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Corruption and Economic Crime Branch

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SUBJECT: EXPERIENCES OF SLOVENIA IN IMPLEMENTING THE PROVISIONS OF UNCAC – ART. 5, 6 AND 7

Ref. to: Guidance note for the provision of information by State parties for the 5th session of the WG on corruption prevention (8 – 10 September 2014)

Dear Sir/Madam,

Please find the information provided by the Commission for the Prevention of Corruption in cooperation with the Ministry of Interior (part on transparency of party funding) on initiatives and practices that have been implemented regarding the two topics under consideration at the fifth intersessional meeting of the working Group on Prevention taking place from 8 to 10 September 2014.

UNCAC Article 6 – Preventive anti-corruption body or bodies

TOPIC I UNDER CONSIDERATION: Mandates of anti-corruption body or bodies in respect of prevention (art. 6 of the United Nations Convention against Corruption)

1. Please describe the measures you have taken to implement art. 6 of the Convention.

The only specialized corruption prevention body in Slovenia is the Commission for the Prevention of Corruption.

The Commission and its history

The Commission for the Prevention of Corruption of the Republic of Slovenia (hereinafter: CPC)¹ is an independent state body with a mandate in the field of preventing and investigating corruption, breaches of ethics and integrity of public office.

¹ CPC's website: <https://www.kpk-rs.si/en>

The current CPC has been established with the adoption of the Integrity and Prevention of Corruption Act (hereinafter: IPCA) of 2010 (with later amendments) and fulfils the requirement of an independent anti-corruption body as required by the UN Convention against Corruption (UNCAC) which Slovenia ratified.

The predecessor of the CPC was Government's Office for the Prevention of Corruption, established in 2002 on the recommendation of the Council of Europe's GRECO (Group of States against Corruption). With the adoption of the Prevention of Corruption Act in 2004 the Office was replaced with the Commission for the Prevention of Corruption as an independent state body (appointed by and accountable to the Parliament) with a number of corruption-preventive tasks.

On 5th of June 2010, the Integrity and Corruption Prevention Act was adopted. The Act has retained the name of the CPC, but significantly expanded its mandate, functions and powers. It also strengthened its independence and introduced additional safeguards and objectivity in the procedure for appointment and dismissal of its leadership (Chief Commissioner and two Deputy Commissioners). Most importantly, it expanded some of the investigative and sanctioning powers of the CPC and made it not only the national focal point for prevention of corruption, but also for lobbying oversight, whistleblower protection, integrity of public sector and expanded its reach beyond the public into the private and business sector. The amendments to the Act adopted in June 2011 further strengthened the powers of the CPC to subpoena financial documents from the public and private sector and to hold accountable magistrates, officials, public servants, management and boards of public enterprises for corruption, conflict of interest or breach of ethics.

Jurisdiction / field of work

The CPC is not part of the law enforcement or prosecution system of Slovenia and its employees do not have typical police powers. Criminal investigations of cases of corruption are the prerogative of the Criminal Police / National Investigation Bureau and the Prosecutors Office - institutions with which the CPC closely cooperates. The CPC, however, has broad legal powers to access and subpoena financial and other documents (notwithstanding the confidentiality level), question public servants and officials, conduct administrative investigations and proceedings and instruct different law enforcement bodies (e.g. Anti-money laundering Office, Tax Administration...) to gather additional information and evidence within the limits of their authority. The CPC can also issue fines for different violations under its jurisdiction to natural and legal persons in public and private sector.

The CPC has a wide mandate in the field of preventing and investigating corruption, breaches of ethics and integrity of public office. Its tasks, among others, include:

- conducting administrative investigations into allegations of corruption, conflict of interest and illegal lobbying;
- protection of whistleblowers;
- monitoring the financial status of high level public officials in the executive, legislature and judiciary through the assets declaration and monitoring system;
- maintaining the central register of lobbyists;
- adopting and coordinating the implementation of the National Anti-corruption Action Plan;
- assisting public and private institutions in development of integrity plans (tools and internal control mechanisms aimed at identification and curbing of corruption risks within the given organisation) and monitoring their implementation;

- designing and implementing different anti-corruption preventive measures (awareness raising, training, education, ...);
- serving as a national focal point for international anti-corruption cooperation on systemic level (GRECO, OECD, UN, EU, ...).

Independence

Although part of the public sector, the CPC is not subordinate to any other state institution or ministry, and does not receive direct instructions from the executive or the legislature. In legal terms its independence and autonomy in relation to other state institutions and branches of state powers is similar to that of the Court of Audit, the Ombudsman or the Information (Data Protection) Commissioner.

To strengthen its independence, the Act of 2010 provides a special procedure for appointment and dismissal of the leadership of the CPC. Chief Commissioner and two deputies are appointed by the President of the Republic of Slovenia following an open recruitment procedure and nomination by a special selection board. Candidates which must meet high professional and integrity standards are interviewed and screened by a selection board comprising a representative of the Government, the National Assembly, non-governmental organisations, the Independent Judicial Council and the Independent Council of Officials. The Chief Commissioners' term of office is six years, the deputies' five. They can serve up to two terms in office. Prior to the expiration of the mandate, they can only be dismissed from office by the President (on his/her own motion or on the motion of the Parliament), if they act in breach of the Constitution or the law.

Financial and human resources

The budget of the CPC is determined yearly by the Parliament and the CPC is autonomous in allocating and organising its financial and human resources and priorities within the budget.

While the legal framework safeguarding the independence of the CPC and the material conditions for its work (facilities, information technology, etc.) are generally satisfactorily, the CPC – due to fiscal restraints - remains understaffed, in particular given the broad new mandate under the Act of 2010. As a result, it has been facing a problem of backlogs of cases.

Accountability

Substantive decisions of the CPC (rulings on corruption, conflict of interest, violations of lobbying regulations etc.) are subject to judicial review of the High Administrative Court. Under the Act, the CPC must be the subject to periodic external audit the reports of which are submitted to the Parliament and the President and publicly available. The CPC is also required to present yearly reports to the Parliament for elaboration. In addition, by law decisions (with few exceptions) of the CPC must be published on the internet and various provisions require the CPC to publicize its work and findings

Organisation and Staff

The decision making panel of the CPC consists of three members – Chief Commissioner and two deputies. They decide on substantial matters (ruling on corruption, conflict of interest, breach of ethics, adopting recommendations, etc.) as a collegial body with majority of votes. They are supported by a number of professional staff with different expertise (in the field of law, economics, audit, social sciences, information

technology, conducting investigations etc.) working in three main Units: the Secretariat, the Investigation and Oversight Bureau and the Centre for Prevention and Integrity of Public Service. Employees of the CPC are recruited directly by the CPC in an open and competitive recruitment procedure or seconded from other state institutions; they are public servants and as such bound by salary scheme and regulations governing the public service.

2. Please provide information demonstrating the impact of the work conducted by national bodies with mandates in respect of the prevention of corruption.

Some main preventive measures and tools recently developed by the CPC and widely used by the media, the public and state institutions when exercising their powers:

Supervisor – online application for monitoring expenses of public bodies launched by the CPC in 2011

Supervisor is an online application that provides information to users on business transactions of the public sector bodies – direct and indirect budget users (bodies of the legislative, judicial and executive branch, autonomous and independent state bodies, local communities and their parts with legal personality, public institutes, public funds, public agencies etc.). The Supervisor is a project, conceptually designed and prepared by the Commission for the Prevention of Corruption of the Republic of Slovenia in cooperation with an independent expert and assistance of other bodies which provided the relevant data and cooperated in its presentation and interpretation (the Slovenian Ministry of finance, the Public Payments Administration of the Republic of Slovenia - UJP, the Agency of the Republic of Slovenia for Public Legal Records and Related Services - AJPES).

The application indicates contracting parties, the largest recipients of funds, related legal entities, date and amount of transactions and also purpose of money transfers. It also enables presentation of data using graphs as well as printouts for specified periods of time and other. The Supervisor represents an important step towards more transparent state operations and will be further upgraded and improved by the Commission in cooperation with other bodies. The application enables insight in financial flows among the public and the private sector not only to the public, the media and the profession, but also to other regulatory and supervisory bodies. At the same time it implements the primary purpose of the Commission's mission: strengthening the rule of law, integrity and transparency and mitigation of corruption risks and conflicts of interest.

Transparency of financial flows among the public and the private sector achieved through this application increases the level of responsibilities of public office holders for effective and efficient use of public finance, facilitates debate on adopted and planned investments and projects as well as decreases risks for illicit management, abuse of functions, and above all, limits systemic corruption, unfair competitiveness and clientage in public procurement procedures.

In 2014 the Supervisor has been upgraded in order to present purpose of a particular transaction made – this enables to identify the structure of spending of public money. Furthermore, in order to give access to the public and especially researchers, the CPC have given access to the database itself that allows further use when processing data and when transferring data for future usage.

In 2012 the CPC was awarded by the Chamber of Commerce and Industry of Slovenia – Association for information and telecommunications with Netko award in a category “Digital performance of the state and public administration” for developing the Supervisor. Netko is awarded since 1999 by the Chamber to companies, institutes, offices, associations and individuals that exceed with their achievements in the field of quality of internet digital projects.

Apart from offering an insight into public transactions and public spending which is often used by different investigators at the CPC, the Police, other supervisory bodies, the media etc., the CPC effectively uses data from the Supervisor when supervising implementation of the IPCA provisions on restrictions on business activities (articles 35 – 36) which prohibit a public sector bodies or organisations to order goods, services or construction works, enter into public-private partnerships or grant special and exclusive rights to entities in which the official who holds office in the body or organisation concerned or in cases where the official’s family member has a one of the roles listed in the IPCA (manager, management member, legal representative etc.). After launching the Supervisor several reports were received by the Commission with regard to violations of provisions in question that helped the CPC to identify violations, especially at the local level. Therefore in 2011 the CPC launched a project to establish a system for the automatic identification of transactions (violation of provisions on restriction of business activities) through the online application Supervisor.

Link to the Supervisor:

<http://supervisor.kpk-rs.si/>

Some comments regarding the launch of the Supervisor are available at:

<http://techcrunch.com/2011/08/23/slovenia-launches-supervisor-an-official-public-web-app-for-monitoring-public-spending/>

<http://www.sloveniatimes.com/insight-in-public-expenditure-for-everyone>

Integrity plans – a tool for establishing and verifying the integrity of an organization

According to the IPCA (Articles 47 to 50) government bodies, local authorities, public agencies, public institutes, commercial public institutions and public funds are obliged to develop and adopt integrity plans.

Integrity plan is a tool for establishing and verifying the integrity of the organization. It is a documented process for assessing the level of vulnerability of an organisation, its exposure to unethical and corruption practices. Moreover, is devoted to:

- identifying relevant corruption risks in different working fields of an individual organization;
- assessment, what kind of danger the corruption risks may pose to an individual organization;
- determining measures to reduce or eliminate corruption risks.

The integrity plan consists, in particular, of: assessment of corruption exposure of the institution; personal names and work posts of the persons responsible for the integrity plan; a description of organisational conditions, staff and typical work processes including a corruption risk exposure; assessment and proposed improvements regarding:

- the quality of regulations, management, administration, etc.;
- the integrity of staff and institution;
- transparency and efficiency of processes and

- measures for timely detection, prevention and elimination of corruption risks.

All institutions are obliged by the law to send their integrity plans to the CPC - after analysing and processing all the integrity plans, the CPC will determine (at the national level) an exposure of different institutions, their organizational conditions, processes and employees to corruption and other illegal and unethical behaviour. The main goal is to strengthen integrity and anti-corruption culture in a public sector by identifying risks, planning and implementation of adequate measures. With putting in place an overall integrity plan system, causes of corruption will be eliminated, which will result in strengthening the rule of law and people's confidence in the institutions.

The Act has set an obligation to all the above mentioned to draw up integrity plans by June 5th, 2012 on the basis of guidelines produced by the CPC and submit them to the CPC. Through the integrity plan it will be possible to identify the level of exposure of an entity to corruption risks and risks of unethical and other unlawful behaviour. By identifying risks and risk factors it is possible to assess the existing control mechanisms, evaluate their likelihood to occur and the level of damage they may cause and finally propose measures to minimize or suppress risks.

The CPC has checked and will do that in the future on yearly basis how the entities plan to implement the integrity plans as they have to report that to the CPC. A fine may be imposed on the responsible person of the body or the organisation obliged to draw up and adopt the integrity plan if it fails to do so.

The CPC has recently developed an electronic registry which enables every subject to manage data from its integrity plan for its own use as well as to submit data to the CPC for further supervision.

More on the integrity plans:

<https://www.kpk-rs.si/en/prevention>

- **Key conclusions and recommendations from reports prepared by anti-corruption bodies and institutions;**

Assets report: In January 2013 the CPC issued a final report on supervision of assets of parliamentary party leaders² which brought to the (public) attention the purpose of supervision of assets in order to identify corruption. Declarations of assets of seven parliamentary party leaders were thoroughly checked in order to establish whether all the assets had been reported to the CPC and whether the assets owned correspond to the assets reported. In two cases, regarding the then Prime Minister and the Leader of the major opposition party it was established that they not only failed to report all assets, but also that some assets were either burdened with corruption risks, conflict of interests or unlawful lobbying or their source was not explained to the CPC in a satisfied manner.

The CPC's findings were later referred to the responsible bodies for further handling. As a result of a huge public outrage the Government of that particular Prime Minister fell and the Leader of the main opposition party resigned as the chair of that party, although he remained to hold his position as a mayor of Ljubljana which was controversial as some of the unexplained transactions made to his bank accounts derived from contracts of the Municipality of Ljubljana with private companies. However, just recently he was re-elected as a chair of the party.

² https://www.kpk-rs.si/upload/datoteke/Ugotovitve_nadzora_nad_PS_predsednikov_parlamentarnih_strank.pdf

Systemic corruption in the Slovenian banking system report³: The CPC published a report on Slovenian banking system, focusing on state-owned banks and the level of transparency and accountability with regard to a number of contracts they concluded awarding big loans to companies and individuals. It was established by the CPC that the functioning of the banking system is mostly subjected to the influence of the state and that some actions of individuals and groups closely connected to the politics represent a factor that contributes to the following corruption risks: (i) inappropriate management of risks, (ii) decision-making process of bank management based on their political, business and personal relations, (iii) insufficient and inappropriate internal and external supervision of bank activities, (iv) lack of holding members of management and supervisory boards accountable for their economically unfounded and other inappropriate investments.

The report was sent to the Central bank of Slovenia, the Ministry of Finances etc. and was used to advocate for some improvements with regard to the “bad bank” project introduced by the Slovenian Government in order to help improve the bad situation of the Slovenian banking system which is mostly the result of the poor managing of the state-owned banks.

Systemic principled opinion with regard to established risks in the Slovenian health care system and recommendations for actions⁴: The CPC established (i) the intertwining of the public and the private interests in the health care system, especially due to existence of doctors employed both in the public and the private health care systems, which consequently contributes to the increased risks for conflict of interest, (ii) additional work of the doctors employed in the public health care system without acquiring the necessary permits prior to such work and the lack of (effective) supervision in this field and (iii) the field of waiting lists which is a highly risky field not being properly managed, allowing unlawful advancement of individuals in waiting lists, especially since supervisory bodies have identified repeated violations of rules on waiting lists in the public sector institutes.

Assessment of the current situation with regard to the prevention of corruption and prevention and elimination of conflict of interest⁵: In 2011 and 2012 the CPC prepared and published assessments that have to be prepared according to the Article 20 of the IPCA.

