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Third Evaluation Round

Compliance Report on Lithuania

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

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"Transparency of Party Funding"

Adopted by GRECO
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I. INTRODUCTION

1. The Compliance Report assesses the measures taken by the authorities of Lithuania to implement the 21 recommendations issued in the Third Round Evaluation Report on Lithuania (see paragraph 2), covering two distinct themes, namely:

   - **Theme I – Incriminations:** Articles 1a and 1b, 2-12, 15-17, 19 paragraph 1 of the Criminal Law Convention on Corruption ETS 173), Articles 1-6 of its Additional Protocol (ETS 191) and Guiding Principle 2 (criminalisation of corruption).

   - **Theme II – Transparency of party funding:** Articles 8, 11, 12, 13b, 14 and 16 of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns, and - more generally - Guiding Principle 15 (financing of political parties and election campaigns).

2. The Third Round Evaluation Report was adopted at GRECO's 43th Plenary Meeting (2 July 2009) and made public on 17 February 2010, following authorisation by Lithuania (Greco Eval III Rep (2008) 10E, Theme I and Theme II).

3. As required by GRECO's Rules of Procedure, the Lithuanian authorities submitted a Situation Report on measures taken to implement the recommendations. This report was received on 31 January 2011 (Theme II) and 2 February 2011 (Theme I) and served as a basis for the Compliance Report.

4. GRECO selected "the former Yugoslav Republic of Macedonia" and Portugal to appoint rapporteurs for the compliance procedure. The Rapporteurs appointed were Ms Slagjana TASEVA, Professor in Criminal Law, on behalf of "the former Yugoslav Republic of Macedonia", and Mr Daniel PIRES, Legal Adviser, International Affairs Department, Ministry of Justice, on behalf of Portugal. They were assisted by GRECO's Secretariat in drawing up the Compliance Report.

5. The Compliance Report assesses the implementation of each individual recommendation contained in the Evaluation Report and establishes an overall appraisal of the level of the member's compliance with these recommendations. The implementation of any outstanding recommendation (partially or not implemented) will be assessed on the basis of a further Situation Report to be submitted by the authorities 18 months after the adoption of the present Compliance Report.

II. ANALYSIS

6. The authorities of Lithuania report that on 11 June 2010, Parliament adopted a resolution (no. XI-899) "On the Implementation of Recommendations made to the Republic of Lithuania in the Report of the Council of Europe's Group of States against Corruption", proposing that the Government of Lithuania, the bodies accountable to it as well as the Central Electoral Commission, the Prosecutor General's Office and the Special Investigation Service should undertake a series of specified measures with a view to implementing all the recommendations made to Lithuania in the Evaluation Report (Themes I and II).

Theme I: Incriminations

7. It is recalled that GRECO in its Evaluation Report addressed 9 recommendations to Lithuania in respect of Theme I. Compliance with these recommendations is dealt with below.

8. In particular, the authorities of Lithuania report that a draft law (no. XIP-2562) amending the Criminal Code (CC) was prepared and submitted by the Government to Parliament in October 2010 to comply with GRECO recommendations ii to vii and ix. The draft law was approved by the Committee on Human Rights and the Committee on National Security and Defence and is expected to be adopted by end May.[1]

Recommendation i.

9. *GRECO recommended to take additional measures (training, circulars and other awareness raising initiatives) to encourage the use of objective factual circumstances to substantiate bribery and trading in influence offences.*

10. The authorities of Lithuania report that in order to implement the recommendation, the following proposals were submitted to the Prosecutor General's Office, the Special Investigation Service, pre-trial investigation institutions and the Ministry of Justice:

(1) to implement professional improvement programmes helping law enforcement officials and judges to uniformly understand legal provisions regulating corruption-related criminal acts, apply such provisions and assess evidence; and
(2) to draw up an analysis of the investigation of corruption offences and case-law, make the findings available to prosecutors and pre-trial investigation officials dealing with such offences and take other awareness raising measures to ensure an efficient use of objective circumstances to substantiate corruption offences.

11. In response to the above proposals the following measures were taken:

(1) The "Interinstitutional programme for professional improvement of pre-trial investigation officials, prosecutors and judges disclosing, investigating and examining corruption-related criminal acts" was prepared and approved by the Minister of Justice by Order of 16 November 2010. More specifically, the programme for professional improvement of specialised prosecutors "Organised Crime and Corruption" envisages several training activities for 2011[2].
(2) More importantly, on 27 August 2010, the Prosecutor General approved the "Plan of Measures Implementing the Priority Areas of 2010-2011 of the Prosecution Service for 2010-2011" – as complemented by work plans and specific assignment of the tasks of the Plan to the units of the Prosecutor General's Office and territorial prosecutor's offices – which envisages, for 2011, a) to compile, generalise and analyse the data and results of pre-trial investigations of corruption-related criminal acts (decisions to refuse commencement of pre-trial investigation or discontinue pre-trial investigation as well as practice, duration and problems of pre-trial investigation, etc.); and b) to compile, generalise and analyse the data and results of State

[1] During the consideration of the present report, GRECO was informed that adoption of the draft law was expected within just a few days.
[2] Namely 4-hour training on the topic "Prevention of Corruption and its Problems", 4-hour training "Corruption Investigation Problems. Data Collection and Investigation Methods", 2-hour training "Identifying and Freezing Proceeds of Corruption-Related Criminal Acts, Recovery of Proceeds of Corruption-Related Criminal Acts", 4-hour training "Protection Methods and Measures of Witnesses and Victims in the Investigation of Corruption-Related Criminal Acts, Organised Crime and Other Grave, Serious, and Medium Seriousness Crimes".

charges regarding corruption-related criminal offences and the practice of investigating and maintaining State charges regarding abuse by law enforcement officials, advocates, public servants and persons of equivalent status (deficiencies of pre-trial investigation of criminal acts and State charges in respect thereof, judgments of acquittal, qualification problems, punishment policy), and to prepare methodological recommendations.

12. Finally, the authorities report on a coordinating meeting held in November 2010 between the Prosecutor General's Office, the Regional Prosecutor's Offices and the Special Investigation Service and its heads in order to improve the disclosure and investigation effectiveness of corruption-related criminal acts.

13. GRECO welcomes the information provided which indicates that several initiatives have been taken in order to improve the effectiveness of investigations of corruption-related criminal offences and, more specifically, to ensure an efficient use of objective circumstances to substantiate corruption offences. The measures reported include, *inter alia*, training activities for prosecutors and analyses of the investigation and prosecution of corruption-related offences which are intended to lead to recommendations for further improvements. GRECO encourages the authorities to pursue their efforts in this area in order to ensure efficient implementation in practice of the criminal legislation on bribery and trading in influence.

