



Ministry of Justice
Republic of Latvia

Justice - the Basis for Economic Growth

Jānis Bordāns
Deputy Prime Minister
Minister of Justice



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COVID – 19

In leadership of the MoJ prepared:

- Law On the Operation of State Authorities During the Emergency Situation Related to the Spread of COVID-19 (not in force)

- Law on the Management of the Spread of COVID-19 Infection (in force)

Continuity of state services



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RULE OF LAW

EC report on the Rule of Law

**Adopted initiative of the MoJ for
strengthening the Crime
Prevention Council**



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CRIME PREVENTION COUNCIL

New mandate

Extension of the composition

Action plan



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PERSONNEL

New selection procedures

New Prosecutor General

New Chief Justice of the Supreme Court

Training system



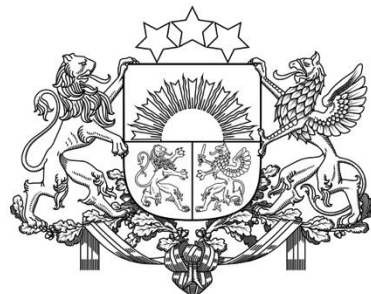
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PROTECTION OF CHILDREN'S RIGHTS

**Introduction of temporary protection
against domestic violence**

**MoJ draft amendments to the
Criminal Law and the CPL aiming to
provide for changes in juvenile
criminal liability and reduce the
number of juveniles subjected to the
traditional criminal liability system**

Protection of rights abroad



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Access to justice

Inita Ilgaža

Deputy State Secretary on Court Issues of the Ministry of Justice



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Judicial System Main Priorities 2020-2021

1. **Accessibility** - the obligation to guarantee the right of everyone access to court in order to ensure the protection of their violated rights, especially in pandemic conditions;
2. **Quality** - ensuring fair judgments within reasonable time limits; stability and predictability of case law.



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1. Access to justice during Covid-19 pandemic

1.1. During Emergency Situation (November 9 – January 11):

- 1) cases are dealt in a written process;
- 2) if it is necessary to hear the case in a court hearing, the case is heard remotely;
- 3) if it is not possible to ensure examination of the case in the written process or remotely, oral hearing of a case can be held in compliance with the epidemiological safety requirements if the case is related to:
 - a significant violation of the rights of a person and an objective urgency;
 - protection of official secret;
- 4) Only in exceptional cases, the examination of the case may be postponed until revocation of the state emergency situation.



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1.2. After the emergency during the Covid-19 pandemic:

Postponed court hearings after an emergency are considered as a priority.

- 1) in all cases where it is admissible to examine the case in writing, the case shall be examined in writing;
- 2) if it is necessary to hear the case in a court hearing, the case is heard remotely;
- 3) if it is not possible to hear the case in writing or remotely, ensuring the epidemiological safety requirements, a court hearing is held face-to-face.



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Remote court hearings:

- 384 court hearings were held in videoconference mode within one month. Total video conference connection time in courts in 2019 – 9097 h; 2020– 10463 h.
- Compared to the same period in 2019, the number of videoconferences in criminal proceedings increased by 48.26% compared to 2019.
- Used stationary videoconferencing equipment and web-based platforms (Microsoft Teams). Practical guidelines for court and participants are available.



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Performance indicators of courts:

- Length of proceedings remain stable.
- Clearance rate in appeal courts is above 100%; in district courts it is from 94%-97%.
- Due to pandemic restrictions, there is a little unresolved case accumulation (both in civil and criminal case) in courts of first instance.



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2. Quality

Step one: enhance specialization

In order to ensure the efficiency of the process and the quality of judgments, the Economic Court has been established and will be launch **on 31 March 2021.**

Economic Court is a specialized district (city) court of first instance.

Amendments to all necessary regulatory enactments have been adopted.

Only selection process of judges and court staff continues.



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Competence of the court:

Civil matters

- claims of investors of the European Union member states against the state of Latvia for investment protection;
- claims arising from the legal relations of groups;
- claims arising from the mutual legal relations of the participants (shareholders) of the capital company;
- requirements arising from contractual obligations between the participants in the construction process;
- claims for infringements of competition law;
- applications for liquidation and insolvency of credit institutions;
- etc.

Criminal matters

- money laundering;
- financing of terrorism and proliferation, if committed on a large scale;
- corrupt criminal offenses, as well as criminal offenses in connection with the acceptance of an unauthorized benefit, unauthorized participation in property transactions and the giving, demanding or acceptance of an unlawful benefit.



