



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Armenia	EUROPE AND CENTRAL ASIA	P176803	
Project Name	Fourth Public Sector Modernization Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing	11/15/2021	3/29/2022
Borrower(s)	Implementing Agency(ies)		
Republic of Armenia	PMG in the PM Office, Office of the Government		

Proposed Development Objective

The project development objective is to improve the efficiency of public administration and public service delivery through citizen and business centric solutions.

Financing (in USD Million)	Amount
Total Project Cost	36.00

B. Is the project 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 [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed project is anchored on the Government’s newly adopted Digitalization Strategy which emphasizes that the development of advanced technologies plays a decisive role in the competitiveness, security, and living standards of the state. The PSMP4 is proposed to comprise five components as follows:

Component 1 (Civil Service Modernization) would design and establish a Senior Executive Service (SES) of the Civil Service Office (CSO), with necessary training and capacity building. It would also include further modules of the core Human Resource Management Information System (HRMIS) including Position Management, Payroll, Personnel Management, and Organization Management. Development of the SES would be implemented in two stages under



PSMP4. In the first stage, international best practice would be reviewed, and an appropriate model selected to suit the public administration system of the country. In the second stage, a comprehensive program would be developed to include, inter alia, establishing a relevant legal and operational basis, recruitment based on examples/interviews meeting international best practice, required training, and the remuneration and rewards system for the SES. The SES feasibility study would be linked with the Government's Public Administration Reform (PAR) strategy that is pending approval. The new framework would potentially be piloted in MoJ and the newly created Ministry of Interior (MoI), likely to be the most open for piloting new CS reforms. This component will also support design and implementation of the financial management and procurement shared services within the MoI, also as a showcase to be potentially rolled out throughout the country.

Component 2 (Central Government GovTech) is proposed to include a number of activities including: the digitalization and reengineering of public service delivery for citizens and diaspora abroad, including support for mGov – mobile government - approach to public service delivery; development digital wallet; institutional assessment, enhancement of coordination mechanisms, and monitoring for service delivery (eGov); upgrade of tax administration systems to support mobile app-based tax services implementation in collaboration with the State Revenue Committee (SRC); e-Justice expanding the existing MoJ digitalized infrastructure to enable its information systems to work together seamlessly and improve transparency and accountability in the justice sector; assistance to the MoI in the digitalization process including upgrading existing⁷ and establishing new databases, registers, and electronic platforms; extending the existing document flow system within government for classified document flow; creating a single integrated data platform for mining and resource management; and implementing a new system for protection of economic competition with data analytics.

Component 3 (Digital Public Service Delivery at the Local Levels) is proposed to improve the regional service efficiency and introduce several unified information systems such as community services digitalization, dashboard about community performance and monitoring system, road users' awareness system. Digitalization of services at the community level are lagging. There are currently around 40 municipal services. The component may also support/initiate the following: a new municipal revenue management system, digitalization, and business process reengineering in back office processes, financial management, and internal control improvements, the establishment of citizen municipal offices, upgrading of computers, and other hardware, and training of municipal staff. Economies of scale will be achieved with the same platforms and systems being developed and rolled out in all sub-national governments. Unified public service office establishment will be supported in all the regions (in a model similar to Georgia) to provide all public and local service delivery from one-stop shops.

Component 4 (Data Management and Digital Infrastructure) is proposed to focus on data governance/management, cloud computing, cybersecurity, and artificial intelligence. Key activities will include: support to enable optimal use of available public sector data through data management and governance policies; technical assistance for assessment of cybersecurity and associated institutional arrangements and policies; digitalization of existing archive center; digitization of the key documents and establishment of an integrated digital archive center; technical assistance to assess cloud readiness; prepare cloud policy, data classification guidelines, and evaluation framework for certifying public cloud service providers; establishment of a unified state data center (G-Cloud under a hybrid cloud model)⁹; and a unified state email system. The component is also proposed to support artificial intelligence roll out for public data and service management (including use of Machine Learning or Artificial Intelligence for cybersecurity, personalized digital public service delivery, communication with citizen through Mulberry document management software).



