Economic Governance for Growth (EGG) 2
Project Document

November 2021
**PROJECT DOCUMENT**

**Country:** Bosnia and Herzegovina

**Project Title:** Economic Governance for Growth 2

**Project (Award) Number:** BIH10/00138136; Output ID: 00128280

**Implementing Partner:** United Nations Development Programme (UNDP)

**Start Date:** 1 December 2021

**End Date:** 30 November 2025

**LPAC Meeting date:** 24 November 2021

**Implementation modality:** Direct Implementation (DIM)

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**Brief Description**

The Economic Governance for Growth seeks to contribute to economic growth and entrepreneurship development, improving economic governance and fostering the growth of market-oriented capabilities for a knowledge-based economy.

**Linkage with SDGs:** SDG 4; SDG 5; SDG 8 and SDG 9

**Linkage with EU accession agenda:** Compliance with the economic criteria for accession; inclusive and quality education; research and innovation policy.

**Linkage with UNDP Strategic Plan 2022-2025:**

A. Advance poverty eradication in all its forms and dimensions, foresees concrete actions to assist marginalized groups, particularly the poor, women, people with disabilities and displaced are empowered to gain universal access to basic services and financial and non-financial assets to build productive capacities and benefit from sustainable livelihoods and jobs.

B. Accelerate structural transformations for sustainable development

**Contributing Outcome (UNSDCF/CPD):** Outcome 1. By 2025, people benefit from resilient, inclusive and sustainable growth ensured by the convergence of economic development, and management of environment and cultural resources.

**Indicative Output (with gender marker):** Young people, especially women, Roma and persons with disabilities, gain 21st century skills enabling them to get decent jobs.

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**Total resources required:** 3,211,574.88 USD

**Total resources allocated:**

- UNDP: 324,000.00
- Government of Norway: 1,641,410.83
- Government of BiH: 1,246,164.05

**Unfunded:**

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**Agreed by:**

Print Name: Steliana Nedera, Resident Representative, UNDP

Date: 29/11/2022

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1 The USD value of the Government of Norway contribution to the project (NOK 15,000,000 in line with FA BHZ-21/003 signed on 1 Dec 2021) is estimated at Dec 2021 UNORE (NOK/USD = 9.048), when the first installment of the contribution was received to UNDP’s accounts.
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<thead>
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>BIH</td>
<td>Bosnia and Herzegovina</td>
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<tr>
<td>FBIH</td>
<td>Federation of Bosnia and Herzegovina Entity</td>
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<td>RS</td>
<td>Republika Srpska Entity</td>
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<td>CPD</td>
<td>Country Programme Document</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GIM</td>
<td>Growing Inclusive Markets</td>
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<td>MSMEs</td>
<td>Micro, small and medium enterprises</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>STEM</td>
<td>Science, technology, engineering and mathematics</td>
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<td>UNDAF</td>
<td>United Nations Development Assistance Framework</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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1. DEVELOPMENT CHALLENGE

1.1 Wider Country context

Following strong and stable growth of around 5% annually between 2000 and 2008, the economy of Bosnia and Herzegovina deteriorated as a consequence of the global economic crisis between 2009 and 2012, posting very low and negative growth. Despite the global recovery since 2012, the country has been unable to reach pre-crisis growth rates. BiH economy was growing slightly above 3% per annum 2016-2018, but the rate of growth slowed down to 2.7% in 2019. The COVID-related shock disrupted BiH's economic growth. Economic activity is estimated to have contracted by 5½ percent in 2020, versus a pre-crisis average growth of 3 percent. This sharp contraction was caused by a slump in domestic demand (depressing hospitality services) and a weak external environment where exports were hit hard by the EU recession. In line with the Euro Area, inflationary pressures have been contained, given the economic slack and will remain so for some time. The causes of economic laggardness include slow pace of transitional reforms, an unfriendly business and investment climate (the country ranked 90th in the 2019 Doing Business Report among 190 economies), inefficient government spending, low investments (gross fixed capital formation was 18.9% of GDP in 2014, down from a high of 27.1% in 2005), and perhaps most importantly, a painfully high level of unemployment. In 2019 the rate of unemployment was 15.7%, reaching up to 62.2% among youth (aged 15-24), and the rate of inactivity was very high at 55.8%. Even after social transfers, 27% of the population is at risk of poverty. Although the unemployment level records declining trend, it was mostly due to declining labour force participation, while the level of unemployed youth still remained very high (approximately 50%). Also, the participation of women in the labour force is notably lower than that of men.

Furthermore, 26 years after the war, this multi-ethnic country, home to three constituent ethnic groups (Bosniaks, Bosnian Croats and Bosnian Serbs) still suffers from ethnic divide and political instability, which hamper the prospects of successful reconciliation. Political tensions and economic development of the country are obviously interlinked, as most important political progress in terms of building state institutions and advancing towards the EU integrations was accomplished in the years when the BiH economy was showing a stable growth. The lack of job opportunities and economic vision provides space for political actors who are eager to bank on fuelling tensions, while the number of people who leave the country, particularly youth is constantly growing.

The complex governance structure stemming from the Dayton Peace Agreement is highly cumbersome. The country of 3.5 million people has 13 constitutions, 14 legal systems (state, two entities, one autonomous district and 10 cantons) and more than 150 ministries. Ineffective governance and an over-sized public sector reduce the effectiveness of public policy and slow down reforms. The political climate is tense and dominated by nationalistic tendencies, concerted political obstruction of reforms and frequent political gridlocks which, in turn, have impeded the country development. According to the Fragile States Index 2017, Bosnia and Herzegovina features as a fragile state, ranked 93rd among 178 countries.

BiH’s Human Development Index value for 2019 is 0.780, which positions the country in the 73rd spot out of 188 countries, which is still below the average for Europe and Central Asia. Nearly 17% of the population or more than 500,000 people live below the poverty line.

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1.2. Sector Specific Analysis

Despite the prevailing unfavourable environment in the country, positive initiatives from private sector and investors, both foreign and domestic, are taking place in specific leading and export-oriented industries such as metal and automotive, wood processing, textile and leather. Manufacturing sector accounted for the largest share of FDI in Bosnia and Herzegovina, 35% in 2019.\textsuperscript{12} The metal processing sector (along with the automotive industry), is the fastest-growing industry, making up approximately 37% of the total country exports and ensuring 4.7% of the employed. These industries are growing steadily but are still far from reaching their full potential.

One of the major obstacles reported by the private businesses, especially those that are expanding and adopting innovative technologies prerequisite for access to high value and demanding markets, is lack of skilled labour relevant to their industries despite the availability of formally registered unemployed labour across the country. These businesses in many cases must invest substantial resources and time to train and retrain the newly recruited employees, which represents a real burden to their performance and causes significant financial losses due to delays in delivery of goods to buyers, low quality of products, waste of raw materials etc. All of this has a negative impact on their competitiveness in the market. The abundance of unemployed labour, especially youth, represents an important potential to meet the labour demand of the growing industries, but this is only possible if their skills are aligned with the needs of growing industries.

The results, and the topical analytical studies produced in Phase 1 of the EGG intervention, suggest a chronic and well-documented shortage of digital skills, knowledge and abilities that is not only hampering the further growth and development of the IT industry and the overall economy itself, but is also preventing the development of a knowledge society as whole ("Survey of ICT Skills in Bosnia and Herzegovina", produced in cooperation with the BIT Industry Alliance and the Economic Institute, University of Sarajevo, 2019). In addition, entrepreneurship, as one of the key drivers of economic and societal growth, is actively constrained by a lack of formal and informal education and development opportunities for prospective business owners and operators in the country ("Barriers to Entrepreneurship Study", produced by the EGG Project, 2020).

\textsuperscript{13}https://tradingeconomics.com/bosnia-and-herzegovina/exports-by-category
Finally, with a level of investment in research and development that is less than of tenth of the EU average, Bosnia and Herzegovina is suffering from a lack of innovation which is having a detrimental impact on the competitiveness of its economy and the prosperity of its society as a whole.

The thematic areas covered by the project proposal (education, entrepreneurship and innovation) also feature prominently in the State Economic Reform Program 2021-2023, where urgent reform of the education sector, especially in the related project areas, is cited as a priority. Furthermore, and according to the Global Innovation Index 2019, Bosnia and Herzegovina is ranked 76th out of 130 countries, and its position remains unchanged in comparison to previous years. This is alarming statistics that indicates an area in need of urgent attention. According to the Economic Reform Program, insufficient financing is the most common reason for a lack of innovative activities by enterprises in BiH and a huge contributor to the country's poor ranking when it comes to competitiveness; according to the Global Competitiveness Index 2019, Bosnia and Herzegovina is ranked 91st out of 140 states.

