

Corruption and Anti-corruption Policy in Slovenia

Table of Contents

Executive Summary	572
1. Introduction	575
1.1 The data and perceptions	575
1.2 Main loci of corruption	580
1.3 Government anti-corruption policy	580
1.4 The impact of the EU accession process	581
2. Institutions and legislation	583
2.1 Anti-corruption legislation	583
2.2 Conflict of interest and asset declaration legislation	584
2.4 Control and audit	586
2.5 Anti-corruption agencies	589
2.6 Ombudsman	591
3. Executive branch and civil service	592
3.1 Structure and Legislative Framework	593
3.2 Administrative procedure and redress	595
3.3 Conflict of interest and asset monitoring	595
3.4 Internal control mechanisms	597
3.5 Interaction with the public	597
3.6 Corruption	598
4. Legislature	599
4.1 Elections	599
4.2 Budget and control mechanisms	599
4.3 Conflict of interest and asset monitoring	600
4.4 Immunity	600
4.5 Corruption	600

5. Judiciary	601
5.1 Legislative framework	601
5.2 Corruption	602
6. Political party finance	603
6.1 Legislative framework	603
6.2 Control and supervision	605
6.3 Party finance in practice	606
7. Public procurement	607
7.1 Legislative framework	608
7.2 Review and audit	609
7.3 Corruption	611
8. Public services	612
8.1 Police	612
8.2 Customs	613
8.3 Tax collection	614
8.4 Health	615
8.5 Education	616
8.6 Licensing and regulation	616
9. Role of the media	617
9.1 Freedom of speech	617
9.2 Access to information	618
9.3 Broadcasting regulation	619
9.4 Corruption	619
9.5 Media and corruption	620
10. Recommendations	620

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EXECUTIVE SUMMARY

Statistics on criminal proceedings and the opinions of analysts and international organisations including the European Union indicate that corruption is not a serious problem in Slovenia. However, Slovenia has slipped downwards somewhat in some international rankings, and citizens' perceptions are that corruption is both widespread and increasing. Certain findings of this report indicate that problems of corruption may be considerably more serious than have been previously acknowledged. While there is little direct evidence that corruption is serious in any particular area of public life, institutions of prosecution and enforcement appear to be weak, the effectiveness of several other institutions of oversight is questionable, and conflicts of interest appear to be a widespread phenomenon. These problems may be exacerbated by the small size of the country, a long history of close interaction between the public and private sectors, and the predominance of personal contacts as the means by which institutions function in practice.

Anti-corruption policy has not been a political priority, at least until 2001 when the Government initiated efforts to respond to a critical report by the Council of Europe, and specifically established a coordinating anti-corruption commission. As of July 2002, the country still lacked a national anti-corruption strategy. The EU accession process has had limited impact on anti-corruption policy until recently, as the Commission has never highlighted corruption as an important problem. However, the EU is assisting in the development of a national strategy. Civil society appears to be weak in the area of anti-corruption, and has played no role in pushing the issue into the public eye or creating anti-corruption policy.

Slovenian anti-corruption legislation is almost fully harmonised with the requirements of international conventions on corruption. Ratification of the last convention not yet in force, the Council of Europe Civil Law Convention, is expected in the near future.

Provisions on conflict of interest and asset and income declarations exist and apply to executive officials, while ordinary officials are not much restricted in their ancillary activities. Asset declarations may be checked by a special Parliamentary (National Assembly) Commission. Neither the conflict of interest nor asset declaration provisions

are effective in practice: there are no real sanctions for violation, and the provisions appear to allow clear abuses of conflict of interest situations in practice. Recent exposures of several cases of conflict of interest have resulted in a number of resignations, however.

Legislation on State financial control is relatively advanced. The Court of Audit is independent both formally and financially, although its findings are not generally used effectively. Legislation has been in effect since 1999 to establish an integrated international financial control system in the State administration, although the European Commission has recommended improvements in implementation.

The Office for the Prevention of Corruption was created by the Government in July 2001 and has been preparing an anti-corruption strategy and a proposed Act on the Prevention of Corruption. Until recently the Office did not appear to play an active role in initiation of corruption cases or implementation of specific anti-corruption policies. However, recent developments indicate that the Office may be beginning to play a more active role. Although the police has been restructured significantly to facilitate investigation of corruption, in some cases there are reasons for doubting the independence and effectiveness of both prosecutors and police, especially in the investigation of sensitive and important corruption cases. An office of the ombudsman has been established since 1994, but has not dealt with any major cases of corruption.

There is very little evidence of corruption in the executive branch or civil service, with the exception of a case against one State Secretary still in proceedings. Reform of the public administration has been only limited until recently: although the law has distinguished between political and career appointments, patronage appears to have been common and there have been few restrictions on the political party activities of civil servants. However, a major package of new laws passed in June 2002 will limit political appointments and make competitive selection procedures compulsory. There is evidence that procedures for appealing against administrative decisions are too time-consuming and costly to be effective. A Code of Conduct was adopted in 2001. Conflicts of interest appear to be an important problem, especially at local government level.

All public expenditure is included in the State budget approved by Parliament. Available evidence suggests that corruption is not a serious problem, although Parliament is the least trusted public institution in surveys. However, the inadequacy of conflict of interest and asset declaration provisions, and the absence of any provisions to regulate lobbying hinder assessment in this area.

Although the legal framework for the judicial branch is advanced and reform has been consistently high on the Government's agenda, concerns persist over the extent of judicial independence, as well as the adequacy of provisions to prevent judicial corruption. In particular, proposed reforms of the composition of the Judicial Council

may undermine independence. Although there is virtually no evidence of corruption among judges, court delays are still a serious problem.

Political party funding is subject to relatively strict and detailed rules, with restrictions on donations and expenditures, and parties receive significant subsidies from the State budget. However, parties appear to be able to circumvent the rules with relative ease, while supervision of party funding by the Court of Audit has not resulted in any significant sanctions for violations of financing rules. A number of cases of covert financing have come to light, while the increased indebtedness of some parties has increased the incentives for illegal financing.

Public procurement appears to be vulnerable to corruption, despite relatively advanced legislation. A long tradition of overlapping public and private sectors provides the context for a situation in which oversight is weak and collusion both among bidders themselves and between bidders and contracting agencies may be widespread. Moreover, the efficacy of review of procurement procedures and appeal processes is questionable. The European Commission has drawn attention explicitly to problems of conflict of interest in procurement. A few procurement scandals have broken in recent years at ministry level, while there is some evidence that procurement at local government level may suffer serious problems of corruption.

Corruption in public services appears to be a minor problem in most areas, despite comments or indications to the contrary, most frequently in healthcare. A possible exception is tax collection, where officials are regarded as highly exposed to bribery, and the size of the grey economy indicates that corruption may be a more serious problem than official data suggest. Licensing regulation may suffer from some problems of corruption, especially in the allocation of zoning and construction permits.

Freedom of speech is not threatened under Slovenian law. However, provisions on access to information do not appear to be effective. Broadcasting regulation appears to be relatively free from direct political interference, although there is evidence that public television is resistant to broadcasting evidence of corruption. While direct corruption of journalists does not appear to be a serious problem, hidden advertising is common. A more serious barrier to effective media investigation activities may be the close personal connections between media companies, other powerful private companies and Slovenian banks. A recent case of violence against an investigative journalist has raised concerns about the ability of journalists to investigate corruption without risk of reprisal.

1. INTRODUCTION

1.1 The data and perceptions

The European Union (in its *1998, 1999, 2000 and 2001 Regular Reports on Slovenia's Progress towards Accession*),¹ the Council of Europe (in the *GRECO 2000 Evaluation Report*),² as well as other international organisations and many domestic analysts regard corruption in Slovenia as a problem that does not present an acute or major threat to society or democracy. However, international rankings and public perceptions indicate a negative trend. In addition, the findings of this report indicate that while there is little evidence of serious corruption in any particular area, the weakness of institutions of enforcement and oversight combined with certain aspects of cultural legacy may create an environment vulnerable to corruption.

Statistics on corruption cases and convictions shown in Tables 1 and 2 support these views. However, for reasons presented in this report, these statistics probably measure more accurately the effectiveness of enforcement institutions than levels of corruption.

¹ Commission of the European Union, *1998, 1999, 2000 and 2001 Regular Report from the Commission on Slovenia's Progress towards Accession*, <<http://europe.eu.int/comm/enlargement/slovenia/index.htm>>, (last accessed 27 August 2002).

² See <<http://www.greco.coe.int>>, (last accessed 27 August 2002).

Table 1: Number of criminal complaints filed by the Police for criminal offences of corruption under the Slovenian Penal Code,³ 1991–2001⁴

<i>Criminal Offence</i>	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<i>Private sector passive corruption (Article 247)</i>	28	5	8	9	1	3	0	3	2	1	16
<i>Private sector active corruption (Article 248)</i>	23	6	8	4	1	2	0	3	1	2	1
<i>Passive bribery of public officials (Article 267)</i>	5	11	23	10	2	1	2	5	13	5	16
<i>Active bribery of public officials (Article 268)</i>	16	28	28	32	31	26	17	22	38	17	24
<i>Trafficking in influence (Article 269)</i>	0	0	0	0	1	2	0	3	18	1	1
<i>Active bribery/election or balloting (vote buying) (Article 162)</i>	0	0	0	0	0	0	0	0	0	1	0
<i>Passive bribery/election or ballot (Article 168)</i>	0	0	0	0	0	0	0	0	2	0	0
TOTAL	72	50	67	55	36	34	19	36	74	27	58

Source: *Statistical Office of Republic of Slovenia.*

³ The Penal Code, *Official Gazette*, 63/1994, 70/1994, 23/1999.

⁴ See M. Jager, "Raziskanost korupcije v Sloveniji in problemi z definicijo" [Corruption research in Slovenia and Problems of its Definition], paper presented at the Colloquium "Korupcija kot realnost današnjega časa" [Corruption as the Reality of Today], organised by the Ministry of Interior, Gotenica, Slovenia, May 2001, in: *Korupcija kot realnost današnjega časa*, conference proceedings, pp. 37–50. Under the valid Penal Code, the criminal offences of corruption cover the following areas: public office (active and passive bribery of public officials, trafficking in influence), business transactions in the private sector (active and passive bribery in the private sector), and elections or balloting (active and passive bribery at election or balloting). Criminal offences cited in Table 1 do not appear under their official titles. Some of the statistics were provided by the Slovenian Ministry of Internal Affairs.

Table 2: Number of convictions (by final judgement) for criminal offences of corruption, 1995–2000

<i>Criminal Offences (Penal Code, PC)</i>	1995	1996	1997	1998	1999	2000
Article 162	0	0	0	0	0	0
Article 168	0	0	0	0	0	0
Article 247	0	0	0	0	0	0
Article 248	1	1	0	1	0	0
Article 267	0	1	0	2	1	0
Article 268	14	17	13	13	14	9
Article 269	0	0	0	0	0	0
TOTAL	15	19	13	16	15	9

Source: *Statistical Office of Republic of Slovenia.*

Perceptions

Slovenia's ranking in the Transparency International Corruption Perception Index (CPI) indicates that Slovenia is (along with Estonia) among the least corrupt countries in Central and Eastern Europe.⁵

According to the EBRD/World Bank *1999 Business Environment and Enterprise Performance Survey*, Slovenia experiences medium levels of "State capture" – basically the influencing by private firms of the formulation of rules and laws, ranking it with the least affected post-communist countries. Four percent of firms reported that they employ tactics of State capture to influence policy-making.⁶

National public opinion polls measure various indicators that might be indicative of the corruption situation in Slovenia, in particular perceptions of corruption, levels of intolerance of corruption and levels of trust in institutions.⁷ In a 1995 national opinion

⁵ The CPI ranges between 10 (clean) and 0 (highly corrupt). For Slovenia's rankings, see <<http://www.transparency.org>>, (last accessed 16 August 2002).

⁶ See EBRD, *1999 Transition Report*, London 1999, pp. 117–120; J. Hellmann, G. Jones and D. Kaufmann, "Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition Economies", *World Bank policy research working paper* No. 2444, 2000; <<http://www.worldbank.org/wbi/governance>>, (last accessed, 15 July 2002).

⁷ The project "Slovensko javno mnenje" [Slovene Public Opinion] has been for years continuously carried out by Prof Niko Toš and his collaborators at the Center za raziskovanje javnega mnenja in množičnih komunikacij [CJMMK, Public Opinion Research Centre], Faculty of Social Science, University of Ljubljana. "SJM" is the broader longitudinal empirical research project in Slovenia. It is based on a representative sample (n=2100) of adult inhabitants.

poll, respondents ranked corruption in the lower third among the 37 problems listed, and in 1997, corruption was together with crime in general at the bottom of the list.⁸ The polls also indicate that tolerance towards corruption is low. The question “Could you find it acceptable that someone in a position of trust accepts bribes?” was answered negatively by 76.8 percent of respondents in 1992, 73 percent in 1995 and 73 percent of respondents in 1999.⁹

However, domestic public opinion and many domestic commentators believe that the situation is now worse than it was before the transition. In one major survey carried out in 1999, 62 percent of respondents believed the level of corruption in Slovenia to be increasing, while 38 percent believed that almost all or the majority of public officials were involved in corruption (49 percent believed that some were).¹⁰ Moreover, levels of trust in some important State institutions, notably Parliament, Government, political parties and the police, have fallen significantly in the last ten years,¹¹ which might in part reflect increasing perceptions of corruption or falling tolerance for corruption.¹²

Nonetheless, surveys of individual experience indicate that there is a difference between perceptions and actual victimisation. In 1997, only 1.2 percent of respondents reported having been victimised by corruption in the previous year (1.5 percent in Ljubljana).

