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Interim Report

Third Evaluation Round

Interim **Compliance Report** **on Portugal**

"Incriminations (ETS 173 and 191, GPC 2)"

"Transparency of Party Funding"

Adopted by GRECO
at its 61st Plenary Meeting
(Strasbourg, 14-18 October 2013)

I. INTRODUCTION

1. The Third Round Evaluation Report on Portugal was adopted at GRECO's 49th Plenary Meeting (29 November – 3 December 2010) and made public on 8 December 2010, following authorisation by Portugal (Greco Eval III Rep (2010) 6E, [Theme I](#) and [Theme II](#)).
2. As required by GRECO's Rules of Procedure, the Portuguese authorities submitted a Situation Report on measures taken to implement the recommendations. GRECO selected the Netherlands and Monaco to appoint rapporteurs for the compliance procedure. The Rapporteurs appointed were Mr Don O'FLOINN, on behalf of the Netherlands, and Mr Frédéric COTTALORDA, on behalf of Monaco. They were assisted by GRECO's Secretariat in drawing up the Compliance Report.
3. In the Compliance Report, which was adopted by GRECO at its 58th Plenary Meeting (3-7 December 2012), it was concluded that Portugal had implemented satisfactorily only one of the thirteen recommendations contained in the Third Round Evaluation Report. In view of this result, GRECO categorised the then very low level of compliance with the recommendations as "globally unsatisfactory" in the meaning of Rule 31, paragraph 8.3 of the Rules of Procedure. GRECO therefore decided to apply Rule 32 concerning members found not to be in compliance with the recommendations contained in the mutual evaluation report and asked the Head of the Portuguese delegation to provide a report on the progress in implementing the pending recommendations (i.e. recommendations i-v regarding Theme I and recommendations i-vii regarding Theme II) by 30 June 2013, pursuant to paragraph 2(i) of that Rule.
4. The current Interim Compliance Report assesses the further implementation of the pending recommendations since the adoption of the Compliance Report, and performs an overall appraisal of the level of Portugal's compliance with these recommendations.

II. ANALYSIS

Theme I: Incriminations

5. It is recalled that GRECO in its evaluation report addressed 6 recommendations to Portugal in respect of Theme I. One of these – recommendation vi – was assessed as implemented satisfactorily in the Compliance Report. Compliance with the other recommendations is dealt with below.
6. As introductory remarks to its Situation Report in respect of this theme, Portugal explains that the Ministry of Justice has prepared draft amendments to several provisions of the Criminal Code and other criminal legislation, in order to implement recommendations pertaining to the evaluations by GRECO, the United Nations Convention against Corruption and the OECD Convention on combating bribery of foreign public officials in international business transactions. These proposals, contained in draft Law 453/XII have been submitted to the Portuguese Parliament, published on the Parliament's website and are currently under consideration by the Constitutional Affairs, Rights and Freedoms Committee.

Recommendations i, ii and iii.

7. GRECO recommended:

- *to enlarge the scope of application of the legislation concerning active and passive bribery of foreign public officials, members of foreign public assemblies, officials of international organisations, members of international parliamentary assemblies as well as judges and officials of international courts, in order to fully comply with the requirements of Articles 5, 6, 9, 10 and 11 of the Criminal Law Convention on Corruption (ETS 173) (recommendation i)*
- *to criminalise active and passive trading in influence in respect of foreign/international officials in conformity with Article 12 in conjunction with Articles 5, 6, 9, 10 and 11 of the Criminal Law Convention on Corruption (ETS 173) (recommendation ii)*
- *to ensure that bribery of foreign arbitrators and jurors is criminalised under Portuguese law in conformity with Articles 4 and 6 of the Additional Protocol to the Criminal Law Convention on Corruption (ETS 191); and to proceed swiftly with the ratification of this Instrument (recommendation iii)*

8. GRECO recalls that in the Compliance Report, the Portuguese authorities had already made reference to planned amendments to the Criminal Code. As they were still under consideration by the government and GRECO had not had the opportunity to analyse the content of the draft amendments, it had concluded that recommendations i-iii had not been implemented.

