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Addendum

Joint First and Second Evaluation Rounds

Addendum to the Compliance Report on San Marino

Adopted by GRECO
at its 72nd Plenary Meeting
(Strasbourg, 27 June-1 July 2016)

I. INTRODUCTION

1. GRECO adopted the Joint First and Second Round Evaluation Report on San Marino at its 53rd Plenary Meeting (Strasbourg, 5-9 December 2011). This report ([Greco Eval I/II \(2011\) 2E](#)) was made public by GRECO on 28 February 2012.
2. San Marino submitted the Situation Report required under the GRECO compliance procedure on 28 February and 9 June 2014. On the basis of this report, and after a plenary debate, GRECO adopted, and made public, the Joint First and Second Round Compliance Report (RC Report) on San Marino at its 64th Plenary Meeting (20 June 2014). The Compliance Report ([Greco RC I/II \(2014\) 2E](#)) concluded that recommendations viii, xii, xiv and xvi had been implemented satisfactorily, and recommendation vi had been dealt with in a satisfactory manner. Recommendations i, ii, iii, iv, v, vii, ix, x, xi and xv had been partly implemented and recommendation xiii had not been implemented; GRECO requested additional information on their implementation. This information was provided on 29 January 2016 and updated, thereafter, on 27 May 2016.
3. The purpose of this Addendum to the Joint First and Second Round Compliance Report is, in accordance with Rule 31, paragraph 9.1 of GRECO's Rules of Procedure, to appraise the implementation of recommendations i, ii, iii, iv, v, vii, ix, x, xi and xv in the light of the additional information referred to in paragraph 2.

II. ANALYSIS

Recommendation i.

4. *GRECO recommended to develop, with the involvement of civil society, a comprehensive anti-corruption work programme comprising the following elements: (a) study of the characteristics of corruption in its various forms and the areas exposed to risk; (b) identification and development of reforms needed in the area of public contracting and procurement, as well as any other existing sector at risk; (c) measures to raise awareness on the importance of combating corruption in its various forms, including by stressing the need to report instances of malpractice.*
5. GRECO recalls that, in the Compliance Report (RC), it took note of the initiatives underway to meet all different components of recommendation i and was pleased to see that determined steps were being taken to carry out assessments of the situation and characteristics of corruption in the country, as well as to raise the awareness of the population in this domain. Pending the effective completion of the anticipated measures to fully meet recommendation i, GRECO assessed it as partly implemented.
6. The authorities of San Marino underscore that, in order to strategically address the recommendations issued by GRECO in the Joint First and Second Evaluation Report, with both concrete policy and legislative measures, an Inter-departmental Working Group (IDWG)¹ was established. The authorities stress the many different steps taken so far to set in motion a comprehensive anticorruption package, to increase the level of transparency in the public sector, as well as the awareness within civil society of corruption risks.

¹ At present the Inter-departmental Working Group (IDWG) is composed of the representatives of San Marino to GRECO, the Director of Public Function, the Director of the Department of Finance and Budget, the Director of the Department of Territory, the Director of the Department of Institutional Affairs and Justice and the Director of the Department of Economy.

