PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF EURO 110.0 MILLION
(US$130.0 MILLION EQUIVALENT)

TO

ROMANIA

FOR A

JUDICIAL REFORM PROJECT

November 22, 2005

Poverty Reduction and Economic Management Unit
Europe and Central Asia Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.
CURRENCY EQUIVALENTS

Exchange Rate Effective September 23, 2005

Currency Unit = Romanian Lei (RON)
RON 2.80 = US$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

BEEPS  Business Environment and Enterprise Performance Surveys
CAS  Country Assistance Strategy
CFAA  Country Financial Accountability Assessment
COA  Chart of Accounts
CPS  Country Partnership Strategy
DIEFP  Department for Implementation ofExternally Financed Projects
ECRIS  Electronic Case Registration and Information System
EU  European Union
FMR  Financial Management Report
GOR  Government of Romania
IBRD  International Bank for Reconstruction and Development
HCCJ  High Court of Cassation and Justice
JHA  Justice and Home Affairs
MoPF  Ministry of Public Finance
MOJ  Ministry of Justice
NIM  National Institute of Magistrates
NSC  National School of Clerks
PPIBL  Public and Private Institution Building Loan
RON  Romanian Lei
SCM  Superior Council of Magistracy
SIL  Specific Investment Loan
USD  US Dollar
WB  World Bank

Vice President: Shigeo Katsu
Country Manager/Director: Owaise Saadat / Anand Seth
Sector Manager / Director: Deborah L. Wetzel / Cheryl W. Gray
Task Team Leader: Irina L. Kichigina
# CONTENTS

## A. STRATEGIC CONTEXT AND RATIONALE ................................................................. 5
  1. Country and sector issues ................................................................................... 5
  2. Rationale for Bank involvement .......................................................................... 9
  3. Higher level objectives to which the project contributes .................................. 11

## B. PROJECT DESCRIPTION .................................................................................... 11
  1. Lending instrument ............................................................................................ 11
  3. Project development objective and key indicators ........................................... 11
  4. Project components .......................................................................................... 12
  5. Lessons learned and reflected in the project design ....................................... 14
  6. Alternatives considered and reasons for rejection ......................................... 15

## C. IMPLEMENTATION ............................................................................................. 16
  1. Institutional and implementation arrangements .............................................. 16
  2. Monitoring and evaluation of outcomes/results .............................................. 17
  3. Sustainability ..................................................................................................... 18
  4. Critical risks and possible controversial aspects ............................................ 18
  5. Loan/credit conditions and covenants ............................................................ 19

## D. APPRAISAL SUMMARY .................................................................................... 20
  1. Economic and financial analyses ...................................................................... 20
  2. Technical .......................................................................................................... 21
  3. Fiduciary ........................................................................................................... 22
  4. Social ................................................................................................................ 24
  5. Environment ...................................................................................................... 24
  6. Safeguard policies ............................................................................................ 25
  7. Policy Exceptions and Readiness ...................................................................... 26

Annex 1: Country and Sector or Program Background ........................................... 27

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies ............. 40
Annex 3: Results Framework and Monitoring ................................................................. 43
Annex 4: Detailed Project Description ........................................................................... 50
Annex 5: Project Costs ................................................................................................. 58
Annex 6: Implementation Arrangements ........................................................................ 59
Annex 7: Financial Management and Disbursement Arrangements .......................... 62
Annex 8: Procurement Arrangements ........................................................................... 66
Annex 9: Economic and Financial Analysis ................................................................. 74
Annex 10: Safeguard Policy Issues ................................................................................ 77
Annex 11: Project Preparation and Supervision ............................................................ 80
Annex 12: Documents in the Project File ....................................................................... 81
Annex 13: Statement of Loans and Credits ................................................................. 82
Annex 14: Country at a Glance ..................................................................................... 84
Annex 15: Map No. 33469 ........................................................................................... 86
A. STRATEGIC CONTEXT AND RATIONALE

1. Country and sector issues

(a) General context

Romania is the second largest country in Central and Eastern Europe, after Poland, in terms of population (22.5 million), with an area of sq/km 238,390. After a decade of relatively poor reform performance, Romania has, over the past four years, significantly improved its economic performance. The economy has begun to stabilize, growth has increased to approximately 4.5 to 5 percent, and poverty has recently declined. Growth has been driven primarily by increased investments and exports.

Similar to economic reforms, institutional reforms started slowly during the early transition period and have accelerated since 2000. When the Romanian Government embarked on an ambitious economic development program aimed at enhanced economic growth, reduction of poverty and successful integration into the European Union, it realized that sustained progress in growth and investment required institutional reforms to complement economic reforms. A weak judicial system, poor accountability, and widespread perception of corruption in particular were seen as negatively impacting the business environment and therefore private sector investment and growth. Improvements in public administration generally, and in the justice sector in particular, became a main focus of the Romanian Government’s reform plan.

The prospect of EU accession has been a driving force in much of the recent reform efforts. The EU opened accession negotiations with Romania in early 2000 and were successfully concluded on December 14, 2004. The Accession Treaty was signed on April 25, 2005, and the ratification process by all 25 EU member states is underway. The treaty envisages accession on January 1, 2007. Consistent with other EU candidate countries, the European Union and its accession process have exerted a tremendous influence on the direction, pace and progress of legal and judicial reform in Romania. This project is designed to accelerate progress toward accession and compliment the EU assistance in the area of judicial reform.

(b) Judicial reform efforts

Since the start of democratic reforms in 1992, the Romanian judiciary has made significant progress in the transition from an instrument of a socialist state to a public institution that protects and promotes the rule of law, democracy and serves the needs of a market economy.

The Romanian judiciary started at a low baseline when reform efforts were launched. The Romanian court system was characterized by: (i) highly centralized administrative control of the Ministry of Justice; (ii) undue interference of the prosecutors in court proceedings (particularly in civil cases); (iii) archaic methods of case filing and case processing; (iv) shortage of judges and court personnel; (v) low professional level of
judges: (vi) limited access to constantly changing legislation, and (vii) poor working conditions for judges and court personnel. These conditions led to a consistently increasing case backlog and public mistrust in the court system. The business community also viewed the courts as lacking in independence and efficiency.

At the outset of the reform effort, these difficult conditions led to tension between the judicial community and the Ministry of Justice, which in turn, delayed systemic reform efforts. As a result, in the early transition period, efforts at legal reform were focused primarily on drafting and quickly adopting new laws and regulations required to build a market economy. Throughout this early period fundamental legal institutions, including the courts, remained unchanged.

The main focus of these legislative efforts was to create a de-politicized judiciary, free from state control, which could act as a bulwark for newly-won political and civil rights and be a trusted adjudicator of disputes. During 2000-2004, the Government launched a number of important initiatives aimed at achieving this goal. In October 2003, constitutional amendments were adopted through a national referendum which introduced important changes in the judicial area. These included: (i) enshrining the principles of the judiciary as an independent branch of power, and the right to a fair trial within a "reasonable time"; (ii) transformation of the Supreme Court of Justice into a High Court of Cassation and Justice (HCCI), responsible for ensuring the consistent interpretation and implementation of laws throughout Romania; and (iii) revised composition and mandate of the Superior Council of Magistracy (SCM) which would strengthen its role as an institutional guarantor of judicial independence.

The three organic laws adopted in summer 2004 - on the Superior Council of Magistracy, on the Statute of Magistrates and on Judicial Organization - introduced further changes in the status of magistrates and overall outlook of the judiciary aligned with the European standards, ensuring independent, transparent and merit-based selection of judges. This three-law package, which came into force in September 2004, has laid down a necessary basis for broad systemic reforms in the justice sector, and the new Government formed in January 2005 re-confirmed its commitment to the reform process.

Further amendments to the judicial laws were introduced in July 2005 (Law No. 247/2005 on Reforms in the Areas of Property and Justice, Official Journal No. 63, July 22, 2005). These amendments, inter alia, further elaborated the status of economic managers in courts, introduced provisions for stronger accountability of judges, required examinations for court presidents and provided for eventual transfer of budgetary responsibility from the Ministry of Justice to the judicial branch - the High Court of Cassation and Justice.

In December 2004, Romania concluded negotiations for admission into the European Union (EU). The Justice and Home Affairs chapter (JHA) was the last issue to be agreed upon after two years and seven months of difficult negotiations. However, until 2007, when the entry date was set, Romania is under 11 specific commitments regarding the reforms that must be accomplished, seven of which relate to the JHA chapter.
The new judicial leadership, including the newly elected SCM (in December 2004) and the Minister of Justice (appointed in January 2005) prepared a *Strategy for the Reform of the Judiciary 2005-2007* and an *Action Plan* which were approved by the Government in March 2005. The following are the key issues that the Strategy addresses:

(i) Guaranteeing effective independence of the judiciary;
(ii) Combating corruption within the judiciary and ensuring transparency of the act of justice;
(iii) Increasing the efficiency and accountability of the judiciary;
(iv) Guaranteeing free access to justice;
(v) Strengthening the penitentiary system, according to European standards;
(vi) Strengthening the institutional and legislative framework in the field of international judicial cooperation.

Although independence of the judiciary remains an important issue in Romania, reform efforts are also gradually shifting towards ensuring accountability and efficiency of the court system. The last couple of years have brought a great deal of advancement in the reform of the judiciary in Romania. The constitutional amendments of 2003 and adoption of new organic laws significantly re-defined the legislative framework of the court system, firmly asserting the principles of judicial independence and introducing some structural changes in the court system. However, significant improvements in court performance have not yet become apparent. Legislative changes have to be effectively implemented; judicial institutions empowered by the new laws (particularly, the SCM) must develop their administrative capacity to productively use these new powers; the new role and status of judges envisioned by the organic laws must be realized through the acquisition of new judicial skills and a strengthened accountability mechanism; and ultimately, the existing court infrastructure must be significantly upgraded to adequately respond to the increased demand for judicial services and the enhanced status of the judiciary in a society based on rule of law.

(c) *Remaining challenges to be addressed by the project:*

(i) Strengthening the institutional capabilities of the main judicial institutions remains one of the current priorities.

SCM has acquired important responsibilities under the new organic laws for appointment, promotion, training and disciplining of judges, as well as for a number of court administration matters, but it has a weak administrative capacity to implement these functions. This presents a challenging task to the SCM to develop a well-functioning administrative apparatus staffed with qualified experts, which would be capable of fulfilling the new functions. The organizational structure of the SCM has been mainly defined and the administrative staff of the SCM has grown to 139 positions. However, the SCM is facing the task of training its new staff in the area of policy planning, human resources, resource allocation, budgetary planning, performance evaluation, etc. Departments and units within the SCM do not have clearly defined responsibilities and there is still uncertainty about some issues which continue to be handled by the MOJ.
This requires a significant institution-building program, extensive training for the SCM’s leadership and staff, and a quick upgrading of its technological capacity.

The Ministry of Justice is also affected by the structural changes introduced by the organic laws on the judiciary. Some of the Ministry’s staff has moved to the SCM. The MOJ bears primary responsibility for planning and execution of the budget for the court system, as well as for court infrastructure and equipment. The MOJ needs to strengthen its administrative capacity to manage the court system’s budget and to exercise overall administrative oversight of the courts. Development of a comprehensive system of tracking expenditures, conducting analysis of required resources and monitoring their use is one of the short-term priorities in this respect. Introduction of the position of economic managers in courts, which will interact with courts, SCM as well as the MOJ, will also require certain adjustments in the MOJ’s functions. Lastly, the institutional capacity of the judicial training institutions – National Institute of Magistrates (NIM) and National School of Clerks (NSC) – also require improvements.

(ii) Increasing efficiency of courts: reducing duration of court proceedings and improving quality of judgments.

The duration of court proceedings represents a critical issue. Many courts, particularly in big cities, have excessive backlogs, which seriously undermines the ability of litigants to obtain a final judgment within a reasonable time. The quality of judgments also remains a problem: the proportion of cases overturned on appeal is about 30%. Analysis of the justice sector has shown that the primary reasons for slow court proceedings and inefficient work of courts are: (i) inadequate court organization where judges spend too much time on administrative tasks; (ii) inadequate number of court personnel and qualified clerks; (iii) a poor understanding and use of court managers; (iv) a deficient legal framework regulating the civil and criminal procedure rules; and (v) less advanced case management. Reform measures included in the recent Judicial Reform Strategy and Action Plan mainly focused on addressing these deficiencies, and the project will support their implementation.

(iii) Accountability and integrity of the judiciary: the need to step up anti-corruption efforts and develop performance monitoring mechanisms.

Public opinion surveys in Romania indicate that the courts are not well trusted, and it is widely accepted that there is considerable corruption. The Bank’s corruption diagnosis, carried out in 2002, indicates that courts are the second lowest-ranking institution in the country (after custom offices) in the public’s level of confidence,\(^1\) highlighting the fact that the court system is unable to deliver decisions in a timely and efficient manner which, in turn, weakens the business environment and hampers Romania’s progress toward EU accession. The joint EBRD-World Bank Business Environment and Enterprise Performance Surveys (BEEPS), carried out in 2002 and 2005, have indicated some improvement in perception of the judiciary in 2005 by the business community, but still 50% of the Romanian firms consider the courts a problem in doing business, and

---

\(^1\) World Bank, *Diagnostic Surveys of Corruption in Romania* (2002).
70% assess the courts as corrupt (for more details see Attachment to Annex 1). The latest EU progress report (2005) on Romania has also highlighted corruption as one of the “areas of serious concern requiring immediate action from Romania”.2

In order to improve public trust in the judiciary, the court system should have an adequate accountability and performance monitoring system. Romanian courts have few measures to judge how well they are performing, and neither the court presidents nor the leadership of SCM or MOJ, nor the parliament or the public can reasonably judge the effectiveness of a court’s operation. Performance measurement in the judicial system is done primarily on an individual basis and is limited to reviewing judges’ ability to interpret and apply the law, the quality of decisions and the timeliness of actions. There is a clear need to develop indicators of performance measurement and accountability. Such work has been recently initiated by the SCM, with Bank financing (from the PPJBL) and technical advice. Transparency and effective monitoring are also crucial for further decentralization of budget responsibilities in the judicial system, and eventual transfer of the main budgetary powers from the MOJ to the judiciary.

(iv) Court infrastructure and working conditions have to be significantly upgraded.

The general atmosphere of the majority of Romanian courts is crowded, chaotic, lacking security features and adequate space and access for the public. Many of the court buildings, particularly the first instance courts, are in a deplorable condition. Court proceedings are delayed for months due to the unavailability of trial rooms. Security arrangements are mostly inadequate, and public access areas are either limited or absent. Deteriorated court buildings and inadequate technological support are among the reasons for poor performance of the courts. Reforms to the judicial system cannot be implemented in a poor physical environment because the operation of an independent and respected judiciary depends on adequate physical facilities for functional efficiency, security, and the proper separation of functions. Considerations include basic physical conditions such as structural, mechanical and environmental conditions, as well as space planning and design to ensure adequate space to house staff, equipment and records. The functional relationships of these spaces are equally critical for efficiency, transparency and security, and designs that are inefficient or opulent waste investment and operations resources.

The project’s main focus is on increasing the efficiency and accountability of the judiciary, which should in turn result in a reduced case backlog, speedier court proceedings and more transparent acts of justice.

2. Rationale for Bank involvement

The World Bank’s mission is to promote economic growth and reduce poverty in its member states. One of the critical lessons from the East Asian financial crisis and the transition process in Eastern Europe and the former Soviet Republics was that, without

---

the rule of law, economic growth and poverty reduction can be neither sustainable nor equitable.

The Bank's numerous reports on economic development and transition over the past decade have increasingly stressed the critical importance of well-functioning institutions to economic growth, social development and poverty reduction. Among the biggest challenges for the transition countries in Eastern and Central Europe has been the re-orientation or re-creation of legal and judicial institutions, which in the early 1990s were ill-suited to the needs of a market economy. The Bank's assistance was initially targeted more heavily towards the development of specific commercial laws and regulations than on reform of implementing and enforcing institutions. Starting from the mid-90s, the focus of the Bank's assistance has gradually shifted towards supporting judicial reforms, and the Bank has started putting more resources toward increasing the efficiency and effectiveness of courts and other legal institutions, including supporting the introduction of modern facilities, case management practices, information sharing, training of judges and other court personnel, and stronger mechanisms to ensure transparency and accountability.

The EU accession timetable underscores the scale and urgency of the agenda Romania must adopt for timely EU accession. Although substantial efforts are underway, there remains a significant unfinished and un-financed agenda. Romania's efforts in the judicial reform area have been supported through a range of financial instruments. These include the EU-financed CARDS and PHARE programs, limited bilateral assistance and World Bank-financed projects, including the Programmatic Adjustment Loan (PAL), Public and Private Institution Building Loan (PPIBL), IDF Grant for Legislative Drafting, etc. The Romania PAL program has been supporting reforms in core public sector institutions, including the judiciary. In line with PAL-1 conditionality (which was approved by the Board in September 2004), the Romanian parliament adopted three organic laws on the judiciary which redefined the appointment of judges, judicial career development and court administration, and limited the Prosecutor General's powers to interfere into the judicial process. The reform program also launched a comprehensive restructuring process of the Romanian court system, the initial phase of which—conducting a Study on Romanian Court Rationalization—was financed with PPIBL funds.

While EU assistance will continue to focus on technical assistance and legislation harmonization, the Bank's proposed loan will support critical investments in court infrastructure, court administration reform, and institutional development. The Bank is well positioned to assist the Government in these efforts because of the experience gained through similar projects in different regions, as well as its deep involvement in the process of institutional reforms in Romania in the past decade supported through inter-linked adjustment, investment and technical assistance operations.

---

The Bank has also gained valuable experience in providing assistance to EU candidate countries for building EU acquis compliance in various sectors, and has developed an effective mechanism of cooperation with the EU institutions on both policy and operational levels.

These factors put the Bank in a unique position to provide substantial and timely financial and technical support to Romania for successful implementation of its judicial reform program and fulfillment of its EU accession commitments.

3. Higher level objectives to which the project contributes

The new Country Partnership Strategy (CPS) for Romania for FY06-09 (to be presented to the Board in the third quarter of FY06) identifies successful integration and social cohesion with the EU as a main theme of the Bank’s support for the upcoming years. In support of the overarching objective of Romania of convergence with the EU, the CPS is founded on the three main priorities: (i) achieving sustainable and equitable private sector led high growth; (ii) upgrading fiscal management systems and reducing fiscal vulnerabilities; (iii) enhancing governance and upgrading public institutions, including judiciary.

The project would contribute to achieving CPS priority goals through supporting structural reforms in the judicial system. Establishment of an independent and efficient judiciary is one of the core EU requirements in the context of Romania’s accession. In fact, whether Romania will demonstrate sufficient progress in judicial reform and anti-corruption efforts will largely determine the ultimate date of Romania’s accession to the European Union. Development of a dynamic private sector will also depend on the speed of judicial reforms. Many dimensions of court performance matter for doing business. Yet, in Romania, a large number of firms rate the courts as slow, ineffective, corrupt and not capable of enforcing laws (see Attachment to Annex 1). Lastly, effective legal and judicial institutions are essential for guaranteeing equitable delivery of basic social services and social protection assurance for the vulnerable, while still developing efficient markets.

B. PROJECT DESCRIPTION

1. Lending instrument

The Project is a Specific Investment Loan (SIL) of Euros 110 million (US$130 million equivalent), with project implementation over a 4.5 year period.

2. Project development objective and key indicators

The project’s development objectives are: (i) to increase efficiency of the Romanian courts, and (ii) to improve accountability of the judiciary which should result in reduced corruption and more transparent act of justice. In order to reach the goals of efficiency
and accountability, the following areas require support under the project: (i) upgrading of court infrastructure and automation; (ii) court administration reform, including a program of case delay reduction and reorganization of internal working arrangements in courts; and (iii) institution building for the main judicial governing bodies (e.g. SCM, HCCJ and MOJ).

