

**USAID COMMERCIAL LAW REFORMS IN CROATIA**  
**Quarterly Report – July - September 2001**

Date: October 30, 2001

To: Mr. Fred Claps, USAID/Croatia

Re: Quarterly Report for July - September 2001

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**1. Project Identification**

Title: USAID Commercial Law Reforms in Croatia

Contractor: Booz·Allen & Hamilton Inc.

Contract Number: PCE-I-00-98-00013-00

Task Order No.: 808

**2. Project Performance Dates**

Period of Performance: May 1, 2001 – August 12, 2003

Start Date: May 1, 2001

Report Date and Number: October 30, 2001, No. 2

Anticipated Completion Date: August 12, 2003

**3. Key Technical Advisors:**

Gordon Campbell, Aimee Carter, Rick Martin, Eufrona Snyder, Fred Yeager

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**Progress to Date by Task**

***Land Registry***

The Land Registry team continued implementing activities related to modernizing operations and processes, clearing various backlogs, and developing and implementing training programs. A thorough assessment of in-take procedures was completed and a report including recommendations was submitted to Land Registry senior management for review. The team also prepared a comprehensive Management Modernization Strategy paper including all aspects of modernizing the Zagreb LRO. The LRO Working Group reviewed a complete listing of necessary improvements and a strategy that prioritized activities and outlined an implementation schedule. The Working Group established a Legal Changes Subgroup to coordinate and present the legal community's interests on law changes. A survey of lawyers on Land Registry usage resulted in the design of a lawyer self-service area that would allow more clerks to focus on resolving requests. The team completed an analysis of harmonizing the land registry and cadastres in Lijnjan in Istria and worked with the Ministry of Justice's software provider to design an index of plots database for information from the Zagreb Cadastre Office.

The following table shows backlog actions to date.

Backlog Unit Type	Total cleared to date
Current resolution files (Z) typed	4767
Old Kalendar Files (Z) rejected	440
Plombed files (Z) resolved	1273
Plombed files (Zs) resolved	250
Plomb file database index entries	13982
Old Kalendar files (Zs) rejected	729
Registration entries	1874
<b>Total backlog actions to date</b>	<b>23315</b>

### ***Collateral and Company Registry***

The team completed an initial draft of a law on collateral registry, which included several approaches to governmental oversight and processing procedures. The Ministry of Justice drafting commission will review the proposal, which will serve as the basis for discussion. The team also assisted the Ministry of Justice in collecting and analyzing stakeholder responses and comments on the conceptual framework and specific issues regarding the laws on pledges. Generally, comments were similar to those expressed by the Banking Association. The Ministry of Justice announced the following members of the Collateral Registry Working Group: Croatia Banking Association, Croatian Chamber of Economy, Supreme Court, Croatian Notary Public Chamber, and the Croatian Bar Association.

### ***Court/Judicial Administration***

As part of the Rijeka Pilot Project, a working group was established in the Rijeka Commercial Court and met weekly to discuss issues and review activity progress. At a larger meeting of all Rijeka Commercial Court judges and representatives of USAID, project objectives and progress were reviewed. Specifically, several forms with corresponding requirements information were developed and submitted to the Court for review and refinement. Additionally, a survey on attitudes towards the courts and possible court system improvements was distributed to judges, Court personnel, attorneys, and the general public. A series of standardized forms and procedures for court personnel and attorney use were completed, as were the specifications of supply and equipment requirements for the proposed filing system. Based on the draft "Design Activities for a Manual Case Management System" the team completed a glossary, overview, and table of contents for a future manual, however, final approval from the Ministry of Justice has not been given. The assessment phase (procedures, forms, and work flow) of the Split Pilot Project was completed while a survey and data collection efforts started.

Assessment of other Commercial Courts also continued. The earlier report on the Varazdin Court was validated and minor changes confirmed. Collection of High Commercial Court case data analysis for 1999 and 2000 was completed, as was an organizational chart for the Zagreb Commercial Court. A series of informational brochures on various procedures and court functions was discussed and a proposal will be developed if appropriate. In addition a brochure

on bankruptcy information and procedures was finalized. The Legal Reform Group including the European Union, NCSC Municipal Court Project, Booz Allen Commercial Law Reform Project, and ABA/CEELI agreed to pursue development of a Case Management Awareness Campaign.

