

PROJECT INFORMATION DOCUMENT (PID)

CONCEPT STAGE

Report No.: PIDC1414

Project Name	Judicial Services and Smart Infrastructure Project (P144700)
Region	EUROPE AND CENTRAL ASIA
Country	Azerbaijan
Sector(s)	Law and justice (60%), Public administration- Information and communications (20%), General public administration sector (20%)
Theme(s)	Judicial and other dispute resolution mechanisms (50%), e-Government (30%), Access to law and justice (20%)
Lending Instrument	Specific Investment Loan
Project ID	P144700
Borrower(s)	Republic of Azerbaijan
Implementing Agency	Ministry of Justice
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	05-Dec-2013
Date PID Approved/ Disclosed	06-Dec-2013
Estimated Date of Appraisal Completion	17-Jan-2014
Estimated Date of Board Approval	27-Mar-2014
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Increasing oil and gas revenues have pushed up Azerbaijan's GDP and poverty has fallen in recent years. Driven by its natural resource boom, Azerbaijan's economic growth averaged 16 percent a year during 2002-10. Over these years, substantial oil extraction, high oil prices, and efforts to save a significant part of oil-related revenues resulted in large fiscal surpluses, sizable foreign assets and low government debt. However, a decline in oil production brought down the pace of economic growth to almost zero in 2011 and 2.2 percent in 2012. Further declines in oil production are anticipated, though increases in natural gas output are likely to partly offset the high oil-driven growth rates and value of the past. Given the fiscal stance and sustainability concerns, Azerbaijan needs to press on with institutional reforms to improve service delivery and governance.

Institutional development is important for a resource-rich country such as Azerbaijan, since resource rents create perverse incentives.

A key role of government is to set rules that underpin markets and regulate their functioning: a credible and efficient judicial system counterbalances the government by ensuring that its interventions respect the rule of law. The government has to set the rules of the game and ensure that those rules are enforced consistently. An independent and credible judiciary ensures that private actors will have the confidence that the rules are applied impartially and consistently. If this is not done, the consequences overall could be quite negative for private sector development, for attracting foreign investment, for economic growth and employment generation, and for protecting the vulnerable and the marginalized.

Sectoral and Institutional Context

Beginning from about 2000, Azerbaijan began gradually modernizing its judiciary: the objective of the first phase of reforms was to (a) strengthen judges' professionalism; (b) improve courts' physical and technological infrastructure; (c) move to a transparent and objective judges' recruitment system; and (d) improve access to justice. Initial modernization focused on improving the legal and institutional framework of the justice sector: Azerbaijan began to adopt modern criminal, criminal procedure, civil and civil procedure codes conforming to good international practices. In 2000 the first open competitive examination for judges' selection was held in Baku, monitored by the media and international observers. To address the relative shortage of judges and courts, (i) judges' salaries have been increased 30-fold since 2000, (ii) Azerbaijan has moved to a more objective, computerized and transparent testing system to recruit a new generation of judges from a wider pool of applicants, and (iii) new courts have been established. An independent body - the Judicial Legal Council (JLC) – was established to manage the judiciary, handle judicial discipline and strengthen judicial independence. A 'hot line' to the JLC to report judicial corruption is now functional. After Azerbaijan joined the Council of Europe (CoE) in January 2001, it undertook further legislative and procedural reforms to fulfill its membership obligations.

From 2006, judicial reforms were accelerated with a focus on (a) strengthening the management capacity of the Ministry of Justice and the courts, (b) upgrading the courts' physical and IT facilities, (c) improving the quality of court operations and (d) facilitating citizen information and access to justice. In 2006, Azerbaijan's President mandated steps to expand the development of justice administration through a Presidential Decree ("On Development of Institutions of Justice") which mandated creating new courts and upgrading court facilities, training and evaluating judges, increasing system efficiency, improving legal aid and boosting citizens' trust in the judiciary.

