INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC1031

Date ISDS Prepared/Updated: 12-Sep-2014
Date ISDS Approved/Disclosed: 12-Sep-2014

I. BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country:</th>
<th>Armenia</th>
<th>Project ID:</th>
<th>P149913</th>
</tr>
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<tbody>
<tr>
<td>Project Name:</td>
<td>Public Sector Modernization Project III (P149913)</td>
<td></td>
<td></td>
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<tr>
<td>Task Team Leader:</td>
<td>K. Migara O. De Silva</td>
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<td></td>
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<tr>
<td>Estimated Appraisal Date:</td>
<td>16-Dec-2014</td>
<td>Estimated Board Date:</td>
<td>16-Mar-2015</td>
</tr>
<tr>
<td>Managing Unit:</td>
<td>GGODR</td>
<td>Lending Instrument:</td>
<td>Investment Project Financing</td>
</tr>
<tr>
<td>Sector(s):</td>
<td>Central government administration (55%), Public administration- Information and communications (45%)</td>
<td></td>
<td></td>
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<tr>
<td>Theme(s):</td>
<td>Administrative and civil service reform (15%), Other public sector governance (10%), Other accountability/anti-corruption (35%), Managing for development results (10%), Public expenditure, financial management and procurement (30%)</td>
<td></td>
<td></td>
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</tbody>
</table>

Financing (In USD Million)

<table>
<thead>
<tr>
<th>Total Project Cost:</th>
<th>26.00</th>
<th>Total Bank Financing:</th>
<th>20.50</th>
</tr>
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<tbody>
<tr>
<td>Financing Gap:</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing Source</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrower</td>
<td>5.50</td>
<td></td>
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</tr>
<tr>
<td>International Bank for Reconstruction and Development</td>
<td>20.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Environmental Category: C - Not Required

Is this a Repeater project? Yes

B. Project Objectives

The project development objective (PDO) of the operation is to enhance, deepen, and sustain the performance of public sector management (PSM) for better public service delivery through
a) institutionalizing and advancing e-government in the country, and
b) modernizing public financial management.

C. Project Description

The Third Public Sector Modernization Project (PSMP III) for Armenia will be financed by a Specific Investment Loan (SIL) in the amount of US$ 20.5 million IBRD with implementation over a five year period. This third project benefits from the building blocks of PSMP I and PSMP II. PSMP III continues the emphasis of the PSMP with the following seven components:

Component 1: Institutionalizing e-Government in Armenia (US$ 5.0 million)

Sub-component 1.1: Unified management and service center for e-government systems in the Republic of Armenia

An E-Government Center will be created to improve governance by ensuring the application of unified standards/requirements toward the operation of both state and community electronic management systems (EMS) currently operating in Armenia and those to be designed in the future. The Center will ensure the implementation of the policy developed on behalf of a corresponding body in electronic management field. The center will be housed in premises provided and refurbished under state budget funding.

Sub-component 1.2: Data exchange tool ensuring interoperability and integration of electronic management systems (Data exchange Layer, X-Road, Enterprise Service Bus)

To enhance efficiency of data exchange between electronic management systems, a proper technical and organizational environment/layer of data exchange will be developed, which enables secure Internet-based data exchange between the information systems. This tool will facilitate the exchange of data with the databases belonging to state information system and between the databases belonging to the state information system through data exchange layer of the state information system.

Component 2: Government Finance Management Information System (US$ 7.0 million)

The Government Finance Management Information System (GFMIS) will be developed and introduced to cover areas which include budget formulation, management of spending units, commitment controls, payables and receivables, general ledger and accounting, cash recording, cash management, reports and other modules. The system will be integrated with electronic procurement and other interlinked systems.

Component 3: Service Delivery by the Government to Citizens (G2C) (US$5.66 million)

Sub-component 3.1: E-transport

A website/portal related to transport in Armenia (Interstate, inter-district, municipal, metro, railroad), which be created to provide a complete information about passenger transportation means, stops, routes, hours, tariffs and other data. Information about parking lots (including free parking lots), traffic jams, schedules of street cleaning and reconstruction will also be placed on the site, which will comprise an interactive map, route planning tool, FAQ and other sections. It is expected that the system will provide opportunities for online booking, purchase of tickets, payments, etc.
Sub-component 3.2: E-consulate

In 2012, the Ministry of Foreign Affairs (MFA) launched an e-consular system which merged all consular offices of Armenia in a single unified system. However establishment of an e-consular system addressed only some of the issues and there is still a need for a large-scale development in this area. On June 21, 2014 the National Assembly adopted “Legislative package on Consular Registration” This package envisages creation of a new consular registration system that would allow consular registration by visiting the related diplomatic representative office or through a special online system. This sub-component will help to enhance the e-consular system in order to cover all activities and rendered services on behalf of the consuls, and also to ensure its interoperability with other e-government systems and/or databases.