7. More particularly, regarding parts a) and c) of recommendation i, an ad-hoc questionnaire was sent in the summer of 2014 to all families residing in the national territory, with a response rate of 16.6% (higher than the 10% normal average response rate for this type of consultation in San Marino)². The growing number of investigations of corruption-related offences in recent years has substantially raised concerns amongst the Sammarinese population in respect of the issue of corruption, as evidenced in the public poll; moreover, a certain feeling of pessimism arises with regard to the relevant instruments and institutions to combat it. Politicians are perceived as those most at risk of corruption, followed by public officials; even the remaining categories listed in the questionnaire, i.e. the judiciary, police forces and employees of private companies are not considered exempted from corruption threats. The perception scenario changes drastically, however, when interviewees affirm having been witnesses or victims of corruption: over 80% of interviewees declared never to have come across specific incidents; over 50% have never reported corruption cases, and only 5-6% reported one or more incidents. It would appear that, despite the general lack of confidence, those surveyed continue to rely, first, on the action of the government and the judiciary to prevent and fight corruption, as coupled with the active contribution of civil society and the police. The survey was disseminated by San Marino radio and television broadcasting company (San Marino RTV) and published on the website of the Secretariat of State for Foreign Affairs (Ministry of Foreign Affairs)³. During a press conference, the IDWG stressed the importance of reporting instances of malpractice and of the hotline 800-783797, available to all those wishing to report alleged corruption cases.
8. Regarding part b) of recommendation i, by virtue of Decision No. 17 of 10 November 2015, the Government identified four broad priority areas (high risk corruption-prone) for the development of tailored corruption prevention programmes, i.e. (i) recruitment and promotion of public officials; (ii) public procurement; (iii) administrative acts triggering direct and immediate economic effects for the persons concerned (e.g. undue granting of unemployment benefits to citizens not complying with legal requirements); and (iv) administrative acts with no direct and immediate economic effect on the persons concerned (e.g. placement of an authorisation request at the top of a waiting list).
9. Moreover, a new legislative framework is now in place to govern public procurement. It consists of specific transparency measures for publicity and publication on the Government Portal regarding intended supplies of goods and services, announcements of tenders including award criteria, final decisions, as laid out in Delegated Decree No. 143/2014. Other key improvements made in this domain refer, *inter alia*, to the establishment of a single public procurement authority and a suppliers register, introduction of principles of affordability and money for value, etc.
10. GRECO welcomes the progress reported, and the specific actions taken, to put in place an anti-corruption work programme in line with the overall aim of recommendation i, and more generally, the multifaceted set of recommendations issued by GRECO in its Joint First and Second Evaluation Report on San Marino, as will be elaborated further in the present report. More particularly, with respect to the specific components of recommendation i, GRECO acknowledges the improvements reported regarding transparency of public contracting and procurement. It further considers that the carrying out of a public survey to sound out their perception of

² In February 2016, a corruption perception survey was also distributed, for its completion, among secondary education pupils, the results of which, as made available in June 2016, are highly interesting to illustrate corruption perceptions among youngsters and their overwhelming repulsion to this phenomenon. It also shows how thin it is the dividing line between acceptable and illegal wrongdoing, as well as the relevance of continuing education throughout all sectors of society as an indispensable component of the anticorruption strategy.

³ A complete analysis of the results of the questionnaire on the perception of corruption is available at: <http://www.esteri.sm/on-line/home/documentazione/documento1080998.html>.

corruption in the country constitutes a positive measure to take the pulse of the population regarding their sensitivity and expectations about the matter in question. GRECO expects additional action to be taken following the results of this poll. Likewise, the identification of priority areas for the development of targeted corruption prevention programmes is to be welcomed. For the credibility of the anticorruption measures already implemented or underway, it is crucial that the identified risks and discontent are efficiently addressed and that the specific actions taken to this effect are conveyed to the public in a timely and responsive manner; GRECO understands that this is an on-going and constant process. It would appear that San Marino is on the right track.

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

Recommendation ii.

12. *GRECO recommended (i) to make sure that the level of specialisation of investigation, prosecution and adjudication authorities with respect to corruption offences is increased, and (ii) to establish a comprehensive specialised training programme for judges, prosecutors and police officers in order to build up and share common knowledge and understanding on how to deal with corruption offences.*
13. GRECO concluded in its RC that recommendation ii was partly implemented since more tangible efforts had to be made in respect of both specialisation and continuous in-service training of the authorities entrusted with the investigation, prosecution and adjudication of corruption offences.
14. The authorities of San Marino highlight the formal arrangements made by the Secretariat of State (Ministry) for Justice of the Republic of San Marino with two key Italian institutions, notably, the Memorandum of Understanding signed with the Italian School for the Judiciary in June 2015, and the Cooperation Agreement for legal development and training initiatives in the field of prevention and fight against corruption signed, in June 2014, with the University of Urbino⁴.
15. In this connection, the Secretariat of State (Ministry) for Justice of the Republic of San Marino has continued its already existing collaboration with the Italian School for the Judiciary, which has allowed for ample participation of San Marino magistrates in its annual training courses. The aforementioned Memorandum of Understanding now provides an institutionalised framework for the continued participation of San Marino magistrates in the training activities of the School, including, among other things, an in-depth analysis of topics related to the various criminal offences of corruption. The participation of San Marino magistrates in all future courses will always take place under the supervision of the Head Magistrate of San Marino Single Court, on the basis of the specific organisational needs of the Court and of the primary spheres of competence of magistrates.
16. As to the training activities in collaboration with the University of Urbino, they include a broad catalogue of modules on both prevention and repression of corruption, looking into applicable legislation and its enforcement in practice, including practical examples and course of action. The following initiatives have taken place to date: a) training for directors and officials of the administration concerning ethics, conflicts of interest, transparency, offences of corruption and prevention of corruption; b) training for magistrates, members of the police forces and professionals concerning, in particular - but not only - the recent reform relative to the liability of

⁴ Decision No. 14 of the Congress of State of 3 June 2014.

legal persons (Law No. 99 of 29 July 2013); c) specialised training for members of the police forces on the prevention and combating of corruption offences.

