

# REPORT ON THE FIGHT AGAINST CORRUPTION IN SLOVAKIA

## Introduction

*CORRUPTION MEANS THE ABUSE OF POWER REGARDING ANOTHER PERSON'S PROPERTY OR RIGHTS WITH A VIEW TO OBTAINING IMPROPER ADVANTAGES FOR ONESELF* and is one of the most salient problems of our times that needs to be addressed. To a certain extent, corruption exists in any society. However, widespread corruption indicates that there is a problem in the society and the country.

The coalition that issued from September 1998 elections ascribed the fight against corruption a very prominent place in the Government Programme. *The priority focus in combating corruption in the Slovak Republic is on the elimination of its underlying social causes, in particular on restoring the operation of market mechanisms and, in the legal area, on criminalizing active bribery and implementing international agreements on the fight against corruption.*

## New institutional framework

In the repression area:

- Ⓢ **Ministry of Justice** participates in drafting the legislation designed to fight corruption and concerning requests for mutual international legal assistance,
- Ⓢ **Office of Prosecutor General** - The *Anticorruption Unit* established in 2000 within the PG Office deals with major corruption cases and coordinates lower-level prosecutors in such areas as corruption, drug-related crime, organised crime and money laundering,
- Ⓢ **Ministry of the Interior** takes part in the development of general policies for fighting corruption and in the drafting of relevant legislation. A specialised anti-corruption unit established within the Organised Crime Section of the Slovak Police Corps Presidium – *the Department for Combating Corruption* – has the task of disclosing and documenting criminal offences of bribery, cases involving senior public officials and members of local government bodies, judiciary, prosecutors, and privatisation-related offences (the Department was set up in November 1998),
- Ⓢ Creation of a **Special Anti-corruption Unit within the Office of Prosecutor General** (expected in the 2<sup>nd</sup> half of 2001) involving:
  - a special prosecutor,
  - investigators,
  - criminal police officers.

In the area of transparent functioning of the economy:

- Ⓜ **Public Procurement Office** – the Office was established as a body for organising and controlling public procurement (as from 1 January 2001)
- Ⓜ **Financial Market Office** – regulatory body for insurance and capital market (as from 1 November 2000),
- Ⓜ **Supreme Audit Office** has the competence for auditing and controlling State budget expenditures and administration of state-owned assets; under the amendment of the Constitution of the Slovak Republic, its control competencies have been extended to cover all entities financed from or administering State budget funds as from 1 July 2001,
- Ⓜ **Financial Control Administration** (body of the Ministry of Finance for controlling the use of State budget funds in individual budgetary chapters) – as from 1 April 2001 its control competencies have been extended to include the management and use of funds from the European Union,
- Ⓜ **Civil Service Office** – State authority for civil service (expected to be established as from 1 January 2002),
- Ⓜ **National Security Authority**.

Other:

- Ⓜ **Deputy Prime Minister for Economic Affairs entrusted with the task of coordinating fight against corruption,**
- Ⓜ **Steering Committee on the Fight against Corruption** – a nation-wide alliance,
- Ⓜ **Central Coordination Unit for Fighting Corruption at the Government Office of the Slovak Republic** (as from 1 February 2000).

## **National Programme for the Fight against Corruption**

Key document for the Slovak Government in this area is the **NATIONAL PROGRAMME FOR THE FIGHT AGAINST CORRUPTION** ("National Programme" hereinafter), approved by the Government on 21 June 2000. The Government developed the Programme in cooperation with non-governmental organisations (Transparency International Slovakia)

Objectives outlined in the National Programme are based on the following **three main pillars**:

1. elimination of the situations where corruption can potentially occur,
2. increasing the risk resulting from corrupt practices,
3. enhancing public sensitivity to corruption.

### **Elimination of the situations where corruption can potentially occur**

Principal remedy in this area is access to information. Act No. 211/2000 Coll. on Free Access to Information effective from 1 January 2001 is one of the main pillars of the National Programme. In principle, this legal norm allows access to any information apart from classified data. Moreover, transparency of public administration as a whole must be increased, subjective elements in decision-making minimised, unnecessary administrative barriers removed, public procurement be made more transparent, corruption in state enterprises eliminated, mainly through reducing the influence of the government.

### **Increasing the risk resulting from corrupt practices**

In addition to prevention, corrupt practices must carry a greater risk.

It is therefore important to require public officials to submit declarations of assets. Moreover, investigation methods need to be considerably strengthened, e.g. through deploying special agents for combating corruption, creating prerequisites for the use of effective contrition, etc. Risk connected with corruption can also be increased through harsher punishment.

### **Enhancing public sensitivity**

The third main pillar is enhanced public sensitivity to corruption. The first barrier to corruption is a high personal and moral standard. This barrier must be as strong as possible. Public must be incessantly informed of the harm caused by corruption. Detected corruption cases should be brought to the attention of the public, together with the computation of estimated damages. Education aimed at lowering tolerance to corruption should start at schools in the context of ethics classes. NGOs and media should be enlisted to cooperate in enhancing public awareness.

