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PROJECT PERFORMANCE ASSESSMENT REPORT

WHAT WORKS

CROATIA

Justice Sector Support Project

Report No. 148794
JUNE 25, 2020

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CROATIA

Justice Sector Support Project
(IBRD-78880)

June 25, 2020

Human Development and Economic Management

Independent Evaluation Group

Currency Equivalents (annual averages)

Currency unit = Croatian kuna (HRK)

2020	$1.00	HRK 7.00
2018	$1.00	HRK 6.50
2014	$1.00	HRK 6.32

Abbreviations

CTS	case tracking system
EU	European Union
IBRD	International Bank for Reconstruction and Development
ICMS	integrated case management system
IEG	Independent Evaluation Group
JSPEIR	Justice Sector Public Expenditure and Institutional Review
JSSP	Justice Sector Support Project
PAD	Project Appraisal Document
PDO	project development objective
PPAR	Project Performance Assessment Report
SAO	State Attorney's Office
USKOK	Office for the Prevention of Corruption and Organized Crime

All dollar amounts are US dollars unless otherwise indicated.

Fiscal Year

Government: January 1–December 31

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This report was prepared by Paul Holden and Malathi Jayawickrama (task team leader), who assessed the project in October 2019. The report was peer reviewed by Konstantin Atanesyan and panel reviewed by Judyth L. Twigg. Patricia Acevedo provided administrative support.

Data

This is a Project Performance Assessment Report (PPAR) on the Croatia Justice Sector Support Project (P104749) by the Independent Evaluation Group (IEG) of the World Bank Group. This instrument and the methodology for this evaluation are discussed in appendix C. Following standard IEG procedure, the draft PPAR was shared with relevant government officials for their review and comment.

Basic Data

Country	Croatia	World Bank financing commitment	$36.03 million
Global Practice	Governance	Actual project cost	$21.41 million
Project name	Croatia Justice Sector Support Project	Expected project total cost	$23.73 million
Project ID	P104749	Actual amount disbursed	$21.41 million
Financing instrument	Specific investment loan	Environmental assessment category	B
Financing source	International Bank for Reconstruction and Development		

Dates

Event	Original Date	Actual Date
Approval	04/06/2010	n.a.
Effectiveness	07/06/2010	07/12/2010
Restructuring		12/22/2013 and 05/30/2015
Midterm review	n.a.	n.a.
Closing	06/30/2015	06/30/2016

Key Staff Responsible

Management	Appraisal	Completion
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Summary

Project Background and Description

The project development objective (PDO) was to improve the efficiency of Croatia's justice system. The project was restructured in 2013 and 2015, but the PDO remained unchanged.

The rationale for the Justice Sector Support Project (JSSP) was that the efficiency of the justice system was hampered by the large existing case backlog in the court system, poor court infrastructure, poor enforcement of judgments, and in 2015, a weak personal bankruptcy framework. An additional factor, although part of the neither PDO nor of Croatia's pre-accession requirements to the European Commission, was to address concerns expressed by the European Union (EU in their annual country reports. The EU stated that the Croatian justice sector had several deficiencies related to court performance that needed to be addressed once accession had occurred.

The JSSP had four components: (i) improve the efficiency of the court system, (ii) improve the efficiency of the State Attorney's Office (SAO), (iii) strengthen the management functions of the Ministry of Justice, and (iv) support project implementation. The PPAR interprets these as improving the efficiency of the court system.

Results

What Worked

A comprehensive integrated case management system and case tracking system were successfully developed. They have substantially improved the flow of cases and are used track the performance of the various courts and judges, and to balance caseloads among courts. The case backlog has been substantially reduced, and the average time for the disposition of cases has declined. The systems have a facility that allows lawyers to submit documents electronically; although not yet fully used, this function has significant long-term potential.

The SAO headquarters in Zagreb was rehabilitated, a new SAO was constructed in Pula, and the court in Pula was rehabilitated. The construction work is generally described by representatives of the Ministry of Justice and the SAO as being of very high quality. The buildings contributed to upgrading the very poor court infrastructure in Croatia. In addition, the project financed designs for four courts/SAO locations that were then constructed with EU funds.

The enforcement system is credited by legal representatives in both the public and private sectors with changing attitudes toward the payment of debts, but it has significant problems that are being addressed (see the What Did Not Work section).

What Did Not Work

Two of the three court rehabilitations did not take place because plans and permits that were thought to be ready, were found to be incomplete and outdated when implementation commenced.

The introduction of the personal bankruptcy framework, which was one of the reasons for extending the project's closing by a year, has not been successful. In 2018, fewer than 200 personal bankruptcy cases were filed. The framework failed to adequately take into account the social stigma associated with declaring bankruptcy. It also had serious flaws and, according to World Bank staff involved in the reform, did not explore alternative solutions to the discharge of debts.

The case enforcement system went from one that disproportionately favored debtors to one that excessively favored creditors, imposing substantial costs even on those who owed small amounts. It also failed to meet EU legal criteria for debt enforcement and requires revision.

Design and Preparation

A serious weakness in the project design was the failure to adequately address issues in the underlying legal framework as a factor in creating court backlogs. Other areas that were not effectively addressed included the readiness of the plans and permits for the infrastructure component and whether the design of the enforcement system adequately balanced the interests of debtors and creditors.

The *Justice Sector Public Expenditure and Institutional Review: Resourcing the Justice Sector for Efficiency and Performance*, a collaborative effort by the World Bank, the Netherlands, and the European Commission, was meant to inform the project (World Bank 2014). It was to be a critical input for designing measures related to the rationalization of the court network. The review was scheduled to be ready in 2012 but was released in late 2014, far too late to influence project design or the restructuring of the court system.

Implementation and Supervision

The government changed in 2011, shortly after the JSSP commenced. Because the new government had different priorities, substantial time was spent advocating for the project's goals. This led to significant changes in project design at restructuring,

including not proceeding with court rehabilitation. There was also a lengthy gap in formal supervision and no Mid-Term Review of the project.

As part of the 2015 restructuring, World Bank resources were used for the introduction of a bankruptcy framework that had been requested by the government. However, the PDO was not modified and the results framework was not adjusted to reflect the additional priority. There was no restructuring paper, but the change was included in an aide-mémoire from an implementation support mission from February 11–13, 2015. Furthermore, the activity was introduced without considering the social conditions for successfully implementing the bankruptcy framework.

IEG project ratings are described in appendix A. The evaluation methodology and evidence sources are described in appendix C.

Lessons

This assessment offers the following lessons:

- **At the design stage, a diagnostic assessment of the main contributors to court backlogs and consultations with major stakeholders could have informed project design to address other important constraints to achieving the PDO.** Outmoded or ineffective laws and legal processes can also cause court backlogs and delays. In Croatia, property transactions and company registrations must go through the court system, adding tens of thousands of court cases annually. Removing property transactions from the courts and revising the legislation associated with establishing companies so that they can take place online would greatly reduce the burden on the courts. These issues could have been attenuated through more inclusive consultations with potential users.

- **When infrastructure works need to be ready for implementation at project start-up, it is important to verify that this is the case in advance.** During implementation of the JSSP, it was found that the documents, permits, and drawings needed for the rehabilitation of courts were less complete than had originally been thought, leading to significant delays in implementation.