17. Additionally, during a technical meeting held on Friday, 11 December 2015 in Rome at the headquarters of the Italian National Anti-Corruption Authority (ANAC) between some representatives of the IDWG and some representatives of the Italian delegation to GRECO, the foundations were laid for the organisation in San Marino, on 8 March 2016, of a training seminar addressed to San Marino magistrates and law enforcement authorities, as well as to senior officials of San Marino administration, concerning prevention and repression of corruption and protection of whistleblowers. Authoritative representatives of ANAC and of the Italian School for the Judiciary participated in the training seminar as speakers and, on this occasion, the Secretary of State (Minister) for Justice of the Republic of San Marino and the President of ANAC signed a Memorandum of Cooperation. The continuing training of magistrates and police forces, in order to improve and share common knowledge on how to treat corruption offences, is one of the priority areas of cooperation identified in the Memorandum.
18. GRECO is pleased to note the action taken by the authorities to raise special expertise in the carrying-out of corruption inquiries; it understands that this is an on-going process and that formal arrangements have been concluded with key partner Italian institutions to this aim.
19. GRECO concludes that recommendation ii has been implemented satisfactorily.

Recommendation iii.

20. *GRECO recommended to adopt a more proactive approach with regard to the investigation of corruption, including by making best use of the existing system of special investigative techniques, with the appropriate legal and judicial safeguards.*
21. GRECO, in the RC-Report, welcomed the additional legislative arrangements made in 2013 to enable the use of a broader arsenal of special investigative techniques, with due legal and judicial safeguards. However, it considered recommendation iii as partly implemented given the fact that additional time was needed to substantiate their operability in practice.
22. The authorities report on the progress made in this domain. In order to allow for the efficient use of wiretapping – a technique that was not yet operational at the time of the RC-Report – and following the adoption of (legislative) Regulations containing technical modalities to perform wiretapping (as adopted by the Congress of State on 10 June 2014), the company AREA (service provider) and the Telecommunications Office of San Marino performed all the technical and training interventions necessary. Therefore, telephone and environmental wiretapping may now be ordered and performed, as provided by law. Special investigative techniques, other than wiretapping, are also available to the judicial authorities; in fact, pursuant to Article 15 of Law No. 28 of 26 February 2004, the Law Commissioner may authorise special agents of the police forces to conduct undercover operations, intervene in intermediation activities, simulate the purchasing of goods, materials and things liable to generate illicit proceeds, and take part in any initiative aimed at suppressing the crimes referred to in the above-mentioned law (including corruption-related offences). In addition, evidence obtained through the described procedures may also be used in the proceedings for offences related to those covered by the law.
23. GRECO takes note of the update submitted as to the technical and logistical arrangements made to facilitate the use of special investigative techniques under judicial supervision and concludes that recommendation iii has been implemented satisfactorily.

Recommendation iv.