14. GRECO concludes that recommendation i has been implemented satisfactorily.

Recommendation ii.

15. *GRECO recommended to extend the concept of bribe in the incriminations of bribery and trading in influence so as to cover clearly any form of benefit (whether material or immaterial and whether such benefits have an identifiable market value or not), in line with the concept of "any (undue) advantage" used in the Criminal Law Convention on Corruption (ETS 173).*

16. The authorities indicate that the above-mentioned draft law amending the CC includes a definition of the concept of bribe covering any form of benefit, whether material or immaterial. Draft section 230, paragraph 4 CC reads as follows: "For the purposes of this Chapter, a bribe shall mean any unlawful or undue advantage in the form of *any property or other personal benefit (whether material or immaterial, of an identifiable market value or without such value)* intended for a public servant or a person of equivalent status or a third person for a desired legal or illegal act or omission in the discharge of powers of a public servant or a person of equivalent status."

17. GRECO welcomes the draft amendment to the CC, which expressly defines the concept of a bribe in the incriminations of bribery and trading in influence so as to cover clearly any form of benefit, in line with the concept of "any (undue) advantage" used in the Criminal Law Convention on Corruption. However, as this amendment has not yet entered into force, compliance with this recommendation is not yet complete.

18. GRECO concludes that recommendation ii has been partly implemented.

Recommendation iii.

19. *GRECO recommended making it clear for everyone that instances in which the advantage is not intended for the bribe-taker him/herself but for a third party are covered by the provisions on active bribery under Article 227 of the Criminal Code.*

20. The authorities report that the draft amendments to the CC foresee an explicit reference to third party beneficiaries in the provisions on active bribery. The draft section 227, paragraph 1 CC reads as follows: "Any person who directly or indirectly offers, promises, agrees to give or gives a bribe to a public servant or a person of equivalent status *or a third person* for a desired legal act or omission in the discharge of powers of a public servant or a person of equivalent status, shall be punished by restriction of liberty or a fine, or detention, or imprisonment for a term of up to 4 years."

21. GRECO welcomes the draft amendments which, if adopted, will ensure compliance with the recommendation.

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

Recommendation iv.

23. *GRECO recommended to incriminate trading in influence in line with Article 12 of the Criminal Law Convention on Corruption (ETS 173).*

24. The authorities indicate that the above-mentioned draft law includes amended provisions on trading in influence, according to which
1) active trading in influence will be criminalised (new paragraph 1 of section 226 CC);
2) the different forms of passive trading in influence will be specified, namely the promising or agreeing to take a bribe, demanding or inciting to give, or taking a bribe (section 226, paragraph 2 CC);
3) it will be made clear that it is not material whether the asserted influence is real or not, whether it is exerted or not and whether it leads to the intended result or not (section 226, paragraph 1 CC: "*any person who – seeking that another person, by using … or any other kind of probable influence … – exerts influence*"; and paragraph 2: "*any person who – by using … or any other kind of probable or alleged influence*"); and
4) the indirect commission of the offence and the concept of third party beneficiaries will be introduced.
The authorities add that the draft legislation also foresees provisions on aggravated cases, a misdemeanour in cases of a bribe of an amount lower than 1 MSL/Minimum Subsistence Level (130 LTL/37.60 EUR), a special defence and liability of legal persons (section 226, paragraphs 3 to 7 CC).

25. The basic provisions criminalising active and passive trading in influence – paragraphs 1 and 2 of section 226 – in their amended form read as follows:
"(1) Any person who – seeking that another person, by using his or her social position, office, powers, family relations, acquaintances or any other kind of probable influence on a State or municipal institution or agency, an international public organisation, their officials or persons of equivalent status – exerts influence on the appropriate institution, agency or organisation, the public servant or the person of equivalent status so that they act or refrain from acting legally or illegally in the exercise of their powers, offers, promises or agrees to give or gives a bribe to such person or a third person directly or indirectly, shall be punished by restriction of liberty or a fine, or detention, or imprisonment for a term of up to 4 years.
(2) Any person who – by using his or her social position, office, powers, family relations, acquaintances or any other kind of probable or alleged influence on a State or municipal institution or agency, an international public organisation, their officials or persons of equivalent

status – promises or agrees to take a bribe, demands or incites to give, or takes a bribe, directly or indirectly for his own benefit or for the benefit of other persons, by promising to exert influence on the appropriate institution, agency or organisation, the public servant or the person of equivalent status so that they act or refrain from acting legally or illegally in the exercise of their powers, shall be punished by a fine or detention, or imprisonment for a term of up to 5 years."

26. GRECO takes note of the progress reported and is pleased that the draft provisions on trading in influence take into account the various aspects raised in the Evaluation Report. GRECO would therefore conclude that, if adopted, the new provisions would appear to be in compliance with the requirements of Article 12 of the Criminal Law Convention.

27. GRECO concludes that recommendation iv has been partly implemented.

Recommendation v.

28. *GRECO recommended to ensure that active and passive bribery of domestic and foreign arbitrators and jurors is criminalised in accordance with Articles 2 to 6 of the Additional Protocol to the Criminal Law Convention on Corruption (ETS 191) and to sign and ratify this instrument as soon as possible.*

29. The authorities report that the draft amendments to the CC foresee changes to the definition of the concept of a "public servant or person of equivalent status" (section 230 CC) used, *inter alia*, in the bribery provisions, in order to align it with the provisions of the legislation on public service and public administration. In particular, "arbitrators" and "jury members" are explicitly included in section 230, paragraph 3 CC, which in its amended form reads as follows: "In addition, a person who is employed or holds office under some other grounds provided for by law at any public or private legal person or any other organisation, or engages in professional activities and holds appropriate administrative powers, or is entitled to act on behalf of this legal person or another organisation, or provides public functions, *also an arbitrator or a member of a jury* (...) shall also be held to have the status equivalent to that of a public servant." The authorities explain that this provision also captures *foreign* jurors and arbitrators.

30. The authorities furthermore indicate that on 2 December 2010, Lithuania signed the Additional Protocol to the Criminal Law Convention on Corruption (ETS 191) and the documents of ratification of the Protocol have been prepared by the Ministry of Justice and approved by the competent institutions. It is expected that as soon as the draft amendments to the CC have been adopted, the Government will submit the Protocol to Parliament for ratification.

31. GRECO takes note of the information provided. It would appear that the recommendation could be considered as implemented once the above draft amendments to section 230 CC have been adopted and subject to the ratification of the Additional Protocol to the Criminal Law Convention.

32. GRECO concludes that recommendation v has been partly implemented.

Recommendation vi.