Sub-component 3.3: Phone ID

After introduction of Electronic ID cards, the governments need to move ahead and provide full flexibility on using electronic identification means. While ID plastic cards are restricting the usage of online identification only to computers with ID card readers, the use of phone ID (one of the best experiences is in Estonia) enables transfer of ID card information to SIM card of the mobile phone and enables application of digital signatures and digital authentication right from mobile devices, which significantly will extend the uptake of ID cards in Armenia. This approach is especially important in rural areas of Armenia where computer penetration is still low but the internet and mobile penetration is almost 100 percent. In such case identification of individuals will be done via mobile phones instead of the ID cards and card readers in computers.

The introduction, availability, areas of application of the Phone ID will provide broad possibilities for the private sector to both increase the scope of business and of the services rendered and to gain new markets for their businesses. In addition, other mobile options for person identification will be considered (by means of standard computers, without special technical devices/means) and given the implementation feasibility; corresponding activities will be initiated in this direction.

Sub-component 3.4: “Public services” unified portal and operation of 24/7 hotline (Services.am)

A unified “Public Services” portal will be created to provide complete online information and consultation on public services to the citizens.

The website of the Government of Armenia will comprise full-fledged information on all public services, including healthcare, education, justice (including registration of civil status acts), benefits and other social services, business services (company registration, licenses), land possession registration and construction permits, on local self-government bodies, etc. Also, the website will provide answers to different possible questions and other required consultations.

A 24/7 hotline will be functioning within the portal. The objective is to quickly respond to questions, complaints, issues of the citizens in a twenty-four-hour format, at that the operator will be able to provide an online solution making simultaneous calls and online assignments at the same time. The concept of Knowledge Base will be applied in the activities of the Center and hotline.

Sub-component 3.5: Upgrade of the state business registry system

In 2012 the Doing Business study of the World Bank rated the business register of Armenia as 10th
fastest business registration in the world. Significant developments have taken place since April 2011 when electronic business register was deployed. This sub-component will support further upgrade of the State business registry system that would further simplify procedures, decrease risk of corruption, and remove administrative barriers for the business development.

Sub-component 3.6: Upgrade the electronic system for issuing licenses

This sub-component is to upgrade the electronic system for issuing licenses, including automation of the simplified procedure of license issue on behalf of the Ministry of Finance, electronic data processing and issue of licenses, management of electronic license registry, receipt of reports, notifications, etc.

Sub-component 3.7: “Intranet” system for public servants

Under PSMP I and PSMP II the electronic document management system (EDMS) was introduced in some 23 governmental institutions of Armenia over 2008-2009. Later the system has been extended to over 60 government institutions. PSMP III will help to create an ‘’Intranet’’ system for public servants, which will include the following modules:

- “Mulberry” electronic document management system (normative acts, applications, instructions, etc.)
- Service center /Help Desk/ (for providing solutions to computer/software issues)
- HR system (staff related issues, vacations, appraisal system, notifications, trainings)
- Announcements/news system (brieفلdaily newsreel, various announcements)
- Knowledge center (library, research, presentations, FAQ)
- Department for legal acts (legal acts related to an agency, legal acts of general nature and acts often used)
- Suggestions for reforms (any employee can submit his/her suggestion, idea in this section)
- Organization structure section
- Issues related to property/affair management
- Information center (inquiries/survey)
- Other

Sub-component 3.8: Digitization of normative legal acts, including electronic state registration of normative legal acts

This component will finance moving to electronic registration of normative legal. Gradually, a shift will be made from storing normative legal acts in paper versions towards electronic versions, by simultaneously carrying out corresponding activities aimed at electronic backup of the normative legal acts.

As a result, the management, storage and backup of normative legal acts will be done electronically, and also the “RA Official Bulletin” will be published electronically.

Sub-component 3.9: Upgrading the e-police system

Under this sub-component, projects ongoing and envisaged for implementation generally in police, and especially in the traffic police, will be studied and projects will be implemented that contain explicit elements of fight against corruption by application of portable computers, GPRS and other required technical means/computers. The idea of introducing and implementing international standards for creation of a data exchange platform between traffic police and insurance companies,
for registration of road traffic accidents and standards for collecting source data on accident circumstances (including minimal requirements for photographing the scene of the accident, standards of registering conditions defining the accident) and defining and allocating the fault in insured vehicle accidents will be explored. The standards will be unified for all structures using the said data.

