Slovenia

by Miro Haček

Capital: Ljubljana
Population: 2.1 million
GNI/capita, PPP: US$28,650

Source: The data above were provided by the World Bank’s World Development Indicators 2015.

| Nations in Transit Ratings and Averaged Scores |
|------|------|------|------|------|------|------|------|------|------|
| Electoral Process | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Civil Society | 1.75 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Independent Media | 1.75 | 2.00 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| National Democratic Governance | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Local Democratic Governance | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Judicial Framework and Independence | 1.50 | 1.50 | 1.50 | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 |
| Corruption | 2.25 | 2.25 | 2.25 | 2.50 | 2.50 | 2.50 | 2.25 | 2.25 | 2.25 | 2.50 |
| Democracy Score | 1.75 | 1.82 | 1.86 | 1.93 | 1.93 | 1.93 | 1.89 | 1.89 | 1.93 | 1.93 |

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.
Executive Summary


In 2014, Slovenia’s economy began to show some signs of recovery, after having contracted during the two previous years. Since the global financial crisis, the country has been blind-sided by burgeoning public debt, now over 80 percent of gross domestic product (GDP), up from 60 percent in 2013. Even as the economic gloom lifted this year, it claimed another victim, Prime Minister Alenka Bratušek, Slovenia’s first female prime minister and the head of the Positive Slovenia party, in office only 16 months. A flurry of corruption procedures against political and business leaders created a bunker mentality. The government lost the battle to collect a new property tax, leaving it with a budget shortfall it had hoped had been filled.

After a failed appeal, leader of the opposition and former prime minister Janez Janša was jailed in June, after being convicted of bribery in the long-running Patria case. The timing of his imprisonment, which began during the electoral campaign, brought his supporters into the street in protest. The Party of Miro Cerar (SMC), a newly established party, won a resounding victory in early parliamentary elections. In September, the National Assembly elected Slovenia’s 12th government since independence in 1991, a coalition of three center-left parties.

National Democratic Governance. Slovenia’s painfully slow economic recovery and continuing political clashes, even among ruling coalition members, formed the backdrop to political instability. In April, Zoran Jankovič, the founder of the Positive Slovenia, which entered the year as Slovenia’s ruling party, defeated Prime Minister Alenka Bratušek to retake the presidency of the party. This prompted Bratušek to resign and establish her own rival party. The ruling coalition disintegrated and the country held early elections. Political culture suffered when Bratušek, looking for a soft landing after quitting as prime minister, nominated herself for a high-profile European Commission job. Slovenia’s national democratic governance rating remains unchanged at 2.00.

Electoral Process. More elections and votes took place in Slovenia in 2014 than in any year since independence. Voters went to the polls to elect representatives to the European Parliament (EP) in May, to the National Assembly in July, and to
municipal governments in October. They also voted in a referendum on the archives of the Yugoslav-era secret service in June. All the popular votes were marked by record low participation, and the referendum was unsuccessful as turnout stayed below the 20 percent quorum. Newcomers and old guard politicians created new parties and candidate lists in the months preceding the parliamentary elections, responding to voters’ desire for competent, nonpartisan, and clean-handed leaders. SMC, a two-month old party fielding allegedly non-establishment candidates won a majority of votes. The party formed a ruling coalition with the Democratic Party of Pensioners of Slovenia (DeSUS) and the Social Democrats (SD). Slovenia’s rating for electoral process remains unchanged at 1.50.

**Civil Society.** Austerity measures targeting government bureaucracy, as well as the public education and healthcare systems, prompted public sector unions to threaten to strike in case of further wage cuts or lay-offs. Private sector unions held several strikes during the year. Workers at the state-owned Trbovlje-Hrastnik and Velenje coal mines put down their tools in March and July. The imprisonment of former prime minister Janez Janša and a proposed property tax also prompted protests. In March, the European Court of Human Rights (ECHR) ruled against Slovenia in the case of the “erased.” Slovenia’s rating for civil society remains unchanged at 2.00.

**Independent Media.** Politicians tried to influence electronic and print media, as well as public radio and television broadcaster Radiotelevizija Slovenija (RTV), especially ahead of the elections to the National Assembly and before the sentencing of Janša. The authorities launched investigations against two journalists during the year for allegedly publishing classified information, with one of them potentially facing up to three years in prison. News publisher Delo sold Večer, the country’s fourth-largest daily newspaper to what appears to be a shell company. Slovenia’s rating for independent media remains unchanged at 2.25.

