



Strasbourg, 17 October 2003

**Confidential**  
**Greco RC-I (2003) 9E**

## **First Evaluation Round**

### **Compliance Report on Iceland**

Adopted by GRECO  
at its 15<sup>th</sup> Plenary Meeting  
(Strasbourg, 13-17 October 2003)

## I. INTRODUCTION

1. GRECO adopted the First Round Evaluation Report on Iceland at its 6<sup>th</sup> Plenary Meeting (10-14 September 2001). This Report (Greco Eval I Rep (2001) 10E) was made public by GRECO, following authorisation by the authorities of Iceland on 14 September 2001.
2. In accordance with Rule 30.2 of GRECO's Rules of Procedure, the authorities of Iceland submitted their Situation Report (RS-report) on the measures taken to follow the recommendations on 11 April 2003.
3. At its 13<sup>th</sup> Plenary Meeting (24-28 March 2003), GRECO selected, in accordance with Rule 31.1 of its Rules of Procedure, Denmark and Slovenia to provide Rapporteurs for the compliance procedure. The Rapporteurs appointed were Mr Flemming Denker on behalf of Denmark and Mr Roman Prah on behalf of Slovenia. The Rapporteurs were assisted by the GRECO Secretariat in drafting the Compliance Report (RC-Report).
4. The RC-Report was adopted by GRECO, following examination and debate pursuant to Rule 31.7 of the Rules of Procedure, at its 15<sup>th</sup> Plenary Meeting (13-17 October 2003).
5. Under Article 15 para. 6 of the GRECO Statute and Rule 30.2 of the Rules of Procedure, the objective of the RC-Report is to assess the measures taken by the authorities of Iceland and, wherever possible, their effectiveness in order to comply with the recommendations contained in the Evaluation Report.

## II. ANALYSIS

6. It was recalled that GRECO in its Evaluation Report addressed 3 recommendations to Iceland. Compliance with these recommendations is dealt with below.

### **Recommendation i.**

7. *GRECO recommended that a pro-active anti-corruption policy with the necessary resources be elaborated within which the inherent potential of, inter alia, the following institutions to prevent and control corruption would be more fully exploited: the Ombudsman of the Althing, the Competition Authority, the National Audit Office, the Financial Supervisory Authority, the Chamber of Commerce, the Confederation of Icelandic Employers, the media and others.*
8. The authorities of Iceland have reported that awareness of corruption had increased intensively over the last years because of a number of international as well as internal events. First, GRECO and OECD evaluation visits and reports (adopted in 2001 and 2002 respectively) enhanced debates and consequently awareness among representatives of the institutions, organisations and firms directly involved in these events. In addition, GRECO's evaluation report has been put on the website of the Ministry of Justice, with an Icelandic translation of its conclusions. In February 2003 a former Member of Parliament (the former Chairman of the National Theatre Building Committee) was found guilty of several offences connected to corruption and sentenced to two years' imprisonment. This uncommon event - in a country considered to be one of the least affected by corruption in Europe - drew considerable civil society and media attention to the phenomenon of corruption.

9. As regards anti-corruption policies more specifically, the authorities of Iceland have reported that the Ministry of Justice is considering further measures to raise awareness on corruption issues in co-operation with the Ministry of Commerce which is responsible for anti-money laundering policies. They have also referred to the provisions of the Icelandic Competition Act which prohibit activities aimed at influencing employees or any other person to offer commercial privileges or benefits in competition procedures, and stated that the implementation of this regulation is one of the regular surveillance activities of the Competition Authority.
10. Furthermore, the Ministry of Commerce would pay additional attention to corruption issues and national business organisations, such as the Icelandic Chamber of Commerce, the Icelandic Federation of Employers, etc., would encourage further debates on it. Finally, the Icelandic authorities have reported on progress made in the process of ratification of the Council of Europe's conventions on corruption - expected to be concluded by the end of 2004 - this had provided an opportunity for the Parliament, the Government, institutions, organisations and private companies to discuss anti-corruption measures and policies.
11. GRECO took note of the information provided and considered that the objective of this recommendation had been reached. Accordingly, GRECO concluded that recommendation i. has been dealt with in a satisfactory manner. The authorities of Iceland might wish to submit to GRECO additional information relating to the adoption of the new measures under consideration, referred to in paragraphs 9 and 10 above.

