Slovenia

Capital: Ljubljana
Population: 2.06 million
GNI/capita, PPP: $32,723

Source: World Bank World Development Indicators.

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**NOTE:** The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. If consensus cannot be reached, Freedom House is responsible for the final ratings. 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. The opinions expressed in this report are those of the author(s).
EXECUTIVE SUMMARY

Slovenia remained static in 2017. The government and public authorities faced general distrust due to the ruling coalition’s low effectiveness in dealing with systemic problems of capture by influential lobby groups, a continuing trend from the previous year. Distrust was also chronic with regard to the judiciary and the fight against the corruption, as progress that would, for example, allow the prosecution of important individuals, was insufficient. Financial dependence and political capture continued to hamper civil society and the media.

Due to internal divisions and a lack of political will, the center-left coalition government comprised of the Modern Centre Party (Stranka Modernega Centra, SMC), the Social Democrats (Socialni Demokrati, SD), and the Democratic Party of Pensioners (Demokratična stranka upokojencev, DeSUS) was ineffective in tackling the country’s major problems, such as the inefficient public healthcare sector and the irresponsible management of the state assets. As a result, public support for the coalition remained at around 30 percent.1 The main opposition party, the center-right Slovenian Democratic Party (Slovenska Demokratska Stranka, SDS), which led the polls through most the year,2 was still an unacceptable choice for most of the electorate due to strong political polarization, and did not yet command enough potential partners to form an alternative government coalition ahead of parliamentary elections scheduled for 2018. The current president, Borut Pahor, successfully ran as an independent candidate with the SD’s support during the presidential elections in October and November, while another independent candidate, Kamnik mayor Marjan Šarec, placed second. The elections were characterized by low voter turnout (43 percent in the first round and 42 percent in the second) and poor results for the established parties;3 Šarec, largely unknown by election time, won more votes than all the party candidates put together, demonstrating the crisis facing the established political class.

Despite certain improvements in efficiency and the accountability of functionaries, the judiciary continued to face low public trust due to perceptions of inequality before the law and poor effectiveness in prosecuting important and well-connected individuals. In a notorious case, a court in Ljubljana decided to destroy evidence against the mayor of Ljubljana, Zoran Jankovič, who faced a number of corruption charges; the court argued that the evidence was destroyed because the persecutor took too long to file an indictment.4 In similar terms, transparency and the fight against corruption were still problems. Transparency was an issue when the government sought international investment to build a second track along the Divača-Koper railway; not all aspects of the international agreement were publically presented.5 A major green field investment by Austrian automobile manufacturer Magna Steyr saw foreign investors receive better treatment than local investors. Moreover, in September the media revealed that between 2009 and 2010 the two largest state-owned banks were involved in international money laundering involving terrorists and criminal groups.6 The poor performance of the Commission for Prevention of Corruption, the key anticorruption institution, remained one of the biggest systemic concerns insufficiently addressed by the government coalition.

Civil society became more visible through its engagement with issues concerning public health and strategic investments. Civil society organizations organized a referendum on the construction of a second track on the Divača-Koper railway in September, highlighted public authorities’ inefficiency in handling the consequences of a May fire in the Kemis waste processing factory, and opposed an investment by car manufacturer Magna Steyr. However, political parties and lobby groups continued to wield influence over civil society, demonstrating low transparency in the sector. Moreover, NGOs faced direct pressure, including threats of physical violence.7 The dialogue between the government and civil society, as well as systemic dispersed sources of financing and self-regulation in the NGO sector, were still poor. The position of civil society was similar and related to the position of the media, where political groups’ ownership or control of outlets and concentration in the media market hindered the development of autonomous and responsible journalism.
By far the most important event in Slovenian foreign relations in 2017 was the Permanent Court of Arbitration’s ruling on the border dispute with Croatia. However, the Croatian delegation refused to respect the court’s findings, citing revelations that, in 2015, the Slovenian delegation to the Court had inappropriately received confidential information from a judge sitting on the panel. The publication of the Court’s decision in June triggered tensions between the two countries, which included blockades and hostile rhetoric by some political actors in Slovenia. Macroeconomic conditions were very positive, with growth reaching 4.4 percent—the second highest in the EU—due largely to positive trends in the external environment. However, due to low efficiency, the government was not able to take advantage of this growth to facilitate much needed structural reforms, for example in the healthcare sector, thereby creating the possibility of a larger scale crisis during a hypothetical future downturn.