**Local Democratic Governance.** As it was the third poll of the year, the campaigning ahead of the municipal election was less intense than usual. The number of mayoral and municipal assembly candidates dropped, and turnout fell 5 percent compared to 2010. There were many cases of joint-support candidatures, and national parties did not field candidates in several races. Voters in many parts of the country preferred non-partisan candidates, electing 115 unaffiliated mayors out of 212. The two most successful political parties were the Slovenian People’s Party (SLS) and the Slovenian Democratic Party (SDS). Slovenia’s rating for local democratic governance remains unchanged at 1.50.

**Judicial Framework and Independence.** Slovenia’s backlog of court cases continued to diminish. Corruption cases, however, has bogged down the judiciary in recent years. In a landmark case in March, the ECHR ruled that Slovenia has one year to compensate Yugoslav-era deposit holders of the defunct Ljubljanska banka (LB) bank in Sarajevo. Along with the phasing out of a reform program intended
to boost judicial efficiency, available funding declined. *Slovenia’s rating for judicial framework and independence remains unchanged at 1.75.*

**Corruption.** Authorities investigated cases of suspected corruption more energetically than in past years. The conviction of former prime minister Janša in the Patria case and his imprisonment in June captivated the country’s attention; in December, however, the Constitutional Court decided to release him pending a final decision in the case. Law enforcement stepped up efforts to conclude high-profile investigations, and several business tycoons and their associates were convicted of financial fraud and money laundering. Despite ongoing investigations against Zoran Janković, he returned to the helm at Positive Slovenia. The appointment process at the Commission for the Prevention of Corruption (CPC), whose members resigned after a scandalous report in 2013, dragged on for months and was mired in controversy. *Slovenia’s rating corruption remains unchanged at 2.50.*

**Outlook for 2015.** The new government will have to satisfy Slovenians’ desire for political stability and real reforms at the same time. Miro Cerar’s government has stable support in the National Assembly, while the opposition is unlikely to be an effective hindrance, divided as it is between two right-wing parties and two-left wing parties. Cerar’s government will attempt to keep a lid on spending and find ways to boost tax revenue. It may introduce a revamped property tax, restructure the healthcare system, solve the problem of the “erased,” and compensate LB bank deposit holders. The International Court of Justice (ICJ) is expected to rule in mid-2015 in the Slovenian-Croatian border dispute arbitration case. After Janez Janša’s temporary release from the prison in December, the Constitutional Court is expected to make a final decision on the Patria case in early 2015. Should Janša emerge victorious in front of either the ECHR or Constitutional Court, after being convicted by all three levels of the Slovenian judicial system, it could sour Slovenian politics.
Slow economic recovery formed the backdrop to a continuing political crisis in Slovenia. Early elections took place in July 2014, after the left-wing government of Alenka Bratušek failed to gain public trust. Instead, it largely continued to implement policies proposed and initiated by the previous right-wing government of Prime Minister Janez Janša.

Once Europe’s most economically successful post-communist country, Slovenia continued to struggle in 2014 with its six-year-long crisis of rising public debt, high levels of unemployment, and fragile banks. Slovenia’s gross domestic product (GDP) grew by 2.6 percent in 2014, versus a 1 percent contraction in 2013, but the national public debt had ballooned to an all-time high of 80.9 percent of GDP by year’s end. Both exports and domestic consumption are contributing to the recovery. Investment rose, largely due to European Union-funded projects. Unemployment dropped to 12.6 percent in October from 13.6 percent in June and 14.2 percent in January, in part due to a government policy aimed at job-seekers.

To tackle the country’s banking crisis, clean up banks’ balance sheets, and kick-start lending, the government passed legislation to create a so-called Bad Bank. The Bad Bank’s goal is to take over non-performing loans of Slovenia’s troubled banks in exchange for bonds backed by up to €4.8 billion in state guarantees. While it had already been established in 2012, the bank did not begin operations until March 2014. Many of its critics claimed that it was not transparent enough and that the bank’s employees get over-the-top salaries.

Besides consolidating banks, the Slovenian government also aimed to increase its revenues. In July 2014, the government raised the upper level of value-added tax (VAT) to 22 percent from 20 percent and the lower level to 9.5 percent from 8.5. The tax hike is expected to bring in €250 million per year, but the resulting price increases prompted opposition and trade union ire.

