



# Transparent Resolute Fair

ACTIVITY REPORT FOR 2016

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## OPENING REMARKS



The year 2016 for the Special Investigation Service of the Republic of Lithuania was a year of bold and resolute actions. While continuing our targeted criminal persecution for corruption offences we disclosed a series of political corruption incidents, solved other serious, systemic crimes to civil service and public interests. With a view to ensuring that only individuals or impeccable reputes work in civil service, this year we were active in imposing other preventive measures – having by means of criminal intelligence detected any information about the activities with indications of corruption-related criminal activities and relevant with respect to application of official disciplinary liability, we would furnish the material to respective responsible authorities to examine the cases and pass respective decisions.

Being fully aware that building of anticorruption environment is relevant not only in the public, but also in the private sector, we drew up the Guidelines on key corruption prevention measures (Anti-Corruption Handbook for Business), submitted proposals regarding improvement of the processes taking place in the State, as well as the effective procedures, initiated and hosted public education and awareness raising events.

The social survey launched in 2016 showed a tangible improvement in the overall situation in the State. Although corruption has been designated in the country as one of the acutest problems, the corruption experience of Lithuanian residents is consistently diminishing (a decrease in the number of those who have given bribe in the course of the past five years) in view of the growing intolerance towards corruption. Therefore, for the purpose of promoting this attitude of intolerance, we provided a faster and more convenient possibility to report alleged corruption cases.

Lithuania, that in relation to accessing the Organisation for Economic Co-operation and Development (OECD) is also represented by the Special Investigation Service was in 2016 invited to become a member of the working group on the Combating Bribery of Foreign Public Officials in International Business Transactions of OECD, an organisation uniting the most powerful economies of the world.

We operate with deep sense of responsibility and in good faith we secure and maintain high confidence on the part of the public towards the Service, and competent specialists willingly become our officers.

The performance of the Service during 2016 not only demonstrates its independence, but also supports our strong belief that Lithuania may be and will be among the States compliant with the highest transparency standards.

While working together towards our common goal, we will remain transparent, resolute and fair!

*Saulius Urbanavičius*  
*Director of the Special Investigation Service (STT) of the Republic of Lithuania*

## THE ROLE OF THE SERVICE

We are a law enforcement authority, independent from the executive power and operating on a statutory basis, accountable to the President of the Republic of Lithuania and its Seimas. We disclose and investigate corruption offences; and by developing and implementing corruption prevention measures we maintain a coherent and sustainable anti-corruption system of the country.

**Our mission** – to reduce corruption that threatens human rights and freedoms, the principles of the rule of law and economic development.

**We seek** to ensure that the Special Investigation Service (hereinafter – STT, Service) become a law enforcement institution enjoying an even larger confidence on the part of the public, able to efficiently disclose corruption-related criminal activities, enforce prevention of corruption, anti-corruption education and awareness raising of the public.

**The strategic objective** of the Service is to reduce the level of corruption in the State.

### Areas and objectives of the activities:

- ◆ Expedient and efficient disclosure of corruption offences by way of criminal prosecution.
- ◆ Identification and elimination of the preconditions for the appearance of corruption by enforcing corruption prevention means.
- ◆ Formation of public intolerance towards corruption and strengthening of confidence in the Service by means of anti-corruption education and awareness raising of the public.

Key priorities in criminal persecution for criminal offences, corruption prevention and anti-corruption education and awareness raising of the public:

- ◆ curb corruption in the public sector;
- ◆ promote the intolerance of the public towards corruption;
- ◆ participate in the work of the Working Group on Bribery of the Organisation for Economic Co-operation and Development (OECD), seeking full membership in the Working Group, and joining the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

For the purpose of developing the activities of the Service according to the defined areas of priorities in the course of 2016 we specifically focused on energy and infrastructure projects important for the State, waste management, building renovation (modernisation); international assistance administration, sale of land and restitution of ownership rights, healthcare and law enforcement.

The Service is in the process of implementation of a continuous and long-term programme – *Detection and Investigation of Corruption Offences and Corruption Prevention (01.004)* – calling for implementation of the tasks set out in the Law on the STT – to protect and defend individuals, society and the state from corruption, as well as carry out prevention and detection of corruption. This programme is linked to the National Anti-Corruption Programme of 2015-25 which provides for a streamlined approach towards an effective fight against corruption as one of the most dangerous phenomenon social phenomenon threatening the stability of the rule of law, and respect for human rights.

The appropriations approved in 2016 for the Service accounted for EUR 7,731,000, of which EUR 6,571,000 were earmarked for expenses (including EUR 4,456,000 for wages), and EUR 739,000 for property acquisition, which accounted for 0.09% of the total State budget of the Republic of Lithuania.



Fig. 1 Changes in the appropriations to the STT (EUR'000)

## CHANGES IN THE PERSONNEL

In 2016, the Service was employing 257 employees, of which 227 were civil servants (88%). 75% (194) of all the employees of the STT were performing the functions of criminal prosecution for corruption offences, prevention of corruption and anti-corruption education and awareness raising assigned to the STT. The rest of the staff members were in charge of a range of administrative functions.

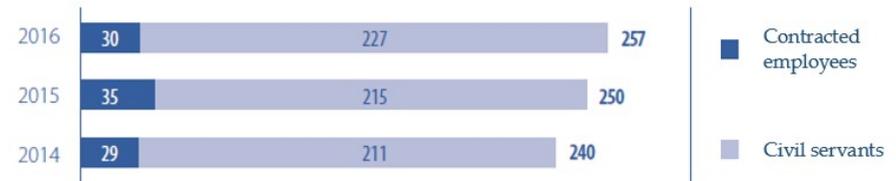


Fig. 2. Changes in the personnel

According to the data of 31 December 2016, there were 146 males (57%) and 111 females (43%) working in our STT team, and the average employee age was 38 years.

In 2016, 98% of the Service's employees were higher education graduates. As part of our efforts to ensure appropriate level of preparedness for our specialists we have been dedicating significant attention to the qualification of our employees. Thus in 2016, 208 staff members of the Service were further promoting their skills<sup>1</sup>. On average, each employee received 33.4 academic hours of training per year.

<sup>1</sup> 2017 in 2015, and 203 in 2014.

Having regard to the specific needs of the Service, we paid particular attention to the development of professional competences of the officers in preventing and investigating corruption offences:

- ◆ A European Union funded project *Strengthening abilities of financial investigation for efficient identification and management of assets gained throughout criminal activities to insure prevention and fight against organised crime* within the framework of the ISEC programme (attended by 12 STT officers);
- ◆ with a view to enhancing the qualification of pre-trial investigation officers examining corruption crimes and specialised in the investigation of criminal activities of economic and financial nature referred to in Articles 189<sup>1</sup> and 216 of the Criminal Code of the Republic of Lithuania (hereinafter – CC RL), during 2016 we attended the events or ourselves provided methodological support on the following subjects:
  - investigations of economic and financial activities and financial accounting, Articles 222 and 223 of the CC RL, tax avoidance or evasion, trends (attended by 24 STT officers);
  - fraud in VAT and other taxes: fraud characteristics, investigation, evidence and peculiarities of the case law (Article 182 of the CC RL) (attended by 19 STT officers);
  - VAT and its evasion methods. Organisation of financial accounting, principles and peculiarities (attended by 6 STT officers);
  - financial accounting and reporting documents, their concept, types, materiality and the mandatory nature, methods of seizing the documents by applying procedural coercion measures (attended by 5 STT officers);
  - criminal activities related to the protection of financial interests of the European Union (attended by 36 STT officers);
  - fraudulent criminal bankruptcy, debtor's acting in bad faith and fraud: limitation and qualification of civil and criminal liability (attended by 18 STT officers);

- overview of individual financial crimes (Articles 216, 219, 222, 222 and 223 of the CC RL), qualification and the most recent case law (attended by 19 STT officers).

- ◆ With a view to efficiently combating corruption crimes causing severe damage to the State and the society we initiated a project<sup>2</sup> within the framework of which during 2016 total 4 STT officers attended a 40 academic hours' course The use of chemical substances and the fundamentals of concealing technical measures (in the United Kingdom of Great Britain and Northern Ireland).

The new version of the STT's Statute, effective as of 1 January 2016, boosted the attractiveness of the Service, as the number of new specialists hired increased by 14% as compared with the preceding year.

Total in the course of 2016, we recruited 33 new employees, of which 27 were civil servants with higher education diplomas, and one civil servant with an academic degree. In the course of the year total 27 employees, including 16 civil servants, were dismissed from the Service.

<sup>2</sup> Project 'Specialised training of STT officers on EU policy related subjects, Stage I', No. LT/2015/VSF/5.3.1.12, funded according to the National Internal Security Fund Programme for 2014–2020.