- **Delays in critical reviews during project implementation can compromise midterm corrections.** In the case of this project, a Mid-Term Review could have meaningfully informed the restructuring of the project.

- **When elections are in the near future, continuity risks can be attenuated by briefing key opposition politicians on the rationale for a project.** In Croatia, when the new government came to office at the end of 2011, it had little knowledge of the JSSP and viewed it as an initiative of the previous government.

To prevent cancellation, substantial effort had to be expended in briefings to demonstrate the project's worth, which resulted in delays.

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1. Background, Context, and Design

Background and Context

1.1 Croatia has one of the highest per capita incomes ($15,870 in 2018) among World Bank borrowers. It has a small population (4.179 million in 2019) and a large tradable goods sector; imports and exports accounted for 48.8 and 51.1 percent, respectively, of the gross domestic product in 2017.

1.2 In 2013, Croatia joined the European Union (EU) as the 28th member state. Since then, the country has reaped significant benefits from EU transfers. The World Bank Group provided substantial support to help Croatia align with EU policies and to strengthen the public sector's capacity to administer and absorb EU funding. Compared with most peer countries in the EU, Croatia has weaker governance, a less business-friendly environment for investment and entrepreneurship, and relatively weak human capital indicators (World Bank 2018b).

The Structure of the Legal System and Justice Sector Support Project

1.3 Croatia has a civil law system, mainly derived from having been part of the Austro-Hungarian empire. Croatian law was harmonized with the European Community *acquis* in 2010 upon completing accession negotiations.[1] As a result, Croatia has a combination of Austrian and German civil law and the European Community acquis.

1.4 Croatia's justice sector constitutes several distinct entities, both state and nonstate, with the most significant being the judiciary, the State Attorney's Office (SAO), the Ministry of Justice, practicing attorneys, and notaries. Croatia has a three-tiered court system, plus a Constitutional Court. Courts of the first instance adjudicate criminal and civil cases; courts of the second instance hear the first round of appeals of the decisions of the courts of the first instance. The highest court, the Supreme Court, is the ultimate arbiter of appeals, except on constitutional matters, which are heard by the Constitutional Court.

1.5 The Ministry of Justice, which is part of the Executive Branch, plays a central role in the administration of justice. The prosecution branch of the legal system is constitutionally independent and includes the SAO, the Office for the Prevention of

[1] The European Union acquis is the accumulated legislation, legal acts, and court decisions that constitute the body of European Union law. The term means "that which has been acquired or obtained."

Corruption and Organized Crime (Ured za suzbijanje korupcije i organiziranog kriminaliteta; USKOK), and county and municipal prosecution offices. The SAO tracks the progress of cases through the system.

1.6 Croatia had undertaken extensive legal reforms as part of the actions needed to qualify for EU accession. The World Bank and other donors had been engaged in Croatia's justice sector for over a decade, since 2002. World Bank support over this period included a justice sector improvement project, during which the integrated case management system (ICMS) was initiated in 2005, to computerize the court management processes.

Key Challenges Facing the Legal System

1.7 Despite these reforms, the Systematic Country Diagnostic identified uneven quality and a slow-moving justice system as institutional weaknesses that undermined users' trust in Croatia's institutions (World Bank 2018b, 28). The key challenges that motivated this project were

- **The large backlog of cases arising from poor case management and delays in enforcing decisions.** Case backlog is defined as the number of cases unresolved at the end of a calendar year.[2] At the beginning of 2010, the number of cases in the court system was 795,722, or approximately one case for every five citizens, even though Croatia had the highest number of judges and court personnel per capita in Europe. Furthermore, the failure rate of the enforcement of judgments was approximately 50 percent.
- **The unusually large number of cases filed in the Croatian courts each year on a per capita basis.** In 2010, 1.6 million cases were filed (see table 2.1), or more than one case for every three persons in the country.
- **The poor functioning of the justice system, which raises the costs of doing business** (World Bank 2010, 70), even though per capita spending on the justice sector was twice the EU average.

[2] The term *case backlog* has several interpretations, the most simple being that if the case backlog were zero, then all cases in a year would be disposed of. However, a case reaching the court in December is unlikely to be resolved that year. To achieve no case build up, the court resolution capacity (average time to resolve a case multiplied by the number of courts) minus the number of new cases received per year must be zero. When unresolved cases build up, reducing the backlog requires more than 100 percent of new cases received in a year to be resolved.

- **The inadequate and run-down judicial infrastructure,** which results in severe overcrowding in some facilities; and
- **A widespread perception among Croatian citizens that the judiciary was corrupt,** which has damaged the investment climate.

1.8 Against this background, the Justice Sector Support Project (JSSP) emphasized strengthening the ICMS, upgrading the infrastructure of the court system, and providing technical assistance to improve the functioning of the justice system.

Objective, Design, and Financing

1.9 The project development objective (PDO) was to improve the efficiency of Croatia's justice system. The project was restructured in 2013 and 2015, but the PDO remained unchanged.

1.10 The Project Appraisal Document (PAD) interprets efficiency as relating primarily to court processes and costs. This evaluation similarly interprets improving the efficiency of the justice system as enhancing the efficiency of the court system by reducing case backlog, shortening processing time, and improving the perception of the service delivery of the courts, as measured by a survey.[3] In support of this interpretation, the project components were

- **Improving the efficiency of the court system.** Activities included physical rehabilitation of three courthouses (Split, Karlovac, and Pula), building the capacity of the court to manage its systems, modernizing information technology (IT) systems, refining the case management framework, and improving the efficiency in the enforcement of judicial decisions.
- **Improving the efficiency of the SAO**. Activities were to rehabilitate the facilities of the SAO and USKOK, strengthen the institutional capacity of both offices, and install automated case management and tracking IT systems.
- **Strengthening the management functions of the Ministry of Justice.** Activities aimed to strengthen the resource management and performance of the justice sector, and to strengthen the information systems of the Ministry of Justice and how it was used in management decisions.

[3] This is not an uncommon interpretation. For example, see Dakolias (1999).

- **Support for project management and implementation.** This component supported project monitoring and evaluation, change management, financing operation costs, and funding user surveys.

1.11 An additional factor underlying the JSSP, although part of neither the PDO nor Croatia's pre-accession requirements to the European Commission, was to address the European Commission's concerns that the justice sector had several deficiencies related to court performance.

1.12 The first restructuring (in 2013) canceled civil works for two courthouses in Split and Karlovac because drawings and permits were incomplete and outdated. In addition, it added (i) an analysis of the court and prosecution network that included recommendations for reform, (ii) a stocktaking of the justice infrastructure, and (iii) improved performance indicators for the justice sector.

1.13 The second restructuring (2015) responded to a government request to reform the personal bankruptcy framework, which required extending the project closing by a year. It also increased support for case management and communications technology.

1.14 As part of the 2015 restructuring, World Bank resources were devoted to the introduction of a bankruptcy framework that was requested by the government. However, the PDO was not modified and the results framework was not updated to reflect the additional priority. There was no restructuring paper, rather the change was included in an aide-mémoire from an implementation support mission from February 11–13, 2015.