33. *GRECO recommended to review the sanctions applicable to bribery and trading in influence in order to increase their consistency as well as the level of penalties applicable (especially to active bribery and trading in influence / bribery of intermediaries), and to ensure they are effective, proportionate and dissuasive.*

34. The authorities report that the draft amendments to the CC foresee a complete overhaul of the sanctions available for offences of active and passive bribery and trading in influence. The changes are aimed at increasing the sanctions available and making the system of sanctions in this area more consistent – including the sanctions applicable to active bribery and trading in influence, which are intended to be increased in a coherent manner (sections 227 and 226 CC), as specifically requested by the recommendation. Both the maximum prison terms and fines are increased, the latter by way of the separate law (no. XI-1350) amending section 47 CC, adopted by Parliament on 21 April 2011 and which entered into force on 28 April 2011. The maximum fines for the most serious corruption offences were raised to 1,500 MSL (195,000 LTL/56,476 EUR), as compared to 11,400 EUR under the current regime. The maximum prison terms will be five years for passive bribery (eight years in the most aggravated cases), four years for active bribery (seven years in the most aggravated cases), five years for passive trading in influence (eight years in aggravated cases) and four years for active trading in influence (seven years in aggravated cases). The authorities point out that as a result of the strengthening of the sanctions, some of the qualified corruption offences have now been included in the category of serious offences[3] which translates into an extension, *inter alia*, of the statute of limitation (section 95 CC) and of the time limit for the expiry of the criminal record (section 97 CC) and eliminates the possibility of releasing the offender from criminal liability under sections 38 or 40 CC.

35. The authorities furthermore stress that for certain corruption offences the possibility of imposing a fine or detention (which would be served in a specific short-term facility) is introduced as an alternative to imprisonment,[4] in order to enable the courts to apply sanctions which are proportionate to the gravity of the acts committed. Finally, it is to be noted that the penalty of deprivation of the right to work in a certain job or engage in certain activities is removed from the passive bribery offences (and from other provisions of the Special Part of the CC) but could in the future be imposed on the basis of the amended section 42, paragraph 6 CC.

36. GRECO notes that significant reforms concerning the regime of sanctions applicable to corruption offences are underway which are clearly a step in the right direction. GRECO very much hopes that the amendments reported will, if adopted, prove their efficiency in practice and ensure that the sanctions in place are effective, proportionate and dissuasive.

37. GRECO concludes that recommendation vi has been partly implemented.

Recommendation vii.

38. *GRECO recommended to analyse Article 227 paragraph 4 of the Criminal Code and recent cases in which the defence of effective regret has been invoked, with a view to ascertaining the potential for misuse of this defence and, if need be, to take further appropriate measures.*

39. The authorities report that the above-mentioned draft law foresees an amended provision on effective regret (draft section 227, paragraph 5 CC) according to which the briber who invokes the defence of effective regret "may" – instead of "shall" – be released from criminal liability. The same provision will also be inserted into section 226 CC (draft paragraph 6) which, in its amended form, will also criminalise active trading in influence. The authorities add that this

[3] E.g. section 225, paragraphs 2 and 3 CC, section 226, paragraphs 3 and 4 CC, section 227, paragraph 3 CC in their amended form.

[4] E.g. in section 225, paragraphs 1 and 4 CC, section 226, paragraphs 1 and 2 CC, section 227, paragraph 2 CC in their amended form.

amendment is aimed at giving prosecutors and courts the possibility to assess the specific circumstances of each case, thus eliminating the risks of abuse of the current provision which were ascertained during the preparation of the draft law, taking into account a comprehensive analysis by the Prosecutor General's Office which has been submitted to the GRECO Secretariat.

40. GRECO welcomes the fact that the provision on the defence of effective regret and its potential for misuse have been analysed in conformity with the requirements of the recommendation and that in addition, draft legislation aimed at countering possible misuse has been submitted to Parliament. In particular, the proposed amendments respond to the main concern raised in the Evaluation Report which related to the mandatory character of this defence. GRECO encourages the authorities to pursue their efforts and to have the amendments adopted, as soon as possible.

41. GRECO concludes that recommendation vii has been implemented satisfactorily.

Recommendation viii.

42. *GRECO recommended to increase the flexibility of the statute of limitation (for the prosecution of offences), in particular by providing for the interruption or suspension of the period of limitation upon the institution of criminal proceedings.*

43. The authorities report that on 15 June 2010, Parliament adopted the Law amending and supplementing section 95 CC – in force since 29 June 2010, whereby the general statutes of limitation in respect of all offences covered by the CC were extended. According to the Explanatory Letter to this law, one of its aims was to solve the problems identified by GRECO in relation to the application of the statute of limitations in the investigation of corruption-related criminal acts and it was expected that this objective would be achieved by extending the periods of the general statutes of limitation. The statutes of limitations applicable to the offences provided for in Chapter XXXIII of the CC (including bribery and trading in influence) increased from 5 years to 8 years and from 8 to 12 years. In addition, the authorities indicate that section 95 CC was supplemented by new paragraphs 3, 5 and 6 regulating, *inter alia*, the suspension of the statute of limitation during court proceedings (e.g. if the court adjourns the hearing of the case due to the absence of the defendant or his/her counsel or until an expertise or specialist's examination is completed or until a request for legal assistance by a foreign country is fulfilled).

44. GRECO takes note of the progress reported on the statutes of limitation applicable to all criminal offences including corruption-related offences, namely an extension of the statutes of limitation and amended rules on the suspension of the period of limitation during court proceedings. Although the legislator has decided not to introduce a suspension of the period of limitation upon the institution of criminal proceedings, as was specifically requested by the recommendation, GRECO is confident that the measures taken will contribute to a more effective implementation in practice of the corruption provisions.

45. GRECO concludes that recommendation viii has been dealt with in a satisfactory manner.

Recommendation ix.

46. *GRECO recommended (i) to ensure that Lithuania has jurisdiction in respect of bribery and trading in influence offences where the offence is committed in whole or in part in its territory, and in all situations where the offence involves one of its public officials or any other person referred to in Article 17 paragraph 1 subparagraph c of the Criminal Law Convention on Corruption; (ii) to*

abolish the dual criminality requirement for the prosecution of bribery and trading in influence offences committed abroad by its nationals, public officials or members of domestic public assemblies.

