



## **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.**

### **PROGRESS AND RESULTS IN PREVENTING AND COMBATING CORRUPTION IN LATVIA**

**Periodical update**

**2015**

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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 (the Bureau) adopted on 18 April 2002. The Bureau 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.

### ***Implementation of anti-corruption policy***

On 16 July 2015 the government (Cabinet of Ministers) approved a new mid-term policy planning document “[The Corruption Prevention and Combating Guidelines for 2015-2020](#)” (further – Guidelines 2015-2020) describing the current situation of Latvia’s anti-corruption policy, defining problems and stipulating tasks to be executed by various state institutions, implementation time frame for individual assignments, justification of the assignment and overall policy results to be expected in certain period of time. The Guidelines will replace the National Anti-Corruption Strategy for 2009-2013. To elaborate the Guidelines the Bureau considered proposals of various expert working groups arranged during the elaboration of the document, as well as recommendations expressed in international evaluations and reviews regarding corruption prevention and combating, public inquiries, surveys researches and reports on the improvement of the anti-corruption policy in Latvia. The results of inspections and criminal cases of the Bureau were also taken into account.

In February, 2015, two coordination meetings together with other relevant institutions were arranged in order to deliberate tasks foreseen in the Report on United Nations Anti-Corruption Recommendations. The Report stipulating precise tasks to be executed was adopted by the Cabinet of Ministers in April, 2015.

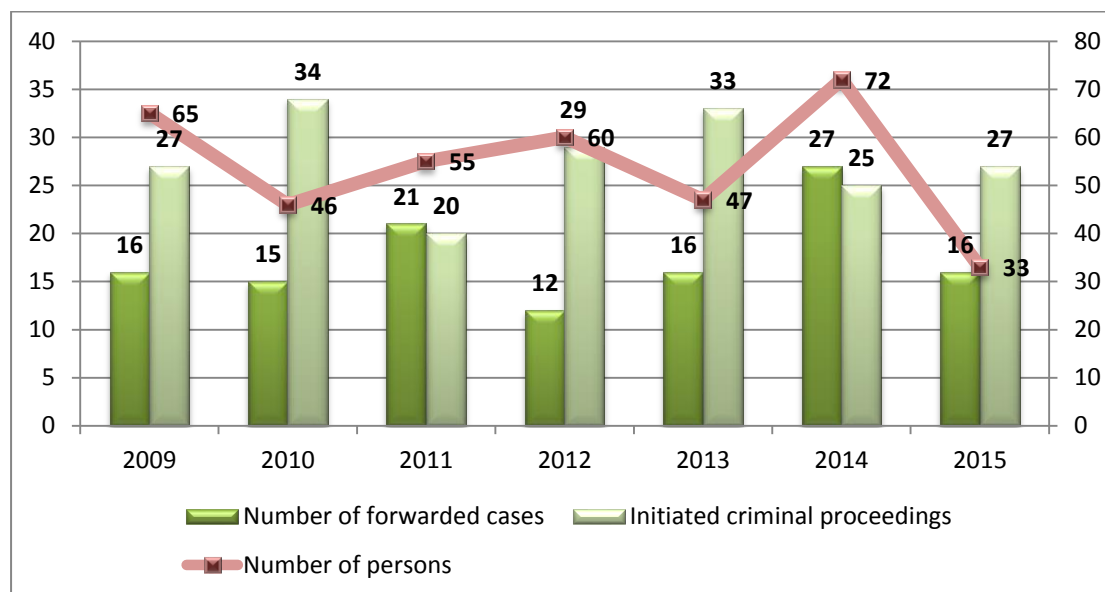
In April 2015 the cooperation agreement between the Bureau and the State Labor Inspection was signed. Agreement anticipates exchange of information and mutual consultations with the purpose to prevent as well as disclose alleged conflict of interests, corruption, labor rights and safety violations.

To mark International Anti-Corruption Day on 9 December 2015 the Corruption Prevention and Combating Bureau arranged a discussion on the future standards and regulation set by the government regarding the internal control, anti-corruption measures and prevention of conflict of interest in state owned and private companies. The aim of the discussion was to promote the role of the business integrity in anti-corruption activities. In 2015 the Bureau started to elaborate Regulations concerning internal control requirements for state and municipality owned enterprises. The structure of these Regulations was presented during the discussion. Participants of the event were representatives of public and private sector, NGOs, as well as representatives of state and municipality owned enterprises.

### ***Tackling corruption related offenses***

In 2015 investigators of the Bureau opened 27 criminal cases. Most of these criminal cases were opened on the basis of operational information received from the Criminal Intelligence Division of the Bureau. In total 16 cases were sent for criminal prosecution against 33 persons. In total 262 inspections have been commenced concerning alleged corruption cases.

