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FOURTH EVALUATION ROUND

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

SECOND ADDENDUM

SECOND COMPLIANCE REPORT

ICELAND

Adopted by GRECO at its 87th Plenary Meeting
(Strasbourg, 22-25 March 2021)

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I. INTRODUCTION

1. The Second Addendum to the Second Compliance Report assesses the measures taken by the authorities of Iceland to implement the pending recommendations issued in the Fourth Round Evaluation Report on Iceland (cf. paragraph 2) covering "Corruption prevention in respect of members of parliament, judges and prosecutors".
2. The [Fourth Round Evaluation Report on Iceland](#) was adopted at GRECO's 59th Plenary Meeting (22 March 2013) and made public on 28 March 2013, following authorisation by Iceland. GRECO addressed 10 recommendations to Iceland.
3. The Fourth Round [Compliance Report](#) was adopted by GRECO at its 67th Plenary Meeting (27 March 2015). None of the recommendations had been implemented satisfactorily or dealt with in a satisfactory manner, two recommendations had been partly implemented and eight had not been implemented. As a result GRECO concluded that the very low level of compliance was "globally unsatisfactory".
4. The [Interim Compliance Report](#) was adopted at GRECO's 71st Plenary Meeting (18 March 2016). Two recommendations had been implemented satisfactorily, six had been partly implemented and two remained not implemented. As a result of the progress made, GRECO concluded that the level of compliance was no longer "globally unsatisfactory".
5. The [Second Compliance Report](#) was adopted at GRECO's 78th Plenary Meeting (8 December 2017). Five recommendations had been implemented satisfactorily, three partly and two remained not implemented.
6. The [Addendum to the Second Compliance Report](#) was adopted at GRECO's 83rd Plenary Meeting (21 June 2019). Six recommendations had been implemented satisfactorily and four recommendations were partly implemented.
7. As required by GRECO's Rules of Procedure, the authorities of Iceland submitted a Situation Report with additional information regarding actions taken to implement the four pending recommendations that, at the stage of the Addendum to the Second Compliance Report, had remained partly implemented. The Situation Report was received on 31 October 2020 and served as a basis for this Second Addendum to the Second Compliance Report.
8. GRECO selected Malta and Norway to appoint rapporteurs for the compliance procedure. The Rapporteurs appointed were Mr Kevin VALLETTA, Office of the Attorney General, on behalf of Malta and Ms Mona RANSEDOKKEN, Senior Adviser, International Section of Police Department, Ministry of Justice and Public Security, on behalf of Norway. They were assisted by GRECO's Secretariat in drawing up this Report.

II. ANALYSIS

9. GRECO, in its Evaluation Report, had addressed 10 recommendations to Iceland. In the Addendum to the Second Compliance Report recommendations i, ii, iv, viii, ix and x had been implemented satisfactorily or dealt with in a satisfactory manner and recommendations iii, v, vi and vii had remained partly implemented. Compliance with the four pending recommendations is dealt with below.

Corruption prevention in respect of members of parliament

Recommendation iii.

10. *GRECO recommended that the existing registration system be further developed, in particular, (i) by including quantitative data of the financial assets/contributions received by MPs; (ii) by providing details of financial liabilities (i.e. debts) of MPs excluding reasonable house loans linked to ordinary market rates and minor loans not exceeding a reasonable limit; and (iii) by considering widening the scope of asset declarations to also include information on spouses and dependent family members - it being understood that such information would not necessarily need to be made public.*
11. It is recalled that this recommendation was considered partly implemented in the Addendum to the Second Compliance Report. GRECO took note of the entry into force in 2019 of the Revised Rules on the Registration of Financial Interests of Members of Althingi and their Positions of Trust Outside Althingi. It was concluded that the first part of the recommendation had not been addressed as quantitative data regarding financial assets/contributions received by MPs was still not to be disclosed. The second part of the recommendation had been implemented satisfactorily: registration of certain debts, in particular those related to commercial activities and private foundations was provided for, while debts relating to non-commercial private activities were excluded. Concerning the third part of the recommendation, GRECO regretted the authorities' position not to include financial interests of spouses. That said it had accepted that this matter had been duly considered by the Speakers Committee under two legislatures in the context of changing the rules on registration of financial interests. It followed that only the first part of the recommendation remained to be addressed.
12. The authorities of Iceland now report that amendments to the aforementioned Rules have been adopted and published. The rules now include the information as required by the recommendation.
13. GRECO takes note of the revised Article 4 of the Rules. It requires MPs to include actual numbers on financial contributions and other financial support received from domestic and foreign legal entities, private individuals, political parties or obtained as discounts on market price and other concessions, provided the value of such contributions/support exceeds ISK 700,000 (EUR 4,470) from one source in a year. GRECO is satisfied that quantitative data on financial contributions/support above a certain threshold received by MPs is now to be included in MPs' asset declarations. It also notes that all contributions/support below this threshold and above ISK 50,000 (EUR 319) are mandatory for reporting as to their nature and source even if actual numbers are not to be included.
14. GRECO concludes that recommendation iii has been dealt with in a satisfactory manner.

Corruption prevention in respect of judges

Recommendation v.