Score Changes:

- **Corruption declined from 2.50 to 2.75** due to the destruction of evidence in a corruption trial and the hamstringing of the Commission for the Prevention of Corruption (CPC), the absence of adequate procurement safeguards in the Divaca-Koper railway infrastructure development, and insufficient progress in developing a code of ethics for parliament.

As a result, Slovenia’s Democracy Score declines from 2.04 to 2.07.

**Outlook for 2018:** Parliamentary elections are scheduled to take place in June 2018. In the government coalition, the main coalition party, the SMC, polls behind its coalition partner SD, while the third coalition party DeSUS is close to the parliamentary threshold. These facts could lead to tensions within the coalition towards the end of the mandate. The lead opposition party SDS will, despite a strong polling position, be unable to put together an alternative coalition due to significant divisions with the coalition as well as with the rest of the opposition. This may perpetuate polarization and radical rhetoric. The position of the leading center-left and center-right parties will be challenged further by the list of Marjan Šarec, which has already gained position in the polls despite many of the candidates on the list being largely unknown. The parliamentary campaign will possibly take place among continued tensions in bilateral relations with Croatia over the implementation of the Court of Arbitration decision on the border dispute with Croatia, which given Croatia’s rejection of the Court’s findings, could lead to border incidents and further tensions in bilateral relations.
Main Report

National Democratic Governance

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- The lack of will and ongoing political tensions in the ruling coalition contributed to its ineffectiveness in breaking some of the transition structures and perpetuated general distrust in the government and public authorities. Political polarization, specifically the isolationist position of the lead opposition party, hampered the opposition’s role as an alternative to the government. In 2017, the government coalition faced a number of criticisms for failing to protect public interests in areas such as healthcare, the environment, and state funds. Parts of the divided opposition, which was itself facing legitimacy issues, tried to use civil society as a cover to block the government’s plans.
- The center-left government coalition comprised of the Modern Center Party (Stranka Modernega Centra, SMC), the Social Democrats (Socialni Demokrati, SD), and the Democratic Pensioners’ Party (Demokratična Stranka Upokojencev, DeSUS) was ineffective in dealing with the problems of capture by different lobbies due to internal political rivalries and mutual accusations; this led to a relatively low level of public support for the government, at around 30 percent. One of the most pressing examples of the government’s inefficiency has been poor performance and low accountability in the public healthcare system. Following the resignations of several SMC ministers in the first years of the mandate, the prime minister and SMC leader, Miro Cerar, continued to defend SMC Minister of Health Milojka Kolar Celarc against the criticisms of coalition partners and the opposition, who alleged that Celarc was objectively responsible for the poor management of the state hospitals, especially in the area of public procurement, and slow pace of reforms to provide for financial sustainability and improve services in the public healthcare system. Distrust in the government and state institutions peaked in May following a fire at the Kemis hazardous waste factory, which resulted in environmental damage in a populated area. The initial weak response of state institutions raised concerns over the government’s ability to safeguard citizens’ health against corporate interests. This event emboldened criticisms of the government over the lack of transparency in negotiations with the car manufacturer Magna Steyr concerning a major green field investment. The investment required transforming first class agricultural land into an industrial area, despite other more appropriate areas—such as existing depleted industrial zones—being available.
- The opposition Slovene Democratic Party (Slovenska Demokratska Stranka, SDS) ceased its allegations that the 2014 elections were unfair due to the imprisonment of its leader, Janez Janša, on corruption charges; the Constitutional Court subsequently overturned Janša’s conviction in 2015. However, the deep divisions remained between the SDS, which led the polls throughout most of the year, and the coalition, as well as between the SDS and other opposition parties. Support for new political parties and movements close to the SDS, which had emerged in the previous years, was still too weak to allow the SDS to form an alternative government coalition ahead of parliamentary elections scheduled for 2018. In the context of its isolationist position and polarized perception by the public, the SDS tried to work through a “quasi civil society” to block some of the government’s projects. A notable example was the SDS’s support for the civil initiative opposing the government investment plan for a second track for the Divača-Koper railway. The September referendum on this issue was characterized by a low turnout (20 percent), and a majority of voters supported the government’s plan (53 percent).
- Presidential elections were held in October and November. The elections were of minor importance due to the limited functions of the presidency. The current president Borut Pahor, an independent candidate running with the SD’s support, won by a narrow margin in the second round. Marjan Šarec,
an independent candidate and mayor of the mid-sized town Kamnik, came second. Voter turnout during the presidential elections was low, at 43 percent in the first round and 42 percent in the second, and established political parties fared poorly. Runner-up Šarec won more votes than most of the parliamentary parties put together, demonstrating a general crisis of the national political class. \(^{19}\) Šarec announced that he would run in the parliamentary elections in 2018.

