MANAGEMENT RESPONSE TO REQUEST FOR INSPECTION PANEL REVIEW OF THE SERBIA: PUBLIC SECTOR EFFICIENCY AND GREEN RECOVERY DEVELOPMENT POLICY LOAN (P164575)

Management has reviewed the Request for Inspection of the Serbia: Public Sector Efficiency and Green Recovery Development Policy Loan (P164575), received by the Inspection Panel on March 31, 2024, and registered on August 27, 2024 (RQ24/03). Management has prepared the following response.

Date:

09/27/2024

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ABBREVIATIONS AND ACRONYMS

AFD	Agence Française de Développement
BETF	Bank Executed Trust Fund
CSW	Center for Social Work
DPF	Development Policy Financing
DPL	Development Policy Loan
DPO	Development Policy Operation
ESF	Environmental and Social Framework
EUR	Euro
IBRD	International Bank for Reconstruction and Development
IPF	Investment Project Financing
IPN	Inspection Panel
IT	Information Technology
MoLEVSA	Ministry of Labor, Employment, Veterans, and Social Affairs
NGO	Nongovernmental Organization
RS	Republic of Serbia
SCR	Social Card Registry
TA	Technical Assistance
UN	United Nations
US$	United States Dollar

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EXECUTIVE SUMMARY

Background

i. ***The Serbia: Public Sector Efficiency and Green Recovery Development Policy Loan (DPL) (P164575), a Development Policy Operation (DPO), was supported through a US$100 million loan from the International Bank for Reconstruction and Development (IBRD), with parallel financing of EUR 50 million provided by the French Development Agency (AFD).*** The loan was approved by the World Bank's Board on April 29, 2021, and closed on December 31, 2022. The Implementation Completion and Results Report was finalized in December 2023.

ii. ***Development Policy Financing (DPF) offers fast-disbursing funds to support a country's policy and institutional actions aimed at promoting economic growth and poverty reduction on a livable planet.*** Unlike other World Bank project financing, DPF does not allocate funds for specific activities or investments. The environmental and social requirements outlined in the Policy on DPF focus on its upstream nature, requiring the Bank to review and evaluate the Borrower's system for mitigating adverse impacts. Additionally, the Bank's Environmental and Social Framework (ESF) does not apply to DPF operations. This sets it apart from the Bank's Investment Project Financing (IPF) operations, which fund designated expenditures and necessitate project-level impact assessments and mitigation strategies.

iii. ***The objective of the Serbia: Public Sector Efficiency and Green Recovery DPL was to support the Government of Serbia's efforts to: (i) increase public sector efficiency and transparency and (ii) initiate a green recovery.*** The DPO supported legal and policy reforms to address persistent inefficiencies in the public sector; increase transparency in public sector operations in order to support private sector led growth; and make Serbia more resilient to natural hazards and the negative impacts of climate change. The operation was expected to help improve poverty and vulnerability profiles in Serbia, reduce the risk of exclusion and increase the effectiveness of social protection programs.

iv. ***One of the prior actions supported through the DPO was the establishment of a Social Card Registry (SCR) through the enactment of the Law on Social Card, to consolidate existing data on social protection beneficiaries on a data exchange platform to help implement social welfare policies in a transparent and efficient manner.*** Comprehensive available data on the socio-economic status of both current and potential beneficiaries was fragmented and not managed adequately to allow for systematic analysis, policy development, decision-making, and monitoring the impact of social transfers. To improve the effectiveness and efficiency of its social programs, and its ability to provide timely support to the vulnerable during crisis, Serbia introduced the SCR. This registry consolidates data from various social protection databases within the Ministry of Labor, Employment, Veterans, and Social Affairs (MoLEVSA) and from other relevant agencies, creating a unified record of the socio-economic status of citizens who seek or receive assistance.

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Request for Inspection

v. On March 31, 2024, a Request for Inspection was submitted by two representatives of A11 Initiative for Economic and Social Rights ("A11"), a Serbia-based nongovernmental organization (NGO), representing six individuals living in Serbia. The Request includes an annex, dated April 18, 2024, that refers to three additional complainants.

vi. The Request alleges that the SCR has negatively impacted over 44,000 people, many of whom are vulnerable citizens from the Roma community. It states that the SCR has resulted in the loss of financial benefits due to errors in income classification (including from seasonal work, donation and inheritance) and calculation. The Request claims that the SCR uses inaccurate government data taken from a range of sources. It takes issue with the length of the appeals process and indicates that the system cannot address the issues raised in the Request. The Request includes several instances in which the social worker's decisions to terminate complainants' benefits were reversed on appeal.

Management's Response

vii. ***Management has carefully reviewed the Request for Inspection and concluded that the harm alleged in the Request did not relate to the adoption of the Law on Social Card or the Government's establishment of the SCR, or from the DPO's support for that law. Moreover, the adverse impacts alleged in the Request do not relate to non-compliance with Bank policy requirements applicable to the DPO.*** In Management's view, the SCR has contributed to improving public sector efficiency, fairness, inclusion, and transparency in social protection. It has expanded social protection benefits to eligible citizens while improving the targeted use of public funds by focusing on these beneficiaries. The SCR has also significantly reduced the transaction cost for citizens to apply for social protection programs and enhanced transparency by allowing people to view the data that the Government retains and uses when deciding on applications.

viii. ***The Request is based on claims of failure to meet obligations outlined in the Bank's ESF and the Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups, neither of which apply to the underlying operation that was supported through DPF, a different lending instrument, which is required to comply with the Bank Policy on DPF.***

ix. ***Management has reviewed the operation against the policy requirements of the applicable Bank Policy on DPF and confirms that it complied with this policy, including its provisions on addressing poverty and social impacts:***

- ***General considerations (Policy on DPF, paragraph 6).*** The Bank has confirmed that the Serbia DPO is supportive of, and consistent with, Serbia's economic and sectoral policies and institutions aimed at broad-based sustainable growth and efficient resource allocation. The Law on Social Card aims to increase efficiency, strengthen service delivery, ensure equity in and improve monitoring of service

delivery, and enable evidence-based policy making;

- ***Consultations and participation (Policy on DPF, paragraph 9).*** The Bank has advised the Government to consult with and engage the participation of key stakeholders in the country; it described in the Program Document the Government's arrangements for consultations and participation, including regarding the draft *Law on Social Card*;

- ***Analytical underpinnings (Policy on DPF, paragraph 12).*** The Program Document describes the main pieces of analytic work used in the preparation of the operation and shows how they are linked to the proposed DPO. Relevant analytic work conducted by the Bank has been made available to the public as part of the consultation process;

- ***Poverty and Social Impacts (Policy on DPF, paragraph 13).*** The Bank has analyzed poverty and social impacts and the Program Document summarizes relevant analytic knowledge related to these impacts and describes the Borrower's systems for addressing adverse effects and enhancing positive effects associated with the specific policies supported. The Bank's analysis concluded that the SCR could improve the effectiveness of social protection programs. In addition, the DPO supported a series of policy reforms, aimed at enhancing public sector efficiency, which could create additional fiscal space for social spending. The Bank's analysis concluded that the SCR was expected to have net positive poverty, distributional, and social impacts by consolidating existing data on social protection beneficiaries in the data exchange platform of the SCR. The Bank also reviewed the existing appeals mechanisms for individuals who would no longer be eligible for benefits according to the provisions of the Law on Social Protection.

x. ***The Request also raises concerns about the consistency of the Law on Social Card with the Serbian Constitution, national laws, and international treaties.*** Management notes that such review falls outside the Bank's mandate and can only be undertaken by the Serbian judiciary. The Request refers to a pending legal challenge brought by A11 against the *Law on Social Card* in the Serbian Constitutional Court, which is the appropriate avenue to address allegations of this nature.

xi. ***In Management's view, the concerns raised in the Request do not relate to the Law on Social Card supported by the DPO, but instead pertain to other laws that govern access to social assistance benefits.*** The Request deems these social protection laws and the manner in which they are applied to be inadequate. This relates specifically to the eligibility criteria for receiving social assistance and the allowable income thresholds, which may consider work-related income, as well as donations and inheritances. However, the laws that set these income thresholds, such as the *Law on Social Protection* and the *Law on Financial Support to Families with Children*, were not part of the prior actions supported by the DPO and have not been modified by the *Law on Social Card*. Similarly, other laws cited in the Request, such as the *Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities*, the *Law on*

Personal Data Protection, and the *Law on General Administrative Procedure*, were also not supported through the DPO. The Request further argues that the income and asset data of beneficiaries, as recorded in official government databases, is inaccurate, leading frequently to the exclusion of eligible citizens, including from vulnerable groups, from receiving social assistance.

xii. ***The SCR is a business solution platform designed to facilitate the exchange of data between government agencies.*** It does not compute or evaluate such data, nor does it make any decisions regarding the granting or termination of social assistance for beneficiaries. The Request alleges two flaws in Serbia's social protection system, neither of which is caused by the SCR: (i) the *accuracy* of citizens' data maintained by different government agencies used to decide on granting social assistance; and (ii) the strict *eligibility criteria* for receiving social assistance. Neither aspect is related to the *Law on Social Card* supported by the DPO. The SCR's role is exclusively to provide real-time access to *existing* official data across government agencies, including changes to that data when the socio-economic circumstances of individual beneficiaries change or relevant life events occur (e.g., death). While there may be inaccuracies in the official government databases that feed into the SCR, the SCR solely establishes the data exchange platform, based on pre-existing data sources in government agencies. As such, the SCR is not the source of any data-related inaccuracy, nor does it exacerbate any possible pre-existing data-related inaccuracy. It is also important to note that the transparency of the SCR and the appeals system helped to reduce inaccuracies.

xiii. ***The SCR does not introduce an "automated" system or "algorithm" to decide on an applicant's or recipient's potential eligibility to access or maintain social assistance.*** It just consolidates in one digital platform the existing socio-economic data from official government databases so that social workers may more efficiently determine eligibility for new applicants. It also notifies the social workers of changes in the socio-economic conditions or life events of existing beneficiaries, based on updates made in those official government databases. The SCR updates are driven by data updates from relevant government registries as defined by the Law (every 15 days). The SCR generates a notification to Centers for Social Work (CSWs) if relevant information has changed, prompting CSW staff to review the case. Any ensuing ***decisions*** for granting or terminating social assistance, or to offer additional social assistance benefits, continue to be taken exclusively by individual social workers at CSWs, who are legally required to consider the same type of information as before the introduction of the SCR.

xiv. ***The SCR makes updated information transparent to citizens and social workers, thereby also reducing the scope for personal bias, corruption, discrimination, or fraud.*** Updated data provided through the SCR has also helped uncover and address ineligible beneficiaries and potential welfare fraud. For example, more than 5,800 cases were discovered where social assistance payments and other support allowances were made to deceased beneficiaries. Since the introduction of the SCR, more than 22,500 cases of deceased beneficiaries have been reported to CSWs to ensure that no further payments are made.

xv. ***In addition, data provided through the SCR enabled CSW staff to identify over 175,000 cases where eligible beneficiaries were unaware that they could receive additional social assistance benefits.*** These individuals were proactively offered the support they qualified for. This has significantly strengthened inclusion and fairness in Serbia's social assistance benefits.

xvi. ***The Request describes cases where social workers allegedly deviated from the prescribed processes, e.g., by failing to issue notifications about decisions to beneficiaries or not allowing them to intervene in the process.*** This may be contrary to applicable Serbian regulations and would need to be reviewed by the competent Serbian authorities with a view to correcting any such actions. However, such alleged procedural errors or misconduct by social workers do not relate to the application of the *Law on Social Card* or from a failure of the Bank to comply with Bank policies. On the contrary, the SCR enhances transparency by allowing citizens to view and to check the accuracy of their data in the Registry and request corrections where needed. The case documentation annexed to the Request demonstrates that through appeals processes, cases have been referred back to the CSWs for corrective action.

xvii. ***The risk of erroneous exclusion of eligible individuals is mitigated through an existing appeals process and access to courts.*** The Bank has reviewed the Government's system for appealing decisions of the CSWs and concluded that the appeals process is in place and functioning. It comprises a sequential process that enables a beneficiary's concerns to be raised with the second-instance authority within the administration, and subsequently before the Administrative Court of Serbia. The Request itself confirms that the appeals process is accessible and working. In the case examples cited by the Request, at least three submitted appeals have been successful in overruling administrative decisions and having them corrected. Moreover, the Government is aware of some of the issues raised in the Request and has taken appropriate action. Specifically, the Request states that revenues from seasonal work are improperly being calculated as part of beneficiaries' income for purposes of determining their eligibility for social assistance; this issue appears to have been related to a misalignment between the relevant Serbian laws and the related directives, which the Government has corrected. Additionally, the Government is reviewing feedback, including input from the state audit institution, to assess the implementation of the SCR with a view to further strengthening it.[1] Going forward, the aggregated data will enable the Government to review access criteria and support levels for social assistance, which could serve as a key foundation for broader reform efforts in Serbia's social protection legislation. However, this is the prerogative of the Government of Serbia and was not included in the DPO.

xviii. ***Since the SCR is purely a data exchange platform, there is no indication that it intentionally discriminates against any community.*** While the Roma may be represented in a larger proportion among beneficiaries, as the Request suggests, social

[1] The State Audit Institution recommended that the Ministry should establish comprehensive data backup management; conduct regular monitoring and control of event logs; provide a business continuity plan; strengthen personnel capacities in the IT sector; and improve IT security.

assistance programs are not targeted to Roma and thus any rules and processes applying to these programs affect both Roma and non-Roma citizens alike.

xix. ***Between 2014 and 2023, there has been an overall decline in the number of social assistance beneficiaries; contrary to the statements in the Request, this decline is not attributable to the introduction of the SCR.*** Government data shows that there has been a continued decrease in the number of social assistance beneficiaries over the past decade, from almost 300,000 beneficiaries in 2014 to less than 200,000 in 2023, while the *Law on Social Card* establishing the SCR became effective only on March 1, 2022. Evidence shows that this decrease is attributable to a combination of factors, including: (i) a steady increase in average per capita income (3.4 percent annually between 2014 and 2023); (ii) a prolonged reduction in poverty rates (from 28.2 percent in 2014 to an estimated 6.7 percent in 2023); (iii) strict eligibility criteria for social assistance (conservative income thresholds); (iv) continued population decline (annual average growth rate of -0.7 percent over the past decade); and (v) continued outward migration (ca. 50,000 annually).

xx. ***The Request also raises concerns about data privacy. The Bank's Policy on Personal Data Privacy applies to the processing of personal data held by World Bank Group institutions only. It is not an operational policy that applies to the "design, appraisal and/or implementation of a project" as the Panel Resolution states. As such, this policy does not apply to Borrowers or Bank-financed projects.*** Nonetheless, the Bank and the Borrower considered data privacy issues in the preparation of this operation. As part of the legislative process, the Borrower prepared an assessment of the impact of the SCR's data processing on the protection of personal data, taking national legal requirements into account. While not a policy requirement, the Bank also commissioned an independent assessment of data privacy concerns for this operation. Both assessments concluded that data privacy risks were addressed and were lower compared to traditional data collection methods. The *Law on Social Card* provides that the SCR processes personal data in accordance with the law governing the protection of personal data in Serbia.

xxi. ***Finally, it should be noted that the Requesters did not bring the issues of concern to Management's attention prior to submitting their Request for Inspection within the deadline stipulated by the Board Resolution.*** Neither the Requesters nor their representative, A11, contacted Management before submitting the Request to the Panel. When the Panel received the Request, it could not determine whether Management had been given a reasonable opportunity to respond to the claims presented. Therefore, it suspended its decision on registration to allow the Requesters to address their concerns with Management. Hence, Management was only afforded a reasonable opportunity to respond to the claims when it met with A11 on July 30, 2024. The Panel then registered the Request on August 27, 2024, which is almost 5 months after the 15-month period during which the Panel may hear complaints after project closure. This is contrary to paragraphs 14 and 17 of the Inspection Panel Resolution.