Key indicators to measure success are the following: (i) improved capacity of the court system to adjudicate disputes (in terms of fairness, speed, affordability and ability to enforce decisions); (ii) improved court facilities, in line with international standards; (iii) improved public image of the judiciary; and (iv) enhanced competence, professionalism and integrity of judges and court staff. The project activities will be monitored through an established set of indicators (see Annex 3).

3. Project components

Component 1: Court Infrastructure Rehabilitation ($90.0 million)

The project will support the rehabilitation and limited new construction of prioritized court buildings, and the development of uniform space planning and design standards for court facilities. Rehabilitation and construction will provide improved public access and rationalization of court facilities, structural and environmental upgrading, enhanced security features and technological capacity and plan revisions required for the judiciary to function with efficiency and independence. Court rehabilitation and construction will also mitigate one of the obstacles to the public’s respect for the court system.

During project preparation, MOJ carried out a thorough assessment of the existing court buildings, and selected a number of high priority buildings which require urgent rehabilitation. The selection process was based on criteria and methodology agreed with the Bank, which included, inter alia, such factors as: caseloads in particular courts, number of judges, geographical distribution, technical conditions and seismic resistance of the buildings. The selection process was conducted in a participatory manner, and various stakeholders, including judges and court personnel, were consulted. The project will provide assistance for physical rehabilitation of about 25 court buildings.

The project will also support the development of a schematic design manual that will serve the judicial system in the long term, as well as in the initial investments.

Component 2: Strengthening of the Administrative Capacity of Courts ($11.05 million)

The project will assist the Romanian courts to adopt modern administration techniques to increase their productivity, improve the quality of their services and restore confidence in the judiciary. The following activities are proposed to be the focus of this component:

- Development and implementation of a program to reduce case delays and backlogs;
- Development of a framework for economic management of the courts, including regulatory and organizational arrangements for economic managers and training;

- Optimization of courts’ operational processes, including transfer of non-adjudicative tasks from judges to court personnel, and upgrading the functioning of case registries, archives, recording of court proceedings, court statistics and case monitoring.

**Component 3: Court Information System ($21.5 million)**

The Government’s Information Technology (IT) Strategy, approved in July 2005, anticipates development of a comprehensive Resource Management System (RMS) for the judicial system. (Operational level case management systems are being implemented under EU financing.) The RMS will cover financial, physical, and human resource management functions for the entire justice sector. It will also cover management support functions, both reporting and analytic. The RMS would support management functions at the level of the individual courts, as well as at the MOJ, SCM, and the HCCJ. The system will operate over the EU/Government funded wide area network and will obtain reporting information from the court-level operational systems. The use of industry standard technologies and interfaces specifications will minimize compatibility issues.

The RMS would serve approximately 5,000 users, comprising 20-25 individuals at each of the roughly 200 judicial facilities, and approximately 200 individuals at the MOJ, SCM, and HCCJ. Technical support will be coordinated at the level of the second instance courts.

**Component 4: Institutional Development of Judicial Institutions ($6.61 million)**

This component would provide assistance to the following judicial institutions:

- SCM – in the area of development of long-term judicial policies, monitoring judicial performance, and public communications;
- MOJ – in the area of capital investment planning, judicial statistics, human resources management, budget planning and internal and external communications;
- NIM – in the area of development of new qualification tests for judges’ selection and promotion; development of training courses and curricula;
- NSC – in the area of strategic planning; development of certain training courses and delivery of training through distance learning programs and other innovative methods;
- HCCJ – in the area of budget planning and IT upgrading.

This component would also provide funding, to develop and implement specific tools for monitoring project results, including public surveys and court user surveys. A comprehensive baseline survey will be carried out immediately after loan effectiveness in
order to provide a snapshot for the current reality. The baseline survey methodology would be based on the monitoring indicators, and would also use the data provided by BEEPS. Two more surveys would be carried out over the 4 ½ year project implementation period. In addition, court user surveys, which are smaller and quicker efforts, as well as relatively inexpensive, would be carried out in order to monitor the backlog and processing standards in the busiest courts.

4. Lessons learned and reflected in the project design

The following lessons have been taken into account in the design of this project.

**Importance of analytical and diagnostic work.** Sector research and analyses (legal and judicial sector assessments) are critical to the technical quality of project design, but also contribute to the establishment of solid Bank-Client relationships; they are essential to ensure clients’ ownership of - and commitment to - projects.¹ The project design has been primarily built on the analysis of Romania’s institutional reforms, including legal and judicial areas, undertaken by Bank staff since 2002: *Legal and Judicial Systems in Romania: a World Bank Diagnostic Review* (2002); *Romania: Diagnostic Surveys on Corruption* (2002); *Romania: Building Institutions for Public Expenditure Management*, Chapter 4: Judiciary, the Beginning of Budget Reforms (2002). *A Study on Romanian Court Rationalization* (2005) was conducted by the Romanian Government in connection with the PAL implementation and has provided the most recent data and analysis of the court system that benefited the project design. In the course of preparation and dissemination of the above-mentioned reports, the Bank has engaged in an active dialogue with the Government, judicial community and civil society on challenges and priorities of the institutional reforms in Romania; this has undoubtedly contributed to building consensus and support for the project among various constituencies.

**Strong policy dialogue and appropriate policy framework for investments.** A strong policy dialogue between the Bank and the Government is critical to success of an investment operation which has, as its prerequisite, the willingness of the Borrower to undertake substantial reforms in the sector. Some of the Bank’s ambitious investment projects in the legal sector have failed because they were not supported by a comprehensive policy framework laying the ground for sustainable reforms. In Romania, major policy changes in the judicial sector are supported through the Bank-financed Programmatic Adjustment Loan (PAL) – the largest inter-sectoral policy reform tool of the Romania program. PAL-1, approved and disbursed in 2004, has supported measures aimed at strengthening structural and operational independence of the judiciary; introduction of the position of economic managers in courts and launching rationalization of the court system (see Annex 2 for more details). PAL-2 is programmed for second half of FY06.

The need to link increased independence of the judiciary with strong accountability. Analysis of the legal and judicial reform lessons in the ECA region indicates that independence and accountability must go hand in hand to ensure honesty and quality in the judiciary. Businesses, in particular, want courts that are fair and honest, strong enough to enforce their decisions, fast and affordable. Yet reforms that might strengthen one dimension—such as independence—may weaken another—such as accountability, at least in the short run. A push for accountability should be a central pillar of judicial strengthening programs. This is particularly important in the Romanian context, where public perception of the judiciary as corrupt and inefficient is high. The project will support a range of activities aiming at improved accountability of the judiciary, including: re-designing court facilities to improve public access to court services and records, development of a comprehensive performance evaluation mechanism for judges and court personnel, strengthening SCM capacity to enforce ethical and professional standards of judges’ behavior; publicizing the results of performance evaluation of courts, conducting regular court users’ survey to provide feedback on judges’ performance, etc.

The need to improve efficiency of courts. Analysis of surveys on businesses’ perception of courts in ECA countries indicate that judicial reform efforts in most of the transitional countries have given primacy to establishing judicial independence over ensuring efficiency and accountability. Excessive case backlogs and slow court proceedings directly affect firms’ and investors’ trust in the judicial systems. The project places a strong emphasis on increasing efficiency of the courts and, to this end, will support a program of actions aimed at reducing case delays.

Measurement of judicial performance. The experience of earlier legal and judicial reform projects has highlighted the importance of adequate measurement of judicial performance. The capacity of public institutions to use empirical data for policy decisions is weak in most transitional countries, and courts are no exception. In the meantime, comprehensive and transparent court statistics and performance indicators are a critical tool in improving courts’ performance and fighting corruption. The project will support development and implementation of a comprehensive performance monitoring system for the judiciary, systemic use of surveys, public opinions on court’s performance, and strengthening of the capacity of the SCM and other judicial institutions to collect, systematize and utilize statistical data for monitoring judicial performance and ensuring integrity of judges.

5. Alternatives considered and reasons for rejection

The project team considered two different designs during project identification, which were rejected during project preparation. They included: (i) the use of the sector-wide approach (SWAp) for the proposed project; and (ii) expansion of the project support beyond the judiciary, to include the areas of legal education and legal profession.

---

6 Ibid.
The SWAp design was rejected for the project due to the relatively weak institutional capacity of project agencies to implement fiduciary policies required for SWAp operations. Furthermore, the level of expenditure management in the justice sector, particularly for mid- and long-term investments, needs further improvement before a SWAp type operation can be effectively implemented. Therefore, it was decided that the project use the sectoral investment loan implementation approach that would integrate specific investments modules, which will aim at strengthening the public procurement and financial management capacity of the MOJ and other project stakeholders.

Expanded scope of the project. It is widely acknowledged in international development community that law and justice is holistic, multifaceted and requires an integrated approach. For example, the quality of legal services provided by licensed attorneys has an impact on the effectiveness and efficiency of the judiciary: good legal service can reduce time and costs of disposition, increase the quality of court outcomes, avoid unnecessary litigation and reduce corruption. Similarly, investments in judicial training might not yield required results if basic legal education is inadequate and does not provide future judges with fundamental knowledge and skills. However, Bank-financed legal reform projects with a wide agenda (e.g. including legal drafting, court reform, support to bar associations and legal education) do not have a high degree of success. Such projects involve too many institutions (e.g. courts, ministries of justice, law schools, educational authorities, bar associations, etc.), where a coordinated approach is difficult and eventually hampers project implementation. This also requires multi-disciplinary teams on the Bank side which unduly complicates project supervision efforts. The project’s coordinating body often fails to maintain equal focus on various project components involving different players and project modalities, so some parts of the project lag behind in implementation. In light of this, it has been decided to maintain the project focus on the court system, where the undergoing fundamental changes require financial and technical support that the Bank is well positioned to provide. This is also justified by the fact that financial assistance to the Romanian Bar Association and some legal education institutions have been provided by other bilateral and multilateral donors.

C. IMPLEMENTATION

1. Institutional and implementation arrangements

The Loan Agreement will be signed between the World Bank (IBRD) and Romania, represented by the Ministry of Public Finance (MOPF).

The main implementing agencies under the project will be the Ministry of Justice (MOJ) and the Superior Council of Magistracy (SCM).

At the policy level, a Project Steering Committee (PSC) will be constituted, comprised of representatives from MOPF, MOJ, SCM, HCCJ and the Director of DIEFP. The PSC will be responsible for overseeing project implementation and making decisions on significant implementation or policy issues. The PSC will meet at least quarterly to review quarterly and annual progress reports and annual work programs, and will ensure
coordination and synergies of the project with the other programs in the justice sector funded by external donors.

**MOJ** will take full responsibility for all technical aspects of the project implementation, including procurement, financial management and monitoring. MOJ has established a new department – Department for Implementation of Externally Financed Projects (DIEFP) which would be responsible for day-to-day implementation work, including procurement of goods, works and consultants’ services, disbursement of funds and financial management, audit, and control, monitoring and reporting. This Department is an integral part of the MOJ structure; while primary responsibility of this Department during the first 3-4 years will be implementation of the Bank-financed project, it will eventually assume responsibility for other capital investment projects in the justice sector, thus taking full advantage of the experience gained by the Department’s staff with respect to the Bank-financed project. DIEFP would also report to the PSC on a regular basis (see Annex 6 for more details).

**SCM** will be responsible for implementation of the court administration and institution building components (except for MOJ part), and will be assisted by DIEFP with respect to procurement, financial management and other technical aspects of project implementation. SCM and MOJ will enter into an internal agreement defining their respective responsibilities and coordination mechanism. The Working Groups within SCM, established for implementation of the PAL and PPIBL, will continue functioning and will provide substantial input in project implementation, including preparation of the terms of reference (TORs) and subsequent carrying-out of technical assistance for the court administration and institution building components of the project. In addition, an Evaluation Committee will be established for evaluating the bids submitted for various project activities. The Evaluation Committee could comprise representatives from different implementing agencies (e.g. SCM and MOJ).

2. Monitoring and evaluation of outcomes/results

SCM and MOJ will be responsible for overall monitoring of the project. The DIEFP will be responsible for consolidating information provided by various project counterparts, as well as from courts, in order to track progress against the monitoring plan. This information will be provided regularly to PSC and the Bank.

There will be a comprehensive evaluation of progress against project indicators on an annual basis. A comprehensive baseline survey will be carried out immediately after loan effectiveness in order to provide a snapshot for the current reality. The baseline survey methodology would be based on the monitoring indicators, and would also use the data provided by BEEPS. Two more surveys would be carried out over the 4½ year project implementation period. In addition, court user surveys, which are smaller and quicker efforts, as well as relatively inexpensive, would be carried out in order to monitor the backlog and processing standards in the busiest courts. The results of the public opinion surveys and annual progress reports will be used for analyzing the intermediate outcomes of the project and adjusting project activities or priorities, if needed. The results of
monitoring will be widely publicized not only within the judicial community, but for the general public as well.

3. Sustainability

The process of project development has been largely collaborative. The high degree of consensus in Romania on the need for judicial reforms, especially in light of the planned EU accession, will be critical for the continued sustainability of the reform process.

Even after the planned 2007 date for EU accession, it will be important for reform efforts not to lapse, and for continued momentum to push forward on other critical justice sector issues. Bank’s support to policy reforms in the judicial system, provided through Programmatic Adjustment Loans, lays the ground for continued and sustainable implementation of these reforms in the medium to long term.

The project will contribute to sustainability of initiated policy reforms and investments in the judicial sector in the following ways: (a) the loan conditionality requires the Government to provide adequate funding for operation and maintenance of renovated court buildings and IT equipment and systems; (b) the project will build in-house capacity at MOJ to implement capital investments and large judicial projects, through support to DIEFP; and (c) judicial institutions (SCM, MOJ, HCCJ) will have better capacity to develop and implement long-term judicial policies and base them on empirical analysis.

4. Critical risks and possible controversial aspects

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Mitigation Measure</th>
<th>Rating</th>
</tr>
</thead>
</table>
| Lack of sufficient cooperation between MOJ and SCM, the two main implementing agencies and beneficiaries under the project | • Clear definition of responsibilities between SCM and MOJ with regard to particular components of the project.  
• A joint Project Steering Committee will be established with representatives of the MOJ, SCM and other agencies, responsible for overall project oversight and strategic decisions.  
• Close supervision by the Bank during implementation. | S      |
| The difficulty in meeting sustainable funding requirements for the operation and maintenance of the remodeled courts, RMS and IT systems within the courts | • Adequate funding requirements will be regularly discussed with the Romanian Government at the time of budget formulation.  
• Loan conditionality requiring the Government to provide sufficient funding for operation and maintenance. | M      |
| The difficulty in recruiting and retaining qualified staff for project implementation | • The DIEFP will be staffed with experienced specialists recruited through a competitive process and with adequate salaries. Some of the DIEFP staff will be transferred from their current positions at the MOJ; for positions where expertise is lacking in-house, a competitive process will be followed to hire experts. | M      |
Limited absorption capacity of the beneficiaries who will also receive EU funds

- It is expected that disbursements under the loan will be at their peak during the third and fourth years of implementation, and will not overlap with disbursements of the EU PHARE program 2004-2006. Most of the procurement and disbursement work will be done under court rehabilitation program, which is not financed by EU funds.

Limited ability of MOJ to implement court rehabilitation component within the project implementation period

- Advanced preparation of procurement packages prior to loan effectiveness.
- Adequate staffing of DIFEP with qualified engineers, architects and procurement specialist, including an international procurement advisor.
- Close monitoring by the Bank and critical assessment of mid-term targets for this component during a Mid-Term Review.

Overall risk rating

| M |

Key: S -- substantial; M -- moderate; N -- negligible

5. Loan conditions and covenants

Condition of Effectiveness:

Establishment of the Project Steering Committee (PSC) in a manner satisfactory to the Bank.

Legal Covenants:

- The Borrower will maintain, during project implementation, DIFEP within MOJ with adequate staffing and resources which will be responsible for technical aspects of project implementation.
- The Borrower will maintain, during project implementation, PSC with adequate staffing and terms of reference.
- The Borrower will ensure that SCM carries its responsibilities with respect to court administration and institution building components (except for MOJ part) in close collaboration with MOJ (with DIFEP assistance) and in accordance with agreed upon arrangements between SCM and MOJ, satisfactory to the Bank.
- The Borrower will maintain a financial management system acceptable to the Bank. The project’s financial statements, withdrawal applications and Special Account will be audited by independent auditors acceptable to the Bank and on terms of reference acceptable to the Bank. The annual audited statements and audit report will be provided to the Bank within six months of the end of each fiscal year.
- The Procurement Plan prepared by the Borrower is updated on an annual basis and approved by the Bank.
- The Borrower will carry out the project in accordance with the Environmental Management Plan (EMP), including mitigation measures specified in the EMP.
Sufficient counterpart co-financing funds are allocated in the MOJ annual budget, as well as the funds for maintenance associated with renovation of the court buildings and introduction of the RMS.

An annual progress report of project implementation shall be provided to the Bank by October 31 of each year throughout the execution of the project, commencing from October 31, 2006, and including an annual work program and updated procurement plan for the following year. A mid-term review will be conducted on April 1, 2009.

D. APPRAISAL SUMMARY

1. Economic and financial analyses

Implementation of the project is expected to increase the efficiency and accountability of the judiciary and improve access to judicial services. The benefits from improvements in judicial performance will be both economic and social. It is difficult to precisely quantify the social and economic benefits of an improved justice system but a review of available data suggests that they are significant.

**Economic benefits.** Improved delivery of judicial services and other project outputs would help lower the costs of doing business in Romania, as well as the time now required for litigation and case disposal. In the absence of efficient courts, fewer investments and business transactions take place. Courts serve businesses best when they are efficient and fair.\(^7\)

World Bank studies have identified a number of factors which increase the efficiency of courts and therefore contribute to improvement of business climate: (i) establishing information systems in the courts; (ii) transferring non-contentious matters (like registration of businesses from courts to administrative bodies; (iii) reducing procedural complexity; and (iv) establishing small-claims courts and specialized commercial courts.\(^8\) Although it is hard to quantify the benefits resulting from improved court services, these studies demonstrate a direct link between improved court services and increase in economic development and growth.

The project will support a number of measures to increase the efficiency of the courts and the productivity of judges (including some of the measures identified above). Specifically, improved court facilities, better administrative arrangements within courts and automated case management process, simplified procedural rules and a comprehensive Resource Management System for the entire justice sector will contribute to the efficiency of the court system: these and enhancement of business confidence in courts would improve the investment climate in Romania.

The project will also contribute to a more efficient use for public resources allocated for the judicial system. The budget for the judicial system has been steadily increasing in the

---


past five years. Only in 2005, the operating budget for the justice system increased by about 45% to EUR 443.5 million, and an increase of 26% is expected in the judicial budget for 2006. Similarly, the number of judges has increased by about 25% in the last ten years. However, this did not result in visible improvements in court operations: the case backlogs remain high and court proceedings exceedingly long. Recent analysis (Study on Romanian Court Rationalization) indicates that the rationalization of the court system and operational processes within courts is required as a matter of priority.

Efficiency gains resulting from project outcomes will allow resources for the Romanian judiciary to be used in a more cost-effective manner, eventually permitting reductions in administrative expenses. Greater automation of court processes will allow more cases to be resolved in less time, permitting public resources to be better used for the required services.

2. Technical

The project will support the application of international design standards for judicial facilities with an emphasis on operational efficiency and cost effective construction. The project will:

- Develop and apply uniform, space and design standards for modest, functional and flexible court buildings that can be maintained at a reasonable cost now and into the future;
- Ensure energy efficiencies and incorporate building features to reduce short-term and long-term costs and to meet environmental goals;
- Achieve these results at a life cycle cost that can be sustained by the Romanian Government.