⁸ Slovene Public Opinion project, University of Ljubljana.

⁹ D. Mesner-Andolšek, *Public Awareness of the Threat that Corruption Represents for Society*, report for GRECO, University of Ljubljana, Faculty of Social Sciences, Ljubljana 2000, p. 2.

¹⁰ Slovenian Institute of Social Sciences, “Awareness of Corruption in Slovene Society – Opinion Poll Survey 1990–1999,” cited in: GRECO, *Evaluation Report on Slovenia*, adopted by the GRECO at its 4th Plenary Meeting, 12-15 December 2000, <<http://www.greco.coe.int>> p. 4.

¹¹ *Human Development Report Slovenia 2000–2001*, M. Hanžek, M. Gregorčič (eds.), Institute of Macroeconomic Analysis and Development, Ljubljana 2001, pp. 54–55.

¹² D. Mesner-Andolšek, “Sociološki vidiki korupcije” [Sociological Aspects of Corruption], paper presented at the colloquium “Korupcija kot realnost današnjega časa,” [Corruption as a Reality of Today], Gotenica, May 2001.

These figures rose in 2000 to 2.1 percent and 1.9 percent respectively.¹³ The surveys also revealed that corruption is very seldom reported to the police, which helps to explain the low criminal statistics on corruption. The corruption victimisation rate is higher than in most Western European countries (where it ranges from 0.0 to 0.7 percent) but the lowest among the transitional countries of Central and Eastern Europe.

As this report goes some way to show, the prevalence of corruption in Slovenia is particularly difficult to assess as there are numerous indications that informal networks, connections and acquaintances (*veze in poznanstva*) play a crucial role in Slovenian society. This may give rise to networks of clientelistic or nepotistic social relationships that are corrupt but not characterised by direct exchanges of money or benefits. One example that may apply to Slovenia is the effect many believe personal connections have on criminal proceedings (in particular in the phase of investigation), or the effect that extensive personal connections (for example multiple board membership) across media companies, banks and other companies (many of which are still State-controlled) may have on media independence. As the GRECO *Evaluation Report* notes,

Slovenia is a small country and this can bring with it some degree of permissiveness, tolerance or even a certain endogamy among officials serving in different institutions. The GET observed that there seemed to be more reliance on personal relationships among State officials and feelings of mutual trust and confidence than on a sound constitutional approach of “checks and balances”... which is essential in the fight against... corruption.¹⁴

¹³ *International Crime Victim Survey* (ICVS) is an international comparative survey covering 11 main forms of crime victimisation. It is carried out by using two main survey methods: computer-assisted telephone interviewing (CATI) and face-to-face interviewing of a sample from 1,000 to around 2,000 respondents (depending on a country). For methodological details, see Z. Pavlovič, “Mednarodna anketa o kriminaliteti oz viktimizaciji – Slovenija (Ljubljana) 1992–1997” [International crime victim survey – Slovenia (Ljubljana 1992–1997), parts 1, 2, 3. and 4, in: *Revija za kriminalistiko in kriminologijo*, Ljubljana, 49/1998/3, pp. 257–265; 50/1999/1, pp. 30–37; 50/1999/2, pp. 122–130; 50/1999/3, pp. 234–239. On results, see M. Jager, *Raziskanost korupcije v Sloveniji*, [Corruption research in Slovenia], *Podjetje in delo* XXVI, 6-7/2000, pp. 1013–1019; Z. Pavlovič, *The International Crime Victims Survey in Countries in Transition*, UNICRI, Publication no. 62, Rome 1998, pp. 493–450; U. Zvekić, *Criminal Victimization in Countries in Transition*, UNICRI, Publication no. 61, Rome 1998. The question concerning corruption was the following: “In some areas there is a problem of corruption among government or public officials. During [last year] has any government official, for instance a customs officer, police officer or inspector in your country, asked you or expected you to pay a bribe for his service?” Further on the respondents were asked to identify the category of public official and whether they reported the event to the police or public prosecutor or other public or private agency. Results for the 2000 survey are from Statistical Office of the Republic of Slovenia, *Rapid Reports*, no. 265, p. 3.

¹⁴ GRECO, *Evaluation Report*, p. 11.

1.2 Main loci of corruption

There is no direct evidence that corruption is a serious problem in any one area of Slovenian public life. However, the weakness of a number of institutional anti-corruption mechanisms is a significant concern in a country of Slovenia's size, where personal relations and contacts can – if not subjected to regulation and countervailing forces – integrate a small number of interests in ways that conflict with broader public interests, rather than facilitating social integration in general.

In particular, conflict of interest remains an important corruption threat, and there are indications that it is a serious problem given the size of the country and the weakness of conflict of interest rules in the public administration. Both the EC *2000* and *2001 Regular Report* specifically mention conflict of interest as a problem, with the Commission noting in 2001 that, “[P]reventing conflict of interest situations, including those in public procurement, should be given more attention.”¹⁵

Another theme that is not addressed directly by this report, but which may be of considerable significance in the context of corruption, is the existence of a large number of (directly or indirectly) State-owned corporations. Because of this situation, the winning coalition of political parties that forms the Government does not win only the majority of seats in the Parliament but also extensive influence in State-owned corporations. The Government (representing the owner, i.e. the State) controls the appointment of top managerial positions in these firms and through more-or-less political hiring in these cases extends its influence over the economy and control over substantial assets.

1.3 Government anti-corruption policy

Although Slovenian anti-corruption legislation is relatively advanced and is almost fully harmonised with the EU *acquis*, anti-corruption policy has not been a Government priority at least until 2001. As a result no specific and comprehensive anti-corruption strategy or programme has been designed or implemented so far. One of the main findings of the GRECO *Evaluation Report* cited above was the absence of a national anti-corruption strategy and a central body to formulate and coordinate it.

In reaction to these findings and GRECO recommendations, the Government set up a Coordinating Commission for Combating Corruption in 2001, composed of representatives from various ministries and other executive bodies; representatives from the Supreme Court, State Prosecutor's Office, Court of Audit and the National Review

¹⁵ Commission, *2001 Regular Report*, p. 18.

Commission are invited to participate in the Commission's meetings.¹⁶ In July 2001, the Government established an Office for the Prevention of Corruption.¹⁷ Directly responsible to the Prime Minister, the Office has been in charge of preparing a national anti-corruption strategy, drafting new legislation and implementing the recommendations of the first GRECO report. As of June 2002, the Office was preparing a National Anti-corruption Strategy and an Act on Prevention of Corruption with the assistance of Dutch experts (see Section 1.4 below).

The role of civil society

Slovenian civil society appears to be surprisingly weak in the area of anti-corruption. For example, a recent attempt to form a branch of Transparency International failed due to lack of interest. Although the Government has recognised the importance of NGOs in the EU accession process and invited NGOs to co-operate in the preparation of negotiation positions for individual accession chapters, NGOs have not been involved in any specific initiative regarding corruption.

1.4 The impact of the EU Accession Process

Accession negotiations between Slovenia and the European Commission began in 1998, and EU accession is currently the most important foreign policy goal of the Government.

According to the Commission, Slovenia has satisfied the Copenhagen political criteria in every *Regular Report*, and corruption has never been highlighted as problematic.¹⁸ As stated in the *2000 Regular Report*, "According to the available statistics and reports, problems of corruption are relatively limited in Slovenia."¹⁹ Likewise, corruption has either not been mentioned at all under "ability to assume the obligations of membership," or mentioned favourably (in 2000).

However, although the EU has not exerted any substantial pressure on the Slovenian Government regarding corruption, the influence of the EU and the Council of Europe has been the principal reason for those limited initiatives the Government has made.

¹⁶ See "Amendments to the Republic of Slovenia's National Programme for the Adoption of the *Acquis* by the End of 2002," May 2001, Government Office for European Affairs, <http://www.gov.si/svez/novosti/npaa_an.htm>, (last accessed 27 August 2002).

¹⁷ Sklep o ustanovitvi, delovnem področju in organizaciji Urada Vlade Republike Slovenije za preprečevanje korupcije, *Official Gazette*, Government Resolution 58/2001.

¹⁸ Commission, *1998, 1999 and 2000 Regular Reports*.

¹⁹ Commission, *2000 Regular Report*, p. 16.

First, Slovenia has entirely harmonised its criminal law with the *acquis*. One motive behind harmonisation was a set of recommendations and guidelines issued after the 1998 evaluations of Slovenia by the European Commission and Council of Europe through the OCTOPUS 1 programme. The main areas highlighted as being in need of reform were: various specific amendments to the Penal Code; modernisation of means of investigating organised crime and corruption; the adoption of certain multilateral instruments in the field of international cooperation and improvement in the quality of analytic assessment of organised crime and corruption (statistics). The Slovenian Government took notice of these recommendations and assigned specific tasks in order to implement them.²⁰

In addition, Slovenia has more recently embarked on an effort to construct a more comprehensive anti-corruption strategy, partly in response to the recent GRECO findings (see Section 1.1). The Republic of Slovenia's National Programme for the Adoption of the *Acquis* by the end of 2002 identifies the need for 2002 PHARE assistance of €300,000 for the fight against corruption under the Justice and Home Affairs requirements regarding implementation of the *acquis* and strengthening of institutions. A pre-accession programme managed by Dutch experts is aiding the preparation of the Government anti-corruption strategy. The aim of the programme is to "assist in the development of an anti-corruption policy for Slovenia, with the emphasis on corruption prevention," and the programme places special emphasis on drawing together all relevant governmental and non-governmental organisations.²¹

Slovenia collaborates with the EU Anti-fraud Unit and other EU agencies in the field of Justice and Home Affairs, and has also participated in OCTOPUS I and OCTOPUS II, a two-part joint EU and Council of Europe Programme on the Fight against Corruption and Organised Crime in States in Transition (see above).²² Slovenia is a founding member of the Council of Europe Group of States against Corruption (GRECO), and was the first country in the region to be evaluated (see above).²³

Slovenia is also actively involved at the non-governmental level in the preparatory phase of the EU "Corpus Juris" project, which focuses *inter alia* on corruption in the

²⁰ See Republic of Slovenia's National Programme for the Adoption of the *Acquis* by the End of 2002, pp. 18–19, and amendments and supplements to this document from May 2001. On implementation, see also Commission, *2000 Regular Report*. All these documents are posted on <<http://www.gov.si/svez/svez1ang.htm>>, under "Documents," (last accessed 27 August 2002).

²¹ Center International, *Terms of Reference 2001, Fight against Corruption*, Pre-accession programmes, September 2001.

²² D. Kos, "Delovanje Sveta Evrope in EU na področju preprečevanja in obravnavanja korupcije" [Activities of the Council of Europe and the EU in Preventing and Handling Corruption], in: *Podjetje in Delo*, 6-7/2000, Ljubljana, pp. 1077–1088.

²³ GRECO, *Evaluation Report*.

context of the financial interests of the European Union. According to a recent report on the compatibility of Corpus Juris with the Slovenian legal system,²⁴ the substantive Criminal Code is harmonised with the *acquis*. However, proposals of the Corpus Juris concerning criminal procedure and international cooperation in criminal matters would require substantial changes in domestic legislation and even amendments to the Slovenian Constitution.

2. INSTITUTIONS AND LEGISLATION

2.1 Anti-corruption legislation

Slovenian bribery legislation is almost fully harmonised with the major international conventions: active and passive bribery are illegal both in the public and private sector, as is traffic in influence and electoral bribery, while recent legislation has established the criminal liability of legal entities for corruption:

- The penalty for requesting or accepting a bribe by a public official is one to five years' imprisonment. If the bribe is accepted in return for performance (or non-performance) of an official act that should (or should not) have been performed anyway, the sentence is up to three years' imprisonment. Passive bribery after the act has been performed (or not performed) is punishable by a fine or imprisonment of up to one year.²⁵
- Giving or offering a bribe to a public official is punishable by up to three years' imprisonment. In cases where the bribe is given to perform an official act that an official should or may perform in any case the punishment prescribed is up to one year imprisonment.²⁶
- Trafficking in influence by a public official is punishable by a fine or imprisonment of up to one year, but in more serious cases – where improper influence is made for a gift or other benefit and is exercised to induce on official

²⁴ D. Korošec, K. Šugman-Gotvan, M. Jager, "Penal and Administrative Sanctions, Settlement, Whistleblowing and Corpus Juris in the Candidate Countries: Slovenia Report, Corpus Juris documents," ERA, Trier 2001 (CD-ROM).

