



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 04/11/2024 | Report No: ESRSA03304



I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P500611	Investment Project Financing (IPF)	REMP 2	2025
Operation Name	Second Real Estate Management Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Serbia	Serbia	EUROPE AND CENTRAL ASIA	Urban, Resilience and Land
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Republic of Serbia	Ministry of Construction, Transport and Infrastructure, Republic Geodetic Authority	15-Apr-2024	29-Jul-2024
Estimated Decision Review Date	Total Project Cost		
	32,548,050.00		

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Proposed Development Objective

To improve the transparency, accessibility, and reliability of Serbia’s real property management systems.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

[Description imported from the PAD Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

The Second Real Estate Management Project will scale up activities completed under the Additional Financing of the ongoing Real Estate Management Project (P147050). REMP 2 would be implemented by the Republic Geodetic Authority (RGA), and components envisioned under the proposed project include: Component A: Implementation of the Property Mass Valuation System. This component will support (i) the rollout of mass valuation models for residential



properties for the bulk of Serbia's population; (ii) the development of an information system for mass property valuation; (iii) the creation of a residential property price index that includes all types of residential property; (iv) the development of a Building Register module as part of the Integrated System for Real Estate Cadaster (ISREC); (v) the supply of very high-resolution satellite imagery and orthophoto creation; and (vi) technical assistance for the development of a sustainable model for the long-term maintenance of both the Building Register and Mass Property Valuation Information System. Component B: Integration of Information Systems and NSDI Services Development. This component will support (i) the further development and national implementation of ISREC; (ii) the establishment of an infrastructure cadaster; (iii) implementation of a land consolidation system; (iv) cybersecurity improvements; (v) implementation of the Republic Geodetic Authority's (RGA) NSDI Action Plan; and (vi) upgrades to RGA's digital archive system. Component C: Institutional Development, RGA Sustainability, and Project Management. This component will support (i) updating of strategic documents such as RGA's Business Plan and Transformation Strategy; (ii) implementation of RGA's Portfolio Management Plan; (iii) further implementation of key land administration standards at RGA; and (iv) project management functions of the Project Implementation Unit and its associated staff and consultants.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation's environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 10,000]

This nationwide project aims to advance land administration reforms in Serbia, encompassing both urban and rural areas. It focuses on digitalizing property management in Serbia including valuation and property taxation of residential and commercial properties, but without making physical changes. In general, environmental risk management practices in Serbia align closely with EU directives. Serbia is a pre-accession country and has been receiving support and guidance from the EU to harmonize various sectors, such as environment, waste management, climate and sustainable development. Ensuring strict compliance with national legislation provides a solid basis for effectively managing environmental risks that might arise during the project's implementation. From 2004 to 2012, under the World Bank-financed Real Estate Cadaster and Registration Project (RECRP; P078311), Serbia established the Real Estate Cadaster (REC), a single system for real property rights registration, which is under the authority of the Republic Geodetic Authority (RGA). The project played a pivotal role in the development of land and real estate markets in Serbia. Further technical assistance (TA) from the Bank advised the GoS on three critical areas of real estate reform: (i) planning and permitting; (ii) valuation, taxation, and public land management; and (iii) security of property and property rights. TA outputs included a Land Policy Note shared with the Government of Serbia (GoS) that highlighted the benefits of real estate reform on Serbia's fiscal deficit and business climate. Since 2015, the ongoing Real Estate Management Project (REMP; P147050) and its Additional Financing build on the proposals of the Land Policy Note, with support to valuation and property taxation, e-governance for enabling access to real estate information, and RGA's further institutional development. Throughout implementation of the World Bank-financed projects, the GoS has enacted crucial legislative reforms for the land sector. Key legal framework milestones during REMP's implementation include (i) a new law regulating (property) valuation professionals via the introduction of a new licensing system and national standards for valuation in line with International and European standards; (ii) regulatory improvements in the areas of planning and construction through the implementation of a one-stop-shop (OSS) system for issuing construction permits; (iii) a new law on cadastral procedures linking the databases of cadaster, notaries, the tax administration, and the courts that



enables online submission of applications for registration of property transactions and property tax declarations through notaries, substantially improving the reliability of the property rights registration system; and (iv) adoption of the Law on National Spatial Data Infrastructure (NSDI) and establishment of the GeoSrbija National Geoportal, which enables interoperability and data sharing among various agencies, as well as harmonization with the EU's Infrastructure for Spatial Information in Europe (INSPIRE) Directive. Moreover, the creation of Serbia's Sale Price Register during REMP has had a major impact on the transparency and efficiency of the residential property market by providing valuers and banks with reliable information about transaction prices.