Conclusion

xxii. ***Management believes that the Bank has correctly applied its policies and procedures applicable to the DPO and to the matters raised by the Request. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly or adversely affected by the alleged failure of the Bank to implement its policies and procedures.***

I. INTRODUCTION

1. On August 27, 2024, the Inspection Panel registered a Request for Inspection, IPN Request RQ24/03 (the "Request"), concerning the Serbia: Public Sector Efficiency and Green Recovery Development Policy Loan (DPL) (P164575) financed by the International Bank for Reconstruction and Development (the Bank).

2. ***Structure of the Text.*** This document contains the following sections: Section II presents the Request; Section III provides background on the DPL and Section IV contains Management's response. Annex 1 presents the Requesters' claims, together with Management's detailed responses, in table format.

II. THE REQUEST

3. The Request was submitted by A11 – Initiative for Economic and Social Rights ("A11"), a nongovernmental organization (NGO) in Belgrade, Serbia. A11 represents six individuals, including members of the Roma community, who live in various locations in Serbia (the "Requesters"). On April 18, 2024, A11 submitted additional information to the Panel concerning three other individuals.

4. The Request contains several allegations concerning a "Social Card Registry" (SCR):

- The registry has negatively affected over 44,000 people, many of whom are vulnerable citizens from the Roma community.
- The registry resulted in the loss of financial benefits due to errors in income classification and calculation.
- The registry uses inaccurate government data taken from a range of sources.
- The available appeals process is lengthy and it cannot systematically address the issues raised in the Request.
- The registry contradicts national laws and a "human rights approach to data."
- The registry lacks transparency, as the algorithm it uses to determine whether beneficiaries meet the criteria for financial assistance is not publicly available.
- Because of the range of data collected, beneficiaries' rights to privacy are being violated.

III. BACKGROUND ON THE DEVELOPMENT POLICY LOAN

5. ***Development Policy Financing (DPF) provides fast-disbursing policy-based financing to support a country's program of policy and institutional reforms that promote growth and enhance the well-being and increase incomes of poor people.*** DPF is governed by a separate operational policy approved by the Bank's Board in August 2004. The policy emphasizes country ownership and alignment, government consultation with stakeholders in the design of the reform program, donor coordination and results tracking; it also requires a systematic treatment of fiduciary risks and of the potential environmental, poverty, and social impacts of supported actions.

6. ***DPF is released into the Borrower's general budget.*** The Bank makes the DPF funds available to the Borrower upon (i) maintenance of an adequate macroeconomic policy framework, as determined by the Bank with inputs from assessments by the International Monetary Fund (IMF); (ii) satisfactory implementation of the overall reform program; and (iii) completion of a set of critical mutually agreed prior policy and institutional actions (prior actions) between the Bank and the client.

7. ***DPF is an instrument that supports policy intervention at the macro level but contains no earmarked funding for specific activities or investments.*** The environmental and social requirements in the Policy on DPF are geared towards the upstream nature of the instrument and require the Bank to review and describe the Borrower's system to mitigate adverse impacts. This is fundamentally different from the Bank's Investment Policy Financing (IPF) operations, which finance specific expenditures, and require the assessment and mitigation of impacts at the project level. The Bank's Environmental and Social Framework (ESF) does not apply to Development Policy Operations (DPOs).

8. ***The Serbia: Public Sector Efficiency and Green Recovery DPL was supported through a US$100 million loan from the International Bank for Reconstruction and Development (IBRD, or "the Bank")***, with parallel financing of EUR 50 million provided by the French Development Agency (AFD). The loan was approved by the Bank's Board on April 29, 2021, and closed on December 31, 2022. The Implementation Completion and Results Report was finalized in December 2023.

9. ***Objectives.*** The objective of the DPO was to support the Government of Serbia's efforts to: (i) increase public sector efficiency and transparency; and (ii) initiate a green recovery. The DPO supported legal and policy reforms to address persistent inefficiencies in the public sector; increase transparency in public sector operations to support private sector led growth; and make Serbia more resilient to natural hazards and the negative impacts of climate change. The operation is expected to help improve poverty and vulnerability profiles in Serbia, reduce the risk of exclusion and increase the effectiveness of social protection programs. These objectives became even more relevant as Serbia recovered from the COVID-19 pandemic. The DPO is a stand-alone operation that helped to solidify the reform agenda initiated by the previous government and was based on the findings of the 2020 Serbia Country Economic Memorandum.

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10. ***DPO Components.*** The DPO supported a program of reforms defined through eight prior actions:[2]

- Establishment of a ***Public Procurement Portal*** to promote transparency and efficiency in public procurement.
- Improvement of the ***human resources management system*** in the public sector through a new procedure for prioritizing and controlling recruitment.
- Establishment of a ***SCR***, through the enactment of the *Law on Social Card*, to consolidate existing data on social protection beneficiaries on a data exchange platform to help implement social welfare policies in a transparent and efficient manner.[3]
- Establishment and operationalization of an independent ***Commission for State Aid Control*** to improve the tracking of state aid and results.
- Publication by the National Bank of Serbia of the bylaws, decisions, rulebooks, and summary of official opinions related to the implementation of ***the Law on Foreign Exchange Operations.***
- Establishment of regulations limiting ***the sulfur content of heavy fuel oil*** to 1 percent to reduce air pollution.
- Adoption of a ***National Plan for the Reduction of the Main Pollutant Emissions*** to reduce emissions of key pollutants (sulfur dioxide, nitrogen oxides, and particulate matter) from large old combustion plants.
- Establishment of systems to reduce greenhouse gas emissions and support climate adaptation in a cost-effective and economically viable manner through the adoption of ***the Law on Climate Change***.

Description of the SCR (Prior Action 3)

11. ***Serbia's social protection system has struggled to fairly allocate resources to those who need them.*** Rational and fair allocation of social assistance requires accurate and consolidated data on the socio-economic status of existing and prospective beneficiaries. The way data was managed before the SCR introduction did not allow for an accurate assessment of the coverage and effectiveness of safety net programs geared at

[2] Prior Actions are policy and institutional actions deemed critical to achieving the objectives of a program supported by the development policy operation.

[3] Exact language from Loan Agreement: *"The Borrower has mandated the establishment of the Social Card Registry for the consolidation of data on social protection beneficiaries, as evidenced by the enactment of the Law on Social Card, duly published in the Borrower's Official Gazette No. 14, dated February 17, 2021."*

informing policies and decision-making in a robust manner, nor for monitoring the impact of social assistance.

12. ***To address this issue, Serbia took steps to put in place a consolidated database on the socio-economic status of citizens who apply for or receive social assistance – the SCR.*** The SCR first consolidated data from existing social protection registries and databases within the Ministry of Labor, Employment, Veterans and Social Affairs (MoLEVSA).[4] The adoption of the *Law on Social Card* (published in the Official Gazette No. 14 on February 17, 2021), provided the legal basis for full implementation of the SCR. This consolidation allowed for extraction of data from other state registries and databases beyond MoLEVSA for the purposes of administering benefits and services.[5] In addition, the aggregated data could support screening by the Centers for Social Work (CSWs) to identify vulnerable groups in other situations, such as in the case of disasters, either social or natural, including those due to extreme weather events.[6] These improvements helped to increase the resilience of the poor and vulnerable, who often live in areas that are prone to disasters related to climate change, and whose assets are more easily impacted.

13. ***Protection of personal data was one of the priorities of the Government of Serbia in implementing the law.*** The Government prepared the "Impact Assessment of Data Processing on the Protection of Personal Data Prescribed in the Draft Social Card Law" as part of the process of enacting the *Law on Social Card*. The report, which was shared with the Bank at the time of the preparation of the DPO, included a detailed analysis of the risks and mitigation measures related to the implementation of the draft law pursuant to the provisions of Serbia's Constitution and the *Law on Personal Data Protection*.

14. ***The SCR, by drawing existing data into one central digital platform, was expected to enable a more efficient and consistent determination of the socio-economic status of individuals who apply for social assistance and their rights to such benefits.*** It was also expected to increase the efficiency of managing public resources allocated to social protection. In particular, the SCR would enable the Government to respond immediately and in a targeted manner to disasters, including those related to climate change. As a result, a higher percentage of beneficiaries from various social protection registries was expected to be verified and updated based on data provided more efficiently by the new SCR.

[4] These include data on social assistance payments and services based on the *Law on Social Protection*; *Law on the Financial Support to Families with Children*; *Law on the Benefits of War Veterans, Disabled War Veterans, Civilian Invalids of War and their Family Members*; and *Law on the Benefits of Civilian Invalids of War*.

[5] Tax Administration, Registry of Citizens, Ministry of Interior, Pension Fund, National Employment Service and Cadaster.

[6] World Bank: "Strengthening Social Protection for Disaster Response" (2019).

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IV. MANAGEMENT'S RESPONSE

15. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

16. ***Management has carefully reviewed the Request for Inspection and concluded that the harm alleged in the Request did not relate to the adoption of the Law on Social Card or the Government's establishment of the SCR, or from the DPO's support for that law. Moreover, the adverse impacts alleged in the Request do not relate to non-compliance with Bank policy requirements applicable to the DPO.*** The Request is based on claims of failure to meet obligations in the Bank's ESF and the Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups (the "Directive"). However, the ESF and the Directive do not apply to this operation. They apply only to Bank-supported IPF, whereas the operation referred to in the Request for Inspection was supported through DPF, which is a different lending instrument that is required to comply with the Bank Policy on DPF. Management has evaluated the operation against the requirements of the applicable Bank Policy on DPF, including its provisions on addressing poverty and social impacts, and confirms that it complied with said policy.

17. Management has reviewed the operation against the policy requirements of the applicable Bank Policy on DPF and confirms that it complied with this policy, including its provisions on addressing poverty and social impacts:

- ***General considerations (Policy on DPF, paragraph 6).*** The Bank has confirmed that the Serbia DPO is supportive of, and consistent with, Serbia's economic and sectoral policies and institutions aimed at broad-based sustainable growth and efficient resource allocation. The Law on Social Card aims to increase efficiency, strengthen service delivery, ensure equity in and improve monitoring of service delivery, and enable evidence-based policy making;

- ***Consultations and participation (Policy on DPF, paragraph 9).*** The Bank has advised the Government to consult with and engage the participation of key stakeholders in the country; it described in the Program Document the Government's arrangements for consultations and participation, including regarding the draft Law on Social Card;

- ***Analytical underpinnings (Policy on DPF, paragraph 12).*** The Program Document describes the main pieces of analytic work used in the preparation of the operation and shows how they are linked to the proposed development policy program . Relevant analytic work conducted by the Bank has been made available to the public as part of the consultation process;

- ***Poverty and Social Impacts (Policy on DPF, paragraph 13).*** The Bank has analyzed poverty and social impacts and the Program Document summarizes relevant analytic knowledge related to these impacts and describes the Borrower's systems for addressing adverse effects and enhancing positive effects associated with the specific policies supported. The Bank's analysis concluded

that the SCR could improve the effectiveness of social protection programs. In addition, the DPO supported a series of policy reforms, aimed at enhancing public sector efficiency, which could create additional fiscal space for social spending. The Bank's analysis concluded that the SCR was expected to have net positive poverty, distributional, and social impacts by consolidating existing data on social protection beneficiaries in the data exchange platform of the SCR. The Bank also reviewed the existing appeals mechanisms for individuals who would no longer be eligible for benefits according to the provisions of the Law on Social Protection.

18. ***The Request also raises concerns about the consistency of the Law on Social Card with the Serbian Constitution, national laws, and international treaties.*** Management notes that such review falls outside the Bank's mandate and can only be undertaken by the Serbian judiciary. Such review is also not a requirement of the Policy on DPF. The Request refers to a pending legal challenge brought by A11 against the Law on Social Card in the Serbian Constitutional Court, which is the appropriate avenue to address allegations of this nature.

19. ***The SCR is a business solution platform designed to facilitate the exchange of data between government agencies.*** It does not compute or evaluate such data, nor does it make any decisions regarding the granting or termination of social assistance for beneficiaries. The Request alleges two flaws in Serbia's social protection system, neither of which is caused by the SCR: (i) the *accuracy* of citizens' data maintained by government agencies used to decide on granting social assistance; and (ii) the strict *eligibility criteria* for receiving social assistance. The SCR, however, does not relate to either. Its role is *exclusively* to provide real-time access to existing official data across government agencies, rather than through physical documents.

20. ***The concerns raised in the Request do not relate to the Law on Social Card supported by the DPO.*** Rather, they pertain to the laws governing access to social assistance benefits, which the Request describes as "inadequate" as well as to the application of these laws. The Request further argues that the income and asset data of beneficiaries, as recorded in official government databases, are inaccurate, leading frequently to the exclusion of eligible citizens from receiving social assistance. It is important to clarify that access to social assistance benefits, including the level granted and the data required by the administration for the review of applications, is regulated by the social protection laws, such as the *Law on Social Protection*, and the *Law on Financial Support to Families with Children*. These laws and related bylaws set the maximum income that beneficiaries of social assistance can have while still remaining eligible to receive such assistance. These laws, however, were not part of the prior actions supported by the DPO and have not been modified by the *Law on Social Card*. Additionally, other laws cited in the Request, such as the *Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities*, the *Law on Personal Data Protection*, and the *Law on General Administrative Procedure*, were also not supported through the DPO.