9. The authorities of Portugal explain that, according to the draft amendments referred to in paragraph 6, article 386 of the Criminal Code on the concept of public official will read as follows: "3 – For the purposes of Articles 335 and 372 to 374, the following shall be treated as equivalent to public official:

- a) The judges and public prosecutors, officials, agents and others with an equivalent status of the European Union, regardless of their nationality and residence;
- b) *The officials, who are nationals of other States, whenever the offence has been committed, totally or partially, in Portuguese territory;*
- c) All those who perform duties similar to those described in paragraph 1 within any international organisation governed by public law of which Portugal is a member, whenever the offence has been committed, totally or partially, in Portuguese territory;
- d) *The judges, public prosecutors and officials of international courts, provided that Portugal has declared to accept the jurisdiction of such courts;*
- e) All that perform duties in the scope of dispute resolution procedures, *irrespective of their nationality and residence, whenever the offence has been committed, totally or partially, in Portuguese territory;*
- f) *Foreign jurors and referees, whenever the offence has been committed, totally or partially, in Portuguese territory;*"

10. A new paragraph 2 will also be added to article 3 of Law 34/87 of 16 July 1987 on the responsibility of political office holders, according to which "for the purposes of articles 16 to 19, the political officeholders of international organisations are considered equivalent to national political officeholders, regardless of their nationality and residence as well as the members of parliamentary assemblies with legislative or administrative powers."

11. Finally, the Portuguese authorities explain that a proposal to ratify the Additional Protocol to the Criminal Law Convention on Corruption (ETS 191) has been finalised by the Ministry of Foreign Affairs and is due to be sent soon to the Council of Ministers.
12. GRECO takes note that the draft amendments to the Criminal Code and Law 34/87 on the responsibility of political office holders have now been submitted to the Parliament. As regards their content, it appreciates that, if the amendments are adopted in their current version, they would appear to remove the restrictions in the scope of application of the bribery and trading in influence offences to the foreign public officials, members of foreign public assemblies, officials of international organisations, members of international parliamentary assemblies as well as judges and officials of international courts that were highlighted in the Evaluation Report (paragraphs 96 and 98). These offences would apply to all foreign/international officials, whatever their nationality, as required by recommendations i and ii.
13. As regards recommendation iii, the planned amendments would likewise enlarge the scope of application of the offences of bribery to all foreign arbitrators and jurors, irrespective of their nationality, as requested by the first part of this recommendation. GRECO also welcomes the intention of the Portuguese authorities to proceed with ratification of the Additional Protocol to the Criminal Law Convention on Corruption (ETS 191), as required by the second part of the recommendation.
14. GRECO concludes that recommendations i, ii and iii have been partly implemented.

Recommendation iv.

15. *GRECO recommended (i) to increase the criminal sanctions in respect of bribery in the private sector and trading in influence in order to ensure effective, proportionate and dissuasive sanctions as required by Article 19 of the Criminal Law Convention on Corruption (ETS 173); (ii) to criminalise trading in influence (active form for “licit” act) in conformity with Article 12 of the same Convention and (iii) to adjust the limitation period for trading in influence to that of public sector bribery.*
16. GRECO recalls that this recommendation had been assessed as not implemented in the Compliance Report, due to a lack of specific information on the content of the planned amendments.
17. The Portuguese authorities report that, in the context of the planned amendments to several criminal law provisions, the criminal sanctions for bribery in the private sector and for trading in influence will be increased. Passive bribery in the private sector (article 8 of Law 20/2008) will be punished by imprisonment of up to five years or a fine of up to 600 day-fines¹, and up to eight years in case of an aggravated offence. Active private sector bribery (article 9 of Law 20/2008) will be punished by up to five years’ imprisonment. Sanctions for passive trading in influence will be raised to 3 years’ imprisonment or a fine, and for the active side of the offence, to up to one year’s imprisonment or a fine (article 335 of the Criminal Code). A new paragraph 3 will be added to article 335 of the Criminal Code, to criminalise active trading in influence “in order to obtain any lawful favourable decision.” Finally, the amendments also include an alignment of the limitation period for trading in influence to that of public sector bribery (article 118 of the Criminal Code).