In January 2014, another revenue-boosting measure came into effect in the form of a property tax, following a drawn-out public debate. The real estate tax aimed to replace an additional income tax targeting Slovenia’s wealthiest, a property tax for properties valued over €500,000, and fees for the use of building land and the maintenance of forest roads. The tax was expected to generate €400 million per year, split between the central government and municipalities. But in late March, after being petitioned by local government representatives, the Constitutional Court unanimously annulled the Real Estate Tax Act, finding that the way property...
was being valued in order to calculate taxes owed was unconstitutional. The court further ruled that real estate tax is primarily a local tax, which should not be levied by the central government. After the Constitutional Court’s decision, Prime Minister Bratušek said she could not rule out an early election, as her government was at a loss on how to replace the lost revenue.

Political stability eluded Bratušek’s government in 2014, not only because of the property tax debacle. The year began with a series of interpellations against Infrastructure Minister Samo Omerzel, alleging dishonest and irresponsible use of public funds. In February, the main opposition party, the Slovenian Democratic Party (SDS), accused Education Minister Jernej Pikalo of alleged misuse of European Union (EU) funds during his stint at the Ljubljana university. Additionally, a group of opposition members of parliament (MPs) accused Interior Minister Gregor Virant, of nepotism and misuse of public funds in his ministry, for the second time. In a blow to the government, Positive Slovenia, the biggest coalition party, failed to support Virant.

The allegations only foreshadowed the political crisis to come. At the April party congress of PS, Zoran Jankovič, the mayor of Ljubljana and former PS president, defeated Bratušek and was reelected as chairman. Jankovič had resigned from the post in January 2013 following accusations of corruption by the Commission for the Prevention of Corruption (CPC). The upset prompted Bratušek to resign from the position of prime minister on 5 May and establish a new party, the Alliance of Alenka Bratušek (ZaAB). The ruling coalition disintegrated, as other coalition parties opposed cooperating with Jankovič.

Since the National Assembly failed to propose any candidates after the resignation of Bratušek, President Borut Pahor dissolved the parliament on 1 June and called early elections for 13 July. The elections were won by the well-respected legal scholar and newcomer to politics Miro Cerar and his newly formed party, the Party of Miro Cerar (SMC). The center-left SMC formed a coalition government with the Democratic Party of Pensioners of Slovenia (DeSUS) and the Social Democrats (SD) in September.

Before the new government was formed, Slovenia had to propose candidates to the European Commission. Cerar proposed Janez Potočnik, the country’s previous European Commissioner, but Potočnik withdrew his candidacy as it became clear that a list of several candidates would be sent to the Commission. In July, the outgoing Bratušek government put forward three candidates: Alenka Bratušek, Karl Erjavec, the president of DeSUS, and Tanja Fajon, a Slovenian Member of the European Parliament (MEP). Critics claimed that Bratušek had made a backroom deal with the new European Commission president, Jean-Claude Juncker, before the Slovenian parliamentary election.

Indeed, in early September, Juncker chose her for Vice President of the European Commission and Commissioner for Energy Union. The news caused widespread dissatisfaction in the Slovenian political establishment, and CPC started an investigation into possible breaches of ethics and integrity of public office. Bratušek’s government refused to release the voice recording of a government
meeting where she allegedly not only proposed herself, but also voted as a member of the outgoing government. After failing to gain the majority support of MEPs, Bratušek withdraw her candidature in early October. She was the only politician of the 27 candidates to be voted down.\textsuperscript{15} In the same month, Cerar’s government proposed Violeta Bulc—vice president of the SMC and newly appointed minister for development, strategic projects and cohesion—whom Juncker appointed Commissioner for Transport in late October.

The first months of the new government were marked by difficult decisions. In October, the National Assembly, after much deliberation and conflicting legal opinions, decided to strip Janša of his mandate. The former prime minister had been sentenced to two years of imprisonment for bribery in June 2013 and started serving his sentence in June 2014. In late November, however, the SDS appealed to the Constitutional Court, which temporarily returned the mandate to Janša pending a constitutional appeal in his case.\textsuperscript{16}

\textbf{Electoral Process}

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The Slovenian government gains its authority through universal and equal suffrage. The people express their will in regular free and fair elections conducted by secret ballot. The electoral system has a multiparty base, political parties have equal campaigning opportunities, and the public’s choices are free from domination by interest groups. More elections and votes took place in Slovenia in 2014 than in any previous year since independence, including to the European Parliament in May, a referendum in June, early elections to the National Assembly in July, and regular local elections in October.

