

REPUBLIC OF SERBIA
MULTI DONOR TRUST FUND FOR JUSTICE SECTOR SUPPORT
TF071444

AIDE MEMOIRE
1-12 May 2014

A. INTRODUCTION

1. **A World Bank team visited Serbia from May 1st to 12th 2014** for a technical mission under the Multi-Donor Trust Fund for Justice Sector Support (MDTF-JSS). The mission was led by Mr. Klaus Decker (Senior Public Sector Specialist and Task Team Leader, ECSP4) and comprised Ms. Georgia Harley (Public Sector Specialist, ECSP4), Ms. Maja Hadzi Jordanova (Court Infrastructure Consultant) and Mr. Alexey Proskuryakov (Financial Management Consultant). The team was joined in Belgrade by Mr. Srdjan Svircev (Public Sector Specialist, ECSP4), Ms. Marina Matic (Communications Consultant) and Mr. Dejan Jovanovic (Workshop Organizer Consultant). The team was supported from the Country Office by Ms. Hermina Vukovic Tasic (Program Assistant, ECCYU).
2. **The objectives of the mission were to:**
 - a. Provide a status update and share preliminary findings for the Judicial Functional Review with stakeholders;
 - b. Finalize data collection for the Judicial Functional Review;
 - c. Award winners of the two Justice Competitions, and;
 - d. Supervise MDTF-JSS activities.
3. **The team met with officials from the Judiciary, Ministry of Justice (MOJ), justice sector stakeholders and development partners.** The team expresses its gratitude to all the stakeholders met, particularly to the Judiciary for arranging field visits to Nis and Leskovac and for their warm and open engagement with the Functional Review process. A list of people met is attached as **Annex 1**.

B. KEY FINDINGS AND AGREED NEXT STEPS

4. **Key next steps are highlighted in the table below.**

Next steps	Time Frame	Responsibility
Functional Review Report	Draft of the core chapters of the report to be shared with stakeholders in mid-June with a view to finalizing the report in July. Interim documents to be shared with stakeholders in tranches through May and June.	World Bank team
Multi-Stakeholder Justice Perception Survey	Workshops for donors and CSOs in May 2014. Full report due July 2014.	World Bank team
Consultant to Support	Bank to provide comments on draft TOR by	World Bank team,

Operationalization of the ICT Strategy	mid-May. Procurement could commence in May/June 2014.	MOJPA.
Judicial Process Maps	Drafts to be shared in late May 2014	World Bank team

C. JUDICIAL FUNCTIONAL REVIEW

5. **The Functional Review Core Team presented a status update with preliminary findings to key stakeholders.** Individual meetings were held with MOJ, the High Judicial Council (HJC), the State Prosecutorial Council (SPC), the Judicial Academy, the Anti-Corruption Council and a forum of professional associations. A presentation was also provided to the EU Delegation with a VC connection to the EC in Brussels. Feedback has been positive and comments will be considered in the drafting process. Presentation will also be delivered to a wider group of international partners not members of the MDTF-JSS Management Committee on May 16.
6. **The team also conducted a series of semi-structured interviews with judges, prosecutors, representatives of MOJ and members of the USAID-funded Separation of Powers project.** These meetings enabled the team to collect remaining data in areas where statistical analysis has been challenging (including relating to appeals, procedural efficiency, practitioner behaviors and small claims) and helped to road-test the Review's remaining findings. Separate meetings were also held with infrastructure stakeholders to finalize the collection of infrastructure-related data.
7. **The Functional Review team shared a second tranche of draft documents with stakeholders (also available on the MDTF website at www.mdtfjss.org.rs):**
 - a. A status update PPT outlining preliminary findings of the Judicial Functional Review for stakeholder feedback;
 - b. A summary of key findings of the multi-stakeholder perception survey;
 - c. A table outlining provision of allied professional services (interpreters, lawyers, notaries etc.) and access to such services;
 - d. An updated statistical table which includes recently-provided caseload data from the Supreme Court of Cassation covering the 2013 period;
 - e. An updated draft Desk Review which compiles and summarizes existing analytic work related to judicial reform Serbia published since 2010.

A third tranche of draft documents will be shared with focal points in the primary institutions in early June 2014.
8. **The Justice Competitions have now been finalized.** The winners of the photo and suggestion competitions were selected through a transparent and objective process involving representatives from donors contributing to the MDTF-JSS, a WB representative from the Country Office, the Supreme Court of Cassation, the MOJ and the Republic Prosecutors Office. The Functional Review team hosted a reception that was opened by Supreme Court President Milojevic and attended by around 100 stakeholders and press. The photographs and suggestions will be considered in the drafting of the Functional Review Report. Prizes will be delivered by the local consultant.

9. **The judicial process maps are currently being finalized.** These maps outline four specific types of judicial processes (divorce, domestic violence, eviction and utility bill enforcement) and compare the *de jure* and the *de facto* process from beginning to resolution from the user perspective. Drafts of the divorce, domestic violence and eviction maps will be shared with stakeholders for review in late May 2014. The utility bill map will follow in June 2014.

D. MDTF-JSS ACTIVITY UPDATE

10. **On the recipient-executed side of the MDTF, MOJ has requested assistance in operationalizing the ICT Strategy.** A draft TOR has been developed and a meeting was held to refine details. The activity would support MOJ's efforts to streamline workflow of information between different Case Management Software (CMS) in courts, prosecutor offices and prison administration and to identify future needs related to improvements of business processes. The Consultant would also assist MOJ in preparation of documentation needed for the design of future IPA assistance for IT in the judiciary. The TOR is currently being shared with the EU Delegation to ensure coordination. Subject to approval of the TOR, the procurement process could commence in late May 2014.

E. FINANCIAL MANAGEMENT AND PROCUREMENT ISSUES

11. **The financial management arrangements of the project, including budgeting, accounting, internal controls, funds flow, financial reporting and external audit, are acceptable.** The issues relating to correct application of eligible percentages identified during the previous supervision have been remedied. Staffing of the financial management function for the project remains adequate. There is a financial management officer, who has appropriate qualifications and experience. Financial management tasks related to project accounting, applying internal controls and procedures, financial reporting, flow of funds etc. are performed by the FM Officer adequately. The FM officer has prior experience of working on other Bank financed/administered projects. The audit of 2012 financial statements provided a clean opinion since no issues were identified by the auditors (KPMG, Serbia). Audit of 2013 financial statements is due by June 30, 2014.
12. **Accounting system, policies and procedures are adequate.** Financial reporting is reliable and timely. The latest interim un-audited financial report (IFR) covered the 4th quarter of 2013. The report was reviewed and assessed to be reliable and accurate. Operations Manual has been prepared for the project. It appropriately describes all relevant financial management areas, and it is assessed that procedures and internal controls described in the Manual are in most cases applied in practice. Sample transactions review was carried out with no exceptions identified with respect to existence and flow of documents, authorized signatures and approvals, appropriate procedures and controls, segregation of duties. The designated account for the project is held at the National Bank of Serbia. Acknowledging certain processing delays of transactions by the Treasury and the National Bank of Serbia, the flow of funds is still assessed to be adequate.

F. PROGRESS TOWARDS PROJECT DEVELOPMENT OBJECTIVE (PDO)

13. **Progress toward the Project Development Objectives is satisfactory.** The objective of the Trust Fund is to provide support for strengthening and advancing the justice sector reform in the Republic of Serbia in order to facilitate its integration to the EU. The implementation of Bank-executed activities is intensifying, with progress across all sub-components (institutional capacity, resource management and aid coordination, legal and institutional environment, judicial facilities and infrastructure, and outreach, monitoring and evaluation) but with particular focus on delivering the Serbian Judicial Functional Review. The implementation of Recipient-executed activities has also accelerated, and remaining funds under the RFU component will be disbursed via the reformed RAFU. The Functional Review is well underway and the commencement of the EU screening process will provide additional impetus to reform and likely continue accelerating progress under MDTF activities.