Fig. 3. Change in the number of employees recruited to and dismissed from the Service (data of 31 December 2016)

Despite the increased number of dismissed employees, the turnover of civil servants at the Service in the course of the past three years was consistently decreasing, and was recorded at 7.00% in the reporting year. The indicator was the lowest in the course of the past five years<sup>3</sup>.

It should be noted that in 2016 more than two thirds of dismissed civil servants were the officers who have filed an application for retirement. The number is the highest as compared with the previous three years<sup>4</sup>.

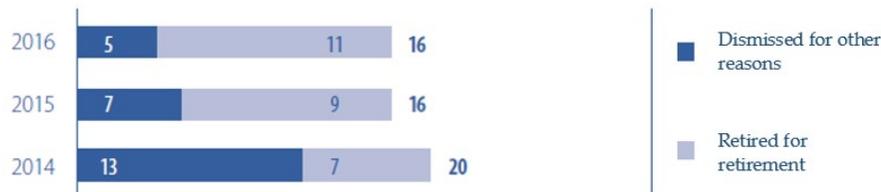


Fig. 4. Change in the number of civil servants dismissed from the Service by reasons of dismissal

<sup>3</sup> 2015 – 7.4 per cent, 2014 – 9.5 per cent, 2013 – 8.1 per cent, 2012 – 8.2 per cent.

<sup>4</sup> 2016 – 68.8 per cent, 2015 – 56.3 per cent, 2014 – 35 per cent.

## CRIMINAL PROSECUTION

Criminal prosecution is one of the actions targeting corruption whereby we identify, detect and prevent corruption offences thus implementing the mission of the Service – to curb corruption threatening human rights and freedoms, the principles of the rule of law, and the development of economy, while seeking to enforce the principles of justice and unavoidability of punishment.

Highly focused and in-depth investigation of corruption activities are instrumental in identifying the actions facilitating the emergence of corruption, and efficiently focus and target the criminal prosecution capacities.

In the course of the past several years the society has demonstrated a strong interest in the content if the corruption offences disclosed by the Service, the status of the of the individuals involved in corruption relations and their place and role in the State governance. Therefore, while executing the criminal prosecution we paid specific attention to the detection and prevention of most serious, systemic corruption offences causing the most severe damage to the State, i.e. specific attention is devoted to the quality of performance.

By efficiently managing the criminal prosecution resources we work very hard to identify and eliminate the largest threats caused by corruption for the entire State. The highest confidence guarantee granted to us obligates us to anchor the expectations by an efficient implementation of the objectives assigned to us:

- ♦ complete elimination of systemic corruption from the political arena preventing any further spill-over effect of corruption (for instance, in 2016, one of the most prominent political corruption cases – managers of a concern MG Baltic suspected of an alleged bribery and trading in influence). By preventing corruption of the such scale, we implement one of the key

objectives of the Service – to protect the State and the society from a possible damage caused by corruption, i.e. we eliminated an alleged illegitimate influence of business representatives upon the Lithuanian legislative process.

- ◆ Identification of the top officials related to complex corruption schemes by suspending or withdrawing their mandate to act on behalf of the State, and bring proceedings against them (for instance, *the case regarding alleged corruption acts of a member of the European Parliament, the Chairman of a political party 'Order and Justice' and the shareholder of the largest media of Lithuania, a daily UAB Lietuvos rytas*).

The reduction in the number of initiated pre-trial investigations (as compared with 2015, the number of such investigations decreased by 26%<sup>5</sup>) enabled the Service to focus the criminal prosecution resources upon the quality of the Service's actions. The appropriate enforcement and application of criminal intelligence methods and measures facilitated the identification and disclosure of corruption offences, eventually preventing political corruption.

Our focus and attention to the quality of investigations is demonstrated by the number of investigations initiated in 2016:

- ◆ 39 pre-trial investigations of highest complexity level;
- ◆ 20% more pre-trial investigations regarding serious criminal activities;
- ◆ 45% more pre-trial investigations regarding serious offences against civil service and the public interests.

It should be noted that during the reporting period a single pre-trial investigation covered by 40% more of serious criminal activities. This focus upon the efficient combating of systemic corruption testifies to the

importance of the Service in the fight against corruption, and a highly efficient implementation of the key objectives of the Service.

The pre-trial investigations initiated in 2016 identified 89 individuals holding managerial positions. During the reporting period, we submitted notices of suspicion to the following persons:

- ◆ *Chairman of one of the most active political parties Lieberalų Sąjūdis, a member of the Seimas;*
- ◆ *Vice-Chairman of the Labour Party, a member of the Seimas;*
- ◆ *Chairman of a political party Order and Justice, a member of the European Parliament;*
- ◆ *owner of one of the largest media group in Lithuania;*
- ◆ *Vice-President of the concern MG Baltic;*
- ◆ *Director General of a hospital, the PE Respublikinė Šiaulių ligoninė, and other responsible employees of the hospital;*
- ◆ *other persons holding top executive posts.*

While focusing upon ensuring appropriate quality of the pre-trial investigations, i.e. an expedient and comprehensive detection of criminal activities, also the prevention of any intended criminal activities by resolving the most sophisticated corruption offences and their mechanisms, in 2016 we finalised 64 pre-trial investigations, 31 of which were transferred to judicial examination. As part of the pre-trial investigations notices of suspicion were submitted to as many as 184 persons.

The number of criminal activities<sup>6</sup>, as well as the number of the defendants within the framework of the pre-trial investigations remained nearly unchanged<sup>7</sup>.

<sup>5</sup> 77 pretrial investigations started in 2015 and 57 investigations in 2016.

<sup>6</sup> In 2015, total 142 criminal activities detected, and 140 such activities in 2016.

<sup>7</sup> In 2015 indictments were brought against 71 persons, and 65 persons in 2016.

Not infrequently we encounter different interferences directly affecting the duration of the pre-trial investigation, such as the nature of the cases being investigated (complexity); deliberate delays of the case; review and assessment of the data (evidence) recorded in the case. The concentration and focus of the pre-trial investigation capacities towards an expedient, efficient and effective investigation yield good indicators of the pre-trial investigations transferred to courts, i.e. 32 cases in each of the past two years.

Within the framework of the pre-trial investigation we brought the indictments against 65 individuals, of which 66% were persons of top managerial posts.

In 2016, five persons were sentenced to imprisonment, however, the enforcement of the sentence was suspended with respect to all the convicted individuals.

The property damage determined with respect to the cases subject to pre-trial investigation and transferred to courts during the reporting period was estimated at EUR 800,000.

During 2016, judicial decisions imposed fines upon 33 persons (the fine of EUR 345,000). The largest fine imposed upon a natural person was EUR 28,245, and EUR 150,640 for a legal entity.

The judicial decisions confiscated EUR 41,563 from 11 natural persons, the largest amount confiscated was EUR 28,991.

Seeking to support Lithuania's accession to the Organisation for the Economic Cooperation and Development (OECD), and ratification of the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* we have been strengthening our cooperation with anti-corruption authorities in foreign countries. Such cooperation in fighting corruption is necessary and vital in preventing and detecting international bribery cases (for instance, in 2016 a pre-trial investigation regarding the actions of the Chairman of the Board of a Latvian company; by representing the interests of the Latvian company in Lithuania the Chairman was suspected to have given large value bribes to

the managers of the *SE Klaipėda Seaport Authority* responsible for the organisation of multi-million worth public procurement tenders).

Other statistical indicators of our activities related to criminal prosecution are presented in Annex 1.

### EXAMINATION OF INDIVIDUAL COMPLAINTS, STATEMENTS AND REPORTS

During 2016, the Service received total 1,925 complaints, statements and reports lodged by individuals (hereinafter – statements), i.e. 28% more than in the previous year, which evidences that residents are increasingly intolerant towards corruption. Majority of the statements lodged to the Service concerned the activities of municipal authorities and their institutions when providing administrative and public services, healthcare or pharmaceutical services, issues related to land management, and public procurement procedures, etc.

Based on the statements lodged to the Service by residents we initiated 26 pre-trial investigations<sup>8</sup>. For example, a pre-trial investigation was instituted having received a report regarding *the actions of one company that has taken possession of State-owned plots of land and structures (a fence and a site) in Marijampolė, and the illegal actions of the employees of Marijampolė, Kazlų Rūda and Kalvarijos Sections of the National Land Service, and the land surveyors of the Marijampolė Section of the SE Centre of Registers by facilitating the unlawful taking into possession of such plots of land with structures.*

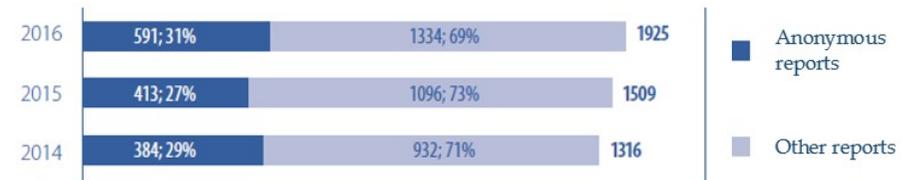


Fig. 5. Changes in the number of received reports

<sup>8</sup> In 2015, based on the statements received from residents the Service initiated 39 pre-trial investigations, and 20 such investigations in 2014.

