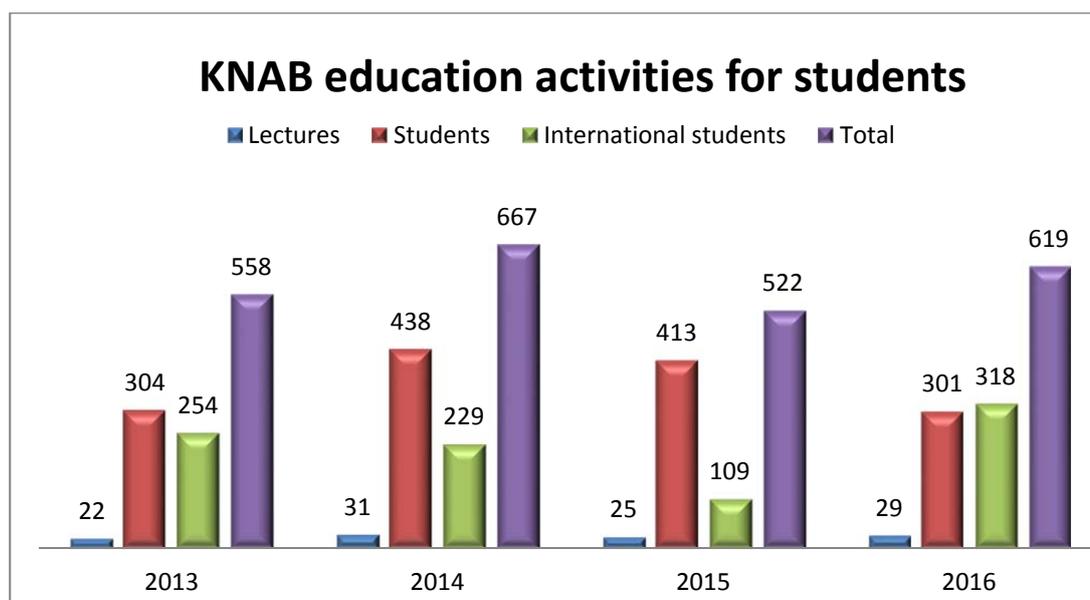


On Corruption Prevention and Combating Bureau's (hereinafter – KNAB) web-site teachers and pupils can find information materials in relation to anti-corruption lessons and teacher's manual. More info on web-site in Latvian language: <https://www.knab.gov.lv/lv/education/forschools/>

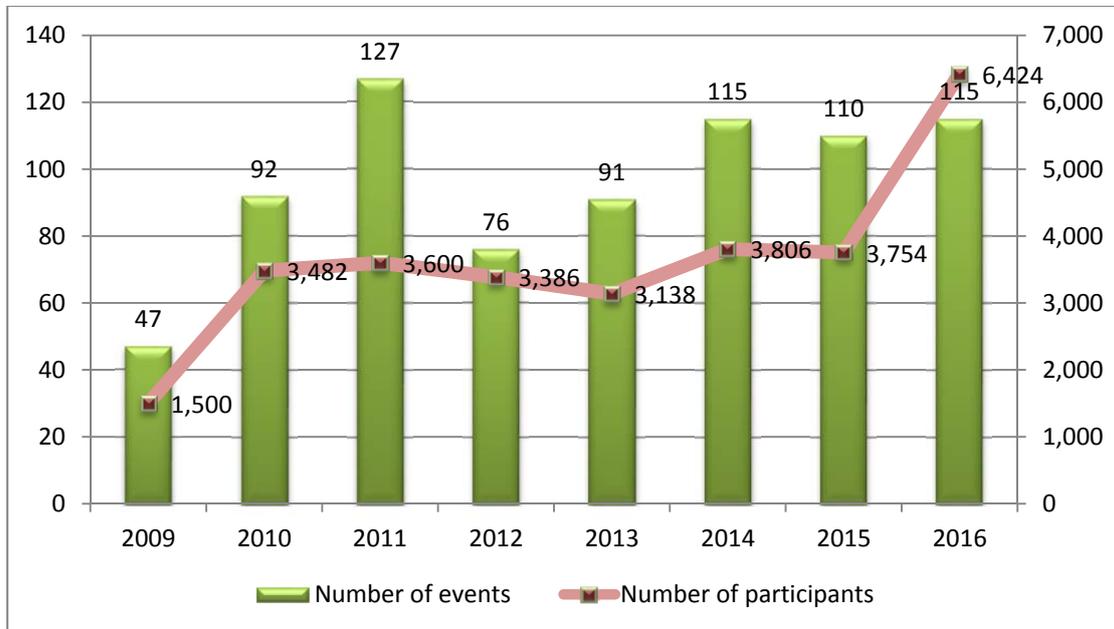
National Centre of Education elaborates curriculum development in general education, monitors its implementation and coordinates development of educational books. KNAB successfully cooperates with National Education Centre in order to introduce anti-corruption issues in primary and secondary schools official curriculum. It is planned to include anti-corruption issues such as corruption and conflict of interest in the official curriculum. Additionally both institutions work on drafting practical guide, handbook and short educational video clip's that shall be used during anti-corruption lessons.

In 2012 KNAB signed long term cooperation agreement with Riga Stradins University. According to the agreement future doctors have a lecture on corruption issues in health care system presented by KNAB experts. Lectures are foreseen for national and international students.



In 2016 KNAB experts have conducted 115 seminars for 6424 persons (most of them public officials) on such issues as consequences of corruption, prevention of conflict of interest, lobbying, internal control measures in relation to corruption prevention and ethics.

Number of events arranged by KNAB and number of participants.





**Be responsible –
recognise corruption,
don't involve, report!**

Niccolo Machiavelli (1469-1527)

- Machiavelli compared corruption to a disease, which is difficult to diagnose at the beginning, but easy to cure; whereas, unless treated, it is easy to establish, but difficult to cure.



Corrupt legislation / Elihu Vedder (1896)



RECOGNIZE!

- **Corruption – exercising the public power to acquire a private benefit.**

(World Bank)

- **Bribery and any other kind of conduct of those persons who are trusted with responsibility in the public or private sectors and who violate their obligations, and which is aimed at acquiring illicit advantage for oneself or other persons.**

(Council of Europe)

Corruptive offences cause criminal liability

Corruption and commercial bribery

- Corruption in the public and municipal sectors
 - Concept of a public official
- Corruption in the private sector or commercial bribery

Types of bribes





What examples of corruption can you mention?



MANIFESTATION, CAUSES AND CONSEQUENCES OF CORRUPTION

Administrative corruption

- At the stage of applying the law
- Unlawful conduct of public officials of the police, the customs, the institutions issuing permits, licences, documents or collecting taxes, by acquiring benefits to themselves



Political corruption or 'state capture'

- Actions of separate persons or economic groups, aimed at influencing the processes of adoption of normative acts and taking other decisions to acquire a personal benefit for oneself



General causes of corruption

- **Restrictions and obligations** or the causes brought by bureaucracy;
- **Legislation deficiencies;**
- **Collision** of the public and personal interests;
- Disproportionately large role of **money in obtaining the political power;**
- **Unequal income distribution** in the society.

Individual causes of corruption

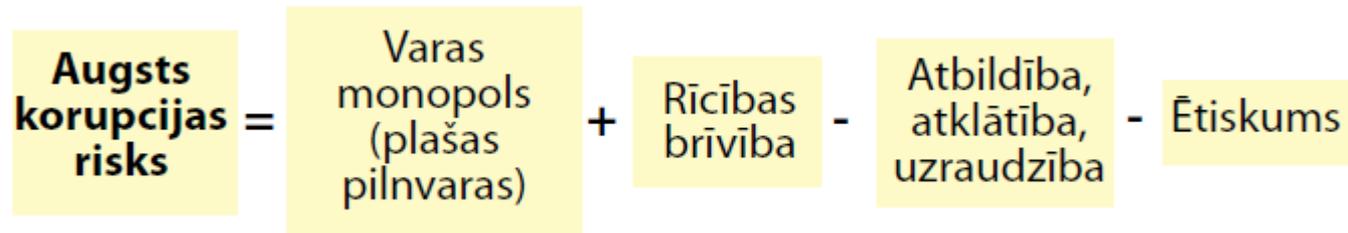
- **Opportunity;**
- Encumbered **exposure of offences;**
- Inadequate **remuneration;**
- **Public attitude** – to disobey the law;
- Institutional **environment;**
- **For a political party** – necessity to acquire the power etc.

What are the negative consequences of corruption?

- **The economic development is impeded,** competition and the market economy are distorted;
- **Income from taxes decreases;**
- The **social inequality** and exclusion are facilitated;
- **Quality** of the public services decreases and they become more **expensive**
- **Harm** is caused to the **reputation** of the state administration by undermining the power of the law.

Corruption risk formula

$$K = M + R - A - \dot{E}$$



$$\text{Augsts korupcijas risks} = \text{Varas monopols (plašas pilnvaras)} + \text{Rīcības brīvība} - \text{Atbildība, atklātība, uzraudzība} - \text{Ētiskums}$$

High corruption risk

Monopoly of power (wide powers)

Freedom to act

Accountability, openness and supervision

Ethicalness

Exercise

- According to the corruption formula - how high is the corruption risk to a chairperson of a regional municipality, a teacher, and a judge?

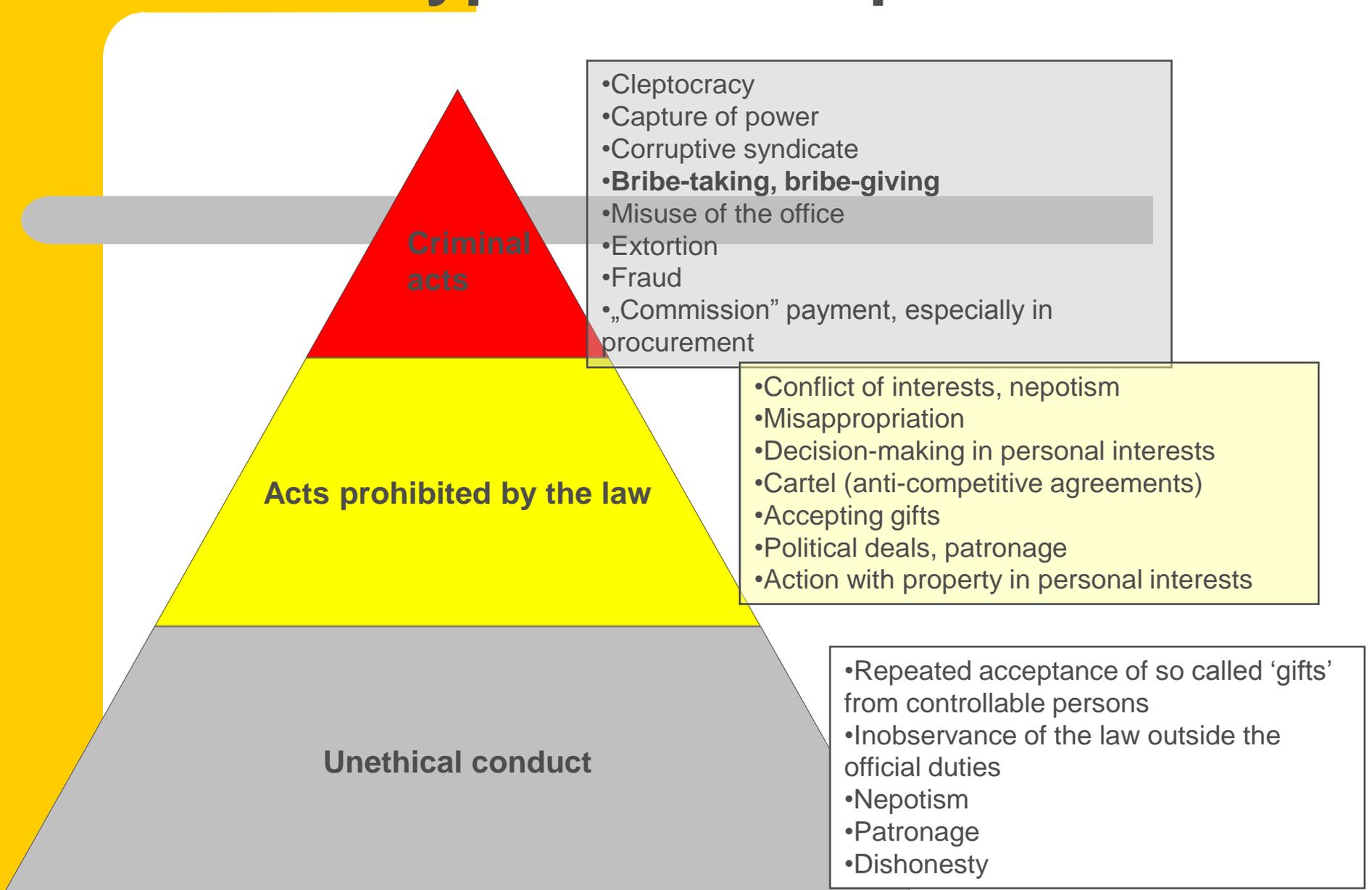
Samples of the evidence seized in the criminal cases investigated by KNAB



Don't involve!



Types of corruptive conduct



Criminal acts

- Cleptocracy
- Capture of power
- Corruptive syndicate
- Bribe-taking, bribe-giving**
- Misuse of the office
- Extortion
- Fraud
- „Commission” payment, especially in procurement

Acts prohibited by the law

- Conflict of interests, nepotism
- Misappropriation
- Decision-making in personal interests
- Cartel (anti-competitive agreements)
- Accepting gifts
- Political deals, patronage
- Action with property in personal interests

Unethical conduct

- Repeated acceptance of so called ‘gifts’ from controllable persons
- Inobservance of the law outside the official duties
- Nepotism
- Patronage
- Dishonesty

Conflict of interests

Situation when an official, while on duty, **takes decisions** or **participates in taking decisions**

regarding:

- **Oneself,**
- **One's relatives,**
- **Business partners.**

How to prevent corruption?



- **Preventing the causes of corruption**
 - Identification of the corruption risks and planning of the policy
 - **Preventing conflicts of interests**
 - **Educating and informing the society**
 - Control over financing of the political parties
- **Combatting corruption**

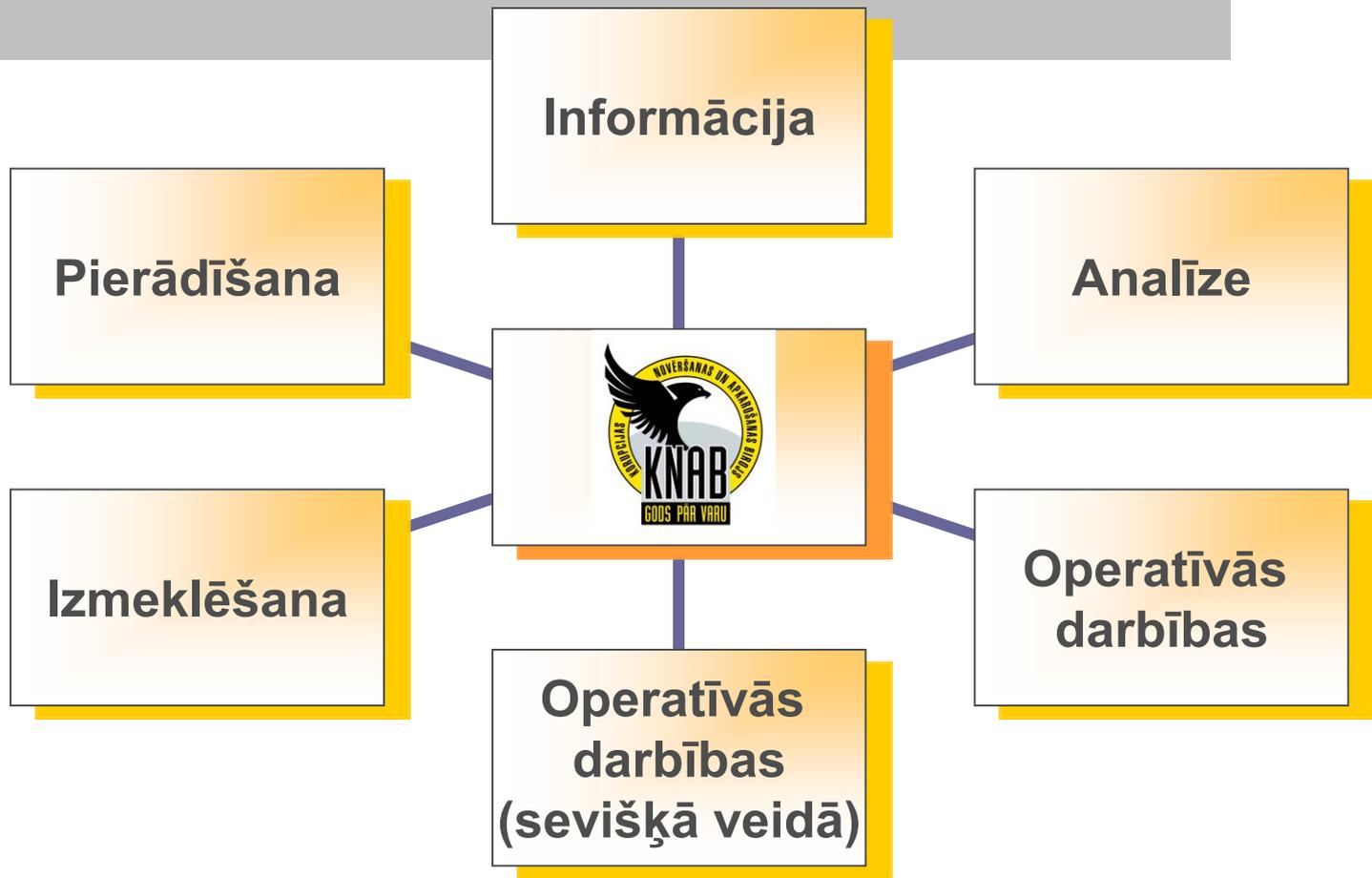
What is KNAB?