47. The authorities report that the draft amendments to the CC foresee the introduction of a new paragraph 6 under section 7 CC, which will extend the rules on criminal liability for crimes provided for in international treaties to offences of bribery and trading in influence. Under section 7 CC in its amended form, "persons shall be liable under this Code regardless of their citizenship and place of residence, also of the place of commission of a crime and whether the act committed is subject to punishment under laws of the place of commission of the crime where they commit the following crimes subject to liability under treaties: … (6) *passive and active bribery (sections 225, 226, 227)*; …" The authorities explain that section 7 CC is to be understood in the national context and it is therefore irrelevant whether the international treaty itself requires universal jurisdiction or not. They specify that these draft amendments were based on hearings of the Parliamentary Committee on Legal Affairs of 18 May 2011, during which the committee's chair and representatives from relevant authorities – such as the Supreme Court, the Law Institute, the Special Investigative Service, the Ministry of Justice and the General Prosecutor's Office – came to the conclusion that the only possible way to implement the recommendation would be to supplement section 7 CC in the manner described above.

48. GRECO takes note of the information provided according to which draft legislation submitting the offences of bribery and trading in influence to the rules of section 7 CC on criminal liability for crimes provided for in international treaties is pending before Parliament. GRECO notes that this amendment has been specifically designed, with the involvement of various relevant institutions including the judiciary and law enforcement authorities, to respond to the requirements of the recommendation. GRECO is of the opinion that the recommendation could be considered as implemented once the above draft amendments to section 7 CC have been adopted.

49. GRECO concludes that recommendation ix has been partly implemented.

Theme II: Transparency of Party Funding

50. It was recalled that GRECO in its Evaluation Report addressed 12 recommendations to Lithuania in respect of Theme II. Compliance with these recommendations is dealt with below.

51. In particular, the authorities of Lithuania report that on 18 May 2010, Parliament adopted Law no. XI-813 amending the Law on Financing and Financial Control of Political Parties and Political Campaigns (hereinafter referred to as the "PF Law") drafted by the Audit Committee of Parliament. The law entered into force on 31 May 2010. It is aimed at increasing the transparency of financing of political parties and political campaigns and improving the financial control of parties and campaigns.

Recommendation i.

52. *GRECO recommended to rapidly engage broad consultations about the need to strengthen the implementation of the law of 2004 on Financing and Financial Control of Political Parties and Political Campaigns, and to support the implementation of this legislation with guidance, awareness raising and training initiatives, as appropriate, for the benefit of political parties.*

53. The authorities of Lithuania report that draft law no. XP-2662(2) amending the Law on Financing and Financial Control of Political Parties and Political Campaigns (which was later amended and adopted as Law no. XI-813) was submitted for public comments. Proposals from civil society and political parties were discussed in the Audit Committee and the following interinstitutional meetings were organised by the Central Electoral Commission (CEC) to discuss issues arising from the new (draft) legislation:

- a meeting in February 2010 on the regulation and objectives of financial control of political parties and political campaigns, the introduction of draft Law no. XP-2662(2), the practice as to the organisation and keeping of accounts of political parties and political campaigns as well as the role and responsibility of the treasurer, taking into account GRECO's recommendations; the discussion was attended by 40 persons, including representatives of the CEC, the Audit Committee of Parliament, the President's Office, the Special Investigation Service, the Ministry of Justice, the State Tax Inspectorate under the Ministry of Finance and political parties entitled to a grant from the national budget in 2009;
- a meeting in April 2010 on the audit of political parties and political campaigns, in particular on the role of audit provided for by draft Law no. XP-2662(2) and on interinstitutional cooperation in carrying out audits and pursuing the objectives of the law, taking into account GRECO's recommendations on audit; representatives of the Chamber of Auditors, the Audit Committee of Parliament, the President's Office, the State Tax Inspectorate, the Special Investigation Service, the National Security Department as well as representatives of political parties participated in this discussion.

54. Moreover, the authorities state that in order to strengthen the implementation of the law and in line with the provisions of Law no. XI-813, a series of decisions were adopted by the CEC and published on its website (the drafts of most of these decisions had also been published and proposals had been received in this respect), namely the decisions

- On the Approval of the Form of Donation Sheets of 22 July 2010, No Sp-41;
- On the Approval of the Description of the Procedure for the Acquisition, Completion, Accounting and Liquidation of Donation Sheets and the Form of Report on the Use of Donation Sheets of 22 September 2010, No Sp-73;

Financing of political campaigns

- On the procedure for registration of independent and representative political campaign participants and publication of the list of registered political campaign participants of 22 September 2010, No Sp-74;
- Setting the ceilings for political campaign expenditure in specific constituencies of 15 September 2010, No Sp-67;
- Approving the specification of the form of the political campaign financing accounting sheet and the procedure for its completion and submission of 15 September 2010, No Sp-63;
- Approving the specification of the forms of political campaign financing statement and its annexes and the procedure for completion and submission of 15 September 2010, No Sp-61;
- Approving the terms of reference for an audit of a political campaign of 15 September 2010, No Sp-62;

Financing of political parties

- Approving the specification of the form of the report on the use of national budget appropriations and the procedure for its completion and submission of 15 September 2010, No Sp-64;

- Approving the specification of the form of list of donations and donors and the procedure for its completion and submission of 29 December 2010, No Sp-162;

Control
- Approving the specification of the procedure for financial control of political parties and political campaign participants of 22 September 2010, No Sp-75.

In addition, the CEC also published on its website information from the State Tax Inspectorate that natural persons must declare their assets and income before they make a donation, as well as the financial reports submitted, lists of donors and other relevant information.

55. Finally, the authorities indicate that before the municipal elections of February 2011, training was organised for political campaign treasurers (two training activities in December 2010 and seven in January 2011, for about 130 treasurers) and that on 19 January 2011, the CEC held a conference on major issues of financial control of political parties and political campaigns, including a discussion about the new legislation and a presentation by the KNAB on Latvian experience in controlling financing of political parties.

56. GRECO welcomes the information submitted which indicates that the CEC has taken several measures to strengthen the implementation of the law of 2004 on Financing and Financial Control of Political Parties and Political Campaigns, both before and after the revision by Parliament of the Law on Financing and Financial Control of Political Parties and Political Campaigns. The reported measures such as the organisation by the CEC of preparatory discussions and conferences – including representatives of both State agencies and political parties – the adoption and publication of several CEC decisions including forms and guidelines as well as training activities respond positively to the requirements of the recommendation.

57. GRECO concludes that recommendation i has been implemented satisfactorily.

Recommendation ii.