Main findings or emphasis made:

Assessment of the current situation for 2011: Administrative corruption in Slovenia is relatively low in comparison to other transition countries. With regard to the white-collar corruption which is present in Slovenia, the situation is still better than in other transition countries. However, it is very much connected to corporate and public-financial crime which Slovenia is facing in the last years. Past in present business-financial crisis shows a long-term development of systemic/institutional corruption. Among 13 indicators the theory considers to indicate the presence of systemic corruption it is possible to detect 12 of them in Slovenia:

- existence of corporate monopolies, cartels and limited competitiveness,
- enormous state and local infrastructure projects;

³ Published in the CPC's Assessment of the current situation for the year 2013, https://www.kpk-rs.si/upload/t_datoteke/Ocena_stanja_korupcije_v_RS.pdf

⁴ <https://www.kpk-rs.si/sl/nadzor-in-preiskave/odlocitve-in-mnenja-komisije/nacelna-mnenja/03/2014/sistemsko-nacelno-mnenje-glede-ocene-ugotovljenih-tveganj-v-zdravstvenem-sistemu-republike-slovenije-in-priporocila-za-ukrepanje>

⁵ <https://www.kpk-rs.si/sl/korupcija-integriteta-in-etika/analize-raziskave-in-statistika/ocena-stanja-korupcije-2011>
https://www.kpk-rs.si/upload/t_datoteke/Ocena_stanja_korupcije_v_RS.pdf

- politically-burdened processes of economic liberalisation and privatisation;
- low possibility of detection and sanctioning (weakness and lack of priorities of supervisory and investigative bodies and of prosecution service);
- long court proceedings;
- institutional and political uncertainty (connected to crisis, elections and low level of trust in the institutions of the state governed by the rule of law and of the political system);
- inexistent or overregulated system of public procurement with weak supervision;
- not fully elaborated system of internal auditing with regard to effectiveness of the public spending;
- weakness of supervisory bodies in enterprise sector and insufficient corporate culture in the field of business compliance;
- politicisation or lack of transparent privatisation of the media sphere;
- inefficient and intransparent system of financing of enterprises by the financial institutions;
- influence of lobbyists on the legislative procedure.

Assessment of the current situation for 2012: Slovenia is facing systemic corruption. Main factors and areas that represent the basis for systemic and administrative corruption are:

- overall decrease in trust in institutions of the state governed by the rule of law and in holders of public functions and their credibility;
- public procurement in general;
- management of capital investments of the state and local communities;
- functioning of the banking system;
- transparency of political party funding and of funding of election campaigns;
- overall prevalence of conflict of interest, clientelism and nepotism;
- lack of transparency of particular influences in legislative procedures and procedures for adoption of other regulations;
- ineffective functioning of some inspection services;
- functioning of the prosecution service and the judiciary;
- lack of resources and sub-optimal organisation and autonomy of the key supervisory and investigative bodies;
- the process of adoption of budgets (of the state bodies and local authorities).

Letter of Resignation of the CPC management in November 2013:⁶ The letter was publicly presented in published by the previous management of the CPC in order to explain the reasons for the resignation. It includes a short overview of main obstacles that hindered successful work of the CPC in the future.

- **Results of public perception surveys regarding the effectiveness and performance of the anti-corruption body or bodies;**

Excerpt from the Corruption perception surveys in Slovenia (years 2002 – 2009)

How did the following institutions helped fighting corruption in Slovenia?
(average on the scale from 1- did not help to 5 – helped extensively)

	2002	2003	2004	2005	2006	2007	2008	2009
Media	3,43	3,41	3,38	3,56	3,37	3,40	3,54	3,37
Commission for the Prevention of Corruption	3,03	3,11	3,16	3,28	3,37	3,34	3,23	3,28
Anti-Money Laundering Office	2,85	2,77	2,87	3,00	2,96	2,92	2,86	2,86
Police	2,97	2,73	2,79	3,09	2,79	2,74	2,75	2,82
Inspection services	2,94	2,90	2,77	2,97	2,85	3,94	2,64	2,76
Prosecution service	2,95	2,66	2,54	3,05	2,69	2,80	2,62	2,67
Health care institutions	2,99	2,65	2,64	3,06	2,57	2,73	2,51	2,48
Local administration	2,69	2,43	2,51	2,74	2,51	2,62	2,44	2,45
Courts	2,78	2,58	2,55	2,92	2,61	2,67	2,40	2,44
Government	2,58	2,32	2,32	2,78	2,45	2,49	2,36	2,27
Law firms	2,68	2,43	2,37	2,60	2,38	2,45	2,14	2,20

- **Results from public awareness surveys of the extent of public knowledge about the prevention of corruption;**

TI CPI:

Year	Rating for Slovenia (score)
2013	43 (57)
2012	37 (61)
2011	35 (5,9)
2010	27 (6,4)

All other analysis and surveys on Slovenia (Eurobarometer, Survey on corporate and business environment, business ethics and unregistered payments in Slovenia, Corruption among journalists, Corruption perception in Slovenia etc.) are available at the CPC's website in Slovenian language:

<https://www.kpk-rs.si/sl/korupcija-integriteta-in-etika/analize-raziskave-in-statistika/raziskave-in-statistika>

- **Key conclusions and recommendations from evaluation reports on the effectiveness and performance of relevant anti-corruption bodies.**

⁶ https://www.kpk-rs.si/upload/t_datoteke/Resignation_of_the_top_management_of_the_CPC_Slovenia.pdf

Statistical data on the CPC's activities

Please, see annex to this report (CPC in numbers in 2012).

Statistical data on CPC's work in 2013:

Number of reports of suspicions of corrupt practices and other violations of the IPCA received	1931
Requests for legal opinions or advice on the use of the IPCA in practice received	1190
Integrity plans received for evaluation	532
Lobbying reports received	830
Requests for access to public information received	84
Educational activities carried out for public sector	60
Asset declarations received	6538

CPC's work completed in 2013:

Completed proceedings of reports of suspicions of corrupt practices and other violations of the IPCA received	2300
Initiated misdemeanour procedures for violations of the IPCA	111
Determined unauthorized business transactions in public sector and issued warnings or requests for annulment of contracts	8
Filed charges of suspicious criminal acts to law enforcement agencies	288
Filed initiatives to supervisory agencies to undertake actions within their powers (inspectors, Court of Audit, Tax Administration....)	341
Carried out sessions of the Senate of the Commission with agenda items;	51 sessions, 329 items
Reviewed and assessed integrity plans of public sector entities	1238

Carried out trainings, lectures and round table discussions	60
Prepared legal opinions, explanations and answers to public and private sector entities	1190
Carried out international workshops of EACT project;	2
Upgraded Supervisor web application	
Carried out awareness raising project for primary schools "Say it with a T-Shirt";	
In accordance with the law the Commission represents the Republic of Slovenia in international committees, missions and evaluations – UN, OECD, Council of Europe/GRECO, European Commission, IACA ...;	

Several international organisations have praised the CPC's work and achievements and encouraged the Slovenian Government to provide additional resources to it.

An excerpt from the GRECO report from October 2012⁷:

VI. CORRUPTION PREVENTION IN RESPECT OF ALL CATEGORIES UNDER REVIEW – THE ROLE OF THE COMMISSION FOR THE PREVENTION OF CORRUPTION

232. Throughout this report, the central role of the CPC has been highlighted. It is obvious to the GET that the position, powers and recognised expertise of the CPC are among the strongest assets of the system of prevention of corruption, as well as in the promotion of integrity of parliamentarians, judges and prosecutors in Slovenia. Unfortunately, the CPC's ability to act is hampered by financial and staff constraints, which have become all the more pressing since the extension of its mandate and powers under the new IPCA. The new tasks and powers it has been provided with as regards lobbying, conflicts of interest and asset declarations have not been accompanied by the necessary increase in staff and budgetary resources. The CPC currently functions with a staff of 40 persons whereas its mandate extends over approximately 10,000 officials as regards assets declarations and 3000 public institutions as regards integrity plans. For example in order to maintain and enforce the new online asset declaration system for these 10,000 officials, as was described earlier in this report, the CPC has a budget of only 44,000 EUR and one person working full time on the monitoring of declarations. Another example of the CPC's budgetary constraints arises with the new regulation of lobbying, also introduced by the IPCA. The CPC has only one person, and no additional financial resources, to maintain the new register of lobbyists and to enforce the rules in this area. The latest information indicates that, although it is already suffering from insufficient staff and budgetary resources, the CPC has been and could continue to be negatively impacted by budgetary cuts in the public sector due to the economic crisis. The GET is of the strong opinion that these budgetary and

⁷ [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4\(2012\)1_Slovenia_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4(2012)1_Slovenia_EN.pdf)

staff constraints are severely detrimental to the action of the CPC in the prevention of corruption in relation to MPs, judges and prosecutors. Addressing this problem is therefore essential to the implementation of other recommendations formulated in this report. **In order to ensure that the Commission for the Prevention of Corruption is adequately equipped to perform its tasks with respect to MPs, judges and prosecutors effectively, GRECO recommends that its financial and personnel resources in the areas of asset declarations, lobbying and conflicts of interest be increased as a matter of priority.**

An excerpt from the EU Anti-Corruption Report on Slovenia from February 2014⁸:

Legal framework. Fairly well-developed anti-corruption legislation is in place. Recent legislative changes in 2010 and 2011 focused on integrity and prevention of corrupt practices, conflicts of interest, transparency of lobbying, whistleblower protection, public procurement, criminal law provisions and criminal procedure. In particular, through the Integrity and Prevention of Corruption Act adopted in 2010 and amended in 2011⁸ a solid legislative framework was created to support prevention and integrity policy, defining the tasks and powers of the KPK, providing for verification mechanisms on asset disclosure, and including provisions on protection of whistleblowers and lobbying. Some loopholes remain, however, in the legislation concerning the financing of political parties and electoral campaigns where GRECO found in mid-2012⁹ and reiterated in a report adopted in March 2013 and published in January 2014¹⁰ that its recommendations had not been satisfactorily implemented. In mid-2013 the government proposed new legislation on financing of political parties, elections and referendum campaigns. This is currently undergoing parliamentary debate. The government also proposed in mid-2013 new legislation on access to information, including provisions on transparency with regard to state-owned and state-controlled companies, and companies where the State has a significant number of shares, as well as transparency on services provided to the public sector. GRECO also stressed that the implementation of rules on conflicts of interest and lobbying is still insufficient and more needs to be done to raise awareness.

Institutional framework. The KPK was established in 2002 and has gone through several institutional changes since then¹², further strengthening its powers and capabilities. The scope of the KPK's powers is very broad, ranging from administrative investigations to preventive measures, research and awareness-raising activities. Criminal investigation powers are vested in the criminal police, the National Bureau of Investigations and the prosecution services, which have recently taken steps to improve their track record of effective investigation policies.¹³ Specialised law enforcement teams focusing on corruption and economic crime have also been set up.

Independence and effectiveness of anti-corruption institutions

In 2010 the powers and mandate of the KPK were extended significantly and its independence was strengthened, allowing for a more effective role in the implementing anti-corruption policies.⁵⁹ The KPK conducts administrative investigations into allegations of corruption, conflicts of interest, and illegal lobbying. It also monitors the financial status of public officials' wealth, keeps a central registry of lobbyists, undertakes tasks related to the protection of whistleblowers, coordinates the development and implementation of the national anti-corruption action plan, assists public and private institutions in developing integrity plans and monitoring their implementation, develops and enforces preventive measures such as awareness-raising, training, etc., and serves as a national focal point for anti-corruption matters for international organisations and mechanisms.

⁸ http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_slovenia_chapter_en.pdf

Since 2010, the KPK has consolidated its role. Given the rather limited resources at its disposal,⁶⁰ its track record of implementation is solid: 1 389 reviews/investigations were completed in 2011 and 1 214 in the first three quarters of 2012.⁶¹ The KPK's guarantees of stability and independence are key to carrying out its investigative and oversight tasks effectively and without undue pressure. However, the KPK alone cannot ensure effective prevention and measures against corruption across the board. GRECO also noted that the financial and human resources of the KPK dedicated to asset disclosure, lobbying and conflicts of interest are insufficient and must be increased as a matter of priority to avoid hampering its core activities in the future.⁶² Internal control and supervision mechanisms, external oversight and police, prosecution and the judiciary also have an important role to play. At the end of November 2013, the KPK leadership resigned in protest against the insufficient support from other authorities and their limited effort to follow-up on the work of KPK and address corruption risks identified by the KPK.

3. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

After the resignation of the CPC leadership in November 2013⁹ the CPC issued a call to the Government and the Parliament, outlining 15 concrete points of actions¹⁰ that should and could be undertaken to improve the situation in the anti-corruption field in the country. The points outlined were the following:

- Starting public and transparent investigation of the state project TEŠ 6 (TEŠ 6 is the biggest investment of the Republic of Slovenia, after construction of highways. It is accompanied by suspicions of criminal offences, conflict of interests, inefficient and uneconomic spending. It is currently investigated by the Police, prosecution service, CPC and OLAF. The only subject that did not take any action is the owner, the state. None of the bodies working on TEŠ 6 cannot, due to legislative limitations, comprehensively address this problem in order to identify what happened, why and who were the main persons involved. Although the CPC issued a proposal, supported by the Prime Minister, the Minister of Finances and the President of the Slovenska odškodninska družba, d.d. (a financial organisation managing capital assets of the Republic of Slovenia) to audit TEŠ 6, the president of the Court of Audit rejected such proposal.). As the state keeps issuing new guarantees which will finally be the burden of its tax-payers it is important to prevent further unlawful actions.
- Starting public and transparent investigation of the “banking hole”. Current expenses to minimize the effect of the banking hole has already become the tax-payers’ burden. Any public spending to this regard should be made public and acted against those accountable for it.
- Adoption of the Access to Public Information Act that will enable disclosure of lawyers’, consultants’, sponsors’ and donors’ contracts concluded by companies indirectly or directly owned by the state and municipalities in the online application Supervizor in order to minimize lobbyist-political-media-clientelism “rent-seeking” relationships established in the period of transition in Slovenia. The legislative proposal has been prepared by the CPC, in cooperation with the Ministry of Interior and the Information Commissioner.

⁹ Letter of resignation, CPC's website https://www.kpk-rs.si/upload/t_datoteke/Resignation_of_the_top_management_of_the_CPC_Slovenia.pdf

¹⁰ <https://www.kpk-rs.si/sl/komisija/medijsko-sredisce/arhiv-novic/12/2013/predlogi-za-soocenje-s-sistemsko-korupcijo>

- Centralisation and information (and thus increase in transparency of) of the public procurement in the public health care system.
- Accelerated adoption of the new Slovenian Sovereign Holding Act that will include rigorous measures for transparent appointment and decision-making process of members of supervisory and management boards in companies with direct or indirect majority participation of the state in their ownership, that will demand written disclosure of potential or existing conflict of interest in advance and that will prescribe sufficient sanctions for violations regarding avoiding conflict of interest and personal or business clientelism.
- Establishment of inspection service for public procurement with sufficient human resources and with a possibility to impose efficient sanctions for violators at the state and local level.
- Adoption of code of ethics for parliamentarians.
- Adoption of code of ethics for government officials and ministerial officials taking into account good practices of some foreign countries that will also include standards on business restrictions with companies in the field of state aids, subsidies etc. and standards with regard to purchase of shares of state-owned companies.
- Amendment of the Rules of Procedure of the Government and of the Parliament in order to strengthen the transparency of adoption of laws and regulations, in a way that every bill mandatorily contains a list of all individuals that participated in preparation of bills as external consultant (the so-called legislative trace).
- Regulation and public accessibility and transparency of the registry of the Trust of the agricultural land and forests and of changes of their intended purpose.
- Adoption of the legislation in order to enable recall of a mayor.
- Adoption of the legislation that will enable execution of a recall of individual from the state office by a court decision and prohibition of performance of public function for a limited period of time in cases when abuse of office or violation of anti-corruption legislation has been established by a court decision.
- Adoption of a systemic law that will require from professional societies given public authorisation (Bar Association, Chamber of Notaries, Medical Chamber etc.) setting up an efficient self-regulation, transparent and publicly accessible (online) system for monitoring of functioning of their internal honorary/ethical/disciplinary commissions and pronounced sanctions.
- Start of a serious debate on systemic reorganisation of functioning of inspection services.
- Adoption of amendment to the IPCA in order to: a) abolish subsidiarity principle in order to give this law the nature of systemic law; b) strengthening (with appropriate powers and possibility to pronounce sanctions) those supervisory powers of the CPC that are not carried out by other supervisory bodies and are not overlapping with powers entrusted to the Police or prosecutor service, especially in the area of monitoring of assets of officials and civil servants exposed to corruption, conflict of interest (with an emphasis on clientelism and nepotism), business restrictions, incompatibility of functions, monitoring of acceptance of gifts (which should be unified

for all employees in the public sector), in the field of non-public influences on adoption of staff, legislative and financial decisions of the office holders etc.; c) establishment of the legislative framework for implementation of preventive systemic and thematic supervision carried out by the CPC in the public sector bodies and organisations in order to provide counselling, strengthen integrity and identify and remedy systemic corruption risks; d) establishment of the CPC's Council (appointed by the Parliament with 2/3 majority) as an independent body supervising the work of the CPC in order to secure its integrity, objectivity and efficiency.