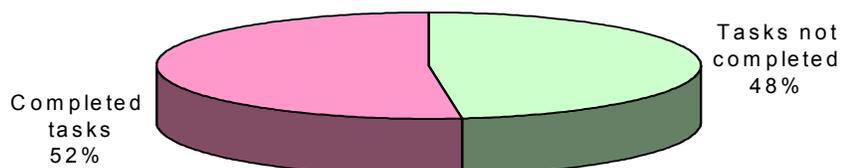
## **Action Plan of the Fight against Corruption**

The document ensuring practical implementation of the National Programme for the Fight against Corruption is the **ACTION PLAN OF THE FIGHT AGAINST CORRUPTION**. The Action Plan sets out **1,684 concrete tasks** for all public administration bodies. Central government agencies and state administration bodies have developed their own plans for fighting corruption, geared to the problems identified in their areas of competence, using appropriate forms and methods, and have thus obtained an instrument for improving their situation and performance. The Slovak government recommended the institutions that are outside of the executive branch (NGOs) to also carry out certain activities in the fight against corruption.

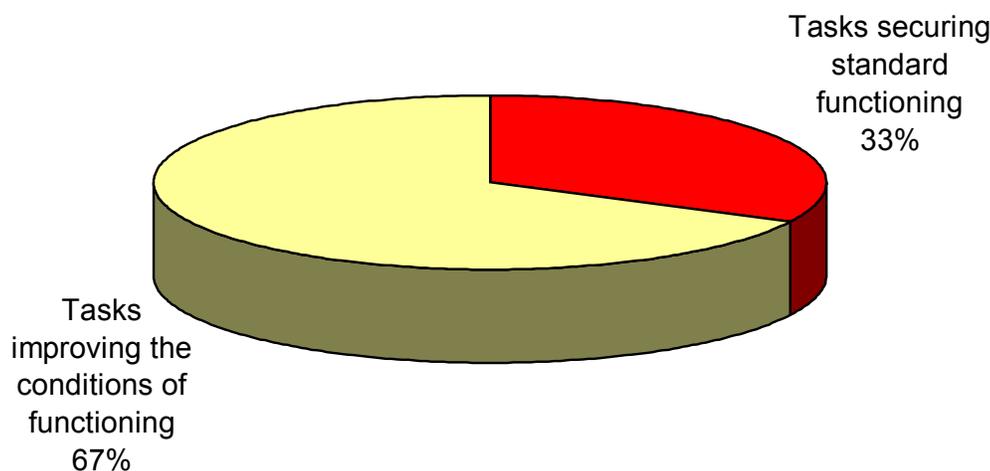
**The material on reviewing the effectiveness of Action Plan was submitted** in June 2001. The analysis of this document serves as the basis for identifying new priorities in dealing with corruption. Evaluation of individual action plans was based on the premise that reported results must be "real rather than formal". It was carried out in 2 stages and reflected, on the one hand, the fulfilment of tasks as reported by individual sectors as to 15 January 2001 and, on the other hand, assessments made by around 30 independent experts and focusing on the nature of the task and its fulfilment status. The first evaluation round completed in March 2001 set the completion rate of all tasks at 39%. However, sectors concerned and members of the Steering Committee on the Fight against Corruption perceived this assessment to be too stringent and it was therefore decided to allow more time for updating the reports on the status of fulfilment of individual tasks. Following a number of meetings between the representatives of various sectors, experts and members of the Central Anticorruption Unit, the rate of completion was established at 51.5%, i.e. 869 of 1,684 tasks.

Independent experts' opinions and assessments lead to the conclusion that 67.5% of tasks resulted in improving the performance of state administration, while 32.5% of tasks secure its standard functioning.

### Status of fulfilment of Action Plan tasks - June 2001



### Action Plan tasks, by importance - June 2001



Action Plan of the Fight against Corruption contains a detailed overview of the incidence of corruption and of the plans of individual state authorities to effectively curb corruption. Through the execution of a number of tasks many institutions improved their performance and increased their transparency. The Action Plan met the expectations in this regard even in spite of certain shortcomings concerning task description and, in particular, execution.

We can speak about successful implementation of the Action Plan as a whole only after all the tasks have been completed. It is necessary to make an internal decision about the date of completion of those tasks for which the Action Plan does not envisage exact completion dates. A substitute date must be set for the tasks whose execution has been delayed. Further progress also requires making an in-progress evaluation of the tasks set out

in the National Programme and defining new priority tasks, based both on the National Programme and on newly identified incidences of corruption.

## **Some results of the fight against corruption**

### *Compliance with the law:*

Corruption is criminalized under the **CRIMINAL CODE**; on 11 April 2001 the Government approved the imposition of harsher sentences for corruption. (The upper sentencing rate for active bribery was increased from one to two years of imprisonment and sentencing for the abuse of office from two to three years of imprisonment.)

**Act No. 173/2000 Coll.** amending and supplementing Act No. 141/1961 Coll. on **CRIMINAL PROCEDURE (Code of Criminal Procedure)** as amended allows prosecutors to bring a complaint if they do not agree with the decision not to take a person into custody.

New **LAW ON JUDGES AND LAY JUDGES** contains a separate section that provides for disciplinary proceedings against judges.