List of Persons Met

Last Name	First Name	Title/Organization
-----------	------------	--------------------

Government and Justice Officials

Mr. Backović	Čedomir	Assistant Minister, Ministry of Justice
Ms. Jelaca	Slavica	Assistant Minister, Ministry of Justice
Mr. Stamenković	Branko	State Prosecutorial Council, member
Ms. Radić	Gordana	Head of Administrative office, State Prosecutorial Council
Ms. Martinović	Vanja	Administrative office, State Prosecutorial Council
Ms. Vasiljević	Tatjana	Republic Prosecutor Office
Mr. Popović	Nebojša	II Basic Belgrade Public Prosecutor
Mr. Pavlović	Boris	III Basic Belgrade Public Prosecutor
Ms. Nenezić	Snežana	I Basic Belgrade Prosecutor Office, first deputy
Mr. Mr. Vujić	Nenad	Director of Judicial Academy
Mr. Dimitrijević	Novica	First Deputy of the acting president, Basic Court in Leskovac
Ms. Milošević	Biljana	Secretary, Basic Court in Leskovac
Ms. Stanković	Silvana	Judicial assistant, Basic Court in Leskovac
Mr. Krstić	Zoran	Acting president, Higher Court in Nis
Mr. Spasić	Goran	Acting president, Basic Court in Nis
Ms. Tomašević	Branka	High Judicial Council
Mr. Čolaković	Nikola	High Judicial Council
Mr. Hadžiomerović	Omer	Judge, Appellate Court in Belgrade
Mr. Važić	Siniša	Judge, Appellate Court in Belgrade
Ms. Adžić	Natalija	Secretary, Appellate Court in Belgrade
Ms. Bulajić	Zorica	Judge, Appellate Court in Belgrade
Mr. Milićević	Miroslav	Vice president, Anticorruption Council
Mr. Vitorović	Mioljub	Member, Anticorruption Council
Ms. Kršikapa	Majda	Administrative Office, High Court Council

International Community

Mr. Vojnović	Nikola	USAID Separation of Powers
Mr. Le Duc	Brian	USAID Separation of Powers
Ms. Prostran	Sonja	USAID Separation of Powers

Other (Agencies, NGOs, Community Representatives)

Ms. Boljević	Dragana	President, Association of Judges
Mr. Ilić	Goran	President, Association of Prosecutors
Mr. Stefanović	Nenad	President, Association of judges and prosecutors assistants

Ms. Dedeić	Maša	Association of judges and prosecutors assistants
Mr. Markovic	Zarko	Belgrade Centre for Human Rights
Ms. Logar	Svetlana	Ipsos Strategic Marketing
Ms. Baronijan	Hana	Ipsos Strategic Marketing
Ms. Delic	Ana	Ipsos Strategic Marketing

World Bank Team

Mr. Verheijen	Tony	Country Manager
Mr. Decker	Klaus	Senior Public Sector Specialist (TTL)
Mr. Svirčev	Srdjan	Public Sector Specialist, Program Coordinator
Ms. Vuković Tasić	Hermína	Program Assistant
Mr. Drazilov	Kornel	Program Assistant
Ms. Matic	Marina	Consultant
Ms. Manić	Jovanka	Consultant
Mr. Obrenović	Dragan	Consultant
Ms. Hadži Jordanova	Maja	Consultant
Mr. Proskuryakov	Alexey	Consultant

STATUS UPDATE



World Bank Multi-Donor Trust Fund for Justice Sector Support in Serbia

Serbia Judicial Functional Review

Status Update



Purpose of our Meeting

- Update on where we're at in the Functional Review process
- Share some of the main issues we're identifying through the process
- Seek your views on these 'main issues'
 - Are these the main issues?
 - What do you think about them?
 - Are we missing something important?
- Outline next steps for completion of the Functional Review

Where are we at in the FR process?

- Data collection
 - Most data collected – thanks to institutions
 - Some inconsistencies & gaps identified
 - Some follow ups needed
- Survey work
 - Multi-stakeholder survey (6030 respondents)
 - Access to Justice survey & focus group discussions
- Field visits
 - More than 20 field visits conducted
 - 3 more field visit scheduled for May 2014
- Interviews
 - More than 100 people met in interviews
 - A few more interviews in May 2014
- Workshops / Forums
 - 11 workshops held
 - Further workshops in May, June 2014

FR Report: Draft Contents Page

- Executive Summary
- Performance Framework
 - Indicators
 - EU standards
 - Data sources
- Performance Assessment
 - Demand for justice services
 - Efficiency in the delivery of justice services
 - Quality of justice services
 - Access to justice services
- Analysis of the Functioning of the System
 - System governance
 - Management & coordination
 - Resource analysis: finance; HR, ICT; Infrastructure
- Recommendations
- Risk Management
- Annexes
 - Background info, data, desk review, tables etc.

Performance Framework

- Performance (outputs and services)
 - Indicators: Efficiency; Quality; Access
 - Setting indicators against EU standards
- Resources (what goes into producing services)
 - Management & coordination
 - Finance, HR, ICT, Infrastructure
 - Setting indicators against European standards

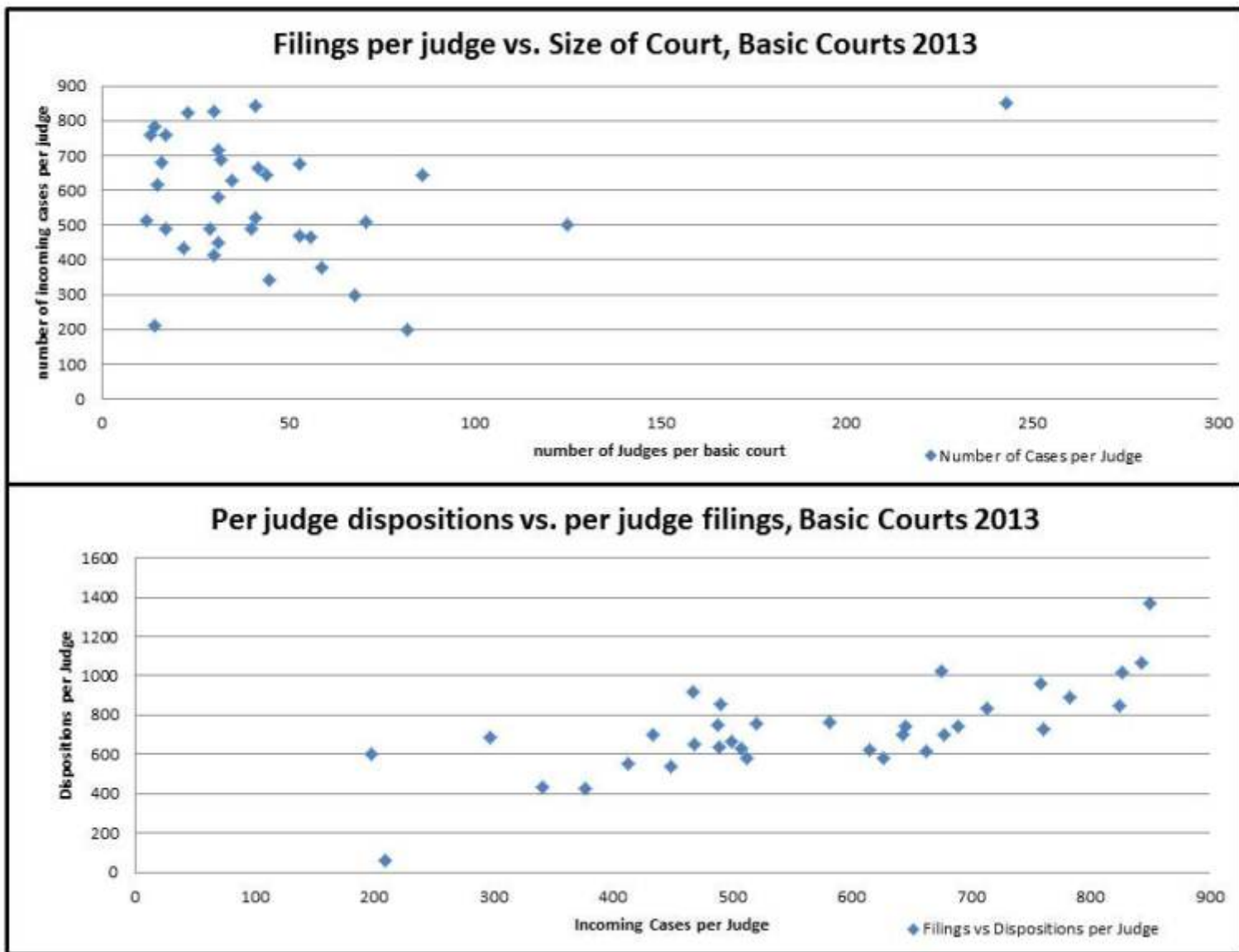
Challenge: EU standards are not always readily identifiable. And where they are, they're not always precise and quantifiable.