1.15 Both the ICMS and case tracking system (CTS) components included criminal and civil cases, although the main focus of the JSSP was on the business environment.

1.16 The project was financed by an International Bank for Reconstruction and Development (IBRD) loan. The total appraised project cost was $36.3 million (€26 million). Borrower financing at appraisal was estimated at €1.91 million. During the first restructuring (2013), the government requested to cancel €9 million because of the decision not to renovate the court facilities in Karlovac and Split and owing to domestic budget constraints. Actual IBRD financing was $21.4 million (€17 million). The ministries of foreign affairs for the Netherlands and Norway were partners in the project, providing funding for project preparation and the Justice Sector Public Expenditure and Institutional Review (World Bank 2014). The government of Norway funded the design of the Zagreb Judicial Square. Table 1.1 compares project financing between the original and revised amounts. In the second restructuring, there were no estimates of resources that would be used in reforming the bankruptcy framework.

Table 1.1. Description of Project Financing by Component (€, millions)

Component	Original Cost	Revised Cost	Actual Cost
Improving efficiency of the court system	14.7	4.0	4.0
Improving efficiency of the State Attorney's Office	7.7	9.0	9.0
Strengthening the management function of the Ministry of Justice	1.6	3.2	3.2
Support for project implementation	0.8	0.8	0.8

Source: Implementation Completion and Results Report, Annex 1, p. 21.

The Causal Chain

1.17 The PAD ascribed the following benefits to improving judicial information systems:

- Less time required for case resolution;
- Lower litigation costs;
- Greater confidence in the judicial system; and
- More transparency in the actions of judges and court system personnel.

1.18 In the longer term, this was expected to lead to

- Reduced cost of doing business and a more stable investment climate; and
- Greater business confidence.

This was to lead to a higher rate of investment and economic growth.

1.19 The analysis that follows focuses on interpreting the PDO as applying to improving the efficiency of the court system. Although criminal cases were part of the project, the discussion that follows relates primarily to civil cases, particularly because the PAD focused the motivation for the project on improving the business climate by reducing the noncriminal case backlog. Nevertheless, it is important to acknowledge that this was the first World Bank project to incorporate criminal justice reform.

1.20 The main elements of the causal chain are based on the following premises in the shorter term:

- An effective means of reducing the case backlog was to enhance an embryonic electronic ICMS and upgrade the physical infrastructure of the courts. The CTS for the SAO was added to improve case tracking and management.

- The physical infrastructure of the justice system was also inhibiting the speedy resolution of cases.

This fed into longer-term outcomes based on the premises that

- Well-functioning commercial courts are necessary for a business-friendly investment climate;[4]

- The large backlog and extended resolution times in court cases were key constraints to doing business in Croatia and that reducing the court backlog would significantly enhance the investment climate by reducing business uncertainty; and

- Weak creditor rights resulting in poor enforcement of debt collection and the lack of a personal bankruptcy system were also disincentives to invest.

The causal chain was to be implemented by

- Upgrading the electronic CTS, the development of which had commenced in 2005;

- Developing an electronic case management system for the SAO, primarily for the tracking of criminal cases;

- Upgrading the physical infrastructure of three courts (Pula, Split, and Karlovac), upgrading the SAO buildings in Zagreb, and constructing a SAO in Pula; and

- Introducing a new bankruptcy law (as part of the second restructuring).

1.21 The 2008 EU Investment Climate Assessment identified the efficiency of the courts as among five key obstacles to investment and entrepreneurship in Croatia (World Bank 2009). The causal chain for the JSSP reflects the view that a poorly functioning court management system and inadequate court infrastructure were important reasons for the case backlog. Introducing an upgraded ICMS, a CTS, and an improved court and SAO infrastructure would contribute to improved case management and court efficiency.

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[4] "Inefficiency, unpredictability, and delays in court processing cases continue to be among the greatest impediments to business in Croatia" (World Bank 2018b, 27).

1.22 Although the project components appear to address documented constraints to system efficiency, project design does not consider whether other factors act as binding constraints to improved efficiency. For example, it is plausible that the substantial case backlogs were also the result of a poorly functioning legal framework that contributed to the excessive number of cases being filed with the court. Project design was not informed by an in-depth examination of the composition of cases that cluttered the courts (see Dakolias 1999).

1.23 A striking aspect of court case data in Croatia was that over 60 percent of all court cases were associated with fixed property issues—property transactions and registration. Registering a company also required using the courts.[5] Other bottlenecks arose from enforcing judgements, which, along with civil litigation, were the next most prevalent type of cases in the court system. This suggests that the project as designed might not tackle other important reasons for the case backlog. For example, few countries require the courts to handle property transactions or company registrations. Changing the institutional and legal structure of the property exchange and registration system could remove many cases from the courts. Similarly, reforming the laws associated with company registration could also reduce the court caseload. By contrast, the changes to the legal framework that did occur—the reform of the personal bankruptcy law—had little impact on the court caseload because only a small number of Croatians apply for bankruptcy. This issue is discussed in more depth in section 2.

1.24 In 2015, the judicial system was reorganized. The World Bank advised the Ministry of Justice on data analysis and options for reform. The JSSP also financed the rollout of the network reform, including further changes to the ICMS, the training of court presidents, and the provision of substantial amounts of IT hardware, including over 3,000 computers and servers. The network of municipal and misdemeanor courts, the municipal state prosecutors' offices, and the courts of second instance were restructured with the aim of making them more efficient. The number of judicial bodies declined from 208 in 2014 to 116 in 2015.

1.25 The Justice Sector Public Expenditure and Institutional Review was the main diagnostic piece that was to inform project design and provide the inputs for an analysis of expenditures. It was approved in 2010; however, for administrative and procedural reasons, it was badly delayed and was only delivered in 2014—too late to have any

[5] There is substantial evidence that keeping business registration costs low has positive effects on the business environment. In Croatia, investors wishing to register a company must hire a legal representative, who in turn must obtain a court date. This significantly raises the cost of registration. Modern company law makes electronic registration simple and inexpensive. For example, see Holden, Bale, and Holden (2005).

influence on project design. The report examined the progress in the case management system and made some recommendations to improve its usefulness. It concluded that improved case management would enhance the efficiency of the court system, validating the JSSP focus on the ICMS and CTS. Other recommendations relating to budget execution, planning processes, and financial management, which would have contributed to resource planning and public investment in the court system, came too late because the project was too advanced to incorporate them. However, the review did not examine the effect of outdated laws on the backlog in the court system.

2. What Worked, What Didn't Work, and Why?

2.1 The JSSP aimed to improve the efficiency of the justice sector in three ways. The causal chain identified in the PAD was that case backlogs were the main impediment to judicial efficiency. This was ascribed to the lack of a case management system, poor infrastructure in the judicial court network, poor enforcement of judgments, and the lack of a bankruptcy law. Little diagnostic work informed the selection of priorities, although the World Bank team stated that project design was underpinned by the reforms necessary for EU accession, which appears to have been a second, albeit implicit, objective of the project (World Bank 2016, 9). Each of these will be analyzed in turn.