24. *GRECO recommended to facilitate the reporting of corruption suspicions to law enforcement authorities by (i) establishing a hotline and (ii) developing witness protection legislative and practical mechanisms.*
25. GRECO, in the RC-Report, welcomed the creation of a hotline for reporting suspicions of corruption, in line with the first part of the recommendation. Regarding the second part of the recommendation and pending the development of witness protection legislative and practical mechanisms, it considered recommendation iv as partly implemented.
26. The authorities of San Marino confirm that the telephone line (free hotline 800-783797), established by Congress of State Decision No. 6 of 3 June 2014 at the Operations Centre of the Gendarmerie is fully operational. Despite the wide publicity, the free hotline has so far received only one phone call from June 2014 to date. The population is regularly reminded by the San Marino institutions of the existence of the free hotline which is in the media at every opportunity, as happened, for example, during the press conference of the IDWG on the corruption perception poll carried out to meet recommendation i (see also paragraph 6).
27. With regard to the second part of the recommendation, pursuant to Decree Law No.79 on Protection of Witnesses of Offences of Corruption and Transparency of the Administration, adopted on 29 June 2016 and entered into force on the very same day, a new provision was introduced in the Code of Criminal Procedure to protect witnesses and to prevent retaliation against them. The provisions are geared towards balancing the probative value of the witness while also ensuring the right to defence of the accused. Secrecy of the acts of investigation and the identity of the witness are secured in the instruction phase, and further thereafter, when the case is committed for trial, upon discretion of the judge, if indispensable for prosecution. In order to protect the confidentiality of the identity of the witness to be heard during the hearing, such hearing can be held in camera. Additional measures can also be ordered by the judge of the hearing, when deemed necessary, to ensure the protection and safety of the witness and his/her close relatives (e.g. prohibition to disclose the personal details and the image of the witness). Contact has been made with Italy to receive advice and experience on practical aspects of witness protection mechanisms.
28. GRECO takes note of the recent Decree Law No 79 of 29 June 2016 passed to, *inter alia*, provide for measures to protect witnesses in the course of criminal proceedings. Experience is yet to be gathered regarding its related practical arrangements.
29. GRECO concludes that recommendation iv has been implemented satisfactorily.

Recommendation v.

30. *GRECO recommended that, in order to strengthen the contribution of the anti-money laundering regime to fight against corruption, (i) a programme of public engagements be set up to improve general awareness and disseminating best practice and advice on anti-money laundering and corruption issues; (ii) the authorities explore, in consultation with the professional bodies of accountants, auditors and advisory/legal professionals, what further measures can be taken to improve the situation in relation to reports of suspicions of corruption and money laundering to the competent bodies.*

31. GRECO, in the RC-Report, assessed recommendation v as partly implemented and called for additional steps to improve interaction of anti-money laundering (AML) authorities with, the general public and the media on the one hand, and legal and accounting professionals on the other, in order to raise awareness on domestic dimensions and specificities of corruption and money laundering offences in San Marino.
32. The authorities of San Marino refer to several measures to build bridges of communication between Sammarinese citizens and State institutions regarding the scourge of corruption and money laundering in the national territory, notably, by identifying priority areas of concern (see, for example, measures listed under recommendation i), improving legislation and assuring an institutional/practical framework for its implementation (e.g. adoption of international standards, cooperation and data exchange with third countries, targeted training and specialisation of law enforcement authorities, logistical arrangements for the use of special investigative techniques under judicial supervision, establishment of a hotline to report suspicions, etc.), and disseminating information on anticorruption and AML activities undertaken and underway. More public communication and awareness raising activities are expected to occur following the adoption of the first National Risk Assessment, which is now being finalised by the authorities, and in the framework of an AML strategy and action plan to be developed thereafter.
33. Several steps were also taken to better familiarise and raise the awareness of professionals obliged to report suspicious transactions pursuant to AML legislation. In particular, since the adoption of the RC-Report, the following training activities had been organised: (1) training course organised by the Fondazione Banca Centrale della Repubblica di San Marino and addressed to professional real estate agents (November – December 2014); (2) fourth edition of the advanced training course on the application of AML legislation in national and international economic systems (November-December 2015), organised by the University of Bologna and by the Secretariat of State (Ministry) for Education, Culture and University of the Republic of San Marino, under the *aegis* of the Italian Association of AML Officers, the Italian Fiduciary Services Association and the Federation of Cooperative Credit Banks of Emilia Romagna; (3) course organised by San Marino Association of Accountants on 25 September 2015 concerning the evolution of San Marino AML legislation. Analysis and “food-for-thought” concerning Law No. 92 of 17 June 2008 and subsequent amendments and integrations, in comparison with the Italian legislation. Focus on mandatory reporting of money laundering suspicious transactions by professionals and on the most critical application profiles. Both the Director and the Deputy Director of the Financial Intelligence Agency (FIA) of the Republic of San Marino participated in this course as speakers; they spoke about suspicious transaction reporting also in connection with the offence of corruption.
34. Moreover, the IDWG met in October and November 2015 with the representatives of the Association of Lawyers and Notaries and with the representatives of the Association of Accountants, as well as with the management of the Financial Intelligence Agency (FIA), in order to identify how to improve and implement procedures for the reporting of alleged cases of corruption by qualified professionals to the competent bodies, as requested in the second part of recommendation v. The proposal that emerged is to couple the reporting procedure for alleged cases of corruption with the already existing and widely established procedure to report money laundering offences, duly integrating the already existing reporting forms and assigning to the FIA the function of collecting the reports. The above proposal was finalised and became operational on 13 January 2016, when the FIA issued a notice to all obliged parties under Articles 19 and 20 of Law No. 92 of 17 June 2008 (non-financial entities and professionals), who, from now have a field in the relevant suspicious transaction reporting form to identify predicate corruption offences.