Amendment of Act No. 233/ 1995 Coll. on Court Executors and Execution (**EXECUTION CODE**) No. 280/1999 Coll. has introduced the possibility of filing legal remedies at different stages of execution proceedings, thus clearly enabling parties to the proceedings to seek protection against unlawful acting in concordance of judges and court executors.

New **LAW ON THE FIGHT AGAINST LEGALISATION OF PROCEEDS FROM CRIME No. 367/2000 Coll.** took effect as from 1 January 2001. As a result, it was necessary to amend Act on the Police Corps (Act No. 171/1993 Coll. as amended), Banking Act (Act No. 21/1992 Coll. as amended), Foreign Exchange Act (Act No. 202/1995 Coll. as amended) and Administrative Infraction Act (Act No. 372/1990 Coll. as amended).

**A COMPUTER-BASED SYSTEM OF RANDOM DISTRIBUTION OF CASES TO JUDGES** was introduced in cooperation with the Swiss Ministry of Justice at the Banská Bystrica District Court. This system speeds up court procedures and guarantees the observation of the constitutional right to a lawful judge by preventing arbitrary assignment of cases and/or handling of court files. The Government approved the use of the Government reserve fund (SKK 118 million) to implement this model at all district courts in the Slovak Republic. The remainder is to be financed by the EU through re-allocations from the FM 1999 – SKK 80 million.

**THE COMPANY REGISTER** was published on the Internet in pilot operation in October 2000. Its regular operation which started on 1 January 2001 has contributed to creating a more transparent business environment. Accelerated procedure, i.e. processing of applications for entering a company in the company register within a certain time limit upon the payment of a higher court fee is also expected to curb corruption. As a result of this measure, amendments will be required in the Commercial Code, Civil Procedure Code and the law on court fees; these amendments are to take place by September 2001.

**OMBUDSMAN** – the institute of a public human rights guardian aims at helping people to exercise their constitutionally guaranteed rights and freedoms. The law, which is currently

under preparation, will regulate the status of the human rights ombudsman and legal protection of natural persons and legal entities. The creation of the ombudsman institution is another important prerequisite for the fight against corruption.

▣ *Elimination of subjective influences on decision-making processes*

**ACT ON FREE ACCESS TO INFORMATION** (passed by the National Council of the Slovak Republic in May 1999) effectively suppresses corruption-prone situations and, moreover, significantly increases the risk of detection, allows people to directly control the exercise of public power, the use and re-distribution of public funds. Access to information is open to all persons; applicants are not required to give the reason for or justify the purpose of information requested.

**SETTING UP A REGISTER OF LICENCES, CONCESSIONS AND PERMITS.** This document can be found on Government website [www.government.gov.sk](http://www.government.gov.sk) under Resolution No. 33/2001; its aim is to list the existing licences and permits issued by central government agencies. This task was introduced with a view to increasing the transparency of issuing licences and permits and identifying main problem areas. The Analysis was used as the basis for adopting **BASIC PRINCIPLES FOR ISSUING LICENCES, CONCESSIONS AND PERMITS ADMINISTERED BY CENTRAL GOVERNMENT AGENCIES AND OTHER STATE ADMINISTRATION BODIES.**

A working group that has been set up to prepare the **LAW ON LOBBYISM** (with the participation of the Central Coordination Unit) currently compiles background documents for drawing up the draft legislation. In order to prepare qualified grounds to justify the need to pass a law on lobbyism in the Slovak Republic, it presently works on a comparative study of relevant legislation in the United States and selected European countries.

Another important measure is the **ANALYSIS AND PROPOSAL OF SYSTEMIC MEASURES TO IMPROVE THE WORK OF CADASTRAL AUTHORITIES** (reform of administrative management, financing reform). The aim of the analysis is to propose an optimum model for the functioning of cadastral authorities which, as diagnostic surveys suggest, is affected by corruption.

**ACT ON CIVIL SERVICE**

**NATURE, CAUSES AND CONSEQUENCES OF CORRUPTION – training block of TIS**

▣ *Management of state-owned property:*

**PRIVATISATION INFORMATION MINIMUM** – the tasks set out under the Privatisation Information Minimum will foster the fight against corruption in the process of privatisation and increase the transparency of public administration. To reach this objective, it is necessary to secure its speedy fulfilment and to publish relevant data on the website of the Ministry for Administration and Privatisation of National Property and of individual founding ministries in conformity with Act No. 92/1991 on the Transfer of State Property to Other Persons as amended, Act No. 211/2000 on Free Access to Information, Act No. 52/1998 on the Protection of Personal Data in Information Systems and Act No. 263/1999 on Public Procurement.

Another piece of legislation that is relevant for combating corruption is **PUBLIC PROCUREMENT ACT NO. 263/1999 Coll.** effective from 1 January 2000. The Act provides for the possibility to monitor tender proceedings by third persons, i.e. independent institutions, upon the request of the Contracting Authority. The amendment to the Public Procurement Act approved in April 2001 increased the transparency of "below-the-threshold" procurement.