The World Bank-financed Judicial Modernization Project (JMP) supported this initiative and – among other things - has pioneered the concept of user-oriented 'smart courts' for more accessible and transparent judicial service delivery. Completed JMP-financed pilot 'smart courts' in Baku, Gandja, Oguz and Gedabey provide more transparent and efficient access to justice. Three more 'smart' courthouses (Sheki, Sabunchu and Guba) are under construction. Legal Information Centers were piloted in Baku and Guba, providing free legal aid to more than 1200 users and enabling the MOJ to test approaches to legal aid for the vulnerable. A pilot E-Notary system enables users to access notarial services through the internet. Automated case and document management has also been piloted and the experience from the pilots will guide roll-out of user-friendly systems across the country. IT applications address the "demand side", through e-services such as e-filing of complaints, electronic notice of service and e-submission of documents; and also strengthen judicial management through random case allocation to reduce corruption, automated case management, etc.

The JMP implementation experience has contributed to policy-makers' recent greater focus on outcomes (user access and satisfaction) over inputs (equipment, buildings) and processes. By mid-2012, some JMP-contributed impacts became apparent: innovatively designed courthouses brought several courts (criminal, administrative, civil etc.) and other justice functions (prosecution and enforcement) under one roof. IT applications were designed to increase public information and access. Advances included electronic public information kiosks; automatic audio-video recording of court proceedings; access separation for public, judicial staff and judges; a court decision database and an improved company registry; energy-efficient heating and ventilation; physically handicapped access and Braille signage and floor bands for the visually handicapped. More than 70% of judges in first-instance courts have been recruited through the new JMP-supported competitive procedures open to international observers and the media. About 700 MOJ staff have been trained in basic IT courses so they could operate the applications being piloted under the JMP. New services being piloted include SMS messaging to notify parties to cases and trials. A unified web-portal for all courts (<http://courts.gov.az>) contains a database of court decisions and information about courts.

During 2012-2013 Azerbaijan took further steps to improve the delivery of public services and reduce red tape and corruption. On December 29, 2012, for example, the President approved "Azerbaijan 2020 Vision of the Future" as the national concept of development. Subsequently, 2013 was proclaimed as the Information and Communication Technology (ICT) Year for Azerbaijan, obligating state authorities to implement electronic document management from July 1, 2013. Other Presidential decrees have (a) mandated disclosure of state and local bodies' acts through electronic information systems; (b) approved a State Program for ICT development and (c) established electronic services in state bodies. On August 28, 2013 the President signed an Inspections Law (adopted by Parliament in July 2013), which could significantly improve the objectivity and professionalism of business inspections. The annual compliance cost savings as a result of this new law are estimated by the 'Doing Business' team at \$10 million. The MOJ will play a significant role in the implementation of this reform.

Together, reforms such as the above have begun to improve the functioning of the judiciary and the MOJ, expand access to justice and reduce opportunities for corruption. If implemented over time and expanded across Azerbaijan, they could increase user satisfaction, public trust and institutional credibility.

Relationship to CAS

The World Bank Group's Country Partnership Strategy (CPS) for Azerbaijan for 2011-2014 identifies two objectives for the Bank Group's involvement in Azerbaijan: (i) building a competitive non-oil economy; and (ii) strengthening social and municipal services, with a strong cross cutting theme of governance and anti-corruption. The project would contribute to the second objective, by seeking to improve public sector management and civil rights by upgrading the judicial system in line with international good practices. By supporting activities aimed at strengthening the institutional capacity, operational quality and responsiveness and access to justice, the project should contribute to efficiency, modernization, transparency and equal access to legal institutions. This, in turn, would increase public trust. Strengthening the judicial system is also central to redefining the role of the state to create the underpinnings of a more market-oriented economy.

The project would also contribute to the first CPS objective. Speedier and fairer resolution of disputes could save resources and time for both litigants and the state, resulting in a more predictable and trusted judiciary, a more business-friendly investment climate and a more

competitive economy. Also, it would improve the environment for private investment by building judicial capacity to handle future demand and could, in addition, contribute to increasing accountability and reducing corruption in Azerbaijan.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed project development objectives are to improve (a) access to justice for all and (b) the efficiency of judicial services.