- Corruption Prevention and Combating Bureau
- Established on October 10, 2002
- State administration authority under supervision of the Cabinet of Ministers
- Complex approach to combating corruption

What KNAB does?

- Resolves and investigates corruptive offences
- Holds public officials administratively liable
- Controls legitimacy of financing of the political parties
- Controls prevention of conflict of interests in the work of public officials
- Draws up and coordinates documents of the anti-corruption policy
- Informs and educates public officials and the society

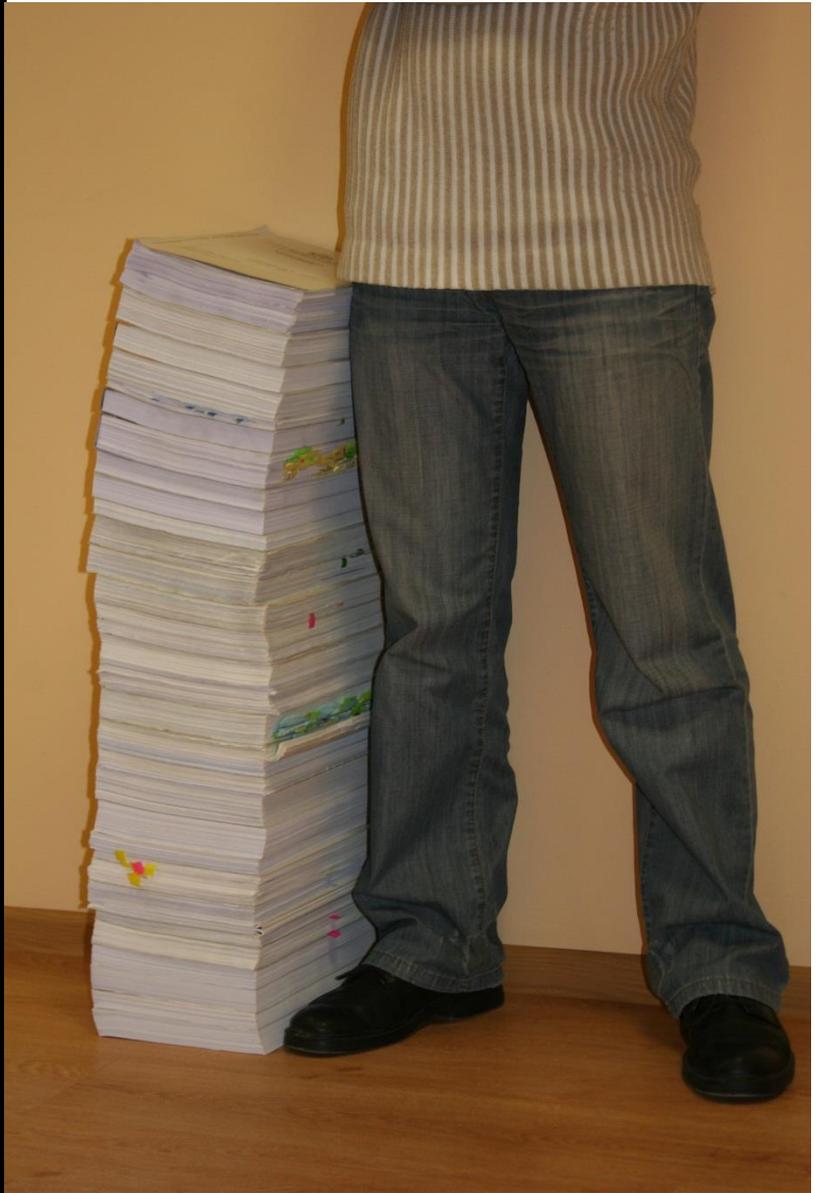
How do the corruption fighters of KNAB work?



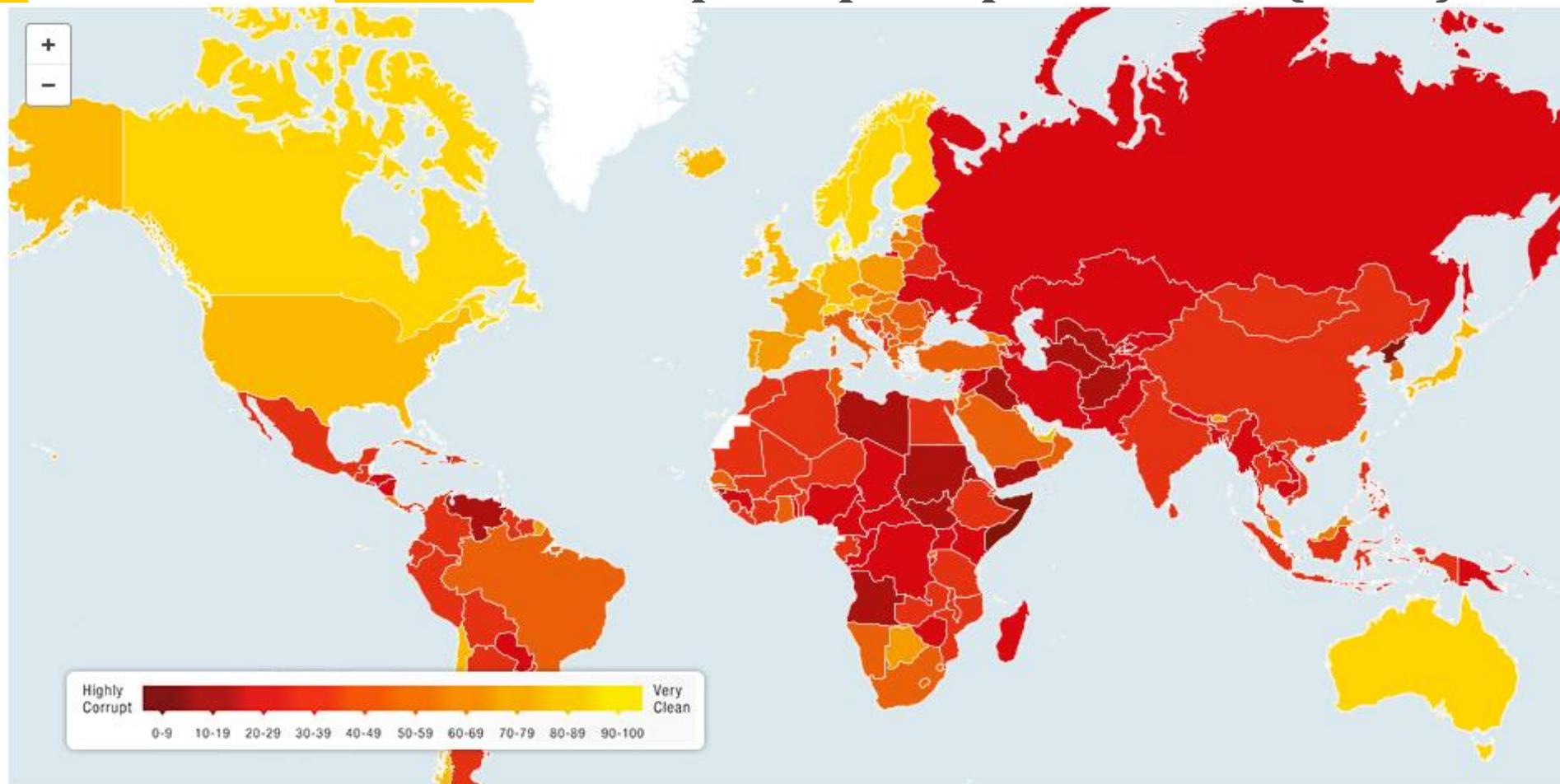


	Information	
Proving		Analysis
Investigation		Investigatory operations
	Investigatory operations (special way)	





Corruption perception index (2015)



Latvia

2012 - 49 p., 54.v.
2013 - 53 p., 49.v.
2014 - 55 p., 43.v.
2015 - 55 p., 40.v.

Lithuania

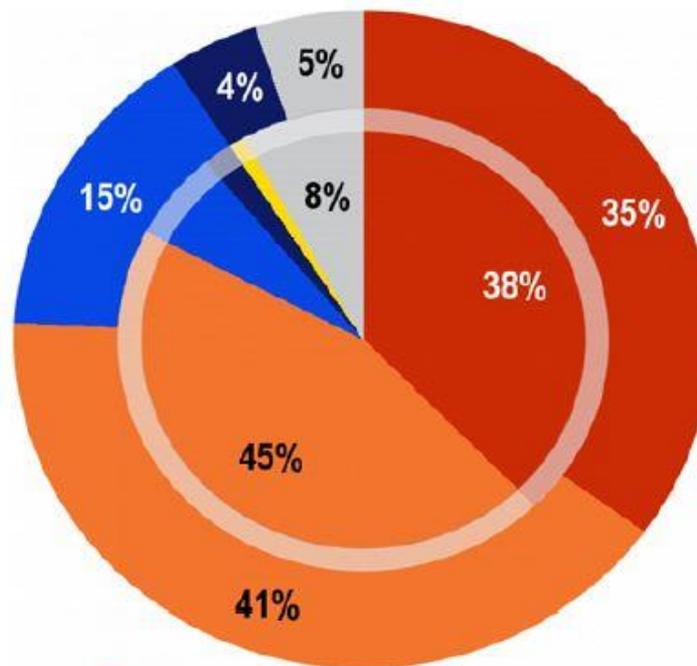
2013 - 57 p., 43.v.
2014 - 58 p., 39.v.
2015 - 61p., 32.v.

Estonia

2013 - 68 p., 28.v.
2014 - 69 p., 26.v.
2015 - 70 p., 23.v.

1. Denmark– 91 (-)
2. Finland– 90 (+1)
3. Sweden – 89 (+)
4. New Zealand –

Jūsaprāt, cik izplatīta ir korupcijas problēma (MŪSU VALSTĪ)?

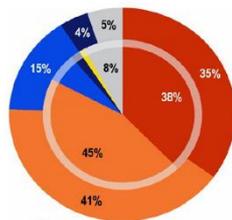


- Ļoti izplatīta
- Diezgan izplatīta
- Samērā reti sastopama
- Ļoti reti sastopama
- (MŪSU VALSTĪ) nav korupcijas (SPONTĀNI)
- Nezina

ES27 🇪🇺 Ārējā diagrammas daļa

LV 🇱🇻 Iekšējā diagrammas daļa

Jūsaprāt, cik izplatīta ir korupcijas problēma (MŪSU VALSTĪ)?



- Ļoti izplatīta
- Diezgan izplatīta
- Samērā reti sastopama
- Ļoti reti sastopama
- (MŪSU VALSTĪ) nav korupcijas (SPONTĀNI)
- Nezina

ES27



Ārējā diagrammas daļa



LV Iekšējā diagrammas daļa

In your opinion, how prevalent is the problem of corruption in our country?

Very prevalent

Rather prevalent

Quite prevalent

Hardly prevalent

(IN OUR COUNTRY), there is no corruption (SPONTANEOUSLY)

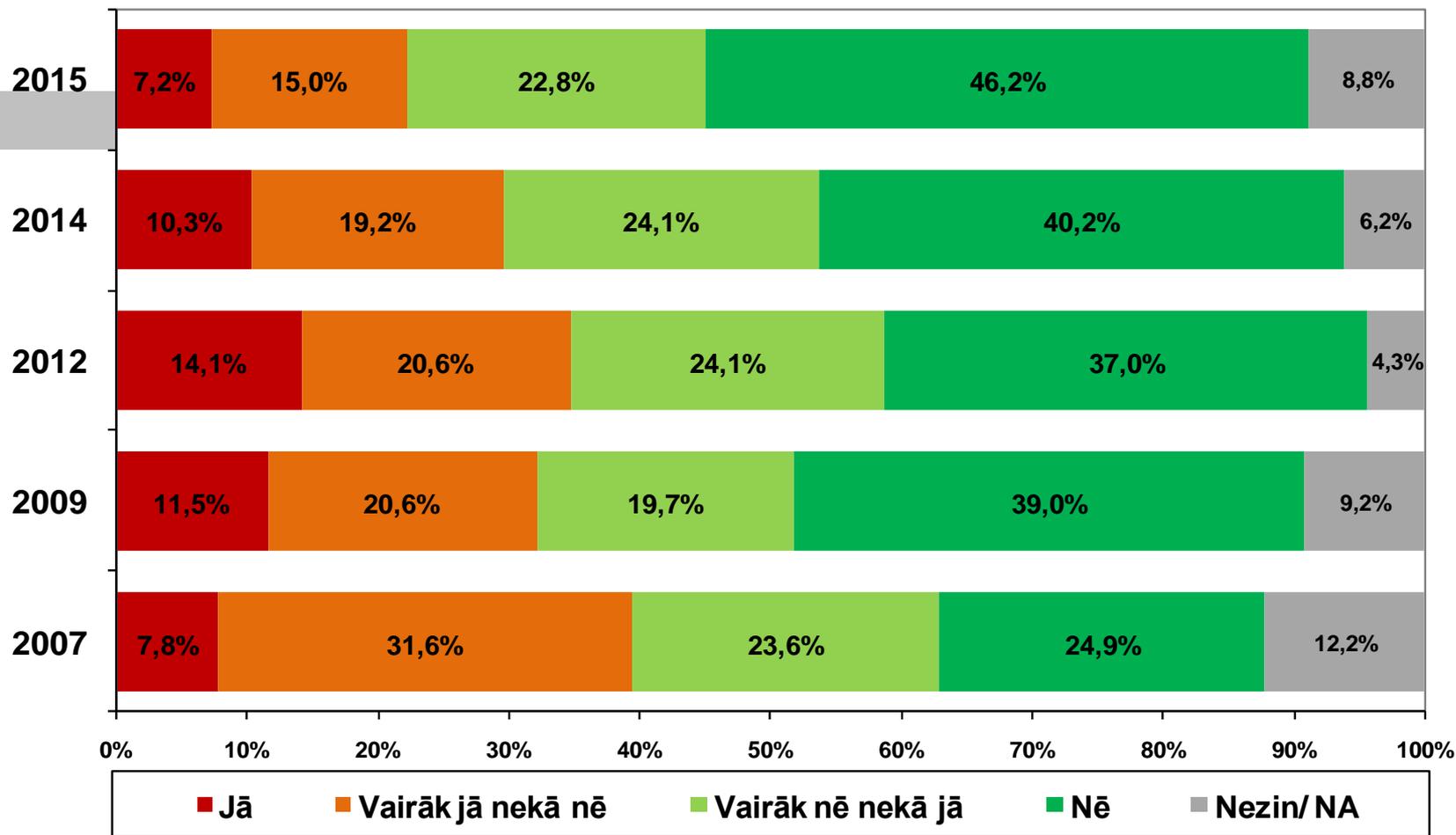
Does not know

Outer part of the diagram

Inner part of the diagram

Vai Jūs personiski esat gatavs dot kukuli valsts amatpersonai, ja tas būtu būtiski Jūsu vai Jūsu radnieku interesēs un problēma tiktu atrisināta?

