



## Transparency International LATVIA (Delna)

### STRATEGY 2025

“Transparency International LATVIA STRATEGY 2025” is a document which outlines the strategic directions of Transparency International LATVIA / “Sabiedrība par atklātību – Delna” (TI LATVIA, Delna) activities up to the year 2025, taking into account the main corruption trends and challenges in the Latvian context.

This strategy is adopted by the council and implemented by the staff, experts, members and volunteers of TI LATVIA.

TI LATVIA is the Latvian branch of the international anti-corruption organization *Transparency International* (TI). TI was founded in 1993, TI LATVIA – on 27 August 1998. Today, TI LATVIA is Latvia's leading anti-corruption NGO. The goal of the organization is to build an open, fair and democratic society free from corruption in politics, in the public and private sectors, and in interpersonal relations.

#### CORRUPTION IN LATVIA – MAIN PROBLEMS, CHALLENGES, AND OPPORTUNITIES

Corruption undermines national development and national security, still posing a serious threat in Latvia and globally. In the latest Global Corruption Barometer (GCB) survey of EU countries, published in June 2021 by *Transparency International*, 81% of Latvian respondents agreed that corruption in public administration is a major problem. Meanwhile, the results of the Corruption Perceptions Index (CPI), published in January 2022, show an increase of 2 points in Latvia's score in comparison to 2020, reaching 59 out of 100. Although this increase can be seen as a step in the right direction, it is important to note that Latvia's CPI has long lagged behind those of other European Union and Organisation for Economic Co-operation and Development (OECD) countries. Moreover, this improvement is also too slow when viewed in the long term, not inspiring confidence that the targets of 64 points in 2024 and 67 points in 2027, as set in the National Development Plan 2021-2027 (NDP), will be achieved.

These results are largely linked to public perceptions of the seeming concentration of power and control in the hands of political and business elites. According to the GCB results, 63% of respondents believe that the government is controlled by a few large interest groups that have only their own interests in mind. Only 13% believe that the government takes their opinion into account when making decisions. This shows that a feeling of political alienation is widespread in Latvian society. Elected representatives and senior public officials do not work for the common good.

**TI LATVIA's analyses of the results of the [CPI](#) and the [GCB](#) further explain the problem and point to the main challenges to be addressed in the coming years, as well as the opportunities to resolve them.**

#### POLITICAL CORRUPTION

The biggest challenge is political corruption. The reform of the political party funding model has reduced the need for political parties to rely on private donors, but now it is necessary to ensure that the much larger amounts of public money available to parties are used efficiently and encourage greater political participation by citizens. Latvia is planning to adopt a regulation on transparency in lobbying (interest representation), which has the potential to change the way civil society engages in politics. It should also be noted that the historically low level of citizen involvement in Latvia's political parties has created an environment of weak competition between party members, which, together with a weak culture of intra-party democracy, undermines the accountability of the political elite. Latvia also still needs to reform the system of disclosure and management of conflicts of interest.

#### PUBLIC FINANCE

According to the GCB, 50% of respondents believe that companies use bribes or connections to win public procurement contracts, reinforcing suspicions that corruption in Latvian public procurement remains widespread. In this context, the funds available to Latvia under the EU Recovery Fund should be seen not only as an opportunity, but also as a significant challenge to fair public procurement. At the same time, while the huge amount of money will increase the risk of the corrupt making a profit, transparent and accountable monitoring and implementation of the use of funds can be an opportunity for Latvia to reduce social and economic inequalities and improve trust in and capacity of public institutions.

#### MUNICIPALITIES

The low turnout in the June 2021 municipal elections reflects growing political alienation and under-participation. The elections took place within the context of the administrative-territorial reform, which led to a drastic reduction in the number of local authorities and elected representatives. While the main objective of the reform is to increase the efficiency of local government, it also implies an increasing concentration of powers in the hands of fewer individuals. There is a need to ensure that the new local authorities are transparent and accessible to citizens, operating in accordance with their needs.

#### INVESTIGATING AND PROSECUTING CORRUPTION

66% of GCB respondents believe that the government is not doing enough to fight corruption. Old and recent corruption cases without convictions have contributed to a widespread perception of impunity. The Corruption Prevention and Combating Bureau (KNAB), the Public Prosecutor's Office and other law enforcement agencies lack the resources to carry out complex investigations. This

is expected to change with the reform of the prosecution service and the specialization of courts in economic crime. In March 2021, the Economic Court started its work and in 2025 a Justice Training Center or Academy is planned to open, which will ensure that judges, prosecutors and special investigators maintain and develop their skills and professional qualifications in line with European standards.