While seeking to provide to residents a convenient instrument communication and promoting residents to be vigilant and responsible, and report any possibly known corruption case, in 2016 we initiated the development of a mobile application 'Pranešk STT' (Report to STT)<sup>9</sup>.

In 2016, we rewarded twice as many persons for the provided valuable information about corruption offences, and disbursed to them total EUR 9,350.

We were continuing the proven practice of notifying the relevant competent authorities of any indications of alleged violations of *public interests or administrative violations of law, or indications of a conflict of reconciliation of public and private interests, or breach of administrative duty*, in respect of which the authorities concerned may pass respective decisions. For instance, *the materials regarding the allegedly illegal public procurements by the Director of the Public Health Office of the Vilnius City Municipality from companies whose shareholder or manager was the Director's spouse were within the relevant competence submitted to the Chief Official Ethics Commission (COEC), the Public Procurement Office (PPO) and the State Tax Inspectorate (STI). The COEC and the PPO established that by her actions the Director of the Public Health Office infringed the law. Having carried a tax inspection of the entities related to the spouse of the Director the STI determined the amounts payable to the State budget, and forwarded the material to the Financial Crimes Investigation Service that initiated pre-trial investigations regarding the misappropriation of another person's large value property, and fraudulent financial accounting.*

<sup>9</sup> The development of the mobile programme was funded according to the project 'Anti-corruption education aids', Stage I, No. LT/2015/VSF/5.1.4. by the National Internal Security Fund Programme for 2014–2020.

## CORRUPTION PREVENTION

In carrying out the corruption prevention we seek to enhance the transparency of the legal regulation and administration; we carry out assessment of a range of legal acts or their drafts, and the activities of public and municipal institutions. Having established any potential corruption risks we submit proposals on possible ways to eliminate the reasons for its appearance. An efficient management of such activities in the long term creates a solid foundation for a transparent development of economy, better quality of public services and the social wellbeing in the country.

### ANTI CORRUPTION ASSESSMENT OF EFFECTIVE AND DRAFT LEGISLATION

During 2016, seeking to enhance the transparency of legal regulation we were more frequently initiating an anti-corruption assessment of legal acts and their drafts: thus 191 legal acts were assessed at the initiative of the Service, and 75 draft legal acts were assessed at a request of other institutions. The objective-driven activity is furthermore testified by the fact that 62% of all assessments were performed in priority, i.e. most problem-ridden areas of public governance.

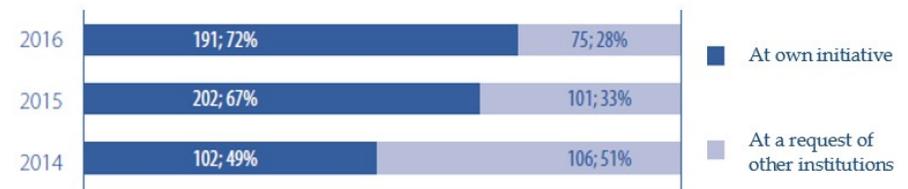


Fig. 6. Changes in the number of effective and draft legislation assessed from the anti-corruption viewpoint

In view of the increasingly improving quality of draft legal acts we were able to dedicate greater attention to eliminating shortcomings of legal regulation – we assessed by 12% more legal acts more than in the previous year (173).

The determination of the procedure for the enforcement of the legal acts of the highest legal power is conducive to emergence of corruption, therefore the implementing legal acts and their drafts assessed from the anti-corruption viewpoint accounted for 69% of all the assessments performed at the initiative of the Service in 2016. It should be also noted that at the request of the relevant institutions we assessed by 70% more legal acts than a year ago<sup>10</sup>. During the reporting period, we submitted our comments and proposals regarding 100 legal acts or their drafts, as well as some 166 implementing legal acts and their drafts, i.e. total, regarding 79 unique procedures implemented in the State.

Most important anti-corruption assessments of legal acts, their drafts in 2016:

- ◆ *Having analysed the regulation of legal acts governing<sup>11</sup> management, use and disposal of State and municipal assets, we have established that the Councils of municipalities are authorised at their own discretion to pass decisions regarding the transfer of property to use or dispose to other persons, and regulate such procedures; public and municipal entities are allowed to develop the activities not related to the objectives of their incorporation, therefore the assets and property transferred to such entities may be used failing to ensure proper use of the State or municipalities. We proposed to introduce regulation of lease and use of municipal property, and specify the definition of areas of competence of State and municipalities.*
- ◆ *Having examined the regulation<sup>12</sup> of determination of sobriety or intoxication of persons driving vehicles, we noted that the effective procedure fails to ensure a transparent sampling and delivery of the samples to the toxicology laboratories, because there is no universal procedure regulating appropriate sealing of test-tubes and their accounting; the procedures allow some dishonest behaviour of the personnel at the healthcare institutions collecting blood samples making it possible to replace the envelope with the samples. We also established an insufficient regulation of collection of sample materials in the cases when a person applies to the institution at own initiative,*

*i.e. failure to ensure a 'four-eyes' principle in relation to collecting the samples and placing them into envelopes. We proposed to require that the test tubes must be enveloped with a protective glued tape that cannot be removed without destroying the envelope, the envelopes must be numbered and/or marked with a bar code which is recorded in the special envelope journal of the institution; the nurse that has collected the sample must sign on the envelope, as well as the officer that delivered the person for the check-up; the premises in which the refrigerator is located must be either video recorded, or there must be an electronic access control at the entrance, and the institution must compile a limited list of the employees of the institution authorised to enter the premises and collect the envelopes with the test-tubes.*

- ◆ *Having analysed the regulation<sup>13</sup> of the procedure for the admission of schoolchildren to general education schools in Kaunas, Panevėžys, Šiauliai and Vilnius municipalities we found out that there are no objective criteria put in place in the cases when the number of children residing and willing to attend school in a territory served by the schools is larger than the schools can admit; the websites of the municipalities do not publish any systemised information on the maximum number of children admitted to all schools, the number of vacancies according to the general education programmes implemented at schools, the number of received applications, and the process of control of admission of children to general education programmes is not regulated in any manner. We proposed to the municipalities to improve the legal regulation according to the established shortcomings, and suggested to the Ministry of Education and Science to define the cases when the maximum number of the schoolchildren can be increased without leaving any discretion to the principals of the schools.*

The anti-corruption assessments of legal acts and their drafts carried out in 2016 are presented in Annex 2.

Thus total 61 recommendation comments were submitted to the legislators and other stakeholders. The monitoring of the implementation of the recommendations submitted by the Service established that as of 31

<sup>10</sup> 2016 – 34 legal acts and their drafts, and 20 in 2015

<sup>11</sup> Online access: <https://goo.gl/Hj9SZs>

<sup>12</sup> Online access: <https://goo.gl/PTdL1L>

<sup>13</sup> Online access: <https://goo.gl/grkqu9>

December 2016, 77% out of all 266 comments on which the legislators had submitted information were fully implemented, and 12% of the comments were considered partially. For a number of reasons some information on the implementation of the other comments was not available; in some cases, the term of three months' for the submission of the information on the implementation of the comments had not yet expired, the draft legal acts were still under deliberation at the Seimas, or the conclusion of the principal committee has not been submitted.

### CORRUPTION RISK ANALYSIS

The improvement of the quality and the accessibility of public and administrative services depends on the determination of public and municipal authorities to enhance the transparency of their activities, therefore at each third quarter of the year such institutions define the areas with a potential of corruption risk. The trends in the area have been rather positive, as for the third year in turn the number of such self-assessment has been increasing (i.e. conclusions on the potential appearance of corruption risk)<sup>14</sup>.

Having passed a decision to carry out an anti-corruption assessment of a public or municipal authority, the actual implementation of this corruption prevention measure may take up to four months, because we analyse in detail not only the legal regulation of the selected operation area, but also its practical implementation. During 2016, we performed 16 analyses of corruption risk assessments.

