PROJECT DOCUMENT
Republic of Serbia

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Project Title: Serbia at Your Fingertips – Digital Transformation for Development
Project Number: 104516
Implementing Partner: Office for Information Technologies and Electronic Government
Start Date: 1 Nov 2017   **End Date:** 31 Dec 2020   **LPAC Meeting date:** 20 Oct 2017

Brief Description
Over the past 10 years, Serbia has made progress in modernizing its strategic and regulatory framework to support development of the information society. However, these advances in the legal framework and significant investment in ICT systems have not been sufficient to ensure a competitive business environment or efficient state administration. With digital transformation of the national economy and public administration high on the government's agenda, Serbia now has a good chance for future-proofing its administration's capabilities for rapid deployment of cost-effective, secure and citizen-focused e-services, and coordinated implementation of ICT policies. First steps have been made with the establishment of the central Office for IT and e-Government (ITE) and strengthening of the Ministerial Council for IT and Innovative Entrepreneurship, but expectations from these institutions run high and they need an initial push to meet the expectations and demonstrate the ability of the government to deliver. This project aims to support the efforts to build internal capacities of the ITE for effective coordination and implementation of the digital government strategy, providing support to other institutions in introducing e-services, building a common ICT infrastructure and shared services, and maintaining close relations with the key stakeholders and the public. As the ITE has also received an additional mandate for operationally delivering a part of the IT Council agenda, this project aims at supporting the efforts of the IT Council at enhancing the digital transformation of Serbia's economy and ensuring its most dynamic and innovative elements continue to grow and benefit all segments of society.

Contributing UNDAF Outcome: By 2020, governance institutions at all levels have enhanced accountability and representation to provide better quality services to people and the economy. Indicative Output(s): Governance institutions operate in a more open and effective manner.	Total resources required:		$ 4,676,412.56
	Total resources allocated:	UK GGF:	$ 2,505,492
		Government:	$ 2,020,920.56
		UNDP:	$150,000
	Unfunded:		

Agreed by (signatures):

Government / Office for Information Technologies and Electronic Government	UNDP
Print Name: Mihailo Jovanović	Print Name: Steliana Nedera
Date: 20 October 2017	Date: 20 October 2017

I.   DEVELOPMENT CHALLENGE

The fast pace of technological change poses a new set of challenges before nations worldwide. It is no longer sufficient to deploy computers in schools or establish data exchange between institutions. Government policies must take into account wider societal trends influenced by the global technological shifts (such as the changes in communication and consumption habits, emergence of new business models and payment services, expansion of ubiquitous mobile devices and services, transition of infrastructural services into the Cloud, advances in Big Data analytics and Artificial Intelligence etc.) and ensure adequate capacities for effectively leveraging new technologies for digital transformation. The importance of meeting these challenges of digital transformation was recognized in a number of international and regional fora, such as the OECD, EU and RCC.

Over the past 10 years, Serbia has made **progress in modernizing its strategic and regulatory framework to support development of the information society**. The strategic frameworks for Development of the Information Society, Public Administration Reform and Development of e-Government have been adopted. The laws on e-signature, e-document and e-commerce, adopted between 2004 and 2008, provided for full legal recognition of electronic documents, signatures and contracts. This legislation also introduced the national electronic ID framework, in line with the EU framework. In 2010, the national e-Government Portal was established. The portal provides state institutions with the possibility of easy generation of new e-services and electronic data exchange via the Government Service Bus, while citizens and businesses have the possibility of electronic ordering, payment and delivery of government services. Unfortunately, the portal was not put to full use, as modules for e-payments and e-delivery remain disabled. Despite these setbacks, the portal and its service bus provided for introduction of the first integrated e-government services, such as the possibility of citizens to extend car registration (2011) or register child birth (2016). In the meantime, progress was made in many individual sectors. For example, the business registry was digitized (2005), as well as the registry of compulsory social insurance (2013). Between 2010 and 2016 all schools in Serbia were equipped with computer labs and connected to the Internet. Electronic reporting of all tax forms via the e-Taxes Portal has been rolling out since 2014. Work on the establishment of an integrated health information system and the system of e-justice are also underway since a couple of years ago. In 2016, the new Law on Administrative Procedure was adopted, mandating exchange of data between institutions in administrative processes. To implement this law, the government has implemented the eZUP project, which involved establishing a provisional regime for key registry interoperability and use of the existing government service bus for exchange of data between institutions. Finally, in 2017 the National Education Council decided to include computer science as a mandatory subject in all elementary schools.

