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FOURTH EVALUATION ROUND

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FOURTH EVALUATION ROUND

Corruption prevention in respect of members of parliament, judges and prosecutors

ADDENDUM

SECOND COMPLIANCE REPORT

ICELAND

Adopted by GRECO at its 83rd Plenary Meeting
(Strasbourg, 17-21 June 2019)

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I. INTRODUCTION

1. The Addendum to the Second Compliance Report assesses the measures taken by the authorities of Iceland to implement the pending recommendations issued in the Fourth Round Evaluation Report on Iceland (cf. paragraph 2) covering "Corruption prevention in respect of members of parliament, judges and prosecutors".

2. The Fourth Round Evaluation Report on Iceland was adopted at GRECO's 59th Plenary Meeting (22 March 2013) and made public on 28 March 2013, following authorisation by Iceland. GRECO addressed 10 recommendations to Iceland.

3. The Fourth Round Compliance Report was adopted by GRECO at its 67th Plenary Meeting (27 March 2015). None of the recommendations had been implemented satisfactorily or dealt with in a satisfactory manner, two recommendations had been partly implemented and eight had not been implemented. As a result GRECO concluded that the very low level of compliance was "globally unsatisfactory".

4. The Interim Compliance Report was adopted at GRECO's 71st Plenary Meeting (18 March 2016). Two recommendations had been implemented satisfactorily, six had been partly implemented and two remained not implemented. As a result of the progress made, GRECO concluded that the level of compliance was no longer "globally unsatisfactory".

5. The Second Compliance Report was adopted at GRECO's 78th Plenary Meeting (8 December 2017). Five recommendations had been implemented satisfactorily, three partly and two remained not implemented.

6. As required by GRECO's Rules of Procedure, the authorities of Iceland submitted a Situation Report with additional information regarding actions taken to implement the five pending recommendations that, at the stage of the Second Compliance Report, had been partly or not implemented. The Situation Report was received on 28 December 2018 and served as a basis for this Addendum to the Second Compliance Report.

7. GRECO selected Malta and Norway to appoint rapporteurs for the compliance procedure. The Rapporteurs appointed were Mr Kevin VALLETTA, Office of the Attorney General, on behalf of Malta and Ms Mona RANSEDOKKEN, Senior Adviser, International Section of Police Department, Ministry of Justice and Public Security, on behalf of Norway. They were assisted by GRECO's Secretariat in drawing up the Compliance Report.

II. ANALYSIS

8. GRECO, in its Evaluation Report, had addressed 10 recommendations to Iceland. In the Second Compliance Report recommendations i, ii, viii, ix and x had been implemented satisfactorily, recommendations v, vi and vii had been partly implemented and recommendations iii and iv had not been implemented. Compliance with the five pending recommendations is dealt with below.

Corruption prevention in respect of members of parliament

Recommendation iii.

9. *GRECO recommended that the existing registration system be further developed, in particular, (i) by including quantitative data of the financial assets/contributions received by MPs; (ii) by providing details of financial liabilities (i.e. debts) of MPs excluding reasonable house loans linked to ordinary market rates and minor loans*

not exceeding a reasonable limit; and (iii) by considering widening the scope of asset declarations to also include information on spouses and dependent family members - it being understood that such information would not necessarily need to be made public.

10. It is recalled that recommendation iii was not implemented in the Second Compliance Report. Changes to the registration system were under consideration. While, reportedly, the former legislature was generally positive about widening the scope of the information registered, it considered the issue of registering the interests of spouses and dependent family members more controversial.

11. The authorities of Iceland now report that revised Rules on the Registration of Financial Interests of Members of Althingi and their Positions of Trust Outside Althingi were adopted on 15 October 2018 by the Speakers' Committee of Althingi; they entered into force at the beginning of 2019.

12. Moreover, the authorities report the Speaker's Committee's intention to discuss the question of quantitative data of the financial assets/contributions received by MPs. Furthermore, the authorities submit that the amended Rules provide, inter alia, for registering certain debts, in particular the debts and personal or other guarantees related to the administration of real estate property, commercial operations of companies, savings banks or private foundations. However, other debts or guarantees concerning private residential property, private vehicle or any other non-commercial operations are not to be registered. The Rules (Article 4, item 4) specify that debts and guarantees exceeding parliamentary salaries shall be registered. The authorities also recall that the Code of Conduct for Members of Parliament, adopted by Althingi in March 2016, requires that MPs make available information on their personal interests that may be relevant for their parliamentary activities (Article 10).

13. Finally, the authorities reiterate that, having considered the issue during the past five years, the Speaker's Committee maintains its position that spouses and dependent family members should not be included in the Register of Members' Financial Interests.