Cost effective design will be achieved (and knowledge transferred with the participation of local officials and construction professionals) using a methodology such as value analysis or value engineering, stressing the linkage between essential functions to be performed in a building and the building costs, particularly the cost of construction or reconstruction and the long-term costs associated with ongoing operations such as maintenance, energy usage and periodic replacement of specific building components. The training to be provided to local practitioners and court officials, along with the Design Standards Manual that is to be produced under the project, is expected to have an impact on court design and construction in Romania well into the future, after the project has been completed.

Construction will conform to the latest Romanian building code, which has been updated to meet more stringent seismic mitigation requirements. Under the Bank-supported Hazard Risk and Emergency Preparedness Project, the code is being further updated to apply more cost-effectiveness for retro-fitting existing buildings and, where timing permits, the lessons learned in that process may be applied where appropriate in the structural design of courts. The project will also provide modern technology and equipment in support of enhanced court security and efficient court communications and operations.
In addition, the project will help address another challenge: automation of the process for receiving, collating and analyzing, in a timely manner, information on its expenditures and receipts for the entire justice system (RMS). The switch to an automated system from a manual system is usually a major change-management issue. The new systems and technology would require that staff be trained in their operation and maintenance.

3. Fiduciary

(a) Financial Management

The financial management arrangements of the project are generally sound. The significant strengths that provide a basis for reliance on the project financial management system include: (i) the simple funds' flow under the project and centralized financial management arrangements; and (ii) the satisfactory MOJ accounting and reporting software system. In order to strengthen financial management arrangements for the project, the following actions have been taken by MOJ:

- Appointment of project finance manager and accountant.
- Development of project financial management manual.
- Creating of project-specific accounting ledgers.
- Development of formats of FMRs and audit TORs.

Implementing Entity

The newly established DIEFP within MOJ will be responsible for the financial management aspects of the project. DIEFP includes a finance team comprising a financial manager and an accountant. The project finance team will work closely with the existing Budget, Finance and Accounting Department of MOJ.

The first Country Financial Accountability Assessment (CFAA) for Romania was finalized in December 2003 and concluded that the overall fiduciary risk associated with the public financial management and financial accountability arrangements of the Romanian government administration is considered to be moderate, with the systems for accounting, financial reporting and internal control representing the areas with higher risks and budgeting, cash management and external audit and Parliamentary oversight representing the lower risks.

The implications of the CFAA for this project have been addressed by the following actions:
- A detailed review of the systems was performed for the implementing entity;
- The implementing entity (MOJ) set up a distinct project-specific accounting ledger;
- Project accounting staff has been appointed;
- Project-specific format of the FMRs and audit TORs have been prepared by MOJ;
- Project financial statements will be audited by an independent auditor annually.
As of the date of this report, the Borrower is in compliance with its audit covenants of the Bank-financed projects including the General Cadastre and Land Registration Project (P034213) which has been partly implemented by the MOJ.

The format of the FMRs and financial reports and of the audit TORs have been agreed upon.

**Funds Flow**

Project funds will flow in respect of each of the sources of project financing as follows:

(i) The Bank loan, by direct payments or via the Special Account (SA), which will be replenished on transactional methods using Statements of Expenditure; and
(ii) Government counterpart contribution, via dedicated Treasury project accounts.

A Special Account will be opened at a commercial bank and on terms and conditions acceptable to the Bank. Foreign currency amounts will be exchanged as needed in local currency (RON), to cover eligible expenditures payments in local currency to suppliers from the Special Account into a local currency transfer account that will be opened at a commercial bank and on terms and conditions acceptable to the Bank.

Government counterpart contribution payments will be made from separate Treasury project accounts, being sub-accounts of MOJ’s main budgetary Treasury account. These contributions will be received monthly in accordance with normal budget procedures.

(b) **Procurement**

Procurement activities under the project will be carried out by DIEFP. The internal recruitment has started and initial support is provided by the existing MOJ departments.

The key issues and risks concerning procurement for implementation of the project include insufficient staff for the initial implementation stage and overall weak capacity within the MOJ to carry out procurement for large investment projects. However, appointment process for procurement specialists for DIEFP has started, and selection of an international procurement advisor will be launched shortly after loan effectiveness. MOJ has also initiated a broader effort for reforming procurement practices of the Ministry: it recently carried out a review of the status of procurement activities during the period 2001-2004 within the Ministry, with assistance of an external consultant financed by the IDF Grant for Strengthening the Institutional Capacity for Legal Drafting and Regulatory Management (P077765). The assessment provided a number of recommendations aimed at improving procurement and contract implementation processes and procedures within the Ministry, and these recommendations have been discussed at the workshop.
For strengthening procurement capacity for the project, the following measures have been agreed upon:

- Completing the recruitment process for procurement staff at DIEFP as soon as possible.
- Training in procurement for the existing MOJ staff as well as for new-comers.
- Recruitment of an international procurement consultant to support the initial period of project implementation activities and on-the-job training of staff.

4. Social

Good government and independent and effective judiciary are essential to equitable delivery of basic social services and social protection assurance for vulnerable groups. Legal and judicial reform provides a natural mechanism to protect the rights of individuals, and particularly, the poor and minorities.

In particular, the social impact of the project can be categorized as follows:

- better access of the population to justice: both in terms of physical accessibility (rehabilitation of court houses in some remote areas, improved public access areas in court buildings), and the cost of judicial services (e.g. increased court efficiency results in reduced time and procedural steps for a court case thus reducing the cost of legal services);
- more effective protection of citizens’ rights and freedoms, including vulnerable groups of the population (through reducing the time for judicial process, achieving more transparency for the judiciary and eliminating sources for corruption);
- better access for citizens to information about their legal rights and obligations and means for their protection (e.g. through a public outreach program, court users’ survey and public opinion polls).

There will be no need for resettlement, or private land acquisition. During the implementation of the project, social monitoring and consultation will be an integral part of review of the ongoing activities.

5. Environment

OP/ BP 4.1: The environmental safeguard policy of the Bank is applicable to this project because of the rehabilitation and limited new construction of court buildings. The project has been assigned a category B rating. An environmental framework review has been conducted to assess the application of Romanian environmental laws, permits and construction practice and to compare them with the standard requirements of the Bank’s environmental safeguards. The findings of this review have been reflected in an environmental management plan (EMP) addressing the key issues. The EMP is included in the legal agreements. The EMP has been developed fully in line with Bank’s, Romanian and EU Environment acquis requirements. The EMP has been discussed at the project preparation workshop in Bucharest on October 4, 2005, posted on the MOJ’s
website and distributed to the courts involved in the project. It was also sent to the Bank’s Infoshop.

Romania’s forthcoming membership in the European Union has required the need to harmonize national legislation with the acquis communitaire. The environment acquis is one of the most extensive Chapters and updates/revisions are expected to occur over the course of this project’s implementation to align fully with EU practice. Generally this will involve a further expansion of existing public participation mechanisms, a greater reliance on up-front screening of investments, and a stronger reliance on environmental permitting systems (fewer triggered EIAs). EU CARDS funds are being spent on Environmental Impact Assessment Guidelines and training at the national level.

The environmental framework review concluded that the construction proposed under this project would not trigger a full ex-ante Environmental Impact Assessment under either Romanian laws or Bank policies. The type of environmental impacts of concern are localized in nature and are more adequately addressed through building/environment permits and good construction practice, as well as specific mitigation measures described in the EMP. Issues to be addressed through these instruments include proper waste management and disposal of construction debris (including asbestos), proper waste water treatment; heating and fuel system assembly, dust and noise control, sensitivity of designs to cultural settings, and cultural heritage/chance finds procedures. In practice, these issues will be addressed through a series of local permits detailed in the environmental framework review, through contractor site supervisor oversight, through the local municipality requirements, and through the unit in the MOJ responsible for the court facilities and rehabilitation.

The supervision strategy for the project would include a special mid-term review of construction contracts financed by MOJ in this period to post-review the application of environmental safeguards and attention to environmental issues.

6. Safeguard policies

The planned civil works under court infrastructure component will not involve any land acquisition and/or physical relocation.

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment (OP/BP/GP 4.01)</td>
<td>[X]</td>
<td></td>
</tr>
<tr>
<td>Natural Habitats (OP/BP 4.04)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Pest Management (OP 4.09)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Cultural Property (OPN 11.03, being revised as OP 4.11)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Involuntary Resettlement (OP/BP 4.12)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Indigenous Peoples (OD 4.20, being revised as OP 4.10)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Forests (OP/BP 4.36)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Safety of Dams (OP/BP 4.37)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Projects in Disputed Areas (OP/BP/GP 7.60)</td>
<td></td>
<td>[X]</td>
</tr>
<tr>
<td>Projects on International Waterways (OP/BP/GP 7.50)</td>
<td></td>
<td>[X]</td>
</tr>
</tbody>
</table>

25
7. Policy Exceptions and Readiness

There are no exceptions required from Bank policies.

Two procurement packages (one for technical assistance and one for civil works) will be prepared and ready for issuance to potential bidders shortly after loan effectiveness.
Annex 1: Country and Sector or Program Background

ROMANIA: Judicial Reform Project

1. Organization of the Judicial System

The Romanian legal system has its basis in the Napoleonic Code and other French models. The communist judicial system, introduced after the Second World War, essentially continued in the civil law tradition, although strongly amplifying its deference to the executive. The principle of unity of power precluded a separate and independent judiciary; law and legal institutions were instruments of unitary state-party control, and lacked democratic legitimacy. Moreover, the prosecutors’ body (prokuratura) was developed as the main legal arm of the communist state; prosecutors had broad powers to control legality of activity outside of the judicial system and to apply sanctions, leaving a limited sphere of activity to judges. Interference of the executive and prosecutors with judicial decision-making was common, and so-called “telephone justice” was widespread. Military courts formed a parallel system of justice that enjoyed a higher status in society. The legacies of communist rule continue to have a profound impact on the Romanian judiciary today.

The current court system in Romania follows a four-tiered pyramid structure: district courts (judecatorii), county courts (tribunals), courts of appeal, and the High Court of Cassation and Justice. The judecatorii hear low-level criminal and civil cases. Most cases that originate in judecatorii have an intermediate appeal in the tribunal, and a final appeal in the courts of appeal. Tribunals also act as a court of first instance for administrative and commercial law cases, including bankruptcies and the more important civil and criminal cases. Courts of appeal were introduced in 1993; these courts are divided into four specialized sections: for criminal, civil, commercial and administrative cases. They act as courts of first instance for serious criminal and civil matters, and hear appeals from the tribunals. Jurisdiction of the High Court of Cassation and Justice (HCCJ) was substantively changed by a new organic Law on Judicial Organization of 2004.

In addition, Romania has three specialized courts: Constitutional Court, Court of Accounts and military courts. The new Law on Judicial Organization of 2004 provided for establishment of four types of specialized courts: for commercial matters, juvenile and family matters, labor and social matters, and for administrative-fiscal matters. The original proposal was to establish four specialized courts in each county (Romania has 46 counties) which would result in about 168 specialized courts nationwide. However, more thorough statistical analysis -- carried out as part of the Study on Romanian Court Rationalization-- showed that establishment of specialized commercial tribunals would be justified only in 21 counties, and specialized labor tribunals – in only four counties. Subsequently, the decision was made to establish specialized panels of judges in those courts where there is a higher demand for such types of cases, and to do more analysis on the needs for future specialized courts.
Up until 2000, the Romanian court system was characterized by highly centralized administrative control by the Ministry of Justice; undue interference of the prosecutors in court proceedings, particularly, in civil cases; archaic methods of case filing and case processing, shortage of judges and court personnel and low professional level of judges, limited access to constantly changing legislation, and poor working conditions for judge and court personnel. As a result, the case backlog has been consistently increasing, public trust of the court system was low, the business community was increasingly dissatisfied with the courts which were not considered either independent or quick, and an increasing tension between the judicial community and the Ministry of Justice was blocking any effective attempts to improve the situation in the court system.

1. The Government's Reform Program

During 2000-2003, the Government launched a number of important initiatives aimed at reforming the judiciary and strengthening rule of law in the country. In October 2003, constitutional amendments were adopted through a national referendum which introduced important changes in the judicial area. These include: (i) enshrining the principles of the judiciary as an independent branch of power, and the right to a fair trial within a “reasonable time”; (ii) transformation of the Supreme Court of Justice into a High Court of Cassation and Justice (HCCJ), responsible for ensuring the consistent interpretation and implementation of laws throughout Romania; and (iii) revised composition and mandate of the Superior Council of Magistracy (SCM) which would strengthen its role as an institutional guarantor of judicial independence.

The main focus of the reforms in 2003-2004 was in creating an independent and de-politicized judiciary, free from state control, which could act as a bulwark for newly-won political, and civil rights and be a trusted adjudicator of disputes.

The three organic laws adopted in summer 2004 – on the Superior Council of Magistracy, on the Statute of Magistrates and on Judicial Organization – introduced further changes in the status of magistrates and overall outlook of the judiciary aligned with the European standards, ensuring independent, transparent and merit-based selection of judges. This three-law package, which came into force in September 2004, has laid down the necessary basis for broad systemic reforms in the justice sector, and the new Government formed in January 2005 re-confirmed its commitment to the reform process.

The new Government of Romania, which took office in January 2005, has consistently stressed that ensuring an independent, impartial, reliable and efficient judiciary is a crucial element in its strategy to improve economic growth, reduce poverty and meet the requirements for successful entry into the European Union. The latest manifestation is the Government’s Strategy for the Reform of the Judiciary 2005 – 2007 which considers the observance of the following principles as essential for a modern judiciary:

- Strengthening of the rule of law;
- Guaranteeing genuine separation and balance between the state powers, by strengthening the independence of the judiciary;
• Improving the protection of human rights;
• Implementing European best practices related to the functioning of the judiciary;
• Ensuring the transparency of acts of justice;
• Strengthening the dialogue with the civil society and involving it in the reform of the judiciary;
• Ensuring the basis for judicial cooperation for the integration within the European area of freedom, security and justice; and
• Ensuring full institutional and legislative compatibility with the judicial systems in Europe and with the acquis communautaire.

The Strategy and Action Plan represent a significant step forward in the plans to create an independent, professional and effective justice system. The Action Plan is being implemented according to schedule, with comprehensive monitoring mechanisms consisting of an inter-institutional commission coordinated by the Ministry of Justice and a series of working groups within SCM. In line with the priorities outlined in the Strategy and Action Plan and in an attempt to further accelerate the reform process, further amendments to the judicial laws were introduced in July 2005. Significant changes introduced by the amendments are:

• The appointment of court presidents and chief prosecutors based on examinations and the removal from leading positions due to failure to prove efficiency in this position;
• The evaluation of judges' activity every 3 years by an SCM commission;
• The promotion procedure undertaken based on a contest organized by the SCM through NIM;
• Starting with January 1, 2008, the competences of the Ministry of Justice regarding the administration of the budget of the courts of appeal, tribunals, and courts of first instance taken over by the High Court of Cassation and Justice;
• The obligation of recording the court sessions through technical video or audio devices applicable starting July 1 2006, and the court clerks' obligation to register all statements during court proceedings;
• Representation of judges and prosecutors in the SCM was partially changed, in order to ensure a wider representation for lower level courts and prosecutors' offices;
• The SCM’s members are held accountable vis a vis judges and prosecutors, who selected them, for the activities carried out during their mandate;
• The SCM will be under the obligation to provide reasons for its decisions regarding the career of judges and prosecutors; these decisions shall be appealed to the High Court for Cassation and Justice;
• The full-time workload for all members of the SCM (starting with the next mandate).

The project will provide financing in a number of critical areas identified in the Strategy and Action Plan and will complement the resources committed by the Government, EU and other donors.
2. The EU Accession Process

In early 2000 the EU opened accession negotiations with Romania, which were successfully concluded on December 14, 2004. The Accession Treaty was signed on April 25, 2005, and the ratification process by all 25 EU member states is underway. The treaty envisages accession on January 1, 2007. However, the Justice and Home Affairs chapter (JHA) was the last issue to be agreed upon after two years and seven months of difficult negotiations. Until 2007, when the entry date was set, Romania is under 11 specific commitments regarding the reforms that must be accomplished, seven of which relate to the JHA chapter.

As in other EU candidate countries, the European Union and its accession process have exerted a tremendous influence on the direction, pace and progress of legal and judicial reform in Romania.

One of the political criteria for membership in the EU, as underlined by the EU Copenhagen European Council in 1993, required “the candidate country to have achieved stability of institutions guaranteeing […] the rule of law […]”. The Brussels European Council (June 2004) underlined in this respect that particular attention should be paid by Romania to improving its judicial and administrative capacity in order to be ready for accession by January 2007.

The EU, in its regular reports on Romania, has consistently stressed that the establishment of an independent, honest, reliable, transparent and efficient judiciary is of paramount importance. This requires substantial financial resources and a clear long-term political commitment, as well as an efficient use of physical and financial resources, a sufficient number of well-qualified staff, objective and transparent recruitment, evaluation and promotion procedures relying on national standards established by the Superior Council of the Magistracy, effective sanctions for inefficiency and the prosecution of criminal offenses, adequate and modern equipment, distribution of cases to magistrates and public prosecutors according to objective and transparent procedures, acceleration of court proceedings, reduction of the number of pending cases to avoid unreasonable delays, adequate public information on the progress of cases, and timely measures to ensure the adequate enforcement of court decisions.

The EU 2005 Comprehensive Monitoring Report, issued on October 25, 2005, has acknowledged Romania’s progress in a number of areas of judicial reform, including: a new comprehensive Strategy and Action Plan; amendments to the judicial laws passed in July 2005 which provided a stronger focus on judicial accountability and managerial responsibility in the court system; establishment of specialized sections in courts; successful implementation of a random case assignment system; institutional strengthening of SCM; reduction of a case backlog in the HCCJ and improved performance of the NIMS.9

---

However, while stating that “reforms in the justice sector are broadly on track”, the report has also identified a number of areas which require immediate attention: (i) the workload of judges remain very high, and the administrative burden needs to be shifted from judges to economic managers and clerks; (ii) slow court proceedings and a high ratio of court decision overturned on appeal; (iii) general material conditions in courts and the level of automation; (iv) insufficient funding for NIM and NSC; and (v) poor enforcement of judgments in civil cases. The report also emphasizes the need to address corruption within the judiciary “which suffers from low public confidence”. 10

3. Policy reforms in the justice sector supported by the Bank financed Programmatic Adjustment Loan (PAL)

Recognizing that reforming core public sector institutions and processes were required in order to meet the EU accession requirements by 2007, the Government embarked on an ambitious reform program focusing, inter alia, on reforming the judiciary, strengthening the rule of law and supporting transparency and anti-corruption measures in the public sector. Upon Government’s request, in 2002 the Bank initiated a series of Programmatic Adjustment Loans (PALS) to support this program.

