

Mark Goldsmith  
Chairperson  
The Inspection Panel

August 27, 2024

**IPN REQUEST 24/03**

**Notice of Registration of a Request for Inspection  
Serbia: Public Sector Efficiency and Green Recovery DPL (P164575)**

**Summary**

1. On March 31, 2024, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”) related to the World Bank-financed Public Sector Efficiency and Green Recovery Development Policy Loan (P164575) (the “Program”). The Request was submitted by A11 – Initiative for Economic and Social Rights (“A11”), a civil society organization in Belgrade, Serbia. A11 represents six individuals (the “Requesters”), including members of the Roma community, who live in various locations in Serbia.<sup>1</sup> A11 asked Amnesty International, an international civil society organization, to serve as their advisor in the Panel process.
2. The Request alleges that a Social Card Registry (the “Registry”) established by a law of the Government of the Republic of Serbia (the “Government”) has negatively and disproportionately impacted approximately 44,000 people, many of whom are vulnerable members of the Roma community. The Request states the Government established the Registry with World Bank support, but it is unclear whether the Bank conducted due diligence during the program planning and design “*to identify potential human rights risks and put in place adequate mitigation measures.*”
3. The Request alleges that misclassification (e.g., seasonal work, donation, and inheritance) and miscalculation of income in the Registry has resulted in the loss or significant reduction of financial benefits to deserving beneficiaries. It also alleges that, due to the Registry’s automated nature, social workers cannot correct errors recorded in the system and, moreover, Social Card beneficiaries have no opportunity to document their entitlements before a mistaken reduction or benefit withdrawal is made. The Request claims that the absence of written notifications prevents beneficiaries from exercising their rights to legal remedy. The Request also alleges a lack of information about the appeal system, which is available to individuals. It further alleges that the period granted to challenge an exclusion is too short, and the appeal process – during which most social card beneficiaries receive no entitled benefits – is too long.

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<sup>1</sup> On April 18, 2024, A11 submitted additional information to the Panel detailing how three other individuals are also affected by the Program.

4. The Request alleges that the Registry conflicts with the Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities, which allows for some forms of income to be earned without affecting entitlements to social benefits.<sup>2</sup> In addition, it claims the Registry lacks transparency, since the algorithm used to determine eligibility for financial assistance is not publicly available, and the data collection violates beneficiaries' right to privacy due to the range of information collected.

5. On March 31, 2024, the Panel acknowledged receiving the Request by issuing a Notice of Receipt on its website, and subsequently informing the Requesters, Bank Management ("Management"), and the Accountability Mechanism Secretary. The Panel conducted its initial due diligence of the Request and found the status of one criterion for registration to be unclear as the Panel could not clearly determine whether Management had been given a reasonable opportunity to respond to the Request's claims, as required by the Panel's Operating Procedures. The Panel therefore suspended the Registration from March 31 to date. On August 15, the Panel received documentation evidencing that this criterion was met. Therefore, by way of this Notice of Registration, I hereby inform you that on August 27, I have registered this Request.

## **The Program**

6. The Public Sector Efficiency and Green Recovery Development Policy Loan was approved on April 29, 2021, for an amount of € 82,600,000 (eighty-two million six hundred thousand Euros) from the International Bank for Reconstruction and Development (the "World Bank" or the "Bank") to the Republic of Serbia (the "Borrower").<sup>3</sup> The loan was disbursed in one tranche on December 10, 2021. The Program was closed on December 31, 2022. The implementing agencies for the program were the Minister of Finance, the Ministry of Mining and Energy, the Commission for State Aid Control, the Ministry of Environmental Protection, the Ministry of Labor, Employment, Veterans and Social Affairs, and the Public Procurement Office.

7. The development objective of the Public Sector Efficiency and Green Recovery Development Policy Loan was "*to provide opportunities to contribute to sustainable growth and job creation by strengthening policies and institutions.*"<sup>4</sup> The Bank's support to the Government of Serbia sought to (i) increase public sector efficiency and transparency, and (ii) initiate a green recovery.

