

**REPUBLIC OF CROATIA
MINISTRY OF JUSTICE**

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

**QUARTERLY PROGRESS REPORT
for the 3rd quarter 2011**

Zagreb, October 2011

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I Key Activities Report for the 3rd 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 most of activities related to management of contracted civil works, procurement and delivery of IT goods, as well as to preparations necessary for advertising further activities envisaged by Procurement Plan

The fact that the month of August is traditionally a vacation period in Croatia must also be taken into account.

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

I Improving the Efficiency of the Court System (EUR 15.98 m)

Modernization of operational IT systems for decision-making and performance monitoring in courts:

G-1 Supply of IT Equipment and Packaged Software

- All contracted IT equipment and packaged software has been delivered to the locations specified in the contract, i.e. State Attorney's Offices, Misdemeanor Courts, Municipal Courts, Prison System and the Ministry of Justice – in a total of 36 cities in the RoC. Following Installation and Operational Acceptance this contract was paid in full during this period.

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) has taken longer than expected – to illustrate this it can be said that bidders were requested to extend bid validity of their Bids five times. Conditional NO on final Bid Evaluation Report (BER) was received on September 15, 2011.

- **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). Although the deadline was extended to July 11, no additional EoIs were received.

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 publicly opened on May 24, 2011, and evaluation process completed. Following the Bank's review, the NOL for contracting was issued on July 19, 2011. Contract was signed on July 26. According to Project Plan all equipment should be delivered to locations during October 2011.

G-12 ICMS Upgrade

- During this period the MoJ had a dilemma whether to contract this activity directly, or within an opened tender. After thoroughly analyzing pros and cons for both options, it was decided to negotiate it directly with IBM d.o.o., the developer of the original ICMS system.
- At the same time functional requirements were re-fined and completed during the quarter.
- Contracting is expected during the 4 Quarter 2011.

II Improving the Efficiency of the State Attorney's Office (EUR 8.34 m).

As mentioned before, most of the efforts during this period were devoted to managing civil works contracts on reconstruction and building of premises needed for State Attorneys' Offices in Zagreb (CW-3) and Pula (CW-4), as well as on contracting and managing IT systems.

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.
- 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. However, during the excavations, demolitions and similar activities it was established that design documentation was developed on rather inaccurate assumptions. Therefore a lot of effort during this period was invested in detecting the exact shortcomings of the designs and defining TORs for additional designing, including the consequent changes to Building permits. At the same time the issue of replacement heating of the building (which is to remain operational throughout the works) for the upcoming winter months was addressed.
- All these issues were resolved towards the end of the reporting period. It must be mentioned that in spite of all the problems at the site, the works were never stopped, rather were continued in somewhat slower pace.

- 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 submitted by 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 Projekt d.o.o. and signed on 10 March 2011.
- The works have started on 13 April 2011.
- Unfortunately, similar situation occurred here as on the site in Zagreb, i.e. design documentation was developed on erroneous assumptions. On top of that, due to changes of the Criminal Procedure Act the role of SAO’s has changed in a way that had reflections on the needs and use of the space. All preparations for defining the additional designing were undertaken during this period, and it is expected that these changes will be contracted and completed during the 4 Quarter 2011. This should allow for much faster implementation of the CW contract during the 2012.
- However, these changes and delays will have some effect on the final price and possibly completion of the works – to be determined during the next quarter.
- Photo of Pula site below:



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

- Public opening of Bids received against this ICB took place on May 24. The MoJ immediately proceeded with evaluation of Bids received and has drafted the BER. Unfortunately, due to administrative error, the BER was sent to the Bank for review only on October 6, and NOL was issued on October 17.
- To be contracted during 4 Quarter 2011.

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.
- Implementation of the activity is progressing – HW and Standard SW were delivered and accepted. However, Milestone 2 “Defined CTS Requirements and CTS Architecture” took about a month longer than planned.
- A meeting of the CTS Upgrade Steering Committee was held on September 26, 2011 to review the progress and address these issues.

III Strengthening MOJ Management Functions (EUR 1.58 m)

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

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, and completed on September 30, 2011

CS-5 Inmate IT System – Upgrade of the application

- Most of the time during this quarter was spent on acquiring exact data and information on the status and functioning of the existing Inmate IT System, as well as on business processes to be upgraded. Detailed Functional Requirements shall be drafted during the next reporting period.

