



USAID
FROM THE AMERICAN PEOPLE

SERBIA

SEPARATION OF POWERS PROGRAM (SPP)

ANNUAL REPORT - YEAR THREE

OCTOBER 1, 2010 – SEPTEMBER 30, 2011

OCTOBER 2011

This publication was produced for review by the United States Agency for International Development by the East-West Management Institute, Inc.

SEPARATION OF POWERS PROGRAM (SPP) ANNUAL REPORT - YEAR THREE OCTOBER 1, 2010 – SEPTEMBER 30, 2011

Prepared under the USAID's Separation of Powers Program in Serbia, Contract Number 169-C-00-08-00102-00

Submitted to:

USAID/Serbia on October 18, 2011

Contractor:

East-West Management Institute, Inc.

Disclaimer

This report is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of the East-West Management Institute and do not necessarily reflect the views of USAID or the United States Government.

TABLE OF CONTENTS

- TABLE OF ACRONYMS4**
- INTRODUCTION.....5**
- EXECUTIVE SUMMARY5**
- TASK 1: JUDICIARY CAPACITY8**
 - 1.1. Establishment of Budget and Finance Functions..... 9
 - 1.2 Judicial System Budget Process 14
 - 1.3 Strategic Planning and Outreach..... 15
 - 1.4 Training 16
- TASK 2: COURT ADMINISTRATION.....18**
 - 2.1. Court Management. 20
 - 2.2. Case Management..... 23
 - 2.3. Outreach and Support..... 26
 - 2.4. Training 27
- TASK 3: PARLIAMENTARY CAPACITY31**
 - 3.1. Budget and Financial Management..... 32
 - 3.2. Strategic Planning..... 36
 - 3.3. Training 37
 - 3.4. Legislation and Transparency..... 39
- ADMINISTRATIVE.....41**

TABLE OF ACRONYMS

BCR	Book of Court Rules
EU	European Union
EWMI	East-West Management Institute, Inc.
HCC	High Court Council
IACA	International Association of Court Administration
IT	Information Technology
JA	Judicial Academy
MFAS	Material and Financial Affairs Sector
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOU	Memorandum of Understanding
NGO	Non-Government Organization
OSCE	Organization for Security and Cooperation in Europe
RFP	Request for Proposals
SPP	Separation of Powers Program
SRC	SRC Sistemske Integracije d.o.o.
USAID	United States Agency for International Development

INTRODUCTION

The East-West Management Institute, Inc. (EWMI) is pleased to present this Annual Report for the Separation of Powers Program (SPP) in Serbia, covering project activities for the period October 1, 2010 through September 30, 2011 (Year 3). SPP is funded by the United States Agency for International Development (USAID) through a five year contract that ends in August 2013.

In general, SPP is designed to help Serbia move closer to European Union accession by strengthening the division of power and authority more equably among Serbia's three branches of government. Anticipated results include a more independent budget process and greater control over funding for both the judicial and legislative branches.

References in this report to quarters mean the fiscal quarters coinciding with the U.S. Government fiscal year: the first quarter is October – December 2010, the second quarter is January – March 2011, etc. The Annual Report tracks the three Tasks identified under EWMI's contract and included in SPP's Year 3 workplan: Judiciary Capacity (Task 1); Court Administration (Task 2); and Parliament Capacity (Task 3).

EXECUTIVE SUMMARY

As noted above, the overall purpose of the Separation of Powers Program is to help Serbia move closer to European Union accession by strengthening the division of power in Serbia's government and promoting judicial independence. SPP is structured around three tasks intended to help attain this goal.

Year 3 saw significant progress towards most of SPP's performance objectives, as well as growth in relations and cooperation with key counterparts in the courts, Ministry of Justice (MOJ), High Court Council (HCC), and National Assembly. SPP's progress throughout the year was steady and measurable. It was slowed, however, by the continuing political and functional disruptions caused by the 2009 judicial election process and 2010 court network restructuring. The continuing side effects of these upheavals to the judicial system, as well as the lingering effects of the global financial crisis, significantly impacted the pace of reforms and delayed implementation of many project activities.

Despite these challenges, SPP achieved many important results, including:

Task 1:

- The HCC officially adopted a three year strategic plan, developed with SPP's assistance, on March 18, 2011.
- SPP assisted the Council in developing a systemization (staffing) plan for its Material and Financial Affairs Sector, which was adopted in December 2010.
- SPP developed a Budget and Accounting Policy Procedures Manual that provides baseline organizational and operating procedures for the HCC's Material and Financial Affairs Sector and court financial staff.
- SPP drafted a "Future Budget Model for a Financially Independent Judiciary" report that provides recommendations for furthering the financial independence of the courts.
- SPP procured budgeting, accounting, and human resources software for the HCC, and procured budget software for the courts.
- Financial staff from 125 of Serbia's 129 courts was trained on use of the budget software.

Task 2:

- The court manager position was established in the Book of Court Rules and approved for 13 courts. Seven court managers were appointed by end of Year 3, and six more were in the process of being hired.
- SPP developed a long-term staffing plan in cooperation with its court administrator working group. An additional 13 courts qualify to engage court managers under the criteria established in the plan.
- The court administrator working group, with SPP's assistance, completed a career track framework for court managers.
- SPP developed a model recruitment, hiring and performance evaluation plan for court managers.
- Courts participating in SPP's backlog reduction and prevention program produced many positive results, including the following:
 - The Basic Court in Uzice's processing rate for criminal cases was 140% as of June, compared to 73% when it first entered SPP's program;
 - The Basic Court in Nis reduced its backlog of civil cases by nearly 50% since September 2010;
 - The Basic Court in Subotica reduced its backlog of labor cases by over 40% in the past year;
 - The Basic Court in Vrsac reduced its number of old cases by more than 26%; and
 - Vrsac improved its case processing efficiency for criminal cases from 83% to 120%, and improved its overall case processing efficiency from 85% to 98% within a year.
- SPP produced a draft national backlog reduction strategy.
- SPP and the HCC's case weighting working group developed standards for defining case complexity and the amount of judicial time that should be allocated to each case event.
- An orientation training curriculum for court managers was developed and formally adopted by the Judicial Academy, and training was provided for existing court managers.
- An individual case management training curriculum was developed and training provided to over 150 newly elected judges.
- Several of SPP's recommended backlog reduction and prevention techniques were incorporated into new civil and criminal procedure codes, including the use of preliminary hearings to set case schedules and hearings, and improvements to service of process and delivery of court documents.

Task 3:

- SPP assisted in drafting the National Assembly's Act regulating the staffing of the Assembly, its Internal Organization Act, and its Act on the Accreditation of Journalists.
- The Assembly drafted and adopted a communications plan - addressing internal, external, and crisis communications – with SPP's guidance and assistance.
- SPP assisted the Assembly in developing a new parliamentary website. The website, launched in June 2011, increases the Assembly's transparency and openness by providing the public with more information about Assembly events and operations.
- SPP provided the Assembly with a set of administrative policies and procedures required for effective and transparent financial operations.
- SPP procured budgeting, accounting, and human resources software for the Assembly. As of July 2011, the Assembly had the functionality needed to prepare all required budgets, operating plans, and financial plans.
- Based on SPP's recommendation, the Assembly changed its budgeting methodology to include input from its "indirect budget beneficiaries" - committees, caucuses, etc.

- Assembly staff was trained on issues relating to budget development, execution, monitoring, and advocacy, as well as on financial management.
- The Assembly adopted a five year strategic plan in January 2011.

Task I: Judiciary Capacity

Task I centers on building the financial independence of the judicial branch: developing judicial budget and finance capacity; transferring budget, finance, and planning functions to the judiciary; developing a strategic plan for the judicial branch; and improving management capability. The contractual performance objectives for Task I are:

No.	PERFORMANCE OBJECTIVE
7	After four years, the judiciary has adopted five- and 10-year development plans.
8	After four years, the budget and finance office and judicial leaders prepare an integrated budget for all courts.
12	After five years, budget and finance staff and judicial leaders deal directly with the Ministry of Finance in budget preparations/negotiations.
14	After five years, substantial progress is noted for Factor 10 (Budgetary Input) of the Judicial Reform Index.

Progress made by the end of Year 3 towards each of these performance objectives 3 is summarized below, followed by a detailed description of Task I workplan activities undertaken in Year 3.

Performance Objective No. 7 – Strategic Planning

- The HCC officially adopted a three-year strategic plan on March 18, 2011. The plan sets out the Council's priorities, mission, vision statement, and short-term goals. Most of SPP's activities under Tasks 1 and 2 are directly related to one or more of the HCC's strategic priorities.
- It is expected that the strategic plan will be extended to five years, in accordance with SPP's recommendation, to match the five-year mandate of the Council's judge members.
- It is highly unlikely that the HCC will adopt a 10-year strategic plan.

Performance Objective No. 8 – Preparation of Integrated Budgets

- The transfer of financial and budgeting authority from the MOJ to the HCC has been postponed until after the 2012 budget is passed by the National Assembly. The Ministry of Justice will continue to develop the judiciary's budgets until the transfer takes place.
- SPP assisted the Council in developing a systemization (staffing) plan for its Material and Financial Affairs Sector, which was adopted in December 2010. The staffing plan includes positions for 12 financial and budgeting experts, one internal auditor, and one procurement officer. The financial positions should provide the HCC with sufficient manpower to carry out its budget and financial responsibilities, assuming qualified staff are hired. One auditor, however, is insufficient to meet the internal audit needs of the HCC and court system.
- The HCC has been extremely slow to fill the above-referenced financial and audit positions. Only one financial position was filled by the end of Year 3.
- SPP developed a Budget and Accounting Policy Procedures Manual that provides baseline organizational and operating procedures for the HCC's Material and Financial Affairs Sector and court financial staff.
- SPP drafted a "Future Budget Model for a Financially Independent Judiciary" report that provides a series of recommendations to strengthen the budget management infrastructure of the HCC and courts, maximize the use of available resources, and further the goal of financial independence.
- The HCC and judiciary have the tools required to formulate an integrated budget. SPP procured budgeting, accounting, and human resources software for the HCC and procured budget

software for the courts. Each court can use the software and the Council's budget instructions to develop its own budget, which it can submit electronically to the HCC. The HCC can then use the software to consolidate the individual courts' budgets, make appropriate allocations and adjustments, and submit an integrated budget to the Ministry of Finance (MOF).

- Financial staff from 125 of Serbia's 129 courts has been trained on use of the budget software, so that each court can provide accurate and timely budget information to the Council for inclusion in a consolidated court system budget. The Council's financial staff will be trained once they are hired.

Performance Objective No. 12 – Budget Preparation/Negotiation with Ministry of Finance

- SPP assisted the HCC in negotiating its 2011 budget by preparing an appeal to the Ministry of Finance for additional funds.

Performance Objective No. 14 – Budgetary Input

- Factor 10 of the American Bar Association's Judicial Reform Index (JRI) measures whether the judiciary has a meaningful opportunity to influence the amount of money allocated to it by the legislative and/or executive branches, and, once funds are allocated to the judiciary, whether the judiciary has control over its own budget and how such funds are expended. USAID efforts to arrange for the implementation of a new JRI have been unsuccessful to date. Upward progress in the JRI rating (i.e., meaningful input into and control over the budget) can otherwise be measured by the developments and achievements described in this Annual Report.

Despite its achievements, SPP has not made as much progress on Task I as anticipated. The ongoing judge election (review) process remains the Council's focus, resulting in delays in the HCC's assumption of budgeting and financial powers and related project activities. The future success of Task I depends on the Council's ability to quickly put the judge election process behind it and address its budgeting and strategic planning responsibilities.

Workplan Activities

I.1 High Court Council Budget and Finance Functions.

I.1.1. High Court Council and Material and Financial Affairs Sector Organization.

I.1.1.A. HCC Organization and Operating Procedures. The HCC was originally scheduled to assume budget and financial authority on January 1, 2011. On December 29, 2010, the National Assembly passed amendments to the Law on Court Organization that delayed the transfer of authority until September 1, 2011. On September 12, 2011, the government issued an order again deferring the transfer of authority until after the 2012 budget is passed by the National Assembly. Neither the government nor the Assembly will work on the 2012 budget until the 2011 budget re-balancing is completed, and it is expected that the MOJ will prepare the 2012 budget for the HCC and courts once such work begins. The government has submitted its proposed re-balancing to the Assembly, and hearings are scheduled to begin on October 10th.