¹ Fines are calculated in respect of the severity of the offence (number of days) and the financial situation of the offender. The minimum number of day-fines is 10 days and the maximum 360 days (article 47 of the Criminal Code). The current value of a day-fine is 102 Euros.

18. GRECO welcomes the draft amendments' planned increases in criminal sanctions for private sector bribery and trading in influence and the alignment in the limitation period for trading in influence to that of public sector bribery, as requested by parts i and iii of the recommendation. It is also satisfied that active trading in influence for a "licit" act is intended to represent a criminal act in the future, as requested by the second part of the recommendation.
19. GRECO concludes that recommendation iv has been partly implemented.

Recommendation v.

20. *GRECO recommended to analyse and accordingly revise the mandatorily total exemption from punishment granted to perpetrators of bribery offences in the public sector which is conceded in consequence of effective regret.*
21. GRECO recalls that it had assessed this recommendation as not implemented in the Compliance Report, as it had not been able to analyse the content of the planned amendments.
22. The authorities of Portugal state that, in the context of the already mentioned planned amendments, article 374-B of the Criminal Code will also be modified to establish that the offender "may" be exempted from punishment if s/he reports the offence within 30 days from the time it was committed, provided s/he voluntarily returns the advantage or its value.
23. GRECO welcomes the introduction in draft article 374-B of the Criminal Code of the word "may", which would give the judge the possibility to review the circumstances of the case before exempting a perpetrator from punishment. As the planned amendments have not yet entered into force, however, it cannot consider this recommendation as fully implemented.
24. GRECO concludes that recommendation v has been partly implemented.

Theme II: Transparency of Party Funding

25. It is recalled that GRECO in its evaluation report addressed 7 recommendations to Portugal in respect of Theme II. Compliance with these recommendations is dealt with below.

Recommendation i.

26. *GRECO recommended to further enhance the implementation of a common format of the accounts of political parties and election campaigns and to take measures relating to the accounting requirements of income and expenditure of regional and local level branches of political parties in order to increase the accuracy and transparency of such accounting and its presentation in the party accounts.*
27. GRECO recalls that this recommendation had been assessed as partly implemented in the Compliance Report as a result of the planned introduction of a new accounting system for political parties.
28. The authorities of Portugal explain that, further to the consultation of all political parties on a new regulation on accounting, which was reported in the Compliance Report, the Entity for Accounts and Political Financing (hereafter EAPF) adopted Regulation No. 16/2013 on the "standardisation

of procedures for the accounts of political parties and election campaigns”. It was published on the website of the Constitutional Court² and in the Official Gazette. This regulation establishes standard procedures for the accounts of political parties and election campaigns and repeals five existing regulations. It regulates in detail the accounts of all the internal structures of political parties – regional, district and municipal divisions – and their horizontal affiliated structures, such as women’s, youth and workers’ structures. The accounts of these internal structures must be presented either in a consolidated form or separately. In the latter case, the regulation specifies in a detailed manner the information that must be given. The regulation also contains in its appendices a set of common formats for reporting.

29. GRECO welcomes the adoption of Regulation No. 16/2013 on the “standardisation of procedures for the accounts of political parties and election campaigns”, which introduces a common format for the accounts of political parties, including their regional and local entities and their affiliated structures (such as structures dealing with workers, youth or women issues), and election campaigns.
30. GRECO concludes that recommendation i has been implemented satisfactorily.

Recommendation ii.