- In June, the long awaited decision by the Permanent Court of Arbitration in The Hague on the border dispute with Croatia awarded Slovenia three quarters of the disputed Piran Gulf and established a junction between Slovenia and the high seas. \(^{20}\) Slovenia and Croatia decided to address this issue at the arbitration court in 2013, after Slovenia blocked Croatia’s accession to the EU over the dispute. Croatia withdrew from the arbitration in the summer of 2015 following the leak of audio recording showing a member of the Slovenian delegation receiving confidential information from one of the judges on the panel; Croatia argued that the tape was evidence that the panel was not impartial. \(^{21}\) The final decision came against the backdrop of disputes related to the delays created by the strict implementation of Schengen border controls, which Croatia interpreted as Slovenian pressure over the arbitration issue. In September, Slovenia declared that it would block Croatia’s accession to the OECD for its supposed lack of respect for international law. Several politicians within and outside the coalition enfamed the tensions for political gain. Foreign Minister Karel Erjavec (DeSUS) used undiplomatic language and threatened to sue Croatia in the Court of Justice of the EU in Luxembourg, \(^{22}\) while a member of the national assembly, Žan Mahnič (SDS), even called for a discussion of whether Slovenian military forces are ready for a potential Croatian offensive. \(^{23}\)

- Strong positive trends in the economy continued due to favorable conditions in the external environment and growing domestic demand. GDP growth reached 4.4 percent and unemployment reduced to 2009 levels, before the economic and financial crisis. \(^{24}\) The government’s budget plan for 2018-2019 provisioned for a surplus. \(^{25}\) However, due to its political weaknesses, the government coalition did not take advantage of the situation to speed up structural reforms, including in the healthcare, pension, taxation, and housing sectors. Instead, the government used the money to calm some opposition voices, creating the conditions for economic and financial unsustainability in the long run.

### Electoral Process

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- Elections in Slovenia are free and fair. However, Slovenia’s electoral system is hampered by the weak link between constituencies and elected representatives at general elections as a result of factors including the unequal size and representation of electoral districts in the National Assembly. The government’s longtime plan to change the electoral laws to address concerns over the accountability of elected officials waned as the government coalition was weakened and proposals for legislative changes were politicized.

- In 2016, the National Assembly failed to pass a proposal that would bar candidates from running for elected office if they had been sentenced to a significant prison term. This was the first major proposal on changing the electoral laws to strengthen the accountability of elected officials since the beginning of the government’s mandate. In January 2017, the Assembly considered the second of the two major proposals, which would allow the recall of mayors during their mandates. These were, however, also rejected by the Assembly (see Local Democratic Governance). Moreover, there was insufficient political will to address some of the broader issues concerning politicians’ accountability to voters—such as the complex electoral system that gives political parties substantial powers in establishing candidate lists, or the weak link between the constituencies and representatives in parliament. \(^{26}\)
• In April, the National Assembly amended the law on general elections to safeguard disabled persons’ rights to participate in elections and replace special devices for distance voting with voting by post, thus bringing the law in compliance with the Constitutional Court’s decision on that issue.

