

**REPUBLIC OF CROATIA
MINISTRY OF JUSTICE**

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

**QUARTELY PROGRESS REPORT
for the 1st and 2nd quarter 2011**

Zagreb, July 2011

Table of contents

- I Quarterly Key Activities Report
- II Intermediate Outcome Indicators
- III Payments Made During the Reporting Period
- IV Procurement Plan
- V Financial Report for the 1st Quarter 2010

I Key Activities Report for the 1st and 2nd quarter 2011

Foreword

The project objective is to improve the 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 much has been done within the project mainly related to procurement of civil works, procurement of IT goods, and selection of consultants for the planned activities in various Project components.

The Project Implementation Unit was strengthened with one more consultant, i.e. expert for procurement of civil works, who started to work on January 3, 2011. Furthermore, following their satisfactory performance the contracts were extended to the Project Management Advisor, Financial Management Advisor and Project Administrator-Procurement Assistant. The PIU office was also fully equipped with necessary office equipment and office supplies.

The first Implementation Support Mission by the World Bank team for the Justice Sector Support Project took place from January 24 to February 2, 2011.

Following the two Steering Committee Sessions in Varazdin and Pula during 2010, the 3rd Steering Committee Session was held in Karlovac on June 13, 2011, with the participation of representatives of the Croatian Bar Association, Chamber of Public Notaries, Association of Croatian Judges and the media.

The audit of the Project under the PPA no. 4420 HR and the Loan no. 7888 HR (till December 31, 2010) was completed and submitted to the Bank.

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

I Improving the Efficiency of the Court System

Modernization of operational IT systems for decision-making and performance monitoring in courts is in progress with many procurements advertised, or in the process of evaluation.

G-1 Supply of IT Equipment and Packaged Software

- The evaluation process for Contract No. G-1: Supply of IT equipment and packaged software was implemented successfully and in accordance with evaluation report the mentioned contract was awarded to KING ICT d.o.o. (Zagreb, Croatia). Equipment has been delivered to the locations specified in the

contract, i.e. State Attorney's Offices, Civil Courts, Municipal Courts, Prison System and the Ministry of Justice –in a total of 36 cities in the RoC.

G-2 Generic Cabling (local computer and telephony network)

- Process of evaluation of the received bids for the Generic Cabling (local computer and telephony network and power supply installations) is at the final stage. The Evaluation Committee of the Ministry of Justice for the evaluation of bids received against tender G-2 has reviewed all received bids, drafted the Bid Evaluation Report and sent it to the World Bank for review.
- **CS-2 Supervision of works under G-2.** Following the REoI published in a local daily newspaper, Official Gazette, MOJ web and sent directly to firms that responded to the GPN, only one EOI was received by the closing date (June 24, 2011). The deadline shall be extended and additional potential contractors shall be sent the REoI directly.

G-10 Supply of IT Equipment and Packaged Software

- IFB for additional IT equipment (PCs, printers, servers) needed for final roll-out of ICMS to remaining 33 municipal courts has been advertised, bids were received, and evaluation process completed.

II Improving the Efficiency of the State Attorney's Office

As mentioned before, a lot has been achieved in the area of civil works related to reconstruction and building of premises needed for State Attorneys' Offices.

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

- The contract has been signed for Reconstruction and Extension of the State Attorney's Office in Zagreb (Gajeva 30a) with the lowest priced bid from Zagorje Tehnobeton d.d on March 31, 2011.
- Likewise, the contract for **CS-2 Services of Expert and Financial Supervision** during the Reconstruction and Extension of the State Attorney's Office building in Zagreb was awarded to Investinženjering d.o.o. and signed on March 29, 2011.
- The works have started on May 11, 2011 and they are expected to be completed in ca 18 months. The launch of the construction work was preceded by the public consultation of all interested stakeholders on the environmental standards and construction timetable and any mitigation plans.
- Photo of SAO Zagreb site below:



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

The construction works have begun on the renovation and adaptation of the ex Military Base “Istarske Brigade” Building for the needs of the County State Attorney’s Office, Municipal State Attorney’s Office and Land Register Department of the Municipal Court in Pula.