Upgrading the Integrated Case Management System and the Case Tracking System

What Worked

2.2 One of the main goals of the JSSP was to extensively expand the ICMS for the Ministry of Justice. The development of the system had begun in 2005, but it was still in an embryonic state. By 2010, it was only being used on a trial basis in one courthouse. The Ministry of Justice described the ICMS as the linchpin for more efficiently managing the flow of cases through the courts, thereby improving their efficiency and reducing the backlog.

2.3 Discussions with Croatian stakeholders in the private and public sectors revealed a general agreement that upgrading infrastructure and the IT system with World Bank assistance was a significant step forward in reducing the court backlog. Table 2.1 shows the decline in the number of outstanding cases from the project start-up until 2018. At the beginning of 2010, there were 795,722 cases in the system. After an initial rise in 2010, the backlog declined every year thereafter. Even in 2012, when the ICMS was not fully operational, its impact could be discerned. Over the entire period, at year end, the backlog of cases fell from 795,561 in 2010 to 407,062 in 2018. The clearance rate has exceeded 100 percent every year since 2012.

2.4 A Croatian legal representative in the Ministry of Justice observed, "The introduction of the ICMS and the CTS through the major upgrading of the IT system was a game-changer in upgrading information regarding the progress of case management" (Interview during the September-October mission). Although further work is necessary, the use of the system in major urban areas is widespread, and the Ministry of Justice indicated that it was being used in all major courts. Croatia has made substantial steps toward implementing a fully electronic system that allows communication between lawyers and commercial courts, which will be rolled out to other courts over time.

Table 2.1. Evolution of Caseloads in the Court System, 2010–18 (number)

Cases	2010	2011	2012	2013	2014	2015	2016	2017	2018
Start of period	795,722	785,561	872,102	795,556	735,873	616,686	559,072	508,931	464,124
Inflow	1,639,570	1,653,640	1,658,004	1,593,735	1,341,919	1,252,451	1,297,410	1,242,300	1,166,130
Total	2,435,292	2,439,201	2,485,106	2,389,291	2,077,792	1,869,137	1,856,482	1,751,231	1,630,254
Resolved	1,662,213	1,613,447	1,664,112	1,623,938	1,432,912	1,290,442	1,340,157	1,278,017	1,216,561
Unresolved	795,561	872,102	795,663	735,873	616,686	559,072	508,931	464,124	407,062
Older than 10 years	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15,373	11,971	9,131

Source: Croatia, Ministry of Justice 2013, 2018.

2.5 Table 2.2 shows data on the efficiency of the court system as measured by the time for case resolution and the number of cases handled per judge as of 2018. In 2013, as the ICMS was becoming operational, the number of resolved cases annually per judge was 654. In 2018, this had declined to 517 per judge. The disposition time per case declined from 165 days in 2013 to 122 days in 2018. As the number of cases filed declined, at least part of the decline was the result of the number of pending cases per judge, which fell on average from 296 in 2013 to 173 in 2018. The court clearance rate also improved—from 101.9 percent in 2013 to 104.3 percent in 2018—thereby reducing the case backlog.

Table 2.2. Performance Indicators of the Judiciary

Indicator	2013	2014	2015	2016	2017	2018
Average disposition time *(days per case)*	165	157	158	139	133	122
Resolved cases per judge or adviser *(no.)*	654	572	525	551	533	517
Pending cases per judge or adviser *(no.)*	296	246	227	209	193	173
Clearance rate	101.9	106.8	103.0	103.3	102.9	104.3

Source: Croatia, Ministry of Justice 2017, 2018.

2.6 The ICMS has also resulted in far greater efficiency in collecting data such as processing times, court loads, and caseloads per judge. Croatian representatives in the Ministry of Justice indicated that, before the ICMS became operational, the project implementation unit would spend four weeks every six months collecting data on the caseloads in the various courts. After the JSSP, it took no more than a few days.

2.7 The JSSP allowed for upgrading the quality of the IT infrastructure of the court system by supplying more than 3,000 computers and servers and training in their use.

2.8 The potential of the system, however, is not being fully realized. Some centers, particularly rural ones, have not fully incorporated its use into court procedures, partly because such fundamental changes in management methods take time. The Ministry of Justice indicated that it was still undertaking training. Private sector lawyers stated that they had had minimal input regarding the design and implementation of the system and that there were further changes in the CTS that would make the system more user friendly, which they hoped would occur.

2.9 Numerous officials in the Ministry of Justice and the SAO indicated that the ability to balance caseloads by removing cases from overloaded courts and reassigning them to courts where the caseloads were lighter has eased pressure on the courts. However, some problems remain. In particular, the reassignment of caseloads relating to property has had issues. In south Croatia, many records are in Italian and are governed by different practices than those in the rest of the country, causing problems to arise when these cases are reassigned to courts further north.

2.10 The ability of lawyers to submit documents electronically has the potential to transform the case system fundamentally over the next several years. Although the use of this facility is not widespread yet, it does hold promise. Private sector lawyers acknowledged this and indicated that over the medium term it would undoubtedly be an improvement. Nevertheless, the commercial lawyers interviewed indicated that, as of the end of 2019, the system did not function seamlessly. For example, the system often required duplicate entries and the submission of paper documents.

2.11 Both public and private sector lawyers acknowledged that the Ministry of Justice has effectively taken the lead in developing the IT system and processes that will ultimately result in improved efficiency. Implementation will remain a challenge given the availability of qualified personnel who both understand legal issues and have the IT skills to implement and develop the new system. However, rules governing remuneration of public sector employees do not permit the payment of higher salaries to those with such specialized expertise. This is a particular problem within the EU context because well-trained personnel can easily work in other EU countries.

2.12 An additional benefit was the support that the project gave to USKOK. It provided some upgrading of physical infrastructure through the rehabilitation of courts and the SAOs and delivered training to the USKOK and IT systems.

What Did Not Work

2.13 Although the reduction in the number of outstanding cases is an impressive result, Croatia's performance within the EU still lags behind. In terms of the number of outstanding cases per capita, if all civil, commercial, and administrative cases were combined, Croatia's backlog was exceeded only by Slovenia almost every year. In terms of contested civil and commercial cases, the backlog was only exceeded by Italy and, even then, only in 2016 (EU 2018). According to the European Commission's 2019 country report on Croatia, the decrease in backlogs resulted from the reduced caseload of courts—not from more efficient processing (European Commission 2019). Indeed, proceedings in first instance courts remained slow, with civil and commercial cases taking 884 and 730 days on average, respectively. In courts of the second instance, backlogs decreased both in civil cases before county courts (by 13 percent) and in commercial cases before the High Commercial Court (by 23 percent).

2.14 The same progress has not been made for criminal justice cases. The EU report also analyzed development in criminal justice cases. It pointed out that criminal justice still experienced issues of efficiency and quality and lacked financial resources. Backlogs rose in all criminal courts. Proceedings remained lengthy (638 days in municipal courts and 962 days for first instance cases in county courts in 2016).

2.15 There was wide variation in the decline by type of case. Table 2.3 shows the breakdown in the number of outstanding cases by type of case at the start of the project in 2010 and in 2015 and 2018. The largest single decline in the number of cases was in the enforcement of judgments, which resulted from a reform process that was supported by the project. The World Bank–supported reform is discussed under the section on Enforcement of Judgements.