(Bāze = visi respondenti)



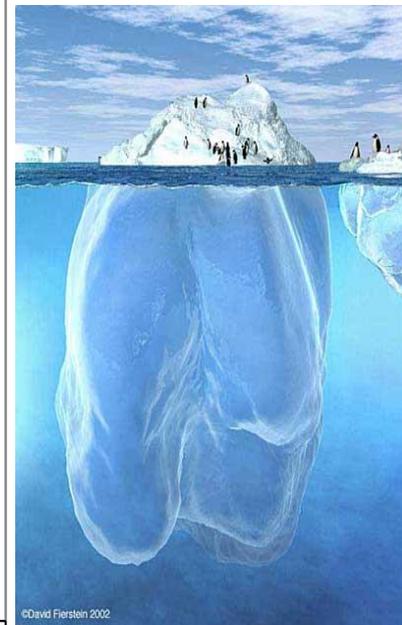
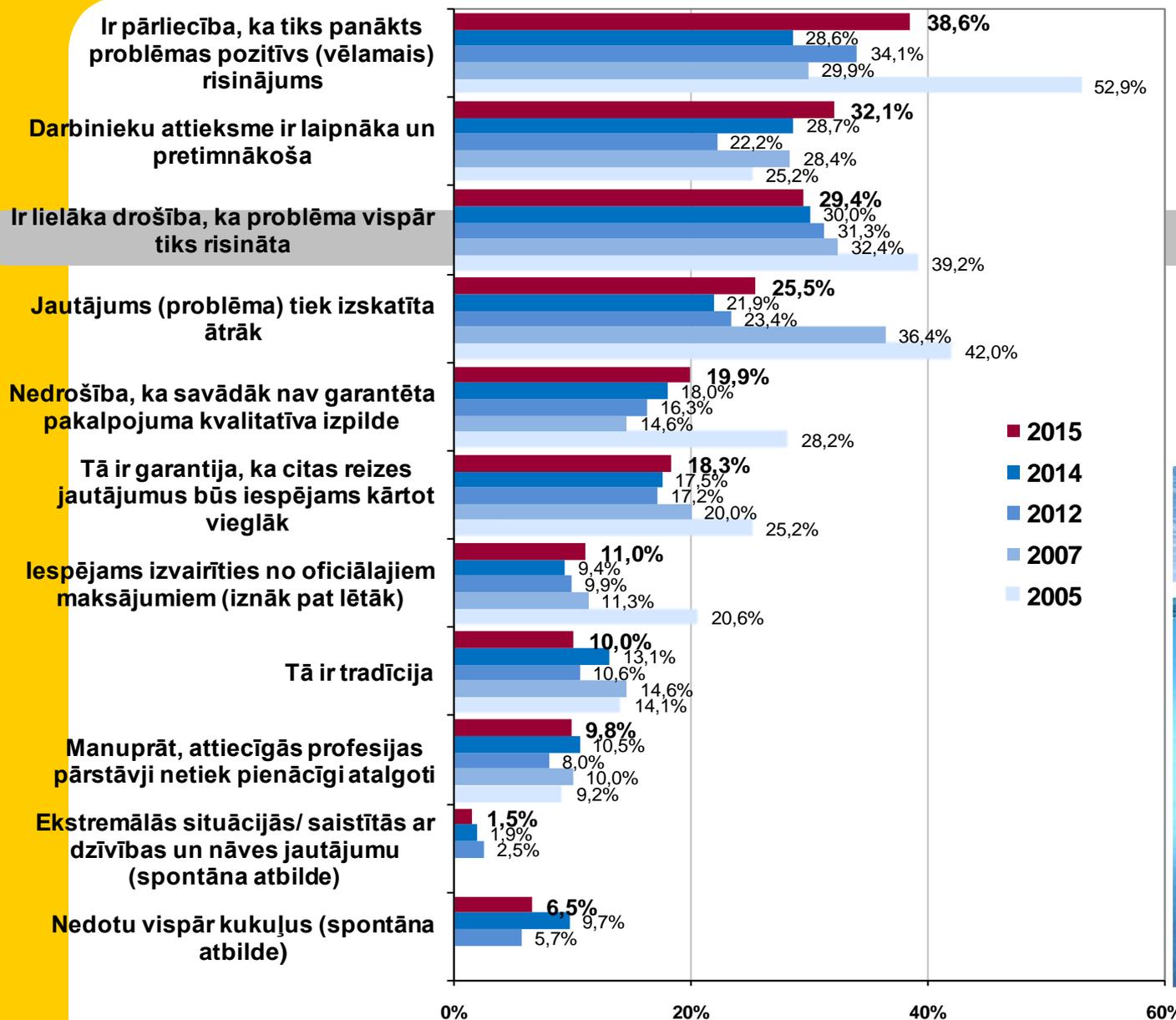
Are you personally ready to give a bribe to a public official if it would be substantial to your or your relatives' interests and it would solve the problem?

(Base = all the respondents)

Yes	Rather 'yes' than 'no'	Rather 'no' than 'yes'	No	Doesn't know / NA
				Data: SKDS and 'Latvijas Fakti'

Lūdzu, norādiet iemeslus, kuru dēļ Jūs personiski varētu izšķirties dot kukuli kādai valsts amatpersonai

(Bāze = visi aptaujas dalībnieki)



©David Fierstein 2002

Please, indicate the reasons due to which you personally might decide to bribe a public official

(Base = all the participants of the survey)

Confidence that a favourable (desirable) solution of the problem will be achieved

The employees' attitude is kinder and more accommodating

It is more likely that the problem will be solved

The matter (problem) is examined more quickly

Insecurity that otherwise no quality of the service is guaranteed

It guarantees that the problem solving will be easier next time

Possibility to avoid official payments (even cheaper)

It is a tradition

In my opinion, the respective professionals are insufficiently remunerated

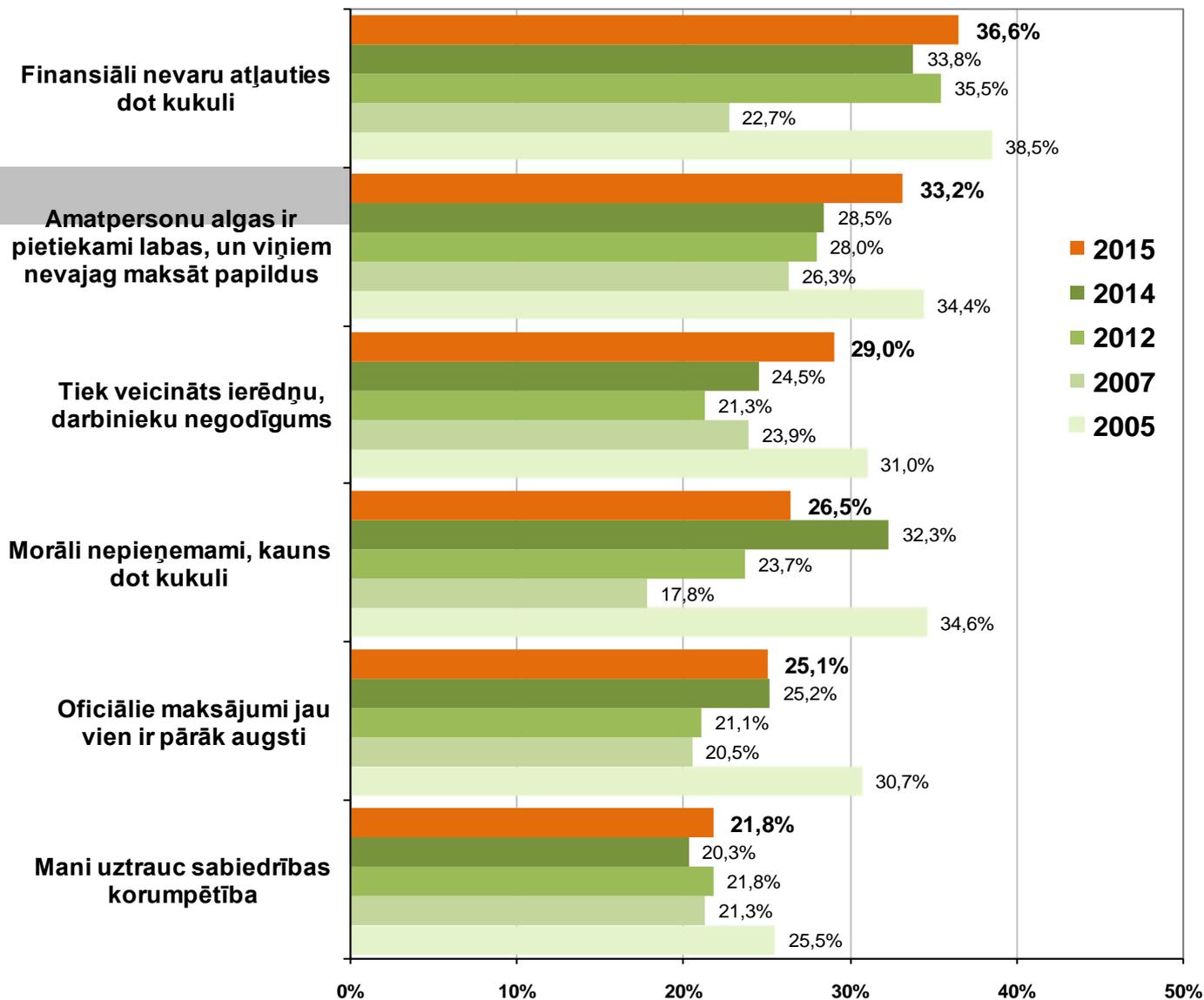
In extreme situation / involving matters of life and death (spontaneous response)

I would never bribe (spontaneous response)

Lūdzu, norādiet, kas Jūs personiski varētu atturēt dot kukuli valsts vai pašvaldības institūcijas valsts amatpersonai

BIEŽĀK MINĒTIE FAKTORI

(Bāze = visi aptaujas dalībnieki)



Please, indicate what might prevent you personally from bribing a state or municipal official

MOST OFTEN MENTIONED FACTORS

(Base = all the participants of the survey)

I cannot afford bribing financially

The officials' salaries are sufficient, and they don't need additional remuneration

It facilitates dishonesty of civil servants, employees

It is morally unacceptable, shame to bribe

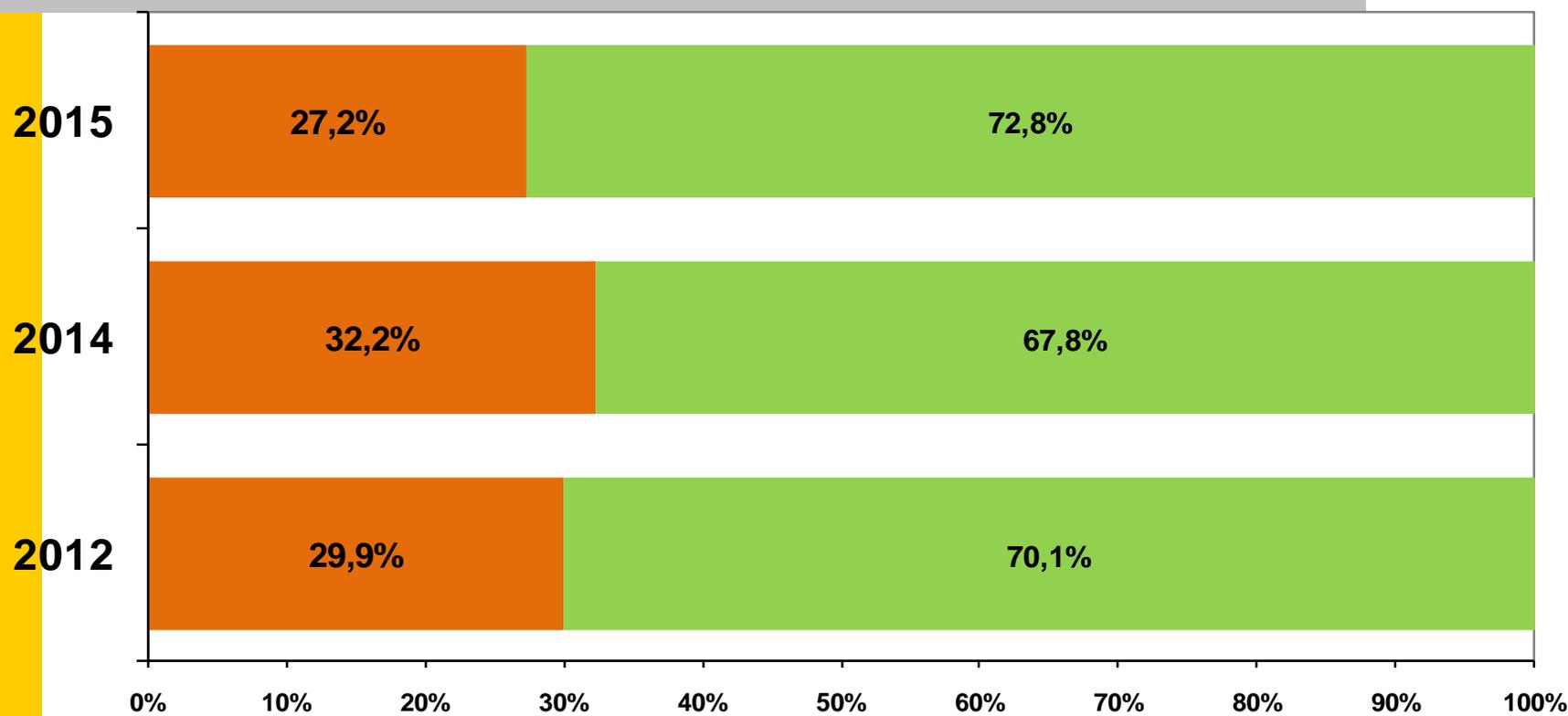
Official payments alone are too high

Corruptness of the society worries me

Pēdējo 2 gadu laikā, kārtojot kādas lietas/jautājumus/ problēmas ...

(Bāze = visi respondenti)

- Veica kādus neoficiālus maksājumus, deva dāvanas vai izmantoja skarus
- Nav izmantojuši kādus neoficiālus maksājumus, dāvanas vai sakarus



**Over the last 2 years, when arranging
some matters, issues, problems**

(Base = all the respondents)

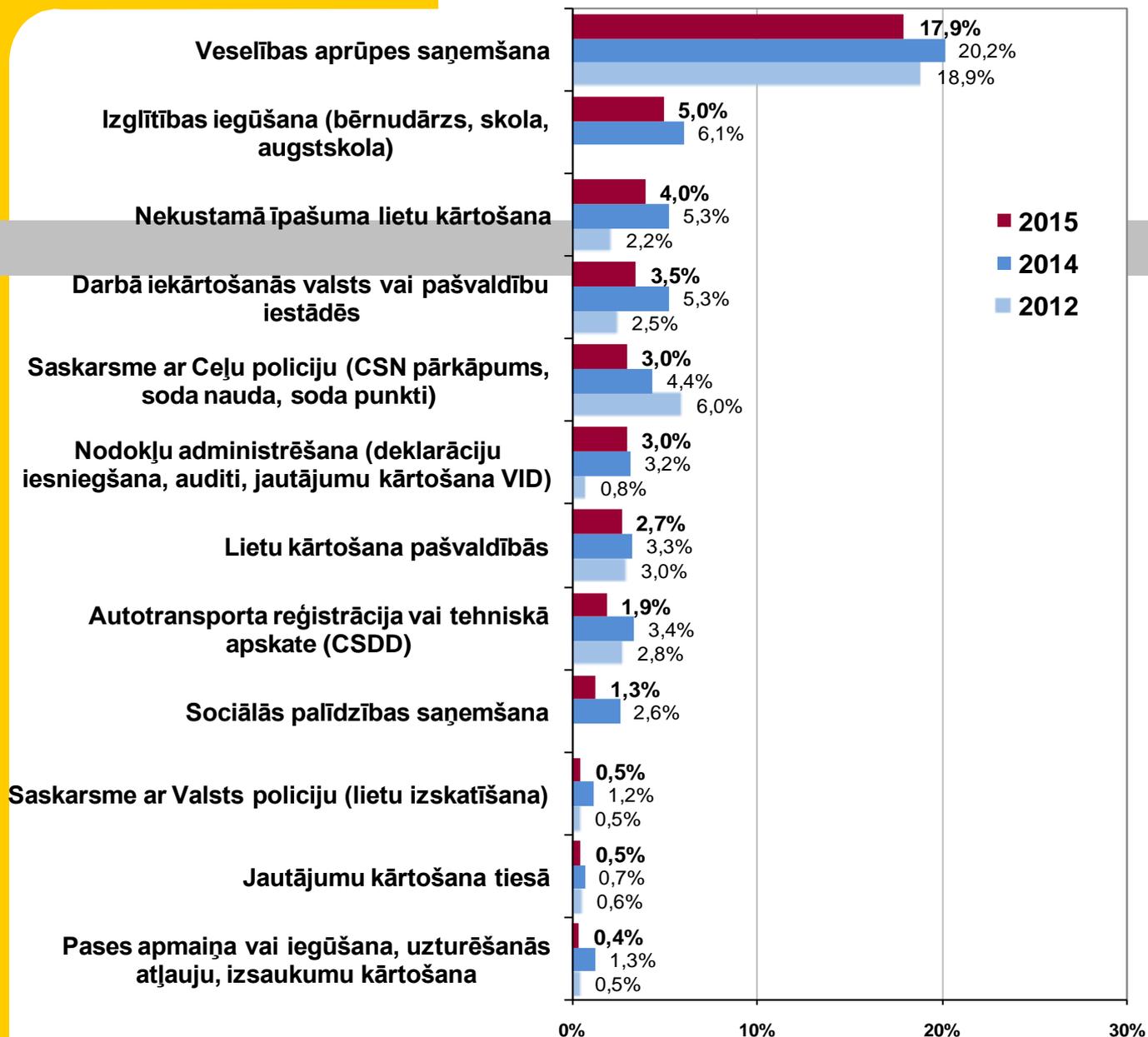
Performed some unofficial payments, gave
gifts or exercised the acquaintanceship

Have not used unofficial payments, gifts,
acquaintanceship

Data: SKDS and 'Latvijas Fakti'

Pēdējo 2 gadu laikā, risinot attiecīgos jautājumus, izmantoja kādus neoficiālus maksājumus, dāvanas vai pazīšanos

(Bāze = visi aptaujas dalībnieki)



**Over the last 2 years, when arranging the respective matters,
used some unofficial payments or acquaintanceship
(Base = all the participants of the survey)**

Receiving health care

Obtaining education (kindergarten, school, university)

Arranging the real estate matters

Getting employed in the State or municipal authorities

**Interaction with the Traffic Police (violation of the road traffic
rules, fine, penalty points)**

Arranging matters in municipalities

Registering a vehicle or a road safety test (CSDD)

Receiving social care

Interaction with the State Police (examination of cases)

Arranging matters in the court

**Changing or receiving a passport, a residence permit;
arranging invitations**

Report to KNAB

KNAB

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BEZMAKSAS UZTIĀBĀS TĀLRUNIS

Training on corruption prevention, ethics and integrity within the judiciary

Latvian Judicial Training Centre provides further education for judges and persons employed in the judiciary. Each year Latvian Judicial Training Centre provides a new training program that is approved by the Court Administration. In these trainings matters regarding conflict of interests, corruption, ethics and the role of a judge are regularly included.

