KNAB.

In July 2012 review process for the implementation of the United Nations Convention against Corruption Chapters II and III in Latvia was started. Evaluation of Latvia will be carried out by experts from Ireland and Georgia, whereas representatives of KNAB together with experts from Nigeria will review Algeria and in a team with experts from Cameroon will review Slovenia.