21. ***The Request also provides the details of several instances of social workers allegedly deviating from the prescribed processes, e.g., by reportedly failing to issue***

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notifications to beneficiaries about decisions or not allowing them to intervene. Such conduct may be contrary to the applicable regulations and would need to be reviewed by the competent Serbian authorities with a view to correcting such actions. However, such alleged procedural errors or misconduct by social workers do not relate to the introduction of the *Law on Social Card* or from a failure of the Bank to comply with Bank policies. On the contrary: the SCR ensures transparency by allowing citizens to view and to check the accuracy of their data in the Registry and request corrections, where needed. The case documentation provided as part of the Request demonstrates that, as part of the appeals process, cases are referred back to the CSWs, instructing the CSWs to correct exclusions where they have occurred and process social assistance requests in accordance with the law. This includes verifying contradictory data, including by hearing the affected beneficiary before making a decision.

22. ***The Request criticizes the Government for relying on inaccurate data; while that may be possible, it must be noted that any inaccuracies in source data are not caused by the SCR or DPO. Rather, the SCR helps to uncover cases of incorrect information retained in government databases.*** Management also notes that this data is sourced from the Tax Administration and the civil registry, which are the official government agencies in their respective areas. While there may be room for improvement in data accuracy, there is no evidence to suggest that the information maintained by these agencies is generally inaccurate. In any case, the appropriate action to address any inaccurate data held in official government databases is to facilitate their correction at the source. By giving beneficiaries an opportunity to review their own data through the SCR's online portal (see Figure 1) and flag any data that is inaccurate, the SCR helps to uncover cases of incorrect information in official government databases and offers an opportunity to have such incorrect information corrected.

23. ***Although the concerns raised in the Request do not pertain to Bank policy compliance, Management notes that the Government has been made aware of the issues raised by the Requesters, and appropriate action has been taken.*** Specifically, the Request states that revenues from seasonal work are improperly being calculated as part of beneficiaries' income for purposes of determining their eligibility to social assistance; this issue appears related to a misalignment between the relevant Serbian legislation and the related directives, which the Government has corrected, as further explained in paragraph 28 below. Additionally, the Government is reviewing feedback, including input from the state audit institution, to assess the implementation of the SCR with a view to further strengthening it. Going forward, the aggregated data will enable the Government to review access criteria and support levels for social assistance, which could serve as a key foundation for broader reform efforts in Serbia's social protection legislation. However, this is the prerogative of the Government of Serbia and was not included in the DPO.

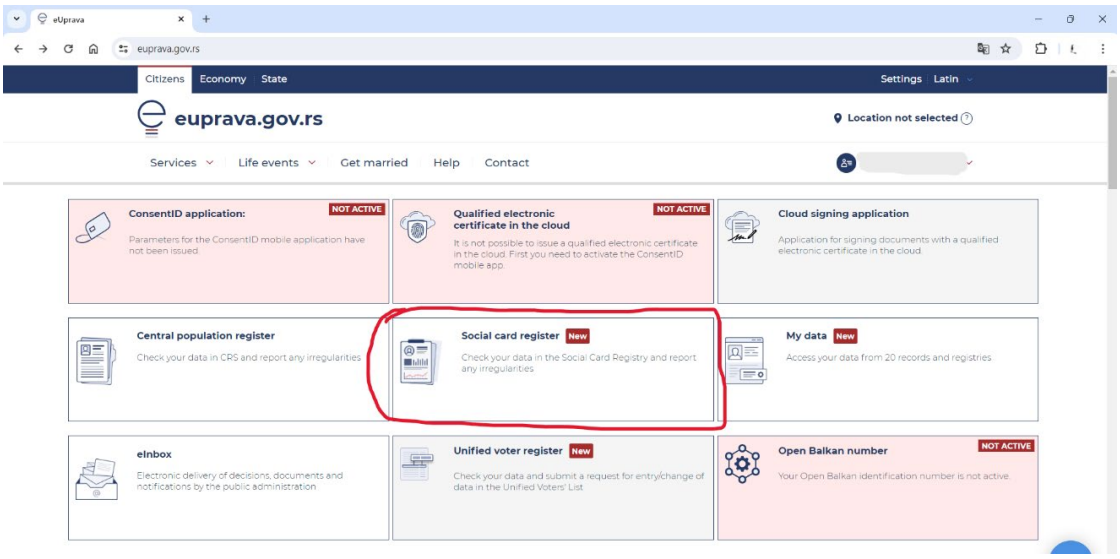

Figure 1. Access to citizens' data through the SCR.

Specific Issues Raised in the Request

Alleged harm

24. ***Management does not believe that the Request contains evidence of harm resulting from Bank non-compliance with its policies and procedures in the context of the DPO supporting the introduction of the Law on Social Card***.

25. ***The concerns raised in the Request primarily relate to beneficiaries losing access to social assistance based on determinations made by CSW social workers under Serbian social protection laws, not the Law on Social Card.*** The SCR is simply a digital platform that makes it easier for CSW social workers to access the data about applicants that originates from various Serbian ministries and agencies. The criteria that determine the access to and level of social assistance, or the type and amount of data that the administration considers in deciding on the applications of beneficiaries, are set by social protection laws such as the *Law on Social Protection*, and the *Law on Financial Support to Families with Children,* which were not part of the prior actions supported by the DPO and have not been modified by the *Law on Social Card* . Additional laws cited in the Request, such as the *Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities*, the *Law on Personal Data Protection*, and the *Law on the General Administrative Procedure*, were also not supported through the DPO.

26. ***The Request claims that a "significant number" of beneficiaries lost access to social assistance due to incorrect data on their income or assets.*** However, these allegations would not relate to the *Law on Social Card*, the DPO, or a failure of the Bank to comply with its policies. It is important to note that the type of data used by the CSWs to determine eligibility for social assistance remains the same as it was before the introduction of the SCR. This means that any such inaccuracies were not caused by the

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SCR or the DPO. The SCR simply replaced a paper document-based provision of information with an IT-based one, facilitating the transmission of required information between agencies. Additionally, regarding income data, the MoLEVSA now receives the data from the Tax Administration, rather than relying on paper certificates of earnings from employers provided by applicants.

27. ***The Request specifically refers to seasonal income that should not have been considered to determine the eligibility to receive social assistance. The incorrect treatment of seasonal income is not related to the Law on Social Card or the SCR.*** If income that should not have been considered was mistakenly included, the error would have originated from either the source government agency (i.e., Tax Administration) by misclassifying such income, or the CSW by incorrectly considering it. In either case, the necessary correction should be made by either the Tax Administration, which should rectify the income classification, or the CSW, which should disregard the excludable income. The issue does not stem from the SCR and cannot be corrected there. The SCR does not "calculate" the income of individuals, as alleged in the Request. Each type of relevant income earned by an individual is transmitted to the SCR by the agency providing the data on incomes, in this case the Tax Administration. The type of income is established in accordance with the classification used by the Tax Administration and is based on the taxpayer declaration. As such, any inconsistencies in data should be flagged to and corrected by the agencies responsible for the source (original) data. The transmission of such data from the source database (in this case the Tax Administration) to the decision-maker (in this case the social worker) through the SCR is not the cause of the problem.

28. ***The Request raises concerns about inconsistencies in the national legislation on seasonal employment which are not related to the SCR.*** The consideration of seasonal incomes by social workers in determining eligibility for social assistance may have resulted from an inconsistency between the provisions of the *Rulebook on Forms in the Procedure for Exercising the Right to Financial Social Assistance* and the *Law on Simplified Employment in Seasonal Jobs in Certain Industries.* The SCR extracts relevant data based on the social protection legislation (such as the *Law on Social Protection* and bylaws) regarding the eligibility criteria for social assistance programs. The 2011 Rulebook ***included*** income from seasonal employment as a type of income to be considered for eligibility determination. The 2018 *Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities (Law on Seasonal Workers)* ***excluded*** income for such seasonal work when considering eligibility for financial social assistance.[7] Since the cited Rulebook on social protection, which guides CSW staff in the eligibility determination process, was not revised until 2023 to capture the provisions of the updated 2018 *Law on Seasonal Workers*, the above-described inconsistency between the laws was corrected only in May 2023. This, however, is unrelated to the SCR and none of the above-cited regulations were supported by the DPO.

[7] Article 9 §3: *"[R]emuneration for work realized by this law does not affect the realization and use of the right to financial social assistance, which is realized in accordance with the regulations on social protection."*

29. ***The alleged erroneous exclusion of eligible social assistance beneficiaries is concerning but does not relate to the Law on Social Card supported by the DPO.*** Management notes the fact that, based on data made readily available through the SCR, additional social assistance benefits were offered in more than 175,000 cases to beneficiaries who had not applied for such benefits though they were eligible.[8] In addition, the SCR helped uncover and address inefficiencies and potential fraud in receiving social assistance, such as more than 5,800 cases of beneficiaries whose death was not reported and to whom financial social assistance payments and other allowances were made. Since the introduction of the SCR, more than 22,500 cases of deceased beneficiaries have been reported to CSWs to ensure that no further payments are made.

30. ***The Request incorrectly attributes the decline in the number of beneficiaries of financial social assistance (which is only one out of more than 40 social support programs provided through social protection legislation) to the introduction of the SCR in 2022.*** Available government data shows that there has been a continued decrease in the number of social assistance beneficiaries over the past decade, from almost 300,000 beneficiaries in 2014 to less than 200,000 in 2023 (see Figure 2), while the *Law on Social Card* establishing the SCR became effective only on March 1, 2022. There are several important factors that most likely have driven or contributed to this decrease, including:

- A steady increase in average per capita income (3.4 percent annually between 2014 and 2023);
- A prolonged reduction in poverty rates (from 28.2 percent in 2014 to an estimated 6.7 percent in 2023);
- Eligibility criteria not regularly updated (conservative income thresholds);
- Continued population decline (annual average growth rate of -0.7 percent over the past decade); and
- Continued outward migration (ca. 50,000 annually), mainly for economic reasons.

31. ***There is no basis to support the claim that a "significant portion" of the 44,000 people[9] who lost eligibility for financial social assistance in the past two years did so because of erroneous income data provided through the SCR.*** *First*, the very limited number of cases presented in the Request does not support such a conclusion. *Second*, as explained previously, any errors in income data would originate from the relevant government agencies where such data is generated and kept, not from the SCR. *Third*, Management notes that over 22,500 beneficiaries of social protection benefits have passed away since the introduction of the SCR, which includes individuals who are counted among those no longer receiving financial social assistance. Management also notes that the number of appeals has not increased over the past two years, which would likely have

[8] This pertains to over 40 different social support programs, e.g., financial social assistance, child allowance, caregiver allowance, parental allowance, wage compensation during maternity and war veteran benefits.
[9] The exact origin of this figure (44,000) is not specified in the Request. Management assumes that it is the average value for the last two years (2022 and 2023) for beneficiaries that have lost access to *Financial Social Assistance*, which according to government data was 41,768.

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occurred if a significant portion of these decisions had affected eligible beneficiaries incorrectly. In any case, this allegation would not be a result of the Law on Social Card, the DPO, or any failure of the Bank to comply with its policies. Lastly, while Roma citizens may be represented in a larger proportion among beneficiaries, as the Request suggests, social assistance programs are not targeted to Roma. Thus, any rules and processes applying to these programs affect both Roma and non-Roma citizens alike.[10] Since the SCR is purely a data exchange platform, there is no indication that it intentionally discriminates against any community.

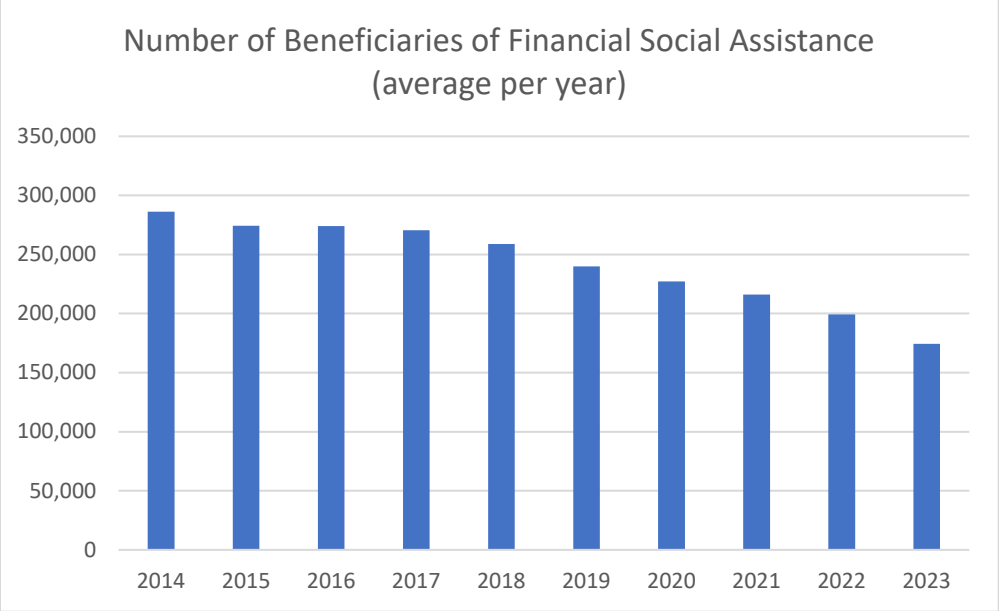

Figure 2: Number of beneficiaries of financial social assistance by annual average (Source: MoLEVSA)

32. ***As per its objective, the SCR has helped the Government to identify and address both "errors of inclusion" and "errors of exclusion" in individuals' eligibility for social assistance benefits.*** Hence, the exclusion of individuals ineligible for social assistance was an intended objective, and not an unintended impact that needs to be mitigated. What was to be mitigated through the appeals process and access to courts are potential errors that may have led to eligible beneficiaries being incorrectly excluded. As described below, the Bank considered this risk at the time of the DPO's preparation and approval. This was to be mitigated by a robust appeals process. The Request confirms that the appeals process is accessible and working. In the example cited by the Request, all three appeals for which

[10] Article 47, paragraph 2 of the Constitution of the Republic of Serbia stipulates that no one is obliged to declare his/her national origin.

the documentation was provided have been successful in overruling incorrect administrative decisions and having them corrected.[11]

33. ***The Request was submitted on behalf of six individuals (with an additional three added subsequently), who were reportedly deprived incorrectly of financial social assistance. Based on the documentation shared in the Request,[12] at least three of those claims seem to have already been addressed and satisfied through the applicable appeals process.*** Any unresolved matters pertaining to the nine individual cases that are briefly presented in the Request should be brought up with the Serbian authorities. The case descriptions refer to individuals who lost access to social assistance based on information that was relevant to determine their eligibility by the CSW and which was made digitally available through the SCR. Whether such decisions by the CSW were administratively correct or not can only be ascertained through an audit by the Serbian authorities, not by the Bank. While procedural errors are possible in principle, the appeals process exists to correct such errors, if warranted. The Request states that some Requesters went through the appeals process and were able to have their benefit restored through that process.