UNCAC Article 5 – Preventive anti-corruption policies and practices **UNCAC Article 7 – Prevention of corruption in the public sector**

TOPIC II UNDER CONSIDERATION: Public sector legislative and administrative measures, including measures to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties (arts. 5 and 7 of the United Nations Convention against Corruption)

1. Please describe the legislative and administrative measures you have taken to prevent corruption in the public sector. In particular, please provide information on measures you have taken to enhance transparency in the funding of candidatures for elected public office and the funding of political parties.

At its 19th regular session on 21 November 2013, the National Assembly of the Republic of Slovenia adopted the Act Amending the Political Parties Act (ZPoIS-E), taking into account the recommendations submitted to the Slovenian authorities by the Group of States against Corruption (GRECO) in its report of 7 December 2007¹¹. The above act was published in the Official Gazette of the Republic of Slovenia (Uradni list RS) no. 99/13 and entered into force on 18 December 2013. It became applicable on 1 January 2014.

ZPoIS-E has introduced several novelties, particularly in the areas of funding of political parties and preparing annual reports:

- the prohibition of financing of a party is extended to all legal persons, sole proprietors and individuals who independently perform activities;
- a party has to assign contributions acquired in contravention of that Act to charity no later than in 30 days from receipt of the contributions;
- rules on the preparation and submission of annual reports are clearer and more detailed; in the annual report, a party has to disclose information on the provider of funds if in the year the party's annual report refers to the total amount of contributions exceeds the average salary per worker in the Republic of Slovenia; information on loans to the party (amount, interest rate and payback period) has to be revealed as well;
- parties have to submit their annual reports to the Agency for Public Legal Records and Related Services (AJPES) through Web portal;
- AJPES publishes full annual reports on its website;

¹¹ [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3\(2007\)1_Slovenia_Two_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3(2007)1_Slovenia_Two_EN.pdf)

- the Court of Audit performs operational audits of parties and controls their financing
- some new minor offences are established that were not included in the previously applicable act; also, fines for certain types of offences are higher.

In November 2013, the National Assembly of the Republic of Slovenia adopted Act Amending the Elections and Referendum Campaign Act (ZVRK-B) that also regulates election campaigns for the election of Slovenian members of the European Parliament. The act entered into force on 14 December 2013; it comprises the following main changes:

- non-compliance with the Constitution of the Republic of Slovenia is eliminated; it is not allowed to publish opinion polls and surveys during the last 24 hours before the polling day;
- unlike the previous regulation that referred to Political Parties Act for matters of financing election campaigns, the amending act ensures that election campaign financing is regulated by it in full;
- it specifies types of contributions to election campaigns and the upper limit of contributions, whereas the total amount of contributions shall not exceed ten average gross monthly salaries per worker in the Republic of Slovenia according to the SURS data for the past year;
- prohibition of financing of a campaign is extended to all legal persons, in exceptional circumstances referendum campaign can be funded by non-profit legal persons;
- election campaign organizer must seek to obtain identification data on providers of funds on the basis of which prohibited contributions that have to be assigned to charity within 30 days from their receipt can be identified;
- content of the report on the financing of election campaigns and the way of submitting this report via the AJPES web portal are changed. In the report, the election campaign organizer has to indicate data on all individual contributions, expenditure and loans, not just on the total amount of the funds raised and utilized (in accordance with the preliminary provisions of the act, reports on the financing of the election campaign for the election to the European Parliament in 2014 will also be sent to the National Assembly and the Court of Audit using new forms);
- in the report, the election campaign organizer will have to state each contribution acquired from the providers of funds, including personal data, if the contribution exceeds the average gross monthly salary per worker in the Republic of Slovenia;
- act proposal provides for a mandatory public disclosure of reports on campaign financing on the AJPES website;
- Court of Audit is provided with greater powers when auditing the reports of the election campaign organizers and will now be able to request the submission of documents, explanations and inspection of books and records also from service providers and sellers of goods providing services for or selling goods to the election campaign organizer;
- new minor offences are established that were not foreseen in the applicable act; also, fines for certain types of offences are higher;

- minor offence authorities will be equipped with the possibility of imposing a range of fines; the competent court for deciding on offences in contravention of the provisions on election campaign financing is the Ljubljana Local Court.

States parties may wish to cite and describe measures that:

• Establish a legal definition of what constitutes a donation or contribution to a candidate for public office or a political party;

Provisions of the second paragraph of Article 22 of ZPoIS and second paragraph of Article 14 ZVRK provide that, besides money contributions, every gift or other non-monetary contribution, free service, incurrance of liabilities or performing services or selling goods under conditions that are more beneficial for the party or the election campaign organizer than for other users of services or buyers of goods from those persons is considered a contribution to a party or an election campaign organizer (donation) as well. Work performed by a natural person for a party or an election campaign organizer is not considered a contribution if that person is not obliged to issue an invoice for the work done.

Regarding loans, ZPoIS provides that a party can obtain loans only from banks and loans undertakings under the same conditions as other legal persons. A party can also obtain a loan from a natural person, to the extent that the loan agreement is concluded in writing. The amount of a loan from a natural person shall not exceed ten average gross monthly salaries per year. Given loans are not considered funding of a party.

ZVRK provides that an election campaign organizer can only obtain a loan from banks and loan undertakings under the same conditions as other persons. Given loan is not considered funding of a party.

• Require public disclosure of donations received by candidates for public office and political parties, including the identity of individual and corporate donors;

Regarding the disclosure of donations received by political parties and of identities of providers of funds, sixth paragraph of Article 22 of ZPoIS provides that if in the year the party's annual report refers to the total amount of contributions of a natural person exceeds the average gross monthly salary per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year, the annual report of the party must include information on personal name and address of the natural person and the total annual amount of the contributions given by the natural person to the party.

Legal persons under public and private law, sole proprietors and individuals who independently perform activities may not finance political parties (Article 25 ZPoIS).

In the report on financing of election campaigns, an election campaign organizer has to report on all individual contributions from natural persons that, on the polling day, exceed the average gross monthly salary per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year, including name, surname and address of the natural person and the amount of the contribution.

In accordance with the fifth paragraph of Article 14 of ZVRK state authorities, local community authorities, legal persons under public and private law, sole proprietors and individuals who independently perform activities may not finance election campaigns. Non-profit legal persons governed by private law can contribute to a referendum campaign. The sixth paragraph of Article 14 of ZVRK also provides that election

campaign organizers may not acquire funds for election campaigns from foreign natural and legal persons. Organizers of campaigns for the European Parliament elections may acquire funds for election campaigns from contributions of citizens of the European Union Member States under the conditions and in the manner as applicable to the national natural persons.

- **Establish a ceiling or limits on donations that can be made to candidates or political parties;**

In the year the party's annual report refers to, the total amount of contributions of natural persons shall not exceed ten average gross monthly salaries per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year (fourth paragraph of Article 22 of ZPoIS).

The total amount of contributions of an individual natural person for an individual election campaign shall not exceed ten average gross monthly salaries per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year.

- **Clarify the permissibility and limits applicable to donations by foreign donors or legal entities owned in whole or in part by the State;**

In accordance with the seventh paragraph of Article 21 of ZPoIS it is prohibited for a party to acquire funds from contributions of foreign legal and natural persons, foreign sole proprietors and individuals who independently perform activities, from party's property incomings from abroad or in any other way acquire funds for a party from abroad. The above prohibition does not apply for membership fees or contributions that the party acquires from its members.

Election campaign organizers may not acquire funds for election campaigns from foreign natural and legal persons. Organizers of campaigns for the European Parliament elections may acquire funds for election campaigns from contributions of citizens of the European Union Member States under the conditions and in the manner as applicable to the national natural persons.

State authorities, local community authorities, legal persons under public and private law, sole proprietors and individuals who independently perform activities may not finance election campaigns. Non-profit legal persons governed by private law can contribute to a referendum campaign.

- **Establish regular financial reporting obligations of donations and expenditures, including pre- and post-election, for candidates and political parties;**

According to the first paragraph of Article 24 of ZPoIS, a party has to prepare an annual report for the past year in accordance with that Act and the accounting regulations and standards. The annual report shall provide information on the following:

- all revenues by type and their amounts (membership fees, contributions of natural persons, property income, revenues from gifts, revenues from other non-monetary contributions, revenues from the budget of the Republic of Slovenia, revenues from the budget of the self-governing local community (hereinafter referred to as »local community budget«), revenue from the state budget for the education of deputies, extraordinary revenue and retained surplus of revenues),
- all party's expenditure by type, broken down in accordance with the accounting rules,

- all individual contributions of natural persons if in the year the party's annual report refers to their total amount exceeds the average gross monthly salary, including information on personal name and address of the natural person and the total annual amount,
- all individual loans provided to the party by banks, loans undertakings or natural persons, including information on the amount, interest rate and payback period for each individual loan, and information on the company name and office, business address, registration number of the bank or loans undertaking providing the loan to the party, regardless of the loan amount, or information that enables identifying the loan provider (name, surname, tax number, address of the natural person),
- the election and referendum expenses indicated in the manner provided by the law governing the election and referendum campaign,
- all individual contributions that have been given to the party in contravention of that Act and their amounts, including information on the company name or name, office and business address of a legal person or sole proprietor, or information on the personal name and address of an individual who independently performs activities or natural person who gave a contribution to the party,
- all transfers of surpluses of party's revenues under the fourth paragraph of Article 21 and contributions given to the party in contravention of that Act that have been assigned to charity,
- assets of the party and a specified description of any change of assets, including the sources of funds for increasing the assets, should such increase exceed the total amount of five average gross salaries per worker,
- other legal persons in which the party holds at least half of the capital or has a dominant influence on decision-making or management; annual reports of those legal persons have to be attached to the party's annual report as well.

In accordance with the second paragraph of Article 18 of ZVRK an election campaign organizer has to include the following information into the report on election campaign financing:

- total amount of funds raised and utilized for the elections campaign,
- the amount of contributions transferred by the election campaign organizer from its transaction account to a separate transaction account in accordance with the seventh paragraph of Article 14 of that Act,
- all individual contributions from natural persons that, on the polling day, exceed the average gross monthly salary per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year, including name, surname and address of the natural person and the amount of the contribution,
- all individual expenditures of the election campaign organizer for financing the election campaign, including the amount, irrespective of its level, together with the purpose and the service provider or seller of the product,
- all individual loans provided to the election campaign organizer by a bank or loans undertaking, including information on the company name, office, business address and registration number of the bank

or loans undertaking providing the loan, interest rate, repayment period and the amount of the loan, regardless of the loan amount,

- all individual contributions that have been given to the election campaign organizer in contravention of that Act and their amounts, including information on the company name or name, office and business address of a legal person or sole proprietor, or information on the personal name and address of an individual who independently performs activities or natural person who gave a contribution to the election campaign organizer,
- all transfers of surplus funds collected by the election campaign organizer under the first paragraph of Article 22 of that Act and contributions given to the party in contravention of that Act that have been assigned to charity,

• **Apply sanctions for the violation of any relevant laws, rules and regulations applicable to political candidates or political parties; and**

The upper limit of fines laid down by ZPoLS for the most serious violations committed by political parties is sufficiently high (EUR 30,000.00); fines for less serious violations are specified separately. Minor offence authorities can impose a higher fine than the minimum specified. ZPoLS also defines offences in case of entities which give the party donations that are prohibited by that Act, and provides that contributions acquired by the party in contravention of that Act have to be assigned to charity as determined in the act governing humanitarian organizations no later than in 30 days from receipt of the contributions.

ZVRK provides for the upper limit of fines for the most serious violations committed by election campaign organizers, i.e. EUR 20,000; fines for less serious violations are specified separately. The most serious violations regarding election campaign funding include, among other things, collecting prohibited contributions (excessive contributions, contributions from prohibited sources) and prohibited loans. ZVRK also defines offences in case of entities which give the election campaign organizer contributions that are prohibited by ZVRK, and provides that contributions acquired by the election campaign organizer in contravention of that Act have to be assigned to charity no later than in 30 days from receipt of the contributions.

• **Allow for the independent monitoring of financing of political candidates or political parties.**

In accordance with ZPoLS, control and investigation in the field of funding of political parties is carried out by the Court of Audit.

The Court of Audit also performs operational audit of parties who receive funds from the state budget or local community budgets and in the past year received or were entitled to receive more than EUR 10,000.00 of such funds. Each year, the Court of Audit has to carry out regularity audits at least one third of liable parties so that over a period of four years all such parties are audited. The Court of Audit may also carry out a regularity audit of a party proposed by the Commission for the Prevention of Corruption or another supervisory authority that in the exercise of its tasks finds irregularities, or if during examination of party's annual report the Court of Audit questions the truthfulness of the information therein or finds other irregularities. When carrying out regularity audits of parties, the Court of Audits acts in accordance with the powers and procedure defined by that Act and the act governing the jurisdiction of the Court of Audit.

As regards an independent authority for sanctioning improper funding of political parties, ZPoIS designates the Ljubljana Local Court as being responsible for deciding on offences on the basis of an accusation proposal by the Court of Audit. Other sanctions may be imposed on a party receiving prohibited donations, e.g. temporary loss of rights to receive resources from the state budget and local community budgets for a period of one year or reduction of these resources by a half for a period of 6 months according to the court's decision on violation. In case of funds collected contrary to the law, it is mandatory that these funds be seized from the party to a proceeding as offence generated proceeds.

In accordance with ZVRK, control and investigation in the field of funding of election campaign organizers is carried out by the Court of Audit.

Within six months after the date set for the closing of the transaction account, the Court of Audit of the Republic of Slovenia shall carry out an audit at those election campaign organizers who are entitled to partial reimbursement of elections campaign expenses on the basis of ZVRK. Within that same time term, the Court of Audit of the Republic of Slovenia may also carry out an audit at the election campaign organizers at the national level and at the election campaign organizers for the elections for members of representative and individually elected local community body and for referendum at the local level. Through audits the Court of Audit verifies the amount of funds raised and utilized for the election campaign, whether the election campaign organizer raised and utilized the funds for the election campaign pursuant to the law, and whether the information stated by the election campaign organizer in reports as referred to in Articles 18 and 19 of ZVRK are correct.

As regards an independent authority for sanctioning improper funding of election campaigns, ZVRK designates the Ljubljana Local Court as being responsible for deciding on offences on the basis of an accusation proposal by the Court of Audit.

The Court of Audit of the Republic of Slovenia is responsible for control over the provisions on election campaigns with regards to financing. Local court is responsible for deciding on offences in the field of election and referendum campaigns, control of which is under the responsibility of the Court of Audit. Accusation proposals are submitted by the Court of Audit of the Republic of Slovenia, whereas the Ljubljana Local Court is responsible for deciding on offences.

2. Please provide information demonstrating implementation of the measures described above.

In particular, States parties may wish to provide information such as:

- **Disclosure reports made by candidates for public office and/or political parties;**

According to the provisions of the fourth paragraph of Article 24 of ZPoIS, the annual reports of political parties are published on the AJPES website. Annual reports for the financial year 2013 were submitted by 76 political parties (from a total of 79 registered).

Reports on the election campaign financing are published by AJPES on its website.