Component 5 (Project Management) would fund project management, coordination, and development of institutional capacity and absorption of the project reforms by the public sector. It would also support strong awareness-raising and training of end-users in the application of the solutions to be developed under the project.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Republic of Armenia is a landlocked mountainous country located in the South Caucasus, bordering Azerbaijan, Georgia, Iran, and Turkey. The Armenian climate is continental, with hot summers and cold winters. The country is regarded as being especially sensitive to the effects of climate change. The topographic and climatic variations have resulted in highly diverse ecosystems. Armenia is a seismically active country. The country comprises of ten administrative regions, called marzes: Aragatsotn, Ararat, Armavir, Gegharkunik, Kotayk, Lori, Shirak, Syunik, Tavush, and Vayots Dzor. The municipality of the capital city of Yerevan is a self-standing administrative unit. The population of the country slightly exceeds 2.9 million, over 60% of which resides in urban settlements. The project will be implemented nationwide.

There is no separate collection of e-waste in Armenia or any official data regarding e-waste generation. The country lacks licensed e-waste recycling/disposal facilities. There are no specific requirements in the Armenian Waste law regarding e-waste. E-waste ends up in other waste streams, including municipal waste collected primarily via bins or chutes.

The Armenian public sector needs comprehensive modernization and digitalization reforms to perform its core operations more efficiently, enhance citizen and business-centric digital public services, and promote citizen engagement. The government has prioritized the digital economy as a key pillar of economic growth and GovTech as one of the most critical dimensions of this strategy. The government has made progress on providing digital public services to its citizens over the past decade, but the scope and access of these services are still limited. Under its Digitalization Strategy (2021-2025), the government plans to enhance the access of these services to 50 percent of the population by 2025. To support these reforms, the government plans to strengthen the enabling environment, including institutions, regulations, skills, and innovations based on a citizen-centric approach. This means that accessible digital public services are structured and designed around the citizen's life events – birth, vaccinations, schooling, employment, social assistance, starting a business, etc. In addition, citizens from various groups - ages, regions, and backgrounds - are involved in the service design to ensure a user-centric approach. Mobile-based services will be another important aspect of the development of citizen-centric service delivery, to promote greater accessibility. Citizen participation and feedback will enhance the trust necessary for economic growth. The proposed project is intended to support this approach through five components anchored in the key elements of public administration, data management, and service delivery systems.

The project would be funded by an IBRD loan of US\$30 million and a government contribution of US\$6 million.

D. 2. Borrower's Institutional Capacity

The designated implementing agency for the project is the Project Management Group (PMG) under the office of the Prime Minister. The project implementation team has experience with implementing prior World Bank projects, most recently the Third Public Sector Modernization project (PSMP III). However, the team currently does not have environmental and social capacity and is not familiar with the requirements of the ESF. While the project entails low social and environmental risks, the capacity of the PMG will need to be enhanced to ensure familiarity with the



principles of the ESF, capacity to conduct environmental and social screening and risk management proportionate to the risk of the activities, ensure compliance with national legislation and ESF on labor and occupational health and safety (OHS) aspects, and ensure proactive and inclusive citizen and stakeholder engagement. This would include provisions that the PMG has designated specialists responsible for the implementation of ESCP, LMP, and SEP including the project grievance mechanisms, and training of these specialists and the PMG staff on the ESF requirements for the project.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The project does not support any civil and renovation works. Risks are associated with handling/disposal of (i) obsolete electronic equipment from upgrading computers and other hardware in core government offices and (ii) project-financed electronic equipment at the end of its useful life. Waste from electronic equipment may cause risks to human health and the environment if not disposed of in an environmentally sound and safe manner. As the volume of e-waste will be small, the environmental risk is rated low.

Social Risk Rating

Low

Social risk of the project is assessed as Low. The project will not have a physical footprint beyond installation of equipment, and therefore is not expected to generate risks related to land acquisition or resettlement, labor influx, or community health and safety. Labor and OHS risks will be limited and can be mitigated with the establishment of labor management procedures anchored in national legislation and consistent with ESS2, including the establishment of accessible grievance mechanism for all project workers. Potential social risks are related to the inclusiveness of digital services provided and/or enhanced with the support of the project. Potentially vulnerable and disadvantaged persons include the elderly, persons with disabilities and limited mobility, persons living in rural, remote, or mountainous areas, a small proportion of ethnic minorities or migrants who lack proficiency in the national language, displaced persons, or persons and households lacking connection to high-speed internet and/or the required skills to use digital services. The project will mitigate these risks by undertaking inclusive consultations and enabling the extension of digital services and skills training to remote and rural locations to ensure broader and more inclusive access to the project benefits. Project activities will strictly follow national regulations related to data privacy and protection. Activities related to civil service modernization will incorporate a focus on equality and non-discrimination and will be gender-sensitized; as such, it is expected equity and inclusion in human resource practices of the civil service.

