



# Latvia's experience in preparation and implementation of anti-corruption strategy

**Liga Stafecka**

*Transparency International Latvia*

[Liga.Stafecka@delna.lv](mailto:Liga.Stafecka@delna.lv)

*17.03.2008 Warsaw*



# **Main criteria for good anticorruption program:**

1. Do the measures of the anticorruption program reflect the main corruption manifestations in the society?
2. Do the measures solve the causes of the corruption?
3. Is it possible to measure the effectiveness of the implementation of the program?
4. Is there political will to implement anticorruption strategy?



# Anticorruption policy development

- 1997 – Corruption Prevention Council Created (World Bank influence);
- **1998 – Corruption Prevention program** adopted (three-pronged strategy of prevention, enforcement and education);
- 2000 – Corruption Prevention Conception adopted;
- **2002 – Law on Corruption Prevention and Combating Bureau;**
- **2004 - National Strategy/Program for Corruption Prevention and Combating 2004-2008**



# Corruption Prevention program 1998

- Three-pronged strategy. The First edition with indistinct tasks, no responsible institutions, no clear time limits.
- Monitoring of the implementation by TI Latvia(2000/2001):
  - Suspicion that the approach “*what can not be undone rather than what needs to be done*”.
  - Missing coordination of the implementation;
  - Missing responsible persons for the implementation;
  - Already accomplished measures included in the Program;
  - Too generally formulated tasks – impossible to control the implementation;
  - Lack of awareness of the public officials in anticorruption field;
- Corruption Prevention Council agrees (2000) that in order to control the implementation of the Program and coordinate institutions involved it is necessary to create Corruption Prevention Bureau;



- Very critical report from World Bank 1999: high “state capture”\*, medium administrative corruption:  
*“Whatever the true level of commitment on the part of leadership, the public does not seem to feel that the commitment of government in general is credible; households, enterprises and public officials made this clear when asked to evaluate their perceptions of how genuine the intention to fight corruption is”*
- 2000 The Corruption Prevention Conception sets the establishment of Corruption Prevention and Combating Bureau (KNAB)
- On 2003 newly established institution KNAB starts to work on new Anticorruption strategy.

\* “State capture” means activities of individuals or economic groups in public or municipal sphere directed to effect legislation and decision making process with a purpose to acquire personal benefit, furthering illegal private benefit of public officials.



# Public attitude and experience with corruption:

(Source: TI Latvia Survey “The Face of Corruption in Latvia” (1999))

<b>The Statements of Justifications of corruption</b>	<b>+</b>	<b>-</b>
Current bureaucratic system force bribing	78.2	13.2
Only with combating higher level corruption lower level corruption will disappear	79.2	14.6
It is impossible without bribing to get through anything because the whole system of the state is corrupt	62.5	26.8



*Public attitudes (continued):*

## **The causes of corruption indicated by the society\*:**

1. The established system to gain private goods;
2. Low demands to public officials, lack of control;
3. The example of the state higher level officials.

**Readiness to bribe – 51%;** (Main reasons: fastening resolution of some issues; security that the problem will be really solved and guarantee that the problem will be resolved in the necessary way.)

**Main areas of personal experience:** traffic police, receiving licenses and permissions; registration of means of transport, dealing with matters in the court, health care system.

**Factors that could make to refrain from bribing:** 39% Financially cannot afford with this; 34% therefore I increase the dishonesty of public officials, 33% morally unacceptable.

\*The Face of Corruption in Latvia” (1999), SKDS



# National Strategy for Corruption Prevention and Combating 2004-2008

- The corruption prevention policy goals are defined in **the National Strategy for Corruption Prevention and Combating 2004-2008**;
- The Strategy is **mid - term strategy** – for 5 years;
- The objective of the Strategy is twofold:
  - 1) To define actual problems in corruption prevention and combating;
  - 2) To ensure adequate solutions to those problems thus leading to legal and effective activities of public officials, taken for the benefit of the society.





# National Program for Corruption Prevention and Combating 2004-2008

- The Program – “implementation plan” of the Strategy;
- Responsible for the implementation – KNAB;
- Annual reporting on the implementation of the strategy;
- ~120 measures included



## **7 Main lines of activities in the Strategy:**

1. Prevention and combating undue influence of private individuals on decision making in state and municipal institutions (“state capture”):
  - Strengthening of control over the funding of political organizations, election campaigns; - research into the problem of legal regulations of lobbying process.
2. Prevention and combating illegal and ineffective public property use:
  - Improving control over state and municipal procurement, assess the possibilities for centralized procurement; legal regulations for the lease procedure of premises owned by municipalities; transparency of state and municipal budget.
3. Improvement of control over illegal income and expenditure:
  - development & implementation of a methodology for the examination of state officials incomes legality; improvement of control over residents income tax payment and property status of residents.