National referendums have been a feature of Slovenian politics since independence. In the spring of 2014, SDS spearheaded a campaign to hold a referendum in response to a January 2014 amendment to the national archives law. The amendment classified the personal data of collaborators and victims of the Yugoslav-era secret services.\textsuperscript{17} SDS opposed the change, which technically shut down the archives of the former secret service, and collected the 40,000 signatures needed for a referendum in just a few days. Due to a quorum requirement of at least 20 percent of registered voters, SDS proposed to hold the referendum on the day of the European Parliament (EP) elections, hoping this would increase the chance of sufficient voter participation.\textsuperscript{18} The ruling coalition, however, decided to hold the referendum on the same day as the May Day public holiday, when many Slovenians would be out of town for what is traditionally a long weekend. The SDS appealed the decision and the Constitutional Court ordered the parliament to set a new date. On 24 April, the National Assembly approved holding the referendum on 8 June, after the EP elections.\textsuperscript{19} While 67 percent of voters rejected the amendment, the referendum was invalidated due to low voter turnout (12 percent).\textsuperscript{20}
Turnout was also low at the EP elections, which took place three weeks after Prime Minister Bratušek resigned and the parliament was dissolved. Voter turnout reached 24.6 percent, far below the EU average. Both voters and the political establishment were focused on the upcoming parliamentary election. In this tense climate, candidates from three right-center parties won five seats (the SDS won three seats with 24.9 percent of the votes, and a coalition of Nova Slovenija (NSi) and Slovenian People’s party (SLS) got 2 seats with 16.6 percent of the votes). The third place went to newcomer Verjamem running with former Audit Court president Igor Šoltes (one seat, 10.5 percent of the votes); and the remaining two seats went to DeSUS (8.1 percent of the votes) and the Social Democrats (8.0 percent of the votes).21 Earlier, SD president Igor Lukšič was defeated as the frontrunner on the SD slate by MEP Tanja Fajon and resigned as the president of the party.22

Political newcomers established new parties before snap elections in July, similarly to the party-formation process that occurred ahead of the 2011 parliamentary elections. Voters seemed eager to support fresh and politically uncorrupted candidates.23 Among them was Cerar’s SMC; Bratušek’s ZaAB; Verjamem, and the United Left (Združena levica; ZL), a coalition of three center-left parties.

Meanwhile, just weeks before the elections, Ljubljana’s Higher Court dismissed Janša’s appeal in the Patria case. Janša was convicted of accepting a kickback from the Finnish defense company Patria in 2006, during his first term as prime minister. Critics claimed the judgment was highly politically motivated, and he went to prison three weeks before the elections.24

Campaigning did not last long and voter turnout at 51.7 percent was a record low for a parliamentary election. The SMC, a two-month old party with unknown candidates and an unclear program, won a relative majority of votes, 34.5 percent (36 seats). The SDS, with its president in jail, came in second with 20.7 percent (21 seats). DeSUS gained 10.18 percent (10 seats), SD and NSi 6 and 5.6 percent each (5 and 6 seats). Additionally, two new political entities managed to conquer the electoral threshold of 4 percent. United Left came in fifth with 6 percent (6 seats) and ZaAB gained 4.4 percent (4 seats). Positive Slovenia failed to pass the 4 percent threshold.25

Within two months, Cerar formed a coalition of three parties (SMC, DeSUS and Social Democrats) with 52 MPs, and on 25 August, he was elected as prime minister. His 16-member government, with many former ministers from DeSUS and SD as well as previously politically unknown candidates, was confirmed in the National Assembly on 18 September.

Civil Society

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Slovenia has more civil society and nongovernmental organizations (CSOs and NGOs) per capita than most states, however, most of them struggle financially.26
The majority of the country’s approximately 24,000 CSOs and NGOs are organized as local associations, working in sports, culture, art, or as fire brigades. Others take the form of private foundations and institutes. Trade unions are the most important civil society actors engaged in policymaking. Environmental organizations and university research centers play an active role where their specific interests are concerned. However, the majority of CSOs and NGOs do not engage directly with political issues.

In 2012 and 2013, the government, in an attempt to close a budget gap, cut state bureaucracy and government expenditures. The austerity measures also introduced new laws to shake up the public education, employment, and healthcare systems and trimmed government-funded policies and programs. With austerity still in effect in 2014, public sector unions threatened to strike. In April 2014, Bratušek’s government proposed a 5 percent cut to public sector wages, on top of salary reductions in previous years. However, following opposition from trade unions, it eventually scrapped the idea, supplanting it with a policy of not replacing retiring workers. Before Bratušek’s resignation in May, Interior Minister Gregor Virant negotiated with public sector trade unions on finding savings in 2015, but the two sides failed to reach any agreement. The issue has been pushed onto the agenda of the new government.