Furthermore, the most recent EU Progress Report for the country notes that "the legislative framework regulating science and research development remains fragmented and still needs to be improved throughout the country." The report likewise notes the low estimated total allocations for research as one of the reasons why the country's research capacities remain very limited, alongside the trend of "brain drain", most notably in the health, medical, and IT sectors. Finally, the report also calls for systemic collaboration and interaction between 'triple helix' actors — academia, industry and governments, which is one of the key areas of interest for the Project under component 3.

1.3 Programmatic Background

The promotion of inclusive and sustainable development, at heart of which lies generation of employment and skills development, has been an important item of UNDP Strategic Plan 2022 – 2025, concretely its directions of change: structural transformation (including green, inclusive and digital transitions: working with countries to effect change in systems and structures that shape a country's sustainable development), leaving no-one behind (a rights-based approach centered on empowerment, inclusion, equity, human agency and human development), building resilience (strengthening countries and institutions to prevent, mitigate and respond to crisis, conflict, natural disasters, climate and social and economic shocks). At its core, the Programme aims to advance poverty eradication in all its forms and dimensions, foresees concrete actions to assist marginalized groups, particularly the poor, women, people with disabilities and displaced are empowered to gain universal access to basic services and financial and non-financial assets to build productive capacities and benefit from sustainable livelihoods and jobs. To that end, the Programme foresees drawing on the broader experiences of UNDP, to establish a collaborative network that identifies, develops, tests, assesses and promotes innovative ways of tackling issues of employment, particularly among young people as a means to reconciliation and conflict prevention. In the context of Bosnia and Herzegovina, the efforts in this area are mostly structured around support to private sector through active employment measures, upgrading value chains and facilitating access to markets, leading to the creation of sustainable and equitable employment opportunities. A great part of these efforts also regards cooperation with the private sector to raise capacities of local labour force, with focus on youth and women. In addition to this this, sustainable development requires structural transformations in order to create and sustain progress. This is primarily envisioned through building more effective governance systems that can respond to trends such as technological and demographic changes. Inclusive and accountable governance is a key driver of structural transformations.

Since 1996, UNDP has delivered more than USD 521 million in development assistance to BiH. While UNDP finances some initiatives with own resources, the majority of its funding comes from partnerships with multilateral funds and bilateral donors that recognise UNDP as a reliable and strategic development partner. Since 2014, UNDP in BiH has implemented USD 10 million in partnership with the Government of Norway.
At present, UNDP works in more than 70% of local governments, with a wide portfolio of assistance, including local governance and service delivery; energy efficiency; local economic development; private sector development; agriculture and rural development; community development; diaspora engagement; and disaster risk management.

Since 2010, UNDP has stepped up its involvement in private sector development and employment, partnering with over 300 businesses and generating more than 5,000 new jobs. With job skills routinely cited as barriers to further economic growth, the organisation has been actively working on the establishment of professional training facilities, in partnership with local authorities and the resident private sector. In 2017, UNDP launched a new project to engage private sector actors in Sustainable Development Goals (SDGs) roll out in the country, while also working on restructuring business incentive grants to make them more impact-oriented and aligned with private sector needs.

UNDP has a long and successful track record in training and development, with more than 8,000 public officials trained under the auspices of the Sida-sponsored Municipal Training System. Since 2016, UNDP has been working with local governments to optimize government operational costs and reinvest savings into development projects with a vast array of methodological tools and resources already developed. Under the same initiative, extensive value chain analysis has been performed and six value chains have been created or strengthened across the country.
2. STRATEGY

2.1 Impact Hypothesis and Theory of Change

To ensure maximum effect, the Project will work simultaneously across different sectors and with multiple stakeholders in both private and public spheres, focusing on the three key inputs in the development of a knowledge-based society: 1) education; 2) entrepreneurship and 3) innovation.

The Project will work to systematically and sustainably address the structural gaps in both capacities and policies governing those three thematic areas in Bosnia and Herzegovina. With an increase in demand for future skills - namely digital - the Project aims to exploit interest by domestic institutions to create a scalable model, with proof of concept, that can be taken up by other partners, both international and domestic, in the country. Under the entrepreneurship umbrella, barriers for emerging entrepreneurs will be removed through immediate and quality business support services while future entrepreneurs will be nurtured with skills, knowledge and abilities acquired through formal and informal education.

Under the education umbrella, access to new digital learning will be made possible through both formal and informal opportunities across all three layers of the education system.

Finally, under the innovation umbrella, policy and strategy documents will be developed to regulate and guide investment in innovation while additional resources will be allocated to fund immediate research and development priorities.

The charts below present the problem tree analysis and the Project theory of change:
ECONOMIC GOVERNANCE FOR GROWTH PROJECT – THEORY OF CHANGE

SUSTAINABLE DEVELOPMENT GOALS 4, 5, 7 and 8

By simultaneously focusing on the three key inputs in the development of a knowledge-based society – education, entrepreneurship and innovation – the Project will work to systematically and sustainably address the structural gaps in both capacities and policies governing these three thematic areas in Bosnia and Herzegovina. With an increase in demand for future skills – namely digital – the Project aims to exploit interest by domestic institutions and create a scalable model, with proof of concept, that can be taken up by other partners, both international and domestic, in the country.

Economic governance and growth enabled through systemic investment in a knowledge based society.

Entrepreneurship is enabled through lowering barriers to entry

Access to digital learning is encouraged through new formal and informal opportunities

Innovation is facilitated through greater investment in research and development

Emerging entrepreneurs benefit from quality business support services

Informal IT learning improved through STEM in primary schools

Policy and strategy documents developed to regulate and guide investment in innovation

Future entrepreneurs benefit from skills, knowledge and abilities acquired through formal and informal education

Formal learning upgraded significantly through new secondary and university level degree programs

More resources committed to research and development

Figure 2. Theory of change.
2.2 Relevance to and coherence with Policy Frameworks

The thematic areas covered by the Project (education, entrepreneurship and innovation) are listed as topical priorities in the State Economic Reform Program 2021-2023. Furthermore, entity and cantonal strategy documents call for greater investment in education reform while innovation and entrepreneurship also feature prominently. Finally, the EU accession agenda for the country prioritizes curriculum reform and greater commitment to economic development through investments in innovation and the entrepreneurship ecosystem.

The Project is in line with the European Union’s Western Balkan Strategy “A credible enlargement perspective for and enhanced EU engagement with the Western Balkans”, or more specifically with its priority “Supporting socio-economic development”.

The project originates from the Outcome 1 related to Sustainable, resilient and inclusive growth and the Outcome 2 related to Quality, accessible and inclusive education of the United Nations Sustainable Development Cooperation Framework (UN SDCF) for Bosnia and Herzegovina 2021-2025 and the UNDP Country Programme Document (CPD).

The project intends to support institutional partners in providing better access to digital learning opportunities, strengthen applied research and development and improve environment for entrepreneurship development. As such, the project will work with local actors to promote development-oriented policies that support productive activities, quality education, decent job creation, entrepreneurship, creativity and innovation.

In parallel, the project will continue to work with the private sector to increase its competitiveness by achieving higher levels of economic productivity through technological upgrading and innovation. The Project will directly contribute to the implementation of four sustainable development goals: SDG 4 Quality education, through sustained investment in education at all of its three levels; SDG 5 Gender equality, through promoting greater access to education and entrepreneurship opportunities for women and girls; SDG 8 Decent work and economic growth, through building the institutional foundations for a knowledge-based economy; and SDG 9 Industry, innovation and infrastructure, through increasing financial allocations for research and development by relevant government institutions.

2.3 Hierarchy of Objectives

As previously explained, the Project will support economic governance and growth, through enabling investments in education, entrepreneurship and innovation., through focus on improving economic governance and fostering the growth of market-oriented capabilities for a knowledge-based economy.

This will be achieved through the following Output:

Improved institutional and policy frameworks for the creation of a knowledge society

Below is a visual snapshot of the hierarchy of objectives for the Economic Governance for Growth 2 Project, including its output and activities which are closely interrelated and grouped into three interlinked pillars – education, entrepreneurship and innovation.
Innovation pillar: Reward research and development projects aimed at developing market-ready products and solutions.

Economic governance frameworks capacitated and education capabilities strengthened to support entrepreneurship.

Entrepreneurship pillar: Nurture entrepreneurs of the future.