**Number of criminal cases (and number of persons involved) forwarded for the prosecution to the Prosecutor’s General Office as well as number of initiated criminal proceedings in 2009 – 2015**



The Bureau is involved in complex corruption investigations which go beyond the borders of Latvia. In order to investigate these complicated cases in 2015 the Bureau has prepared and sent 8 mutual legal assistance requests to such foreign countries as United Kingdom, Austria, Estonia, Germany and other. The Bureau has also executed 8 foreign mutual legal assistance requests.

In 2015 one of the most important and widely media covered case in 2015 was involving the former head of *Latvian Railways*. On the 10 August 2015 the Bureau announced that criminal proceedings have been commenced against now the former head of the state owned company *Latvijas Dzelzceļš (Latvian Railways)* Uģis Magonis for accepting a bribe on a large scale. The payoff was allegedly made in connection to a tender held by state owned company’s Latvian Railway subsidiary *LDz Ritosa Sastava Serviss (LDz Rolling Stock Service)* to buy four diesel locomotives. The tender was won by Skinest, an Estonian company owned by one of the richest persons in Estonia – Oleg Ossinovski. Allegedly O.Ossinovski has given a bribe in amount of EUR 500,000. U.Magonis has attracted the KNAB’s attention already in the past. In fall 2010, the KNAB launched an inquiry into several large transactions U.Magonis had declared in his 2009 statement to the State Revenue Service. It was alleged then that the suspicious transactions might have been used to cover up money laundering operations. The money that had to be laundered through these transactions might have been made using office powers in *Latvian Railways* and its freight carrying subsidiary *LDz Cargo*.

In June 2015 the Bureau initiated criminal proceedings regarding alleged crimes of two senior officials – the former Head of the Forensic Department of the State Police and former acting Chief Prosecutor of the Financial and Economic Crimes’ Prosecutors’ Office. The two officials and a private individual were charged with using their official position in bad faith; illegal actions with data of private person and for trying unlawfully request a bribe from the private person in exchange for decision to cancel seizure (arrest) of property.

A pre-trial investigation commenced in 2013 was completed and forwarded to the Prosecutor’s General Office for criminal prosecution requiring charges for alleged abetting to give bribes and bribes misappropriation in large amounts. Evidences gathered during the investigation give sufficient ground to believe that an intermediary engendered a notion regarding a public official’s commitment to take favorable decisions in return for illegal pecuniary benefits. The intermediary encouraged to give bribes with his intermediation to high ranking public official in State Revenue Service. During pret-trial investigation it was disclosed that the intermediary misappropriated bribes in amount of 164 626 EUR and did not deliver them to the public official.

***Prevention of conflict of interest***

The control over activities of public officials and the prevention of conflict of interests is one of the Bureau’s main functions. The Bureau has power to examine whether public officials have followed provisions of the law “On Prevention of Conflict of Interest in Activities of Public Officials” (the Law) and to enact charges in cases when breaches of the Law are detected.

**Number of administrative decisions taken regarding the violation of the law “On Prevention of Interest in Activities of Public Officials” as well as number of penalties enacted and amount of fines (EUR) in 2009 – 2015**



In 2015 the Bureau has reviewed activities of 948 public officials, as well as 1206 public officials’ asset declaration in accordance to the Law. Controlling activities of public officials in prevention of conflict of interests in 238 cases the decision of violation of the Law was taken. 139 public officials were fined in total amount of 14 285 EUR, but in 88 cases public officials were verbally reproached.

