

**REPUBLIC OF CROATIA
MINISTRY OF JUSTICE**

**JUSTICE SECTOR SUPPORT PROJECT
Loan No. 7888-HR**

**PROGRESS REPORT
for the period
July 1, 2014 – June 30, 2015**

Zagreb, July 2015

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I Key Activities Report

for the period July 2014 through June 2015

Foreword

The project objective is to improve efficiency of Croatia's justice system. This is proposed to be accomplished through support for implementation of key reforms related to Croatia's justice sector as well as strengthening the efficiency and adjustment of the Croatian judicial system to the European Union standards.

During the reporting period MoJ continued with management of contracted civil works, procurement and installation of IT goods, as well as with preparations necessary for advertising further activities envisaged by the Procurement Plan.

The following events and developments have significantly affected the Project implementation during the reported period:

a) Implementation in general

After restructuring the Project at the end of 2013, decreasing the Loan amount to 17,0 mil EUR (from 26,0 mil) and cancelling several major Project activities (reconstruction/adaptation of the court buildings in Karlovac and Split), the Project was less burdened with budget restrictions and there were less problems with planning the adequate amounts in the MoJ budget.

However, in March/April 2015 it became apparent that it will be impossible to complete some significant activities prior to Project Closing Date, therefore talks on extending the Loan were initiated.

Extension was granted in late May 2015 with the new Closing date set for June 30, 2016. This will enable smooth completion of the ongoing activities and designing/procuring some new ones.

Procurement

The following procurement activities during the reporting period were carried out:

I Improving the Efficiency of the Court System

CS-38, CS-40, CS-41, CS-50, CS-51 – Design Modifications for various court buildings

- During the second half 2014 all design documentation for reconstruction/extension of court buildings in Osijek, Sisak, Benkovac and Ivanić Grad were completed and used for obtaining financing for civil works on these buildings from IPA 2011 funds. All works were successfully tendered and contracted in early 2015. The total contracted amount for reconstruction of these court buildings amounts to some 8 mil EUR

CS-53 Technical Assistance to Personal Bankruptcy

- Within the talks on possible extension of the Project the MoJ has introduced a new activity to be financed from the Loan. Namely, Croatia has decided to introduce a system of Personal Bankruptcy (Consumer's Bankruptcy) into its legal system. The legislative framework is in parliamentary procedure and it is planned that the Law on Consumer's Bankruptcy shall come into effect on 01 January 2016. In preparing the overall legal and implementation framework for this new system in Croatian legal practice, extensive training program for all participants in such proceedings shall be organized through the Project – i.e. training on personal bankruptcy for FINA mediators, judges of municipal courts and trustees in bankruptcy. TOR for this assignment was advertised in July 2015, and work on preparing the training program and delivering it is planned to commence in September 2015.

CS-54/G-20 Design and Procurement/Installation of Security Systems in Judicial facilities

- Another activity that was added to the Project during the negotiations on extension is preparation of designs and technical documentation for the technical systems of physical security in facilities of the justice system, and subsequently procurement of such systems and their installation. TOR for designing services is in preparation and is scheduled for publishing in July/August 2015.

G-14 Procurement of Basic IT Equipment (PCs)

- Within this activity 3.300 all-in-on PCs were supplied and installed in Croatian courts and SAO offices. Namely, vast majority of PCs used within the system were old and incapable of running IT applications developed over the past years, therefore almost all need to be replaced. This activity was completed in second half 2014.

G-18 Procurement of Basic IT Equipment (PCs, Printers and Servers)

- Additional 3.000 PCs, 500 printers and 15 servers were contracted in June 2015. Apart from the reason stated above, the MoJ has in the meantime rationalized the court (and prosecutors') network in Croatia. As a result there are fewer courts across the country, however almost every first instance court has one or more dislocated "Permanent Attendances" that are operating as an integral part of the matrix court. Management of these attendances, allocation of cases, caseload management and other processes are all performed through the ICMS system (e-Spis). Therefore additional equipment was needed in support of the changed business processes.

It is worth mentioning that so far some **7.740 PCs, 1.680 printers, 113 servers**, as well as other IT equipment were supplied to the justice system through the **JSSP Project** (Contracts G-1, G-10, G-14 and G-18). By this equipment the IT inventory within the justice system was almost completely renewed and has enabled it to operate on the newly developed IT applications (several major applications were also financed by WB funding from the start).