This will undoubtedly facilitate the gathering of statistical data for money laundering offences perpetrated in connection with corruption and will help identify whether further action is needed to enhance the reports of suspicions of corruption and money laundering made by accountants, auditors and advisory/legal professionals.

35. GRECO takes note of the measures taken to strengthen the contribution of the AML regime to the fight against corruption and to keep on board all national stakeholders in this fight. GRECO notes that the responsible body for monitoring AML obligations in the Council of Europe, MONEYVAL, acknowledged, in its latest report of April 2015, the efforts made and the progress recorded in San Marino to set in place an effective AML system⁵. The aforementioned report removed San Marino from the regular follow-up process and asked the authorities to submit an update on the situation in April 2017 (i.e. within the framework of the regular biennial reporting process of MONEYVAL).
36. GRECO concludes that recommendation v has been implemented satisfactorily.

Recommendation vii.

37. *GRECO recommended to adopt appropriate freedom of information legislation and introduce adequate measures for its implementation.*
38. GRECO, in its RC-Report, noted several shortcomings in Law No. 160 of 5 October 2011 on Freedom of Information. It considered recommendation vii as partly implemented and called upon San Marino to take more determined action to clearly guarantee to all persons a general access to information without having to justify a personal direct interest.
39. The authorities of San Marino now report on implementing Regulation No. 16 of 2 December 2015, which further expands on the provisions regarding access to administrative documents of Law No. 160 of 5 October 2011. In particular, it comprises an extensive list of those documents and pieces of information held by public administration which are to be made publicly accessible (Article 2 on information regarding activities and organisation of public administration; Article 3 on acts concerning the use of public resources; Article 4 on acts and procedures in special sectors, e.g. public procurement, territorial planning; Article 5 on administrative proceedings and decisions). It places an obligation on managers to ensure publication of the aforementioned information in an open format that does not require the legitimisation of the individual petitioner. The Directorate General of Public Function is responsible for monitoring the effective implementation of access to information requirements.
40. The authorities added that, Decree Law No. 79 of 29 June 2016 on Protection of Witnesses of Offences of Corruption and Transparency of the Administration makes important amendments to Law No. 160/2011 in order to facilitate access to information, notably, by no longer requiring motivated requests and by reviewing the list of exceptions departing from the principle of free access.
41. GRECO welcomes the additional requirements adopted in December 2015 and June 2016 to facilitate public access to administrative information.
42. GRECO concludes that recommendation vii has been implemented satisfactorily.

⁵ Committee of Experts on the Evaluation of Anti-money Laundering Measures and the Financing of Terrorism (MONEYVAL), [2nd Regular Follow-up Progress Report, 4th Round Mutual Evaluation of San Marino](#).

Recommendation ix.