Trade unions organized several strikes during the year, but the total number was similar to previous years. When miners at two state-owned coal mines, Trbovlje-Hrastnik and Velenje, did not receive the benefits the government had promised them, they organized major strikes in March and July.

Before the property tax was ruled unconstitutional, it prompted pushback campaigns from civil society. In March, representatives of small businesses and farmers of the organization Obrtno-podjetniška zbornica Slovenije (OZS) called upon the government to change the Real Estate Tax Act and organized protests in Ljubljana that were joined by major trade unions. The representatives of OZS argued that the new tax would be unfair and would impede competitiveness, while some entrepreneurs claimed that the property tax would increase their tax bills more than four-fold.

The imprisonment of Janša also inspired protests, some of which were organized by his political party, SDS, and some by civil society organizations. The protests, marked with minor incidents, were held in front of the Supreme Court. The court was expected to decide on Janša’s extraordinary appeal quickly, maybe even before elections to the National Assembly, but failed to do so. Protesters gathered nearly every day in front of the prison where Janša was being held and in front of other public institutions across the country to voice their objections to what they saw as a politically motivated judgment and unfair imprisonment.

To bring the country’s legal code in accord with two European Court of Human Rights (ECHR) rulings, from 2010 and 2012, the National Assembly adopted a law on state compensation to Slovenia’s “erased” in November 2013. The “erased” are individuals whose names were removed from the civil registry in 1992 after they failed to apply for Slovenian citizenship within six months of the
country’s declaration of independence, which rendered them stateless. In March 2014, Slovenia lost yet another case in front of the ECHR hinging on the plight of the “erased.” The court found that the loss of legal status “entailed significant material consequences for all the applicants, including the loss of access to a wide range of social and political rights and legal benefits, such as identity documents, driving licenses, health insurance and education, as well as the loss of job and other opportunities, until they were granted permanent residence permits.”32 The court granted damages of nearly a quarter million euros to the six plaintiffs. While the ECHR did not demand changes to the new Slovenian compensation legislation for the “erased,” the Slovenian branch of Amnesty International and several other civil society organizations argued that the adopted compensation legislation was inadequate and it did not provide appropriate remedies.33 Bratušek’s government failed to respond to the ECHR’s judgment. It remains to be seen if and when the new Slovenian government will amend the legislation.

**Independent Media**

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Slovenia’s constitution and legal system guarantee freedom of the press, and for the most part, the media operate without direct political interference. Media outlets, however, have to endure political pressure and intimidation from time to time. Press outlets are sometimes punished or threatened for reporting on controversies and corruption surrounding powerful political figures and parties.

Slovenia’s media market continues to suffer from a lack of transparency and remains concentrated. The government has done little to improve the situation.34 The privatization model established in the early 1990s enabled the state to maintain significant ownership of privatized companies through state-controlled funds. In the 2005–2007 period, there were controversial changes to media regulations and takeovers of several daily newspapers, the public service radio and television, and the national press agency. In those outlets, the supervisory boards, managers, editors, and reporters were, in many cases, replaced by appointees loyal to those in power. After 2008, changes to ownership and editorial staff of privatized broadcasters and publications were less frequent, but changes of managers, editors and even reporters at publicly owned television, radio, and the press agency, occur every time power changes hands.

In July 2014, Slovenia’s largest news publisher, Delo, sold a majority stake in the country’s fourth-largest daily Večer to what appears to be a shell company. Delo held a controlling stake in Večer since 2008 and has been looking for years to sell the paper. Over the protests of Večer’s editorial staff, Delo sold its 79.4 percent stake to Dober Večer for just over €1 million. The buyer is a company that was registered a few weeks prior to the sale.35 The Office for the Protection of Competition (AVK) approved the transaction in August.
Delo journalist Anuška Delić, along with former Slovenian Intelligence Agency Director General Sebastjan Selan, were facing prosecution at the end of 2014 for publishing allegedly classified information. The second paragraph of article 260 of the Slovenian Criminal Code prohibits the dissemination of classified information, and if Delić is found guilty, she could face up to three years in prison. Delić wrote about links between the SDS and extremist groups, particularly the Slovenian division of the neo-Nazi “Blood and Honor” during the 2011 parliamentary campaign. In September, Delo reported that the case had been filed in the district court on April 2013, but active examination by the presiding judge and state prosecution was still being conducted. In a separate case, police searched the apartment of SDS associate and owner of the news portal Politikis Dejan Kaloh in January. The search was conducted in connection with articles allegedly containing classified information that the portal published in November 2013.