34. The Request also asserts that the nine cases presented therein are examples, but Management has not been provided with any evidence that representatives of the Requesters have been vested with authority to represent others who they claim lost their benefits as well.

Compliance with the Bank's Policy on DPF

35. ***The Request is based on alleged failures to meet requirements that are enshrined in national Serbian law or the Bank's ESF (which is not applicable to this DPO), but these are not requirements of the applicable Bank Policy on DPF.*** In Management's view, the DPO has met the applicable requirements of the Policy on DPF, including its provisions on addressing poverty and social impacts. Specifically, it has confirmed that the Serbia DPO is supportive of, and consistent with, Serbia's economic and sectoral policies and institutions aimed at broad-based sustainable growth and efficient resource allocation (see Policy on DPF, paragraph 8).

36. The priority given to the SCR by the Government is evidenced by:

- The inclusion of the SCR in the Government's annual plan of activities in 2017.
- The mention in the Prime Minister's inaugural speech in 2017 of the need to adopt the *Law on Social Card*.

[11] *"A11 Initiative submitted appeals on behalf of all the three Complainants to the second-instance authority, the Provincial Secretariat for Social Policy, Demography and Gender Equality, which adopted the appeals, annulled the decisions and returned the cases to the first-instance body, i.e., Center for Social Work, for re-decision. The Center for Social Work then issued new decisions in a repeated procedure that recognized the right of the Complainants to financial social assistance to the full extent." (Request for Inspection, page 4).*
[12] The Request only shares complete documentation on three cases.

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- The inclusion of the *Law on Social Card* in the 2018 annual plan of government activities.

- The 2020 inaugural speech of the designated Prime Minister, which mentioned that the work on the SCR would be completed and an overview of the work to that date.

- Further elaboration in programs for development of e-government for the periods 2020-22 and 2023-25.

37. The *Law on Social Card* approved by Parliament states that its aim is to increase efficiency, strengthen service delivery, ensure equity in service delivery, improve monitoring and enable evidence-based policy making.

38. In accordance with paragraph 9 of the Policy on DPF, the Bank advised the Government to consult with and engage the participation of key stakeholders in the country and described in the Program Document the Government's arrangements for consultations and participation relevant to the operation, and the outcomes of the participatory process adopted in formulating Serbia's development strategy:

- Face-to-face public consultations on the *Law on Social Card* were carried out in the period June 17- July 5, 2019. These events were organized by the MoLEVSA as per the plan for public consultations approved by the Government.

- Consultations were organized in five cities in 2019 (Belgrade – June 17, Novi Sad – June 21, Kragujevac – June 24, Novi Pazar – June 28, and Vranje – July 5), with the participation of about 280 representatives of NGOs, academia and other stakeholders.[13]

- Online consultations were organized as well between June 17-July 5, 2019. The draft Law was posted on the website of the MoLEVSA (www.minrzs.gov.rs) and on the e-government portal, with an invitation to all interested parties to submit proposals, suggestions, initiatives, and comments.

- The Government introduced numerous revisions in the subsequent draft of the Law, based on comments received during consultations.

- The Bank team reviewed all the comments raised and submitted. A summary of the key comments raised by the NGOs (including by the Requesters' Representatives A11) and other stakeholders was included in the assessment of the revised law prepared for the Bank by a consultant.

- The Bank's Program Document describes the arrangements and outcomes in paragraphs 76-78.

[13] Additional details are available at: https://www.minrzs.gov.rs/sr/dokumenti/ostalo/javni-poziv-za-ucesce-u-javnoj-raspravi-o-nacrtu-zakona-o-socijalnoj-karti

39. Also, as per paragraph 9 of the Policy on DPF, relevant analytic work conducted by the Bank was made available to the public. Analytical work by the Bank on safety nets in Serbia included:

- 2019 Strengthening Social Protection System for Disaster Preparedness and Response
- 2017 Synthesis Report "Getting Value for Money in Social Service Delivery"
- 2015 PER "Toward a Sustainable and Efficient Fiscal Policy"
- 2015 Serbia Systematic Country Diagnostic
- 2020 Serbia Systematic Country Diagnostic Update

40. In accordance with paragraph 12 of the Policy on DPF, the Bank also described in the Program Document the analytic underpinnings for the DPO. Table 5 of the Program Document summarizes them, including those related to the Social Card. The focus in the Program Document was on the core report that provided analytical underpinning for this reform (Strengthening Social Protection System for Disaster Preparedness and Response). Dissemination activities for the report included a presentation for local think-tanks and NGOs, to which the Requesters were also invited. The other reports referenced in the previous paragraph were also relevant for the analysis.

41. The Policy on DPF, paragraph 13 requires the Bank to determine "*whether specific policies supported by the operation are likely to have significant poverty and social consequences, especially on poor people and vulnerable groups. For policies with likely significant effects, the Bank summarizes in the Program Document relevant analytic knowledge of these effects and of the Member Country's systems for reducing adverse effects and enhancing positive effects associated with the specific policies being supported. If there are significant gaps in the analysis or shortcomings in these systems, the Bank describes in the Program Document how such gaps or shortcomings would be addressed before or during program implementation, as appropriate."*

42. The Bank analyzed the poverty and social impacts for this DPO and concluded that the SCR could improve the effectiveness of social protection programs. In addition, the DPO supported a series of policy reforms aimed at enhancing public sector efficiency, that could create additional fiscal space for social spending.[14] The Bank's analysis concluded that the SCR was expected to have positive poverty, distributional, and social impacts, [15] and highlighted the following:

- **Improved effectiveness of social benefit programs**: The Bank's analysis drew on significant analytical work on safety nets, including that undertaken for "Strengthening Social Protection System for Disaster Preparedness and

[14] Program Document, paragraph 79.
[15] Program Document, paragraph 81 and Annex 4.

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Response"[16] and the Serbia Systematic Country Diagnostic Update.[17] Only 17 percent of people in the poorest income quintile were covered by the main poverty-targeted program—financial social assistance. The SCR as a consolidated database was expected to strengthen information management in the social protection sector, reduce exclusion and inclusion errors and further improve the fairness and targeting of social benefits. It was also expected to facilitate social protection responses in case of crises, contributing to strengthening resilience for the poor and vulnerable.[18]

- **Improvements in poverty and vulnerability profiles**: The data in the SCR was expected to facilitate a more multidimensional view of vulnerability as it would combine information from different sources such as income, disability, health status, etc.

- **Improved social protection policy making**: The integration of data would also have the potential to reveal possible data gaps for certain populations or regions. This would better inform policies to support vulnerable groups and identify additional measures to reach certain groups. The SCR was also expected to facilitate quicker adjustments to changes in the socio-economic status of people in the database, making social protection more adaptive and resilient.

- **Risks of exclusion and mechanisms in place**: The Bank's analysis acknowledged the possibility that some beneficiaries and applicants who were previously eligible might be excluded if the more comprehensive database showed they did not meet the eligibility criteria set by the *Law on Social Protection*. However, because of mitigation measures put in place, residual exclusion risk was not assessed to be significant for poor or marginalized households. Communication about the SCR and consultations on the *Law on Social Card* also helped to make the appeals process known. In addition, the Government's Social Inclusion and Poverty Reduction Unit has been actively engaged in the reform of the social welfare system to enhance its positive impacts on promoting poverty reduction and social inclusion.

Data privacy

43. ***The Bank's policy on Personal Data Privacy applies to the processing of personal data by World Bank Group institutions only. It is not an operational policy that applies to the "design, appraisal and/or implementation of a project" as the Panel Resolution states. As such, this policy does not apply to Borrowers or Bank-financed projects. The data privacy "standards" cited in the Request are not defined, nor do they have any***

[16] Section 4, for example, page 34.
[17] Page 23.
[18] For e.g., Hallegatte, et al (2016). "Shock waves: managing the impacts of climate change on poverty." World Bank.

relevance for Bank policy compliance. In any event, as explained below, data privacy issues were considered in the preparation of this operation.

44. ***The SCR is a centralized platform that consolidates information which is already available to government agencies and is required by CSWs to determine citizens' eligibility to access social assistance.*** The SCR does not introduce new or additional information required to access social assistance. The same type of data that is now provided through the SCR was also used by social workers previously to verify eligibility of applicants seeking or already receiving social assistance and to offer additional assistance.

45. ***The SCR does not introduce an "automated" system or "algorithm" to decide on an applicant's or recipient's potential eligibility to access or maintain social assistance.*** It just consolidates in one digital platform the existing socio-economic data from official government databases so that social workers may more efficiently determine eligibility for new applicants. It also notifies the social workers of changes in the socio-economic conditions of existing beneficiaries, based on updates made in those official government databases. The SCR updates are driven by data updates from relevant government registries as defined by the Law (every 15 days). The SCR generates a notification to CSWs if something has changed, prompting staff there to review the case. The ***decisions*** for granting or terminating social assistance, or to offer additional social assistance benefits, continue to be taken by individual social workers, who are legally required to consider the same type of information needed to verify eligibility as before the introduction of the SCR. The SCR makes updated information available to social workers when decisions are made, thereby also reducing the scope for personal bias, corruption, discrimination, or misuse.

46. ***SCR data comes directly and exclusively from six different institutions and MoLEVSA: Tax Administration, Registry of Citizens, Ministry of Interior, Pension Fund, National Employment Service and Cadaster.*** The type of data used by the CSWs has not changed with the introduction of the SCR. It is also important to note that some data was already available electronically before the introduction of the SCR. Where such records were not available, the data had to be requested in writing from the relevant agencies. The allegation made in the Amnesty International report[19] cited by the Request that private banks would provide their customers' account transactions to the SCR is not substantiated by any evidence, and Management is not aware of any such practice. In addition, the *Law on Social Card* does not call for any such reporting by private banks.

47. ***As part of the legislative process, the MoLEVSA prepared an assessment of the impact of the SCR's data processing on the protection of personal data, taking national legal requirements into account.***[20] The assessment noted that the SCR would contain protection against abuse through built-in protection and access logs, identifying and recording each access and capturing the user's ID, access time and data source. The conclusion was that the risk to individuals' rights and freedoms was generally low.

[19] Amnesty International: Serbia: Trapped by automation: Poverty and discrimination in Serbia's welfare state. 2023.
[20] Impact Assessment of Data Processing on the Protection of Personal Data Prescribed in the Draft Social Card Law.

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Appropriate mitigation measures for emerging risks were introduced in the final version of the *Law on Social Card*.[21]

48. ***While not a policy requirement, the Bank also commissioned an independent assessment of data privacy concerns in 2020.*** The objective was to look at: (i) collection, storage and use of data; (ii) Special-Purpose Data Processing; (iii) the capacity of the Ministry to properly manage data; (iv) risk to the rights and freedoms of data subjects, risk of data abuse, and mechanisms for protection of personal data; and (v) consideration of international practice. The assessment concluded that the data privacy risks for citizens was lower compared to traditional data collection methods.

Appeals process

49. ***As per the Policy on DPF, Management also reviewed the Borrower's systems for reducing potential adverse effects impacts from measures supported by the DPO, which in the case of the SCR consists of an established appeals process to rectify incorrect administrative decisions or information.***

50. ***The options for appeal were not changed by the introduction of the SCR.*** Citizens can use the same appeal mechanism as previously if their application for social assistance is rejected or their benefits are terminated. In addition, they can use the e-government online portal to request data correction in the system (citizens can see their data in the SCR and ask for correction). The appeals process consists of the following steps:

- The CSW (the authority of first instance) notifies the beneficiary of its decision to modify or terminate social assistance.

- If the beneficiary is dissatisfied with that decision by the CSW, they can submit an appeal to the second-instance authority. This authority is the MoLEVSA, the Province of Vojvodina, or the City of Belgrade, depending on the location of the appellant and on the type of assistance. The appeal can be submitted by mail or in person in each local CSW, or directly to the Ministry. Documents and evidence can be submitted by mail or in person.

- Finally, if the beneficiary is dissatisfied with the results of his/her appeal, she/he can challenge the decision before the Administrative Court of Serbia.

51. ***Management notes that the Serbian legal system provides for legal aid to low-income households, which would also cover those households that wish to challenge the second-level appeals process in court.***[22] The law indicates that legal aid can be provided by registered representatives of municipalities (i.e., their legal secretariats), notaries, lawyers, mediators, employees of schools of law and civil society organizations (through

[21] According to MoLEVSA, concerns raised by Serbia's Commissioner for Personal Data Protection in 2020 regarding the draft law were taken into account by the Ministry in the final version of the law.
[22] Law on Free Legal Assistance (entered into force on October 1, 2019).

their lawyers). This aid comprises: (i) free legal assistance (legal advisory, submission of legal cases, legal representation and defense); and (ii) free legal support (general information and guidance related to legal issues, assistance with filling of forms, completion of documents for notaries and mediation).

52. ***Management notes that the notifications on decisions sent to beneficiaries attached to the Request contain clear instructions about how and where to challenge the decisions.*** The notification includes clear instructions on the deadline for lodging an appeal and identifies the appropriate authority based on the beneficiary's place of residence. For second-level appeals, the notification informs the beneficiary of the deadline for submission and specifies that the appeal must be directed to the Administrative Court in Belgrade. Beneficiaries are also advised that the appeal can be submitted either in writing or verbally, in which case the court will record a certified statement.

53. ***There has been no increase in appeals since the introduction of the SCR.*** Since March 2022, when the SCR was introduced, 382 appeals (187 appeals in 2022 and 205 appeals in 2023) have been made on decisions made by CSWs. This is in line with the number of appeals made per year prior to the introduction of the SCR (e.g., 182 appeals in 2021).

Absence of prior contact

54. ***Management notes that the Requesters did not bring the issues of concern to Management's attention prior to submitting their Request for Inspection, which is contrary to the requirements of the Panel Resolution.*** A11 did not contact the Bank regarding this Request before submitting the Request to the Panel. The Panel could not determine whether Management had been given a reasonable opportunity to respond to the claims in the Request before it was submitted, and suspended its decision on registration to allow the Requesters to raise their concerns with Management after the Request was submitted. Management met with A11 on July 30, 2024, where Management for the first time was afforded a reasonable opportunity to respond to the claims. The Panel only registered the Request on August 27, 2024, which is beyond the 15-month period during which the Panel may hear complaints after project closure (the DPL closed on December 31, 2022). This is contrary to paragraphs 14 and 17 of the Inspection Panel Resolution.

55. ***The Request improperly relied on Amnesty International's correspondence with the Bank to establish prior contact.*** However, in its correspondence, Amnesty International at no point indicated that it represented project-affected people who wished to complain to Bank Management that their rights or interest were affected by a Bank-supported project. Instead, Amnesty International sought meetings with Bank staff to gain a better understanding of the implementation of the *Law on Social Card* and to discuss its own analytical work on the subject matter.