In the judicial sector, the PAL program provided the most radical steps towards addressing the underlying policy deficiencies. The PAL conditionality for the justice sector focused on five major areas: (i) institutional independence of the judiciary; (ii) accountability; (iii) enhancing efficiency; (iv) budgetary autonomy; and (v) professionalism of judges and court personnel. The following matrix describes how specific policy actions would contribute to the reform objectives over a three-year period:

Table 1: Programmatic Adjustment Loan (PAL) – Policy matrix for Judicial Sector:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>PAL-1 actions 2003-04</th>
<th>PAL-2 actions 2004-05</th>
<th>PAL-3 actions By end 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening of the institutional independence of the judiciary</td>
<td></td>
<td>• Enactment of legislative amendments to enhance the powers of the Superior Council of Magistracy (SCM)</td>
<td>• Development of new disciplinary procedures for judges administered by SCM.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Establishment of a permanently functioning administrative structure of SCM, with adequate staffing, budget and functions.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Introduction of modified procedures for selection and appointment of judges, including adoption of Regulations for qualification exams and promotion tests for judges and developing institutional capacity within SCM and NIM</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increasing accountability of the judiciary and developing a judicial performance evaluation mechanism</th>
<th>• Enactment of legislative amendments to eliminate the process of &quot;extraordinary appeal&quot; by the Prosecutor General against court decisions entered into force (res judicata)</th>
<th>• Development of an objective system for monitoring judicial performance (reliable indicators for measuring caseloads per judge/court, time processing standards, reverse through appeal rates, etc.)</th>
<th>• Implementation of the system for monitoring judicial performance, including regular publication of judicial performance indicators.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing efficiency of the court system through improving organizational structure of the court system and improving court administration</td>
<td>• Launch of a study on a rationalization of the court system</td>
<td>• Completion of the study and adoption of a strategy on rationalization of the court system.</td>
<td>• Implementation of the strategy for rationalization of the court system..</td>
</tr>
<tr>
<td>Strengthening budgetary autonomy of the judiciary</td>
<td>• Adoption of regulations implementing the Law of Judicial Organization and the Law on the SCM defining the specific responsibilities of the courts and SCM in the preparation and implementation of court budgets.</td>
<td>• Development of an action plan to strengthen the capacity of SCM and the courts to prepare and implement budgets, and maintain financial management systems.</td>
<td>• Implementation of the action plan for strengthening the budgetary management function of courts and SCM.</td>
</tr>
</tbody>
</table>
The first phase – PAL-1 was approved by the Board in September 2004 and has been fully disbursed. As part of the conditionality of PAL-1, the Romanian justice system underwent a number of important structural changes, including adoption of the three organic laws in June 2004: Law no. 303/2004 on the Status of Magistrates; Law no. 304/2004 on the Judiciary and Law no. 317/2004 on the Superior Council of Magistrates. The three-law package was intended to significantly improve the independence and effectiveness of judiciary. The SCM was empowered with full responsibility over the recruitment, career development and disciplinary actions against judges and prosecutors. The Minister of Justice, by law, would have no influence on the judges’ career. The Prosecutor General’s powers to interfere into the judicial process were significantly limited through a legislative provision which eliminated his power of “extra-ordinary appeal” against court decisions which have entered into effect. The Government has initiated a comprehensive overview of the court system; and the Study on Romanian Court Rationalization was conducted with the financial assistance from the Bank. The position of economic managers has been introduced in a number of courts.

PAL-2 is currently under preparation and is scheduled to be submitted to the Board for approval in 2006. The focus of policy measures under PAL-2 is primarily on increasing efficiency of the courts and enhanced accountability of judges. While required legislative and institutional measures in this area will be implemented under PAL-2, the proposed investment project will provide necessary financing for implementing introduced policy changes, such as training, IT support and technical advice.

4. **The Unfinished Reform Agenda to be Supported under the Project**

Despite the progress achieved so far, there remains a number of crucial issues which need to be addressed and require urgent consideration, as identified by various Government papers (see its Action Plan), the EU (i.e. Progress Reports, EU Common Position) as well as Bank documents (i.e., PAL evaluation report, Study on Romanian Court Rationalization, Legal and Judicial Systems Assessment):

(a) **Strengthening the institutional capabilities of the main judicial institutions.** The current legal framework ensures absolute independence for the judicial governing body – the Superior Council of Magistracy\(^\text{11}\) (the Law no.317/2004 on the Superior Council of Magistracy). Restructuring and empowering of the SCM has been one of the main focuses of the recent legislative changes in Romania since SCM is entrusted with guaranteeing independence of the judiciary. In Romania, a legacy of subordination of the judiciary to state interests and to the party apparatus, and exploitation of the judiciary by the state as an official device to validate such prerogatives, is very strong and continues to cloud how judges and the court system are perceived. The degree of independence of the judiciary from the political authorities is traditionally assessed by: (i) the ways in which judges are appointed, transferred, promoted or dismissed; (ii) the level of judicial self-governance; and (iii) the level of budgetary autonomy.

\(^{11}\) All judges and prosecutors in the Romanian court system are considered “magistrates” and are members of the “magistracy”.
Based on the Law on SCM, the SCM assumes full responsibility for the recruitment, career development and disciplinary sanctions of judges and prosecutors. The SCM coordinates as well the National Institute of Magistrates, the institution in charge with the initial and continuous training of magistrates, as well as the National School of Clerks, the training institution for court clerks.

The efforts of the judiciary to ascertain full budgetary responsibilities under the new organic laws on judicial system adopted in 2004 failed, and the Ministry of Justice has kept the right to formulate the budget for the court system and submit it for the parliament’s approval. Furthermore, the Ministry remains primarily responsible for allocating budgetary resources within the court system and monitoring its implementation. However, the important changes that have been introduced by the new Law on Judicial Organization include: (i) the obligation of the MOJ to consult with the SCM on budgetary drafts and obtain its consent; (ii) the right of the SCM to manage its own budget and the budget of the NIM which is subordinated to the SCM.\textsuperscript{12}

In sum, the SCM has acquired important responsibilities under the new organic laws for appointment, promotion, training and disciplining of judges, as well as for a number of court administration matters, but it has a weak administrative capacity to implement these functions. This presents a challenging task to the SCM to develop a well-functioning administrative apparatus staffed with qualified experts which would be capable of fulfilling the new functions. In the past, the SCM -- which comprised sitting judges and court presidents -- did not even have an adequate staff to prepare agenda and minutes of its regular meetings, and those functions were primarily handled by the MOJ staff. In the past year, the SCM has expanded its administrative staff which now includes 130 positions (out of 139 planned in its organization charter). The organizational structure of the SCM has been mainly defined, however, the SCM is facing the task of training its new staff in the area of policy planning, human resources, resource allocation, budgetary planning, performance evaluation, etc. Departments and units within the SCM do not have clearly defined responsibilities and there is still uncertainty about some issues which continue to be handled by the MOJ. This requires a significant institution building program, extensive training for the SCM’s leadership and the staff and a quick upgrading of its technological capacity.

The Ministry of Justice is also affected by the structural changes introduced by the organic laws on judiciary. Some of the Ministry’s staff has gradually moved to the SCM. The MOJ bears primary responsibility for planning and execution of the budget for the court system, as well as for court infrastructure and equipment. The MOJ is also responsible for most of the international development programs for the judiciary, including EU Phare programs. MOJ needs to strengthen its administrative capacity to manage the court system’s budget and to exercise overall administrative oversight of the

\textsuperscript{12} The amendments to the organic laws of 2005 provide that budgetary authority for the court system will be transferred to the High Court of Cassation and Justice in 2008. However, there is an ongoing debate whether this policy change has a valid basis and can be effectively implemented in the short-term future, and these legal provisions might be amended again. Among EU8 countries, only Hungary and Lithuania have transferred budgetary responsibility from the Ministry of Justice to the judicial system.
courts. Development of a comprehensive system of tracking expenditures, conducting analysis of required resources and monitoring their use is one of the short-term priorities in this respect. Introduction of the position of economic managers in courts, which will interact with courts, SCM as well as the MOJ, will also require certain adjustments in the MOJ's functions.

Lastly, the institutional capacity of the judicial training institutions – NIM and NSC – also require improvements.

(b) Increasing efficiency of courts: reducing duration of court proceedings and improving quality of judgments.

The duration of court proceedings also represents a critical issue. Like in many other transitional countries, an initial explosion of cases in Romania dates back to early 90s, particularly, in the civil and commercial areas and has its roots in the economic and political changes, including fundamental changes in ownership systems and transition to a market economy. These generated a large number of disputes about property rights and restitution, privatization, bankruptcy, land issues and damage compensation. Despite the increasing demand on the court system, the courts remained under-funded, poorly managed, and, in addition, the best qualified legal professionals had moved to better-paid private sector jobs.

When the focus of the reformist governments finally switched from re-writing laws and constitutions to strengthening independent and efficiently functioning court systems, the initial attempt was to increase the capacity of the court system through influx of more judges or establishment of more courts. The number of judges in Romania has increased from 1992 to 2002 by 25 percent. However, this has not resulted in significant decreases in case backlogs. Further analysis has shown that the primary reasons for slow court proceedings and inefficient work of courts are: inadequate court organization where judges spend too much time on administrative tasks, inadequate number of court personnel and qualified clerks, a poor understanding and use of the court managers, a deficient legal framework regulating the civil and criminal procedure rules, and less advanced case management. Reform measures included in the recent Judicial reform Strategy and an Action Plan have mainly focused on addressing these deficiencies.

The quality of judgments also remains a problem: the proportion of cases overturned on appeal decreased from 2002 to 2003, but there continues to be an overturn rate of 30% of the civil judgments that are appealed, which is quite substantial. It appears that this is caused by the heavy workload of judges, their limited access to case law and new legislation, poor quality and inconsistency of legislative acts, inadequate technological support, poor circulation of information within the judicial system, and insufficient training and specialization. Judicial decisions are also often criticized for not being consistent in terms of interpreting legislation in a consistent manner by courts of various jurisdictions. Ensuring unity and consistency of judicial decisions is the responsibility of the HCCJ; and the Court has introduced a number of measures in this respect, including publishing its decisions and interpretations of laws. However, the large workload of the
HCCJ and a lack of more cohesive standards for judicial review, besides a formal criteria of objective, grounded, court decisions, have not resulted in significant improvement in the consistency of court decisions.

(c) Accountability and integrity of the judiciary: the need to step up anti-corruption efforts and develop performance monitoring mechanism. Public opinions surveys in Romania indicate that the courts are not well trusted. It is widely accepted that there is considerable corruption. The Bank’s corruption diagnosis indicates that courts are the second lowest-ranking institutions in the country (after custom offices) in the public’s level of confidence.\(^\text{13}\) More than 50% of the respondents of the Bank’s survey, and nearly 70% of enterprises believe that all or most of the judiciary is corrupt. One in five households that had been involved in a court case reported paying a bribe; roughly half paid in the form of gifts and half in cash. The most often cited reasons for bribery in the court system are to speed up the trial or to assure that a certain person would be assigned to the case.

Systemic corruption within the judiciary has also been highlighted – as one of the main obstacles to successful EU accession -- in a number of EU Regular Reports. Under pressure from the international community, as well as domestic NGOs and civil society, the Government has initiated a number of measures to curb corruption in the judiciary and other areas of public administration.

In order to prevent discretionary re-assignment of cases by court presidents, a random case distribution system was introduced about two years ago, and is now being used in all courts in the country, supported also by necessary technological means. SCM has taken a more proactive role in investigating public complaints or indications of corruptive behavior of judges, and a number of disciplinary proceedings has increased in the past years. In May 2005, SCM adopted a new Code of Ethics for Judges and Prosecutors, and a Code of Ethics for Court Clerks. Audio recording of criminal proceedings has been introduced in courts of all jurisdictions to ensure integrity of court records.

In order to improve public trust in the judiciary, the court system should have an adequate accountability and performance monitoring system. While independence should be respected and protected, this is not to say that the judiciary should be free from accountability. Romanian courts have few measures to judge how well they are performing, and neither the court presidents nor the leadership of SCM or MOJ, nor the parliament or the public can reasonably judge the effectiveness of a court’s operation. Performance measurement in the judicial system is done primarily on an individual basis and is limited to reviewing judges’ ability to interpret and apply the law, the quality of decisions and the timeliness of actions.

There is a clear need to develop indicators of performance measurement and accountability. This is a key step that needs to be taken for developing an effective accountability mechanism. Such work has been recently initiated by the SCM, with the Bank’s financing (from the PPJBL) and technical advice. Transparency and effective

\(^\text{13}\) World Bank (2001), Diagnostic Surveys of Corruption in Romania.
monitoring is also crucial for further decentralization of budget responsibilities in the judicial system, and eventual transfer of the main budgetary powers from the MOJ to the judiciary.

All project components aim at contributing to an overall goal of increasing accountability and reducing corruption in the Romanian judiciary:

(a) Newly rehabilitated court buildings will provide better public access by expanding trial rooms and public access areas. Court registrars would be re-designed in accordance with new planning standards which would allow unconstrained access of court users to court materials, forms, records and archives.

(b) Improving efficiency in the operation of courts and reducing delays in case processing will be a necessary component of any attempt to clean up corruption in the judiciary. Development of a cadre of professional economic managers in courts would bring more transparency into court operations, allocation of resources and accounting for results. Development of a comprehensive statistical system and of a performance monitoring mechanism would also contribute to enhanced accountability of the judiciary.

(c) Judicial accountability can be maintained through consistent enforcing of judicial codes of conduct and reprimanding judges who do not conform to the established standards. In this respect, strengthening of the institutional capacity of the SCM and other judicial bodies is of paramount importance.

(d) The quality of equipment and infrastructure varies considerably from court to court but is often inadequate. The general atmosphere of the majority of Romanian courts is crowded, chaotic, lacking security features and adequate space and access for the public. Deteriorated court buildings, inadequate technological support, limited access to case law, lack of information about new legislation, poor circulation of information within the judicial system and insufficient training and specialization are among the reasons for poor performance of the courts. Reforms to the judicial system cannot be implemented in a poor physical environment because the operation of an independent and respected judiciary depends on adequate physical facilities for functional efficiency, security, and the proper separation of functions. Considerations include basic physical conditions such as structural, mechanical and environmental conditions, as well as space planning and design to ensure adequate space to house staff, equipment and records. The functional relationships of these spaces are equally critical for efficiency, transparency and security, and designs that are inefficient or opulent waste investment and operations resources.

The case and document management system is now operational in some courts, but it needs to be further developed and introduced countrywide.

The Project will assist the Government in addressing these issues. It is based on the Government's reform agenda, in line with the EU requirements for Romania's membership in the European Union and provides the follow-up to the policy decisions taken by the Government in the context of the PAL program.
Romania
BEEPS-at-a-Glance

The EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS) is a joint initiative of the European Bank for Reconstruction and Development and the World Bank. The BEEPS has been carried out in three rounds in 1999, 2002, and 2005 and covers virtually all of the countries of Central and Eastern Europe and the former Soviet Union, as well as Turkey. The BEEPS covers a broad range of issues about the business environment, and this note presents some simple indicators for the judicial sector.

Use of Courts
Percent of firms that have been to court in the past three years

Legal Framework
Percent of firms stating that information on laws is easy to obtain

Summary Assessments
Percent saying the functioning of the judiciary is a problem doing business

Judicial Assessments—Over Time
Percent of firms agreeing that ...

Judicial Assessments—Across Countries
Percent of firms agreeing that ...

Summary Assessments
Percent saying they are confident the legal system will uphold property and contract rights
Firms that Use Courts

- able to enforce its decisions
- affordable
- quick
- honest/uncorrupted
- fair and impartial

- Rom-2002
- Rom-2005
- SEE-2005
- ECA-2005

0% 25% 50% 75% 100%
Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

ROMANIA: Judicial Reform Project

This investment project has emerged as a natural continuation of the Bank’s earlier support for the reforms in the judiciary, particularly, through the following instruments:

**Programmatic Adjustment Loan (PAL)** *(P008791: Latest ISR – DO Rating: S, IP Rating: S)*

The Government structural reform program, to be supported through a series of Programmatic Adjustment Loans during 2004-2007, focuses on three main objectives: (i) establishing solid economic growth, (ii) reducing poverty and (iii) joining the European Union. The program is divided into two parts. The first part focuses on reforming core public sector institutions and processes, including judiciary, civil service, policy formulation, transparency rules and public expenditure management. The second targets the public-private interface and includes such areas as: privatization, energy sector, mining and infrastructure, business environment, labor markets and capital markets. With respect to the justice sector, the PAL program provides support for strengthening of the institutional independence of the judiciary through the enhanced role of the Supreme Council of Magistracy; increasing accountability of judges for timeliness and quality of their work; a more efficient organization of the court system; and improving the system of court financing. PAL-1 was approved by the Board in September 2004 and has been fully disbursed. PAL-2 is currently under preparation and is scheduled to be presented to the Board in 2006.


The goal of the Private and Public Sector Institution Building Loan Project (PPIBL) is to provide the required technical assistance to implement the policy measures supported by the PALs, including reforms in the justice sector. PPIBL has financed a Court Rationalization Study; technical assistance, IT equipment and training for SCM; development of regulations for economic managers and budgetary planning; and assistance to NIM.

**IDF Grant: Strengthening the Institutional Capacity for Legal Drafting and Regulatory Management** *(P077765): Latest GRM – DO Rating: MS, IP Rating: MS*

The Grant has been fully disbursed and closed in September 2005. The objective of the Grant was to assist the Romanian agencies involved in legal drafting and regulatory management to develop their institutional capacity in legislative drafting and regulatory management. The activities included: developing an effective framework for legal drafting, including design of regulatory impact assessments (RIA); as well as strengthening budget and capital investment management for the court system.

**Other Partners**

During the preparation of the project, the various donors supporting the judicial sector in Romania have met on a regular basis and synchronized their activities as far as the volume of
their assistance as well as their respective timing are concerned. The Government’s Strategy for the Reform of Judiciary for 2005-2007 and the Action Plan serve as an effective tool for rational allocation of external resources in support of various reform activities.

The European Union has been one of the major donors in the Romanian justice sector even before the accession negotiations started in 2000, mostly through EU PHARE programs. The most recent PHARE program is Sector Programme 2004-2006 in an amount of EUR 45.73 million (designed to cover implementation activities during 2005-2009). The Bank has held intensive discussions with the Romanian counterparts, as well as with the EC Delegation in Bucharest to ensure that the Bank loan would not overlap with the activities to be financed from the PHARE program 2004-2006, and the Bank loan would target the areas which are of true importance for the reform process. Unlike many other sectors in Romania, the court system will not directly benefit from the EU structural funds which will become available after the accession date of January 1, 2007. Therefore, the Bank loan with the implementation period ending in October 2010, and the EU PHARE program ending in 2009, might well be the last major external investments in the court system.

A more detailed description of various donors' activities follows:

**European Union**

**1. PHARE 2002**

(a) Project RO02/IB/JH-09 Twinning "Strengthening the Functioning of the Romanian Judiciary and its representative body – Superior Council of Magistrates" (EUR 750,000; 2003-2005). The project aims at contributing to the improvement of the operation of the Romanian judicial system by enhancing the institutional capacity and functioning of the SCM and strengthening of the independence of the Judiciary.

(b) Project RO-02/IB/JH-10 Twinning “Follow up to the assistance for the national Institute of Magistracy and for the Training Centre for Clerks and Other Specialized Personnel” (EUR 900,000; 2004-2005)

(c) Project 2002/000-586.04.17 “Support for the improvement and the enforcement of legislation and judicial decisions on bankruptcy” (EUR 1,550,000 2004-05). The project provides assistance to MOJ in assessing the existing bankruptcy system and in proposing amendments to the bankruptcy legislation.

**2. EU PHARE 2003**

(a) PHARE RO 2003/005-551.04.15 “Further strengthening the institutional capacity to fight against corruption” (EUR 2,000,000; 2004-2006). The program will include two components: (i) Strengthening the institutional capacity of the National Anti-corruption Prosecution Office (NAPO); and (ii) provision of IT support to NAPO.

(b) PHARE 2003/005-551.04.16 “Assistance to the reform of juvenile justice in Romania” (EUR 2,000,000; 2004-06).
3. **EU PHARE 2004--2006**

The program, in an amount of EUR 45.73 million, will focus on four major areas: (a) Strengthening judicial independence through support to SCM (EUR 3.15 million); (b) building a professional judicial system: through support to NIM and NCS (EUR 2.5 million); (c) improving the administration and access to justice, including promotion of mediation and legal aid system (EUR 3.5 million); and (d) efficient management system – primarily through completing court automation process (EUR 36.58 million).

**USAID/ABA CEELI**

1. Rule of Law program ($800,000) – assistance for development and implementation of ethical standards and norms, support to SCM in areas of codes of ethics and judicial evaluation (June 2003—May 2005).