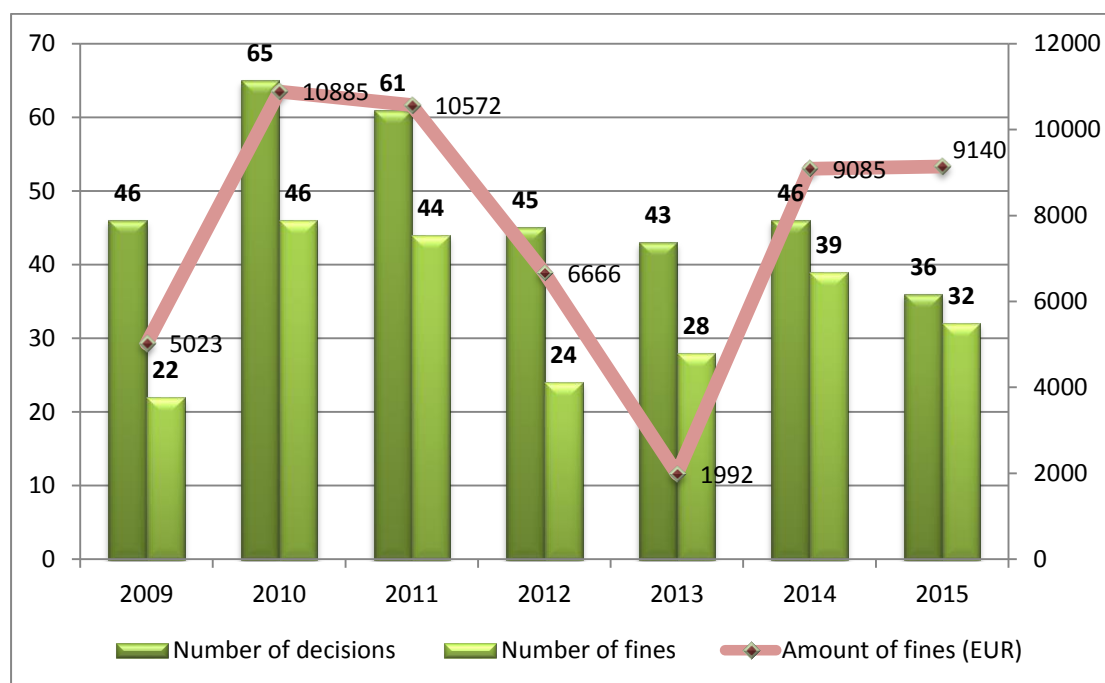
According to the Law the Bureau publishes on its web-site the information regarding those cases when the decision of violation of the Law was taken. In 2014 the Bureau

has published information regarding 79 public officials. In most of the detected violations public officials have failed to observe restrictions concerning additional employment thus gaining unauthorized income.

### ***Control of political parties financing***

The Bureau is the authority in charge of monitoring political parties' compliance with party financing rules and pre-election campaign violations of which are subject to sanctions. In 2015 for breaches of the *Law on Financing of Political Parties and Pre-Election Campaign Law* the Bureau has initiated 43 administrative cases. In 2015 in 32 cases fines in amount of 9 140 EUR have been applied.

### **Number of administrative decisions taken regarding violations of the Law on Financing of Political Organisations (Parties) and Pre-Election Campaign Law as well as number of fines imposed and amount of fines (EUR) in 2009–2015**



In 2015 the Bureau completed verification of 2013 annual reports, as well as donations and membership fees received in 2013. A review [Results of Inspection of political parties' annual reports in 2013](#) was published providing information on most common breaches of the law.

In line with state funding policy for political powers in 2015 six political parties received funding in amount of 612 398 EUR from the state budget. The Bureau has carried out inspection of public funding in 2014 received by four political parties and applied reimbursement in one case. This decision has been appealed in the court.

In 2015 the Bureau published 425 [announcements](#) on received donations and membership fees to political parties. In 18 cases the Bureau applied reimbursement of donations in amount of 76 860 EUR to the state budget as these donations were received in contradiction to the existing regulations.

### ***International cooperation***

In 2015 significant efforts have been made to continue successfully the accession process to the Organization for Economic Cooperation and Development (OECD). In first half of 2015 a visit of experts regarding Second Evaluation Phase on the implementation of Convention's on Combating Bribery of Foreign Public Officials in International Business Transactions (Convention) provisions was carried out evaluating such issues as corruption prevention, international cooperation on criminal matters and investigation of bribery of foreign officials. In second half of 2015 the Bureau officials participated in OECD Working Group on Bribery where Evaluation Report on Latvia was reviewed and adopted. During Latvia's accession process the Bureau has demonstrated clear commitment to implement Conventions' requirements at the highest level.

A Progress Report regarding European Council Group of States against Corruption (GRECO) has been prepared and submitted regarding fulfillment of recommendations of Fourth Evaluation Round concerning corruption prevention in respect of members of parliament, judges and prosecutors. Additionally the Bureau provided expertise to the Fourth Evaluation Round of Rumania.

The Bureau has prepared and submitted information to the European Commission regarding fulfillment of recommendations issued in the first EU Anti-Corruption Report by preparing statistical information on investigated and trialed corruption crimes in Latvia.

In December 2015 the Cooperation Agreement between the Bureau and National Anti-corruption Centre of Moldova was signed on exchange of information and experience regarding corruption prevention. The aim of this agreement is to enhance cooperation between both states on corruption prevention issues.

In 2015 the Bureau received confirmation of reimbursement of project costs submitted in the framework of *Hercule III* Program. The project is aimed to qualitative improvement of surveillance and analytical capacity of the KNAB ensuring the successful investigation of corruption crimes, including serious cross-border crimes. In June 2015 the Grant Agreement was signed for co-financing in amount of EUR 186 411.