Education pillar: Improve learning opportunities.

Development and adoption of sustainable and EU-harmonized policies in the field of IT learning, entrepreneurship support and innovation.

Nurture entrepreneurs of the future.

Reward research and development projects aimed at developing market-ready products and solutions.

Figure 3. Hierarchy of objectives.
2.4 Methodological approach

The Project will operate along three inter-related principle areas of intervention - on the one hand, it will address a systemic flaw in providing better access to digital learning opportunities. On the other, it will support and improve enabling environment for entrepreneurship development. Finally, applied research and development will be strengthened.

The Project’s Output will be realized through three inter-connected pillars – education, entrepreneurship and innovation. Efforts will be made to address current industry workforce needs, mindful of the prevalent negative migratory flows and immediate corporate needs. The Project will support economic governance and growth through enabling investments in education, entrepreneurship and innovation. Overall, it is expected that 1500 elementary, high-school and university students will benefit from learning opportunities provided through the Project, alongside 500 prospective entrepreneurs that will receive direct development or learning assistance. At the same time, EGG2 will support the design and implementation of 15 research and development projects aimed at developing market-ready products and solutions. The Project will also pursue the development and adoption of sustainable and EU-harmonized policies in the field of IT learning, entrepreneurship support and innovation.

2.5 Target beneficiaries and expected benefits

Direct Project beneficiaries are students of all ages, aspiring entrepreneurs, higher learning institutions, and private sector actors that will benefit from investment in innovation and competitiveness. It is expected that 1500 elementary, high-school and university students will benefit from learning opportunities provided through the Project (at least 30% for women), while 500 prospective entrepreneurs will receive direct development or learning assistance (at least 40% females). At the same time, EGG2 will support the design and implementation of 15 research and development projects aimed at developing market-ready products and solutions. The Project will also pursue the development and adoption of sustainable and EU-harmonized policies in the field of IT learning, entrepreneurship support and innovation.

<table>
<thead>
<tr>
<th>Project beneficiaries</th>
<th>2000</th>
</tr>
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<tbody>
<tr>
<td>Local governments</td>
<td>10</td>
</tr>
<tr>
<td>Cantons</td>
<td>3</td>
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**Type of Assistance:** Economic governance frameworks capacitated and education capabilities strengthened to support entrepreneurship

<table>
<thead>
<tr>
<th>Individuals deriving immediate and long-term benefits from the project</th>
<th>2000</th>
</tr>
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<tbody>
<tr>
<td>Students benefiting from demand-driven skill upgrade</td>
<td>1500</td>
</tr>
<tr>
<td>(30% females)</td>
<td></td>
</tr>
<tr>
<td>Number of established and aspiring entrepreneurs benefiting from project-instigated ecosystem infrastructure</td>
<td>500</td>
</tr>
<tr>
<td>(40% females; 40% youth)</td>
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| Educational institutions                                                                  | 10   |
| Educational institutions piloting STEM education in target areas                          | 10   |

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<thead>
<tr>
<th>Type of Assistance: Economic governance frameworks capacitated and education capabilities strengthened to support entrepreneurship</th>
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<tr>
<td>10 local government and 3 cantons</td>
</tr>
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<td>Students benefiting from demand-driven skill upgrade: 1500 (30% females)</td>
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<tr>
<td>Number of established and aspiring entrepreneurs benefiting from project-instigated ecosystem infrastructure: 500 (40% females; 40% youth)</td>
</tr>
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2.6 Geographical area of intervention

The Project will be implemented across up to 10 local communities, three cantons and both entities in Bosnia and Herzegovina (BiH). With the exception of Canton Sarajevo that was preselected due to its participation in Phase 1, as well as its willingness to financially and politically support programmatic activities envisioned in Phase 2, all interested prospective partners will need to undergo an assessment during the Project's inception phase. Choice of partners will be determined by three factors: legal competence; institutional capacity and political will. In addition to Canton Sarajevo, the governments of Tuzla and Mostar cantons will also be invited to take part in the project, alongside the Republika Srpska Ministry of Education, but their participation will depend on a detailed assessment to be carried out as part of the inception phase.

2.7 Transversal themes: gender equality, social inclusion, human rights, disaster risk reduction

The Project will ensure gender equality perspective across all activities. Specific focus will be given to women economic empowerment through incentivized job creation and livelihood opportunities for women within the Project grant schemes and capacity building activities. The Project envisages concrete gender-sensitive indicators, through which concrete results will be measured. It will track changes by collecting data for sex-disaggregated indicators where possible and relevant.

The Project will seek to enhance social inclusion in all stages of the Project implementation, thus contributing to the creation of equal opportunities for socially excluded groups which include: unemployed women and youth and long-term unemployed people; persons with disabilities; returnees and internally displaced persons; and Roma.
3. RESULTS AND PARTNERSHIPS

3.1 Detailed description of Project Output and Activities

Output: Improved institutional and policy frameworks for the creation of a knowledge society

The Project will pursue an integrated approach to generating economic growth opportunities in target localities through activities grouped into three inter-related and closely connected pillars. It will help address gaps in the entrepreneurial environment, delivering short, medium and long-term measures aimed at boosting the ranks and improving the competitiveness of entrepreneurs pursuing a market-share in future-facing industries through the activities in the Entrepreneurship pillar, while it will simultaneously work at improving learning opportunities in order to support entrepreneurship development through the Education pillar. The Innovation pillar will focus on supporting research and development projects aimed to tackle prevalent industrial problems and challenges and support development of market-ready products and solutions.

The Project’s output will be achieved through following activities, interrelated and interconnected through the mentioned pillars, as defined below in more detail:

**Education pillar**

Through this pillar, the Project will create a network of workshops focused on STEM topics across selected primary and secondary schools in target local governments, which is expected to cultivate interest in technological disciplines. Overall, it is expected that 1500 elementary, high-school and university students will benefit from learning opportunities provided through the Project. The Project will also continue to implement entrepreneurship curricula in selected high schools, which was developed through the EGG1 intervention. Finally, the Project will also pursue the development and adoption of sustainable and EU-harmonized policies in the field of IT learning, entrepreneurship support and innovation. All these activities will in long-term lead to upgrade of entrepreneurship and innovation ecosystem and establishment of local networking and partnership opportunities for emerging entrepreneurs.

Activities and sub-activities to be implemented under this pillar are:

**Activity 1 - Support institutional partners in providing better access to digital learning opportunities**

**Sub-activity 1.1 Assess current digital education capacities at primary and secondary level in both entities.**
1.1.1 Design and administer a survey of teaching aids, curricula and human resources designated for teaching digital skills in primary schools in both entities.
1.1.2 Design and administer a mapping exercise for all secondary schools offering diploma-level education in information technologies.
1.1.3 Publish and present results of the two studies.

**Sub-activity 1.2 Establish 10 STEM laboratories countrywide.**
1.2.1 Conduct selection of partner localities where labs will be established.
1.2.2 Identify 10 schools with the requisite concentration of underserved groups.
1.2.3 Procure and distribute equipment.
1.2.4 Conduct teacher training.

**Sub-activity 1.3 Develop national STEM community of practice.**
1.3.1 Establish country-wide network of STEM laboratories created under both Project phases.
1.3.2 Organize inter-school competitions.
1.3.3 Establish STEM fairs.
Sub-activity 1.4 Design, develop and adapt an online-based university-level IT degree program.
1.4.1 Administer survey of public universities offering degree programs in information technology.
1.4.2 Select partner for project implementation. 1.4.3 Commission and implement curriculum adaptation.

Sub-activity 1.5 Create and institutionalize a high school diploma-level IT curriculum.
1.5.1 Based on Activity 1.1.2, select high school to anchor future curriculum.
1.5.2 Develop curriculum material and procure teaching aids.
1.5.3 Conduct teacher training.
1.5.4 Secure program certification by competent body

Entrepreneurship pillar

The Project will support economic governance and growth through enabling investments in education, entrepreneurship and innovation. Through the project intervention, 500 prospective entrepreneurs will receive direct development or learning assistance.

Activities and sub-activities to be implemented under this pillar are:

Activity 2 - Enable environment for entrepreneurship development improved

Sub-activity 2.1 Formally introduce entrepreneurship learning in secondary curricula for vocational schools
2.1.1 In cooperation with relevant ministries of education, select 10 schools where entrepreneurship learning will be institutionalised.
2.1.2 Conduct teacher training.
2.1.3 Adapt curriculum and teaching materials.
2.1.4 Support curriculum roll-out and teaching process

Sub-activity 2.2 Establish informal entrepreneurship clubs.
2.2.1 Publish call to interested partners.
2.2.2 Conduct capacity assessment of applicant organisations and select 20.
2.2.3 Secure participation of relevant local, cantonal and entity authorities.
2.2.4 Support implementation of programmatic activities.