2. Rule of Law program ($1.06 million) – assistance, on a pilot basis, in implementation of random case assignment system, development of ADR, judicial independence and institution-building (May 2000- May 2003).


4. Program for 2005-2006: assistance in criminal justice ($450,000); technical assistance to MOJ and SCM ($350,000).

**Netherlands Government**

1. Assistance to the penitentiary system ($EUR 2.0 million; 2005-2007).
4. The constitutional impact of accession at the national level of the Candidate Countries (Regional Programme – 2002-2005).

**U.K. Government**

1. Strengthening the institution of probation in Romania.
2. Specialization for judges/lawyers on refugee-related issues - training of judges and lawyers on the new procedures regarding asylum seekers in Romania and developing a resource library on refugee issues.
3. Assistance in the area of juvenile justice.
4. Development and promotion of mediation in Romania.
Annex 3: Results Framework and Monitoring

ROMANIA: Judicial Reform Project

Results Framework

For monitoring progress with implementation of the Strategy for the Reform of the Judiciary, 2005-2007, and of the Action Plan, the Government of Romania has established a Monitoring Commission which includes: the Minister of Justice, the President of SCM, the president of the High Court of Cassation and Justice, the Prosecutor General, directors of NIM and NSC, one representative from the legal profession, one representative of Magistrates’ Associations, and one representative of the Ministry of Public Finance. In order to support the Monitoring Commission, a Technical Working Group has been established comprising representatives of SCM, MOJ, NIM, NSC and the Ministry of Public Finance. The Commission meets every quarter, or upon request. For each session, the Technical Working Group prepares a quarterly progress report, which allows monitoring of progress under the Strategy on a continued basis. These arrangements have been in place since March 2005, and a number of the Monitoring Commission’s meetings have taken place already, some of them attended by the President of Romania.

In addition to these sector-wide monitoring mechanisms, the SCM and the MOJ will be responsible for overall monitoring of the project. The DIEFP will be responsible for consolidating information provided by various project counterparts, as well as from courts, in order to track progress against the monitoring plan. This information will be provided regularly to the Project Steering Committee and the Bank.

There will be a comprehensive evaluation of progress against project indicators on an annual basis. For these purposes a public opinion survey will be conducted by an independent organization and financed under the project. The results of the public opinion survey and annual progress reports will be used for analyzing the intermediate outcomes of the project and adjusting project activities or priorities, if needed. The results of monitoring will be widely publicized not only within the judicial community, but for the general public as well.

Successful monitoring of the project will require strengthening of the statistical and information management procedures in both the SCM and MOJ, which is also supported by the project (within Court Administration and Institutions Building components).

Financial Monitoring Reports (FMRs) will be prepared semi-annually, as described elsewhere in this PAD. An annual external audit will also be conducted.
PDO | Project Outcome Indicators | Use of Project Outcome Information
--- | --- | ---
(i) To increase efficiency of the Romania courts, and (ii) to improve accountability of the judiciary which should result in reduced corruption and more transparent act of justice. | (i) Improved capacity of the court system to adjudicate disputes (in terms of fairness, speed, affordability and ability to enforce decisions); (ii) improved court facilities, in line with international standards; (iii) improved public image of the judiciary; (iv) enhanced competence, professionalism and integrity of judges and court staff. | Provide evaluation of project results in strategies and action plans to Government for assessing the need and design of future investments.

Intermediate Outcomes | Intermediate Outcome Indicators | Use of Intermediate Outcome Monitoring
--- | --- | ---
Component 1 | Court Infrastructure Rehabilitation
(a) renovated court buildings with better accommodations for trials, public access and security features
(b) new design standards for court buildings reflecting best internat. practices and cost efficiency principles | -- about 10 renovated court buildings
-- increased No. of court proceedings per week/month due to availability of trial rooms (monitored court by court)
-- 30% in reduction of case delays due to space limitations
-- new design standards developed and adopted by MOJ, along with a schematic design manual | YR3-4: Correlation between increased efficiency of court proceedings and the use of renovated buildings will be used for adjusting design standards and targeted buildings, if necessary.
YR3-4: Successful implementation of new design standards will be rolled out to other court buildings

Component 2: Strengthening of the administrative capacity of courts
(a) improved case management processes; 
(b) effective integration of economic managers within courts’ structure; 
(c) new internal working | -- new case management techniques are used by 30% of courts; -- case backlog is reduced by 35%; -- length of court proceedings is reduced by average 30%; -- economic managers employed | YR3-4: If targets for introducing new case management techniques are not met, it might require additional training efforts under the project, or other measures;
YR2-3: Slow decrease in case backlog may indicate that other
<table>
<thead>
<tr>
<th>Component 3: Integrated Resource Management System for the Judiciary</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) development of a resource management system for courts;</td>
</tr>
<tr>
<td>(b) upgraded archive system for courts</td>
</tr>
<tr>
<td>No. of court managers with an integrated view of up-to-date and accurate information regarding resource use, resource availability, and court operations performance (court specific).</td>
</tr>
<tr>
<td>No. of key offices at the national level (MOJ, SCM, HCCJ) with an integrated view of up-to-date and accurate information regarding resource use, resource availability, and court operations performance (in the aggregate as well as court-specific).</td>
</tr>
<tr>
<td>About 50% of court records stored in fire and waterproof devices.</td>
</tr>
<tr>
<td>Component 4: Institutional development of judicial institutions</td>
</tr>
<tr>
<td>measures in court administration are required.</td>
</tr>
<tr>
<td>YR2-3: successful integration of economic managers within courts should lead to greater efficiency of court operations and release of judges and court presidents of non-judicial tasks.</td>
</tr>
<tr>
<td>YR2-4: effective public communication strategy should lead to improved image of the judiciary (will be monitored through public surveys)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1</td>
<td>A formally agreed technical requirements specification for the Resource Management System (RMS).</td>
</tr>
<tr>
<td>Y2</td>
<td>RMS Implementation contract signature.</td>
</tr>
<tr>
<td>Y3</td>
<td>RMS Prototype demonstration(s).</td>
</tr>
<tr>
<td>Y4-5</td>
<td>RMS national roll-out to courts and executive level agencies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1</td>
<td>A formally agreed technical requirements specification.</td>
</tr>
<tr>
<td>Y2</td>
<td>Archive system supply contract signature.</td>
</tr>
<tr>
<td>Y2-Y3</td>
<td>National delivery of archive devices.</td>
</tr>
<tr>
<td>(a) Organizational structure of SCM is completed and fully functional;</td>
<td>-- SCM effectively assumes functions of budget planning, policy formulation and performance monitoring; -- 50% of administrative personnel of SCM trained; -- 50% of MOJ personnel trained; -- new examination procedures are successfully piloted by NIM; -- new strategy for NSCC is adopted and implemented; -- 30% increase in training delivery by NSCC; -- 80% of positive evaluation of NSCC training by court presidents</td>
</tr>
<tr>
<td>(b) MOJ's capacity in capital investment planning is improved;</td>
<td></td>
</tr>
<tr>
<td>(c) New tests and qualification exams procedures are used by NIM;</td>
<td></td>
</tr>
<tr>
<td>(d) National School of Clerks' capacity is enhanced.</td>
<td></td>
</tr>
</tbody>
</table>
Arrangements for results monitoring

<table>
<thead>
<tr>
<th>Project Outcome Indicators</th>
<th>Target Values</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Baseline</td>
<td>YR1</td>
</tr>
<tr>
<td>• Improved capacity of the court system to adjudicate disputes, measured through: -- reduced case backlog; -- reduced length of court proceedings; -- reduced rate of overturned court decisions</td>
<td>0% 0%</td>
<td>30% 10%</td>
</tr>
<tr>
<td>• Improved court facilities, in line with international standards:</td>
<td>__% at judicatiori level; 30% at tribunal level, 20% at CAs level</td>
<td>10 court buildings rehabilitated</td>
</tr>
<tr>
<td>• Improved public image of the judiciary</td>
<td>70% businesses consider courts corrupt; 80% -- slow, and 67% -- unfair</td>
<td>No. of judges evaluated positively; No. of judges subject to disciplinary proceedings; No. of judges dismissed; No. of court personnel evaluated</td>
</tr>
<tr>
<td>• Enhanced competence, professionalism and integrity of judges and court staff.</td>
<td>No. of judges evaluated positively; No. of judges subject to disciplinary proceedings; No. of judges dismissed; No. of court personnel evaluated</td>
<td></td>
</tr>
<tr>
<td>Project Outcome Indicators</td>
<td>Baseline</td>
<td>YR1</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td></td>
<td>disciplinary proceedings; No. of judges dismissed; No. of court personnel evaluated positively</td>
<td></td>
</tr>
<tr>
<td>Results Outcome Indicators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; No. of renovated/built court buildings</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>&gt; Increased number of court proceedings per week/month due to availability of trial rooms (monitored court by court)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 30% reduction of case delays due to space limitations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; New design standards developed and adopted by the MOJ, along with a schematic design manual</td>
<td></td>
</tr>
<tr>
<td>Component 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-- New case mgmt. techniques are used by:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-- Effective integration of economic managers;</td>
<td>30% of</td>
</tr>
</tbody>
</table>

48
<table>
<thead>
<tr>
<th>Project Outcome Indicators</th>
<th>Baseline</th>
<th>YR1</th>
<th>YR2</th>
<th>YR3</th>
<th>YR4</th>
<th>YR5</th>
<th>Frequency and Reports</th>
<th>Data Collection Instruments</th>
<th>Responsibility for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>new procedural rules (Criminal and Civil Procedural Codes) are amended</td>
<td>0</td>
<td>50%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>Quarterly</td>
<td>Court statistical reports</td>
<td>MOJ</td>
</tr>
<tr>
<td>Component 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other agencies involved in RMS (HCCJ, Prosecutor general, etc.)</td>
</tr>
<tr>
<td>-- % of court managers with an integrated view of up-to-date and accurate information</td>
<td>0</td>
<td></td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
<td>Annually</td>
<td>Progress reports</td>
<td></td>
</tr>
<tr>
<td>Component 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-- % of administrative personnel of SCM trained; -- % of MOJ personnel trained; -- New examination procedures are successfully piloted by NIM; -- % increase in trg. delivery by NSC; -- % of positive evaluation of NSC training by court presidents</td>
<td>50%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>Quarterly</td>
<td>Court statistical reports</td>
<td>SCM</td>
</tr>
<tr>
<td></td>
<td>50%</td>
<td>80%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>Annually</td>
<td>Progress reports</td>
<td>MOJ</td>
</tr>
<tr>
<td></td>
<td>50%</td>
<td>80%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td></td>
<td></td>
<td>NSC/SCM</td>
</tr>
<tr>
<td></td>
<td>60%</td>
<td>80%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td>45%</td>
<td></td>
<td></td>
<td>Trainees' surveys</td>
</tr>
</tbody>
</table>
Annex 4: Detailed Project Description

ROMANIA: Judicial Reform Project

Component 1: Court Infrastructure Rehabilitation Component ($90.0 million)

There is a clear link between the project's development objective—increasing the efficiency of the court system—and the rehabilitation of the judiciary's physical infrastructure. Reforms to the judicial system cannot be implemented in a poor physical environment because the operation of an independent and respected judiciary depends on adequate physical facilities for functional efficiency, security, and the proper separation of functions. Considerations include basic physical conditions such as structural, mechanical and environmental conditions, as well as space planning and design to ensure adequate space to house staff, equipment and records. The functional relationships of these spaces are equally critical for efficiency, transparency and security, and designs that are inefficient or opulent waste investment and operations resources.

Security within the court system and its facilities has obvious multiple implications for the functioning of the judiciary, and has been largely mishandled in the old regimes. The safety of the public involves the proper handling of the movements of criminal convicts into and within the building and in courtrooms, as well as safety during crowded high-profile court hearings. The safety of all witnesses, especially protected witnesses, is critical to fair hearings. The safety of judges and court personnel has serious implications for the integrity of judges and the work of the court. The potential for intimidation of judges and other personnel influences case assignments and the handling of corrupt or high profile cases. Easy access to judges through encounters in public areas facilitates corrupt practices. There are several important approaches to these problems, but the proper functional planning of the courts is a critical foundation.

Perhaps equally important to the project’s objective is the public image of the judicial system. Especially in a country that has undergone transition from authoritarian control and a period of disrespect for liberal judicial traditions, the physical conditions of court buildings and the way the public and officials are treated in them clearly proclaim community values with regard to justice, and either bolster or undermine citizens’ respect for the judiciary. Finally, the cost-effective use of investment resources demands a set of planning standards that codify the elements of a national consensus on how the judiciary should function.

To support the project’s development objective, and because investment in institution-building—training, information technology, case management and public access—cannot succeed in a marginal physical environment, the project will provide substantial assistance both in physical rehabilitation and in the establishment of sound long-term court planning and design concepts, with guidelines establishing space requirements and cost and environmental objectives. Infrastructure rehabilitation, particularly where facilities have been neglected or are severely limited, is costly. Previous judicial reform projects in the Europe and Central Asia Region have included infrastructure components
that represent about half of total project funding. In contrast, the higher proportion of funding for infrastructure envisaged for this project reflects: (i) a more highly developed investment capacity in the MOJ; (ii) the higher costs of civil works in a country that is moving to EU accession with the related regulatory environment and higher standard of living; and (iii) the larger size of the country and its population, which leads to proportionately more civil works in comparison to the costs of institution building.

General physical conditions

A wide range of physical conditions can be found in the Romanian court system. Very few recently built court buildings are modern and even opulent in comparison to those of many industrialized countries, but the most common condition is characterized by severe overcrowding, and in many cases, long-term “temporary” facilities that are physically deteriorated, and inappropriate from the standpoint of security and an efficient, independent judiciary. There is a general shortage of trial rooms in busy courts, which leads to undue delays in scheduling court hearings. The working conditions of judges and clerks, and the lack of adequate public space presents a depressing and potentially dangerous environment. Judges’ offices are severely overcrowded, with many judges forced to share small desks in shifts and leaving almost no room for basic resources, files and equipment. Public areas are either limited or nonexistent, so citizens and litigants cannot get adequate access to court information and files. Court files and other materials are kept in inadequate and unsafe conditions, vulnerable to fire, misplacement and other hazards, presenting a serious threat to the integrity of court documentation. Security arrangements in most court buildings are highly inadequate and in some cases, clearly put the public and court personnel at high risk.

Virtually all court buildings require extensive up-grading of structural and basic technical infrastructure in order to function at minimally acceptable levels. Seismic conditions in Romania and the recent refinement and updating of earthquake standards for the country require structural strengthening of virtually all public buildings. The needed investments in information technology for the courts cannot effectively be made without addressing these problems.

Government program

The Government of Romania is undertaking a program of construction and rehabilitation but a lack of funding has limited this work to a few high-profile buildings such as the Palace of Justice (through a bi-lateral guaranteed loan) and a few regional courts. Feasibility studies - the first step in the design of public facilities under Romanian public expenditure law - have been completed for the rehabilitation, expansion, or new construction for 25 courts, but the limited state budget funding has put these on hold. A small technical unit in the MOJ’s infrastructure department is implementing these activities. The Government program is now budgeted at about $30 million over the next four years, and is too low to enable the Government to address many additional court infrastructure needs which, while less dramatic, represent serious constraints on the progress of judicial reform. When matched with the Government’s program, the Bank
project will allow MOJ to move more quickly on a much broader range of court construction needs.

**Design Standards**

Some essential court design principles reflecting sound practices appear to have been, for the most part, historically accepted in the Romanian system. These include (i) separation of key functions; (ii) security zones, and (iii) openness to public access where appropriate, including case archives. However, in spite of the fact that these principles are accepted in Romania, they are difficult to follow in over-crowded and temporary court facilities as well as in many older buildings. Many court buildings were built for other uses and have in the past been adapted for judicial functions, and over the years modified in inappropriate ways, resulting in inefficient and counter-productive layouts. Government experience with recent court construction indicates that because of the lack of coherent design standards, new designs have been implemented without sufficient regard for cost-effective construction and operations. Standards are needed to define minimum space and circulation requirements, as well as appropriate materials and detailing to ensure a long-term cost-effective investment.

The component will finance:

(i) Rehabilitation and new construction of priority court buildings throughout Romania, to serve the objective of an independent, transparent and efficient judiciary and to meet enhanced standards of security, fire-life safety, accessibility and seismic resistance, as well as to improve the poor public image of the judicial system. The court buildings to be included have been selected through a prioritizing process based on criteria that were agreed by stakeholders in the judicial system in Romania. These include the degree to which each court meets requirements for:

- Current structural and seismic codes;
- Adequate space (degree of crowding of staff and functions);
- Circulation traffic flows, access, security, zoning of functions;
- Technical infrastructure (climate control, supervision and data systems, etc.);
- Geographical distribution (ensuring national coverage and court accessibility);
- Case load and type of court;
- Expected position in court restructuring program, and
- Status of Feasibility Study documentation and economic analysis

A transparent process of evaluating and weighting resulted in a “short list” comprising about 25 buildings (of which 5 are new constructions) with a total investment value (estimated cost of design and works) of about $100 million. The estimated costs for the proposed investments range from less than $600,000 to over $10 million, with the average at about $3 million. The list represents major capital investments, which together with the ongoing Government program would eventually meet 54% of Romania’s major capital investment needs in court infrastructure.
Development of design standards based on international practice

The absence of planning standards and programmatic instructions as a basis for physical design remains an important gap in the infrastructure rehabilitation process. These standards are essential to enable reform concepts to be put into practice. The project will support the development of a schematic design manual that would serve the judicial system in the long term as well as in the initial investments.

The MOJ is committed to establishing court planning and design standards, to ensure that new investments meet fundamental principles of functional appropriateness and efficiency, and therefore included the development of standards in its request for Technical Assistance under the proposed project. Standards for space design and quality of finishes is required both for ensuring that courts function efficiently and safely according to modern principles of an independent judiciary, and to control costs, maximize the use of funds and reach a fair and rational distribution of resources among potential investments. National design guidelines and carefully established space programming standards would provide clearer parameters for local authorities and design architects. The MOJ understands the importance of obtaining agreement on such standards prior to the selection of architects, and the need for consensus among judges, court staff and the legal profession. Based on experience with other Judicial Reform projects in the region, a program of review and discussion through workshops led by an experienced international court design facilitator, and attended by key stakeholders is extremely beneficial. A two-stage process allowing for the development of standards early during implementation was agreed with the MOJ. Initial work has been started providing for a design review and preliminary guidelines, and to set the stage for a deeper review, consensus building and detailed design manual funded under the Loan.

MOJ capacity and Capacity of Construction Industry

The level of investment for infrastructure rehabilitation requested by the Borrower and proposed by the team is substantial, and will require, in addition to efficient implementation management, good construction industry capacity. Romania has been undergoing an expansion of its construction industry due to strong private sector investment, and has also attracted foreign contractors, some of which have established permanent offices in Bucharest. The capacity of both the construction industry and the MOJ to implement the program was assessed during Appraisal and found to be adequate, given the proposed strengthening of the MOJ, and establishment of the DIEFP. Nonetheless, implementation must be rigorously monitored in order to effectively carry out this rehabilitation program within the Loan period. To this end, the MOJ has agreed construction management and technical auditing oversight, in addition to the supervision arrangements outlined below, by an independent international firm. In addition, the MOJ has an experienced construction and maintenance unit in the Capital Investments Department that will require a degree of strengthening in order to address the new challenges presented by the project. A new Deputy Secretary General with strong experience in investment prioritizing and implementation has taken over responsibility for the Capital Investments Department, and has a strong vision for its efficient
management and the cost-effective use of resources. The proposed subcomponent for Planning and Design Standards will provide support for this objective. Construction supervision is regulated by the Romanian regulations and entails the assignment of independent site engineers. These will be in addition to MOJ/DIEFP site supervisors. See Annex 6 for a full description of project implementation arrangements. Feasibility Studies for most candidate structures have been completed, and some designs have been completed as well. Under grant funding, the designs will undergo review through a process related to the development of the Planning and Design standards subcomponent.