58. *GRECO recommended (i) to provide for criteria defining the scope of the annual consolidated accounts of political parties (as well as those concerning elections) that would clearly take into account the structures and activities related directly or indirectly to political parties or which are otherwise under their control, including movements of assets involving the various components and entities; (ii) to introduce rules that would address the activity of third parties.*

59. As concerns the first part of the recommendation, the authorities reiterate that in order to implement the PF Law of 18 May 2010, the CEC adopted several decisions including forms and procedures for financial statements on party and campaign funding and for the lists of donations. They state that pursuant to section 20 (3) of the PF Law, financial statements of parties must include a balance sheet, a performance report and an explanatory note, and that in addition to the specific requirements of the PF Law, the requirements applicable to the financial accounting of other legal entities – in particular, on the basis of the Law on Accounting and of the Rules on Accounting of Non-Profit Limited Liability Legal Entities, Compilation and Submission of Financial Statements approved by Order No 1L-372 of 22 November 2004 of the Minister of Finance – are to be taken into account. According to the authorities, the financial accounting of parties has become similar to the accounting of an ordinary company, statement forms and their completion procedure have been updated and supplemented and accounts of a party as a legal entity were more clearly separated from the requirements applicable to political campaign participants.

60. As concerns the second part of the recommendation, the authorities state that section 11 (2) of the PF Law prohibits the financing of political parties and political campaign participants through third parties. Moreover, in order to reduce the possibilities for abuse through third party financing, section 10 (3) of the PF Law requires a natural person to declare his/her assets and income according to the procedure laid down by law before making a donation to a political party or political campaign participant. Finally, section 23 (5) of the same law stipulates that the State Tax Inspectorate checks whether donors had sufficient income to provide the donation and whether it was taxed as required by law. The State Tax Inspectorate notifies the Central Electoral Commission of the checks carried out and of any violations detected in this process.

61. GRECO notes, as concerns the first part of the recommendation, that the accounting rules applicable to the financing of political parties and election campaigns have been further developed and specified, *inter alia*, by the PF Law and several decisions by the CEC. However, it would appear that these regulations do not clearly take into account the structures and activities related indirectly to political parties or which are otherwise under their control, as required by the recommendation. With regard to the second part of the recommendation, GRECO is satisfied with the measures taken, namely the introduction of several new provisions aimed at reducing the possibilities for abuse of third party campaign financing, including the explicit prohibition of such financing.

62. GRECO concludes that recommendation ii has been partly implemented.

Recommendation iii.

63. *GRECO recommended to take appropriate measures to ensure that the requirement of "inadmissible" donations and unused campaign funds being transferred to charity organisations is not misused to recycle the funds via charities linked to the party or candidates concerned.*

64. The authorities state that the relevant provisions on "inadmissible" donations and unused campaign funds have been amended and no longer foresee the transfer of such funds to charity organisations. In accordance with section 11 (1) of the PF Law, if inadmissible donations were received and the donor is not determined within 10 working days, the person responsible for keeping the accounts of the political party or the treasurer of the political campaign must transfer the donation to the State budget. Similarly, pursuant to section 17 (8) of the PF Law, if during a political campaign period a campaign participant (with the exception of political parties, and candidates or lists of candidates nominated by them) has accrued more funds than were used for covering the political campaign expenditure, unused funds must be transferred to the State budget prior to presentation of a report on the campaign financing to the CEC. As before, political parties and candidates or lists of candidates nominated by them may retain unused funds which must be transferred to a regular account held by the political party.

65. GRECO takes note of the information provided which indicates that the requirement of "inadmissible" donations and unused campaign funds being transferred to charity organisations has been replaced by the transfer to the State budget and that the particular risk of misuse of charity organisations has therefore been eliminated.

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

Recommendation iv.

67. *GRECO recommended to issue guidelines (in the form of accounting rules or instructions adopted by the appropriate authority) concerning the valuation and declaration of in-kind donations.*

68. The authorities stress that on the basis of section 10 (8) of the PF Law, the Government was charged with designing a draft procedure for the valuation of in-kind donations to political parties and political campaigns, calculation of their fair value as well as inclusion into accounts and declarations, and with making an anti-corruption assessment of the draft procedure. The Government therefore adopted Resolution No 1711 on 1 December 2010 tasking the Ministry of Finance to establish the procedure for the valuation and calculation of the fair value of in-kind donations. On 10 December 2010, the Minister of Finance passed an order approving the Rules on Accounting of Non-Profit Limited Liability Legal Entities, Compilation and Submission of Financial Statements and Valuation of Property and Services Received for Free by Political Campaign Participants. The order stipulates that the provisions of these rules are mandatory for political parties and the provisions on the valuation of property and services received are also applicable to political campaign participants. It provides for rules on determining the cost of donated intangible assets, long-term tangible assets, financial assets and reserves, on the basis of their value as indicated in the donation documents or their market value. The value of services provided (including voluntary work) is assessed on the basis of the cost of buying such services. The authorities add that according to a CEC opinion of 31 January 2011, services by campaign volunteers or the provision of property for political campaigns which is not related to the professional activities of the supplier, are not to be considered donations in kind.

69. GRECO takes note of the information provided, according to which the valuation and recording of donations in kind have been regulated by order of the Minister of Finance.

70. GRECO concludes that recommendation iv has been implemented satisfactorily.

Recommendation v.

71. *GRECO recommended to strengthen the role and control function of campaign treasurers (i) by limiting un-registered donations (and their use) to the largest possible extent and by requiring the centralisation of campaign expenditure payments under the campaign treasurer's responsibility; (ii) by considering entrusting the treasurer with the exclusive responsibility for the collection and registration of regular donations and State grants to political parties; (iii) by making it mandatory also for political parties to open special campaign accounts.*

72. The authorities report on the introduction of several new provisions aimed at, *inter alia*, strengthening the role and control function of political campaign treasurers. Firstly, section 21 (4) of the revised PF Law defines the functions of the campaign treasurer stating that s/he completes and signs donation sheets, accounting sheets and reports on political campaign financing, handles and stores the accounting documents of the campaign, controls the expenditure of the campaign and carries out other duties as laid down in the PF Law. According to the authorities, campaign expenditure payments as well as the collection and registration of regular donations and State grants to political parties are therefore under the exclusive responsibility of the treasurer. The authorities add that the liability of the campaign treasurer for violations of these rules is regulated in section 207 (10) of the Code of Administrative Law Violations (CALV). Furthermore, sections 10 (10) and (11) of the PF Law stipulate that neither political parties nor

campaign participants are entitled to use unregistered donations. Finally, the authorities indicate that the revised provisions of the PF Law make it mandatory also for political parties to open special campaign accounts. More precisely, section 5 of the PF Law establishes that individuals wishing to register as independent political campaign participants or a political party wishing to register must submit a document certifying that they have a separate bank account which will be used as the political campaign account as well as a certificate that the account is empty at the beginning of the campaign period. Section 7 (9) of the same law states that political parties must keep their funds intended for the campaign in the political campaign account. Pursuant to section 17 (1) expenditure intended to finance the political campaign may only be covered from the funds available in the campaign account.