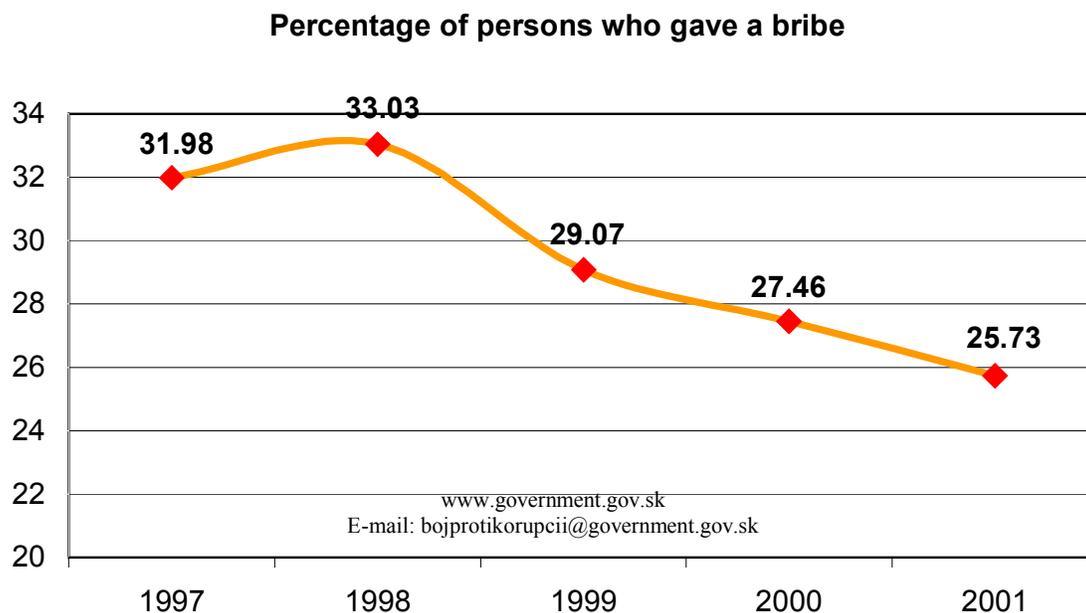
## **Basic indicators of the incidence of corruption in the society**

### **Efforts at eliminating causes of corruption**

The latest questionnaire survey of the perception of corruption and people's experience with corruption, conducted in June 2001 by the Public Opinion Polling Institute on a sample of 1240 respondents, shows that key indicators of the occurrence of corruption in Slovakia post a clear downward trend.

#### **Graph**

**Percentage of respondents who admit to have given a bribe in cash or kind in individual years (in % of replies)**



**Source:** Statistical Office of the Slovak Republic.

*The percentage of people who gave a bribe, i.e. a consideration in cash or kind (gift, kickback, tip, gratuity - often involuntary) of a certain value in 2001 was 25.73 percentage points, i.e. an improvement of 1.73 percentage points over 2000.*

*The percentage of people who did not give a bribe in cash or in kind in 2001 was 74.26%, i.e. an increase of 7.28% over 1998. This relatively marked increase is due primarily to harsher sentencing rates for corruption-related offences and re-introduction of the criminal offence of active corruption in 1998.*

## Occurrence of corruption in individual areas

The areas in which the perception of corruption significantly declined - general trend of the incidence of corruption is positive, but with uneven results.

Three categories were identified:

-  category – significant reduction of corruption in the areas that had a high incidence of corruption in the past;
-  category – slight decrease in the areas that had a relatively low incidence of corruption in the past;
-  category – problem areas.

**The following table shows the areas where the incidence of corruption increased or decreased.**

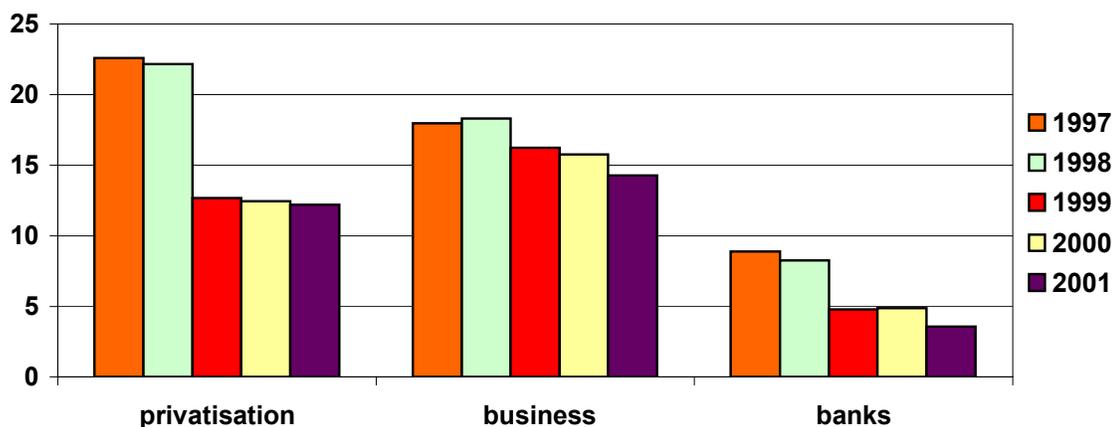
| <b>Areas where, in the opinion of the respondents, they feel compelled to give a bribe</b> |              |              |              |              |             |
|--|--------------|--------------|--------------|--------------|-------------|
|  | 1997         | 1998         | 1999         | 2000         | 2001        |
| Courts   | 22.51        | 23.65        | 26.37        | 26.18        | 37.96       |
| <b>Privatisation</b>   | <b>22.59</b> | <b>22.17</b> | <b>12.67</b> | <b>12.46</b> | <b>12.2</b> |
| <b>Banks</b>   | <b>8.9</b>   | <b>8.27</b>  | <b>4.78</b>  | <b>4.87</b>  | <b>3.5</b>  |
| Police   | 14.45        | 16.71        | 14.18        | 17.18        | 18.9        |
| Healthcare   | 66.62        | 68.93        | 66.77        | 66.89        | 72.37       |
| Education  | 28.59        | 33.72        | 27.89        | 32.01        | 34.41       |
| <b>Private business</b>  | <b>17.95</b> | <b>18.3</b>  | <b>16.25</b> | <b>15.78</b> | <b>14.3</b> |
| Customs offices  | 5.1          | 6.32         | 6.85         | 6.12         | 5.9         |
| Tax offices  | 6.69         | 7.03         | 7.81         | 6.64         | 5.82        |
| Labour offices   | 8.29         | 8.43         | 6.69         | 8.48         | 5.65        |
| Trade Licence Offices  | 3.57         | 2.97         | 2.63         | 3.32         | 2.67        |
| Regional, district, municipal, local authorities   | 14.37        | 12.57        | 13.55        | 12.83        | 12.6        |
| Other  | 6.24         | 2.73         | 5.42         | 2.58         | 4.68        |