• The Ministry of Public Administration prepared a proposal amending the Law of Local Elections to simplify voting procedures and make them cheaper, as well as to delimit authorities between individual organs and bring them into compliance with a Council Directive to provide the EU citizens their voting rights. The proposal fixed the timing of elections to provide for predictability and legal protection. It also reduced the number of voting organs, some of which have proven obsolete, to delimit authorities between the national voting committee and the Ministry of Public Administration. The amendments additionally addressed the position of foreigners in line with the EU Council directive in terms of giving them both active and passive voting rights.

• The presidential elections in October and November were free and fair. In the first round, the incumbent president, Borut Pahor, an independent candidate running with the SD’s support, won a relative majority of 47.1 percent. Pahor was followed by Marjan Šarec, an independent candidate and the mayor of the mid-sized town Kamnik, who won 24.7 percent. The remainder of the results were as follows: Romana Tomc (SDS) with 13.7 percent; Ljudmila Novak (NSi) with 7.2 percent; Andrej Šiško with 2.2 percent; Boris Popovič with 1.8 percent; Maja Makovec Brenčič (SMC) with 1.7 percent; Suzana Lara Krause (SLS) with 0.8 percent; and Angelca Likovič with 0.6 percent. In the second round, Pahor won 53 percent and Šarec 47 percent.

• The organizers of the referendum on the second track of the Divača-Koper railway argued that the referendum should take place on the same day as the presidential elections, which would enable for a higher turnout and save about €3 million ($3.7 million). The government coalition, however, wanted to keep these two issues separate to prevent one influencing the other. As a result, two separate dates were set. The referendum’s organizers complained to the Constitutional Court, which decided that the decision for two separate dates was legitimate. The September referendum on this issue was characterized by a low turnout (20 percent), and a majority of voters supported the government’s plan (53 percent). The initiators of the referendum then complained to the Constitutional Court about unequal campaigning in the referendum, alleging that the government had access to more resources.

• At the elections in November to the National Council of Slovenia, a corporate representative body that plays an unimportant role in the legislative process, former Maribor mayor Franc Kangler regained a seat. Kangler was forced to resign from the mayoralty after facing a number of criminal charges and popular revolt in Maribor in 2012, and was later expelled from the National Council on the basis of his criminal convictions. The election process for the National Council was criticized for low transparency and political horse-trading. Moreover, only 3 female representatives were elected to the 40 member council.

Civil Society

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• The visibility and engagement of civil society in Slovenian public affairs has strengthened. Civil society, however, continued to face a lack of autonomy in 2017 due to the sector’s dependence on state funding. Moreover, there has been an ongoing trend of capture by political parties and lobbies, signaling weak transparency in the sector.

• The increasing visibility and engagement of civil society in political issues was evident in the major political events of the year, including responses to the ecological disaster caused by the Kemis factory fire, the possible negative environmental consequences of the Magna Steyr green field investment, and the costly and nontransparent planning of the second Divača-Koper railway track. However, these
events also revealed systemic problems in the NGO sector, including the strong dependence on individual sources of funding—specifically from the state—as well as capture by political parties and lobby groups. The fire that broke out in May in the Kemis factory highlighted the weak application of rules concerning the protection of the environment and public health, triggering a strong response from civil society, both locally and at the national level.33

- The strong civil society response to the Kemis factory fire gave impetus to opponents of the Magna Steyr green field investment, who argued that the construction of the Magna Steyr facility would likely have a negative impact on the environment, including deforestation, contamination of clear water sources, and the conversion of first class agricultural land into an industrial area.34 Those environmental NGOs that asked investors to show that they possessed all required environmental permits faced significant pressure. The government took the position that these requests would delay the process to the extent that it would be impossible to meet the investor’s expectations, thus making it impossible for the NGOs to act as guarantors of responsible investments. Moreover, the government’s attitude to the investment, as well as the increasingly aggressive behavior of pro-investment lobbying groups, resulted in threats of physical violence against some activists, with one representative of the environment NGO Slovenian E-Forum, Gorazd Marinček, asking for police protection.35