#### 4. Building the anti-corruption capacity by ensuring fast and qualitative investigation of criminal cases:

- Capacity of KNAB, other prosecution institutions, collaboration with domestic and foreign institutions, business environment improvement; witnesses & whistle-blowers protection to encourage readiness to testify, etc.

#### 5. Ensuring legitimate and expedient allocation of funding of EU and international institutions:

- control over allocation of funds, identification of the officials involved in allocation of the funding.

#### 6. Ensuring and improving internal anti-corruption systems in state and municipal institutions;

- strengthening the prevention of conflict of interests, introduction of stricter criteria for personal selection in public institutions; introducing efficient internal control mechanisms (specifically in Prosecutor's office, police); ethics in public administration.



## 7. Building legal awareness among state officials and other members of the society on issues of corruption:

- Training course for public officials (students, judges) on corruption prevention issues such, like prevention of conflict of interests; educational manuals for different target audiences; ensuring public accessibility to court verdicts, research and pools of corruption occurrence and forms of corruption.



# Let's turn back to the criteria!

## 1. Do the measures of the anticorruption program reflect the main corruption manifestations in the society?

More than less meets the corruption manifestations; (f.i. missing vision on the corruption combating in such areas as corruption in health care, decreasing readiness to bribe with preventive measures.

## 2. Do the measures solve the causes of the corruption?

The adoption of the new norms should not become the aim *per se*

In some of the cases the Program concentrates more on the missing legislation elaboration that not necessarily is the main cause of for corruption.

## 3. Is it possible to measure the effectiveness of the implementation of the strategy?

+ it is possible to follow the schedule of the implementation and identify the responsible institution; - still some immeasurable results:

“Procurement expenditures has to be cut” / “Precise and unambiguous interpretation of the law [conflict of interest] has to be ensured”.



# The most challenging criteria – political will

## Party and election campaign financing example:

### “Election campaigns”

- Setting election campaign spending limit – 540 000 USD per political party and limits for donators;
- so called “third parties” problem left unsolved!;
- Good results on municipal elections 2005, Bad results in 2006 national elections (Massive “third parties” campaign”, used by incumbent parties)
- “Third parties” campaigning still unsolved.

### “Party financing”

- The parties dependence on the interests of narrow groups:
  - ~ 90% of the donations to the political parties are above 2000USD (= 90% of parties incomes); [the average gross salary in 2006 = 600USD]
  - Some of the political parties are so called “sofa parties”;