The HCC will require organizational and operating procedures to effectively and transparently discharge its budget and financial management responsibilities once they are assumed. SPP worked with the HCC and its Administrative Office throughout the year to develop a framework of organizational and operational procedures designed to help the Council and its Material and Financial Affairs Sector (MFAS) function effectively once such authority is transferred. In January 2011, SPP briefed the HCC's Secretary General, Majda Krsikapa, on the process of creating a Budget and Accounting Policy Procedures Manual

to provide baseline organizational and operating procedures for the MFAS and court financial staff. SPP engaged both an expatriate budget expert, Kenneth Allread, and a Serbian accounting expert, Jovanka Manic, to draft the manual for review and adoption by the HCC.

SPP used many on-site meetings during the first and second quarters of Year 3 to conduct due diligence for the manual. The manual, completed in June, includes: a policy statement on budget and financial management policies; the HCC's organization structure and mandate in establishing financial policies and procedures; the court system's organizational structure and mandate in following the financial policies and procedures established by the HCC; policies and procedures governing budgeting and related financial management processes in the courts; an overview of the government's budget process; laws governing the budget process; the budget submission calendar of events; guidance on the preparation of standard budget documents required by the MOF; budget reporting requirements; information on monitoring actual expenditures against planned expenditures; internal financial controls; information on supplemental budget submissions; and fine and fee collection procedures. A copy of the manual is attached as [Annex 1](#).

In spring 2011 and at SPP's request, a court budget and finance working group was formed to review the Budget and Accounting Policy and Procedures Manual, which was delivered to the working group in June 2011. Although it was agreed that working group members would provide feedback on the manual by July 15th, the group subsequently requested additional time to complete its review. Several members provided comments by September 2011; remaining members will provide their comments in October 2011. See section 1.1.1.C. for additional information about the manual.

The working group's mandate is scheduled to end when its work on the manual is completed. SPP will encourage the HCC to replace the working group with a standing committee on court budget and finance matters.

1.1.1.B. Systemization Plan for the MFAS. SPP also assisted the HCC in developing a systemization (staffing) plan for the MFAS, which required formal adoption before staff could be engaged. During the first quarter of Year 3, SPP proposed a systemization plan providing for 13 financial positions within the MFAS, as well as three internal auditor positions and one procurement position. After many negotiations and amendments, the HCC formally adopted a systemization plan for its Administrative Office, including the MFAS, in December 2010.

The section of the systemization plan relating to the MFAS is attached in abridged format as [Annex 2](#). It includes 12 financial positions within the MFAS, as well as an internal auditor position and procurement position within the Administrative Office. The financial positions should provide the HCC with sufficient manpower to carry out its budget and financial responsibilities, assuming qualified staff are hired. One auditor, however, cannot provide the required internal audit function for the HCC and court system. In the future, the HCC must engage additional internal auditors or audit consultants to fulfill its mandate.

In August, the HCC's International Cooperation Advisor, Jelisaveta Zdravkovic, informed SPP of the HCC's intention to revise the systemization plan. Ms. Zdravkovic was unable, however, to provide any specifics, other than to indicate that the changes will relate to the basic qualifications for certain positions.

1.1.1.C. MFAS Operating Procedures. In addition to drafting the Budget and Accounting Policy and Procedures Manual described above, SPP provided additional assistance to the HCC in developing organizational and budget sector operational policies for the MFAS. The draft procedures are based on the principles included in the operating procedures that SPP drafted for the National Assembly

(see section 3.1.2.A., below). SPP also drafted general budget and accounting guidelines for the HCC's financial operations based on similar guidelines developed for the National Assembly. Both institutions operate under the same set of policies and procedures that apply to all government institutions; except for institutional differences, the operating procedures do not differ substantially in either organization. SPP is using the budget and finance working group to review and develop such policies in the absence of technical counterparts within the MFAS.

1.1.1.D. Regulatory Changes to Enhance Judicial Budget Independence. Under the Law on the High Court Council, the MOJ continues to maintain certain budget responsibilities that have a direct impact on the operations of the courts. For example, the MOJ approves the systemization plan for all court staff positions (other than judges), develops the capital investment plan for the courts, and controls the procurement of information technology within the courts. During Year 3, SPP documented the need for regulatory changes to consolidate these and other budget/financial powers within the HCC.

On February 1st, the HCC/SPP Advisory Committee identified certain regulatory changes required to enhance judicial independence. SPP recommended that such regulatory changes be examined by the court budget and finance working group, which could then report back to the HCC with appropriate recommendations. This document, "Future Decisions of the HCC Regarding Court Financial Administration" is attached as [Annex 3](#).

On March 18th, the HCC adopted a strategic plan (see section 1.3.1, below) that, among other things, addresses the need for regulatory changes to enhance judicial budget independence. During May-June, 2011, SPP worked on and completed a "Future Budget Model for a Financially Independent Judiciary" report. The report, attached as [Annex 4](#), provides a series of recommendations that the HCC should consider as it begins to develop and administer the budget formulation and execution processes for itself and the courts. The adoption of any of these recommendations would strengthen the budget management infrastructure of the HCC and the courts, help maximize the use of available resources, and further the goal of financial independence.

1.1.2. Human Resources

1.1.2.A. Hiring Staff. The HCC has been slow to fill the financial and audit positions created when the MFAS systemization plan was adopted in December 2010 (see section 1.1.1.B, above). Only one financial position was filled by the end of Year 3. The internal audit position also remained vacant, although a candidate had been identified earlier in the year. The procurement specialist was hired in April 2011, and assigned the additional responsibility of processing daily payments in support of HCC operations.

In June, SPP learned that Ms. Milena Lakic, the Head of the Budget Planning and Preparation Department at the MOJ, was scheduled to become the head of the MFAS budget department. SPP has since consulted with Ms. Lakic on a continuing basis, and finds her to be a well-qualified professional.

During a July 12th meeting, Secretary General Krsikapa informed SPP that three additional MOJ staff members were scheduled to be transferred to the MFAS. Ms. Krsikapa did not, however, specify their current positions at the MOJ or future positions within the MFAS. None of the transfers had occurred by the end of Year 3. The transfers are unlikely to occur until after the HCC assumes budget and financial powers (see section 1.1.1.A, above).

1.1.2.B. Human Resource Issues for the MFAS. SPP previously recommended that the HCC establish a professional statistician position, as well as a fully functioning Information Technology

(IT) Data Center to support the financial management system and other automated solutions being introduced in the HCC. The statistician position was added to the systemization plan but remains unfilled. In addition, two IT positions were created but only one has been filled.

As detailed in the sections above, the HCC's delay in hiring MFAS staff and related positions poses a significant impediment to accomplishing SPP's goals. SPP has continually offered assistance to the HCC to help fill these positions, but its ability to influence the hiring process is minimal, with the HCC focused on other matters. SPP also was informed by Ms. Krsikapa that recruiting would be difficult in any event. She theorized that court staff saw no benefit to taking on a more demanding job for the same pay, and further believed that public recruitment would be required to fill the positions. SPP has discussed with USAID what additional steps may be taken together to catalyze further action by the HCC in this regard, and a decision on what actions are advisable will be taken soon in the new project year.

1.1.3. Material and Financial Affairs Sector Operations

1.1.3.A. Transition Planning and Assistance. As of the end of Year 3, SPP's efforts to promote the transition of competencies and staff to the MFAS had yielded minimal results since such transition planning is largely dependent on the hiring of MFAS staff which, as described above, has moved forward haltingly. SPP has taken numerous steps to prepare materials and tools that can facilitate such transfer once hiring is addressed.

1.1.3.B. Budget Preparation – 2011. Pursuant to its workplan, SPP offered to assist the HCC in developing and/or reviewing the 2011 budget for the operations of the HCC. The HCC declined SPP's offer, deferring to the MOJ to develop and negotiate the judiciary budget with the MOF. After the budget was submitted to the MOF, the HCC realized that it contained fewer funds for Administrative Office salaries than the HCC believed necessary. The HCC then requested SPP's assistance in preparing an appeal to the MOF for additional funds. Although the appeal was ultimately denied, this represented the Council's first steps towards direct budget negotiations with the MOF.

1.1.3.C. Budget Preparation – 2012. Similarly, SPP planned to assist the HCC in developing its 2012 budget. As noted in section 1.1.1.A above, the government issued an order on September 12th deferring the transfer of budget and financial authority from the MOJ to the HCC until after the 2012 budget is passed by the National Assembly. The 2012 budget should be passed in December 2011 or shortly thereafter. Accordingly, the MOJ will prepare the 2012 budget for both the HCC and courts, with input from the HCC.

The 2012 budget development process should have started in early August with the issuance of budget instructions and guidelines by the MOF to direct budget beneficiaries. The MOF still had not issued instructions by the end of Year 3. Once the HCC (and MOJ) receive such instructions, they will issue budget guidelines to the courts.

In August, SPP's former Task I manager, Joe Bobek, returned to Serbia to assist the HCC in drafting budget guidelines for the courts and developing a court profile spreadsheet that each court should complete as part of the budget process. Data collected through the spreadsheet will assist the HCC in analyzing and prioritizing budget requests from each court, and in identifying courts that require special financial assistance. If the HCC follows SPP's guidance, each court's profile will include: expenditures for the prior fiscal year by major economic classification; expenditures for the current year by major economic classification; the number of judges, lay judges, support staff, and staff funded from contractual services; the amount of fees assessed in the prior year; and the amount of fees collected during the current year.

1.1.3.D. Building Audit Capacity. SPP has offered assistance to the HCC in filling its internal auditor vacancy (see section 1.1.1.B) and in training the auditor once appointed. As noted earlier, the HCC identified an auditor candidate early in Year 3 but has not filled the position. SPP expects movement on this front only after the HCC assumes financial authority from the MOJ.

1.1.3.E. Financial Management. There are a number of regulatory changes required to expand judicial financial independence. As a prerequisite to expanding its budgeting and financial management roles, however, the HCC and courts need to demonstrate that they are competent stewards in the management of public funds.

As noted in section 1.1.1.D, above, SPP's budget expert, Ken Allread, drafted a "Future Budget Model for a Financially Independent Judiciary" report addressing issues such as the expansion of the HCC's budgeting and financial management roles and the promotion of greater financial independence. The document addresses such areas as cost-containment (allocation formulas), staffing equalization, and program budgeting, and provides guidance to the HCC on the assumption of financial responsibilities and fulfillment of its statutory mandate.

1.1.4. Information Management

1.1.4.A. HCC Budget Sector Procurement. A major accomplishment in Year 3 was providing the HCC and courts with the tools and training required to formulate an integrated budget for the judiciary. SPP procured budgeting, accounting, and human resources software for the HCC, and also procured budget software for the courts. Financial staff from each court was trained on using the software to develop budgets. These budgets will then be submitted electronically to the HCC, where MFAS staff can review and revise individual court budgets, make appropriate allocations and adjustments, and submit an integrated judicial budget to the MOF.

SPP worked throughout Year 3 to procure a software solution to meet the financial management needs of the High Court Council and the National Assembly. The overall procurement process is described in greater detail in section 3.1.3.A., below. The remainder of this section addresses IT developments specific to the HCC.

In February, SPP issued a Request for Proposals (RFP) for the procurement of financial management software to meet the budgeting, accounting, long-term financial and human resource needs of the HCC and Assembly. An evaluation committee, comprised of representatives from SPP, the HCC, and the Assembly, was appointed to review bids received in response to the RFP and to recommend the best solution.

After reviewing the original proposals, as well as technical and cost clarifications provided by the bidders, SRC Sistemske Integracije d.o.o. (SRC) emerged as the preferred vendor. Accordingly, SPP began acquainting the HCC with the capabilities of SRC's products. On March 25, 2011, for example, SRC and SPP made a presentation to the court budget and finance working group about SRC's software, highlighting its functionality and improvements over the current budget formulation system in use by the HCC and courts. Based on this presentation, the working group voted unanimously to recommend that the HCC approve the use of the new system for the courts and the HCC. On May 9th, the HCC adopted the working group's proposal. The HCC's decision is attached as [Annex 5](#).

The most pressing issue raised during the procurement process was the lack of MFAS staff to address any business process issues that could arise during the software customization and installation process.

After due discussion, it was agreed that the National Assembly business model would be applied to the HCC and courts, since both organizations followed the same budget instructions prepared by the MOF and would be approving budgets for subordinate organizations.

In June, SRC finalized all necessary integrations between the system and external institutions such as MOF and Treasury. It also completed system customization and parameterization required to meet the specific end-user requirements of the HCC and courts. In July, SPP's hardware and software vendors delivered, installed and configured the computer hardware, software and network equipment required to run the new financial management system.