Based on above mentioned reforms and since the start of first Real Estate Management Project REMP1, Serbia's real estate market has experienced significant efficiency gains, as evidenced by the drop from 48 days to 3.89 days in the average time required to complete the recordation of a land or property transaction at RGA. Moreover, RGA's service provision continues to experience high customer satisfaction, with a current rate of 91 percent (up from 66 percent at the start of REMP). To achieve these gains, REMP has invested heavily in the development of RGA's Integrated System for Real Estate Cadaster (ISREC), which provides digital maps covering approximately 67,000 km² (approximately 86 percent) of the national territory and integrates Serbia's land registry and cadaster within a single database. The cadastral data provided by ISREC directly feeds into GeoSrbija, which also benefits from data provision from an additional 128 Serbian institutions. RGA is also actively working to sign Memorandums of Understanding (MoUs) with other GoS institutions for data sharing in order to further improve service provision that requires accurate geospatial information and has signed 44 MoUs to-date. Mass valuation has the potential to address inequalities in the current property taxation system, including tax evasion rates and disparities in tax burdens among properties of equal value. Adopting mass valuation models could lead to a fairer and more equitable taxation system, potentially allowing for lower tax rates while generating similar revenue levels, especially by integrating tax evaders into the tax system. International standards for mass property valuation, primarily developed by the International Association of Assessing Officers (IAAO), have played a crucial role in pilot studies under previous projects and will remain central to the proposed project. These standards emphasize fairness and equity in mass valuation results. Serbia has adopted International Valuation Standards (IVS) by the International Valuation Standards Council and European Valuation Standards (EVS) by The European Group of Valuers' Associations. These standards are encompassing ethical requirement and professional codes of practice and are binding for all valuers in the project. RGA has an obligation to conduct periodic aerial surveys of the territory of the Republic of Serbia at least once every five years, or within a period of three years. Reference: Law on State Survey and Cadasters, the Law on the Procedure of Registration in the Real Estate and Utility Cadaster, the Law on the National Spatial Data Infrastructure, and the Law on Agriculture and Rural Development.

The modernization of real estate services through digitalization is not new for Serbia. However further regulatory compliance and addressing the digital divide pose challenges for digitalizing Serbia's land registration service. Personal Data Protection Law is applied to safeguard individuals' data during valuation activities, while cybersecurity measures are governed by the Information Security Law. Both laws are largely in line with EU regulations. However, the implementation of the new Law on Personal Data Protection (LPDP) faces challenges due to the capacity constraints of the data protection authority. Furthermore, other Serbian laws governing personal data processing are not fully aligned with the LPDP, as reported by IAPP organization. In addition, a limited number of complaints have been lodged with the Data Protection Authority under the law (139 in 2020), which was attributed to a lack of understanding of data subject rights among the population. The existing Law on Information Security, outlined in "RS Official Gazette 77/2019," primarily focuses on safeguarding information and communication systems against security risks. It delineates the responsibilities of legal entities in managing and using these systems, along with the competent authorities responsible for implementing protection measures. The law is being updated with necessary amendments to address evolving



challenges in line with the new directive of the European Union, known as the NIS 2 Directive. Key amendments include: i) Broadened Scope: The revised law expands information security coverage to include the state, economy, and local self-government, emphasizing the legislation's comprehensive nature. ii) Establishment of an Office for Information Security: Office for Information Security is, tasked with overseeing various security levels and coordinating responses to incidents. iii) Vulnerability Database: The National Computer Emergency Response Team (CERT) will manage a database for reporting vulnerabilities in ICT products and services. This initiative aims to streamline the identification and mitigation of security weaknesses in the ICT sector.