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

- Same as under I., above. Addendum to include additional 3 locations (smaller courts scheduled for ICMS roll-out) will be signed immediately after the G-2 contract signature.

G-3 IT Asset Management System

- In cooperation with the IT Sector the PIU has tested and reviewed several existing off-the-shelf products in order to better understand the MOJ needs. Drafting of Functional requirements based on this knowledge has begun, and Requirements should be completed during the following quarter.

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, the following activities were undertaken during this reporting period:

- TOR for “Analysis of Options for Financing the Zagreb Judicial Square” was drafted, cleared with Croatian Agency for Public Private Partnership and sent to the World Bank for review. Subsequently it was agreed that this activity shall be financed from the Dutch Grant administered by the World Bank;
- The MOJ assisted the Bank in drafting the TOR and in evaluating proposals for “Geomechanic and Geodetic Study” of the terrain on future Zagreb Judicial Square site. This activity is also financed from the Dutch Grant and administered by the bank. All necessary preparations on MoJ’s side were made for commencement of this activity immediately after completion of selection procedure and contract signing

IV Project Governance and Implementation (EUR 1,20 m)

PIU

- PIU Financial Manager’s contract has been extended to the end of the project.
- Unfortunately, the PIU Project Administrator-Procurement Assistant has announced her intention to leave the Project. The PIU will advertise this position and conduct selection during the 4. Quarter 2011.

Project Steering Committee Sessions

- No Project Steering Sessions were held during this period.

WB Mission

- During the reporting period one WB Mission took place, 19 – 24 September 2011.

II Intermediate Outcome Indicators

Data collecting and reporting:

In analysis of the data submitted by Project stakeholders, it became apparent that some inconsistency in data collecting and/or interpreting has occurred.

The PIU shall take necessary actions to detect and address the problem during the next reporting period.

a) Case-load and case-flow data

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2 1 & 2 Quarter	YR2 3 Quarter	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	For 74 courts: 386,126 For SAO offices & USKOK: 978	Reduced by 10 percent over baseline.	Reduced by 15 percent over baseline.	Quarterly	ICMS E-statistics	MOJ
2. Case disposal rates covering (a) 74 courts and (b) 55 SAO offices &	Case disposal rate (as percentage): For 74 courts: 102 (2009)	For 74 courts: 97.2 (2010) For SAO offices	For 74 courts: 100,05% For SAO offices &	For 74 courts: 91,5% For SAO offices	Increased by 10 percent over baseline.	Increased by 15 percent over baseline.	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 1 & 2 Quarter	YR2 3 Quarter	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
USKOK.	For SAO offices & USKOK: 83.3 (2009)	& USKOK: 90.7 (2010)	USKOK: 73,8% ²	& USKOK: 96,4%%					
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	Pula MC: 24 Split MC: 50 days Karlovac MC: 13,1 days	Reduced by 10 percent over baseline.	Reduced by 15 percent over baseline.	Quarterly	ICMS E-statistics	MOJ
4. Number of days, in pilot	Average number of				Reduced by 10 percent	Reduced by 15 percent over	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 1 & 2 Quarter	YR2 3 Quarter	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
courts financed by the project, between first and final hearings	days between first and final hearings in general civil cases: Pula MC: 302 days (2009) Split MC: 700 (2009) 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	Pula MC: 373 Split MC: 165 days Karlovac MC: 178 days	over baseline.	baseline.			
5. Number of days, in pilot courts financed by the project, for testimony of expert witnesses	Average number of days for testimony of expert witnesses in general civil cases: Pula MC: 160 days (2009) Split MC: 150 (2009)	Pula MC: 152 days (2010) Split MC: 120 (2010) Karlovac MC:	Pula MC: 29,22 days Split MC: 90 days Karlovac MC:	Pula MC: 131 Split MC: 90 days Karlovac MC:	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 1 & 2 Quarter	YR2 3 Quarter	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
	Karlovac MC: 82.8 days (2009)	75.2 days (2010)	40,82 days	38,5 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	Not Applicable	Not applicable	Third user survey: 10 percent improvement over baseline	Bi-annual	Surveys	MOJ