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Step two: comprehensive qualification development system:

The priority of the justice sector is a joint training center for judges, prosecutors and investigators.

Challenges:

1. Lack of permanent and sustainable training system for judges and prosecutors, that leads to insufficient training capacity.
2. Lack of interdisciplinary training activities for judges, prosecutors and investigators.

Aim:

1. ensure equally high level of competence and common understanding amongst judges, prosecutors and investigators.
2. enhance effective proceedings both before the court and in the court.
3. ensure inescapability of punishment.



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To achieve the goal (within the next five years):

- Based on the best practice and experience of the Latvian Judicial Training Centre, will be establish a permanent state-funded institution that will be under the supervision of the Judicial Council.
- Create platform where experts and professionals will meet each other and where all the conditions required for the effective training process will be provided.
- Develop training programs and training tools, with a special focus on interdisciplinary programs and economic crimes.
- Develop programs to train the trainers.



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The Ministry as Central Authority

Coordinates cooperation within cases involving:

- International child abduction
- Children, taken out from their family care abroad
- Placement of children in the family of relatives in another Member State
- Placement of children, living abroad in the family of relatives in Latvia
- Social risk families returning to Latvia
- Social risk families moving abroad

This year Latvia become a member of the International Social Service. This organization gives opportunity to facilitate the interests of children even in those countries with which Latvia does not have international legal co-operation agreements.



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The way forward:

- Raising public awareness on International child protection issues by way of social media – thematic videos, interviews, podcasts.
- Develop guidelines for bailiffs, police and custody courts, dealing with enforcement cases, involving minors.
- Continue to ensure 5 mediation sessions free of charge in Family disputes.
- Continue pro bono legal representative for parents left-behind in child abduction cases.
- Strengthening cooperation with Competent Authorities in countries with the largest number of cases (Germany, Norway, the UK, Denmark, Iceland).



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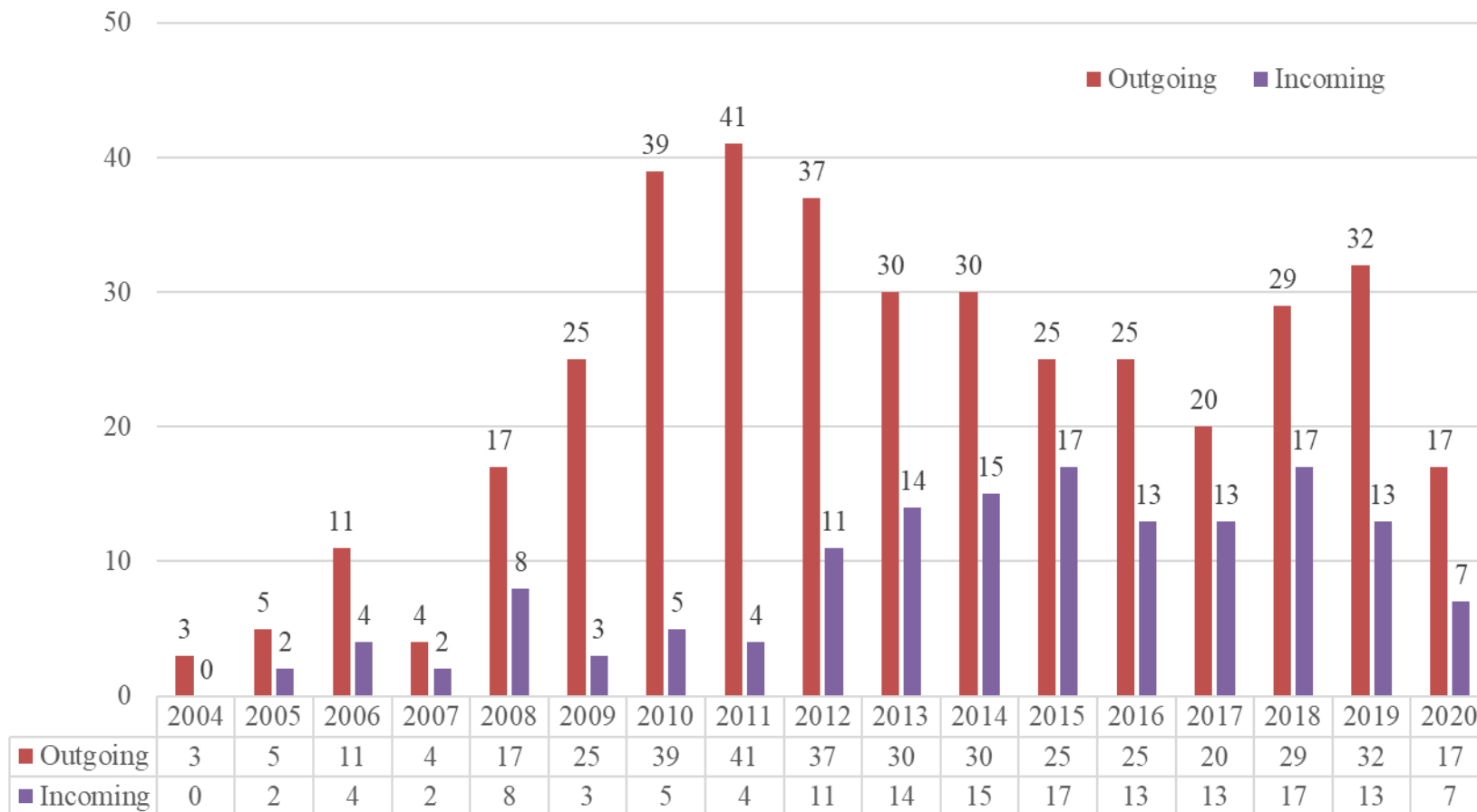
Statistics cross-border child protection cases year 2014-2020