56. ***The Request alleges opacity regarding the Bank's support for the Law on Social Card. However, information about the Bank's support for the DPO has been publicly***

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available since March 1, 2021, including the relevant operational documents, which have been accessible on the Bank's website. While the Request suggests that the Bank's support for the *Law on Social Card* had to be actively "revealed," this information was indeed publicly available and accessible to interested stakeholders. In addition, in April 2019, the Bank had invited A11 to a briefing for stakeholders about the Bank's analytical work on social protection where the concept of the SCR was also discussed. However, A11 did not respond, nor did it attend this presentation, which covered many of the elements contained in this Management Response.[23] Had A11 reached out to Management in time, Management would have been able to clarify the scope of the DPO, the applicable Bank standards, the analyses undertaken during DPO preparation, and the Bank's dialogue with the Government regarding Serbia's social protection program.

Conclusion

57. ***Management believes that the Bank has correctly applied its policies and procedures applicable to the DPO and to the matters raised by the Request. As a result, Management believes that the Requesters' rights or interests have not been, nor will they be, directly or adversely affected by the alleged failure of the Bank to implement its policies and procedures.***

[23] The Bank invited the director of A11 to the presentation of the report, Strengthening Social Protection for Disaster Response (2019). An email invitation was sent out on April 5, 2019. The presentation of the report took place on April 17, 2019.

ANNEX 1
CLAIMS AND RESPONSES

No.	Claim	Response
1	March 1st, 2022, marked the beginning of the implementation of the Law on Social Card,[24] which had a disproportionately negative impact on the protection of minorities and their access to financial social benefits, including the Complainants. According to the information collected by Amnesty International about the adoption of the Law on Social Card, the Government of the Republic of Serbia prepared this piece of legislation with the support of the World Bank.[25] In Serbia, the World Bank funded the establishment of the Social Card Register in 2021 as part of a larger 82,600,000-euro public sector loan. However, "it is unclear if the Bank has, in this case, conducted a due diligence exercise during project planning and design to identify potential human rights risks and put in place adequate mitigation measures".[26]	***Funding of SCR*** ***The establishment of the SCR was funded by the Government of Serbia and not by the Bank as alleged in the Request.*** Development Policy Financing (DPF) supports a Member Country's program of policy and institutional actions that promote growth and sustainable policy reduction. DPOs are governed by the Bank Policy on DPF, which sets out the due diligence requirements that the Bank undertakes when supporting a DPO. The proceeds of these loans are intended to cover the Government's fiscal financing needs and are released as general budget support. They are not earmarked for any specific purposes. Under this DPO, the Bank supported eight (8) sectoral policy reforms, one of which was the adoption of the *Law on Social Card*. The loan itself did not finance the establishment of the SCR. Proceeds from the above-mentioned loan are not earmarked and serve to provide a general-purpose budget financing. The SCR was financed from the Budget of the Republic of Serbia, as evidenced in the justification for the draft *Law on Social Card* submitted to the Parliament by the Government and by the *Law on Final Account for Budget of Republic of Serbia for 2022*. ***Consequently, the Bank did not review or clear any tender documentation for the SCR as it did not finance these contracts.*** A DPO generally does not provide earmarked funding for a specific investment, such as the SCR. The MoLEVSA used technical inputs from Bank-supported Technical Assistance (TA) delivered through a Bank-executed Trust Fund (BETF), "Strengthening the Social Protection System for Disaster Preparedness and Response." However, the MoLEVSA prepared the bidding documents for both the first and second phase of SCR software contracts and fully financed and owned the procurement and contracts' implementation process.

[24] "Official Gazette of RS", no. 14/2021.

[25] Public Sector Efficiency and Green Recovery Development Policy Loan agreement between Republic of Serbia and International Bank for Reconstruction and Development, https://documentsI. worldbank.org/curated/en/908181627498690315/pdf/Oflicial-Documents-Loan- Agrecmcnt-for-Loan-9235- YF.pdf. The loan was a part of the World Bank's support for Western Balkan countries taking steps to "improve their social protection systems to make them fairer, more sustainable, more effective and better able to respond to people's needs." See: https://www.worldbank.org/en/region/eca/brief/advm1cing-social-protection-and-opportunitics-f'or-rcform-in-the-western-balkans

[26] Amnesty International, Trapped by Automation: Poverty and discrimination in Serbia's welfare stale, December 2023.

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		The Bank carried out due diligence for this operation in accordance with its Policy on DPF, which includes requirements related to poverty, social and distributional impacts, which were met. The Bank analyzed the poverty and social impacts of this DPO and concluded that the SCR established by the *Law on Social Card* could improve the effectiveness of social protection programs. Through the BETF, the Second Phase of the Europe 2020 TF Supporting the Effective Reiteration of Returnees in the Western Balkans, the Bank provided further technical support and capacity building to MoLEVSA, including for the SCR.
2	The proclaimed aim for adopting this Law was more equitable distribution of social assistance and more effective and proactive performance of centers for social work- local administration offices responsible for distribution of financial social assistance in Serbia. Despite this, the Law brought the opposite results causing the loss of social benefits for many vulnerable citizens, primarily the Roma population. The Law introduced the Social Card Register, which consolidates citizens' personal data from multiple official records, such as the Tax Administration, the Central Register for Citizens, the Pension and Disability Fund, etc., to which workers at centers for social work can now access more rapidly. The Social Card Register generates "notifications" about modifications in the socioeconomic status of an individual. In most cases, if the system finds that a beneficiary no longer meets the condition for social benefits, it does not enable him/her to adequately participate in the process and explain their situation before termination of rights.	***Eligibility and loss of social benefits*** ***The process for determining the eligibility of beneficiaries to receive social assistance is unrelated to, and has not been affected by, the adoption of the Law on Social Card that establishes the SCR.*** The *Law on Social Card* does not interfere with the policies governing eligibility determination for social assistance. The adoption of the *Law on Social Card* provided the legal framework for the digitalization of certain processes (see below) regulated by the existing social protection legislation, including the *Law on Social Protection*; *Law on the Financial Support to Families with Children*; *Law on the Benefits of War Veterans, Disabled War Veterans, Civilian Invalids of War and their Family Members*; and *Law on the Benefits of Civilian Invalids of War*. These social protection laws were not modified by the *Law on Social Card*. As such, the *Law on Social Card* has no impact on the eligibility criteria established in existing social protection legislation. The SCR is a platform that extracts specific data from selected government databases and consolidates the necessary information required by the *Law on Social Protection* and bylaws to determine citizens' eligibility for social assistance. With the introduction of the SCR, the exchange of data has been improved and fragmentation of data sources reduced. The SCR makes updated information easily available to CSWs. The social workers and other authorized staff of CSWs are tasked with making decisions regarding eligibility in accordance with the *Law on Social Protection*, by analyzing the information made available through the SCR therefore reducing the scope for errors in the eligibility determination process. Citizens can verify the accuracy of their data kept in the SCR through the e-government portal and can ask for correction if needed. Upon request at the CSWs, citizens can gain insights into all data used to make their eligibility decision and can request a copy. Citizens can also check their data with MoLEVSA, which manages the SCR.

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		Decision making on eligibility ***The Law on Social Card and the related bylaws (the Rulebook on Detailed Technical Conditions for Establishing and Managing the Social Card) contain no provision for algorithms to decide on an applicant's or recipient's potential eligibility to access or maintain social assistance.*** The SCR just consolidates in one digital platform the existing socio-economic data from official government databases so that social workers may more efficiently determine eligibility for new applicants. It also notifies the social workers of changes in the socio-economic conditions or life events of existing beneficiaries, based on updates made on those official government databases. The SCR regularly receives updates data from government registries as defined by the Law (every 15 days) and generates a notification to CSWs if the information has changed. It does not "*...find that a beneficiary no longer meets the condition for social benefits...*," as that is not a function of the SCR. ***The determination of the eligibility status is exclusively based on human decision (by the social worker or other authorized staff), in accordance with social protection legislation***. The process of termination of rights (including how beneficiaries are informed) and the appeals process are governed by the *Law on Social Protection* and the *Law on General Administrative Procedure*, not by the *Law on Social Card*. If a social worker does not provide notice of a decision or does not allow the beneficiary the opportunity to intervene, that may constitute a deviation from applicable regulations and would need to be reviewed by the competent Serbian authorities with a view to correcting such actions. However, such alleged procedural errors or misconduct by a social worker do not relate to the *Law on Social Card*. According to the MoLEVSA [27] the main types of notifications leading to review (not necessarily leading to termination) of eligibility or benefit value have been issued on the following grounds: - Notifications that a person had passed away; - Notifications regarding an increase in the immovable property of families benefiting from financial social assistance; - Notifications regarding an increase in income of families benefiting from financial social assistance. All such notifications lead to a case-by-case review in accordance with the *Law on Social Protection* and the *Law*

[27] https://www.srbija.gov.rs/vest/721881/registar-socijalna-karta-doprineo-pravednijoj-raspodeli-socijalne-po-moci.php

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		on General Administrative Procedure, and a social worker begins a process to review the eligibility of a beneficiary, as stipulated in the user manuals/guidebooks for social workers. That said, judgement errors by CSW in the initial stages of introducing a new system cannot be excluded, as it takes time for staff to get used to them. The Government continues to monitor the implementation of the SCR to identify and address potential gaps. Other independent institutions have also assessed SCR performance and organization. This includes, for example, the recommendations made by the state audit institution which the Government is reviewing to assess the implementation of the SCR with a view to further strengthening it.
3	The algorithm controlling if the beneficiaries meet the criteria for financial social assistance is not made public, even after the repeated freedom of information inquiries were made to the competent Ministry of Labour, Employment, Veteran and Social Affairs. In June 2022, non-governmental organization, the A11 - Initiative for Economic and Social Rights[28] submitted the request to access infom1ation under the Freedom of Information Act, but the Ministry of Labour, Employment, Veteran and Social Affairs rejected this request. After the successful appeal to the Commissioner for Information of Public Importance and Personal Data Protection, the Ministry once again rejected the request, while even the second successful appeal to the Commissioner did not bring the results, and the algorithm is still not made publicly available, more than two years since the Law entered into force.	***Alleged "algorithm" on the eligibility criteria*** ***The Law on Social Card and bylaws do not include any provision related to an "algorithm controlling if the beneficiaries meet the criteria for financial social assistance."*** Data from the SCR is used by authorized staff at the CSW to verify eligibility of applicants receiving benefits and to offer additional benefits in line with social protection legislation. As per Article 4 of the Social Protection *Rulebook on the Organization, Norms and Standards of Work of Centers for Social Work*[29] "in exercising public authority the center in accordance with the law decides on the realization of the right to material security." Similarly, the *Law on Social Protection*, Article 99, states, "About the right to financial social assistance, caregiver allowance and the increased caregiver allowance shall be decided by the center for social work established for the territory where the applicant resides."[30] The SCR does not analyze the eligibility criteria nor act upon notifications; it also does not "find that a beneficiary no longer meets the condition for social benefits." It simply generates a notification to the responsible CSW staff that relevant data has changed. The authorized staff follows up according to the relevant *Law on Social Protection* in the same way as before the SCR was introduced. Eligibility determination is the responsibility of the CSW staff, based on the *Law on Social Protection* and related bylaws.
4	The Law on Social Card disproportionately harms Roma communities, given their overrepresentation in the social welfare system, and subjects them to digital	***Personal data***

[28] The organisation representing the Complainants.
[29] Article 4 of the *Rulebook on the Organization, Norms and Standards of Work of Centers for Social Work*, Official Gazette, RS", No. 59/2008, 37/2010, 39/2011 - dr. pravilni, 1/2012 - dr. pravilnik, 51/2019, 12/2020 i 83/2022) https://www.paragraf.rs/propisi/pravilnik_o_organizaciji_normativima_i_standardima_rada.html
[30] Article 99 of the *Law on Social Protection*, " Official Gazette RS," No. 24/2011, 117/2022-odluka US https://www.paragraf.rs/propisi/zakon_o_socijalnoj_zastiti.html

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	surveillance and arbitrariness in determination of their financial social benefits. This Law contradicts both domestic and international law, foresees the (semi) automation of decision-making in the procedures for exercising the right to financial social assistance and introduces the processing of up to 135 personal data of beneficiaries and potential beneficiaries of the social protection system.	***The Law on Social Card establishes that the SCR will collect only data necessary to provide social assistance benefits (Article 18). The amount of personal data processed was discussed during the public consultations on the Law on Social Card and a due diligence assessment was carried out.*** The SCR is the data source for approximately 40 different social benefits that can be provided. As each social benefit program has different eligibility rules, the total amount of personal data available in the system for those beneficiaries applying to multiple programs may be large, but for each program only the necessary subset of available data is processed, according to the information requirements of the respective program. ***Alleged automation of decision-making*** ***The use of the term "automated" in the Request is inaccurate, as eventually <u>any</u> electronic database management system is an "automated" one. What matters is not the transport of the data, but its review and consideration in decision-making, which is carried out by social workers.*** As explained above (see response under Item 2), there is no "automation" or "semi automation" of <u>*decision-making*</u>. Decisions are made by social workers according to the *Law on Social Protection* and the related bylaw, after reviewing all information and addressing data inconsistencies. The guidebooks to address the system notifications and the Social Card bylaw include step-by-step instructions for data review for addressing inconsistencies by CSW staff. ***The SCR seeks to prevent human error and arbitrariness by using updated data retrieved directly from official records (e.g., Citizens Registry, Tax Administration, Cadaster).*** The SCR issues notifications of changes in data from such existing official records for social workers' consideration and decision-making, as necessary. Citizens can check the accuracy of the data and ask for corrections in the source database if they notice discrepancies. Moreover, in case of data discrepancies notified by the SCR, social workers can refer the case to the source database for verification and corrections. ***Alleged discrimination of Roma*** ***There is no evidence that Roma applicants or beneficiaries were intentionally discriminated against or are treated differently as opposed to non-Roma applicants/ beneficiaries.*** It is important to note that the *Law on Social Protection* does not differentiate on the basis of nationality/ethnicity and states in its Article 4 that "Every individual and family that needs social help and support in order to overcome social and life difficulties and create conditions for meeting basic life needs has the right to social protection…." While Roma may be represented in a larger