43. *GRECO recommended (i) to adopt a code of conduct for public officials; (ii) improve the management of conflicts of interest and regulate the migration of public officials to the private sector ("pantouflage"); (iii) to provide training and set in place mechanisms for individualised guidance of public officials on issues relating to ethics, corruption and its prevention; and (iv) to familiarise civil society and the media with these initiatives so that they are fully advised on the conduct to be expected from public officials.*
44. GRECO, in its RC-Report, assessed recommendation ix as partly implemented pending effective adoption of the draft code of conduct for public officials.
45. The authorities of San Marino state that the Code of Conduct for Public Officials entered into force on 10 September 2014. It includes particular provisions on how to prevent corruption through the operational management of conflicts of interest (definition of the conflict – whether real or potential – and consequent action to be taken, Article 9), the reporting of conflicts to immediate superiors (Article 10), incompatibilities in access to public functions as a preventive measure (Article 11), regulations on gifts (Article 14) and indications on how public officials should react if undue advantages are offered to them (Article 15).
46. The Code of Conduct also regulates the so-called "pantouflage" (upon termination of public functions, Article 21) requiring, in particular, that for a period of two years from termination of the employment relationship, the former public official who has exercised a decision-making power shall not operate on behalf of any person or organisation concerned to a significant extent by such decision. As a result of non-compliance with the above-mentioned provisions, the contracts signed and the duties assigned in violation of the provisions of Article 21, paragraph 3, are deemed null and void. Moreover, the private parties having concluded those contracts or having assigned those duties shall be prohibited from contracting with the administration for the next two years and shall be obliged to return any remuneration received and proven referring to them. This does not affect the possibility of pursuing an action for compensation for the damage caused to the image of the administration, pursuant to the existing rules on civil procedure (Article 23).
47. The adoption of the Code of Conduct was announced through a press release posted on the official portal of the Republic of San Marino and is published on the website of the Secretariat of State (Ministry) for Internal Affairs and Justice⁶. It was delivered in hard copy to all public officials through a circular letter from the Director General of Public Function sent to all Department and Public Administration Directors. Training sessions were held in October 2015 (see also paragraph 15) and are currently taking place in the framework of the on-going 2016 training programme (courses are scheduled from April to October 2016). A multiannual calendar (2016-2018) of periodic training of ethics and sound management of the public function is under further development; it envisages the following modules: (a) prevention and combating of corruption, code of conduct and transparency of the Administration; (b) administrative procedure, documentation and administrative simplification; (c) quality of relations with users; (d) review of the project "Computer Tutor Service of the Public Administration" (STIPA); (e) equal opportunities and measures for the promotion and protection of human rights; (f) IT protocol system and document management; (g) specific training for directors. A dedicated service of the Directorate General of Public Function (i.e. Service of Internal and External Communication) has been entrusted with the monitoring of transparency and corruption prevention measures within public administration (e.g. access to information, whistleblower protection).

⁶ The Code of Conduct for Public Officials is available at <http://www.interni.segreteria.sm/on-line/home/articolo25007703.html>

48. GRECO welcomes the adoption of the Code of Conduct for Public Officials and the measures with which it is coupled to ensure abidance to its principles, as well as to promote public awareness. GRECO recalls that ethical and integrity questions in respect of, on the one hand, members of parliament, judges and prosecutors; and on the other hand, top executive functions and law enforcement agencies will be specifically dealt with in its Fourth and Fifth Evaluation Rounds, respectively.
49. GRECO concludes that recommendation ix has been implemented satisfactorily.

Recommendation x.

50. *GRECO recommended that an adequate system of protection for those who, in good faith, report suspicions of corruption within public administration (whistleblowers) be instituted.*
51. GRECO, in the RC-Report, took note of the provision made in the draft code of conduct for public officials regarding whistleblower protection; pending its adoption, it assessed recommendation x as partly implemented.
52. The authorities of San Marino indicate that the Code of Conduct for Public Officials introduces the obligation for public officials to submit complaints and reports to their immediate superiors, the judicial authority or the police, when they are asked to act illegally or contrary to the principles of ethics and sound administration, when they become aware of violations to the Code by other officials, or when they otherwise suspect or know of an illegal or criminal activity concerning the public function (Article 7, paragraphs 1, 2 and 3, Code of Conduct). In turn, the administration is required to (i) ensure that the whistleblower does not suffer any drawback as a result of a report or disclosure; any sanctions or disciplinary measures adopted as a way of retaliation to the whistleblower are null and void (Article 7, paragraph 4); and (ii) take appropriate measures to ensure the confidentiality of the whistleblower; the identity may be revealed only if this is essential to fully guarantee the right of defence of the reported person (Article 7, paragraph 5, Code of Conduct). In case of communication, report or complaint to the judicial authority, the identity of the reporting public official may be revealed only when the judicial authority, by reasoned decree, declares it essential for the purposes of investigating the offences prosecuted (Article 7, paragraph 6, Code of Conduct). The obligation to protect the confidentiality of public officials is reiterated also in Article 13 of the code of conduct. The authorities further add that Whistleblowing Guidelines were issued in June 2016; they refer to internal channels and procedures to facilitate reporting of suspicions of wrongdoing and corruption, measures to afford protection to whistleblowers (e.g. anonymity) and to prevent retaliatory action, etc.
53. GRECO welcomes the Code of Conduct's specific reference to whistleblower protection, including by establishing a general obligation for public officials to report corruption suspicions and the setting in place of the requirement for public administration to protect whistleblowers and to ensure confidentiality of their reports. GRECO also takes note of the efforts made to further articulate this matter through the recently adopted Whistleblower Guidelines. These are all welcome signs which will need to be upgraded and refined as experience evolves. In point of fact, the issue of whether protection is effective largely depends on how it is implemented and inculcated into the organisational mindset of public administration. GRECO encourages the authorities to bear this issue in mind, to periodically review and evaluate the effectiveness of the institutional arrangements in place to protect reporting persons, to vigorously enforce remedies and sanctions in the potential event of retaliation against whistleblowers, to undertake