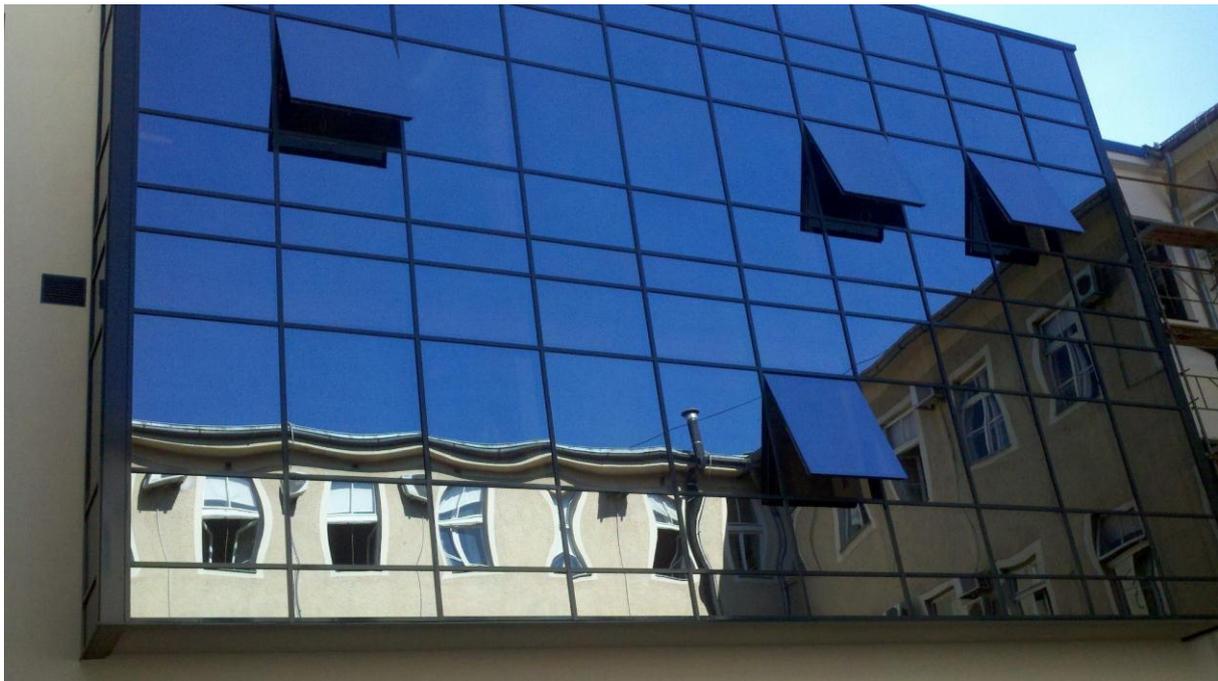
CW-5 Minor Refurbishment of the Existing Court Building in Pula

- By this activity the office space within the “old” court building in Pula will be renovated, after these parts of the building are vacated by users who will move to the new building (CW-4, above). In this manner the County Court in Pula and the Municipal Court in Pula will be able to use this space needed for better organization of their work.

II Improving the Efficiency of the State Attorney’s Office

CW-3 Reconstruction and Extension of the State Attorney’s Office in Zagreb (Gajeva 30a)

- The contract for Reconstruction and Extension of the State Attorney’s Office in Zagreb (Gajeva 30a) was signed with the lowest evaluated bidder - Zagorje Tehnobeton d.d - on March 31, 2011.
- Works started on May 11, 2011 and were completed in March 2014.
- Following the completion of the facility the new furniture and technical equipment were procured and installed. The building is now fully functional and in use.
- Photo of SAO Zagreb site below:



CW-4 Renovation and Adaptation of the ex Military Base “Istarske Brigade”, Pula

- The contract for civil works was signed with the lowest bidder on March 16, 2011.
- Works started on 13 April 2011 and were completed in March 2015.
- Furniture and equipment was contracted in June 2015, and will be delivered and installed by late August/early September 2015.