8. According to the Program Document (PD), Pillar One of the Program supported (i) reforming the public procurement system, to make it more transparent and automated through the online portal, (ii) harmonizing and updating "*social assistance registries,*" and (iii) adjusting control of state aid to help even the playing field between private companies and State-owned enterprises. Pillar Two supported policies to reduce activities associated with high emissions of pollutants and

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<sup>2</sup> According to the Request, article 9 of the Law on Simplified Work Engagement on Seasonal Jobs in Certain Activities (Law on Seasonal Workers) states that remuneration for seasonal jobs included in the Law does not affect the award to financial social assistance, which is realized in accordance with the regulations on social protection.

<sup>3</sup> World Bank, 2021. [Public Sector Efficiency and Green Recovery Development Policy Loan Agreement](#).

<sup>4</sup> World Bank, 2021. [Program Document for a Proposed Loan for the Public Sector Efficiency and Green Recovery Development Policy Loan](#), pp. 2; 5.

to integrate key environmental and climate resilience considerations into the economic recovery process. The concerns raised in the Request relate to Pillar One.

9. The Registry is one of eight Program actions to be implemented. The Borrower “*has mandated the establishment of the 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.*”<sup>5</sup>

10. The PD stated the Registry would support Serbia’s social protection system, which was struggling to fairly distribute limited resources to those in need. It added that the existing system for collecting and storing data at that time did not allow systematic analytics to inform policies and decision-making, and to monitor the impact of social protection benefits. According to the PD, Serbia had started the implementation of the Registry to address this issue. The Registry would consolidate data from existing social protection registries and databases. These include data on social benefit payments and services based on “*the Law on Social Protection; the Law on the Financial Support to Families with Children; the Law on the Benefits of War Veterans, Disabled War Veterans, Civilian Invalids of War, and their Family Members, and the Law on the Benefits of Civilian Invalids of War.*”<sup>6</sup> The PD stated that the implementation of the Law on Social Card would result in a “*higher percentage of beneficiaries from various social protection registries [and this] would be verified and updated through the new Social Card Registry.*”<sup>7</sup>

11. The PD claimed the protection of personal data was a priority of the Borrower, who undertook an “*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.<sup>8</sup> This assessment was shared with the Bank. The PD stated that it 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 its Law on Personal Data Protection.

12. The Program closed on December 31, 2022. The Bank’s Implementation Completion and Results Report (ICRR) stated that the Registry “*has helped the government to identify both ‘errors of inclusion’ and ‘errors of exclusion’ in individuals’ eligibility to social assistance benefits*” and added that the Registry introduced more transparency.<sup>9</sup> The ICRR also stated that the existing appeals mechanism helped cushion the negative impacts of potential exclusion errors of the social cards’ registration.

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<sup>5</sup> World Bank, 2021. [Program Document for a Proposed Loan for the Public Sector Efficiency and Green Recovery Development Policy Loan](#), p. 22.

<sup>6</sup> Ibid., p. 21.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid., p. 21.

<sup>9</sup> World Bank, 2023. [Implementation Completion and Results Report on a Loan for the Public Sector Efficiency and Green Recovery Development Policy Loan](#), pp. 14 and 17.

## The Request

13. The Request alleges four main negative impacts resulting from the Bank support for the enactment of the Law on Social Card and consequently the establishment of the Registry: (i) the loss or significant reduction of financial social benefits for many vulnerable citizens, including members of the Roma community, (ii) lack of transparency and consultation, (iii) the inability of those adversely affected to seek remedy through appropriate administrative means, and (iv) discrimination against the Roma population and disregard for the international human rights approach to data management. These four allegations are further described below.

14. **Alleged loss or significant reduction of financial social benefits for many vulnerable citizens, including members of the Roma community.** The Request claims that the Registry adversely affected approximately 44,000 beneficiaries, and that the implementation of the Law on Social Card has had a disproportionately negative impact on the social protection of vulnerable citizens, including minorities, and their access to financial social benefits. According to the Request, this has particularly affected the Roma community given their “*overrepresentation in the social welfare system.*” The Request alleges that it is unclear whether the World Bank conducted due diligence to “*identify potential human rights risks and related mitigation measures of this program.*” It contends the reduction or termination of individuals’ benefits are due to misclassification of income (e.g., income from seasonal work, inheritance, etc.) or miscalculation (in some cases more than five times higher than their actual income). The Request also claims that by compiling information from many government databases, the Registry not only violates individuals’ right to privacy, but also denies them deserved financial social assistance as some of these databases are inaccurate.