- **Examples or statistics regarding cases involving violations of the political funding provisions, including any sanctions applied or criminal prosecutions that resulted;**

GRECO report mentioned above stressed the insufficiency of supervision in this area. Please, see the excerpt given below:

115. First of all, the GET found the review of the annual reports of political parties rather formalistic: it consists of a mere check on whether the report is complete and submitted on time. As one interlocutor said, the review by the Court of Audit was “art for the sake of art”, something that the Court of Audit seemed to agree with, adding that not much time and resources would be spent on these reviews. Even though the Political Parties Act only provides that the annual report of political parties must be “reviewed and evaluated” by the Court of Audit, which is indeed a very limited form of supervision, the Court of Audit Act explicitly provides that the Court is to carry out audits of users of public funds (which should at least enable it to carry out audits of parties represented in parliament). While the Court undertakes comprehensive audits in other areas, it has never done so as regards a political party, making it completely reliant on the information the parties themselves submit. One reason for the fact that no audit of a political party has ever been carried out may also be that the principle of equality is considered to require a simultaneous audit of the account of all political parties (and this would require substantial resources).

116. Secondly, the GET takes the view that the resources of the Court of Audit are insufficient to carry out even a fraction of the financial audits of election campaigns the law provides for, let alone to conduct audits of parties’ routine financial activities. For example, as regards local elections, in 210 municipalities there may be altogether several hundreds campaign organisers who have received public subsidies. Although municipalities are also required to control such subsidies, independent oversight in this area (as can be carried out by the Court of Audit) is very weak.

117. Thirdly, a specific weakness of the system –lies with the Court of Audit’s investigative capacity. As regards parties’ routine financial activities, the Court has only limited investigative powers restricted to the use of public funds by parties. In the area of campaign finance, the Court has more powers: the Elections and Referenda Campaigns Act allows it to access books of commercial banks and “to perform other investigations required for the performance of an audit”. The Slovenian authorities claim that this allows the Court -to - for example - scrutinise campaigns to verify whether they could have been paid by the officially declared expenses without any sidepayments by companies or societies, to make comparisons between the number of advertisements in the media or posters published and the reported campaign costs or to conduct any other investigation it deems appropriate. Although the scope of the Court’s investigative powers in the area of campaign finance would thus be broader than the GET was led to believe during the on-site visit, the fact remains that the Court itself takes a more limited view and does not use these powers to the extent it would appear to be permitted under the current law. In this regard, it should however also be noted that the Court of Audit can only audit election campaigns, which means that it is confined to income and expenditure during the official election campaign period (30 days to 24 hours before the day of elections) and cannot examine any campaign activities before this period. In the context of routine party finance, it would certainly go beyond its mandate to – for example - access financial information of the aforementioned societies and associations outside the party structure. Moreover, the claims made to the GET that companies would mostly donate to political parties in-kind, for example by employing people who then go to work for the party or by directly paying the bills of the party, would not necessarily come to light in an audit (and certainly not in a review of the financial report of a political party). These shortcomings also mean that, in most cases, the Court of Audit would not be in a position to take appropriate action on individual complaints it may receive as regards perceived irregularities in party or campaign finances. In view of this situation and also in light of the frequently expressed doubts about the accuracy of the official

reports submitted by parties and other campaign organisers, the GET is of the opinion that the effectiveness of the current supervisory mechanism would be greatly improved by giving the Court of Audit (or another independent supervisory body) investigative capacities in the area of parties' routine financial activities (not just limited to the use of public funds) and to enhance its investigative powers in the area of campaign funding. This would also improve possibilities for external scrutiny of compliance with political funding regulations (i.e. by having an appropriate mechanism to investigate complaints, oversight by external stakeholders would be encouraged).

118. In light of paragraphs 115, 116 and 117 above, the GET recommends **(i) to undertake a comprehensive audit of the finances of political parties represented in parliament, both as regards public and private funding, in accordance with international audit standards; (ii) to provide more resources to the Court of Audit to carry out these audits, as well as those of election campaign organisers; and (iii) to give the Court of Audit a mandate and resources to investigate routine party finances and to enhance its capacity to investigate campaign finances.**

119. Other bodies entrusted with supervisory tasks as regards party and campaign finance are the Ministry of Finance, the Inspectorate of the Ministry of the Interior and the Public Accounts Committee (PAC) of the Slovenian parliament. Although the supervision exercised by the latter is still in a developing stage, the PAC has played a role in drawing attention to political finance issues. It has highlighted weaknesses in the reporting functions and was instrumental in addressing certain deficiencies of the old Election Campaign Act (on the basis of information on these deficiencies reported to it by the Court of Audit). As regards the supervision exercised by the Ministry of Finance and (the Inspectorate of) the Ministry of the Interior, the GET found the jurisdiction and the scope of competences of these bodies as regards party and campaign finances vague. The GET noted that, pursuant to article 27 of the Political Parties Act, the Ministry of Finance is responsible for the supervision of certain provisions of the Political Parties Act (including the provisions on the financing of political parties). It became clear, however, that supervision as foreseen in article 27 has never been exercised by the Ministry of Finance. A similar provision is included in the Elections and Referenda Campaigns Act (article 40), which provides that the Inspectorate of the Ministry of the Interior "shall be competent for the implementation and supervision over the implementation of the provisions of this Act". The Inspectorate – which informed the GET that it was surprised to have been given this competence under the new law – took a limited view of the form this supervision might take: it understood it to mean that the offence would be identified and classified by the Court of Audit, after which the Inspectorate would inform the offender and impose the sanctions. After the visit, the GET was provided with additional information on the powers of the Inspectorate. These powers appear to be quite comprehensive and include the right to inspect accounting documents, to hear witnesses in an administrative procedure, to seize objects and documents and to perform other actions in line with the aim of the inspection. However, in light of the information gathered during the visit, the GET retains some doubts whether the Inspectorate will take steps to actually use these powers in the area of election campaign finances. Consequently, the GET recommends to **clarify the jurisdiction and scope of competences of all authorities entrusted with supervisory tasks as regards party and campaign finances.**

As the legislation on transparency of party funding has been adopted recently, no statistical data is available.

3. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

One of the challenges Slovenia might face with the change of legislation is regarding the prohibition of financing of political parties and election campaigns by all legal persons, sole proprietors and individuals who independently perform activities. When this prohibition was merely a legislative proposal, the CPC was of the opinion that such prohibition, although it in a way meets the requirement of one of the GRECO recommendations (the one demanding more transparency of financing from legal persons), at the same time opens doors for development of other practices that will increase lack of transparency in financing by those entities instead of making it more transparent. In the CPC's opinion both contributors as well as beneficiaries, as they are very much interested in having this relationship, will find ways to continue with these practices, by finding other, more sophisticated ways that won't be detected by the supervisory bodies so easily. Currently, as Slovenia is facing new elections (to the National Assembly, to the EP and local elections), one of the bigger political parties has already established a fund for collecting contributions for covering their court expenses since they have been involved in many court proceedings they have lost. It is being debated in the public whether such fund will actually help them to cover those costs or is actually a way of bringing in contributions from legal entities.

With best regards,

Boris Štefanec
CHIEF COMMISSIONER

Sent to:

- addressee
- archives.



**COMMISSION FOR
THE PREVENTION OF
CORRUPTION**

REPUBLIC OF SLOVENIA

Number: 5110-1/2014-13
Date: 12/05/2014

UNODC
Corruption and Economic Crime Branch

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**SUBJECT: EXPERIENCES OF SLOVENIA IN IMPLEMENTING THE PROVISIONS OF UNCAC – ART. 5, 6
AND 7**

*Ref. to: Guidance note for the provision of information by State parties for the 5th session of the
WG on corruption prevention (8 – 10 September 2014)*

Dear Sir/Madam,

Please find the information provided by the Commission for the Prevention of Corruption in cooperation with the Ministry of Interior (part on transparency of party funding) on initiatives and practices that have been implemented regarding the two topics under consideration at the fifth intersessional meeting of the working Group on Prevention taking place from 8 to 10 September 2014.

UNCAC Article 6 – Preventive anti-corruption body or bodies

TOPIC I UNDER CONSIDERATION: Mandates of anti-corruption body or bodies in respect of prevention (art. 6 of the United Nations Convention against Corruption)

1. Please describe the measures you have taken to implement art. 6 of the Convention.

The only specialized corruption prevention body in Slovenia is the Commission for the Prevention of Corruption.

The Commission and its history

The Commission for the Prevention of Corruption of the Republic of Slovenia (hereinafter: CPC)¹ is an independent state body with a mandate in the field of preventing and investigating corruption, breaches of ethics and integrity of public office.

¹ CPC's website: <https://www.kpk-rs.si/en>

The current CPC has been established with the adoption of the Integrity and Prevention of Corruption Act (hereinafter: IPCA) of 2010 (with later amendments) and fulfils the requirement of an independent anti-corruption body as required by the UN Convention against Corruption (UNCAC) which Slovenia ratified.

The predecessor of the CPC was Government's Office for the Prevention of Corruption, established in 2002 on the recommendation of the Council of Europe's GRECO (Group of States against Corruption). With the adoption of the Prevention of Corruption Act in 2004 the Office was replaced with the Commission for the Prevention of Corruption as an independent state body (appointed by and accountable to the Parliament) with a number of corruption-preventive tasks.

On 5th of June 2010, the Integrity and Corruption Prevention Act was adopted. The Act has retained the name of the CPC, but significantly expanded its mandate, functions and powers. It also strengthened its independence and introduced additional safeguards and objectivity in the procedure for appointment and dismissal of its leadership (Chief Commissioner and two Deputy Commissioners). Most importantly, it expanded some of the investigative and sanctioning powers of the CPC and made it not only the national focal point for prevention of corruption, but also for lobbying oversight, whistleblower protection, integrity of public sector and expanded its reach beyond the public into the private and business sector. The amendments to the Act adopted in June 2011 further strengthened the powers of the CPC to subpoena financial documents from the public and private sector and to hold accountable magistrates, officials, public servants, management and boards of public enterprises for corruption, conflict of interest or breach of ethics.

Jurisdiction / field of work

The CPC is not part of the law enforcement or prosecution system of Slovenia and its employees do not have typical police powers. Criminal investigations of cases of corruption are the prerogative of the Criminal Police / National Investigation Bureau and the Prosecutors Office - institutions with which the CPC closely cooperates. The CPC, however, has broad legal powers to access and subpoena financial and other documents (notwithstanding the confidentiality level), question public servants and officials, conduct administrative investigations and proceedings and instruct different law enforcement bodies (e.g. Anti-money laundering Office, Tax Administration...) to gather additional information and evidence within the limits of their authority. The CPC can also issue fines for different violations under its jurisdiction to natural and legal persons in public and private sector.

The CPC has a wide mandate in the field of preventing and investigating corruption, breaches of ethics and integrity of public office. Its tasks, among others, include:

- conducting administrative investigations into allegations of corruption, conflict of interest and illegal lobbying;
- protection of whistleblowers;
- monitoring the financial status of high level public officials in the executive, legislature and judiciary through the assets declaration and monitoring system;
- maintaining the central register of lobbyists;
- adopting and coordinating the implementation of the National Anti-corruption Action Plan;
- assisting public and private institutions in development of integrity plans (tools and internal control mechanisms aimed at identification and curbing of corruption risks within the given organisation) and monitoring their implementation;

- designing and implementing different anti-corruption preventive measures (awareness raising, training, education, ...);
- serving as a national focal point for international anti-corruption cooperation on systemic level (GRECO, OECD, UN, EU, ...).

Independence

Although part of the public sector, the CPC is not subordinate to any other state institution or ministry, and does not receive direct instructions from the executive or the legislature. In legal terms its independence and autonomy in relation to other state institutions and branches of state powers is similar to that of the Court of Audit, the Ombudsman or the Information (Data Protection) Commissioner.

To strengthen its independence, the Act of 2010 provides a special procedure for appointment and dismissal of the leadership of the CPC. Chief Commissioner and two deputies are appointed by the President of the Republic of Slovenia following an open recruitment procedure and nomination by a special selection board. Candidates which must meet high professional and integrity standards are interviewed and screened by a selection board comprising a representative of the Government, the National Assembly, non-governmental organisations, the Independent Judicial Council and the Independent Council of Officials. The Chief Commissioners' term of office is six years, the deputies' five. They can serve up to two terms in office. Prior to the expiration of the mandate, they can only be dismissed from office by the President (on his/her own motion or on the motion of the Parliament), if they act in breach of the Constitution or the law.

Financial and human resources

The budget of the CPC is determined yearly by the Parliament and the CPC is autonomous in allocating and organising its financial and human resources and priorities within the budget.

While the legal framework safeguarding the independence of the CPC and the material conditions for its work (facilities, information technology, etc.) are generally satisfactory, the CPC – due to fiscal restraints - remains understaffed, in particular given the broad new mandate under the Act of 2010. As a result, it has been facing a problem of backlogs of cases.

Accountability

Substantive decisions of the CPC (rulings on corruption, conflict of interest, violations of lobbying regulations etc.) are subject to judicial review of the High Administrative Court. Under the Act, the CPC must be the subject to periodic external audit the reports of which are submitted to the Parliament and the President and publicly available. The CPC is also required to present yearly reports to the Parliament for elaboration. In addition, by law decisions (with few exceptions) of the CPC must be published on the internet and various provisions require the CPC to publicize its work and findings

Organisation and Staff

The decision making panel of the CPC consists of three members – Chief Commissioner and two deputies. They decide on substantial matters (ruling on corruption, conflict of interest, breach of ethics, adopting recommendations, etc.) as a collegial body with majority of votes. They are supported by a number of professional staff with different expertise (in the field of law, economics, audit, social sciences, information

technology, conducting investigations etc.) working in three main Units: the Secretariat, the Investigation and Oversight Bureau and the Centre for Prevention and Integrity of Public Service. Employees of the CPC are recruited directly by the CPC in an open and competitive recruitment procedure or seconded from other state institutions; they are public servants and as such bound by salary scheme and regulations governing the public service.

2. Please provide information demonstrating the impact of the work conducted by national bodies with mandates in respect of the prevention of corruption.

Some main preventive measures and tools recently developed by the CPC and widely used by the media, the public and state institutions when exercising their powers:

Supervisor – online application for monitoring expenses of public bodies launched by the CPC in 2011

Supervisor is an online application that provides information to users on business transactions of the public sector bodies – direct and indirect budget users (bodies of the legislative, judicial and executive branch, autonomous and independent state bodies, local communities and their parts with legal personality, public institutes, public funds, public agencies etc.). The Supervisor is a project, conceptually designed and prepared by the Commission for the Prevention of Corruption of the Republic of Slovenia in cooperation with an independent expert and assistance of other bodies which provided the relevant data and cooperated in its presentation and interpretation (the Slovenian Ministry of finance, the Public Payments Administration of the Republic of Slovenia - UJP, the Agency of the Republic of Slovenia for Public Legal Records and Related Services - AJPES).

The application indicates contracting parties, the largest recipients of funds, related legal entities, date and amount of transactions and also purpose of money transfers. It also enables presentation of data using graphs as well as printouts for specified periods of time and other. The Supervisor represents an important step towards more transparent state operations and will be further upgraded and improved by the Commission in cooperation with other bodies. The application enables insight in financial flows among the public and the private sector not only to the public, the media and the profession, but also to other regulatory and supervisory bodies. At the same time it implements the primary purpose of the Commission's mission: strengthening the rule of law, integrity and transparency and mitigation of corruption risks and conflicts of interest.

Transparency of financial flows among the public and the private sector achieved through this application increases the level of responsibilities of public office holders for effective and efficient use of public finance, facilitates debate on adopted and planned investments and projects as well as decreases risks for illicit management, abuse of functions, and above all, limits systemic corruption, unfair competitiveness and clientage in public procurement procedures.

In 2014 the Supervisor has been upgraded in order to present purpose of a particular transaction made – this enables to identify the structure of spending of public money. Furthermore, in order to give access to the public and especially researchers, the CPC have given access to the database itself that allows further use when processing data and when transferring data for future usage.

