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# FIFTH EVALUATION ROUND

Preventing corruption and promoting integrity in  
central governments (top executive functions) and  
law enforcement agencies

## SECOND COMPLIANCE REPORT

# LATVIA



Adopted by GRECO  
at its 92<sup>nd</sup> Plenary Meeting (Strasbourg, 28 November-2 December 2022)



Group of States against Corruption  
Groupe d'États contre la corruption

COUNCIL OF EUROPE



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## **I. INTRODUCTION**

1. GRECO's Fifth Evaluation Round deals with "Preventing corruption and promoting integrity in central governments (top executive functions, "PTEFs") and law enforcement agencies, "LEAs")".
2. This Second Compliance Report assesses the measures taken by the Latvian authorities to implement the recommendations made in the Fifth Round Evaluation Report, which was adopted at GRECO's 80<sup>th</sup> Plenary Meeting (22 June 2018) and made public on 21 August 2018, following Latvia's authorisation ([GrecoEval5Rep\(2017\)6](#)). The corresponding Fifth Round Compliance Report was adopted at GRECO's 86<sup>th</sup> Plenary Meeting (29 October 2020) and made public on 11 January 2021 ([GrecoRC5\(2020\)3](#)).
3. As required by GRECO's Rules of Procedure<sup>1</sup>, the Latvian authorities submitted a Situation Report on measures taken to implement the recommendations contained in the Evaluation Report. This Report was received on 29 June 2022 and served as a basis for the Compliance Report.
4. GRECO selected Lithuania (with respect to PTEFs) and the Netherlands (with respect to LEAs) to appoint Rapporteurs for the compliance procedure. The Rapporteurs appointed were Mr Elanas Jablonskas, Vice-Minister, Ministry of Justice, on behalf of Lithuania and Ms Ingeborg Braam, Policy Advisor on Anti-Corruption, Ministry of Justice and Security, on behalf of the Netherlands. They were assisted by GRECO's Secretariat in drawing up this Compliance Report.

## **II. ANALYSIS**

5. GRECO addressed 17 recommendations to Latvia in its Evaluation Report. In the Compliance Report, GRECO concluded that recommendations i and ii had been implemented satisfactorily, recommendations xiii and xvii had been dealt with in a satisfactory manner, recommendations iii, iv, v, vii, ix, x, xi, xii, xv and xvi had been partly implemented and recommendations vi, viii and xiv had not been implemented. Compliance with these 13 outstanding recommendations is dealt with below.

*Regarding central governments (top executive functions)*

### **Recommendation iii**

6. *GRECO recommended carrying out a systematic analysis of integrity-related risks that Cabinet members, other political officials and "supervisory advisory employees" (and persons with equivalent status) in central government might face in the exercise of their duties and to designate and implement appropriate remedial measures.*
7. GRECO recalls that this recommendation was considered as partly implemented by the Compliance Report. An analysis of integrity risks facing political officials across central government had been carried out, including Cabinet members and paid and unpaid advisors. GRECO was looking forward to being informed about the specific risks

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<sup>1</sup> The Compliance procedure of GRECO's Fifth Evaluation Round is governed by its Rules of Procedure, as amended: Rule 31 revised bis and Rules 32 revised bis.

identified for the different groups of political officials and of the mitigating action taken in respect of each risk.

8. The Latvian authorities now indicate that the State Chancellery has developed an "Analysis and Assessment of Integrity Risks of Political Officials" ("Risk analysis") to address this recommendation, i.e. a "methodological tool that describes the potential integrity risks that could be faced by political officials in their daily work". To do so, interviews were carried out with political and administrative officials to verify the accuracy of the initial analysis.
9. The Risk analysis covers the following group of political officials: Members of the Cabinet (Prime Minister, Deputy Prime Minister, ministers, Minister for Special Assignments); Parliamentary Secretary; Head of the Office of the Member of Cabinet; Advisors to the Member of Cabinet; consultants and assistants. The Risk analysis is published on the State Chancellery's website.<sup>2</sup>
10. Specific integrity risks were identified in the following six areas: (1) government and sector policy development; (2) government and sector policy implementation and coordination (including procurement processes, governance of SOEs, giving orders to administrative officials, cooperation with persons subject to international sanctions etc.); (3) appointment of subordinated officials and their career; (4) conflict of interest, action with public resources, use of information acquired during official duties; (5) pre-election campaigning and financing of political parties and (6) public trust and risks to reputation of the state and public sector image (horizontal risk). The Risk analysis identified and designated several remedial measures, notably in institutional anti-corruption plans, timely induction training for newly appointed political officials, including an informative brochure and an e-course.
11. In this context, the State Chancellery commissioned the Latvian School of Public Administration to elaborate an interactive educational game<sup>3</sup> and an e-learning course in 2021.<sup>4</sup> These were launched in 2022 and are available to political officials and will be made available to the new Government following the parliamentary elections of 1 October 2022. The State Chancellery is also preparing a new, more extensive course for the newly appointed Cabinet members and officials, which will include integrity issues, notably the integrity risks identified in the Risk analysis. The State Chancellery or KNAB will introduce the ethical standards applicable to political officials.
12. Finally, the Learning and Development Plan for Employees of the Latvian Public Administration of 2021-2027<sup>5</sup> notes the importance of awareness raising among members of the Cabinet of Ministers and other political officials of the Public Administration's values and ethical principles. Integrity in the work of the public administration is one of the plan's strategic priorities. The outcome to be achieved is to raise awareness, at the senior political and managerial levels, of values and ethical

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<sup>2</sup> <https://www.mk.gov.lv/lv/valsts-parvaldes-vertibas-un-etikas-principi-0>

<sup>3</sup> "Ethical values for public administration employees" (Izglītojošā interaktīvā spēle "Ētiskās vērtības valsts pārvaldē nodarbinātajiem").