Since 2014 the annual training program for newly appointed judges always includes matters regarding the role of a judge and ethics. Latvian Judicial Training Centre carries out the annual training program that is financed by the state and organizes other events that are co-financed by the European Commission and other partners.

Wide training sessions for persons employed in the judiciary and chairman's of courts regarding matters of corruption were organized on year 2014 and 2015 within the project "interdisciplinary trainings for persons employed in the judiciary and representatives of other legal professions regarding origin of financial and economic crimes" that was co-financed by the European Commission.

In accordance with Article 98, Section 5 of the Law of Judicial Power a judge has the duty to continuously enhance his or her knowledge throughout his or her career as a judge. In accordance with the rules of Judicial Qualification Board within the assessments of the fulfilment of professional duties of judges the assessment of participation in qualification raising events etc. is made.

In the framework of the national level plan *Strengthening the human resources capacity and development of competencies of persons employed in the judiciary and law enforcement for 2015-2020* it is foreseen to carry out trainings with a focus on ethical standards with respect of officials of the judiciary in order to raise the quality and efficiency of the legal environment.

The Latvian Judicial Training Centre provides regular training for judges and employees of courts. In 2014 the Latvian Judicial Training Centre concluded agreement with the Court Administration and in accordance with this agreement it will provide trainings for judges, candidate judges and employees of courts for next 10 years.

The annual budget in 2016 for these trainings was 167 757 EUR. Trainings on issues of ethics, the role of judge and corruption prevention are included in educational programs on regular basis. In 2016 trainings for candidate judges and newly appointed judges are carried out 28 days and one of those days is devoted to such issues as ethics, the role of judge and corruption prevention. The training programs regularly include matters regarding the role of a judge, ethics, corruption in judiciary. Since 2014 in the annual training programs matters regarding the role of a judge, ethics, corruption in judiciary are always included. On 22 August, 2016 six judge candidates attended three training lessons *The Role of a Judge and Ethics*.

According to the information provided by the Court Administration in 2015 the European Social Fund project Justice for Growth was started aiming to provide training for officials of judiciary – judges, court chairs, court employees, prosecutors, court experts, officials of law-enforcement, bailiffs. Among wide range of training subjects there is a special training planned with focus on judiciary ethics. Tailor made training is planned for court chairpersons. Additionally in the framework of the project it is planned to review the Judicial Code of Ethics.

Within the project (approximately within a year) it is planned to develop a model of competences to ensure a united and objective criteria for judges, candidate judges and other persons employed in the judiciary that will be used to ensure the work of personnel management, personnel selection and in order to determine the needs for further trainings. By developing the catalogue it is planned to determine that trainings regarding matters of corruption and ethics are regular and mandatory.

Training on corruption, ethics and integrity, tailored to prosecutors

In accordance with amendments in Article 5, Section 3 of the Office of the Prosecutor Law that came into force on 1 January, 2013, a prosecutor has the responsibility to regularly improve his knowledge and professional skills that are needed in order to perform his duties. The requirements of the Office of the Prosecutor Law make permanent and long lasting grounds for the training system for prosecutors, certainly including the need to be educated in matters regarding corruption, conflict of interests, ethics and integrity issues. Since 1 January, 2014 the Offices of the Prosecutors regularly carries out assessments of the fulfilment of professional duties of prosecutors. Within this assessment quality of a prosecutors actions and functions, participation in qualification raising events etc. is analysed.

In accordance with the reported information from the Prosecutor's General Office (prosecuting corruption crimes) in 2016 trainings on corruption prevention as well as ethics and integrity are carried out for prosecutors and candidate prosecutors. On 19 April 2016 ten candidate prosecutors attended lecture on prosecutor's role and ethics. The lecture was arranged by Prosecutor's General Office in cooperation with the University of Latvia.

In May 2016 six prosecutors attended training on countering corruption and organized crime in Baltics. This training was arranged by the Federal Investigation Bureau of the USA. In February 2016 two prosecutors took part in conference arranged in the framework of the project *Reducing Corruption: Focusing on Private Sector Corruption* by the Ministry of Justice of Estonia. In June 2016 one prosecutor took part in exchange program *The Role of Prosecutor in Countering Corruption and Promoting Integrity*. The program was ensured by the National Attorneys' General Training and Research Institute of the USA.

CORRUPTION PREVENTION AND COMBATING BUREAU

Anti-Corruption Teaching for Pupils

Methodic aid for teachers

Riga 2013

Updated in 2016

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INTRODUCTION

This is a methodological aid for teachers developed by the Corruption Prevention and Combating Bureau (KNAB). Although it is mostly provided for education of the pupils of the general secondary education institutions, it may be useful also for a teacher, who speaks about the matters of anti-corruption and ethics in the elementary school. In order to teach the topic of anti-corruption to pupils in a more binding way, also a presentation (in power point format) is attached in addition to the methodological aid, including theory and examples, as well as visual information - images and video.

Including the matters of anti-corruption in the lessons of politics and law, social sciences, economics, cultural studies, ethics or grade classes is of significant importance, because corruption is one of the biggest problems, preventing the state to develop and affecting every inhabitant. It is difficult to precisely measure the caused harm, because it is both, the economical and political as well as moral issue. The purpose of the anti-corruption lesson is to facilitate the understanding of youth on negative consequences of corruption and harm to society and democracy, as well as to initiate discussion amongst young people regarding good governance, honesty and other values praised by the society.

Understanding of corruption is mentioned also in Annex No. 19 to the Cabinet Regulation No. 281 “Regulations Regarding the State General Secondary Education Standard, Subject Standards and Sample Education programmes”, adopted on 21 May 2013, determining the subject standard of the general secondary education for the subject “Politics and Law”, as one of the basic requirements for the acquisition of the subject: “to understand and recognize the sense of corruption and the importance of harm caused by it to society.”¹

Section 51, Paragraph one, sub-paragraph 2 of the Education Law determines that responsibility of a teacher in the educational process is “to form the attitude of an educatee towards himself or herself, others, work, nature, culture, society and country, to raise upright, honourable and responsible people – patriots of Latvia .”² Corruption is closely related to behaviour of a human, which is based on the ethical values. Upon including the topic of honesty and justice in the lessons of ethics and grade classes, it is possible to facilitate discussion about the way of acting of a human in various life situations, including, when encountering corruption.

Answers to seven essential questions may be sought in the methodological aid: what is corruption, what are causes and consequences thereof, how to prevent corruption and what KNAB is, how corruption is shown and how to measure it, and what the role of each individual in combatting corruption is. The methodological aid includes examples (both theoretical and real ones from the experience of KNAB), questions for discussions, honesty

¹ Cabinet Regulation No. 281 “Regulations Regarding the State General Secondary Education Standard, Subject Standards and Sample Education programmes”. Effective as of 6 June 2013. Available at: <http://likumi.lv/doc.php?id=257229>

² Education Law. Effective as of 1 June 1999. Available at: <http://likumi.lv/doc.php?id=50759>

tests for pupils and questions for examination of knowledge of pupils. In order to facilitate a teachers' work, the methodological aid is enclosed with a sample of time planning for acquisition of the subject in two lessons.

§ 1 WHAT IS CORRUPTION?

Various definitions are used to explain corruption. The definition of corruption developed by Colin Nye is broadly used for social sciences: "Corruption is behaviour that deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains". Sociologists explain that corruption is refusal by representatives of the power from standard (certain) behaviour in order to acquire unlawful personal benefit. One of the most precise is the description of the European Council: corruption is a bribery and any other action of those persons, to whom the responsibility in the state or private sector has been entrusted and who violate their duties, arising from their status of a public official, private employee and independent entrepreneur or other relationships of the similar type and which are directed towards acquisition of unearned advantages for himself or herself or other persons.

It follows from the definition of the European Council that corruption exists in both, the public as well as private sector. In the public sector corruption means bribery or any other behaviour of the public official, directed towards the fact, in order upon using its official status, authorisations or exceeding them, to acquire undeserved advantage for him or herself or other persons. When explaining corruption in public sector, it is important to remember three signs: (1) public official; (2) the use and exceeding of official status and powers, as well as (3) undeserved advantage. Corruption in the public sector is prevented and combated by the Corruption Prevention and Combating Bureau (KNAB).

Bribery and other activities related to corruption are activities subject to criminal punishment. Criminal Law provides criminal liability for corruptive activities of both, public officials, employees of the state and local government institutions as well as private persons.

Public officials make significant decisions and administer means of the State budget, consisting also from contributions of inhabitants of taxes. Public officials have delegated or entrusted power that they shall use in good faith and for the interests of public, increasing the advantage of each inhabitant. Public officials receive

The term "corruption" has originated from the Latin words 'correi' - numerous participants 'rumpere' - to break, damage, violate, cancel

Corruption - a bribery and any other action of those persons, to whom the responsibility in the State or private sector has been entrusted and who violate their duties, arising from their status of a public official, private employee and independent entrepreneur or other relationships of the similar type and which are directed towards acquisition of unearned advantages for himself or herself or other persons.

Public officials – employees of the state and local government sector, being entitled to issue administrative acts, as well as to perform the supervision, control, investigation or punishment functions, or having the right to operate with the state or local government property, including financial means.

Who are public officials?

- ✓ School director
- ✓ Deputy
- ✓ Police officer
- ✓ Border guard
- ✓ Employee of the ministry
- ✓ Employee of the food veterinary and other services
- ✓ Other employees of the public and local government sector

compensation for their work from the financial means of the State, therefore an official shall not request for additional payment from other persons for performance of his or her duties. If a dishonest official requests for unlawful payment for any service, he or she is willing to acquire undeserved advantage. Officials have such a possibility, because power has been entrusted to them - they may issue administrative acts and perform supervisory, control, investigation or punishment functions, as well as they have a possibility to operate with the property of the state or local government, including financial means. For example, a duty of the road police officer is to supervise road traffic safety, thus ensuring safety of each participant of the road traffic. The police officer performs also control and punishment function, because he or she has the right to apply a fine to the car driver for the violation. As far as the police officer has such authority, there is a corruption risk existing in his or her activity, but that shall not mean that a police officer will become corrupt.

From the experience of KNAB:

In October 2008 KNAB stimulated the General Prosecutor's Office to call to criminal liability three officials of Riga City Council City Development Department and four private persons. According to evidence available in the matter, two officials of the Riga City Council by using the third official of Riga City Council as an intermediary, most probably, required money from several developers of immovable property projects - bribes for adoption of beneficial decisions in relation to the expected construction plans in Riga. In accordance with materials of the case file, in one of the episodes the officials required a bribe in the amount of one million euro and received a part of it, in order to change the purpose of use of the land plot.

Such an unlawful action not only undermines trust to local government authorities and good faith of decisions thereof, but may affect every inhabitant and guest of the city, because change of the purpose of the land plot affects city planning and infrastructure. For example, construction of a new skyscraper affects the heritage landscape or limits the human recreational or leisure and sports opportunities, if the green area or park is covered with buildings. Besides, without disclosing of such corruptive activity, the public official could use his or her dishonesty and continue to demand for bribes also from other persons.

In March 2011 Riga Regional Court sentenced on of the officials of Riga City Councils with imprisonment for eight years and confiscation of property, for the second official - deprivation of liberty for six years and confiscation of property, but for the third official - imprisonment of three years. The court did not apply imprisonment to the entrepreneur, who gave the part of the required bribe in the amount of one million euro, but applied a fine in the amount of 200 minimum monthly salaries or 40 000 LVL (56 915 euro). When adjudicating the matter by an appellate court, on 1 November 2012 the Chamber of Criminal Cases of the Supreme Court sentenced the entrepreneur with an imprisonment for two years instead of the previously determined fine, but mitigated the punishment for officials of Riga City Council, replacing the imprisonment of three years with deprivation of liberty for a term, which the person has already spent in the imprisonment - one year and eight months and 25 days, for the second official - from eight years to six years and six months with confiscation of property, but for the third official - from six years to five years with confiscation of property. The judgement was appealed according to cassation

procedure and at the end of 2013 the Senate of the Supreme Court cancelled the judgement in several parts of the matter and forwarded the matter for re-adjudication to the court of lower instance. In 2015 the repeated adjudication of the matter is continued in Riga Regional Court. For two officials of Riga City Council, to whom the security measure - real deprivation of liberty - was applied during the trial, the security measure was changed on 11 March 2015 after spending approximately four years in imprisonment and they were released from imprisonment.

Corruption in the private sector is called as commercial bribery. For example, an owner of a car pays a bribe to the insurance specialist, who has arrived to the policyholder in order to establish damages of the car involved in the road traffic accident, in order the representative of the insurance company would reflect in documents that damages of the car are much bigger than in reality. As a result of fraud the insured person receives bigger indemnity from the insurance company than the actual losses, but the employee of the insurance company, by using the rights conferred to him or her, had acted in bad faith and unlawful way - accepted a bribe for misrepresentation of documents, thus causing losses to the company.

According to the object, there are at least three types of bribes:

- ✓ money and securities
- ✓ items having material value
- ✓ different kind of benefits and services

The object of the bribe may be any material and other kind of benefits: money, securities, food products, industrial goods, different types of services, right to the property, deposits in the name of a bribe-taker, conclusion of fictitious purchase, sale or gift agreement, unreasonable disbursement of premiums or benefits, intentional loss in gambling in favour of the bribe-taker, a gift to family members, relatives and friends of a bribe-taker, involvement in beneficial work as well as other services.³ A bribe may consist also of intangible values, for example, a journalist, who is punished for a violation, offers a positive reflection of the official himself or herself or the authority represented by him or her in his or her newspaper in exchange for the official not punishing the journalist.

In the area of economical or commercial activity the object of the bribery may include sale of products for reduced prices in the interests of a bribe-taker, purchase of products for reduced prices in the interests of a bribe-taker, purchase of products for the increased prices at expense of the state, depositing of money in commercial banks with increased interests, unlawful reduction of the share of the State in joint undertakings, unlawful reduction of taxes and other services.⁴

From the experience of KNAB:

In order a police investigator would not perform his professional duties, that is, would not collect complete, comprehensive and objective evidence and would not evaluate, whether sufficient grounds

³ General meeting of the Supreme Court of the Republic of Latvia of 21.06.1993, decision No 7 "Regarding case law in bribery matters", Paragraph 6

⁴ Summary of the decision of the general meeting of the Supreme Court of the Republic of Latvia 1990-1995, Riga, 1995, page 162.

exist for leaving the criminal proceeding without proceeding, the suspect bought an old car from the investigator for unreasonably high price. As far the market value of the car was by far lower, the investigator was a beneficiary and took a decision to terminate the criminal proceeding. This transaction is to be considered as bribery, because the investigator got involved in a non-permitted property transaction with a person, in relation to whom he had to take a decision as a public official. As a result of that the suspect did not get any punishment, but the dishonest investigator took an unlawful decision and undermined the rule of law.

Researchers divide corruption in different ways. Most often they separate *administrative or bureaucratic corruption and political corruption*.

Administrative or bureaucratic corruption takes place at the stage of application of law by such institutions as the police, customs, licence, permit and other documents issuing or tax collection institutions and situations, when dishonest public officials act unlawfully and acquire private advantage. Most often the administrative corruption is showed in a way of bribing the officials in order avoid or violate the regulations. Corruption on the administrative level may occur not only from the intention of inhabitants to avoid regulations by giving bribes and receiving favourable decisions, bribes may also be demanded from inhabitants, if the officials want to acquire undeserved benefit for themselves. Besides, self-interested use of the financial means of the state (bonuses, expensive business trips and cars) will also be deemed as administrative corruption.

Administrative corruption – deliberately distorted application of laws, rules or regulations, providing benefits for legal or natural persons in exchange of the illegal and hidden benefits for the personal needs of public officials
(Definition of the World Bank)

State capture – activities of certain persons or economic groups, which are directed towards influencing the process of adoption of regulatory enactments and other decisions, with a purpose to acquire a personal benefit for oneself or a certain group of persons
(Definition of the World Bank)

Example

SIA X has decided to commence providing catering services by opening a cafe. In order to be able to do so, the premises of the case shall correspond with the conditions, in order preparation of food and guest servicing could be commenced there. SIA X has failed to comply with the requirements set by law, including failing to provide amenities for visitors of the cafe. The owner of the firm does not want to eliminate shortages, because the tourism season is approaching and the cafe has to be immediately opened. He decides to bribe the issuer of the licence by paying a bribe to him in the amount of 500 euro and to receive a licence by violating the established procedure. If the official, issuing licences, would accept a bribe and issue a licence, although the premises fail to comply with the requirements set by laws, that would be an administrative corruption, because the entrepreneur would have bribed the official with a purpose to violate regulations.

Political corruption or “state capture” shall mean the way of acting of the highest public officials when adopting laws or elaborating and implementing the policy for their private interests, namely, in order to maintain the power, increase wealth or increase the influence. State capture means activities of certain persons or economic groups, which are directed towards influencing the process of adoption of regulatory enactments and other decisions with a purpose to acquire a personal benefit. For example, a dishonest deputy promoted for voting

or votes for some legal act in his interest rather than public interest; a judge makes a decision in favour of someone, who has paid to him, rather in an objective manner and in accordance with law, evidence and good faith; political parties deliberately act in the interests of a narrow group of persons who have donated for activities of the parties.