Performance Assessment

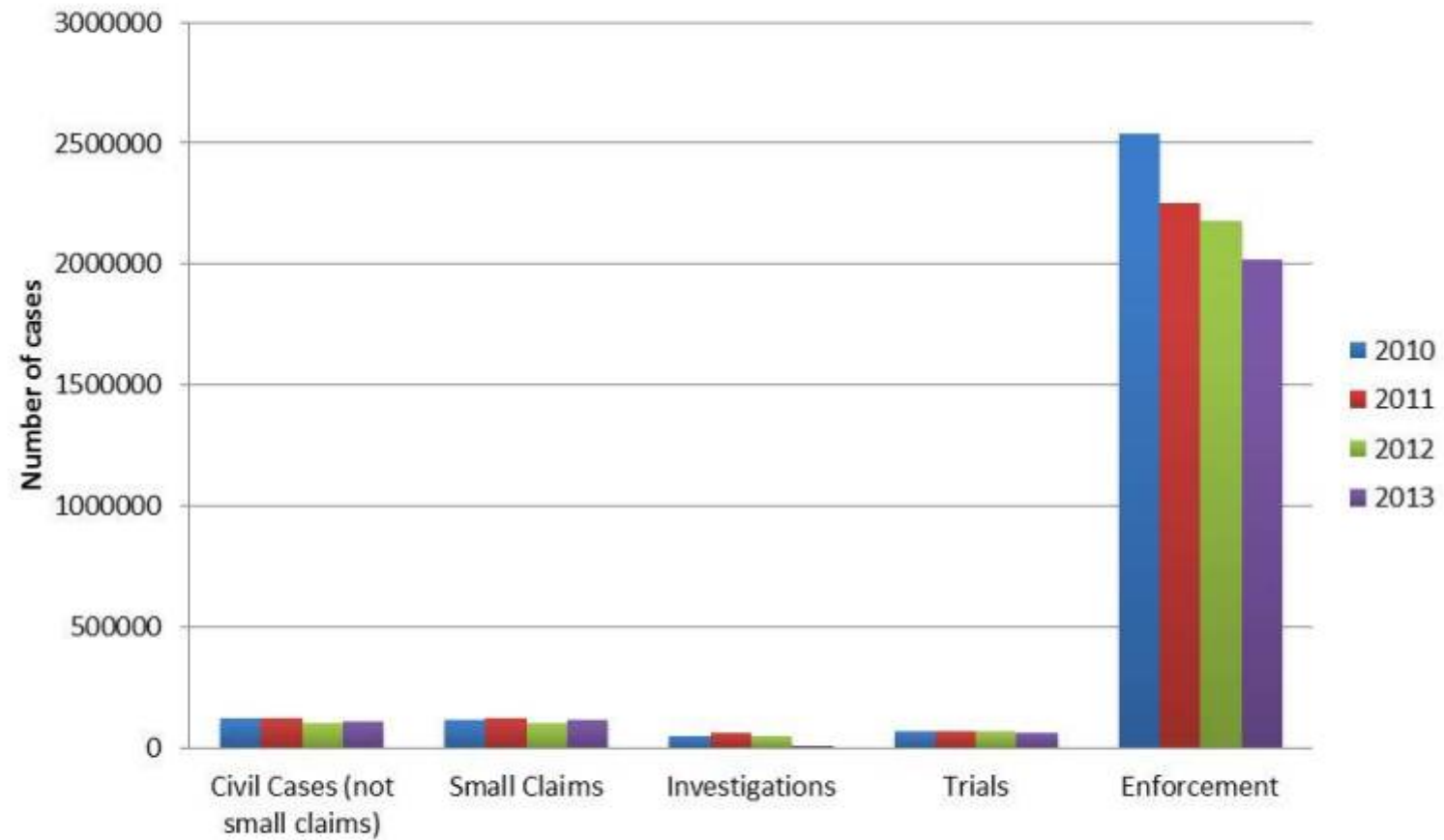
What's the current picture in terms of efficiency, quality and access?

Performance Assessment - Efficiency

- Overall number of incoming cases is decreasing
- The caseload data are somewhat inflated
- Sifting out inflated numbers reveals that judicial workload is modest
- Serbia's judicial system performs well in terms of timeliness at 1st instance.
- Serbia's backlog is bigger than comparator EU countries.
- Clearance rates have improved and are within or above EU range.
- Large disparities in performance, especially backlog and judicial productivity
- A range of challenges with procedural efficiency & abuse of process



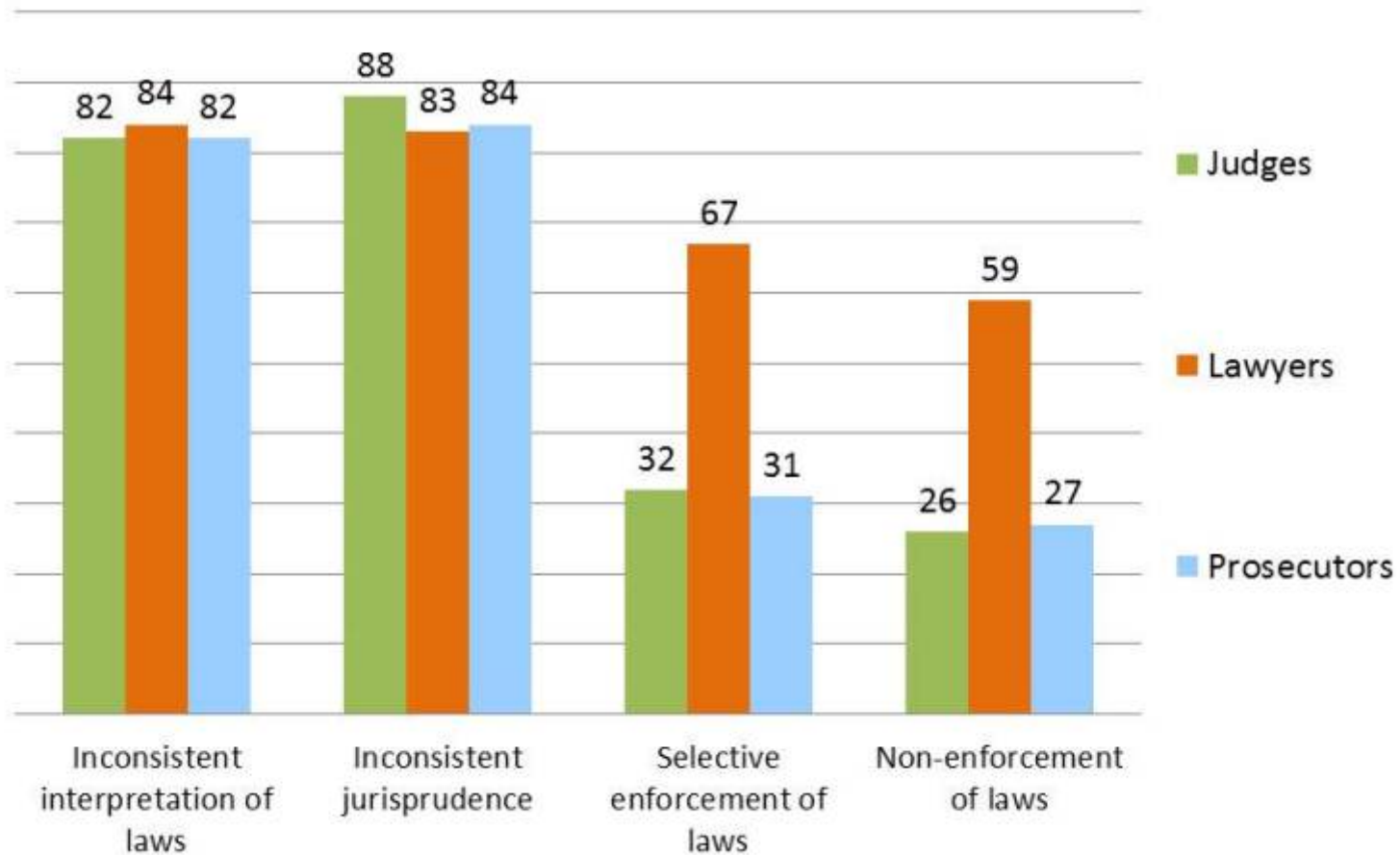
Basic Court Pending cases, 2010-2013



Performance Assessment - Quality

- Quality of laws is perceived to be low in terms of clarity & fairness
- Quality of decision-making is perceived to be low
- Appeal rates & abolishment rates vary but are not so bad
- ECHR complaints are problematic but confined to specific types of cases
- Perception of corruption remains widespread but is improving