Optimal system performance requires a direct link to each court so that they can securely access the application and data servers located within the HCC. Such a link can be easily established if the HCC is included in the judicial Wide Area Network operated by the MOJ, which remains responsible for the IT infrastructure of the Serbian judicial system. SPP drafted a letter on behalf of the HCC requesting its inclusion in the network. By the end of Year 3, the HCC and MOJ had reached an informal agreement on the matter.

SPP similarly drafted a letter to the MOF relating to the formal exchange of budget data and information between the HCC and the central budget planning system at the MOF, in order to enable the electronic submission of the judiciary's 2012 consolidated budget plan. The letter also addressed the HCC's need to exchange information with the Financial Management Information System at the Treasury for the purpose of monitoring budget execution.

1.1.4.B. Court Budget, Finance IT. SRC conducted a two-day training session at the end of May to prepare the HCC and court staff for the installation of the automated budget system. The first day covered system functionality; the second day was an interactive workshop designed to demonstrate the software's abilities.

In July, SPP conducted nationwide end-user training on the budget software for staff performing financial duties in Serbian courts. The training was designed to educate staff on the use of the budget software so that each court can provide accurate and timely budget information to the MFAS for inclusion in a consolidated court system budget. Training was conducted July 11-15 in Belgrade, Novi Sad and Nis, and included staff from 120 of Serbia's 129 courts. SPP conducted training for staff from five of the eight remaining courts on August 29th.

1.1.5. Memorandum of Understanding (MOU) Implementation

1.1.5.A. HCC Advisory Committee. The Memorandum of Understanding between USAID and the HCC requires the appointment of an HCC-SPP Advisory Committee. Two judge members from the "temporary" HCC, which was constituted in April 2009, were appointed to serve on the committee until their successors were duly qualified. The permanent HCC was constituted in April 2011, resulting in the need for two of the six newly appointed judge members to serve on the committee. In July, SPP was informed that Judges Aleksandar Stoilkovski and Sonja Vidanovic were approved to serve on the HCC/SPP Advisory Committee, replacing the members from the temporary HCC. SPP briefed Judge Stoilkovski on project activities in September 2011.

1.2. Judicial System Budget Process

1.2.1. Assistance to the Courts

1.2.1.A. Standard Accounting Package. Serbia's courts currently use a variety of accounting packages for internal budget control and reporting. SPP recommended the use of one standard accounting package by all courts, but does not have the mandate or funds to implement this recommendation. Negotiations with SRC yielded an offer to provide its accounting software free of charge for one year to the courts represented in the working group. SPP polled the courts in June, and only Belgrade Misdemeanor Court agreed to the trial offer. Software installation is planned to take place in October 2011. The other courts felt that the accounting application, as presented by SRC, was not sufficiently tailored for use by the courts.

1.2.1.B. Introduction of the Budgeting and Financial Management Software. See sections 1.1.4 A. and B., above.

1.2.1.C. Roles and Responsibilities for Budget Development and Management. Training on the roles and responsibilities of courts in budget development and management has been incorporated into the training for court presidents described in section 2.4.2, below. Related trainings provided during Year 3, such as the December 2010 training program for select financial staff from Belgrade courts, are described in section 1.4.1, below.

1.2.2. Program Budgeting. SPP continued to monitor government plans to expand program budgeting beyond five pilot ministries to other institutions, such as the judiciary. SPP reviewed changes and amendments to the Budget System Law and determined that the target date for introducing program budgeting in Serbia is still fiscal year 2015. Thus, there is no indication that the government will expand program budgeting to the judiciary until after the SPP project has expired.

1.3. Strategic Planning and Outreach

1.3.1. Strategic Planning. One of SPP's goals is to assist the judicial branch in developing and implementing its own vision and strategic plans. In Year 3, SPP conducted a series of strategic planning sessions for HCC members. Planning retreats were held in October, January and February, with the HCC President and Secretary General joining on certain days.

The HCC officially adopted a three-year strategic plan on March 18, 2011. The plan, a copy of which is attached as [Annex 6](#), sets out the Council's priorities, mission, vision statement, and short-term goals, including: independence of the judiciary; a transparent and accessible judiciary; greater confidence of citizens in the court system; competent and content judges and court staff; and an independent and functional High Court Council. Most of SPP's activities under Tasks 1 and 2 are directly related to one or more of the HCC's strategic priorities.

Although the HCC has since expressed its intention to have members of the permanent HCC formally approve the plan, such approval was still pending as of the end of Year 3. During a September 30, 2011 presentation to permanent Council members, SPP noted that it could assist the HCC in reviewing and revising the plan to meet the mandate and vision of the permanent Council. SPP further noted that the plan could be extended to cover the Council's strategic goals of the next five years. Such an extension would link the strategic plan to the five-year mandate of the Council's judge members, who can help carry out and supervise the plan's implementation.

1.3.2. Outreach and Support.

1.3.2.A. Outreach Planning for the HCC. One of the HCC's goals is to make information more accessible to citizens. Development of a formal communications plan would provide the HCC

with the framework for achieving this important goal. SPP offered in Year 3 to develop plans for improving the HCC's internal, external, and crisis communications, and will field a communications expert, Mark West, in October 2011 to begin developing such plans for the HCC and courts.

1.3.2.B. Transparency. The 2006 Serbia National Judicial Reform Strategy emphasizes the importance of increased transparency in the courts. SPP successfully advocated for the inclusion of transparency goals in the HCC strategic plan and will develop the above-referenced communications plan to increase transparency.

The HCC, with SPP's assistance, also took affirmative steps towards making its deliberations more transparent by opening the interviews of permanent court president candidates to the press and the public. The interviews were scheduled for a two-week period in November 2010. After consultations with USAID, it was agreed that SPP would rent the equipment required to broadcast the interviews through a closed circuit hookup in HCC headquarters. Candidate interviews started on November 1st. On November 15th, Secretary General Krsikapa informed SPP that the interview process would be postponed due to a visit of Stefan Fule, the Commissioner for Judiciary of the EU. The interview process was halted shortly thereafter and never completed. SPP later learned that Mr. Fule had raised concerns about the procedures used to select candidates for the court president positions.

1.4. Training

1.4.1. Budget and Accounting System Content and Deadlines. SPP began preparing a training program early in Year 3 for HCC members on the Budget System Law. SPP subsequently received a request from President Mesarovic to instead provide the training for senior financial staff from the courts in Belgrade. On December 14th, SPP conducted a financial management workshop for the designated financial staff, led by four Serbian consultants: Jovanka Manic, a finance expert and local consultant working with the World Bank; Zvonko Brnjas, co-author of the SPP IT Assessment Report in July 2010; Zivko Nestic, the special advisor to the Treasury Director; and Milena Lakic, senior budget manager from the MOJ.

Seventeen senior financial staff attended the workshop, representing all of the courts in Belgrade, together with one representative from the HCC. Topics covered in the training included: an overview of the current budget management system in Serbia's courts; changes to the court system's budget process in light of the transfer of budgeting authority to the HCC; novelties in the legal framework of budget accounting; changes in the budget formulation procedures from prior years; and planned changes in the Treasury regulations for budget accounting. In addition, participants received a briefing on potential improvements to the budget formulation and execution processes. The training agenda is attached as [Annex 7](#).

1.4.2. Study Tour. SPP's Year 3 workplan contemplated a study tour to expose select HCC members and administrative staff to how a judicial council in a European Union country has organized itself to fulfill its budget and financial mandates. In particular, the study visit was intended to educate participants on comparative practices in organizing a judicial council and its budgeting and financial management functions, as well as on best practices for preparing, executing, monitoring, and advocating for judicial budgets.

SPP completed its analysis of potential candidate countries in Year 3 and selected the Netherlands as the destination country. SPP also selected a Dutch subcontractor, the Netherlands Helsinki Committee (NHC), through a competitive process to assist in organizing the study visit. Throughout the summer of 2011, NHC and SPP developed the study visit agenda and began arranging meetings. The project planned

to conduct the Task 1 study tour concurrently with a Task 2 study tour (see section 2.4.1.B. below) to expose participants to a wider range of issues and promote cost savings. The HCC's continuing focus on the judge election process and failure to appoint MFAS staff in a timely fashion, however, necessitated a postponement of the Task 1 study tour. SPP notified the HCC of the postponement, and the parties agreed to reschedule the trip in March/April 2012.

1.4.3. Media and Outreach. SPP intended to include the HCC's public relations person in the media and outreach training described in section 2.4.5, below. Although the public relations person has been hired, she has not been engaged in public relations work. Instead, her main task has been to support the judge election process.

The strategic plan adopted by the HCC includes transparency and accountability as key principles. One of the strategic goals in the plan is to, "Increase the confidence of citizens in the court system by [among other things,] ... improving the communications with citizens." SPP met with the HCC several times in the fourth quarter to discuss how it can support this goal, and offered to assist the HCC in developing the above-mentioned communications plan. Secretary General Krsikapa expressed great interest in the activity, which has since been built into SPP's Year 4 workplan.

1.4.4 Project Management. At the final HCC strategic planning session in December 2010, SPP presented the idea and benefits of providing select HCC members and staff with project management training. Momentum was lost, however, when the HCC judge members interested in the training left office and new members were appointed (see section 1.1.5.A, above). At the same time, the HCC failed to fill the Donor Coordinator position created in its systemization plan. For these reasons, SPP will instead incorporate project management training into the Judicial Academy's ongoing course offering for court presidents and court senior staff during Year 4 (see section 2.4.1.A, below).

1.4.5 Financial Roles and Responsibilities. SPP developed a training module within its court president and court manager training curricula to cover the financial management roles and responsibilities of court presidents and senior managers. Training for court managers was held in May 2011, and additional training is scheduled in 2012 (see section 2.4.1.A., below).

1.4.6 Financial Management Processes and Procedures. As noted in section 1.1.4.A. above, SPP procured budgeting, accounting, and human resources software for the HCC and budgeting software for the courts. SPP also trained financial staff from 125 out of 129 courts in Serbia on how to use the budget software. MFAS staff will be trained in Year 4 once a sufficient number have been hired.

Other Relevant Information:

- Ms. Krsikapa, Secretary General of HCC, resigned her post as of July 27th and returned to her prior position as the Advisor for EU Regulations Harmonization at the Supreme Court of Cassation. Neither she nor SPP is aware of any timetable for hiring her successor. Jelisaveta Zdravkovic, the HCC's recently appointed Advisor for International Cooperation, has formally assumed Ms. Krsikapa's duties as they relate to communications with international projects, although Ms. Krsikapa remains closely engaged.

2. Task 2: Court Administration

Task 2 focuses on improving court administration and case management in Serbian courts. One SPP goal is to have trained professionals performing court administrator work in the larger Serbian courts. Throughout this section of the workplan, reference to a court administrator/manager refers principally to the long term goal for a separate position, and also to the potential that some courts may redefine an existing position. The contractual performance objectives for Task 2, in order of subject matter, are:

No.	PERFORMANCE OBJECTIVE
1	After two years, a career track for court managers/administrators is in place, and the authorities have approved a plan for placement of court administrators throughout the court system.
5	After three years, trained professional court administrators/ managers are working in key positions.
6	After four years, additional trained court administrators/managers are working within the system.
13	After five years, all the positions identified in the plan for placement of court administrators have been filled.
10	After four years, the average number of cases pending for more than two years has been reduced, and the average number of cases pending for more than four years in select courts has been reduced.
15	After five years, the average case processing time in selected courts has been reduced.
14	After five years, substantial progress is noted for Factor 28 (Case filing and tracking systems) of the Judicial Reform Index.
14	After five years, substantial progress is noted for Factor 18 (Case Assignment) of the Judicial Reform Index.
9	After four years, a significantly lower percentage of users of select courts report offering and paying bribes to the judiciary and court personnel.
11	After four years, and even more after five years, there is greater openness of court proceedings and information about court operations, increased support for judicial independence and reform, and reduced perception of corruption in the courts.

Progress made by the end of Year 3 towards each of these performance objectives 3 is summarized below, followed by a detailed description of Task 2 workplan activities undertaken in Year 3.

