



**Government Defence
Integrity Index**



2020

Country Brief:

LATVIA

LATVIA

As laid out in the 2020 edition of its State Defence Concept, Latvia's geo-political and defence priorities are being moulded by the perceived threats posed by Russia and a fracturing world order.¹ In this unstable environment, Latvia has renewed its emphasis on military deterrence and particularly on comprehensive defence, which has become a defence policy priority since 2019.² In line with this, its military expenditure has been increasing year on year since 2012 and has risen threefold since then, reaching the NATO threshold of 2% of GDP spent on defence in 2019.³ In parallel, NATO's focus on its eastern border has increased significantly, with a strengthened forward presence in the region and an annual large-scale military exercises taking place on Latvian soil.⁴

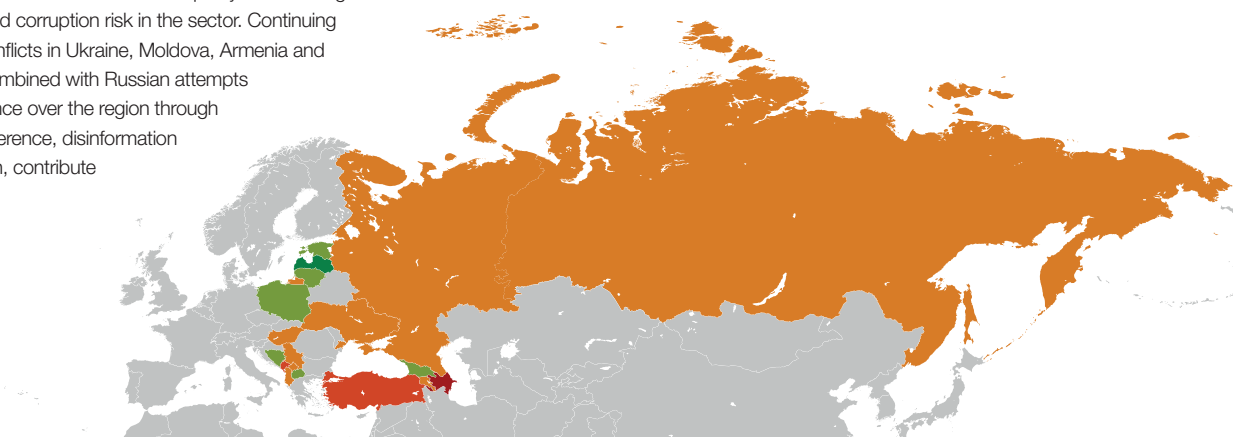
Baltic States have also increased their bilateral and trilateral defence cooperation and have begun exploring joint procurement of defence equipment.⁵ Latvia's renewed emphasis on comprehensive defence has also seen increased cooperation between the Ministry of Defence and civil society, particularly in developing guidance material for citizens including a disaster response handbook.⁶ With increasing investment and political focus on the defence sector, it is essential for Latvia to ensure its governance mechanisms are robust, transparent and that defence institutions remain accountable to the citizens. As one of the best performers in the region on this front, Latvia has strong external oversight of the sector, robust transparency and accountability mechanisms and solid internal systems for procurement. However, efforts remain to be made to build integrity, mitigate corruption risks in operations and ensure Latvia's recent law on whistleblowing is fully implemented.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2006
Arms Trade Treaty	Ratified in 2014

Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ Lukas Milevski, 'Latvia's New State Defense Concept', *Foreign Policy Research Institute*, 25 June 2020.

² Artis Pabriks, 'How Latvia Accomplishes Comprehensive Defence', *RUSI*, 25 June 2020.

³ SIPRI, 'Military Expenditure by Country, in constant (2018) US\$m., 1988-2019', SIPRI, 2020.

⁴ NATO, 'Boosting NATO's Presence in the East and Southeast', 26 April 2021.

⁵ Defense News, 'Baltic States Vow to Tighten Defense Ties with an Eye on Russia', 24 May 2021.

⁶ Ministry of Defence, '72 Hours: What to Do In case of a Crisis', 2020.