14. GRECO takes note of the information provided. It regrets that the first part of the recommendation has not been addressed as quantitative data are still not to be reported; it looks forward to further progress in this respect. GRECO welcomes that the recently revised Rules on the Registration of Financial Interests of Members of Althingi and their Positions of Trust Outside Althingi require registration of certain debts, in particular those related to commercial activities and private foundations, while excluding debts relating to non-commercial private activities. Consequently, the second part of the recommendation has been implemented. Concerning the third part of the recommendation, GRECO regrets the Icelandic authorities' position not to include financial interests of spouses. That said it accepts that this matter has been duly considered by the Speakers Committee under two legislatures in the context of changing the rules on registration of financial interests. It follows that only the first part of the recommendation remains to be addressed.

15. GRECO concludes that recommendation iii has been partly implemented.

Recommendation iv.

16. *GRECO recommended that the Althingi strengthen the credibility of the registration system pertaining to MPs' declarations of financial interests by ensuring greater adherence to the rules through a system of monitoring, providing MPs with access*

to advice and guidance, and implementing a mechanism to sanction MPs who fail to meet the requirements on them.

17. It is recalled that recommendation iv was not implemented in the Second Compliance Report. Considerations were underway and the former legislature was reportedly positive about coupling the disclosure regime with an efficient monitoring mechanism, but no results had been achieved.

18. The authorities now report that the role of the Althingi Secretariat in the enforcement of the rules has been made more precise. The revised Rules on the Registration of Financial Interests of Members of Althingi and their Positions of Trust Outside Althingi specify that the Althingi Secretariat instructs, reminds and advises MPs on their obligation to report financial interests (Article 7 of the Rules). The Althingi Secretariat is also to notify MPs about failure to report financial interests. The Members of Althingi are themselves responsible for the registration of their financial interests; however, the Speakers' Committee monitors this obligation and decides about violations of the reporting obligation, as well as in respect of violations of the Code of Conduct of MPs upon advice provided by the Secretariat. The Code specifies that minor violations end up with a warning to the Althingi member concerned. In other cases, the Speakers' Committee issues an opinion, which may be posted on the parliamentary website.

19. GRECO takes note of the information provided. It welcomes that according to the revised Rules, the Althingi Secretariat's supervisory role for the enforcement of the Rules has been further specified and strengthened, both in terms of its advisory role and its monitoring functions. The ultimate decision concerning violation is to be taken by the Speakers' Committee. GRECO also notes that the enforcement mechanism of the Code of Conduct is relevant for the enforcement of the registration system. GRECO takes the view that the measures taken address the various aspects of the current recommendation. That said, the efficiency of this new system needs to be closely followed and assessed once it has been operational for some time and the Icelandic authorities may wish to report to GRECO further developments in this regard.

20. GRECO concludes that recommendation iv has been dealt with in a satisfactory manner.

Corruption prevention in respect of judges

Recommendation v.

21. *GRECO recommended reviewing the present situation concerning election, nomination and appointment procedures of (i) members of the Labour Court (and more particularly the persons nominated by the Supreme Court) and (ii) experts to the bench, in order to ensure that those procedures are vested with appropriate guarantees of independence, impartiality and transparency.*

22. It is recalled that this recommendation was partly implemented in the Second Compliance Report. The Ministry of Welfare was at the time elaborating a proposal to improve the selection procedure of members to the Labour Court. Thus the first part of the recommendation remained to be addressed. With respect to the second part of the recommendation, GRECO welcomed new rules for greater transparency, independence and impartiality of the selection process of experts to the bench, introduced by the new Act on Courts, which entered into force on 1 January 2018.

23. The authorities of Iceland now report that in May 2018 the Minister of Social Affairs and Equality appointed a special committee, composed of representatives from the

government and outside partners, to work out proposals in order to address the present recommendation.

24. GRECO notes the intentions to elaborate proposals addressing the first part of the recommendation. To date, no tangible results have been reported.

25. GRECO concludes that recommendation v remains partly implemented.

Recommendation vi.

26. *GRECO recommended that (i) a set of standards of professional conduct, accompanied by explanatory comments and/or practical examples, be adopted for the judiciary and be made public; (ii) judges are provided with appropriate training and counselling services on ethics, integrity and the prevention of conflicts of interest.*

27. It is recalled that this recommendation was partly implemented in the Second Compliance Report. A Code of Conduct had been adopted on 24 November 2017. However, GRECO expected further measures for its implementation. GRECO welcomed the legal measures (Act on Courts) to improve continuous education of judges, but was expecting more information on the implementation of the training in practice.

28. The authorities of Iceland now report that the Code of Conduct for Judges (adopted in November 2017) has been published, made available on the website of the Association of Judges and distributed to all judges. Besides, a Code of Conduct for other staff of the Judiciary has been published and made accessible on the website of the Icelandic Court Administration. Moreover, the Association of Judges has provided a platform for raising awareness and discussing the ethical standards.