- Political parties and lobby groups continued to shield their activities under the guise of civil society organizations, indicating a lack of transparency and weak regulation in the sector. One of the most notable cases was opposition to the planned construction of a second track on the Divača-Koper railway. The government’s strategic plan for the railway projected costs of over €1.4 billion ($1.63 billion), leading a civil initiative, “We the taxpayers will not give in”, led by Vili Kovačič, to criticize the lack of transparency in the project, especially regarding Hungary’s role as a partner. The SDS seized the opportunity to undermine Miro Cerar’s government by coopting popular dissatisfaction with the Divača-Koper extension, and quickly lent its support to the movement, which helped the initiative to raise enough votes for a referendum held in September. The political capture of civil society organizations had negative implications for their perception and for active citizenship.36

- The sustainability of civil society organizations slowly recovered in terms of both finances and infrastructure, giving initiatives the ability to implement effective campaigns. Improvements were due, in part, to a better financing environment and greater cooperation between organizations, business groups, and the media.37 The stronger engagement between these groups was partly the result of previous crises, including the migration and refugee crisis, where civil society organizations informally adopted state functions including the protecting of vulnerable peoples’ human rights and opposing chauvinist and nationalist discourses.38

- In a March state visit, the Commissioner of the Council of Europe for Human Rights, Nils Mužnieks, highlighted the persistence of problems affecting Roma people living in Slovenia, such as unequal access to basic infrastructure including communal services, clean water, and electricity, which hindered their full integration into society. The Commissioner stressed the need for this situation to improve.39 During his visit, the Commissioner also called on the government to overcome delays in asylum procedures and strengthen protections for migrant children, and referred to the position of refugees in general and the so-called erased people of other nationalities who did not register after independence in 1991, and were consequently erased from the residence registers.40 Civil society organizations working in the legal profession have shed light on delays in the processing of asylum seekers since the beginning of 2017, arguing that lengthy procedural delays for asylum result in personal distress and increased processing costs for applicants.41

### Independent Media

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The role of the media in holding public figures accountable was constrained in Slovenia in 2017 due to the weak role of professional organizations, the poor economic situation faced by journalists, and links between media owners and political parties and lobby groups. Due to an inability to adapt to technological changes and other challenges, improvements in the macroeconomic environment have not translated into a more stable economic position for the majority of journalists.

Compared with the worsening situation for journalists and of the press in the region and around the world, the media environment in Slovenia has been relatively good. Nevertheless, despite being able to report freely on corruption and other sensitive issues, Slovenian journalists experienced pressure from politicians and influential people. Moreover, legal prosecutions for journalists reporting on politicians remained a possibility, although no prominent cases were documented in 2017. Several instances of pressure against journalists, however, were noted throughout the year. In August, the weekly Reporter ran an article smearing Evgenija Carl, an investigative journalist with the Slovenian national broadcasting service. Carl had investigated an influential SDS party member, Vito Turk, who had constructed a house without the necessary legal permits. Reporter is considered close to the SDS, and it attempted to discredit Carl by accusing her of having conflicts of interest. In July, a former European Court of Human Rights (ECtHR) judge and employee of the Ministry of Justice, Boštjan Zupančič, accused journalists of the daily newspaper Dnevnik of not independently reporting. Zupančič’s comments came in response to the Dnevnik journalists’ questions about the appropriateness of social media posts in which he referred to his female colleagues at the ministry as “retarded bureaucrats”.

Two years after the establishment of a government project group for precarious forms of work, and one year after drafting the proposal for decent work, the project group’s work stalled, and calls for stronger labor inspection went unheard. At a press conference in March, journalists’ representatives said that precarious working conditions, poverty, negative experiences with–and the practice of–labor inspection, and social dumping-based competition were still the mode of the day.

The Slovenian media market continued to be heavily distorted due to the growing number of the “political outlets”. In September, a new weekly called Scandal24 appeared on newsstands, containing news stories written by anonymous authors. The weekly was part of a SDS media project involving the television outlet Nova24TV and a webpage. The project was partly funded by circles close to the Hungarian Prime Minister, Viktor Orban, a SDS ally. Given the instrumental role of media, and the blurring of lines between general reporting and party propaganda, the increasing politicization of the media scene hampered the professional authority of journalists and the credibility of media outlets overall.