<sup>4</sup> Course on the "Mission and values in public administration" (E-mācību kurss "Misija un vērtības valsts pārvaldē").

<sup>5</sup> Plāns "Publiskajā pārvaldē nodarbināto mācīšanās un attīstības plāns 2021.-2027. gadam".

principles. The plan was approved by the Cabinet on 13 August 2021.<sup>6</sup> Activity 1.3. of the plan foresees to ensure that political and managerial level officials learn about exemplary behaviour and conduct, which includes having access to material online and following a mandatory induction e-course for new political officials. The result so far is that at least 300 people of this group have acquired new knowledge and 50 have attended the induction e-course.

13. GRECO takes note of these developments. A more systematic analysis of integrity-related risks has been carried out that includes Members of the Cabinet (Prime Minister, Deputy Prime Minister, ministers, Minister for Special Assignments); Parliamentary Secretary; Head of the Office of the Member of Cabinet; Advisors to the Member of Cabinet and consultants and assistants in central government, including those employed on a free-lance basis. It is satisfied that the Risk analysis appropriately considers the risks faced by them in the exercise of their duties. It is also satisfied that mitigating measures have been implemented.
14. GRECO concludes that recommendation iii has been implemented satisfactorily.

#### **Recommendation iv**

15. *GRECO recommended that the system for managing conflicts of interest also covers non-remunerated “supernumerary advisory employees” and unpaid advisors in central government, as is appropriate to their functions.*
16. GRECO recalls that this recommendation was partly implemented in the Compliance Report. The authorities had stated their intention to amend Cabinet Regulation no. 495 on “Regulations on the Status and Competence of Supernumerary Advisory Employees of a Member of the Cabinet of Ministers” by introducing a duty for non-remunerated “supernumerary advisory employees” and unpaid advisors in central government to report and step away from a matter when a potential conflict of interest arises. Although the proposed amendments had gone in the right direction, they fell short of establishing a system for managing conflicts of interest. GRECO had highlighted that, besides a reporting duty, such a system needed to provide details on the types of relationships that could potentially represent a conflict of interest and therefore require disclosure; it should outline a recording procedure and consequences for violations and put in place training/awareness measures. Furthermore, GRECO had not been informed of any corrective measures being proposed in respect of other unpaid advisors. It recalled that not only *non-remunerated “supernumerary advisory employees”*, hired by Cabinet members, but also *unpaid advisors*, hired by ministers, were not subject to any prohibitions, restrictions, duties or liability in situations of a conflict of interest. The authorities were therefore called upon to give proper attention to all aspects of this recommendation and to implement it fully.
17. The Latvian authorities now report that the State Chancellery has prepared amendments to the Cabinet Regulations no. 495 on “Regulations on the Status and Competence of Supernumerary Advisory Employees of a Member of the Cabinet of

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<sup>6</sup> The plan is available in Latvian at: <https://likumi.lv/ta/id/325395-par-publiskaja-parvalde-nodarbinato-macisanas-un-attistibas-planu-20212027-gadam>. Information about the main goals of this Plan is available in English at: <https://www.mk.gov.lv/lv/media/13067/download>

Ministers” (legal act case no. 22-TA-575, available on the Unified Portal for Drafting and Coordinating Legislation) – indicating that the term “supernumerary advisory employees” covers all unpaid advisors in central government. The amendments introduce an obligation for the supernumerary advisory employees to report and step away from a matter when a potential conflict of interest arises and sets out the types of relationships that could potentially represent a conflict of interest (Article 6.4). The amendments were adopted on 22 November 2022 and entered into force on 25 November 2022.

18. GRECO takes note that amendments to Cabinet Regulations no. 495 on “Regulations on the Status and Competence of Supernumerary Advisory Employees of a Member of the Cabinet of Ministers”, cover all types of advisors (including those that are not remunerated), which was the reason for this recommendation. These amendments were adopted on 22 November 2022 and entered into force on 25 November 2022.
19. GRECO concludes that recommendation iv has been implemented satisfactorily.

#### **Recommendation v**

20. *GRECO recommended to elaborate - drawing on the results of comprehensive integrity risk assessments - principles and standards of conduct applicable to and enforceable for Cabinet members, political officials and “supernumerary advisory employees” as well as for various categories of unpaid advisors in central government (on issues such as conflicts of interest, interaction with third parties, including lobbyists, gifts, etc.) and to ensure that they are made aware of those standards and are provided with dedicated guidance and counselling, including confidential counselling.*
21. GRECO recalls that this recommendation was partly implemented in the Compliance Report. It welcomed the adoption of a programmatic document that put into place what appeared to be a robust general integrity framework for the whole of the state administration, while noting that Cabinet members were excluded from its scope. Likewise, the obligation to elect/appoint ethical counsellors/ethics commissions to facilitate the sustained adherence to the common ethical values did not apply to the Cabinet and offices of the Prime Minister and ministers. GRECO also noted that the on-going integrity risk assessment (cf. recommendation iii) would lead *inter alia* to the development of tailor-made standards of conduct for all political officials, including Cabinet members, appropriate compliance mechanism/s and accompanying on-line training programme/s.
22. The Latvian authorities now indicate that the development of separate standards and principles of conduct for members of the Cabinet of Ministers, political officials and supernumerary advisory employees is still under consideration. Their development has been delayed as a result of the COVID-19 crisis, the war of Russia against Ukraine and the resulting energy crisis. Once the new Government is formed (following the parliamentary election of 1 October 2022), the State Chancellery and KNAB will ask the new Government to develop separate standards and principles of conduct for members of the Cabinet of Ministers. If there is an interest at the political level, the State Chancellery, KNAB and other authorities with relevant expertise will propose draft standards.