From the experience of KNAB:

In 2005 a bribe in the amount of 20 thousand euros was delivered to some deputy of Jurmala City Council, trying to achieve the result favourable for givers of the bribe in the municipal elections. Wide public resonance was raised by the transcripts of phone conversations included in the materials of the criminal case, which was distributed by one of the suspects. Phone conversations revealed the 'dirty process' of political decision making, besides the case was named 'Jurmagate' by mass media. In March 2007 Zemgale Regional Court sentenced the former mayor of Jurmala City and the entrepreneur with deprivation of liberty for a term of five years and confiscation of property for bribery performed in a group of persons. The Senate of the Supreme Court left the judgement as not amended in August 2008.

Possible questions for discussion

- What could be the motives for behaviour of public officials to unlawfully use the power entrusted to them?
- What could be consequences of corruption if the driver, being under the influence of alcohol, bribes the police officer and continues to drive a car?

§ 2 HOW CORRUPTION OCCURS?

In order to prevent a disease, it is important to know the causes of it, like in order to limit prevalence of corruption and implement effective mechanisms for counteraction, it is necessary to gather information on causes. Occurrence of corruption is based on various causes that interact between each other and create circumstances that are favourable to prevalence of corruption. Causes of corruption may be divided into *general causes*, explaining the occurrence of corruption as a phenomenon, and *individual causes*, explaining the prone of individual to corruptive action.

General causes of corruption:

- 1) Restrictions, obligations and procedures or the causes originated in bureaucracy. Although various restrictions in legal acts are provided in order to improve the service quality and public welfare, quite often right the necessity of permits, licences and certificates causes corruption. The more are restrictions, the more complicated and time-consuming procedures are in order a person would receive the necessary service, the longer the bureaucratic way for both, inhabitants as well as entrepreneurs, to be made in order to achieve their goals and the more obstacles are to overcome. Sometimes right the corrupted officials promote additional bureaucratic requirements thus facilitating bribery. If the bureaucratic burden is too challenging for an individual, a wish may occur to circumvent the restrictions and to acquire the necessary permits in a dishonest way – by paying a bribe to the responsible official. The more various restrictions and procedures, the bigger is a possibility that corruption will increase. It is similar in the area of taxes - the more special taxes and relatively big freedom for officials in applying or non-applying these taxes, the more fruitful is the soil for corruption. From the other hand, if regulations would not exist at all, chaos and impunity would reign. For example, accidents often happen in coal-mines in China, where people get killed due to the lack of regulations for operations of the coal-mines, existence of corruption and ineffective work. The majority of accidents happen as the management of companies choose to ignore even the minimum safety requirements to earn profit as rapidly as possible. According to the official data, approximately two thousand people die each year in the accidents in coal-mines of China, but the official number is even bigger as the mine owners avoid report about the accidents, being aware that fines for non-compliance with the safety regulations will be imposed to them.
- 2) Shortages in legal acts. When developing laws, Cabinet Regulations and other regulatory enactments, the legislator cannot forecast, what problems may arise during the practical application of norms, and whether any ways will be found, how to avoid the law - finding unstipulated activities or ‘gaps’ in laws. When developing amendments and new standards, it is possible to eliminate shortages by the time, but there will always be selfish persons, who will use the shortages in legal acts in favour of themselves.

- 3) Conflict of public and personal interests. The key duties of public officials are to perform their work duties in favour and interests of all public. That means - to take care for welfare of inhabitants, national interests and to increase the common benefit. Still, each public official is an individual who has an instinctive reflex to care for his/her own and his/her family's safety and welfare. Public officials also have their own personal life and needs to be ensured. It is important to know and to remember that public officials, in implementing power of the office, shall not have their own interests.⁵ Conflict of public and personal interests is a conflict of interests.

Corruption will always be based on a conflict of interests, but not every conflict of interests turns into corruption. For example, a police officer, who detains an offender, operates in the public interests - ceasing a crime and eliminating potential threat

Conflict of interest occurs in the situation, when a public official has personal interests, which may affect fair and objective performance of the official duties of the public official.

to other persons. If a police officer would start to work driven by personal interests at some point of time, then one day he or she would probably not detain the same offender, because the offender would offer to the police officer some kind of benefit, such as money, in exchange of not being detained. Personal interests are prevailing also in the way of acting of an inhabitant or entrepreneur, who turns to the public authority. At the moment, when a person wants to circumvent some regulations by paying a bribe, he or she acts in accordance with personal interests, without thinking of broader consequences. We should remember that each law has some rational grounds - safety considerations, equality, rule of law and other public interests.

In order to ensure operation of public officials for the public interests, any influence should be prevented on the activities of the official, therefore special restrictions and prohibitions are provided for public officials. They are set in the Law on Prevention of Conflict of Interest in Activities of Public Officials. Restrictions may be various: a prohibition to implement activities related to fulfilment of the official duties in the situation of a conflict of interest, restrictions to combine offices and perform commercial activities, restrictions to accept donations and gifts as well as others. For example, a public official cannot make a decision if any of the relatives of the official is interested therein, because for occurrence of the situation of a conflict of interest a possibility that influence upon the decision making may occur would be sufficient. The set norms are facilitated not only by objectivity of the way of acting of the public officials, but also by responsibility in front of society.

From the experience of KNAB:

In 2010 an event was established, when the chairman of the board of a hospital (public official) concluded 17 various procurement contracts and additional agreements to the contracts

⁵ Section 10, Paragraph three and four of the State Administration Structure Law. Effective as of 1 January 2003. Available at: <http://likumi.lv/doc.php?id=63545>

regarding purchase of medical equipment from the company partially owned by his sister within a time period of almost a year. In the particular situation it was established that the chairman of the board of the hospital performed activities related to fulfilling of the duties of a public official, where his sister had personal and material interests. Head of the hospital was found in the situation of conflict of interests and had violated the prohibition to make decisions in relation to his relative set by Section 11 of the Law on Prevention of Conflict of Interest in Activities of Public Officials. There was a possibility in the particular situation that the decision making was affected by the fact that the particular enterprise was partially owned by the sister of the head of the hospital.

Besides, the head of the same institution had also hired his son. The law does not prohibit relatives from working in the same institution; still it requires timely action from officials so that when performing activities related to the official duties they would escape from situations of conflicts of interests. If a relative is directly reporting to the head, then decisions with regard to such relative shall be taken by any other public official.

A fine in the amount of 200 lati (285 euros) was applied to the official for this violation.

- 4) Disproportionally big role of money in obtaining the political power. Political parties need funding in order to maintain the operation of their offices (salaries to employees, equipment, public utilities, and rent), to perform studies or surveys, to organise educational activities as well as pre-election campaigns. Political parties have certain funding reliance. Parties are mostly funded from donations or gifts of natural persons. Political parties are the foundation of democracy, because the society, when establishing parties, gets involved in the public governance, deciding themselves on what the state needs and how it should be governed. In such a small state like Latvia a situation may occur when the budget of a party consists of voluminous donations of some persons, therefore the risk exists that the party may act in the interests of certain big contributors or donors rather than in the interests of society. Law On Financing of Political Organisations (Parties) (in the wording of 1 January 2014) permits a person to donate up to 50 minimal monthly salaries within a year, which was equal to 18 thousand euros in 2015. In order to reduce the possible corruption – unlawful payments to the parties, co-funding for activities of parties is provided also from the state budget since 2012. Since 2013 demonstration of political advertisements is prohibited on the television one month prior to elections, because placement of them on the television is expensive and so far constituted the majority of the pre-election costs of the parties. When prohibiting demonstrating political advertisements on television one month prior to election, the necessity for the parties to attract large financial means during the preelection period is reduced.
- 5) Unequal income dispersion in the society. There is a big inequality in the society that is the cause and consequences of corruption at the same time. Income dispersion is showed by Gini coefficient ranging from 0 to 1. Low Gini coefficient indicates on more equal dispersion of income or property, while high Gini coefficient indicates on unequal dispersion. 0 corresponds to perfect dispersion - everyone has equal income

and 1 corresponds to total inequality where one person has all the income, but others have no income. In 2013 the Gini coefficient of Latvia was 0.355. For example, in the corrupted health care system those patients, who will not be able to afford paid services, will not be able to receive the state funded services as corruption will deform the provision of such services (long waiting lists, unequal approach, demanding of bribes for providing medical services). Poverty is cause and consequences of corruption at the same time. Next chapter describes in more details the consequences of corruption and reciprocity with poverty.

Individual causes of corruption:

- 1) Opportunity and circumstances. On the individual level a person most often gets involved in corruptive transactions because he/she is encouraged for that by the circumstances. Most often it is opportunity. Opportunity to 'fix the papers' more quickly, to save or acquire undeserved benefit. It is similar also with officials – if there is an opportunity to receive undeserved benefit, a dishonest person may use it. Most often such an opportunity exists in case of broad freedom of action, due to non-regulated procedures or because it is possible to make exceptions, or due to lack of valuable control mechanism. For example, a judge of the first instance court, who has quite a freedom of action and the power to act unilaterally, will always have an opportunity to abuse his or her official status, because the corruption that is a concealed or latent crime will not be evident to other persons. But also in cases when a risk of corruption exists, there is a possibility to prevent such a risk if the person is honest and exercises the power entrusted to him or her for public interests.
- 2) Difficult disclosure of violations. Corruption is facilitated by the circumstance that the risk for the guilty person to be caught is rather minor. Corruption is a covert crime, which means that usually there are neither direct victims nor witnesses. When a car is stolen, then at the moment, when the victim – the car owner – establishes a fact of theft, investigation can be commenced and the caused harm may be calculated. But in case of corruption a closed circle of persons is involved: at first, the briber, who is interested to keep quiet, because he or she has acquired the desired in exchange of a bribe; and, secondly, the bribe-taker, who is interested to keep quiet, because he or she has received undeserved benefit and hopes that his/her action will remain unnoticed. A victim of corruptive actions is not immediately visible, but in a long-term perspective corruption causes great damage both to the economics as well as welfare of the state and society in general (read more information about consequences of corruption given in §3).
- 3) Inadequate remuneration. Another cause of corruption is inadequate remuneration for employees of the state administration and local governments. Insufficient income in order to maintain oneself and the family may be one of the causes of the administrative corruption. Additional factor might also be uncertainty or doubt that he or she will have such job and for such remuneration further on. But inadequate

remuneration cannot be the cause for the higher level corruption or ‘state capture’, because experience of KNAB shows that also those officials, whose monthly remuneration is as high as two or three thousand euros per month, can be corrupted. In such cases greed of an individual and a wish to acquire even bigger influence may be the definitive factor.

- 4) Public attitude – to disobey the law. Do we always disapprove those who violate the road traffic rules? It may be similar with our and public attitude towards violation of other laws. Upon violating the law and without receiving any punishment for several times, the feeling of impunity may occur. People tend to avoid laws, partially because they may seem unfavourable to an individual. For example, why to pay a fine if saving is possible by paying a bribe, which is by third smaller? Corruption is facilitated by the fact that people get used to disobeying the laws and afford even more and more. Public opinion survey in 2014 showed that 29.5% of inhabitants are ready to give a bribe to the public official, if that is significantly for the interests of them and would solve the problem⁶. Indulgence or tolerance against corruption is very high in the society.
- 5) Institutional environment, lack of control, openness and transparency. The way of acting is directly affected by the environment he/she lives, works and spends one’s leisure time. If such a corporate culture with high standards of morality, transparent process of decision making, collegial relationships and a positive example of a manager exists at the place of work - also an employee will be motivated to act honestly. But in the situation, when obvious violations of the procedures, regulations or even laws exist, and managers are careless and indifferent, the motivation of an employee to be honest may decrease, but the motivation to obey corruptive offers – increase. Besides, corruption is facilitated also by such deficiencies in the organisation of state administration as lack of control and bureaucracy, which may create a feeling to employees that their actions are not controllable.

Example

Corruption may be compared to a rotten fruit in a box of apples. If one apple has started to decay, sooner or later it will infect also the surrounding apples. It is possible to stop spreading of the rot and save the rest of apples from perdition only by removing the rotten apple from the box. It is similar also in cases with dishonesty and corruption in an institution – it may be only possible to prevent from spreading of it by completely eliminating it.

The ‘rotten apple theory’ originated in 14th century, later on it was regarded to corruption in the American police - one dishonest person may damage the entire institution.

⁶ [Sabiedriskās domas aptauja „Attieksme pret korupciju Latvijā”, Latvijas Fakti, 2014. gada aprīlis](http://www.knab.gov.lv/uploads/free/knab_lf_aptauja2014.pdf) (Public opinion survey “Attitude towards corruption in Latvia, *Latvijas Fakti*, April 2014). Available at: http://www.knab.gov.lv/uploads/free/knab_lf_aptauja2014.pdf

- 6) For a political party – necessity to acquire the power. Corruption in politics occurs because it is possible to perform wider preelection campaign by the means of illegal money (more money for advertising, events, and materials). Upon acquiring the power, politicians decide regarding distribution of the state property and the budget means, the burden of taxes and other state duties for entrepreneurs, therefore it is quite logical that various economic groups and individual entrepreneurs through funding the politicians coming into power acquire a backup - advantages in public procurements or other benefits, provided by politicians funded by them. Thus certain entrepreneurs actually acquire power through politicians.

Corruption risk formula

It is possible to identify causes of corruption in the state and municipal sector by studying the corruption risks in the way of acting of public officials and authorities. The corruption risk will be higher in those authorities and for those officials, the function of who include supervision or control, operation with financial means, adoption of decisions that are binding to other persons, investigation and punishment authority, the way of acting with restricted information and development and adoption of draft regulatory enactments.

R. Klitgaard, researcher of corruption, explains inevitability of corruption in the public administration by using a ‘corruption risk formula’. Circumstances, which increase possibility of corruptive violations or crimes, arise from the formula. These are situations, when persons, upon performing their duties, 1) have a possibility to take unilateral decisions - power monopoly (M), 2) have been granted with wide freedom of action which is not restricted by regulatory enactments (R), 3) openness, strict instruments for supervision of officials or liability do not exist (A) and 4) are disposed to act unethically, for example, look for selfish benefit (\bar{E}).

$$K = M + R - A - \bar{E}$$

Corruption risk formula

K - corruption

M - power monopoly

R - freedom of action of an official

A - responsibility, openness and supervision

\bar{E} - ethics

Power monopoly (extended power)

In the context of anti-corruption measures it is important, how big power has been entrusted to each employee or official during the process of decision making – whether he or she can unilaterally make decisions or they should be aligned each time, for example, with the senior official; whether the adopted decisions are repeatedly reviewed; whether decisions are taken outside the work place (for example, by unilaterally performing an inspection in a company) and whether the taken decisions are publicly available. For example, a specialist, who supervises whether merchants comply with the requirements of law, has wide authority because he or she may unilaterally make a decision regarding calling of an enterprise to administrative liability. Power monopoly will exist if the official will have the authority to make a decision, where a possibility of bribery exists.

Freedom of action

When determining and regulating the decision making process, still certain freedom of actions remains, when the public official may interpret application of the legal acts. In order to study whether the legal framework and descriptions of procedures are sufficient for restriction of freedom of action, it should be assessed whether decisions and activities are based on regulatory enactments or activities are performed in accordance with strictly described procedures, whether it is determined how to act in cases, when deviations from procedures or exceptions are made and what is the transparency of the actions and decisions to be performed by this position. For example, when performing procurements, where public procurement competition should not be organised, a certain freedom of action is granted to the official, who is not restricted by regulatory enactments, therefore higher freedom of action and consequently also certain risk of corruption exists.

Responsibility, openness and supervision

Environment should be created and processes should be managed in a way that work of each public official would be open, documented, and transparent and easily to be examined at any time. The following circumstances most often motivate to commit violations: non-existing or ineffective control, such as weak distribution of responsibility, too explicit decentralisation, ineffective supervision performed by the higher collegial management institution, too insignificant sanctions for violations, non-publication of the sanctions, reducing the preventive role thereof, and unreasonable and exaggerated secrecy. For example, work duties of the data base administrator or information technology (IT) specialist are specific, quite often no one has good knowledge of this area in the institution, therefore the control of performance of his or her duties is not performed. Also when purchasing specific equipment - the procurement requirements thereof quite often may be prepared by IT specialist only.

Ethical behaviour

Although initially the Klitgaard's corruption formula did not include ethics and honesty, still it is the prevailing factor whether an official will engage in corruptive transactions. Even the officials, the positions of whom are subject to high risk of corruption as there are wide powers

and freedom of action existing, but supervision is not existing or is limited, will not engage in corruptive transactions even under the conditions of the highest corruption, because they are honest. It is the duty of authorities to take care that the personnel management policy facilitates ethical behaviour of officials.

Questions to be discussed

- Which causes of corruption - the general or individual ones - are the decisive ones for committing a corruption crime? Why?
- Assess the possibility of corruption risk for various positions: *Chairman of the local government of the region, head of the hospital, teacher, and judge.*

§ 3 WHAT ARE THE CONSEQUENCES OF CORRUPTION?

Although corruption is a covert offence and initially it may seem that there are no particular victims or casualties, that is a wrong assumption, because corruption has extended and continuous negative consequences. Spread of corruption is one of the main indicators according to which it is possible to determine the level of welfare of the country. Economically more developed countries, where the general welfare of society is higher, corruption is not so spread, while in underdeveloped countries corruption is highly spread and a serious problem, without overcoming of which welfare in the country cannot increase.