Journalists at public radio and television broadcaster Radiotelevizija Slovenija (RTV) complained of political pressure during the campaign ahead of the parliamentary election and when reporting on Janša and his imprisonment. A power struggle over the selection of RTV’s director general occurred. The RTV Program Council appointed the television’s first female director, Nataša Pirc Musar, with a tiny margin in April 2014. However, a few days later, the council overturned its decision as two councilors did not meet the conditions to vote. Musar appealed to the Labor and Social Court, but her appeal was overruled, and in September, the Program Council reappointed the previous director, Marko Filli. In January 2014, the National Assembly adopted an amendment to the Radio-Television Slovenia Act intended to guarantee RTV’s financial and managerial independence. RTV’s funding is no longer set annually in the Implementation of the Republic of Slovenia Budget Act, but in the Radio-Television Slovenia Act. This makes the funding more stable. The amendment also increased the needed majority in the Program Council to appoint a new director general, at least 15 votes out of a possible 29.

One loss to the media landscape was the termination of the Media Watch project, conducted by the Peace Institute since 2001, due to lack of funds. The project had been raising awareness about how journalism and public discourse create an open society and provide oversight of government and private centers of power.

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**Local Democratic Governance**

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The main unit of local self-governance in Slovenia is the municipality. In 1994, the Law on New Municipalities established 147 municipalities, but in the years that followed, many of these split into smaller units, creating a total of 212 municipalities in a country of 2 million people. Most municipalities are small, half have fewer than
5,000 inhabitants, and their municipal administrations are inadequately staffed, with limited financial resources and negligible autonomy. The smallest Slovenian municipality, Hodoš, has just over 300 inhabitants and the largest, Ljubljana, has almost 300,000.43

The Local Self-Government Act, amended in 2011, stopped the fragmentation.44 Since its amendment, potential new municipalities must have over 5,000 inhabitants. Slovenian municipalities are still, on average, larger than municipalities in the EU (9,700 inhabitants per municipality in Slovenia versus 5,500 in the EU).45

A controversial proposal, put forward by Interior Minister Gregor Virant in 2013, failed to reduce the number of municipalities.46 The opposition parties, including SDS, NSi, and SLS, as well as the Association of Municipalities and Towns of Slovenia (SOS), and the Association of Municipalities of Slovenia (ZOS), all opposed a restructuring of the municipality system. Supporters of the status quo on municipalities argue that many existing municipalities were created via referendums and represent the will of the people.

The Cerar government also raised the issue of consolidation in 2014, but this time was motivated by the further austerity measures aimed at reducing the costs of municipal financing. Since the proposed property tax was declared unconstitutional by the Constitutional Court, the financing system of municipalities did not change in 2014. Municipalities continue to receive a 35 percent share of income tax revenue and payment for the use of local building lands. The latter is the only revenue source over which municipalities have independent control.

Slovenia held regular local elections to the 212 municipalities in two rounds, on 5 October and 19 October 2014. Campaigning was less intense compared to previous local elections. The number of mayoral candidates dropped from 926 in 2010 to 703, while the number of municipal assembly candidates dropped from 26,418 to 22,635. National political parties did not field their own candidates in every municipality, and there were several cases of joint-support candidatures and no-shows. In every local election since 2002, non-partisan candidates have won most mayoral races. Since 2006, most representatives to municipal assemblies are non-partisan and the 2014 elections were no exception. Non-partisan candidates and lists prevailed in both mayoral and assembly races: 115 mayors out of 212 are non-partisan, and non-partisan lists won 29.2 percent of votes to the municipal assemblies.47

The two most successful political parties were SLS, which won 31 mayoral seats, and SDS, which secure 14.3 percent of the votes to the municipal assemblies. As the local election was the third poll of the year, voter fatigue resulted in a record-low turnout. Only 45.2 percent of voters participated in the first round and 43.6 percent in the second round of mayoral elections.48

For the first time, elections were held in Ankaran, a municipality established by way of a Constitutional Court ruling in June 2011. Slovenia’s Italian minority had opposed the establishment of the Ankaran municipality, arguing that Ankaran splitting away from Koper would have an adverse impact on minority rights. Ankaran residents felt their interests were not represented by the Koper administration,
including how the administration distributed Port of Koper revenue, and voted in a referendum to split away in November 2009. In late June 2014, the parliament finally confirmed Ankaran’s municipal status.