Problems estimated to occur often in the implementation of laws, 2013

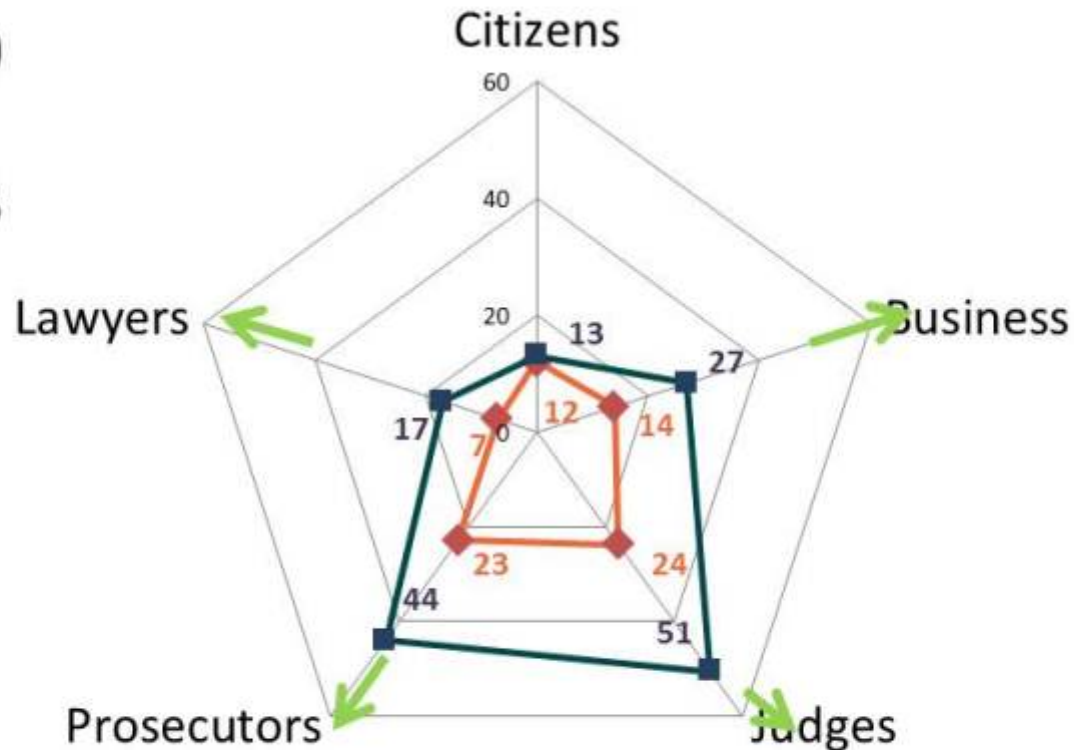


Perception of Absence of Corruption in the Judicial System, 2009-2013

Percentage of respondents claiming that there is NO corruption

◆ 2009

■ 2013

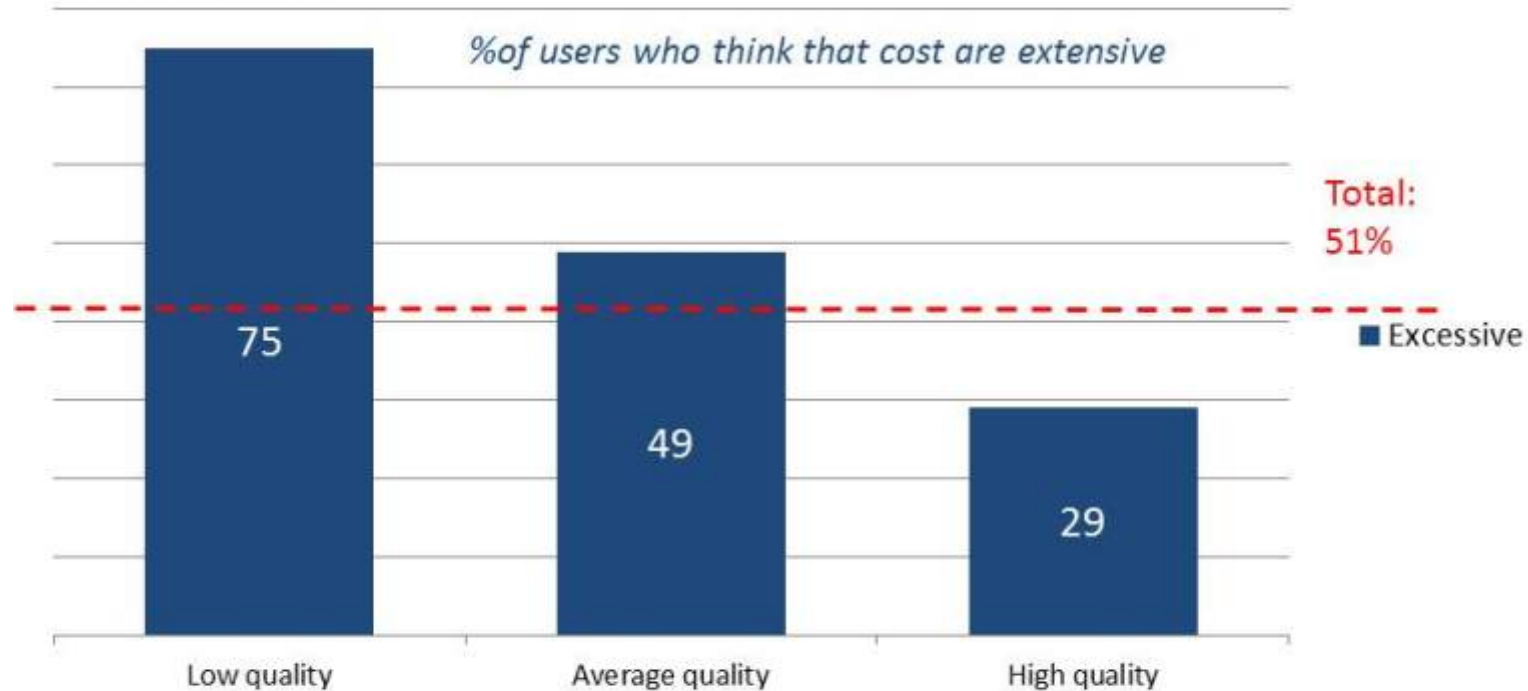


Performance Assessment - Access

- Affordability is the largest barrier to access to justice
- Access to information is also a challenge
- Geographic / physical barriers aren't the biggest barriers
- Lack of ADR / mediation options limits access

Perception of Costs by Quality of service – citizens with experience, 2013

One half of all citizens with experience perceive overall expenses in their court case as excessive, but...



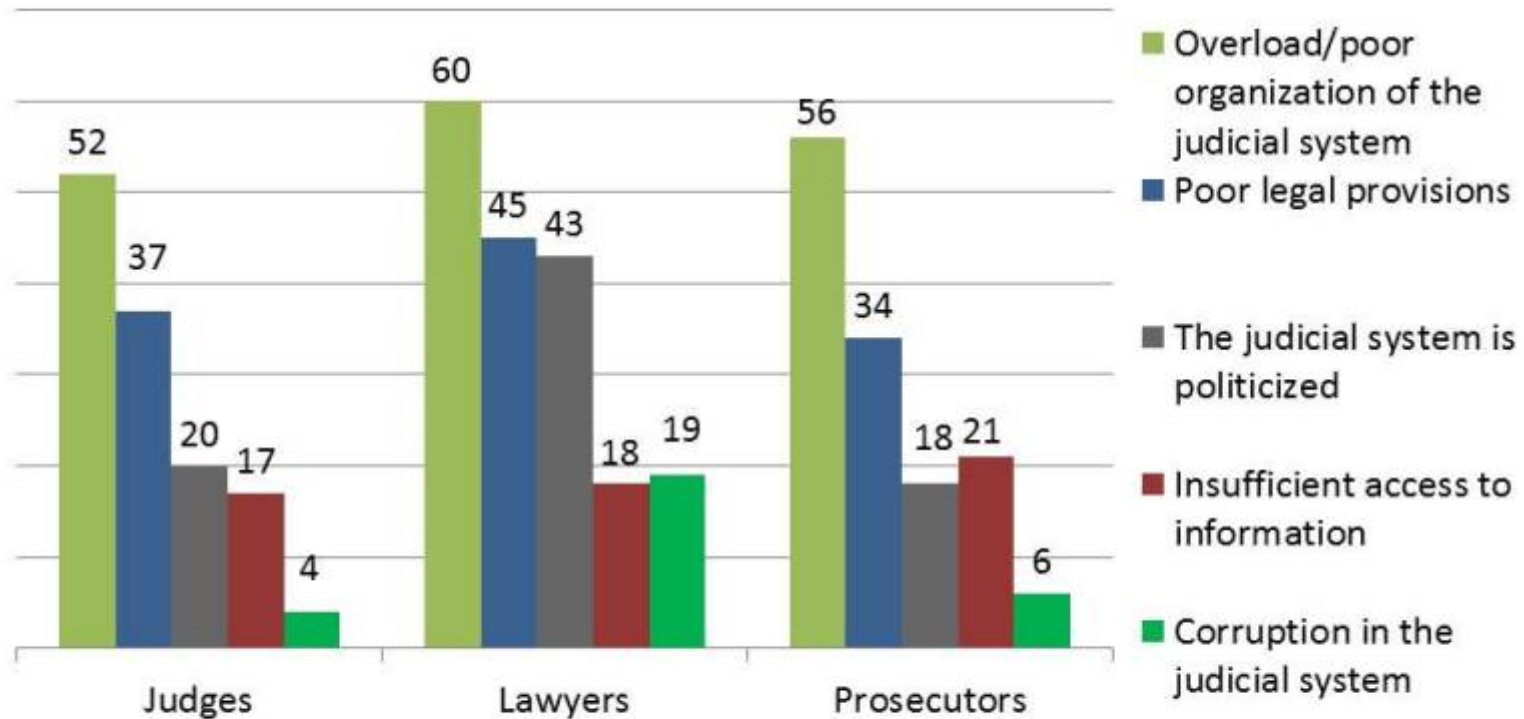
If the quality is perceived as good then the costs are not perceived as excessive.

Performance Assessment - Overall

- In all, performance meets EU standards in some areas, and is below in others. Still is within reach
- Performance is improving in efficiency areas, less in quality and access
- After many structural changes, the system craves stability
- Efficiency, quality and access are highly related

Reason for Evaluating the Judiciary System as not fully fair – Professional Staff, 2013

% of PROFESSIONAL STAFF WHO DID NOT EVALUATED FAIRNESS AS "LARGELY FAIR"



No difference between 2009 and 2013.

Analysis of the Functioning of the System

What goes in to producing justice
services?

