



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

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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

In 2014 the Bureau continued to elaborate the Corruption Prevention and Combating Guidelines for 2015-2020 (the Guidelines) that have to be approved by the Cabinet of Ministers. It is a medium term anti-corruption policy document describing the current situation of Latvia's anticorruption 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.

In order to implement a unite approach to the country's anti-corruption policy in the coordination meeting (24th October 2014) of the national anti-fraud coordination service AFCOS¹ it was decided to include tasks for preventing and combating fraud in the activities and of European Structural and Investment Funds as well as other foreign financial assistance instruments in the Guidelines.

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. For the first time the Bureau had conducted a full evaluation of the Latvia's institutional system in compliance with the United Nations Anti-Corruption Convention (the UNCAC) requirements. The structure of the Guidelines was arranged in the line with the UNCAC.

Tackling corruption related offenses

In 2014 investigators of the Bureau opened 25 criminal cases. 14 criminal cases were opened on the basis of operational information received from the Criminal Intelligence Division of the Bureau. The investigation was concluded in 39 criminal cases from which 27 cases were sent for criminal prosecution against 72 persons. The Bureau is involved in complex corruption investigations which go beyond the borders of Latvia. In order to investigate these complicated cases in 2014 the Bureau has prepared and sent 13 mutual legal assistance requests to 13 foreign countries – both the EU member states (Czech Republic, Lithuania, Spain, Germany etc.) and other (USA, Grenada, Russia, Ukraine etc.). The Bureau has also executed 14 foreign mutual legal assistance requests.

¹AFCOS (anti-fraud coordination service) is an operationally independent national authority responsible for protecting the EU's financial interests from fraud. It coordinates the sharing of information between the national fraud-prevention authorities and the European Anti-Fraud Office (OLAF).

In the framework of criminal cases the damage of 4 369 801 EUR caused to public sector and the damage in amount of 1 701 821 EUR caused to legal persons was established.

During the second half of 2014 one of the most important criminal cases forwarded to the Prosecutor's General Office was against a public official alleged in coercion of a witness to change his testimony. During the investigation sufficient evidences were collected to give the ground to believe that the public official used intermediaries in order both to threaten and to offer an illegal reward to the witness to force him to reject his previous testimony and testify in the favor of the public official. Allegedly the whole criminal offense was organized and incited and by the public official.

In 2014 an extensive pre-trial investigation was completed and forwarded for the criminal prosecution requiring charges against 7 persons (two municipality's officials and four entrepreneurs) into allegations of bribery, misuse of official position for purposes of acquiring property and fraud. Investigation with regards to crimes committed in public procurements of the second largest city Daugavpils municipality's company *Daugavpils siltumtīkli* (public entity providing the heating in Daugavpils municipality). Evidences collected give sufficient ground to believe that in the time period from 2011 until the spring of 2012 two entrepreneurs defrauded large amount of funds (850 000 EUR). During the pre-trial investigation it was revealed that the official who was involved into the public procurement processes was given a bribe in amount of 10 000 EUR. In another episode of the case it was disclosed that in January 2013 a group of persons through intermediaries intended to give a bribe in amount of 120 000 EUR to the high ranking public official in Daugavpils municipality. The bribe was intended for taking a decision in favor of particular entrepreneur thus excluding any other company in public procurement of *Daugavpils siltumtīkli*. After partial misappropriation of the intended bribe intermediaries gave the rest of the money in amount of 60 000 EUR to the public official.

Another case of the Bureau forwarded for the criminal prosecution was against official in Riga municipality's public entity for alleged criminal offences. During the pre-trial investigation it was revealed that the official misused the official position causing serious consequences and misappropriation of funds in large amounts (61 270 EUR) for construction works that were never provided. An employee of the municipality's legal entity is alleged for supporting illegal activities of 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.

In 2014 the Bureau has reviewed activities of 1005 public officials, as well as 1344 public officials' asset declaration in accordance to the Law. Controlling activities of

public officials in prevention of conflict of interests in 200 cases the decision of violation of the Law was taken. 100 public officials were fined in total amount of 10 115 EUR, but in 85 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 148 public officials. In most of the detected violations public officials have failed to observe restrictions concerning additional employment thus gaining unauthorized income.

During inspections of public official's asset declarations it was detected that in 13 cases alleged failure to follow the procedure occur. This information has been forwarded to the State Revenue Service. During 2014 the Bureau has requested one personal audit and to examine 6 cases when particular employees were not determined as public officials.

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 2014 the Bureau has ensured the inspection of the use of public funding to political parties and applied reimbursement in one case in the amount of 7 919 EUR. This decision has been appealed in the court. In line with state funding policy for political powers in 2014 four political parties received funding in amount of 370 141 EUR for daily activities from the state budget.

