Revised Supplemental Letter No. 2

REPUBLIC OF CROATIA

January 23, 2014

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: IBRD Loan No. 7888-HR
(Justice Sector Support Project)
Revised Performance Monitoring Indicators

Dear Sirs and Mesdames:

This refers to paragraph A.1 of Section II of Schedule 2 to the Loan Agreement of even date herewith between the International Bank for Reconstruction and Development (the Bank) and the Republic of Croatia (the Borrower). The Borrower hereby confirms to the Bank that the revised indicators set out in the attachment to this letter shall serve as a basis for the Borrower to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

REPUBLIC OF CROATIA

By

Authorized Representative

Attachment
Project Development Objective Indicators

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<th>Project Development Objective</th>
<th>Outcome Indicators</th>
<th>Use of Outcome Information</th>
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<td>To improve the efficiency of the justice system in Croatia.</td>
<td>1) Increased court and SAO efficiency through reduced case backlogs and clearance rates in courts and SAOs (including case turnover ratios, disposition and resolution times in courts). 2) Improved user ratings for efficiency for project-financed courts and SAO offices.</td>
<td>1) Assessment by Croatian authorities of efficiency improvements in project financed courts and SAO offices. 2) Application of such improvements to the broader justice system. 3) Facilitation of stakeholder consensus on performance indicators for the justice system. 4) Assessment of improvements in user satisfaction in project-financed courts and SAO offices. 5) Improved resource management capacity and practices to guide and sustain further reforms and capacity building.</td>
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<th>Intermediate Results</th>
<th>Results Indicators for Each Component</th>
<th>Use of Results Monitoring</th>
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| Component A. IMPROVING THE EFFICIENCY OF THE COURT SYSTEM | a) Improved Court Resource Management. a) Court Presidents and Court Secretaries in at least thirty priority municipal and county courts develop resource management plans. | Enable the leadership of the judiciary and the MOJ to:  
• Track improvements in court efficiency |
b) Upgraded and Updated Operational Information Systems to Improve Court Efficiency.

c) Data on ICMS usage in courts

b) Quarterly publication of ICMS-based justice performance data, including backlog volumes and data on trends in case disposal for all regular and commercial courts

c) Quarterly publication of data on ICMS usage within courts, including number of users, number of cases registered, and number of transactions made in the system.

and take corrective actions where needed.
• Use the efficiency information to initiate improvements in non-project financed courts and, eventually, across the court system.
• Monitor component progress and manage sub-component activities.
• Improve court capacity to improve resource use and management.
• Disseminate factual data to stakeholders and the public on court efficiency, and thereby improve the credibility of justice sector entities.

**Component B. IMPROVING THE EFFICIENCY OF THE STATE ATTORNEY’S OFFICE**

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<th>a) Consolidation of the State Attorney’s Office Network.</th>
<th>a) Consolidated offices and modernized physical facilities for a fully functional (i) SAO HQ and USKOK in Zagreb; and (ii) SAO in Pula.</th>
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<td>b) Upgraded and Updated Operational Information Systems Improve SAO efficiency.</td>
<td>b) Inter-office and inter-agency online information exchange and new investigative functions (transferred from the courts under the new Criminal Procedure Code) operational in SAO offices.</td>
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<td>c) Quarterly publication of data on CTS usage in SAOs.</td>
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<td>d) Quarterly publication of performance reports based on CTS data by the SAO.</td>
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Enable the leadership of the SAO and the Ministry of Justice to:
• Track improvements in SAO efficiency and take corrective actions where needed.
• Monitor component progress and manage sub-component activities.
• Disseminate factual data to stakeholders and the public on SAO efficiency, and thereby improve the credibility of justice sector entities.

**Component C. STRENGTHENING THE EFFICIENCY OF THE MINISTRY OF JUSTICE’S MANAGEMENT FUNCTIONS**

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<th>a) Strengthened Resource and Performance Management.</th>
<th>a) A medium-term expenditure framework for the justice sector is developed by the MOJ on the basis of a justice sector expenditure and institutional review, which will include: (i) an Action Plan for</th>
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<td>Will enable MOJ leadership to monitor improvement of MOJ management functions.</td>
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<td>b) Proposal for rationalization of the court network.</td>
<td>improving resource management; (ii) a prioritized investment program for the justice sector; and (iii) a set of actionable justice sector performance indicators.</td>
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| c) Strengthened Information Systems and Information System Management. | b) Proposals for rationalization of the court network are developed based on technical criteria.  

c) Strengthened MOJ information systems and their management, evidenced by: (i) an operational ICT asset management system; and (ii) functioning data warehouse system enabling monitoring performance indicators. |

Will enable more efficient justice sector resource use and management on a medium-term basis.  

Monitor component progress and manage sub-component activities.

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<th>Component D. SUPPORT FOR PROJECT MANAGEMENT AND IMPLEMENTATION</th>
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| a) User Surveys | a) Conduct of periodic user surveys and publication/dissemination of the results of such surveys.  
b) Timely project implementation, including adherence to procurement schedules. |

User surveys will provide periodic feedback to the leadership of the courts, SAO and MOJ on actual experiences of users of courts and SAOs (including individuals, firms, lawyers and other justice sector personnel) and facilitate needed policy and administrative changes.  

The Croatian authorities will be able to monitor component progress and manage sub-component activities.