

## Progress and results in the field of corruption prevention and combating



### *Mission Statement of the 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.

During the accounting period (from August 2004 until August 2005) significant questions have been resolved concerning joining of Latvia to the number of international legislative acts. The Council of Europe Civil Law Convention on Corruption was approved by Saeima on 17 February 2005. Cabinet of Ministers approved joining United Nations Convention against Corruption and was signed by the representative of Latvia in New York on 19 May 2005. The Government of Latvia supported joining European Council Criminal Law Additional Protocol and it was forwarded to the Parliament for ratification.

Significant work has been done in improvement of control over income of physical persons. With the leading role of Corruption Prevention and Combating Bureau project of concept "On improving control over income of physical persons" has been prepared and submitted to the Government. Implementation of the Concept will contribute to effective control over income and property status of physical persons.

In order to eliminate inequality between political parties and voting groups in local government elections, draft laws "On Pre-election Campaigning", "Financing of Voting Groups", "On Political Parties" and a number of other normative acts which regulate activity of political parties and voting groups have been prepared; some of these legislative documents are being under examination of Saeima or Cabinet of Ministers, other legislative acts already entered into force

### **Progress in implementation of the National Programme for Corruption Prevention and Combating for 2004-2008**

On 8th March, 2004 the *National Strategy for Corruption Prevention and Combating for 2004-2008* was adopted by the Government. The Strategy points out basic principles and objectives of the corruption prevention and combating policy as well as defines problems solution of which requires implementation of the national anti-corruption policy.

On 3rd August, 2004 the *National Programme for Corruption Prevention and Combating for 2004-2008* was adopted by the Government. The Programme clearly sets priorities, defines responsible institutions, their tasks and timeframe for the implementation of the Programme thus effectively coordinating the cooperation amongst all the agencies involved. The Bureau is responsible for control and coordination of the implementation of the programme and report on implementation to the Cabinet of Ministers.

In 2004 the Bureau has submitted the first report to the Government on activities and results in line with the National Programme for Corruption Prevention and Combating for 2004-2008. Among all the assignments there are some that have to be performed on regular basis, while other are designed as occasional events. In order to provide assistance and guidelines on how to proceed with introducing those measures the Bureau organized 4 discussion rounds

for representatives from various institutions. Information for about 60 tasks and assignments has been included in the report.

**Main priorities** during the first period were:

- 1) issue of income declaration and possible solutions;
- 2) introduction and improvement of internal anti-corruption activities, including elaboration of anti-corruption plans in state institutions;
- 3) to put into practice values of ethics and codes of conduct; Executives and managers are liable for following values of ethics in institutions;
- 4) to define scope of State officials working with European Union funds. In order to gather information on personnel working with European Union the Bureau asked all relevant institutions to submit lists of officials as well as description of procedures working with EU funds. This information could be used for random examinations to prevent conflict of interest situations;
- 5) improved legal framework of control over financing of political parties (draft Regulations that stipulates procedures for submitting declarations of political parties);
- 6) creation of working group to solve detected problems in renting out state and municipal property (real estate) has taken place. Expected outcome is elaboration of amendments to current legislation thus eliminating existing loopholes.

Most of the problems were encountered while working with internal anti-corruption activities due to large scope of institutions and so far very little attention has been paid to this issue. Furthermore, it is responsibility of management staff to ensure that a state or municipal institution has internal anti-corruption measures in place. All institutions generally had a number of internal regulations in place,

however very little of those addressed anti-corruption matters.

Within the context of the Programme **main priorities for 2005** are:

- 1) introduction into legal system provisions for (legal) lobbying;
- 2) to continue working with state institutions in order to strengthen internal efforts against corruption;
- 3) to continue following up procedures used working with EU funds;
- 4) introduction of legal liability for providers public services (teachers, physicians).

#### **Elaboration of anti-corruption policy documents: Concept on Improvement of Income Control of Individuals**

To improve efficiency of control system over income for natural persons and to solve currently acknowledged problems detecting the origin of illicitly acquired means the Bureau initiated creation of working group comprising officials from state institutions as well as nongovernmental community. Problems that were encountered in most cases were:

- *loopholes in current income control system for natural persons*

Limited resources of state institutions to proceed with income control of natural persons and herewith very little possibility to detect alleged corruptive offences.

Legislation in place stipulates that no examinations are to be carried out for the period of more than three past years.