**Component 2: Strengthening of the Administrative Capacity of Courts ($11.05 million)**

This component aims at assisting the Romanian courts to adopt modern administration techniques to increase their productivity, improve the quality of their services and restore confidence in the judiciary. The scope of the component was discussed at two meetings with SCM representatives and reflects proposals submitted by the SCM to the Bank team.

The following activities are the focus of the Court Administration component:

*(a) Development and carrying out of a program to reduce case delays and backlogs.* Initially, a comprehensive assessment would be carried out for identifying causes of delayed court proceedings and excessive case backlogs. Specific actions identified by the assessment would be financed under the project which would include, inter alia: revisions of Civil Procedural and Criminal Procedural Codes, design of active case management techniques and procedures, development of time standards for various types of cases, development of monitoring processes, promoting out-of-court settlement mechanism, etc.

*(b) Development of a framework for economic management of the courts, including regulatory and organizational arrangements for economic managers.* An institute of economic managers was introduced by the new judicial laws in summer 2004, and some basic provisions regarding selection, recruitment and training of economic managers have been established by the latest amendments to the judicial laws in July 2005. However, a more systemic approach is necessary for defining an overall concept of economic managers, their functions and responsibilities, and their relationship with court presidents, economic-financial departments of courts, as well as with MOJ and SCM officials. The project would assist in developing secondary regulations for economic managers (from recruitment guidelines to detailed job description); training of economic managers and court presidents and preparation of manuals and other facilitating materials for day-to-day work of economic managers.

*(c) Optimization of courts’ operational processes.* The project would assist in re-designing internal working arrangements within a court with the aim of relieving judges from administrative and non-judicial tasks and strengthening capacity of courts’ non-judicial personnel to handle court’s operational functions, including
case registries, archives, recording of court proceedings, court statistics and case monitoring, etc.

(d) Public Education / Information. Strengthening the SCM’s and courts’ capacity in the area of public information and external relations: this would include development of a comprehensive communications strategy for SCM, training for SCM and court’s public relations personnel, development of guidelines on relations with the mass media, publication of materials promoting legal awareness in general and awareness about the ongoing judicial reform efforts.

Component 3: Court Information System ($21.5 million)

The MOJ’s “IT Strategy for the Reform of the Judiciary 2005-2009”, approved by the Government in July 2005, specifies a number of information systems initiatives to support the conduct of judicial processes and the management of the judicial system. Broadly speaking, the IT Strategy anticipates EU and Government funding for the information systems initiatives to support court operations. These include case and electronic document management, as well as intranet/internet access to legal and case-related information (for the judicial personnel and the public). EU and Government funding will also provide for the network and computing platform, upon which the MOJ will roll out these operational systems to all courts in Romania (by the end of 2005).

The IT Strategy anticipates World Bank financing for a comprehensive Resource Management System (RMS) for the judicial system. The RMS will cover financial, physical, and human resource management functions. It will also cover management support functions, both reporting and analytic. The RMS would support management functions at the level of the individual courts, as well as at the MOJ, SCM, and the HCCJ. The system will operate over the EU/Government funded wide area network and will obtain reporting information from the court-level operational systems. The use of industry standard technologies and interfaces specifications will minimize compatibility issues.

The MOJ will technically operate the RMS. Access controls and data structures will be aligned to serve each entity’s roles and responsibilities. An inter-agency body will govern the MOJ’s service levels for the operation and management of the network, system and information stores. The inter-agency body will also govern evolution of the system. This may include, for example, functional enhancements or changes in the structures of information and authorizations, in response to changes in roles and responsibilities. In addition, the same system governance body should govern the evolution of the operational level systems. This may include updates and enhancements to the ECRIS software, for example, in response to changes legal procedures and/or other judicial practice reforms arising from the work of the SCM. Technical support to the first instance courts will be coordinated at the level of the second instance courts. The MOJ will provide technical support from the national level.
The IT Strategy envisions distance learning capabilities delivered over the wide area network. Among other things, this could augment the NIM's and NSC's capacity to deliver training services. Given the large amount of training associated with the implementation of the resource management system and the overlap with the target audiences, the MOJ is considering incorporating NIM and NSC-linked distance learning facilities into the Bank-financed, resource management system initiative.

The MOJ anticipates using a single-responsibility contract to obtain the resource management system. This contract would cover: (a) detailed requirements analysis; (b) configuration and customization of a standard, enterprise resource management “ERP” software package and related on-line analytic processing “OLAP” software; (c) hardware and software supply/installation; (d) system integration; (e) management, operational, and technology training; (f) system testing and validation; and (g) maintenance and technical support.

The resource management system would serve approximately 5,000 users, comprising 20-25 individuals at each of the roughly 200 judicial facilities, and approximately 200 individuals at the MOJ, SCM, and HCCJ.

Prior to the acquisition of the resource management system, the MOJ plans to elaborate more completely its information systems strategy and planning. This Bank-financed activity will take the IT Strategy as a point of departure and, employing formal systems analysis methodologies, analyze and document the key business processes in the judicial system and the corresponding information flows. These analyses will be combined with technological considerations, including system performance, security, and business-continuity considerations, to develop an overall systems architecture and “sub-system” descriptions. These, in turn, will inform actions plans for implementation and maintenance of the set judicial information systems (including the Bank-financed resource management system). The system descriptions and actions plans, in turn, will drive the detailed systems requirements specifications. These, in turn, form the basis of the relevant tender documents. In addition, the MOJ anticipates that the consulting firm would assist the MOJ in supervising the procurement process for the resource management system, as well as assist in the supervision of its implementation.

The EU/Government funded activities will lead to a shift to the production of electronic records over time. They will allow the capture of the existing paper records in electronic form (for improved access and safe back-up). However, the need to properly store and manage the inventory of paper will remain for many years – both in the transition period, as the records are scanned, as well in the long term, for legal documentation purposes. Accordingly, there is a pressing need to upgrade the physical management and protection of the paper records – while they remain stored in the courts and when they are eventually moved to a central archive (i.e., after electronic storage and access is proven reliable). The project will finance proper archival filing cabinets (i.e., fire and water proof, locking, wheeled cabinets) for courts. Subject to further requirements and cost analysis, investments of US$ 20-30 thousand per court, would lead to approximately US$ 5 million for the court system.
Component 4: Institutional Development of Judicial Institutions ($6.61 million)

This component would provide assistance to the following judicial institutions:

- SCM – in the area of development of long-term judicial policies, monitoring judicial performance, and public communications;
- MOJ – in the area of capital investment planning, judicial statistics, human resources management, budget planning and internal and external communications;
- NIM – in the area of development of new qualification tests for judges’ selection and promotion; development of training courses and curricula;
- NSC – in the area of strategic planning; development of certain training courses and delivery of training through distance learning programs and other innovative methods;
- HCCJ – in the area of budget planning and IT upgrading.

This component would also finance, among other things, specific tools to monitor project results, including public surveys and court user surveys. A comprehensive baseline survey will be carried out immediately after effectiveness in order to provide a snapshot for the current reality. The baseline survey methodology would be based on the monitoring indicators. Two more surveys would be carried out over the project implementation period. In addition, court user surveys, which are smaller and quicker efforts, as well as relatively inexpensive, would be carried out in order to monitor the backlog and processing standards in the busiest courts.
Annex 5: Project Costs

ROMANIA: Judicial Reform Project

<table>
<thead>
<tr>
<th>Project Cost By Component and/or Activity</th>
<th>Government financing US $million</th>
<th>World Bank financing US $million</th>
<th>Total Project Cost US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court Infrastructure Rehabilitation</td>
<td>14.9</td>
<td>85.0</td>
<td>99.9</td>
</tr>
<tr>
<td>Strengthening the Administrative Capacity of Courts</td>
<td></td>
<td>11.05</td>
<td>11.05</td>
</tr>
<tr>
<td>Integrated Resource Management System for the Judiciary</td>
<td>26.6</td>
<td>21.5</td>
<td>48.1</td>
</tr>
<tr>
<td>Institutional Development of Judicial Institutions</td>
<td>1.2</td>
<td>6.61</td>
<td>7.81</td>
</tr>
<tr>
<td>TOTAL BASELINE COST</td>
<td>42.7</td>
<td>124.16</td>
<td>166.86</td>
</tr>
<tr>
<td>Physical Contingencies</td>
<td></td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Total Project Costs</td>
<td>42.7</td>
<td>129.16</td>
<td>171.86</td>
</tr>
<tr>
<td>World Bank Loan</td>
<td>130.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 6: Implementation Arrangements

ROMANIA: Judicial Reform Project

The project will not create new institutions but will support the existing government and judicial entities by setting up implementation structures within these entities. The Ministry of Justice (MOJ) will take full responsibility for all technical aspects of the implementation, monitoring, financial management, as well as procurement.

At the policy level, a Project Steering Committee (PSC) would be constituted, comprised of representatives from the Ministry of Finance, the Ministry of Justice, the Superior Council of Magistrates, the National Institute of Magistracy (NIM), and the High Court of Cassation and Justice. The Project Steering Committee will be responsible for overseeing project implementation and making decisions on significant implementation or policy issues. The PSC will meet at least quarterly to review quarterly and annual work programs, and will ensure coordination and synergies of the project with the other programs in the justice sector funded by external donors. The MOJ will take full responsibility for all technical aspects of the project implementation, including procurement, financial management and monitoring.

MOJ has established (Government Resolution No. 1125/2005) the Department for Implementation of Externally Financed Projects (DIEFP) which would be responsible for day-to-day implementation work, including procurement of goods, works and consultants’ services, disbursement of funds and financial management, audit, and control, monitoring and reporting. This Department is an integral part of the MOJ structure; while primary responsibility of this Department during the first 3-4 years will be implementation of the Bank-financed project, it will eventually assume responsibility for other capital investment projects in the justice sector, thus taking full advantage of the experience gained by the Department’s staff with respect to the Bank-financed project. DIEFP will also report to the Project Steering Committee on a regular basis.

SCM will be responsible for implementation of the court administration and institution building components (except for MOJ part), and will be assisted by DIEFP with respect to procurement, financial management and other technical aspects of project implementation. SCM and MOJ will enter into an internal agreement defining their respective responsibilities and coordination mechanism. The Working Groups within SCM, established for implementation of the PAL and PPIBL, will continue functioning and will provide substantial input in project implementation, including preparation of the terms of reference (TORs) and subsequent carrying-out of technical assistance for the court administration and institution building components of the project. In addition, an Evaluation Committee will be established for evaluating the bids submitted for various project activities. The Evaluation Committee could comprise representatives from different implementing agencies (e.g. SCM and MOJ).
DIEFP Staffing and Structure

The core staffing of the DIEFP will include: a Director, a Deputy Director, 2 architects, 2 civil engineers, 1 legal advisor, 2 procurement specialists, 2 financial specialists, an IT specialist, 2 judicial specialists (from SCM) and 1 administrative assistant/interpreter. At the beginning of the project, a core staff – about 6-7 people – will be hired or seconded to DIEFP, and the number will increase towards the end of the first year of implementation, with an increased scope of procurement, technical and financial work.

It is currently envisioned that some staff will be transferred to DIEFP from the existing departments of MOJ (e.g. Department for Capital Investment, IT Department, etc.), and some staff will be hired through a competitive process to provide particular expertise which is currently lacking at the Ministry.

Due to the two-pronged nature of the Project, the DIEFP will include 2 judicial specialists who will be liaisons for the SCM. These specialists will have the following functions in their respective areas of expertise:

- Prepare/review technical specifications for the TORs and procurement packages related to the respective sub-components.
- Ensure consistency between the activities and policies of the Project and those of their respective sectors;
- Participate in contract evaluation and negotiation committees;
- Contribute to the accomplishment of the implementation policies and procedures of the SCM sub-projects developed within the project;
- Follow the progress accomplished during the implementation of the SCM sub-projects;
- Supervise and monitor the ongoing contracts related to the SCM.

Working Groups at the SCM, established for implementation of the PAL and PPIBL, will continue functioning and will closely cooperate with the MOJ’s DIEFP on the activities supported by the project.

It is also envisioned that several Regional Project Coordinators will be appointed in several courts outside of Bucharest who will be serving as liaisons with DIEFP. This is particularly important for the Court Infrastructure component of the project.
Financial Management

1. Summary

Country Issues.

The first Country Financial Accountability Assessment (CFAA) for Romania was finalized in December 2003 and concluded that the overall fiduciary risk associated with the public financial management and financial accountability arrangements of the Romanian government administration is considered to be moderate, with the systems for accounting, financial reporting and internal control representing the areas with the higher risks and budgeting, cash management and external audit and Parliamentary oversight representing the lower risks.

The implications of the CFAA for the project have been addressed by the following actions:
- A detailed review of the systems was performed for the implementing entity (MOJ/DIEFP);
- The implementing entity will set up a distinct project-specific accounting ledger;
- Project accounting staff will be appointed;
- The format of the FMRs and audit TORs will be agreed with the implementing entity;
- Project financial statements will be audited by an independent auditor annually.

Strengths and Weaknesses.

The significant strengths that provide a basis of reliance on the project financial management system include: (i) the simple funds' flow and centralized financial management arrangements; and (ii) the satisfactory MOJ accounting and reporting software system.

There are no significant weaknesses of the project financial management system.

Implementing Entity.

The newly established Department for Implementation of Externally Financed Projects (DIEFP) within MOJ will be responsible for the financial management aspects of the project. Its fiduciary capacity has been strengthened.

The Loan Agreement will be signed between the World Bank (IBRD) and Romania, represented by the MoPF.

Funds Flow.

Project funds will flow in respect of each of the sources of project financing as follows:

(i) the Bank loan, by direct payments or via the Special Account (SA), which will be replenished on transactional methods using Statements of Expenditure; and
(ii) Government counterpart contribution, via dedicated Treasury project accounts.

A Special Account will be opened at a commercial bank and on terms and conditions acceptable to the Bank. Foreign currency amounts will be exchanged as needed in local currency (RON), to cover payments for eligible expenditures in local currency to suppliers.

Government counterpart contribution payments will be made from separate Treasury project accounts, being sub-accounts of MOJ’s main budgetary Treasury account. These contributions will be received monthly in accordance with normal budget procedures.

Staffing.

DIEFP will include a finance team comprising a financial manager and an accountant. The project finance team will work closely with the existing MOJ Budget, Finance and Accounting Department.

Accounting Policies and Procedures.

The project’s accounting books and records will be maintained on an accrual basis and denominated in Romanian Lei (RON) with the exception of the books and records in respect of the Special Account which will be maintained in the currency of the IBRD Loan.

DIEFP will built upon the existing MOJ accounting procedures and internal controls to ensure that all project procedures and controls are adequately documented, contract monitoring and invoice payment procedures are put in place.

2. Audit Arrangements

Internal Audit.

MOJ has recently established its internal audit department. It is anticipated that the internal audit department will review the project’s financial management arrangements. The internal audit department will include in the annual work program the Project, as part of MOJ’s overall activities. However, the internal audit department has, so far, relatively limited experience, being recently established. As the recently established MOJ internal audit department continues to develop, the project will rely to the extent possible on it for the internal audit of the project.

External Audit.

As of the date of this report, the Borrower is in compliance with its audit covenants of the Bank-financed projects.

The Project will be audited annually both by an audit firm and on terms of reference acceptable to the Bank. The terms of reference for the audit will be agreed by November 10, 2005, and will be attached to the Minutes of Negotiations. The audit scope will include the project’s books and records as maintained by the implementing entity, all withdrawal applications, and the Special
Account. The audited project financial statements together with the auditor’s opinion thereon will be provided to the Bank within six months of the end of the reporting period, being the fiscal year.

In addition, the Romanian Court of Accounts (CoA), the country’s supreme audit institution, will continue to perform ad hoc external audits of the implementing entity, including of this project. The CoA will perform an operational review of the project to look at the specific issues related to governance, efficiency and performance, as the CoA has performed such an operational review and has presented its Performance Audit Report on the General Cadastre and Land Registration Project in May 2005. The most recent audit report prepared by the CoA, dated 2004 and covering FY 2003 for MOJ has been reviewed. Most of the points raised by the CoA have been satisfactorily addressed by MOJ and there are some remaining points in the course of being addressed by some of the MOJ’s subordinated entities, before the CoA will confirm that MOJ discharged its obligations in respect of the execution and reporting of the budget.

3. Disbursement Arrangements

Bank funds will be disbursed either as direct payments, or to the Special Account which will be replenished under the transactional disbursement procedures. Withdrawal applications for the replenishments of the SA will be sent to the Bank monthly, or when about a third of the initial deposit in the SA has been utilized, whichever comes first. All replenishments for transactions above the prior-review threshold will be fully documented. Supporting documentation for all transactions, including completion reports, goods received noted and acceptance certificates will be retained by the implementing entity and made available to the Bank during project supervision. There is no plan to move to forecast-based periodic disbursements.

<table>
<thead>
<tr>
<th>Allocation of Loan Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure Category</td>
</tr>
<tr>
<td>(1) Civil Works</td>
</tr>
<tr>
<td>(2) Goods, including supply and installation of information services</td>
</tr>
<tr>
<td>(3) Consultants’ Services and Audits</td>
</tr>
<tr>
<td>(4) Design and construction supervision services under Component 1</td>
</tr>
<tr>
<td>(5) Training and study tours</td>
</tr>
<tr>
<td>(6) Unallocated</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
4. Reporting and Monitoring

Project management-oriented Financial Monitoring Reports (FMRs) will be used for project monitoring and supervision. The DIEFP will produce the project’s FMRs every calendar quarter and the reports will be submitted to the Bank within 45 days after the calendar quarter-end. The formats of the FMRs and financial reports have been agreed upon.

5. Information Systems

MOJ has in place a modern accounting software system implemented by a Romanian software firm. A project specific ledger will be created within the existing system to allow the project department to record distinctly the operations of the project using the existing chart of accounts, with a limited customization of the existing accounting software system. The project-specific accounting ledgers have been created.

6. Supervision Plan

During project implementation, the Bank will supervise the project’s financial management arrangements in two main ways: (i) review the project’s quarterly financial monitoring reports (FMRs) as well as the project’s annual audited financial statements and auditor’s management letter; and (ii) during the Bank’s supervision missions, review the project’s financial management and disbursement arrangements (including a review of a sample of withdrawal applications and movements in the Special Account) to ensure compliance with the Bank’s financial management requirements.
Annex 8: Procurement Arrangements
ROMANIA: Judicial Reform Project

A. General

Procurement for the project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Loan Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Loan the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually, or as required, to reflect the actual project implementation needs and improvements in institutional capacity.

DIEFP within MOJ will be responsible for the implementation, monitoring, financial management, as well as procurement.

DIEFP will open a Special Account in a commercial bank in conditions satisfactory to the Bank, and will be responsible for maintenance of the financial management system for each of the component.

In particular, DIEFP will have the following responsibilities:

- Implementation of the respective project components (in close coordination with SCM);
- Implementation monitoring, including compliance with the relevant Bank policies, and evaluation;
- Procurement and financial management;
- Development of Terms of Reference for the activities under their jurisdiction (SCM will develop TORs for Court Administration and Institution Building Components);
- Preparation of bidding documents and contracts for works, goods and consultancy services;
- Evaluation of bids;
- Signing of the contracts;
- Supervision of the contractors;
- Certification of delivered products;
- Making payments to the contractors from the respective Special Account;
- Managing the Special Accounts and monitoring of financial flows resulting from the contracts.

**DIEFP Staffing and Structure**

DIEFP will include 2 procurement specialists, as well as civil engineers and architects who will be primarily focusing on the Court Rehabilitation component. DIEFP also plans to hire an international procurement advisor. Procurement specialists will receive training on the Bank’s procurement policies and procedures.
Procurement methods (Table A)

Thresholds

The following procurement methods and thresholds are agreed.