- The contract for civil works has been signed with the lowest priced bid from Lavčević d.o.o. on March 16, 2011.
- The contract for Services of Expert and Financial Supervision during the renovation and adaptation of the ex Military Base “Istarske Brigade” Building was awarded to Jurcon Projektd.o.o. and signed on 10 March 2011.
- The works have started on 13 April 2011 and are expected to be completed in ca 11 months. The launch of the construction work was preceded by the public consultation of all interested stakeholders on the environmental standards and construction timetable and any mitigation plans.
- Photo of Pula site below:



G-07 Procurement of Servers, Server peripherals and System Software

Regarding the Contract no. G-07: Procurement of Servers, Server peripherals and System Software for USKOK the World Bank sent its no-objection to the bidding documents on 4 April 2011 after receiving the revised bidding document on 3 March 2011 and the requested additional clarifications on 17 March 2011.

- The evaluation of the bids received is at final stage and the Evaluation Report has been drafted.

G-11 Upgrade and adjustment of the SAO Case Tracking System (CTS)

- Following the Bank's NO for direct contracting of this activity with IBM Hrvatska d.o.o., IBM has submitted its Bid on 18 March 2011. After lengthy negotiations this contract was signed on 28 June 2011.

III Strengthening MOJ Management Functions

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

CS-30 ICMS Legal Advisor

- This contract, aimed at strengthening the capacity of MOJs IT Sector – especially management of the ICMS system – has been signed in December 2010, and the consultant commenced her assignment on 3 January 2011.

CS-32 MOJ Institutional Capacity for EU Post-Accession Structural Funds Management

- Following the selection procedure a Polish consultant was contracted to help the MOJ organize and strengthen its capacities for managing the EU structural funds.

- Contract was signed on 20 May 2011.

Judicial Sector Public Expenditure and Institutional Review (JSPEIR)

During the reporting period the PIU was assisting the Bank's team of consultants engaged on this activity. The preliminary JSPEIR draft was presented at the III Steering Committee meeting in Karlovac, and was found very interesting and very useful by all participants. This activity is financed from the funds made available through the Dutch Grant (EFO).

Zagreb Judicial Square

One of the activities envisaged for financing through the JSSP Project is assisting the MoJ in continuing preparations for future Judicial Complex (Square) in Zagreb. Namely, most judicial bodies in the City of Zagreb are notoriously lacking space, while at the same time these courts participate with some 35% (in average) in all case-load related data (including the backlog) on the national level.

To that end, it was agreed that the JSSP Project would:

- Engage consultants to perform the detailed Analysis of Financial Options for Zagreb Judicial Complex;
- Engage consultants to develop Geomechanical and Geodetic Study for the Zagreb Judicial Complex (financed from the Dutch Grant); and
- Consider financing development of Concept Design needed for obtaining the Location Permit from the JSSP Loan;

These activities were presented at the III SC Session in Karlovac and were endorsed by all members of the SC through a specific Conclusion. The evaluation of the technical proposals for the Geomechanical and Geodetic Study for the Zagreb Judicial Square has been done on June 29 by the Bank staff, after which the financial proposals will be evaluated.

IV Project Governance and Implementation

As of 3 January 2011 the PIU team has been completed and during the reporting period all consultants have been providing satisfactory services. A present composition of the PIU team has proven to be sufficient for expedite implementation of the Project for the time being.

G-8 Procurement of PIU Office Equipment

The PIU was also equipped with necessary office equipment (PCs, notebook computers, printer/copier, projector) and office supplies needed for smooth implementation of the Project.

- Contract(s) were signed on 28 February 2011 and all goods delivered and installed by the end of March.

CS-31 Translating Services

After conducting the appropriate selection procedure, a firm was engaged to provide high quality translating services (written and oral) during the Project implementation.