15. **Alleged lack of transparency and consultation.** The Request states the Law on Social Card was enacted without prior public consultation. It claims the algorithm used to determine if beneficiaries meet the criteria for financial social assistance is not publicly available, despite the repeated requests for information made to the Ministry of Labor, Employment, Veterans and Social Affairs. The Request states that in June 2022, A11’s requested for information under the Access to Information Act, which was rejected, and subsequent appeals were made to the Commissioner for Information of Public Importance Data Protection. Despite these requests, the Request alleges that the algorithm is not publicly available.

16. **Alleged inability of those adversely affected to seek remedy through appropriate administrative means.** The Request states that when the system determines an individual is no longer entitled to social benefit, a notification is sent to social workers. However, according to the Request, the system does not allow social workers to correct erroneous determinations. It also states beneficiaries have no opportunity to provide evidence to correct errors before entitlements are terminated. According to the Request, this denies beneficiaries “*the right to declare facts that are important for decision-making (the right to be heard),*” which, according to the Request, violates the Law on the General Administrative Procedure.<sup>10</sup> The Request alleges that notifications of termination or reduction of financial benefits were communicated verbally, which compromised the

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<sup>10</sup> The Request refers to Articles 11 and 106 para. 5 of the Serbian Law on the General Administrative Procedure.

Requesters' right to seek legal remedy. The Request adds that the available administrative procedure to seek remedy is ineffective because individuals must present evidence of their right to a financial benefit within 15 days, a period too short for the beneficiaries to collect relevant information. Furthermore, the Request claims the administrative procedures take months, and beneficiaries do not appeal decisions as affected beneficiaries are not entitled to receive financial benefit while appeals proceedings are ongoing. The Request alleges that this practice is illegal because there are no legal obstacles to submitting a new request for financial social assistance while administrative procedures are ongoing. The Request adds that in some cases, A11 managed to appeal the decision to terminate benefits to the second instance authority – the Provincial Secretariat for Social Policy, Demography and Gender Equality – and achieved the wrongfully taken decision to be reversed.

17. **Alleged discrimination against the Roma population and disregard for the international human rights approach to data management.** The Request contends the Law on Social Card is not aligned with a human rights-based approach to data management due to an undisclosed algorithm, the centralization of data in a single register, non-compliance with the data minimization principle, and the lack of adequate oversight of a semi-automated decision-making system. The Request alleges that the Registry exacerbates existing flaws in the system that discriminates against the Roma people. The Request claims the semi-automated decision-making system introduced the collection of “*up to 135 sources of personal data.*” It adds that in April 2022, A11 and the International Network for Economic, Social and Cultural Rights (ESCR-Net) submitted an *amicus curiae*<sup>11</sup> brief to the Constitutional Court of the Republic of Serbia stating the extensive data-processing of beneficiaries by the social protection system is contrary to the principles of personal data protection, the right to social protection, and the prohibition of discrimination since a large Roma population is affected. The Request states the Constitutional Court has not yet responded to the *amicus curiae*.

### **Initial Due Diligence**

18. After receipt of the Request, the Panel conducted its initial due diligence and verified that the Request met most admissibility criteria for registration. First, the Request is not frivolous, absurd, or anonymous, and was submitted by six individuals living in Serbia, represented by A11, which is also based in Serbia. Second, the Panel verified that the subject matter of the Request does not concern issues of procurement. Third, the Request was submitted on the last day of the 15-month period after the Project's closure, which is the deadline to submit Requests under the 2020 Inspection Panel Resolution (“Resolution”). Fourth, the Panel did not previously make a recommendation on the issues raised in this Request. Although A11 presented email exchanges with Management, the Panel could not determine whether these exchanges clearly raised the Requesters' concerns with Management and that Management had been provided with a reasonable opportunity to respond to the claims made, as required by the Panel's Operating Procedures.<sup>12</sup>

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<sup>11</sup> An *amicus curiae* is a written submission from an individual or organization which is not a party to a legal case, but offers information that bears on the case, and has not been solicited by any of the parties to assist the court.