Sub-activity 2.3 Develop business support service lines.
2.3.1 Select three business support service providers in Mostar, Sarajevo and Banja Luka.
2.3.2 Secure participation of relevant public authorities.
2.3.3 Support implementation of 10 business support service lines.

Innovation pillar

The Project will introduce a platform though which prevalent industrial problems and challenges could be addressed and will award the most innovative solutions with grants. Concretely, EGG2 will support the design and implementation of 15 research and development projects aimed at developing market-ready products and solutions.

Activities and sub-activities to be implemented under this pillar are:

Activity 3 - Strengthen research and development

Sub-activity 3.1 Assist with development of a comprehensive government R&D program and strategy.
3.1.1 Select competent partner public authority.
3.1.2 Support drafting of program/strategy
Sub-activity 3.2 Support drafting of law on research and development.
3.2.1 Select competent partner public authority.
3.2.2 Support drafting of research and development legislation.
3.2.3 Lobby and advocate for adoption of legislation.

Sub-activity 3.3 Support R&D project selection and implementation.
3.3.1 In cooperation with competent authorities, design and deploy an R&D scheme targeting real-world application.
3.3.2 Assist with project selection.
3.3.3 Support project implementation.

3.2 Resources Required to Achieve the Expected Results

Partnerships from the governments at different levels, as specified above, is crucial for successful attainment of the Project results. Governments are key for the creation of a knowledge society and thus their understanding, knowledge, capacities, and support is an absolute requirement for the Project.

Partnership will also be sought with other donors, financial institutions, and private sector support networks as relevant for specific activities of the Project.

Human resources with adequate experience and know-how are another critical resource. The UNDP in general and Good Governance Sector have in the past years invested into capacity development of their staff on different aspects of the human capital development activities, which will now serve as an important base for the Project implementation.

At the same time, the Project will support institutional partners, investing into digital learning, applied research and development and entrepreneurship enabling environment, that will further empower a knowledge society.

The UN will continue to invest in professional development of its staff, as well as its institutional partners, so as to create a backbone of knowledge for implementation of project activities focused on creation of a knowledge society.

Specific technical knowledge will be ensured through cooperation with interested and relevant partners and engagement of individual thematic experts or service providers, when feasible. This includes external international and/or national expertise for the specific project activities.

Specific procurement will be required for projects that will be implemented primarily at the local level in the country. Procurement processes will be conducted in accordance with the National Procurement Law, whenever possible.

3.3 Partnerships

The project will make ample use of internal and partner expertise and will be preceded by thematic assessments and broad consultations. Key partners of the Project will be the governments at the state, entity and cantonal level that have agreed to financially and politically support programmatic activities and increase their investment in a knowledge society. In doing this, the governments have committed themselves to implement specific intervention in three thematic areas of education, entrepreneurship and innovation. These governments will be invited to participate in the Project Board. Importantly, the governments have expressed their readiness to systematically and sustainably address the structural gaps in both capacities and policies governing those three thematic areas in Bosnia and Herzegovina. Accordingly, the governments will target funds for implementation of development priorities and exploring new ways and instruments to finance sustainable development, including through partnerships with the private sector and other stakeholders.
In the programmatic period 2021-2025, the United Nations Sustainable Development Cooperation Framework will guide the work of authorities in Bosnia and Herzegovina (BiH) and the United Nations (UN). Commitment to work together and achieve priorities in BiH is expressed by: The 2030 Agenda for Sustainable Development and selected Sustainable Development Goals (SDGs), future accession to the European Union, the Joint Socio-Economic Reforms (Reform Agenda) 2019-2022, and the human rights commitments of BiH, including other agreed international and regional development goals, and treaty obligations and conventions. As part of the UNDP BiH’s Good Governance Sector’s portfolio, the EGG Project aims to improve economic development opportunities in BiH and generate employment in prospective industrial sectors. With UNDP being the implementing agency for the Project, implementation of project activities also implies cooperation with education ministries, universities, schools and private sector partners. Partnership will be sought with relevant international donors and organisations not only to maximize results of the Programme but, more importantly, to encourage their long-term support to the country’s sustainable development.

The Project will build synergies with the ongoing projects implemented by UNDP, but also by other local and international partners. These projects include DigitalBiz; Digital Transformation in Public Sector; SDGs Roll-out Support and Private Sector Engagement; Youth Employability and Skill Development, funded and implemented by UNDP; the EU-financed Support in the Sector of Competitiveness and Innovation Action “Local Development Strategies”, implemented jointly by UNDP, GIZ and International Labour Organization (ILO); Municipal Environmental and Economic Governance Project as well as Integrated Local Development Project, both supported by the Government of Switzerland; Local Integrated Development Project, implemented by UNDP and funded by the EU, etc.

3.4 Risks and Assumptions

The main risks affiliated with the Project implementation are identified in the risk assessment log, together with probability of occurring, types of effects on the Project, as well as adequate mitigation measures. Overall, the risk level for this Project is assessed as medium, attributed mainly to political factors. The main risks (medium and higher probability) and identified mitigation measures are summarised below.

**General elections disrupting project implementation:** The 2022 general elections for multi-tier governance structure in BiH may pose difficulties in overall coordination and systemic project implementation, monitoring and reporting. To mitigate the risk, the Project will build-in additional time for stakeholder buy-in and adoption of new policies. Stronger Project focus will be placed on formalising and legitimising all frameworks, processes, and procedures, so they are less exposed to political influence in the long-term.

**Limited absorption capacity:** The assistance to partner government will be designed and implemented to support the creation of a knowledge society and strengthen institutional and administrative capacities. The Project will carefully select partners, conducting capacity assessments and building up capabilities that will ensure sustainability of outcomes. Main assumptions stem from the formal commitment of the partner governments in BiH to contribute to creation of a knowledge society and effectively implement required actions. Importantly, in their overall commitment, the governments have expressed their determination to improve policy making, planning, and budgeting as well as the overall coordination and partnerships for development.

**Resistance to mandatory budget allocations for research and development:** An integral part of the Project is creation of a platform that will stimulate R&D activities and increase innovations. The basic precondition for the effective action includes sufficient budget allocations for this purpose. Recognising potential resistance to mandatory budget allocations, the Project will liaise closely with the private sector to secure co-financing for innovation projects.

**Political situation in country:** As seen in the recent period, political instability can affect speed of reforms and decision-making processes at various government levels. This risk will be particularly relevant in light of the 2022 General Elections, deteriorated political situation and potential political challenges in setting new governments.
The Project will apply adequate mitigation measures, such as signing agreements with institutional partners, thus formalising their commitment and contribution.

The detailed risk analysis is enclosed as Annex 11.3.

3.5 Stakeholder Engagement

Considering the complex administrative structure of the country as well as the integrated nature of the EGG Project, a wide range of stakeholders and beneficiaries will be engaged in its implementation.

The Project addresses specific needs of diverse range of target groups:

- **Local, regional and entity governments** have an important role in education, economic development and provision of business-friendly environment which is conducive to fostering of entrepreneurship endeavours and private sector development. However, they suffer from chronic administrative and financial inefficiencies to effectively manage delivery of such services.
- **Private sector actors** with an interest in innovation.
- **Citizens** who are increasingly dissatisfied with lack of meaningful job opportunities and students who are robbed of opportunities to gain relevant education corresponding to market needs.
- **Educational institutions** whose activities are hampered by the lack of know-how as well as resources to upgrade service delivery, improve and introduce new curricula etc.
- **Entrepreneurship and innovation hubs**, which need conducive business environment in order to operate smoothly thus becoming or remaining drivers of economic development at the local level.

3.6 Digital Solutions

The EGG project aims to secure necessary support to partner institutions in enabling improved digital learning environment. As a consistent part of the intervention, the Project will expand STEM learning into up to 10 localities with a high concentration of underserved and marginalized communities in order to create a workable model to boost general IT literacy in society. In addition, specialized learning curricula for IT degree programs will be developed and made available at secondary and university levels, aimed at addressing a debilitating shortage of programmers and other IT professionals on the job market.

3.7 Communications and Knowledge

The project will develop and follow a structured Communication Strategy which will serve as a strategic guideline for communication of the project’s accomplishments within the scope of implementation of the second phase.