31. *GRECO recommended to take measures to ensure that appropriate information contained in the annual party accounts and the accounts of election campaigns is made public in an expedient way which provides for easy and timely access by the public.*
32. GRECO recalls that it had assessed this recommendation as partly implemented, as the Constitutional Court had reduced the timeframe in which it published the financial reports it received. GRECO had expressed concern, however, that the deadline for presentation of election accounts was now to be counted from the date of payment of public subventions and not from the day of announcement of an election’s official results, as was the case at the time of the Evaluation Report. It had also taken the view that the information made public was very general overall, with only aggregate figures.
33. The Portuguese authorities report that political parties’ annual accounts are made public by the EAPF on its website within five to eight days of their presentation. For example, the last of the 2012 annual accounts were published in May 2013. The information made public so far has been the parties’ balance sheets and their profit-and-loss account. With the implementation of the new Regulation as from 2013, it is expected that the accounts will include more detailed figures and will thus provide more useful information to the public. The public may also obtain more detailed accounting information, upon request, and this is sometimes reflected in newspaper articles. The electoral accounts are made public, also within five to eight days of submission to the EAPF of the balance sheet, statement of expenditure and statement of revenue (detailed by category of income and expenses). All other documentation is available to the public upon request.
34. The authorities also explain that the situation reported in the Compliance Report (paragraph 29) arose from the application of Law 55/2010 of 24 December 2010 and reflected a special issue. The EAPF, after completing the audit of the accounts of the three electoral campaigns that took place in 2011 (presidential elections, legislative elections and regional elections in Madeira) and in 2012 (regional elections in the Azores) concluded that the new obligatory period introduced by the 2010 law for the presentation of accounts had facilitated their preparation and had made them

² <http://www.tribunalconstitucional.pt>

more detailed, since they now display all of the revenue actually received and the expenses paid. This would also allow for better monitoring and enhanced transparency.

35. GRECO takes note of the new information provided, from which it would appear that the delays for the submission of accounts that had been criticised in the Evaluation Report (paragraph 87) no longer occur. It also accepts that the new regulation seems to offer guarantees that more detailed and meaningful information will be provided regarding political accounts.
36. GRECO concludes that recommendation ii has been implemented satisfactorily.

Recommendation iii.

37. *GRECO recommended to consider introducing more frequent reporting on income – including donations – and expenditure relating to election campaigns by political parties, independent candidates and candidate groups at appropriate intervals during the electoral campaign period.*
38. GRECO recalls that this recommendation had been assessed as not implemented in the Compliance Report, as it had not been given thorough consideration by the authorities.
39. The authorities of Portugal state that this recommendation has been given careful consideration by the EAPF, on the basis of the following elements:
- political parties' election accounts rely almost exclusively on public funding, with very low amounts of private donations;
 - independent candidates, who are funded exclusively from private donations and fundraising, generate minimal amounts of financial flows, except for presidential elections;
 - the official duration of election campaigns is 15 days and election expenses are normally incurred two months before the elections. Although expenses incurred up to six months prior to election day qualify as election expenses, the EAPF has found that these rarely occur in practice;
 - a sharp decline in public subsidies to election campaigns is expected until at least 2016, further to implementation of Law No 1/2013: a reduction of 20% in the allocation of election subsidies will occur, as well as a reduction of about 40% in the next local elections. Only 25% of the allocated subsidies can from now on be channelled into design, production and display of electoral advertisement on public roads.
 - the severe economic situation has also caused a sharp decline in the private funding of election campaigns. Therefore, it is not expected that the decrease in public subsidies will be compensated by private funding. Rather, the EAPF anticipates that donations in kind (e.g. catering for an electoral event) will become more frequent than financial donations. It is recalled in this context that donations from legal persons are prohibited in Portugal.
40. Taking these elements into account, the EAPF is of the opinion that the current legal framework on the statement of donations and fundraising, as it results from Annexes XIII and XIV, Paragraph 4(2) of Section III of Regulation No. 16/2013 addresses the concerns of the recommendation in an adequate manner.
41. GRECO takes note of the information provided and accepts that the recommendation has been given due consideration. It is, however, not fully convinced by the reasoning of the Portuguese authorities and points out that the elements reported are contingent on the current legal

framework and economic situation of Portugal. It encourages, therefore, the authorities to revisit their position in the future in view of a possible evolution of the elements reported above.