23. GRECO takes note of the information provided and concludes that recommendation v remains partly implemented.

#### **Recommendation vi**

24. *GRECO recommended that the relevant rules be reviewed so as to ensure that the names of all participants of sittings of the Cabinet and its Committees and of State Secretaries' meetings are publicly accessible online.*
25. GRECO recalls that this recommendation was not implemented in the Compliance Report, as the Cabinet Rules for Procedure had not been changed in line with the recommendation.
26. The Latvian authorities now indicate that the Cabinet of Ministers adopted the "Rules of Procedure of the Cabinet of Ministers" on 7 September 2021. Paragraph 157 of Section XI on "the Procedure for Applications, Restrictions and Procedure for Participation in Meetings of the Cabinet of Ministers, Meetings of the Committee of the Cabinet of Ministers and Meetings of State Secretaries" states that "After the sitting, the State Chancellery shall make public the list of participants in the sitting".<sup>7</sup>
27. On 9 September 2021, an electronic system for the circulation of documents and data referred to as "TAP"<sup>8</sup> was launched and is to be used by the Government for the organisation of meetings. TAP contains the agenda and the list of participants for specific meetings of the Cabinet of Ministers and the meetings of the State Secretaries.
28. GRECO welcomes that the Rules of Procedure of the Cabinet of Ministers have been amended and that an elaborate system for the circulation of documents will provide public accessibility to the list of participants of the meetings of the Cabinet and its Committees and those of State Secretaries. This is in line with the requirements of this recommendation.
29. GRECO concludes that recommendation vi has been implemented satisfactorily.

#### **Recommendation vii**

30. *GRECO recommended that legal requirements regarding the publication of the outcomes of public participation procedures, including the lists of participants and proposals/objections presented together with justifications for their rejection or acceptance by the institution concerned, are met in practice and that such information is posted online in a systematic, timely and easily accessible manner.*
31. GRECO recalls that this recommendation was partly implemented, while noting in the Compliance Report that, aside from the new practice of publishing statements of objections on the Cabinet's website, the rest of the information was known to it already at the time of adoption of the Evaluation Report. While this new practice was welcome,

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<sup>7</sup> See <https://likumi.lv/ta/en/en/id/325944-rules-of-procedures-of-the-cabinet>.

<sup>8</sup> <https://tapportals.mk.gov.lv/>

it could not bring about on its own the qualitative improvements to public participation expected under the recommendation.

32. The Latvian authorities now refer to the TAP system (see paragraph 27), which has a “Public Participation” section that contains projects which have been submitted for public consultation or for which another form of public participation is organised. The results of the public participation are also published on TAP. Cabinet Regulation no. 617 of 7 September 2021 on the “Procedures for Assessing the Initial Assessment of the draft Law”<sup>9</sup> provides that the initial impact assessment (annotation) of each draft legislative act shall indicate the process of participation of the institution and the public involved in the development of the project. The results of the participation are to be indicated in points 6.2 and 6.3 of the project annotation, in accordance with the guidelines for assessing the initial impact and preparing the assessment report on the TAP portal.
33. The authorities add that the “Guidelines on Ensuring Public Participation in Public Administration,”<sup>10</sup> prepared by the State Chancellery in cooperation with civil society and other experts, were launched in June 2022 at the NGO-Cabinet Memorandum Council Meeting as well as at the “1<sup>st</sup> participation afternoon”, which is an event that takes place every six months for public servants in charge of public administration. They are to include advice on publishing results of public participation and include a reference to this GRECO recommendation.
34. GRECO welcomes the adoption of Cabinet Regulations no. 617 of 7 September 2021, which provide for the systematic and timely publication of the outcomes of public participation procedures. This publication, which is easily accessible on the TAP portal, includes information on the proposals submitted and the reasons for their acceptance or rejection, as well as on the participants in the public participation procedure, as required by the recommendation.
35. GRECO concludes that recommendation vii has been implemented satisfactorily.

### **Recommendation viii**

36. *GRECO recommended to ensure that i) Cabinet members, other political officials, “supernumerary advisory employees”, and other unpaid advisors in central government notify conflicts of interest as they arise (ad hoc) and that such conflicts are adequately registered, disclosed and that non-disclosure is properly sanctioned; and ii) all political officials in central government, aside from Cabinet members and parliamentary secretaries, are to obtain permission to exercise ancillary activities.*
37. GRECO recalls that this recommendation was not implemented in the Compliance Report. Regarding part (i) of this recommendation, GRECO concluded that the situation

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<sup>9</sup><https://likumi.lv/ta/id/325945-tiesibu-akta-projekta-sakotnejas-ietekmes-izvertesanas-kartiba> [not available in English].