Photos of Pula site below:



G-17 CTS Upgrade and Roll-Out to all SAO Offices

- Following earlier upgrades and improvements to CTS system, completed in early 2013 (JSSP contract no: G-11), a new contract was signed to adjust the CTS system to the new legislation adopted in the meantime (the new Criminal Procedure Act and the new Act on Seats and Jurisdiction of SAO Offices) and to implement the system in all remaining SAO Offices. Contract was signed in July 2014, implementation is advancing as planned, and completion is expected in October 2015.
- These upgrades have brought the CTS system to the level of completeness of the ICMS system in courts, and some functionalities being developed within this upgrade will enable the two systems to "communicate" with each other, i.e. will enable electronic exchange of documents and data between courts and prosecution.

G-14 and G-18 IT Equipment

- SAO offices were also beneficiaries of the portion of equipment procured through these contracts (see above).

III Strengthening MOJ Management Functions

In this component the following has been achieved during the reporting period:

CS-7 Justice System IT Strategy and Enterprise Architecture

- In light of the fast IT development within the judicial system over the past several years, this assignment is aimed at assisting the MoJ to precisely determine the state of its IT systems, IT management, financing, future needs, etc. and develop the IT strategy and Enterprise Architecture for the next mid-term period. The underlying goals are integration of the existing systems (as much as possible), integration of the necessary infrastructure, all with the goal of maximizing benefits and minimizing maintenance costs (i.e. ownership costs) of the overall IT sector within the justice system.
- The activity was advertised and consultants evaluated during the first half of 2015; contract is expected to be signed in September 2015.

CS-53 Personal Bankruptcy, CS-54 (G-20) Security Systems, G-17 CTS system, ICMS system

- All these activities at the same time represent a direct support to MoJ management functions.

IV Project Governance and Implementation

PIU

Although reduced following the restructuring of the Project, the PIU is actively implementing the Project. However, this often involves the need of prioritizing between the activities on procurement, contracting and contract management on the one hand, and activities connected with governance, reporting and even compliance with Loan covenants on the other.

Project Steering Committee Sessions

One Project Steering Committee session was held in February 2015. Apart from review of the Project implementation, the SC gave its recommendations on the proposed new activities to be implemented during the extended Project. The SC declared the security systems in justice bodies as one priority, and refurbishment of the old building in Pula as another.

WB Missions

- During the reporting period the WB representatives visited Croatia on several occasions.
- Apart from project implementation, during the missions the main topics were – compliance with the Loan covenants and Project extension (interlinked).

II Intermediate Outcome Indicators

Data collecting and reporting:

During the reporting period significant efforts were made to improve the M&E parameters for the Project. Improvements were made both on the side of collection of the data, and in their presentation.

Data clearly show slight, but constant improvements in various aspects of operation of the court system (primarily):

- backlog of unsolved cases is steadily decreasing;
- clearance rate and case turnover ratios are rising;
- average resolution time for typical, litigious, civil case at the first instance is decreasing;
- at the same time IT case management/tracking systems in courts and prosecutors' offices are being increasingly used (for example, in courts they have reached their maximum – all judges and court staff are working in the e-Spis systems, and all cases have been entered into the system)

a) Case-load and case-flow data

Project Outcome Indicators	YR1 2010 Baseline	YR2 2011	YR3 2012	YR4 2013	YR5 2014 4 Quarter	07. 2014 – 06. 2015	Data Collection and Reporting		
							Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1. Aggregate case backlogs covering all courts and all SAO offices.	For courts: 437.892 For SAO offices &	For courts: 460.022 For SAO offices &	For courts: 443.037 For SAO offices &	For courts: 434.016 For SAO offices &	For courts: 396.822 For SAO offices and	For courts: 365.671 For SAO offices and	Quarterly	ICMS	MOJ

							Data Collection and Reporting		
Project Outcome Indicators	YR1 2010 Baseline	YR2 2011	YR3 2012	YR4 2013	YR5 2014 4 Quarter	07. 2014 – 06. 2015	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
	USKOK: 11.273	USKOK: 9.306	USKOK: 8.257	USKOK: 6.526	USKOK: 6.172	USKOK: 7.767			
2. Clearance Rate (solved/inflow) (a) courts (b) SAO offices & USKOK.	For courts: 96.38% For SAO offices & USKOK: 98,9%	For courts: 95,06% For SAO offices & USKOK: 103,6%	For courts: 98,40% For SAO offices & USKOK: 102,4%	For courts: 98,31% For SAO offices & USKOK: 104,9%	For courts: 103,88% For SAO offices & USKOK: 100,15%	For courts: 104,88% For SAO offices & USKOK: 94,3	Quarterly	ICMS	MOJ
3. Case Turnover Ratio (solved/unsolved at the end*100)	For courts: 1,30	For courts: 1,38	For courts: 1,49	For courts: 1,43	For courts: 1,43	For courts: 1,47	Annually	ICMS	MOJ
4. Disposition Time (365/CTR)	For courts: 280,18	For courts: 264,20	For courts: 245,17	For courts: 255,15	For courts: 254,64	For courts: 248,38	Annually	ICMS	MOJ