²⁵ Penal Code, Article 267, paragraphs 1, 2, 3.

²⁶ Penal Code, Article 268.

act which should not have been performed in any case – the prescribed penalty is up to three years imprisonment.²⁷

Under the Code of Criminal Procedure,²⁸ State bodies, public authorities and public officials must report all criminal offences that come to their attention and are subject to a penalty of three years' imprisonment or more. It is a criminal offence for a public official not to do so. However, the three-year threshold means that the only corruption offence to which this duty applies is request or acceptance of a bribe by a public official.

As of July 2002 Slovenia was in the process of ratifying the Council of Europe Civil Law Convention on Corruption, after new legal provisions came into effect in January 2002 that harmonised Slovenian law with the requirements of the Convention. In addition, the Act on the Responsibility of Legal Persons has introduced criminal responsibility of legal persons in cases of corruption crimes.²⁹

2.2 Conflict of interest and asset declaration legislation

Provisions on conflict of interest and asset and income declarations exist and apply to executive officials, while ordinary officials are not much restricted in their ancillary activities. Neither the conflict of interest nor asset declaration provisions are effective in practice: although adherence to the provisions may be checked by superiors or a special Parliamentary (National Assembly) Commission, there are no real sanctions in practice for violation and the provisions appear to allow clear abuses of conflict of interest situations in practice. However, the Office for the Prevention of Corruption and the media have publicly exposed a number of cases of conflict of interest recently, resulting in several resignations of senior officials.

For the public sector issues of conflict of interest, monitoring of assets, receiving gifts and/or hospitality is regulated primarily by the Act on Incompatibility of Holding Public Office with a Profit-Making Activity (hereinafter, Incompatibility Act).³⁰ The Act applies to Members of Government, MPs, all functionaries holding an executive

²⁷ Penal Code, Article 269, paragraph 3.

²⁸ Code of Criminal Procedure, *Official Gazette* 63/94, 72/98.

²⁹ Act on the Criminal Liability of Legal Persons, *Official Gazette* 59/1999, 12/2000.

³⁰ Act on Incompatibilities of Holding Public Office with a Profit-Making Activity (AIHPOPMA), *Official Gazette* 49/1992, 10/1992. In addition, this area is partly regulated also by the Code of Conduct for Public Employees valid also for high officials of the executive, the Act on Government and the Act on Functionaries in State Bodies. For a general overview, see, e.g., K. Stroligo, "Slovenia: Ethics and Good Governance," *Journal of Financial Crime*, vol. 7, no. 2, 1999, pp. 188–190.

position in the State administration or local government, members of municipal councils and judges of the Court of Audit.

Functionaries covered under the Incompatibility Act may not in general hold other offices in State organs, courts, bodies of local administration; hold other public offices; conduct any other profit-making activities incompatible with their function; receive gifts in connection with the performance of their office; nor obtain any advantages that could affect their actions. The prohibition on profit-making activities and receipt of advantages also applies to spouses, children, parents, grandchildren and brothers and sisters living in a joint household.

Officials who do not hold office as a full-time job (i.e. some mayors) may perform a profit-making activity provided the activity does not negatively affect the performance of their functions and the nature of the activity does not create a conflict of interest. Ordinary civil servants are subject to the same rule.

The EU *2001 Regular Report* notes these legislative provisions, but adds that, “[P]reventing conflict of interest situations, including in public procurement, should be given more attention.”³¹ According to officials from the Office for the Prevention of Corruption, the conflict of interest legislation will be amended to widen the circle of officials governed by incompatibility provisions.³²

Asset declarations

Functionaries covered by the Incompatibility Act are required to report their financial situation at the beginning and end of their term, every two years and upon specific request one year after the end of their term. The declarations must include gifts; functionaries in general must not receive gifts in connection with performance of their duties. Asset declarations are submitted to a special Commission of the Parliament: the information they contain on assets is not public, although salaries and other income received from the budget are public. The Commission is composed of seven members: the President of the Commission, four deputies of the Parliament and two deputies of the National Council.

If a functionary does not provide a declaration despite a warning made by the Commission, the Commission can only report this fact to the body of which the

³¹ Commission, *2001 Regular Report*, p. 18.

³² OSI Roundtable Discussion, Ljubljana, 19 February 2002. *Explanatory note: OSI held a roundtable meeting to invite critique of the present Report in draft form. Experts present included representatives of the Government, international organisations, and civil society organisations. References to this meeting should not be understood as an endorsement of any particular point of view by any one participant.*

official is a member or that elected or appointed him. In local self-government institutions, local commissions are formed to monitor local officials.

If the Commission concludes that a functionary has received gifts or acquired benefits that affected the performance of his functions, it notifies the body of which the official is a member or the body that elected or appointed him. If the body in question establishes that the allegations are grounded, it must initiate a procedure for dismissal.

If the Commission establishes that the financial situation of a certain official has "increased exceptionally," it must notify the same body. The Commission may demand information on the financial situation of an official from the tax authorities, which must provide the information. The same provision applies if the Commission establishes that the assets of family members living in the same household as the official have increased exceptionally. The body of which the official is a member can at any time request a report on his assets. During all these proceedings the Government official must be present to answer the Commission's questions.

In practice, neither the conflict of interest nor asset declaration provisions are effective. The conflict of interest provisions are highly formal, based on a strict "incompatibility" approach aimed (formally) at preventing combinations of functions, rather than focusing attention on conflict of interest problems as they arise in individual situations. In May 2002 it emerged that the Director of the Office for Consumer Protection awarded a contract to a company owned by her husband. No action was taken, as the action was not technically illegal, despite clearly violating the principle of conflict of interest.³³

As of June 2002, new legislation was under preparation that would impose stricter sanctions for not complying with asset declaration provisions, but had not yet been submitted to Parliament.

2.4 Control and audit

Legislation on State financial control in Slovenia is relatively advanced. The Court of Audit is independent in theory and in practice, and is the only supreme audit institution among candidate States to control its own budget. Legislation has been in effect since 1999 to establish an integrated international financial control system in the State administration. However, the European Commission has recommended improvements in implementation, particularly increases in staff and strengthening the independence of internal auditors.

³³ Information provided by Ali Žerdin, Deputy Editor, *Mladina* weekly.

The Court of Audit

The Court of Audit began its work in 1995, and has ultimate responsibility for auditing State finances, the State budget and other public finances (including the budgets of local Governments, public funds, public agencies or services and recipients of EU subsidies). The Court applies the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) and a newly enacted Court of Audit Act (CAA)³⁴ that is fully harmonised with the EU *acquis*.

The Court of Audit has three members (the President and two Deputy Presidents) and six supreme State auditors who head the audit units. In 2000, the Court employed a total of 56 auditors.³⁵ The members of the Court are elected by the Parliament upon the nomination of the President of the Republic for a term of nine years. The Parliament can remove a member of the Court of Audit if there are statutory grounds for removal. The president of the Court appoints the supreme State auditors for terms of nine years.

In the framework of CAA provisions, the Court of Audit is independent in choosing subjects to audit. In deciding its yearly plan of audits, the Court has to take into consideration the suggestions of MPs and Parliament's working bodies, the Government, ministries and the local government bodies. Under the CAA the Court must include in its yearly plan five suggestions from the Parliament, at least two suggestions of the opposition and at least two suggestions of the Parliament's working bodies. The CAA also stipulates that the Court is bound every year to audit the execution of the State budget, the Institute of Public Health (in the area of compulsory insurance), the Institute of Public Pension Insurance (in the area of compulsory insurance), a certain number of local governments and municipalities, a certain number of public service providers and a certain number of providers of non-economic public services.³⁶

The work of the Court of Audit is public. At least once a year the Court reports to the Parliament about its work. The CAA requires that the particular audit reports be sent to the subject of audit, to the head of the subject of audit, to the Parliament and (optionally) to other State institutions that the President of the Court decides to inform. In case the Court finds severe violations of regulations it issues an appeal to discharge the head of institution and a report to the public. The Court also notifies the Parliament. The relevant Committee of the Parliament discusses such reports and issues a decision on the measures that have to be imposed on the institution in question.

³⁴ Court of Audit Act (CAA), *Official Gazette* 11/2001.

³⁵ See, Court of Audit website <<http://www.sigov.si/racs/druge00.htm>>, (last accessed 27 August 2002).

³⁶ CAA, Article 25.

However, although the Court's audit findings are used by journalists as a valuable source of information, in general its findings do not appear to be used by Parliament in order to impose corrective measures, although recent amendments to the Act on the Court of Audit have provided for more established mechanisms for use by Parliament of the COA's audit reports. In the six years since its existence, the Court of Audit has reported only 15 criminal offences to the police.³⁷

If it has "grounded suspicion" that an administrative offence has been committed, the Court of Audit must by law initiate proceedings at the court of administrative offences. Beside the general obligation under the CCP to notify suspected criminal offences to the police, the CAA (Article 30) specifically prescribes that reporting suspected crimes to the competent authorities is obligatory if there is "grounded suspicion" that a criminal offence (for example corruption) has been committed. In case of suspicion of an administrative or criminal offence the CAA also enables the Court of Audit to seize the relevant incriminatory documentation for a period of eight days. As already explained above in case of such severe violations the Court must also issue a report to the public, inform the Parliament and/or demand the dismissal of the responsible person. The institution concerned may or may not remove the person from office, but in either case it has to inform the Court about its decision in writing within 15 days.

In January 2001, a new Act on the Court of Audit came into effect, which further strengthened the independence of the COA by removing its budget from parliamentary control. The amendments reduced the number of members of the Court to three, increased the powers of the President, removed the Court's remaining judicial powers and provided for more systematic use of the Court's reports by Parliament. The Court now audits the use of EC funds all the way to the final recipients, helping to confirm the statement by the Commission in its *2001 Regular Report* that, "External audit in Slovenia is largely satisfactory."³⁸

Internal control

Under the 1999 Act on Public Finance (hereinafter APF),³⁹ all State organisations must have a system of internal control and revision and a system of procedures and responsibilities of employees within each agency receiving budget funds. By early 2002, all ministries had established internal audit units. Responsibility for supervision of internal financial control and establishment of harmonised procedures and rules lies with the Budget Supervisory Service (BSS) at the Ministry of Finance. The BSS

³⁷ B. Habjan, paper presented at the colloquium "Korupcija kot realnost današnjega časa," Gotenica, May 2001.

³⁸ Commission, *2001 Regular Report*, p. 86.

³⁹ Act on Public Finance (APF), *Official Gazette* 79/1999.

conducts budgetary inspections and revisions in bodies or agencies that receive budget funds. The budgetary inspector has (among other powers) statutory authority to suspend *ex ante* the use of budgetary funds and to mandate the return of illegally spent funds to the budget.

The effectiveness of the internal control system is difficult to assess, as it is still in the process of being established. However, according to the EU internal financial control, it “should be improved,”⁴⁰ and the *2001 Regular Report* recommended a number of measures including increases in staff and strengthening of the functional independence of internal auditors.

2.5 Anti-corruption agencies

The Office for the Prevention of Corruption

As Section outlined in 1.3, the Government Office for the Prevention of Corruption has since July 2001 been preparing a draft national anti-corruption strategy and Act on Prevention of Corruption. The Office is not independent of the Government, and until recently did not appear to have played any active role in initiating corruption cases or implementing any specific anti-corruption policies. However, the Office has recently analysed several cases of privatisation (for example, the privatisation of Triglav insurance company and the management buyout at BTC), along with corruption in the non-profit sector (including humanitarian organisations), and the pharmaceuticals sector. From 15 October 2001 to 23 July 2002 the Office received reports of 112 cases of suspected corruption, and as of the end of July 2002 had forwarded 39 cases to the police. The Office has also played an active role in several recent cases of suspected corruption and conflicts of interest, notably the following:⁴¹

- The President of a district court hired her husband’s company to assist in the relocation of the court (see Section 5.2).
- The Director of the Office for Gaming Supervision allegedly asked for favours from a casino (he resigned).
- A district State prosecutor hired his partner as head of his office (he was discharged).

⁴⁰ Commission, *2001 Regular Report*, p. 86.

⁴¹ For more information on these cases see: “Najbolj smrdi v zdravstvu” [Health care stinks the worst], *Delo*, 25 July, 2002; “Disciplinski ukrep: Izprašaj si vest!” [Disciplinary measure: examine your conscience!], *Delo*, 13 June, 2002; “Razlogi so drugje” [The reasons are elsewhere], *Delo*, 19 April, 2002; “Podjetni javni uslužbenci” [Business-motivated public employees], *Dnevnik*, 12 July, 2002.

- A State undersecretary at the Ministry of Defence allegedly maintained his position as director of a private company (the case was under disciplinary proceedings as of July 2002).
- The Director of the Office for Consumer Protection awarded a contract to a company where her husband was a director and shareholder (she was discharged).