In 2012 the CPC was awarded by the Chamber of Commerce and Industry of Slovenia – Association for information and telecommunications with Netko award in a category “Digital performance of the state and public administration” for developing the Supervisor. Netko is awarded since 1999 by the Chamber to companies, institutes, offices, associations and individuals that exceed with their achievements in the field of quality of internet digital projects.

Apart from offering an insight into public transactions and public spending which is often used by different investigators at the CPC, the Police, other supervisory bodies, the media etc., the CPC effectively uses data from the Supervisor when supervising implementation of the IPCA provisions on restrictions on business activities (articles 35 – 36) which prohibit a public sector bodies or organisations to order goods, services or construction works, enter into public-private partnerships or grant special and exclusive rights to entities in which the official who holds office in the body or organisation concerned or in cases where the official’s family member has a one of the roles listed in the IPCA (manager, management member, legal representative etc.). After launching the Supervisor several reports were received by the Commission with regard to violations of provisions in question that helped the CPC to identify violations, especially at the local level. Therefore in 2011 the CPC launched a project to establish a system for the automatic identification of transactions (violation of provisions on restriction of business activities) through the online application Supervisor.

Link to the Supervisor:

<http://supervisor.kpk-rs.si/>

Some comments regarding the launch of the Supervisor are available at:

<http://techcrunch.com/2011/08/23/slovenia-launches-supervisor-an-official-public-web-app-for-monitoring-public-spending/>

<http://www.sloveniatimes.com/insight-in-public-expenditure-for-everyone>

Integrity plans – a tool for establishing and verifying the integrity of an organization

According to the IPCA (Articles 47 to 50) government bodies, local authorities, public agencies, public institutes, commercial public institutions and public funds are obliged to develop and adopt integrity plans.

Integrity plan is a tool for establishing and verifying the integrity of the organization. It is a documented process for assessing the level of vulnerability of an organisation, its exposure to unethical and corruption practices. Moreover, is devoted to:

- identifying relevant corruption risks in different working fields of an individual organization;
- assessment, what kind of danger the corruption risks may pose to an individual organization;
- determining measures to reduce or eliminate corruption risks.

The integrity plan consists, in particular, of: assessment of corruption exposure of the institution; personal names and work posts of the persons responsible for the integrity plan; a description of organisational conditions, staff and typical work processes including a corruption risk exposure; assessment and proposed improvements regarding:

- the quality of regulations, management, administration, etc.;
- the integrity of staff and institution;
- transparency and efficiency of processes and

- measures for timely detection, prevention and elimination of corruption risks.

All institutions are obliged by the law to send their integrity plans to the CPC - after analysing and processing all the integrity plans, the CPC will determine (at the national level) an exposure of different institutions, their organizational conditions, processes and employees to corruption and other illegal and unethical behaviour. The main goal is to strengthen integrity and anti-corruption culture in a public sector by identifying risks, planning and implementation of adequate measures. With putting in place an overall integrity plan system, causes of corruption will be eliminated, which will result in strengthening the rule of law and people's confidence in the institutions.

The Act has set an obligation to all the above mentioned to draw up integrity plans by June 5th, 2012 on the basis of guidelines produced by the CPC and submit them to the CPC. Through the integrity plan it will be possible to identify the level of exposure of an entity to corruption risks and risks of unethical and other unlawful behaviour. By identifying risks and risk factors it is possible to assess the existing control mechanisms, evaluate their likelihood to occur and the level of damage they may cause and finally propose measures to minimize or suppress risks.

The CPC has checked and will do that in the future on yearly basis how the entities plan to implement the integrity plans as they have to report that to the CPC. A fine may be imposed on the responsible person of the body or the organisation obliged to draw up and adopt the integrity plan it fails to do so.

The CPC has recently developed an electronic registry which enables every subject to manage data from its integrity plan for its own use as well as to submit data to the CPC for further supervision.

More on the integrity plans:

<https://www.kpk-rs.si/en/prevention>

- **Key conclusions and recommendations from reports prepared by anti-corruption bodies and institutions;**

Assets report: In January 2013 the CPC issued a final report on supervision of assets of parliamentary party leaders² which brought to the (public) attention the purpose of supervision of assets in order to identify corruption. Declarations of assets of seven parliamentary party leaders were thoroughly checked in order to establish whether all the assets had been reported to the CPC and whether the assets owned correspond to the assets reported. In two cases, regarding the then Prime Minister and the Leader of the major opposition party it was established that they not only failed to report all assets, but also that some assets were either burdened with corruption risks, conflict of interests or unlawful lobbying or their source was not explained to the CPC in a satisfied manner.

The CPC's findings were later referred to the responsible bodies for further handling. As a result of a huge public outrage the Government of that particular Primer Minister fell and the Leader of the main opposition party resigned as the chair of that party, although he remained to hold his position as a major of Ljubljana which was controversial as some of the unexplained transactions made to his bank accounts derived from contracts of the Municipality of Ljubljana with private companies. However, just recently he was re-elected as a chair of the party.

² https://www.kpk-rs.si/upload/datoteke/Ugotovitve_nadzora_nad_PS_predsednikov_parlamentarnih_strank.pdf

Systemic corruption in the Slovenian banking system report³: The CPC published a report on Slovenian banking system, focusing on state-owned banks and the level of transparency and accountability with regard to a number of contracts they concluded awarding big loans to companies and individuals. It was established by the CPC that the functioning of the banking system is mostly subjected to the influence of the state and that some actions of individuals and groups closely connected to the politics represent a factor that contributes to the following corruption risks: (i) inappropriate management of risks, (ii) decision-making process of bank management based on their political, business and personal relations, (iii) insufficient and inappropriate internal and external supervision of bank activities, (iv) lack of holding members of management and supervisory boards accountable for their economically unfounded and other inappropriate investments.

The report was sent to the Central bank of Slovenia, the Ministry of Finances etc. and was used to advocate for some improvements with regard to the “bad bank” project introduced by the Slovenian Government in order to help improve the bad situation of the Slovenian banking system which is mostly the result of the poor managing of the state-owned banks.

Systemic principled opinion with regard to established risks in the Slovenian health care system and recommendations for actions⁴: The CPC established (i) the intertwining of the public and the private interests in the health care system, especially due to existence of doctors employed both in the public and the private health care systems, which consequently contributes to the increased risks for conflict of interest, (ii) additional work of the doctors employed in the public health care system without acquiring the necessary permits prior to such work and the lack of (effective) supervision in this field and (iii) the field of waiting lists which is a highly risky field not being properly managed, allowing unlawful advancement of individuals in waiting lists, especially since supervisory bodies have identified repeated violations of rules on waiting lists in the public sector institutes.

Assessment of the current situation with regard to the prevention of corruption and prevention and elimination of conflict of interest⁵: In 2011 and 2012 the CPC prepared and published assessments that have to be prepared according to the Article 20 of the IPCA.

Main findings or emphasis made:

Assessment of the current situation for 2011: Administrative corruption in Slovenia is relatively low in comparison to other transition countries. With regard to the white-collar corruption which is present in Slovenia, the situation is still better than in other transition countries. However, it is very much connected to corporate and public-financial crime which Slovenia is facing in the last years. Past in present business-financial crisis shows a long-term development of systemic/institutional corruption. Among 13 indicators the theory considers to indicate the presence of systemic corruption it is possible to detect 12 of them in Slovenia:

- existence of corporate monopolies, cartels and limited competitiveness,
- enormous state and local infrastructure projects;

³ Published in the CPC's Assessment of the current situation for the year 2013, https://www.kpk-rs.si/upload/t_datoteke/Ocena_stanja_korupcije_v_RS.pdf

⁴ <https://www.kpk-rs.si/sl/nadzor-in-preiskave/odlocitve-in-mnenja-komisije/nacelna-mnenja/03/2014/sistemsko-nacelno-mnenje-glede-ocene-ugotovljenih-tveganj-v-zdravstvenem-sistemu-republike-slovenije-in-priporocila-za-ukrepanje>

⁵ <https://www.kpk-rs.si/sl/korupcija-integriteta-in-etika/analize-raziskave-in-statistika/ocena-stanja-korupcije-2011>
https://www.kpk-rs.si/upload/t_datoteke/Ocena_stanja_korupcije_v_RS.pdf

- politically-burdened processes of economic liberalisation and privatisation;
- low possibility of detection and sanctioning (weakness and lack of priorities of supervisory and investigative bodies and of prosecution service);
- long court proceedings;
- institutional and political uncertainty (connected to crisis, elections and low level of trust in the institutions of the state governed by the rule of law and of the political system);
- inexistent or overregulated system of public procurement with weak supervision;
- not fully elaborated system of internal auditing with regard to effectiveness of the public spending;
- weakness of supervisory bodies in enterprise sector and insufficient corporate culture in the field of business compliance;
- politicisation or lack of transparent privatisation of the media sphere;
- inefficient and intransparent system of financing of enterprises by the financial institutions;
- influence of lobbyists on the legislative procedure.

Assessment of the current situation for 2012: Slovenia is facing systemic corruption. Main factors and areas that represent the basis for systemic and administrative corruption are:

- overall decrease in trust in institutions of the state governed by the rule of law and in holders of public functions and their credibility;
- public procurement in general;
- management of capital investments of the state and local communities;
- functioning of the banking system;
- transparency of political party funding and of funding of election campaigns;
- overall prevalence of conflict of interest, clientelism and nepotism;
- lack of transparency of particular influences in legislative procedures and procedures for adoption of other regulations;
- ineffective functioning of some inspection services;
- functioning of the prosecution service and the judiciary;
- lack of resources and sub-optimal organisation and autonomy of the key supervisory and investigative bodies;
- the process of adoption of budgets (of the state bodies and local authorities).

Letter of Resignation of the CPC management in November 2013:⁶ The letter was publicly presented in published by the previous management of the CPC in order to explain the reasons for the resignation. It includes a short overview of main obstacles that hindered successful work of the CPC in the future.

- **Results of public perception surveys regarding the effectiveness and performance of the anti-corruption body or bodies;**

Excerpt from the Corruption perception surveys in Slovenia (years 2002 – 2009)

How did the following institutions helped fighting corruption in Slovenia?
(average on the scale from 1- did not help to 5 – helped extensively)

	2002	2003	2004	2005	2006	2007	2008	2009
Media	3,43	3,41	3,38	3,56	3,37	3,40	3,54	3,37
Commission for the Prevention of Corruption	3,03	3,11	3,16	3,28	3,37	3,34	3,23	3,28
Anti-Money Laundering Office	2,85	2,77	2,87	3,00	2,96	2,92	2,86	2,86
Police	2,97	2,73	2,79	3,09	2,79	2,74	2,75	2,82
Inspection services	2,94	2,90	2,77	2,97	2,85	3,94	2,64	2,76
Prosecution service	2,95	2,66	2,54	3,05	2,69	2,80	2,62	2,67
Health care institutions	2,99	2,65	2,64	3,06	2,57	2,73	2,51	2,48
Local administration	2,69	2,43	2,51	2,74	2,51	2,62	2,44	2,45
Courts	2,78	2,58	2,55	2,92	2,61	2,67	2,40	2,44
Government	2,58	2,32	2,32	2,78	2,45	2,49	2,36	2,27
Law firms	2,68	2,43	2,37	2,60	2,38	2,45	2,14	2,20

- **Results from public awareness surveys of the extent of public knowledge about the prevention of corruption;**

TI CPI:

Year	Rating for Slovenia (score)
2013	43 (57)
2012	37 (61)
2011	35 (5,9)
2010	27 (6,4)

All other analysis and surveys on Slovenia (Eurobarometer, Survey on corporate and business environment, business ethics and unregistered payments in Slovenia, Corruption among journalists, Corruption perception in Slovenia etc.) are available at the CPC's website in Slovenian language:
<https://www.kpk-rs.si/sl/korupcija-integriteta-in-etika/analize-raziskave-in-statistika/raziskave-in-statistika>

- **Key conclusions and recommendations from evaluation reports on the effectiveness and performance of relevant anti-corruption bodies.**

⁶ https://www.kpk-rs.si/upload/t_datoteke/Resignation_of_the_top_management_of_the_CPC_Slovenia.pdf

Statistical data on the CPC's activities

Please, see annex to this report (CPC in numbers in 2012).

Statistical data on CPC's work in 2013:

Number of reports of suspicions of corrupt practices and other violations of the IPCA received	1931
Requests for legal opinions or advice on the use of the IPCA in practice received	1190
Integrity plans received for evaluation	532
Lobbying reports received	830
Requests for access to public information received	84
Educational activities carried out for public sector	60
Asset declarations received	6538

CPC's work completed in 2013:

Completed proceedings of reports of suspicions of corrupt practices and other violations of the IPCA received	2300
Initiated misdemeanour procedures for violations of the IPCA	111
Determined unauthorized business transactions in public sector and issued warnings or requests for annulment of contracts	8
Filed charges of suspicious criminal acts to law enforcement agencies	288
Filed initiatives to supervisory agencies to undertake actions within their powers (inspectorates, Court of Audit, Tax Administration....)	341
Carried out sessions of the Senate of the Commission with agenda items;	51 sessions, 329 items
Reviewed and assessed integrity plans of public sector entities	1238

Carried out trainings, lectures and round table discussions	60
Prepared legal opinions, explanations and answers to public and private sector entities	1190
Carried out international workshops of EACT project;	2
Upgraded Supervizor web application	
Carried out awareness raising project for primary schools "Say it with a T-Shirt";	
In accordance with the law the Commission represents the Republic of Slovenia in international committees, missions and evaluations – UN, OECD, Council of Europe/GRECO, European Commission, IACA ...;	

Several international organisations have praised the CPC's work and achievements and encouraged the Slovenian Government to provide additional resources to it.

An excerpt from the GRECO report from October 2012⁷:

VI. CORRUPTION PREVENTION IN RESPECT OF ALL CATEGORIES UNDER REVIEW – THE ROLE OF THE COMMISSION FOR THE PREVENTION OF CORRUPTION

232. Throughout this report, the central role of the CPC has been highlighted. It is obvious to the GET that the position, powers and recognised expertise of the CPC are among the strongest assets of the system of prevention of corruption, as well as in the promotion of integrity of parliamentarians, judges and prosecutors in Slovenia. Unfortunately, the CPC's ability to act is hampered by financial and staff constraints, which have become all the more pressing since the extension of its mandate and powers under the new IPCA. The new tasks and powers it has been provided with as regards lobbying, conflicts of interest and asset declarations have not been accompanied by the necessary increase in staff and budgetary resources. The CPC currently functions with a staff of 40 persons whereas its mandate extends over approximately 10,000 officials as regards assets declarations and 3000 public institutions as regards integrity plans. For example in order to maintain and enforce the new online asset declaration system for these 10,000 officials, as was described earlier in this report, the CPC has a budget of only 44,000 EUR and one person working full time on the monitoring of declarations. Another example of the CPC's budgetary constraints arises with the new regulation of lobbying, also introduced by the IPCA. The CPC has only one person, and no additional financial resources, to maintain the new register of lobbyists and to enforce the rules in this area. The latest information indicates that, although it is already suffering from insufficient staff and budgetary resources, the CPC has been and could continue to be negatively impacted by budgetary cuts in the public sector due to the economic crisis. The GET is of the strong opinion that these budgetary and

⁷ [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4\(2012\)1_Slovenia_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round4/GrecoEval4(2012)1_Slovenia_EN.pdf)

staff constraints are severely detrimental to the action of the CPC in the prevention of corruption in relation to MPs, judges and prosecutors. Addressing this problem is therefore essential to the implementation of other recommendations formulated in this report. **In order to ensure that the Commission for the Prevention of Corruption is adequately equipped to perform its tasks with respect to MPs, judges and prosecutors effectively, GRECO recommends that its financial and personnel resources in the areas of asset declarations, lobbying and conflicts of interest be increased as a matter of priority.**

An excerpt from the EU Anti-Corruption Report on Slovenia from February 2014⁸:

Legal framework. Fairly well-developed anti-corruption legislation is in place. Recent legislative changes in 2010 and 2011 focused on integrity and prevention of corrupt practices, conflicts of interest, transparency of lobbying, whistleblower protection, public procurement, criminal law provisions and criminal procedure. In particular, through the Integrity and Prevention of Corruption Act adopted in 2010 and amended in 2011 a solid legislative framework was created to support prevention and integrity policy, defining the tasks and powers of the KPK, providing for verification mechanisms on asset disclosure, and including provisions on protection of whistleblowers and lobbying. Some loopholes remain, however, in the legislation concerning the financing of political parties and electoral campaigns where GRECO found in mid-2012⁹ and reiterated in a report adopted in March 2013 and published in January 2014¹⁰ that its recommendations had not been satisfactorily implemented. In mid-2013 the government proposed new legislation on financing of political parties, elections and referendum campaigns. This is currently undergoing parliamentary debate. The government also proposed in mid-2013 new legislation on access to information, including provisions on transparency with regard to state-owned and state-controlled companies, and companies where the State has a significant number of shares, as well as transparency on services provided to the public sector. GRECO also stressed that the implementation of rules on conflicts of interest and lobbying is still insufficient and more needs to be done to raise awareness.