73. GRECO takes note of the information provided, which indicates that the revised provisions of the PF Law define the role and functions of the campaign treasurer in appropriate detail, including the control of election campaign expenditure and the collection and registration of party income, and prohibit the use of unregistered donations. Moreover, the revised provisions of the PF Law also make it mandatory for political parties to open special campaign accounts, which is a clear step towards more transparency and accountability.

74. GRECO concludes that recommendation v has been implemented satisfactorily.

Recommendation vi.

75. *GRECO recommended (i) to extend the financial reference period applicable to election campaigns, so that the financial activity during election campaigns is more properly accounted for in light of the law of 2004 on Financing and Financial Control of Political Parties and Political Campaigns (LFP); (ii) to remove possible inconsistencies between the LFP and other laws as to registration deadlines.*

76. Regarding the first part of the recommendation, the authorities state that the duration of the political campaign was extended from 30 to 100 days by preponing the deadline for registration of political campaign participants. They furthermore refer to several new provisions of the PF Law concerning the rules applicable to campaign expenditure, in particular to section 17 (4) and (5) according to which all expenditure related to the campaign – regardless of the date on which it was incurred – is recognised as political campaign expenditure and must therefore be reflected in the campaign financing statements.

77. Regarding the second part of the recommendation, the authorities indicate that the CEC decision No Sp-74 of 22 September 2010 and section 5 of the PF Law provide for a single procedure for submission of application documents during parliamentary, presidential, European Parliament and municipal elections or referenda. In order to create equal conditions for political parties and independent candidates, amendments to section 5 of the PF Law – in force since 30 October 2010 – foresee that the CEC begins to accept applications from natural persons and political parties to register as (independent) campaign participants once the period of the political campaign starts and stops accepting them on the day on which the delivery of application documents begins under the relevant laws. The authorities stress that the provisions of the laws regulating presidential, parliamentary, municipal and European Parliament elections were aligned to the aforementioned amendments to the PF Law on 15 September 2010.

78. GRECO notes that the duration of the political campaign was extended from 30 to 100 days and that the rules of the PF Law and the election laws on registration of political campaign participants were harmonised.

79. GRECO concludes that recommendation vi has been implemented satisfactorily.

Recommendation vii.

80. *GRECO recommended (i) to provide a leading body, possibly to be assisted by other appropriate services, with a mandate and adequate powers and resources to supervise effectively the implementation of the law of 2004 on Financing and Financial Control of Political Parties and Political Campaigns, including the ability to investigate possible infringements, and (ii) to ensure that this body is in a position to exercise its functions in an independent and impartial manner.*

81. The authorities state that given the size of the country, no other specialised body for the supervision of political financing will be set up. Instead, it was decided to entrust the CEC with a leading role in the financial control of political parties and political campaigns, taking into account the nature of its activities, the resources available to it and statutory guarantees of its independence. According to the approach chosen by the legislator, the CEC receives documents and reports from both political parties and political campaign participants as well as findings and reports from other authorities and is therefore in a position to coordinate financial control and ensure proper implementation of the law. Section 23 of the PF Law states that the CEC and other institutions control financing of political parties and political campaigns within the scope of competence according to the procedure laid down by law.

82. The authorities stress that in contrast to the situation at the time of the adoption of the Evaluation Report, the competences and responsibilities of the CEC and other relevant institutions are now clearly defined. The CEC as the leading body controls the compliance of political parties and political campaign participants with the requirements of the PF Law and in case of violations of the law refers the matter to prosecution authorities or contacts other competent authorities. In accordance with the revised section 23 (4) of the PF Law, the CEC is responsible for continuously providing timely information on violations of the rules on party and campaign financing to the Special Investigation Service and the Prosecutor General's Office (see recommendation x below). The authorities add that liability, *inter alia*, of political campaign participants and political parties for failure to present data or documents provided for in the CALV has been introduced in this Code and that the chairman of the CEC or an authorised CEC member are now competent for issuing protocols in case of such failure or in case of violations of the procedural rules concerning party and campaign financing. Moreover, the CEC has been given the power to carry out investigations, including at party headquarters if necessary. As concerns the role of other State bodies, the authorities indicate that the State Tax Inspectorate has been entrusted with the task of checking whether donors had sufficient income to provide the donations recorded and whether they were taxed as required by law. It notifies the CEC of the checks carried out and of any violations detected. The National Audit Office now audits the use of appropriations from the national budget by political parties. Finally, the authorities state that additional staff or financial resources are not required, since the legislator has chosen to divide the responsibilities for supervision of political financing among several institutions, each of which has at its disposal specialised personnel and other necessary resources to carry out their respective tasks. They add that the CEC, in addition to its permanent staff, may have recourse to external experts and to personnel detached from other institutions, if necessary.

83. Finally, the authorities explain that the CEC as the leading body for the monitoring of political financing disposes of the required guarantees of independence in order to carry out its tasks in an impartial manner. They stress that section 5 of the Law on the Central Electoral Commission declares that it is independent in the performing of its functions and its decision-making on issues within its competence; no institution or officer may issue mandatory instructions regarding the decision-making within its competence; State institutions, MPs and other officers, political parties, non-governmental organisations or citizens are prohibited from interfering in the activities of the CEC when organising and conducting elections or referendums; and the chairman or a member of the CEC must immediately inform Parliament and announce through the media any attempt to influence the CEC, its Chairman or a member. Moreover, under section 7 of this law the majority of its members are prohibited from participating in party activities during their mandate.

84. GRECO takes note of the information provided, according to which a leading role in the supervision of political financing has been conferred to the CEC, in cooperation with law enforcement services and other competent State bodies. Bearing in mind that the CEC receives financial information from both political parties and campaign participants as well as from other State bodies and has thus an overview of various aspects of political finances, and recalling the fact that the CEC offers more statutory guarantees of independence than other bodies such as the State Tax Inspectorate, GRECO welcomes this approach. GRECO understands that the competences and responsibilities of the CEC and other relevant institutions have been clearly defined by the PF Law and that the CEC has been given enlarged powers, in particular, to carry out investigations and to issue protocols concerning violations of the procedural rules concerning party and campaign financing or failure to present data or documents. GRECO accepts the explanations given by the authorities that under the present regime of shared responsibilities between several specialised institutions no further resources are necessary for the CEC to carry out its mandate, it being understood that the CEC may be temporarily supported by external experts and detached personnel. GRECO is therefore confident that the revised monitoring system will ensure more proactive and effective supervision of political financing, as was aimed at in the recommendation.

85. GRECO concludes that recommendation vii has been implemented satisfactorily.

Recommendation viii.