In cases when income of a person exceeds four times the amount of untaxed minimum an income declaration has to be submitted however it is not a regulation followed by most people.

- *lack of proper sanctions for not declaring income*

Currently legislation provides that a fine in amount of 20 LVL can be imposed for not

submitting income declarations as provided in the Law. However, a fine is not a sufficient measure taking into account that there is no complete information on the amount of income of tax payers at the disposal of the State Revenue Service.

Taking into account above listed problems, there are difficulties in detecting real amount of income of State officials, therefore income declaration system has to be improved in general.

Several lines of activities laid down in the Concept of Income Control for Natural Persons that are seen as solution to current problems:

- 1) to introduce obligation for annual income declaration that would apply to everybody though it is foreseen to introduce thresholds.
- 2) amendments to legislation in place as one of the measures in order to:
  - to extend the authority of the State Revenue Service regarding examination of income of natural persons;
  - to introduce additional requirements in declaring income, including an obligation to declare the amount of cash brought into the country on the border;
  - to introduce sharper sanctions for not following respective rules and to extend the scope of persons who have to declare income as well as to require including more information in the declaration in place;
  - to introduce into legal system of Latvia provisions for legal presumption and reversal burden of proofs.

Nevertheless, most rational solution would be introduction of general income declaration.

The Concept is to be examined by the Government and most appropriate suggestion will be approved.

## **Current situation, results**

In 2005 fairly good progress has been made in terms of implementation of the Bureau's functions in corruption prevention and combating, for example:

there are 29 criminal cases in the competence of the Bureau. 21 criminal cases are passed to the Prosecutor's Office for criminal prosecution against 41 persons. Most of the criminal cases were initiated for accepting or giving bribes, for using official position in bad faith. Among persons against whom criminal cases have been initiated there are: police officers, deputy candidates in municipality elections, head of pharmacy commerce company.

In 2004 the Bureau made a considerable progress in combating corruption compare 2003 (30 criminal cases in the competence of the Bureau, 18 criminal cases in 2003) due to increased staff number and also improved professional level of personnel. Apart from that year 2004 was the first year when the Bureau has been fully operational for 12 months.

- In 2004 the Bureau has examined 516 declarations of assets of state officials in regard to the restrictions and prohibitions imposed on them by the law "On Prevention of Conflict of Interest in Actions of State Officials". Within the given authority to bring administrative charges against public officials for violation of restrictions provided in the respective law, a fine was imposed against 80 state officials in year 2004 per total amount of 5385,00 LVL and against – 47 so far in year 2005 per total amount of 3365,00 LVL. 104 in-depth examinations have been carried out in various institutions. In 7 cases a decision was taken that state officials have to pay caused losses to the state budget, 5 decisions were disputed. Most common violations are combining offices

and taking decisions for own benefit and benefit of family members or relatives.

- implementing an extensive examination of the political parties finances it was detected that parties have received donations in contradiction with the Law on Financing of Political Organizations (Parties). According to the law these illegal donations received by the parties have to be paid to the state. The Bureau receives declarations of parties' financial activities (declaration on expenditure of pre-election campaigns, election expenditure declaration, and annual financial declaration) and compiles and analyses the processed information provided in financial declarations of political organisations (parties) and their associations as well as monitors legitimacy of received declarations and parties' donations. In 2004 it was detected that 15 parties have received illegal donations in year 2003 in total amount of 133 231,90 LVL (almost 190 000 EUR). In 2005 the public was informed that 18 cases of violations of law was detected among political parties and 10 499 LVL should be paid back to State Treasury as illegal donations.

In 18 cases a decision to impose administrative charges against representatives of political parties have been taken, and as an administrative charge a fine has been imposed in total amount of 3365 LVL. Comparatively in 2004 in 15 cases a decision to impose administrative charges have been taken, in 12 cases a fine has been imposed as an administrative charge in total amount of 4 225,00 LVL (almost 6 000,00 EUR).

Comprehensive report on results of examination on financing political parties and detected breaches in 2003 was published in March 2, 2005.

In 2004 the Bureau has forwarded to the Court claims against 16 political parties for not following regulations provided in respective law. According to the Court decisions:

- 2 parties have to pay back illegally received donations;
- activities of 7 parties have been stopped temporarily with an obligation to avert detected breaches;
- activities of 2 parties have been eliminated.

The Bureau has made an agreement with public policy centre "Providus" to cooperate in monitoring pre-election campaign for local elections, held in spring 2005.