## MONEY LAUNDERING

Since 2018, as a result of anti-money laundering (AML) efforts in the banking system, Latvia has lost its attractiveness as a hub for illicit financial flows. Strengthened AML rules and a beneficial ownership register are now among the key weapons in the fight against money launderers. However, new challenges have emerged in relation to new technologies such as digital payment services and virtual assets. The EU has recently announced a new legislative package to completely revamp AML supervision in the region by 2026. Latvia needs to start preparations in time to fully participate in the legislative process at EU level and to increase its readiness to implement the upcoming legislation.

## DELNA'S VISION, MISSION AND VALUES

TI LATVIA subscribes to the *Transparency International* (TI) network's definition of corruption as "the use of entrusted power for private gain". To TI LATVIA, integrity entails honesty and reliability; it means keeping promises and working efficiently as well as effectively.

### DELNA'S VISION

Latvia is an open, just and democratic society, free from corruption in politics, in the public and private sectors, as well as in mutual relations.

### DELNA'S MISSION

To stop corruption and promote transparency, accountability and integrity at all levels and sectors of society.

To achieve its mission, TI LATVIA educates the public, promotes public and private sector integrity and transparency, and strengthens the anti-corruption community.

### DELNA'S VALUES

- Democracy
- Transparency
- Accountability
- Integrity
- Solidarity
- Courage
- Justice

## DELNA'S GOALS (2021-2025)

To address the challenges and seize the opportunities outlined above, until the end of 2025 TI LATVIA will work towards achieving three broad objectives:

1. **Strengthening the legislative and regulatory framework to ensure transparency, accountability and participation in the exercise of power.** This includes efforts to ensure the adoption of laws and regulations that guarantee that public decision-making (in relation to legislation, policy-making and the allocation of public resources) is transparent and effective, serves the public interest and is based on the principles of good governance.
2. **Promoting collective action and monitoring to safeguard the common good.** This means promoting citizens' participation in monitoring the exercise of power and ensuring their continued participation in national and local decision-making. It also includes calling on businesses to act with integrity.
3. **Promoting the use of technological innovations in the fight against corruption.** This includes supporting the use of open data and new technologies by government, civil society and journalists to better prevent, investigate, detect, prosecute and punish corrupt practices.

TI LATVIA's action plan and strategic directions also align with the UN Sustainable Development Goals and its sub-goals:

- Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
  - 16.5. Substantially reduce corruption and bribery in all their forms.
  - 16.7. Ensure responsive, inclusive, participatory and representative decision-making at all levels.

## DELNA'S LINES OF ACTION AND OBJECTIVES

To implement its strategy, TI LATVIA works in partnership with those who stand against corruption and support transparency: TI LATVIA members and supporters, law enforcement and other public sector institutions, businesses, international organizations, etc.

To achieve its objectives, TI LATVIA will work on the following:

### 1. MORE TRANSPARENT, ACCOUNTABLE AND INCLUSIVE POLITICS

- 1.1. Promoting the adoption of regulation on transparency in lobbying (interest representation) that includes the following elements: i) a broad scope, encompassing national and regional authorities; ii) a broad definition of the terms "lobbying" and "lobbyist" to cover all interest groups in the public sphere; iii) an easy-to-use and

technologically modern lobbying register; and iv) appropriate sanctions to ensure proper enforcement of the regulation.

- 1.2. Promoting the adoption of additional rules to ensure transparency of the legislative and decision-making process in the parliament, government and local authorities, including easy access to the legislative footprint and ethical standards for decision-makers in their interactions with lobbyists.
- 1.3. Monitoring the impact of the new political party funding model and ensuring that the government establishes appropriate mechanisms for public scrutiny of the use of public funds by political parties.
- 1.4. Advocating for the modernisation of the declaration of interests and assets system for public officials, including the development of a user-friendly disclosure portal and data-based indicators to assess risks of conflict of interest.
- 1.5. Strengthening the internal democracy of political parties and increasing party members' understanding of the decision-making processes of parties and their associations.

## 2. MANAGING PUBLIC RESOURCES FOR THE COMMON GOOD

- 2.1. Increasing the availability, comprehensiveness and quality of public procurement data so that it can be scrutinized at all stages of the procurement process. This includes promoting the development of innovative digital tools to detect irregularities.
- 2.2. Promoting technological solutions for targeted monitoring of public procurement procedures, infrastructure projects, and the spending of EU funds, including the funds allocated to the Recovery and Resilience Plan, as well as strategic public investments (including through Integrity Pacts).
- 2.3. Improving the capacity of supervisory authorities to prevent and detect corruption, favouritism and conflicts of interest in public procurement.
- 2.4. Promoting the adoption of international standards and best practices on transparency, accountability and participation in the preparation and approval of the annual draft state budget.

## 3. REDUCING DIRTY MONEY FLOWS

- 3.1. Working with AML authorities to analyse new money laundering risks and challenges posed by the use of new technologies, such as virtual assets and FinTech services, and developing appropriate measures to tackle them.
- 3.2. Working together with the Register of Enterprises to make Latvia one of the world leaders in beneficial ownership transparency, including by developing a modern technology-

based beneficial ownership register and using up-to-date analytics to verify the information it contains.