The Office also recently financed a large corruption victimisation survey.

The police

Since 2000 the police has been restructured significantly to facilitate investigation of corruption. However, in some cases there are reasons for doubting the independence and effectiveness of both prosecutors and police, and police investigations appear to be vulnerable to political pressure, at least in sensitive high-level cases. An office of the ombudsman has been established since 1994, but has not dealt with any cases of corruption.

In April 2000, the police created special anti-corruption divisions at both central and regional level to investigate corruption crimes.⁴² The central Anti-corruption Division is supposed to plan, organise, direct and supervise investigation activities in the following areas: corruption in State authorities; corruption in authorities and organisations with public authorisation; corruption in obtaining and granting public investment works, investment purchases, concessions, financial subsidies and credits; trading in influence; and other corruption offences.⁴³

The number of officers serving in the central division has increased since the publication of the GRECO *Evaluation Report*. The number of officers working in regional divisions is planned to be 25, but in early 2002 the units were only 50-60 percent occupied. The GRECO Report also criticised an unclear division of responsibilities between the police, prosecutors and investigating judges: cooperation in criminal proceedings appears to depend mostly on good personal contacts between the police and prosecutors, and the Report pointed out that, “[A] negative atmosphere between the police and the Public Prosecutor... could lead to a complete collapse of criminal investigations.”⁴⁴ It should be

⁴² The State-level anti-corruption division is one of five divisions in the Organized Crime section of the Criminal Police Directorate. The Criminal Police Directorate is part of a General Police Directorate headed by the Director-General of the police. On the need to introduce such units, see D. Kos, “The Setting up of Special National Services for the Fight Against Corruption – Slovenia’s Point of View,” in: *Corruption in Central and Eastern Europe at the Turn of Millennium – A Collection of Essays*, Open Society Institute Slovenia, Ljubljana 1999, pp. 129–135.

⁴³ Point 2.3.3.4 of the Regulation on Organisation and Systemisation of Working Places at the Ministry of Interior and the Police.

⁴⁴ GRECO, *Evaluation Report*, p. 13.

noted that the importance of and reliance on good personal contacts could clearly be dysfunctional in the case of corruption investigations.

Significantly, the Report also noted that the Government appoints prosecutors, and career prospects depend largely on decisions taken by the Ministry of Justice. Most worryingly, the report stated that, “[GRECO] was informed that investigations on high-level cases had been hampered, delayed or brought to an end through pressure put on police officers in charge of the investigation.”⁴⁵ One possible example of such pressure is provided by an investigation initiated several years ago into the financing of the Slovenian People’s Party. Senior officials involved in anti-corruption policy regard the subsequent departure of all the officers involved in the investigation as a sign of likely political pressure.⁴⁶

The European Commission has welcomed the introduction of specialised anti-corruption divisions, and no additional requests or suggestions have been made in this area.

The Office of Money-Laundering Prevention

According to the EC, Slovenian money-laundering legislation is in line with the *acquis*. The Office of Money-Laundering Prevention (OMLP), which began functioning in 1995 as a unit of the Ministry of Finance, receives information from entities required to report specific transactions under the law, and may order postponement of transactions for up to 48 hours. According to the OMLP, the number of money laundering cases has been increasing, and in 2000, the Office investigated 95 suspicious transactions totalling €49.5m. Money laundering was connected in particular to all kinds of illegal trafficking, as well as to different forms of corruption and tax fraud.⁴⁷

2.6 Ombudsman

The Human Rights ombudsman was established in December 1993, and the first ombudsman was elected in September 1994. The ombudsman is elected by a two-thirds majority of votes of both houses of Parliament upon nomination by the President of the Republic, and may be re-elected once. The ombudsman may be removed only at his/her own request, on conviction for a criminal act, permanent loss of ability to perform the office, or by the proposal of one-third of MPs and a two-

⁴⁵ GRECO, *Evaluation Report*, p. 12.

⁴⁶ OSI Roundtable Discussion, Ljubljana, 19 February 2002.

⁴⁷ See, e.g., “Primerov pranja denarja je vse več” [The number of cases of money laundering is increasing], *Delo*, 27 March 2001.

thirds vote of all MPs present. At the beginning of 2001, the ombudsman had three deputies and 20 staff.

The ombudsman may not hold any office in the State administration, local government, political parties, and trade unions or perform any other activity incompatible by law with public office. The ombudsman enjoys immunity for both opinions and proposals expressed during the performance of duties, and may not be subject to any criminal proceedings for actions performed during the performance of duty without the prior consent of the Parliament.

On the basis of complaints from citizens or its own initiative, the ombudsman may monitor all State bodies, local authorities and bodies entrusted with public authority apart from judges and courts (except in cases of improper procedural delays or abuse of power).⁴⁸ Institutions must provide the office with any information requested regardless of the level of confidentiality, and the ombudsman may call witnesses and experts for questioning.

After an investigation, the ombudsman may: submit an opinion, suggestions and recommendations, to which the institution must respond within the deadline set by the office; propose disciplinary proceedings; file complaints to the Constitutional Court, and request that the Court assess the constitutionality of regulations. The ombudsman reports in detail on all his activities annually to Parliament; the reports are public and available on the Internet.⁴⁹

In 2000, the ombudsman received more than 3,000 complaints, one-third of which related to court and police proceedings.⁵⁰ The office has not dealt with any major cases of corruption.⁵¹

3. EXECUTIVE BRANCH AND CIVIL SERVICE

Until recently, reform of the Slovenian public administration had been limited. Laws in effect have not distinguished between political and career appointments sufficiently

⁴⁸ The Human Rights Ombudsman Act (HROA), *Official Gazette* 71/1993, 15/1994, Article 1.

⁴⁹ See <<http://www.varuh-rs.si>>, (last accessed 28 August 2002).

⁵⁰ See *Human Rights Ombudsman 2000 Annual Report*, Office of the Human Rights Ombudsman, Ljubljana, May 2001.

⁵¹ One case in 1996 aroused suspicions concerning the way in which agricultural subsidies were distributed. The Ministry of Agriculture amended its regulations in response to the Ombudsman's recommendations.

strictly, patronage appears to have been common and there have been no restrictions on political party activities of civil servants. Moreover, there is evidence that procedures for appealing against administrative decisions are too time-consuming and costly to be effective. However, major public administration reform took place in June 2002 with the passage of a comprehensive package of laws. A Code of Conduct for civil servants was adopted in 2001. The new legislation will limit political appointments and make competitive selection procedures compulsory, although the provisions will not start to come into effect until mid-2003. There is very little evidence of corruption in the executive branch or civil service, with the exception of a case against one State secretary, still in proceedings. However, conflicts of interest appear to be an important problem, especially at local government level.

3.1 Structure and Legislative Framework

The public administration (central and local) is regulated by various legal acts. For the purposes of this report, the most important (beside Constitutional provisions) include the Acts on State Administration,⁵² on Employees in State Bodies,⁵³ on General Administrative Procedure⁵⁴ and on Administrative Disputes.⁵⁵

At present, the personnel of the State administration of the central Government can be divided into two main categories. The first group is comprised of the political functionaries: the Prime Minister, ministers, State secretaries in various ministries, the Secretary-General of the Prime Minister's Office and the heads of special Government agencies offices (like the Intelligence and Security Agency, Government Office for Legislation, etc.). The second group consists of career civil servants. The status of the first group is regulated by the Act on Government⁵⁶ and the Act on Functionaries in State Bodies.⁵⁷ It is not illegal for members of the second group to be part of the leadership of a political party, with the exception of the police or armed forces.

⁵² Act on State Administration, *Official Gazette* 52/02.

⁵³ Act on Employees in State Bodies (AESB), *Official Gazette* 15/1990, 5/1991, 18/1991, 22/1991, 2/1991-I, 4/1993, 18/94 70/1997, 38/1999.

⁵⁴ General Administrative Procedure Act (GAPA), *Official Gazette* 80/1999, 70/00, 52/02.

⁵⁵ Act on Administrative Disputes (AAD), *Official Gazette* 50/97, 65/97, 70/00.

⁵⁶ Act on Government (AG), *Official Gazette* 4/1993, 23/1996, 47/1997, 119/00.

⁵⁷ Act on Functionaries in State Bodies (AFSB), *Official Gazette* 30/1990, 18/1991, 22/1991, 2/1991-I, 4/1993.

Under the Slovenian Constitution, appointments to the civil service must be made via a public selection procedure except in cases defined by law.⁵⁸ However, public selection procedures are sometimes avoided, particularly for higher civil service positions, and the media has published information on the practice of “political hiring.”⁵⁹ After changes of Government, many new people were appointed as State secretaries and directors of various governmental and semi-governmental agencies and other high executive posts, many of which were professional by nature, such as directors of tax or customs administrations, senior civil servants, or directors of public enterprises.⁶⁰

The EC has continuously stressed the need for convincing progress on overall public administration reform.⁶¹ In June 2002, Parliament passed a package of important new laws: the Act on State Administration,⁶² Act on Public Agencies,⁶³ Act on Inspections,⁶⁴ Act on Public Employees,⁶⁵ and Act on Salaries in the Public Sector.⁶⁶ These laws form the bulk of public administration reform. The Act on Public Employees makes public competitive selection procedures mandatory for selection of all civil servants and contains sanctions for not complying with public selection mechanisms including the nullification of the employment contract.⁶⁷ Implementation of the provisions of this Act will begin in July 2003, while the provisions of the Act on Salaries will start being implemented in January 2004. Under the new Act on State Administration the only functions that remain political are: the Prime Minister, ministers, the Secretary-General of the Government and (optionally) one State secretary per ministry.⁶⁸

⁵⁸ Constitution of the Republic of Slovenia, Articles 120, 121, 122.

⁵⁹ “Vladno kadrovanje pod lupo” [Government’s hiring under scrutiny], *Delo*, 13 July 2001.

⁶⁰ See, e.g., Economist Intelligence Unit, *Slovenia Country Profile 2001–2002*, p. 11.

⁶¹ See, e.g., Commission, *2000 Regular Report*, pp. 14–15.

⁶² Act on State Administration, *Official Gazette* 52/02.

⁶³ Act on Public Agencies, *Official Gazette* 52/02.

⁶⁴ Act on Inspections, *Official Gazette* 56/02.

⁶⁵ Act on Public Employees, *Official Gazette* 56/02

⁶⁶ Act on the System of Salaries in the Public Sector, *Official Gazette* 56/02.

⁶⁷ Act on Public Employees, Articles 74–77. See also “Kovanje uradniške elite” [Creation of a Civil Service Elite], *Delo*, Saturday enclosure, 10 November 2001.

⁶⁸ Act on State Administration, Article 17.

3.2 Administrative procedure and redress

Under the Slovenian Constitution, any person may sue the Government and demand compensation for damages suffered as a result of the wrongful actions by any government body, local government body or other statutory authority.⁶⁹

Under the Act on Administrative Disputes citizens may appeal against administrative decisions first to the body issuing the decision and thereafter to administrative courts, which were established in 1998. The courts may review both the legality and substance of decisions, and the Supreme Court is the final arbiter of such disputes.

Although judicial review of administrative decisions is guaranteed as a constitutional right, in practice the procedure can take a long time and is very costly in some cases.⁷⁰

3.3 Conflict of interest and asset monitoring

As noted in Section 2.2, the Incompatibility Act applies only to Government executive functionaries and other functionaries that hold an executive position on State or local Government level, to MPs and to members of local municipal councils.

Under the Act on Employees in State Bodies, senior civil servants may not accept external employment except in independent scientific, pedagogical, cultural, sport, humanitarian or publicist activities.⁷¹ All other State employees may accept any external employment subject to the written approval of their superior.

However, ordinary civil servants are free to own private companies that do business with the agency for whom they work. According to media reports, the Government intends to widen the sphere of functionaries to whom the Act applies.⁷²

⁶⁹ Constitution of the Republic of Slovenia, *Official Gazette* 333/1991, 42/1997, 66/2000, Article 26.

⁷⁰ The media reported a privatisation case where an individual appealed against an allegedly corrupt decision. The case was not completed in mid-2001, seven years after its initiation, and the individual concerned stated that the procedure had so far cost him €27,000. See "Neomajen boj za resnico: V letih, ko se je boril za pravico, si je nabral za več kot šest milijonov tolarjev dolga" [The unlimited fight for justice: in years of fighting for his rights he ran up a debt of six million tolaris], *Dnevnik*, 16 May 2001.

⁷¹ AESB, Article 27.

⁷² "Krog se sicer širi, a bo obseg še premajhen" [The circle widens but not enough], *Delo*, 9 August 2001.