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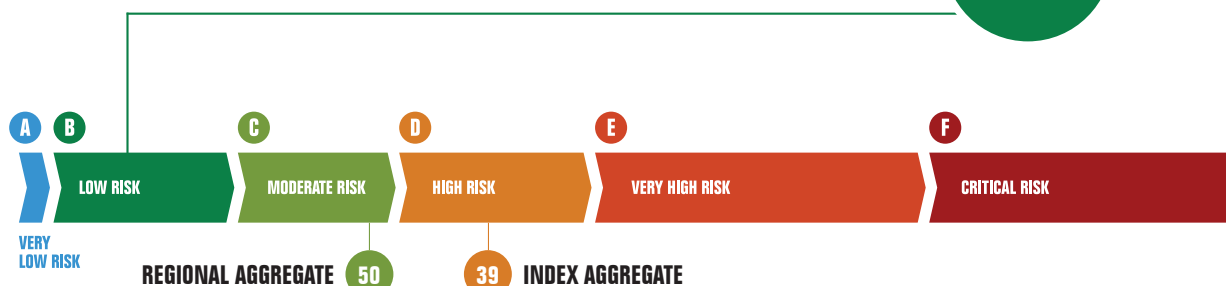
Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

LATVIA SCORE
LOW RISK

B

67



A > 83-100 VERY LOW

B > 67-82 LOW

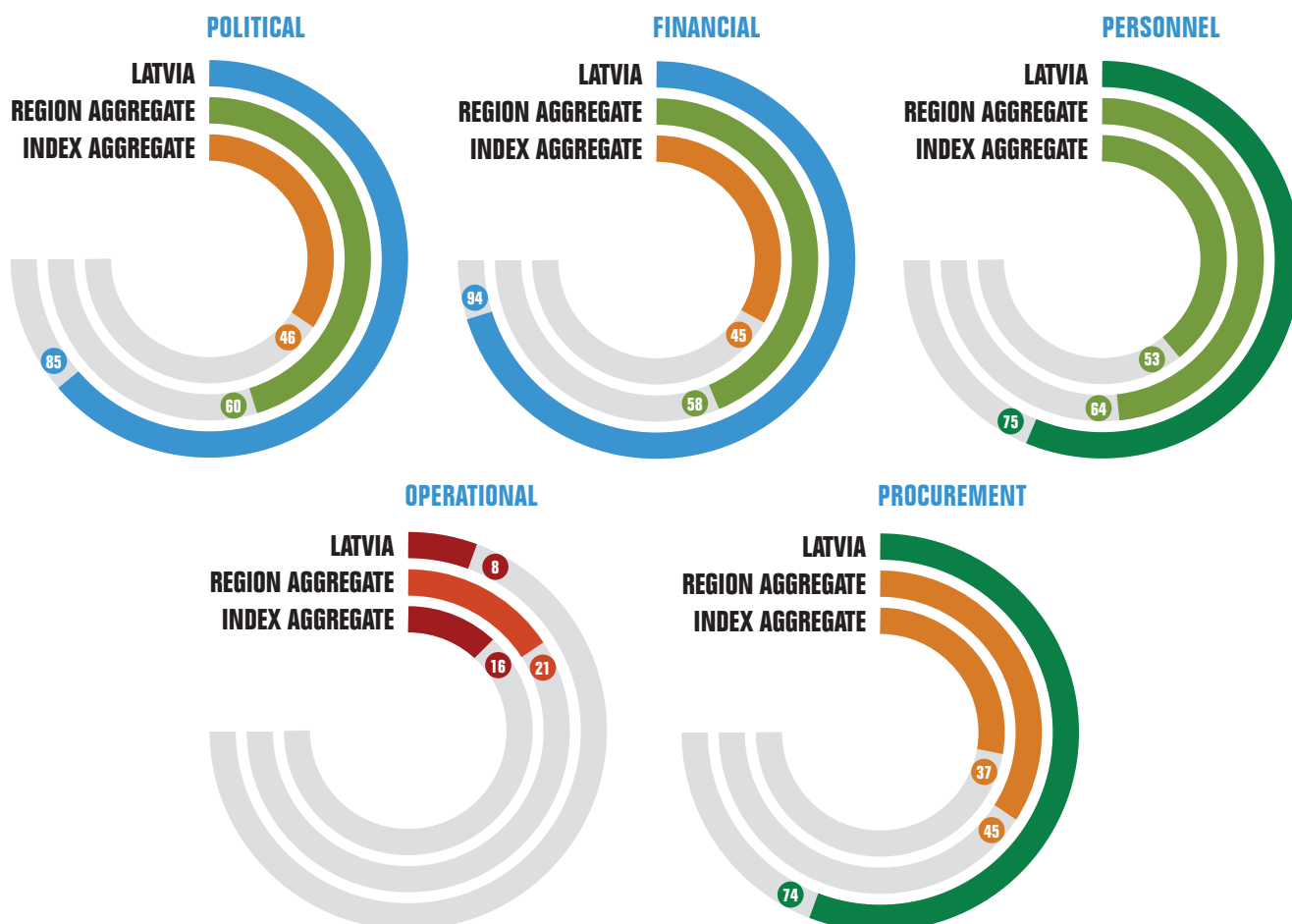
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison



LATVIA

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	Not rated
Military expenditure as share of government spending (SIPRI, 2020)	5.2%
Committee members with defence expertise (%)	70% (7 out of 10)
# of meetings/year	67 (2019); 45 (2018)
Last review of defence policy/strategy	2019

Latvia's parliament has been in the crosshairs of anti-corruption campaigners in recent years for its lax efforts to address corruption issues, despite several large-scale corruption scandals. In particular, parliament has been singled out for failing to address conflicts of interest or clear up relationships between lobbyists and parliamentarians, which could undermine the effectiveness and impartiality of its oversight.⁷ The 2018 legislative elections saw these concerns take centre stage as 65% of incumbent parliamentarians were voted out and the new Prime Minister made a commitment to tackle corruption and money laundering.⁸ Whilst it is still early to judge how successful these efforts have been, Latvia remains a consistently strong performer when it comes to parliamentary oversight of the defence sector. Parliament is active in reviewing and debating defence policies and issues.⁹ The Defence, Interior and Corruption Prevention Committee is at the core of discussions, oversight and scrutiny of defence policy.¹⁰ It meets twice a week to review developments and regularly invites experts from other institutions, academia and civil society organisations to provide input on specific matters. It also creates ad-hoc formal parliamentary investigation committees, which address specific issues and conduct long-term oversight and investigations,¹¹ although their effectiveness is hard to assess. It should also be noted that the committee's mandate is extremely broad, covering defence, internal affairs and corruption prevention, meaning that it is forced to prioritise certain issues over others, which undermines its ability to systematically scrutinise defence activities. Parliamentary oversight is also furthered by the work of the Audit and Inspection Department of the Ministry of Defence (MoD) and the State Audit Office (SAO). Both bodies are active and regularly conduct audits of defence institutions, with evidence showing that the MoD regularly addresses audit findings in practice. SAO reports also cover secret item spending and are shared with the defence committee, giving it a complete picture of defence expenditure. The MoD also generally implements audit recommendations, and the SAO follows-up on recommendations that have not been sufficiently addressed.¹²

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Data is not publicly available. (2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	4 thematic performance audits (2020, 2020, 2019, 2018)
Open Budget Index (IBP, 2019)	Not rated
World Press Freedom Index (RSF, 2021)	22nd out of 180