Further information is available at: <https://www.mk.gov.lv/en/article/new-tap-portal-facilitate-public-participation-legislative-process>

<sup>10</sup> The guidelines are available online at this section of the Cabinet website:

<https://www.mk.gov.lv/lv/padomi-sabiedribas-lidzdaliba>;

Direct link: <https://www.mk.gov.lv/lv/media/13835/download>



had not changed since the Evaluation Report. Regarding part (ii) of this recommendation, GRECO welcomed the draft amendments to the Law on Prevention of Conflict of Interest in Activities of Public Officials (LPCOI) placing an obligation on political officials to obtain a superior's written permission for the exercise of auxiliary jobs. However, at the time, they had not yet been submitted to the *Saeima* (the Latvian Parliament).

38. The Latvian authorities, now report with respect to part (i) of the recommendation, that the State Chancellery has prepared amendments to the Cabinet Regulations no. 495 "Regulations on the Status and Competence of Supernumerary Advisory Employees of a Member of the Cabinet of Ministers" (TA case 22-TA-575)<sup>11</sup>. Under the amendments, a freelance consultant working for a member of the Cabinet of Ministers must inform the latter about any possible interference with the objectivity and neutrality of his/her actions as a result of his/her or a relative's or business partner's personal or financial interests or ethical considerations, which may lead to him/her not undertaking the relevant duty or specific task or ending it immediately if it had already been started. The amendments have undergone a public discussion phase and are currently undergoing inter-institutional coordination with the responsible state institutions. They will then be submitted to the Cabinet of Ministers for approval.
39. Regarding part (ii) of the recommendation, the authorities indicate that the implementation of this part of the recommendation was assured by the adoption of amendments on 15 June 2021 to the LPCOI (Section 8 paragraph 12). The amendments stipulate that a political official may combine the office of a public official with other offices, but permission to do so needs to be obtained before being appointed. Accordingly, the Head of the Office of the Prime Minister, Deputy Prime Minister, Minister, Minister for Special Assignments, as well as Advisers, Consultants and Assistants must be given written permission to combine offices by the public official who appointed them (i.e. Prime Minister, Deputy Prime Minister, Minister for Special Assignments or Minister), or an authorised person. The Head of the Chancery of the President or a person authorised by him/her will issue a written permission to the Adviser of the President, because in accordance with Section 6 of the "Law on Ensuring the Work of the Office of the President", the Head of the Chancery of the President also acts as the Head of a Public Institution and is thus allowed to sign employment contracts with Deputy Heads of the Office of the President and Advisers of the President. In this way, a functional mechanism has been introduced, obliging political officials to obtain permission to combine the office of a public official with that of another office. This prevents potential conflicts of interest and introduces greater transparency in the activities of political officials, as well as prevents violations of ethical norms.
40. The amendments entered into force on 1<sup>st</sup> July 2021. A transitional period was foreseen until 31<sup>st</sup> July 2021, allowing political officials, who combined offices when the amendments entered into force, to obtain the required permission.
41. GRECO notes, as regards part (i) of the recommendation, that amendments to the Cabinet Regulations no. 495 "Regulations on the Status and Competence of Supernumerary Advisory Employees of a Member of the Cabinet of Ministers" were

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<sup>11</sup> [https://tapportals.mk.gov.lv/legal\\_acts/19de71e2-54cd-4577-b3b9-be81478d4180](https://tapportals.mk.gov.lv/legal_acts/19de71e2-54cd-4577-b3b9-be81478d4180) [not available in English].



adopted on 22 November 2022 and entered into force on 25 November 2022. The amendments introduce a duty of notification of possible conflicts of interest by freelance consultants, which goes some way towards the implementation of that part of the recommendation. This, however, does not address the registration of a conflict of interest, nor does it deal with sanctions. Therefore, this part is not more than partly implemented. Concerning part (ii) of the recommendation, GRECO welcomes the entry into force of the amendments to the LPCOI, which are to ensure that the exercise of ancillary activities by political officials is subject to authorisation. This part of the recommendation is therefore fully complied with.

42. GRECO concludes that recommendation viii has been partly implemented.

#### **Recommendation ix**

43. *GRECO recommended that i) the veracity of asset declarations of Cabinet members and other political officials is subject to systematic (preferably, annual) in-depth and independent scrutiny in accordance with law; and that ii) the amended asset declarations of all public officials are made publicly accessible online in accordance with law.*
44. GRECO recalls that this recommendation was partly implemented in the Compliance Report. It regretted the absence of tangible measures to address part (i) of the recommendation, particularly insofar as legislative efforts were concerned. The Law on the Prevention of Conflicts of Interest in the Activities of Public Officials (LPCOI) did not impose an obligation on either the Corruption Prevention and Combating Bureau (KNAB) or the State Revenue Service (SRS) to conduct in-depth checks of PTEFs' declarations, although the KNAB's newly adopted internal guidelines provided for annual scrutiny of the declarations of all ministers and parliamentary secretaries. With respect to part (ii) of the recommendation, GRECO was pleased to note the preparation of amendments to the LPCOI, which would allow for the publication of corrections/amendments made to declarations subsequent to an inspection.
45. The Latvian authorities now indicate, with respect to part (i) of the recommendation, that on 23 December 2020, the SRS's Internal Regulations no. 55 "On procedures for the inspection of state officials' declarations" (hereinafter, "Internal Regulations") entered into force, while Internal Regulations no. 10 of 9 February 2018 "On procedures for the inspection of state officials' declarations" expired.
46. The new Internal Regulations prescribe a uniform procedure by which the SRS verifies the procedure for submission and completion of a declaration by a public official.
47. The Internal Regulations (paragraph 4) provide that, declarations submitted on the Electronic Document System (EDS) are subject to a preliminary check by the Payment Administration Information System (MAIS) based on evaluation criteria for declarations set out in the MAIS classification of public officials. Under these criteria, declarations are checked manually, *inter alia*:

- if there is an entry in the “True beneficiary” section of the declaration (to ensure compliance with the Law on the Prevention of Money Laundering and Financing of Terrorism);
  - if there is information about a position held in addition to that of a public official for which a salary or royalties etc. were received, but the position has not been indicated;
  - if the type of income received does not correspond to the specific position held;
  - if the activity is that of a sworn lawyer – i.e. who does not have to provide detailed information about transactions and income;
  - if there is a presumed typing error e.g. cash savings exceed a certain amount (i.e. over €50 000 in cash savings) or if total amount of income indicated exceeds a certain amount (i.e. over €60 000);
  - if the declaration shows significant changes in the declared *cash savings* from previously submitted declarations or shows significant changes in the total amount of *indebtedness* or in the total amount of *loans* or shows a significant increase or decrease in *income* – then the reasonableness of the change in the total amount of cash and non-cash savings/ of indebtedness/ of the issued loan/ in income/ must be assessed to determine whether the change exceeds 20 percent of the minimum monthly wages set by the Cabinet of Ministers;
  - if the declaration refers to a corresponding list of public officials and that list is not submitted;
  - if all the data on next of kin are not shown;
  - if the total amount of income does not match the total amount of payments made to the declarant.
48. If deemed in conformity with the criteria, the declarations are automatically confirmed by the MAIS.
49. According to the Internal Regulations, the declarations of all senior state officials – i.e. the President of the State, members of Parliament, the Prime Minister, members of the Prime Minister’s Office, ministers, ministers of special tasks, parliamentary secretaries (i.e. 1<sup>st</sup> category positions, 2<sup>nd</sup> category positions and 3<sup>rd</sup> category positions) – are *checked manually* before they are published.
50. If deemed not in conformity with the criteria, the Internal Regulations provide (paragraph 5) that the Chief Specialist of the State Officials Data Administration Division carries out manually a number of checks of the declarations that are technical in nature (e.g. whether the procedure was followed, comparing information in the declaration with information already in possession of the SRS etc.). If, during this examination the reason for non-compliance cannot be established, an in-depth procedure that checks the submission and completion of the declaration will be carried out (paragraph 10). However, this only applies to specific categories of declarations, namely: (1) *declarations of job categories of public officials*, for which a comparison of the information indicated in the declaration with the information at the disposal of the SRS has been determined; (2) *declarations submitted by the President of the State, deputies of the Parliament, the Prime Minister, a member of the Prime Minister, ministers, ministers of special tasks, parliamentary secretaries, deputies of the City Council* (which are in any case subject to a manual check, see paragraph 47, above) and (3) *declarations submitted by civil servants and employees of the SRS*.

51. The Latvian authorities also indicate that, to address part (ii) of the recommendation, amendments to the LPCOI's Sections 25 (Paragraph 6, second part) and 26 (Paragraph 7) were adopted on 21 January 2021. According to these amendments, the person submitting a declaration shall be obliged to update the declaration within one month after a ruling has entered into effect in administrative offence proceedings or criminal proceedings by which the person has been punished for providing false information in a public official's declaration. The SRS shall ensure that the declarations are updated in accordance with the procedures laid down in Section 25, Paragraph 6 of the LPCOI and made public no later than a month after their submission. The amendments entered into force on 1<sup>st</sup> July 2021.
52. GRECO notes concerning part (i) of the recommendation, that initiatives and actions have been taken by the Latvian authorities and that in-depth checks of some PTEFs' declarations are carried out. However, it does not seem that all PTEFs' asset declarations are subject to an in-depth and independent scrutiny (manual check), as required by the recommendation. In addition, the oversight of PTEFs is still carried out by the SRS and GRECO was not convinced that SRS can be considered fully independent, on the basis of the limited information provided by the authorities, as it is a substructure of the Ministry of Finance.<sup>12</sup> This part of the recommendation therefore is only partly implemented. As regards part (ii) of the recommendation, GRECO welcomes that the amendments to the LPCOI meet the request for tangible measures regarding asset declarations of all public officials to be made accessible online according to the law and that the publication of corrections/amendments made to declarations subsequent to an inspection is now allowed. This part of the recommendation is thus implemented satisfactorily.
53. GRECO concludes that recommendation ix remains partly implemented.

#### **Recommendation x**

54. *GRECO recommended carrying out an evaluation of law enforcement bodies' competence to institute criminal proceedings against persons with top executive functions, with the overall goal of optimising the allocation of functions and resources.*
55. GRECO recalls that this recommendation was partly implemented in the Compliance Report as an evaluation by the State Audit Office of four of Latvia's eleven law enforcement bodies was on-going. It recalled that the competence to institute criminal proceedings in respect of top executive functionaries was vested in the State Police, the Security Police, the Financial Police, the customs authorities and the KNAB. Their respective jurisdictions were not clearly defined, which led to inter-institutional disputes and procedural delays. GRECO agreed that the results of the State Audit Office's audit and the opinion of the scientific community could contribute to and guide decision-making on the re-allocation of functions amongst the aforementioned bodies to secure swift and efficient criminal proceedings involving top executive functionaries. It looked forward to receiving the results of the audit and the opinions of the two other academic establishments.