Performance Objectives Nos. 1, 5, 6, 13 – Court Managers

- SPP successfully introduced court managers into Serbia’s judicial system. The court manager position was formally established through the Book of Court Rules in 2009 and has since been approved in court staffing plans. As of the end of Year 3, seven court managers were already working in the courts, and an additional six courts were scheduled to hire court managers.
- SPP developed a long-term staffing plan in Year 3 in cooperation with its court administrator working group. An additional 13 courts qualify to engage court managers before August 2013 under the criteria established in the long-term staffing plan.
- The court administrator working group, with SPP’s assistance, completed a career track framework in September 2011. It provides a system for the professional development and advancement of court managers according to current legislation.
- SPP developed a model recruitment, hiring and performance evaluation plan for court managers. The plan was reviewed and adopted by SPP’s court administrator working group during the

second quarter of Year 3.

Performance Objectives Nos. 10, 15 – Backlog Reduction and Case Processing Efficiency

- Courts participating in SPP's backlog reduction and prevention program produced many positive results, including the following:
 - The Basic Court in Uzice's processing rate for criminal cases was 140% as of June, compared to 73% when it first entered SPP's program;
 - The Basic Court in Nis reduced its backlog of civil cases by nearly 50% since September 2010;
 - The Basic Court in Subotica reduced its backlog of labor cases by over 40% in the past year;
 - The Basic Court in Vrsac reduced its number of old cases by more than 26%; and
 - Vrsac improved its case processing efficiency for criminal cases from 83% to 120%, and improved its overall case processing efficiency from 85% to 98% within a year.
- SPP produced a draft national backlog reduction strategy in the first quarter of Year 3 and provided it to the MOJ and HCC. The strategy calls for the formation of an HCC working group to deal with case management issues.
- SPP and the HCC's case weighting working group developed standards for defining case complexity and the amount of judicial time that should be allocated to each case event. They also designed a time-recording exercise to gather the data necessary to analyze the proposed standards. In September 2011, the HCC issued a decision approving the timekeeping exercise and appointing approximately 400 judges from 37 courts to participate.
- SPP developed an orientation training program for court managers that was formally adopted by the Judicial Academy as part of its curriculum. It also provided training for existing court managers.
- Orientation curricula for court presidents and advanced training curricula for court presidents and managers were developed.
- An individual case management training curriculum was developed and training provided to over 150 newly elected judges.
- Several of SPP's recommended backlog reduction and prevention techniques were incorporated into new civil and criminal procedure codes, including the use of preliminary hearings to set case schedules and hearings, and improvements to service of process and delivery of court documents.

Performance Objective No. 14 – Case Tracking and Case Assignment

- USAID efforts to arrange for the implementation of a new JRI have been unsuccessful to date. Upward progress in JRI factor 28 (case filing and tracking systems) and factor 18 (case assignment) can otherwise be measured by the developments and achievements described in this Annual Report.

Performance Objectives Nos. 9, 11 – Bribery, Openness, Independence, Corruption

- SPP's court administration work focuses on efficiency matters. It has not, to date, worked on anticorruption or bribery issues per se, but has worked on openness matters that impact corruption in the courts (e.g., promoting the publication of court fee schedules on court websites). SPP will review these objectives and related activities in detail with USAID in Year 4 to determine what, if any, modifications should be made.

2.1 Court Management

2.1.1. Position of Court Manager.

2.1.1.A. & B. Create Position and Long Term Plan. SPP has successfully introduced court managers into Serbia's judicial system. The court manager position was formally established through the Book of Court Rules in 2009 and has since been approved in court staffing plans. As of the end of Year 3, seven court managers were already working in the courts, and an additional six courts were scheduled to hire court managers.

The Book of Court Rules provides a sufficient foundation for the court manager position within Serbia's legal system. The position would have a firmer foundation, however, if it was included in a relevant code (law) rather than in the system's rules and regulations. Accordingly, SPP worked in Year 3 to further institutionalize the court manager position, promoting: the adoption of a long-term staffing plan specifying the criteria for placing managers in additional courts; approval of the 2011 staffing plan for the judiciary to ensure that all court managers are engaged at the highest paid non-judicial position in the courts; and an amendment to the Law on Court Organization to codify the court manager position.

The long-term staffing plan, attached as [Annex 8](#), was developed early in Year 3 in cooperation with SPP's court administrator working group. It sets forth the criteria qualifying courts to hire court managers, lists the courts that currently qualify, and recommends short-, mid-, and long-term actions required to implement the court manager position. As noted above, 13 courts have already been approved to engage court managers. An additional 13 courts qualify to engage court managers before August 2013 under the criteria established in the long-term staffing plan.

The long-term staffing plan was submitted to Assistant Minister of Justice Jelica Pajovic in June 2011 for review and comment. SPP was informed that the MOJ will incorporate the long-term staffing plan into its 2012 staffing plan for the judiciary, and received assurance that all court managers will be recognized as "higher advisors" - the highest paid non-judicial position in the courts - in the MOJ's future staffing plans for the judiciary.

These developments would be a welcome change from the current stasis. The MOJ's 2011 staffing plan for the judiciary was submitted to the MOF in March 2011, where it has languished due to a dispute between the two ministries about the overall level of staff in the court system. SPP was unofficially informed that the 2011 staffing plan will not be adopted until after the 2012 State budget is passed by the National Assembly.

The MOJ is willing to amend the Law on Court Organization to codify the court manager position, but will not consider such an amendment until after an assessment of the new court network is performed by the World Bank through its Multi Donor Trust Fund. Meeting with World Bank representatives throughout the fourth quarter, SPP learned that the assessment tool - a survey on judicial efficiency, quality, integrity, and costs - has been drafted, data collection is scheduled to begin, and a final report will be published by March 2012.

Parallel to the court network analysis, the World Bank is helping to develop a new 2012-2017 Judicial Reform Strategy, and expects to have a related action plan early in 2012. The strategy will also recommend the codification of the court manager position in the Law on Court Organization.

2.1.1.C. Human Resources. There are three central human resource issues relating to the court manager position - (1) establishing a career track; (2) evaluating performance, and (3) developing a

recruitment and hiring process. The court administrator working group, with SPP's assistance, completed the career track in September. The document, attached [Annex 9](#), lays out a system for the professional development and advancement of court managers according to current legislation.

Implementing recruitment and evaluation plans are important for attracting, identifying, and retaining the best candidates for court managers. In October 2010, SPP engaged a human resources expert, Mindy Masias, to develop a model recruitment, hiring and performance evaluation plan for the position of court manager. The draft plan was reviewed and adopted by SPP's court administrator working group during the second quarter of Year 3. In March 2011, SPP presented Ms. Pajovic with the working group's draft "Model Recruitment and Hiring Plan and Performance Criteria for Court Managers." The plan, without referenced appendices, is attached as [Annex 10](#).

Also in March, SPP presented the draft plan to acting court presidents and court secretaries from 12 of the courts approved to hire court managers. The presentation addressed several practical issues related to establishing the court manager position, including a recommended hiring process, the relationship between the positions of court manager and court secretary, and performance evaluation.

Salary levels remain an impediment to attracting and retaining quality court managers. For example, three court managers were hired according to the systemization acts approved by the MOJ in 2010. Consequently, they are at a lower status and pay grade than SPP has recommended. Once the MOF approves the overall staffing plan, however, these positions can be upgraded to the status of higher advisor, with a commensurate increase in pay.

The Supreme Court of Cassation is also in process of hiring a court manager. The court's secretary general, Radmila Sasic, informed SPP that the court has formed a three member committee to review applications, and that she has distributed the model plan to the committee for use in the hiring process. It is anticipated that candidates will be interviewed in October 2011, and the court manager selected in November 2011.

2.1.1.D. National and International Cooperation. SPP is encouraging close ties with the International Association for Court Administration (IACA) to support the growth and effective utilization of court managers in Serbia's court system. Indeed, the question of whether to form a national association of court managers has received significant attention from the court administrator working group. The matter was first discussed at the January 2011 working group meeting, where it was agreed that two working group members would draft a concept paper on organizing a national association for court management. The concept paper, which identified the need to establish such an organization, as well as organizational models, goals and relationships with international associations, was submitted to SPP in March.

The topic was next addressed at the working group's May 2011 meeting, after which working group member Judge Ana Stamenic discussed the matter with existing court managers. All court managers agreed that an association should be formed; they did not, however, resolve the issue of whether court managers should form their own association or be a part of a broader association that includes interested judges and court staff.

In addition to encouraging a national association of court managers with ties to the IACA, SPP is sponsoring periodic meetings of court managers to foster professional relationships, promote good practices for improving performance, and identify practical issues and training needs. The first meeting, held in August 2011, was used to identify topics of common interest. The court managers identified

public procurement as a critical issue, and noted the absence of guidance and procedures for conducting procurements within their courts.

The second meeting, held in September 2011, was dedicated to public procurement procedures. SPP invited Mr. Miroslav Slamarski, Head of the Public Procurement Department of the Higher Court in Belgrade (the only such department in Serbian courts), to share his experiences and to provide guidance to court managers. He also provided practical tips on how to deal with specific issues in the procurement process and how to otherwise improve court performance.

2.1.1.E. Working Group. SPP created the court administration working group in January 2009 and has continued to work with its core members ever since. Following is a list of meetings held and topics discussed in Year 3:

- January 28, 2011 – development of the long-term staffing plan, i.e., how to proceed with the systemization of the court manager position and hiring process; and review of the orientation curriculum on court management (see section 2.4.1).
- March 18, 2011 - revisions to the long-term staffing plan; establishment of a national association for court management; and court manager training.
- May 9, 2011 - the long-term staffing plan; establishment of a national association for court management; recruitment of court managers; and orientation training for court managers (five working group members served as trainers in the program).
- June 3, 2011 – incorporating the long-term staffing plan into the Law on Court Organization.

2.1.2. Weighted Caseload. SPP has been supporting the development of a weighted caseload measurement tool and methodology since the HCC appointed a working group on the matter in June 2010. When completed, application of case weights to a court's caseload will permit the HCC to determine the number of judges needed for each case department in a court, which in turn will provide a rational basis for allocating financial and other resources to individual courts.

The working group and its subgroups held several meetings in Year 3 on a variety of issues, including: identifying criteria for different weight categories; classifying cases into different weight groups, each with its own set of timeframes for processing; assessing the amount of work time a judge needs to complete various types of cases and events; and the weights to assign to cases that end prior to full proceedings through plea bargaining, shortened civil procedures, etc. Sample reports relating to these deliberations are attached as [Annex 11](#).

SPP conducted a retreat in April to synthesize the work of different subgroups and to set the parameters for future case weighting work. Gene Murret, the former long-term SPP court administration advisor, was brought in as a short-term expert to assist with the retreat and related follow-up work. At the retreat, participants worked to establish case weights (i.e., reach agreement on standards for defining case complexity, as well as on the activity events in a case and the amount of judicial time that should be allocated to each event). They also designed a process of time recording to gather the data necessary to analyze/support the proposed standards. Outcomes of the retreat are summarized in [Annex 12](#).

Building from the outcomes of the retreat, SPP developed a status report documenting the working group's activities. The report also included a sample case weight study and time-keeping process, and samples of daily logs that judges could use in the time-keeping process. The report was submitted to the HCC in May under the signature of working group chairman Judge Vucko Mircic, with the request that the HCC select the courts and judges to participate in the timekeeping exercise (originally proposed to take place September - December 2011).

In September 2011, the HCC issued a decision approving the timekeeping exercise and appointing approximately 400 judges from 37 courts to participate. A copy of the decision is attached as [Annex 13](#). The HCC also designated Judge Stoilkovski to serve on the working group. Each judge participating in the exercise will keep a detailed log of the time spent on different case events during a three month period. It is anticipated that the timekeeping exercise will start in November 2011. SPP will maintain the resulting database of time and events, which will be used to help adjust and finalize the case weighting system in Year 4.

2.2. Case Management

2.2.1. Backlog Reduction.

2.2.1.A. Backlog Reduction Work with Courts. Five courts participated in SPP's backlog reduction program in prior years, with each court focusing its work on one case type. SPP expanded its program to 10 courts in Year 3, and encouraged each court to expand backlog reduction efforts to all case types.