Table 2.3. Outstanding Case Load by Type of Case (number)

Type of Case	2010	2015	2018
Criminal cases	43,375	30,817	35,123
Civil cases[a]	253,227	231,885	176,767
Commercial cases[b]	22,791	60,676	36,607
Enforcement of judgments	171,321	78,227	45,283
Bankruptcy	n.a.	n.a.	178
Land registry cases	480,096	447,160	495,739

Source: Croatia, Ministry of Justice 2013, 2018.
Note: a. These include cases involving civil registries, inheritance cases, noncontentious litigation cases, legal aid cases, certification cases, and conciliation cases.
b. Commercial cases include first instance cases filed with the Commercial and High Commercial Courts of the Republic of Croatia, which relate to commercial litigation cases, bankruptcy, and prebankruptcy settlement cases. This group does not include cases involving the commercial register kept by commercial courts.

2.16 Civil cases declined by approximately 80,000 between 2010 and 2018. However, the numbers of criminal (a small percentage of total cases), land registry, and commercial cases were higher in 2018 than in 2010. The number of bankruptcy cases was less than 200 in 2018.

2.17 The Project Performance Assessment Report (PPAR) mission and analysis identified the following as the primary additional factors hindering the efficiency of the court system:

- Both public and private sector lawyers observed that many appeals result from extending processing times; if these could be reduced, the system would function more efficiently.
- The lack of integration between the ICMS and CTS has resulted in the need to duplicate effort, which reduced efficiency. Duplicate entries of the same information were often required. Several Croatian lawyers involved in the reform suggested that the World Bank team should have pushed much harder for an integrated system rather than two separate stand-alone systems. However, at the time, there was strong opposition to the integration of the two systems on the part of senior Ministry of Justice officials, which precluded combining them. The Ministry of Justice indicated that integration of the two systems would improve productivity.

2.18 Two surveys were undertaken, in 2010 and 2016, to assess the attitude of the general public toward the JSSP. The surveys were costly, and because the system was directed more to court users rather than the general public, the relevance of the surveys is questionable. Court users and businesses were also surveyed, but the results were not

published. Key elements of the survey's results draw into question some aspects of the success of the project.

2.19 With respect to the survey of the general public, a significant number of those surveyed (over 80 percent) had no knowledge of the project and had a negative opinion of the justice system; in 2016, it was viewed in no better light than in 2010. However, these results are not necessarily indicative of the relevance of the project. Typically, few members of the general public are involved in the court system, and those who are not involved with the court system cannot be expected to have knowledge of its processes.

2.20 Users of the system, including businesses, were also surveyed. The users' survey revealed the following:

- Frequent changes to laws remain the most important factor in damaging the efficiency and integrity of the judiciary. More than two-thirds of respondents who were legal professionals believed that the JSSP had begun to have a positive impact on their work, but that there was still substantial room for improvement, particularly in the systematic updating of data and the need for simplifying its use. They currently find it time-consuming and not user-friendly.
- Approximately 60 percent of business entities believed that the legal system had not changed regarding access to court proceedings, professionalism, and the independence of those involved in the judiciary. Nevertheless, approximately half of businesses indicated that they were satisfied with their overall court experience.
- Regarding court staff, approximately one in four court employees, although aware of the project, had not been informed of the changes being implemented through the ICMS and CTS. Little difference was found compared with the results of the 2010 survey. The main complaint of this group was that frequent changes in laws made their jobs more difficult. This issue was not addressed during the project.
- Overall, all users indicated that the priority should be to reduce times for the resolution of cases and reduce the number of hearings.

Renovation of Justice System Infrastructure

What Worked

2.21 The infrastructure of the justice sector was clearly deficient. It was to be tackled by renovating three court complexes and the SAO in Zagreb and constructing a SAO in Pula. Besides severely rundown courtrooms, there was widespread overcrowding of

judges' facilities and a shortage of space for court archives, land registries, and business registries. There was also insufficient space to hold trials effectively.

2.22 Many courtrooms had poorly equipped IT facilities, which frequently failed to function effectively. The project contributed to ameliorating this constraint by funding the purchase of 8,000 modern computers.

2.23 The project was to rehabilitate three courtrooms in Pula, Split, and Karlovac. The criteria for selecting these locations were that they (i) could have a significant impact, (ii) had potential for efficiency gains, and (iii) were ready for implementation with plans prepared and permits obtained (World Bank 2010, 4). There was no precise definition of "significant impact" in the program document. Efficiency gains were defined as energy savings, reduced paper costs, and less time consumed by staff and client. The SAO facilities were upgraded in Zagreb and constructed in Pula.

2.24 The rehabilitation in Pula was completed, albeit with some delay. The newly rehabilitated Pula building was described by Croatian stakeholders as being of high quality. The other two courts were not rehabilitated, as explained in the next What Did Not Work section. There remains a great need for upgrading the rest of the court network.

What Did Not Work

2.25 Rehabilitation of Split and Karlovac court facilities was canceled for two reasons. First, in 2013, Croatia experienced macroeconomic imbalances, which resulted in severe fiscal pressures and a resulting need to reduce government expenditures. Second, before court renovations commenced, it was found that implementation preparedness in Split and Karlovac was less advanced than had been thought. Plans needed to be updated, permits had expired, and many of the architectural drawings were incomplete, meaning projects were designed based on inaccurate information.

Enforcement of Judgments

What Worked

2.26 An important element of increasing the efficiency of the court system and reducing the backlog in court cases involved improving the enforcement of judgments, which comprised over 170,000 cases in 2010. Before 2012, procedures involving the enforcement of debts that were contested by the debtor necessitated going through difficult, cumbersome, and costly legal processes that essentially negated any chance of the judgment being enforced. As a result, there was no culture of repayment in Croatia, which was a major factor in banks' reluctance to extend credit.

2.27 In 2012, a new system was introduced, partly supported by the JSSP, that removed enforcement of debt from the jurisdiction of the courts to public notaries.[6] After validating the existence of the liability, the notary would send a writ of execution to the state-owned financial agency, Fina, which had legal authority to collect the debt and any associated legal costs plus accrued interest from the debtors account in any commercial bank in Croatia. JSSP supported the system through "enhancing the efficiency of enforcement procedures, including the organization of study tours, workshops, and conferences, to: (a) design and develop improved enforcement procedures; and (b) train court staff on new enforcement techniques. Fully IBRD-financed, it builds on the EU 2008 IPA [Instrument for Pre-Accession Assistance] and Netherlands technical assistance" (World Bank 2010, 43).

2.28 Private sector lawyers indicated that the change in debt collection processes was an important step in convincing borrowers in Croatia that debts must be repaid. The effect of the change was a substantial reduction in the number of enforcement cases in the courts. Enforcement cases declined from over 170,000 in 2010 to 78,227 in 2015 and 45,283 by 2018—a reduction of nearly 75 percent, significantly reducing the inflow of cases to the court system.