Year	Together	With the UK	With Ireland	With Norway	With Germany	With Denmark	other
2014	122	75	10	7	9	2	19
2015	125	83	13	6	2	4	17
2016	119	69	10	6	5	3	26
2017	146	85	11	4	6	2	38
2018	129	68	6	5	13	1	36
2019	145	73	7	6	17	1	41
2020	130	76	11	2	7	1	33



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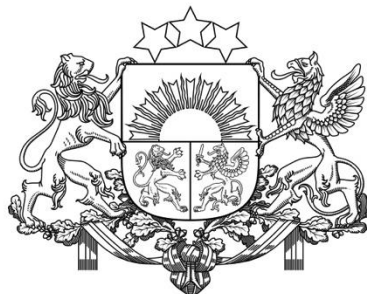
Child abduction cases





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Measures to advance risk-appropriate implementation of AML/CTPF requirements and to implement OECD WGB recommendations

Laila Medina

Deputy State Secretary on sectoral policy of the Ministry of Justice

Presentation prepared by the MoJ in cooperation with the Ministry of Finance



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OECD/AML/CTPF policy principles - unchanged



- Rigorous implementation of international recommendations and Government actions plans

- Following the highest compliance standards – compliance with FATF standards and EU directives

- Zero tolerance towards financial crimes

- Sustainable business models of financial sector participants



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Advancing a transition from a rules-based to risk-based approach (RBA)

Main historic reasons for refusal of cooperation:

- Refusal to submit necessary information required for customer due diligence
- Inability to prove origin of funds/wealth, uncertain past period for due diligence
- Risk of international sanctions
- Complicated and illogical ownership/ money flow structure - whole chain should be established or investigated
- Tax fraud, corruption risks

Conclusions of banking sector on current situation regarding customer due diligence:

- Excessive emphasis on initial customer due diligence, documenting and requests for information from a customer
- Little use of simplified customer due diligence and due diligence without involving customer
- Application of requirements created for non-residents to residents (blanket requirements)
- Disproportional due diligence of national PEPs (Politically Exposed Persons)
- Inconvenient, time-consuming and costly access to various state registers



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Expected gains from transition to advanced RBA

- Due diligence measures for customers and transactions based on risk-sensitive analysis instead of rigid rules
- Risk-based criteria for application of simplified customer due diligence
- Improved communication between bank and customer, refined process for review of complaints



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Expected gains from transition to advanced RBA

- Strengthened understanding and joint responsibility for AML/CTPF and enforcement of international sanctions
- More explanatory work and less formalistic, defensive approach
- Upgraded content and access to information contained in state registers, including through interconnection



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Improvement of risk-based approach

Review possibilities to improve requirements of the AML/CTPF Law:

- Provisions on simplified customer due diligence
- Necessity to submit signed confirmation of BO
- Ascertainment of BO in cases of SOE or MOE
- Scope of PEP definition and its application according to actual risks
- Restrictions for PEP relatives to perform remote identification
- Support amendments to EU legal framework regarding PEP division in national and foreign PEP