SPP visited each participating court in October 2010, February/March 2011, May/June 2011, and September 2011 to observe progress made, collect data, and provide advice on further steps. SPP also analyzed the 2010 annual performance reports from each of the 10 courts. While most of the courts showed satisfactory results, some faced unexpected circumstances that hindered their performance. Examples include:

- The Basic Court in Cacak had an extremely large inflow of civil cases that negatively impacted the overall work of the court. The high inflow of cases in Cacak resulted largely from claims against the government for failure to pay agricultural subsidies. On a positive note, the high inflow of cases provided Cacak with the opportunity to apply additional case management techniques recommended by SPP.
- Following SPP's recommendations, the Basic Court in Sremska Mitrovica reorganized the work of its registry office, leading to an excellent closing rate in its criminal department (140%). The court still faced problems in resolving old cases.
- The Basic Court in Nis, by comparison, reported a decrease in its backlog of old cases in nearly every case type. After examining 10,000 archived cases from the former Pristina Municipal Court, however, it discovered over 1,000 old, active cases that required resolution. Thus, its overall statistics were not indicative of its true success.
- Criminal judges in the Basic Court in Uzice, using techniques recommended by SPP, closed nearly 30 cases per judge per month, well in excess of statutory requirements.

SPP also noted that certain courts had achieved limited progress in 2010. The Higher Court in Novi Pazar, for instance, reduced its backlog of civil cases to one, but still had significant criminal case backlogs due in large part to a shortfall of judges (only six of eight criminal judges were active). In response to these and similar issues at other courts, SPP held a series of workshops with different courts to review their overall progress, identify causes of case backlogs and delays, and recommend potential solutions. Such workshops were held in Cacak, Uzice, Nis, Vrsac, Sremska Mitrovica, and Subotica (a joint conference for the Basic and Higher Courts). Additional details on the court visits and

workshops can be found in [Annex 14](#).

SPP also held a “court to court roundtable” in June 2011. The event gathered representatives from each of SPP’s ten partner courts, as well as from the MOJ, HCC, prosecutors’ offices, and donor community (USAID, OSCE, the European Commission, and the World Bank), to discuss successful backlog reduction and prevention techniques. More information about the event can be found in the Roundtable Report attached as [Annex 15](#).

MOJ representatives at the roundtable took the opportunity to highlight good backlog reduction practices being implemented in both SPP’s and other courts. While the MOJ has long been interested in backlog reduction and prevention activities, the HCC has been slow to engage. Its reticence may now be changing. Jelisaveta Zdravkovic, the newly engaged HCC adviser for international cooperation, informed SPP of her favorable impressions of the roundtable, and further noted that she had presented Chief Justice Mesarovic with a copy of the roundtable report. Given the MOJ’s and HCC’s growing support for backlog reduction efforts, SPP plans to invite representatives from both institutions to attend future visits to its backlog prevention and reduction courts. Their participation will help promote the sharing and institutionalization of best practices.

Indeed, there is good reason for both the MOJ and HCC to embrace backlog reduction efforts. Participating courts are producing many positive results, including the following:

- The Basic Court in Uzice’s processing rate for criminal cases was 140% as of June, compared to 73% when it first entered SPP’s program;
- The Basic Court in Nis reduced its backlog of civil cases by nearly 50% since September 2010;
- The Basic Court in Subotica reduced its backlog of labor cases by over 40% in the past year;
- The Basic Court in Vrsac reduced its number of old cases by more than 26%;
- Vrsac improved its case processing efficiency for criminal cases from 83% to 120%, and improved its overall case processing efficiency from 85% to 98% within a year.

A success story relating to these and other accomplishments of SPP’s partner courts is attached as [Annex 16](#).

SPP worked closely with its partner courts to confirm the data and statistics included in the success story. Data collection and reporting, however, remains a challenge for the court system as a whole. For example, neither the MOJ nor the HCC released annual reports for 2009 after numerous acting court presidents refused to sign-off on the case numbers of their predecessors. Similarly, both the MOJ and HCC have, at times, issued reports containing statistics that are inconsistent with data gathered from the courts. Accordingly, SPP continues to collect data directly from the courts and relies on this information in instances where it differs from data reported by the MOJ or HCC.

2.2.1.B. and 2.2.2. Overall Backlog Reduction and Prevention Strategies. The MOJ previously identified backlog reduction and prevention as high priorities. Similarly, the HCC has identified backlog reduction as one of its strategic goals. SPP, in turn, has long recognized that the backlog reduction techniques being applied in its 10 courts could be easily replicated and applied in other courts as well.

Accordingly, in the first quarter of Year 3 SPP produced a draft national backlog reduction strategy, a copy of which is attached as [Annex 17](#). After receiving comments from Secretary General Krsikapa in December, SPP submitted the strategy to the Minister of Justice, both State Secretaries of the MOJ, three assistant Ministers, and the President and Secretary General of the HCC. SPP also distributed

copies to the six judge members of the HCC, after they requested copies during discussions at the December 2010 HCC strategic planning workshop (see section 1.3.1., above).

The strategy calls for the formation of an HCC working group to deal with case management issues. Although the Chief Justice agreed to form this working group after the appointment of permanent HCC members, it still has not been established. Instead, SPP has been informed that the HCC is overburdened with issues relating to the judge election process and will not be able to tackle overall backlog reduction strategy until after the review of the 2009 election process is completed. SPP continued to monitor developments through the end of Year 3, and will again pursue the national strategy as and when events permit.

While the introduction of a national backlog reduction strategy remains a longer term goal, movement is already underway to institutionalize the best practices introduced by SPP into its partner courts. The MOJ spearheaded Year 3 efforts to pass new civil and criminal procedure codes that will codify many of the case management techniques SPP introduced to its partner courts. For example, the draft civil procedure code under consideration in August would require courts, at the preliminary hearing, to determine the timeframe within which future trial events must occur. SPP has consistently encouraged this practice, and believes it is an important tool for deciding civil cases and delivering justice in a timely manner. Other major changes relate to service of process and delivery of court documents, including allowing the use of electronic communications and delivery of documents through means other than post offices. The new codes were adopted in late September 2011. SPP will carefully analyze their provisions to determine which SPP techniques were included in the final laws.

Further support for institutionalizing SPP's backlog reduction and prevention techniques can be found in proposed changes to the Book of Court Rules. Article 12 of the current draft, circulated in the fourth quarter of Year 3, discusses how each court can create a backlog reduction program. The working group tasked with drafting the new rules consulted with SPP and its courts to discuss possible elements for inclusion in the Article 12 backlog reduction programs. SPP will continue to monitor working group developments and provide input when appropriate.

Another opportunity to broaden and deepen support for backlog reduction and prevention is the upcoming Annual Judges' Conference organized by the Supreme Court of Cassation and HCC. The conference, scheduled for October 9-12, 2011, in Zlatibor, will gather all acting court presidents and approximately one third of Serbian judges. SPP will use the gathering to present its backlog work to a broader audience. During September 2011, SPP worked on various aspects of its presentation, at which SPP will: premiere a short video emphasizing the best practices and successes of its partner courts; moderate a discussion among representatives of select courts about successful techniques in reducing backlog and increasing case processing efficiency; and present the successes achieved by each court. The panel discussion will provide an opportunity for many judges and acting court presidents to learn firsthand about the best practices of SPP's courts and consider applying them in their own courts.

2.2.3. Case Management Working Group. SPP's case management working group proved extremely valuable in SPP's early work, successfully developing several amendments to the Book of Court Rules that were adopted in 2009. In Year 3, however, it proved more fruitful to work with individual members on discrete issues rather than convene working group meetings. Accordingly, SPP disbanded the working group in Year 3, but continues to work closely with certain members on training, backlog reduction, and other project activities.

2.2.4. Targeted Court Assistance. Case management practices in courts are directly affected by appellate court practice. SPP met with representatives of Serbia's four appellate courts on

several occasions in Year 3 to explore potential areas of assistance. Requests for assistance included help in: organizing regular quarterly meetings of the appellate courts; establishing formal channels of communication with the Supreme Court of Cassation; procuring software for tracking jurisprudence and court practice between all four appellate courts; and purchasing computers for each of their court practice departments. SPP informed the courts that it could assist with the first two items (organizing meetings), but that other requests (software and hardware) were outside of SPP's scope of work. With guidance from SPP, the four Appellate Courts developed unified court practice procedures that will be implemented in 2012.

In summer of 2011, SPP learned that a new British project was being established to assist the appellate courts in achieving greater efficiency and consistency in court practices. SPP met with project representatives in September 2011 and will soon decide whether to support the efforts of the appellate courts to unify court practice.

2.3. Outreach and Support

2.3.1. Generating support

2.3.1.A. Work for Support of Court Manager Position. SPP's efforts to generate support for the court manager position have focused on both internal and external audiences. SPP encouraged media coverage of training events, roundtables, and other meetings, and used these opportunities to explain the role and duties of the newly introduced court manager position. Resulting coverage includes:

- <http://www.blic.rs/Vesti/Drustvo/242408/Novo-radno-mesto-u-srpskom-pravosudju-Menadzer-suda>;
- http://www.danas.rs/danasrs/iz_sata_u_sat/pravosudje_srbije_dobija_menadzere_83.html?news_id=31825;
- <http://vesti.krstarica.com/?rubrika=aktuelno&naslov=Novo+radno+mesto+u+srpskom+pravosudju%3A+Menadzer+suda&lang=0&dan=20&mesec=03&godina=2011&sifra=75141e3cdf3709550e9e4104d41b47d6>; and
- http://www.javniservis.rs/index.php?option=com_content&view=article&id=116118:novo-radno-mesto-u-srpskom-pravosu-menader-suda&catid=81:blic-wwwblicrs&Itemid=457).

The roles and responsibilities of court managers were also presented to internal audiences whenever SPP sponsored a training, conference, or similar event. SPP also made a presentation about the court manager position at the Regional Conference of Misdemeanor Judges, which was organized in Year 3 by Serbia's Association of Misdemeanor Judges. The feedback from local misdemeanor courts was extremely positive. They all expressed interest in obtaining SPP's assistance in recruiting court managers for their courts.

2.3.1.B. Work for Support of Backlog Reduction Activities. SPP similarly promoted its backlog reduction activities to internal and external audiences. The internal audience is the judiciary and MOJ, with which SPP is developing a national backlog reduction strategy (see section 2.2.1.B., above) and promoting the exchange of best practices among courts. SPP will also make a presentation in October 2011 at the Annual Judges' Conference, as noted above. The aim of the video and panel discussion is to show how courts have successfully increased case processing efficiency using techniques recommended by SPP, and to inspire other courts to seek and apply innovative solutions to their problems.

The external audience is the general public. Throughout the year and at SPP's request, different courts have organized media conferences to discuss their backlog reduction efforts. Many such conferences

generated local print and television coverage, such as the following:

- <http://www.yueco.rs/vest/dru-tvo/manje-starih-predmeta-u=suboti-kim-sudovima>; and
- <http://www.youtube.com/watch?v=A7t3KiYFLSc>.

SPP also developed promotional materials around specific events. For example, in anticipation of the release of a negative monitoring report by the EU about the progress of the Serbian judiciary, USAID requested that SPP develop a “success story” to counter potential negative publicity. SPP drafted the success story attached as Annex 18 and distributed it to the MOJ, HCC, and its partner courts for their use.

2.3.2. Outreach Planning. See section 2.3.1., above.

2.3.3. Newsletter. SPP issues periodic newsletters to inform the court system, HCC MOJ, donor community, civil society groups, and others about backlog prevention and other court administration activities and successes. In May 2011, SPP issued a newsletter dedicated to court administration achievements in 2010, including the appointment of the first court manager in Serbia, successes of select courts in improving case processing, and the start of case weighting activities.

In July 2011, SPP issued another newsletter dedicated to backlog reduction and prevention activities. At the same time, the Basic Court in Uzice, one of the courts participating in the backlog reduction and prevention program, published its own newsletter dedicated to its cooperation with SPP. Copies of SPP’s three newsletters are attached as Annex 19.

2.4. Training

2.4.1. Court Managers

2.4.1.A. Work with Judicial Academy. SPP continued to work with the Judicial Academy throughout Year 3 to develop and deliver training programs for Serbian judges and court staff. Year 3 started with the October 2010 transfer of orientation training curriculums for court presidents and court managers to the Academy, pursuant to which the underlying training programs became part of the Academy’s formal curricula. The curriculum for court presidents and judges is a two-day orientation program on court management and leadership, caseload management, court budgeting and fiscal management, and court performance measurement. The curriculum for court managers is a five-day orientation program addressing the same subject matters, as well as management of technology and human resources. Copies of the curricula are attached as Annex 20.

The related training materials, largely developed in January and February 2011, form a new Manual for Court President Orientation Training, a copy of which is attached as Annex 21. The first part of the manual contains the five narrative modules from the orientation curriculum (introduction; court management and leadership; court budget and financial management; case management; and evaluation of court performance and accountability). The second part of the manual includes templates and forms for important operational documents, as well as recommended best practices that court presidents can use to successfully run their courts.