- Contract was signed on 9 February 2011

CS-29 Auditing services

During the reporting period the evaluation procedure for project audit was commenced and Deloitte d.o.o. was selected to perform these services throughout the Project implementation.

- The contract was signed on 6 June 2011.
- Audit of the project for the period of the project preparation advance (PPA 4420-HR) for the period from 21 January 2009 until 12 July 2011 and Justice Sector Support Project (JSSP 7888-HR) for the period until December 31, 2010 commenced immediately, and the Audit Report and Management Letter were received and accepted by the MoJ on June 30, 2011.

Project Steering Committee Sessions

One JSSP Steering Committee Session was held during the reporting period, on June 13, 2011 in Karlovac. This was the third SC session from the start of the Project.

During this session the selected format of these events was repeated and confirmed as successful – participants are first introduced with the current status of Project implementation, with highlighted possible problems; there are usually 2- 3 main topics of broader interest for judicial sector covered in detail (such as IT, physical facilities management, financial management, etc); and finally members of the SC are requested to comment and approve the Conclusions of the Session – aimed at faster and smoother Project implementation.

Once approved the Conclusions are published on the Project web site (www.pravosudje.hr).

III Intermediate Outcome Indicators

Data collecting and reporting:

It must be mentioned that during the Reporting Period the entities responsible for collecting the required data (courts, SAO, MOJ Department for Statistical Reporting) and reporting it to the PIU have not yet developed a “habit” of continuously doing so. Therefore the PIU must invest considerable effort in securing the data on time.

This problem was discussed during the III SC Session and one of the Conclusions of the Session was addressed to the managements of these entities requiring their full cooperation on this issue.

a) Case-load and case-flow data

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1. Aggregate case backlogs covering 74 courts and 55 SAO offices.	Aggregate case backlog volume: For 74 courts: 384,038 (2009) For SAO offices & USKOK: 9,705 (2009)	For 74 courts: 387,775 (2010) For SAO offices & USKOK: 9,994 (2010)	For 74 courts: 351,033 For SAO offices & USKOK: 8,396 ¹	Reduced by 7 percent over baseline.	Reduced by 10 percent over baseline.	Reduced by 15 percent over baseline.	Quarterly	ICMS E-statistics	MOJ
2. Case disposal	Case disposal rate (as percentage): For 74 courts: 102 (2009)	For 74	For 74	Increased by 7 percent	Increased by 10	Increased by 15 percent	Quarterly	ICMS E-statistics	MOJ

¹ For period starting January 1, 2011 ending May 31, 2011.

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
rates covering (a) 74 courts and (b) 55 SAO offices & USKOK.	For SAO offices & USKOK: 83.3 (2009)	courts: 97.2 (2010) For SAO offices & USKOK: 90.7 (2010)	courts: 100,05% For SAO offices & USKOK: 73,8% ²	over baseline.	percent over baseline.	over baseline.			
3. Number of days, in pilot courts financed by the project, for service of notice to parties	Average number of days for service to parties of notice of hearing in general civil cases (after case assignment): Pula MC: 73 (2009) Split MC: 110 (2009) Karlovac MC: 8.75 (2009)	Pula MC: 70 days (2010) Split MC: 110 (2010) Karlovac MC: 7.9 days (2010)	Pula MC: 4,87 days Split MC: 60 days Karlovac MC: 3,78 days	Reduced by 7 percent over baseline.	Reduced by 10 percent over baseline.	Reduced by 15 percent over baseline.	Quarterly	ICMS E-statistics	MOJ
4. Number of days, in pilot courts financed by the	Average number of days between first and final hearings in general civil cases: Pula MC: 302 days (2009) Split MC: 700 (2009)			Reduced by 7 percent over baseline.	Reduced by 10 percent over baseline.	Reduced by 15 percent over baseline.	Quarterly	ICMS E-statistics	MOJ

² For period starting January 1, 2011 ending May 31, 2011.