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<sup>12</sup> The Latvian authorities state that, although the SRS is a substructure of the Ministry of Finance, the latter has no power to intervene in the decisions of the SRS.

56. The Latvian authorities now indicate that the State Audit Office's audit on "The effectiveness of economic and financial crime investigations and trials," covering four out of eleven investigating bodies, has been carried out but did not include the review of LEAs' competence to institute criminal proceedings in respect of PTEFs.
57. On 15 March 2021, the State Audit Office launched a systemic performance audit regarding investigative bodies, namely *"Is it possible to reduce the number of investigative bodies and review the division of competences between them?"* This audit's purpose is to provide an opinion on the possible duplication of the function of these bodies in the investigation of possible criminal offenses committed by officials (employees) and the possible optimisation in the allocation of these bodies' functions and resources. The Criminal Procedure Law provides for nine investigative bodies to investigate criminal offenses against officials. This means that each investigative institution needs to develop the competence as well as have the material and technical basis to carry out investigations, which are likely to neither be cost-effective nor streamlined. Preliminary conclusions by the State Audit Office point to an inefficient decentralised model of investigative bodies that needs to be changed. Two issues were identified: one is the overlapping of institutional jurisdiction in the field of investigation of both criminal offences committed by colleagues and corrupt criminal offences. The other concerns internal investigations of criminal offences committed by colleagues in an investigative body, which the State Audit Office considers should not be carried out within that investigative body – but instead be transferred to another body. The results are expected to be published in November 2022.
58. GRECO takes note of the information provided, however regrets that the audit referred to in the Compliance Report did not include a review of LEA's competence to institute criminal proceedings in respect of PTEFs. It notes that a new audit was launched on 15 March 2021 to optimise the allocation of functions and resources between investigative bodies. However, it does not seem that this audit focuses on the institution of criminal proceedings in respect of PTEFs specifically.
59. GRECO concludes that recommendation x remains partly implemented.

*Regarding law enforcement agencies*

**Recommendation xi**

60. *GRECO recommended clarifying and further strengthening the corruption prevention effect of the State Border Guard's Code of Ethics in relation to gifts/benefits, lobbying, "professional ethics" and conduct in situations not covered by the Code.*
61. GRECO recalls, that in the Compliance Report, it concluded that this recommendation was partly implemented. It took note of the adoption by the State Border Guard of a new Code of Ethics, while noting that the Code lacked a broader corruption prevention approach. Notably, a blanket prohibition only applied to gifts, hospitality and benefits from lobbyists and persons represented by them; restrictions on permissible gifts, invitations or hospitality was left to the discretion of employees and related examples and/or guidance was lacking, etc.

62. The Latvian authorities now refer to the amended Code of Ethics (9 December 2021) notably to Chapter I, Paragraph 3, which explains how to act in situations not laid down in the “Officers of the State Border Guard with special rank and Code of Ethics for the Employee”; Chapter II, which concerns overall values and fundamental ethical principles of State Border Guard and its Paragraph 14, which elaborates rules on accepting/refusing gifts and Chapter V, which sets out rules on how to deal with lobbyists.
63. GRECO takes note of these amendments and welcomes these changes. Notably, the Code of Ethics now provides no restriction with respect to the origin of gifts, hospitality and benefits i.e. it is no longer restricted to lobbyists and persons represented by them. Restrictions on permissible gifts have been clarified and if the employee is still unsure, he or she may refuse the gift altogether or consult the State Border Guard Ethics Commission. Hence, whether or not to accept invitations or hospitality is no longer left entirely at the discretion of the employee.
64. GRECO concludes that recommendation xi has been dealt with in a satisfactory manner.

#### **Recommendation xii**

65. *GRECO recommended i) that the codes of ethics and the rules on ethics committees be reviewed to ensure the congruency of rules and procedures for ascertaining compliance with the codes, and that procedures and sanctions for breaches be established; and ii) that dedicated guidance and training be provided on the codes of ethics and on the mechanisms for their enforcement referred to in part i) of this recommendation with the involvement and contribution of the respective ethics committees.*
66. GRECO recalls that this recommendation was partly implemented and noted in the Compliance Report that the State Border Guard and the State Police had adopted new codes of ethics and new regulations on the ethics commissions to ensure the coherence of the respective rules and procedures, notably with respect to the receipt and review of personal applications, the solicitation and provision of ethical advice and counselling, and the reporting and sanctioning of ethical breaches. These changes resulted in both ethics commissions being better positioned to promote and strengthen the implementation and observance of the respective codes. Improved guidance and training on the codes and the mechanism for their enforcement were also foreseen, with the involvement of the Ethics Commissions. GRECO had concluded that part (i) of the recommendation had been implemented satisfactorily, but that for part (ii) of the recommendation, it would welcome complementary information on the training process.
67. The Latvian authorities now indicate that, with respect to part (ii) of this recommendation regarding dedicated guidance and training on the codes of ethics and on the mechanism for their enforcement, in March 2022, representatives of the Ethics Committee of the State Police conducted a webinar entitled “Train the trainer” for senior officials on the Code of Ethics of the State Police. 150 senior officers took part in this webinar. Issues of ethics are also included in several study programmes and training modules of the State Police College. The State Police College also conducts anticorruption training (eight hours) annually – 355 officials in 2021 and in 387 officials

in 2022 took part in this training, as well as training on the Code of Ethics for Police Officers. The State Border Guard College conducts an annual training on the “Principles of Professional Ethics, Conflicts of Interest, Corruption and Whistleblowing” and a plan is underway to collect and publish, on the intranet (internal network) of the State Border Guard officials, anonymised cases decided by the Ethics Committee as well as decisions taken and reasoning for these decisions.