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		proportion among beneficiaries, as the Request suggests, social assistance programs are not targeted to Roma and thus any rules and processes applying to these programs affect both Roma and non-Roma citizens alike.
5	Also, this Law is incompatible with a human rights-based approach to data because of its non-transparent algorithm, centralization of large amounts of data in a single register, non-compliance with data minimization principles, and the lack of adequate oversight and safeguards over a (semi) automated decision-making system. The introduction of this kind of decision-making process in the social protection system and in deciding on requests for financial social assistance resulted in emphasizing the existing flaws and structural discrimination in this field. The Complainants experienced termination of their right(s) to financial social assistance exactly because of the introduction of this Law, and their socio-economic situation deteriorated after they lost the only steady income they received so far.	On "algorithm," "semi-automation," and decision-making, see answers under Items 2 and 3. On the compliance with data minimization principle see answer under Item 4. For further information on data protection, see paragraphs 43-48 of the main text above.
6	It has been observed that the Social Card Register, using consolidated applicant's data from a range of government databases, relies on inaccurate data which leads to negative outcomes for beneficiaries of financial social assistance.[31] These consequences are reflected in violations of the right to privacy and a situation in which many vulnerable citizens were left without the means necessary to ensure subsistence minimum. Since the beginning of its implementation, approximately 44,000 beneficiaries (which is slightly over 20% of all beneficiaries within the social protection system) have been left without their social benefits, i.e. without their primary income to meet life's needs. This extreme decline in the number of financial social assistance beneficiaries does not match the data on the poverty rate and/or other socioeconomic indicators in the country. A significant number of these cases leading to the termination of financial social assistance were related to errors in the calculation of income where the social card system notification points that beneficiaries earned a high amount of income and that their financial social assistance should be terminated.	***Data accuracy, loss of benefits and decrease in beneficiaries*** ***Citizens can verify their data and ask for corrections by the responsible agency/source database (see also response to Item 2).*** According to the administrative data received from the MoLEVSA, there has been a consistent decrease in the number of social assistance beneficiaries over the past decade, well predating the introduction of the *Law on Social Card*. Possible key drivers of this decreasing trend are, among others: - A steady increase in average per capita income (3.4 percent annually between 2014 and 2023); - A prolonged reduction in poverty rates (from 28.2 percent in 2014 to 6.7 percent in 2023); - Eligibility criteria not regularly updated (conservative income thresholds); - Continued population decline (annual average growth rate of -0.7 percent over the past decade); and - Continued outward migration (ca. 50,000 annually), mainly for economic reasons. ***There is no basis to support the claim that a "significant portion" of the 44,000 people who lost eligibility for financial social assistance in the past two years did so because of erroneous income data provided through the***

[31] For more details about problems in practice caused by the social card system, please see: A11 - Initiative for Economic and Social Rights, (Anti) Social Card, available at: https://antisocijalnckartc.orelcn.

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		SCR. First, the very limited number of cases presented in the Request does not support such a conclusion. Second, as explained previously, any errors in income data would originate from the relevant government agencies where such data is generated and kept, not from the SCR. Third, Management notes that over 22,500 beneficiaries have passed away since the introduction of the SCR. These individuals are included in the total count of beneficiaries who no longer receive financial social assistance. Management also notes that the number of appeals has not increased over the past two years, which would likely have occurred if a significant portion of these decisions had affected eligible beneficiaries incorrectly. In any case, this allegation would not be a result of the Law on Social Card, the DPO, or any failure of the Bank to comply with its policies. Lastly, while Roma citizens may be represented in a larger proportion among beneficiaries, as the Request suggests, social assistance programs are not specifically targeted to Roma. Thus, any rules and processes applying to these programs affect both Roma and non-Roma citizens alike. Since the SCR is purely a data exchange platform, there is no indication that it intentionally discriminates against any community. ***The Law on Social Card, bylaws and SCR software system specifications do not include provisions for the "system" to perform calculations of income.*** The SCR presents the data as provided for in the official record of government registries, without alteration. Such data should be utilized by social workers to determine eligibility in accordance with social protection legislation. Possible errors in income calculations could be attributed to the eligibility determination process carried out by CSW staff but not the SCR. Income information is retrieved by the SCR from the Tax Administration, which uses the data provided by taxpayer and employer declaration. The SCR cannot alter how income is classified in the data it receives from the records in the source databases administered by relevant state agencies. The decision to terminate the right to financial social assistance is based on the review and assessment by the social workers, according to the eligibility rules in the social protection legislation, and in accordance with the *Law on General Administrative Procedure*. SCR notifications only trigger the review process.
7	One of the examples of the described flaws of the system is the situation in which the income from seasonal work, even though it is irrelevant for this kind of calculation, was taken as relevant when assessing the right to financial social assistance. This case happened to a large number of residents from the informal Roma settlement in REDACTED, including all of the	The SCR does not "classify" or "calculate" income (see the answer to Item 6). For the particular case of incomes from seasonal work see the answer to Item 8.

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	Complainants REDACTED and REDACTED. All of them are of Roma origin, one of the most excluded and discriminated minority in Serbia. The majority of the inhabitants of this settlement performs seasonal work in agriculture, like picking peppers or other fruits or vegetables, which is a characteristic of the area, and this turned out to be the reason for the reduction or cancellation of financial social assistance to beneficiaries who were engaged in these jobs.	
8	For any potential beneficiary, the main condition for obtaining the right to financial social assistance is that their income is below the amount they would receive (L 1,445 dinars per person, appx. 100 euros calculated proportionately when there is a multi-member household). Income that goes into the calculation of this right is prescribed by the Rulebook on Forms in the Procedure for Exercising the Right to Financial Social Assistance[32] (further: Rulebook) and includes, among other sorts of income, the income from employment, work performed outside employment, temporary and casual employment, as well as seasonal jobs. However, the Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities[33] (Law on Seasonal Workers) unequivocally stipulates that income stemming from seasonal work shall not affect the entitlement to financial social assistance, expressively prescribing in Art. 9 § 3 that: *"[R]emuneration for work realized by this law does not affect the realization and use of the right to financial social assistance, which is realized in accordance with the regulations on social protection".* The reason behind this provision was that these jobs are performed sporadically, often poorly paid and therefore cannot be considered as regular employment where an individual can engage in long-term employment relation and from which they can generate a steady income. The Social Card Register adopted this illegality, without considering the relevant legal framework. In the end, this resulted in massive termination or reduction of the amount of financial social assistance for beneficiaries engaged in seasonal work. Simply put, if someone was picking fruit or vegetables, the Social Card Registry would report this to the social worker by sending a notification with a binding instruction to cancel the right to financial social assistance (or reduce it, if the income from seasonal work does not reach the full amount of financial social assistance), which meant that the Law on Social Card was not in line with the relevant	***Treatment of seasonal income*** ***The incorrect treatment of seasonal income may have resulted from a discrepancy between the provisions of the Rulebook on Forms in the Procedure for Exercising the Right to Financial Social Assistance and the Law on Simplified Employment in Seasonal Jobs in Certain Industries, as acknowledged explicitly in the Request. This issue was unrelated to the Law on Social Card or the SCR. The misalignment was corrected in May 2023.*** The Request raises concerns about inconsistencies in the national legislation on seasonal employment, which are not related to the SCR. The consideration of seasonal incomes by social workers in determining eligibility for social assistance may have resulted from an inconsistency between the provisions of the Rulebook on Forms in the Procedure for Exercising the Right to Financial Social Assistance and the Law on Simplified Employment in Seasonal Jobs in Certain Industries. The SCR extracts relevant data based on the social protection legislation (Law on Social Protection and bylaws) regarding the eligibility criteria for social assistance programs. The 2011 Rulebook included income from seasonal employment as a type of income to be considered for eligibility determination. The 2018 Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities (Law on Seasonal Workers) excluded income for such seasonal work when considering eligibility for financial social assistance. Since the cited Rulebook on social protection, which guides CSW staff in the eligibility determination process, was not revised until 2023 to capture the provisions of the 2018 Law on Seasonal Workers, the above-described inconsistency between the laws was corrected only in May 2023. This, however, is unrelated to the SCR and none of the above-cited regulations were supported by the DPO. On type of income classification, please see also answer to Item 6. The SCR did not adopt an illegality. The SCR sends a notification based on changes in the data/information and CSW staff decide based on the social protection legislation.

[32] "Official Gazette of RS". No. 39/2011
[33] "Official Gazette of RS", No. 50/2018

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	national legislation, thus resulted with the violations of the Complainants' rights. The Complainants REDACTED, beneficiaries of financial social assistance from the informal settlement REDACTED in late November and December 2022, had their financial social assistance reduced precisely because the Social Card Register in all three cases detected the income from seasonal work. During August and September 2022, the Complainants worked 10 days in total for a daily rate of around 2,000 dinars (less than 20 euros). • Complainant 1, REDACTED lives with his wife and two daughters, and the main income of the family was their financial social assistance. • Complainant 2 REDACTED who lives with her two minor children and regularly receives social benefits in the amount of approximately 20,000 dinars (less than 200 euros), and any kind of reduction or loss of these benefits would affect the family greatly since they have no other income, nor there are any other able-body members who can potentially work and earn. • Complainant 3, REDACTED lives with her husband, four children and mother-in-law in very bad housing conditions and the financial social assistance for the whole family is around 25,000 dinars (around 220 euros). In late November and December 2022, all three Complainants received the decisions of the Center for Social Work REDACTED, according to which the amount of their financial social assistance was reduced by 80%, without being asked to provide any statement on the existence and kind of income. During the procedure before the Center for Social Work, the Complainants were denied the right to declare facts that are important for decision-making, i.e. the right to be heard, which is also a violation of the rules of administrative procedure, specifically the Art. 11 and Art. l 06 § 5 of the Law on the General Administrative Procedure.[34] The mentioned notifications that social workers receive contain instructions for action, which means that no space is left for decision-making based on their assessment in specific situations when there is a possible error in data displayed in the Register. The Complainants REDACTED and REDACTED then contacted A11 - initiative for Economic and Social Rights (further: A11 Initiative), since the work of the organization is focused on the protection and improvement of economic and social rights of	Options for appeal exist and are governed by the *Law on General Administrative Procedure* and the *Law on Social Protection*. Citizens can appeal the decision of the first-instance authority (CSW) through a second-instance authority, which is heard by the MoLEVSA, the Province of Vojvodina, or the City of Belgrade, depending on the location of the appellant and on the type of assistance. The second-instance authority must respond to submitted appeals within 60 days after receipt. Citizens can challenge the outcome of this second-instance appeal before the Administrative Court. Regarding the 15-day timeframe for an appeal submission, this procedure is prescribed by the *Law on General Administrative Procedure*, in its Article 153, "The appeal shall be submitted within 15 days of notifying the party of the decision, unless otherwise prescribed by law." This law was in place before the SCR was introduced and is not directly related to either the SCR or *Law on Social Card*. *Law on Administrative Procedure*, "Official Gazette RS," No. 18.2016 and 96/2018-authentic interpretation and 2/23-decision US, https://www.paragraf.rs/propisi/zakon-o-opstem-upravnom-postupku.html *Rulebook on Forms in the Procedure for Exercising the Right to Financial Social Assistance*, "Official Gazette RS" No 39-11 I 45/2023 https://www.paragraf.rs/propisi/pravilnik_o_obrascima_u_postupku_ostvarivanja_prava_na_novcanu.html *Law on Simplified Employment in Seasonal Jobs in Certain Industries*, "Official Gazette RS" No.50/2018,https://www.paragraf.rs/propisi/zakon-pojednostavljenom-radnom-angazovanju-sezonskim-poslovima.html See A11 article at: https://www.a11initiative.org/prihod-od-sezonskog-rada-vise-ne-utice-na-ostvarivanje-novcane-socijalne-pomoci/ Management notes that for the three cases for which the Request shares sufficient documentation, all were appealed successfully through the appeals process, and their rights to financial assistance were recognized. This means the appeals process outlined above worked as intended. Management notes that the income threshold for financial social assistance eligibility and the transfer amounts are low in the Serbian context, and that modest earnings can put beneficiaries above the threshold. As noted earlier, this is unrelated to the SCR as the thresholds are defined in the

[34] "Official Gazette of RS", no. 18/2016, 2/2023, 95/2018.

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	marginalized individuals and communities. On the advice of A11 Initiative, the Complainants requested from Center for Social Work to make them available the source of these data, and they were given an extract from the Social Card Register that qualified the above income as "income stemming from employment and work performed outside an employment". In order to find out the origin of this income, they were referred to the Tax Administration and the National Employment Service, where they also failed to find any further details. Eventually, the certificate from the Central Register of Compulsory Insurance, which represents a document in which the origin of each income subject to mandatory contributions is recorded, showed that the origin of their detected income was their seasonal jobs. This meant that the decisions the Complainants got regarding the reduction of their financial social assistance not only went against the law, but this case also reversed the aim of the social protection - instead of providing an individual or a family with the means to live independently, the situation only push them further into poverty. A11 Initiative submitted appeals on behalf of all the three Complainants to the second-instance authority, the Provincial Secretariat for Social Policy, Demography and Gender Equality, which adopted the appeals, annulled the decisions and returned the cases to the first-instance body, i.e. Center for Social Work, for re-decision.[35] The Center for Social Work then issued new decisions in a repeated procedure that recognized the right of the Complainants to financial social assistance to the full extent.	Law on Social Protection. In Management's view, the SCR has been effective in identifying and addressing ineligible access to social support programs. Going forward, the aggregated data should facilitate a review of the access criteria and support levels for social assistance, which could serve as a key foundation for broader reform efforts in Serbia's social protection legislation. However, this is the prerogative of the Government of Serbia and was not included in the DPO.
9	Nevertheless, since the Law on Social Card was adopted, the illegal calculation of income from seasonal jobs has been conducted regularly and the violations of users' rights have been numerous. These violations can also be seen in the cases of Complainants 4, 5 and 6, REDACTED and REDACTED beneficiaries of financial social assistance who live in REDACTED.	See answers under Items 6, 7 and 8.
10	Complainant 4, REDACTED lives with her four minor children. Her youngest three-year-old daughter has a determined 100% disability, and she suffers from a grave medical condition. The family regularly receives financial social assistance in the amount of approximately 17,000 dinars (around l50 euros) and taking into account that the Complainant is a REDACTED who has to be constantly looked after, there was no time for her to perform seasonal or any other work. However, around the same time, in December 2022, she was verbally notified by a social	***The authorized CSW staff decide on eligibility, based on the eligibility criteria stipulated by the Law on Social Protection. The SCR does not have any role in how the CSWs notify beneficiaries about any changes affecting their eligibility for financial social assistance or other programs.*** See also answer to Item 8.

[35] Annex 2.