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The following standards are assessed as relevant to the project at the concept stage: ESS 1, ESS 2, ESS 3, and ESS 10.



Physical activities under the project are associated with the installation of computers and other hardware in core government offices. Environmental issues relate to the handling/disposal of (i) obsolete electronic equipment from upgrading computers and other hardware and (ii) project-financed equipment at the end of its useful life. Dismantled electronic equipment may cause risks to human health and the environment if not disposed of in an environmentally sound and safe manner. Where obsolete equipment cannot be reused, it should be recycled or disposed of by a licensed contractor. As the country lacks electronic waste recycling/disposal facilities, obsolete equipment shall be safely stored until the licensed facilities are established in the country or before exporting abroad. These risks are mitigable with the E-waste Management Plan to be prepared by the project effectiveness date. The E-waste Management Plan will include the provisions for e-waste handling and storage with due care to avoid the release of hazardous substances into the environment as a result of damage and/or leakage. The documentary evidence of proper management of obsolete equipment (e.g., reused, refurbished, discarded) shall be maintained.

Labor and occupational health and safety (OHS) risks under the project are likely to be low and will be mitigated by strict adherence to national legislation, safety standards related to the installation and operation of equipment following good international practice and establishment of grievance mechanism for all project workers. Labor management procedures (LMP) to this end will be incorporated in the project operations manual (POM). The project will introduce CoC for all employees, and protocols for safe and confidential handling of SEA/SH concerns. Component 1 activities and all associated TORs for advisor services will include a focus on equity and non-discrimination, and gender sensitivity, to ensure that project-financed activities in the realm of civil service reform promote principles of inclusion and non-discrimination consistent with the ESF.

Some social risks under the project relate to the potential exclusion of disadvantaged or vulnerable groups from project benefits, as well as their ability to participate equitably in project consultations and provide their feedback in the course of project preparation and implementation. The project will employ tailored measures including multiple forms of communication - face to face as well as digital and print media - to inform and engage citizens and stakeholders. The project will have dedicated activities to the extension of digital services in urban and rural communities, accompanied by training in digital skills to expand the usage of e-services outside the capital city.

The Republic of Armenia Law on “Personal Data Protection” adopted in 2015 regulates the principles of protection of citizens' personal data and sets the appropriate control procedures. A number of government decisions and regulations have been adopted arising from this law setting specific standards on the security and protection of privacy in the government's electronic service provision. The project will follow all legal regulations to ensure the privacy of citizens using e-services under all project-supported assignments and activities.

Areas where “Use of Borrower Framework” is being considered:

The use of Borrower framework is not considered for the whole of the project or any of its parts.

ESS10 Stakeholder Engagement and Information Disclosure

Citizen engagement and stakeholder engagement are a core part of the project design as the project aims to facilitate access to key public services for citizens, enterprises, and public agencies.



Project-affected parties include the state agencies and their employees, enterprises, central and local government agencies, and the general public/citizens who will directly benefit from improved e-services. Other interested parties include civil society, academic and professional associations, and consultancies who may benefit from or be involved in the development, implementation, or monitoring of e-service platforms.

The Borrower will prepare a Stakeholder Engagement Plan (SEP) by Appraisal, which will outline the activities and timeframe for engaging with different stakeholder groups throughout the life of the project, define roles and responsibilities, human resources and budget needed for implementing SEP activities. Key objectives of the SEP are to maintain a constructive relationship with stakeholders, ensure that their views are taken into account in project design and implementation, specifically in the management of environmental and social performance, provide means for inclusive engagement with all project-affected parties, and ensure that appropriate project information is disclosed to stakeholders in a timely, understandable, accessible, and appropriate manner and format. To achieve these objectives, the SEP will be prepared with inputs from stakeholders and reflect methods of engagement that they would consider most effective. SEP activities will envision measures to ensure that disadvantaged and vulnerable groups have equal opportunity to obtain information and benefit from project activities, as well as have channels for grievance and redress if negatively affected. Such activities include tailored awareness and information campaigns, distributing information materials through multiple channels such as media, social media, and local municipality / community leaders, emphasizing the rules and principles of equity and non-discrimination, for example, in relation to employment opportunities in all training and consultation activities.

Disadvantaged and vulnerable groups under the project are likely to include: elderly; women; migrants and displaced persons who by virtue of limited social networks may find it harder to obtain information about the benefits of the project; poor households; households involving persons with disability; or ethnic/language minority groups. These groups will be identified in SEP and differentiated measures will be proposed to ensure their participation.