29. The authorities furthermore report that the Act on Courts (50/2016) entered into force on 1 January 2018. This law establishes the Icelandic Court Administration ("*Dómstólasýslan*") which is to handle the administration of the courts, while promoting independence, trust and efficiency in the judiciary. A major task of *Dómstólasýslan* is to organise education and training of judges. In this context, courses on the Code of Conduct have been delivered to all new judges appointed after the adoption of the new Code. Moreover, an education and information officer started working at *Dómstólasýslan* in September 2018, with the task of organising training, seminars and lectures. The authorities add that chief judges are also to promote the implementation of the Code of Conduct and are responsible for making the rules a natural part of the work of the judiciary.

30. The authorities also reiterate that a special committee for judges, entrusted with the issue of incompatibilities, has adopted special rules for judges on side activities. The Committee has published an overview of parallel employment of judges and of their employment before they were appointed as judges.

31. Moreover, the authorities report that a training programme has been established for all new judges covering, *inter alia,* the Code of Conduct for Judges and the rules on parallel employment and registered interests. Further, the authorities report that the President of the Association of Judges held a meeting with all the new judges of the Appeal Court in 2018 to inform and educate them on the Code of Conduct for Judges. A similar course was held in 2019 for new judges of the District Courts on the same topic. Finally, the authorities indicate that the Code of Conduct is regularly discussed among judges and amended following proposals of the Ethics Board. The Board promotes knowledge and discussions on the Code and issues opinions on its interpretation, either on its own initiative or upon request.

32. GRECO takes note of the information provided. With respect to the first part of the recommendation, it acknowledges the publication of the Code of Conduct for Judges and the measures to raise awareness on its content. It is also positive that further rules on conflicts of interest and incompatibilities in respect of judges' side activities have been established. GRECO notes that the Code is regularly discussed among judges and updated if necessary. This goes in the right direction; however, it would appear that, currently, the Code is not complemented by explanatory comments etc. GRECO is hopeful that further guidelines/explanatory comments/practical examples in respect of the Code of Conduct will be developed. The first part of the recommendation has thus not yet been fully complied with in this respect.

33. As to the second part of the recommendation, GRECO appreciates that a new structure for education/training has been put in place within the Court Administration, a dedicated officer in charge of judges' training has been employed and regular training courses on ethical standards have been delivered to all new judges since November 2017. Moreover, GRECO welcomes the Ethics Board's authority to issue opinions interpreting the standards of the Code including upon request from a judge. Consequently, this part of the recommendation has been addressed.

34. GRECO concludes that recommendation vi remains partly implemented.

Corruption prevention in respect of prosecutors

Recommendation vii.

35. *GRECO recommended that measures be taken to ensure security of tenure for all prosecutors.*

36. It is recalled that this recommendation was considered partly implemented in the Second Compliance Report. GRECO welcomed the provision of permanent contracts to District Public Prosecutors and their Deputies. GRECO reiterated its view as to the necessity of ensuring security of tenure for all categories of prosecutors in the Compliance Report. Nothing new was reported in the Interim Compliance Report.

37. The authorities of Iceland now report that the Ministry of Justice has not yet made any changes to the general rules on appointment of prosecutors and that this issue is still under review by the Ministry of Justice.

38. In the absence of any new developments, GRECO concludes that recommendation vii remains partly implemented.

III. CONCLUSIONS

39. **Iceland has made some further progress in implementing the pending recommendations. Six of the ten recommendations contained in the Evaluation Report have now been implemented satisfactorily and four recommendations have been partly implemented.**

40. More specifically, recommendations i, ii, iv, viii, ix and x have been implemented satisfactorily or dealt with in a satisfactory manner and recommendations iii, v, vi and vii remain partly implemented.

41. With regard to parliamentarians, GRECO notes some improvements in respect of asset declarations. While such declarations have not been widened to include quantitative data, GRECO welcomes that debts are now to be declared. It also

welcomes that the monitoring mechanisms for the registration system has been strengthened to some extent.

42. Concerning judges and prosecutors, GRECO welcomes the publication of the Code of Conduct for Judges. GRECO also appreciates the adoption of special rules for judges on incompatibilities in respect of "side activities". Nevertheless, GRECO reiterates the need to complement the Code of Ethics of Judges with further guidelines and explanatory comments. GRECO welcomes the institutionalisation of education and training for judges covering ethical issues and integrity and the employment of an official responsible in this respect at the Icelandic Court Administration. GRECO also acknowledges the Ethics Board's authority to interpret the standards of the Code. Finally, GRECO notes that the issue of ensuring security of tenure for all categories of prosecutors is under consideration.

43. In view of the fact that four (out of ten) recommendations are yet to be implemented, GRECO in accordance with Rule 31 revised, paragraph 9 of its Rules of Procedure asks the Head of the delegation of Iceland to submit additional information, regarding the implementation of recommendations iii, v, vi and vii by 30 June 2020.

44. Finally, GRECO invites the authorities of Iceland to authorise, as soon as possible, the publication of the report, to translate the report into the national language and to make this translation public.