The E- Gov Law addresses various aspects of e-government, including the development of e-services for citizens and businesses, electronic transactions between public administration bodies. In addition Serbia has Law on Electronic Document, Electronic Identification, and Trust Services and Law on Telecommunications. However, regulatory framework to tackle digital divide has not been developed yet. Furthermore, no survey on use of E-Gov services has been conducted yet. The survey from 2021, conducted by the Statistical Office showed that 76.7% of households in the Republic of Serbia have a computer. The digital divide is evident when analyzing geographic areas and the availability of internet connections in urban and rural areas. The percentage of computers in households varies depending on the territory: in Belgrade, it amounts to 94.7%, in Vojvodina 72.2%, in Šumadija and Western Serbia 69.1% and in Southern and Eastern Serbia 70.9%. The internet is mostly used for phone conversation (99.9% students and 57.8% pensioners). Digitization and development of electronic administration is a priority of the Government of Serbia, though it involves extreme complexity and high sensitivity.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

[Description of Borrower's capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 10,000]

The Republic Geodetic Authority (RGA) will continue as the proposed project's implementing agency as it was for the original Real Estate Management Project (REMP). RGA has built significant implementation capacities for land administration projects over the past 20 years, and this will remain an important asset throughout project implementation. The agency's PIU will continue its role under the new project and has competencies and experience with World Bank protocols and procedures for project implementation, including fiduciary aspects, safeguards (but not the WB Environmental and Social Framework (ESF), and M&E, the latter of which is fully overseen by RGA, with the PIU consolidating data for reporting to the World Bank. The PIU performed satisfactorily in applying E&S policy, and in particular social risk management under safeguards. To ensure the project align with requirements under the ESF, the PIU will designate two part time environmental and social specialists from the existing team. The Information and Communication Technology (ICT) capacities of RGA are already considered very advanced, particularly with the rollout of Integrated System for Real Estate Cadaster (ISREC). This capacity will be further enhanced as technical staff are become trained on geospatial information management. However digitalization generally pose multiple challenges especially regarding proper management of social risks. The Borrower's limited capacity in this area requires ESCP to indicate a request to appoint a part-time Data Privacy and Cyber Security Specialist. These experts will help make the assessment process fair and equitable for all parties involved, while ensuring that data privacy and security protocols are fully adhered to. The working team will engage in discussions with RGZ regarding the necessary capacity building programs related to REMP 2 activities, including its preparation and execution phase.



II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

A.1 Environmental Risk Rating

Low

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

The project is not expected to have significant adverse environmental impacts, as it will mostly support desk based work, i.e. software development (e.g., development of mass valuation system for residential properties; digital transformation of the Republic Geodetic Authority (RGA); improvement of cybersecurity, data and systems protection and recovery, etc.). The project will not support any civil works. It was confirmed that the initially planned activity related to drone purchase and usage has been dropped. The only potential indirect adverse environmental risk and impacts might arise from IT infrastructure upgrades (including the supply of hardware, servers, block storage, etc.). These issues can be effectively mitigated by aligning with the national regulatory framework and incorporating provisions under the ESCP for: (i) energy efficiency (EE) standards for hardware appliances and (ii) the management of electrical and electronic equipment waste (e-waste). On the other hand, the project will bring some positive environmental and climate change impacts as the activities under Component B (Integration of Information Systems and NSDI Services Development) will track urbanization and urban sprawl trends, which strain infrastructure and deplete carbon sinks. Public agencies will utilize information from the advanced GeoSrbija National Geoportal (which enables interoperability and data sharing among various agencies) for disaster simulations, land use planning, and climate-smart decision-making. Overall, the adverse environmental risks and impacts associated with this project are anticipated to be minimal or negligible in scope. Consequently, the environmental risk rating is assessed as low.

A.2 Social Risk Rating

Moderate

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

Social risk is moderate as the project involve moderate magnitude, yet high spatial extent impacts. However, it doesn't involve significant, unpredictable, or irreversible risks. Recognized risks can be mitigated through the implementation of standard measures based on the existing legal frameworks, international guidelines, and protocols for effective risk management. However, continuous monitoring and adaptation may be necessary to address emerging challenges. The anticipated social risks with applicable measures are listed below: -Data Protection and Cybersecurity: The project involves handling sensitive property data, which raises concerns about private data protection and cybersecurity. To mitigate these risks, strict protocols aligned with national regulations, international standards, and (GIIP) guidelines will be implemented. Data protection and security specialist in the RGA will oversee this aspect. This requirement is also outlined in the ESCP. -Mass Valuation and Tax System Fairness: The intention of the mass valuation (MV) is to create a fairer tax system. However, the main concerns is how the project will ensure fairness in the MV process, particularly for vulnerable groups. To address this aspect RGA will follow international best practices and standards, such are those established by the International Association of Assessing Officers and will adhere to International Valuation Standards and EU Valuation Standards. These standards, adopted by Serbia, include ethical guidelines and professional codes of conduct that are binding for all evaluators involved in mass valuation and will guide system development. -Land Disputes and Registration of Informal Properties: The project cold unintentionally led to downstream risks associated with land disputes due to insufficient transparency and accuracy in