Mayors used local media outlets, funded and owned by the municipalities, for political purposes in practice, hindering the development of independent media at the local level. The Koper city government, for example, used the municipal news portal and newsletter for attacks on political opponents, as well as for a petition against refugees. The Association of Journalists of Slovenia, together with Transparency International Slovenia, regional newspapers, media experts, and the Trade Union of Journalists, called for an end to illegitimate and nontransparent practices of financing and illegitimate state aid to the local media.

In 2017, judicial authorities prevented the publication, or demanded removal of, several articles by issuing court orders, thus interfering in the work of journalists. In December, a court banned the weekly Reporter from publishing a story on Samo and Iza Login, two of the richest Slovenians, on the basis that it intruded on their personal lives. The publication was banned based on the intention to publish a story and not on actual produced content. In another case, public defenders representing the Slovenian Intelligence and Security Agency (SOVA) filed a suit against the news portal Pod črto for damaging the agency’s reputation by publishing articles on the trial of the former SOVA chief Iztok Podbregar. The news portal had to remove four articles. The same court had earlier decided that the documents on which the articles were based should be made publicly available. In addition to directly interferences
in press freedom, the situation was worsened by long court procedures that forced outlets to incur substantial financial costs.\textsuperscript{50}

- Concentration in the media market also presented a problem for media independence, with Pro Plus—owned by United Group, the broadcaster of several television stations and the most visited web page in Slovenia—controlling a substantial share of the advertising market. Pro Plus further strengthened its position in July by concluding an agreement with the telecommunications operator Telemach to provide television and mobile services. According to journalists’ associations, the structure of the media market does not allow for sustainable business models for the new players, and has been this way for years.\textsuperscript{51}

**Local Democratic Governance**

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- Slovenian municipalities have long enjoyed substantial autonomy. However, there have been some issues with financing, especially in the context of the economic and financial crisis and consequent austerity measures, and of the responsible use of public money and resources. The accountability of local authorities to local residents remained an issue throughout the year.

- In January, the National Assembly rejected changes to the law on municipalities that concerned a proposal to recall a mayor during his or her mandate, which would strengthen local authorities’ political accountability.\textsuperscript{52} The proposal was supported by coalition leader SMC and the opposition party Left (\textit{Levica}), while coalition partner SD and the opposition parties SDS and New Slovenia (\textit{Nova Slovenija}, NSi)—all of which had relatively more mayors among their ranks—opposed the proposal. The arguments against the proposal, shared by the Association of Municipalities and Towns of Slovenia,\textsuperscript{53} asserted that it would change the functioning of the local political system, introducing politicization and instability, and that a broader solution was needed to strengthen accountability and democratic control at all levels.

- In June, Slovenia’s government adopted proposals that would change the law on municipal financing. According to the proposal, inflation will no longer be a variable, and lump sum payments will be introduced. The proposal made the allocation of funds more transparent. In addition, the general macroeconomic and demographic situation in each municipality will be taken into account in determining payments, thus making allocations fairer. The Association of Municipalities and Towns of Slovenia, however, continued to criticize the system of financing, arguing that the government once again drafted a proposal without any proper ex-ante evidence-based analysis that would consider various possible alternatives, or which would take a holistic approach towards the issue of financing.\textsuperscript{54}

- The Court of Auditors, in its review of municipality expenditures in 2014 and 2015,\textsuperscript{55} determined that the amount of expenditure should better reflect the costs of tasks performed by the municipalities for their citizens. Moreover, the system of negotiations between the state and municipalities should be redefined, since actual negotiating between local authorities and the national government is scarce under existing procedures. Further, there was no specific delimitation of the nature and extent of the tasks municipalities must perform, based on numerous laws regulating this area. According to the Court of Auditors, neither the Ministry of Public Administration—responsible for local administration—nor the other ministries could resolve this issue, and some ministries were not even aware that municipalities perform certain tasks within their work domain.