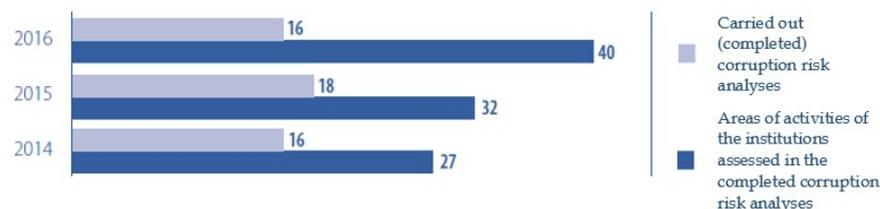


Fig. 7. Changes in the number of performed (completed) risk analyses and the unique areas of activities assessed from the anti-corruption viewpoint

Selected corruption risk analyses that in 2016 attracted specific public attention included the following:

- ♦ *In the area of licensing the organisation of hazardous waste management, also the management of products and/or packaging waste we established<sup>15</sup> that the procedures did not clearly define the criteria for the assessment of the compliance of the documents submitted by entities being licensed with the established requirements; overly extensive discretion of the specialists at the Environmental Protection Agency under the Ministry of the Environment in passing decisions regarding the suspension of the licence validity; there is no clear-cut and precise allocation of functions among the decision-making personnel; the authorities do not perform evidence-based check-up of entities seeking to obtain a hazardous waste management licence. The Service proposed to improve the regulation according to its comments and proposals.*
- ♦ *A corruption risk analysis at a public entity CPO LT<sup>16</sup> concluded that the process for taking decisions regarding the centralisation of a public procurement object is not sufficiently transparent or objective; there is no procedure for verifying the qualification of the suppliers during the validity of preliminary contracts; there is no mechanism enabling CPO LT or another organisation to find out, expediently and objectively, whether or not a contract has been concluded between the contracting authority that had authorised to carry out the procurement, and the winning supplier, and in case such contract has been concluded, whether or not the contract complies with the terms and conditions of the winning tender, etc. We proposed that the effective regulation should be improved according to the comments and suggestions submitted, and further initiate a discussion between CPO LT, the Public Procurement Office and the Ministry of Economy in order to clarify whether it would be appropriate to put in place a mechanism for monitoring if a public procurement contract has been concluded between the contracting authority (the principal contract) and the winning supplier (both after the procedures at the CPO LT catalogue, and following the procedures according to a power of attorney), which would also demonstrate the compliance of the terms and conditions of the concluded contracts with the terms of the tender generated by the CPO LT information*

<sup>14</sup> 134 conclusions on the potential of risk of corruption were received in 2016, 119 and 91, respectively, in 2015 and 2014.

<sup>15</sup> Online access: [http://www.stt.lt/documents/kra\\_2016/AAA\\_KRA.docx](http://www.stt.lt/documents/kra_2016/AAA_KRA.docx)

<sup>16</sup> Online access: [http://www.stt.lt/documents/kra\\_2016/CPO\\_LT\\_KRA.docx](http://www.stt.lt/documents/kra_2016/CPO_LT_KRA.docx)

systems, or of the winning tender.

◆ *Having assessed the regulation<sup>17</sup> of the restitution of ownership rights to land, forest and water bodies, and the terms for selling State-owned forestry land, the Service concluded an excessively broad discretion of the specialists at the Environmental Protection Agency under the Ministry of the Environment in passing decisions regarding the increase of the land parcels to be returned; the claimants seeking to be awarded equivalent land parcels are not in all cases subjected to equal criteria; the terms and conditions for awarding specific reliefs are not sufficiently regulated; the publicity of the waiting lists is not sufficiently ensured; the Service also has identified individual cases of illegal restitution of the ownership rights; there is no clear-cut regulation for the procedure to initiate a formation of land parcels in State-owned forestry land; there is no sufficient publicity of the mechanism for control of land (forest) use, etc. We proposed that the effective regulation be amended having regard to the identified shortcomings, in addition to a discussion with the responsible employees at the municipal administrations that had experienced major difficulties in restoring ownership rights with a view to discussing the problems related to the restoration process.*

The summaries of the other corruption risk analyses carried out in 2016 are presented in Annex 3.

The monitoring of the implementation of the recommendations presented in the conclusions of the corruption risk analyses showed that as of 31 December 2016, some 47% of the total recommendations were completely implemented or in the process of implementation.

### ANTI-CORRUPTION PROGRAMMES

During 2016, we analysed 21 (draft) anti-corruption programmes, or the programme implementation plans<sup>18</sup>. We submitted to nine city and regional municipalities, three ministries, eight other public and municipality institutions, as well as the Public Procurement Office, total 149 comments

<sup>17</sup> Online access: [http://www.stt.lt/documents/kra\\_2016/KRA\\_NZT.docx](http://www.stt.lt/documents/kra_2016/KRA_NZT.docx).

<sup>18</sup> In 2015 and 2014, the Service analysed, accordingly, 31 anti-corruption programme (draft), or their measure plans.

regarding the draft Programme for Sectoral Combating of Corruption and Prevention of Corruption in Public Procurement in 2015–2019, and 167 proposals regarding the improvement of the anti-corruption programmes implementation plans.

The conclusions of the assessments of (draft) anti-corruption programs, and/or their implementation carried out in 2016, are provided in Annex 4.

### METHODOLOGICAL SUPPORT FOR THE IMPLEMENTATION OF CORRUPTION PREVENTION MEASURES

When hosting the 78 methodological support events for employees of public and municipal authorities, the independent members of the Board of the State and municipality institutions, other representatives of the private sector we sought to answer the questions related to the identification of alleged corruption; drawing up of anti-corruption programmes and their implementation plans, as well as anti-corruption assessment of draft legal acts, as well as other questions related to prevention of corruption.

Seeking to support Lithuania's accession to the Organisation for the Economic Cooperation and Development (OECD), having regard to the recommendations of the OECD for businesses, in 2016 we draw up the Anti-Corruption Handbook for the Public Sector<sup>19</sup>, and the Anti-Corruption Handbook for Business<sup>20</sup>, and hosted 11 workshops on creation of anti-corruption environment in the public and the private sector. At the international conference hosted by the OECD 'The most recent measures in Lithuania combating international bribery' we presented the Handbook for Anti-Corruption Environment for Business and briefed on the application of the Handbook in the private sector.

### PROVIDING INFORMATION ABOUT INDIVIDUALS

During 2016, we provided information about 6,671 individuals<sup>21</sup>, of which 46% sought access to classified information, or obtaining of security

<sup>19</sup> Online access: <https://goo.gl/tn3M7F>

<sup>20</sup> Online access: <https://goo.gl/ZtXq4j>

<sup>21</sup> In 2015, we provided information about 6,745 persons, and about 6,414 in 2014.

clearance, 35% of the individuals concerned sought to hold positions at public or municipal entities or institutions, or a position at European Union or international judicial or other institutions. We screened by 1.5 more persons who were being or were elected or appointed bank managers, also provided information about 13 entities or organisations that sought to obtain a transparent business sign White Wave.

Following the requirements of the Law on Prevention of Corruption we provided in 2016 the information about 2,328 individuals.

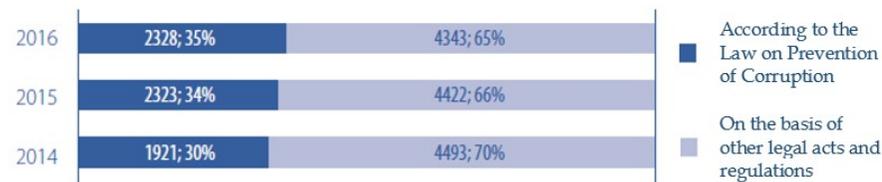


Fig. 8. Changes in the number of persons on whom the STT provided information

The confidence in the screening of persons as a corruption prevention measure exercised by the Services is consistently increasing, as in 2016 we submitted information about 61% more of individuals regarding which according to the Law on Prevention of Corruption submission of written inquiries to the STT is not mandatory.

We provided to a range of interested institutions the information about 107 persons seeking to hold or holding positions at public or municipal institutions or entities, or were seeking positions at European Union or international judicial and other institutions, thus submitting the data as required according to Article 9(2) of the Law on Prevention of Corruption.



Fig. 9. Changes in the number of persons on whom the Service provided information (according to the procedure of information provision)

The information on the persons screened according to the Law on Prevention of Corruption was submitted to:

- ◆ Office of the President of the Republic of Lithuania – 216 persons;
- ◆ Seimas of the Republic of Lithuania – 3 persons;
- ◆ Government of the Republic of Lithuania – 25 persons;
- ◆ Ministries – 232 persons;
- ◆ Entities and institutions assigned to the area of governance of the Ministries – 325 persons;
- ◆ Municipalities – 374 persons;
- ◆ Entities and institutions assigned to the area of governance of Municipalities – 141 persons.
- ◆ Criminal intelligence and intelligence entities, prosecutor's office – 954 persons.
- ◆ Other public institutions – 58 persons.

We sincerely hope that the *Anti-Corruption Handbook for the Public Sector*<sup>22</sup>, and the *Description of the procedure for the submission of information by the STT about the persons seeking to hold positions at public or municipal institutions or entities, and the persons who are by the Republic of Lithuania nominated to a position at European Union or international institutions*, will bring in a more clarity in the practical enforcement of this corruption measure.