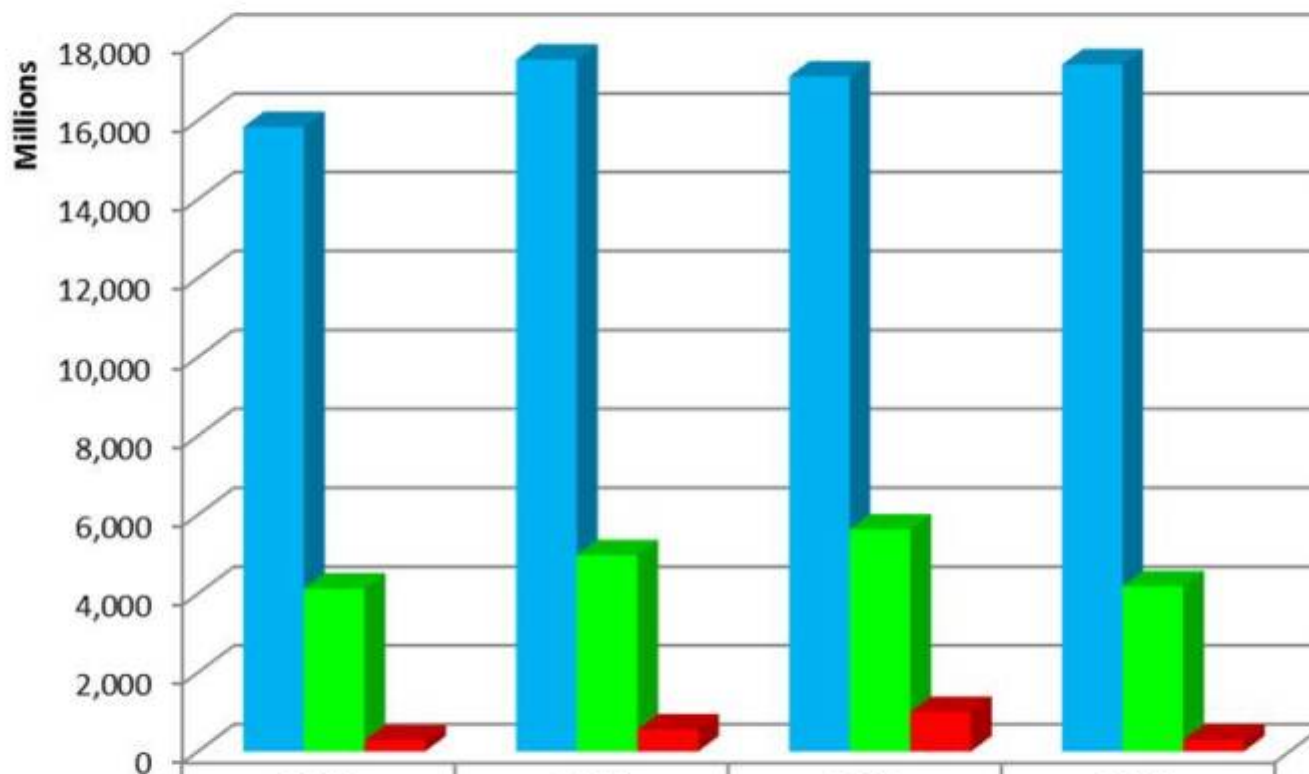
Resource Analysis – Governance

- Governance has focused largely on judges and laws
- The next phase will need to focus on system performance & improvements
 - Developing a framework & methodologies for defining performance
 - Easy monitoring of that performance across the system by specialized staff in HJC & SPC
- Significant work will be required to transfer functions to HJC & SPC
 - Planning should be prioritized/implemented now

Resource Analysis – Management

- The evidence base to inform management does exist
 - But is under-utilized because systems are fragmented and unwieldy
- Resource mix is imbalanced
 - 80% of budget tied up in salaries
 - Lack of flexibility to move funds and other resources where and when needed
 - Little room for transformations in ICT, infrastructure, innovation etc.
- With constrained resources, collaborative programming and choices will be required

2010-13 Structure of Executed Court System Budget in 2013 RSD/CPI

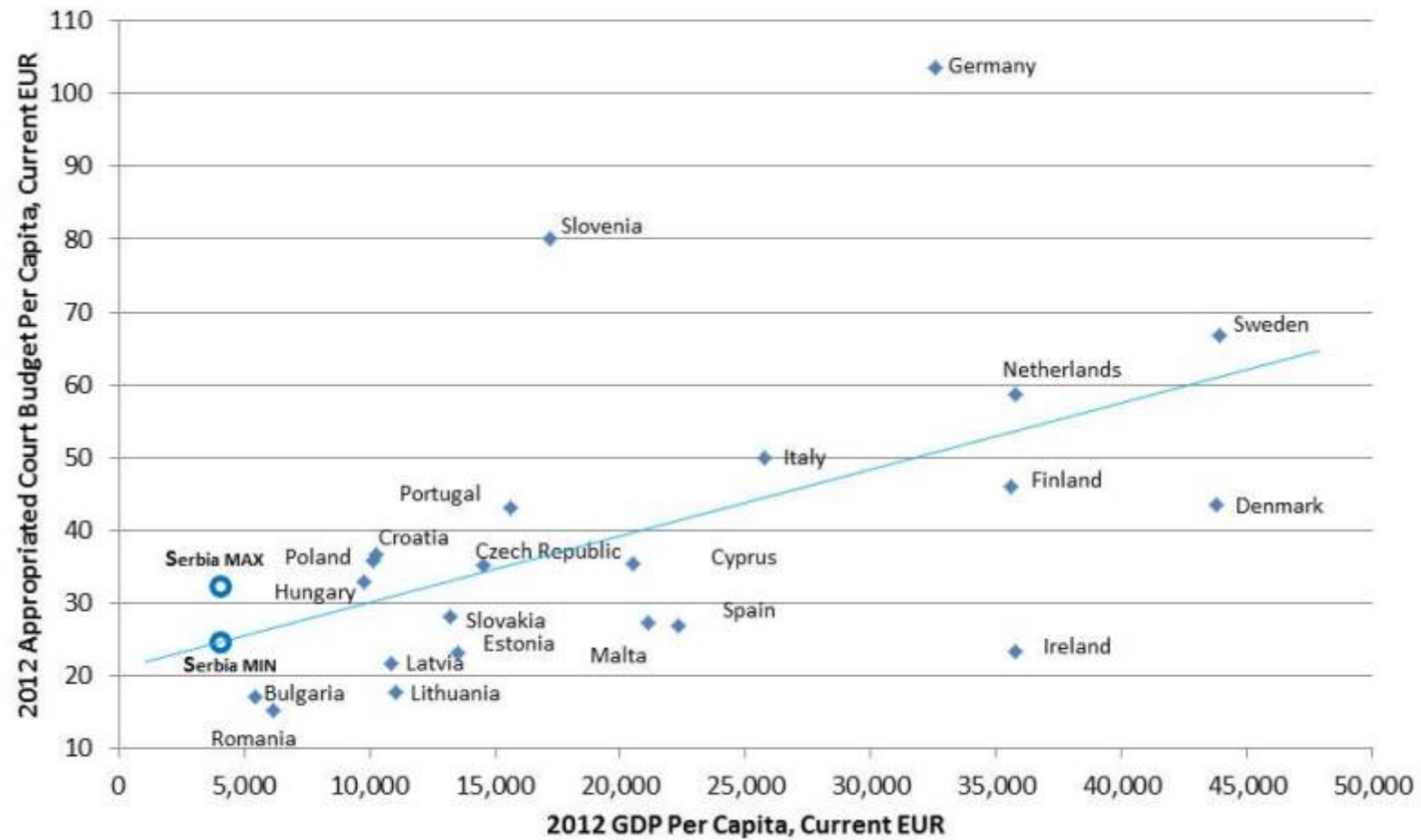


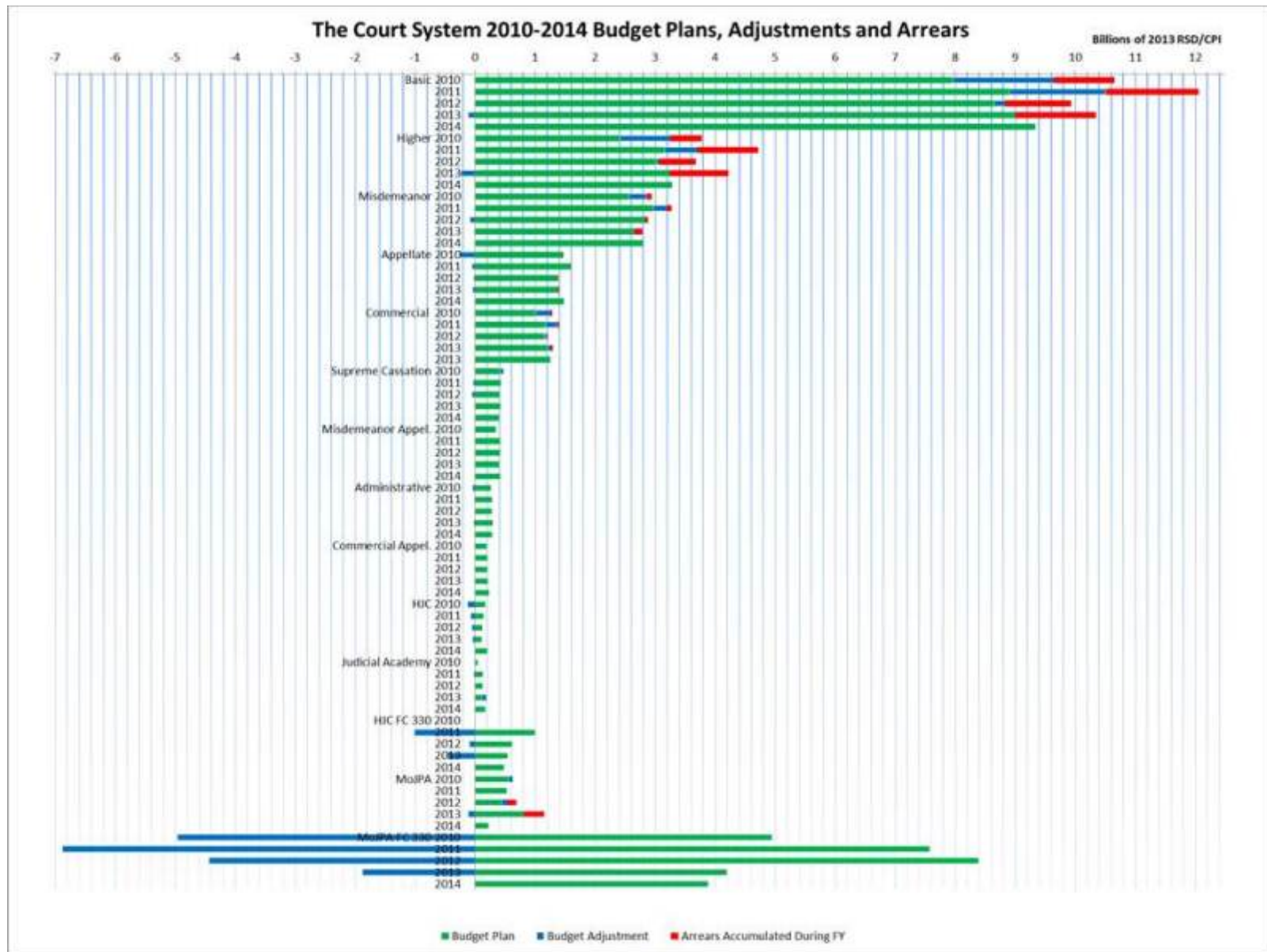
	2010	2011	2012	2013
Salaries	15,837,508,310	17,540,596,790	17,119,287,454	17,417,187,460
Current Less Salaries	4,132,417,327	4,972,580,362	5,629,666,970	4,192,777,476
Capital Investments	280,615,397	555,740,845	1,000,222,142	291,499,710