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the MV system. To prevent this, the project will establish clear processes (to ensure that all parties understand the steps involved and the basis for valuation decisions), ensure accurate data collection, stakeholder engagement, and activate grievance mechanism. The project will also ensure legal alignment, and foster most advanced technology integration. The RGA will not carry out formal registration of informal properties but will record them in their system that allows for the understanding of irregularities and illegalities without formalizing ownership, which could escalate disputes. However, in doing so, the RGA will consider the broader legal framework governing land tenure and property rights to ensure that the recording of informal properties is consistent with national laws and policies. This will help the GoS understand irregularities and illegalities. In addition to measures prescribed in the SEP, the RGA will collaborate with local governments, NGO's, to ensure that the recording of informal properties is conducted in a manner that is respectful of the rights and needs of the occupants.

-Public Misunderstanding and Inadequate Stakeholder Engagement : To prevent misunderstandings, the project will use transparent and standardized valuation methodologies that are clearly documented and widely understood. Information about the valuation process will be accessible to the public, and mechanisms for addressing grievances will be established. The SEP is prepared for SE and CE, with a focus on reaching vulnerable groups through tailored strategies. A social specialist will be appointed to oversee and report on the SEP and GRM implementation.

-Digital Divide: To address potential digital divide in accessing digital services, the project will draw upon international guidelines and successful practices from previous REMP in providing support and adapting the system to accommodate the needs of diverse vulnerable groups. The above impacts and risks are considered manageable with appropriate mitigation measures, which is why the overall social risk of the project is assessed as moderate.

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 8,000]

B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

[Explanation - Max. character limit 10,000]

The project will not support activities with a physical footprint, so there are no identified direct environmental impacts. The only potential indirect adverse environmental risk and impacts might arise from IT infrastructure upgrades (including the supply of hardware, servers, block storage, etc.). These issues can be effectively mitigated by aligning with the national regulatory framework and incorporated provisions under the ESCP for: (i) energy efficiency (EE) standards for hardware appliances and (ii) the management of electrical and electronic equipment waste (e-waste). The risks associated with the property valuation process, procurement of hardware and drones can be to a certain extent mitigated by aligning with the national regulatory framework. Nonetheless, considering the potential shortcomings in the implementation and adherence to national regulations, the ESCP has been prepared and incorporate relevant requirements on energy efficiency, permitting, property valuation process and its transparency, data protection and security, GRM and stakeholder engagement and labor conditions. The SEP has been prepared by Borrower to accommodate the needs and circumstances of different stakeholders, paying special attention to identified disadvantaged or vulnerable individuals or groups. Information pertaining to the valuation process will be

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easily accessible to the public, potentially through official websites, including details such as valuation criteria and assessment results. Mechanisms for addressing grievances and resolving misinformation during mass valuation will be established, with all procedures outlined in SEP. Dedicated social specialist from existing staff will be assigned to oversee and report on SEP and GRM implementation. To prevent any potential risks associated with further digitalization of property information, the project will leverage on, GIIP and best practices from the previous REMP. This includes collecting data on digital access and usage, supporting diverse age groups, and ensuring accessibility for individuals with disabilities. Data protection and cybersecurity concerns will be addressed through strict protocols aligned with National Law on Personal Data Protection and the Law on Information Security, and international standards. These requirements are outlined in the ESCP. Data protection and security specialists already employed by RGA will be assigned to oversee this task.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

[Explanation - Max. character limit 10,000]