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	worker that her financial social assistance was going to be reduced, without receiving any official written decision about it. She was also told that the reduction is the result of the seasonal job she was engaged in, and the Complainant did not get the opportunity to explain her situation and that this does not match the facts.	
11	A similar situation happened to Complainant 5, REDACTED who is also REDACTED with three minor children. They live off financial social assistance in the monthly amount of around 22.000 dinars (appx. 200 euros). Considering her living situation and that she is the only one taking care of her children, Complainant 5 did not engage in any kind of seasonal work during the summer of 2022. Nevertheless, she was also verbally informed by a social worker that her financial social assistance would be canceled due to the seasonal job she performed. She has not received any decision on the cancelation of her social benefit, nor has she had the chance to explain that she did not work at all, but her financial social assistance was indeed suspended for three months. This posed a big problem for the Complainant since she struggled during this period to provide food for her children and cover the bills.	See answers to Item 8.
12	Complainant 6, REDACTED lives alone and receives financial social assistance in the amount of around 10,000 dinars monthly (appx. 90 euros). Like in the previous two cases, during the same time, he was informed by a social worker that his right will be terminated due to his engagement in the seasonal job. However, the Complainant did not perform any seasonal job because during August and September 2022 (the period for which the calculation was made) he was abroad.[36] As the Complainants REDACTED and REDACTED, he also did not receive any written decision that would contain an explanation, nor he was invited to give a statement before the competent Center for Social Welfare. Other than the mentioned reasons, the lack of a written decision in these three cases presents an additional challenge, as it prevents the beneficiaries from exercising their right to a legal remedy. It is important to emphasize that the described situations are not limited to the Complainants, who are only taken as typical examples of the negative effects the Social Card Register has brought, and that many beneficiaries of financial social assistance have their right lost or reduced due to this newly adopted piece of legislation.	***As mentioned above, the Law on Social Card and SCR do not change eligibility criteria. See also answers to Items 2 and 3. The SCR only enables easier and more regular oversight of the data affecting eligibility of persons for different social benefits, but the CSW makes the decisions on those benefits on the basis of the Law on Social Protection and the Law on General Administrative Procedure.*** The termination procedure (including notification) is regulated by the *Law on Social Protection* and the *Law on General Administrative Procedure*, which were not amended or changed by the *Law on Social Card*. The Request alleges several incidents that suggest that social workers deviated from the prescribed process, e.g., by reportedly failing to issue notifications to beneficiaries about decisions, or not allowing them to intervene. This may be contrary to applicable regulations and would need to be reviewed by the relevant authorities with a view to correcting such actions. However, such alleged procedural errors or misconduct by CSW staff is in no way a direct result of the *Law on Social Card*. To the contrary: the SCR introduced through the *Law on Social Card* provides transparency to citizens and allows them to see data kept in the Registry.
13	These discrepancies and flaws have a profound negative impact on the lives of citizens who are already in a	***The Request raises concerns about the Law on Social Card's consistency with the Serbian Constitution, national***

[36] The photos of the Complainant's passport proving he was in Germany at the time in question are added to the Complaint.

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	vulnerable position. Considering the impact of loss of benefits for Complainants and other persons without any other income, and its consequences on human dignity and ability to meet existential needs and given the frequency of the mentioned errors, it is unacceptable to rely solely on correcting the described widespread omissions through appellate procedures, especially having in mind how long these procedures can last. Due to the inconsistencies of the Law on Social Card with the provisions of the Constitution and international treaties that guarantee social protection rights, the A11 Initiative submitted an initiative for the review of its constitutionality in April 2022. Members of the International Network for Economic, Social and Cultural Rights (ESCR-Net) supported this initiative by submitting an *amicus curiae* brief to the Constitutional Court of the Republic of Serbia - a joint expert opinion in which, among other things, it is reminded that the extensive data processing of beneficiaries of the social protection system is contrary to the principles of personal data protection, the right to social protection, as well as the prohibition of discrimination, particularly since there is a large Roma population affected. The Constitutional Court remained silent, despite receiving rush notices.	***laws, and international treaties.*** Management notes that such review falls outside the Bank's mandate and can only be undertaken by the Serbian judiciary. Such review is also not a requirement of the Policy on DPF. The Request refers to a pending legal challenge brought by A11 against the Law on Social Card in the Serbian Constitutional Court, which is the appropriate avenue to address allegations of this nature.
14	Complainants would like to stress that these consequences and violations of their rights are a direct result of non-compliance of the Borrower and the Bank with the applicable policies.	***Management has carefully reviewed the Request for Inspection and concluded that the harm alleged in the Request did not relate to the adoption of the Law on Social Card or the Government's establishment of the SCR, or from the DPO's support for that law. Moreover, the adverse impacts alleged in the Request do not relate to non-compliance with Bank policy requirements applicable to the DPO.*** The Request is based on alleged failures to fulfill requirements enshrined in national Serbian law or in the Bank's ESF. The latter is applicable to Bank-supported Investment Project Financing but not to Development Policy Financing. Management has reviewed the DPO against the requirements of the applicable Bank Policy on DPF and finds it in compliance with the Policy (see answers to Item 1). The Request also raises concerns about the *Law on Social Card*'s consistency with other national legislation, provisions of the Serbian Constitution, and international treaties. The correct application of laws and their consistency with the Constitution, however, is outside of the Bank's mandate (see answers to Item 13). ***In Management's view, the Requesters' rights or interests have not been, nor will they be, directly or adversely***

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		affected by the alleged failure of the Bank to implement its policies and procedures.
15	Additional Information regarding the Complaint submitted to the World Bank's Inspection Panel on 31 March 2024, regarding the Public Sector Efficiency and Green Recovery DPL, Project ID: P164575 After the introduction of the Social Card Register, all types of income of beneficiaries are now detected, even those that should not be relevant for deciding on social protection rights. However, beneficiaries are not provided with the clear procedure to refute this information before the Social Welfare Centers.	***The case documentation annexed to the Request, which includes notifications of termination or reduction in social assistance, outlines the information and procedures for contesting the decision.*** The SCR retrieves only the data relevant for eligibility determination as prescribed by the Law on Social Protection. Citizens can see their data and ask for corrections through the e-government portal. The procedure for changing or terminating the right to benefit/s, and to appeal such decisions is not regulated by the *Law on Social Card* but by the *Law on Social Protection* and the *Law on General Administrative Procedure*. ***Management notes that the CSW's notifications sent to the beneficiaries – documented in the Annex to the Request – contain clear instructions about how and where to challenge such decisions, as per the language shown below.*** ***First level appeals*** *"Guidance on Legal Remedy:* *An appeal against this decision may be submitted to the Ministry of Labor and Social Welfare. For residents of the City of Belgrade, the appeal should be sent to the City Secretariat for Social Protection. For residents of the Autonomous Province of Vojvodina, the appeal should be submitted to the Provincial Secretariat for Social Policy.* *The appeal must be filed within 15 days of receiving the decision."* ***Second-level appeals*** *"Guidance on Legal Remedy:* *An appeal against this decision is not permitted. However, it is possible to initiate a case before the Administrative Court in Belgrade within 30 days of receiving the decision. The submission must include two copies, which can be submitted in person, by mail, or verbally. If submitted verbally, a formal record will be prepared at the Administrative Court or any other court."*
16	Complainant 7 One of the common cases is that an individual earns an income through informal work such as collecting secondary raw materials, or any other work, but that the detected income in the Social Card Register is much higher than the earned one, which then leads to a termination of their financial social assistance. This is exactly what happened to REDACTED, from Belgrade, Complainant 7, who is a single mother of a minor child	***As stated above, income data is not classified or generated by the SCR. For more information see also answer to Item 6.*** ***Applicants (including previous beneficiaries) can submit a request for financial social assistance due to changes in their status and which previously may have made them ineligible. They are not required to wait for the appeals process to be resolved. This is not regulated by the Law on Social Card.***

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	and who was a beneficiary of financial social assistance until December 2022, when her right ended since income obtained from working temporary and occasional jobs was detected in her Social Card. In addition to receiving financial social assistance, she occasionally worked as a REDACTED And REDACTED. During August and September 2022, she worked as a tour guide for 8 days in total, earning 1,500 dinars (appx. 13 euros) a day. In order to be eligible for financial social assistance, an individual should have no income at all or the income lower than the financial social assistance they would receive (in that case, the financial social assistance would be decreased proportionately) and this decision is based on the income generated over three months period prior to submitting a request. REDACTED monthly income was around 4,000 dinars (appx. 35 euros), while the monthly amount of financial social assistance for a two-member, single-parent family would be around 17,000 dinars (appx. 150 euros). One day, REDACTED was called by a social worker and informed that she was going to lose her right completely due to her income. At the Social Welfare Centre REDACTED she informed the social worker that she had worked for 9 days during the three months and provided the contract with a travel agency as evidence. Unfortunately, the social worker followed the instructions received in the notification with the Social Card Registry and ignores the evidence REDACTED provided them with. Data extracted from the Social Card Register showed that her income was much higher: 45,707 dinars (appx. 400 euros) in August, 29,181 dinars (appx. 250 euros) in September and 36,419 dinars (appx. 320 euros) in October. Although the extract from the Central Register of Mandatory Social Insurance, a document in which the origin of each income subject to mandatory social insurance contributions is recorded, proved the actual figures, REDACTED did not appeal because she had been told that, until the process of the appeal is ongoing (which can take as long as 6 months), she did not have the right to submit a new request for financial social assistance.[37]	

[37] This practice is contrary to the law because there are no legal obstacles to submitting a new request for financial social assistance, especially keeping in mind that a different period of time for income calculation is estimated. Not being aware of this, she gave up on the appeal, thinking that she could not afford months of waiting for a second-instance decision without any kind of income.

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17	Complainant 8 Other than the errors in the detected amount itself, it was observed that the Social Card Register lists as income something that cannot be categorized as such, for example, inheritance. In this regard, there are cases that clearly indicate that the Social Card Register is not set in accordance with the Law on Social Protection. The Law on Social Protection defines in Art. 82 that an able-body individual may own up to 0.5 hectares, or up to 1 hectare of land if a person is incapable of work, in order to exercise the right to financial social assistance. However, the Guidance for Application of the Social Card provided to all social workers, includes absolute rights (property rights in particular) as well as inheritance and gifts in the category of irregular income, with their market value used to assess it. For illustration, if a person owns 0.1 hectare of land (less than required by the legal census), its market value set by the Tax Administration will be considered as their income and their right to financial social assistance will be suspended. This exactly was the way in which the increased financial social assistance for REDACTED, Complainant 8, was terminated. She lives in dire housing conditions in one informal Roma settlement in Belgrade and her loss of the right to financial social assistance is an obvious example of the described harm resulted with the implementation of the Social Cards Registry. Namely, REDACTED has severe illness and disability, which means that she is not able to work. In addition to financial social assistance, she is also a beneficiary of allowance for assistance and care for another person and considering she cannot work, these social benefits are her only income. In November 2022, REDACTED was notified about the termination of her financial social assistance because of inheritance income in the amount of 1,066,656 dinars (appx. 9,000 euros). After the engagement of A11 Initiative, it was found that REDACTED inherited land covering an area of 333,33 m^2, which was converted into market value and this amount was stated in the decision on termination of her right. Even though the Law on Social Protection prescribes that the threshold is 10,000 m^2 (1 hectare), REDACTED lost the right to financial social assistance because the Social Card Register expressed the land ownership in market value and not in square footage. The Social Card Register in this respect fundamentally contradicts the Law on Social Protection and its implementation leads to a direct violation of this regulation. The second-instance authority overturned this decision after the appeal and returned the case to the Social Welfare Centre REDACTED for re-decision, without but focused only on the violation of procedural aspects of the Law.	***The Request states that some Requesters went through the appeals process and were able to have their benefit restored through that process. Any unresolved matters pertaining to the nine individual cases that are briefly presented in the Request should be brought up with Serbian authorities. The Bank can offer the following general clarifications.*** ***The Law on Social Protection stipulates when and how changes affecting users' rights need to be reviewed.*** Article 97, paragraph 2, states, *"All changes affecting the use of rights and established obligations are taken into account from the first day of the following month after their occurrence, i.e., from the 15th of the month if the change occurred before the 15th of the month, except for the allowance for assistance and care of another person and an increased allowance for the assistance and care of another person, when the resulting change is taken into account from the date of occurrence."*[51] ***Consideration of beneficiary's or applicant's assets. As previously mentioned, eligibility criteria are defined by the Law on Social Protection and related bylaws, and include the consideration of certain property, both immovable and movable.*** These eligibility criteria are unrelated to the *Law on Social Card* and have not changed with the introduction of the SCR. Information about land or car ownership may appear in the data, but the social worker needs to assess if and how such possessions affect eligibility for financial social assistance as per the *Law on Social Protection* and related bylaws. CSW staff also conduct field visits (as they did prior to introduction of the *Law on Social Card*) when determining household eligibility for financial social assistance. The *Law on Social Card* did not change or remove this option in the decision-making process. ***Site visits by CSW staff. The Law on Social Cards does not diminish or interfere with social workers' ability or responsibility to engage directly with beneficiaries, including conducting home visits, when making decisions.*** Likewise, beneficiaries and applicants can continue to come to CSWs to apply in person, and social workers can visit their homes during the application process, as was the case before the SCR was put in place. ***Consideration of car ownership. Citizens retaining cars registered in their name because they failed to deregister them after selling may occur but is not a problem related to the SCR.*** Car ownership is recorded in the Ministry of Interior registry if an individual has a car registered in his/her name. If a person sells a car but does not deregister it, it remains in the registry under his/her name. Deregistering sold cars is the sole responsibility of the vehicle title holder. ***Consideration of inheritances.*** Inheritance is generally considered a source of income that must be reported and

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		taxed. It is also taken into account when determining eligibility for social assistance. This rule is based on the Law on Social Protection, and is unrelated to the Law on Social Card. The Tax Administration, responsible for inheritance matters, calculates inheritance tax based on the taxpayer's submitted tax return. Using this information, it determines the value of the inheritance and the tax amount owed. To make an informed decision, the social worker must invite the beneficiary to provide a statement and verify their acceptance of the inheritance. Reviewing the relevant documents will also assist the social worker in making the final decision. ***Private bank accounts. The allegation that commercial banks would provide to the SCR information about private bank account transactions is unfounded.*** The *Law on Social Card* does not provide a legal basis for commercial banks to provide data from private bank accounts to the SCR. Moreover, it is not technically possible to "feed" such information from outside government databases into the SCR. ***The Government has confirmed to the Bank that the SCR does not contain such information***. ***Consideration of informal income. Informal income generated from collecting cardboard and bottles from waste, etc. would not appear in the SCR unless the recipient or employer formally declared it to the Tax Administration or the central register for mandatory social insurance (in which case it would not be "informal" income)***. In any case, it would be the social worker who determines the impact of such income on the eligibility, not the SCR.
18	Complainant 9 Another example of how the wrong classification of income in the Social Card Register violates the Law on Social Protection is the case of REDACTED, Complainant 9. She and her family (a husband, daughter and grandson) are beneficiaries of financial social assistance in the monthly amount of around 25,000 dinars (appx. 220 euros) and they live in a social apartment in Belgrade. Given the extremely high living costs in social housing units in Belgrade, it often happens that users of these apartments fall into arrears. Due to the difficulty of paying all the utility costs on time, which can reach up to 20,000 dinars per month (appx. 180 euros), these tenants are frequently in a predicament where they must choose between paying their bills and covering essential needs. These problems are also affecting REDACTED and her family due to the fact that her household accumulated significant debts due to the aforementioned reasons. The mediation process, in which her family participated regarding their forced eviction, resulted in covering all debts caused by unaffordable housing, so that they	***The Request states that some Requesters went through the appeals process and were able to have their benefit restored through that process. Any unresolved matters pertaining to the nine individual cases that are briefly presented in the Request should be brought up with Serbian authorities. The Bank can offer the following general clarifications.*** ***The SCR does not issue "instructions" on how to proceed regarding beneficiaries' access to social assistance.*** Instead, it flags changes in the beneficiaries' socio-economic status, prompting the need to review those based on the eligibility criteria established by applicable laws. The termination procedure is governed by the *Law on Social Protection* and the Law on General Administrative Procedure, both of which remain unaffected by the *Law on Social Card*. The Request cites incidents where social workers allegedly deviated from proper procedures, such as failing to issue notifications to beneficiaries or not allowing them to intervene. This may be contrary to the applicable regulations and would need to be reviewed by the relevant authorities for possible correction.