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### ***Problems***

- Changes at the Ministry of Justice continued to impede timely responses and actions.
  - Presentation of the secured transactions law to the Sabor was postponed by the delay in conducting the Ministry of Justice's drafting commission review meeting.
  - Economic assessment of Collateral Registry possibilities was delayed as the Ministry of Justice requested coordination of any studies with the Norwegians but has yet to define the Norwegians' role.
  - Court/Judicial Administration efforts were hampered by lack of clarification by the Ministry of Justice on certain issues and by the Zagreb Commercial Court delay in authorizing data collection.
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### ***Coordination***

- The Land Registry team provided information to the Urban Institute regarding land registration matters for small municipality economic and revitalization activities, consulted with the U.S. Embassy on the Lijnjan harmonization project, and continued meetings with the DFID project team on land registration and cadastre
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### ***Future Activities***

- The Land Registry Team will investigate opportunities in Istria for pilot projects in records harmonization, facilitate the program of Land Registry Modernization Working Group, conduct management training for Land Registry managers, and test the use of the lawyer self-service area.
- The Collateral Registry Team will facilitate efforts leading up to and following the Ministry of Justice Collateral Registry Working Group meeting in October.
- The Court/Judicial Administration Team will conduct three focus groups on Croatian Commercial Courts, coordinate with USAID Implementer NCSC on project activities, and finalize and distribute the Alternative Dispute Resolution Assessment Report.

**USAID COMMERCIAL LAW REFORMS IN CROATIA**  
**Monthly Project Summary and Report –September 2001**

Date: October 10, 2001  
To: Mr. Fred Clapps, USAID/Croatia  
Re: Monthly Project Summary and Report for September 2001

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**1. Project Identification**

Title: USAID Commercial Law Reforms in Croatia  
Contractor: Booz Allen & Hamilton Inc.  
Contract Number: PCE-I-00-98-00013-00  
Task Order No.: 808

**2. Project Performance Dates**

Period of Performance: May 1, 2001 – August 12, 2003  
Start Date: May 1, 2001  
Report Date and Number: August 6, 2001, No. 4  
Anticipated Completion Date: August 12, 2003

**3. Key Technical Advisors:**

Gordon Campbell, Aimee Carter, Rick Martin, Eufrona Snyder, Fred Yeager

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**I. LAND REGISTRY**

- Continuation of interviews and assessments at the Zagreb LRO on various issues regarding modernization, backlog clearing, training, organizational change
- Preparation of recommendations and test implementation report for lawyers self service area in Zagreb LRO
- Meetings and corresponding with Bar Association, Chamber of Notaries and LRO Management to prepare for LRO Working Group meeting in September
- Meeting with USAID and State Geodetic Agency to continue assessment for proposed land registry/cadastre harmonization project in Lijnjan
- Consultation with IGEA software developer for design of an index of plots database for the LRO
- Continuation of preparation of EDP and modernization implementation plan for Zagreb LRO
- Continuation of research and assessment of management training providers was conducted in preparation for management training courses to be organized for Municipal Court Judges and LRO
- Reporting on status and findings from various LRO modernization activities
- Assessment and problem identification of data entry for Z plomb file submission data
- Continued land registration legal reforms review and identification
- Preparation of a Management Modernization Strategy paper for LRO Management to deal with all aspects of modernizing the Zagreb LRO
- Continued meetings with DFID project team to discuss various issues concerning land registration and cadastre modernization and to coordinate contact with the MoJ

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Plumbed files (Zs) resolved	250
Plomb file database index entries	13982
Old Kalendar files (Zs) rejected	729
Registration entries	1874
<b>Total backlog actions to date</b>	<b>23315</b>

### *Coordination*

- Ministry of Justice for participation on MoJ Working Groups
- Municipal Court, County Court, and Cadastral Office, Pula, Croatia for land registry/cadastral harmonization project Liznjan
- Croatian Bar Association, Zagreb, Land Registration Working Group matters
- Chamber of Notaries, Zagreb, Land Registration Working Group matters
- World Bank UK DFID project for a number of land registry and cadastral reform issues
- State Geodetic Agency Zagreb for harmonization of land registry and cadastre in Istria
- City Cadastre Office, Zagreb, for land registry harmonization

## **II. COLLATERAL AND COMPANY REGISTRY**

- Selection of the members of the Collateral Registry Working Group has been finalized and they are:
  - 1) Ministry of Justice – Božidar Jelačić, Head of Real Property Department
  - 2) Banking Association – Mladen Ćorić, Manger of Legal Department, Zagreb Bank
  - 3) Chamber of Economy – Jasminka Trzun, Advisor to President
  - 4) Supreme Court – Marijen Ramušćak, Judge
  - 5) Notary Public Chamber – Stjepan Volari, Notary Public
  - 6) Croatian Bar Association – Zinaidu Struhne, Attorney
- The first meeting is scheduled for 11 October 2001 and all members have indicated their intention to attend
- The Working Group will discuss issues raised in the assessment by Rijeka Law Prof. Edita Čulinović-Herc