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
project, between first and final hearings	Karlovac MC: 551.8 days (2009)	Pula MC: 95 days (2010) Split MC: 700 days (2010) Karlovac MC: 379.1 days (2010)	Pula MC: 238,07 days Split MC: 178 days Karlovac MC: 110.76 days						
5. Number of days, in pilot courts financed by the project, for testimony of expert witnesses	Averagenumberofdays for testimonyofexpertwitnessesin general civil cases: Pula MC: 160 days (2009) Split MC: 150 (2009) Karlovac MC: 82.8 days (2009)	Pula MC: 152 days (2010) Split MC: 120 (2010)	Pula MC: 29,22 days Split MC: 90 days Karlovac MC:	Reduced by 7 percent over baseline.	Reduced by 10 percent over baseline.	Reduced by 15 percent over baseline.	Quarterly	ICMS E-statistics	MOJ

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
		Karlovac MC: 75.2 days (2010)	40,82 days						
6. Improved user ratings for efficiency for project-financed courts	Average user rating: 3.5 (2010) Pula: 3.8 Split: 3.2 Karlovac: 4.0	Not applicable	Not applicable	Second user survey: 5 percent improvement over baseline	Not applicable	Third user survey: 10 percent improvement over baseline	Bi-annual	Surveys	MOJ

Data for Reporting Period – 1. 1. 2011 – 30. 6. 2011.

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** – Bidding Documents for both court buildings – Municipal Court in Split (CW-1) and Municipal Court in Karlovac (CW-2) have been sent to the World Bank for review in March and May, respectively. Based on Bank's comments and recommendations some

technical sections of Bidding Documents for CW-2 (Karlovac) are being adjusted by the design studio. No official comments have yet been received for CW-1 (Split). However, it may be expected that some adjustments will be needed here as well.

- b) **Improved Court Resource Management** – This sub-component is closely linked to Justice Sector Public Expenditure and Institutional Review (JSPEIR). After the period of intensive data gathering during the majority of reporting period, the Preliminary findings of the JSPEIR analysis have been presented at the III Steering Committee Session in Karlovac, June 2011. The presentation was found very interesting and useful by all participants. Detailed plan of activities under this sub-component shall be developed immediately after the final JSPEIR review is received.
- c) **Upgraded and Updated Operational Information Systems to Improve Court Efficiency** – Procurement of IT infrastructure (such as basic IT equipment, LAN network installation) have been either initiated and are at final stage of evaluation, or even completed (for example, all basic IT equipment procured under G-1 contract were delivered and installed during the reporting period). Work continues on drafting technical specifications for ICMS Upgrade (G-12).

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

- a) **Consolidation of the State Attorney's Office Network** – Reconstruction of both SAO buildings envisaged under the JSSP – SAO Headquarters in Zagreb (CW-3) and SAO offices in Pula (CW-4) have been contracted, works have begun in early May, and are progressing. Minor adjustments to design documentation will have to be ordered due to the fact that the excavation and demolition revealed some discrepancies between the actual state of buildings and the state defined in design documents.
- b) **Upgraded and Updated Operational Information Systems Improve SAO efficiency** – Following lengthy and demanding negotiations with IBM Hrvatska d.o.o., the contract on CTS Upgrade has been signed on June 28, 2011. The SAO representatives are taking active lead in this activity and are keen to start using the upgraded CTS, once completed and installed to all SAO offices, as a tool for improving their efficiency. In progress.

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 JSPEIR review which is expected to path the way for further improvements and better efficiency in sector-wide resource management. In progress.

Here it must be also accented that a consultant has been contracted for Strengthening MOJ Institutional Capacities for EU Post-Accession Structural Funds Management (CS-32) and is actively assisting the MOJ to prepare for EU structural funds absorption and management.

On top of this, preparatory work and drafting of the TOR for activity titled “Analysis of Financing Options for Zagreb Judicial Square Complex” (CS-20) have been started.