							Data Collection and Reporting		
Project Outcome Indicators	YR1 2010 Baseline	YR2 2011	YR3 2012	YR4 2013	YR5 2014 4 Quarter	07. 2014 – 06. 2015	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
5. Resolution Time (average days for civil litigious cases at municipal courts)	For courts: 838	For courts: 1195	For courts: 1295	For courts: 1407	For courts: 765	For courts: 755	Annually	ICMS	MOJ
6. Data on ICMS usage at courts a) Number of users b) Number of cases c) Number of transactions on cases/day	4100 users	4200 users	4250 users	5444 users	5789 users	5934 users	Annually	ICMS CTS	
	467.000 cases	1.500.000 cases	2.300.000 cases	3.513.665 cases	4.836.472 cases	5.538.954 cases			
	18.500 transactions on cases daily	34.000 transactions on cases daily	39.000 transactions on cases daily	51.700 transactions on cases daily	81.854 transactions on cases daily	71.009 transactions on cases daily			
7. Data on CTS usage at SAOs a) Number of users b) Number of	737 users	856 users	918 users	965 users	884 users	1.523 users	Annually	ICMS CTS	
	6.393	11.526	21.372	61.245	146.153	199.720			

							Data Collection and Reporting		
Project Outcome Indicators	YR1 2010 Baseline	YR2 2011	YR3 2012	YR4 2013	YR5 2014 4 Quarter	07. 2014 – 06. 2015	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
cases c) Number of transactions on cases/day	cases n/a	cases n/a	cases n/a	cases 15.137 transactions/ cases monthly	cases 37.458 transactions/ cases monthly	cases Th.B.			

Data for Reporting Period – July 1, 2014 – June 30, 2015

b) Intermediate Outcome Indicators - Narrative

(Arrangements for JSSP Results Monitoring in Attachment I)

Component A. IMPROVING THE EFFICIENCY OF THE COURT SYSTEM

- a) Consolidation of the Court Network** – During the reporting period the MoJ has completed the “second wave” of the rationalization of court network. Presently Croatia has 24 municipal courts, 15 county courts, 8 commercial courts, 4 administrative and 22 misdemeanor courts, plus the Supreme Court, the High Commercial Court, the High Administrative Court and the High Misdemeanor Court. Network of prosecution bodies has been reorganized accordingly – 15 county, 22 municipal and the State Attorney’s Office and USKOK.

The JSSP project has directly assisted this reform by financing adequate facilities for the work of State Attorney’s Office and USKOK in Zagreb, and facilities for almost all bodies of the justice system in Pula.

Contracting of works on reconstruction of several additional court buildings through IPA 2011 financing was also possible due to the JSSP financing the design documentation for the same buildings, as a prerequisite for IPA 2011 financing.

It is worth mentioning that one facility that was originally planned to be reconstructed through the JSSP financing – court building in Karlovac – which was removed from the Project plan following the restructuring of the Project, is now being financed through another grant. Major part of the design documentation for this was developed and financed through the JSSP project.

- b) Improved Court Resource Management** – One of the underlying goals of the reform described in a), above, was also to enable a more efficient and rational management of resources needed for operation of courts.
- c) Upgraded and Updated Operational Information Systems to Improve Court Efficiency** – This area had a prominent place throughout the Project implementation and positive results can be recognized even by a quick review of the table with KPI indicators, above.