Resource Analysis - Finance

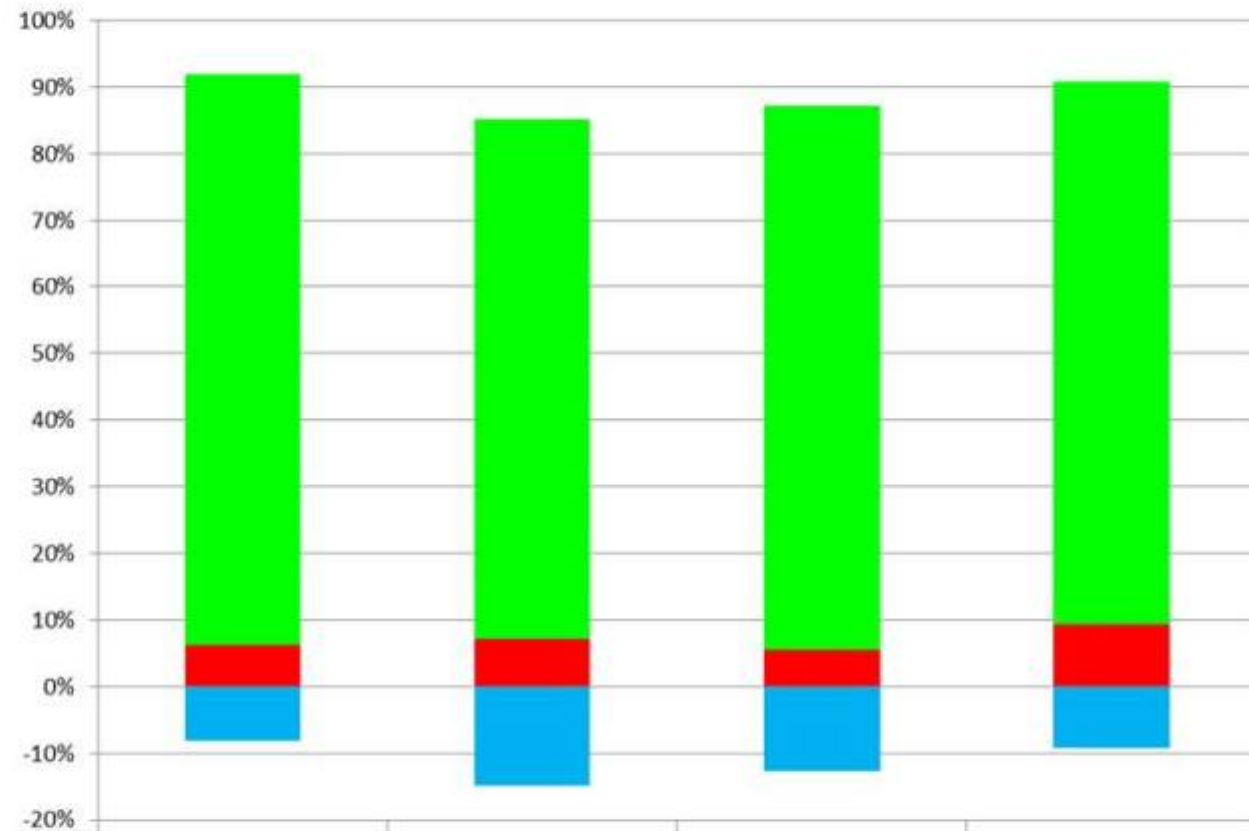
- Financial tools are underutilized in measuring and managing performance
- Funding levels are generally consistent with EU trends
- Consumption exceeds budget for large and increasing arrears in Basic and Higher courts
- Lack of disbursement predictability, unfunded mandates and reallocation restrictions leave courts in constant survival mode, without sense of control and interest in taking initiative
- Fragmentation of financial management
- Lack of a common understanding of distinction between capital investment and maintenance hinders allocative efficiency and accountability
- Little evidence of abusing the financial management system for private gain

Serbia and Selected EU Countries: Court Budget per Capita in Comparison with GDP per Capita



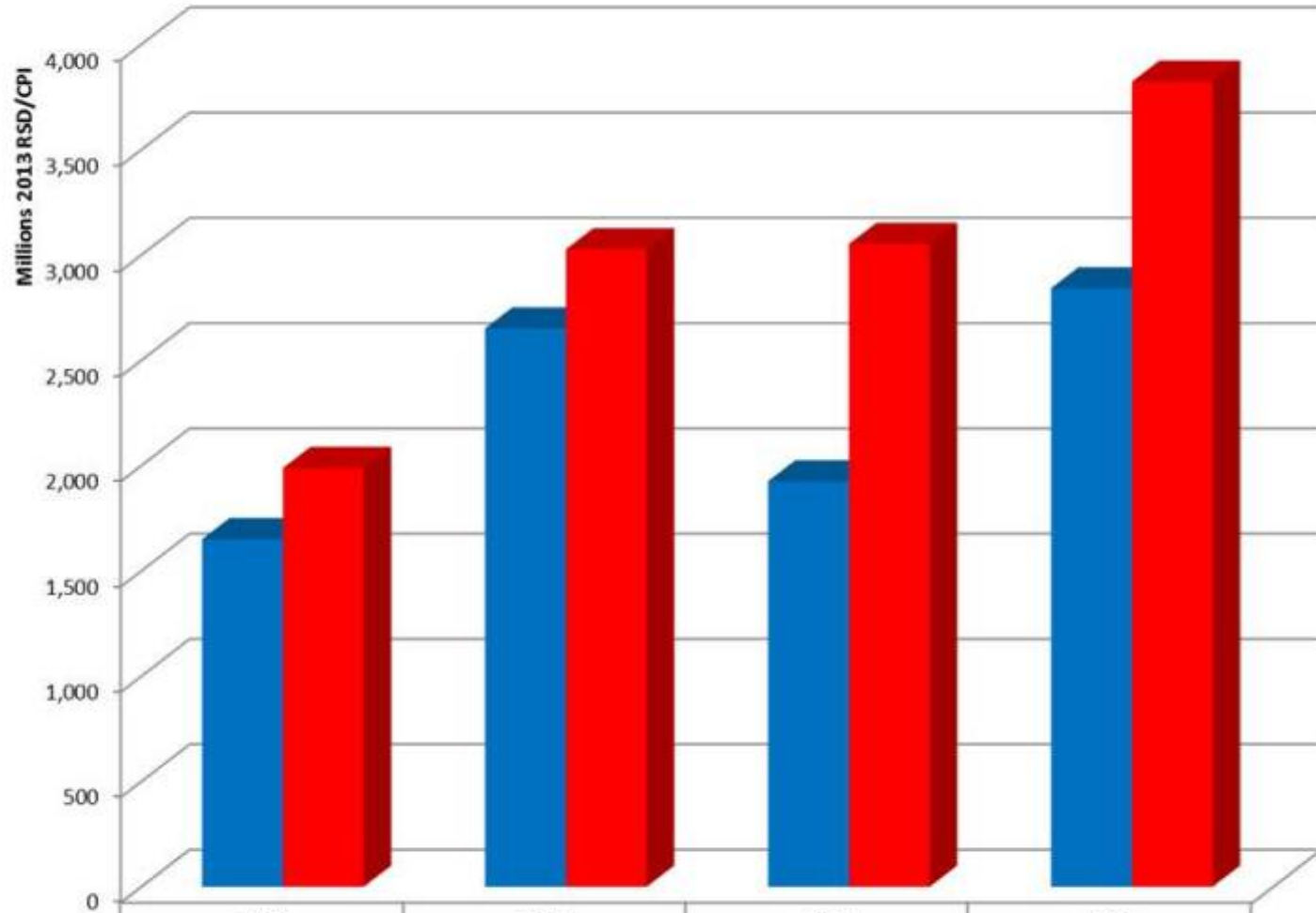


2010-13 Court System Appropriation, Budget Adjustment and Arrears as % of Consumption