Communication and Visibility Guidelines, to be developed together with the Strategy, will ensure that Embassy of the Kingdom of Norway branding policies and requirements, are fully implemented.

Visibility, media-presence and public information sharing of project activities and achievements will be ensured on a regular basis by the UNDP through press events, promotional and information materials, and photo and video stories.

Through implementation of the Communication Strategy, the project intends to raise awareness on project activities, encourage further interaction with stakeholders in Bosnia and Herzegovina and disseminate knowledge and information. Key visibility outputs are linked to “routine” project activities along the implementation, including:

- National or local level events to launch the project and/or its thematic components;
• Capacity building workshops;
• Public events in the project areas involving beneficiaries and main stakeholders;
• Dissemination of results of various assessments undertaken or interim results achieved in the framework of the implementation;
• Utilization of social media to disseminate information on project results;
• Establishing relations with media to follow and report on project results.

Information and press-statements will be in line with the Communication Strategy and the Communication and Visibility Guidelines. The visual identity of the donors will be visibly displayed on all locations, events and materials.

3.8 Sustainability and scaling-up

The Project will rely on domestic stakeholders to ensure ownership and secure sustainability, employing existing institutional platforms. This includes working through educational institutions that are already in place and are sufficiently capacitated, at elementary or high school level.

To secure the long-term viability of changes to curricula, policy instruments will be reviewed through institutional channels, to include parliamentary commissions and working groups. Consultations will be conducted to ensure local buy-in across the stakeholder spectrum, with the educator-employer dialogue especially relevant as a mechanism to harmonize supply with demand in the field of vocational education.

All products, needs assessments, action plans and coordination functions will be embedded with local stakeholders and existing mechanisms, to ensure their further use, as well as follow up activities. By increasing interest, commitment and resources by local as well as cantonal governments, as well as by leveraging private sector interest, the Project will further contribute to sustainability of activities.

The intervention will also implement train-the-trainers events to ensure that turnover in participating institutions, whether public or private, does not affect their ability to deliver teaching and training to standard.

The Project presents opportunities for scaling up, especially horizontally to other local governments within Bosnia and Herzegovina or cantons within Federation of Bosnia and Herzegovina. In addition, the Project’s model can serve as a spring board for other regions to replicate and apply.
4. PROJECT MANAGEMENT

4.1 Cost Efficiency and Effectiveness

UNDP will assume full responsibility for the management of the Project, including achieving of the outputs and outcome, the efficient and effective use of resources, as well as implementation monitoring. The Direct Implementation Modality will be applied, premised on the fact that national institutional and administrative capacities are insufficient to undertake core functions and activities.

The Direct Implementation Modality (DIM) will be applied, premised on the fact that institutional and administrative capacities within national stakeholders (line-ministries, local governments) are still not fully sufficient to undertake core functions and activities, as well as having in mind its high potential for maximum cost-effectiveness and tailored flexible capacity development of institutional partners.

Further, a portfolio approach (focusing on outcomes, not inputs or outputs; prioritizing high impact projects; diversifying avenues; and balancing engagement as an iterative process) will be adopted to improve cost-effectiveness, also by ensuring close coordination among activities supported by various institutional partners and donors, as well as by leveraging activities and partnerships with other initiatives/projects. Where relevant, training and capacity development assistance will be delivered by clustering partner local and cantonal governments, so as to ensure economy of scale.

4.2 Project Management

The Programme will work throughout BIH and with the authorities at state and entity levels, as well as three cantonal governments in the FBJH. It will be implemented by UNDP in partnership with the Embassy of Norway in BiH.

The Project team will be based in the main UNDP office in Sarajevo, while also relying on UNDP’s field presence (in particular Banja Luka and Mostar offices), to ensure proximity to institutional partners and target localities.
5. RESULTS FRAMEWORK

Intended Outcome as stated in the UNCF/Country Programme Results and Resource Framework:
Outcome 1. By 2025, people benefit from resilient, inclusive and sustainable growth ensured by the convergence of economic development, and management of environment and cultural resources.
Output 1.4 Young people, especially women, Roma and persons with disabilities, gain 21st century skills enabling them to get decent jobs.


Applicable Outputs from the UNDP Strategic Plan:
Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity.
Applicable IRRF indicator (2022-2025): E.1.3 Number people using digital technologies and services in ways that improves their lives: • Female • Male • Sex-disaggregated data unavailable • In urban areas • In rural areas • Youth • Unemployed • Informal sector workers • Persons with disabilities • Internally displaced population • Refugees

Project title and Atlas Project Number: Economic Governance for Growth 2 (128280)

<table>
<thead>
<tr>
<th>EXPECTED OUTPUT</th>
<th>OUTPUT INDICATORS</th>
<th>DATA SOURCE</th>
<th>BASELINE</th>
<th>TARGETS (by frequency of data collection)</th>
<th>DATA COLLECTION METHODS &amp; RISKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 1: Improved institutional and policy frameworks for the creation of a knowledge society</td>
<td>Number of people benefiting from improved digital learning, entrepreneurship and innovation opportunities.</td>
<td>Project reports, review reports, snapshot reports, targeted entrepreneurship reports, copies of policies and protocols introduced.</td>
<td>Value</td>
<td>Year 1</td>
<td>Year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2021</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>Number of policy instruments developed.</td>
<td>Project reports, partner government decisions and reports, copies of policies and protocols introduced.</td>
<td>2021</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Category</td>
<td>Reports/Records/Decisions/Protocols/Institutions</td>
<td>Year</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
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</tr>
<tr>
<td>Number of formal learning programs developed.</td>
<td>Project reports, partner government decisions and reports, copies of policies and protocols introduced.</td>
<td>2021</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Number of STEM laboratories established and operational countrywide.</td>
<td>Project reports, school/line ministry records, media.</td>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of market-driven IT degree programs offered virtually by accredited higher education institutions.</td>
<td>Project reports, line ministry records, media.</td>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of new academic places available in IT vocational secondary schools.</td>
<td>Project reports, school/line ministry records, media.</td>
<td>2021</td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Number of vocational schools where entrepreneurship learning has been institutionalized.</td>
<td>Project reports, review reports, snapshot reports, partner government decisions and reports, copies of policies and protocols introduced.</td>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of entrepreneurship clubs established countrywide.</td>
<td>Project reports, review reports, snapshot reports, targeted entrepreneurship reports.</td>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of newly created/institutionalized service lines available to emerging entrepreneurs.</td>
<td>Project reports, review reports, snapshot reports, targeted entrepreneurship reports, copies of policies and protocols introduced.</td>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Project reports, review

- **2021 3 3**

<table>
<thead>
<tr>
<th>% increase in investment in research and development by participating public authorities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
</tr>
</tbody>
</table>

- **2021**

<table>
<thead>
<tr>
<th>Number of fully funded R&amp;D projects.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
</tr>
</tbody>
</table>

### ACTIVITIES/Sub-activities/Actions

**Activity 1 Support institutional partners in providing better access to digital learning opportunities**

**Sub-activity 1.1 Assess current digital education capacities at primary and secondary level in both entities.**
- 1.1.1 Design and administer a survey of teaching aids, curricula and human resources designated for teaching digital skills in primary schools in both entities.
- 1.1.2 Design and administer a mapping exercise for all secondary schools offering diploma-level education in information technologies.
- 1.1.3 Publish and present results of the two studies.

**Sub-activity 1.2 Establish 10 STEM laboratories countrywide.**
- 1.2.1 Conduct selection of partner localities where labs will be established.
- 1.2.2 Identify 10 schools with the requisite concentration of underserved groups.
- 1.2.3 Procure and distribute equipment.
- 1.2.4 Conduct teacher training.

**Sub-activity 1.3 Develop national STEM community of practice.**
- 1.3.1 Establish country-wide network of STEM laboratories created under both Project phases.
- 1.3.2 Organize inter-school competitions.
- 1.3.3 Establish STEM fairs.

**Sub-activity 1.4 Design, develop and adapt an online-based university-level IT degree program.**
- 1.4.1 Administer survey of public universities offering degree programs in information technology.
- 1.4.2 Select partner for project implementation. 1.4.3 Commission and implement curriculum adaptation.

**Sub-activity 1.5 Create and institutionalize a high school diploma-level IT curriculum.**
- 1.5.1 Based on Activity 1.1.2, select high school to anchor future curriculum.
- 1.5.2 Develop curriculum material and procure teaching aids.
- 1.5.3 Conduct teacher training.
- 1.5.4 Secure program certification by competent body.