➤ Review FCMC Regulations regarding **terms for repeated enhanced due diligence**

➤ Assessing the possibility of **setting a deadline for research in the past of origins of customer's funds**

➤ **Harmonise the terms for frequency** of audits and other **checks** in accordance with the risk level of a bank

➤ Prepare and publish **the basic principles of approach of FCMC's checks**

➤ Assess the possibility **to create a special passageway for investors** which are considered as high-risk clients according to bank's risk appetite



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Improved access to data and disclosure of information

Access to accurate and high-quality data

Main objective – efficient way to obtain and reuse existing information from registers, common customer due diligence and monitoring tools – unburdening customers

- Assess **upgrading/supplementing data available through PEP register**
- Ensure that AML/CTPF information for customer due diligence from state registers **is available through single access point or using common technical standards**
- **Consolidate and streamline common approach and common channels** for submission of information/data reporting to the state

Effective disclosure of information

- **Review bank rights and limitations in communicating information to customer**, thus enhancing customer's understanding of the aim of statutory requirements and fostering compliance
- Improve the FCMC's **process for customer complaint handling and review**
- Evaluate and **improve the process of review of complaints** regarding FIU's freezing orders



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OECD Working group on Bribery: Latvia's Phase 3 Report

Adopted on October 2019 - the Report details Latvia's achievements and challenges in respect to implementation and enforcement of the OECD Anti-Bribery Convention, as well as progress made since the Phase 2 evaluation in 2015

Main recommendations:

- Provide sufficient resources and expertise to its authorities to effectively investigate and prosecute foreign bribery and subsequent money laundering cases;
- Step up its enforcement actions against companies, especially against Latvian financial institutions and other corporate entities involved in foreign bribery schemes, where relevant;
- Strengthen detection of Latvian individuals and companies involved in foreign bribery;
- Reinforce coordination between Latvia's anti-corruption law enforcement body (KNAB), the State Police and the prosecutors and implement a strategic approach towards foreign bribery and subsequent money laundering investigations;
- Ensure the efficient operation of the banking supervisory body (the FCMC), to contribute to the prevention and detection of foreign bribery and subsequent money laundering.



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Actions taken to implement OECD WGB recommendations

In April 2020 the Cabinet of Ministers adopted the Plan in order to ensure timely implementation of recommendations

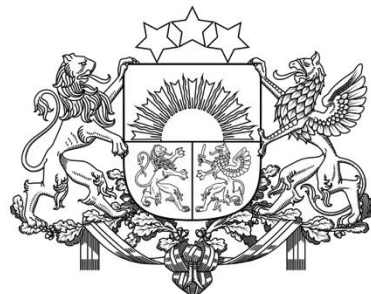
- Sets specific tasks attributed to competent authorities with the deadline
- Ministry of Justice oversees the implementation of Plan
- Monitoring committee led by the Ministry of Justice – cooperation platform for implementation of recommendations



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Tasks envisaged to implement OECD recommendations

- increase of resources of KNAB, State Police and the Prosecutor's Office in order to ensure effective fight against corruption and money laundering
- introducing a strategic approach to reinforce coordination LEA's and the prosecutors towards bribery and money laundering investigations under the supervision of Prosecutor's General Office
- to ensure more effective cooperation between LEAs and FIU
- to continue comprehensive training of LEA, prosecutors and courts to ensure a common understanding of bribery, to ensure effective and dissuasive sanctions and confiscation of illegal proceeds
- to continue AML measures, especially by performing enhanced due diligence based on risks
- effective work of FCMC, including ensuring the necessary resources



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Cadastral valuation

Vita Narnicka

Director General of State Land Service

December 2020, Riga



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Cadastral (mass) valuation



SLS provides mass valuation in Latvia – a periodic valuation of real estate according to uniform principles throughout the country.



The cadastral value is calculated automatically using the object data registered in the State Real Estate Cadastre Information System



The value base should be developed according to real estate market information on a given reference point in time, so as to achieve equal assessed value and market level ratio in all property segments.