# Some of successes stories with combating state capture during the period:

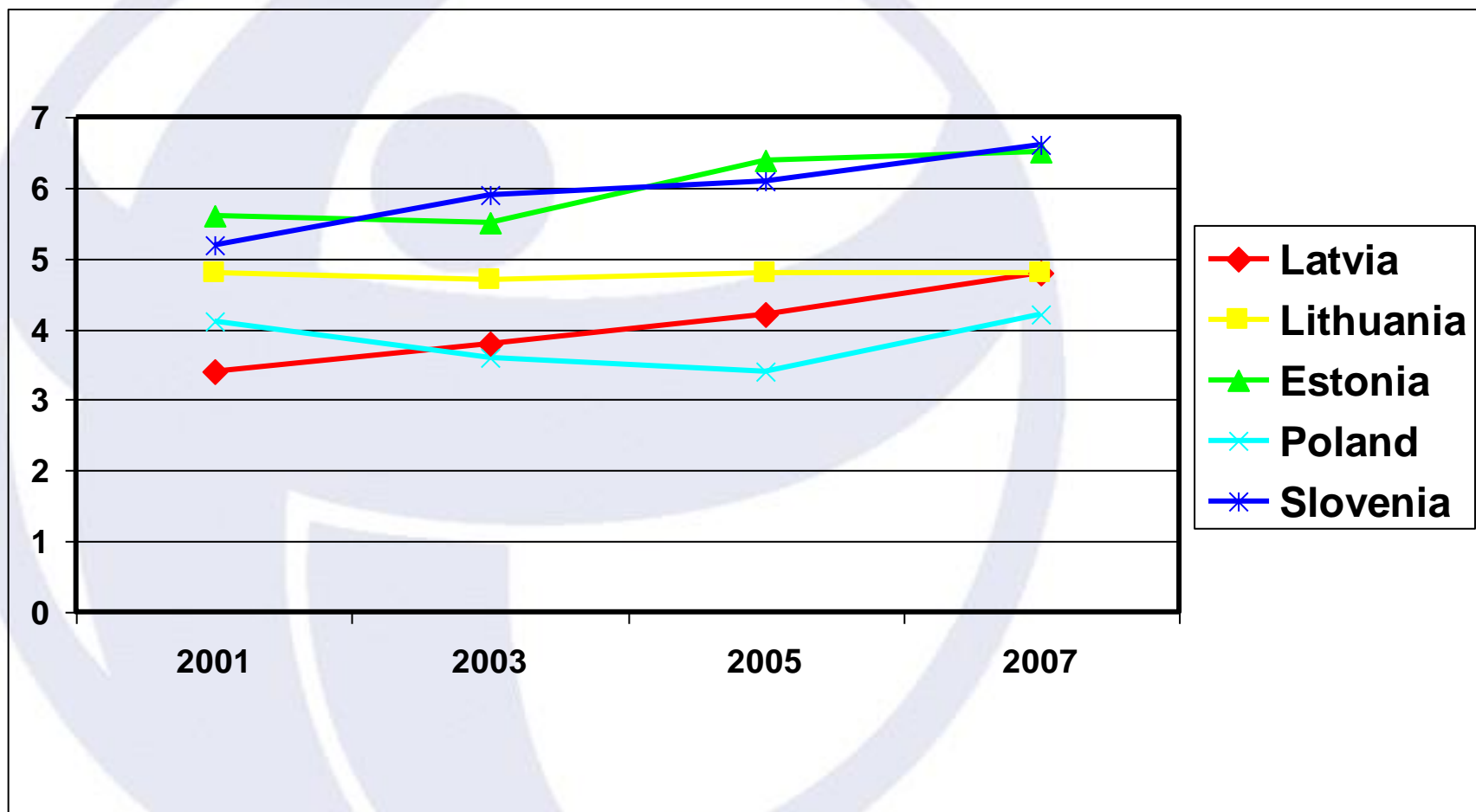
- **“Jurmalgate”** – attempt of bribing of Jurmala City Council deputy in Mayor elections (closed) (2005);
- **“Ventspils City mayor’s case”** – Mr.Lembergs is being accused of bribery, extortion, money laundering and falsifying income statements;
- **“Digital Television” case** – attempt to introduce digital tv in Latvia (enourmous investments) where the Kempmayer Limited would be the introducer, the roots of KML registered in offsores, comes to Latvia, more than 20 persons accused (the case is currently in the court);

## Attempts to block the frying of big fishes:

- Attempts to amend the Laws on National Security;
- KNAB Political independence problem.



# Corruption Perception index (CPI)







<b>The Statements of Justifications of corruption (1999; 2005; 2007)</b>	+	-
Current bureaucratic system force bribing	(78.2) (74.1) (60)	13.2 (15.3) (27.7)
Only with combating higher level corruption lower level corruption will disappear	79.2 (76.2) (62)	14.6 (18.5) (27)
It is impossible without bribing to get through anything because the whole system of the state is corrupt	62.5 (55.7) (45.7)	26.8 (34.7) (38)



## **Readiness to bribe is decreasing but still high:**

1999 – 51%; 2005 – 48%; 2007- 39%

## **Remarkably decreasing trust to the public institutions (2007)!**

78% doesn't trust to the Cabinet of Ministers (2005: 56%; 1999: 54%)

76% doesn't trust to political parties (2005: 74%; 1999: 75%)

76% doesn't trust to the Parliament (2005: 59%; 1999: 84%)



# Some lessons

- Education work has to be extended, because of two reasons: to decrease the readiness to involve in corruption and also because of high trust to KNAB, the informed citizen can be very helpful not only in corruption prevention but also combating.
- “State capture” fields should remain the priority, but more attention has to be paid to the whistleblowers protection, strengthening independence of prosecution institutions; involving public.
- Strategy should become something more than the work plan for Anticorruption institution. The next strategy should be more oriented towards strategic vision, including precise objectives and also applying more interdisciplinary measures (including the improvement of socio-economic environment of the society).



- The Program implementation reports should be supplemented with the reassessment of the strategic goals and priorities.
- **In order to implement the anti-corruption strategy successfully, is not enough to reach consensus in a wording of it, for that the political will is of high importance.**

*Thank you!*