### Areas showing a significant decline of corruption

It is a very positive fact that in 2001 there has been a decline in the perception of corruption in the *process of privatisation* (only 12.2% of the respondents believe that bribery in this area is necessary) by up to 10.39 percentage points compared with 1997. Similar situation exists in the *banking sector* where the perception of the need to give a bribe dropped by 5.4% from

8.9% in 1997 and in private business where the need to give a bribe decreased to 14.3%, i.e. by 4.0% compared with 1998.

### Perception of the need to give a bribe



**Significant reduction of corruption is due to improvements in the business environment and increased transparency of economic processes.** Measures adopted to improve the business environment include macroeconomic stabilisation, restructuring of the banking sector, bankruptcy and composition law, public procurement law, reform of the lien legislation and tax reform.

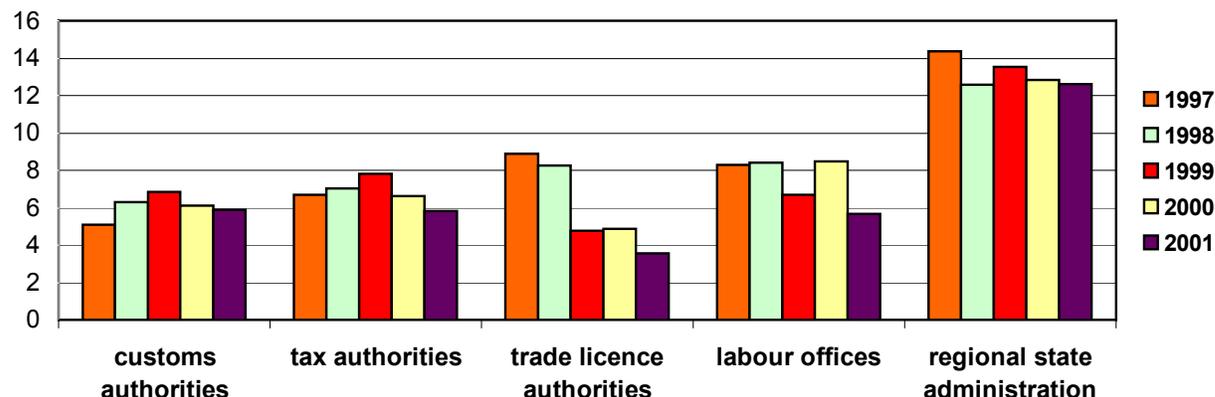
*The percentage of respondents who did not give any bribe in cash or kind in the public sector (healthcare, education, prosecution, police and courts) in 2001 was 63.15 percentage points; 18.34% of respondents faced such a situation once, 11.69% twice, 3.31% three times and approximately 3% of respondents gave more than three bribes in 2001.*

*The percentage of respondents who did not give any bribe in cash or kind in another area (when seeking employment, commissions, loans, credits, in the privatisation, at trade licence, tax, customs or municipal authorities) in 2001 was 85.45 percentage points, i.e. an increase of 8.5% over 1997; 10.06% of respondents faced such a situation once, 2.94% twice, 0.74% three times and approximately 0.82% of respondents gave more than three bribes in 2001.*

### Areas with a moderate decrease of corruption

Moderate decrease of corruption was attained due to improvements in the performance of state administration. The perceived need to give a bribe in cash or kind at *tax authorities* went down by almost 2% from 7.81% in 1999; at *labour offices* it decreased by 3% against the year before (8.48%) and at *trade licence authorities* by approx. 1% compared with 1997 (3.57%).