### Judicial Framework and Independence

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Slovenia’s judicial branch of government consists of the Supreme Court and the Constitutional Court. Judges may be members of political parties but they may not participate in political party governing organs. The National Assembly elects judges, who are nominated by an 11-member Judicial Council of five legal experts chosen by the National Assembly with input from the president and six more selected by their peers with permanent judicial offices. The Constitutional Court is composed of nine judges nominated by the president and elected by the National Assembly. These nine judges elect a president from among their own number for a term of three years.

Public trust in the judiciary remains low compared to other institutions, such as the president, the Constitutional Court, and the health and educational systems. Still Slovenians place more trust in the courts than in political parties, the National Assembly, or the central government.49

Government and judicial authorities used to deny the existence of corruption within Slovenia’s judicial system, until some convictions of judges in recent years made it untenable.50 In 2013, a district court judge from Celje, Slovenia’s third-largest city, was fined and sentenced to five and a half years in prison for abusing his office and accepting a bribe.51 In September 2014, the Judicial Council withdrew the permanent mandate of Nevenka Hafner, a district court judge from Kranj, after she had made a series of errors in judgment. The judge had employed members of her own family in the court and caused the release from detention of several alleged criminals, because she did not bring the order to prosecute them.52 The Judicial Council has withdrawn the mandates of six judges since the adoption of new legislation in 2009.

The most closely followed case in 2014 was Janša’s ongoing prosecution. Following the dismissal of his appeal in June, which happened right before the elections, in November, his complaint was turned down by the Supreme Court as well. In December, however, the Constitutional Court decided to release Janša temporarily from the prison until a final decision, expected in early 2015, on his corruption conviction is adopted.

In July, Slovenia lost a landmark case in front of the ECHR. The court’s Grand Chamber ruled that Slovenia has one year to compensate Yugoslav-era deposit holders of the defunct Ljubljanska banka (LB) bank in Sarajevo. The plaintiffs, nationals of Bosnia-Herzegovina, have been unable to withdraw deposits at the Sarajevo branch of LB. The court found unanimously that Slovenia had violated the
European Convention on Human Rights in sections dealing with the protection of property and effective legal remedies. It ruled that Slovenia was “responsible for the debts of the LB Sarajevo.” The ruling comes 18 months after Slovenia’s appeal, arguing for a territorial approach to settle outstanding deposits, whereby each successor state to Yugoslavia would repay deposit holders on their territory regardless of the bank. Serbia, Montenegro, and Macedonia also took this route following the collapse of Yugoslavia. However, the ECHR concluded that the parent branch of LB is in Ljubljana and therefore remains liable for the branch in Bosnia-Herzegovina following dissolution. The ruling was a significant blow to the already cash-strapped Slovenian government.

The judicial backlog continued to decline in 2014, despite austerity cuts to court budgets. The exception were bankruptcy cases, whose number reached a record high in 2014. The number of pending cases declined by 10 percent in the same period, while the number of unresolved cases decreased to just 95,000 at the end of 2014, the lowest figure since 1990.

The phasing out of Project Lukenda, a six-year-old drive to boost judicial efficiency, continued in 2014, as funding for the project ran out in the second half of the year. The funding the court system receives from the central government fell by €10 million compared to 2013. In September 2014, the National Assembly appointed Goran Klemenčič, the former president of the Commission for the Prevention of Corruption (CPC), to the post of justice minister.

While Slovenian prisoners enjoy a considerable array of rights, prisons are overcrowded and underfunded. In July, prisons were deemed to be at 119.5 percent capacity, and some were found to be operating at 150 percent capacity. The Prison Administration claimed that it needs to hire 45 additional prison guards and that funds allocated to the administration are not sufficient. Slovenia’s austerity program cut the prison system’s budget by 4.6 percent compared to 2013. In 2014, the government bought land to build a new prison outside Ljubljana, which would open in 2017.

### Corruption

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Corruption appears to be less extensive in Slovenia than in most Central and Eastern European countries, but a series of scandals over the last few years has exposed surprising levels of graft in the political sphere, exacerbating public frustration with austerity measures and fueling antigovernment sentiment. Slovenian authorities were somewhat more active in investigating cases of suspected corruption in 2013 and 2014.