**Activity 2 Enable environment for entrepreneurship development improved**
Sub-activity 2.1 Formally introduce entrepreneurship learning in secondary curricula for vocational schools
2.1.1 In cooperation with relevant ministries of education, select 10 schools where entrepreneurship learning will be institutionalised.
2.1.2 Conduct teacher training.
2.1.3 Adapt curriculum and teaching materials.
2.1.4 Support curriculum roll-out and teaching process.

Sub-activity 2.2 Establish informal entrepreneurship clubs.
2.2.1 Publish call to interested partners.
2.2.2 Conduct capacity assessment of applicant organisations and select 20.
2.2.3 Secure participation of relevant local, cantonal and entity authorities.
2.2.4 Support implementation of programmatic activities.

Sub-activity 2.3 Develop business support service lines.
2.3.1 Select three business support service providers in Mostar, Sarajevo and Banja Luka.
2.3.2 Secure participation of relevant public authorities.
2.3.3 Support implementation of 10 business support service lines.

Activity 3. Strengthen research and development

Sub-activity 3.1 Assist with development of a comprehensive government R&D program and strategy.
3.1.1 Select competent partner public authority.
3.1.2 Support drafting of program/strategy.

Sub-activity 3.2 Support drafting of law on research and development.
3.2.1 Select competent partner public authority.
3.2.2 Support drafting of research and development legislation.
3.2.3 Lobby and advocate for adoption of legislation.

Sub-activity 3.3 Support R&D project selection and implementation.
3.3.1 In cooperation with competent authorities, design and deploy an R&D scheme targeting real-world application.
3.3.2 Assist with project selection.
3.3.3 Support project implementation.
6. MONITORING AND EVALUATION

The Project will utilize comprehensive quality assurance mechanisms that are embedded into UNDP projects implemented in the country to ensure objective and transparent monitoring. Finally, the Project plans for a final evaluation to capture end results and achievements, crucial for the scalability of the Project in terms of geographical and thematic outreach. The main tools for organising the Project monitoring system encompass:

- The gender-sensitive Logical Framework (as described within Annex 1 of the Project document);
- The Project risk analysis.

6.1 Evaluations

The Project will undertake the final participatory review to assess the results and effects, as well as to define the forward-looking vision.

6.2 Reporting

UNDP will consolidate narrative reports, as well as detailed financial reports as per the requirements of the donors. Those reports will include:

- Annual Narrative Progress and Financial Reports;
## Monitoring Plan

<table>
<thead>
<tr>
<th>Monitoring Activity</th>
<th>Purpose</th>
<th>Frequency</th>
<th>Expected Action</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Track results progress</td>
<td>Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.</td>
<td>Quarterly</td>
<td>Project M&amp;E Platform will be established upon the launch of the Project and populated based on the frequency which will be set for each indicator. Slower than expected progress will be addressed by Project management and the Project Board.</td>
<td>UNDP</td>
</tr>
<tr>
<td>Monitor and Manage Risk</td>
<td>Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.</td>
<td>Quarterly</td>
<td>Risks are identified by project management and actions are taken to manage them. The risk log is actively maintained, and risks regularly updated in Atlas to keep track of identified risks and actions taken.</td>
<td>UNDP</td>
</tr>
<tr>
<td>Learn</td>
<td>Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project. The Project will conduct specific activities to facilitate transfer of knowledge to stakeholders.</td>
<td>Quarterly</td>
<td>Lessons Learned Log is established, and relevant lessons are captured by the project team and used to inform management decisions.</td>
<td>UNDP</td>
</tr>
<tr>
<td>Annual Project Quality Assurance</td>
<td>The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.</td>
<td>Annually</td>
<td>Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.</td>
<td>UNDP</td>
</tr>
<tr>
<td>Review and Make Course Corrections</td>
<td>Internal review of data and evidence from all monitoring actions to inform decision making. Brief Quarterly Progress Reports.</td>
<td>At least semi-annually</td>
<td>Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.</td>
<td>UNDP, Project Board</td>
</tr>
<tr>
<td>Project Review (Project Board)</td>
<td>Final Narrative Progress Reports submitted to the Project Board; The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Work Plan to ensure realistic budgeting over the life of the project.</td>
<td>Semi-annually</td>
<td>Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.</td>
<td>UNDP, Project Board</td>
</tr>
<tr>
<td>Evaluation Title</td>
<td>Partners (if joint)</td>
<td>Related Strategic Plan Output</td>
<td>UNSDCF/CPD Outcome</td>
<td>Planned Completion Date</td>
</tr>
<tr>
<td>-------------------------------</td>
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<td>-------------------------------</td>
<td>--------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Final participatory evaluation</td>
<td>Governmental sector</td>
<td></td>
<td></td>
<td>May 2025</td>
</tr>
</tbody>
</table>
7. MULTI-YEAR WORK PLAN

The total Project budget amounts to USD 3,211,574.88. The contribution by the Government of Norway in the amount of USD 1,641,410.83 will be complemented with UNDP co-financing worth USD 324,000, mobilising also government contribution of USD 1,246,164.05.

<table>
<thead>
<tr>
<th>EXPECTED OUTPUTS</th>
<th>PLANNED ACTIVITIES</th>
<th>Planned Budget by Year (in USD)</th>
<th>RESPONSIBLE PARTY</th>
<th>PLANNED BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 1: Improved institutional and policy frameworks for the creation of a knowledge society</td>
<td>Activity 1 Support institutional partners in providing better access to digital learning opportunities</td>
<td>Y1: 382,500</td>
<td>Y2: 105,000</td>
<td>Y3: 36,000</td>
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<tr>
<td></td>
<td></td>
<td>Funding Source</td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>Activity 2 Enable environment for entrepreneurship development improved</td>
<td>Y1: 225,000</td>
<td>Y2: 36,000</td>
<td>UNDP</td>
</tr>
<tr>
<td></td>
<td>Activity 3. Strengthen research and development</td>
<td>Y1: 225,000</td>
<td>Y2: 21,000</td>
<td>UNDP</td>
</tr>
<tr>
<td>Project management and operating cost</td>
<td>Project management and operating cost</td>
<td>Y1: 190,429</td>
<td>Y2: 254,175</td>
<td>Y3: 216,720</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>472,929</td>
<td>584,175</td>
<td>462,720</td>
</tr>
<tr>
<td></td>
<td>Government Support (8%)</td>
<td>37,834</td>
<td>46,734</td>
<td>37,018</td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>952,319</td>
<td>257,549</td>
<td>Government</td>
</tr>
<tr>
<td></td>
<td>General Management Support (3%)</td>
<td>28,570</td>
<td>7,726</td>
<td>UNDP</td>
</tr>
<tr>
<td></td>
<td>UNDP</td>
<td>300,000</td>
<td>300,000</td>
<td>UNDP</td>
</tr>
<tr>
<td>EXPECTED OUTPUTS</td>
<td>PLANNED ACTIVITIES</td>
<td>Planned Budget by Year (in USD)</td>
<td>RESPONSIBLE PARTY</td>
<td>PLANNED BUDGET</td>
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<tr>
<td></td>
<td></td>
<td>Y1</td>
<td>Y2</td>
<td>Y3</td>
</tr>
<tr>
<td>General Management Support (8%)</td>
<td></td>
<td>24,000</td>
<td></td>
<td></td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
8. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The institutional structure of UNDP interventions includes the Project Board, Project Assurance and the Project Team, interacting in a broader context with partners and all interested stakeholders.

The **Project Board** is responsible for making management decisions for the Project. It meets no fewer than twice a year and its scope of work includes programme oversight, as well as regular review of work plans, progress reports and relevant procedures submitted by the Project Team. It also provides strategic guidance, as well as gives final approval to milestone strategic and operational matters. Members of the Project Board include representatives of the donor, implementing partner and relevant domestic institutions that have a vested legal or operational mandate in the Project or can provide a substantial contribution to the implementation of its goals.

Independent of the Project Manager, the **Project Assurance** role will support the Project Board by carrying out objective and independent Project oversight and monitoring functions. This role ensures Project milestones are managed and completed. It will be performed by the UNDP Good Governance Sector Leader.

The **Project Team** comprises the full-time National Project Manager and 5 core team members, including two Senior Project Officers for Skills Developments, two Project Assistants, along with the Project Associate responsible for overall administrative and financial tasks. The Project will employ part-time support for the positions of Communication Officer, Quality Assurance and Programme Operations Support.
9. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Bosnia and Herzegovina and UNDP, signed on 07 December 1995. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner".