Negative consequences of corruption:

- 1) Economical growth is impeded; competition and the market economy are distorted. When an entrepreneur or an inhabitant acquires any service or wins a public procurement competition by using unlawful payments, acquaintance or other means of influence, unfair situation in regard to the other 'players' - both, society as well as other entrepreneurs - occur. Corruption in the state is also a negative signal to international companies, which evaluate the business environment and prevalence of corruption in the certain state, when expanding their operation. As a result of incorrectly functioning market economy the number of work places is reduced and new work places are not created, unemployment and along with it also poverty increases.
- 2) Income from taxes decreases. The essence of corruption facilitates circulation of unlawfully acquired means, but it is not possible to collect taxes, contributing to the income of state budget, from unlawful financial transactions. When the shadow economy develops funds of the state budget remains less, and also means for such socially significant matters as education, health care, social guarantees (benefits, pensions), security and protection decrease. Corruption is also related to misappropriation of the state budget funds. Scientists have tried to calculate the costs of corruption; they estimate that corruption impedes the economic growth of the state by 0.5-5% from the gross domestic product (GDP). The first Anti-Corruption Report of the European Commission 2014 estimates that corruption costs 120 billion euros for economies of the European states each year⁷. That is almost the same as the yearly budget of the European Union and by 16 times more than the state budget of Latvia for 2015. The above mentioned calculation of costs is based on the estimate of such organisations as the International Chamber of Commerce, International anti-corruption organisation Transparency International, UN Global Compact, World Economic Forum and Clean Business is Good Business, which believe that the amounts of the global corruption are approximately equal to 5% of GDP.

⁷ EU Anti-Corruption Report of the European Commission, 2014, is available at: http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/organized-crime-and-human-trafficking/corruption/docs/acr_2014_en.pdf

Example

In order to avoid paying taxes, an enterprise illegally imports several freights of cigarettes in the country. Enterprise pays a bribe to several custom officers, who assist in illegal transporting of the freights in the country contrary to their duties, in order the freight would not be arrested and confiscated on the state border. Smuggled cigarettes are sold on the 'black market', thus not only deforming competition and decreasing sales of the illegally importing the cigarettes as well as failing to pay taxes for importing the cigarettes and the excise tax, which is additionally applied to tobacco products. The enterprise is suffering, because taxes are not paid into the state budget. Later the state has no means to ensure high quality and comprehensive package of the state services, to disburse salaries to the medical practitioners, teachers, police officers and other employees of public institutions; or their remuneration shall be reduced.

- 3) Social inequality and exclusion are facilitated. Corruption in the public sector facilitates inequality, because granting privileges as a result of corruption will neglect the less wealthy layer of inhabitants, thus facilitating exclusion of a certain part of the society. Decision making is conducted in a dishonest manner. Bribes, acquaintances, unlawful payments and forbidden gifts influence justice and lawfulness of decisions made by state administration and municipal administration as well as authorities. State Civil Service Law and the State Administration Structure Law stipulates that the work of the state administration shall be lawful, effective and open, but corruption undermines all the above mentioned principles, besides cause inequality and undermines the substance and purpose of the democratic administration.

Example

Jānis needs a surgery of the hip joint, therefore he has been already waiting in a queue for the state funded operation for six months. If it would be necessary to cover the surgery from the patient's personal means, it would cost four thousand euros, but Jānis does not have such money and he is patiently waiting for his turn. Initially the surgery was scheduled after three months, but the queue is not moving and the scheduled date is regularly cancelled. The patient gets the feeling that he will not receive the surgery also after the waited half a year. Another patient, which has recently found out about the need of the surgery and the long queue, agrees with the doctor that he will pay 400 euros and it will be arranged that he will receive the state funded operation already in three weeks. Dishonestly avoiding the queue, the rights of other patients are not being respected and their health and even life is endangered.

Please, use the 30 seconds long video commercial regarding corruption in medicine as the visual aids: <http://www.youtube.com/watch?v=UbTK2OkJBjk>

- 4) Quality of the public services decrease and they get more expensive. Corruption is a serious problem particularly in the state and municipal administration as they are the state and municipal structures that provide public services (for instance, issue of permits, licences, certificates and other documents); maintain and develop infrastructure (construction of streets, structures that ensure the public services), provide health care, education, social care as well as other services. If corruption gets into some of the stages of implementation of the state administration, then the quality

of services decreases at first. In order to 'recover' expenses for a bribe, savings are usually made at the expense of costs or knowingly raising the price of goods or services.

Example

Local government announces a competition in order to build a new street in the city. Two million euros are reserved for building of the street. Winners of the competition have unlawfully agreed that the company X will win the competition. In order to ensure the win in the competition and thus acquire a possibility to build a street in the city, which will provide work and good profit for the company X, the company gives a bribe - 80 thousand euro - to the chairman of the commission of the competition of the local government. Competition commission unlawfully discloses prices of the offers of other tenderers to the company X. The company X is provided with an opportunity to adjust their offer to be the cheapest and win the competition. In order to cover expenses, arising when paying a bribe of 80 thousand euros and offering the lowest price for the competition, the company X uses cheaper and less quality materials during the construction of the street than it was provided in the design, works were performed in a hurry and careless manner. When two years have passed after reconstruction of the street, asphalt starts to crack and holes occur. Thus inhabitants, passers-by and visitors of the city suffer, because they have to drive along the road of bad quality, although it was built for the funds of the budget of the local government, consisting of taxes paid by inhabitants. Society has suffered as a result of corruption.

- 5) Harm is caused to the reputation of the state administration, undermining the power of the law. Each corruption scandal and each clearly dishonest and unethical behaviour of public officials cause a negative impression about the entire state administration. If a person faces a dishonest police officer, who demands for a bribe in exchange for not writing a fine slip for violation of the road traffic rules, an impression may arise that all road police officers are dishonest and take bribes. Although not all the police officers are dishonest and bribe-takers, one negative sample may cause a wrong impression about the work of the whole authority. Therefore not only respect is lost but also trust to the police as the law enforcement institution is decreasing. (Of course, consequences are far more severe if a driver, who has 'paid off' from the police officer through a bribe and continues to violate the rules, causes a road traffic accident, such as, riding down and injuring a pedestrian.)

It is similar with trust to the government or the Cabinet of Ministers and the parliament or the *Saeima* - if mass media reflect unethical conduct of a politician, a scandal of ethical nature or corruption, the trust to the whole institution falls, and a general impression occurs that all the politicians are dishonest. Thus the work of the government and the *Saeima* is made difficult, when making decisions and adopting laws, because it may seem to society, even in cases, when everything has been fair, that the decision is not taken for the public interests. In such cases not only distrust occur, but also unrest, such as disorders of 13 January 2009, when inhabitants gathered in the Old City of Riga and threw stones at the *Saeima*, thus not only

showing their attitude, but also endangering their own safety and safety of others and violating the law. Trust to the *Saeima* and the government is slowly increasing, but is to be assessed as low even now; in April 2014 38.8% of inhabitants characterised the *Saeima*, but 34.4% of the surveyed inhabitants characterised the Cabinet or government as very or rather dishonest, when talking about corruption⁸.

Question to be discussed:

- Which of the aforesaid consequences affect you and your family's life the most, but which affect development of the country? Why?

⁸ Sabiedriskās domas aptauja „Attieksme pret korupciju Latvijā”, Latvijas Fakti, 2014. gada aprīlis (Public opinion survey “Attitude towards corruption in Latvia, *Latvijas Fakti*, April 2014). Available at: http://www.knab.gov.lv/uploads/free/knab_lf_aptauja2014.pdf

Work in groups

Divide the class in several groups; ask each group to choose three statements they all agree with. Ask the groups to provide an example for each of the selected statements.

1. Power attracts corruption.

2. Corrupt person has the price, the honest person - value /from a school speech competition/.

3. Corruption is prostitution of the power.

4. Corruption is like cancer: it corrodes the system from inside.

5. Power corrupts; absolute power corrupts absolutely /Lord Acton, late 19th/.

6. Future without corruption is in the hands of the new generation.

7. Corruption is the price we pay for democracy.

8. Corruption is like a disease, which at the beginning is difficult to diagnose and easy to treat, while if it is admitted, it is easily to be detected, but difficult to treat /Niccolo Machiavelli (1469-1527)/.

9. Honest person is an independent person; no power and no necessity may dishonour the person.

10. Corruption is like a snowball rolling downhill, which becomes even bigger.

§ 4 HOW CORRUPTION MANIFESTS ITSELF?

The term ‘corruption’ means not only bribery and bribe-taking, also misappropriation of a bribe, intermediation in bribery, exceeding the official powers or misuse of the official status, inactivity of a public official, unpermitted participation in material transactions, violation of restrictions determined for a public official and other offences shall be deemed as corruptive activities. All the above mentioned activities are criminally punishable; criminal liability and even imprisonment for a time period up to ten years is provided for commitment thereof.

From the experience of KNAB:

One of the most severe penalties in the criminal cases investigated by KNAB was applied to the director of the educational institution - eight years of actual deprivation of liberty with confiscation of property, as well as an obligation to transfer to the State budget the monetary funds in the amount of 13 686 lati (18 987 euro) criminally acquired regarding systematically demanding for bribes (at least 15 episodes) from parents of pupils for admission of pupils to the educational institution. Since September 2009 the former director of the school is missing.

The official, who is a provider of a public service, shall perform his or her duties in the interests of the society. If a bribe is offered to the official or the official him/herself demands or even extorts the one, the bribe ensured the preferable action of the official. Most often it will be some kind of activity in the interests of a briber, but the benefit may also be given for failure to act. In accordance with the Criminal Law, in such a situation both, the person giving a bribe as well as taking the bribe, is to be called to criminal liability.

There are several cases of bribery techniques existing in case law, such as, let-off a debt, ‘preliminary’ agreed loss in a game of cards, payment of the debt of an official, fictitious appointment to an office, revocation of the civil claim in court, transfer of property without remuneration (or for reduced price), receipt of a beneficial credit, ‘increase’ of fees and other cases.

From the experience of KNAB:

The court found the deputy director of an institution of the Ministry of Health guilty, because he misused its official status, while taking the office, causing harm to the state administration structure. During the time period from 2001 to 2003 the convict accepted several benefits from representatives of manufacturers and sellers of medicinal products in order to compensate afterwards by appointing them as the winners of procurement competitions of the state medicinal products. The official went for holiday trips to France, Switzerland, United Arab Emirates, Italy and Republic of South Africa paid

Responsibility for bribery set in the Criminal Law

Bribery in private sector

- ✓ **Section 198. Unauthorised Receipt of Benefits**
- ✓ **Section 199. Commercial Bribery**

Bribery in the service of public authorities (public officials)

- ✓ **Section 320. Accepting Bribes**
- ✓ **Section 323. Giving of Bribes**

Bribery in state and local government authorities (employees who are not public officials)

- ✓ **Section 326². Unlawful Requesting and Receiving of Benefits**
- ✓ **Section 326³. Unlawful Giving of Benefits**

by the pharmaceutical companies both alone as well as together with his family, being on 25 trips abroad within three years. In March 2010 Riga Regional Court found the dishonest official guilty for misuse of the office and bribe-taking, imposing to him suspended deprivation of liberty for a term of two years with probation period of one year, as well as a fine in the amount of 60 minimum monthly salaries or 8900 lati (12 664 euros). In August 2010 the Senate of the Supreme Court left the judgement in force as not amended.

It is important to remember that also other kind of unlawful activities are deemed as conflict of interest and corruption, such as the way of acting of an official, when his or her relatives are hired on the grounds of close relationship rather than objective criteria. It is called nepotism in a foreign word. Patronage is such a kind of corruptive action, when the state resources are distributed unevenly, considering the political membership, or also to them, who in return offer their support for promoting their patron for the desired position. Unpermitted acceptance of gifts is also forbidden - it is strictly forbidden for public officials to accept gifts from the persons, in relation to whom the official has taken a decision within the recent two years. Besides, the official shall not be also allowed to take a decision regarding the gift-giver two years after accepting the gift. Prohibition of gifts is established so that an official would be independent during the decision making process, but gifts cause emotional link, a wish to thank, to give back the good to the gift-giver. It should be remembered that also the person giving a gift to the official is doing it with a certain purpose; therefore it is important to evaluate the intention of the giver.

From the experience of KNAB:

*In 2004 employees of KNAB detained an entrepreneur – the owner of a pharmaceutical company for giving a bribe of 45 thousand lati (64 029 euros). The entrepreneur offered a bribe to a KNAB employee in order he would not conduct and organize inspections related to the operations of the company owned by the entrepreneur. In addition to the bribe of 45 thousand lati the entrepreneur delivered also **two kilograms of ravioli** to the employee as well as promised to pay one thousand lati (1 423 euros) each month in order KNAB would not conduct inspections with regard to his company. On 31 October 2006 Riga Regional Court sentenced the briber with an imprisonment for two years, later on the Department of Criminal Cases of the Senate of the Supreme Court left the judgement in force.*

Example of bribery from abroad of Latvia:

In 2004 the court of Norway found the oil company Statoil guilty for a corruptive crime. In 2002 and 2003 the company hired an investment consultancy company with a purpose to ensure profitable contracts regarding acquisition of oil in Iran. The consultancy company of Statoil, owned by Mehdi Hashemi Radsanjani, the son of the former president of Iran, paid bribes in the amount of 15.2 million USA Dollars for influencing significant political figures of Iran as intermediaries. The court of Norway imposed a fine in the amount of 20 million Norwegian kronas (almost 2.3 million euros) to Statoil.

Questions to be discussed:

- How severe punishments should be provided for corruptive offences? Would more severe punishments prevent people from corruption?

Task

How to identify corruption?

*Ask pupils to fill in the table by marking, which of the given situations conform to the **features of corruption!***

No.	SITUATION	CONFORMS TO THE FEATURES OF CORRUPTION	DOES NOT CONFORM TO THE FEATURES OF CORRUPTION
1.	A person promises to hire in his/her company a judge's sister if the judge will adopt decisions in favour of this person.		
2.	Head of the institution writes-off the portable computers in good condition owned by the institution as depreciated ones, which later end up in his/her private disposal.		
3.	After recovery a patient is willing to sincerely thank the doctor and presents a bunch of flowers to the doctor.		
4.	Road police officer decides not to impose a fine to the driver for a minor offence, but to apply a warning instead.		
5.	A public official, upon avoiding the set procedures, grants a municipal apartment to his/her friend jumping the waiting list.		
6.	Entrepreneur donates to a political party 10 thousand euros.		
7.	An owner of a private enterprise pays remuneration to employees in cash - without paying any taxes for them.		
8.	Head of the municipal authority, upon renting the premises of a municipal authority for performance of business activities, demands from the lessee for additional 30 euros in cash		

	each month, in addition to the established lease payment.		
9.	An owner of a private company offers to a tax inspector to pay for a trip to Thailand, if he will fail to establish violations in the company's financial accounts.		
10.	When making procurement regarding equipping buildings with video surveillance, one of the tenderers offers to a member of the procurement commission to install video surveillance cameras near his private house in exchange of a positive decision.		
11.	Association of Cheese Producers hire a lawyer, who represents the interests of the cheese producers in the Saeima and the ministries.		
12.	Leader of a political party appeals a wealthy entrepreneur to donate to the pre-election campaign of the party, promising that when entering the office he will ensure beneficial transactions for the particular entrepreneur.		

Correct answers:

1; 2; 5; 8; 9;10; 12 – Yes

3; 4; 6; 7; 11 – No

§ 5 HOW TO PREVENT CORRUPTION AND WHAT IS KNAB?

Corruption Prevention and Combating Bureau (KNAB), being in the supervision of the Cabinet, was established in 2002 for complex combatting of corruption in Latvia. KNAB purposefully fights corruption both by preventing causes and facilitating circumstances thereof and by combatting, when a corruptive offence has already taken place or is being planned.

Prevention of the causes of corruption

Identification of the corruption risks and policy planning

In order to prevent corruption, at first the causes of corruption shall be prevented. When analysing the causes, corruption risks can be identified for institutions and offices. Corruption

risk in the state and municipal sector is probability that some employee of the state or municipal authority will act in favour of the interests of his/her own or of another person, with or without intent, acquiring some undue benefit and causing harm or losses to the state administration. Upon identifying the corruption risks, it is possible to develop recommended measures to prevent the risks, such as improve the internal control system in the public authority.

Information regarding inspections and offences, practice of the public authorities on preventing corruption and the detected cases of corruption is being summarized and analysed in the area of corruption analysis and anti-corruption organisational measures. Also methodology on corruption prevention and combating for public and local government authorities and private is being developed. For example, KNAB has analysed the corruption risks in the health care system, performance of public procurements and process of issuing construction permits.⁹ It is equally important to analyse also regulatory enactments and draft regulatory enactments, to propose making amendments therein as well as provide recommendations on development of new draft regulatory enactments.

The Guidelines on corruption prevention and combating, developed by KNAB, set the directions of activities, key tasks and results to be achieved in the area of corruption prevention and combating.

Prevention of the conflict of interest

In order to avoid situations, when the public official acts in favour of his or her personal rather than public interests, the attention was paid in the institutions to the fact, whether public officials comply with the restrictions and prohibitions binding to them. Also KNAB controls compliance with restrictions binding to public officials, examines declarations of public officials, according to their competency examines complaints and submissions, as well as calls public officials to administrative justice and impose penalties for administrative offences in the area of corruption prevention in cases stipulated by law. Upon establishing non-compliance with the set regulations and situations of a conflict of interests, it is possible to prevent turning of such violations into corruption.