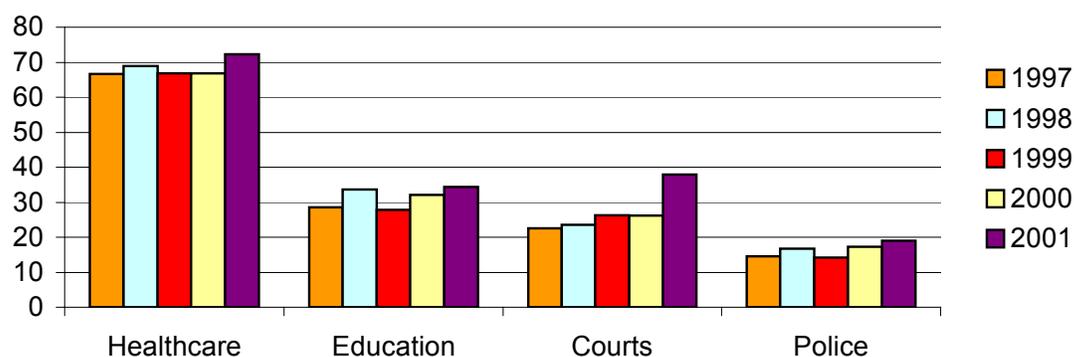
### Perception of the need to give a bribe



### Problem areas

Perception of corruption is high in the sectors that are more or less autonomous on state administration. It deteriorated in the judiciary and police. Systematic deterioration was recorded also in the sphere of education. *The percentage of respondents who did not give any bribe in cash or kind in another area (when seeking employment, commissions, loans, credits, in the privatisation, at trade licence, tax, customs or municipal authorities) in 2001 was 85.45 percentage points, i.e. an increase of 8.5% over 1997; 10.06% of respondents faced such a situation once, 2.94% twice, 0.74% three times and approximately 0.82% of respondents gave more than three bribes in 2001.*

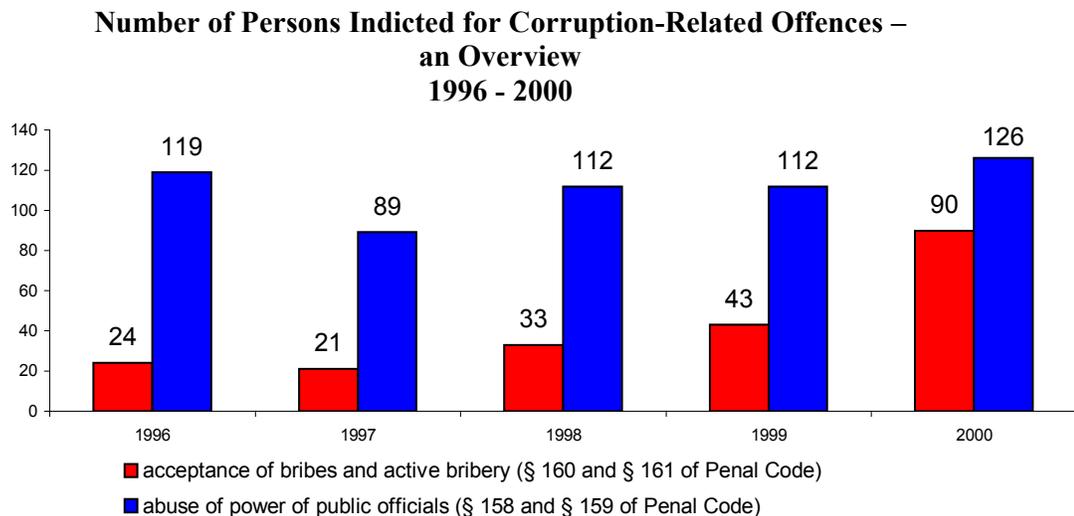
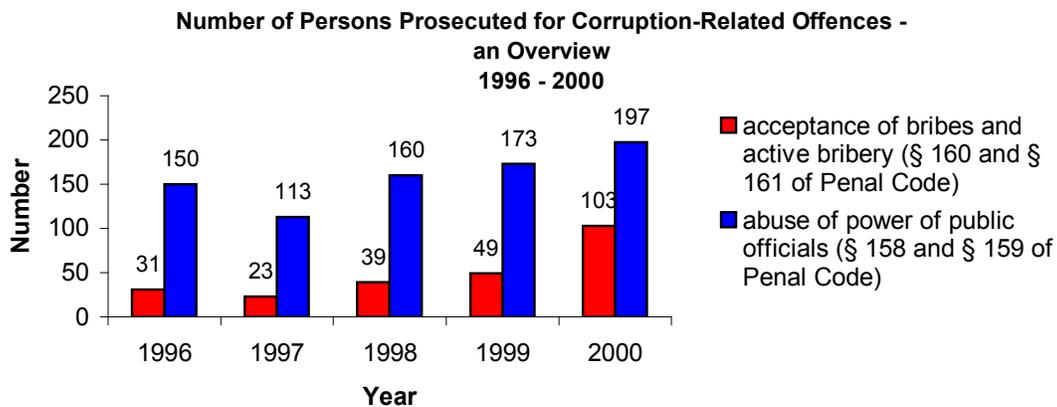
### Perception of the need to give a bribe