Established in 2004, the CPC is Slovenia’s anticorruption watchdog. Since 2010, its mandate includes oversight of lobbying, whistleblower protection, and the integrity of the public sector. The CPC is state-funded but is not subordinate to any
state institution or ministry and does not receive instructions from the executive branch or the legislature. The CPC’s tripartite leadership—a chief commissioner and two deputies—is appointed by the president of Slovenia following a recruitment procedure and nomination by a selection board. The chief commissioner’s term of office is six years, while the deputies have a five-year mandate. The chief and deputies can serve up to two terms in office.

At the end of 2013, the leadership of the CPC resigned in protest of the state’s inadequate response to persistent corruption in government and the banking and healthcare sectors. Following their resignation, CPC operations were thrown into disarray due to the botched appointment process of a new leadership team. In March 2014, former solicitor Boris Štefanec was appointed to head the CPC, along with two vice presidents. However, the two newly appointed vice presidents promptly resigned when journalists found out that Štefanec had been a member of Positive Slovenia, the leading coalition party, up until a day before his appointment. Štefanec refused to resign following the affair.61 Later in the spring, the CPC appointed two new vice presidents and the organization became operational again.

High-profile investigations of politicians have become more common in recent years. In preceding sections, we discuss the Patria corruption case convictions of 2013 and opposition leader Janez Janša’s controversial imprisonment in June 2014. Janša was sentenced to two years in jail and a fine of €37,000 for accepting a kickback from the Finnish defense company Patria in 2006, during his first term as prime minister. His case was pending before the Supreme Court at year’s end.

Besides Janša, another leading politician, Zoran Jankovič, the mayor of Ljubljana and president of Positive Slovenia, has been implicated in corruption investigations. Jankovič is involved in a number of court cases, but has never been convicted so far. His critics allege that his family benefited from the construction of the Stožice sports complex in Ljubljana and claim that there are unexplained transactions between companies owned by Jankovič and his sons, when he was the chief executive of Mercator, largest grocer in the country.62 In January 2013, a CPC report led Jankovič to resign from the presidency of Positive Slovenia, but he was reinstated in late April 2014, indirectly leading to the collapse of the government.

In February 2014, a European Commission report found that citizens perceive corruption as widespread in Slovenia. The study cited a Eurobarometer survey in which 17 percent of Slovenians claimed that a public healthcare sector doctor or nurse told them to give them an extra payment or valuable gift in order to be treated. Across the EU, on average 7 percent of respondents said they were prompted to give this type of bribe. When asked if they have personally experienced any corruption, only 8 percent of Slovenian citizens said yes, which is also the EU average. However, 91 percent of Slovenians believe that corruption is widespread and 76 percent think that corruption levels have increased in the last year.63 In this survey, respondents in Greece, Italy, Spain, Croatia, the Czech Republic, and Slovenia were most likely to perceive corruption to be present in their public institutions.

Against a backdrop of public frustration with the state of the economy and perceived corruption of political and economic leaders, law enforcement stepped
up efforts and concluded a few longstanding, high-profile corruption investigations. During the past two years, several business tycoons and their associates have been convicted, including the former bosses of Istrabenz, a Slovenian holding company, and Brewery Laško, the largest brewery in the country.

In July 2013, the Ljubljana District Court sentenced Igor Bavčar and Boško Šrot to seven and nearly six years in prison, respectively, for unlawful trading in Istrabenz stock. Šrot and Bavčar were among the most powerful corporate executives in Slovenia before their empires collapsed at the onset of the financial crisis. The charges, which they continue to deny, are based on wrongdoing in a chain sale of a 7.3 percent stake in Istrabenz in 2007. Šrot was found guilty of abuse of office, while Bavčar was found guilty of abuse of office and money laundering. Both appealed, and the Ljubljana Higher Court rejected their appeal in July 2014. Nevertheless, they used all available legal means to evade or at least postpone actual prison time. Šrot began serving his sentence in October, while Bavčar, despite the outrage over the scandal, has successfully postponed his imprisonment due to poor medical condition.

In April, the Koper District Court found former insolvency administrator Brane Gorše guilty of business fraud, abuse of office, and money laundering in the bankruptcy case of the construction company Hydro Koper. The court sentenced him to ten years in prison and banned him from practicing his profession for five years. Gorše will also have to return €2.2 million he unlawfully obtained in benefits.

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