Public education and information

In order to decrease tolerance or indulgence against corruption, the society is educated and informed about corruption and corruptive offences. In order to decrease the number of administrative violations committed by officials, KNAB educates employees of the state and municipal authorities by explaining during workshops not only on what the corruption is and what are the ways of manifestation thereof, but also turning the attention of participants to the measures to be performed and necessary activities for prevention of situations of a conflict of

⁹ Corruption risk analysis performed by KNAB are available here:
<http://www.knab.gov.lv/lv/education/publication/materials/>

interests. Social campaigns are implemented, competitions are organised¹⁰ and educational methodological materials are elaborated for public education.

Control of financing of the political parties

Parties need financial resources in order they could operate and establish link with voters. In its turn, in order to ensure the public trust to parties, increase representation of the public interests in politics and minimise the possibility of narrow, well-organized and financially influential groups to determine the policy of the party, regulations for financing the political parties have been developed in democratic states. In order to ensure the set tasks in the area of supervision of financial and commercial activities of the political organisations, KNAB controls the execution of the Law On Financing of Political Organisations (Parties), calls the guilty persons to administrative liability and impose penalties in cases set in the law, analyses the regulatory enactments and draft regulatory enactments as well as proposes to make amendments therein. At the same time KNAB controls also compliance with restrictions for pre-election campaigns.

Corruption combatting

When a corruptive offence has already taken place, corruption shall be combated. Both, investigators and the operational staff are working in KNAB in order to disclose crimes. Once information has been received regarding possible corruptive criminal offence, information analysis is being performed and investigatory operations are performed. Investigatory operations are performed in order to obtain information on the planned crimes, to resolve already committed crimes and prevent the planned ones. Usually the initial information on the possible corruption is received in some of the four ways: (1) from inhabitants and involved persons; (2) from supervisory or controlling authorities (police, State Revenue Service, State Audit Office etc.); (3) from other investigations, inspections or controls; or (4) acquired in an investigative way.

- Methods provided in the Investigatory Operations Law:**
- ✓ **Investigatory inquiring**
 - ✓ **Investigatory surveillance (tracing)**
 - ✓ **Investigatory inspection**
 - ✓ **Investigatory acquisition of samples and investigatory research**
 - ✓ **Investigatory examination of a person**
 - ✓ **Investigatory entry**
 - ✓ **Investigatory experiment**
 - ✓ **Controlled delivery**
 - ✓ **Investigatory detective work**
 - ✓ **Investigatory monitoring of correspondence**
 - ✓ **Investigatory acquisition of information expressed or stored by a person through technical means**
 - ✓ **Investigatory wiretapping of conversations**

¹⁰ Each year KNAB organises annual anti-corruption competition for youth. Information on the current competitions is being published here: <http://www.knab.gov.lv/lv/education/competition/>

Afterwards, when information is acquired that indicated on a possible committing of a criminal offence, a criminal proceeding is initiated. Within the framework of it investigatory operations are performed aimed to acquisition or information or verification of the acquired information within the particular criminal proceeding. For example, a search is conducted – compulsory search of the premises, surrounding territories, vehicles and certain persons with a purpose to find and seize items, documents and other objects that are significant for the criminal proceeding. Besides, witnesses and suspects are interrogated as well any other person, who is related or has any information regarding the possible crime, is being interrogated, collection and analysis of evidence is continued, expert-examinations are performed, material benefits acquired as a result of criminal activities are recorded, in order it would be possible to confiscate them under the court decision, and other investigatory activities are performed. For example, expert-examinations are performed quite often during criminal proceedings performed by KNAB in order to examine whether the handwriting, signature of a person or money are not forged. During one criminal proceeding the expert was asked for linguistic explanation of phone conversations, because an investigator had suspicions that planning of a corruptive crime is suspected. Later on the expert concluded that the conversation has actually been performed regarding bribery of an official with a purpose to falsify blood test results. The linguistic opinion of an expert was required for explanation of phone conversations of another case regarding the slang words ‘*kāposts*’ (cabbage) and ‘*babkas*’ (bucks) and the fact whether the meaning of these words in the context of conversations was cash.

Investigator of KNAB as a person directing the proceeding him/herself or an investigation judge may impose a security measure to the suspect. It is imposed to the suspect, when there are grounds to consider that the relevant person will continue criminal activities, will make difficult or escape from the pre-trial criminal proceeding.

When sufficient evidence is collected during the pre-trial investigation regarding criminal offences, KNAB shall forward the materials of the criminal proceeding to the prosecutor's office and request to commence criminal prosecution against the suspects. A public prosecutor implements the functions of supervision of investigation, investigation, criminal prosecution and maintenance of the public prosecution during the criminal proceeding. Afterwards, when the criminal case reaches the prosecutor's office, the public prosecutor shall decide on initiation of the criminal prosecution. When a public prosecutor completes the pre-trial proceeding, a decision is taken regarding forwarding of the criminal case to court and pursue against the suspects. Both the investigator as well as public prosecutor may decide to

Kriminālprocesā aizdomās turētajiem var piemērot šādus drošības līdzekļus:

- ✓ dzīvesvietas maiņas paziņošana
 - ✓ pieteikšanās noteiktā laikā policijas iestādē
 - ✓ aizliegums tuvoties noteiktai personai vai vietai
 - ✓ noteiktas nodarbošanās izliegums
 - ✓ aizliegums izbraukt no valsts
 - ✓ uzturēšanās noteiktā vietā
 - ✓ personiskais galvojums
 - ✓ drošības nauda
 - ✓ nodošana policijas uzraudzībā
 - ✓ mājas arests
 - ✓ apcietinājums
- Var piemērot tikai izmeklēšanas tiesnesis

dismiss an action if a criminal offence has not been committed, the committed offence does not have a composition of a criminal offence, limitation period has occurred or in case of other circumstances provided by the Criminal Procedure Law.

§ 6 HOW THE PREVALENCE OF CORRUPTION CAN BE ASSESSED?

Although corruption is a concealed crime and it is not possible to objectively determine the scope thereof, still the corruption prevalence may be more or less determined in two ways: 1) according to experience of society, who have faced corruption, on corruption and understanding on prevalence of corruption and 2) revealed criminal offences.

1) Prevalence of corruption assessment according to public experience and perception of corruption

In order to measure prevalence of corruption, public opinion surveys or sociological and other type of studies for determination of the corruption level are performed by both, international organisations as well as research agencies in Latvia. According to studies it is possible to assess, how the public experience and opinion is changing by the time regarding prevalence of corruption in the state.

Although the public opinion surveys not always show the true 'face of corruption' or the actual level of corruption in the state, still they provide a reason to talk about public assessment and readiness to engage in corruptive offences. Public opinion on whether corruption is prevalent, for example, in medicine or police is based both on the experience and the legends or the information provided by mass media; therefore it does not precisely show the actual situation. In its turn, the people's readiness to give a bribe to a public official in order to solve a problem shows the reality – tolerance to corruption and readiness to get involved therein by them.

Corruption perception index

The international anti-corruption organisation Transparency International has been determining the corruption perception index (CPI) already since 1995, but Latvia was included among the assessed states since 1998. Index presents an evident and comparative assessment on how experts and entrepreneurs assess the corruption level and changes thereof in the state administration and in the rest of the public sector. The term 'corruption' for the index means the use of power entrusted to a person for private benefit. CPI is determined in the 100-point scale, where 0 means that the country is perceived as a completely corrupt, but 100 - corruption does not exist in the country.

In 2012 the CPI of Latvia was 49 points out of 100, where Latvia took the 54th position globally. In comparison with 2011 it remained unchanged. By the time the methodology for determining the index has changed, therefore it is difficult to compare changes by the years. Latvia had better result in 2008, when Latvia had 5 out of 10 points (current 49 points out of 100 would be equal to the index 4.2 in the scale of 10). Neighbouring countries have been assessed better: The CPI of Estonia in 2012 was 64 points, but for Lithuania - 54 points. Estonia holds the 32nd position, while Lithuania - the 48th position globally. Among the European Union countries only five countries - Greece, Bulgaria, Italy, Romania and Slovakia - have a result that is worse than of Latvia. So far the decrease of CPI has been observed for

Latvia for several years, which might indicate that unfortunately the society takes corruption as a part of its culture (See Image 1).

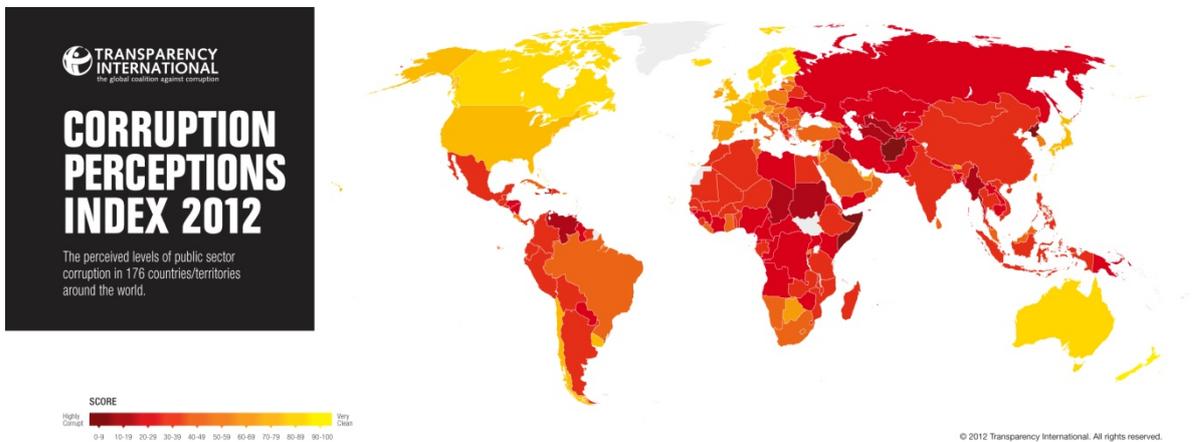


Image 1 Corruption perceptions index 2012 (countries of low level of corruption are marked with yellow, high level – red)

Public opinion research

Results of the research conducted in November 2012¹¹ show that the number of people, believing that the problem of corruption has decreased in the country, has increased. Significantly less often than before the respondents indicated that the problems of corruption had been increased during the recent four years.

According to the opinion of inhabitants, the most current problem in Latvia is corruption on the top level or 'state capture'. Almost each third (32.2%) participant of the survey considers that the problems related to the highest level corruption have increased during the recent four years. When talking about corruption of the lower level, such an opinion was represented by 23.6%.

When being asked about their experience of actually facing corruption, the inhabitants disclosed that 29.9% of respondents have used unofficial payments or acquaintanceship during the recent two years, thus almost each third of the participants in the survey (See Image 2). If 70.1% of respondents had not used unofficial payments or acquaintanceship in 2012, then the situation was much worse in the previous years. When answering a similar question – whether they have faced corruption within the last two years – only 58.4% said 'No' in 2009, but in 2005 - 52.4% of the respondents. The survey shows that the most problematic sectors, where unofficial payments are made, are the health care system and the road police. In 2012 18.3% of the respondents admitted using some unofficial payments or acquaintanceship when being treated in a hospital or a health care centre within the recent two years, while 6% of the respondents - when facing the road police (See Image 3).

¹¹ Research was conducted in November 2012 according to the order of KNAB. It was performed by the sociological research agency *Latvijas Fakti*, 1001 respondents participated in the survey. Available at: http://www.knab.lv/uploads/free/attieksme_pret_korupciju_2012.pdf

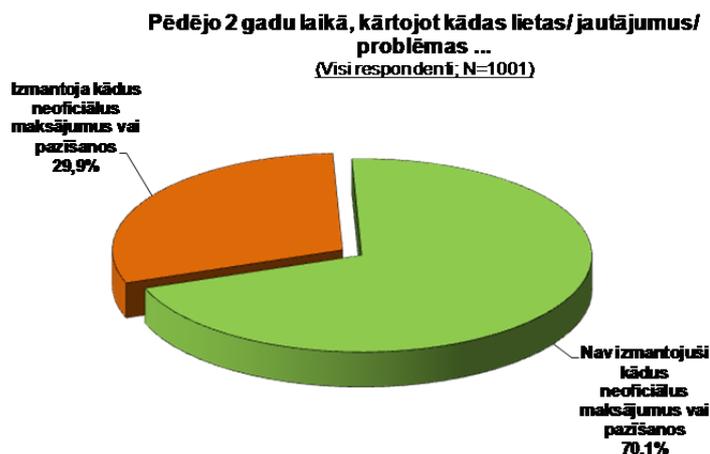


Image 2 Interaction of inhabitants with corruption Data: *Latvijas Fakti*, 2012



Image 3 Personal interaction with cases of corruption Data: *Latvijas Fakti*, 2012

Unfortunately, the number of inhabitants, who assume the possibility to give a bribe to a public official, is high - one third (34.7%) of the surveyed inhabitants of Latvia. While more than a half (51.5%) of participants of the research did not assume the possibility of giving a bribe. In comparison with the results of 2007, the number of both, the persons, who admitted the possibility to give a bribe, as well as of those participants of the survey, who denied such a possibility, has increased (See Image 4).

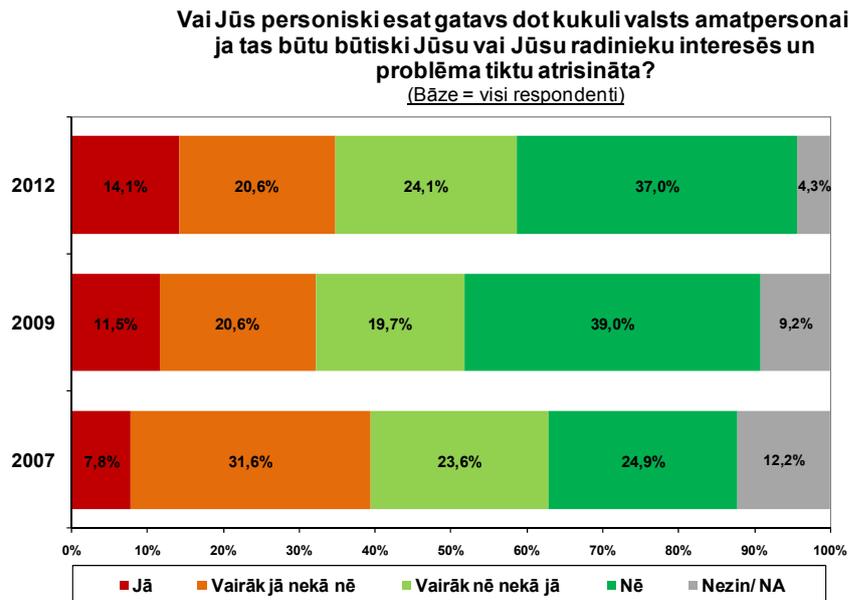


Image 4. Readiness of inhabitants to give a bribe Data: Latvijas Fakti and SKDS

2) Assessment of the corruption prevalence according to resolved criminal offences

The second way on how to determine how prevalent corruption is in the country is the number of the resolved corruption cases. During the time period from the beginning of 2003 until 30 June 2012 KNAB, which investigates and resolves corruptive crimes in the public sector, has forwarded 194 criminal proceedings to prosecutor's offices for commencement of prosecution in total against 462 persons. Within the period of eight years since 2004 113 court judgements regarding corruptive actions have come into force against 196 persons; 88 % of which or 172 persons were found guilty. Offences committed by public officials, resolved by KNAB, have proved that the delegated state power and available resources are used for gaining of the personal advantage both in culture, education and health care institutions as well as law enforcement and court institutions.

Corruption is a latent or covert phenomenon; therefore investigation of such criminal cases is complicated. Reason of such complexity is lack of a person, who would be interested to provide the person directing the proceedings with an outline of the factual circumstances as a starting point for lodgement of investigation versions, furthermore, the officials involved in corruptive cases most often choose the tactics of not testifying during the pre-trial investigation and only after receipt of all materials of the case file prior to forwarding of the case file to the court and becoming acquainted with evidence substantiating the prosecution, they propose their version of defence, submit evidence substantiating defence, examination of which, in its turn, is delaying the course of trial of the matter.

Questions to be discussed

- How prevalent, according to your opinion, is corruption in Latvia?
- Have you or your family faced corruption?

§ 7 WHAT IS THE ROLE OF AN INDIVIDUAL (STUDENT) IN ERADICTION OF CORRUPTION?

An individual has a significant role in preventing corruption. Corruption proliferates when a person exercising his or her office and the entrusted power, becomes selfish and fails to comply with such principles as justice, responsibility, respect, independence, unaffectedness, objectivity, lawfulness and others, but mostly the official has lost his/her honesty and unwritten promise to fulfil one's duties only and solely for the interests of society at the moment.

Compliance with the principles of ethics may prevent risks of corruption even before a violation or criminal offence has been committed. Honesty and ethics, even being in situations with high corruption risks – freedom of action, monopoly of power, restricted openness or lack of control may help to avoiding corruptive situations. The above mentioned principles of ethics help avoiding a conflict of interests and corruptive situations. In the case if honesty is not the leading value of a person, then it is possible to get confused and lost in the so called pickets of corruption – the labyrinths of the corruption risk.