However, these advances in the legal framework and significant investment in ICT systems have not been sufficient to ensure a competitive business environment or efficient state administration. For example, The Global Competitiveness Report 2017-2018 by the World Economic Forum ranks Serbian public sector's performance at 98th place and burden of government regulation at 122th place among 137 countries. The same report lists inefficient government bureaucracy as the third most problematic factor for doing business. According to the UN e-Government Survey for 2016, Serbia is in good standing overall in a global perspective, ranking 69th. However, in comparison to other European countries, Serbia lags, ranking 38th among 43 countries, 11th among 14 Southern European countries and 10th among 14 neighbouring countries. While preparing the Strategy for Development of the New Generation Networks in 2017, Serbian Ministry of Trade, Tourism and Telecommunications calculated DESI (Digital Economy and Society Index) and its components for Serbia.[1] The analysis showed that Serbia would be ranked 28th among 29 European countries overall. In the Connectivity category Serbia would take the last place, while in the Human Capital and Public Digital Services categories Serbia would take 26th place out of 29 European countries.

The evidence presented shows that Serbia is progressing slowly and **not taking full advantage of the digital transformation potentials**. The key factors that prevented faster public administration reform and the development of new e-services were the lack of strong central coordination of e-Government development, lack of key data registers (e.g. Citizens Register, Address Register), lack of key common services (e.g. e-payment of fees and taxes) and the absence of a legal framework that would specify procedures for compulsory data exchange between institutions, while providing for robust data protection and information security (e.g. Law on e-Government and stronger mechanisms for ensuring interoperability). This has led to a situation where each institution that manages a significant amount of data establishes its own information system, determines how it works and dictates conditions for data exchange. This **institution-focused,**

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[1] The Digital Economy and Society Index (DESI) is a composite index that summarizes relevant indicators on Europe's digital performance and tracks the evolution of EU member states in digital competitiveness. As a candidate-country, Serbia is still not officially included in the DESI indicators monitoring.

instead of user-focused approach, resulted in poor user experience for citizens and businesses, who are forced to seek e-services on several different state portals, each of which functions in a specific way, often providing partial service due to lack of data exchange with other institutions or the inability to use means of electronic payment. The consequence is that **traditional problems with functioning of government institutions are just transferred into the digital realm and do not translate into increases in efficiency or savings for citizens and businesses.** Furthermore, the lack of IT competencies in individual institutions led to their e-government software solutions being not only technically too complicated for the average citizen, but also delivered in an **insecure** way and without any support for people with disabilities, thus leading to **exclusion of entire groups** from using the services mandated by the law, **erosion of confidence in government** and increased aversion to electronic services, which, instead of making everyday life and business easier, introduce new levels of complexity.

When it comes to **digital transformation of the economy**, the key problems have been tied to the lack of coordinated government ICT policy, the unfinished legal framework and the unadjusted educational system. The outcome of this is wasteful public spending, which is spread over many unconnected, often duplicated and poorly monitored initiatives in the fields of education, research and employment. Also, the legal framework, which is still adapted to the traditional way of doing business, burdens companies and entrepreneurs with bureaucratic procedures (e.g. often insisting on papers and stamps), while at the same time it does not provide adequate conditions for cross-border e-payments, implementation of new business models (e.g. platform economy, fintech etc.) or access to finance (e.g. VC funds, crowdfunding etc.). Finally, the unadjusted educational system results in an insufficient number of IT professionals capable of meeting the needs of digital economy and administration, as well as a lack of entrepreneurial skills and outlooks. Despite this, the IT sector has been growing at a rate of 10% per year, while software exports have an annual growth rate of 20% - making tech one of the healthiest and most promising branches of the Serbian economy. **In consequence, investment into policy solutions that would support rather than hider its further growth has the potential to significantly impact development outcomes for Serbia.**

The Government of Serbia, elected in June 2017, has **heavily prioritized digital transformation of the national economy and state administration.** The Prime Minister's Keynote Address before the Parliament stressed digitalization and education as the most important catalysts of innovations, competitiveness and growth for Serbia in the coming years. It also stressed the need for a rapid digitalisation of public administration and provision of integrated, secure and citizen-focused electronic services. This political support has materialized in August 2017, when the new Government formed the Office for Information Technologies and Electronic Government (ITE) and appointed the Prime Minister as head of the Council for Innovative Entrepreneurship and Information Technologies (IT Council).