Reforming the Bankruptcy Framework

What Worked

2.29 The reform of the bankruptcy framework was linked closely to the issue of debt enforcement. Many Croatians were effectively insolvent and were forced outside the formal financial sector because they were unable to meet their financial obligations, yet they could not legally discharge their debts. In addition, the EU was strongly urging Croatia to develop a functioning bankruptcy legal framework. The government requested World Bank assistance to reform the personal bankruptcy framework as part of the 2015 restructuring. It is noteworthy that there was no restructuring document, but the changes are outlined in an aide-mémoire from an implementation support mission in February 2015.

2.30 World Bank assistance connected to the reform of the bankruptcy framework consisted of (i) a legal analysis of the draft law and procedures, including both in-court and out-of-court actions; (ii) training and capacity building for those who would be responsible for ruling on bankruptcy hearings; (iii) education regarding basic financial

[6] In Croatia, fewer than 400 notaries have a central role to play in the legal system. The number of these legal practitioners is severely restricted, and their services are costly. The JSSP did not examine their role.

literacy for potential beneficiaries; and (iv) capacity building for those who would be involved in supporting the new insolvency framework. World Bank resources from the JSSP funded these activities, although no results indicators were introduced to assess impact.

What Did Not Work

2.31 The JSSP PDO was not changed and nothing was added to the results framework to reflect the addition of the bankruptcy objective. The project was extended by one year to June 2016 to accommodate the change and to allow for the modification of the ICMS, the purchase of IT equipment, and the completion of court construction in Pula.

2.32 In practice, the reform failed. The PPAR mission heard numerous negative assessments of the new framework and its lack of usefulness, which is further evidenced by the very limited number of court cases relative to the estimated number of people who were effectively insolvent. In 2018, only 178 cases related to bankruptcy went through the court system, a small number compared with the estimated (by the Ministry of Justice) 350,000 people who were effectively insolvent.

2.33 Several reasons related to design, implementation, and supervision were cited for its failure:

- Croatian culture attaches significant opprobrium to those who are bankrupt. This was the most commonly cited critique by the legal profession. Strong social reasons made people unwilling to declare bankruptcy, resulting in few people using the new framework.
- Members in both the legal profession and in private business indicated that there had been very little consultation while the bankruptcy framework was being developed.
- Senior members of the legal profession indicated in interviews that the process occurred too quickly and that it should have been introduced gradually.

2.34 None of these issues was analyzed in the aide-mémoire of February 2015.

Project Design and Preparation

What Worked

2.35 The designs of the ICMS and CTS were in accordance with EU standards. They assisted Croatia in complying with the requirements for accession, which included collecting data on a timely basis on the number of cases in the justice system.

2.36 The project outcome indicators were

i. Reduced case backlogs, which was meant to track the efficiency in the court system by measuring backlogged cases and court clearance rates;

ii. Reduced processing times in courts financed by the project; and

iii. Improved user ratings for efficiency of the court system. This information was to be collected by surveys in 2010 and 2016. However, the indicator used was the perceptions of the reform by the general public (not system users). This was a serious design flaw because 85 percent of all those surveyed had no interaction with the judicial system, so that the results reflected nothing more than general impressions, with most people in the sample surveyed not having any knowledge of the reform.

2.37 Although these indicators provide some measure of the efficiency of the court system, they do not consider the resources required to reduce processing times.

2.38 The construction that did occur as part of the project was successful. Both the Ministry of Justice and SAO indicated that the design, construction, and rehabilitation of the building was of high quality.

What Did Not Work

2.39 An overriding problem was that the project design failed to consider the extent to which outdated and ineffective laws were also undermining the efficiency of the justice system. A high-level member of the judiciary expressed the following view to the PPAR mission: "If you have bad laws, even good judges can become bad judges; if you have good laws, even bad judges can become better judges." The failure to identify the range of factors (for example, an outdated legal framework) that had a significant impact on the backlog was another design flaw.

2.40 Regarding infrastructure rehabilitation, the PAD indicated the necessity of having plans and permits ready so that implementation could proceed once the project became effective. However, those for Karlovac and Split were not ready; because of the delays associated with obtaining the necessary documentation and approvals, the associated rehabilitation did not go ahead.

2.41 Although the design of the bankruptcy framework was in accordance with modern practices, it failed to consider (or adapt a strategy to mitigate) the reluctance of Croatians to risk social opprobrium by declaring bankruptcy.

2.42 An unintended consequence of JSSP assistance in changing the system of enforcement was that it moved from one that heavily favored debtors, so that lenders

were reluctant to provide credit, to one that heavily favored creditors to the extent that debtors rights were being infringed.

2.43 Some examples of how debtors are now penalized include the following:

- Debtors are frequently not informed that a judgment is pending or of their right to appeal. They only realize that a judgment has been enforced after the money has been withdrawn from their bank accounts.
- The costs associated with the enforcement of a judgment are usually several multiples of the original debt.
- Incentives for enforcing judgments by Fina are perverse with respect to fairness and overly favor collecting debt because the largest portion of the agency's revenue (over 20 percent) arises from debt enforcement.

2.44 The system does not comply with European Enforcement Orders according to a ruling by the Court of Justice of the EU that was issued in 2017, after the JSSP had closed, because enforcement decisions by public notaries do not have judicial standing in adversary proceedings. The PAD recognized the risk that this was a sensitive area, but insufficient weight was given to analyzing the implications of the reform (World Bank 2010, 9).

Implementation and Supervision

2.45 The change in government that took place at the end of 2011 hampered implementation. A representative of the Ministry of Justice indicated that the project had been designed under the previous government, and when the new government was elected, its senior politicians had to be persuaded that it should continue. This took several months and resulted in delays in implementation. When the new government came to office, they had no knowledge of the project or its priorities.

2.46 There were also gaps in supervision. Between May 19, 2012, and April 25, 2013, no supervision reports were issued and no formal visits to the project took place. The lack of a midterm review was viewed as a serious shortcoming in supervision by the project team and Ministry of Justice representatives interviewed by the mission. A midterm review could have continued the momentum for reform, maintained project focus, and influenced emerging government priorities.

2.47 Although the project team responded to the new priorities that were introduced during the project and restructuring, the Ministry of Justice and the project team indicated that these nevertheless reduced reform momentum and hampered the change management that had originally been part of the design. The bankruptcy reform

contributed to the delays because of the need to modify the ICMS to reflect the changes. The JSSP funded an awareness campaign and training for judges, mediators, and bankruptcy administrators; however, the PDO and results framework were not modified to reflect the additional use of project resources.

3. Lessons

3.1 This assessment offers the following lessons that incorporate some of those identified in the Implementation Completion and Results Report and Implementation Completion and Results Report Review:

- At the design stage, a diagnostic assessment of the main contributors to court backlogs and consultations with major stakeholders could have informed the project design to address other important constraints to achieving the PDO. Outmoded or ineffective laws and legal processes can also cause court backlogs and delays. In Croatia, property transactions and company registration must go through the court system, adding tens of thousands of court cases annually. Removing property transactions from the courts and revising legislation associated with establishing companies so that they can take place online would greatly reduce the burden on the courts. These issues could have been attenuated through more inclusive consultations with potential users.