With curricula in place, SPP and the Academy began delivering training programs in the third quarter of Year 3, starting with orientation training for court managers. In April 2011, SPP and the Judicial Academy organized a training-the-trainers session on adult teaching techniques for the trainers selected

by the Academy. The selected trainers - judges, economists, lawyers, and court secretaries - provided a range of expertise that was specifically matched to the curriculum's training modules. The trainers subsequently produced additional training modules and resource materials to supplement the existing curricula, including a training manual and a trainers' guide.

In May 2011, SPP and the Academy jointly conducted a five-day orientation training program on court management for the first generation of court managers. The interactive training covered the core competencies of the court manager position and provided guidance on how to perform every day duties. A copy of the training agenda is attached as [Annex 22](#). In addition to local trainers, SPP utilized Pim Albers, a Dutch expert, to provide guidance on quality management and performance measurement. Both SPP and the Academy were highly satisfied with the interest, participation, and apparent quality of the court managers and their devotion to improving court management. Indeed, the trainees formed strong alliances and continue to support each other and share experiences. An additional round of orientation training will be conducted when the next group of court managers is engaged in late 2011 or early 2012.

SPP also engaged several experts to develop an advanced training curriculum in court management for court managers and court presidents, including Nial Raaen, a short-term court administration expert. Late in Year 3, SPP and Judicial Academy were approached by the Belgrade Faculty for Organizational Sciences, which offered assistance in further advancing the curriculum drafted by Mr. Raaen. The Faculty supplemented the existing curriculum with three new modules on management and, by the end of August 2011, began working with the Academy and SPP on preparations for additional trainings. The parties agreed on a group of experienced practitioners who, along with professors from the Faculty, will develop training materials according to the curriculum and serve as future trainers. Early in Year 4, SPP will decide how to further support this joint activity of the Academy and Faculty.

2.4.1.B. Study Tour. SPP intended to send a group of 12 court presidents, court managers, and judges on a study tour to the Netherlands in fall 2011 to learn about best court administration practices, case weighting, performance measurement and indicators, and similar matters. SPP and NHC worked throughout the third and fourth quarters of Year 3 on variety of substantive and logistical issues in preparation for the study tour, as further described in section 1.4.2, above. The study visit is scheduled to take place October 2-7, 2011.

2.4.2. Court Presidents

2.4.2.A. Work with Judicial Academy. As noted in section 2.4.1.A. above, SPP and the Judicial Academy prepared a manual that can serve as the foundation for orientation training on court management for court presidents. Chief Justice Mesarovic has not allowed acting court presidents to receive training, believing that their participation could lead to a perception of preferential treatment over other candidates for permanent court president positions. As a result, the orientation training and related train-the-trainers program have been postponed indefinitely. SPP cannot predict when the trainings will be implemented, but will monitor developments and restart training efforts as and when the appointment of permanent court presidents nears.

SPP has also developed an advanced training program that contemplates training court management teams, including court presidents, managers, and secretaries. The advanced training, as structured, also cannot move forward until permanent court presidents are selected or Justice Mesarovic reverses her decision banning acting court presidents from participating in training programs. Additional information about the advanced training curricula can be found in section 2.4.1.A.

2.4.2.B. Caseflow Management. The orientation and advanced training curricula described above include specific modules on caseflow management. SPP has developed related training materials that can be readily updated and implemented once its training programs are allowed to move forward. The orientation training materials for court presidents, for example, contain guidelines for developing a backlog reduction plan and for conducting an individual court workshop on backlog reduction and case delay issues.

2.4.3. Individual Case Management Training. SPP was previously asked by the Judicial Academy to develop and implement individual case management training for the more than 300 judges elected at the end of 2009. Early in Year 3, SPP fielded a short-term case management expert, Judge Carolyn Temin, to develop an individual case management curriculum for judges on how to manage and process individual cases efficiently. The curriculum was intended to replace - and subsequently did replace - the Judicial Academy's existing case management training module, which was out of date and consisted only of articles of procedure from various codes. SPP, with the Academy's agreement, designed training modules and manuals incorporating techniques and skills for effectively and efficiently processing cases within the framework of Serbia's civil and criminal procedure codes.

Judge Temin was fielded again in March-April 2011 to design and conduct a four day train-the-trainers session on the individual case management modules. Participating in the training were the 12 higher court judges selected by the Academy to act as future trainers, who were provided with substantive guidance on managing criminal and civil proceedings and training on adult teaching techniques.

With trainers in place, SPP and the Judicial Academy delivered seven trainings on individual case management in May 2011 of over 150 newly elected judges. The trainings focused on issues relating to the organization of trials (such as pre-trial status conferences), conducting trials, writing judgments, and developing judicial tools. The trainee judges reported that these sessions - the first official training they had received since assuming their posts in 2009 - were very useful, and highly evaluated both the program and the trainers. Individual case management training is now part of the Judicial Academy's core curriculum and will be offered to all newly appointed judges in the future. Illustrative of all of the trainings, the agenda for the civil judges training in Novi Sad is attached as [Annex 23](#).

2.4.4. Training Other Court Staff. Training for other court staff is incorporated into SPP's advanced training curriculum, described in section 2.4.1.A., above. The curriculum contains a series of courses on management skills and court leadership skills, and is targeted at court management teams. Management teams in many courts include court secretaries and other senior court staff.

2.4.5. Specific Subjects / Audiences

2.4.5.A. Media Skills and Outreach Planning Training. SPP planned to support Judicial Academy efforts to train selected court spokespersons on media skills. During Year 3, the Academy established a public and media relations section composed of Academy representatives and public information officers from Serbian courts, including the courts with which SPP works through its court administration activities. Considering the establishment of this section and media skills training provided to courts by other international groups, SPP decided to take a longer-term approach by building outreach and media relations training into the advanced training curriculum, and by developing outreach and communications plans for its partner courts. SPP made arrangements to field a communications specialist in October 2011 to prepare templates of court outreach and communication plans.

2.4.5.B. Decision Writing. SPP and the Judicial Academy included a decision writing component in the individual case management curriculum, and included sample judgments and verdicts

for first instance cases in the related resource materials. Judge Temin also trained select Higher Court judges on how to effectively present decision-writing skills to newly appointed judges. See section 2.4.3., above, for more information about the training.

Task 3: Parliamentary Capacity

Task 3 focuses on building the National Assembly's capacity to manage its own budget and resources, to plan strategically for its own institutional development, and to enhance its transparency by communicating its work to the public more effectively. The contractual performance objectives for Task 3 are:

No.	PERFORMANCE OBJECTIVE
2	After two years, the Assembly has done more thorough analysis of some pending legislation, and/or the Assembly's operations have become more transparent.
3	After three years, the Assembly Budget Office can support and implement all aspects of the parliamentary budget and finance process.
4	After three years, the Assembly produces five-year strategic and financial plans.

By the end of Year 3, SPP had achieved all three performance objectives, except that the Assembly had not adopted a five-year financial plan. A brief summary of progress made on each performance objective by the end of Year 3 is set forth below, followed by a detailed description of the Task 3 workplan activities that were undertaken during Year 3.

Performance Objective No. 2 – Transparency and Legislative Analysis

- SPP provided expert review and analytical assistance to the National Assembly on the Act regulating the Staffing of the Assembly, the Internal Organization Act, and the Act on the Accreditation of Journalists.
- The Assembly drafted and adopted a communications plan addressing internal, external, and crisis communications with SPP's guidance and assistance. SPP also provided related training on communications matters, including a study visit to Slovenia for staff from the Assembly's public relations office.
- SPP assisted the Assembly in developing a new parliamentary website. The website, launched in June 2011, significantly increases the transparency and openness of the Assembly by providing the public with more information about Assembly events and operations.
- Training programs were provided in the areas of media relations, information services operations, and website management.

Performance Objective No. 3 – Budget and Finance Capacity

- The Assembly can now formulate its budget utilizing appropriate procedures. SPP provided the Assembly with a set of administrative policies and procedures required for effective and transparent financial operations. An Assembly working group is currently harmonizing the draft policies and procedures, with the goal of adopting priority procedures by the end of 2011.
- The Assembly can now formulate its budget utilizing modern tools. SPP procured budgeting, accounting, and human resources software for the Assembly. As of July 2011, the Assembly had the functionality needed to prepare all required budgets, operating plans, and financial plans, as well as the accounting application needed to implement and monitor financial plans and budget execution.
- The Assembly has changed its budgeting methodology. No longer does one person control and perform the process. Instead, each committee, caucus, and other beneficiary of funds participates in the budget preparation process.

- Assembly staff has been trained on issues relating to budget development, execution, monitoring, and advocacy, as well as on financial management. It now analyzes projected versus actual expenditures and uses the results to inform future budget cycles.
- The Assembly is providing more information about its expenditures, and expenditures can be more readily tracked through a new accounting system. Spending controls remain weak, however, and cash payments still need to be curtailed.
- Internal audit capacity remains weak.

Performance Objective No. 4 - Strategic and Financial Planning

- A five-year strategic plan was adopted in January 2011. Its mission and vision statements are well-defined and useful for the future. Some strategic goals identified in the plan are really operational goals, but these are easier to implement and do not require significant financial resources. Key activities are to the point, but in many cases it is unclear how they will be implemented.
- The first annual (2011) implementation plan related to the strategic plan was drafted and approved.
- Adoption of a financial plan is not feasible in the current environment. The lack of a financial plan diminishes the ability to use the strategic plan as a practical guide for future planning since the costs associated with various activities remain undisclosed and/or unknown.
- Assembly staff was trained on drafting financial plans.

Workplan Activities

3.1. Budget and Financial Management.

3.1.1 Advisory Committee Meetings. In March 2009, USAID and the National Assembly executed a Memorandum of Understanding, pursuant to which the Assembly created an Advisory Committee to assist in implementing SPP's activities and goals. The committee helped steer Task 3 activities in Years 1 and 2. In Year 3, however, it proved more fruitful to work through individual committee members and sector-specific working groups rather than convening formal advisory committee meetings. Accordingly, SPP regularly consulted with: Secretary General Veljko Odalovic and Deputy Secretary General Mladen Mladenovic on the overall implementation of project activities; Administrative Committee Chairman Nenad Konstantinovic on a broad range of issues, including appointments to working groups; Deputy-Chair of the Finance Committee Branka Ljiljak on IT needs (she chaired the related working group); and Deputy Speaker Gordana Comic, who chaired the working group responsible for developing the new Assembly website. In these meetings, SPP urged National Assembly officials to eliminate delays in completing and adopting the National Assembly's strategic plan; offered assistance in implementing the strategic plan after its adoption; addressed issues relating to the establishment of the SFMA, such as adopting an appropriate systemization plan, hiring qualified staff, procuring financial management software and IT equipment, and adopting procedures governing the operations of the SFMA; and discussed the development of the Assembly's new website.

The Advisory Committee formally convened on July 11, 2011, to discuss the pending departures of SPP Chief of Party Ken Stuart and Task 3 Manager Aleksandra Tekijaski. Committee members took the opportunity to praise SPP for its support and contributions to parliamentary reform. In particular, Ms. Ljiljak thanked SPP for procuring financial management software for the SFMA and Mr. Odalovic praised SPP for its constructive and hands-on technical support to different offices of the Assembly.

3.1.2 Advising/Mentoring on Development of the Budget Office. The SFMA is responsible for developing the Assembly's annual budget and overseeing its execution, as well as for

carrying out the Assembly's other accounting and financial obligations. One of SPP's challenges was to bring knowledge, discipline, and modern tools to a sector with few qualified staff and even fewer procedures.

To meet this challenge, SPP developed a proposed structure for SFMA operations and supported this structure with recommended policies and procedures. SPP provided the Assembly with a proposed systemization (staffing) plan and organizational chart in July 2010, wherein SPP recommended that the Assembly establish an eight-person department for material and financial affairs (accounting, etc.) and a three-person department for budget planning and analytical affairs. SPP also provided job descriptions and qualifications for each position. A copy of the systemization plan is attached as [Annex 24](#).

By December 2010, the Assembly still had not taken action to restructure its financial operations, despite repeated SPP interventions. After due discussion and consultation, USAID and SPP agreed that further assistance in establishing the SFMA would be conditioned upon (1) the establishment of the SFMA as recommended by SPP by December 31, 2010 and (2) the engagement or re-assignment of sufficient SFMA staff by January 31, 2011.