42. GRECO concludes that recommendation iii has been implemented satisfactorily.

Recommendation iv.

43. *GRECO recommended that a study be carried out on political financing in respect of financial flows outside the regulated area, in particular, concerning various forms of third party contributions to various political stakeholders, including election candidates and to seek ways to increase the transparency concerning political financing from third parties.*
44. GRECO recalls that this recommendation was considered as not implemented in the Compliance Report, as no action had been taken in its respect by the Portuguese authorities.
45. The Portuguese authorities indicate that the EAPF, in its audits of the annual party accounts and the election campaign accounts, has been particularly stringent as regards the informal financing practices, such as contributions by third parties to political actors, whether candidates in internal elections or non-party candidates, trying to circumvent the legal framework. Not only is the EAPF competent to verify the so-called “indirect donations” (e.g. payments of parties’ expenses made by companies), which are prohibited according to article 8(3)c) of Law No.19/2003, it has reported to the competent judicial authorities cases of illegal and fraudulent financing, such as the case involving football player Luis Figo at the 2009 legislative elections. As regards expenses incurred illegally, the EAPF has been raising this issue in the audits it has carried out (e.g. for one of the candidates to the 2011 presidential election). Moreover, the authorities point out that, given the current economic and financial situation in the country, marginal and illegal financial flows have decreased and have practically no impact nowadays. As a consequence, the EAPF takes the view that the recommended study has outlived its usefulness, as the matters it was to look into fall into its review remit, as the competent body for the control of political financing. The authorities add, however, that the Constitutional Court recently decided, that the recommended study will be carried out by the EAPF, with the participation of independent academic institutions or civil society associations.
46. GRECO takes the view that the situation described in the Compliance Report remains essentially unchanged. The recommended study has not been carried out, and contradictory information is given on whether it will be in the future. GRECO also points out that no change to the legal framework has been reported which would address the situation described in the Evaluation Report (paragraph 89) according to which individual candidates in elections as well as third parties are not covered by the applicable transparency regulations. Notwithstanding the role of the EAPF in uncovering cases of illegal financing, GRECO recalls the view expressed in the Evaluation Report that the financial flows outside the regulated areas cannot be made more transparent within the framework of the current legislation, hence the need to study these financial flows. Their possible decrease in the current economic situation of Portugal does not affect the pertinence of such a study. Therefore, GRECO reiterates once again the importance of studying this phenomenon, in order to address it in an appropriate manner in the future.
47. GRECO concludes that recommendation iv has not been implemented.

Recommendation v.

48. *GRECO recommended (i) to ensure that the Constitutional Court and the Entity for Accounts and Political Financing (EAPF) are provided with appropriate resources for carrying out their tasks in an efficient and expedient manner; and (ii) to reduce considerably the time of the monitoring process of annual party accounts and election accounts.*
49. GRECO recalls that it had assessed this recommendation as partly implemented in view of a substantial reduction of the EAPF's monitoring backlog, demonstrating that this body was now equipped with appropriate resources, as required by the first part of the recommendation. However, a substantial backlog still remained at the level of the Constitutional Court.
50. The authorities of Portugal report that the EAPF currently has no backlog. It is finishing the audit of the annual party accounts of 2011 and the 2012 regional accounts. The Constitutional Court, for its part, is committed to further shortening the time needed to validate the annual accounts and those of the election campaigns. The authorities stress that the year 2009 was a very complex one, with three election campaigns, which is why, after validating the last annual and campaign accounts for that year, the Court will be able to reduce its backlog further. The latest very extensive judgment of the Constitutional Court relates to the local elections of 11 October 2009 (judgment No. 231/2013 of 24 April 2013 and rectifications in judgment No. 257/2013 of 14 May 2013. On 18 June 2013, the Constitutional Court decided in judgment No. 345/2013 on the application of fines to political parties which failed to present their accounts. It is accordingly expected that the validation process of the 2009 account will be completed in November or December 2013.
51. GRECO takes the view that, if the current monitoring timeframe of the EAPF appears satisfactory, this is not yet the case of the part of the process involving the final validation by the Constitutional Court, as this institution /is still occupied with the validation of the 2009 accounts. Even taking into account the fact that 2009 was a multiple-election year, entailing a lengthier and more complex reporting and verification process, the Constitutional Court has not yet been able to demonstrate a considerable reduction in its own monitoring timeframe, as requested by the second part of the recommendation.
52. GRECO concludes that recommendation v remains partly implemented.