The ITE, which was previously a directorate under the Ministry of Public Administration and Local-Self Government, was raised to the Cabinet-level body, responsible directly to the Prime Minister. It received all necessary competencies for consolidating government's ICT resources, deploying shared infrastructure and IT services (e.g. Government Network, Government Cloud, shared apps and services) and coordinating major e-government initiatives across the administration. The ITE is also well positioned to provide policy advice and influence the adoption of strategic and legal acts, even though it currently has no explicit policy-making mandate. The IT Council was formed in late 2016 to coordinate and support policies of the various government institutions in the field of ICTs and innovation, including initiatives related to improvements in the legal framework, national education system, research and business support infrastructure, allocation of state aid etc. With the appointment of the Prime Minister as head of the Council, this body also gained in prominence.

After many years of slow advances in digital transformation, Serbia has a good chance for future-proofing government's capabilities for rapid deployment of cost-effective, secure and citizen-focused e-services, and coordinated implementation of ICT policies. First steps have been made with establishment of the ITE and strengthening of the IT Council, but expectations from these institutions run high and they need an initial push to meet the expectations and demonstrate the ability of the government to deliver. For this opportunity to translate intro actionable results for citizens and businesses, it is crucial to ensure that ITE and other key institutions rapidly establish their capacities and begin implementing the priorities behind the overall vision.

Therefore, this project aims to support the efforts to build internal capacities of the ITE for effective coordination and implementation of the digital government strategy, providing support to other institutions in introducing e-services, building a common ICT infrastructure and shared services, and maintaining close relations with the key stakeholders and the public. The ITE has also received an additional mandate for operationally delivering a part of the IT Council agenda, so this project also aims at supporting the efforts of the IT Council at enhancing the digital transformation of Serbia's economy and ensuring its most dynamic and innovative elements continue to grow and benefit all segments of society.

II. STRATEGY/THEORY OF CHANGE

Serbia, as an EU candidate-country, has a key political goal of joining the European Union and its single (digital) market, that is being developed in accordance with the strategy for smart, sustainable and inclusive growth – Europe 2020. To achieve this vision, it is necessary to strengthen the capacities of the Serbian economy and administration, and make advances in many areas, such as development of infrastructure, human capital, increased employment in globally competitive sectors, balanced regional development and social inclusion, protection and improvement of the environment etc.

As defined in the development challenge, Serbia must overcome prolonged delays in adapting to digitalization, underutilization of opportunities offered by modern technologies for consolidating public administration reforms, and lack of adequate government response to the needs of innovative industries.

One of the key assumptions behind this project is that a central coordination and implementation unit with a clear mandate and high political support (such as the ITE), given sufficient capacity support, will be able to deliver an ambitious agenda of transforming the way government uses technology to address the needs of citizens and businesses and ensure efficiency. A further assumption concerns the effectiveness of additional investments in infrastructure, which are a subject of a component of the project that is under development.

This project will approach the development challenge holistically, by:
1) **Building capacities of the ITE for effective coordination and implementation of the digital government strategy (GGF)**
2) **Supporting establishment of ICT platforms for provision of user-focused e-services (GGF/Government/UNDP)**
3) **Improving engagement with the key stakeholders and increasing the use of e-government services (GGF)**
4) **Supporting growth of the IT and innovative industries in line with the IT Council agenda (Government/UNDP)**
5) **Improving ICT infrastructure to support digital transformation of the public administration (under development)**

This comprehensive support scheme is illustrated in the graph on the next page.