68. GRECO takes note that guidance and training is provided on the codes of ethics and that the ethics committees are involved and contribute to this process, as required by part (ii) of the recommendation. It recalls that part (i) of the recommendation was already complied with in the Compliance Report.

69. GRECO concludes that recommendation xii has been implemented satisfactorily.

#### **Recommendation xiv**

70. *GRECO recommended that objective and transparent criteria for ascertaining the integrity of police and border guard staff, and their compliance with the applicable code of ethics, be elaborated and form part of periodic performance reviews.*

71. GRECO recalls that this recommendation was not implemented in the Compliance Report. Cabinet Regulation no. 845, which had entered into force before the adoption of the Evaluation Report did not refer to integrity assessments as a purpose of the periodic performance reviews. GRECO had already, in the Evaluation Report, noted the absence of integrity aspects in these reviews.

72. The Latvian authorities now refer to amendments made on 21 June 2022 to the Cabinet Regulations no. 845 on the “Procedure for assessing the performance of the institutions of the Ministry of the Interior and Prison Service Administration officials with special service grades” (22-TA-843). The amendments of the Regulations describe clear and transparent criteria for ascertaining integrity of police and border guard staff. Moreover, Paragraph 4 of the amendments provides six types of evaluations: (1) regular evaluation (including after reassignment of an official); (2) the assessment of the rating;(3) extraordinary evaluation; (4) reassessment; (5) assessment following long-term justified absence and (6) evaluation before the expiry of the probationary period.

73. GRECO takes note of these changes. It welcomes that the compliance by officials with high ethical standards is now one of the stated objectives of the periodic performance review. It also welcomes that detailed performance indicators have been developed to evaluate the ethical dimension of officials’ conduct. It is therefore satisfied that ethical breaches and assessing the ethical dimension of an employee’s conduct are subject to a regular objective and comprehensive analysis in the performance of his or her duties.

74. GRECO concludes that recommendation xiv has been implemented satisfactorily.

## Recommendation xv

75. *GRECO recommended i) providing the State Police and the State Border Guard with the necessary resources to perform their tasks; and ii) elaborating precise, objective and transparent criteria for the allocation of bonuses, promoting consistency in their application and introducing adequate controls and monitoring in this field.*
76. GRECO recalls that this recommendation was partly implemented in the Compliance report. Regarding part (i) of the recommendation, it noted that the authorities had provided additional substantial funding to both agencies and concluded that part (i) of the recommendation had been dealt with in a satisfactory manner. As for part (ii) of the recommendation, GRECO noted that a revision had been made by the Ministry of Interior and the State Border Guard of the rules and procedure for the allocation and control of bonuses, but further clarifications were needed regarding the precise criteria to be applied in different situations for reasons of objectivity and transparency. Accordingly, part (ii) of the recommendation had been partly implemented.
77. The Latvian authorities now indicate that, on 16 November 2021, Parliament approved amendments to the Law on Remuneration of Officials and Employees of State and Local Government Authorities. The amendments foresee a reform in the current remuneration system to allow the development of a more balanced remuneration system, ensure competitive salary scales, diminish the inequality of salary budgets, diminish the diversity of available bonuses and their amounts and develop a catalogue of public positions. The amendments entered into force on 1<sup>st</sup> July 2022. On 13 September 2022, amendments to the Regulation of Cabinet of Ministers entitled “Regulations regarding the Procedures for Determination of Monthly Salaries and Special Supplements for Officials with Special Service Ranks of the Institutions of the System of the Ministry of the Interior and the Prisons Administration and the Amount Thereof” entered into force.<sup>13</sup> The State Police and the State Border Guard are currently working on amendments to the internal regulation regarding bonus systems.
78. Some of the more specific provisions in the amended law foresee that, as the base salary is going to be significantly increased, the total amount of bonuses is decreased. For example, a bonus for extra work and bonus for an important contribution (including a bonus on procedural activities in large scale or legally complicated cases of serious or very serious crimes) may not exceed 30% of a monthly salary.
79. A new bonus is created to motivate investigators with special service ranks for procedural activities in large scale or legally complicated cases of serious or very serious crimes. The bonus may not exceed 30% of the base salary of the person.
80. Officials with special service ranks will receive a 100% bonus of their fixed hourly rate for working on public holidays and a new bonus is foreseen for State Border Guard officials with special service ranks serving directly on the border for enhancing border control mobility and strengthening it.

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<sup>13</sup><https://likumi.lv/ta/id/335605-grozijumi-ministru-kabineta-2016-gada-13-decembra-noteikumos-nr-806-noteikumi-par-iekšlietu-ministrijas-sistemas-iestazu-un-ies> (only available in Latvian).