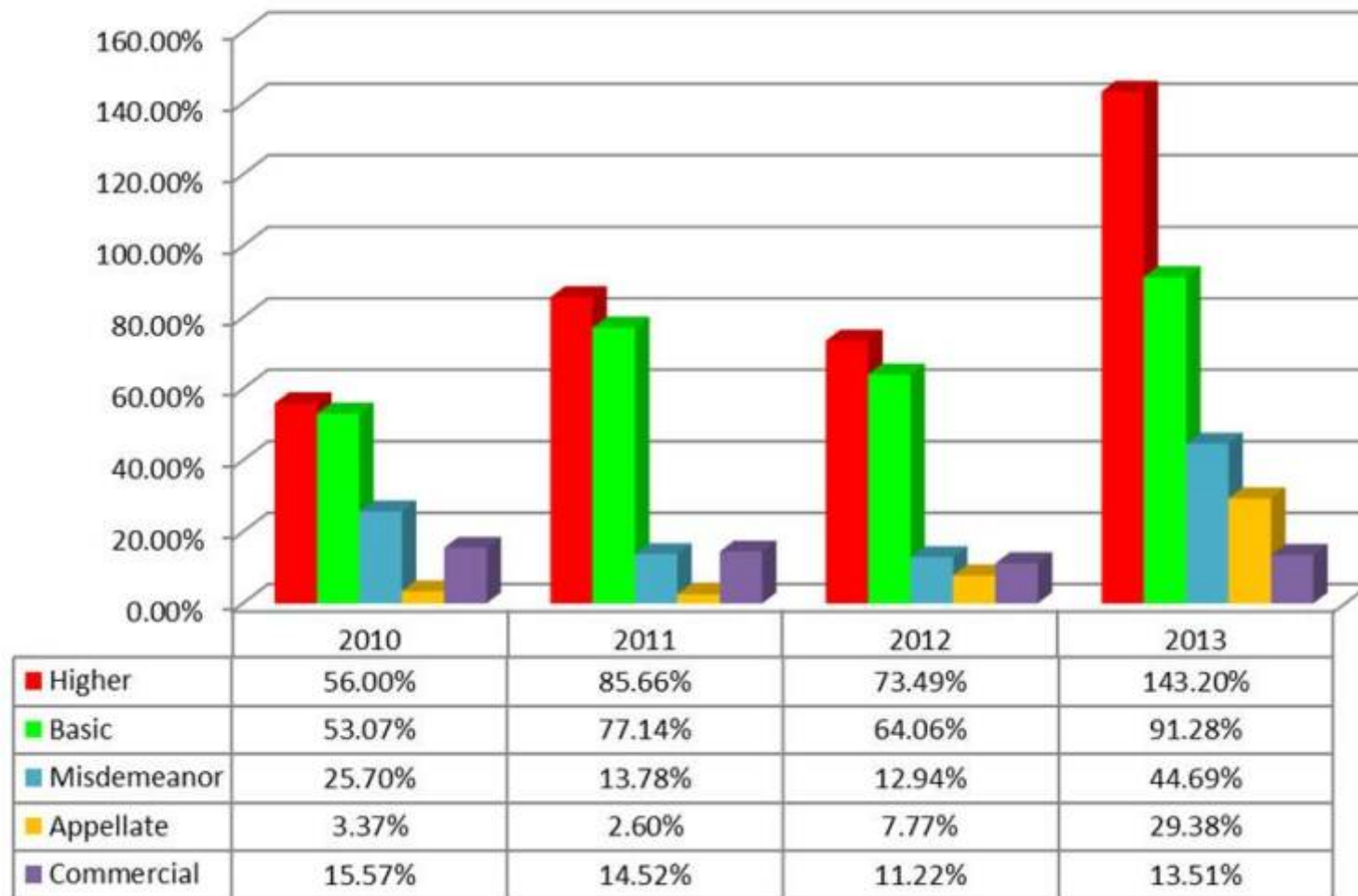
	2010	2011	2012	2013
■ Appropriation, BLN 2013 RSD/CPI	22.37	28.52	28.16	24.72
■ Arrears, BLN 2013 RSD/CPI	1.65	2.65	1.93	2.84
■ Adjustment, BLN 2013 RSD/CPI	-2.12	-5.45	-4.41	-2.81

2010-13 Court System FY & Cumulative Arrears, 2013 RSD/CPI



	2010	2011	2012	2013
Arrears, FY	1,650,691,419	2,651,337,122	1,925,544,011	2,841,814,856
Arrears, Cumulative	1,988,411,999	3,027,145,807	3,052,143,060	3,822,521,003

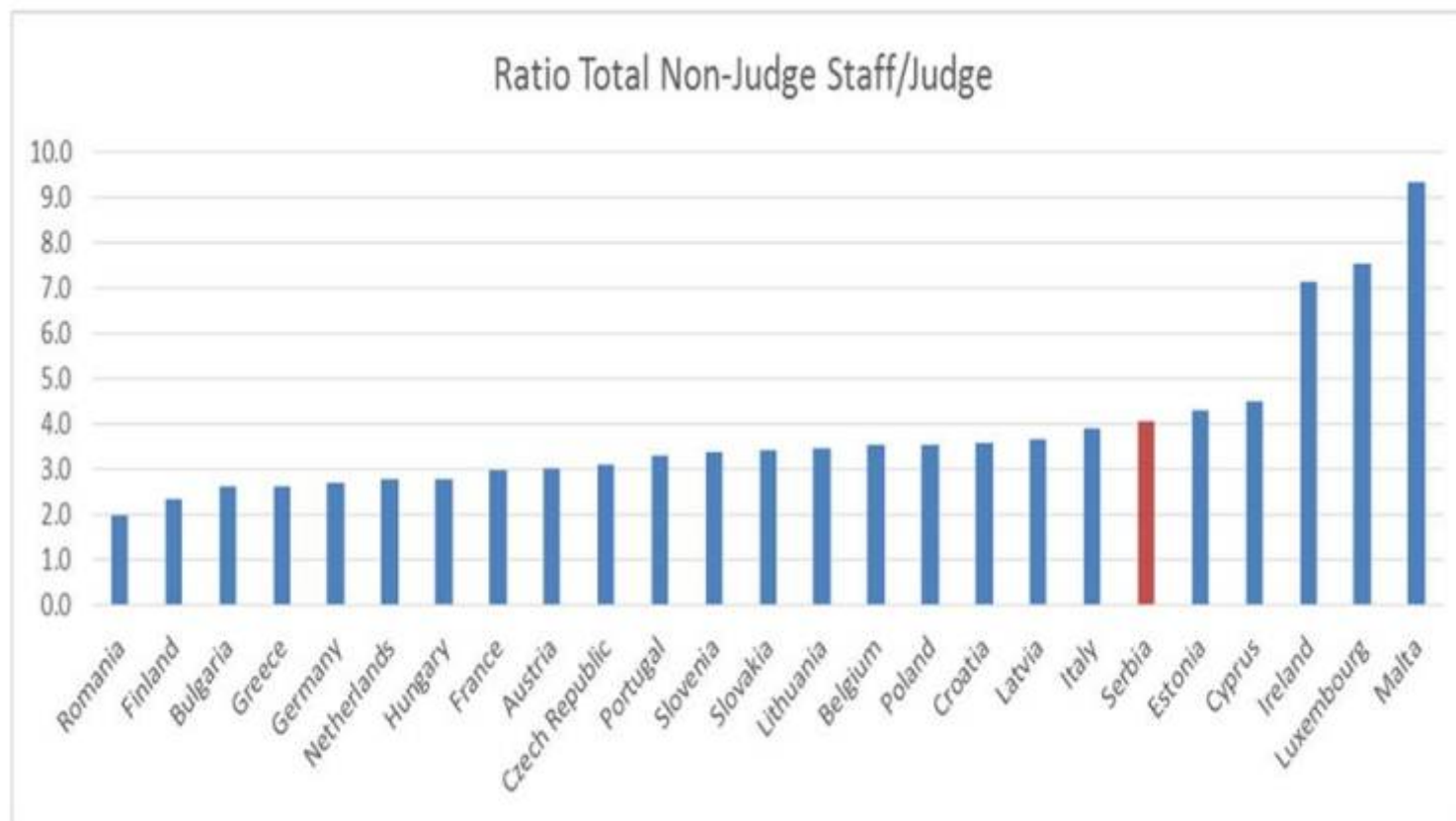
Court 2010-13 FY Arrears as % of Executed Current Budget Net of Salaries



Resource Analysis - HR

- Large numbers of people in the system
- Staffing structure is imbalanced & unplanned
- The system lacks the flexibility to perform
- Judge evaluation and discipline improving
- Judicial Academy could do more to support the transformation

Comparatively High Ratios of Staff per Judge



Ancillary Staff a Large Proportion of Total Staffing

The ratio of ancillary employees to core, non-enforcement case-related staff demonstrates the courts have a significant number of employees who are not engaged in the courts' core functions