86. *GRECO recommended i) to ensure adequate standards are in place as regards the independence of auditors entrusted with the certification of party and campaign accounts and to raise the level of requirements vis-à-vis the audited entity or candidate; ii) to issue, in consultation with the competent body(ies) auditing standards specific to party and election campaign financing.*

87. The authorities report that on 15 September 2010, in accordance with sections 3 (6) and 23 (2)(6) of the PF Law and following the approval by the Chamber of Auditors, the CEC adopted decision No Sp-62 approving the terms of reference for firms auditing political parties or political campaigns. The terms of reference provide that the audit of party and campaign financing may only be carried out by firms included in the list of audit firms according to the procedure laid down in Lithuanian legislation; the relevant audits are to be performed in accordance with the International Standards on Related Services approved by the International Federation of Accountants, namely the 4400th International Standard on Related Services regarding "Tasks for performing agreed procedures concerning financial information" which is directly applicable. Audit firms and auditors must comply with the professional ethics principles laid down in the Code of

Ethics for Professional Accountants approved by the International Federation of Accountants. Moreover, the authorities indicate that under section 4 of the Law on Audit, audit companies and auditors must follow basic principles of professional ethics which include independence and objectivity, confidentiality and professional secrecy etc. Finally, the Law on Audit has been amended to ensure that an auditor may not perform an audit of the same entity for more than seven financial years in succession (see the amended section 5 (4) of the Law on Audit, effective since 28 April 2011).

88. Furthemore, the authorities explain that the terms of reference for firms auditing political parties or political campaigns are specifically designed to ensure compliance with the requirements of the financing regulations of the PF Law. They set the scope of work to be carried out by the auditor, stipulating that all financial documents are subject to inspection and requiring the auditor to check some 30 specified procedures. If the auditor finds any irregularities, s/he must specify the legal requirements which have not been fulfilled so that the CEC will be able, in a given case, to issue an administrative protocol concerning the commission of a gross violation. It should be noted that political campaign participants are now obliged to submit a political campaign funding statement and the auditor's report to the CEC within a clear timeframe, i.e. within 85 calendar days at the latest from the announcement of the final election results, see section 21 (4)(6) PF Law.

89. GRECO takes note of the information provided, which indicates that a decision approving the terms of reference for firms auditing political parties or political campaigns were adopted by the CEC. GRECO notes that under the terms of reference, audits must be performed by audit firms included in a specific list, in accordance with international auditing standards and in compliance with professional ethics principles, and in accordance with detailed procedures specifically designed to ensure compliance with the requirements of the financing regulations of the PF Law. GRECO welcomes these improvements which have been complemented by further measures to ensure the independence of auditors, *inter alia*, by way of amendments to the Law on Audit.

90. GRECO concludes that recommendation viii has been implemented satisfactorily.

Recommendation ix.

91. *GRECO recommended to review the system of sanctions applicable in case of violation of the law of 2004 on Financing and Financial Control of Political Parties and Political Campaigns, in order to spell out precisely which type of proceedings and sanctions are applicable to a given infringement, and to ensure that the various possible infringements actually attract sanctions.*

92. Firstly, as concerns the application of administrative or criminal law, the authorities explain that pursuant to section 9 (2) CALV, administrative liability for violations provided for in this Code arises when such violations entail no criminal liability. They furthermore indicate that administrative liability under the CALV in the area of party and campaign funding has been subject to several amendments, namely the establishment of responsibility of party accountants or party chairpersons for violations of the accounting procedure for donations under the new section 207 (12) CALV[5] and liability for failure to provide data and documents of a political party, political campaign participant or author of public information under section 207 (13) of the code.

93. Secondly, the authorities indicate that the PF Law as revised in May 2010 contains an amended regime of sanctions in Chapter VI. Section 27 of the PF Law lays down that an investigation of activities of a political party is carried out in accordance with the provisions of Chapter X of

[5] Such violations are punishable by a fine of 100 to 2,000 LTL (approximately 29 to 579 EUR).

Book 2 of the Civil Code which apply with respect to the investigation of activities of the political party to the extent that the PF Law does not provide for otherwise. A prosecutor is entitled to ask the court to appoint experts to examine whether a political party, its governing bodies or their members and political campaign participants acted properly. *Inappropriate activities* of a political party are such actions where 1) a political party decides to use the donations received from persons not entitled to finance political parties or other funds received from sources not permitted to finance political parties for the activities of the political party; or 2) a political party, its governing bodies or their members enter into transactions for financing the political party in violation of the requirements of the PF Law. If it is determined that the activities of the political party are inappropriate, the court may impose one of the following measures: 1) suspend the powers of members of the governing bodies of the political party; 2) instruct the political party, its governing bodies or their members to carry out certain actions or not; 3) liquidate the political party. Moreover, in contrast to the legal situation referred to in the Evaluation Report, section 29 of the PF Law, as revised in May 2010, provides for a finite and comprehensive list of *gross violations of the law* including, for example, financing a political party or political campaign participant from funds other than those provided for in this law or donations made by persons not entitled to donate according to the law, deliberate provision of false data in the set of financial statements of the political party or in the political campaign financing statement, use of appropriations from the national budget for the purposes other than those laid down in this law, exceeding the ceiling established for the political campaign expenditure by 10 % or more, or dissemination of political advertising through foreign broadcasters in violation of the requirements of this law applicable to political advertising. If the CEC decides that a political party or political campaign participant committed a gross violation of the PF Law, appropriations from the national budget will be suspended for a period of two years from the date on which the decision becomes effective (section 14 (7) of the PF Law).

94. GRECO takes note of the information provided, according to which the regime of sanctions available for violations of party and campaign financing regulations has been strengthened and defined more precisely, *inter alia*, by introducing additional provisions on sanctions in the Code of Administrative Law Violations and by defining in detail the concepts of inappropriate activities of political parties and gross violations of the law as well as the applicable sanctions in the PF Law.

95. GRECO concludes that recommendation ix has been implemented satisfactorily.

Recommendation x.

96. *GRECO recommended to spell out clearly that the body/bodies responsible for monitoring the implementation of the law of 2004 on Financing and Financial Control of Political Parties and Political Campaigns are required to refer cases of suspected violations to the prosecutor.*

97. The authorities state that according to section 23 (2) (7) of the PF Law as amended in May 2010, the CEC controls compliance of political parties and political campaign participants with the requirements of the PF Law and proposes prosecution for violations of this law or notifies other authorities competent to check compliance with statutory requirements. Moreover, following the last amendments, section 23 (4) of the PF Law states that the CEC is responsible for continuously providing timely information on violations of the rules on party and campaign financing to the Special Investigation Service and the Prosecutor General's Office.

