



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SERBIA JUSTICE SECTOR SUPPORT MULTI DONOR TRUST FUND
APPROVED ON MAY 18, 2010
TO
REPUBLIC OF SERBIA

GOVERNANCE

EUROPE AND CENTRAL ASIA

Regional Vice President:	Cyril E Muller
Country Director:	Linda Van Gelder
Senior Global Practice Director:	Deborah L. Wetzel
Practice Manager/Manager:	Roberto Adrian Senderowitsch
Task Team Leader:	Srdjan Svircev, Georgia Harley, Runyararo Gladys Senderayi



ABBREVIATIONS AND ACRONYMS

EU	European Union
MDTF-JSS	Multi Donor Trust Fund for Justice Sector Support
PDO	Project Development Objective



BASIC DATA

Product Information

Project ID P121377	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 18-May-2010	Current Closing Date 31-Dec-2018

Organizations

Borrower Republic of Serbia	Responsible Agency Ministry of Justice
--------------------------------	---

Financing (in USD Million)

SUMMARY

Total Project Cost	4.70
Total Financing	0.00
Financing Gap	0.00

DETAILS

Project Development Objective (PDO)

Original PDO

The objective is to provide support for strengthening the justice sector of the Republic of Serbia in order to facilitate its integration to the European Union.



Summary Status of Financing

TF	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-97118	13-Sep-2010	30-Nov-2010	30-Nov-2010	31-Dec-2018	4.70	4.19	.51

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Background

- 1. Closing Date.** The Multi Donor Trust Fund for Justice Sector Support (MDTF-JSS) provides support to strengthen Serbia's justice sector to facilitate its integration to the European Union. The Recipient Executed Trust Fund (RETF) Grant under the MDTF-JSS, which is executed by the Serbian Ministry of Justice (MOJ), became effective on 30 November 2010 and was set to close on December 31, 2018. In December 2018, a four-year extension of the end-disbursement dates (EDDs) of the MDTF-JSS (TF071444 and TF072762) was approved in conjunction with additional donor pledges of USD 3.7 million, out of which USD 1.8 million from the Kingdom of Netherlands and Swedish International Development Agency (SIDA) is already committed. Some donors are considering making additional contributions to increase the allocation for RETF Grant.
- 2. Grant Components. The grant comprises two components:**
 - (a) Justice Sector Reform and Accession Facilitation Unit (RAFU):** Under this component, grant funds provide support for the establishment and operation of the Justice Sector RAFU in the MOJ that facilitates and coordinates the justice sector reform program. This includes, inter alia: (i) provision of consultants' services, goods and training to the MOJ and the RAFU preparation of technical and policy papers, strategic planning, effective aid coordination, and project design and management in the justice sector; and (ii) provision of consultants' services and goods for organizing learning events, including conferences and public campaigns to promote the justice sector reform.
 - (b) Access to Justice:** Under this component, grant funds provide support for improving access to justice through the provision of consultants' services, training and goods for: (i) developing a legislative framework for free legal aid based on strategy for free legal aid; (ii) facilitating the establishment of national and local institutions responsible for overseeing the free legal aid system; (iii) building the capacity of free legal aid providers; (iv) increasing the efficiency in the MOJ; (v) facilitating knowledge-sharing; (vi) carrying out a public awareness campaign; and (vii) creating monitoring and evaluation systems and capacities in the MOJ.



B. Project Performance

3. The overall MDTF-JSS is on track to achieving its development objective – to provide support to strengthen Serbia’s justice sector to facilitate its integration into the European Union. Progress under the Recipient Executed Grant is assessed against the following indicators:

(a) Strategies and plans are developed and monitored: Serbian authorities prepared a draft Action plan for Chapter 23 and opened negotiations with the European Union. Now, they are actively working on implementing the activities contained in the Action Plan. Monitoring of the Action Plan has continued throughout; members of the RAFU collect data on implementation progress from the various institutions in the justice sector, analyze the information and prepare quarterly reports on implementation progress. The RAFU also prepares biannual reports for the European Commission. The State Prosecutorial Council (SPC) developed its 5-year Action Plan.

Guidelines for the Improvement of Mediation in the Republic of Serbia were drafted and jointly enacted in 2017 by the President of the Supreme Court of Cassation (SCC) and the High Judicial Council and the Minister of Justice.

(b) Technical assistance and analyses raise awareness of issues faced in the justice sector and inform policy and decision making: The SCC has made its Annual Report more user-friendly; the report which used to have 500 pages is now 50 pages long and allows users to extract performance data. Providing information in a digestible format that is more accessible to the public and other stakeholders has enhanced the court’s transparency. The report is published on the SCC’s website.