In January 2001, the Government adopted a Code of Conduct for civil servants,⁷³ which fully adopts Council of Europe recommendations. The Code establishes guidelines for the interaction of officials with citizens, conflicts of interest, acceptance of gifts and post-public service employment, and is binding for ministers and other functionaries.⁷⁴ Breach of the Code of Conduct can trigger disciplinary proceedings, as its provisions form part of the general conditions of employment for civil servants. The Code forbids officials to accept or demand gifts or benefits that could influence or appear to influence the performance of duties, with the exception of conventional hospitality and minor gifts. The Code also regulates in detail the proper reaction to improper offers and prohibits various kinds of conflict of interest, putting oneself in a position of obligation to return a favour and misuse of public office.

Under the Code, a civil servant should also avoid the possibility of a conflict of interest arising from the prospect of future employment outside civil service, and is obliged to report to his superior any such employment offer that could create a conflict of interest. In addition civil servant should not “for an appropriate period of time” act or advise in matters in which they were involved as a civil servant, nor use or disclose confidential information acquired as a civil servant.

Regulations on asset declarations are also covered in Section 2.2. In practice, senior Governmental officials sometimes do not submit reports on their assets to the Parliamentary Commission as required by the Incompatibility Act.

The media has also reported a number of irregularities among local government functionaries. These cases typically involve alleged “soft” improper influences, connections, family ties and political party connections and often involve conflict of interest as defined by the Incompatibility Act. In such cases, the local Commissions in charge of supervising conflict of interest provisions in many cases either do not receive the data or remain passive.⁷⁵ One case investigated by a private TV station of irregularities in construction permits involved a situation where the head of an Office for Urban Planning was also a manager of a construction company to whom he awarded permits.⁷⁶

⁷³ Code of Conduct of Public Employees, *Official Gazette* 8/2001.

⁷⁴ The Conclusion of the Government, *Official Gazette* 8/2001, 18 January 2001.

⁷⁵ See, e.g., “Do kod sežejo obalne korupcijske zgodbe” [Where do the seaside corruption stories end?], *Dnevnik*, 12 December 2000; “Sporna navodila iz županove pisarne” [Questionable guidelines from the Mayor’s Office], *Delo*, 4 April 2001.

⁷⁶ Interview with Borut Meško, journalist, POP TV, 19 February 2001.

3.4 Internal control mechanisms

Under the Act on Employees of State Bodies, a civil servant convicted of bribery is subject to mandatory termination of employment, may be suspended during criminal proceedings, and may be held liable for damages.

Under the Code of Conduct, a superior is responsible and accountable for the conduct of subordinates if he or she has not taken reasonable steps to prevent them, and must take steps to prevent corruption such as education and training, be alert to signs of financial or other difficulties of subordinates, and set a personal example. The superior is also responsible for initiating disciplinary proceeding against civil servants who fail to comply with the Code.

According to the Code of Conduct, each civil servant is bound to report all illegal, wrongful or non-ethical conduct to the “competent bodies.” The Code does not require that such reports about alleged transgressions be made to the superior first. If a civil servant believes that the response of the competent body is inadequate, a written complaint may be submitted to the head of that body. If a criminal offence is suspected, the civil servant is bound to report his suspicions and evidence to the competent body (police/State Prosecutor).

The Code of Conduct obliges the public administration to protect whistleblowers who reported on reasonable grounds and in good faith. In practice, whistle blowing has been rare, although the effect of the new Code of Conduct remains to be seen.

In practice, an important defect of Slovenian public administration appears to be inadequate internal supervision and control. The great majority of cases of corruption are discovered by the media or the police through the initiative of individual citizens, not by the administration itself. Disciplinary proceedings and suspensions tend to take place only after the case has been initiated or made public.

3.5 Interaction with the public

Various provisions on how civil servants must interact with the public are contained in the Acts listed in Section 3.1. However, the Code of Conduct is the most important provision in this respect. In addition to the provisions mentioned above, civil servants are expected to be honest, impartial and to act with courtesy to all with whom they have contact; are forbidden from acting arbitrarily to the detriment of any person, group or body; and must respect both the right of access to official information as well as confidentiality where relevant.⁷⁷

⁷⁷ Code of Conduct for Civil Servants, Articles 4–11.

3.6 Corruption

Although the Commission's *Regular Reports* continuously stress the need for public administration reform to create "more professional, impartial, efficient and effective civil service,"⁷⁸ according to the Commission, the Executive "continues to operate smoothly"⁷⁹ and corruption has not been raised as an issue. However, there exists both direct and indirect evidence of corruption in the executive branch and civil service.

The most well-known case was the conviction in early 2002 in the court of first instance of a State secretary in the Ministry of Economic Affairs for bribery in the allocation of a subsidy. The State secretary headed a special commission at the Ministry that allocated subsidies to small and medium-sized companies. According to media reports, one entrepreneur who was to pay a €35,000 kickback reported the case to the police. The official was sentenced to three years' imprisonment, but as of June 2002, the Court of Appeal had overturned the conviction and the outcome of the case was uncertain. The media has suggested that in previous cases bribes were disguised as payments for fictional research projects or in other ways.⁸⁰

No research project exists focusing specifically on corruption in the civil service. At the same time, a number of *ad hoc* surveys by newspapers indicate that citizens perceive corruption to be relatively high in this area.⁸¹

Areas where corruption is felt to be more widespread include the so-called Decentralised Administrative Units (bodies of the ministries organised in regions with one or more local communities to perform administrative tasks) and local municipalities. An especially vulnerable area appears to be town planning, with regard to which media reports on corruption are continuous.⁸² For example, evidence and allegations supplied to the reporter indicate that ties between the construction industry in Ljubljana and town planning officials have reached serious proportions, with officials in the City Planning Department often signing permits for construction companies of which they are owners or directors. In July 2001, a Slovene inhabitant of

⁷⁸ Commission, 1998, 1999 and 2000 *Regular Reports*.

⁷⁹ Commission, 1998 *Regular Report*, p. 8.

⁸⁰ See, e.g., "Korupcija" [Corruption], *Mladina* weekly, 11 November 2000; "Minister ni kriminalist" [The Minister is not a criminal investigator], *Dnevnik*, 22 November 2000.

⁸¹ See, e.g., "Kje se začne korupcija" [Where Corruption Begins], *Dnevnik*, 19 March 1999.

⁸² See, e.g., "Sumljiva kuverta" [The Suspicious Envelope], *Dnevnik*, 18 August 2000; "Gradnjo je preprečila korupcija" [The Course of construction obstructed by corruption], *Delo*, 12 April 2001; "Je denar urbanizma vladar?" [Does money rule urbanism?], *Delo*, 24 August 2000; "Rekorderji spornih gradenj" [Record holders of contestable constructions], *Mladina*, 7 May 2001.

Ljubljana filed an application to the European Court of Human Rights concerning “rife corruption” in the city and in particular focusing on ties between ZIL Inženiring construction company and the City Planning Department.⁸³ The applicant alleges that a clique built around the company and senior city officials not only has perpetuated corruption in city planning and the issue of permits, but also has prevented programmes being run on both public and private television and has influenced the police to intimidate him.

4. LEGISLATURE

All public expenditure in Slovenia is included in the State budget approved by Parliament, although there is room to improve the effectiveness of State audit. Available evidence suggests that corruption is not a serious problem, although Parliament is the least trusted public institution in surveys. On the other hand, the inadequacy of conflict of interest and asset declaration provisions and the absence of any provisions to regulate lobbying makes assessment of this area difficult.

4.1 Elections

Slovenian elections are considered free and fair by all international institutions. The State Electoral Commission (together with local electoral commissions) organises and supervises the conduct of elections. The six-member Commission is appointed by the Parliament, and its President and Vice-President must be judges of the Supreme Court.

4.2 Budget and control mechanisms

All significant categories of public expenditure require parliamentary approval as part of the State budget. Budget control mechanisms are discussed in Section 2.4: as stated in that section, the effectiveness of State audit could be improved.

⁸³ Application by Iztok Šterbenc to the European Court of Human Rights concerning “severe violations of human rights and life endangerment,” 18 July 2001. Interview with Iztok Šterbenc, Ljubljana, 19 February 2002. Other journalists support the allegations: Borut Meško, a journalist at private TV station POP TV, was prevented from continuing reporting on a case because of advertising pressure by the construction company concerned (interview with Borut Meško, Ljubljana, 19 February 2002).

4.3 Conflict of interest and asset monitoring

Conflict of interest and monitoring of assets of deputies are regulated by the Incompatibility Act (see Section 2.2) and are largely ineffective as a deterrent sanction.

4.4 Immunity

MPs may not be held criminally liable for opinions or votes cast. Moreover, they may not be investigated or prosecuted for certain criminal acts, including corruption, if the maximum prescribed sentence is up to five years without the authorisation of the Parliament. The Parliament Commission for Mandate and Immunities considers requests from prosecutors for lifting immunity and submits an opinion to the Parliament. Up to the end of 2000, the Commission had dealt with 13 cases, none of which were corruption-related.⁸⁴

4.5 Corruption

The EU has never considered the Slovenian Parliament to be problematic with respect to corruption. However, in public opinion polls it is the least trusted of all institutions surveyed.⁸⁵ Nevertheless, in the past two years there have been no explicit cases of corruption, although on several occasions media attention was attracted by MPs switching sides just before important votes.

In the 1999 EBRD/World Bank *Business Environment and Enterprise Performance Survey* (see Section 1.1), only eight percent of Slovenian firms reported that the sale of parliamentary votes or presidential decrees had a significant impact on their business.⁸⁶ However, in the absence of any regulation of lobbying and a low degree of party discipline, there is little to prevent such influence, and more detailed research would be required to assess the real extent of external influence on MPs.

⁸⁴ GRECO, *Evaluation Report*, pp. 10–11.

⁸⁵ *Human Development Report Slovenia 2000–2001*, pp. 53–56.

⁸⁶ *Human Development Report Slovenia 2000–2001*, p. 119, Chart 6.3.

5. JUDICIARY

Slovenia has gone a long way towards creating an independent judicial branch, and reform has been consistently high on the Government's agenda. However, concerns persist over the extent of judicial independence, and current proposals for changes in the composition of the Judicial Council could undermine its independence. Although there is virtually no evidence of corruption among judges, court delays are a serious problem.

5.1 Legislative framework

Judges are appointed for life by the Parliament upon the proposal of the Judicial Council.⁸⁷ The majority of members (i.e., six) of the Judicial Council are judges elected by their peers.

There are a number of areas of concern, including several of relevance to corruption:⁸⁸

- Parliament and the Government display a lack of commitment to full judicial independence. Some officials have advocated abolishing life tenure, and in 2001 a government commission for Constitutional Changes proposed introducing a five-year probation period after which tenure would be subject to approval by the Judicial Council.
- Disciplinary proceedings are confidential, and few judges have been convicted of disciplinary transgressions. Amendments to the Act on Judicial Service passed in July 2002 introduced extensive, more detailed provisions on disciplinary responsibility and disciplinary proceedings for judges.⁸⁹
- Although the amended Act on Judicial Service prohibits judges from receiving gifts or benefits in connection with their work, until recently judges did not have to submit asset or income declarations. The introduction of such declarations has been recommended both by the Open Society Institute and the GRECO *Evaluation Report*.⁹⁰

⁸⁷ For a detailed description of the legislative framework for the Slovenian judiciary, see EU Accession Monitoring Program, *Monitoring the EU Accession Process: Judicial Independence*, Open Society Institute, Budapest, 2001, pp. 434–472. Available at <<http://www.eumap.org>>.

⁸⁸ Open Society Institute, *Monitoring the EU Accession Process: Judicial Independence*, pp. 434–436.

⁸⁹ Amendments to the Act on Judicial Service, *Official Gazette* 67/02.

⁹⁰ GRECO, *Evaluation Report*, p. 17.

The GRECO Report also expressed concern that, given the fact that judges are allowed to be members of political parties, the system of election of judges by the Parliament could lead to politically motivated choices and impair judicial independence.⁹¹

Basic principles concerning independence, impartiality, incompatibility with other offices and conflict of interest are also laid down in a new Code of Judicial Conduct adopted by the Slovenian Association of Judges in June 2001.

Decisions of the Supreme Court, Constitutional Court and European Courts are regularly published in a special publication and online. Domestic case law is also available online. Important decisions of higher courts are expected to be published regularly in the near future. Trials are as a general rule open to the public. In criminal cases anyone with a “legitimate interest” may have access to a case file.⁹²

Some of the reforms proposed by the Government during 2001–2002 do not appear likely to improve the situation of the judiciary, and may in fact undermine independence. These include in particular the introduction of a five-year probationary period for judges and an increase in the influence of the Ministry of Justice and Parliament in the Judicial Council.⁹³

5.2 Corruption

There have been no publicly exposed cases of corruption in the judiciary in the past three years, and media coverage suggests that such cases are extremely rare.⁹⁴ Recently the President of a district court resigned after it was revealed that she had hired her husband’s firm to assist in moving the court to another location.

The European Commission has not mentioned corruption in the judiciary. However, a major concern in the Commission’s *Regular Reports* and for EC officials is the problem of judicial backlogs. The *2001 Regular Report* acknowledged significant progress in cutting backlogs in civil cases, partly as a result of reforms to the Act on Judicial Service passed in May 2001, which facilitated the “Hercules” project involving rotation of judges to assist overburdened courts.