- The Association of Municipalities and Towns of Slovenia highlighted some improvements in individual ministries’ attitudes towards local authorities. The Association argued that the Ministry of Environment and Spatial Planning’s approach, which involved local communities and their associations as stakeholders in the earliest phases of drafting regulations on spatial planning, was a positive example of this improving trend. The Ministry of Environment’s approach enabled a consensus to be reached at an early stage, and stymied ideas that might negatively affect local communities’ development well in
advance. In the Association’s view, the ministry did a lot to provide municipalities with instruments needed to use spatial planning as means of local development.56

**Judicial Framework and Independence**

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- The efficiency of the judiciary has improved and the number of backlogs in the court system has been reduced. In the past few years, several cases involving important individuals from politics and business raised questions of equality before the law and political bias in the judicial system, resulting in general distrust in the institution. Unwillingness to implement the decisions of the Constitutional Court perpetuated the politicization of the judiciary.
- The judicial system faced an uphill battle to restore confidence in the independence of judges and the notion of equality before the law, specifically in cases against influential individuals. In September, a former politician and influential businessperson, Igor Bavčar, finally began to serve his sentence for financial fraud after a number of successful attempts at avoiding imprisonment.57 However, at the same time, the case against the incumbent mayor of Ljubljana, Zoran Janković, was hindered by a court order requiring the destruction of evidence, due to the prosecution’s significant delays in filing an indictment. Despite facing a dozen charges, Janković avoided conviction in 2017. Prosecutors warned of the negative implications of the court’s decision for corruption and white-collar criminal offences, in which prosecutors typically need more time to prepare a case. The prosecution reacted to the court’s decision by publicly revealing the charges against Janković—a practice typically restricted in Slovenia—triggering debates over the balance between public interest and the rights of the accused, as well as the political role of prosecutors.58
- In October, the chief public prosecutor, Drago Šketa, suspended his predecessor, Zvonko Fišer, due to a criminal investigation against Fišer concerning the nomination of Boštjan Škrlec for the directorship of the prosecutorial office in 2012, just before the new government of Janez Janša came to office. The Commission for the Prevention of Corruption (CPC) in 2015 established that the process of Škrlec’s appointment to the directorship had signs of corruption. The Ljubljana County Court later repealed the CPC’s decision.59 The SDS has accused Fišer of being politically biased and involved in the plot against their leader, Janez Janša.60
- The coalition government failed to implement a 2014 Constitutional Court ruling on the equal public financing of private schools, which was supposed to be implemented by January 2018.61 Instead, in November, the coalition attempted to pass a constitutional amendment to overturn the Court’s ruling, which raised criticism from several constitutional law experts.62
- In its justice scoreboard published in April,63 the European Commission gave Slovenia positive scores for reducing the case backlogs. However, Slovenia had one of the lowest scores for perceptions of judicial independence among individuals and business entities.64 According to the Eurobarometer, public perceptions of judicial independence worsened, especially among private enterprises. On the World Economic Forum scoreboard, the perception of judicial independence improved slightly, again reaching 2010-2012 levels.65 Slovenia also received poor ratings for the level of information provided to clients about civil and criminal procedure. Since January, new procedural rules were put in place, and in February the National Assembly adopted changes to the law on legal procedure, which should contribute to better understandings of procedural timelines.66
- In April, the European Court of Human Rights (ECtHR) ruled that Slovenia should compensate Zoran Vaskrsić, whose house had been confiscated and sold at half its value in 2012 to cover a small debt of about €100 ($115) owed to a public company providing utilities. In response to the Vaskrsić case, the government has recently introduced legal changes to prevent similar instances from reoccurring.67
Corruption

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- Slovenia continued to face the problem of systemic corruption, as demonstrated in several high profile cases and reports on the lack of transparency. In recent years, one of the biggest institutional problems has been the poor public image and effectiveness of the Commission for the Prevention of Corruption (CPC), the central public institution responsible for transparency and the fight against corruption.