98. GRECO notes that the amended PF Law contains provisions requiring the CEC as the leading monitoring body over political finances to report violations of this law to the Special Investigation

Service and the Prosecutor General's Office and, if appropriate, to other competent authorities. This clarification is to be welcomed.

99. GRECO concludes that recommendation x has been implemented satisfactorily.

Recommendation xi.

100. *GRECO recommended i) to increase the level of administrative fines for infringements in the area of transparency of party and campaign funding and to provide for the possibility to disqualify persons found guilty of such infringements from holding an elected office; ii) to introduce wider possibilities for suspending the State grant to political parties.*

101. Regarding the first part of the recommendation, the authorities again refer to the complete review of sanctions to include several new provisions on administrative liability leading to the imposition of fines, in particular 207 (12) and (13) CALV (see recommendation ix above). A draft law increasing the minimum administrative fines for violations in the area of transparency of financing of political parties and campaigns from 100 LTL to 500 LTL (approximately 149 EUR) had been submitted to Parliament on 15 October 2010 but was no longer on the agenda. However, according to the authorities a new draft law, which would provide for an increase in the level of administrative fines s planned and should be submitted to Parliament soon.

102. Regarding the second part of the recommendation, the authorities state that according to section 14 (7) of the PF Law, if the CEC decides that a party or campaign participant committed a gross violation of this law, appropriations from the national budget will be suspended for a period of two years from the date on which the decision becomes effective. The period of suspension has thus been extended – before the amendments, it was six months – and this sanction is now applicable to a wider and more clearly defined range of – gross – violations of the law (see recommendation ix above).

103. GRECO notes firstly, that further offences punishable by administrative fines have been introduced into the CALV and that draft legislation designed to increase the minimum fine for certain violations in the area of transparency of party and campaign financing can soon be expected. Secondly, the suspension of the State grant to political parties has been extended under the new PF Law, both as regards the period of suspension and the scope of its application. GRECO welcomes these initiatives and invites the authorities to adopt, as soon as possible, further legal amendments responding to the requirements of the first part of the recommendation, i.e. to increase the level of administrative fines and to provide for the possibility to disqualify persons from holding an elected office.

104. GRECO concludes that recommendation xi has been partly implemented.

Recommendation xii.

105. *GRECO recommended to extend the statute of limitation applicable to violations of the law of 2004 on Financing and Financial Control of Political Parties and Political Campaigns, including related violations under other relevant laws.*

106. Firstly, the authorities again refer to the draft law amending sections 35, 207 (10) and 207 (12) CALV (see recommendation xi above). The explanatory note to this draft states that "for the purposes of implementing the recommendations made in the GRECO report, the draft proposes

to amend section 35 (1) CALV laying down that an administrative penalty for violations provided for in sections 207 (10) and 207 (12) may be imposed no later than within six months after the day of detection of the violation, provided that not more than one year has elapsed between the day on which the violation was committed and the day on which it was detected. Such an amendment would ensure that administrative liability can be imposed on persons for acts provided for in sections 207 (10) and 207 (12) CALV even where an investigation is carried out and it takes more than six months, when it is impossible to detect administrative violations because the financial statements have not been submitted in time". By doing so, the explanatory note confirms implicitly that the control of the CEC is subject to a statute of limitation (as was requested by the Evaluation Report).

107. Secondly, the authorities indicate that on 15 June 2010, Parliament adopted amendments to the Criminal Code extending the period of statutes of limitation from two to three years for misdemeanours, from five to eight years for negligent or minor premeditated crimes, from eight to twelve years for major crimes and from ten to fifteen years for grave crimes. The amendments furthermore provide that the statute of limitation is suspended during the trial if the court announces a break in the trial.

108. GRECO takes note of the information provided, according to which draft amendments of the Code of Administrative Law Violations foresee an extension of the statute of limitation applicable to certain violations of party and campaign funding regulations and, in addition, the general statute of limitation applicable to criminal offences has already been extended. Given that the above-mentioned draft legislation has not yet been adopted, the implementation of the recommendation is not yet complete.

109. GRECO concludes that recommendation xii has been partly implemented.

III. CONCLUSIONS

110. **In view of the above, GRECO concludes that Lithuania has implemented satisfactorily or dealt with in a satisfactory manner fourteen of the twenty-one recommendations contained in the Third Round Evaluation Report.** With respect to Theme I – Incriminations, recommendations i and vii have been implemented satisfactorily, recommendation viii has been dealt with in a satisfactory manner and recommendations ii, iii, iv, v, vi and ix have been partly implemented. With respect to Theme II – Transparency of Party Funding, recommendations i, iii, iv, v, vi, vii, viii, ix and x have been implemented satisfactorily and recommendations ii, xi and xii have been partly implemented.

111. Concerning incriminations, Lithuania is in the process of preparing substantial amendments to the Criminal Law which, if adopted, should meet the requirements of GRECO's recommendations, including such important issues as the clarification of the concepts of "bribe" and of "third party beneficiaries", the criminalisation of active trading in influence, the coverage of jurors and arbitrators by bribery law, the review of the system of sanctions and of statutes of limitation (already adopted), amendments to the defence of "effective regret" in order to limit the risks of its abuse and jurisdiction over bribery and trading in influence offences committed abroad.

112. Insofar as the transparency of political funding is concerned, significant efforts have been made to address the majority of the recommendations. The Law on Financing and Financial Control of Political Parties and Political Campaigns was amended in May 2010 to enhance the transparency of financing of political parties and election campaigns, including as regards the prohibition to use

unregistered donations or to finance election campaigns through third parties, the transfer of inadmissible donations to the State fund, the requirement on political parties to open special campaign accounts, the regulation of donations in kind and the strengthening of the monitoring mechanism. At the same time, GRECO notes that some of the measures taken are not yet complete, for example, as regards the sanctions available for infringements of the rules and the statute of limitations applicable to such infringements. GRECO expects that additional measures will be taken in order to ensure effective enforcement of the rules.

113. In the light of what has been stated in paragraphs 107 to 109, GRECO commends Lithuania for the substantial reforms carried out with regard to both themes under evaluation, and which show that, already at this stage, Lithuania complies with two thirds of the recommendations issued in the Third Round Evaluation Report. It encourages Lithuania to pursue its efforts in order to implement the pending recommendations within the next 18 months. GRECO invites the Head of the delegation of Lithuania to submit additional information regarding the implementation of recommendations ii, iii, iv, v, vi and ix (Theme I – Incriminations) and recommendations ii, xi and xii (Theme II – Transparency of Party Funding) by 30 November 2012 at the latest.

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