- When infrastructure works need to be ready for implementation at project start-up, it is important to verify that this is the case in advance. During implementation of the JSSP, it was found that the documents and drawings needed for the rehabilitation of courts were not as complete as had originally been thought, leading to significant delays in implementation.

- Delays in critical reviews during project implementation can compromise midterm corrections. In the case of this project, a Mid-Term Review could have meaningfully informed the restructuring of the project.

- When elections are in the near future, continuity risks can be attenuated by briefing key opposition politicians on the rationale for a project. In Croatia, when the new government came to office at the end of 2011, it had little knowledge of the JSSP and viewed it as an initiative of the previous government. To prevent cancellation, substantial effort had to be expended in briefings to demonstrate the project's worth, which resulted in delays.

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Appendix A. Project Ratings

Justice Sector Support Project (IBRD 78880; P104779)

Indicator	ICR	ICR Review	PPAR
Outcome	Satisfactory	Moderately satisfactory	Moderately satisfactory
Overall efficacy	Substantial	Substantial	Substantial
Bank performance	Moderately satisfactory	Moderately satisfactory	Moderately unsatisfactory
Quality of monitoring and evaluation	Not rated	Modest	Modest

Note: The Implementation Completion and Results Report (ICR) is a self-evaluation by the responsible Global Practice. The ICR Review is an intermediate Independent Evaluation Group product that seeks to independently validate the findings of the ICR. PPAR = Project Performance Assessment Report.

Table A.1. Outcome Ratings and Justification

Outcome	Assessment Justification
Relevance of objectives	The relevance of objectives was **substantial.** The PDO was to improve the efficiency of the borrower's justice system. This is interpreted as improving the efficiency of the court system. **Alignment with strategy:** The World Bank Country Partnership Strategy at closing (FY14–17) had identified reducing the backlog of court cases as important in improving the investment climate. The objective was aligned with both the World Bank's and the borrower's development priorities. It also aligned with the requirements associated with Croatia's accession to the EU, which had singled out enhancement of the judicial system and public administration as priority requirements for the country to qualify for accession. **Quality of the statement of objectives:** The PDO was overly broad because there are many possible ways to improve the efficiency of the justice system, and "efficiency" was not defined in the project documents. However, for the purpose of this PPAR, efficiency is defined as the efficiency of the court system.
Relevance of design	Relevance of design is rated **modest.** This evaluation narrows the PDO by focusing on improving the efficiency of the court system, with particular emphasis on civil law cases. The results framework identified areas that could improve efficiency from the perspective of case processing, including lowering processing times, eliminating backlogs, and developing resource management plans, although it did not address the productivity of the courts as defined by the number of cases resolved per judge. The failure to undertake extensive diagnostic work to more closely identify the underlying causes of the case backlog was a design flaw.
Efficacy	Overall, efficacy is rated **substantial.** Achievement of the outcome indicators was as follows (baselines are from 2010): • Aggregate case backlogs for courts (baseline 437,892) to be reduced by 10 percent were reduced by 20 percent, which exceeded the target (2016): fully achieved. • The clearance rate for courts (baseline 96.39 percent) to be increased by 10 percent was increased to 106.8 percent in 2014 and 104.3 percent in 2018: fully achieved.

Outcome	Assessment Justification
	• The clearance rate for SAO and Office for the Prevention of Corruption and Organized Crime (baseline 98.9 percent) to be increased by 10 percent was only 96.2 percent by 2016: not achieved. • Disposition time for courts (baseline 280.18 days) to be reduced by 15 percent was reduced to 238.13 days in 2016 (fell by 15 percent): fully achieved. • Case processing times in courts (baseline 838 days) to be reduced by 10 percent was reduced to 756 days: fully achieved. Users of the ICMS (baseline 4,100) to be increased by 30 percent rose to 6,246 users, which exceeded the target: (intermediate outcome indicator).Positive aspects were that the ICMS system was installed successfully and overcame significant resistance to change, especially because data entry was required initially and a paper-based system also had to be maintained. Resistance to the system was overcome through intensive consultation and change management, although many observed that additional change management would have made the transition to the upgraded ICMS more effective. Nevertheless, there was general agreement that the ICMS was firmly embedded, and that it would continue to be used and upgraded. It has become a key element of case management and document handling. Paragraphs 2.21–2.25 of the main document provide more detail. Furthermore, interviews with the task team leader indicated that the ICMS is viewed as a model for the region, and study tours from other countries were being organized to demonstrate the efficacy of the system. Regarding the impact of the ICMS and CTS on efficiency of the court system, the picture is more mixed. Nevertheless, the case clearance rates have increased, although the number of cases handled by judges has declined. More than two-thirds of respondents to the survey who were legal professionals indicated that the JSSP had begun to have a positive impact on their work. Nevertheless, they also said that there was still substantial room for improvement in the system, particularly about the system's user friendliness, which they currently found to be time consuming. The JSSP failed to improve the views of business users with respect to the efficiency of the justice system. Fully 60 percent of businesses discerned no changes regarding access to court proceedings, professionalism, and the independence of those of the judiciary. The court infrastructure and upgrading and building that was completed was viewed enthusiastically by both the Ministry of Justice and the SAO. It was of high quality and case clearance rates rose in the one court that was completed (in Pula). The rehabilitation of the SAO was highly successful and provided facilities that enhanced the ability of the SAO to manage cases. On the negative side, however, the cancellation of the two other court rehabilitation projects diminished the infrastructure achievement. The cancellation was primarily because plans and permits that existed were deficient and not ready for construction as had been assumed. Paragraphs 2.19–2.23 of the main document contains details. World Bank assistance on the enforcement of judgments had a positive impact on case clearance rates, as it reduced the number of such cases from over 170,000 in 2010 to just over 45,000 in 2018. However, there were many negative issues associated with the reform. In particular, as pointed out by both public sector and private sector lawyers, it resulted in a system that strongly favored debtors to one that overly favored creditors, with many aspects of the new system being viewed as unfair. Furthermore, the European Court of Justice ruled that aspects of the system were not in compliance with EU standards, so a new system must be developed. More detail is contained in paragraphs 2.29–2.34 of the main report.