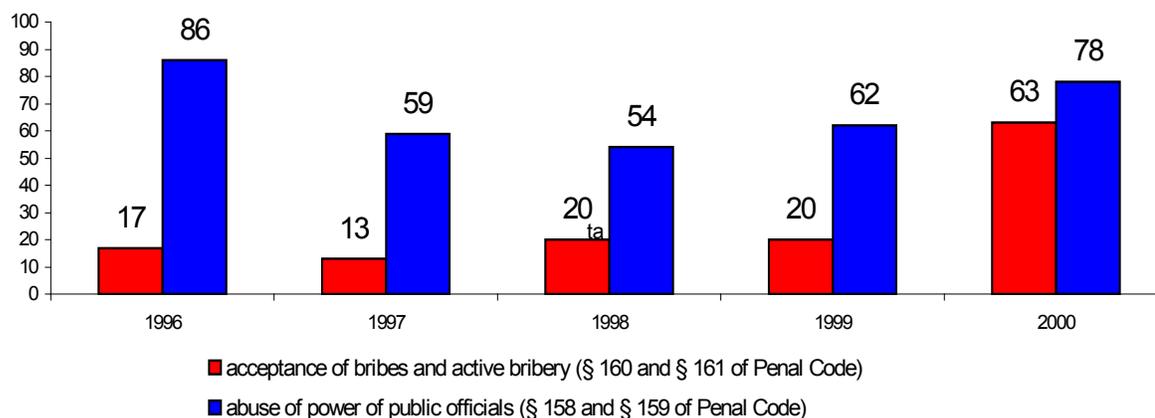
### ✿ Effectiveness of combating corruption

The effectiveness of efforts at combating corruption has increased. This is evident from the improved capability to identify and prosecute corruption cases, to indict and eventually sentence persons convicted of corruption.

Criminal prosecution was opened in 2000 in 116 cases of corruption, representing an increase of approx. 50% over 1999 when 50 cases were recorded (charges were brought in 44 cases and 21 persons were convicted). The comparison with 1998 (15 cases) and 1996 (20 cases) clearly reveals a substantial increase compared with the number of cases prosecuted in previous years. Statistical surveys indicate an increase in the number of persons who did not give any bribe in cash or kind (1999: 70.9%; 2000: 72.54%), possibly as a result of the re-introduction of criminal offence of active corruption in 1998.



**Number of Persons Convicted of Corruption-Related Offences –  
 an Overview 1996 - 2000**



The increasing capability of law enforcement bodies to identify and effectively punish corruption is in line with the overall trend of strengthening the capabilities for suppressing white-collar crime. This is not surprising, because corruption is very often linked with economic forms of crime. Economic crime that prevailed in 1993 - 1994 is not identical with the crime recorded more recently or in 2000. Its prevalent forms today involve the use of qualified, professional and, in particular, more highly organised methods with international elements. But, at the same time, law enforcement bodies improve their capabilities for identifying and suppressing this type of crime. This is also documented by the following Table which shows the long-term trend of improved detection and clearance of white-collar crime. Because of the highly latent nature of economic crime, increasing number of detected criminal offences is a positive indicator.

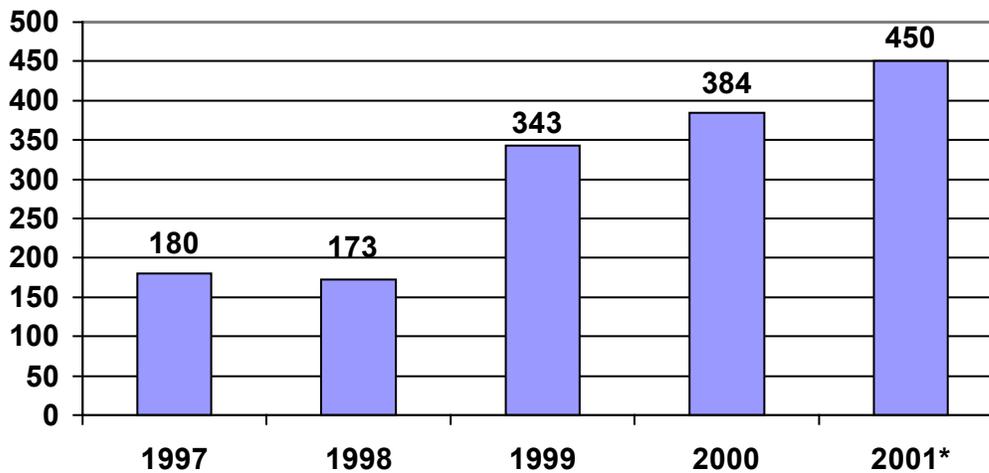
**Table**  
**Number of detected and cleared white-collar crimes**

| Year                     | 1997 | 1998 | 1999 | 2000  |
|--------------------------|------|------|------|-------|
| Number of detected cases | 4716 | 4913 | 5902 | 6686  |
| Clearance rate (in %)    | 67.4 | 68.6 | 70.2 | 74.4% |

**✿ Public sensitivity to corruption**

In spite of the reduced level of corruption in the society, as indicated by relevant surveys and improved capability of law enforcement bodies to suppress corruption, this topic is increasingly important. This is evident from the number of articles devoted to corruption in Slovak print media. This indicator also shows increasing public sensitivity to corruption.