Latvia's legal framework around access to information in the defence sector is comprehensive and describes how information can be accessed and appealed. The Law on State Secrets¹³ and Law on Freedom of Information¹⁴ establish clear regulations for public access to government information and classification, including related to defence. The Ministry of Defence (MoD) has a strong track record in engaging with the public and civil society organisations, through information sharing, partaking in activities and involving them in consultations, most recently in relation to the MoD's guidelines on comprehensive defence.¹⁵ In parallel, the defence budget is openly available and gives a clear picture of the key categories of defence expenditure and sources of income,¹⁶ accompanied by infographics to ensure its accessibility to the public.¹⁷ Detailed data on actual expenditure during the budget year is also made available and includes explanations for any variations between actual spend and budget plans. Additionally, secret item spending accounts for just 3% of the defence budget, a relatively low figure and the MoD does provide extra information upon request. There is no evidence to suggest that over-classification of defence information is an issue, with a clear and robust legal framework strictly regulating the use of classification by the Prosecution Office. However, efforts remain to be made in relation to lobbying transparency. Latvia's controls on lobbying are weak, and legislative footprints, which provide records of stakeholders' input to policymakers, can be very difficult to follow, including when pertaining to defence.¹⁸ This increases the risk of conflicts of interest and can undermine public trust in defence institutions, whilst also allowing interest groups to sway defence policy in their favour.

⁷ Annie Todd, 'Latvia Not Stopping Corruption, New Report Shows', *OCGRP*, 4 June 2019.

⁸ Transparency International, 'Will Latvia Finally Introduce Long-Awaited Lobbying Regulations?', 3 April 2019.

⁹ See for instance, Parliament, 'On the approval of the National Security Concept', 26 September 2019; Parliament, 'On the approval of the National Defense Concept', 16 June 2016.

¹⁰ Parliament, 'Defense, Internal Affairs and Corruption Prevention Commission'.

¹¹ Parliament, 'Order Roll, Article 150', 28 July 1994.

¹² See for instance, State Audit Office, 'It's Time for Improvement in the Youth Guard Movement', 4 June 2018.

¹³ Parliament, 'Law on State Secrets', 1 January 1997.

¹⁴ Parliament, 'Law on Information Disclosure', 20 November 1998.

¹⁵ Artis Pabriks, 'How Latvia Accomplishes Comprehensive Defence', *RUSI Commentary*, 25 June 2020.

¹⁶ Parliament, 'On the State Budget for 2020', 2019.

¹⁷ Ministry of Defence, 'Infographics for 2020'.

¹⁸ Transparency International, 'Will Latvia Finally Introduce Long Awaited Lobbying Regulations?'

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Personnel Ethics Framework

Whistleblowing legislation	Whistleblower Act (2019)
# defence-sector whistleblower cases	3 (May – December 2019)
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

High standards of defence governance are evident with regards to personnel management. Latvia has strong mechanisms in place, regulating promotion, appointment and payment processes, which ensure that processes are robust, transparent and fair. Anti-corruption standards are also strong throughout personnel management systems. Military¹⁹ and civilian²⁰ codes of conduct contain anti-corruption provisions and provide guidelines for personnel on how to deal with corruption-related issues. Additionally, anti-corruption training for defence personnel is comprehensive and regular. Cadets at the National Defence Academy are required to pass the Military Law course, which includes training on corruption prevention and conflicts of interest.²¹ The Public Administration School also provides training for officials on corruption risk issues.²² With regards to whistleblowing, Latvia's new 'Whistleblowing Act' came into force in May 2019 and is designed to promote whistleblowing on violations in the public interest, to implement fully functioning reporting mechanisms as well as adequate protection for whistleblowers.²³ The law establishes a framework for reporting wrongdoing in defence institutions and the Ministry of Defence has established internal reporting channels to comply with the law and published information about compliance online. However, it remains too early to fully assess the effectiveness of the new legislation. The first eight months of the law saw 435 reports made, with only 119 classified as whistleblower reports,²⁴ illustrating that there is still need to focus on educating and spreading awareness of the law and what constitutes whistleblowing. The Latvian government has also launched a public participation campaign in relation to the transposition of the 2019 EU Directive on Whistleblowing that aims to set minimum standards for whistleblower protection,²⁵ inviting the public to submit proposals for amendments to Latvia's whistleblowing legislation.²⁶

Operations

Total armed forces personnel (World Bank, 2018)	6,000
Troops deployed on operations #	10 Mali (MINUSMA), 8 Ukraine (OSCE SMM), 8 Iraq (CJTF Inherent Resolve)