Institutional framework. The KPK was established in 2002 and has gone through several institutional changes since then¹², further strengthening its powers and capabilities. The scope of the KPK's powers is very broad, ranging from administrative investigations to preventive measures, research and awareness-raising activities. Criminal investigation powers are vested in the criminal police, the National Bureau of Investigations and the prosecution services, which have recently taken steps to improve their track record of effective investigation policies.¹³ Specialised law enforcement teams focusing on corruption and economic crime have also been set up.

Independence and effectiveness of anti-corruption institutions

In 2010 the powers and mandate of the KPK were extended significantly and its independence was strengthened, allowing for a more effective role in the implementing anti-corruption policies.⁵⁹ The KPK conducts administrative investigations into allegations of corruption, conflicts of interest, and illegal lobbying. It also monitors the financial status of public officials' wealth, keeps a central registry of lobbyists, undertakes tasks related to the protection of whistleblowers, coordinates the development and implementation of the national anti-corruption action plan, assists public and private institutions in developing integrity plans and monitoring their implementation, develops and enforces preventive measures such as awareness-raising, training, etc., and serves as a national focal point for anti-corruption matters for international organisations and mechanisms.

⁸ http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_slovenia_chapter_en.pdf

Since 2010, the KPK has consolidated its role. Given the rather limited resources at its disposal,⁶⁰ its track record of implementation is solid: 1 389 reviews/investigations were completed in 2011 and 1 214 in the first three quarters of 2012.⁶¹ The KPK's guarantees of stability and independence are key to carrying out its investigative and oversight tasks effectively and without undue pressure. However, the KPK alone cannot ensure effective prevention and measures against corruption across the board. GRECO also noted that the financial and human resources of the KPK dedicated to asset disclosure, lobbying and conflicts of interest are insufficient and must be increased as a matter of priority to avoid hampering its core activities in the future.⁶² Internal control and supervision mechanisms, external oversight and police, prosecution and the judiciary also have an important role to play. At the end of November 2013, the KPK leadership resigned in protest against the insufficient support from other authorities and their limited effort to follow-up on the work of KPK and address corruption risks identified by the KPK.

3. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

After the resignation of the CPC leadership in November 2013⁹ the CPC issued a call to the Government and the Parliament, outlining 15 concrete points of actions¹⁰ that should and could be undertaken to improve the situation in the anti-corruption field in the country. The points outlined were the following:

- Starting public and transparent investigation of the state project TEŠ 6 (TEŠ 6 is the biggest investment of the Republic of Slovenia, after construction of highways. It is accompanied by suspicions of criminal offences, conflict of interests, inefficient and uneconomic spending. It is currently investigated by the Police, prosecution service, CPC and OLAF. The only subject that did not take any action is the owner, the state. None of the bodies working on TEŠ 6 cannot, due to legislative limitations, comprehensively address this problem in order to identify what happened, why and who were the main persons involved. Although the CPC issued a proposal, supported by the Prime Minister, the Minister of Finances and the President of the Slovenska odškodninska družba, d.d. (a financial organisation managing capital assets of the Republic of Slovenia) to audit TEŠ 6, the president of the Court of Audit rejected such proposal.). As the state keeps issuing new guarantees which will finally be the burden of its tax-payers it is important to prevent further unlawful actions.
- Starting public and transparent investigation of the "banking hole". Current expenses to minimize the effect of the banking hole has already become the tax-payers' burden. Any public spending to this regard should be made public and acted against those accountable for it.
- Adoption of the Access to Public Information Act that will enable disclosure of lawyers', consultants', sponsors' and donors' contracts concluded by companies indirectly or directly owned by the state and municipalities in the online application Supervizor in order to minimize lobbyist-political-media-clientelism "rent-seeking" relationships established in the period of transition in Slovenia. The legislative proposal has been prepared by the CPC, in cooperation with the Ministry of Interior and the Information Commissioner.

⁹ Letter of resignation, CPC's website https://www.kpk-rs.si/upload/t_datoteke/Resignation_of_the_top_management_of_the_CPC_Slovenia.pdf

¹⁰ <https://www.kpk-rs.si/si/komisija/medijsko-sredisce/arhiv-novic/12/2013/predlogi-za-soocenje-s-sistemsko-korupcijo>

- Centralisation and information (and thus increase in transparency of) of the public procurement in the public health care system.
- Accelerated adoption of the new Slovenian Sovereign Holding Act that will include rigorous measures for transparent appointment and decision-making process of members of supervisory and management boards in companies with direct or indirect majority participation of the state in their ownership, that will demand written disclosure of potential or existing conflict of interest in advance and that will prescribe sufficient sanctions for violations regarding avoiding conflict of interest and personal or business clientelism.
- Establishment of inspection service for public procurement with sufficient human resources and with a possibility to impose efficient sanctions for violators at the state and local level.
- Adoption of code of ethics for parliamentarians.
- Adoption of code of ethics for government officials and ministerial officials taking into account good practices of some foreign countries that will also include standards on business restrictions with companies in the field of state aids, subsidies etc. and standards with regard to purchase of shares of state-owned companies.
- Amendment of the Rules of Procedure of the Government and of the Parliament in order to strengthen the transparency of adoption of laws and regulations, in a way that every bill mandatorily contains a list of all individuals that participated in preparation of bills as external consultant (the so-called legislative trace).
- Regulation and public accessibility and transparency of the registry of the Trust of the agricultural land and forests and of changes of their intended purpose.
- Adoption of the legislation in order to enable recall of a mayor.
- Adoption of the legislation that will enable execution of a recall of individual from the state office by a court decision and prohibition of performance of public function for a limited period of time in cases when abuse of office or violation of anti-corruption legislation has been established by a court decision.
- Adoption of a systemic law that will require from professional societies given public authorisation (Bar Association, Chamber of Notaries, Medical Chamber etc.) setting up an efficient self-regulation, transparent and publicly accessible (online) system for monitoring of functioning of their internal honorary/ethical/disciplinary commissions and pronounced sanctions.
- Start of a serious debate on systemic reorganisation of functioning of inspection services.
- Adoption of amendment to the IPCA in order to: a) abolish subsidiarity principle in order to give this law the nature of systemic law; b) strengthening (with appropriate powers and possibility to pronounce sanctions) those supervisory powers of the CPC that are not carried out by other supervisory bodies and are not overlapping with powers entrusted to the Police or prosecutor service, especially in the area of monitoring of assets of officials and civil servants exposed to corruption, conflict of interest (with an emphasis on clientelism and nepotism), business restrictions, incompatibility of functions, monitoring of acceptance of gifts (which should be unified

for all employees in the public sector), in the field of non-public influences on adoption of staff, legislative and financial decisions of the office holders etc.; c) establishment of the legislative framework for implementation of preventive systemic and thematic supervision carried out by the CPC in the public sector bodies and organisations in order to provide counselling, strengthen integrity and identify and remedy systemic corruption risks; d) establishment of the CPC's Council (appointed by the Parliament with 2/3 majority) as an independent body supervising the work of the CPC in order to secure its integrity, objectivity and efficiency.

UNCAC Article 5 – Preventive anti-corruption policies and practices
UNCAC Article 7 – Prevention of corruption in the public sector

TOPIC II UNDER CONSIDERATION: Public sector legislative and administrative measures, including measures to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties (arts. 5 and 7 of the United Nations Convention against Corruption)

1. Please describe the legislative and administrative measures you have taken to prevent corruption in the public sector. In particular, please provide information on measures you have taken to enhance transparency in the funding of candidatures for elected public office and the funding of political parties.

At its 19th regular session on 21 November 2013, the National Assembly of the Republic of Slovenia adopted the Act Amending the Political Parties Act (ZPoIS-E), taking into account the recommendations submitted to the Slovenian authorities by the Group of States against Corruption (GRECO) in its report of 7 December 2007¹¹. The above act was published in the Official Gazette of the Republic of Slovenia (Uradni list RS) no. 99/13 and entered into force on 18 December 2013. It became applicable on 1 January 2014.

ZPoIS-E has introduced several novelties, particularly in the areas of funding of political parties and preparing annual reports:

- the prohibition of financing of a party is extended to all legal persons, sole proprietors and individuals who independently perform activities;
- a party has to assign contributions acquired in contravention of that Act to charity no later than in 30 days from receipt of the contributions;
- rules on the preparation and submission of annual reports are clearer and more detailed; in the annual report, a party has to disclose information on the provider of funds if in the year the party's annual report refers to the total amount of contributions exceeds the average salary per worker in the Republic of Slovenia; information on loans to the party (amount, interest rate and payback period) has to be revealed as well;
- parties have to submit their annual reports to the Agency for Public Legal Records and Related Services (AJPES) through Web portal;
- AJPES publishes full annual reports on its website;

¹¹ [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3\(2007\)1_Slovenia_Two_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3(2007)1_Slovenia_Two_EN.pdf)

- the Court of Audit performs operational audits of parties and controls their financing
- some new minor offences are established that were not included in the previously applicable act; also, fines for certain types of offences are higher.

In November 2013, the National Assembly of the Republic of Slovenia adopted Act Amending the Elections and Referendum Campaign Act (ZVRK-B) that also regulates election campaigns for the election of Slovenian members of the European Parliament. The act entered into force on 14 December 2013; it comprises the following main changes:

- non-compliance with the Constitution of the Republic of Slovenia is eliminated; it is not allowed to publish opinion polls and surveys during the last 24 hours before the polling day;
- unlike the previous regulation that referred to Political Parties Act for matters of financing election campaigns, the amending act ensures that election campaign financing is regulated by it in full;
- it specifies types of contributions to election campaigns and the upper limit of contributions, whereas the total amount of contributions shall not exceed ten average gross monthly salaries per worker in the Republic of Slovenia according to the SURS data for the past year;
- prohibition of financing of a campaign is extended to all legal persons, in exceptional circumstances referendum campaign can be funded by non-profit legal persons;
- election campaign organizer must seek to obtain identification data on providers of funds on the basis of which prohibited contributions that have to be assigned to charity within 30 days from their receipt can be identified;
- content of the report on the financing of election campaigns and the way of submitting this report via the AJPES web portal are changed. In the report, the election campaign organizer has to indicate data on all individual contributions, expenditure and loans, not just on the total amount of the funds raised and utilized (in accordance with the preliminary provisions of the act, reports on the financing of the election campaign for the election to the European Parliament in 2014 will also be sent to the National Assembly and the Court of Audit using new forms);
- in the report, the election campaign organizer will have to state each contribution acquired from the providers of funds, including personal data, if the contribution exceeds the average gross monthly salary per worker in the Republic of Slovenia;
- act proposal provides for a mandatory public disclosure of reports on campaign financing on the AJPES website;
- Court of Audit is provided with greater powers when auditing the reports of the election campaign organizers and will now be able to request the submission of documents, explanations and inspection of books and records also from service providers and sellers of goods providing services for or selling goods to the election campaign organizer;
- new minor offences are established that were not foreseen in the applicable act; also, fines for certain types of offences are higher;

- minor offence authorities will be equipped with the possibility of imposing a range of fines; the competent court for deciding on offences in contravention of the provisions on election campaign financing is the Ljubljana Local Court.

States parties may wish to cite and describe measures that:

- **Establish a legal definition of what constitutes a donation or contribution to a candidate for public office or a political party;**

Provisions of the second paragraph of Article 22 of ZPoIS and second paragraph of Article 14 ZVRK provide that, besides money contributions, every gift or other non-monetary contribution, free service, incurrance of liabilities or performing services or selling goods under conditions that are more beneficial for the party or the election campaign organizer than for other users of services or buyers of goods from those persons is considered a contribution to a party or an election campaign organizer (donation) as well. Work performed by a natural person for a party or an election campaign organizer is not considered a contribution if that person is not obliged to issue an invoice for the work done.

Regarding loans, ZPoIS provides that a party can obtain loans only from banks and loans undertakings under the same conditions as other legal persons. A party can also obtain a loan from a natural person, to the extent that the loan agreement is concluded in writing. The amount of a loan from a natural person shall not exceed ten average gross monthly salaries per year. Given loans are not considered funding of a party.

ZVRK provides that an election campaign organizer can only obtain a loan from banks and loan undertakings under the same conditions as other persons. Given loan is not considered funding of a party.

- **Require public disclosure of donations received by candidates for public office and political parties, including the identity of individual and corporate donors;**

Regarding the disclosure of donations received by political parties and of identities of providers of funds, sixth paragraph of Article 22 of ZPoIS provides that if in the year the party's annual report refers to the total amount of contributions of a natural person exceeds the average gross monthly salary per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year, the annual report of the party must include information on personal name and address of the natural person and the total annual amount of the contributions given by the natural person to the party.

Legal persons under public and private law, sole proprietors and individuals who independently perform activities may not finance political parties (Article 25 ZPoIS).

In the report on financing of election campaigns, an election campaign organizer has to report on all individual contributions from natural persons that, on the polling day, exceed the average gross monthly salary per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year, including name, surname and address of the natural person and the amount of the contribution.

In accordance with the fifth paragraph of Article 14 of ZVRK state authorities, local community authorities, legal persons under public and private law, sole proprietors and individuals who independently perform activities may not finance election campaigns. Non-profit legal persons governed by private law can contribute to a referendum campaign. The sixth paragraph of Article 14 of ZVRK also provides that election

campaign organizers may not acquire funds for election campaigns from foreign natural and legal persons. Organizers of campaigns for the European Parliament elections may acquire funds for election campaigns from contributions of citizens of the European Union Member States under the conditions and in the manner as applicable to the national natural persons.

- **Establish a ceiling or limits on donations that can be made to candidates or political parties;**

In the year the party's annual report refers to, the total amount of contributions of natural persons shall not exceed ten average gross monthly salaries per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year (fourth paragraph of Article 22 of ZPoIS).

The total amount of contributions of an individual natural person for an individual election campaign shall not exceed ten average gross monthly salaries per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year.

- **Clarify the permissibility and limits applicable to donations by foreign donors or legal entities owned in whole or in part by the State;**

In accordance with the seventh paragraph of Article 21 of ZPoIS it is prohibited for a party to acquire funds from contributions of foreign legal and natural persons, foreign sole proprietors and individuals who independently perform activities, from party's property incomings from abroad or in any other way acquire funds for a party from abroad. The above prohibition does not apply for membership fees or contributions that the party acquires from its members.

Election campaign organizers may not acquire funds for election campaigns from foreign natural and legal persons. Organizers of campaigns for the European Parliament elections may acquire funds for election campaigns from contributions of citizens of the European Union Member States under the conditions and in the manner as applicable to the national natural persons.

State authorities, local community authorities, legal persons under public and private law, sole proprietors and individuals who independently perform activities may not finance election campaigns. Non-profit legal persons governed by private law can contribute to a referendum campaign.