<sup>22</sup> Online access: <https://goo.gl/2pj74j>

## NATIONAL ANTI-CORRUPTION PROGRAMME 2015–2025

The implementation of the long-term national anti-corruption strategy – *the National Anti-Corruption Programme for 2015–2025*<sup>23</sup>, and *the Inter-Institutional Action Plan for 2015–2019*<sup>24</sup> (NACP IIAP) is expected to facilitate achieving its strategic objective, i.e. by 2025, Lithuania should score at least 70 points on Transparency International’s Corruption Perception Index<sup>25</sup>. In 2016, Lithuania scored 59 points, and was holding the 38th place out of 176 States<sup>26</sup>. The experts have noted that when assessing the corruption perception in a specific State both the points and the ranking may be affected by certain changes in the survey methodology<sup>27</sup>. It should be noted that since 2012 the corruption perception index of Lithuania has been consistently increasing and within the past four years added 7 points, therefore the decrease in the index during the reporting period had only a marginal effect upon the overall corruption perception index in Lithuania, i.e. the progress in the enforcement of the anti-corruption policy is assessed at +5 points.

Another objective of the *NACP IIAP* is to achieve that by 2025, the number of respondents (residents, company managers and civil servants) claiming that in the course of the past five years they had given a bribe were not more than 10% (on average, 31% in 2014). The positive trends in the country and its improving anti-corruption status are also demonstrated by the results of the Lithuanian corruption map<sup>28</sup>, according to which the number of respondents

claiming that they in the course of the past five years gave a bribe decreased by 9%.

While implementing this long-term anticorruption strategy within the limits of our competence we implemented 15 measures<sup>29</sup>, and used EUR 11,000 of the State budget funds, as well as EUR 21,500 from the European union structural funds.

The results of the NACP IIAP measures implemented in 2016 are presented in Annex 5.

<sup>23</sup> Online access: <https://goo.gl/ket6gy>

<sup>24</sup> Online access: <https://goo.gl/Xe5gco>

<sup>25</sup> The index is an important source of information for international institutions or organisations considering the possibilities to invest or develop new business projects in a certain State. The States are rated at a hundred points scale.

<sup>26</sup> in 2015 – scored 61 points out of 100 possible, and ranked the 32nd among 168 States, and in 2014, respectively – 58 points and 39th out of 175 States.

<sup>27</sup> For instance, changes may affect the methodological sources, or the sample of the States covered by the survey. For instance, in 2016, the corruption perception index was estimated with reference to 9 sources (8 sources in 2015), then the number of the States participating in the survey was by 8 more than in 2015, and some of them scored higher places than Lithuania.

<sup>28</sup> The survey was conducted as part of the project ‘Drawing up of the Lithuanian corruption

map, development and implementation of the anticorruption social promotion system’, No. 10.1.2-ESFA-V-916-01-0002, jointly invested from the European Social Fund according to the Operational Programme for the European Union Funds’ Investment 2014-2020.

<sup>29</sup> NACP IIAP measures: 1.1.1; 1.1.6; 1.1.7; 1.1.8; 2.1.1; 2.1.2; 2.2.1; 2.2.3; 2.2.4; 2.3.1; 5.1.3; 6.1.1; 6.1.2; 6.1.3; 6.1.4

## ANTI-CORRUPTION EDUCATION AND RAISING PUBLIC AWARENESS

With a view to enhancing the confidence on the part of the public we have been consistently informing the public about any initiated and finalised anti-corruption assessment of legal regulation and institutions performance, and making any other relevant information related to the prevention of corruption public and accessible. The positive movements achieved due to our focused and targeted activities are supported and testified by the results of the sociological survey initiated in 2016 'Lithuanian corruption map'. As part of the survey, when answering the question as to which institutions and social groups could contribute most to the reduction of corruption, 57% of the respondents pointed out to the STT (in 2014, 43% of the residents indicated the STT), also 57% of corporate managers (37% in 2014), and 54% of civil servants (42% in 2014). The confidence in the Service is high – 54%.

As part of the programme on targeted anti-corruption education of four major social groups – schoolchildren, the youth (students), civil servants and private sector representatives we delivered 265 lectures, hosted workshops<sup>30</sup> that were attended by more than 9,000 participants.

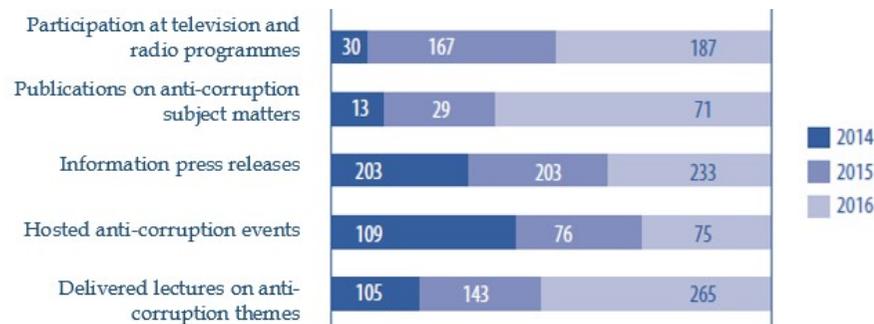


Fig. 10. Changes in the number of anti-corruption education and raising measures of the public awareness

<sup>30</sup> 143 lectures delivered and workshops hosted in 2015, and 105 in 2014.

## ANTI-CORRUPTION EDUCATION AT PUBLIC AND MUNICIPAL AUTHORITIES

During 2016, we delivered total 212 lectures on combating corruption, and hosted workshops at State and municipal authorities, and attended by more than 7,000 specialists. Most of the meetings (60%) were held at the municipalities within the framework of an international project with the Kingdom of Norway<sup>31</sup> facilitating the sharing between the relevant institutions of the two countries of information and experience in combating corruption. The meetings hosted as part of the project in cooperation with the Lithuanian Confederation of Industrialists, the Police Department and the Financial Crimes Investigation Service under the Ministry of the Interior were attended by 370 employees of the relevant municipalities. Furthermore, workshops-discussions were organised for the representatives of the anti-corruption commissions of Panevėžys, Klaipėda, Kaunas, Šiauliai and Vilnius regional municipalities, and the employees of Molėtai, Telšiai, Pakruojis, Alytus, Skuodas, Kretinga, Šakiai, Šiauliai and Utena region municipalities.

In view of the operational priorities of the Service during 2016 we delivered total 19 lectures attended by 855 medical professionals.

We have been continuing education by remote means – a video lecture<sup>32</sup> on combating corruption during 2016 was viewed by 1,271 employees from 43 institutions<sup>33</sup>.

## ANTI-CORRUPTION EDUCATION FOR CHILDREN AND THE YOUTH

At general education schools, gymnasiums and higher schools we delivered twice as many lectures and seminars (30) than in 2015, and they were attended by 1,110 schoolchildren and students. While continuing our project

<sup>31</sup> Project 'The cooperation between the Lithuanian Republic and the Kingdom of Norway institutions in conveying knowledge and experience in administrative-financial management and reducing and preventing corruption in Lithuanian Republic governmental and municipal institutions, No. NOR-LT10-VRM-01-K-02-011.

<sup>32</sup> Online access: <http://www.stt.lt/lt/menu/antikorupcinis-svietimas/vaizdo-paskaita/>

<sup>33</sup> 818 from 30 institutions in 2015.

'Who needs it?' we organised six educational tours for the project participants in the STT, and three lessons at Lithuanian gymnasiums on anti-corruption initiatives and the activities of the Service.

In 2016, we initiated the creation of an educational anti-corruption comics booklets<sup>34</sup> and five educational anti-corruption films<sup>35</sup> #Grotelėsužkyši<sup>36</sup>. Those anti-corruption educational aids tell four stories whose characters, seeking to 'speed up processes' start bribing some officials, and each time encounter unexpected problems and negative consequences. The booklet and the films in all cases highlight that giving a bribe is a criminal act, that is equally dangerous as any other crimes and it is punishable. The booklets were distributed at 190 general education schools and gymnasiums of Lithuania, and the target auditorium of the measure were high school students of 16-18 years of age.

#### PRIVATE SECTOR INVOLVEMENT IN THE PUBLIC ANTI-CORRUPTION EDUCATION

Being aware of the need to promote the anti-corruption potential of the private sector, we hosted 23 seminars that were attended by 796 persons. A number of companies attending the events were interested in transparency-enhancement measures, including *AB Energijos skirstymo operatorius*, the Lithuanian Association of Technical Inspection *Transeksta*, a *SE Utenos region keliai*, etc. We have signed with the State Road Transport Inspectorate an agreement on cooperation in the area of anti-corruption education, and thus briefed the managers of the driving schools and driving trainers on possibilities to make their activities more transparent.

Based on the cooperation agreement with the transparent business initiative White Wave, during 2016 total 13 business entities passed a decision to join the initiative to pursue a transparent and responsible business practice in

Lithuania, and the enforcement of the principle of zero tolerance to corruption.