ESS10 is relevant because transparent information disclosure and stakeholder engagement are crucial to prevent and manage potential risks, particularly in the context of mass property valuation and the digital modernization of Cadaster services. The lack of information can be considered a social risk, leading to misunderstandings, mistrust, and inadequate engagement among affected parties, potentially resulting in disputes or conflicts. The draft SEP has been prepared by the Borrower. This instrument offers guidelines to ensure that information regarding the valuation process is transparent, clearly documented, and easily accessible to the public through various communication channels. This information will include details such as valuation criteria and assessment results. Additionally, mechanisms for addressing grievances and resolving misinformation during mass valuation have been outlined in the SEP. Due to the potential risk of insufficient inclusion of vulnerable and disadvantaged groups in project activities, the SEP prioritizes reaching out to these groups and developing tailored strategies to effectively address their unique needs and challenges within this context. The project will cover the entire territory of Serbia, and key stakeholders will include local governments, land authorities, and civil society organizations representing various demographic groups such as women, single parents, ethnic minorities (including Roma), the elderly, persons with disabilities, migrants, and LGBT population. Affected parties include also those with limited access to digital technologies living in the economically disadvantaged and any others individuals or groups whose privacy or property rights may be affected by the project services. The project SEP considers any potential digital divide and establishes clear communication channels and strategies to ensure that all property owners have the insight into valuation process, access to Cadaster services and GRM. The feedback loop will be ensured through project GRM but also through regular satisfaction surveys to be organized by RGA.

ESS2 - Labor and Working Conditions

Relevant

[Explanation - Max. character limit 10,000]

The Project will not cause digital technology driven job displacement. Project workers will include direct workers (PIU staff), civil servants and consultants who will be hired following the Bank's procurement guidelines. Government civil servants working in connection with the project, whether full time or part time, will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project. National labor law is overall consistent with and

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meets the requirement of the ESS2 relevant to the project. The labor issues be addressed through the Recipient’s commitment to the ESCP as follows: The Project will be carried out in accordance with the applicable requirements of ESS2, in a manner acceptable to the WB, including through, inter alia, implementing adequate occupational health and safety measures (including emergency preparedness and response measures), ensuring appropriate working condition; and setting out grievance arrangements for Project workers, and incorporating labor requirements in the procurement documents and contracts with TA contractors. The Recipient will prohibit child labor (any person under the age of 18), forced labor and trafficked persons. The ESS2 monitoring obligations will be reflected in ESCP.

ESS3 - Resource Efficiency and Pollution Prevention and Management Relevant

[Explanation - Max. character limit 10,000]

Risks related to the procurement of some hardware components will be addressed and provisions are included into the ESCP, and will form part of the POM, to ensure full compliance with national regulations, notably with provisions of EE measures and e-waste, and with the World Bank Group (WBG) Environmental, Health, and Safety (EHS) Guideline (including relevant GIIPs stated in the document), as applicable.

ESS4 - Community Health and Safety Not Currently Relevant

[Explanation - Max. character limit 10,000]

This standard is not currently relevant. Financing of drones have been excluded from the project. The site surveys are not expected to pose any health and safety risks for nearby communities. SEA/SH related risks are assessed as low and measures to address these are covered in the ESCP. The platform's design will guarantee transparency, and accurate property valuations to avoid conflicts, legal issues, or financial losses for property owners, and this requirement will be further elaborated in POM.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement Not Currently Relevant

[Explanation - Max. character limit 10,000]

This standard is not relevant.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources Not Currently Relevant

[Explanation - Max. character limit 10,000]

This standard is not relevant.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities Not Currently Relevant

[Explanation - Max. character limit 10,000]

This standard is not currently relevant

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ESS8 - Cultural Heritage

Not Currently Relevant

[Explanation - Max. character limit 10,000]

This standard is not relevant.

ESS9 - Financial Intermediaries

Not Currently Relevant

[Explanation - Max. character limit 10,000]

This standard is not relevant.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

No

[Explanation including areas where "Use of Borrower Framework" is being considered - Max. character limit 10,000]

The Borrower Framework will not be used.

Use of Common Approach

No

[Explanation including list of possible financing partners – Max. character limit 4,000]

The use common approach has not been envisaged.

B.4 Summary of Assessment of Environmental and Social Risks and Impacts

[Description provided will not be disclosed but will flow as a one time flow to the Appraisal Stage PID and PAD – Max. character limit 10,000]

The environmental risk is low while the social risk remains moderate in appraisal stage.