⁹¹ GRECO, *Evaluation Report*, p. 14.

⁹² CCP, Article 128, paragraph 1.

⁹³ See EU Accession Monitoring Program, *Judicial Capacity in Slovenia*, (forthcoming).

⁹⁴ In one high profile criminal case covered by the media in the mid-1990’s, the judge delayed judgement until a case fell under the statute of limitations. The case received enormous public attention and the judge resigned.

However, the *2001 Regular Report* also noted that there had been no improvement in criminal cases, around 60 percent of which take more than a year. Moreover, queues at the land register have been increasing, although a project to computerise the register is in progress.

6. POLITICAL PARTY FINANCE

Political party funding is regulated by quite strict and detailed rules, with restrictions on donations and expenditures. Parties receive significant subsidies from the State budget. However, parties appear to be able to circumvent the rules with relative ease, while violations of the provisions (revealed by Court of Audit supervision) has not resulted in any sanctions against parties. A number of cases of covert financing have come to light, and the increased indebtedness of some parties may increase the danger that parties turn to illegal sources of funding.

6.1 Legislative framework

Political party financing is subject to rather strict and detailed regulations, although parties appear to be able to get around the provisions with relative ease.

Funding of political parties is regulated by the Act on Political Parties⁹⁵ and campaign funding by the Act on Election Campaigns.⁹⁶ The main provisions for financing in general are as follows:

- Political parties may receive funds from the State budget, membership fees, donations from individuals or legal persons, property income, inheritances, and profits from a company it owns (which may only be in the area of culture or publishing).
- Annual income from property and a subsidiary company may not exceed 20 percent of total income.
- The following sources of income are prohibited: contributions, donations or legacies from foreign entities; income from property abroad; any other funds or services from abroad; funds from State authorities, public institutions, public companies, authorities of local communities, humanitarian organisations,

⁹⁵ Act on Political Parties (APP), *Official Gazette* 62/94, 1/99, 70/00.

⁹⁶ Electoral Campaign Act (ECA), *Official Gazette* 62/1994, 17/1997.

religious communities and business entities in which the State or public authority owns more than a 50 percent stake.

- Contributions from individuals or legal persons must not exceed ten times the average monthly wage. The party's annual financial report must include data about entities that donated more than three times the monthly wage in any given year, including the total amount donated.

Political parties receive funds from the State budget according to the following rules:

- The total State subsidy is defined as 0.017 percent of GDP in the previous year.
- Parties that won at least one percent of the vote and nominated candidates in at least two-thirds of electoral districts receive funds from the budget receive ten percent of total State funding in equal shares, while the other 90 percent is allocated in proportion to the total number of votes received.⁹⁷
- The result of this system in 2002 is that parties receive the following amounts: Liberal Democracy of Slovenia, €882,000; Social Democratic Party, €396,000; United List of Social Democrats, €306,000; Slovenian People's Party, €247,500; New Slovenia-Christian People's Party, €234,000; Democratic Party of Slovenian Pensioners, €144,000; Slovenian National Party, €130,500; Slovenian Youth Party, €130,500.⁹⁸

According to parties' official financial reports, the bulk of their funding comes from the State budget. Parties can also receive funding from local municipality budgets in proportion to the votes cast in their favour.⁹⁹

Under the Election Campaign Act

- Expenses for both national and municipal elections may not exceed €0.27 per voter in a given constituency or electoral territory.¹⁰⁰ The penalty for exceeding this amount by more than ten percent is a 50 percent reduction of the funds the party is entitled to receive from the budget for the period from six months to one year. If campaign expenses exceed the limit by 20 percent, the party loses the right to any State funding for a period of six months to one year,¹⁰¹ as decided by the Court of Audit.

⁹⁷ APP, Article 23.

⁹⁸ "Koliko glasov, toliko denarcev" [As much money as votes], *Delo*, 22 January 2002.

⁹⁹ For details, see APP, Article 16.

¹⁰⁰ The ECA defines expenses for the electoral campaign as expenses for printing and hanging posters, advertisements and notices in public media, organization of pre-election rallies and printing materials to be sent directly to voters.

¹⁰¹ ECA, Article 30a.

- All funding for electoral campaigns must be collected and spent from a single special account established at least 45 days before the elections.
- Parties that won seats in the Parliament are also entitled to a State contribution to election expenses of €0.27 per vote; the total amount of reimbursement however may not exceed actual expenses as reported by the Court of Audit.¹⁰²

6.2 Control and supervision

Every party must submit to Parliament an annual financial report including all income and expenses. The report must include all contributions that exceeded three times the average monthly wage and their source; data on election expenditures; changes in assets including the sources of any increase where the assets provided by one entity exceed five times the average monthly wage. Before submission to Parliament the report is audited by the Court of Audit, whose evaluation and comments are attached.

Parties that in the previous year received any funds from State or local budgets or private contributions in excess of the amount of three average monthly wages are obliged to publish a shorter version of their report in the *Official Gazette* by 30 April. If such a report is not forthcoming, funding from the State or local budget is suspended until submission.

Organisers of election campaigns (usually a political party itself) are obliged to submit an interim report on campaign expenses 11 days before the elections. A final report must be submitted to the Parliament (or local Council in case of local elections) and to the Court of Audit within 30 days following the elections. Within three months, the Court of Audit must carry out a full audit of all campaign organisers who have the right to claim partial reimbursement of expenses. The Court must verify the accuracy of data on campaign finance provided in the reports, the legality of the way these funds were collected and used and the accuracy of the amount claimed for reimbursement. The COA's final report is published in the *Parliamentary Bulletin*.

Under the Election Campaign Act, the COA can impose a fine on campaign organisers for violation of the above rules at a minimum of €4,500, while the minimum fine for responsible individuals is €450. The only other sanction is publicity.

¹⁰² ECA, Article 21.

6.3 Party finance in practice

According to the Court of Audit, in the October 2000 parliamentary elections no party obeyed the Financing Act, and a number of parties violated the Act seriously. One party used 36 accounts and another 45 to finance its campaign, despite the explicit provision mandating a single account.¹⁰³ No party was seriously fined or otherwise sanctioned for this. Five complaints against responsible individuals were filed for administrative offences.¹⁰⁴

Another recent affair, in which the media reported that the United List of Social Democrats (now in the governing coalition) received €24,758 from a British foundation for the 2000 electoral campaign, drew attention to the ways in which parties may bypass the financing law.¹⁰⁵ The funding from abroad was provided not to the party directly (which is illegal) but to a little known association run by party members and functionaries. Other political parties remained more-or-less silent on the issue.¹⁰⁶

Other scandals surrounding donations to parties concern events that happened in the early to mid-1990s. In 2001, POP TV broadcast allegations that slaughter company Koto provided around €1.95m to Liberal Democracy of Slovenia in the 1992 parliamentary elections through a Swiss subsidiary named Costello, and that the Government had paid the company significantly more for slaughter services than in other European countries. In September 2001, *Zeleni Slovenije* (the Green Party) filed a notification to the Public Prosecutor's Office in Ljubljana of criminal offences against the Government and several ministers in connection with the case. The State Prosecutor did not initiate any proceedings.¹⁰⁷

Another case, which did not involve any violation of the party financing law, was the financing by pharmaceuticals giant LEK of the Slovenian People's Party in 1992. LEK

¹⁰³ *Poročilo računskega sodišča RS o reviziji poslovanja organizatorjev volilne kampanje*, Poročevalec Državnega zbora R Slovenije [Report of the Court of Audit to Parliament on the financing of Election Campaigns], October 2001.

¹⁰⁴ See Poročevalec Državnega Zbora Republike Slovenije [Report on the Work of the Court of Audit for 2001], March 2002, p. 52.

¹⁰⁵ "Angleški pacient" [The English patient], *Mladina*, 31 August 2001; "Denar za delavnice, ki se jih ne spomni nihče" [Money for the workshops that no-one remembers], *Delo*, 17 August 2001; "Spretno po nezakoniti poti" [Skillfully on the illegal path], *Mladina*, 27 August 2001. The illegal funding was discovered on the Internet; the donor Foundation posted the recipients and the amounts of donations on its homepage.

¹⁰⁶ One commentator described this as a "silence of solidarity"; in: "Molk solidarnosti," *Delo*, 18 August 2001.

¹⁰⁷ "Švicarska zveza" [Swiss connection], POP TV, 19 September 2001; interview with Borut Meško, journalist, POP TV, 19 February 2002.

carried this out by ordering video clips from a sister company of the agency in charge of the SPP's election campaign. LEK paid €107,800 for clips that were never provided and the money was spent on the SPP campaign.¹⁰⁸

A recent scandal involving not donations but the use of State money to finance a party broke in 2000. Each parliamentary party receives money from the State budget to pay for an adviser and other office costs. In 1999, the People's Party parliamentary caucus paid a consulting company (Ivas) €22,500 from budget funds, and Ivas provided €6,750 for its election campaign.¹⁰⁹

In general, political parties' annual reports show that many are in deficit, increasing the incentives for illegal financing and corruption.¹¹⁰ According to the press, a number of companies that gave donations to governing parties were among the recipients of public procurement contracts.¹¹¹

7. PUBLIC PROCUREMENT

The legal framework for public procurement is relatively advanced. However, a long tradition of overlapping public and private sectors provides the context for a situation in which oversight is weak and collusion both between bidders themselves and between bidders and contracting agencies may be widespread. Moreover, the efficacy of review of procurement procedures and appeal processes appears to be inadequate, and the European Commission has drawn attention explicitly to problems of conflict of interest in procurement. A few procurement scandals have broken in recent years at ministry level, while there is some evidence that procurement at local government level suffers from serious problems of corruption.

¹⁰⁸ Information provided by Ali Žerdin, deputy editor, *Mladina*.

¹⁰⁹ Information provided by Ali Žerdin, deputy editor, *Mladina*.

¹¹⁰ "Večina strank v rdečih številkah" [Majority of parties in the red], *Delo*, 30 March 2001.

¹¹¹ "Prevladuje princip: ti meni, jaz tebi," [The principle "I to you, you to me" prevails], *Delo*, 11 April 2001; "Evropa brez meja" [A Europe without Frontiers], *Delo*, 18 August 2001.

7.1 Legislative framework

Public procurement is regulated by the Public Procurement Act (hereinafter PPA), which has been in force since April 2000.¹¹² Contracts with a value of over €36,000 for goods and services and €67,000 for construction works must be awarded by open tender.¹¹³ For contracts with a lower value the procedure must be laid down in the internal regulations of the contracting authority.

The PPA lists a number of circumstances in which authorities may award contracts without a tender:

- when the supplier has an exclusive legal right to provide specific services;
- in cases where the supply is regulated with international agreements or the procedures are regulated by an international organisation;
- pursuant to a particular procedure laid down in an agreement on the stationing of troops;
- in case of natural catastrophes and emergencies;
- in case of a confidential procurement like the purchase of arms, military equipment and the like.¹¹⁴

Notices in connection with public procurement (over the values stated earlier) must be published in a standard form in the *Official Gazette*. Any individual that has or has had an interest in a specific public procurement procedure has the right to obtain data on a specific public procurement.¹¹⁵

No specific Code of Conduct of public procurement officers exists at the moment and is not under consideration. No official blacklisting of companies proved to have bribed in the public procurement process exists – not a single case has been proven in court so far. The Chamber of Commerce has drawn up a list of companies considered fit to bid for public contracts.

¹¹² Public Procurement Act (PPA), *Official Gazette* 39/2000. The PPA has been criticised as too rigid and even more strict in comparison to the EU recommendations. See e.g., “Urad, ki bo dal vetra birokraciji” [The Office that will put pressure on bureaucracy], *Delo*, 7 March 2001; “Za red, pa za zdravo pamet tudi” [For order, and common sense too], *Delo*, 27 March 2001.

¹¹³ Act on the Execution of the Budget of the Republic of Slovenia for 2002 and 2003 (hereinafter AEBSR), *Official Gazette* 103/01, Article 14.

¹¹⁴ PPA, Article 2. See also PPA, Articles 109 and 110.

¹¹⁵ PPA, Article 6, paragraph 2.

The PPA contains only one direct provision on corruption, stating that,

The contracting authority must reject a tender if the bidder who submitted it gives or is prepared to give to a current or a former employee of the contracting authority a gift in the form of cash or in any non-cash form whatsoever, an offer of employment or any other thing or favour the value of which could be expressed in money, as an attempt to influence an action or a decision or the course of the public procurement procedure.¹¹⁶

In such a case, the contracting authority must inform the bidder and the OPP of the rejection of the tender and the reasons for it in writing. Failure to do so is an administrative offence punishable by a fine of up to €4,500, while the “responsible person” on the side of the bidder is subject to a fine of up to €1,350.