(i) Goods and Equipment: Goods and equipment costing Euro 250,000 equivalent and more per contract would be procured through International Competitive Bidding (ICB). Goods estimated to cost less than Euro 250,000 equivalent per contract each may be procured through National Competitive Bidding. Small contracts for supplies and minor equipment such as but not limited to furniture, locally manufactured IT hardware and software, stationeries, printing of public campaign materials etc, estimated to cost less than Euro 75,000 equivalent each may be procured under shopping on the basis of three written price quotations obtained from suppliers. In the procurement of IT hardware and software by shopping, when soliciting bids, the firms operating in Romania registered to the Bank’s Web site should be solicited in addition to the other available firms.

(ii) Civil Works: Civil works estimated at Euro 3.0 million equivalent and above per contract would each be procured through ICB, and civil works of less than Euro 3 million equivalent per contract may be procured on the basis of National Competitive Bidding (NCB).

It is agreed that works contracts to cost less than Euro 3.0 million be awarded through NCB considering the experience gained by Romania in dealing with large contracts under other projects financed by the Bank and other IFIs (e.g. Bucharest Water Supply Project, Roads Rehabilitation Project, Petroleum Sector Rehabilitation Project, EIB financed flood infrastructure rehabilitation project and etc.), as well as provisions of similar projects recently approved by the Bank (e.g. Rural Development Project, Forestry Sector Development, Hazard Risk Mitigation).

NCB would be acceptable subject to the conditions that Bank’s standard NCB document for ECA region be used, a point system of evaluation would not be used; domestic preference would not be applied; international bidders would not be excluded from bidding; and the draft NCB bidding documents would be prepared and submitted to the Bank for review and no-objection before the first two NCB tenders are issued. No bids would be rejected at the bid opening. All bids submitted on or before the deadline for submission of bids would be opened and read out at public bid opening. Successful bidders will be selected by post qualification procedure whereas local and international bidders shall demonstrate availability of obtaining securities and reasonable access to credit; experience in similar works, availability of technical staff and etc. Bid evaluation criteria shall be pre-disclosed to bidders; and technical specifications shall be clearly written.

Minor works estimated to cost less than Euro 75,000 each may be procured on the basis of three written price quotations and the contract awarded to the lowest priced bidder who has the necessary experience and financial resources to complete the works successfully. Bank’s standard and sample bidding documents and evaluation reports would be used.
(iv) **Consultant Services, TA and Training:** Consultant's services would be selected in accordance with the Bank Guidelines, and for this project, would include Quality and Cost Based Selections (QCBS), Consultant Qualifications (CQ), Fixed Budget Selection (FB), Least Cost Selection (LCS), and Individual Consultants (IC). QCBS selection over Euro 150,000 equivalent would be advertised in Development Business on line version and DG-market (Gateway) and in local media (one newspaper of national circulation or the official gazette, or /and electronic portal of free access), a national newspaper and/or official Gazette for expressions of interest, from which a short list of six firms would be drawn. For contracts estimated to cost less than Euro 150,000 equivalent short lists may be based solely on national firms unless international firms expressed interest. The contracts for preparation of designs and auditing would be procured following the LCS method. Contracts estimated at less than Euro 100,000 equivalent each for legal advice, study tours, quality control, and publicity campaigns would be procured following the Selection based on Consultant's qualification (CQ). Individual consultants would be selected in accordance with Part V of the Consultants Guidelines. Training for the DIEFP staff would be conducted in accordance with a biannual training program that the DIEFP would submit to the Bank for its agreement before implementation.

**Prior Review**

The following prior review requirements would be applicable:

**Goods and Civil Works**

All ICB packages and the first two Shopping/minor works and NCB packages as stipulated in the Procurement Plan.

**Consulting Services**

The packages stipulated in the Procurement Plan.

**Post Review**

All contracts not subject to the Bank's prior review would be subject to ex-post review, on a selective basis. One out of five contracts for goods, works, technical services and consulting services would be subject to ex-post review. Supervision missions would include a procurement specialist especially in the first year, whose main responsibility would be to conduct ex-post reviews of the procurement process and documentation, and provide his or her findings.

**B. Assessment of the DIEFP's capacity to implement procurement.**

**Country Specific Issues**

The Joint Procurement Assessment Mission (JPAM) conducted in 2004 by the Bank and the EC concluded that the overall procurement risk assessment is high. The JPAM identified among major issues the non-uniform application of the law and different procurement practices, problems with the execution and contract administration.
Implementing Department (DIEFP)

Procurement activities will be carried out by the MOJ DIEFP. The internal recruitment of procurement and other specialist has started, and the first procurement specialist is expected to be hired before loan effectiveness. Initial support is being provided by other units within the MOJ, including the Capital Investment and Budget Planning Departments.

An assessment of the capacity of the implementing entity to implement procurement actions for the project has been carried out by the Bank in August - September 2005. The assessment reviewed the proposed organizational structure for DIEFP and the interaction between the staff responsible for procurement at the MOJ’s relevant central units for administration and finance.

The key issues and risks concerning procurement for implementation of the project include: limited procurement staff for the initial implementation stage and overall weak capacity within the MOJ. However, appointment process for procurement specialists for DIEFP has started, and selection of an international procurement advisor will be launched shortly after loan effectiveness. MOJ has also initiated a broader effort for reforming procurement practices of the Ministry: it recently carried out a review of the status of procurement activities during the period 2001-2004 within the Ministry, with assistance of an external consultant financed by the IDF Grant for Strengthening the Institutional Capacity for Legal Drafting and Regulatory Management (P077765). The assessment provided a number of recommendations aimed at improving procurement and contract implementation processes and procedures within the Ministry, and these recommendations have been discussed at the workshop.

For strengthening the procurement capacity for the project, the following measures have been agreed:

- Complete the recruitment process for procurement and financial management staff as soon as possible.
- Training in procurement for the existing staff as well as for new-comers;
- Recruitment of the procurement consultant to support the initial period of project implementation activities and on the job training of staff.

The overall project risk for procurement is high.

C. Procurement Plan

The Borrower developed a procurement plan for project implementation which provides the basis for procurement methods. This plan has been agreed upon between the Bank and the Borrower. It will be available in the project’s database and in the Bank’s external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.
Table A: Project Costs by Procurement Arrangements
(US$ million equivalent)

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>ICB</th>
<th>NCB</th>
<th>Other</th>
<th>N.B.F.</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works</td>
<td>67,824,700</td>
<td>32,493,728</td>
<td>0.00</td>
<td>0.00</td>
<td>100,318,428</td>
</tr>
<tr>
<td></td>
<td>(57,651,038)*</td>
<td>(24,544,618)</td>
<td></td>
<td></td>
<td>(82,195,656)</td>
</tr>
<tr>
<td>2. Goods</td>
<td>30,195,306</td>
<td>0.00</td>
<td>176,400</td>
<td>17,400,000</td>
<td>47,771,706</td>
</tr>
<tr>
<td></td>
<td>(28,851,600)</td>
<td></td>
<td>(176,400)</td>
<td></td>
<td>(29,028,000)</td>
</tr>
<tr>
<td>3. Services</td>
<td>12,486,204</td>
<td>6,290,140</td>
<td>0.00</td>
<td>0.00</td>
<td>18,776,344</td>
</tr>
<tr>
<td></td>
<td>(12,486,204)</td>
<td>(6,290,140)</td>
<td></td>
<td></td>
<td>(18,776,344)</td>
</tr>
<tr>
<td>4. Miscellaneous</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>(0.00)</td>
<td>(0.00)</td>
<td></td>
<td></td>
<td>(0.00)</td>
</tr>
<tr>
<td>5. Front-end fee</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>(0.00)</td>
<td>(0.00)</td>
<td></td>
<td></td>
<td>(0.00)</td>
</tr>
<tr>
<td>Total</td>
<td>110,506,210</td>
<td>32,493,728</td>
<td>6,466,540</td>
<td>17,400,000</td>
<td>166,866,478</td>
</tr>
<tr>
<td></td>
<td>(98,988,842)</td>
<td>(24,544,618)</td>
<td>(6,466,540)</td>
<td></td>
<td>(130,000,000)</td>
</tr>
</tbody>
</table>

*Figures in parentheses are the amounts to be financed by the Bank loan.

D. Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended supervision missions every 6 months to carry out post review of procurement actions.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracting:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Tulcea (TL) Tribunal</td>
<td>1</td>
<td>ICB</td>
<td>N</td>
<td>Prior</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Orsova (MM) Tribunal</td>
<td>1</td>
<td>ICB</td>
<td>N</td>
<td>Prior</td>
<td>06-May</td>
<td>06-Jun</td>
<td>08-May</td>
</tr>
<tr>
<td>1.4</td>
<td>Iasi (IS) Palace of Justice</td>
<td>1</td>
<td>ICB</td>
<td>N</td>
<td>Prior</td>
<td>06-Nov</td>
<td>06-Dec</td>
<td>09-Jun</td>
</tr>
</tbody>
</table>
(b) ICB contracts and all direct contracting will be subject to prior review by the Bank.

2. Consulting Services

(a) List of consulting assignments with short-list of international firms.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ref. No.</td>
<td>Description of Assignment</td>
<td>No. of contracts</td>
<td>Selection method</td>
<td>Review by the Bank</td>
<td>Expected proposal submission date</td>
<td>Expected contract signing date</td>
<td>Expected Completion Date</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
</tbody>
</table>

71
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Quantity</th>
<th>QCBS</th>
<th>Prior</th>
<th>06-Jan</th>
<th>06-Apr</th>
<th>07-Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Technical Design for court rehab</td>
<td>5</td>
<td></td>
<td>Prior</td>
<td>06-Jan</td>
<td>06-Apr</td>
<td>07-Apr</td>
</tr>
<tr>
<td>2</td>
<td>Independent Technical Monitoring/Review</td>
<td>1</td>
<td></td>
<td>Prior</td>
<td>06-Jan</td>
<td>06-Apr</td>
<td>10-Apr</td>
</tr>
<tr>
<td>3</td>
<td>Assessment to identify causes for case delays</td>
<td>1</td>
<td></td>
<td>Prior</td>
<td>06-Jan</td>
<td>06-Mar</td>
<td>06-Jul</td>
</tr>
<tr>
<td>4</td>
<td>TA for revision of Civil Procedure Code and other related laws &amp; regulations</td>
<td>1</td>
<td></td>
<td>Prior</td>
<td>06-Mar</td>
<td>06-May</td>
<td>07-May</td>
</tr>
<tr>
<td>5</td>
<td>TA for revisions to CC, CPC and other related regulations</td>
<td>1</td>
<td></td>
<td>Prior</td>
<td>06-Mar</td>
<td>06-May</td>
<td>07-May</td>
</tr>
<tr>
<td>6</td>
<td>Design of regulatory and organizational framework for economic managers</td>
<td>1</td>
<td></td>
<td>Prior</td>
<td>06-Apr</td>
<td>06-Jun</td>
<td>07-Oct</td>
</tr>
<tr>
<td>7</td>
<td>Training of economic managers and court presidents</td>
<td>4</td>
<td>QCBS</td>
<td></td>
<td>06-May</td>
<td>06-Jun</td>
<td>07-Dec</td>
</tr>
<tr>
<td>8</td>
<td>Assessment to determine functional standards of court operations</td>
<td>1</td>
<td></td>
<td>Prior</td>
<td>06-Jun</td>
<td>06-Sep</td>
<td>08-Jan</td>
</tr>
<tr>
<td>9</td>
<td>Training of judges and court personnel</td>
<td>4</td>
<td>QCBS</td>
<td></td>
<td>06-Nov</td>
<td>06-Dec</td>
<td>08-Jan</td>
</tr>
<tr>
<td>10</td>
<td>High level system analysis for RMS</td>
<td>1</td>
<td>QCBS</td>
<td></td>
<td>06-Jan</td>
<td>06-Apr</td>
<td>07-Apr</td>
</tr>
<tr>
<td>11</td>
<td>Support to the SCM - Statistical Development and monitoring</td>
<td>1</td>
<td>QCBS</td>
<td></td>
<td>06-Mar</td>
<td>06-Jun</td>
<td>06-Dec</td>
</tr>
<tr>
<td>12</td>
<td>Support to the SCM - PR Communications strategy development</td>
<td>1</td>
<td>QCBS</td>
<td></td>
<td>06-Jun</td>
<td>06-Sep</td>
<td>07-May</td>
</tr>
<tr>
<td>13</td>
<td>Support to the MOJ - Internal and external communications</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>07-Jan</td>
<td>07-Mar</td>
<td>07-Oct</td>
</tr>
<tr>
<td></td>
<td>Support to the MOJ - Statistical development</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>07-Jan</td>
<td>07-Mar</td>
<td>07-Nov</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------</td>
<td>----</td>
<td>------</td>
<td>-------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>15</td>
<td>Support to the MOJ - Budgetary planning</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>06-Oct</td>
<td>06-Dec</td>
<td>07-Jun</td>
</tr>
<tr>
<td>16</td>
<td>Support to the MOJ - Legislative drafting</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>06-Dec</td>
<td>07-Mar</td>
<td>08-Mar</td>
</tr>
<tr>
<td>17</td>
<td>Support to the NIM - LSAT- Phase II</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>06-Jun</td>
<td>06-Sep</td>
<td>07-Feb</td>
</tr>
<tr>
<td>18</td>
<td>Support to the NSC - Distance learning feasibility study</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>06-Jun</td>
<td>06-Sep</td>
<td>07-Mar</td>
</tr>
<tr>
<td>19</td>
<td>Support to HCCJ – in budgetary planning</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>06-Sep</td>
<td>Dec.-06</td>
<td>07-Dec</td>
</tr>
<tr>
<td>4.15</td>
<td>Support to HCCJ – in IT area</td>
<td>1</td>
<td>QCBS</td>
<td>Prior</td>
<td>06-Sep</td>
<td>06-Dec</td>
<td>07-Dec</td>
</tr>
</tbody>
</table>
Annex 9: Economic and Financial Analysis

ROMANIA: Judicial Reform Project

The benefits from improvements in judicial performance are both economic and social. Implementation of the project is expected to increase the efficiency and accountability of the judiciary and improve access to judicial services. It is difficult to quantify the social and economic benefits of an improved justice system but a review of available data suggests that they are significant.

Economic benefits. Improved delivery of judicial services and other project outputs would help lower the costs of doing business in Romania, and reduce the time now required for litigation and case disposal. Courts serve businesses best when they are efficient and fair: in the absence of efficient courts and predictable judicial decisions, fewer investments and business transactions take place\textsuperscript{14}.

World Bank studies have identified a number of factors which improve the efficiency of courts and therefore contribute to improvement of business climate: (i) functional judicial information systems; (ii) transfer of non-contentious matters (like registration of businesses) from courts to administrative bodies to reduce the judicial caseload burden; (iii) simplified judicial procedures and processes; and (iv) establishing small-claims courts and specialized commercial courts\textsuperscript{15}. Although it is hard to quantify the benefits resulting from improved court services, these studies demonstrate a direct link between improved court services and increase in economic development and growth.

Direct benefits include increased efficiency, reduced costs of litigation, speedier case disposition, improved collection of outstanding tax liabilities, increased confidence in, and access to the judiciary, as well as transparent conduct of judges and other personnel. Indirect benefits include more predictable and uniform application of the rule of law, strengthened business confidence, a more stable investment climate, an increase in the number of cases filed in court and an alternative dispute resolution mechanism. Taken as a whole, these factors could contribute to a more level playing field for business, spur investment, and promote economic growth.

Project benefits also include financial gains from more efficient management of the judiciary’s resources. Strengthening the judiciary’s instruments of fiscal control also provide important benefits: more effective budget formulation, minimizing idle cash balances; performance improvements in collection of fees and charges levied by the judiciary for some of the services it provides; more effective implementation of judicial budget allocations; greater transparency in financial management. These are important benefits but also more difficult to measure. Also difficult to quantify are the benefits from the expected future reductions in the informal payments that may now be occurring.

Implementing the new judicial resource management system (RMS) and streamlining associated budget preparation and implementation procedures would result in more effective management

\textsuperscript{14} World Bank, Doing Business in 2005: Removing Obstacles to Growth (2005), p. 60.
of judicial financial resources and efficiencies in judicial budgetary transactions, including ensuring that judicial resources are spent on items for which they have been approved. More efficient execution of judicial budgetary transactions would also reduce delays in payments to creditors (beyond the period stipulated in contracts) and would eventually reduce the cost of goods and services to the judiciary.

The budget for the judicial system has been steadily increasing in the past five years: in 2005 alone, the operating budget for the justice system increased by about 45% to EUR 443.5 million, and an increase of 26% is expected in the judicial budget for 2006. Similarly, the number of judges has increased by about 25% in the last ten years. However, this has not yet resulted in visible improvements in court operations: case backlogs remain high and court proceedings exceedingly long. Recent analysis (such as the Court Rationalization Study) indicates that the rationalization of the court system and operational processes within courts is required as a matter of priority.

Efficiency gains resulting from project outcomes will allow resources for the Romanian judiciary to be used in a more cost-effective manner, possibly permitting reductions in administrative expenses. Greater automation of court processes will allow more cases to be resolved in less time, permitting public resources to be better used for delivering required services.

All of the above benefits emanate from the renovation and rehabilitation of judicial infrastructure, the associated development of judicial information systems, the proposed judicial resource management system, the building of institutions, and system re-engineering for the higher courts and selected pilot sites. The rehabilitation of judicial infrastructure will have a direct impact on the delivery of judicial services. More importantly, the systems reform will result in more efficient operations in the courts and will benefit society at large.

It is noteworthy that judicial concern also ranks high in the perception of business and civil society at large. In one of the recent surveys Romanian entrepreneurs were asked to judge on scale of 1 – 10 the importance of different mechanisms for contract enforcement. Table below shows the results of that work. As it indicates, while the promise of future business and trust are more important considerations, to Romanian businesses courts are by no means insignificant.

Table: How Romanian Firms Enforce Contracts

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future business</td>
<td>10</td>
</tr>
<tr>
<td>Trust</td>
<td>9</td>
</tr>
<tr>
<td>Courts</td>
<td>8</td>
</tr>
<tr>
<td>Social relations</td>
<td>7</td>
</tr>
<tr>
<td>Private dispute</td>
<td>6</td>
</tr>
<tr>
<td>mech</td>
<td>5</td>
</tr>
</tbody>
</table>

At the same time, only 20% of firms assess the courts as “quick”, 30% -- as “fair and impartial”, and 43% -- as “able to enforce its decisions” (see Attachment to Annex 1 “BEEPS-at-a-Glance”). A strong and accountable justice system, where access to the judiciary is widespread and judicial integrity beyond reproach, facilitates a stable investment climate and stronger

75
economy. In addition to all these are the substantial benefits that accrue to society as a result of swifter resolution of corruption charges, fairer application of the rule of law, and more predictable and uniform interpretation of business laws.

The project will support a number of measures aiming at increasing efficiency of courts and productivity of judges (including some of the measures identified above). Specifically, improved court facilities, better administrative arrangements within courts and automated case management process, simplified procedural rules and a comprehensive resource management system for the entire justice sector will contribute to the efficiency of the court system: these and enhancement of business confidence in courts would improve the investment climate in Romania.
Annex 10: Safeguard Policy Issues

ROMANIA: Judicial Reform Project

The project was rated as a **Category B** for the environmental assessment safeguard due to the planned civil works to take place under the project.

**Investment activities.** The main physical investment component of the project is Component 1 (Court Infrastructure Rehabilitation) which includes rehabilitation of about 20 existing court buildings and a construction of 5 new buildings.

The project will also establish court planning and design standards, which will include environmental aspects, to ensure that new investments meet fundamental principles of functional appropriateness and efficiency of court buildings and to serve as a guide for controlling costs. Agreed national design guidelines and carefully established space programming standards would provide clearer parameters for local authorities and design architects.