<sup>12</sup> World Bank Inspection, 2022. [Inspection Panel Operating Procedures](#), p. 16, para. 44, Criterion (c): “*The Request asserts that its subject matter has been brought to the attention of Management and that, in the Requesters' view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank's policies and procedures.*”



19. During its review of the Request, the Panel met with Requesters' representatives on April 26, 2024, and with some of the Requesters on May 7, 2024 to better understand their claims, seek clarifications, and inform them about the Panel's process and mandate. Also, as part of its due diligence, the Panel met with Management on May 7, 2024, who stated it had not been given a reasonable opportunity to respond to the Requesters. Management stated that the Bank had not been contacted directly by the affected parties and that the exchange of emails was between Amnesty International and the Borrower, while the Bank was only copied on them. Management also stated that these emails did not raise issues of compliance with the Bank Policy on Development Policy Financing.

20. During this meeting, Management also stated that the Registry is a centralized platform that consolidates existing data on social protection beneficiaries. This information is provided to social security offices to verify a citizen's eligibility for welfare programs. Management stated that the Social Card Registry does not introduce eligibility criteria or additional information for accessing social welfare programs. Management further stated that the Program supported the Law on Social Card, not the laws that govern eligibility for social welfare programs. Management also stated that the Registry is not an automated Artificial Intelligence system which decides beneficiaries' rights to social welfare programs. With regards to the appeal system, Management added that beneficiaries can use the same means that had been previously available to seek correction or verify information. It further added that beneficiaries can also use the online portal to correct the information held about them.

21. The Request was submitted on the last day of the 15-month period after the Project's closure, which is the deadline for submitting Requests under the 2020 Panel Resolution. In order to give Requesters, the opportunity to communicate with Management on the issues raised and for Management to have a reasonable opportunity to respond to them, the Panel suspended its decision on registration from March 31 to date.

22. On August 14, 2024, Management informed the Panel that it had met with the Requesters and responded to their claims. On August 15, 2024, the Requesters informed the Panel that A11 met with Management on July 30 and, while it *“fully supports the Bank's efforts to engage with the Serbian authorities from here on,”* it does not believe *“that adequate measures were in place pre-implementation to prevent harm nor were adequate and timely measures taken post-implementation to monitor, prevent, or remedy harm.”* As a result, the Requesters' representative asked the Panel to proceed with its process.

23. Having received correspondence and documentation confirming Bank's knowledge of the issues raised as well as demonstrating Management was allowed a reasonable opportunity to respond to these issues, the Panel is satisfied that all the admissibility requirements for registration are now met.

## Registration of the Request

24. As provided in paragraph 18 of the Panel’s Resolution, “*the Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.*”<sup>13</sup> With this notice, I hereby inform you that I have on August 27, 2024, registered the above-mentioned Request.

25. The Panel’s registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As provided in paragraph 19 of the Resolution,<sup>14</sup> Bank Management must provide the Panel within 21 business days (by September 26, 2024) a response to the issues raised in the Request. The subject matter that Management must deal with is set out in paragraphs 20 and 21 of the Resolution.<sup>15</sup> After receiving the Management Response, the Panel will determine whether the Request meets the eligibility criteria set out in paragraphs 13 to 15 of the Resolution and “*shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*”<sup>16</sup> This Request has been assigned IPN Request Number 24/03.

Yours Sincerely,



Mark Goldsmith  
Chairperson

### Attachments

The Executive Directors and Alternates  
International Bank on Reconstruction and Development

Mr. Ajay Banga, President  
International Bank on Reconstruction and Development

### Requesters

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<sup>13</sup> World Bank Inspection Panel, [Resolution No. IDA 2020-0003 \(the “Resolution”\)](#), September 8, 2020, para. 18.

<sup>14</sup> Ibid., para. 19.

<sup>15</sup> Ibid., paras. 20 and 21.

<sup>16</sup> Ibid., para 13-15.