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New Project of mass valuation



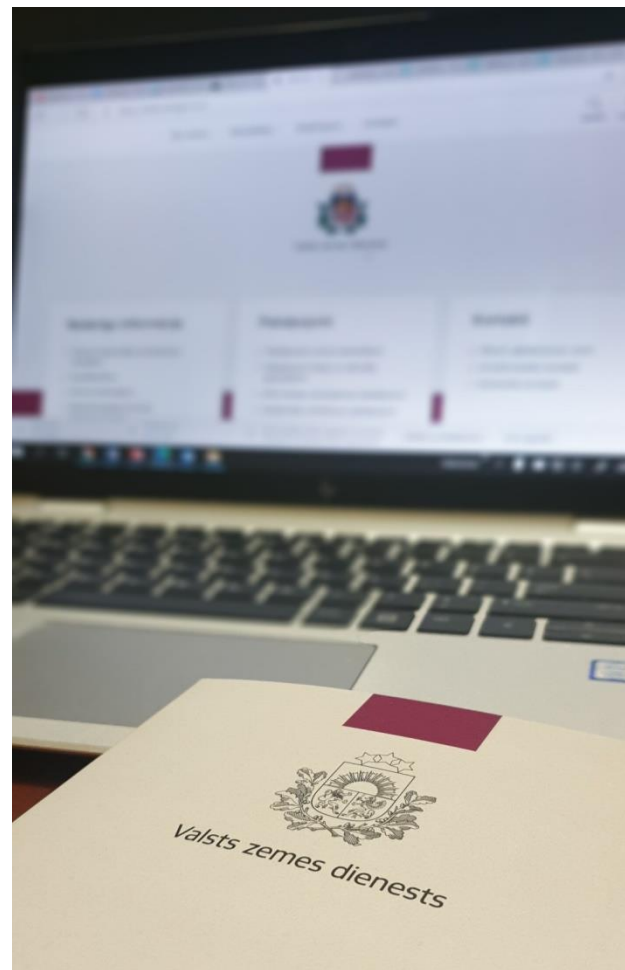
This summer, a new cadastral value base project was developed and published for public participation.



The calculation was made for all properties and available to everyone.



We have collected the submitted opinions which helps us to improve the valuation methodology





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New Project of mass valuation

Conditions under which the regulations will come into force:



To have time to evaluate and improve tax policy



To test the valuation methodology and make improvements if necessary



To allow the public to have time to update; information about objects in registers if the information is out of date



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Reasons for increasing values

The project showed a significant increase in value in almost all segments of property, as:



Existing values correspond to the situation on the real estate market in 2012/2013



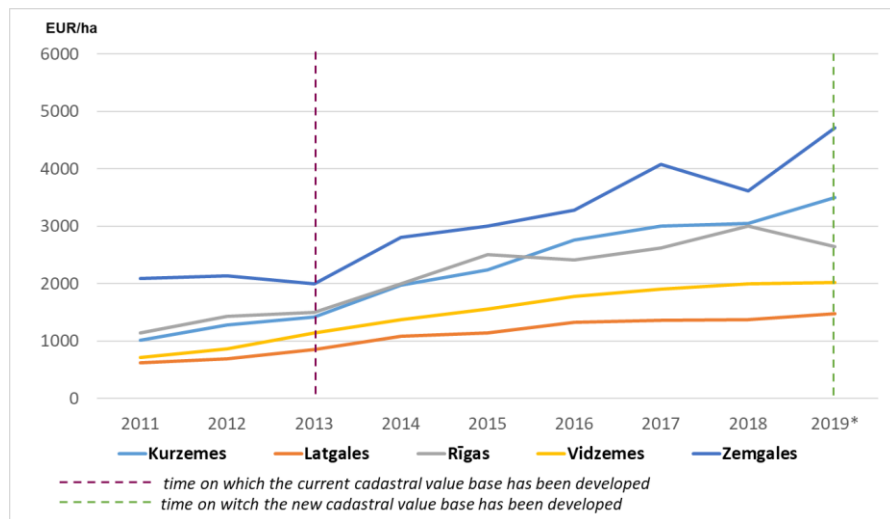
For the new values, the reference point in time is for the situation on the real estate market July 2019.