Key Results (From PCN)

The proposed results indicators are as follows:

1. Improved access to justice for all: (a) legal aid provided to [number] eligible beneficiaries across the country (2012 baseline: 1,200 beneficiaries); (b) e-notary filings comprise [xx] percent of all notarial filings (2012 baseline to be confirmed); (c) 100 percent of judicial decisions are published on court websites; (d) audio-video record of proceedings are available to parties in [100] percent of judicial proceedings (2012 baseline: [xx] percent); (e) conduct and publication of results of annual user surveys to assess access and satisfaction.
2. Improved efficiency of judicial services: (a) average case disposition times and case backlog volumes reduced by [xx] percent over 2012 baseline; (b) justice sector budget allocations and expenditures published semi-annually by MOJ; (c) energy consumption of MOJ and courts in KWH per [employee/square meter of office space] reduced by [xx] percent over 2012 baseline; (d) MOJ IT management and operational capacity improved; (e) justice sector M&E system functional and publishes statistical data on semi-annual basis; (f) justice sector performance indicators adopted and published semi-annually on MOJ and Supreme Court websites.

By appraisal, the team proposes to agree on not more than 2-3 outcome/PDO-level indicators and appropriate intermediate indicators for each component.

III. Preliminary Description

Concept Description

Azerbaijan's goal for judicial modernization is to achieve levels of performance and credibility comparable with EU institutions. Significant institutional and infrastructure challenges will have to be addressed for this to be achieved. Building on the successes of the JMP, Azerbaijan now desires to expand its judicial modernization program countrywide to improve the delivery of judicial services through 'smart courts' and other institutional and technological improvements. New infrastructure will replace old rented premises unsuitable for court purposes.

The JSISP is envisaged to have three components:

A: Judicial Service Delivery Improvements including improving legal aid for the vulnerable and marginalized; e-filing of cases; e-notarial services; enforcement of judicial decisions; automated case and document management systems; business registry and business inspection modernization. Key elements of this component are envisaged to include technical assistance and analytics on access to justice for vulnerable groups, examination of gender issues in legal aid and judicial employment and options for introducing mobile courts in remote areas.

B: Smart Infrastructure including ‘smart courts’ and related ICT infrastructure in 10-13 locations across the country; capacity-strengthening for facility design, supervision and operations; expansion and strengthening of justice system ICT infrastructure (Wide Area Networks, Data Centers, Disaster Recovery Centers and Network Operations/ICT Management System) to deal with increasing data flows arising from increasing case loads and a progressively increasing number of courts across the country. The MOJ’s proposed courthouse/court complex locations are based on the following criteria: (i) regional court complexes in the 5 largest cities, (ii) courts in Masalli and Gusar to serve ethnic minorities; (iii) a court in Absheron to serve Internally Displaced Persons (IDPs) who have practically no access to judicial services; (iv) several urban locations with high case volumes.

C: Capacity Building, Project Management and Sustainability including (a) strengthening IT management and operational capacity, (b) M&E and statistical capacity, (c) policy and budget analysis capacity and change management, (d) training, knowledge sharing and operational capacity augmentation, (e) project management and results reporting.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	✗		
Natural Habitats OP/BP 4.04		✗	
Forests OP/BP 4.36		✗	
Pest Management OP 4.09		✗	
Physical Cultural Resources OP/BP 4.11	✗		
Indigenous Peoples OP/BP 4.10		✗	
Involuntary Resettlement OP/BP 4.12	✗		
Safety of Dams OP/BP 4.37		✗	
Projects on International Waterways OP/BP 7.50		✗	
Projects in Disputed Areas OP/BP 7.60		✗	

V. Financing (in USD Million)

Total Project Cost:	495.00	Total Bank Financing:	200.00
Financing Gap:	0.00		
Financing Source		Amount	
Borrower		295.00	
International Bank for Reconstruction and Development		200.00	
Total		495.00	

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