awareness-raising, communication and training efforts in this sensitive area, and to ultimately ensure that the adopted policy regarding whistleblowers enjoys public confidence.

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

Recommendation xi.

55. *GRECO recommended that the decision-making process in the domain of granting of building licences be properly risk assessed for anticorruption purposes and be subject to an appropriate auditing mechanism.*
56. GRECO, in its RC-Report, welcomed the auditing responsibilities entrusted to the Directorate General of Public Function, in line with the last part of recommendation xi. It, however, considered that for this recommendation to be fully implemented, a risk-assessment of the decision-making process for the delivery of building licences needed to be carried out.
57. The authorities of San Marino now report that this area has been given priority for the development of a targeted corruption prevention package. The Anticorruption Risk Assessment Plan elaborated by the Territorial Planning Office and the Building Office – both entrusted with dealing with building permits – was adopted on 22 April 2016. It contains a mapping of the processes at greater risk, a risk analysis for each process and possible measures required for risk prevention.
58. GRECO welcomes the path followed by the bodies responsible for granting building licences in order to identify risk areas at different stages of the decision-making process, as recommended. It further welcomes the specific Plan adopted; GRECO trusts that the latter key document will be promptly and efficiently implemented.
59. GRECO concludes that recommendation xi has been implemented satisfactorily.

Recommendation xiii.

60. *GRECO recommended to ensure that police officers, prosecutors and judges are given the necessary training in order to fully apply the existing provisions on liability of legal persons.*
61. GRECO, in the RC-Report, deemed this implementation as not implemented since no training had taken place.
62. The authorities of San Marino now report on training activities for police officers, prosecutors and judges conducted in the San Marino Legal Institute in close cooperation with the University of Urbino and the Italian School for the Judiciary. These activities were carried out in the framework of tailor-made training on anticorruption matters already referred to in connection with recommendation ii (paragraphs 11 to 18), which comprised, *inter alia*, modules on corporate liability and looked into theory, but also practical cases.
63. GRECO is pleased to note the action taken to meet the recommendations issued in connection with training; it understands that this is an on-going process and that funding for a multi-annual programme is being secured to this aim. Consequently, GRECO concludes that recommendation xiii has been implemented satisfactorily.

Recommendation xv.