## **III. COURT/JUDICIAL ADMINISTRATION**

- Meeting with MOJ on the model forms, rule changes and information to be provided the MOJ
- Commercial Court Rijeka – Various meetings with the Presiding Judge, judges and various staff members to discuss forms and procedures recommended for the proposed case management system
- Attended Ambassorial Reception in Rijeka for Lawrence G. Rossin, US Ambassador to Croatia and discussed with him and USAID Mission Director Pamela Baldwin the case management project and the various issues and the related legal changes needed
- Accompanied Ms. Pamela Baldwin, USAID Director for Croatia to a meeting at the Rijeka Commercial Court with the Presiding Judge Kurbasa and Project Liaison Judge Vera Jelenović where issues, problems and solutions of the Rijeka Commercial Court were discussed
- Meeting with Presiding Judge Bakalic of the Commercial Court of Split and discussed the pilot court activities to be undertaken in Split Commercial Court

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### ***Model Pilot Court***

- Completed data collection for Rijeka Commercial Court, which had been set aside until Forms Package was completed
- Completed Survey of judges, staff, lawyers, and public in Rijeka
- Conducted an exit interview with all the judges at the Rijeka Commercial Court
- Began to review with Split Commercial Court Judges the forms, procedures, paper flow and other work product developed for the proposed case management system at Rijeka Commercial Court
- Handed out judges, staff, lawyers, and public survey forms in Split
- Started data collection in Split Commercial Court
- Commercial Court Advisory Council held quarterly meeting on 28 September which included presentations on current status of the proposed case management system, the Rose Report, the Strahonja Report, and a presentation by Hauska Partner on public relations and working with the media

### **V. PROBLEMS**

#### ***Model Pilot Court***

- There is no clear understanding with the MOJ for the materials and information to be delivered for use by MOJ for writing the specs and RFP
- Still waiting for Zagreb Commercial Court to set a date for collecting data

### **VII. FUTURE ACTIVITIES**

#### ***Land Registry***

- Investigate Municipal Land Registry and Cadastre Offices in selected small centers in Istria for status and harmonization of records in preparation for pilot project.
- Facilitate LRO Working Group meeting in September.
- Decide on supplier for LRO management training third week in September.
- Testing of self-service area for lawyers in Zagreb LRO

#### ***Collateral And Company Registry***

- Meeting of MOJ's Collateral Registry Working Group now scheduled for October

#### ***Court/Judicial Administration***

- Arrangements with PULS for three focus groups on Croatian Commercial Courts – focus groups to be (1) company lawyers, (2) company executives whose companies are in Split and (3) private attorneys active in Commercial Court litigation are still pending
- Date for the Independent Consultant to begin Task 6 Enforcement activities has moved to October
- Meet with NCSC to discuss interests of mutual interest and to focus on areas in where there are overlap
- Finalize translation of the ADR Assessment Report and distribute to interviewees and other interested parties

**USAID COMMERCIAL LAW REFORMS IN CROATIA**  
**Quarterly Report – April - June 2001**

Date: July 30, 2001

To: Mr. Fred Claps, USAID/Croatia

Re: Quarterly Report for April – June 2001

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**1. Project Identification**

Title: USAID Commercial Law Reforms in Croatia

Contractor: Booz-Allen & Hamilton Inc.

Contract Number: PCE-I-00-98-00013-00

Task Order No.: 808

**2. Project Performance Dates**

Period of Performance: May 1, 2001 – August 12, 2003

Start Date: May 1, 2001

Report Date and Number: July 30, 2001, No. 1

Anticipated Completion Date: August 12, 2003

**3. Key Technical Advisors:**

Gordon Campbell, Aimee Carter, Rick Martin, Eufrona Snyder, Fred Yeager

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**Progress to Date by Task**

The Commercial Law Reforms in Croatia project continued efforts under the predecessor project, Economic & Institutional Reforms in Croatia. In the first quarter of the current project, a new Chief of Party and an additional long-term advisor joined the resident team. Efforts focused on the start-up of activities in the Court/Judicial Administration area, in particular the start of the pilot project at the Rijeka Commercial Court. The Collateral and Land Registries areas continued implementation of activities from the previous project.