81. These developments are on a higher policy-planning level and hence call for new internal regulations on the remuneration and bonus system for the State Police and the State Border Guard. Work has started on elaborating precise, transparent and objective criteria for the allocation of bonuses, but was halted temporarily to allow for the harmonisation of internal regulations with the amendments.
82. GRECO takes note of the adoption of amendments to the Law on Remuneration of Officials and Employees of State and Local Government Authorities and the entry into force of amendments to the Regulation of Cabinet of Ministers entitled “Regulations regarding the Procedures for Determination of Monthly Salaries and Special Supplements for Officials with Special Service Ranks of the Institutions of the System of the Ministry of the Interior and the Prisons Administration and the Amount Thereof”. One of the stated intentions behind the amendments is to decrease the total amount of bonuses and to significantly increase the base salary. This is a welcome measure, as poor salaries had been an object of criticism in the Evaluation Report (paragraph 167). However, GRECO still awaits further information to be able to assess to what extent the new bonuses are granted according to objective and transparent criteria. More information is also necessary regarding consistency in the application of the bonuses and the control and monitoring measures applied.
83. GRECO concludes that recommendation xv remains partly implemented.

#### **Recommendation xvi**

84. *GRECO recommended adopting and implementing whistleblower protection measures in the State Police and the State Border Guard and integrating modules on whistleblower protection into existing and future training programmes on integrity, conflicts of interest and corruption prevention designed for the police and border guard staff.*
85. GRECO recalls that this recommendation was partly implemented in the Compliance Report. It welcomed the adoption of the Whistleblowing Law as well as the establishment of an internal whistleblowing system by the *State Border Guard*. The integration of modules on whistleblower protection into anti-corruption and conflict of interest training programmes by both the State Border Guard and the State Police was another positive step. The authorities were called upon to pursue the reform and to report in due course on the creation of a whistleblower protection system and rules in the State Police.
86. The Latvian authorities now indicate that, as regards the State Police, on 18 March 2022, Order no. 1371 “On whistleblowing in the State Police” entered into force, setting out the procedures used for handling whistleblower reports by approving “Guidelines for the Treatment of Whistleblower Reports” and a “Description of the Internal Whistleblowing System in the State Police”. During the course of the first months following its entry into force, the State Police received a total of 32 reports, out of which six were recognised as whistleblower reports and one report ended with a disciplinary sanction.

87. GRECO takes note and welcomes that the State Police has established a whistleblowing protection system and rules under a new Order no. 1371 of 18 March 2022, in accordance with the recommendation.
88. GRECO concludes that recommendation xvi has been implemented satisfactorily.

### III. CONCLUSIONS

89. **In view of the foregoing, GRECO concludes that Latvia has implemented satisfactorily or dealt with in a satisfactory manner twelve of seventeen recommendations contained in the Fifth Round Evaluation Report.** The remaining five recommendations have been partly implemented.
90. More specifically, recommendations i, ii, iii, iv, vi, vii, xii, xiv, and xvi have been implemented satisfactorily, recommendations xi, xiii and xvii have been dealt with in a satisfactory manner and recommendations v, viii, ix, x and xv have been partly implemented.
91. As regards top executive functions, several positive developments have been noted. A more systematic analysis of integrity related risks has been carried out, which includes Cabinet members, other political officials and advisors in central government. Public accessibility to the list of participants of meetings of the Cabinet, its Committees and State secretaries has been ensured. All political officials in central government (except Cabinet members and parliamentary secretaries) must now obtain permission to exercise ancillary activities. Outcomes of public participation procedures are now to be published systematically and in a timely manner. Asset declarations of all public officials are accessible online, in accordance with the law. A duty of notification of possible conflicts of interest has been introduced for advisory employees. Other developments are underway, for instance as regards the introduction of separate standards and principles of conduct for members of the Cabinet of Ministers, political officials and advisory employees. More efforts are required to introduce a duty of notification of possible conflicts of interest by all PTEFs as well as their registration and sanctions need to be addressed. Efforts are also required to ensure that the veracity of asset declarations of Cabinet members and other political officials is subject to systematic in-depth scrutiny.
92. As regards law enforcement agencies, there are also some positive developments. The Code of Ethics of the State Border Guard has been enhanced. Objective and transparent criteria have been introduced to ascertain the integrity of the police and border guard staff and their compliance with applicable codes of ethics within the framework of periodic performance reviews. The State Police has established a whistleblowing protection system and rules. Amendments are underway that foresee a reform in the current remuneration system to allow the development of, *inter alia*, a more balanced remuneration system. A new order on whistleblowing in the State Police has entered into force, which determines the procedures for handling whistleblower reports in the State Police. However, there is still no dedicated guidance and training provided on the codes of ethics and mechanisms for their enforcement. Further efforts are also required with respect to other recommendations.

93. Pursuant to Rule 31 revised bis, paragraph 10, of GRECO's Rules of Procedure, the adoption of this Second Compliance Report terminates the Fifth Round compliance procedure in respect of Latvia. The Latvian authorities may, however, wish to inform GRECO of any change in the situation with regard to the implementation of recommendations v, viii, ix, x, and xv, which is still incomplete.
94. GRECO invites the Latvian authorities to authorise, as soon as possible, the publication of the report, to translate it into the national language and to make the translation public.