Ratio of Budgeted Ancillary to Core Staff by Court Type - 2013

Court Type	Total Non-Judge Employees	All Case Processing Related Positions	% Comprising Case Processing Related	Other Employees	% Comprising Other Employees
Appellate	589	504	86%	85	14%
Higher	1644	1141	69%	503	31%
Basic	5948	4011	67%	1937	33%
Commercial	749	619	83%	130	17%
Misdemeanor	2053	1403	68%	650	32%
TOTAL	10983	7678	70%	3305	30%

Source: MDTF Mega Data Table

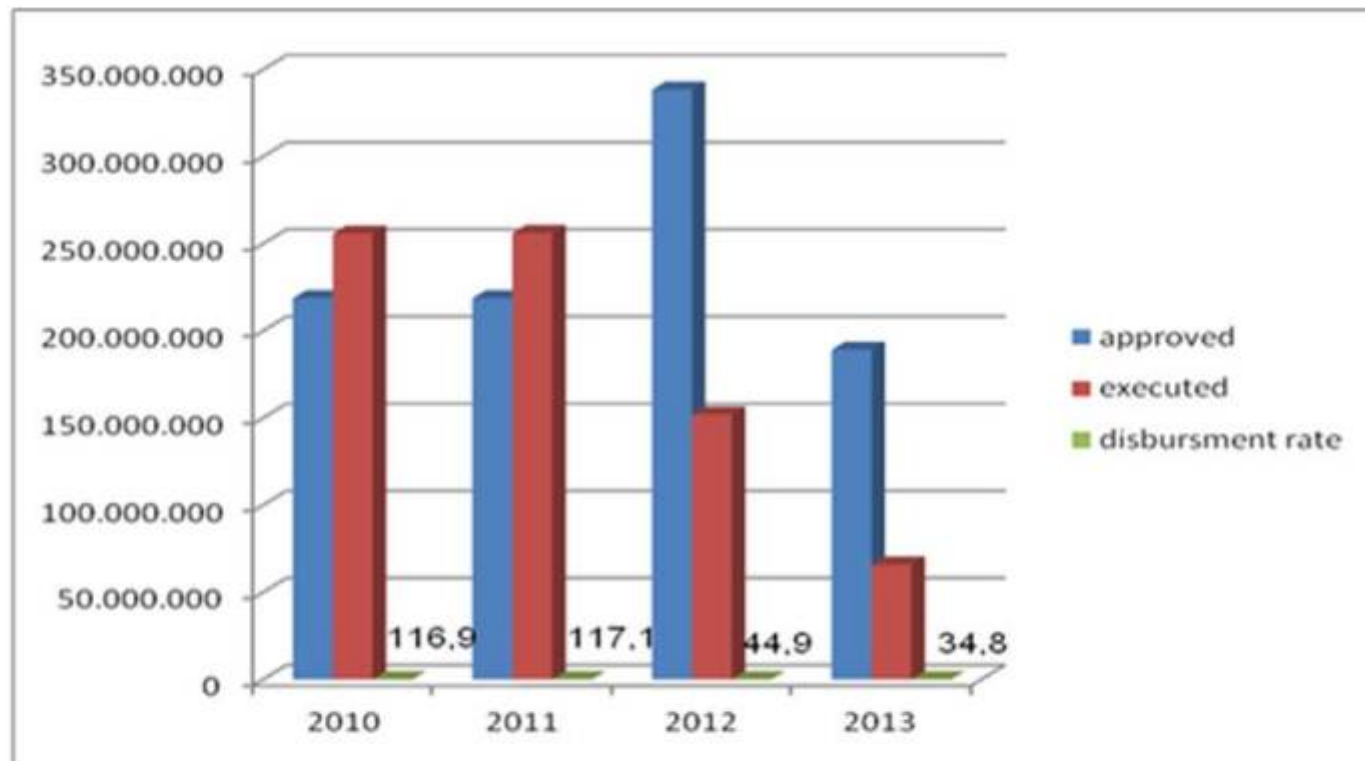
Resource Analysis - ICT

- Systems are improving and gradually replacing paper processes
- Systems remain under-utilized
- Variety of unlinked systems with limited exchange
- Lack of in-house ICT capacity
- Long-range ICT budget planning required

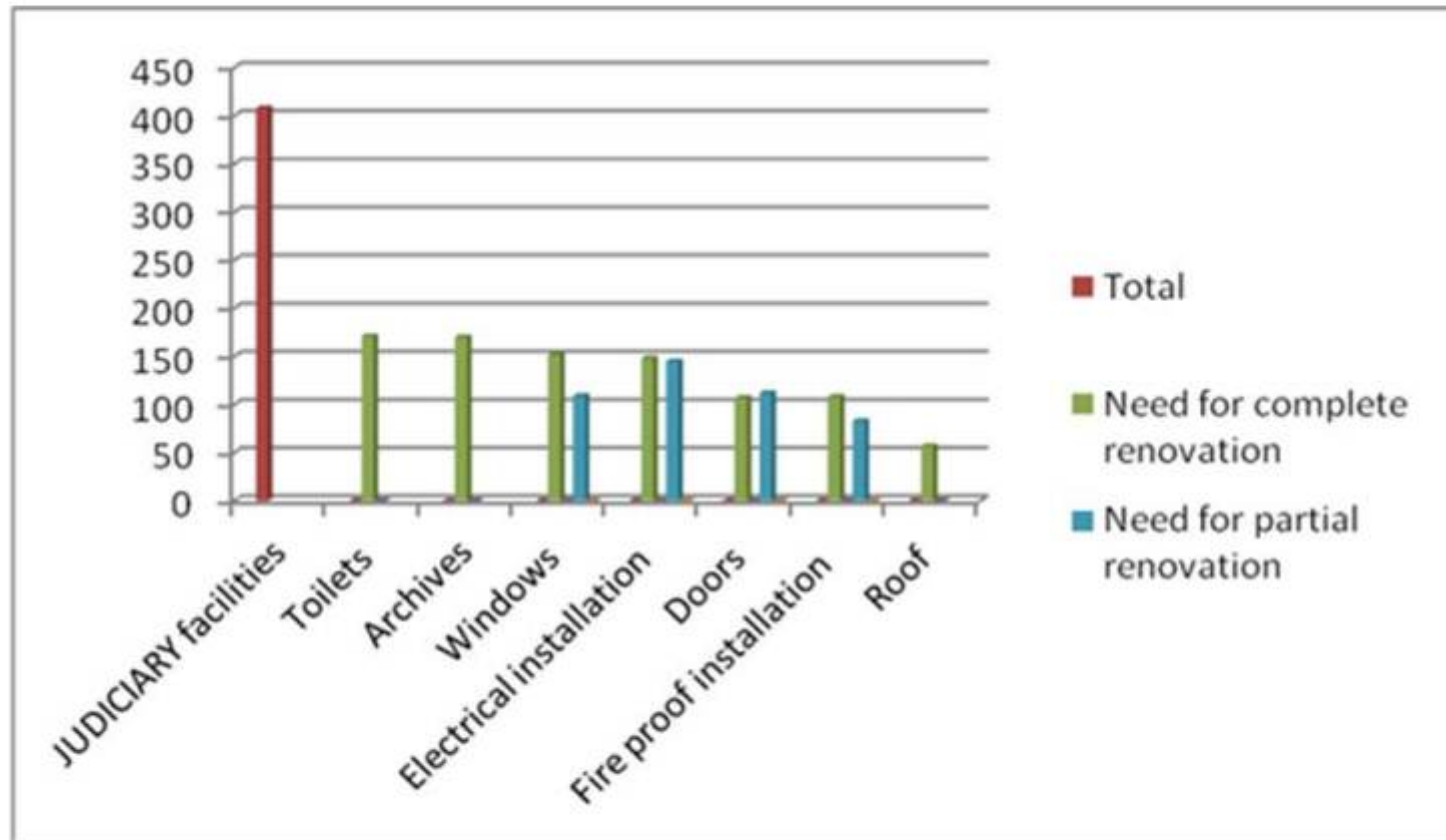
Resource Analysis - Infrastructure

- Continuous changes to the system make infrastructure planning challenging.
- Absence of multi-year capital planning* doesn't allow for planning.
- Fragmentation of planning responsibility between MOJPA and HJC/SPC.
- Low capacity in MOJPA and HJC for capital planning and investments
- Maintenance and investments is mainly done on the ad hoc basis
- Lack of courtrooms and use of judges' chambers as substitutes creates challenges to efficiency and transparency.

Planned and realized funds for capital expenditures for the judiciary



Court infrastructure – renovation needs



Reconciling performance & resources?

- Demand is tapering off
 - Services are being outsourced
 - Inflow of cases is falling
- Inputs have increased
 - Resource consumption has increased, mainly by increasing arrears
 - HR has increased, mainly via ad hoc recruitment
- Outputs have stagnated
 - Caseload figures are steady
 - Little backlog reduction

Question: why hasn't performance and value for money been so much stronger?

And what can be done given existing resource constraints to improve performance?

Next steps?

- Welcome feedback on these issues
- We'll share draft documents along the way
- Further meetings to share this PPT with stakeholders
- Workshop in June to discuss Recommendations and Risks
- Share full draft report
- Receive comments
- Finalize report

Questions?