Recommendation vi.

53. *GRECO recommended to consider reinforcing the regulatory function of the Entity for Accounts and Political Financing (EAPF), and to develop its proactive advisory function, in particular, vis-à-vis political parties.*
54. GRECO recalls that, as this recommendation appeared to have been given no more than passing consideration, it had been assessed as not implemented in the Compliance Report.
55. The authorities of Portugal indicate that it is the EAPF's view that after eight years of experience, eight annual account audits and twelve election campaigns, there should be no major novelties in the political financing legal framework, nor doubts on the interpretation of the law and of the accounting standards. It does happen that there are differences in the interpretation of the law between the EAPF and the political parties, e.g. the EAPF believes that parties should only have one bank account. Some parties have several accounts and have been fined by the

Constitutional Court for this, but they maintain their position. For non-experts in accounting, irregularities can be difficult to understand, but the EAPF has issued recommendations for each campaign, as can be seen on its website³, which albeit not binding, reflect a consistency of interpretation of the applicable regulations that has to be taken into account by all stakeholders. In addition, and as an example, the EAPF has in April and June 2013, advised individually almost a hundred individual citizens who plan to run in the forthcoming local elections. It organised in July 2013 two open public meetings for all local candidates' financial representatives, the first for parties' and coalitions' representatives and the other for independent candidates' representatives. These meetings were attended by a large number of participants. The authorities, therefore, take the view that the current functions and competences of the EAPF, combined with the role of the Constitutional Court in the final assessment of political accounts, is such as to ensure reliability of the system.

56. GRECO takes note that the EAPF maintains its previously-expressed position that a development of its proactive advisory function vis-à-vis political parties is not necessary. It also takes note of the additional information provided as regards the advisory activities carried out by the EAPF, both in the form of general interpretative instructions posted on its website, and of personalised advice given to political financing stakeholders. Even though the EAPF does not have regulatory powers, its positions have so far been followed by the Constitutional Court. In view of this additional information and of the elements presented under recommendation vii below, it considers that the concerns raised by this recommendation have been adequately met.

57. GRECO concludes that recommendation vi has been dealt with in a satisfactory manner.

Recommendation vii.

58. *GRECO recommended to ensure that the sanctions in relation to political financing available in law – and as implemented – are effective, proportionate and dissuasive, taking into account factors such as the economic circumstances of natural and legal persons, including parties subject to such sanctions.*

59. GRECO recalls that it had assessed this recommendation as partly implemented in the Compliance Report, as fines pronounced by the Constitutional Court indicated that account was taken to some extent of the size and the economic situation of the party. However, the fact that some of the same parties seemed to be sanctioned after every election raised doubts about the effective and dissuasive character of the sanctions applied. GRECO, moreover, wondered why other sets of sanctions available, namely criminal sanctions and fines that may be directly applied by the EAPF, did not seem to be applied in practice.