- 3.3. Strengthening AML supervision of non-financial intermediaries (professional service providers) and fostering greater transparency in their activities and relationships with financial institutions in Latvia and globally.
- 3.4. Encouraging the Latvian Government to develop a robust national position for the forthcoming negotiations on the new EU AML package, which would allow for meaningful and competent participation in decision-making and, once the legislation is approved, for its swift implementation.

#### 4. LOCAL AUTHORITIES THAT ARE CLOSER TO CITIZENS

- 4.1. Promoting greater transparency for citizens in the newly created local authorities - ensuring adequate information channels in regards to decision-making, allocation of public funds, anti-corruption programmes, governance of local government-owned companies.
- 4.2. Enhancing citizens' opportunities to participate in municipal decision-making, budgeting, elections, etc.

#### 5. MORE RESPONSIBLE BUSINESS

- 5.1. Within the framework of the TI LATVIA initiative *Alliance against Corruption in Latvia*, establishing an ongoing dialogue with companies and business organizations to introduce standards of transparency and accountability in their operations, including adequate disclosure of information on their activities, anti-corruption plans, ownership structures and interest representation policies.
- 5.2. Promoting the adoption of ethical standards for lobbying and political involvement by the private sector and professional PR firms.

#### 6. MORE EFFECTIVE AND RESPONSIVE LAW ENFORCEMENT IN THE FIGHT AGAINST CORRUPTION

- 6.1. Promoting the strategic use of data to prevent, detect, investigate and prosecute corruption, including through the development of a formalized "Open Data Strategy to Combat Corruption".
- 6.2. Advancing the adoption and implementation of a comprehensive Code of Conduct for Prosecutors and the development and implementation of an internal anti-corruption policy.
- 6.3. Promoting the development of digital tools to enable the public to monitor the effectiveness of the judicial system.

6.4. Strengthening cooperation between law enforcement authorities.

## 7. EMPOWERED CITIZENS

- 7.1. Strengthening the anti-corruption capabilities of civil society organizations, including at local level, through targeted training and the provision of informational resources.
- 7.2. Advocating for the proper implementation of whistleblowing regulation in public administration and the private sector, changing the whistleblowing culture and embedding it in Latvian society.
- 7.3. Educating young people about the principles of integrity, promoting their civic participation and their ability to recognise and take a stand against corruption in the future.
- 7.4. Improving citizens' capacity to monitor the management of public investments and the implementation of EU-funded projects through Integrity Pacts.

## TRANSPARENCY INTERNATIONAL STRATEGY 2030

TI LATVIA / Delna is the Latvian chapter of the international anti-corruption organization *Transparency International*, hence in developing TI LATVIA's strategy we have assessed its compatibility with the TI 2030 Strategy. The overview of the tasks identified by TI to achieve their strategic objectives includes 7 points:

**1. Safeguarding public resources.** Working towards solutions that foster fair procurement during the Covid-19 pandemic and the subsequent recession, as well as during other potential crises. Making sure that the opportunities offered by technology are made full use of to enable the public to monitor the expenditure of public resources.

**2. Stopping dirty money flows.** Restricting unregistered and secret payments and examining which mechanisms enable such transactions (including cross-border). Working with journalists, technology experts and the public sector to expose loopholes in legislation that encourage such activities. Following guidelines developed by international institutions to ensure reforms and strengthen the rule of law and risk compliance. It is also important to increase accountability for corrupt practices, including for individuals acting as intermediaries in money laundering.

**3. Strengthening integrity in politics.** Reducing opportunities to gain influence through illegitimate means in elections and in the confirmation of office by promoting transparency in party funding, including transparency of legal funding in a way that the public can understand. Transparency of public sector decision-making should be ensured. Public sector workers and elected officials must be educated and empowered to make decisions for which the public has a right to hold them accountable.

**4. Strengthening Integrity in business.** Strengthening links between businesses, to help with the adoption of best governance practices. Whistle-blower protection should be strengthened, as should the accountability of company managers and boards for decisions taken in bad faith.

**5. Strengthening the rule of law.** Institutional capacity needs to be improved to enable authorities to act independently in their areas of responsibility, to identify risks and irregularities and to bring perpetrators to justice. Cross-border cooperation needs to be promoted, with a view to developing the judiciary and ensuring the transfer of best practices.

**6. Strengthening civil society.** Engaging the public to promote public and private sector accountability, ensuring protection for whistle-blowers, journalists, civic activists. There must be a way to report and draw attention to abuses without risking a deterioration in the quality of life.

**7. Promoting citizen leadership in tackling corruption.** Educating future leaders, providing learning opportunities for different social and economic groups. It is important to look at opportunities to work with other NGOs to create opportunities for informal education on corruption, transparency and business practices.