**Environmental framework review.** The review has been conducted to assess the application of Romanian environmental laws, permits and construction practice and to compare them with the standard requirements of the Bank's environmental safeguards. The findings of this review will be reflected in an environmental management plan (EMP) addressing the key issues and to be included in the legal agreements. The EMP has been developed to be fully in line with Bank requirements, the EU Environment *acquis* requirements as well as the local Romanian systems.

**Environmental risks.** The immediate impact of the proposed investment activities on the environment would be limited. Potential adverse environmental impacts are summarized below and are restricted in scope and severity:

- Dust and noise during construction activities;
- Inappropriate disposal of construction debris;
- Unsafe handling of hazardous building materials (e.g. asbestos), if any are encountered;
- Unsafe practices during operation of the building;
- Possible negative impacts on buildings with cultural importance;

These risks are anticipated in advance of project implementation and addressed by local regulations and direct mitigation activities in the design, planning and construction supervision process as well as during the operation of the facilities.

**Environmental Management Plan.** In order to ensure that there are no adverse environmental impacts from this work, an Environmental Management Plan has been prepared:

<table>
<thead>
<tr>
<th>Environmental Component</th>
<th>Impacts</th>
<th>Mitigation Measures</th>
<th>Institutional Responsibility</th>
</tr>
</thead>
</table>

77
<table>
<thead>
<tr>
<th>Physical Environment</th>
<th>Contractor&lt;sup&gt;16&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soils</td>
<td>Contamination from waste materials</td>
</tr>
<tr>
<td>Water</td>
<td>Clogging of drainage works Introduction of hazardous wastes</td>
</tr>
<tr>
<td>Air Quality</td>
<td>Dust during construction</td>
</tr>
<tr>
<td>Noise</td>
<td>Noise disturbance during construction or operation</td>
</tr>
<tr>
<td>Social Environment</td>
<td>Aesthetic and Landscape</td>
</tr>
</tbody>
</table>

<sup>16</sup> Supervision to be done by DIEFP staff or other authorized MOJ staff.
Issues related to new construction:

The sites for new construction have been identified, and are located in existing developed urban areas. The land is government-owned and new land is not to be acquired from private owners, nor is resettlement envisaged in order to have access to the land for construction. There are no illegal occupants on the sites in question. No cultural or historical assets will be negatively affected by the new construction.
Annex 11: Project Preparation and Supervision

ROMANIA: Judicial Reform Project

<table>
<thead>
<tr>
<th></th>
<th>Planned</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCN review</td>
<td>03/31/2005</td>
<td>03/31/2005</td>
</tr>
<tr>
<td>Initial PID to PIC</td>
<td>04/16/2005</td>
<td>05/02/2005</td>
</tr>
<tr>
<td>Initial ISDS to PIC</td>
<td>04/16/2005</td>
<td>09/23/2005</td>
</tr>
<tr>
<td>Appraisal</td>
<td>09/26/2005</td>
<td>10/03/2005</td>
</tr>
<tr>
<td>Negotiations</td>
<td>10/24/2005</td>
<td>11/09/2005</td>
</tr>
<tr>
<td>Board/RVP approval</td>
<td>12/15/2005</td>
<td></td>
</tr>
<tr>
<td>Planned date of effectiveness</td>
<td>03/22/2006</td>
<td></td>
</tr>
<tr>
<td>Planned date of mid-term review</td>
<td>04/01/2009</td>
<td></td>
</tr>
<tr>
<td>Planned closing date</td>
<td>04/01/2011</td>
<td></td>
</tr>
</tbody>
</table>

Key institutions responsible for preparation of the project:

Ministry of Justice, Superior Council of Magistracy

Bank staff and consultants who worked on the project included:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irina Kichigina</td>
<td>Sr. Counsel, TTL</td>
<td>LEGEC</td>
</tr>
<tr>
<td>Frances Allen</td>
<td>Operations Analyst</td>
<td>LEGJR</td>
</tr>
<tr>
<td>Ruxandra Costache</td>
<td>Legal Associate</td>
<td>LEGEC</td>
</tr>
<tr>
<td>Hans-Jurgen Gruss</td>
<td>Chief Counsel</td>
<td>LEGEC</td>
</tr>
<tr>
<td>Vladislav Krasikov</td>
<td>Sr. Procurement Specialist</td>
<td>ECSPS</td>
</tr>
<tr>
<td>Craig Neal</td>
<td>Sr. Public Sector Specialist</td>
<td>ECSPE</td>
</tr>
<tr>
<td>Eric Peterson</td>
<td>Architect, Consultant</td>
<td>ECSPE</td>
</tr>
<tr>
<td>Dory Reiling</td>
<td>Senior Counsel</td>
<td>LEGJR</td>
</tr>
</tbody>
</table>

Bank funds expended to date on project preparation:
1. Bank resources: US$89,548
2. Trust funds:
3. Total: US$89,548

Estimated Approval and Supervision costs:
1. Remaining costs to approval: US$47,442
2. Estimated annual supervision cost: $120,000
Annex 12: Documents in the Project File

ROMANIA: Judicial Reform Project

Bank Assessments:

Study on Romanian Court Rationalization, by Terry R. Lord and Jesper Wittrup, March 2005

Government Documents:

IT Strategy for the Reform of the Judiciary 2005-2009
Guidelines on the Structure and Functioning of Project Implementation Units
### Annex 13: Statement of Loans and Credits

**ROMANIA: Judicial Reform**

<table>
<thead>
<tr>
<th>Project ID</th>
<th>FY</th>
<th>Purpose</th>
<th>IBRD</th>
<th>IDA</th>
<th>SF</th>
<th>GEF</th>
<th>Cancel.</th>
<th>Undisb.</th>
<th>Orig.</th>
<th>Frm.</th>
<th>Rev’d</th>
</tr>
</thead>
<tbody>
<tr>
<td>P087807</td>
<td>2005</td>
<td>MINE CLOSURE, ENV &amp; SOCIO-ECO REG (CRL)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>120.00</td>
<td>0.00</td>
<td>0.10</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P086949</td>
<td>2005</td>
<td>MAKIS AGRIC SUPPT SERVS (CRL)</td>
<td>50.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>49.93</td>
<td>0.00</td>
<td>0.00</td>
<td>2.50</td>
</tr>
<tr>
<td>P086694</td>
<td>2005</td>
<td>ECSEE APL #1 (CRL)</td>
<td>84.30</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>79.61</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P083620</td>
<td>2005</td>
<td>TRANSPORT RESTRUCTURING</td>
<td>225.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>225.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P078971</td>
<td>2005</td>
<td>HEALTH SEC REF 2 (APL #2) (CRL)</td>
<td>80.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>78.52</td>
<td>0.00</td>
<td>0.00</td>
<td>3.04</td>
</tr>
<tr>
<td>P075163</td>
<td>2004</td>
<td>HAZ MITIG</td>
<td>150.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>147.64</td>
<td>0.00</td>
<td>0.00</td>
<td>3.64</td>
</tr>
<tr>
<td>P081950</td>
<td>2004</td>
<td>HAZARD MITIGATION (GEF)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>7.00</td>
<td>0.00</td>
<td>6.63</td>
<td>0.75</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P043881</td>
<td>2004</td>
<td>IRRIG REHAB</td>
<td>30.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>29.10</td>
<td>0.00</td>
<td>0.00</td>
<td>0.90</td>
</tr>
<tr>
<td>P081406</td>
<td>2003</td>
<td>ELEC MARKET</td>
<td>82.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>75.98</td>
<td>-14.15</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P073967</td>
<td>2003</td>
<td>RURAL EDUC</td>
<td>60.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>45.35</td>
<td>-1.83</td>
<td>-1.15</td>
<td></td>
</tr>
<tr>
<td>P069679</td>
<td>2003</td>
<td>PPIBL</td>
<td>18.60</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>16.11</td>
<td>-2.49</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P067367</td>
<td>2003</td>
<td>FOREST DEV'T</td>
<td>25.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>23.88</td>
<td>4.53</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P068062</td>
<td>2003</td>
<td>ENERGY EFF (GEF)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>10.00</td>
<td>0.00</td>
<td>7.00</td>
<td>9.95</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P057960</td>
<td>2002</td>
<td>RURAL DEV (APL #1)</td>
<td>40.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>31.92</td>
<td>14.42</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P066065</td>
<td>2002</td>
<td>AG POLLUTION CONTROL (GEF)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>5.15</td>
<td>0.00</td>
<td>1.27</td>
<td>0.07</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P068088</td>
<td>2002</td>
<td>SDF 2 (APL #2)</td>
<td>20.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>7.19</td>
<td>-12.81</td>
<td>1.49</td>
<td></td>
</tr>
<tr>
<td>P056891</td>
<td>2001</td>
<td>RURAL PIN (APL #1)</td>
<td>80.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>47.42</td>
<td>47.42</td>
<td>-15.58</td>
<td></td>
</tr>
<tr>
<td>P008783</td>
<td>2001</td>
<td>SOC SECT DEV (SSD)</td>
<td>50.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>39.45</td>
<td>39.45</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>P056337</td>
<td>2000</td>
<td>MINE CLOSURE</td>
<td>44.50</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>16.34</td>
<td>16.34</td>
<td>4.34</td>
<td></td>
</tr>
<tr>
<td>P043882</td>
<td>2000</td>
<td>AGR SUPPORT SERVS</td>
<td>11.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1.85</td>
<td>1.85</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>P044176</td>
<td>1999</td>
<td>BIODIV CONSV MGMT (GEF)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>5.50</td>
<td>0.00</td>
<td>1.30</td>
<td>1.30</td>
<td>0.47</td>
<td></td>
</tr>
<tr>
<td>P034213</td>
<td>1998</td>
<td>GEN’L CADASTRE</td>
<td>25.50</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>13.22</td>
<td>13.22</td>
<td>7.95</td>
<td></td>
</tr>
<tr>
<td>P039250</td>
<td>1997</td>
<td>ROADS 2</td>
<td>150.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>13.36</td>
<td>13.36</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,395.90</td>
<td>0.00</td>
<td>0.00</td>
<td>27.65</td>
<td>0.00</td>
<td>1,128.07</td>
<td>146.56</td>
<td>-2.43</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ROMANIA

**STATEMENT OF IFC’s**

Held and Disbursed Portfolio

In Millions of US Dollars

<table>
<thead>
<tr>
<th>FY Approval</th>
<th>Company</th>
<th>Loan</th>
<th>Equity</th>
<th>Quasi</th>
<th>Partic.</th>
<th>Loan</th>
<th>Equity</th>
<th>Quasi</th>
<th>Partic.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>Ambro</td>
<td>2.33</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2.33</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2003</td>
<td>Arctic</td>
<td>12.92</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>12.92</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2002</td>
<td>Banc Post</td>
<td>0.00</td>
<td>8.00</td>
<td>2.00</td>
<td>0.00</td>
<td>8.00</td>
<td>2.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2003/04</td>
<td>Banca Comerciala</td>
<td>0.00</td>
<td>111.00</td>
<td>0.00</td>
<td>0.00</td>
<td>111.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2001</td>
<td>Banca Romaneasca</td>
<td>2.63</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2.63</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Year</td>
<td>Company</td>
<td>Loan</td>
<td>Equity</td>
<td>Quasi</td>
<td>Partic.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>------------------------</td>
<td>-------</td>
<td>--------</td>
<td>-------</td>
<td>---------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>Banca Tiriac</td>
<td>27.42</td>
<td>0.00</td>
<td>0.00</td>
<td>27.42</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>ICME</td>
<td>9.48</td>
<td>0.00</td>
<td>0.00</td>
<td>9.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>Krupp Compa</td>
<td>0.76</td>
<td>0.00</td>
<td>0.33</td>
<td>0.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>Mindbank</td>
<td>0.00</td>
<td>0.00</td>
<td>7.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002/03/04</td>
<td>ProCreditRomania</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
<td>5.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>RZB Romania</td>
<td>40.00</td>
<td>0.00</td>
<td>0.00</td>
<td>40.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Ro-Fin</td>
<td>5.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2.27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>Romanian-American</td>
<td>3.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994/01</td>
<td>Romlease</td>
<td>1.78</td>
<td>0.00</td>
<td>0.00</td>
<td>1.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>Transilvaniabank</td>
<td>25.84</td>
<td>0.00</td>
<td>0.00</td>
<td>25.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total portfolio: 141.16 119.00 9.00 0.33 133.48 119.00 9.00 0.33

<table>
<thead>
<tr>
<th>FY Approval</th>
<th>Company</th>
<th>Loan</th>
<th>Equity</th>
<th>Quasi</th>
<th>Partic.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Banvit Romania</td>
<td>0.02</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2003</td>
<td>Ro-Fin Mortgage</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2005</td>
<td>UniCredit Leasing</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Total pending commitment: 0.03 0.00 0.00 0.00
Annex 14: Country at a Glance

ROMANIA: Judicial Reform

POVERTY and SOCIAL

<table>
<thead>
<tr>
<th>Year</th>
<th>Romania</th>
<th>Europe &amp; Central Asia</th>
<th>Lower-middle-income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population, mid-year (millions)</td>
<td>217</td>
<td>473</td>
<td>2,555</td>
</tr>
<tr>
<td>GNI per capita (Atlas method, US$)</td>
<td>2,260</td>
<td>2,570</td>
<td>1480</td>
</tr>
<tr>
<td>GNI (Atlas method, US$ billions)</td>
<td>49.2</td>
<td>1217</td>
<td>3,934</td>
</tr>
</tbody>
</table>

Average annual growth, 1997-03

<table>
<thead>
<tr>
<th>Component</th>
<th>Romania</th>
<th>Lower-middle-income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (%)</td>
<td>-0.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Labor force (%)</td>
<td>0.1</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Most recent estimate (latest year available, 1997-03)

<table>
<thead>
<tr>
<th>Component</th>
<th>Romania</th>
<th>Lower-middle-income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty (% of population below national poverty line)</td>
<td>25</td>
<td>32</td>
</tr>
<tr>
<td>Urban population (% of total population)</td>
<td>56</td>
<td>50</td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td>70</td>
<td>69</td>
</tr>
<tr>
<td>Infant mortality (per 1000 live births)</td>
<td>20</td>
<td>31</td>
</tr>
<tr>
<td>Child malnutrition (% of children under 5)</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>Access to an improved water source (% of population)</td>
<td>31</td>
<td>32</td>
</tr>
<tr>
<td>Literacy (% of population age 15+)</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>Gross primary enrollment (% of school-age population)</td>
<td>96</td>
<td>12</td>
</tr>
</tbody>
</table>

Development diamond

<table>
<thead>
<tr>
<th>Component</th>
<th>Romania</th>
<th>Lower-middle-income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life expectancy</td>
<td>74</td>
<td>81</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>104</td>
<td>111</td>
</tr>
<tr>
<td>Gross primary enrollment</td>
<td>104</td>
<td>111</td>
</tr>
</tbody>
</table>

KEY ECONOMIC RATIOS and LONG-TERM TRENDS

<table>
<thead>
<tr>
<th>Year</th>
<th>1983</th>
<th>1993</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (US$ billions)</td>
<td>25.4</td>
<td>45.7</td>
<td>57.0</td>
<td>57.0</td>
</tr>
<tr>
<td>Gross domestic investment/GDP</td>
<td>28.9</td>
<td>23.1</td>
<td>24.6</td>
<td>24.6</td>
</tr>
<tr>
<td>Exports of goods and services/GDP</td>
<td>23.0</td>
<td>37.4</td>
<td>36.3</td>
<td>36.3</td>
</tr>
<tr>
<td>Gross domestic savings/GDP</td>
<td>24.0</td>
<td>17.3</td>
<td>16.8</td>
<td>16.8</td>
</tr>
<tr>
<td>Gross national savings/GDP</td>
<td>24.2</td>
<td>19.7</td>
<td>19.2</td>
<td>19.2</td>
</tr>
<tr>
<td>Current account balance/GDP</td>
<td>-4.5</td>
<td>-3.3</td>
<td>-5.8</td>
<td>-5.8</td>
</tr>
<tr>
<td>Interest payments/GDP</td>
<td>0.5</td>
<td>12</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Total debt/GDP</td>
<td>15.2</td>
<td>36.3</td>
<td>39.6</td>
<td>39.6</td>
</tr>
<tr>
<td>Total debt service/exports</td>
<td>2.0</td>
<td>17.0</td>
<td>17.5</td>
<td>17.5</td>
</tr>
<tr>
<td>Present value of debt/GDP</td>
<td>100</td>
<td>104</td>
<td>113</td>
<td>113</td>
</tr>
<tr>
<td>Present value of debt/exports</td>
<td>98</td>
<td>102</td>
<td>111</td>
<td>111</td>
</tr>
</tbody>
</table>

Structure of the Economy

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>22.6</td>
<td>13.1</td>
<td>13.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Industry</td>
<td>42.1</td>
<td>38.1</td>
<td>37.9</td>
<td>37.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>28.7</td>
<td>31.5</td>
<td>31.5</td>
<td>31.5</td>
</tr>
<tr>
<td>Services</td>
<td>35.3</td>
<td>48.8</td>
<td>46.1</td>
<td>46.1</td>
</tr>
<tr>
<td>Private consumption</td>
<td>63.7</td>
<td>76.0</td>
<td>70.8</td>
<td>70.8</td>
</tr>
<tr>
<td>General government consumption</td>
<td>15.3</td>
<td>6.6</td>
<td>12.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Imports of goods and services</td>
<td>25.0</td>
<td>41.2</td>
<td>44.1</td>
<td>44.1</td>
</tr>
</tbody>
</table>

Growth of investment and GDP (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>1983-03</th>
<th>1993-03</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>14</td>
<td>-5.5</td>
<td>-1.6</td>
<td>-1.6</td>
</tr>
<tr>
<td>Industry</td>
<td>-4.3</td>
<td>0.6</td>
<td>7.2</td>
<td>5.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Services</td>
<td>15</td>
<td>5.6</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Private consumption</td>
<td>3.2</td>
<td>3.0</td>
<td>7.3</td>
<td>7.3</td>
</tr>
<tr>
<td>General government consumption</td>
<td>-0.3</td>
<td>2.1</td>
<td>4.8</td>
<td>4.8</td>
</tr>
<tr>
<td>Gross domestic investment</td>
<td>0.3</td>
<td>7.3</td>
<td>9.2</td>
<td>9.2</td>
</tr>
<tr>
<td>Imports of goods and services</td>
<td>11.9</td>
<td>12.1</td>
<td>34.4</td>
<td>34.4</td>
</tr>
</tbody>
</table>
PRICES and GOVERNMENT FINANCE

**Domestic prices** (% change)
- Consumer prices: 25.1, 22.5, 15.3
- Implicit GDP deflator: -0.4, 227.4, 24.2, 15.2

**Government finance** (% of GDP, includes current grants)
- Current revenue
- Current budget balance
- Overall surplus/deficit

TRADE

(US$ millions)
- Total exports (fob)
- Textiles
- Metals
- Manufactures
- Total imports (cif)
- Food
- Fuel and energy
- Capital goods
- Export price index (1995=100)
- Import price index (1995=100)
- Terms of trade (1995=100)

BALANCE of PAYMENTS

(US$ millions)
- Exports of goods and services
- Imports of goods and services
- Resource balance
- Net income
- Net current transfers
- Changes in net reserves

Memo:
- Reserves including gold (US$ millions)

EXTERNAL DEBT and RESOURCE FLOWS

(US$ millions)
- Total debt outstanding and disbursed
- IBRD
- IDA
- Total debt service
- IBRD
- IDA
- Composition of net resource flows
- Official grants
- Official creditors
- Private creditors
- Foreign direct investment
- Portfolio equity
- World Bank program
- Commitments
- Disbursements
- Principal repayments

Inflation (%)