- The year 2017 marked the third anniversary of Boris Štefanec’s appointment to the chairmanship of the CPC, a designation that seemed to fulfill politicians’ intention to castrate the CPC with a weak leader. In the past, the CPC played a strong role in fighting corruption and exerting pressure on elites to deter corrupt behavior. Since then, the CPC has faced criticism due to Štefanec’s perceived incompetence, resulting in the resignations of key staff members, weak institutional performance, infighting, and a declining number of new matters. Moreover, under Štefanec’s leadership, notorious cases failed in the court system, or did not go to trial. The courts found that the CPC had made mistakes, including violating laws. Instead of working on these issues, Štefanec clashed with journalists reporting on irregularities at the CPC, and the CPC motioned procedures against former members critical of Štefanec’s work.68

- In June, Transparency International Slovenia identified certain risks arising from the construction of a second track along the Divača-Koper railway, a big strategic investment plan estimated at €1.4 billion ($1.63 billion).69 These risks included missing preparatory documentation outlining key information about the formation of the project, which was important, as studies have shown that numerous corruption risks in Slovenia emerge in the preparatory phase.70 The report further highlighted the need for a more comprehensive approach towards monitoring corruption risks, through involving independent experts based on public tenders, as well as public institutions including the CPC and the Court of Auditors. These public institutions expressed their concerns with certain elements of the project, such as the lack of transparency in the agreement concluded with Hungary that made it a partner in the project.71

- The special parliamentary commission investigating corruption in the healthcare sector over the purchase of vascular stents continued its work throughout 2017, revealing that the stents were purchased at four times the market price, that procurement services at hospitals breached budgets and intentionally violated public procurement laws, and that those responsible were aware of this violation but failed to respond to the issue. The special parliamentary commission additionally found that those in charge of the public procurement were even involved in the creation of regional monopolies in the Slovenian vascular stent market, that the National Bureau of Investigation failed to prosecute those involved, and that those involved in the scheme were linked with influential lobbyists, and even with the owners of media outlet Mladina.72 In November, the parliamentary commission investigating public investment in the coal power plant TEŠ 6, which became the catalyst for a major corruption scandal, published its draft mid-term report. The report held current president and ex-prime minister Borut Pahor, four former ministers—Andrej Vizjak of the SDS, Andrej Bajuk of the NSi, France Križanič of the SD, and Matej Lahovnik of Zares—and former prime minister and SDS leader Janez Janša politically responsible for avoiding public procurement procedures required by law.73

- In June, Slovenian media reported on money laundering that took place between 2009 and 2010 and involved Slovenia’s two largest banks, NLB and NKBM, both owned by the state at the time. While NLB was used by an Iranian citizen to finance a network of individuals involved in illegal activities around the world,74 the Italian mafia used NKBM.75 In both cases, despite clear indications of money laundering, those responsible within the banks—as well as in state institutions, including the current minister of Justice Goran Klemenčič, president of the CPC at the time—did not do everything in their
powers to address this issue. In November, Klemenčič faced interpellation due to the “Iran-gate” issue, but only 18 MPs voted against him (and 47 in his favor).76

- The Ministry of Public Administration adopted a new program for strengthening integrity and transparency for 2017-2018. Transparency International, in their comments on the program, argued that more a comprehensive system is needed to address numerous systemic problems affecting transparency in Slovenia, particularly in relation to high budget and high risk projects. These include lobbying and spin doors, stalled legislative reform, public procurements, and whistleblower protection. Suggested areas of reform encompass systematic cooperation and partnership with civil society, increased training of public officials, legal trace, rapid access to public information, transparent ownership, improved staffing in public administration and publicly owned companies, more stringent transparency of election campaign financing and political parties, and integrity in local self-government and in the private sector.77

- Members of the National Assembly made no progress in adopting a code of ethics. In May, Transparency International reminded the president of the National Assembly about this issue, but received no response. The preparatory activities for adopting the code, which commenced at the beginning of the government’s mandate, have ground to a complete halt. Before the 2014 elections, most MPs promised to sign the code, although it remained unclear by the end of the year whether these promises were genuine. A June report by the Group of Countries against Corruption (GRECO) emphasized the importance of the preventative mechanisms that a code of ethics would promote.78

- Slovenia’s score on Transparency International’s Corruption Perceptions Index 2017 was 61/100, unchanged from 2016 and the same as it was in 2012.79 The OECD and the European Commission highlighted the poor image of the CPC, citing ineffective leadership as one of the main reasons. The government was considered proactive, but slow, and the police and prosecutors more systematic, due to higher numbers of staff, but the effects of these slow efforts remained unclear in 2017. There were some positive improvements in the private sector, while problems remained with the role of civil society and the media.80

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