Due to the European Parliament elections in spring and national parliament (*Saeima*) elections in autumn the amount of donations to political parties increased considerably, but the largest amount of donations to political parties was shortly before the parliament elections – in the second half of the 2014 in the amount of 3, 3 million EUR, whether in in the first half of 2014 in the amount of 1, 7 million EUR. In total the Bureau has received and published 593 announcements on donations to political parties. In 12 cases the Bureau decided on reimbursement of donations in amount of 79 474 EUR to the state budget as these donations were received in contradiction to the existing regulation.

In 2014 the Bureau completed verification of declarations regarding revenues and expenses concerning European Parliament elections in 2014. The Bureau has published also declarations regarding revenues and expenses concerning parliament (*Saeima*) elections in 2014. In total the Bureau has received 52 declarations and commenced their verification.

In 2014 the Bureau has submitted a claim in the court to suspend activities of one political party as it has failed to submit declaration on revenues and expenses for election in 2013 and the annual report.

Regarding the monitoring of pre-election campaigning for the breach of rules the Bureau has sanctioned 39 parties in amount of 9 085 EUR. And in other 7 cases parties were verbally reproached.

In 2014 for breaches of the *Law on Financing of Political Parties and Pre-Election Campaign Law* the Bureau has sanctioned 39 parties for the total amount of 9 085 EUR; whether in 7 cases parties were verbally reproached.

After evaluation of the available information regarding European Parliament elections and national parliament (*Saeima*) elections the Bureau has concluded that none of political parties have violated restrictions setting limits to the financing of political parties.

International cooperation

In February 2014 the UNODC published Latvia's compliance review of the implementation of the UNCAC. In the autumn 2014 the Bureau prepared report concerning the implementation of recommendations setting specific tasks to fulfill by state authorities and submitted to the Government.

Given that in the autumn of 2013 Latvia was invited to join the OECD Working Group on Bribery as a full-fledged member an intense work of the Bureau experts together with representatives from other state authorities to assure Latvia's compliance was continued. During the Working Group in June 2014 the Phase 1 Report on Implementing the OECD Anti-bribery Convention in Latvia was reviewed and confirmed.

In accordance with the GRECO Rules of Procedure the Latvian authorities represented by the Bureau submitted the Compliance Report on the implementation of the Forth evaluation Round recommendations adopted by GRECO in 2012. Meanwhile in 2014 the Bureau continued to represent Latvian authorities in four GRECO Plenary Meetings.

The Bureau has signed a bilateral cooperation agreement with the Ministry of Justice of the Republic of Estonia for implementation of the project *Reducing Corruption: focusing on private sector corruption* in the framework of a grant awarded through the European Commission civil justice programme. In the framework of this project various activities are planned in cooperation with experts from Latvia, Denmark, Spain and Estonia.

The Bureau has welcomed several delegations from such countries as Armenia, Croatia, Montenegro, Kyrgyzstan, Kuwait, Ukraine and Turkmenistan and shared experience and expertise on anti-corruption related issues.

Awareness raising and education

In 2014 awareness raising and training on issues of the prevention of conflict of interests, ethics and internal control was provided to for more than 3800 persons in 115 events. Due to the European Parliament and national parliament (*Saeima*) elections in 2014 the Bureau arranged special awareness raising activities concerning

pre-election campaigning and restrictions setting limits to the financing of political parties.

In 2014 the Bureau launched an anti-corruption campaign *Corruption – slippery road!* addressing society on negative consequences caused by the corruptive actions. In the framework of the campaign the outdoor advertisements were placed in Riga and Daugavpils, as well as radio advertisements in Latvian and Russian language.

In 2014 the Bureau initiated knowledge testing of public 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 activities for public officials in municipalities are at particular importance. Along with this initiative the Bureau continued to develop e-training modules for testing knowledge online. In addition three electronic leaflets were issued addressing latest developments in anti-corruption area.

In line with the implementation of the OECD Foreign Bribery Convention the Bureau in cooperation with the Investment and Development Agency of Latvia informed entrepreneurs regarding the corruption risks assessment abroad. In order to raise the level of awareness of the foreign bribery offence within the public administration and among those agencies that can play an important role in preventing and detecting foreign bribery and the public in general a series of activities were undertaken addressing not only Latvian companies active in foreign markets, but also diplomatic personnel, tax inspectors, internal and external auditors, so that they may be able to detect and report instances of foreign bribery committed by Latvian companies and provide appropriate assistance when such companies are confronted with bribe solicitations.

Moreover the Bureau published the booklet *Integrity and anti-corruption policy in international business* as well as translated the publication *Anti-Corruption Ethics and Compliance Handbook for Business* prepared jointly by the Secretariats of OECD, UNODC and the World Bank.