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	would not be at risk of becoming homeless. However, the payment of these debts was considered as income by the Social Card Register and REDACTED was warned that she would lose her right to financial social assistance. Although the social worker asked for the details of this "income", from which it could be seen that there was no real income involved, REDACTED statement that this did not match the factual case and that she not only did not work or earn, but was also not responsible for the situation, was not taken into account. The social worker in this case simply followed the instruction from the notification received within the Social Card Register and took data from it as only relevant information, defining the above as income from temporary and casual employment. To make things even worse, on the same occasion, a donation that was allocated to cover the funeral costs of REDACTED daughter who had passed away a couple of months earlier, was also calculated as an "income". Since the Social Welfare Centre REDACTED failed to provide any support regarding this situation and the expenses that it brought, she turned to A11 Initiative for help. In both of these cases, the amounts paid for completely different purposes were classified as income, therefore violating the Law, and preventing her from exercising her right to financial social assistance. The appeal that A11 Initiative submitted on behalf of REDACTED alongside evidence regarding the origin of the "income" in question, was eventually successful. However, the procedure took months and during the whole time, this family did not have any means to cover their basic necessities.	However, such alleged procedural errors or misconduct by CSW staff are in no way a direct result of f the *Law on Social Card*. Furthermore, the social worker cannot change data in the SCR since the data comes from other source databases. The data can only be corrected in the original source, which a citizen can request. ***Consideration of donations.*** The term "donation" as a type of income does not exist in Serbia. Instead, the terms "awards, financial aid, and other benefits to natural persons" are used, to which the Request may be referring. Neither the SCR nor the Tax Administration classifies this type of income; rather, it is classified by the income payer through the tax return. Whether this type of income affects social benefits is determined by an official in accordance with relevant regulations, and it is not connected to the SCR or the *Law on Social Card*.
19	**Previous Contact** The A11 - Initiative for Economic and Social Rights, organization representing the complainants works in close partnership with Amnesty International since the adoption of the Law on Social Card. This partnership started in November 2022, when Amnesty International, together with other human rights organizations prepared and submitted amicus brief to the Constitutional Court of Serbia in the case of the constitutional review of the Law on Social Card.[38] In December 2023, Amnesty International revealed that the Law on Social Card was funded by the World Bank loan, and stated: "In Serbia, the World Bank funded the establishment of the Social Card registry in 2021 as part of a larger 82,600,000-euro public sector loan".[39]	***The Request incorrectly alleges opacity regarding the Bank's support for the Law on Social Card. Information about the Bank's support for the DPO has been publicly available, at least since January 2021, including the relevant operational documents, which have been accessible on the Bank's website.*** While the Request suggests that the Bank's support for the *Law on Social Card* had to be actively "revealed," this information was indeed publicly available and accessible to interested stakeholders. In addition, in April 2019, the Bank had invited A11 to a briefing for stakeholders about the Bank's analytical work for Social Protection. However, A11 did not respond, nor did it attend in this presentation, which would have provided

[38] More information here: A11 Initiative, *Support grows for A11 constitutional challenge to the Social Cards Law,* online: https://www.a11initiative.oru/en/support-grows-for-a-11-constitutional-ehallenge-to-the-social-cards-law/
[39] Amnesty International, Trapped by Automation, Poverty and Discrimination in Serbia's Welfare State, online:

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	Because of that, the complainants haven't had the chance to report their concerns to the World Bank management, as it would be ineffective and practically without any prospect for success, for a number of reasons. The first reason is that they were already negatively affected by the implementation of this legislation in December 2022, when their financial social benefits were terminated or significantly decreased, due to the Law on Social Card.	much of the information contained in this Management Response. The SCR was not financed by the Bank. It was financed from the Budget of the Republic of Serbia, as evidenced in the justification for the draft *Law on Social Card* submitted to the Parliament by the Government and by the Law on Final Account for Budget of Republic of Serbia for 2022. Proceeds from the loan supporting any DPO – including this one – are not earmarked and serve to provide a general-purpose budget financing. There is no procurement dimension to a DPO. Under the DPO, the World Bank supported a number of sectoral policy reforms, including the adoption of the *Law on Social Card*. The TA delivered through a BETF, Strengthening the Social Protection System for Disaster Preparedness and Response, provided support in the technical/IT conceptual design of the SCR and recommendations for the *Law on Social Card* within the context of making the social protection system more responsive for disaster risk management.
20	Another reason for this is the fact that after the Law was adopted, the issues raised by its implementation were in the domain of Serbian administrative and judicial bodies, and not the World Bank. The complainants would like to stress that at this moment, the Bank does not have mechanisms for rectifying the situation they were put in due to the implementation of the Law. Finally, the lack of transparency about the project implementation affected their situation as they only learned about the Bank's role in the introduction of the Law on Social Cards recently - almost two years since the Law entered into force.[40] It should be noted that there was not a single public information available to complainants, civil society organizations or other institutions that would even point to the fact that the introduction of the Social Card registry was funded by the World Bank's loan to Serbia, as it can be seen in the explanation of the Draft Law, the Government of the Republic of Serbia submitted to the National Parliament of the Republic of Serbia in December 2021.[41]	See answer to Item 19.
21	However, after unofficial information that the World Bank funded the project which resulted with the introduction of the Law on Social Card, the complainants' representatives tried everything	***Regarding availability of information see also Item 19 above.***

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[40] According to Art. 24 of the Law on Social Card, the implementation of the Law started on March 1, 2022. Please see unofficial English translation of the Law on Social Card. Original, Serbian text is available in the "Official Gazette of RS," No. 14/2021.

[41] Annex 3.

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	reasonable to get more information from the World Bank and its engagement with the Government of Serbia and the adoption of the Law on Social Card, and consequently to raise concerns about the project. On 21 February 2023, together with the UN Human Rights Unit to Serbia, the A11 Initiative organised the meeting with other UN and development agencies working with the most vulnerable population groups in Serbia. Although REDACTED, Specialist for Social Protection, World Bank office to Serbia was invited to the meeting, she declined the invitation. • On 21 April 2023, Amnesty International sent an interview request to REDACTED, Specialist for Social Protection, World Bank office to Serbia, but did not receive any response. • On 25 April 2023, Amnesty International sent an interview request to REDACTED, Specialist for Social Protection, World Bank office to Serbia, but did not receive any response. • On 27 June 2023, Amnesty International sent an interview request to REDACTED, Specialist for Social Protection, World Bank office to Serbia, but did not receive any response. • On 3 July 2023, Amnesty International sent an interview request to REDACTED, Specialist for Social Protection, World Bank office to Serbia, but did not receive any response. • On 10 July 2023, Amnesty International Europe Director, REDACTED sent a letter with questions for the attention of REDACTED, World Bank Country Manager for Serbia, and REDACTED, World Bank Country Director for the Western Balkans. This letter remained unanswered. • On 7 November 2023, Amnesty International sent a letter with the key findings of the report on the implementation of the Social Cards Registry in Serbia, and addressed it to REDACTED Minister of Labour, Employment, Veteran and Social Affairs and the attention of REDACTED World Bank Country Manager for Serbia, and REDACTED, World Bank Country Director for the Western Balkans. None of the letters were answered.	***Management notes that the Requesters did not bring the issues of concern to Management's attention prior to submitting their Request for Inspection, which is contrary to the requirements of the Panel Resolution.*** A11 did not contact the Bank regarding this Request before submitting the Request to the Panel. The Panel could not determine whether Management had been given a reasonable opportunity to respond to the claims in the Request before it was submitted, and suspended its decision on registration to allow the Requesters to raise their concerns with Management after the Request was submitted. Management met with A11 on July 30, 2024, where Management for the first time was afforded a reasonable opportunity to respond to the claims. The Panel only registered the Request on August 27, 2024, which is beyond the 15-month period during which the Panel may hear complaints after project closure (the DPL closed on December 31, 2022). This is contrary to paragraphs 14 and 17 of the Inspection Panel Resolution. ***The Request improperly relied on Amnesty International's correspondence with the Bank to establish prior contact. However, in its correspondence, Amnesty International at no point indicated that it represented project-affected people who wished to complain to Bank Management that their rights or interest were affected by a Bank-supported project.*** Instead, Amnesty International sought meetings with Bank staff to gain a better understanding of the implementation of the *Law on Social Card* and to discuss its own analytical work on the subject matter. ***The Request alleges opacity regarding the Bank's support for the Law on Social Card. However, information about the Bank's support for the DPO has been publicly available since March 1, 2021, including the relevant operational documents, which have been accessible on the Bank's website.*** While the Request suggests that the Bank's support for the *Law on Social Card* had to be actively "revealed," this information was indeed publicly available and accessible to interested stakeholders. In addition, in April 2019, the Bank had invited A11 to a briefing for stakeholders about the Bank's analytical work on Social Protection, where the concept of the SCR was also discussed. However, A11 did not respond, nor did it attend this presentation, which covered many of the elements contained in this Management Response. Had A11 reached out to Management in time, Management would have been able to clarify to A11 the scope of the DPO, the applicable Bank standards, the analyses undertaken during DPO preparation, and the Bank's dialogue with the Government regarding Serbia's social protection program.
22	**Policies Not Followed**	***The Request is based on alleged failures to fulfill requirements enshrined in national Serbian law or in the***

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	Assessment and Management of Environmental and Social Risks and Impacts (ESS1) of the Environmental and Social Framework **Bank Directive: Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups** Having in mind the obligations set in ESS 1 for the Borrower and in the Bank Directive - Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups are intertwined and lean on one another, both the Borrower and the task team of the Bank have failed to fulfill them. There is no proof whatsoever that the Borrower acted in accordance with the Assessment and Management of Environmental and Social Risks and Impacts (ESS I), since no social and environmental assessment was undertaken nor made public, especially having in mind the adoption of the Law on Social Card itself (which introduced the Social Card Register), where all the relevant legal steps were also bypassed. The Borrower also did not engage any relevant stakeholders in the consultation as prescribed in its obligations, nor did it adopt the Environmental and Social Commitment Plan. There was also no public consultations before the adoption of the Law on Social Card, as prescribed by national legislation. In line with these omissions on the Borrower's side, the task team of the Bank has also breached its obligations set in the mentioned Bank Directive. Since there was no environmental and social assessment of the project, the task team failed to fulfill its first obligation set in the Directive, which states that they will assist the Borrower in establishing arrangements for undertaking and preparing this assessment. No individuals or groups have been identified as affected by the project and no assessment of project risks and impacts and identification of differentiated mitigation measures has been undertaken. Alongside this, the task team also failed to undertake its due diligence, as prescribed in paragraph 5 of the Directive, which refers to reviewing the social and environmental assessment conducted by the Borrower and participation in consultation with affected disadvantaged individuals and groups, among other activities. All these requirements have a goal that adverse impacts of the project do not fall disproportionately on the disadvantaged or vulnerable individuals or groups. However, this was the exact and direct result of the Bank's project and the introduction of the Social Card Register in Serbia. Having in mind the fact that two years into the implementation of the project, the Social Card Register stripped more than 44,000 beneficiaries of their right to financial social assistance, partially as a result of mistakes in the Register and (semi) automated	***Bank's ESF. The latter is applicable to Bank-supported Investment Project Financing but does not apply to this DPO.*** ***None of the Environmental and Social Standards cited in the Request are applicable to the DPO, nor is the Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups, and hence they are not relevant for this Request.*** ***Management has reviewed the DPO against the requirements of the applicable Bank Policy on DPF, including its provisions on addressing poverty and social impacts, and confirms that it complies with said policy.*** With regard to consultations, Management is confident that the Borrower has complied with the requirements in the Policy on DPF. *Consultations* Per the Policy on DPF, the Bank advised the Government to consult with and engage the participation of key stakeholders in the country. The Program Document describes Serbia's arrangements for consultations and participation relevant to the DPO. The Government was responsible for undertaking the consultations on the program supported by the DPO. Line ministries organized consultations to solicit the views and opinions from the nongovernmental sector and local academia. The Government introduced numerous revisions in the later draft of the *Law on Social Card*, based on comments received during consultations. The Bank team reviewed all the comments raised and submitted. A summary of the key comments raised by the NGOs (including by A11) and other stakeholders was included in the assessment of the revised law prepared for the Bank by a consultant. The face-to-face public consultations on the *Law on Social Card* were carried out in the period June 17-July 5, 2019. Consultations with participation of about 280 representatives of NGOs, academia and other stakeholders were organized in five cities: - Belgrade – June 17 (2019) - Novi Sad – June 21, - Kragujevac – June 24, - Novi Pazar – June 28, and - Vranje – July 5. Additional consultations were conducted online. The draft Law was posted on the website of the MoLEVSA and on the e-government portal, with an invitation to all interested parties to submit proposals, suggestions, initiatives and

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	decision-making process. These effects could have been avoided if the preventive obligations were fulfilled accordingly. Absurdly, there was no discrimination towards vulnerable groups and communities regarding the project's benefits, but rather the project's effects introduce discrimination towards marginalized individuals who are in the social welfare system. If an adequate assessment had been made, which would include the consultation with the disadvantaged community on whose lives the implementation of the Social Card Register had a disproportionately negative effect, it is possible that there would be no proceeding with the finalization of the project.	comments. Additional details available at: https://www.minrzs.gov.rs/sr/dokumenti/ostalo/javni-poziv-za-ucesce-u-javnoj-raspravi-o-nacrtu-zakona-o-socijalnoj-karti A Bank consultant under the DPO prepared an analysis of the draft *Law on Social Card* revised in accordance with the comments received during the public consultations. Information about the Bank's support for the DPO remains publicly available, including the relevant documents that are accessible on the Bank's website.