In the area of digital governance, the project will endeavour to support the digital government stack (Output 2), comprising physical infrastructure (including Government Network, data centres and Government Cloud), virtual infrastructure (including computing and storage resources provided as Infrastructure-as-a-Service, shared modules provided as Platform-as-a-Service and common apps provided as Software-as-a-Service), key registries and databases (including the Meta register, interoperability standards and government service bus for data exchange), portals and integrated services (including the central government portal, sector portals and standalone apps). In addition, the project will support the introduction of additional new horizontal components, related to information security and the establishment of a system for the collection, processing and analysis of data on the use of government digital infrastructure and services. Many components of the illustrated digital government stack are currently not in place (e.g., Government Cloud, Meta register, shared modules and common apps, Government CERT etc.) and their rollout requires a substantial capital investment over a long term – which is subject of the Output 5, currently under development. Output 2 will therefore provide all-round soft-support aimed at evaluating the current state, needs of institutions, providing expertise in analysing gaps and determining the most optimal solutions for deployment of ICT systems, which will then serve as inputs for further resource mobilization and concrete implementation.

This project will support capacity building of the ITE for effective coordination and implementation of the digital government strategy, providing policy support to the Cabinet of the Government and the relevant ministries regarding the strategic and regulatory framework for digital transformation, providing support to other institutions for implementing e-government solutions, and strengthening cross-government coordination for planning and budgeting large IT projects through support to the e-Government Council (Output 1).

Having in mind that one of the key project outcomes is the increased use of citizen-focused e-government services, a specific project component is dedicated to engagement with the end users and key stakeholders (Output 3). This will be done either directly (through social media, feedback forms on government portals etc.) or through targeted campaigns on digital and traditional platforms. Also, it is essential that the needs and

concerns of different user groups are identified and addressed, so several user experience and satisfaction surveys will be commissioned within this project. These surveys will be performed at the beginning of the project to provide a baseline and will be periodically conducted as a means of monitoring progress and verifying the overall strategy. Finally, this project will contribute to shaping Serbia's approach to regional cooperation in the sphere of digitalization, in particular through preparation for the Western Balkan summit in taking place in London in 2018 as part of the Berlin process.

In addressing IT and innovative industry priorities (Output 4), this project will provide ITE with policy advice, implementation support and access to international expertise. This will provide for effective delivery on the IT Council agenda, generating growth in IT and innovative industries, due to increased human capital, enhanced regulatory framework and implantation of innovative solutions (e.g. through public-private partnerships). Effective implementation on the IT Council agenda will also demonstrate the ability of the administration to deliver, thus increasing confidence in institutions and expanding the scope of future cooperation between the government and the industry.
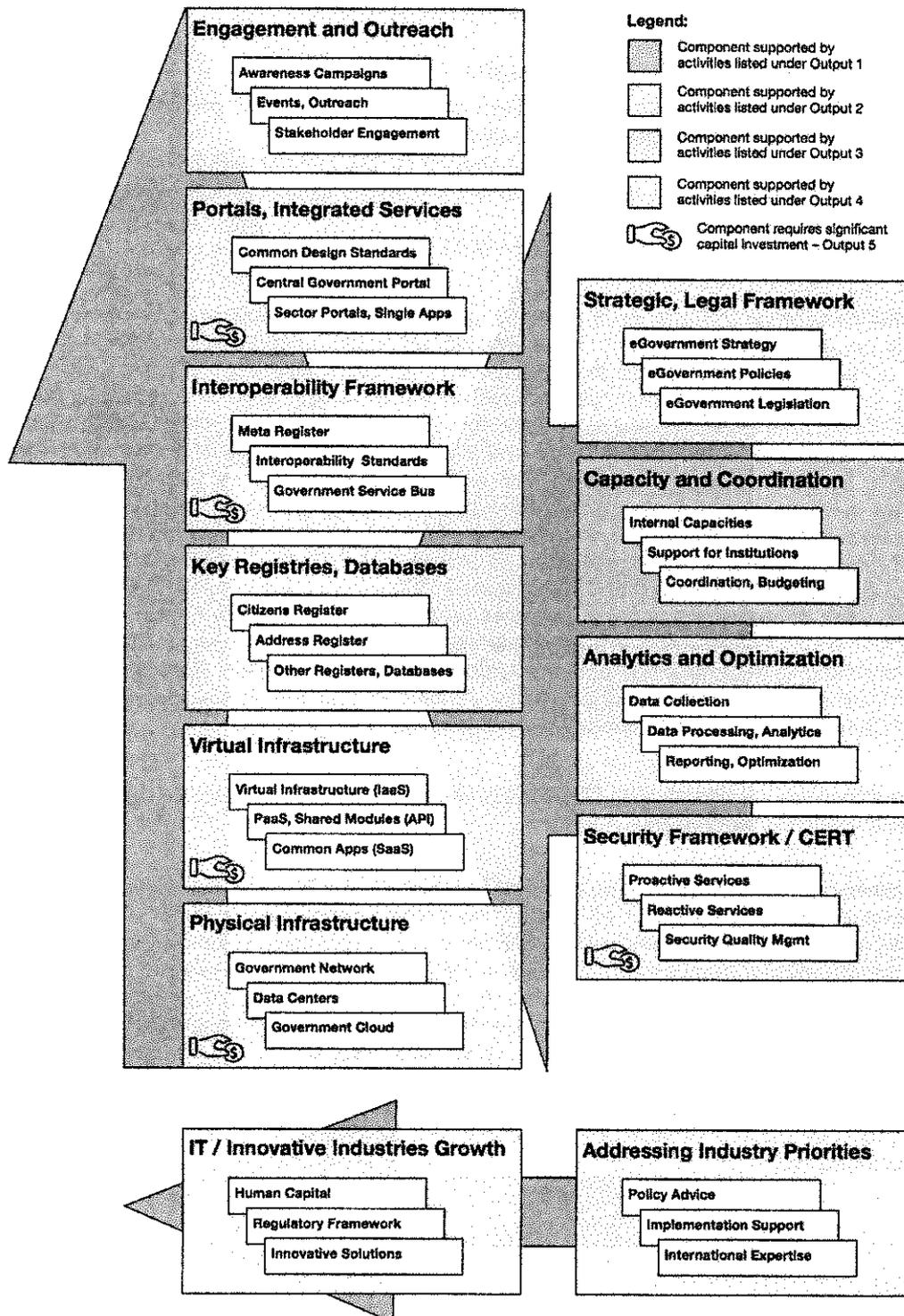
This approach has been informed by an accumulated institutional experience of UNDP Serbia in working on issues affecting digitalization for many years, including through its work in public administration reform for over a decade, initiating and supporting the introduction of an open data policy, developing many software solutions for government institutions, contributing to e-government development, collaborating with the tech and start-up communities, advising on policy coordination, as well as supporting the design and piloting of specific priority measures launched by the government's IT Council.