The PPA also established the National Review Commission (see below) and the Office for Public Procurement (OPP). The main tasks of the OPP are to propose reforms of public procurement legislation, collect data on public procurement, report to the Government once a year, maintain a public list of legal entities that have used corruption in public procurement (in order to be put on the list corruption must be proven by a final court ruling) and to organise education on public procurement procedures.¹¹⁷

The present public procurement legislation does not contain any specific provisions on conflict of interest or asset monitoring for officials involved in procurement. The *2001 Regular Report* mentions public procurement specifically under a recommendation to pay more attention to conflict of interest (see Section 2.2).

7.2 Review and audit

Under the PPA, contracts made contrary to its provisions are legally null and void. Procedures for reviewing procurement decisions are laid down by the Review of Public Procurement Procedures Act of September 1999 (RPPPA).¹¹⁸ A review claim may be submitted by an individual who has shown an interest in the awarding of a contract and has suffered or could have suffered damage due to the act of the contracting entity. Upon appeal, the contracting body must carry out a primary internal review within 20 days,

¹¹⁶ PPA, Article 14.

¹¹⁷ PPA, Article 129, and Odlok o ustanovitvi, nalogah in organizaciji Urada za javna naročila, *Official Gazette* 12/2001.

¹¹⁸ Review of Public Procurement Procedures Act (RPPPA), *Official Gazette* 78/1999, 90/1999. Some EU experts opine that the RPPPA is better than in many countries of the EU. See “Zakon o javnih naročilih čisto zanič” [Public Procurement Act good for nothing], *Delo*, 28 March 2001.

including the participation of a special review expert to ensure impartiality.¹¹⁹ However, up to July 2002 the participation of such experts had not taken place in practice.¹²⁰

Upon rejection of a first appeal, the participant may appeal to the National Review Commission, which must suspend the procurement process until the appeal is decided. The Commission must decide all complaints within 15 days (or 20 days in justified cases). The Commission may either reject the complaint or partially or entirely annul the procurement procedure. The Commission must justify its decision and also give instructions on how to carry out the annulled part of a procedure. There is no appeal against decisions of the Commission, although damaged parties may sue the contracting authority for damages. Under the PPA, contracts made contrary to its provisions are legally null and void.

Of 900 first-level appeals filed in 2000, only 240 bidders decided to appeal further to the National Review Commission, despite the fact that the initial procurement decision was rarely changed. The reason for this is thought by analysts to be agreement or dealings between tendering authorities and bidders after initial appeals.¹²¹ The National Review Commission received 242 claims for revision; in 114 cases the contract award procedures were partially or entirely annulled.¹²² The vast majority of cases involved some other form of discrimination between bidders, while no appeals cited corruption directly.¹²³ The number of appeals rose to 306 in 2001. In 2001 the National Review Commission reported one important case of suspected corruption to the State Prosecutor.¹²⁴

The Slovenian Chamber of Commerce believes that the authorities often focus on small tenders of little importance, and that the thresholds for procurement rules should be raised in order to focus the regulator on large tenders.¹²⁵

¹¹⁹ RPPPA, Articles 14–15.

¹²⁰ OSI Roundtable Discussion, Ljubljana, 19 February 2002.

¹²¹ See I. Šoltes, “Revizijski postopki in javna naročila (zakonodajni okvir)” [Review Procedures and Public Procurement – the Legal Framework], paper presented at the colloquium “Korupcija kot realnost današnjega časa,” Gotenica, May 2001, in: *Korupcija kot realnost današnjega časa*, conference proceedings, p. 103.

¹²² *Letno poročilo o delu državne revizijske komisije v letu 2000* [2000 Annual Report on the Activities of the National Review Commission], Ljubljana, March 2001.

¹²³ *Letno poročilo*, p. 19.

¹²⁴ *Letno poročilo o delu državne revizijske komisije za leto 2001* [2001 Annual Report on the Activities of the National Review Commission], March 2002, p. 167.

¹²⁵ OSI Roundtable Discussion, Ljubljana, 19 February 2002.

The GRECO assessment of Slovenia recommended that the National Review Commission look more thoroughly behind the formal irregularities detected, and levelled significant criticism at the Commission, noting that,

The members of this Commission did not seem fully aware that irregularities in tendering procedures could sometimes be the visible part of hidden, underlying corrupt practices. The Commission should therefore be prepared to verify irregularities also from this angle and to report to the Police and/or the...Public Prosecutor...any suspicion of corruption.¹²⁶

Proposed amendments to the PPA that were under discussion in mid-2002 would explicitly codify the independence of members of the National Review Commission and explicitly authorise the Office for Public Procurement to review procurements in certain cases where the public interest may be harmed. The proposed changes would also authorise the Commission to require a report from contracting authorities on implementation of its findings and instructions, and the Commission would report non-compliance to the superior body or the Government.

7.3 Corruption

Media reporting on public money being wasted through public procurement procedures is common, although specific accusations of corruption are rarely made due to lack of clear evidence. In 2000, the Ministry of Economy avoided a public tender to purchase computer equipment by splitting the purchase into nine separate contracts, and paid much higher prices than would have emerged from an open tender.¹²⁷ An internal review carried out under a new Minister established that the PPA had been violated, the contracts were declared void and in early 2002, the Ministry was attempting to return the equipment and obtain its money back.¹²⁸ In another tender in 2001, the Ministry of Education allegedly violated the PPA in signing a contract for computer software at far above market prices.¹²⁹ In another case that received considerable attention, the Government purchased a passenger aircraft from a European manufacturer that had been involved in a major corruption scandal in the

¹²⁶ GRECO, *Evaluation Report*, First round, 15 December 2000, p. 15.

¹²⁷ "Kraljestvo za računalnik" [Kingdom for the Computer], *Mladina*, 26 March 2001. For example, the Ministry purchased a lap-top for €14,083.

¹²⁸ "Nabava računalniške opreme v nasprotju z zakonom" [Computer equipment purchases against the law], *Delo*, 29 March 2001.

¹²⁹ "Davkoplačevalski denar z lopato skozi okno" [Taxpayers' money thrown out the window], *Delo*, 28 March 2001.

1990's; the Government avoided normal tender provisions by classifying the purchase as a confidential procurement.¹³⁰

Anecdotal evidence suggests that the other main problem area in procurement besides contracts for the purchase of computer equipment is construction contracts. According to journalists, malpractice in public procurement has become more sophisticated in recent years: instead of violating tender requirements blatantly (for example by failing to hold tenders), corruption centres on preparation of tender documentation in such a way as to suit a chosen contractor.

8. PUBLIC SERVICES

Corruption in the allocation of public services does not appear to be a major problem, although there have been some indications to the contrary, for example in healthcare. A possible exception is tax collection, where officials are regarded as highly exposed to bribery, and the size of the grey economy indicates that corruption may be a more serious problem than official data suggest. Licensing regulation may suffer from some problems of corruption, especially in the allocation of zoning and construction permits.

8.1 Police

The available evidence indicates that the integrity of Slovenia's 6,500-strong police force is relatively high. A 1999 public opinion survey found levels of trust in the police to be slightly lower than the Western Europe average, but higher than trust in the army, Church, trade unions, or Parliament.¹³¹ In 1999, 72 formal indictments were made against police officers, among them three for bribery and 30 for corruption-related offences (abuse of official data, abuse of powers and rights).¹³² An internal analysis carried out in 1999 by the Office for Complaints and Internal Protection found that most police officers investigated for corruption were young and from the border or traffic police.

No specific strategy for preventing corruption exists within the police. However, any police officer found to be responsible for "severe or minor violations of his professional

¹³⁰ OSI Roundtable Discussion, Ljubljana, 19 February 2002. See also "Izjema je lahko skoraj vse" [Almost everything can be an exception], *Delo*, 19 April 2002.

¹³¹ SJM 99/3; cited in: *Human Development Report Slovenia 2000–2001*, p. 55.

¹³² GRECO, *Evaluation Report*, 15 December 2000, p. 7.

duties and responsibilities” can be subject to disciplinary measures. Severe violations include accepting presents or other benefits that influence the conduct of policeman’s duty, and any action bearing the characteristics of a premeditated criminal offence.¹³³ Suspicion of such violations may be grounds for temporary suspension, and for termination of employment if the officer is indeed found responsible. Conviction for a criminal offence results in termination of employment. Finally, a police officer is financially liable for any damage he causes to the police or other individuals by committing a corruption offence.¹³⁴

Complaints from citizens relating to police procedure are processed by a special Bureau for Complaints and Internal Protection at the Ministry of Interior. The Bureau is directly responsible to the Director-General of the Police and has regional branches, which, *inter alia*, are responsible for investigating cases of suspected or alleged corruption. In 1998, Bureau inspectors uncovered 80 percent of all irregularities found within the police. The level of independence of the Bureau is hard to estimate, and some experts have suggested reforms to strengthen its organisational independence.¹³⁵

8.2 Customs

According to the available official evidence, the incidence of corruption among Slovenia’s 2,300 customs officials is marginal, with only one or two cases a year of disciplinary proceedings for corruption in 1999–2000, of five to eight disciplinary proceedings in total. There is no survey evidence available on corruption among customs officials. Since customs is a highly vulnerable area with respect to corruption, these statistics may be a reflection of a lack of functioning oversight. However, the European Commission has not mentioned corruption specifically in the customs administration.

The customs administration includes internal control units at each of the nine regional directorates (employing around 50–60 officers in total), and a special inspection unit at the General Customs Directorate (120-member staff). Accepting or requesting/extorting bribes is a disciplinary offence, and if grounded suspicion of such an offence arises,

¹³³ Police Act (PA), *Official Gazette* 49/98, 66/98, 93/01, Article 99.

¹³⁴ Police Act, Article 100, paragraph 1.

¹³⁵ See Anžič, Sotlar, “Internal Policing: Possibilities and Opportunities of a Struggle against Corruption,” in: Open Society Institute, *Corruption in Central Eastern Europe at the Turn of the Millennium – A Collection of Essays*, Open Society Institute Slovenia, Ljubljana 1999, pp. 19–22; A. Anžič, “Notranji nadzor v policiji – dileme in perspektive” [Internal policing – Dilemmas and Perspectives], in: *Zbornik strokovno znanstvenih razprav Višje šole za notranje zadeve v Ljubljani*, December 1992, pp. 35–42.

disciplinary proceedings must be initiated. If proven (the disciplinary procedure is independent of the criminal procedure), corruption is a serious violation of working responsibilities leading to obligatory termination of employment. Citizens may file complaints against the customs administration through a telephone hotline.

A Code of Conduct of Customs Officers introduced in 2000 declares that customs officials should avoid accepting gifts, and moral sanctions are decided by a three-member Ethical Arbitration Panel at the General Customs Directorate. In addition, a newly established strategy for the customs service stresses the importance of corruption prevention.

8.3 Tax collection

Although the tax administration includes conflict of interest rules, a Code of Honour in addition to the Code of Conduct of Public Officials, an Internal Control Unit, and a special Investigation Office (since 2001), disciplinary mechanisms appear to be weak and there are reasons for suspecting corruption might be an important problem. From 1998 to 2000, only 14 disciplinary proceedings took place, which in three cases were reported to the police. Although none of the violations were defined as corruption, most of the allegations were defined as abuse of office or similar transgressions.

According to the GRECO *Evaluation Report* of 2000, “[T]ax officials are highly exposed to bribery in Slovenia but there are no particular means in place to prevent or detect acts of corruption in the tax administration.”¹³⁶ GRECO recommended additional training for tax officials in particular.

In addition, a startling characteristic of the Slovenian economy is the apparent size of the grey economy, which gives further reason to suspect that corruption is more prevalent than official data suggest. According to *The World Competitiveness Yearbook*, Slovenia was ranked 48th out of 49 countries in terms of prevalence of the grey economy (the higher position the smaller the grey economy),¹³⁷ and 29th out of 49 states on the indicator “avoidance of taxes.”¹³⁸ The Government has recently introduced measures to reduce the grey economy, including the introduction of value-added tax and stricter labour inspection control.

¹³⁶ GRECO, *Evaluation Report*, p. 10.

¹³⁷ *The World Competitiveness Yearbook 1999; The World Competitiveness Yearbook 2000; The World Competitiveness Yearbook 2001*, IMD, Lausanne 1999, 2000, 2001.

¹³⁸ *The World Competitiveness Yearbook 1999, 2000, 2001*. See also “Konkurencnost držav – Korupcija” [The competitiveness of states – Corruption], *Ekonomsko ogledalo* 1/2000, <<http://www.sigov.si/zmar/arhiv/>>, (last accessed 28 August 2002).