Latvia has troops deployed in multiple countries as part of international missions with NATO, the UN, the United States and the OSCE. Its biggest commitment remains to NATO, and it is considered a crucial member of the alliance, with large-scale training exercises regularly conducted on Latvian soil.²⁷ However, in spite of this, there remain high levels of corruption risk in Latvia's military operations. Latvia does not have a military doctrine which addresses corruption as a strategic issue for military operations. This gap at the strategic level has a ripple effect in terms of operational planning, where corruption issues are only partially included in the planning process and in the two main guidance documents for operational planning.²⁸ There is also no systematic pre-deployment training on anti-corruption for commanders, with anti-corruption training delivered by the State Administration School, not having an explicit focus on operations.²⁹ Moreover, Latvia largely relies on the training and standards promoted by partners, such as NATO, for matters related to anti-corruption guidelines and corruption monitoring in the field. As a result, personnel are ill-equipped to identify and address corruption risk in the field and could lead to such risks undermining objectives.

¹⁹ Ministry of Defence, 'Ethics Code', 12 November 2009.

²⁰ Cabinet of Ministers, 'Values of State Administration and Fundamental Principles of Ethics', 21 November 2018.

²¹ National Defence Academy, 'Courses'.

²² School of Public Administration, 'Prevention of Corruption'.

²³ TGS Baltic, 'Whistleblowing Law Comes into Force in Latvia on 1 May', 16 April 2019.

²⁴ BNN, '435 Whistleblower Reports Received in Eight Months in Latvia', *Baltic News Network*, 27 February 2020.

²⁵ European Parliament, 'Directive (EU) 2019/1937 On the Protection of Persons Who Report breaches of Union Law', *Official Journal of the European Union*, L305/17, 26 November 2019.

²⁶ State Chancellery of the Republic of Latvia, 'Invites to Get Involved in the Improvement of the Whistleblowing Law', 17 July 2020.

²⁷ NATO, 'Exercise Summer Shield Concludes in Latvia', 1 June 2021.

²⁸ Ministry of Defence, 'Procedures for the Formation, Financing and Preparation of a Contingent of the Latvian National Armed Forces Participating in International Operations and Rapid Reaction Forces', 26 August 2014; Ministry of Defence, 'Regulations regarding Supply Conditions, Norms and Procedures for Providing a Professional Service Soldier, Reserve Soldier and National Guard with Material and Technical Means and for Returning Them or Reimbursing Their Residual Value', 6 October 2015.

²⁹ School of Public Administration, 'Prevention of Corruption'.

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Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	739
Open competition in defence procurement (%)	Exact data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	US, Austria, UK, Sweden, Denmark

Spurred on by its commitment to NATO's spending target and fuelled by Russian military build-up in the region, Latvian military spending has surged by 176% between 2010 and 2019, with a strong focus on modernizing and revamping its military hardware.³⁰ Encouragingly, such a steep rise in spending has been accompanied by consistent long-term planning and some strengthening of procurement oversight mechanisms. Latvia has a clear process in place for the acquisition of military equipment that ties into its National Defence Strategy, and which has been further strengthened by recommendations from the State Audit body. However, it must be noted that this body has flagged issues with Latvia's long-term planning and the need to factor in the entire life cycle of equipment when drawing up acquisition plans. This is necessary in order to avoid weapons systems becoming inoperable due to funding shortfalls regarding maintenance and upkeep.³¹ The State Audit body, the Procurement Monitoring Bureau and

the Competition Council are the institutions responsible for scrutinising the procurement process and there is no evidence of undue influence from the executive or defence institutions over their operations. They are all active in summoning witnesses, requesting documentation and issuing recommendations to defence institutions. All reports and audits are comprehensive and available online, with the State Audit body also explaining the findings to the public via news releases and public discussions. However, cases of oversight institutions cancelling projects for breaches of public procurement law and corruption remain very rare: the last one dates back to 2013, despite the Competition Council admitting that corruption risks in the sector remain.³² Nevertheless, according to the MoD, the vast majority (90%) of defence procurement is conducted through open competition and subject to Public Procurement Law, except in specific cases where for security reasons, little information is released on the tender. The State Audit Office also has powers of scrutiny over non-competitive procedures, although it should be noted that it has expressed some doubts about the way the MoD selects procurement procedures.³³

³⁰ Alexandra Brzozowski, 'Military Spending Saw Biggest Increase in a Decade in 2019', *Euractiv*, 27 April 2020.