#### ANTI-CORRUPTION EVENTS

During 2016, at our own initiative we organised 76% of all anti-corruption events<sup>37</sup>. An anti-corruption knowledge and creation contest 'Be honest' was for the seventh time hosted in Kaunas; the contest was attended by schoolchildren of 2-8 grades of nearly 30 general education secondary schools of Kaunas.

On the occasion of the International Anti-Corruption Day (the 9<sup>th</sup> of December), in cooperation with the officers of immunity divisions of the institutions<sup>38</sup> accountable to the Government of the Republic of Lithuania, and representatives of numerous youth organisations we came together for a promotion event 'An envelope not for bribes but for your festive greetings', during which 10,000 pieces of postcards promoting the awareness and intolerance towards any manifestations of corruption or dishonest conduct.

We introduced to the media our new mobile application 'Pranešk STT' (Report to STT)<sup>39</sup>, an easier and more convenient instrument to report about any instances of alleged corruption.

#### PUBLIC INFORMATION

According to the data of the Lithuanian corruption map the media is the key source of information building the most reliable opinion about corruption in Lithuania and its scope. Therefore seeking to contribute to the building of an objective perception of corruption and strengthen the intolerance towards corruption, during the reporting period we draw up total 233 press releases

<sup>37</sup> 75 events in 2016, 76 and 109, respectively in 2015 and 2014.

<sup>38</sup> The Customs Department under the Ministry of Finance, Police Department, Department of Prisons, the Financial Crimes Investigation Service, the State Border Guard Service under the Ministry of the Interior.

<sup>39</sup> The development of the mobile application was funded according to the project 'Measures for anti-corruption education', Stage I, No. LT/2015/VSF/5.1.4.3 from the National Internal Security Fund Programme for 2014–2020.

<sup>34</sup> Online access: <https://goo.gl/DEUgj2>

<sup>35</sup> Online access: <https://goo.gl/kER8wa>

<sup>36</sup> The creation and the publication of the anti-corruption films and the comics booklet (10,000 copies) funded according to the project 'Measures for anti-corruption education', Stage I, No. LT/2015/VSF/5.1.4.3 from the National Internal Security Fund Programme for 2014–2020.

on the Service's performance in the area of criminal prosecution, anti-corruption education and intolerance towards corruption, on 187 occasions commented the pre-trial investigations initiated by the Service, or those in progress, completed anti-corruption assessments of legal acts and the performance of institutions, etc. Furthermore, during the reporting period we prepared by 2.5 times more publications (total 71) than a year ago on the subject of corruption, and 68% of such publications were initiated by different interested companies.

On the Facebook account, we published by 2.5 times more notices (163) than a year ago. During the year the number of our Facebook account visitors interested in our activities increased by more than 2,600, i.e. from 5,062 to 7,684.

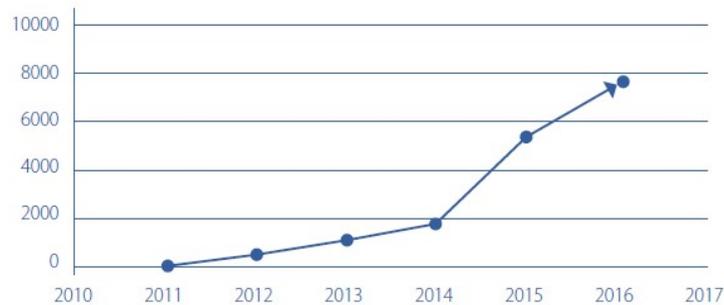


Fig. 11. Growth in the Facebook audience of the STT.

## INTERNATIONAL COOPERATION

### PARTICIPATION IN THE ACTIVITIES OF INTERNATIONAL ORGANISATIONS

Currently the Service participates in the activities of nine international organisations. During the reporting period, out of 25 events hosted by international organisations (of which 12 are of standing character) more than half were financed by the organisers, which testifies to the international recognition of the Service.

With Lithuania seeking to access the OECD, we were attending the plenary meetings of the working group on the Combating Bribery of Foreign Public Officials in International Business Transactions<sup>40</sup>, as well as the workshop hosted in Vilnius 'The most recent measures in Lithuania combating international bribery'. Representatives of the Service also attended the conference hosted by the OECD Anti-Corruption Network (OECD ACN) 'Enhancement of Anti-Corruption Reforms in the Eastern Europe and Central Asia', a meeting of the ACN Supervisory Committee, an ACN plenary meeting<sup>41</sup>, and a seminar hosted by the ACN law enforcement authorities network. The membership of Lithuania in the OECD, currently joining 35 most powerful economies of the world, would mean the recognition of Lithuania's stability and its economy, which would attract new investment to Lithuania, and the anti-corruption activities we pursue would be recognised on the international arena as progressive and exemplary.

During 2016, we attended three plenary meetings of the Council of Europe's Group of States against Corruption (GRECO), a meeting of the working group on corruption in the healthcare sector of the European Partners against Corruption / European Contact-Point Network against Corruption (EPAC/EACN), a professional conference and the General Assembly of the

<sup>40</sup> One of the plenary meetings discussed the report on the assessment of Lithuania's preparedness to access the working group on the Combating Bribery of Foreign Public Officials in International Business Transactions of the OECD.

<sup>41</sup> Hosting the 17th steering meeting according to the Istanbul Anti-Corruption Action Plan, and the 21st meeting of the supervisory group of the Anti-Corruption Network.

EPAC/EACN, a meeting of the Anti-Fraud Communicators Network (OAFCN) of the European Commission's Anti-fraud Office (OLAF), and a conference on public procurements hosted by the Hungarian office of Transparency International in cooperation with OLAF. During the accounting period we attended a range of meetings hosted by the European Commission<sup>42</sup>, a seminar hosted by the Europol, the Federal Bureau of Anti-Corruption of Austria (BAK), and the Central Anti-Corruption Bureau of Poland (CBA) for the users of the Secure Information Exchange Network Application (SIENA), and the closing conference of the project 'SIENA for Anti-Corruption Authorities (S4ACA); also the International Anti-Corruption Summer Academy, and a meeting 'Promotion of Cooperation in Combating Corruption and Money Laundering' organised by the Organisation for Security and Cooperation in Europe (OSCE).

#### COOPERATION WITH ANTI-CORRUPTION INSTITUTIONS OF FOREIGN STATES

Operating as a specialised Lithuanian institution on fighting corruption we have been enforcing our cooperation with a number of foreign anti-corruption institutions, such as the Special Investigation Service of the Republic of Armenia, the Federal Bureau of Anti-Corruption of Austria (BAK), the State Security Service of Georgia, the Corruption Prevention and Combating Bureau of Latvia (KNAB), the Central Anti-Corruption Bureau of Poland (CBA), the National Anti-Corruption Centre of the Republic of Moldova, the National Anti-Corruption Directorate of Romania (NAD), and the National Anti-Corruption Bureau of Ukraine. Such international cooperation facilitates exchange in best practices and strengthens the institutional capacities in combating corruption.

<sup>42</sup> The surveillance mission according to the Economic Semester programme of the European Commission; the meeting of the anti-corruption expert group discussing the second anti-corruption report-study drawn up by the European Commission; a workshop hosted by the Directorate-General on Migration and Home Affairs of the European Commission on corruption in the private sector; a meeting organised by the Support Group for Ukraine to discuss the implementation of the programme on anti-corruption support to Ukraine; a seminar *Best practices in developing anti-corruption strategies and action plans* hosted by the TAIEX of the European Commission, a conference hosted by the European Union Advisory Mission Ukraine *Activities of NABU in the context of anti-corruption reform and policy*.

#### TRANSFER OF EXPERTISE TO DEVELOPMENT COOPERATION STATES

By transferring and sharing our expertise to the development cooperation states we implement a very important mission – not to reconcile with corruption that stands in the way of democracy and economic development. During 2016, total 52 employees of the Service were transferring the expertise accumulated by the institution at 17 events organised in the course of the year.

At an invitation of the Director of the project for the support to public finance management reform in **Ukraine** we attended a seminar hosted by the Training centre of the Financial Control Service where we introduced the practice of prevention of corruption among civil servants in Lithuania. In response to the interest in taking over the Lithuanian expertise we were drafting a proposal regarding a potential assistance to the National Anti-Corruption Bureau of Ukraine; the proposal was submitted to the Support Group for Ukraine of the European Commission, and attended a meeting hosted by the Group to discuss the implementation of the programme of Anti-Corruption support to Ukraine. In 2016, we were also invited to attend a conference organised by the European Union Advisory Mission Ukraine. Within the framework of a project hosted by the Technical Assistance and Information Exchange Instrument TAIEX representatives of the National Anti-Corruption Bureau of Ukraine visited Lithuania where they were introduced to the activities of the Service, the analytical work, our expertise in corruption prevention and public awareness raising, and signed with the Ukrainian representatives an agreement on cooperation.