In addition, an inception stage assessment of the Serbian digital governance landscape was commissioned by the UNDP in August 2017, which also informed the overall strategy. This assessment was performed by the Estonian e-Governance Academy, in close cooperation with the national partner (ITE) and involved consultations with all key stakeholders in the Serbian Government (e.g. Prime Minister's Office, Ministry of Public Administration and Local Self-Government, Ministry of Trade, Tourism and Telecommunications, operators of the state network and major operators of state IT systems, key registries), ICT infrastructure operators and members of the National Alliance for Local Economic Development's e-Government Alliance (gathering representatives of major Serbian banks, retailers and IT system integrators).

Other assumptions the project will work against are:
- Continued EU accession agenda and sustained will to align to international standards
- High priority for digital transformation sustained
- Sustained prominent level of government support for the work of the ITE
- Sustained cooperation between the ITE and other state institutions, especially the operators of large e-government systems
- Secured funding for capital investments in ICTs

Social/Gender concerns: ICT can be a powerful catalyst for political and social empowerment of women, and a tool to promote gender equality.[2] This project will seek to address the needs and ensure equal participation of men and women in all activities, such as production of training materials, organizing community engagement events, promotional campaigns, user interface design, e-service redesign etc. Also, gender indicators will be tracked and analysed in all surveys performed within this project. At an outcome level, the project will contribute to a higher quality of life and enable wider availability of government services to men, women, elderly and people with disabilities. For example, parents will be able to perform administrative procedures for themselves and their children from home or work, quickly, cheaply and using any available device (including mobile phones). This now involves, in most cases, mandatory visits to counters of many institutions for collecting paper documentation. Even when the existing government portals are used, this requires complicated technical setups on limited number of platforms, while fees and taxes in most cases must be paid at the bank counters and proof of payment produced in paper form. All this requires a considerable effort and consumes a lot of time, which parents can hardly afford. Also, the elderly and people with disabilities will benefit from improved availability and accessibility of the government portals, which are now almost entirely not adjusted to their needs. Within Output 4, there is potential to expand work on access to digital services and digital literacy, subject to availability of funding.