³¹ BNN, 'Audit: Planning Problems Impede Growth of Latvia's Defensive Capabilities', *Baltic News Network*, 14 August 2019.

³² Competition Council, 'KP Fines Two Construction Companies for a Cartel', 15 July 2013.

³³ State Audit Office, 'Efficiency of the National Armed Forces Security Planning and Supply System – Summary of the Audit Report of the State Audit Office', 2018.

Version 1.0, October 2021

GDI data collection for **Latvia** was conducted June 2018 to March 2020. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.

LATVIA 2020 GDI Scorecard

		Grade	Score
Political Risk		A	85
Q1	Legislative Scrutiny	A	83
Q2	Defence Committee	A	100
Q3	Defence Policy Debate	B	81
Q4	CSO Engagement	A	100
Q5	Conventions: UNCAC / OECD	A	88
Q6	Public Debate	A	88
Q7	Anticorruption Policy	A	100
Q8	Compliance and Ethics Units	A	83
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	A	100
Q11	Acquisition Planning	C	58
Q12	Budget Transparency & Detail	A	100
Q13	Budget Scrutiny	B	75
Q14	Budget Availability	A	100
Q15	Defence Income	A	100
Q16	Internal Audit	B	81
Q17	External Audit	A	88
Q18	Natural Resources	A	100
Q19	Organised Crime Links	A	100
Q20	Organised Crime Policing	A	100
Q21	Intelligence Services Oversight	C	63
Q22	Intelligence Services Recruitment	C	67
Q23	Export Controls (ATT)	A	100
Q76	Lobbying	F	0
Financial Risk		A	94
Q24	Asset Disposal Controls	C	67
Q25	Asset Disposal Scrutiny	A	100
Q26	Secret Spending	B	75
Q27	Legislative Access to Information	A	100
Q28	Secret Program Auditing	A	100
Q29	Off-budget Spending	A	100
Q30	Access to Information	A	88
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	A	100
Personnel Risk		B	75
Q34	Public Commitment to Integrity	D	33
Q35	Disciplinary Measures for Personnel	A	88
Q36	Whistleblowing	C	63
Q37	High-risk Positions	C	67
Q38	Numbers of Personnel	C	67
Q39	Pay Rates and Allowances	B	75
Q40	Payment System	A	92
Q41	Objective Appointments	C	58
Q42	Objective Promotions	C	50
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	A	88

OVERALL COUNTRY SCORE

LOW RISK

B

67



		Grade	Score
Personnel Risk		B	75
Q47	Civilian Code of Conduct	C	67
Q48	Anticorruption Training	C	67
Q49	Corruption Prosecutions	A	88
Q50	Facilitation Payments	A	100
Operational Risk		F	8
Q51	Military Doctrine	F	0
Q52	Operational Training	F	0
Q53	Forward Planning	D	38
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	F	0
Q56	Private Military Contractors	NS	
Procurement Risk		B	74
Q57	Procurement Legislation	C	50
Q58	Procurement Cycle	A	92
Q59	Procurement Oversight Mechanisms	A	83
Q60	Potential Purchases Disclosed	C	50
Q61	Actual Purchases Disclosed	C	50
Q62	Business Compliance Standards	C	63
Q63	Procurement Requirements	B	75
Q64	Competition in Procurement	B	75
Q65	Tender Board Controls	C	67
Q66	Anti-Collusion Controls	B	75
Q67	Contract Award / Delivery	NEI	
Q68	Complaint Mechanisms	A	100
Q69	Supplier Sanctions	A	100
Q70	Offset Contracts	A	100
Q71	Offset Contract Monitoring	NA	
Q72	Offset Competition	NA	
Q73	Agents and Intermediaries	C	63
Q74	Financing Packages	B	75
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



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