The BIH and the UN Sustainable Development Cooperation Framework (UNSDCF) for the period 2021-2025 (signed by the Council of Ministers of Bosnia and Herzegovina and UN on 20 May 2021), as well as the current UNDP Country Programme Document 2021-2025 represent the basis for the activities of UNDP in the country.

This Project will be implemented by UNDP ("Implementing Partner") in accordance with Financial Regulations and Rules of UNDP.
10. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all subcontracts or sub-agreements entered into under this Project Document.


4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:

   a. Consistent with the Article III of the SBAA [or the Supplemental Provisions to the Project Document], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP’s property in such responsible party’s, subcontractor’s and sub-recipient’s custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
      i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
      ii. assume all risks and liabilities related to such responsible party’s, subcontractor’s and sub-recipient’s custody, rests with such responsible party, subcontractor and sub-recipient.

   b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party’s, subcontractor’s and sub-recipient’s obligations under this Project Document.

   c. Each responsible party, subcontractor and sub-recipient (each a “sub-party” and together “sub-parties”) acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project
implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

(a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General’s Bulletin ST/SGB/2003/13 of 9 October 2003, concerning “Special measures for protection from sexual exploitation and sexual abuse” (“SEA”).

(b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment (“SH”). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:

(i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;

(ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;

(iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;

(iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

(v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and
Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.

g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

h. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

i. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants’, subcontractors’ and sub-recipients’) premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

j. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud, corruption other financial irregularities with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP’s Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

k. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption, other financial irregularities or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party’s, subcontractor’s or sub-recipient’s obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document.
Note: The term “Project Document” as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

1. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

m. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

n. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, mutatis mutandis, in all its sub-contracts or sub-agreements entered into further to this Project Document.
11. ANNEXES

11.1 PROJECT QUALITY ASSURANCE REPORT

11.2 SOCIAL AND ENVIRONMENTAL SCREENING

Project Information

<table>
<thead>
<tr>
<th>Project Information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project Title</td>
<td>Economic Governance for Growth</td>
</tr>
<tr>
<td>2. Project Number</td>
<td>00128280</td>
</tr>
<tr>
<td>3. Location (Global/Region/Country)</td>
<td>Bosnia and Herzegovina</td>
</tr>
</tbody>
</table>

Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?

Briefly describe in the space below how the Project mainstreams the human-rights based approach

The Project document does not explicitly elaborate on human rights it addresses nor it provides reference to the standards adhered to. However, it does provide evidence of project's intention to foster progressive realization of social and economic rights of targeted groups through provision of skills that will enable them to obtain earning and become active members of the society.

Briefly describe in the space below how the Project is likely to improve gender equality and women’s empowerment

The project addresses the issue of gender equality by fostering skills transfer and employment for both males and females.

Briefly describe in the space below how the Project mainstreams environmental sustainability

The project does not have obvious impact to the environment. Indirectly, through training, the project will promote environment friendly vocational skills.

Briefly describe in the space below how the project strengthens accountability to stakeholders

UNDP will ensure that stakeholders who may be adversely affected by a UNDP Project can communicate their concerns about the social and environmental performance of the Project through various entry points, scaled appropriately to the nature of the activity and its potential risks and impacts. Potentially affected stakeholders will be informed about available entry points for submitting their concerns as part of the stakeholder engagement process (by publishing link to the available corporate mechanism).
**QUESTION 2: What are the Potential Social and Environmental Risks?**

Note: Describe briefly potential social and environmental risks identified in Attachment 1 – Risk Screening Checklist (based on any “Yes” responses). If no risks have been identified in Attachment 1 then note “No Risks Identified” and skip to Question 4 and Select “Low Risk”. Questions 5 and 6 not required for Low Risk Projects.

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Impact and Probability (1-5)</th>
<th>Significance (Low, Moderate, High)</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Potential risk that duty-bearers do not have the capacity to meet their obligations in the Project. | I = 2  
|                 | P = 2                        | Low                               | The project will lead a proactive transformation of education system and learning capabilities, spearheaded by public and private sector actors, along with innovations to bring the Project subject-matter closer to all those involved. Aiming to avoid risks interlinked with potential lack of institutional capacities, the project will closely cooperate and support relevant counterparts on governmental side. |

**QUESTION 3: What is the level of significance of the potential social and environmental risks?**

Note: Respond to Questions 4 and 5 below before proceeding to Question 6.

**QUESTION 4: What is the overall Project risk categorization?**

Select one  

<table>
<thead>
<tr>
<th>Select one</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low Risk</strong> X</td>
<td>The project is assessed as a low risk category, particularly from human rights aspect viewpoint.</td>
</tr>
<tr>
<td><strong>Moderate Risk</strong> □</td>
<td></td>
</tr>
<tr>
<td><strong>High Risk</strong> □</td>
<td></td>
</tr>
</tbody>
</table>

**QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?**

Check all that apply  

<table>
<thead>
<tr>
<th>Principle 1: Human Rights</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>□</td>
<td>N/A</td>
</tr>
<tr>
<td>Principle 2: Gender Equality and Women's Empowerment</td>
<td>x</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>1. Biodiversity Conservation and Natural Resource Management</td>
<td>□</td>
</tr>
<tr>
<td>2. Climate Change Mitigation and Adaptation</td>
<td>□</td>
</tr>
<tr>
<td>3. Community Health, Safety and Working Conditions</td>
<td>□</td>
</tr>
<tr>
<td>4. Cultural Heritage</td>
<td>□</td>
</tr>
<tr>
<td>5. Displacement and Resettlement</td>
<td>□</td>
</tr>
<tr>
<td>6. Indigenous Peoples</td>
<td>□</td>
</tr>
<tr>
<td>7. Pollution Prevention and Resource Efficiency</td>
<td>□</td>
</tr>
</tbody>
</table>

### Final Sign Off

<table>
<thead>
<tr>
<th>Signature</th>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>QA Assessor</td>
<td></td>
<td>Nedim Čatović, Sector Associate</td>
</tr>
<tr>
<td>QA Approver</td>
<td></td>
<td>Adela Pozder Čengić, Sector Leader, Good Governance Sector</td>
</tr>
<tr>
<td>LPAC Chair</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Social and Environmental Risk Screening Checklist

### Checklist Potential Social and Environmental Risks

#### Principles 1: Human Rights

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?</td>
<td>No</td>
</tr>
<tr>
<td>2. Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups?</td>
<td>No</td>
</tr>
<tr>
<td>3. Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?</td>
<td>No</td>
</tr>
<tr>
<td>4. Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?</td>
<td>No</td>
</tr>
<tr>
<td>5. Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?</td>
<td>Yes</td>
</tr>
<tr>
<td>6. Is there a risk that rights-holders do not have the capacity to claim their rights?</td>
<td>No</td>
</tr>
<tr>
<td>7. Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?</td>
<td>No</td>
</tr>
<tr>
<td>8. Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?</td>
<td>No</td>
</tr>
</tbody>
</table>

#### Principle 2: Gender Equality and Women’s Empowerment

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?</td>
<td>No</td>
</tr>
<tr>
<td>2. Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?</td>
<td>No</td>
</tr>
<tr>
<td>3. Have women’s groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?</td>
<td>No</td>
</tr>
<tr>
<td>4. Would the Project potentially limit women’s ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</td>
<td>No</td>
</tr>
</tbody>
</table>

#### Principle 3: Environmental Sustainability:

Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below

### Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?</td>
<td>No</td>
</tr>
<tr>
<td>1.2 Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?</td>
<td>No</td>
</tr>
<tr>
<td>1.3</td>
<td>Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)</td>
</tr>
<tr>
<td>1.4</td>
<td>Would Project activities pose risks to endangered species?</td>
</tr>
<tr>
<td>1.5</td>
<td>Would the Project pose a risk of introducing invasive alien species?</td>
</tr>
<tr>
<td>1.6</td>
<td>Does the Project involve harvesting of natural forests, plantation development, or reforestation?</td>
</tr>
<tr>
<td>1.7</td>
<td>Does the Project involve the production and/or harvesting of fish populations or other aquatic species?</td>
</tr>
<tr>
<td>1.8</td>
<td>Does the Project involve significant extraction, diversion or containment of surface or ground water?</td>
</tr>
<tr>
<td>1.9</td>
<td>Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)</td>
</tr>
<tr>
<td>1.10</td>
<td>Would the Project generate potential adverse transboundary or global environmental concerns?</td>
</tr>
<tr>
<td>1.11</td>
<td>Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area?</td>
</tr>
</tbody>
</table>