The Backlog Reduction Working Group operating under the auspices of the SCC has helped to de-congest the courts and speed up the resolution of disputes. About 35,000 backlogged cases were resolved in 2016 and 2017. The most positive results in backlog reduction were in the basic courts and the commercial courts. Progress has also been made in the harmonization of case law. In 2014, the SCC adopted a program for harmonization of case law designed to improve the quality and consistency of decisions handed down by different courts. This process has also contributed to ensuring that Serbia’s laws and their interpretation are consistent with EU jurisprudence.

Cooperation with the European Commission for the Efficiency of Justice (CEPEJ), has continued and has been enhanced, especially with regards to organizing the 2016-2018 CEPEJ Evaluation Scheme.

Through the Courts Rewards Program, the SCC issues annual awards to courts that have the largest improvement in backlog reduction and number of cases resolved per judge. Serbia is one of the only countries in the world with a rewards program that encourages positive competition in the judiciary and promotes justice for citizens and businesses. Rewarding court staff in this way helps to increase efficiency without



impacting the quality of justice. The program was so successful that it has been embedded in the Court Book of Rules.

The analysis of the arrears and analysis of Budget Estimates for the Operation of the SPC and Public Prosecutor Offices (PPOs) led to a decrease in arrears in Public Prosecution and optimization of human resources. The SPC and the PPOs have improved their budget planning and tracking of arrears which has in turn enhanced their technical capacity to effectively manage and plan their resources. Both the SPC and the PPOs now have a better understanding of the budget planning process and can negotiate their budgets more effectively and more transparently. Also, they now have the capacity to use and channel their resources more efficiently.

Serbian authorities have begun to use the analytical work conducted to align victim support services to the minimum standards established in EU Directive 2012/19.

- (c) Capacity of key personnel is strengthened through knowledge transfer: By supporting key personnel in different agencies across the justice sector, individual RAFU consultants have transferred knowledge and technical expertise to government officials who previously lacked some of the capacity needed to facilitate the EU accession process.

By December 2017, 957 judicial stakeholders had participated in training and workshops in targeted fields. A post-training survey revealed that 95 percent of the participants reported that the training was useful for their daily work, while 83 percent reported that their skill levels had improved as a result of the training

- 4. **Financial Management.** As of March 6, 2019, the undisbursed balance of the RETF grant is USD 507,838.36. Financial management arrangements are deemed satisfactory and there are no outstanding audits under the RETF grant.

C. Rationale for Restructuring

- 5. **The MDTF-JSS has been highly impactful and its activities have contributed to transforming Serbia's justice sector.** Interventions under the MDTF-JSS have produced positive results that are highly regarded by the Government, the donors and the beneficiaries. Serbia's justice system has been strengthened in form and in substance and now possesses some of the characteristics required of an EU Member State's judiciary. Serbia is now primed for the next generation of reforms which will facilitate its integration into the EU. The extension of the closing date of the Grant Agreement is requested to ensure program continuity.
- 6. **Serbia aspires to be an EU Member State by 2025. The extension of the grant closing date will enable further reforms in priority areas that are critical to building a strong justice sector and integral to the EU accession process, including improving the quality and integrity of justice institutions in Serbia, as well as increasing access to justice.** Donors have already committed an additional USD 3.7 million to the MDTF-JSS for the implementation of activities under the Bank Executed Trust Fund, while some donors are considering making



additional contributions to the RETF. The current balance of USD 507,838.36 in the RETF will enable the MOJ to finalize activities planned for 2019 and 2020, such as the revision and update of the Action Plan for Chapter 23 and finalization of the Serbian Judicial Reform Strategy for the period 2019-2024. In addition, activities under the recipient executed grant will focus on finalizing the development of the normative framework on access to justice, including the law on Free Legal Aid and legislative amendments improving access to justice in criminal proceedings. Training on access to justice mechanisms will be conducted following the normative changes, as will extensive information dissemination campaigns. Because the law on Free Legal Aid was not passed as envisioned, planned activities on free legal aid could not be implemented substantively. To mitigate the situation, the component was adapted to include a broader set of access to justice activities. In this regard, most of the undisbursed funds in the RETF grant will be channeled to activities on access to justice that were not implemented in the previous phase of the project.

II. DESCRIPTION OF PROPOSED CHANGES

Retroactive Extension of the closing date of the Grant Agreement

7. This restructuring paper proposes to retroactively extend the closing date of the Grant Agreement between the Bank and the Republic of Serbia from December 31, 2018 to December 31, 2022, following the extension of the End Disbursement Date of the Trustee Level Trust Funds which was finalized only on March 6, 2019.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Additional Financing Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Change in Overall Risk Rating		✓



Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

TF	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-97118	Closed	31-Dec-2011	31-Dec-2015, 31-Dec-2018	31-Dec-2022	30-Apr-2023