60. The Portuguese authorities state that the dissuasive and effective character of the available sanctions only emerged in recent years, due to heavy fines being imposed on the parties or their financial representatives. These fines represented a significant burden on the parties' accounts and often caused cash-flow problems. As a result, in 2012-2013, political parties have shown greater care in not committing irregularities which may entail similarly heavy financial consequences. The EAPF's latest opinions indicate that several parties have not committed any irregularities (six parties as regards their 2011 legislative elections accounts and three parties regarding the 2010 annual accounts). Other parties' accounts present few irregularities or irregularities regarding minor amounts (this is the case for the 2011 campaign accounts of five parties, and also for five parties as regards their 2010 annual accounts). The authorities point out

³ http://www.tribunalconstitucional.pt/tc/contas_eleicoes-al.html

that these figures show a significant improvement in political parties' compliance with the applicable regulations. Political parties have expressed their willingness to present accounts without irregularities and to that end, they have benefited from the close assistance of the EAPF, through procedures aiming at rectifying the accounts. The authorities also state that the possibility to fine parties' financial representatives as co-defendants under article 28 (2) and (3) of Law No. 19/2003 has had an important deterrent effect, as shown by the fact that only two violations involving illegal funding or exceeding the spending limits have been recorded since 2010.

61. As regards the other sanctions available, notably criminal sanctions, these are under the remit of the public prosecution service and the courts. Recent decisions have been that of acquittal, due to a lack of evidence of the intentional element of the infractions.
62. GRECO welcomes the new information provided, which seems to indicate that the rigidity in the application of sanctions that was referred to in the Evaluation Report (paragraph 95) has decreased and that they have become more proportional. It also accepts that, according to the latest data reported, the heavy fines that have been imposed in recent years by the Constitutional Court seem to have been effective.
63. GRECO concludes that recommendation vii has been implemented satisfactorily.

III. CONCLUSIONS

64. **In view of the above, GRECO concludes that Portugal has now implemented satisfactorily or dealt with in a satisfactory manner six of the thirteen recommendations contained in the Third Round Evaluation Report.** Six other recommendations have been partly implemented and one has not been implemented to date. With respect to Theme I – Incriminations, recommendations i-v have been partly implemented. With respect to Theme II – Transparency of Party Funding, recommendations i-iii and vii have been implemented satisfactorily, recommendation vi has been dealt with in a satisfactory manner, recommendation v has been partly implemented and recommendation iv has not been implemented.
65. GRECO notes that further steps have been taken by the Portuguese authorities to address almost all the recommendations pertaining to both themes. With respect to Theme I, it welcomes the planned amendments to the Criminal Code and other related criminal law provisions, as contained in draft Law 453/XII which, if adopted in their current wording, would satisfy the requirements of all recommendations. GRECO also welcomes the intention of the Portuguese authorities to proceed with ratification of the Additional Protocol to the Criminal Law Convention on Corruption (ETS 191).
66. As regards Theme II, the entry into force of a new Regulation No. 16/2013 introducing a common format for reporting seems to offer guarantees for a more uniform and detailed presentation of political financing accounts. The timeframe for the presentation of accounts and their monitoring also seems to have been reduced, although the reduction of backlogs at the level of the validation of accounts by the Constitutional Court still needs to be confirmed. GRECO also welcomes the additional information provided by the Portuguese authorities as regards the advisory role of the Entity for Accounts and Political Financing, as well as the explanations to the effect that the applicable sanctions have had a significant impact on parties' compliance. It regrets, however, that the recommendation to carry out a study on financial flows outside the regulated area has still been given insufficient consideration.

67. In view of the above, GRECO concludes that the current level of compliance with the recommendations is no longer “globally unsatisfactory” in the meaning of Rule 31, paragraph 8.3 of the Rules of Procedure. GRECO therefore decides not to continue applying Rule 32 concerning members found not to be in compliance with the recommendations contained in the Evaluation Report.
68. Pursuant to paragraph 8.2 of Rule 31 revised of the Rules of Procedure, GRECO requests the Head of the Portuguese delegation to provide a report regarding the action taken to implement the pending recommendations (i.e. recommendations i - v regarding Theme I and recommendations iv and v, regarding Theme II) by 31 July 2014.
69. Finally, GRECO invites the authorities of Portugal to translate the report into the national language and to make this translation public.