Social and environmental standards: The project has been assessed as not having any negative impact on social and environmental standards.

Impact on achieving Sustainable Development Goals (SDGs): Going digital, being a horizontal measure, is an accelerator for the attainment of SDGs, while this project directly falls under the SDG 16, with e-governance contributing to building stronger institutions – effective, accountable and transparent at all levels. This project will also contribute to SDGs 4.4 (by 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship), 8.3 (promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation) and indirectly to 9.B (support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities). The project directly responds to the following area of development work of the UNDP global Strategic Plan: inclusive and effective democratic governance.

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[2] Gender and ICT, SIDA, March 2015.

III.   RESULTS AND PARTNERSHIPS

Expected Results

The overall objective of the project is to prepare and support Serbian public administration and the economy for digital transformation. Attainment of the objective will be supported through delivery of outputs and activities listed below. The first three outputs (proposed for GGF funding, with Government and UNDP co-financing on Output 2) refer to the system of digital governance; Output 4 (Government funding with UNDP co-financing) addresses digital society and economy; and Output 5 (under development) should potentially extend to infrastructure and other capital investments needed.

Output 1 – Built capacities for effective coordination and implementation of the digital government strategy (proposed for GGF funding):

- **Activity 1.1 – Develop the ITE's capacities for effective coordination and implementation of the digital government strategy,** by producing training materials and conducting trainings/certification for the ITE staff, supporting implementation of internal quality management standards, organizing team building/planning retreats and best practice exchanges (study tours, regional/international conferences etc.).
- **Activity 1.2 – Provide support for other institutions in application of ICTs and e-Government,** by establishing a training facility, producing training materials and conducting trainings for other institutions in application of ICTs, e-Government and information security.
- **Activity 1.3 – Improve overall coordination and project/budget planning of e-Government initiatives,** by supporting the project coordination and budget planning work of the Council for e-Government.

Output 2 – Established ICT platforms for provision of user-focused e-services (proposed for GGF/Government[3]/UNDP funding):

- **Activity 2.1 – Support development of the Government Network,** by improving the ITE's procedures, practices and systems for network monitoring, equipment management, service provision and customer support.
- **Activity 2.2 – Support development of the Government Cloud,** by supporting the ITE in designing the Government Cloud platform and disaster recovery location(s), drafting related legislation, supporting the establishment of a Government Cloud Service Centre, producing cloud readiness assessment for the existing e-government systems and developing a pilot Platform-as-a-Service for e-government applications. A specific component of this activity will involve lease of cloud infrastructure capacity, which will be financed by the Government.
- **Activity 2.3 – Support establishment of the key registries, interoperability mechanisms, reliable Government Service Bus and new integrated e-services,** by providing technical assistance in developing the key registries and interoperability mechanisms (Citizens register, Meta register and Address register), improving scalability and resiliency of the Government Service Bus, developing a roadmap for introduction of new high-impact integrated (one-stop-shop) e-services for citizens and businesses, and providing technical assistance in making more registries and databases available over the Government Service Bus.
- **Activity 2.4 – Improve design, accessibility and functionality of the government portals and establish a system for data collection, analytics and continuous improvement,** by implementing a functional redesign of the Central e-Government Portal (CEGP), developing a set of Common Design Standards (CDS) for government portals and e-services, improving existing modules for e-service generation and e-participation, developing new modules with open API for user authorization, e-payments and e-document delivery, supporting implementation of the CDS and the open API modules on other major government portals, providing technical assistance for establishing a system for continuous collection of data related to use of the government portals, Government Cloud and Government Network, providing software tools and training for Big Data processing, analytics and feeding the results back into the continuous improvement loop.

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[3] Within Activity 2.2, lease of cloud infrastructure capacity will be financed by the Government.

Output 3 – Improved engagement with the key stakeholders and increased use of e-government services (proposed for GGF funding):

- **Activity 3.1** – Developing key indicators (gender responsive), conducting a baseline study and annual measurements on the use of e-Government services by citizens and businesses.

