



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
JUSTICE SECTOR INSTITUTIONAL STRENGTHENING PROJECT  
APPROVED ON MARCH 19, 2014  
TO  
REPUBLIC OF KAZAKHSTAN

GOVERNANCE

EUROPE AND CENTRAL ASIA

Regional Vice President:	Cyril E Muller
Country Director:	Lilia Burunciuc
Senior Global Practice Director:	Deborah L. Wetzel
Practice Manager/Manager:	Daniel J. Boyce
Task Team Leader:	Waleed Haider Malik, Alma Nurshaikhova



**I. BASIC DATA**

**Product Information**

Project ID P143274	Financing Instrument Investment Project Financing
Original EA Category	Current EA Category
Approval Date 19-Mar-2014	Current Closing Date 31-Dec-2018

**Organizations**

Borrower Republic of Kazakhstan	Responsible Agency Ministry of Justice
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**Project Development Objective (PDO)**

Original PDO

The objectives of the Project are: (a) to strengthen the institutional capacity of Selected Agencies for effective implementation of selected laws, and (b) to improve the efficiency and transparency of, and access to, selected public services in the justice sector.

**Summary Status of Financing**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-83610	19-Mar-2014	29-Apr-2014	22-Oct-2014	31-Dec-2018	27.00	4.41	22.59

**Policy Waiver(s)**

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

No

**II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES**



1. This restructuring seeks an eighteen-month extension of the closing date of the Project from December 31, 2018 to June 30, 2020, following the request of the Ministry of Finance (MoF) dated June 14, 2018. This would be the first extension beyond the original closing date. It will allow the Project to complete on-going and planned activities that are necessary to achieve the Project Development Objective (PDO), namely (a) to strengthen the institutional capacity of selected agencies for effective implementation of selected laws, and (b) to improve the efficiency and transparency of, and access to, selected public services in the justice sector. The Project's PDO and Implementation Progress (IP) ratings have recently been upgraded to Moderately Satisfactory (MS) as per the last ISR.
  2. The Project is aligned with the Government's development priorities. Enforcing the rule of law is one of the five institutional reforms launched by President Nazarbayev in 2015 as part of his Plan for the Nation. With the support of the Bank under the Project, the Supreme Court has been implementing its new Judicial Modernization Concept for 2018-2020, which aims at bringing the judicial system of Kazakhstan to higher levels of public trust, quality of decisions, efficiency, and transparency. Concurrently, Kazakhstan's Ministry of Justice (MOJ), also supported by the Project, has been focusing its efforts on transferring its key justice services (e.g. bailiffs, forensic services, property valuation and registration) to a self-regulated private sector with the aim to increase the quality and cost-efficiency of the selected justice services. According to the recent Kazakhstan Systematic Country Diagnostic and draft Country Partnership Framework, ensuring the rule of law is indeed a pre-requisite for an enabling business environment.
  3. Project implementation has advanced and has led to some encouraging results under the leadership and support of the Minister of Justice Mr. Marat Beketayev, and the new President of the Supreme Court Hon. Mr. Zhakip Assanov. Although the Project has faced several delays since effectiveness, recent developments suggest a much greater potential to achieve impact in many areas, although on a smaller scale than originally envisioned. Since early 2017, the Project has been demonstrating gradual progress in the implementation of its key components:
    - Component 1 "Legal and Institutional Framework" supported the advancement of the recent constitutional and law enforcement reforms by providing just-in time expertise to commentaries on constitutional amendments; the introduction of elements of the adversarial system into the Kazakh legal system; and the guarantee of citizens' constitutional rights in criminal proceedings. Furthermore, activities under the QCBS-04 aimed at improving the drafting of national legislation, increasing transparency and the legal culture of citizens, and strengthening the knowledge base of the effective legislation\* began in April 2018. Recommendations on these activities are expected by the end of 2018.
    - Under Component 2 "MOJ Service Quality and Responsiveness", the MOJ's ICT Strategy was developed and approved; professional skills and capacities of forensic experts were enhanced; and recommendations to improve the legal and institutional framework for forensic services were also provided. Further activities are underway to strengthen the MOJ's capacity in the field of property registration, and to draft legislative changes that ensure increased access to legal aid.
    - Under Component 3 "Judicial Efficiency and Professionalism" advisors and judge assistants were engaged to improve the efficiency of two pilot courts and their judicial staff in Astana. The work performed under this component has resulted in increased efficiency of service delivery and case administration as well as reduced case backlogs. Moreover, both the Supreme Court and the Academy of Justice's ICT Strategies were developed and approved. The capacities of the Supreme Court staff with regards to court administration and e-justice were strengthened through a series of knowledge-sharing events and technical visits, including a visit to the Singapore judiciary. The Project also provided support to the creation of the High Judicial Council, which is an autonomous body that is responsible for selecting judges.
- Overall, Project implementation has led to concrete results including the strengthening of Kazakhstan's justice sector institutions by equipping judicial staff with necessary skills and tools to efficiently deliver justice services to citizens and businesses in both criminal and civil proceedings; and the reform of Kazakhstan's institutional and legal landscape, which has provided a solid foundation for the attainment of development goals as per Kazakhstan's Vision 2030.



4. Recent consistent progress in procurement. In addition to implementation advancement, the last six months have also shown consistent progress on procurement. As of July 30, 2018, the value of contracts that were signed within the previous year amounts to US\$18.4 million or 40 percent of the total project amount. This includes four new contracts that have been signed over the last few months for a total value of US\$5.9 million:

- QCBS-03 "Improvement of property registration and valuation services and state-guaranteed legal aid";
- QCBS-05 "Improving Standards in the Field of Intellectual Property";
- QCBS-04 "Improvement of the Legislation of the Republic of Kazakhstan, and the Knowledge Base of the Effective Legislation of the Republic of Kazakhstan"; and
- The "Logistics Services" framework agreement.