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

16. It is recalled that this recommendation was partly implemented in the Addendum to the Second Compliance Report and that only the first part of the recommendation remained to be addressed. GRECO took note of the establishment in May 2018 of a special committee by the Minister of Social Affairs. Composed of representatives from the government and outside partners, the committee was charged with working out proposals for the future reform called for by the recommendation.
17. The authorities of Iceland now report that a legislative proposal on the appointment of judges to the Labour Court is currently before Parliament. According to Article 2 of the proposal, the Supreme Court shall nominate three judges (out of five), including the president and vice-president of the Court, to be appointed by the Minister of Social Affairs for an indefinite period. The Confederation of Icelandic Enterprise and the Icelandic Confederation of Labour shall nominate one judge each, who are to be appointed by the Minister of Social Affairs for a three-year term.
18. GRECO takes notes of the existence of a legislative proposal before Parliament (made available to GRECO) addressing the first part of the recommendation. GRECO welcomes that it will introduce what appears to be a satisfactory nomination and appointment of judges to the Labour Court¹. However, the selection process with respect to judges to be nominated by the Supreme Court is still not adequately regulated. For example, it is not clear whether such positions are to be publicly advertised when vacant and whether the same guarantees of independence, impartiality, publicity and transparency, as governing all other judicial appointments, apply (see par. 83 of the Evaluation Report). In the absence of such confirmation, GRECO can only conclude that this pending part of the recommendation remains partly implemented.
19. GRECO concludes that recommendation v remains partly implemented.

Recommendation vi.

20. *GRECO recommended that (i) a set of standards of professional conduct, accompanied by explanatory comments and/or practical examples, be adopted for the judiciary and be made public; (ii) judges are provided with appropriate training and counselling services on ethics, integrity and the prevention of conflicts of interest.*
21. It is recalled that this recommendation was partly implemented in the Addendum to the Second Compliance Report. With respect to the first part of the recommendation, GRECO acknowledged the publication of the Code of Conduct for Judges, together with the measures to raise awareness on its content, as well as the adoption of rules on conflicts of interest and incompatibilities in respect of judges' side activities. GRECO noted however that the Code was not complemented by explanatory comments. The first part of the recommendation had thus not been fully complied with. As to the second part of the recommendation, GRECO appreciated the establishment within the Court Administration of a new structure for education/training for judges. A dedicated officer in charge of judges' training had been employed and regular training courses on ethical standards had been delivered to all new judges. Furthermore, the Ethics Board had been granted authority to issue opinions interpreting the standards of the Code, including upon request from a judge. In light of the foregoing, GRECO concluded that the second part of the recommendation had been implemented satisfactorily.

¹ GRECO notes that, at present, the Supreme Court appoints two judges, the two representative bodies – one judge each, and the Ministry of Social Affairs appoints the fifth from a group of three chosen by the Supreme Court.

22. The authorities of Iceland now report that the elaboration of explanatory comments/practical examples to the Code of Conduct for Judges is still under consideration.
23. GRECO regrets the absence of substantive developments regarding the first part of the recommendation. Consequently, it urges the authorities to swiftly adopt guidelines/explanatory comments/practical examples to the Code of Conduct for Judges as requested and to make them public.
24. GRECO therefore concludes that recommendation vi remains partly implemented.

Corruption prevention in respect of prosecutors

Recommendation vii.

25. *GRECO recommended that measures be taken to ensure security of tenure for all prosecutors.*
26. It is recalled that nothing new was reported in the Addendum to the Second Compliance Report. In the Second Compliance Report, GRECO had welcomed the provision of permanent contracts to District Public Prosecutors and their Deputies and reiterated its view as to the necessity of ensuring security of tenure for all prosecutors.
27. The authorities of Iceland now report that the Ministry of Justice has still not made any changes to the general rules on appointment of prosecutors and that this issue is still under consideration at the Ministry of Justice.
28. In the absence of any new developments, GRECO concludes that recommendation vii remains partly implemented.

III. CONCLUSIONS

29. **Iceland has made further progress in implementing the pending recommendations. Seven of the ten recommendations contained in the Evaluation Report have now been implemented satisfactorily or dealt with in a satisfactory manner and three recommendations have been partly implemented.**
30. More specifically, recommendations i, ii, iii, iv, viii, ix and x have been implemented satisfactorily or dealt with in a satisfactory manner and recommendations v, vi and vii remain partly implemented.
31. With regard to parliamentarians, GRECO is pleased that a number of improvements have been made: a code of conduct for MPs has been established, declarations of interest are to be made more detailed and to include quantitative data on financial support and contributions received above a certain threshold, MPs are also obliged to report situations of conflicts of interest as they appear (ad hoc).
32. Concerning judges, GRECO notes that revised nomination and appointment procedures of members of the Labour Court appear to be underway. GRECO reiterates, however, the need to complement the Code of Ethics of Judges with further guidelines and explanatory comments. As far as prosecutors are concerned, GRECO is pleased that the system has been reinforced by providing for greater independence of prosecutorial decisions and to allow for appeal against such decisions. That said, ensuring security of tenure for all prosecutors is still an issue of concern.

33. The adoption of this Second Addendum to the Second Compliance Report terminates the Fourth Round compliance procedure in respect of Iceland. The authorities of Iceland may, however, wish to inform GRECO of further developments with regard to the implementation of the pending recommendations v, vi and vii.
34. Finally, GRECO invites the authorities of Iceland to authorise, as soon as possible, the publication of the report, to translate the report into the national language and to make this translation public.