- **Establish regular financial reporting obligations of donations and expenditures, including pre- and post-election, for candidates and political parties;**

According to the first paragraph of Article 24 of ZPoIS, a party has to prepare an annual report for the past year in accordance with that Act and the accounting regulations and standards. The annual report shall provide information on the following:

- all revenues by type and their amounts (membership fees, contributions of natural persons, property income, revenues from gifts, revenues from other non-monetary contributions, revenues from the budget of the Republic of Slovenia, revenues from the budget of the self-governing local community (hereinafter referred to as »local community budget«), revenue from the state budget for the education of deputies, extraordinary revenue and retained surplus of revenues),
- all party's expenditure by type, broken down in accordance with the accounting rules,

- all individual contributions of natural persons if in the year the party's annual report refers to their total amount exceeds the average gross monthly salary, including information on personal name and address of the natural person and the total annual amount,
- all individual loans provided to the party by banks, loans undertakings or natural persons, including information on the amount, interest rate and payback period for each individual loan, and information on the company name and office, business address, registration number of the bank or loans undertaking providing the loan to the party, regardless of the loan amount, or information that enables identifying the loan provider (name, surname, tax number, address of the natural person),
- the election and referendum expenses indicated in the manner provided by the law governing the election and referendum campaign,
- all individual contributions that have been given to the party in contravention of that Act and their amounts, including information on the company name or name, office and business address of a legal person or sole proprietor, or information on the personal name and address of an individual who independently performs activities or natural person who gave a contribution to the party,
- all transfers of surpluses of party's revenues under the fourth paragraph of Article 21 and contributions given to the party in contravention of that Act that have been assigned to charity,
- assets of the party and a specified description of any change of assets, including the sources of funds for increasing the assets, should such increase exceed the total amount of five average gross salaries per worker,
- other legal persons in which the party holds at least half of the capital or has a dominant influence on decision-making or management; annual reports of those legal persons have to be attached to the party's annual report as well.

In accordance with the second paragraph of Article 18 of ZVRK an election campaign organizer has to include the following information into the report on election campaign financing:

- total amount of funds raised and utilized for the elections campaign,
- the amount of contributions transferred by the election campaign organizer from its transaction account to a separate transaction account in accordance with the seventh paragraph of Article 14 of that Act,
- all individual contributions from natural persons that, on the polling day, exceed the average gross monthly salary per worker in the Republic of Slovenia according to the data of the Statistical Office of the Republic of Slovenia for the past year, including name, surname and address of the natural person and the amount of the contribution,
- all individual expenditures of the election campaign organizer for financing the election campaign, including the amount, irrespective of its level, together with the purpose and the service provider or seller of the product,
- all individual loans provided to the election campaign organizer by a bank or loans undertaking, including information on the company name, office, business address and registration number of the bank

or loans undertaking providing the loan, interest rate, repayment period and the amount of the loan, regardless of the loan amount,

- all individual contributions that have been given to the election campaign organizer in contravention of that Act and their amounts, including information on the company name or name, office and business address of a legal person or sole proprietor, or information on the personal name and address of an individual who independently performs activities or natural person who gave a contribution to the election campaign organizer,
- all transfers of surplus funds collected by the election campaign organizer under the first paragraph of Article 22 of that Act and contributions given to the party in contravention of that Act that have been assigned to charity,

• **Apply sanctions for the violation of any relevant laws, rules and regulations applicable to political candidates or political parties; and**

The upper limit of fines laid down by ZPoIS for the most serious violations committed by political parties is sufficiently high (EUR 30,000.00); fines for less serious violations are specified separately. Minor offence authorities can impose a higher fine than the minimum specified. ZPoIS also defines offences in case of entities which give the party donations that are prohibited by that Act, and provides that contributions acquired by the party in contravention of that Act have to be assigned to charity as determined in the act governing humanitarian organizations no later than in 30 days from receipt of the contributions.

ZVRK provides for the upper limit of fines for the most serious violations committed by election campaign organizers, i.e. EUR 20,000; fines for less serious violations are specified separately. The most serious violations regarding election campaign funding include, among other things, collecting prohibited contributions (excessive contributions, contributions from prohibited sources) and prohibited loans. ZVRK also defines offences in case of entities which give the election campaign organizer contributions that are prohibited by ZVRK, and provides that contributions acquired by the election campaign organizer in contravention of that Act have to be assigned to charity no later than in 30 days from receipt of the contributions.

• **Allow for the independent monitoring of financing of political candidates or political parties.**

In accordance with ZPoIS, control and investigation in the field of funding of political parties is carried out by the Court of Audit.

The Court of Audit also performs operational audit of parties who receive funds from the state budget or local community budgets and in the past year received or were entitled to receive more than EUR 10,000.00 of such funds. Each year, the Court of Audit has to carry out regularity audits at least one third of liable parties so that over a period of four years all such parties are audited. The Court of Audit may also carry out a regularity audit of a party proposed by the Commission for the Prevention of Corruption or another supervisory authority that in the exercise of its tasks finds irregularities, or if during examination of party's annual report the Court of Audit questions the truthfulness of the information therein or finds other irregularities. When carrying out regularity audits of parties, the Court of Audits acts in accordance with the powers and procedure defined by that Act and the act governing the jurisdiction of the Court of Audit.

As regards an independent authority for sanctioning improper funding of political parties, ZPoIS designates the Ljubljana Local Court as being responsible for deciding on offences on the basis of an accusation proposal by the Court of Audit. Other sanctions may be imposed on a party receiving prohibited donations, e.g. temporary loss of rights to receive resources from the state budget and local community budgets for a period of one year or reduction of these resources by a half for a period of 6 months according to the court's decision on violation. In case of funds collected contrary to the law, it is mandatory that these funds be seized from the party to a proceeding as offence generated proceeds.

In accordance with ZVRK, control and investigation in the field of funding of election campaign organizers is carried out by the Court of Audit.

Within six months after the date set for the closing of the transaction account, the Court of Audit of the Republic of Slovenia shall carry out an audit at those election campaign organizers who are entitled to partial reimbursement of elections campaign expenses on the basis of ZVRK. Within that same time term, the Court of Audit of the Republic of Slovenia may also carry out an audit at the election campaign organizers at the national level and at the election campaign organizers for the elections for members of representative and individually elected local community body and for referendum at the local level. Through audits the Court of Audit verifies the amount of funds raised and utilized for the election campaign, whether the election campaign organizer raised and utilized the funds for the election campaign pursuant to the law, and whether the information stated by the election campaign organizer in reports as referred to in Articles 18 and 19 of ZVRK are correct.

As regards an independent authority for sanctioning improper funding of election campaigns, ZVRK designates the Ljubljana Local Court as being responsible for deciding on offences on the basis of an accusation proposal by the Court of Audit.

The Court of Audit of the Republic of Slovenia is responsible for control over the provisions on election campaigns with regards to financing. Local court is responsible for deciding on offences in the field of election and referendum campaigns, control of which is under the responsibility of the Court of Audit. Accusation proposals are submitted by the Court of Audit of the Republic of Slovenia, whereas the Ljubljana Local Court is responsible for deciding on offences.

2. Please provide information demonstrating implementation of the measures described above.

In particular, States parties may wish to provide information such as:

- **Disclosure reports made by candidates for public office and/or political parties;**

According to the provisions of the fourth paragraph of Article 24 of ZPoIS, the annual reports of political parties are published on the AJPES website. Annual reports for the financial year 2013 were submitted by 76 political parties (from a total of 79 registered).

Reports on the election campaign financing are published by AJPES on its website.

- **Examples or statistics regarding cases involving violations of the political funding provisions, including any sanctions applied or criminal prosecutions that resulted;**

GRECO report mentioned above stressed the insufficiency of supervision in this area. Please, see the excerpt given below:

115. First of all, the GET found the review of the annual reports of political parties rather formalistic: it consists of a mere check on whether the report is complete and submitted on time. As one interlocutor said, the review by the Court of Audit was “art for the sake of art”, something that the Court of Audit seemed to agree with, adding that not much time and resources would be spent on these reviews. Even though the Political Parties Act only provides that the annual report of political parties must be “reviewed and evaluated” by the Court of Audit, which is indeed a very limited form of supervision, the Court of Audit Act explicitly provides that the Court is to carry out audits of users of public funds (which should at least enable it to carry out audits of parties represented in parliament). While the Court undertakes comprehensive audits in other areas, it has never done so as regards a political party, making it completely reliant on the information the parties themselves submit. One reason for the fact that no audit of a political party has ever been carried out may also be that the principle of equality is considered to require a simultaneous audit of the account of all political parties (and this would require substantial resources).

116. Secondly, the GET takes the view that the resources of the Court of Audit are insufficient to carry out even a fraction of the financial audits of election campaigns the law provides for, let alone to conduct audits of parties’ routine financial activities. For example, as regards local elections, in 210 municipalities there may be altogether several hundreds campaign organisers who have received public subsidies. Although municipalities are also required to control such subsidies, independent oversight in this area (as can be carried out by the Court of Audit) is very weak.

117. Thirdly, a specific weakness of the system –lies with the Court of Audit’s investigative capacity. As regards parties’ routine financial activities, the Court has only limited investigative powers restricted to the use of public funds by parties. In the area of campaign finance, the Court has more powers: the Elections and Referenda Campaigns Act allows it to access books of commercial banks and “to perform other investigations required for the performance of an audit”. The Slovenian authorities claim that this allows the Court -to - for example - scrutinise campaigns to verify whether they could have been paid by the officially declared expenses without any sidepayments by companies or societies, to make comparisons between the number of advertisements in the media or posters published and the reported campaign costs or to conduct any other investigation it deems appropriate. Although the scope of the Court’s investigative powers in the area of campaign finance would thus be broader than the GET was led to believe during the on-site visit, the fact remains that the Court itself takes a more limited view and does not use these powers to the extent it would appear to be permitted under the current law. In this regard, it should however also be noted that the Court of Audit can only audit election campaigns, which means that it is confined to income and expenditure during the official election campaign period (30 days to 24 hours before the day of elections) and cannot examine any campaign activities before this period. In the context of routine party finance, it would certainly go beyond its mandate to – for example - access financial information of the aforementioned societies and associations outside the party structure. Moreover, the claims made to the GET that companies would mostly donate to political parties in-kind, for example by employing people who then go to work for the party or by directly paying the bills of the party, would not necessarily come to light in an audit (and certainly not in a review of the financial report of a political party). These shortcomings also mean that, in most cases, the Court of Audit would not be in a position to take appropriate action on individual complaints it may receive as regards perceived irregularities in party or campaign finances. In view of this situation and also in light of the frequently expressed doubts about the accuracy of the official

reports submitted by parties and other campaign organisers, the GET is of the opinion that the effectiveness of the current supervisory mechanism would be greatly improved by giving the Court of Audit (or another independent supervisory body) investigative capacities in the area of parties' routine financial activities (not just limited to the use of public funds) and to enhance its investigative powers in the area of campaign funding. This would also improve possibilities for external scrutiny of compliance with political funding regulations (i.e. by having an appropriate mechanism to investigate complaints, oversight by external stakeholders would be encouraged).

118. In light of paragraphs 115, 116 and 117 above, the GET recommends **(i) to undertake a comprehensive audit of the finances of political parties represented in parliament, both as regards public and private funding, in accordance with international audit standards; (ii) to provide more resources to the Court of Audit to carry out these audits, as well as those of election campaign organisers; and (iii) to give the Court of Audit a mandate and resources to investigate routine party finances and to enhance its capacity to investigate campaign finances.**

119. Other bodies entrusted with supervisory tasks as regards party and campaign finance are the Ministry of Finance, the Inspectorate of the Ministry of the Interior and the Public Accounts Committee (PAC) of the Slovenian parliament. Although the supervision exercised by the latter is still in a developing stage, the PAC has played a role in drawing attention to political finance issues. It has highlighted weaknesses in the reporting functions and was instrumental in addressing certain deficiencies of the old Election Campaign Act (on the basis of information on these deficiencies reported to it by the Court of Audit). As regards the supervision exercised by the Ministry of Finance and (the Inspectorate of) the Ministry of the Interior, the GET found the jurisdiction and the scope of competences of these bodies as regards party and campaign finances vague. The GET noted that, pursuant to article 27 of the Political Parties Act, the Ministry of Finance is responsible for the supervision of certain provisions of the Political Parties Act (including the provisions on the financing of political parties). It became clear, however, that supervision as foreseen in article 27 has never been exercised by the Ministry of Finance. A similar provision is included in the Elections and Referenda Campaigns Act (article 40), which provides that the Inspectorate of the Ministry of the Interior "shall be competent for the implementation and supervision over the implementation of the provisions of this Act". The Inspectorate – which informed the GET that it was surprised to have been given this competence under the new law – took a limited view of the form this supervision might take: it understood it to mean that the offence would be identified and classified by the Court of Audit, after which the Inspectorate would inform the offender and impose the sanctions. After the visit, the GET was provided with additional information on the powers of the Inspectorate. These powers appear to be quite comprehensive and include the right to inspect accounting documents, to hear witnesses in an administrative procedure, to seize objects and documents and to perform other actions in line with the aim of the inspection. However, in light of the information gathered during the visit, the GET retains some doubts whether the Inspectorate will take steps to actually use these powers in the area of election campaign finances. Consequently, the GET recommends to **clarify the jurisdiction and scope of competences of all authorities entrusted with supervisory tasks as regards party and campaign finances.**

As the legislation on transparency of party funding has been adopted recently, no statistical data is available.

3. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

One of the challenges Slovenia might face with the change of legislation is regarding the prohibition of financing of political parties and election campaigns by all legal persons, sole proprietors and individuals who independently perform activities. When this prohibition was merely a legislative proposal, the CPC was of the opinion that such prohibition, although it in a way meets the requirement of one of the GRECO recommendations (the one demanding more transparency of financing from legal persons), at the same time opens doors for development of other practices that will increase lack of transparency in financing by those entities instead of making it more transparent. In the CPC's opinion both contributors as well as beneficiaries, as they are very much interested in having this relationship, will find ways to continue with these practices, by finding other, more sophisticated ways that won't be detected by the supervisory bodies so easily. Currently, as Slovenia is facing new elections (to the National Assembly, to the EP and local elections), one of the bigger political parties has already established a fund for collecting contributions for covering their court expenses since they have been involved in many court proceedings they have lost. It is being debated in the public whether such fund will actually help them to cover those costs or is actually a way of bringing in contributions from legal entities.