***Registries Modernization***

The Land Registry component centered on the following main activities:

- The team continued to interview staff about process improvements, to assess workflows of previously identified inefficient areas, and to analyze options to improve file processing. The team worked with the Land Registry staff and management to analyze the possibility of creating a lawyer self-service area for legal professionals and to identify better ways to organize the client area. It was determined that a certain number of clerks could be relieved from responding to simple information requests that trained lawyers could research themselves. These clerks would then be able to focus on resolving backlog requests. The team also proposed several ways to improve the extract production process with the aim of

allowing more clerks to resolve requests. A sample bulletin describing policies, procedures, and Land Registry changes was circulated to LRO management as an example of a possible public information source.

- Training on appeals preparation for administrative typing staff was conducted and was well received by participants. The training program for the junior clerks was postponed due to the summer holiday season, however, development of a management training program for senior managers and judges began.
- The Land Registry Modernization Working Group met three times during the quarter to refine its purpose and goals further. The Group also began developing a future fall program focusing on training activities for legal and paralegal professionals, analysis of legal impediments to efficient land registration issues, and reviewing possible process improvements. A survey of the legal community was conducted to determine how legal and paralegal professionals used the Land Registry services.
- Initial meetings were held with the State Geodetic Agency about possibly developing Land Registry and Cadastre harmonization projects in Istria. The team also made arrangements with the Zagreb City Cadastre Office to share data with the Land Registry in order to create an index of plots database. The data entry of the index of plots is scheduled to begin in the fall.
- The following table shows the progress in clearing the various file backlogs as of June 2001.

Backlog Unit Type	Total cleared to date
Current resolution files (Z) typed	4637
Old Kalendar Files (Z) rejected	440
Plombed files (Z) resolved	1160
Plombed files (Zs) resolved	250
Plomb file database index entries	6781
Old Kalendar files (Zs) rejected	729
Registration entries	1761
<b>Total backlog actions to date</b>	<b>15758</b>

In the Collateral Registry area, efforts focused on ensuring the participation of the private sector in drafting legislation supporting the development of a Collateral Registry. The Bank Association expressed its interest and opinions to the Ministry of Justice about concepts underpinning the legislation. The team worked with the Ministry of Justice to clarify how Norwegian support for the Collateral Registry would complement current efforts. Initial indications are that the Norwegians would assist in drafting legislation and subsequent implementation of the registry. A commission to coordinate the drafting of relevant legislation has been proposed and membership is being considered. The team was asked to gather comments from interested parties on current laws and to prepare a draft law for review by the future commission.

Regarding the Company Registry, a current status and analysis of needs was completed with the Ministry of Justice's computer software company. Work began on installing hardware and software to image the Zagreb Company Registry archives.

### ***Court/Judicial Administration***

Early efforts included validating previous projects and reports and coordinating with counterpart organizations and USAID implementers working on complementary projects. In addition, relevant laws, rules, and sample reports and forms were thoroughly reviewed. Based on these information sources and interviews with key court personnel, the team developed a series of organizational charts that provide a clear understanding of structures within the court system. The team also assisted the High Commercial Court to organize the annual meeting of the Commercial Court Advisory Council, an important gathering of all commercial court judges. Further, a strategy and baseline forms for data collection in the future six pilot courts was developed and work started in the Rijeka Commercial Court. In Rijeka, information on commercial disputes and appeals were compiled and analyzed to determine any appropriate improvements. The team had initial discussions on developing a training manual for available software programs with the Ministry of Justice software provider.

A short-term advisor completed an assessment and reported on recommendations for introducing alternative dispute resolution mechanisms. The report will be provided in the next quarter.

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### ***Coordination***

- The Land Registry Team met several times with the World Bank and UK DFID project on land registry and cadastral reform issues.
  - Collateral Registry efforts included coordinating with a Norwegian group that is involved in complementary aspects of developing a Collateral Registry.
  - In the Court/Judicial Administration area, the team coordinated activities closely and shared information with the complementary USAID project in the Zagreb Municipal court.
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### ***Problems***

- The Ministry of Justice underwent several leadership and role changes some of which still have yet to be resolved. The general impact of these changes has been a slow response to important elements of all project components.
- Another general trend that cuts across the project is the need to modify laws, rules, and practices to include the realities of automation.
- There was a general lack of proactive management involvement from the Zagreb Land Registry in activities, which delayed implementation.