8.4 Health

According to a recent corruption victimisation survey commissioned by the Office for the Prevention of Corruption, citizens experience corruption most frequently in the healthcare system.¹³⁹ The GRECO *Evaluation Report* reported that Slovenian authorities told its evaluation team that medical care was the area most exposed to corruption (along with public procurement).¹⁴⁰

Cases of corruption have been reported by the media: a doctor was convicted in 2001 for accepting a €1,960 bribe to speed up a surgery (the case was on appeal in early 2002),¹⁴¹ and another was convicted for demanding a €5,880 bribe to grant a patient disabled status.¹⁴² According to press reports another doctor was recently sentenced to a year's imprisonment and forbidden from practising for two years for demanding a €363 bribe to perform a Caesarean section.¹⁴³

Doctors are subject to passive bribery provisions. The Act on Medicine prohibits certain methods of advertising by pharmaceutical companies, the aim being to prevent more-or-less corrupt "special incentives" being offered by pharmaceutical companies to doctors to purchase their medicine.¹⁴⁴ This provision was introduced shortly after an affair in 1999 in which a large pharmaceutical company organised and financed a trip to Africa for a number of doctors and their spouses.¹⁴⁵ In August 2001, the press reported another similar case.¹⁴⁶

The medical profession regulates itself. The Medical Chamber of Slovenia imposes a Code of Medical Deontology (i.e., ethics),¹⁴⁷ and the ethical tribunal of the Medical Chamber of Slovenia deals with violations of the Code and other irregularities occurring within the medical service.¹⁴⁸ Cases of corruption are dealt with by the Tribunal only

¹³⁹ "Najbolj smrdi v zdravstvu" [Health care stinks the worst], *Delo*, 25 July 2002.

¹⁴⁰ GRECO, *Evaluation Report*, p. 3.

¹⁴¹ "Črna packa na beli zdravniški halji" [Black lap on the white doctor's gown], *Delo*, 8 May 2001.

¹⁴² "Izsiljeval pacienta" [Patient extorted], *Delo*, 24 September 1998; "Namesto mark zapor" [Prison instead of German Marks], *Delo*, 6 July 2001.

¹⁴³ "V.Ć. leto zapora" [V.Ć. sentenced to one year imprisonment], *Delo*, 3 July 2002.

¹⁴⁴ Act on Medicine and Medical Equipment (AMME), *Official Gazette* 101/1999, 70/2000.

¹⁴⁵ "Vroči kenijski spomini" [Hot memories from Kenya], *Dnevnik*, 19 March 1999.

¹⁴⁶ "Kdo je njihov patron?" [Who is their patron?], *Delo*, 23 August 2001.

¹⁴⁷ Kodeks medicinske deontologije Slovenije [Codex of Slovenian Medical Deontology], ISIS, Ljubljana, May 2000, pp. 47–51, *Official Gazette* 64/1996, 22/1998, 113/2000.

¹⁴⁸ The Statute of the Medical Chamber of Slovenia (SMCS), *Official Gazette* 64/1996, 22/1998, 113/2000.

after final conviction by a regular court. Acceptance of a bribe is defined as a major transgression for, which possible sanctions include revocation of a doctor's license.

8.5 Education

The integrity of the public education system is generally high, and evidence of corruption is extremely rare. However, isolated cases have been reported. A high-profile case in 1998 involved a secondary school student whose father (a well-known Slovenian manager) allegedly "arranged" through the intervention of a senior civil servant that he could take the school-leaving exam despite not being legally eligible.¹⁴⁹ The case became one of the grounds for an unsuccessful attempt to initiate a vote of confidence in the Minister of Education. Anecdotal evidence suggests that students and parents sometimes use connections, trading in influence and bribes in order to pass exams, for which oral exams provide especially ample opportunities.¹⁵⁰

8.6 Licensing and regulation

No research exists on corruption in the area of licensing or inspection activities and the media generally has not reported any corruption. An exception is a recent case involving four private driving school instructors and four members of a driving exam commission, in which bribes of €588–980 were allegedly paid by candidates to pass the written or practical exam (around €1,960 for both exams). Criminal proceedings were in progress in early 2002.¹⁵¹

Rules governing licensing procedures depend upon the legislation that regulates the specific area (for example, concessions for fishing, logging, allocation of radio frequencies, and so on). Many inspection bodies complain of being understaffed, and often the laws and regulations they are supposed to supervise contain loopholes or weak sanctions for violation. Many cases arising from inspection findings fall under the statute of limitations due to delays at the Courts of Administrative Offences.

¹⁴⁹ See, e.g., "Korupcija v vrhu slovenskega šolstva?" [Corruption at the top of Slovenian education?], *Dnevnik*, 7 July 1998.

¹⁵⁰ But the School Inspectors have not encountered any cases of corruption; see "Največ kršitev pri ocenjevanju – pogovor z glavnim šolskim inšpektorjem" [Most violations found in grading – discussion with main school inspector], *Dnevnik*, 28 May 2001.

¹⁵¹ "Mimo znakov in čez polno črto do vozniškega izpita" [By-passing the traffic signs and across the full line to a driving licence], *Večer*, 2 February 2001.

As described in Section 3.6, serious concerns are justified by practices in the allocation of zoning and construction permits, with what appears at least in certain cases to be a system of bribery in allocation, encouraged by flagrant conflicts of interest, disinterest from prosecutors and facilitated by pressure on the media not to publicise information on such practices.

9. ROLE OF THE MEDIA

Freedom of speech is not threatened under Slovenian law. However, provisions on access to information do not appear to be effective. Broadcasting regulation appears to be relatively free from direct political interference, although there is evidence that public television is restricted from playing an effective watchdog role. Direct corruption of journalists does not appear to be a serious problem, although phenomena such as hidden advertising are common. A more serious barrier to effective media investigation activities may be the close personal connections between media companies, other powerful private companies and the Slovenian banks. A recent (unsolved) case of violent intimidation against an investigative journalist has raised concerns about the ability of Slovenian journalists to investigate corruption without risk of reprisal.

9.1 Freedom of speech

Freedom of expression and of the press are enshrined in the Constitution. The Constitution also guarantees the right to correction and of reply, and the general right of access to information of a public nature.¹⁵² Freedom of the press may only be restricted if the particular nature of another right requires it or in exceptional cases such as war or a state of emergency. These rights are guaranteed in practice and there are no extraordinary restrictions on the media's freedom.

Journalists are subject to normal legal provisions on offences such as libel, slander, insult and defamation. The number of proceedings of this type against journalists has increased, although there are no known cases connected with corruption. Under the present Media Act, journalists are not obliged to disclose the source of their information, unless it is demanded by specific provisions of the criminal law.

¹⁵² Constitution of the Republic of Slovenia, Article 40,39, paragraph 2. On the interesting Slovenian peculiarity of the "right to reply in the public interest," see M. Krivić, S. Zatler, *Freedom of the Press and Personal Rights: Right of Correction and Reply in Slovene Legislation*, Open Society Institute Slovenia, Ljubljana 2000.

9.2 Access to information

Under the Media Act,¹⁵³ all State bodies, local government bodies, public enterprises, public institutions (*javni zavodi*) and individuals performing public functions must provide “timely, complete and true” information to the media on issues from their area of work which can be made public through the media.¹⁵⁴ The only exceptions are State, military, official or commercial secrets, information whose disclosure would violate the confidentiality of personal data according to the Act on Protection of Personal Data¹⁵⁵ and information whose disclosure would be detrimental to court or pre-trial criminal proceedings.¹⁵⁶ Information is free of charge, and authorities can only charge for the actual cost of copies. Public bodies that refuse to provide information must give reasons in writing by the end of the following working day.

In practice, Slovenian public authorities are not accustomed to providing information under the provisions of the law. Journalists say that in many cases ministries refuse to provide information by official channels, even though they will often provide information off the record.¹⁵⁷

In July 2001, the Slovenian Association of Journalists expressed concern about what they perceived as legislative trends in the area of provision of information, and in particular Parliamentary Standing Orders that have reduced the level of required publicity of the work of the State administration and other State institutions.¹⁵⁸

A proposed new act on access to public information was under discussion in Parliament in mid-2002, aimed at uniformly regulating access to information held by the State and public authorities.

¹⁵³ Media Act, *Official Gazette* 35/2001.

¹⁵⁴ Media Act, Article 45. Generally on the legislative history and “purpose” of the new law, see S. B. Hrvatin, “Kdo potrebuje medijski zakon?” [Who needs the Media Act?], *Pravna praksa* 19/2001, enclosure, p. I.

¹⁵⁵ Act on the Protection of Personal Data (APPD), *Official Gazette* 59/1999.

¹⁵⁶ Even such information may not be denied if its publication would prevent a severe criminal offence or prevent imminent danger to life or property.

¹⁵⁷ A specific example of this is the Ministry of Economy’s refusal to provide information on State subsidies to the weekly *Mladina*, although officials provided the information off the record.

¹⁵⁸ See “Država omejuje dostop do informacij” [State restricts access to information], *Delo*, 6 July 2001.

9.3 Broadcasting regulation

Public radio and television are provided by Radio-Television Slovenia. Under the Act on Radio-Television Slovenia, public broadcasting is regulated by the Council of Radio Television. The Council has 25 members, five of which are appointed by the Parliament, three elected by employees of Radio-Television and the rest distributed among a wide range of civil society groups and organisations. The mandate of the Council's members is four years and they can be re-elected. Their independence from the influence of political parties is hard to assess. The Council elects the director, whose appointment is confirmed only with the consent of the Parliament. There is no direct evidence of political influence on the public media, although journalists say it is very difficult to get a corruption-related programme onto public TV.¹⁵⁹

The central licensing authority for radio and television programmes in general is the Slovenian Broadcasting Council. The Council consists of seven experts appointed by the Parliament. Candidates can be proposed by the two Slovenian Universities, the Association of Artists, the Slovenian Business Chamber and the Slovenian Association of Journalists. The Council is designed to be completely independent from the Government and private broadcasting companies and so far has maintained its independence.

9.4 Corruption

Corruption among journalists may also be a problem. Although the Code of Ethical Conduct of Slovenian Journalists (adopted in 1991) explicitly prohibits accepting bribes or “publishing information to the benefit of an external client,” there are reports that various kinds of bribery do occur.¹⁶⁰ The Court of Honour of the Slovenian Association of Journalists has not dealt with any cases of alleged corruption.

The Code of Conduct also requires that PR statements and advertisements be clearly distinguished from editorial content. In practice, however, “hidden advertising” is a widespread reality.¹⁶¹ Moreover, the cases mentioned in Section 3.6 indicate that powerful economic interests in a small country are in a relatively strong position to influence the content of articles and programmes through advertising pressure.

¹⁵⁹ Interview with Borut Meško, journalist, POP TV, 19 February 2002.

¹⁶⁰ “Podkupljivi novinarji” [Corrupt journalists], *Delo*, 27 December 2000; D. Kos, *Situation in the Field of Corruption in the Republic of Slovenia*, report to the OECD, Ljubljana, Spring 2001, pp. 36–37; “Kupljeni novinarji” [Bought journalists], *Delo*, 31 December 2001.

¹⁶¹ B. Bizjak, “So novinarji podkupljivi?” [Can journalists be bought?], *Medijska preža*, no. 10, winter 2001, pp. 8–10; “Bodi novinar ali piarovec, ne moreš biti oboje” [Be either a journalist or a PR person – you cannot be both], *Delo*, 22 December 2001.

An equally serious problem may be raised by the network of interconnections between the boards of media companies, banks and other important private companies. For example, the statutory organs of two important dailies, *Delo* and *Večer*, are linked by personal connections to the boards of at least of one major bank and a number of other companies. Although there is no systematic evidence of the impact of this phenomenon on media activity, the case of Miro Petek offers a possible example.

9.5 Media and corruption

In the past three years there have been various reports on corruption in the media. The most significant was the recent case of a State Secretary charged with corruption (see Section 3.6) and a recent case in which a State Prosecutor was accused of bribery. However, these cases were not uncovered by the media, which only disseminated information provided by the police.

There have been no known cases of reprisals or criminal libel prosecutions for media exposés of corruption in the last two years. However, one recent case raises serious concerns about the freedom of journalists to investigate corruption without risk of reprisal. Miro Petek, a local reporter at regional daily *Večer*, was beaten almost to death in 2001 after writing a number of articles on corruption in the region. The articles concerned the purchase by an MP of land from a local company at a fraction of market value, the secret sale under market value to a foreign company of assets in a steelworks being restructured with Government assistance, suspicious loans by a Nova Kreditna banka Maribor (a State-owned bank) to a local businessman on less-than-economic criteria, and suspected money laundering at the same bank.¹⁶² In early 2002, the case was still under police investigation, and a parliamentary commission was also investigating.

¹⁶² According to Mr. Petek, after the articles concerning the bank were published, editors at the *Večer* newspaper were removed. The boards of Nova Kredina banka Maribor and *Večer* are personally connected.

10. RECOMMENDATIONS

The following recommendations have been highlighted as particularly important to Slovenia. For additional recommendations applicable to candidate States generally, please see Part 5 of the Overview report.

1. Sponsor detailed research on corruption in Slovenia, with particular emphasis on the role of the State in the economy and the effect of intertwining political, business and personal connections.
2. Promote civil society involvement in anti-corruption efforts as part of a broader public awareness campaign.