The Borrower, via the PMG, will establish a grievance mechanism for the project to ensure that citizens have an accessible mechanism to raise any questions, feedback, or complaints on project-related activities. The grievance mechanism will incorporate multiple intake channels and be widely communicated so that all interested parties and the general public can be informed on its existence and use. The details of the grievance mechanism – intake channels, advertisement, processing of feedback and complaints, recording of grievances, response to complainants, monitoring and reporting on the GM, etc. – will be described in the SEP.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The project will include direct workers (employees of the Project Implementation Unit (PIU) within the PMG) as well as contracted workers. Community workers will not be involved in this project.

In the course of project preparation the World Bank team will undertake an assessment of the national labor regulations and internal regulations of the PIU to identify gaps, if any, with ESS2. Labor Management Procedures



(LMP) for the project will be integrated in the POM. These will include a description of the grievance mechanism available to all project workers to raise employment-related complaints in a safe and confidential manner. Contracted workers will comprise the employees of all contractor and consultancy teams to be engaged under the project. At the moment, it is not possible to estimate the full number of such workers. All contractors will be required to comply with LMP procedures specified in POM. This requirement will be included in bidding documents and contracts, and supervised by PMG staff.

Labor and OHS risks are relatively low as the project will not involve construction or rehabilitation, or work in a hazardous environment. Contractors will be required to maintain valid insurance in the case of workplace injuries, to promptly notify the project management team in the case of any incidents, provide urgent medical care, and compensation consistent with national regulations and World Bank ESF. The LMP will also include measures to address SEA/SH risks, as well as COVID-19 protection measures for workers.

ESS3 Resource Efficiency and Pollution Prevention and Management

Dismantled obsolete electronic equipment may cause risks to human health and the environment if not disposed of in an environmentally sound and safe manner. Where obsolete equipment cannot be reused, it should be recycled or disposed of by licensed contractors. The electronic equipment waste will be collected at the government offices in the capital and regional centers and safely stored until the licensed recycling/disposal facilities are established in the country or before exporting abroad. E-waste shall be handled and stored with due care to avoid the release of hazardous substances into the environment as a result of damage and/or leakage. The storage locations shall be adequately secured and protected against unauthorized entry. The documentary evidence of proper management of obsolete equipment (e.g., reused, refurbished, discarded) shall be maintained. The relevant provisions will be included in the E-waste Management Plan.

ESS4 Community Health and Safety

ESS4 is not considered relevant to the project. Equipment will be installed in the existing offices.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is not relevant. The project will not require land acquisition, nor entail land use restrictions or involuntary resettlement.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is not relevant to the project. The equipment will be installed in the existing offices. Therefore, project-supported activities cannot affect biodiversity and living natural resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is not relevant as there are no Indigenous Peoples in Armenia.



ESS8 Cultural Heritage

This standard is not relevant. Equipment will be installed in the existing offices. Project activities are not expected to occur in or in proximity to cultural heritage sites.

ESS9 Financial Intermediaries

This ESS is not relevant. The project will not involve financial intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

There are no financing partners for the project.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

1. Prepare and disclose ESCP prior to Appraisal; update, if needed, and re-disclose prior to Board Approval.
2. Prepare, disclose, and consult SEP prior to Appraisal.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

1. Ensure that the Project Management Group has designated specialists for the implementation of ESCP, LMP, and SEP throughout implementation;
2. Include LMP in POM to be prepared by Effectiveness date and adhere to it throughout project implementation;
3. Implement SEP throughout project implementation;
4. Include requirements of ESCP in TORs of all technical advisory contracts (including clauses of LMP, CoC, GM);
5. Ensure that E-waste Management Plan is prepared by effectiveness date;
6. Provide training and awareness sessions for all project workers and consultants prior to start of their respective activities on project ES requirements (including LMP, CoC, GM).

C. Timing

Public Disclosure



Tentative target date for preparing the Appraisal Stage ESRS

04-Oct-2021

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Republic of Armenia

Implementing Agency(ies)

Implementing Agency: PMG in the PM Office

Implementing Agency: Office of the Government

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): K. Migara O. De Silva, Arman Vatyan

Practice Manager (ENR/Social) Varalakshmi Vemuru Recommended on 11-Aug-2021 at 08:08:24 GMT-04:00

Safeguards Advisor ESSA Agnes I. Kiss (SAESSA) Cleared on 20-Aug-2021 at 11:58:39 GMT-04:00