With best regards,

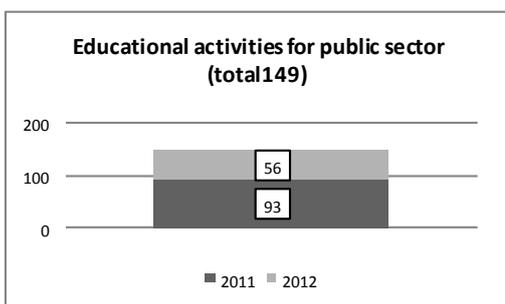
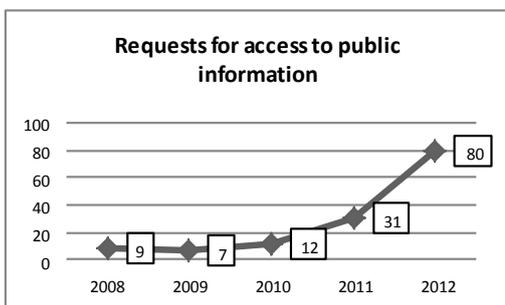
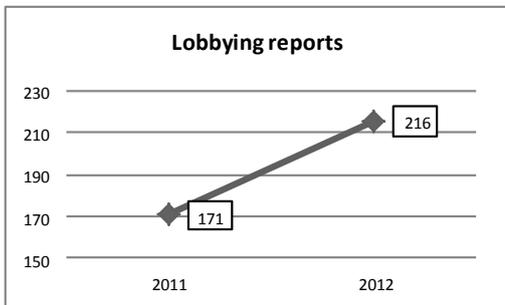
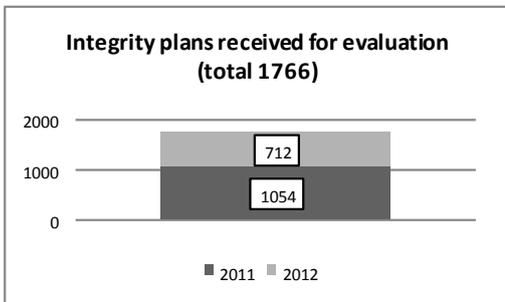
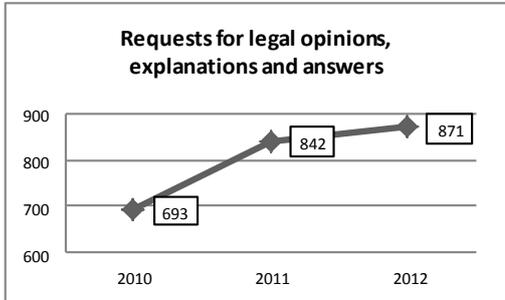
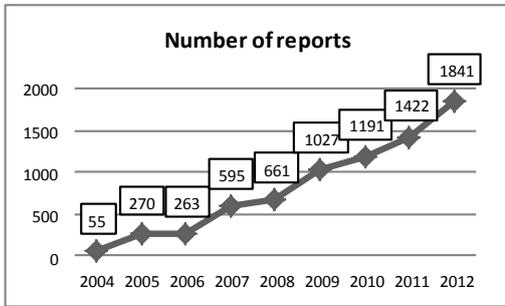
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Boris Štefaneč
CHIEF COMMISSIONER

CPC Workload in 2012



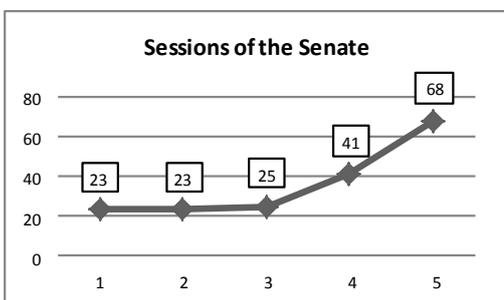
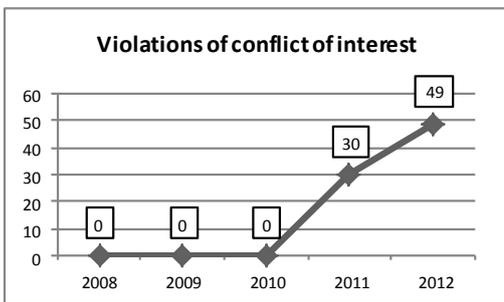
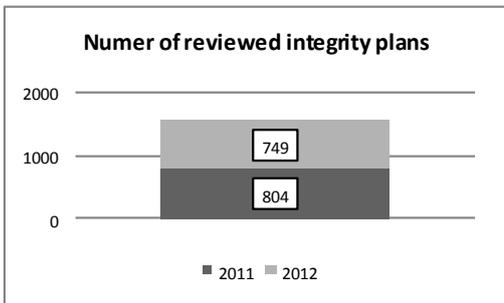
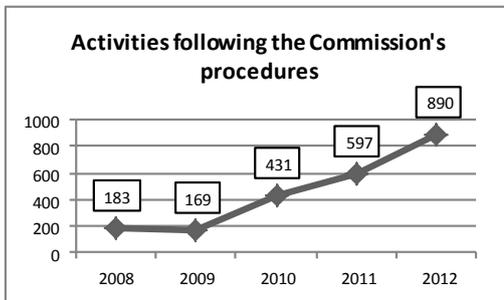
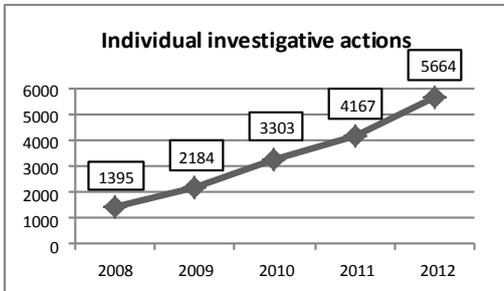
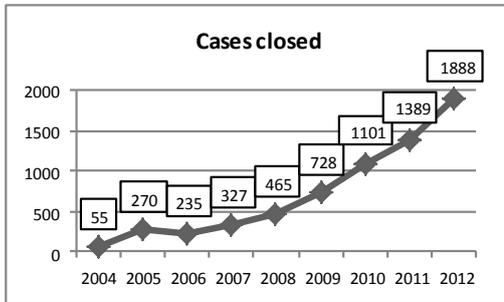
In the following please find some statistical data depicting the workload of the Commission for the Prevention of Corruption (hereinafter: the Commission) in 2012.

The trend of incoming cases is still on a rise (in 2012 the Commission received 419 reports more than the year before); the same applies to requests for legal opinions, advice, trainings and educational courses. Due to new powers of the Commission and new areas of work introduced in 2010 by the IPCA, the volume of work is increasing also in other areas (asset declarations and restrictions of business, misdemeanours, integrity plans, administrative decisions, lobbying supervision and other). In both fundamental areas of work of the Commission (prevention and supervision) the volume of work increased multiple times compared to 2010, when the old act – the Corruption Prevention Act – was in force.

The Commission in 2012 inter alia:

- Received 1841 new reports of suspicions of corrupt practices and other violations of the IPCA;
- Received 871 requests for legal opinion or advice on the use of the IPCA in practice;
- Received 7946 new asset declarations;
- Received 712 new or updated integrity plans prepared by public sector entities;
- Received more than 70 requests from public and private sector entities for educational courses and trainings;
- Received 216 lobbying reports;
- Received 80 requests for public information;
- Took part in several specialised investigation teams led by the State Attorney's Office in accordance with the Criminal Procedure Act.

Work Completed in 2012 ...

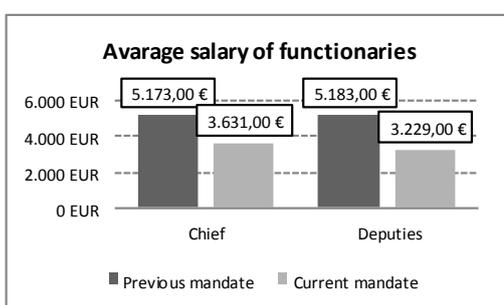
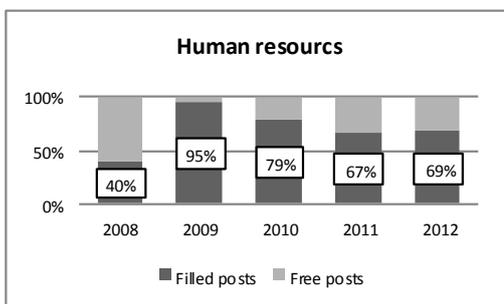
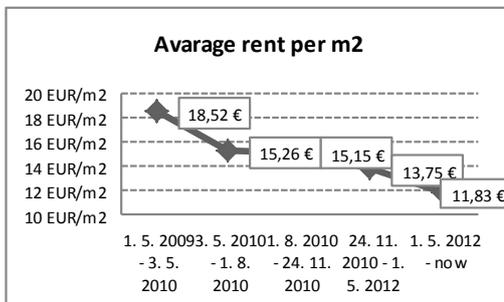
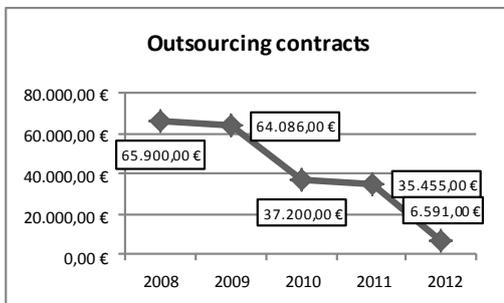
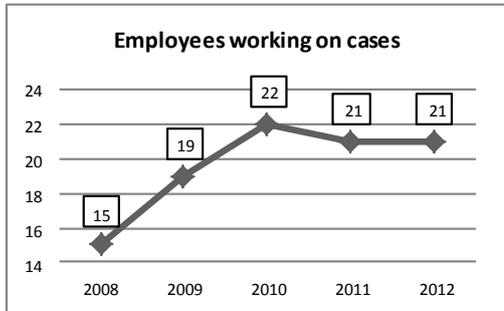
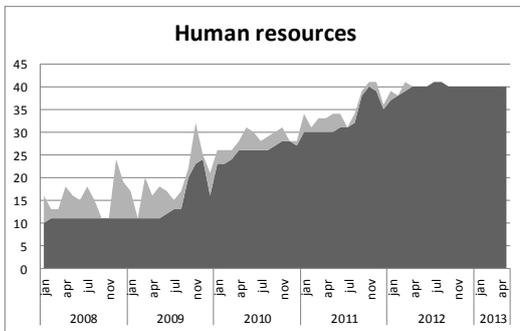


The Commission continued with optimisation and reorganisation of work to achieve intensified execution of its legal powers. Compared to the previous year it completed more application proceedings (which resulted in more violations of the IPCA being discovered, more charges being filed, more contract annulment requests being made etc.), number of the Commission's Senate's sessions in comparison to the previous years doubled. In 2012 the Commission established itself as an agency that deals with misdemeanour procedures and upgraded its activities (that already began in 2011) in the field of integrity plans; it intensified data exchange and coordination with other supervisory and investigative agencies, carried on preventive projects to raise awareness and conduct trainings and also created a methodology of systemic and thematic supervision.

In year 2012 the Commission:

- Completed proceedings of 1888 reports of suspicions of corrupt practices and other violations of the IPCA; the Commission staff carried out 5664 individual investigative tasks and undertook appropriate measures (filing charges, initiating misdemeanour procedures, issuing principled opinions or findings in concrete case, requesting for annulment of business transactions, issuing warnings or recommendations);
- Initiated 106 misdemeanour procedures for violations of the IPCA;
- In 492 cases determined unauthorized business transactions in public sector and issued warnings or requests for annulment;
- Filed 246 charges of suspicious criminal acts to law enforcement agencies;
- Filed 418 initiatives to supervisory agencies to undertake actions within their powers (inspectorates, Court of Audit, Tax Administration ...);
- Issued 19 administrative decisions on performing additional work/activities, lobbying and in the area of anti-corruption clause;
- Carried out 86 sessions of the Senate of the Commission with 329 agenda items;
- Reviewed and assessed 749 integrity plans of public sector entities;
- Carried out 56 trainings, lectures and round table discussions;
- Prepared 871 legal opinions, explanations and answers to public and private sector entities;
- Carried out 3 international workshops of EACT project;
- Carried out a comprehensive study on the effects of systemic corruption in the light of the business environment;
- Upgraded Supervisor web application;
- Carried out awareness raising project for primary schools "Say it with a T-Shirt";
- Carried out 60 lobbying supervisory procedures;
- In accordance with the law the Commission represents the Republic of Slovenia in international committees, missions and evaluations – UN, OECD, Council of Europe/GRECO, European Commission, IACA ...;

Human Resources and Finance ...



The Commission is still underfinanced and understaffed – especially in the light of expanded legal tasks and powers since 2010, enlarged volume of incoming cases and social environment in which the problem of corruption is increasingly growing. The Commission reached its limits in 2012 – there is no more room for optimisation of work with regards to the enlarged volume of incoming cases and its mandate if the human and financial resources framework stays the same. This is undoubtedly influencing efficiency of the work – that is limited – as well as legal security in connection with long lasting procedures:

- After 2010 the number of employees did not follow the increased workload and new legal powers of the Commission;
- Although the volume of incoming cases increased multiple times, the number of employees working in the area of supervision and investigation stayed almost the same as in 2009 and 2010 (additional employees are working in areas that were previously not part of the Commissions duties – integrity plans, lobbying supervision, misdemeanour procedures, record keeping etc.);
- Supervision of more than 10.000 asset declarations is carried out by only one person;
- Supervision of lobbying is carried out by only one person;
- Only two employees are working in the main office that processed around 30,000 incoming / outgoing documents in 2012;
- Only 20 supervisors of the Investigation and Oversight Bureau worked on more than 1800 new reports the Commission received in 2012;
- The Commission managed to additionally decrease the rent for office space by 36 % in 2012;
- The Commission is involved in multiple complex legal procedures concerning legal remedies used against its decisions before the Administrative Court, regular courts and the Constitutional Court; preparation of all legal documents is done by the Commission's staff (since 2010 the Commission does not outsource legal services any more).
- None of the employees received a position bonus or a bonus for increased volume of work; overtime bonus paid out in 2012 was 600 euro.
- Average gross salary of the Chief Commissioner and the Deputies is approximately 32 % lower than in 2010 (in 2010: 5100 euro; in 2012 3400 euro); average gross salary of employees in 2009 was around 3400 euro; in 2012 around 2600 euro;
- According to the analysis prepared by the Court of Audit of the Republic of Slovenia the Commission was at the bottom of a list in regards to spending on business trips, education, business phones, bonuses, representation etc.;

Legal Framework ...

The Republic of Slovenia was one of the first transition states that passed the Prevention of Corruption Act in 2004. The 2010 Integrity and Prevention of Corruption Act was an important step forward at creating legal framework of anti-corruption legislation in Slovenia.

However it is a fact that some important legal institutes (such as asset declaration supervision, conflict of interest, limitation of business, integrity plans etc.) were not efficiently enforced due to lack of funds and staff.

The result is that the Republic of Slovenia does not have an appropriate legal framework in some of the key areas – e.g. asset declaration supervision, conflict of interest.

In practice, deficiencies in terms of efficiency as well as legal certainty and predictability are visible.

Some of key elements of necessary changes to anti-corruption legislation:

- Strengthening supervisory and preventive powers of the Commission, especially in areas where actual corruption risks specific for the Republic of Slovenia were identified and are under regulated, non-systemic, inappropriate, outdated or are part of the so called “anti-corruption bureaucracy”;
- Establishing the Council of the Commission as an impartial external supervisory body of the Commission that will ensure its integrity, objectiveness and efficiency of its work;
- Reform of the supervision of asset declaration and conflict of interest (including nepotism and clientelism);
- Measures to enhance transparency and accountability in relation to the performance of public enterprises at local and national levels, and companies under the direct and indirect influence of the state or local communities;
- Unification of legislation on conflict of interest and performing additional work/activities for officials of the executive and legislative branches of government and local self-government;
- Extension of *locus standi* of the Commission as a representative of the public interest in connection with the State Attorney’s Office;
- Elimination of the general subsidiarity in article 3, which has been entered in the 2010 IPCA by amendments at the last minute in order to ensure that the IPCA could not be interpreted as the law regulating the incompatibility of functions of deputies and mayors. This was later established by a special law; Article 3 of the IPCA remained a major obstacle in practice, especially as it non-systemically fragments regulations and practices regulating key institutes of eliminating corruption risks of the public sector;
- Completion of the definitions of certain terms in the Article 4 of the IPCA that have in practice proven to be inadequate, non-systemic and had to be supplemented by jurisprudence, which is now transferred to the statutory level (for example, the definition of family members, direct and indirect ownership in state-owned enterprises, etc.);
- Introduction of specific procedural rules on excluding members of the Senate and the Commission’s staff in order to enhance the integrity, impartiality and objectivity of its work;
- Establishment of a single statistical record of criminal acts and criminal proceedings involving officials at the local or national level;
- Define systemic and thematic supervision in cooperation with other supervisory authorities (e.g. the Court of Audit) to have a more systematic approach to tackling risks of corruption, conflict of interest, and to promote the implementation of integrity plans;
- More precise definition of the legal nature of various proceedings before the Commission (administrative, misdemeanors, informal *sui generis* supervision) with clearly defined legal means and remedies against various decisions of the Commission;
- Clearer definition of the procedures in regard to anonymous reports;
- Strengthen the adversariness of the proceedings of the Commission;
- Clearer definition of the powers of the Commission in relation to the collection of information including the legal/constitutional guarantees for the individual in its procedures;
- Regulation of certain open status issues of the Commission;
- Establishment of a legal basis for further informatisation of certain areas that are due to complexity today part of the so-called “anti-corruption bureaucracy” (gifts, lobbying, conflict of interest, etc.).