Component B. IMPROVING THE EFFICIENCY OF THE STATE ATTORNEY'S OFFICE

- a) **Consolidation of the State Attorney's Office Network** – Works on reconstruction of both SAO buildings envisaged under the JSSP – SAO Headquarters in Zagreb (CW-3) and SAO offices in Pula (CW-4) - are completed. Building in Zagreb was also equipped with furniture and necessary equipment and is fully used for over 1 year now. Furniture and equipment for the building in Pula was contracted, and the building should be fully operational and ready for new users in late August/early September 2015.
- b) **Upgraded and Updated Operational Information Systems to Improve SAO efficiency** – The G-17 Contract on CTS Upgrade and Roll-out has been signed on July 30, 2014 and implementation is progressing without major problems. It is expected that by October/November 2015 all SAO offices will be trained and have the CTS System “live” in their offices.

Component C. STRENGTHENING MANAGEMENT FUNCTIONS OF THE MINISTRY OF JUSTICE

- a) **Strengthened Resource and Performance Management** – Same as under A.b) above, this component is closely linked and dependent of the rationalization and reform of the court and prosecutors' network.

Also, at the beginning of Project implementation (2012), an activity titled “Analysis of Financing Options for Zagreb Judicial Square Complex” - contracted by the World Bank – was conducted. The draft Final Report has already resulted in some side-effects on the manner in which resource management – especially in infrastructure - is presently being approached within the MoJ.

- b) **Strengthened Information Systems and Information System Management** – Several activities financed through the JSSP Project are aimed at strengthening the IT systems and managing such systems, such as ICMS Upgrades (G-12) and CTS Upgrades (G-11 and G-17), while the activity under the ref. No JSSP-CS-7 should develop the IT Strategy and Enterprise Architecture for the overall ICT segment within the justice system for the years to come. At the same time the MoJ has developed and implemented a system of IT Asset management within the justice sector.

Component D. SUPPORT FOR PROJECT MANAGEMENT AND IMPLEMENTATION

- a) **User Surveys** – The first (baseline) User Survey was conducted by a reputable local agency during Summer/Autumn 2010. The MOJ was actively involved in drafting relevant questionnaires. The Survey results have revealed some interesting data. Results of this user Survey was presented and discussed at the II Steering Committee Session in Pula, in November 2010. The following user survey shall be conducted by the end of the Project, with an accent on trends analysis. TOR and accompanying documentation for this activity has been drafted and approved by the Bank.
- b) **Project Governance, Management and Administration** – During the previous reporting period the PIU was actively engaged on procurement, and was investing efforts on restoring the management systems and channels necessary for smooth Project implementation within the MOJ.

Significant efforts were also invested in bringing the Project implementation back to compliance with the Loan covenants (publication of Project related data, M&E, and similar)

One Steering Committee meeting was held during the reporting period. The next meeting is tentatively scheduled for September 2015 in Pula.

- c) **Financial Audit** of the Project under the JSSP – CS-29 contract was regularly performed and auditors’ reports were always positive.

PUBLICATION OF PROJECT RELATED INFORMATION ON WEB PAGES OF INVOLVED ENTITIES:

Information on activities and status of the Project implementation (procurement, notices, news, photo documentation, etc.) were not regularly published and updated on MOJ website – JSSP project information page during the reported period.

There were several objective reasons for this.

However recent improvements in Project visibility within the MOJ web-page (i.e. a direct link to Project site) have been implemented – including direct links to JSSP Project from websites of all involved entities. This Progress Report also represents an attempt to return to publication of project related information in similar manner in which this was done in early stages of the Project implementation.

III Financial Report for 2th quarter 2015

01.07.2015	IBRD Loan 7888-HR	Project	Plan
Receipts - Povučeno			
	IBRD Loan 7888-HR	12.987.782,81	17.000.000,00
	Advance to DA	8.768.795,16	
	Direct payment	3.891.526,49	
	Refund of the PPA	327.461,16	
	Government Funds	762.715,60	1.000.000,00
	Total	13.750.498,41	18.000.000,00
Uses of Funds - Potrošeno			
	Cat. (1)	12.185.838,55	16.532.369,00
	Civil works	4.171.797,32	
	Goods	6.026.493,47	
	Consultants' services	1.823.921,64	
	Training	10.922,51	
	Operating Costs	152.703,61	
	Cat. (2) Refund of the PPA	327.461,16	467.631,00
	Total IBRD Loan 7888-HR	12.513.299,71	17.000.000,00
	Government Funds	762.715,60	1.000.000,00
	Total	13.276.015,31	18.000.000,00
Closing Cash Balance			
	Charges / Interest	-194,43	
	Designated Account	474.288,67	
	Committed - Ugovoreno		15.726.015,31