In 2016, the analysts from the **Moldova** National Anti-Corruption Centre were visiting the Service; the guests were introduced to the analytical activities of the Service, the mechanisms of corruption activities in the area of public procurement, and corruption prevention measures. The visit was organised within the framework of the bilateral interinstitutional cooperation agreement, on the basis of which the parties plan training, practical classes and seminars, sharing of methodological and legal material. During the

reporting period, we attended a three days' seminar at the National Anti-Corruption Centre of the Republic of Moldova<sup>43</sup>, and organised a seminar at the Service and other Lithuanian institutions. The Director of the STT attended a round table discussion<sup>44</sup> at the National Anti-Corruption Centre of the Republic of Moldova, and the meetings with the representatives of the National Anti-Corruption Bureau, the Service of fighting money laundering and the Prosecutor's Office.

According to the European Union Eastern Partnership Police Cooperation Programme EUROEAST representatives of the Anti-Corruption Agency and the General Inspectorate of **Georgia** and were introduced to the practice exercised in Lithuania of corruption prevention and identification and investigation of corruption offences and activities. In the middle of 2016, we signed a cooperation agreement with the Anti-Corruption Bureau of the Public Security Service facilitating the cooperation between the Services in the area of corruption prevention and investigation of crimes.

Within the framework of the Technical Assistance and Information Exchange Instrument TAIEX representatives of the Corruption Prevention Commission of the Former Yugoslav Republic of **Macedonia**; the guests were introduced to the methodology for the establishment of corruption risk factors with a view to ensuring an efficient prevention of corruption. According to the TAIEX programme we participated at a seminar dedicated to Macedonian<sup>45</sup> institutions.

In 2016, while implementing a European Union Twinning project in Macedonia 'Further support for effective prevention and fighting against fraud and violations in using the funds of the European Union, the

specialists of the Service participated in the implementation of five short-term expert activities.

During the reporting period, a representative of the CEPOL from **Kosovo** visited the Service and was introduced to the activities of the Service, and discussed the various difficulties arising in relation to investigation of corruption offences, as well as the best practice in the prevention of corruption.

With a view to transferring our expertise in the formation, coordination and implementation of the anti-corruption policy in cooperation with the Polish respective institutions we prepared a proposal for the European Union Twinning project in **Albania**.

At a meeting with the heads of the Special Investigation Service of the Republic of **Armenia** discussed the prospects of possible fight with corruption, and reconciled certain aspects of possible inter-institutional cooperation in disclosing and investigating corruption offences, and enforcing other measures fighting corruption.

#### **INTERNATIONAL PROJECTS WITH THE STT AS THE BENEFICIARY**

By implementing together with the other institutions (project partners) a project *Strengthening the abilities of financial investigation for efficient identification and management of assets gained throughout criminal activities to ensure prevention and fight against organised crime* No. HOME/2013/ISEC/AG/FINEC/4000005195 we were strengthening our competence in training, and methods of professional investigation of assets and finance acquired through criminal activities according to the approved Assets investigation methodology.

By implementing a project SIENA for Anti-Corruption Authorities according to the European Union programme ISEC 'Prevention of and Fight Against Crime' jointly financed by the Europol, the Federal Bureau of Anti-Corruption of Austria (BAK), the Central Anti-Corruption Bureau of Poland (CBA) and the European Union we expanded our possibilities to exchange

<sup>43</sup> The event organised according to the project No. K-2016-VB-MD-209 'Further assistance to the National Anti-Corruption Centre of the Republic of Moldova in strengthening prevention of corruption' funded by the Ministry of Foreign Affairs.

<sup>44</sup> Theme: Development and the implementation of the State policy in the area of combating corruption, fraud and money laundering.

<sup>45</sup> Presentations made: 'Best practices in carrying the monitoring of anticorruption strategies and programmes', 'How to carry out the monitoring of anti-corruption programmes? Expertise of a European Union Member State'.

information with the anti-corruption divisions of other countries, and related to corruption offences and criminal intelligence data.

The Service was engaged in the implementation of the project 'The cooperation between the Lithuanian Republic and the Kingdom of Norway institutions in conveying knowledge and experience in administrative-financial management and reducing and preventing corruption in Lithuanian Republic governmental and municipal institutions', No. NOR-LT10-VRM-01-K-02-011. The project was designed to transfer the best practice of the Kingdom of Norway to Lithuanian municipalities in the area of enhancement of efficiency of local municipal institutions and combating corruption, among the outcomes of the project was the methodology for identification and measurement of corruption indicators, and several round table discussions<sup>46</sup>.

At the end of 2016, the Service concluded the financing agreement with the European Anti-Fraud Office (OLAF) for the purpose of implementation of the HERCULE III subsidy programme project 'Acquisition of analytical software', according to which funding will be allocated for the acquisition of analytical software for investigation of corruption offences, and the training services. The new software will significantly improve the interface with the current and new information systems, improve the quality of the analytical products of the Service, the institution will be able to accelerate the process of passing decisions related to the identification of corruption offences.

#### OFFICIAL VISITS TO THE STT

The visits of top officials to the Service testify that our activities are visible and experience interesting. Visitors to the Service in 2016 included:

- ◆ the Ambassador and three employees of the American Embassy to discuss at the meeting most important anti-corruption issues.

- ◆ a communication officer of the Federal Bureau of Investigation for the Baltic States who met the officers of pre-trial investigation of the Service regarding the further cooperation in the international corruption investigation.

- ◆ The President of the International businessmen association Trace International, and an employee of the American Embassy to discuss with the management of the Service different issues related to combating corruption in the private sector.

- ◆ Representatives of Iranian institutions who were introduced to the activities and the functions of the Service.

- ◆ The head of the Ukrainian National Anti-Corruption Bureau (NABU) with colleagues and the representatives of the European Union Support Group for Ukraine who were introduced to the criminal prosecution system in Lithuania, the practice of inter-institutional cooperation in Lithuania, discussed the prospects for cooperation and transfer of the best practice, and especially in the area of criminal prosecution.

<sup>46</sup>Themes of the discussions: Management of ethics in Norwegian municipalities. Anti-Corruption and ethics training in Lithuania. Sustainable development of local governance. Application of entrepreneurship principles. Corruption risk factors in heat sector management. Corruption risk assessment in investment projects in Lithuania, and Anti-corruption measures and their application in Lithuanian municipalities.

## ASSESSMENT OF ANTI-CORRUPTION ACTIVITIES

According to **the Corruption Perception Index (CPI)**<sup>47</sup>, in 2016 Lithuania scored 59 out of 100 possible, and the 38<sup>th</sup> place out of 176 States covered by the survey<sup>48</sup> (Lithuania is close to such States as Spain, Poland, Portugal, and Slovenia). In general, in the European Union, the CPI decreased in 15 out of 28 States (most in Cyprus and the Netherlands), in nine States the CPI remained unchanged, and increased in four States (the largest increase was recorded in Italy (+3 points). Lithuania was ahead such countries as Spain, Latvia, Cyprus and Hungary.

The decrease in the CPI of Lithuania was caused not only by the modification of the survey methodology (the CPI was supplemented with an additional source and more States participated in the survey), but also the increase in the problem of social exclusion that affected the perception of corruption as a systemic phenomenon. It is important to understand that when seeking higher CPI score Lithuania needs to increase its attention not only upon detection of corruption offences, prevention of corruption and anti-corruption education, but a task of great importance is an improvement of social inclusion and sustainable governance indicators as a means to ensure efficiency of management, inclusion of the society in decision-making processes, transparency of governance process, protection of human rights and freedoms, independence of the media and judicial institutions.

<sup>47</sup> It is one of the most reputable corruption perception surveys in the world. The estimates of this international sociological survey are ranked from 0 to 100, where 0 means that a country is very corrupt, and 100 shows excellent performance in ensuring a country's transparency.

<sup>48</sup> In 2015, Lithuania was assigned 61 points out of 100 possible, and ranked the 32<sup>th</sup> out of 168 States, in 2014, the respective results were 58 points out of 100 possible and the 39<sup>th</sup> place out of 175 States. During 2016, none of the States made any more tangible progress towards the highest CPI score of 100 points: 69% of the States scored less than 50 points, and there were more States whose CPI score decreased than those who have improved their CPI performance.

According to the data of the **Global Corruption Barometer**<sup>49</sup> the corruption problem is still relevant for a little more than half of Lithuanian residents, however, the number of residents who in the course of the past 12 months had to give a bribe decreased to 24% (26% in 2013). Furthermore, there was a decrease in the number of residents believing that the actions of the Government of the Republic of Lithuania are inefficient<sup>50</sup>. Therefore, it is expected that having implemented the National Anti-Corruption Programme for 2015–2025, and the Inter-Institutional Action Plan for 2015–2019, the number of residents who in the course of the past 12 months had to give a bribe will decrease by 2019 to 21%, and to 10% by 2025.