- b) Strengthened Information Systems and Information System Management**—The PIU IT Specialist is actively involved in assisting the MOJ to develop an efficient and sustainable structure and organization needed for management of all IT systems within the judicial sector.

At the same time bidding documentation and technical requirements for several IT packages directly aimed at improving MOJ’s general and IT related management functions are being developed (IT Asset Management; Prison System IT System).

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 during mid-Project , with accent on trends analysis.
- b) Project Governance, Management and Administration** – During the reporting period the PIU has been fully equipped, and Project administration and management systems and channels within the MOJ well established and stabilized.The Project enjoys the full support and active engagement of the MOJ’s top management, and all other relevant MOJ staff.

During the reporting period audit of the Project has been completed, and except some minor recommendations for improvement, the Project implementation was found in conformity with all applicable regulation.

A GENERAL REMARK:

Since the Loan Agreement on JSSP Project came into effect on July 12, 2010, and majority of activities envisaged by the Project are either at procurement or in early implementation stage, it is understandable that it is too early for these activities to have major tangible effects on trends in the justice sector, as measured by selected performance indicators.

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) are regularly published and updated on MOJ website – JSSP project information page. Improvements in Project visibility within the MOJ web-page (i.e. a direct link to Project site) have been ordered from MOJ webmaster, however, since the whole MOJ website was recently “overhauled” there are still some problems with the web-page supporting

software, hence this improvements have not been implemented at the moment. This link will also be used as a direct link to Project information from websites of other entities (i.e. courts and SAO offices).

c) Courts' Expenditures and Energy Efficiency



OS Pula -RASHODI
OD 1 -6 2011.xls



OS Karlovac
RASHODI - I - VI 201



OS Split - RASHODI 1
- 6- 2011.xlsx

ContractNumber	Supplier	Dateof Bank`s No Objection to Contract	Dateofpayment to Supplier
CS - 21	Nenad Vukadinović	22.02.2011.	
CS - 23	Brzo oko d.o.o.	22.02.2011.	
CS - 24	ZI5 d.o.o.	10.11.2010.	
CS - 25	Mate Ugrina	20.12.2010.	
CS - 26	Martina Šestan	22.02.2011.	
CS - 30	Ana Krnić	20.12.2010.	
PPA-CS-5	Institut IGH d.d.	22.12.2009.	13.01.2011.
G-8-1	TESCOM d.o.o.	09.02.2010.	06.04.2011.

II Quarter 2011

ContractNumber	Supplier	Contract Date	Dateof Bank`s No Objection to Contract
CS - 21	Nenad Vukadinović	01.03.2011.	22.02.2011.
CS - 23	Brzo oko d.o.o.	01.03.2011.	22.02.2011.
CS - 24	ZI5 d.o.o.	11.11.2010.	10.11.2010.
CS - 25	Mate Ugrina	23.12.2010.	20.12.2010.
CS - 26	Martina Šestan	01.03.2011.	22.02.2011.
CS - 30	Ana Krnić	01.01.2011.	20.12.2010.
PPA-CS-5	Institut IGH d.d.	27.01.2010.	22.12.2009.
G-1	King ICT d.o.o.	27.01.2011.	25.01.2011.
CS - 31	Prijevodi Kovačiček	09.02.2011.	07.02.2011.
CW - 4	LAVČEVIĆ d.d.	16.03.2011.	18.01.2011.
CS -15	Investinženjering d.o.o.	30.03.2011.	25.03.2011.
CW - 3	Zagorje Tehnobeton	31.03.2011.	21.01.2011.

IV Procurement Plan



JSSP- PPP (EUR) -
29-Jun-2011.xls

**V Financial Report
for 1st quarter 2011**



JSSP - IFR 1 Q 2011
(31 03).xls

Attachment I.
Arrangements for JSSP Results Monitoring



Arrangements for
Results Monitoring.doc