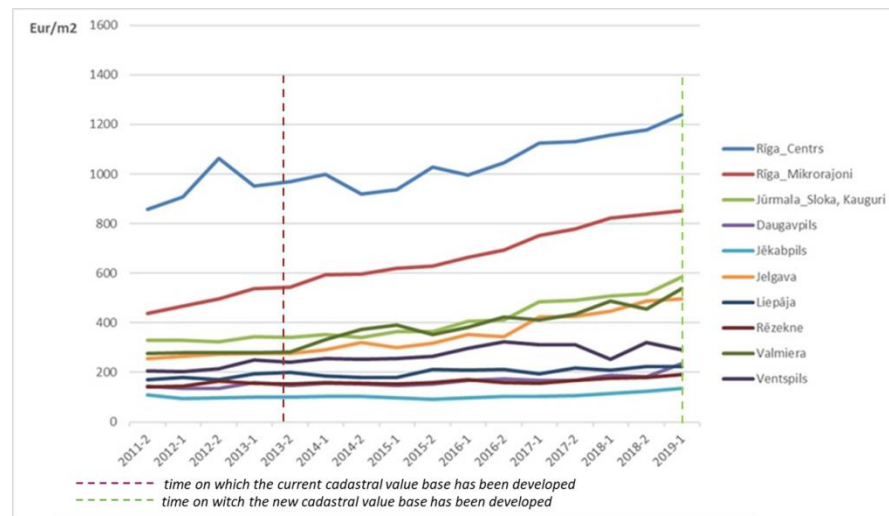
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Market price trends 2012-2019

Average transaction prices for agricultural land in planning regions, EUR/ha



Average prices of apartments in big/republic cities





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Conclusions

- 1 The further progress of the project is attributable only at the same time as the changes in real estate tax policy, since the increase in values is significant
- 2 There is a need for clarification in some areas of the methodology - and appropriate amendments have already been made
- 3 In addition, the SLS is instructed to monitor and analyze the impact of the COVID - 19 pandemic on the real estate market in order to make adjustments if the market shows a decrease in the price level below the 2019 level

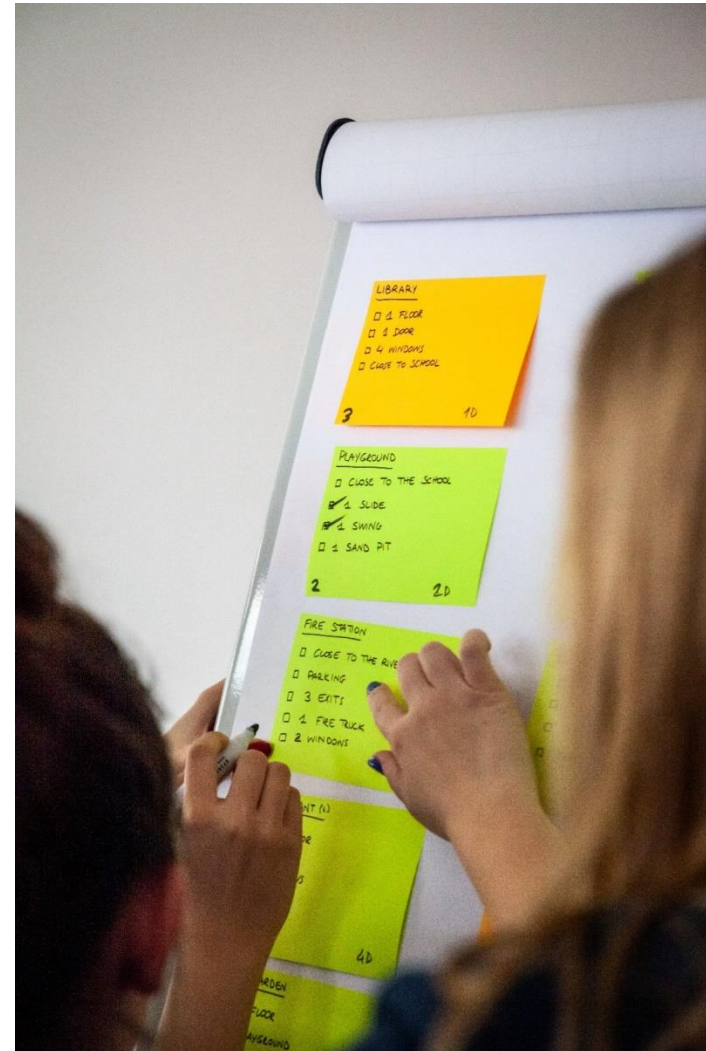




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Cooperation

Within the framework of the Real Estate Valuation Council, the Ministry of Justice and the SLS in cooperation with partners, including the Latvian Association of Real Estate Appraisers (LIVA), the Latvian Real Estate Association (LANIDA), Real Estate Developers continue to collaborate to improve mass valuation process.





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