**The Lithuanian Corruption Map**<sup>51</sup> demonstrated the positive development and results of the targeted and long-term anti-corruption activities: the number of people believing that giving a bribe helps solving problems (68%), and of those determined to give a bribe (40%) in 2016 was the lowest since 2001<sup>52</sup>; the percentage share of business managers believing that a bribe helps solving problems, and the percentage of those prepared to give a bribe in 2016 decreased by 3.2 times<sup>53</sup>; the percentage shares of civil servants who have indicated that a bribe helps resolving problems, and the civil servants who have indicated being prepared to give a bribe have been consistently decreasing since 2008, when the latter category was included in the sociological survey. Due to the targeted and efficient education of civil

<sup>49</sup> The survey seeks to identify the corruption experience of the residents and their opinion about corruption in national institutions. The data of the survey received from 60,000 residents inquired in 42 States. In Lithuania total 1,501 residents were inquired by direct inquiry for the purpose of the survey.

<sup>50</sup> In 2016, 71% Lithuanian residents believed that the actions of the Government of the Republic of Lithuania in fighting corruption were inefficient, and 79% in 2013.

<sup>51</sup> The survey was conducted as part of the project 'Drawing up of the Lithuanian corruption map, development and implementation of the anticorruption social promotion system', No. 10.1.2-ESFA-V-916-01-0002, jointly invested from the European Social Fund according to the Operational Programme for the European Union Funds' Investment 2014-2020. The survey studied three target groups: 1,002 Lithuanian residents, 503 managers of business entities, and 502 civil servants.

<sup>52</sup> The percentage share of the residents believing that a bribe helps solving a problem has been consistently decreasing since 2007, when the indicator was 85 per cent; the number of residents determined to give a bribe has been consistently decreasing since 2005, when it was 68 per cent.

<sup>53</sup> In 2016, 48% of business managers believed that giving a bribe helps solving the problems, and in 2002, 76% of companies were determined to give a bribe, in 2016 – 20 per cent, and 2002 – 63 per cent, and since 2008, when the indicator was 51% the result has been consistently decreasing.

servants and the methodological assistance provided to them the number of those prepared to give a bribe in 2016 decreased by nearly twice if compared with 2014, and by 3.5 times<sup>54</sup>.

An assessment of a direct corruption experience of the Lithuanian society also reveals demonstrably positive trends: 8% more of the residents<sup>55</sup>, as few as 5% of business managers<sup>56</sup>, and by 2.8 times fewer civil servants<sup>57</sup> indicated that in the course of the past 12 months gave a bribe; 12% fewer residents indicated that in the course of the past five years gave a bribe<sup>58</sup>, 15% fewer business managers<sup>59</sup>, and by 1.8 times fewer civil servants<sup>60</sup>. Furthermore, the potential of those reporting about corruption incidents was increasing, as about one fifth of residents<sup>61</sup>, more than one third of managers of companies<sup>62</sup>, and nearly by 1.5 more of civil servants<sup>63</sup> indicated they would report any incident of corruption to responsible authorities.

Having assessed the efforts of Lithuania to fight corruption (including on the international level) the Organisation for Economic Development and Co-operation (OECD) officially invited Lithuania to become a participant in the Working Group on Combating Bribery of Foreign Public Officials in International Business Transactions ('participant status'). The status authorises Lithuanian representatives to attend all the meetings of the Group (except the confidential sessions), speak at such meetings, propose agenda items, participate in the Working Group discussions on specific international bribery cases. By continuing its efforts and work, Lithuania seeks to become a full member of the Working group (highest status). This stage is considered to be the most complex and demanding in the process of Lithuania's

<sup>54</sup> In 2016, 45 per cent of the civil servants indicated that a bribe helps resolving problems, and 12 per cent of civil servants indicated that they would give a bribe.

<sup>55</sup> In 2016 - 16 per cent, in 2014 - 24 per cent.

<sup>56</sup> In 2016 - 5 per cent, in 2014 - 6 per cent.

<sup>57</sup> In 2016 - 6 per cent, in 2014 - 17 per cent.

<sup>58</sup> In 2016 - 33 per cent, in 2014 - 45 per cent.

<sup>59</sup> In 2016 - 15 per cent, in 2014 - 14 per cent.

<sup>60</sup> In 2016 - 19 per cent, in 2014 - 35 per cent.

<sup>61</sup> In 2016 - 23 per cent, in 2014 - 18 per cent.

<sup>62</sup> In 2016 - 35 per cent, in 2014 - 35 per cent.

<sup>63</sup> In 2016 - 42 per cent, in 2014 - 29 per cent.

accession to the OECD process. The membership in the OECD, currently joining 35 economically most powerful nations, would mean the stability of Lithuania, and recognition of its economy, attraction of new investment.

## LEGAL REGULATION

### LEGAL ACTS AFFECTING THE ACTIVITIES OF THE SERVICE

In 2016, the Service was included into the European Union Funds Administration System<sup>64</sup>, the institutions were obligated to notify the STT of any suspected corruption activities, related to the illegal receipt and/or misappropriation of funds from the European Union, and apply any other measures related to prevention of fraud and risk management. The instrument also defined the actions of the Service<sup>65</sup> related to the information about any suspected corruption actions, related to an illegal receipt and/or use of European Union funds.

Following the adoption of Law No. XII-2742 on the amendment of Article 6 of the Law on the Prevention of Corruption No. IX-904, the Service can now carry out a corruption risk analysis not only in public and municipal institutions, but also in entities run by the State or municipalities. This possibility will ensure a more efficient prevention of corruption and more transparent operations of entities managed by the State or municipalities.

During the second assessment of Lithuania carried out in the middle of 2016, the Working Group on Combating Bribery of Foreign Public Officials in International Business Transactions of OECD **positively assessed** the institutional corruption control and legal system. The Working Group also indicated several areas in which Lithuania should try harder: expand the area of criminal liability of legal persons without any reservations ensuring the confiscation of any proceeds generated from transactions concluded by bribing officials; also in all cases ensure a possibility to prosecute individuals

<sup>64</sup> Resolution No. 473 of 11 May 2016 of the Government of the Republic of Lithuania.

<sup>65</sup> Resolution No. 485 of 18 May 2016 of the Government of the Republic of Lithuania.

who try to bribe via intermediaries operating in other States. Therefore, in cooperation with the Ministry of Justice we drew up the Law No. XII-2780 on the amendment of Articles 20, 225, 226, 227 and 230, and the Annex of the Criminal Code of the Republic of Lithuania, and Law No. XII-2781 on the amendment of Articles 387 and 390 of the Code of Criminal Procedure, whose provisions have been brought in line with the recommendations produced by the Working Group on the Combating Bribery of Foreign Public Officials in International Business Transactions. The amendments will provide for broader possibilities to enforce seizure of property, criminal prosecution of legal entities, and will affect the scope and the results of our activities.

#### LEGAL ACTS THAT WILL AFFECT THE STT

We have drafted and submitted to the Ministry of Justice and the General Prosecutor's Office draft laws intended to the improvement of protection of whistle-blowers: the draft Law supplementing the Code of Criminal Procedure by Articles 39<sup>2</sup> and 40<sup>1</sup>; the draft Law amending Articles 2012 and 217 of the Code of Criminal Procedure, the draft Law amending Articles 129 and 236 of the Labour Code; the draft Law amending Articles 2 and 5 of the Law on Prevention of Corruption and supplementing the Law by Article 10<sup>1</sup>.

With a view to specifying the procedure for carrying out an analysis of the probability of the appearance of corruption and the corruption risk analysis, and submitted to the Ministry of Justice the draft Law on amending Resolution No. 1601 of 8 October 2002 of the Government of the Republic of Lithuania.

The abilities and capacities of the Service to inform the society about its activities, and use of the data of pre-trial investigations for other than criminal prosecution purposes may be affected by the draft recommendations on the publication of pre-trial investigation data, and the recommendation on the submission (publication) of the pre-trial investigation to the applicants drawn up by the Working Group set up by the Prosecutor General.

Some adverse effect upon the consistency of the service of STT officers may result from the passing of the draft Law No. XIIP-3268(2) amending the Law on Civil Service.

## STT PRIORITIES FOR 2017

With a view to implementing the strategic objective of the STT – to curb corruption in the State – the STT for the period 2017–2019 has established the following operational priorities:

- ◆ Establish and take all the reasonable measures to eliminate corruption risk factors in the area of administration and use of the resources of the European Union funds in the areas of environmental protection, healthcare, communication, transport, energy, agriculture, regional development, culture and law enforcement related to the organisation, execution and control of public procurement procedures, management and operation of public and municipal property management, provision and control of public and administrative services, planning and implementation of high importance and large value projects, with a view to preventing and detecting serious and systemic corruption offences causing the largest damage to the State, nepotism, and implement anti-corruption education of the society and its awareness raising measures.
- ◆ Be active participants in the activities of the Working Group on Bribery of the Organisation for Economic Co-operation and Development (OECD), seeking its full membership, and joining the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.