Outcome	Assessment Justification
Efficiency	Efficiency is rated **modest.** The Project Appraisal Document estimated that the net economic benefit of the JSSP would generate an internal rate of return of 189 percent. According to the ICR, the 14-year discounted net financial benefit of the project was 43 percent even when omitting nonquantifiable factors, such as better morale among the judges, improved case processing efficiency, and better maintenance and energy efficiency. Factors that affected the overall efficiency of the project included implementation delays and the modification of interventions after the first restructuring, primarily including the cancellation of the upgrading of two courts and the dropping of relatively minor technical assistance activities. Because of these qualifications and the failure of the ICR to provide details on exactly how the calculations of the internal rate of return were obtained, efficiency is rated modest.
Outcome	Outcome is rated **moderately satisfactory.** The objectives of the JSSP aligned with the World Bank's Country Partnership Strategy at both the inception and closing stages. It supported the accession of Croatia to the EU. The strategy aligned with its private sector development agenda regarding improving the efficiency of the justice system. It was also consistent with the commitment of the Croatian government's policy of improving judicial efficiency. The support that the project provided for improving case management and case tracking were positive factors. However, the failure to complete construction activities and the unsubstantiated addition of the bankruptcy framework were negative factors. Efficacy and efficiency are rated modest.
Risk to development outcome	The Ministry of Justice remains strongly committed to continuing with the project, although it indicated that its priorities had changed somewhat. It explained that there were substantial resources within the EU for technical assistance and that their main priority for the World Bank was now directed at improving infrastructure. On March 31, 2020, the World Bank Board of Executive Directors approved a follow-up loan to Croatia in the amount of €100 million that will support the implementation of reforms to improve the country's business environment and the efficiency of the justice sector.
Bank performance	Bank performance is rated **moderately unsatisfactory.**
Quality at entry	The JSSP was not underpinned by diagnostic work, which perhaps explained the failure to focus on the underlying legal framework as a significant contributor to the court backlog. Furthermore, there was no Quality Enhancement Review. Although preparation of the ICMS and CTS began effectively, after some teething problems, the project preparation did not effectively address the following issues: • Plans and permits for the infrastructure component of the project were not in an adequate state for construction to commence without delay; and • The design of the enforcement system did not adequately consider fairness to debtors in relation to creditors. An additional factor hampering quality at entry was that the World Bank's preparation of the Justice Sector Public Expenditure and Institutional Review four years for completion, from Concept Review in 2010. This was to be an important input concerning the use of data, how decisions would be made, and how resources would be allocated.
Quality of supervision	An important factor hampering supervision of the JSSP was the change in government shortly after the project commenced. Because the new government had different

Outcome	Assessment Justification
	priorities, substantial time had to be devoted to advocating for the goals of the project. It also led to changes in project design at restructuring. An additional factor was the long lapse in supervision and the lack of a midterm review. A Mid-Term Review could have been used to inform 2013 restructuring and reaffirm commitment to the project. Nevertheless, once the new government was convinced of the priorities, the project team did adapt to the changes that were introduced during the project and restructuring. The delays and changes reduced the reform momentum and hampered change management that had originally been part of the design. World Bank assistance on reform of the personal bankruptcy framework was a failure. It failed to consider the opprobrium that Croatian society attaches to declaring bankruptcy. Implementing the framework delayed the project by a year; however, fewer than 200 cases were cleared by courts during 2018.
Quality of monitoring and evaluation (design, implementation, and use)	Monitoring and evaluation is rated **modest.** The indicators were adequate to measure progress on reducing the case backlog and processing times. The survey directed at the public gives little idea of whether the project was successful or whether efficiency was increasing. The failure to include bankruptcy reform in the results framework was a serious deficiency.

Note: CTS = case tracking system; EU = European Union; ICMS = integrated case management system; ICR = Implementation Completion and Results Report; JSSP = Justice Sector Support Project; Ministry of Justice = Ministry of Justice; PDO = project development objective; PPAR = Project Performance Assessment Report; SAO = State Attorney's Office.

Appendix B. Fiduciary, Environmental, and Social Aspects

Financial Management

Financial management was adequately maintained throughout the project. Anticorruption mitigation measures were implemented and monitored. Financial management reports were delivered on time and deemed satisfactory by the World Bank. Bank procurement procedures were used and project implementation unit management of procurements was rated satisfactory throughout implementation.

Environmental and Social Safeguards

This was a category B project, triggering an Environmental Assessment (Operational Policy [OP] / Bank Procedure 4.01). Environment Management Plans were prepared and publicly disclosed. Cultural Property (Operational Policy Note 11.03 / OP 4.11) was triggered owing to civil works in historical urban areas subject to potential chance finds. Disclosure Policy (OP 17.50) was also triggered. No significant deviations or waivers from the World Bank safeguards policies occurred. There was some noncompliance with the Environmental Management Plan measures and monitoring, including omission of the construction of a grease and oil separator for the parking space; the Implementation Completion and Results Report did not specify how this was addressed. No other environmental impacts were reported.

Appendix C. Methods and Evidence

This report is a Project Performance Assessment Report (PPAR). This instrument and its methodology are described at https://ieg.worldbankgroup.org/methodology/PPAR. The methods and evidence used in this report were as follows:

- The PPAR team interviewed key World Bank personnel in Washington, DC, and in Zagreb during a field visit to Croatia from September 23 to October 3, 2019. The mission interviewed a wide range of stakeholders in Zagreb (see appendix E).
- The PPAR team interviewed stakeholders who use the system, such as lawyers, judges, court administrators, and civil society who use the judicial system. These included judges, representatives of the Ministry of Justice and the State Attorney's Office, and members of the Bar Association.
- The PPAR team has updated the project results indicators and developed other measures of court and judicial system efficiency.
- Th PPAR team undertook an extensive review of World Bank documents that are listed in the bibliography.

Questions addressed in the PPAR included:

- How has the modernization of the integrated case management system assisted in the day-to-day work of the user groups of the court system: judges, lawyers, and court administrators? What has been the practical impact on the workings of the courts?
- Has the decline in the backlog of cases had a meaningful impact on the efficiency of the justice system and how has it done so?
- Were there diagnostic underpinnings to the design of the project?
- Would it have been preferable to focus on the disposition of civil cases rather than all cases in the system? To what extent are deficiencies and ambiguities in the law still responsible for delays in the disposition of (i) civil cases and (ii) criminal cases?
- Has the system been maintained after project closure and since European Union accession?
- Were the project development objective indicators the correct ones and, if not, what should they have been?
- Was improvement in the case management system the correct priority?

Appendix D. Borrower Comments

The borrower indicated that there were no comments.

Appendix E. List of People Interviewed

World Bank	
Ms Elizabetta Capannelli	Country Manager
Amitabha Mukherjee	Project Task Team Leader
Sanja Madzarevic-Sujster	Project Task Team Leader
Fernando Dancausa	Financial Sector Specialist
Alberto Leyton	Project Team Member
Government	
Dražen Jelenić	Attorney General
Zlata Hrvoj-Sipek	Deputy Attorney General
Mladen Bajic	State Attorney General
Marina Dumovic	Secretary General Ministry of Justice
Kristian Turkalj	State Secretary Ministry of Justice
Lana Letilovic	Assistant Minister Ministry of Justice
Darko Ozvald	Head of Sector for Strategic Planning Ministry of Justice
Martina Vrdoljak	Head of Service Ministry of Justice
Ms. Renata Duka	Former Assistant Minister Ministry of Justice
Zlata Hrvoj-Sipek	Deputy Attorney General
Project Management Unit	
Nenad Vukadinovic	Project Management Adviser
Ana Krnić	Operations Officer
Mihaela Ristovska	Former Operations Officer (Consultant)
Ljiljana Tarade	Former Operations Officer (Consultant)
Lawyers and Judges	
Mr. Maroje Matana	Croatian Bar Association
Damir Kaufman	Private Attorney
Mićo Ljubenko	Private Attorney
Dragan Novosel	Judge: (Former Deputy State Attorney General)
Branko Hrvatin,	Former Supreme Court Justice
Sandra Artukovic Kunst	Judge at County Court in Zagreb; (Former Deputy Minister)
Other	
Natasa Galo Samac	Senior Officer, Kingdom of the Netherlands