64. *GRECO recommended that the tax authorities pay greater attention to the problem of corruption, in particular, through the development of appropriate directives or guidelines, as well as specific training on the detection of suspicions of corruption offences and their reporting to the competent law enforcement authorities.*
65. GRECO concluded, in the RC-Report, that recommendation xv had been partly implemented. In particular, GRECO was pleased to note that regulatory changes had been made in 2013 to strengthen the control function of tax authorities. Training on the new provisions had just started and GRECO asked for additional information in this respect.
66. The authorities of San Marino indicate that, on 5 June 2014, the Department of Finance and Budget formally adopted Practical Application Guidelines for San Marino Auditors to counter corruption, which the officials of the Tax Office responsible for controls during tax assessments (under Title IX of Law No. 166 of 16 December 2013) are bound to apply in the exercise of their functions. These Guidelines closely follow the OECD's Bribery Awareness Handbook for Tax Examiners and are intended to facilitate the detection of corruption instances by the fiscal services. San Marino auditors are to carry out verifications and to identify any cases of corruption.
67. After an initial training day (on 12 June 2014), a few days after the adoption of the aforementioned Guidelines, additional monthly training sessions were organised in May, June, September, October and November 2015 by the International Study Centre GEB Partners S.r.l., with which the Congress of State concluded a specific advisory and assistance contract for international taxation issues in order to specifically address GRECO's recommendation xv. These training sessions were held at the Tax Office and focused on an in-depth examination of the contents of the guidelines aimed at timely identification of cases of corruption during tax inspections. In particular, the sessions held in May, June and September 2015 were mainly of a theoretical nature, whereas those held in October and November 2015 concerned the analysis of practical cases. During the theoretical training sessions (May, June and September 2015), the techniques to identify and report, during tax audits, any corruption cases were extensively explained to the officials of the Tax Office. The training activity conducted took into account the most recent OECD indications in this field. More specifically, the importance of carry out the following activities was highlighted:
- performance of analytical tests, such as the analysis of financial statement items in order to identify accounting entries of a given volume or entries disclosing critical aspects;
 - review of documentation, such as taxpayer's books and documents in order to accurately determine the contents thereof, and to confirm the accuracy of items reported in the tax return;
 - gathering of information by third-party employees, to substantiate taxpayer's declarations;
 - double-checking aimed at tracing transactions to establish whether the latter were accurately recorded in accounting books and in taxpayer's accounting documents;
 - interviews with parties privy to the entire financial situation of the company subject to audit;
 - assessment of taxpayer's internal checks to establish the degree of reliability of accounting books and documentation;
 - in-depth investigations of the account, or accounts most likely to disclose transactions with enterprises that traditionally pay bribes;
 - check on compliance with tax requirements to be used for both identification and analysis of a company's "slush funds";
 - identification of the audited company's irregular payment procedures.

68. The officials of the Tax Office were also informed of the importance of drawing up, with reference to each of the foregoing activities, a specific verbatim record to be forwarded to the competent San Marino authority in the event of any suspicion of the existence of one or more cases of corruption. During the training sessions held in October and November 2015, after a brief theoretical introduction, some practical cases were examined taking, as a reference, tax audits in progress or already carried out by the Tax Office. Practical-application training sessions concerned, in particular, the examination of specific cases of tax audits, to which the principles and guidelines on techniques to identify bribes - illustrated during the theoretical training session - were applied in the different phases, taking account of the documents gathered by the officials. The analysis of practical cases revealed a sound knowledge by San Marino tax officials of how to apply the above-mentioned Guidelines.
69. GRECO is pleased to note the commitment undertaken by San Marino to build awareness of the tax authorities regarding the important role they are to play in preventing, detecting and reporting corruption offences. The authorities are to be commended on the particular steps taken in this regard.
70. GRECO concludes that recommendation xv has been implemented satisfactorily.

III. CONCLUSIONS

71. **With the adoption of this Addendum to the Joint First and Second Round Compliance Report on San Marino, GRECO concludes that out of the sixteen recommendations issued to San Marino, all of them have to date been implemented satisfactorily or dealt with in a satisfactory manner.**
72. GRECO congratulates San Marino for its proactive engagement and its sustained efforts to sharpen its legislative and institutional framework for fighting corruption. GRECO very much values the multifaceted measures implemented on all fronts covered by the Joint First and Second Evaluation Report, including, *inter alia*, the adoption of a Code of Conduct for Public Officials, the introduction of rules to provide for publicity of public procurement processes, the enactment of witness protection provisions, the activation of a telephone line for anonymous reporting of corruption suspicions and the logistical arrangements made to allow for wiretapping, under judicial supervision, for corruption-related offences, the development of targeted training for public officials on ethics and integrity, etc. Important steps have also been taken to promote specialisation and to increase expertise of investigating, prosecuting and adjudicating authorities to effectively address cases of corruption and money laundering. Likewise, specific guidance and training have been developed vis-à-vis the fiscal services to strengthen their role on the anticorruption field. It is fair to say that San Marino has done its utmost to meet GRECO's recommendations and to set the basis for an overarching anticorruption policy; it remains paramount that the legislation is coupled with adequate procedures and institutions to render it enforceable (e.g. regarding access to administrative information, whistleblower and witness protection mechanisms). Public expectations on the actual implementation of the newly introduced anticorruption measures are high, particularly at a time when major corruption cases are making headlines; it remains crucial that San Marino persists with its anticorruption efforts and delivers effectively.
73. The adoption of the present Addendum to the Compliance Report terminates the First and Second Evaluation Round compliance procedure in respect of San Marino.
74. GRECO invites the authorities of San Marino to authorise, as soon as possible, the publication of the report, to translate it into the national language and to make this translation public.