**Recommendation ii.**

12. *GRECO recommended that the Unit for economic and environmental crime of the National Commissioner of Police be provided with necessary training to pursue a more pro-active approach to the prevention, investigation and prosecution of corruption. The Unit could thus become a better specialised law enforcement organ dealing with corruption cases.*
13. The authorities of Iceland have stated that the staff of the Economic and Environmental Crime Department had been increased by 4 people (2 in 2000 and 2 in 2003) – which represents a significant increase in staffing of about 40% - and that substantial budget allocations were provided to set up international liaison functions within the National Police. Responding to a request from the Ministry of Justice for an opinion on the present recommendation, the National Commissioner had reported, on the one hand, that the general knowledge and training of the staff of the Economic Crime Department were good and that results achieved in the investigation and prosecution of serious financial and economic offences and corruption cases were satisfying. On the other hand, he had underlined that the Department had an extremely heavy workload and was subsequently able only to deal with cases in which complaints had been made: it had no time to investigate cases that had not been initiated by a complaint, as is frequently the case in corruption cases of various types. The National Commissioner had concluded that it was necessary to add five members to the staff of the Department to remedy this situation: a lawyer and four detectives. Finally, the National Commissioner indicated that as the Economic Crime Department had no contacts with international organisations involved in the fight against corruption and which are active in training and publicity, participation of its staff in such international activities would be of great value in developing knowledge and skills in this field, and would doubtless broaden the Department's scope in general.
14. GRECO took note of the information provided. It was satisfied that an increase of the staff of the Department of Economic Crime had been made since the evaluation visit and that training

courses on economic crimes are regularly organised and attended by a majority of its staff. GRECO took note that, according to the Commissioner, additional staff was needed to make the Department able to adopt a more pro-active operational attitude to corruption offences. Besides, as pointed out in the National Commissioner's report, the Department does not benefit from sufficient international cooperation in anti-corruption training.

15. In view of the above, GRECO concluded that recommendation ii. has been partly implemented

**Recommendation iii.**

16. *GRECO recommended the introduction of legal provisions ensuring that information on corruption offences or suspicions thereof that was received by public officials in the exercise of their duties will be reported to the investigating authorities.*
17. The authorities of Iceland have stated that the Ministry of Justice is considering the problem raised in the recommendation and has asked the Criminal Law Committee (composed of experts in Criminal Law appointed by the Minister of Justice) to give its opinion on this issue, providing notably elements in favour of and against the introduction of legal provisions, such as recommended by GRECO, into the Icelandic Penal Code. Furthermore, the Ministry had asked the Committee to present an overview of such legal provisions existing in other countries with similar legal systems, especially the Nordic States.
18. GRECO took note of the information provided by Iceland. It welcomed the positive developments underway. However, in the absence of new norms in this area, GRECO concluded that recommendation iii. has only been partly implemented.

**III. CONCLUSIONS**

19. GRECO reached the overall conclusion that Iceland is in the process of implementing the recommendations of the First Round Evaluation Report.
20. Recommendation i. has been dealt with in a satisfactory manner and recommendations ii. and iii. have been partly implemented.
21. GRECO invited the authorities of Iceland to submit to it additional information as well as, where appropriate, the legal provisions relating to the implementation of recommendations ii. and iii.
22. The authorities of Iceland might wish to submit to GRECO the additional information mentioned in paragraph 11 above relating to the implementation of recommendation i.
23. GRECO invited the Head of the delegation of Iceland to submit an additional report containing the information required by paragraph 21 above by 31 March 2005.