Data for Reporting Period – 1. 7. 2011 – 30. 9. 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 both CW sites (Split and Karlovac) must be adjusted by design studios who created original designs. Exact changes and improvements that need to be done to design documents, BQs and BDs were analysed during this period and will serve as basis for TOR's. Respective design studios shall be contracted based on these TORs for updating design documentation during the next reporting period.
- 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 previous reporting period, the Preliminary findings of the JSPEIR analysis have been

presented at the III Steering Committee Session in Karlovac, June 2011. 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 servers for USKOK, LAN network installation) have been completed and are at final stage of contracting, or even completed (for example, all basic IT equipment procured under both G-1 and G-10 contracts were delivered and installed during the reporting period). Work continues on drafting technical specifications for ICMS Upgrade (G-12), on G-3 IT Asset Management, and on CS-5 Inmate IT System.

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. Due to the fact that excavation and demolition revealed some discrepancies between the actual state of buildings and the state defined in design documents, as well as following user's requests based on new Criminal Procedure Act, additional designing will have to be contracted. All information and data needed for preparation of detailed TORs for additional designing (for both sites) were gathered during the reporting period. Contracting will take place in 4th quarter 2011.
- b) **Upgraded and Updated Operational Information Systems to 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. Partly based on JSPEIR findings and recommendations some additional TOR's in this area will be drafted – especially for JSSP activities CS-13 “Improving court resource and performance management capacity” and training activities under TR-1.

On top of this, procurement of services titled “Analysis of Financing Options for Zagreb Judicial Square Complex” (CS-20) is at final stage (administered by the WB). It may be expected that this activity shall have numerous side-effects on the manner in which “resource management” is presently being approached within the MoJ.

- 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 (ICMS Upgrade, IT Asset Management; Prison System IT System, and MoJ Document Management 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.

A GENERAL REMARK:

Since the Loan Agreement on JSSP Project came into effect on July 12, 2010, it is still 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 implemented. However, some activities must still be completed – fore mostly enabling direct links to Project information from websites of other entities (i.e. courts and SAO offices).

c) Courts’ Expenditures and Energy Efficiency



OS Karlovac-Expndt
7-9.11..xls



OS Split -
Expnd-7-9.11..xlsx



OS
Pula-Expndt-7-9.11.x

**III Payments Made during Reporting Period
Against Contracts Subject to the Bank`s Prior Review
III Quarter Payments**

Contract Number	Supplier	Contract Data	Data of Bank`s No Objection to Contract	Data of payment to Supplier
CS - 21	Nenad Vukadinović	01.03.2011.	22.02.2011.	VII-IX 2011.
CS - 23	Brzo oko d.o.o.	01.03.2011.	22.02.2011.	VII-IX 2011.
CS - 24	ZI5 d.o.o.	11.11.2010.	10.11.2010.	VII-IX 2011.
CS - 25	Mate Ugrina	23.12.2010.	20.12.2010.	VII-IX 2011.
CS - 26	Martina Šestan	01.03.2011.	22.02.2011.	VII-IX 2011.
CS - 30	Ana Krnić	01.01.2011.	20.12.2010.	VII-IX 2011.
CS - 16	JURKON projekt d.o.o	10.03.2011.	04.03.2011.	VII-IX 2011.
CS - 15	Investinženjerig d.o.o.	30.03.2011.	25.03.2011.	VII-IX 2011.
CS - 29	Deloitte d.o.o.	06.06.2011.	03.06.2011.	VII-IX 2011.
CS - 31	Prijevodi Kovačiček	09.02.2011.	07.02.2011.	VII-IX 2011.
CW - 4	LAVČEVIĆ d.d.	16.03.2011.	18.01.2011.	VII-IX 2011.
G-8-1	TESCOM d.o.o.	25.02.2011	09.02.2011	VII-IX 2011.
CW - 3	Zagorjetehnobeton	31.03.2011.	21.01.2011.	VII-IX 2011.
G-8-2	BCC d.o.o.	25.02.2011.	09.02.2011.	VII-IX 2011.

IV Procurement Plan

**V Financial Report
for 3st quarter 2011**

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**Attachment I.
Arrangements for JSSP Results Monitoring**



Arrangements for
Results Monitoring.doc