In 2015 the Bureau welcomed visits of several delegations from such countries as Ukraine, USA, Jordan, Lithuania and Azerbaijan and shared experience and expertise on anti-corruption related issues.

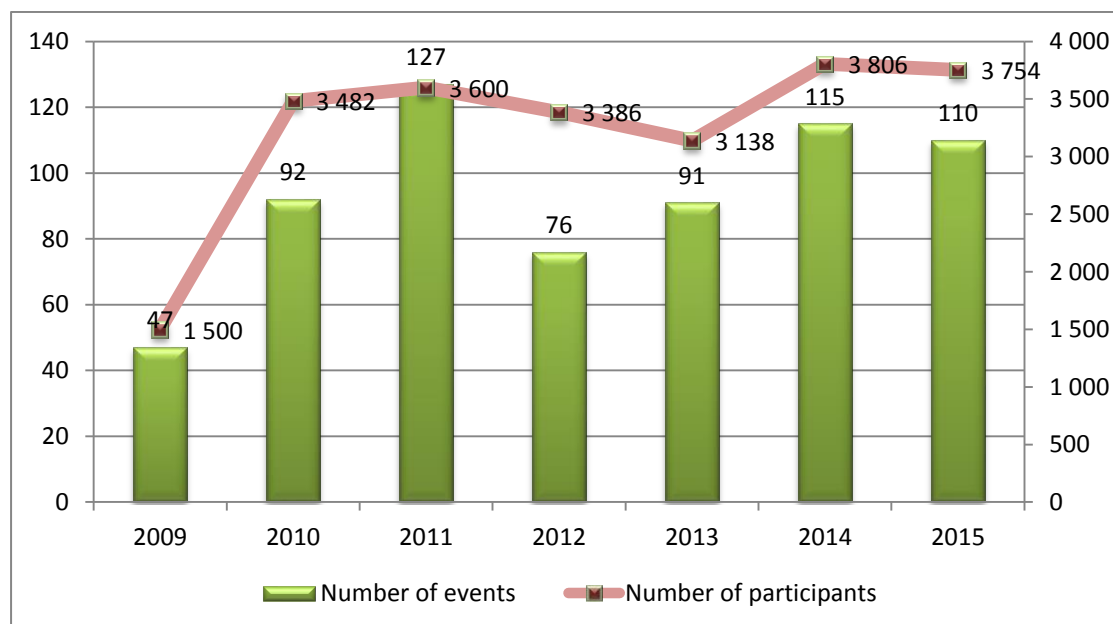
### ***Awareness raising and education***

In 2015 awareness raising and training on issues of the prevention of conflict of interests, ethics and internal control was provided to for more than 3754 persons in 110 events. Most of participants in these events are public officials and employees of public institutions. Special trainings are arranged for students and pupils as well as employees of health sector.

In 2015 the Bureau officials continued knowledge testing of officials on such issues as corruption and prevention of conflict of interests. The overall knowledge of public

officials was revealed as good, but better results were shown by the public officials in state institutions; whether the results of high ranking officials in municipalities were lower than the average. Thus the educational trainings for public officials in municipalities are at particular importance.

**Number of awareness raising / training events and number of participants in 2009 – 2015**



In 2015 two social campaigns were carried out. During the first posters have been disseminated in various cities and municipalities as well as at the International Airport Riga with an aim to pay attention to corruption and encourage people to report corruption cases. During the second a short video has been demonstrated in cinemas as well as public institutions and social networks with an aim to pay attention to corruption issues in taking decisions and report the Bureau on corruption cases.

During the second half of 2015 the Bureau prepared booklet and infographic on business integrity encouraging entrepreneurs to identify corruption risks in company and implement anti-corruption measures. Additionally information is provided concerning bribery of foreign officials and liability for corruption related offences to both natural and legal persons

The survey *Attitude towards Corruption in Latvia* was carried out in November 2015 shows that the lowest level of corrupt activities has been reach since 1999. The number of persons involved in corrupt activities regarding such issues as receiving health care, communication with the State Road Police, registration of the vehicle or technical inspection, receiving passport or residence permit is decreasing. The dynamics of the results shows that that the number of those persons decreases who are involved in more serious corruptive activities such as giving bribes more than 7 EUR or valuable gifts. The results of the survey clearly shows that the society is more educated on reporting corruptive activities and less likely to bribe a public official – in 2015 the amount of persons who admitted their readiness to give a bribe was 22,2% which is 7,3% less than in 2014.