On December 29, 2010, after several meetings with SPP and USAID, the Assembly's Administrative Committee adopted a series of amendments to the Assembly's Act on Internal Organization and related staffing table, pursuant to which it reformed the SFMA largely along the lines of SPP's recommendations. By January 31, 2011, it had filled nearly all of the positions recommended by SPP, exceeding the minimum requirements for continued support.

A turning point in cooperation with the Assembly's financial staff was the resignation of Radica Aleksic, the former Head of the SFMA, in December 2010. Ms. Aleksic resisted any reform that weakened her power or created greater transparency; her departure created a vacancy for a more reform-minded director. The Assembly subsequently engaged Dragoje Pavlovic, a former senior financial adviser in the MOF, to head the SFMA, as well Maja Pavlovic, a former adviser in the Treasury, to lead its budget planning group. Both have proven more reliable partners than Ms. Aleksic.

With staff in place, SPP redoubled its mentoring and training efforts. In May, SPP assessed SFMA capacity and training needs. A key conclusion was that the internal auditor was not prepared to timely establish and develop the Assembly's internal audit service, even if assisted by experienced internal auditors. It was clear that she did not possess sufficient knowledge and skills required for the position and needed significant time to grow into the position. The auditor failed to take advantage of mentoring and training offered by SPP throughout the year, indicating at various times that she was either too busy or required more time to settle into her role.

Training activities are described in section 3.3, below. SPP also mentored the Assembly on the 2012 budget development process. A major success in Year 2 was changing the budget process from one person compiling the budget behind closed doors to a "bottom-up" approach in which each committee and caucus developed budget requests that were subsequently compiled and synthesized by the SFMA. Building on this success, SPP introduced the practice of reviewing budgeted to actual expenditures from prior years to inform the 2012 and future budget requests. In September 2011, SPP assisted the Assembly in analyzing its budget execution for 2010 and 2011, and in using the information and trends gleaned from such analysis to help develop the 2012 budget. SPP's experts found that SFMA staff conducted a thorough analysis and adequately documented and rationalized spending trends and deviations.

A significant control risk previously identified by SPP is the Assembly's overdependence on cash payments. Looking to make inroads on the issue, SPP consultants in March 2011 completed a comparative analysis on cash payment practices in various European parliaments, noting the weaknesses and risks associated with cash payments and advantages of making payments through bank transfers. Despite continued SPP efforts, the Assembly failed to change its cash payment practices.

3.1.2.A. Budget Office Operations and Procedures Support. In Year 3, SPP continued to advise SFMA staff on administrative policies and procedures required for effective and transparent financial operations within the Assembly. Early in Year 3, SPP identified and prioritized approximately 35 such policies and procedures. The list of procedures is attached as [Annex 25](#). It then utilized two Slovenian finance experts, Zdenka Vidovic and Helena Kosmac, to draft the policies in three tranches, starting with priority regulations.

SPP finished drafting priority policies and procedures relating to financial operations, accounting, internal audit, cash payments, and procurement in January 2011. The second set of procedures, addressing topics such as travel, registry of property, use of official equipment, work hours and overtime, travel, and reimbursable expenses, was completed in April 2011. The final set of procedures, addressing items such as standards for publications and small value procurements, was completed in July 2011.

At SPP's request, the Assembly appointed a working group in June 2011 to assist with the review and harmonization of the policies and procedures to Serbian law. SPP participated in each meeting of the working group in June – August 2011. During this time period, the working group finalized procedures relating to financial operations, accounting, cash payments, and registry of property. Copies of these procedures are attached as [Annex 26](#). It is expected that these priority procedures will be presented to and adopted by Secretary General Odalovic in October 2011. The working group will then continue working on other policies and procedures, with the goal of adopting a second tranche by the end of calendar year 2011.

As noted in section 3.1.2., above, the Assembly did not agree to implement SPP's recommendations on limiting cash payments to parliamentarians and Assembly staff. Throughout Year 3, SPP advocated to limit cash payments of salaries, transportation, and expenses due to the internal control weaknesses associated with such payments; and in March 2011, the project provided the Assembly with a comparative analysis of cash payment practices mentioned above (see [Annex 27](#)). Despite SPP's efforts, the Assembly declined to reform its cash payment procedures for salaries and travel.

3.1.2.B. Assessment of Budget Office Operations. SPP intended to conduct a formal assessment of the SFMA to further strengthen its operations and procedures, and identified an expert to lead the evaluation. The Assembly's later-than-expected establishment of the SFMA, however, obviated the possibility for conducting the assessment.

3.1.2.C. 2011 Budget Development. SPP assisted the Assembly in developing its 2011 budget by providing both technical mentoring and budget development tools. Throughout Year 3, SPP's experts, Mdmes. Vidovic and Kosmac, mentored SFMA staff on how to improve the Assembly's budget drafting process. During the first quarter of Year 3, SPP helped the Assembly to finalize its 2011 budget and provide justifications in response to MOF questions. The Administrative Committee formally adopted the 2011 draft budget and submitted it to the MOF in November 2010. Although this final proposal did not include the means to exercise oversight of expenditures, it did include additional resources for providing expertise to committees and for IT needs. The MOF ultimately adopted the Assembly's budget proposal without revision.

Next, SPP worked with the Assembly's budget working group in the second quarter to draft the Assembly's capital expenditures request for 2011. The 2011 budget process showed that some factions within the Assembly were resistant to reform. More importantly, it showed that a core group of Assembly leadership and staff were willing and able to improve the budget process and make it more transparent. Notably, the Assembly effectively changed its budget development methodology from one person compiling the budget behind closed doors to a "bottom-up" approach where committees, caucuses, and other groups develop their own requests. These requests are subsequently compiled and synthesized by the SFMA into the overall Assembly budget.

3.1.2.D. 2012 Budget Development. Under current MOF guidelines, the National Assembly and other direct budget beneficiaries should have submitted their 2012 budget plans on September 15, 2011. As noted in section 1.1.1.A. above, work on the 2012 budget will not even begin until after the 2011 budget re-balancing is completed.

Despite these delays, SPP encouraged Assembly staff to begin work on the 2012 budget. It noted that the Assembly had all of the basic data needed to draft the budget and could make revisions as required once official MOF guidance was received. Building on the expenditures analysis described in section 3.1.2, above, the SFMA followed SPP's guidance and began drafting the 2012 budget.

SPP also reminded SFMA staff of weaknesses in the 2011 budget drafting process, such as the lack of clear spending priorities and criteria. The SFMA agreed to ask the Assembly's Secretary General and Administrative Committee to set budget priorities and form adequate criteria.

3.1.3 IT Support to the Budget Office. In Year 2, SPP assessed IT solutions designed to create greater capacity for budgeting, financial management, and long-term planning within the Assembly. In broader terms, SPP's IT recommendations were designed to improve the flow of financial information internally within the Assembly and externally to the MOF and its Treasury Department. SPP presented its recommendations to its Advisory Committee in September 2010 and secured approval to procure financial management software (including budgeting, accounting, and human resources software) for the SMFA, as well as a hardware platform on which to run the software. In addition, the committee agreed to form an Assembly working group to assist SPP in procuring and installing the system.

3.1.3.A. IT Procurement and Installation. The IT working group met throughout the first quarter of Year 3 to develop the general requirements, functional specifications, and technical documentation required of the financial management software. These requirements were built into an official Request for Proposals (RFP) issued by SPP on January 14, 2011, through which vendors were invited to submit their proposals for providing and installing the required software, training staff on its use, and providing two years of maintenance and help desk support. A copy of the RFP is attached as Annex 28.

Three software vendors, SRC, S&T, and Mega, submitted proposals in response to the RFP in February 2011. An evaluation committee comprised of SPP, HCC, and National Assembly representatives was formed to evaluate the three proposals. A U.S. IT specialist, Tim Bates, and procurement specialist, Rick Field, were fielded to assist the working group and evaluation committee in their efforts. Following careful deliberations and a series of vendor presentations in February and March, the evaluation committee and SPP decided to award the contract to SRC, which in SPP's view provided the best value and technical solution. Secretary General Odalovic concurred with the evaluation committee's decision and accepted the SRC software solution.

On March 11, 2011, EWMI submitted its ADS 548 review documentation (the “Request”), pursuant to which it asked for USAID’s approval of the recommended software and hardware solutions for the HCC and National Assembly. By Memorandum dated March 25, 2011, the USAID Management/Chief Information Office/Business Consulting and Client Services (M/CIO/BCCS) declined the Request. On April 4, 2011 EWMI submitted supplemental information and asked for the M/CIO/BCCS’ reconsideration. Upon further review, the M/CIO/BCCS approved the Request on April 14, 2011. Copies of the Request, March 25 memorandum, supplemental request, and approval are attached as [Annex 29](#).

A similar process was followed with respect to the procurement of hardware for the HCC and National Assembly. In March, SPP issued a Request for Quotations (RFQ) for the procurement of computer hardware and network equipment in support of the financial management software. A copy of the RFQ is attached as [Annex 30](#). Five vendors submitted proposals ranging in price from approximately \$112,000 to nearly \$260,000. SPP again formed an evaluation committee to review the bids, research discrepancies, and recommend the vendor providing the best value. After due deliberation, the committee and SPP selected a Serbian firm, Informatika (also the lowest bidder), to supply the required hardware.

After the awards were made, a working group was established in the Assembly to oversee system implementation and training. The working group assisted in, among other things, developing workflow analyses and output requirements to guide SRC in making final modifications to the software. In July, SRC customized the software for the Assembly’s use and reporting needs, installed the software and related hardware in the Assembly’s server room, tested system operations, and trained Assembly staff on its use. By the end of the month, all relevant staff had been trained. Thus, as of July 2011, the Assembly has the functionality needed to prepare all required budgets, operating plans, and financial plans, as well as the accounting application needed to implement and monitor financial plans and budget execution.

3.1.3.B. IT User Training. As noted above, Assembly staff was trained on the financial management system in July 2011. Training for accounting and human resources staff was delivered July 18-22, 2011. Training on the budget software was delivered July 25-29, 2011. Trainees included financial staff, secretaries of committees, heads of departments, and caucus staff.

It is possible that minor changes to the software will be needed as and when it is utilized in day-to-day operations. Indeed, some minor changes were already identified and made in the fourth quarter. SPP will monitor whether additional training and/or adjustments to the software is required.

3.2. Strategic Planning.

One of SPP’s tasks is to assist the Assembly in developing a strategic plan. The strategic planning process started in earnest when Secretary General Odalovic appointed a 23-member strategic planning working group in June 2010. A draft strategic plan was developed during a retreat in September 2010. Year 3 efforts were dedicated to finalizing the plan and getting it adopted.

3.2.1 Strategic Plan Consultations. SPP engaged intensively in consultations over the development of the strategic plan with key political and administrative leaders in the Assembly. In October 2010, SPP’s parliamentary specialist, Peter Vanhoutte, and SPP staff met with a broad range of parliamentarians in the governing coalition and opposition to identify needs that were not addressed in the September 2010 draft strategic plan. They also met with representatives from the Assembly’s human resources and finance sectors to discuss steps towards drafting a related financial plan.

A review workshop was held in November 2010 in Ecka, Serbia, at which participants finalized both a five-year strategic plan and a 2011 workplan for the Assembly's Secretariat. Following another round of consultations in late November, SPP consultants revised the strategic plan in December and submitted it to the working group chair, along with the 2011 workplan.

Secretary General Odalovic approved the five-year strategic plan on January 31, 2011. The plan, as adopted, includes six goals: (1) improving the quality of work and efficiency of support provided by the Secretariat to the Assembly; (2) developing and improving the system of human resources management; (3) strengthening financial planning, analysis, procurement, reporting, and budget execution; (4) developing international cooperation; (5) modernizing the secretariat; and (6) developing and improving communications and information activities. The strategic plan also outlined key activities for meeting the identified goals and established related timelines. A copy of the strategic plan is attached as [Annex 31](#).

Several of the identified goals, such as items 2, 3, and 4, are operational rather than strategic. Still, they represent reasonable, realistic goals on which Assembly staff is prepared to focus. The key activities were mainly on point and often related to SPP assistance, but how they would be implemented was unclear at times. More importantly, the strategic plan was not linked to a financial plan despite SPP's efforts. It became clear that further attempts to develop a financial plan would not be productive in the current environment. The lack of a financial plan diminishes the ability to use the strategic plan as a practical guide for future planning since the costs associated with various activities remain undisclosed and/or unknown.