The project is not expected to have significant adverse environmental impacts, as it will mostly support desk based work, i.e. software development (e.g., development of mass valuation system for residential properties; digital transformation of the Republic Geodetic Authority (RGA); improvement of cybersecurity, data and systems protection and recovery, etc.). The project will not support any civil works. It was confirmed that the initially planned activity related to drone purchase and usage was dropped. The only potential indirect adverse environmental risk and impacts might arise from IT infrastructure upgrades (including the supply of hardware, servers, block storage, etc.). These issues can be effectively mitigated by aligning with the national regulatory framework and incorporated provisions under the ESCP for: (i) energy efficiency (EE) standards for hardware appliances and (ii) the management of electrical and electronic equipment waste

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(e-waste). On the other hand, the project will bring some positive environmental and climate change impacts as the activities under Component B (Integration of Information Systems and NSDI Services Development) will track urbanization and urban sprawl trends, which strain infrastructure and deplete carbon sinks. Public agencies will utilize information from the advanced GeoSrbija National Geoportal (which enables interoperability and data sharing among various agencies) for disaster simulations, land use planning, and climate-smart decision-making. Overall, the adverse environmental risks and impacts associated with this project are anticipated to be minimal or negligible in scope. Consequently, the environmental risk rating is assessed as low.

Social risk is moderate as the project involve moderate magnitude, yet high spatial extent impacts. However, it doesn't involve significant, unpredictable, or irreversible risks. Recognized risks can be mitigated through the implementation of standard measures based on the existing legal frameworks, international guidelines, and protocols for effective risk management. However, continuous monitoring and adaptation may be necessary to address emerging challenges. The anticipated social risks with applicable measures are listed below:

-Data Protection and Cybersecurity: The project involves handling sensitive property data, which raises concerns about private data protection and cybersecurity. To mitigate these risks, strict protocols aligned with national regulations, international standards, and (GIIP) guidelines will be implemented. Data protection and security specialists in the RGA will oversee this aspect. This requirement is also outlined in the ESCP.

-Mass Valuation and Tax System Fairness: The intention of the mass valuation (MV) is to create a fairer tax system. However, the main concerns is how the project will ensure fairness in the MV process, particularly for vulnerable groups. To address this aspect RGA will follow international best practices and standards, such are those established by the International Association of Assessing Officers and will adhere to International Valuation Standards and EU Valuation Standards. These standards, adopted by Serbia, include ethical guidelines and professional codes of conduct that are binding for all evaluators involved in mass valuation and will guide system development.

-Land Disputes and Registration of Informal Properties: The project could unintentionally led to downstream risks associated with land disputes due to insufficient transparency and accuracy in the MV system. To prevent this, the project will establish clear processes (to ensure that all parties understand the steps involved and the basis for valuation decisions), ensure accurate data collection, stakeholder engagement, and activate grievance mechanism. The project will also ensure legal alignment, and foster most advanced technology integration. The RGA will not carry out formal registration of informal properties but will record them in their system that allows for the understanding of irregularities and illegalities without formalizing ownership, which could escalate disputes. However, in doing so, the RGA will consider the broader legal framework governing land tenure and property rights to ensure that the recording of informal properties is consistent with national laws and policies. This will help the GoS understand irregularities and illegalities. In addition to measures prescribed in the SEP, the RGA will collaborate with local governments, NGO's, to ensure that the recording of informal properties is conducted in a manner that is respectful of the rights and needs of the occupants.

-Public Misperception: To prevent any potential misunderstandings regarding Mass valuation process and outcomes, the project will use transparent and standardized valuation methodologies that are clearly documented and widely understood. Information about the valuation process will be accessible to the public, and mechanisms for addressing grievances will be established. The SEP is prepared for SE and CE, with a focus on reaching vulnerable groups through tailored strategies. The ESCP mandates the establishment of the project Grievance Redress Mechanism (GRM), which,



along with continuous customer satisfaction surveys, will ensure a closed feedback loop in communication with citizens. A social specialist from the existing staff will be assigned to oversee and report the SEP and GRM implementation.

-Digital Divide: To address potential digital divide in accessing digital services, the project will draw upon international guidelines and successful practices from previous REMP in providing support and adapting the system to accommodate the needs of diverse vulnerable groups.

-The ESCP includes key elements of the Labor Management Plan (LMP) to oversee labor and working conditions for both contracted and direct project workers.

The above listed social impacts and risks are considered manageable with appropriate mitigation measures, which is why the overall social risk of the project is assessed as moderate.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?

[Description of expectations in terms of documents to be prepared to assess and manage the project’s environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 10,000]

By appraisal the borrower will develop, SEP, and ESCP. Measures related to improved transparency, data privacy and security, energy efficiency, e-waste, as well as project GRM and main provisions on labor conditions will be outlined in the ESCP. To enhance existing PIU capacity the ESCP will also outline the requirement to assign from the existing staff one part time social specialist and one part-time data privacy and cybersecurity specialist.

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III. CONTACT POINT

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