When talking theoretically, we may ask to anyone what kind of behaviour is supposed to be unethical, and everyone will be able to name what principles are significant and what behaviour is unacceptable. But as soon as the person finds oneself in a certain situation or enters an influential office, the self-declared principles are often forgotten. Contradictions occur at the moment when the personal interests should be set aside and the public interests should be strictly complied with in his or her activities. A human being, who naturally endeavours to satisfy one's own personal interests, gets confused in a situation when he/she has a possibility to earn some undeserved benefit for him/herself by 'avoiding the law' or sometimes being dishonest. Still, it should be remembered that public officials fulfil their duties in the interests of public, while dishonest behaviour has consequences and in a long-term perspective cause losses to a broad circle of persons. Following the principles of ethics for any person - youth as well as adults, officials and entrepreneurs - is like a manual on how to behave in different situations of dilemma in order to make a correct and unmistakable decision.

Ethical values, helping to escape from corruption risks:

- ✓ **Respect to law**
- ✓ **Respect to person**
- ✓ **Honesty**
- ✓ **Justice**
- ✓ **Objectivity**
- ✓ **Diligence and responsibility**
- ✓ **Independency**
- ✓ **Lawfulness**
- ✓ **Responsibility**

Few considerations on what each individual may perform for eradication of dishonest behaviour and corruption:

1. Comply with the general principles of ethics in your activities and consider honesty as the basis of everything;
2. Always assess your behaviour, even the minor derogations from the principles of honesty will facilitate dishonesty and may cause negative consequences.

3. Report on the observed cases of corruption or conflict of interest to KNAB or police. When corruption or other offences are observed in the way of acting of any official of institution, you may report also to the head of it or supervisory authority of the institution.
4. Refuse to engage in suspicious transactions including, always say clear 'NO', when a bribe or other unlawful benefit is required or offered.
5. Motivate also others to think about honesty, for example, study some topic of corruption within a framework of the project and prepare an article for the newspaper of the school or region.
6. Get involved in anti-corruption activities, such a Open days in KNAB or competitions, as well as follow up the activities of KNAB on the social portal Twitter @KNABinformē.
7. Study information regarding the rights and obligations of inhabitants by communicating with the state administration authorities.

TEST FOR PUPILS: HOW HONEST ARE WE?

The honesty test will help pupils to be open for discussion on the ethical values. During the test pupils have to fit in some daily situation, deciding on how to act in the described cases of ethical dilemma. Questions are provocative and will stimulate discussion on how to act ethically, therefore it is important to discuss situations after filling in the test and to understand what behaviour would not be honest.

Ask pupils to answer 10 questions, asking them to honestly answer each of them with 'YES' or 'NO'. Do not engage in discussions regarding the essence of the question or providing with additional facts; ask the pupils to answer with the first answer they have in mind.

Question 1

- **Your acquaintance is telling you about a recently seen movie and suggests also you to watch it.**
 - **It is possible to watch the movie on the internet by paying 2 euros for that.**
 - **The acquaintance has downloaded the movie in torrents and recommends you to do the same. But such download is illegal as the copyright of the authors of the movie is violated.**
- **Will you download the movie from the internet torrents?**

Question 2

- **Imagine a situation that you have commenced the studies of law and you are a young lawyer, who may lose job, unless you work sufficient number of hours paid by customers.**
- **All colleagues specify to customers more hours than actually have been spent on performing the work.**

- Will you do the same?

Question 3

- You are not good at geometry. Each test is like a toothache.
- Day before the test the schoolmate offers you to give you questions of the test in geometry that he has photographed via his phone during the test.

- Will you accept the questions?

Question 4

- A teacher has not recorded the grades of the previous test in e-log, but she has already returned the test works to the pupils. She asks to call the received grades.
- You received 5 grades for the test, but the schoolmate stimulates you to say higher grade to the teacher.

- Will you cheat and announce a higher grade?

Question 5

- You have not well prepared for your English test.
- Your class mates encourage you to miss the lesson, but later on to write the test during consultation classes.

- Will you miss the class?

Question 6

- During a laboratory class of physics your hand accidentally trips over and you turn over a recently purchased measuring unit, which breaks down.
- There is a bit of hustle in the room and nobody notices that.

- Will you conceal that you have done it?

Question 7

- There is a test in Economics taking place.
- When the teacher leaves the room for a moment, other classmates open notebooks and books in order to make sure on correctness of their answers.
- But the teacher has warned that it is prohibited to use any aids during the test.

- Will you also copy off?

Question 8

- The 'treasurer' of the class, who collects money for an excursion to museum, has mixed up the records and lost the count.
- When going to pay for excursion, you establish that it is ticked near your name

that you have already paid.

- Will you conceal that you have not paid yet?

Question 9

- Someone has been fooling about and pressed a button of fire alarm in the school.
- Upon responding to the call, also the State Fire and Rescue Service have arrived.
- The grade teacher later on is trying to find out whether the false alarm was caused by anyone from your class.
- During the break you overheard a conversation between two classmates, from which it was clear that they have planned it.

- Will you conceal the overheard conversation?

Question 10

- Before putting final grades in Latvian the teacher announces the grades. Your final grade is between 7 and 8 grades.
- You know that the teacher loves sweets.
- Will you present a chocolate to the teacher in order she would put the higher grade for you?

Now ask your pupils to count answers 'YES' and announce the results.

Results:

- If you answered 'YES' to all questions - **you have to seriously reconsider you behaviour in various situations; in the future you may encounter a corruption risk.**
- If you answered 'YES' to half of the questions - **you are rather typical *average Latvian*** – there are situations where you will act honestly, but there are also some, where you will get confused and act dishonestly. Probably, some friend / acquaintance or the circumstances of the situation will motivate you - lack of time or non-assessment of the consequences of your behaviour.
- If you answered 'NO' to all questions – **you are the *Saint* or you were not completely honest (most likely – the latter!)** The test deliberately included some questions, on which each of us, when replying honestly, would accept at least in the mind the way of acting, which could seem incorrect later on. None of us can be utterly fair; there are different situations and different behaviour, but there are limits you cannot exceed. Ethics and the advice from adults help to understand how would be the correct behaviour.

Discuss the test with pupils! Remember that the test is provocative; therefore it is important to discuss the situations with pupils. Which question was the most difficult to answer for the pupils? Are we able to prevent also the situations where we would have act dishonestly and unethically? What could be the consequences if all the questions were answered with 'YES'?

In case you have more time for doing the test, you may divide the pupils in pairs and give to each of the two - three descriptions of situations (without affirmative question and making the pupils to discuss between two of them on how they would behave in each of the situations.

Demonstration of the video clip

In order to demonstrate that dishonest behaviour sooner or later will result in offences also in everyday situations, the video clip, which is one of the winners of the video competition organised by KNAB in 2011, may be demonstrated to pupils.

Video is available here: <http://www.youtube.com/watch?v=ihddsjIDb9Q>

But all videos sent for the KNAB's competition, which may be used during classes, are available here: <https://www.youtube.com/knabpretkorupciju>

EXAMINATION OF KNOWLEDGE OF PUPILS

In order to examine how carefully the pupils have listened and whether they have understood the corruption issues, their knowledge may be examined by a small test work, consisting of nine questions, which are based on the aforesaid teaching materials.

1. What is corruption?
2. Why it is necessary to combat corruption?
3. What is the difference between a gift and a bribe to official?
4. How it is possible to determine prevalence of corruption?
5. What is the name of the institution in Latvia combatting corruption and what it is engaged in?
6. What is the maximum penalty applicable for giving a bribe, if it is committed in special aggravating circumstances?
7. What is the biggest bribe in the criminal case investigated by KNAB?
8. What is nepotism?
9. Describe an imaginary or a real example of corruption, substantiating why it will be deemed corruption and what will be the consequences thereof?

We will provide the possible answers that the teacher may use, when evaluating tests of pupils. Correct answers, of course, may be considered the ones which are expressed and formulated differently.

1. What is corruption?

Corruption in its terms is exercising the power entrusted to a person for private benefit. The European Council defines corruption as a bribery and any other kind of behaviour of persons, to whom responsibility in the public or private sectors has been entrusted and who violate their duties, arising from their status of a public official, private employee, independent entrepreneur or any other similar relations and which is aimed at acquiring illicit advantage for himself or herself or other persons.

2. Why it is necessary to combat corruption?

Corruption harms good governance, is a social and economical as well as political problem, contravening the basic principles of democracy. Consequences of prevalence of corruption causes inefficiency and dishonesty in distribution of public good and means, permits the development of the non-productive ones, having strong relations with officials, rather than effective and competitive ones. Corruptive political governance is not interested in public interests resulting in social exclusion. Political legitimacy or legal recognition is endangered, because the government allows disproportional distribution of

benefits at the expense of others. Efficiency of the state administration decreases as a result of corruption. The most severe consequences for the safety of inhabitants are caused by the fact that crime is not reduced - the organised crime cannot exist without support of corrupted officials.

3. What is the difference between a gift and a bribe to official?

A gift is a benefit given to a close friend or a relative without waiting for any compensation in return; a bribe is given due to the sake of the office. Beneficial decision is ensured for a briber in return of a bribe. Officials are strictly forbidden to accept gifts from the persons in regard to whom the official has taken a decision within the last two years, because thus doubts may be caused regarding neutrality of the official. Besides, the official shall not be also allowed to take a decision regarding the gift-giver two years after accepting the gift. A prohibition of gifts is established so that an official would be independent during the decision making process, but acceptance of gifts cause emotional link, a wish to thank, to repay to the gift-giver with the good. It should be remembered that also the person giving a gift, most probably, has some kind of purpose.

4. How it is possible to determine prevalence of corruption?

Although corruption is a covert offence, it is still possible to 'measure' it in two ways: according to the public perception on how corruption prevails, and resolved criminal offences.

- a. Corruption prevalence assessment according to corruption perception. In order to measure the corruption prevalence, public opinion surveys or sociological and other kind of studies for determination of the corruption level are performed by both international organisations (such as Corruption perception index of Transparency International) as well as research agencies in Latvia. Also KNAB is regularly ordering the public opinion surveys in order to evaluate, whether the public opinion upon the corruption prevalence is changing over the years. Although the public opinion surveys not always show the true 'face of corruption' or actual level of corruption in the country, they still provide a reason to talk about the public assessment and also readiness to engage in corruptive offences.
- b. Corruption prevalence assessment according to resolved criminal offences. Although corruption is a covert or latent crime and it is difficult to resolve it, still the number of resolved cases and nature of corruption provides a view on the 'face' of corruption. During the time period from the beginning of 2003 until 30 June 2012 KNAB, which investigates and resolves corruptive crimes in the public sector, has forwarded 194 criminal proceedings to prosecutor's offices for commencement of prosecution in total against 462 persons.

5. What is the name of the institution in Latvia combatting corruption and what is it engaged in?

Corruption is prevented and combated by the Corruption Prevention and Combating (KNAB) in the state. KNAB is a state administration authority under the supervision of the Cabinet of Ministers. KNAB deals with resolving and investigation of corruptive crimes, prevention of conflicts of interests in the way of acting of public officials, control of legitimacy of financing the political parties, development and coordination of anti-corruption policy documents, as well as performs public information and education and other functions.

6. What is the maximum penalty applicable for giving a bribe, if it is committed in special aggravating circumstances?

Imprisonment for ten years, with confiscation of property, removing the rights to certain employment or office for a period up to five years. (*Additional information, excerpt from Section 323 of the Criminal Law: For a person who commits giving of bribes, that is, the handing over or offering of material values, properties or benefits of other nature in person or through intermediaries to a public official in order that he or she, using his or her official position, performs or fails to perform some act in the interests of the giver or person offering the bribe, or in the interests of other persons, irrespective of whether the bribe offered is for this public official or for any other person, if committed in an organised group, the applicable punishment is deprivation of liberty for a term up to ten years, with or without confiscation of property and with deprivation of the right to engage in specific employment or to take up a specific office for a term up to five years, and with police supervision for a term up to three years).*

7. What is the amount of the biggest bribe in a criminal case ever investigated by KNAB?

A bribe in the amount of one million euros was demanded within the framework of one criminal case. In accordance with materials of the case file, in one of the episodes the officials demanded a bribe and accepted a part of the demanded bribe of one million euro in order to change the status of use of a land plot. According to evidence available in the matter, two officials of the Riga City Council by using the third official of Riga City Council as an intermediary, demanded money, most probably, from several developers of the immovable property project - bribes for adoption of beneficial decisions in relation to the planned construction plans in Riga.

8. What is nepotism?

Nepotism is a kind of conflict of interests when officials hire their relatives on the grounds of close relationships rather than in accordance with objective criteria.



ANTI-CORRUPTION LESSONS SAMPLE OF TIME FRAME FOR TWO ACADEMIC HOURS

In order to facilitate the planning work, we are offering the teacher the possible time frame for acquisition of the topic within two academic hours, on the basis of the experience of the KNAB specialists, telling on the anti-corruption matters to pupils during lessons. In addition to the time frame we offer also the possible learning methods and a form of examination of knowledge. In order to improve knowledge and provide control, we provide a home task and final test.

Topic, subtopics <i>(paragraphs are specified in the methodological aid)</i>	Time, min	Possible teaching methods	Type of examination of knowledge and understandin g
I. LESSON			
§ 1 What is corruption? Definitions and essence of corruption, object of a bribe, distribution of corruption. Samples. Questions to be discussed	5 – 7	Lecture, discussion	
§ 2 How corruption occurs? General and individual causes of corruption. Samples. Questions to be discussed	7 – 10	Lecture, discussion	
§ 3 What are the consequences of corruption? Negative consequences of corruption. Samples.	10 – 12	Lecture, discussion	Group work (selection of statements and finding examples)
§ 4 How corruption manifests itself? Criminal aspects of corruption, other ways of manifestations of corruption: nepotism, patronage, forbidden gifts. Samples.	15	Lecture	Homework - how to recognise corruption: a table of examples of various

			situations.
<p>5 How to prevent corruption and what is KNAB ?</p> <p>Prevention of the causes of corruption: identification of corruption risks and policy planning, prevention of conflict of interest, public education and information. Control of financing of the political parties. Corruption combatting.</p>		Reading of the teaching materials at home.	
<p>§ 6 How the prevalence of corruption can be assessed?</p> <p>Corruption prevalence assessment according to corruption perception (corruption perception index, sociological surveys) and according to the resolved criminal offences.</p>		Reading of the teaching materials at home.	
II. LESSON			
<p>7 § What is the role of an individual (a pupil) in eradication of corruption?</p> <p>Ethical values, activities of pupils to prevent corruption</p>	20	<p>Verification of the homework, lecture, honesty test</p> <p>for discussion, demonstration of the video clip</p>	
<p>Examination of knowledge of pupils</p> <p>A test work with nine open-ended questions.</p>	20		

EXPLANATIONS OF THE USED TERMS

- **Administrative corruption** – intentionally deformed application of laws and regulations, ensuring advantages to legal or natural persons in exchange of unlawful and concealed benefits for the personal needs of public officials (*definition of the World Bank*)
- **Gift** – the good given without any compensation and out of generosity, without expecting for anything in return.
- **Conflict of interest** – a situation where in performing the duties of office of the public official, the public official must take a decision or participate in taking of a decision or perform other activities related to the office of the public official which affect or may affect the personal or financial interests of this public official, his or her relatives or counterparties (*Section 1, Paragraph 5 of the Law On Prevention of Conflict of Interest in Activities of Public Officials*)
- **Corruption** – bribery or any other kind of conduct of those persons, whom responsibility in the public or private sector has been entrusted and who violate their duties, arising from their status of a public official, private employee and independent entrepreneur or other similar relations and which is aimed at acquiring undeserved advantage for himself or herself or other persons (*Definition of the Council of Europe*).

Within the meaning of the Law On Corruption Prevention and Combating Bureau, corruption is bribery or any other action by a public official intended to gain an unmerited benefit for himself or herself or other persons through the use of his or her position, powers thereof or by exceeding them (*Section 1, Paragraph 1 of the Law On Corruption Prevention and Combating Bureau*)

- **Corruption risk** – a probability that some employees of the state or municipal authority will act in favour of the interests of himself or herself, or any other person, with or without a purpose, gaining an unmerited benefit to oneself and causing harm or losses to the state administration.
- **Corruption perception index (CPI)** – an index (CPI) – an index elaborated by international anti-corruption organisation Transparency International, providing assessment regarding how experts and entrepreneurs assess corruption level and changes thereof in the state administration and in the rest of the public sector.
- **Bribe** – material assets, property or any other type of benefit that is delivered with a purpose to influence some person's act or failure to act in the interests of the bribe-giver.
- **Latent crime** – a covert crime having no external expressions, such as obvious victims.
- **Nepotism** – one kind of a conflict of interests when public officials demonstrate special favour and hire relatives on the grounds of close relationships rather than in accordance with objective criteria.
- **Patronage** – such a kind of corruptive action, when the state resources are distributed unevenly, taking into account political membership, or to those, who offer their support in return for promotion of their patron for the desired position.
- **State capture**– activities of certain persons or economic groups in the public and municipal sector, driven towards influencing the process of adoption of regulatory enactments and other

decisions so to acquire a personal benefit for oneself or certain group of persons, facilitating acquisition of unlawful personal benefits for public officials. State capture is also called a high level corruption. (*Definition of the World Bank*)

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