3.2.2 Review Workshop on Draft Strategic Plan. As noted in section 3.2.1 above, SPP conducted a final strategic plan review workshop with Assembly staff November 11-13, 2010. The workshop succeeded in generating most of the final content of the five-year strategic plan. Difficulties in preparing for the workshop, however, demonstrated the difficulties in encouraging the Assembly's administrative leadership to accept the consequences of a declaratory commitment to reform. Ms. Aleksic refused to provide the information necessary to draft the financial plan; the Secretary General failed to include SPP in the fine-tuning of the first draft of the strategic plan, which led SPP consultants to work on a parallel track; and heads of the finance and investment departments failed to provide important information to the working group. While Ms. Aleksic's departure will help resolve many of these issues, problems caused by the Assembly's back-room approach towards reform still remain.

3.3. Training. During Year 3, SPP continued to work closely with its Slovenian and Serbian consultants, the Center for Excellence in Finance (CEF), and the MOF to train SFMA staff, other key staff, and parliamentarians on the implementation of international (EU) best financial practices and standardization of financial processes and outputs.

3.3.1 Develop Training Program on Budget Basics. From April to June 2011, SPP and its subcontractor, CEF, worked to develop and deliver a five day training program on budget basics for SFMA staff. The training was intended to familiarize staff with budget cycle procedures and with good practices at each stage of budget planning and execution. Training was provided June 6-10, 2011, covering budgets and their institutional context, budget preparation, budget execution, accounting and financial reporting, results-based budgeting, financial management information systems, and external and internal audit. A copy of the agenda is attached as [Annex 32](#).

3.3.2. Develop Training Programs on the Budget Process. SPP conducted a series of trainings on the budget process during the first and second quarters of Year 3. The objective of these trainings was to impart a solid understanding of budgeting rules and internal needs, including those of

different departments. The first training, conducted by SPP's short-term experts Zdenka Vidovic, a former Slovenian MP and state auditor, and Zoran Mladenovic, deputy-president of the Slovenian Court of Audit, was held on October 21, 2010. Participants, including the Assembly's Secretary General, members of the Administrative Committee, and SFMA staff, reviewed the Assembly's draft budget, discussed the budget cycle and the role of parliamentarians in drafting and overseeing the budget, and reviewed the importance of establishing a new budget office and appointing an internal auditor.

A second session, led by the same experts, was held on December 7, 2010, for members and staff of the Assembly's Finance Committee. The trainers emphasized the importance of: meeting deadlines in budget planning; close cooperation between members of the Finance Committee and the Auditor General; and professional expertise in budget analysis, including the analysis of general economic trends and specific sectoral developments that must be taken into account during the budget development process.

The third and final training was provided on February 16, 2011, and focused on relations between the Assembly's Finance Committee and the MOF in matters of public finance and budget development/negotiations. Participants included parliamentarians, Assembly staff, and a budget planning senior advisor from the MOF. The presentations, again provided by Slovenian experts, focused on practical knowledge and skills that would improve Legislative-Executive relations during the budget planning process. The training was based on analyses and recommendations from IMF, OECD and best comparative practices of EU member-states, with a particular focus on Slovenia.

3.3.3 Auditor Training. The Assembly's internal auditor was appointed in May 2011. SPP assessed the training needs of SFMA staff and the auditor that same month and concluded that the auditor required significant training and mentoring before she could work according to accepted contemporary standards of audit and oversight.

SPP developed a strategy to address these shortcomings and included the auditor in its June 2011 training on budget basics, described in section 3.3.1., above. It also arranged for additional training composed of online modules from the Chartered Institute of Public Finance and Accountancy and Slovenia-based modules, in combination with hands-on work at the Slovenian Parliament and a Slovenian ministry. The auditor declined to participate in the additional training, indicating that it would take place too early in her tenure.

3.3.4 Study Tour for Information Service. SPP sent nine delegates from the National Assembly on a study tour to Slovenia, where they gained hands-on experience working with Slovenia's National Assembly and its Public Relations Department on transparency and outreach matters. The study tour, which took place April 10 – 14, covered the methods and skills needed to improve parliamentary communications and outreach, including the development of appropriate communications strategies.

Following the study visit, Secretary General Odalovic established a working group in charge of drafting a communication strategy and action plan for immediate implementation. SPP continued its support by providing templates for drafting the required strategy (see section 3.3.5, below). SPP also provided the National Assembly with comparative examples of parliamentary communications strategies.

3.3.5 Outreach Planning Training. SPP's work in Years 1 and 2 made clear the Assembly needed to engage in more institutional planning on outreach and transparency matters. Building from the lessons learned during the Slovenian study visit, SPP and the Assembly worked together during the third quarter of Year 3 to develop the Assembly's communication strategy. The strategy includes three components and task-oriented templates to address critical issues: an internal communications

component designed to increase the effectiveness of information flow and quality of outputs; an external communications component focusing on the effective use of the new Assembly website (see section 3.4.3., below) and other tools to increase transparency and outreach; and a crisis communications component. The communications strategy, a copy of which is attached as [Annex 33](#), was formally adopted by the Assembly in July 2011. SPP also assisted the Assembly in printing and distributing the communications strategy, along with the Assembly's strategic and annual plans, to Assembly staff and parliamentarians.

3.3.6 Webmaster Training. See section 3.4.3, below.

3.4. Legislation and Transparency

3.4.1 Advising on Legislation. SPP continued to monitor pending legislation and respond to opportunities to provide expert advice when feasible. For example, Administrative Committee Chair Konstantinovic asked SPP for assistance in committee deliberations on the staffing table and organizational chart of the Assembly. SPP consultant Slobodan Camilovic drafted an Act on the Internal Organization of the National Assembly Secretariat that modified the classification of posts in Assembly Administration and the classification of the Secretariat's operations (sectors). At Mr. Konstantinovic's request, SPP also provided comments on the draft Act on Accreditation of Journalists. The advice focused on best practices in EU parliaments, as well as on the need to establish a good formal and informal relationship between the Assembly services and the media.

3.4.2 Journalist Consultations and Workshop. During Year 3, SPP continued work to strengthen the Assembly's working relationships with the media. In cooperation with the National Democratic Institute and the Organization for Security and Cooperation in Europe, SPP organized a November 30, 2010 briefing by National Assembly Speaker Slavica Djukic-Dejanovic for editors of the Serbian national media. In advance of the meeting, the Speaker agreed with SPP to commit to improving the quality of premises and equipment made available to journalists at the Assembly, providing regular briefings for members of the media, and improving the delivery of information on Assembly activities.

3.4.3 Website Establishment. One of SPP's goals is to improve the Assembly's transparency and capacity for outreach. SPP agreed to assist the Assembly in developing a new website in support of this goal.

Beginning in October 2010, SPP established a working group, chaired by Deputy Speaker Gordana Comic, to develop the website. Ms. Comic and SPP also worked together to bring representatives of all party caucuses into the working group. Over the next several months, the working group addressed a full range of design, content, and technical issues involved in establishing and maintaining a website, such as website content, features, hosting, connectivity, languages, and procedures for developing and posting content. Among the specific features addressed by the committee were: the development of an interactive educational corner, video streaming, e-petitions, the uploading of reports from independent institutions, and the manner in which individual parliamentarian pages would be presented.

The working group supported SPP's draft RFP for the development of the new website, which was published on October 20, 2010. A copy of the RFP is attached as [Annex 34](#). Three bids were received, and an evaluation team comprised of SPP and Assembly members formed to review them. Following a thorough evaluation process, SPP and the evaluation team agreed to award the work to Omnicom Solutions, a Serbian firm.

Omnicom proceeded to develop the new website in close consultation with the working group. Weekly meetings were held to identify and address technical and content issues. In February 2011, SPP initiated procurement of the hardware required to host the website. Meanwhile, Omnicom completed the migration of the old website's content to the database of the new website. By March 2011, the first phase of work was finished - the new website included a fully functional content management system, front-end functionality and user interface, and data migration was complete. By June, appropriate staff had been trained on how to maintain the website and use its content management system.

The working group presented the new website to the Collegium of the National Assembly in May and obtained its approval to finalize and "go live" with the new website. At the end of May, the working group concluded an agreement with Telekom Serbia to host the website and provide the bandwidth necessary for smooth operations. The National Assembly will pay for the costs of these services.

The National Assembly launched its new website on June 16, 2011. The launch event was hosted by USAID Mission Director Susan Fritz and Speaker Slavica Djukic-Dejanovic. The website increases the transparency and openness of the Assembly by providing the public with more information about Assembly events and operations. The website includes: a calendar of Assembly activities; a schedule of plenary sessions and meetings of the Assembly's working bodies; content to better acquaint the public with the Assembly's work; a searchable database of laws and other acts; interaction with social networks such as Facebook and Twitter; an automated newsletter for interested users; and explanations about how laws are adopted and about the budget and election cycles. Visitors are welcome to view the new website at www.parlament.rs.

4. ADMINISTRATIVE

4.1 Performance Based Monitoring Plan (P-BMP)

SPP submitted P-BMP reports to USAID on a quarterly basis, along with its December 2010, March 2011, June 2011, and September 2011 monthly reports. The annual P-BMP report that was submitted with the September 2011 monthly report is attached as [Annex 35](#).

The reporting category most dependent on statistical data from outside sources is court caseload information. With the change of the court network at the beginning of 2010 (which changed court sizes and case jurisdictions, and physically transferred cases between courts) and the institution of a new electronic case management system (installed over time during 2010 and 2011), reliable data from the courts concerning filed, open, and resolved cases remains difficult to obtain. Courts have experienced significant data migration issues into the new software system, and the Supreme Court of Cassation, MOJ, and courts often report different statistics, thereby making it difficult to establish any firm baseline. Another difficulty is collecting age of case data for measuring backlogs, as the judiciary has no convenient, reliable system for accurately tracking the age of cases.

4.2 Other Administrative Activities

Staff. The following staffing changes occurred in Year 3:

- **Chief of Party.** Ken Stuart resigned as Chief of Party effective July 19, 2011. His resignation was based on personal reasons and came at the end of nearly three years of service. Patrick Wujcik, who previously served as SPP's Deputy Chief of Party, was approved as Chief of Party and assumed his new duties upon Mr. Stuart's departure.
- **Task 1 Manager.** The Task One Manager, Joe Bobek, completed his assignment and returned to the U.S. on June 15, 2011. Mr. Bobek will continue to be fielded as a short-term expert throughout the remaining life of the project. In August, SPP proposed that a local expert, Dimitrije Surejanovic, replace Mr. Bobek as the Task 1 Manager. The request was still pending as of the end of Year 3.
- **Task 3 Manager.** The Task 3 Manager, Aleksandra Tekijaski, accepted another position and transitioned off the project shortly before Task 3's scheduled closure in mid-August. SPP Staff Attorney Milan Nikolic is serving as acting Task 3 Manager until the conclusion of Task 3.

Task 3 Extension. In March 2011, EWMI submitted a formal request for a four-month no-cost extension of its Task 3 work. Although the request was initially denied, USAID subsequently, on September 22, 2011, issued a modification to contract extending the completion date of performance for Task 3 from August 14, 2011 to December 14, 2011.

Subcontract. As of November 2010, EWMI assumed direct supervision of Task 3 activities. EWMI's subcontract with the State University of New York was modified accordingly.

4.3 Reports and Deliverables As Required by the Contract

- Annual Workplan. SPP's Annual Workplan for Year 4, covering the period commencing October 1, 2011, and ending September 30, 2012, was submitted to USAID on August 31, 2011. The workplan had not been approved as of the date of this report.
- Monthly Progress Reports. Each monthly progress report was submitted as required.
- Quarterly Financial Reports. EWMI has submitted to USAID brief, quarterly accrual expenditure reports before the end of each quarter, containing a summary page reflecting spending by category for the quarter and showing cumulative spending to date.
- Monthly Financial Reporting. EWMI has submitted monthly invoices to USAID for payment of reimbursements due under the contract. EWMI has also responded to all USAID inquiries for explanation or clarification of any of the monthly expenses.
- Short-Term Consultant Reports. As discussed in the text above, SPP has used short-term consultants for work in all Tasks. When requested, consultants have met with the COTR to discuss the work performed, challenges encountered, and recommendations for the future. Consultants have also filed written reports summarizing the work performed during their consultancies and recommended follow-on activities.

4.4 Progress Meetings

SPP conducted quarterly progress meetings on December 16, 2010, March 31, 2011, June 24, 2011, and September 29, 2011. SPP used each meeting to brief local and international counterparts on progress made in implementing project activities, as well as prospects for and impediments to future activities.