**Standard 2: Climate Change Mitigation and Adaptation**

| 2.1 | Will the proposed Project result in significant greenhouse gas emissions or may exacerbate climate change? | No |
| 2.2 | Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change? | No |
| 2.3 | Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? | No |

**For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population’s vulnerability to climate change, specifically flooding.**

**Standard 3: Community Health, Safety and Working Conditions**

<p>| 3.1 | Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities? | No |
| 3.2 | Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)? | No |
| 3.3 | Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)? | No |
| 3.4 | Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure) | No |
| 3.5 | Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions? | No |
| 3.6 | Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)? | No |</p>
<table>
<thead>
<tr>
<th>Standard 4: Cultural Heritage</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)</td>
</tr>
<tr>
<td>4.2 Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Standard 5: Displacement and Resettlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Would the Project potentially involve temporary or permanent and full or partial physical displacement?</td>
</tr>
<tr>
<td>5.2 Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?</td>
</tr>
<tr>
<td>5.3 Is there a risk that the Project would lead to forced evictions?</td>
</tr>
<tr>
<td>5.4 Would the proposed Project possibly affect land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Standard 6: Indigenous Peoples</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Are indigenous peoples present in the Project area (including Project area of influence)?</td>
</tr>
<tr>
<td>6.2 Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?</td>
</tr>
<tr>
<td>6.3 Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</td>
</tr>
<tr>
<td>6.4 Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?</td>
</tr>
<tr>
<td>6.5 Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?</td>
</tr>
<tr>
<td>6.6 Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?</td>
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<tr>
<td>6.7</td>
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<td>6.8</td>
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<td>6.9</td>
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<td>7.1</td>
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<tr>
<td>7.4</td>
</tr>
<tr>
<td>7.5</td>
</tr>
</tbody>
</table>
11.3 RISK ANALYSIS

The main risks affiliated with the project implementation are identified below, together with probability of occurring, types of effects on the Project, as well as adequate mitigation measures.

<table>
<thead>
<tr>
<th>General Risks</th>
<th>Probability</th>
<th>Type / Impact</th>
<th>Project response</th>
</tr>
</thead>
<tbody>
<tr>
<td>General elections disrupting project implementation.</td>
<td>Medium</td>
<td>Low</td>
<td>Building-in additional time for stakeholder buy-in and adoption of new policies.</td>
</tr>
<tr>
<td>Lack of political support for reform processes.</td>
<td>Low</td>
<td>High</td>
<td>Deploying concerted pressure campaign by all interested stakeholders - public, private and non-governmental - in championing the cause of education reform driven by technological change and labor market conditions.</td>
</tr>
<tr>
<td>Limited absorption capacity.</td>
<td>Medium</td>
<td>Medium</td>
<td>Carefully selecting Project partners, conducting capacity assessments and building up capabilities that will ensure sustainability of outcomes.</td>
</tr>
<tr>
<td>Resistance to mandatory budget allocations for research and development.</td>
<td>High</td>
<td>Operational / High</td>
<td>Clearly and transparently presenting potential benefits as well as securing commitment and co-financing for innovation projects by the private sector.</td>
</tr>
<tr>
<td>Political situation in country.</td>
<td>Medium</td>
<td>Medium</td>
<td>Project design has steered clear of potentially contentious issues and decision making modalities for the Project board preclude the possibility of a single partner disrupting implementation.</td>
</tr>
</tbody>
</table>
11.4 PROJECT BOARD TERMS OF REFERENCE

Overall Responsibilities

The Project Board is ultimately responsible for making sure that the project remains on course to deliver the desired results. It is responsible for making by consensus management decisions for the project:

- at designated decision points during the implementation of the project (see specific responsibilities below);
- when guidance is required by the Project Manager; and,
- when project tolerances (normally in terms of time and budget) have been exceeded.

The Project Board reviews and approves the annual work plans (AWP) and authorizes any major deviation from these plans. It ensures that the required resources are available, arbitrates on any conflicts within the project and negotiates a solution to any problems between the project and external bodies. In addition, it approves the appointment and responsibilities of the Project Manager. It may also decide to delegate its Project Assurance responsibilities to a staff of UNDP and/or the Implementing Partner.

Composition and Organization

The Board contains three roles:

1. The Executive is ultimately responsible for the project. He/she must ensure that the project remains focused on achieving its objectives and is cost-effective. For the project the group will be chaired by Good Governance Sector Leader.
2. The Senior Suppliers represent the interests of the parties providing funding and/or technical expertise to the project. Their primary function within the Board is to provide guidance regarding the technical feasibility of the project. They are accountable for the quality of the resources (funding or technical assistance) provided by the suppliers. Therefore, they must have the authority to commit or acquire the resources required. For the project the role of the Senior Supplier will be carried out by Mr. Ognjen Grujić, Embassy of Norway to BiH.
3. The Senior Beneficiaries represent the interests of those who will ultimately benefit from the project. They monitor the accomplishments and outputs of the project against the agreed requirements. For the project the role of the Senior Beneficiary will be carried out by Mr. Adnan Husić, BiH Ministry of Civil Affairs.

Specific Responsibilities

- Delegate any Project Assurance function as appropriate.
- Agree on the Project Manager responsibilities, as well as the responsibilities of the other members of the Project team.

During Project implementation

- Assessment of project progress to date against project output indicators (as documented in the project document results framework)
- Approval/review of annual work plans
• Assessment of the relevant Monitoring & Evaluation mechanisms, including all evaluations
• Review and assessment of the Project Risk Log (with updating/amendments as needed)
• Assessment of project spending, based on a review of the combined delivery report
• Review of required resources versus available funding (if applicable) and steps taken to reduce funding gap identified at the project design stage

On Project Closure

• Review and approve the Final Project Review Report, including lessons learned.

Meetings

The Project Board meets:

• On an annual basis to review and approve the regular project reports.
• At any other time a meeting is requested by one of its members, the Project Manager or the Project Assurance because guidance is required, tolerances have been exceeded, or a particular issue or risk requires the intervention of the Project Board.

Project Assurance

Responsibilities

Project Assurance is the responsibility of Good Governance Sector. The following list includes the key elements that need to be checked for assurance purposes throughout the project.

• Maintenance of thorough liaison throughout the project between the members of the Project Board.
• Beneficiary needs and expectations are being met or managed
• Risks are being controlled
• Adherence to the Project Justification (Business Case)
• Projects fit with the overall Country Programme
• The right people are being involved
• An acceptable solution is being developed
• The project remains viable
• The scope of the project is not “creeping upwards” unnoticed
• Internal and external communications are working
• Applicable UNDP rules and regulations are being observed
• Any legislative constraints are being observed
• Adherence to monitoring and reporting requirements and standards

During the implementation of the project

• Ensure that funds are made available to the project.
• Ensure that project outputs definitions and activity definition including description and quality criteria have been properly recorded in the Atlas Project Management module to facilitate monitoring and reporting.
• Ensure that risks and issues are properly managed, and that the logs in Atlas are regularly updated.
• Ensure that critical project information is monitored and updated in Atlas, using the Activity Quality log in particular.
• Ensure that Project Quarterly Progress Reports are prepared and submitted on time, and according to standards in terms of format and content quality.
• Ensure that CDRs and FACE are prepared and submitted to the Project Board and Outcome Board.
• Perform oversight activities, such as periodic monitoring visits and "spot checks".
• Ensure that the Project Data Quality Dashboard remains "green"

When the project is being closed

• Ensure that the project is operationally closed in Atlas.
• Ensure that all financial transactions are in Atlas based on final accounting of expenditures.
• Ensure that project accounts are closed, and status set in Atlas accordingly.

The work of the Project Board will be supported by the Project Manager (PM) as the senior most representative of the Project Management Unit (PMU) responsible for the overall management of the project on behalf of the Implementing Partner, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. The project manager typically presents key deliverables and documents to the Board for review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk logs.

The diagram illustrates the standard project board structure and protocols.
- The Project Board must meet one time annually at a minimum.
- Project Board members cannot receive remuneration from project funds for their participation in the Board.
- All board decisions and minutes will be kept by the project management unit and UNDP.
- Unless otherwise specified, Project Board decisions are made by unanimous consensus. If a consensus cannot be reached within the Board, the final decision shall rest with the UNDP representative on the Project Board or a UNDP staff member with delegated authority as the programme manager.
- It is required that conflicts of interest affecting board members in performing their duties must be formally disclosed if not avoidable. Where a board member has a specific personal conflict of interest with a given matter before the board, he/she must recuse oneself from their participation in a decision. No board member can vote or deliberate on a question in which he/she has a direct personal or pecuniary interest not common to other members of the board.