Sub-component 3.10: Enhancing feedback mechanism between government and citizens for more effective public service delivery

This sub-component will build on the services provided by the current and planned electronic management systems to introduce a citizens’ feedback mechanism which will help to gather information on the quality of services provided. The feedback mechanism to be supported under this sub-component will be integrated into all other sub-components of the Component 3.

Component 4: Electronic Management System for Pre-Court Proceedings (US$ 1.5 million)

This component will finance creation of an electronic management system for criminal cases to enable electronic handling of criminal cases where investigators, defense lawyers, judges, forensic experts, etc. working for various agencies. The component will ensure at least the same level of automation related to pre-court investigative stage of judicial cases that are available to clients once the trials begin.

Component 5: Building Capacity of the Training of Public Servants (US$490,000)

PSMP III will support training of public servants in cooperation with the Armenian Academy of Public Administration (AAPA) and RA Civil Service Council. This component will also finance on-the-job training of public servants through their temporary placement in related institutions of foreign countries.

Component 6: Ad hoc Activities (US$ 750,000)

This component will support funding new or ad hoc activities proposed by Public Sector Reform Commission. Some of such activities may be planned and endorsed shortly after effectiveness of PSMP and may include, inter alia, development of virtual maps for electronic construction permitting system and provision of technical assistance to the Ethics Commission for the High Level Officials. Additional activities will be identified at the Mid-Term Review of the project.

Component 7: Project Management (US$ 600,000)

Sub-component 7. 1: Project management and administration arrangements.

This sub-component will support the Foreign Financial Project Management Center (FFPMC-PIU) of the Ministry of Finance in performing the financial management and procurement under PSMP III. Administrative costs of the Project Management Group and of the Public Sector Reform Commission (PSRC) that will operate as a Steering Committee for the project will also be supported.

Sub-component 7.2: Technical assistance and operational expenses

This sub-component will finance monitoring and evaluation of the project progress, impact and
fiduciary controls. It will also support the mid-term review and continuously engage internal and external stakeholders. Funds will also be provided for periodic user surveys, organization of focus groups and other arrangements to further enhance periodic feedback, public dissemination of the survey results, as well as a communication campaign to provide a comprehensive description of project objectives and activities to managers, staff, and all key stakeholders at the center and regions. These include, among others, NGOs, other relevant public organizations, think-tanks, and universities.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented in the public institutions of Armenia, predominantly in the capital city of Yerevan with possible interventions in some provincial administrative centers.

E. Borrowers Institutional Capacity for Safeguard Policies

The Borrower will not need to apply safeguard policies during project implementation.

F. Environmental and Social Safeguards Specialists on the Team

Darejan Kapanadze (GENDR)
Sarah G. Michael (GURDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>No</td>
<td>The project is to provide technical assistance to the Government of Armenia. The technical assistance provided under the project does not include support for design or preparation of any physical investment that will trigger safeguard policies. The only type of physical activity that may be performed under the project is the installation of IT equipment, which carries no environmental risks. Workers' safety shall be ensured through the deployment of personnel qualified for working with electric devices. Installation and operation instructions for IT equipment should also be strictly observed.</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td></td>
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<tr>
<td>Forests OP/BP 4.36</td>
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<tr>
<td>Pest Management OP 4.09</td>
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<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>No</td>
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<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>No civil works or land use/acquisition will be undertaken under the project.</td>
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<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>No</td>
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### III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 30-Nov-2014

B. Time frame for launching and completing the safeguard-related studies that may be needed.
   The specific studies and their timing\(^1\) should be specified in the PAD-stage ISDS:
   
   No safeguard-related studies are needed for the project preparation.

### IV. APPROVALS

<table>
<thead>
<tr>
<th>Task Team Leader:</th>
<th>Name: K. Migara O. De Silva</th>
</tr>
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**Approved By:**

<table>
<thead>
<tr>
<th>Regional Safeguards Coordinator:</th>
<th>Name: Agnes I. Kiss (RSA)</th>
<th>Date: 12-Sep-2014</th>
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<tr>
<th>Practice Manager/Manager:</th>
<th>Name: Adrian Fozzard (PMGR)</th>
<th>Date: 12-Sep-2014</th>
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\(^1\) Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.