5. Further, two additional contracts for a total value of US\$1.3 million are at the contract signing stage: "Improving the Enforcement of Judicial Decision"; and "Improvement of court monitoring, analytics procedures and system of uniform judicial practice development".

6. The extension of the Project is essential for the achievement of the PDO. The extension of the Project's closing date is necessary to perform activities under on-going commitments that aim to support the MOJ in the operationalization of policy recommendations that are currently being developed in the following areas: improvements in service provision in the field of intellectual property, enforcement, property registration, forensics, and the strengthening of administrative procedures and the MOJ's legal outreach capacities. Furthermore, additional activities under the Project will support the Supreme Court in the implementation of the new Judicial Modernization Concept (2018-2020) introduced by the new President of the SC with a focus on: (i) continuous improvement of justice administration based on set criteria, procedures and mechanisms for monitoring and assessment of courts' performance in all types of legal proceedings; (ii) applying meritocracy, fairness and objectivity in the selection and promotion of judicial personnel; (iii) implementing best practices and innovations in ensuring meaningful access to justice based on a client-oriented approach; (iv) improving the system of collection and use of judicial data and statistics to increase analytical capacity, monitoring and assessment of quality and efficiency of justice based on international standards, and (v) ensuring the compliance of the case management system with the Council of Europe's standards to increase the operational and economic efficiency of justice services in all types of court proceedings. The terms of references for these activities are currently under development. Once the decision on project extension is made, the MOJ and the SC will be ready to launch this new set of activities to ensure their timely completion by June 2020. The relevant implementation plan for the ongoing and proposed activities has been agreed on with the Bank and is found to be feasible.

7. Critical conditions for the success of the extended project. Earlier this year, discussions with the MOJ stressed that the Bank's approval of a project extension relied on satisfactory implementation progress, which would be reflected as follows: (i) the cancellation of at least US\$9 million from the Project is processed; (ii) the signing of the contracts for ongoing procurements both for MOJ and SC; and (iii) the preparation of a clear plan outlining how the new judicial modernization concept would be supported under the Project to improve results. As of today, all the benchmarks, have been met by the MOJ, with the exception of the SC contracts which are awaiting signature, subject to the extension of the closing date. Given the history of the Project, there are still high implementation risks associated with delays in procurement and contract signing, complex implementation arrangements involving the MOJ as an implementing agency, PWC as Implementation Support group, and the Supreme Court and High Judicial Council as beneficiaries. In this regards the following risk mitigation measures are proposed for MOJ's implementation:

- The procurement of at least five of ten new activities should be launched no later than October 2018, and at least three new contracts should be signed by December 2018. Any delays in procurement will result in the respective cancellation of uncommitted loan amounts;



- Dedicated implementation arrangements for the Supreme Court that are compliant with the ratified Loan Agreement should be established before December 2018 to enable quick and quality mobilization of consultants and technical assistance;
- A Fellowship Grants Manual should be adopted, and the program launched not later than November 1, 2018, to allow enough time for the selection of a modest number of fellows and their completion of studies by June 30, 2018.
- A robust plan to disseminate project accomplishments should be launched no later than December 2018 to undertake stakeholder outreach, communication and knowledge sharing on achievements under the Project in relation to international good practices in efficient and effective justice service delivery and performance standards such as the OECD.

8. The Project is rated as “Moderately Satisfactory”. The IP, Project Management and Procurement ratings were upgraded in the last ISR from Moderately Unsatisfactory (MU) to Moderately Satisfactory (MS) to reflect recent progress, as follows: processed project restructuring; the signing of four key contracts for the amount of US\$5.9 million; the update of the Project Operations Manual; and the renewed commitment by senior MOJ and SC officials. The PDO rating of Moderately Satisfactory (MS) is based on the fact that some of the PDO level indicators are on track to be achieved by December 2018, while additional time may be needed for legislative changes to enter into force for satisfactory outcomes.

9. Project audit, financial management, procurement and disbursement arrangements of the Project are in compliance with Bank standards and requirements. The IFRs and audits have been timely submitted and reviewed, and are considered satisfactory. The MOJ has prepared the procurement plan for the extension period and has submitted it to the Bank for approval. The team considers the plan technically viable. Following a two-stage approach proposed by the CMU, the project was restructured in May 2018, to reflect the revised policy priorities, update the results indicators and cancel US\$9 million of the total of US\$36 million loan amount. The value of signed procurement contracts (Government and Bank share combined) now stands at about 68 percent of the revised loan amount (US\$27 million), while disbursement now stands at 16 percent (US\$4.4 million) of the revised loan amount. There are no current or recent INT or Inspection Panel investigations in Kazakhstan in the sector related to this Project.

10. Decision. In view of the above, the team requests an eighteen-month extension of the Loan Closing Date to June 30, 2020. This will significantly increase the likelihood that the Project meets its development objectives.

\*QCBS\_04, "Improvement of the Legislation of the Republic of Kazakhstan, and the Knowledge Base of the Effective Legislation of the Republic of Kazakhstan".

### III. DETAILED CHANGES

#### LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-83610	Effective	31-Dec-2018		30-Jun-2020	30-Oct-2020



**The World Bank**

Justice Sector Institutional Strengthening Project (P143274)

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