**Graph**  
**Number of articles devoted to corruption in Slovak print media**



\*2001 estimate (as of 20 June 2001 – 222 articles)  
Source: Storin

### ✿ Summary of basic indicators

- Incidence of corruption is on the decrease;
- Capacity to suppress corruption is on the rise;
- Public is more sensitive to corruption.

The analysis of the Action Plan of the Fight against Corruption and of the surveys reveals priority areas and indicates that corruption entails higher costs in macro-fiscal area, reduces effectiveness of investment and clearly impairs the creditworthiness of the country. The strategy of further fight against corruption will have to produce specific tangible results and, in particular, generate public trust in the possibility to turn the public sector into an effective, transparent and open sector which caters for the needs of citizens and of the business community. Admittedly, the weakness of new state institutions, apathy and lack of interest of the population represent an enormous handicap in the implementation of an effective corruption-combating strategy. Both these problems will have to be explicitly addressed if the strategy is to be successful.

### ✚ Slovakia in international comparison

As regards the incidence of corruption, Slovakia has the worst rating of the CPI index of all V4 countries, although the difference between Slovakia and the Czech Republic is relatively small. Slovakia was also the only country where the negative trend was reversed after it had launched the National Programme for the Fight against Corruption and where the score slightly improved. If the current trend continues, Slovakia will close the gap by 2002 and its corruption level will become comparable with that of the Czech Republic and Poland. Its CPI of 3.7 in 2001 represents certain improvement over the previous year when Slovakia ranked 52<sup>nd</sup> with the CPI index of 3.5. Compared with 1999, CPI value dropped by 0.2 and, because of shifts in the rating of certain other countries, Slovakia moved one place higher.

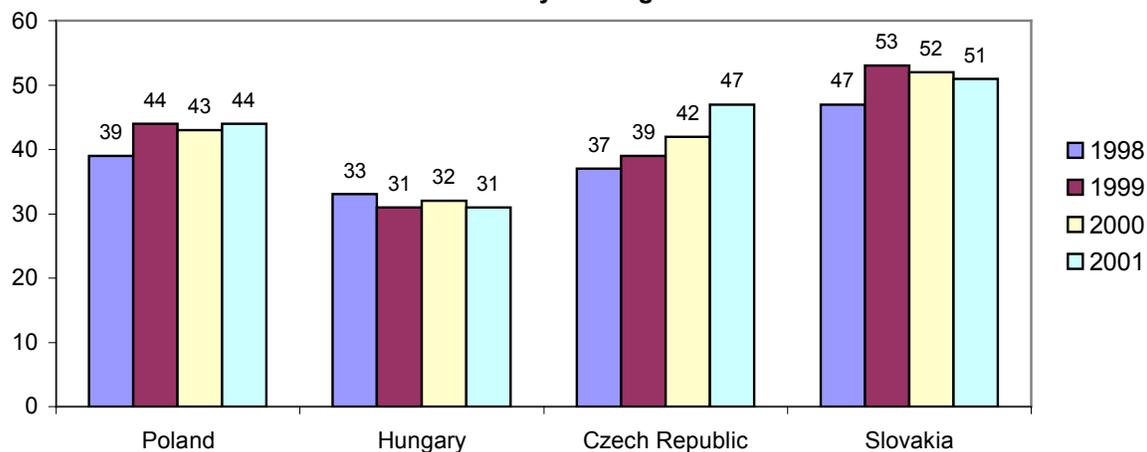
**Table: Corruption Perception Index in V4 Countries, 1998 – 2001**

|                       | 1998  |         | 1999  |         | 2000  |         | 2001  |         |
|-----------------------|-------|---------|-------|---------|-------|---------|-------|---------|
|                       | Score | Ranking | Score | Ranking | Score | Ranking | Score | Ranking |
| <b>Poland</b>         | 4.6   | 39      | 4.2   | 44      | 4.1   | 43      | 4.1   | 44      |
| <b>Hungary</b>        | 5.0   | 33      | 5.2   | 31      | 5.2   | 32      | 5.3   | 31      |
| <b>Czech Republic</b> | 4.8   | 37      | 4.6   | 39      | 4.3   | 42      | 3.9   | 47      |
| <b>Slovakia</b>       | 3.9   | 47      | 3.7   | 53      | 3.5   | 52      | 3.7   | 51      |
| <b>Lithuania</b>      | 2.7   | 71      | 3.8   | 50      | 4.1   | 43      | 4.8   | 38      |
| <b>Latvia</b>         | -     | -       | 3.4   | 58      | 3.4   | 57      | 3.4   | 59      |
| <b>Slovenia</b>       | -     | -       | 6.0   | 25      | 5.5   | 28      | 5.2   | 34      |
| <b>Ukraine</b>        | 2.8   | 69      | 2.6   | 75      | 1.5   | 87      | 2.1   | 83      |

Note: 10 = free of corruption, 0 = maximum degree of corruption

Source: Transparency International

**Corruption Perception Index in V4 Countries in 1998 – 2000,  
by ranking**



### Corruption Perception Index in V4 Countries in 1998-2001, by score