- **Activity 3.2** – Supporting organization of an annual conference „e-Government Day" and other stakeholder engagement activities (e.g. round table discussions and other collaboration activities with the key stakeholders, such as the Digital Serbia Initiative, NALED's Alliance for e-Government, tech/start-up community), as well as contributing to shaping Serbia's approach to regional cooperation in the sphere of digitalization through preparation for the Western Balkan summit in London in 2018.

- **Activity 3.3** – Establishing a system for collecting and processing customer feedback on government portals, supporting continuous engagement with the public in the digital sphere (including via social networks), as well as organizing thematic brainstorming sessions, hackathons and/or innovation challenges.

Output 4 – Supported growth of the IT and innovative industries in line with the IT Council agenda (proposed for Government funding, with UNDP co-financing):

- **Activity 4.1 – Informal training for quickly increasing the number of IT specialists in the labour market,** through implementation of a pilot program for provision of employment-focused training in IT skills for junior programmer positions, market needs analyses, and development of national curricula for informal education in major programming languages.

- **Activity 4.2 – Enhancing IT training in formal secondary and tertiary education,** including through model IT student groups in high schools, support for curriculum development, and development of models for salaries of IT instructors.

- **Activity 4.3 – Enhancing the business environment for innovation,** through development of an enabling legal environment (particularly for e-business and start-ups), providing policy support for emerging technologies (artificial intelligence, blockchain, /smart city programs, etc.), support for policy implementation.

- **Activity 4.4 – Improving data collection,** through public-private partnerships (Internet of Things, Big Data) especially on the local level, support for legal framework development.

- **Activity 4.5 – Contributing to improved access to finance and assessing models of public support to investment funds** specialized in IT start-ups, biotech, fintech, agritech, etc.

Output 5 – Improved ICT infrastructure to support digital transformation of the public administration (under development).

Resources Required to Achieve the Expected Results

The project has been developed with high ownership of national counterparts that will engage their resources in implementation of the project and quality assurance. In addition, the IT and Entrepreneurship Team of the government's Delivery Unit will be engaged in providing support in some of the project activities.

This project forms part of a wider Accountable Governance portfolio and shall benefit from well-established lines of communication with all key stakeholders and routine management practice. The UNDP Program Analyst, Portfolio Manager – Innovation, Public Policy and Rule of Law, and Technical Advisor – Digital Governance will provide quality assurance, oversight and support from the angle of UNDP's rules and procedures. Project management and quality assurance will be cost-shared with other portfolio initiatives.

External expertise will be outsourced for conducting of in-depth studies and gap analyses, development of the technical specifications, analysis of potential service providers, system analysis, system design and programming services.

Further resources required for capital investments in infrastructure will be determined based on the needs evaluation, analysis of potential service providers and means of service provision.

Partnerships

The key operational partner on this project will be the Office for IT and e-Government. Close support will be provided by the IT and Innovation Team of Delivery Unit and the Prime Minister's Office. Regular communication will be established with the other government stakeholders, active in the IT Council. Attention will be given to building partnership with the major government data holders and service providers, gathered in the e-Government Council.

Outside of government, contacts will be established with the major infrastructure, IT service providers and IT experts. Business and professional associations will also have a significant role in the process, in particular the National Alliance for Local Economic Development (NALED).

Given that the project is firmly linked to other initiatives implemented by the UNDP's Istanbul Regional Hub, including those that are regional in nature, our team in Serbia will fully utilize the opportunities created for cooperation with peers in the region as well as global networks and centres of excellence.

This project will explore the possibilities for applying the best practice of Great Britain, that is, the Government Digital Service (GDS), as the European and world leader in the field of digital transformation of public administration.

This project is aligned with several other initiatives aimed at overcoming digital transformation challenges in Serbia, which are not directly addressed by this project:

- Ongoing UNDP projects, such as the cooperation with the Ministry of Public Administration and Local Self-Government under the "Accelerating Change in Public Administration" project, Ministry of Economy under the "e-Starting a Business" project, Office for IT and e-Government under the "Open Data – Open Opportunities" project, Public Procurement Office and Public Debt Administration of the Ministry of Finance, both under the "Advancing Accountability Mechanisms in Public Finances" project and the National Assembly of the Republic of Serbia, along with a set of local assemblies at subnational level, under the "Strengthening the Oversight Function and Transparency of the Parliament" project.
- Ongoing EU IPA project "Further support for development of e-government" for implementation of the Citizens register (software solution).
- Ongoing work of the Ministry of Trade, Tourism and Telecommunications on adopting and implementing the Strategy for Development of the New Generation Networks, that aims to improve national broadband infrastructure and increase the Connectivity component of DESI. This effort is supported by the EBRD project "Serbia: National Broadband Implementation Programme – Analysis, Costing, Feasibility Study and Implementation Planning".
- Recently established cooperation between the Ministry of Trade, Tourism and Telecommunications and Ministry of Education, Science and Technology on building and maintaining the ICT infrastructure and connectivity in primary and secondary education institutions. This initiative, started in August 2017, will be financed by the Republic of Serbia, but also include private donors and companies
- Public Policy Secretariat's expert support to the IT Council, established within the framework of the World Bank's "Competitiveness and Jobs" project and implemented by the Public Policy Support Team for Innovation-Based Entrepreneurship and IT.
- Ongoing construction of R&D facilities (such as the IT parks and innovation centres) to enhance knowledge capacity and scientific excellence in Serbia, supported by an EIB Western Balkans Infrastructure Framework project.

A more extensive list of stakeholders with whom partnerships are either well established or will be sought, is provided under the Stakeholder Engagement section.

Risks

Risks have been assessed and analysed in the annexed risk log.

Stakeholder Engagement

Key stakeholders and target groups are identified as follows:

- **Decision makers (high-level appointees, CIOs, CTOs) and civil servants (IT admins, e-service admins) in central and local government institutions.** The main avenue for engagement with the decision makers will be through the IT Council and the Council for e-Government (gathering government CIOs and CTOs). Also, direct contacts with the major government data holders and service providers will be maintained throughout the project. This project will seek to strengthen capacities of civil servants by establishing training facilities, producing materials and providing tools.

- **Infrastructure providers (telecommunications operators, ISPs, cloud service providers etc.), providers of IT services (hosting providers, system integrators, web developers) and IT experts** are key for successful implementation of e-government projects supported by this project. These stakeholders will be engaged through direct contact and industry events.

- **Business and professional associations** will be consulted on many policy and implementation issues. Some of the most important are: ICT Association of the Serbian Chamber of Commerce, Foreign Investors Council (FIC), regional IT clusters, e-Government Alliance of the National Alliance for Local Economic Development (gathering representatives of major Serbian banks, retailers and IT system integrators), Digital Serbia Initiative (gathering fast-growing tech start-ups and prominent IT companies). These stakeholders will be engaged through direct contact and thematic round tables, brainstorming sessions, workshops and similar events.

- **General public (citizens and businesses)**, as the main users of e-government services, will be engaged throughout the project – either directly (e.g. through social media, feedback forms on the government portals etc.) or through targeted campaigns on digital and traditional platforms. It is essential that the needs and concerns of these groups are identified and addressed, so several user experience and user satisfaction surveys will be commissioned within this project. These surveys will be performed at the beginning of the project to provide a baseline and will be conducted periodically as a means of monitoring progress and verifying the overall strategy.

South-South and Triangular Cooperation (SSC/TrC)

The project design was informed by comparative practice from the region, particularly Croatia and Slovenia. These experiences will also be valuable in mitigating potential risks that may occur during the project implementation. Also, national digital governance strategies of Italy and the UK were consulted for overall direction guidance.

In early August 2017, UNDP commissioned an inception stage assessment of the Serbian digital governance landscape, which also informed this project. The assessment was performed by the Estonian e-Governance Academy, in close cooperation with the national partner (ITE) and involved consultations with all key stakeholders in the Serbian government (e.g. Prime Minister's Office, Ministry of Public Administration and Local Self-Government, Ministry of Trade, Tourism and Telecommunications, operators of the state network and major operators of state IT systems, key registries), ICT infrastructure operators and members of the National Alliance for Local Economic Development's e-Government Alliance (gathering representatives of major Serbian banks, retailers and IT system integrators).

Knowledge

Many knowledge products will be produced within the project, including numerous studies, reports, training materials, best practice documents, technical documentation and software applications. Reports and studies will be shared with partners and key stakeholders within the government and discussed with partners outside of government. Dissemination of the training materials and best practice documents will be organized within the capacity building project activities. Technical documentation will be available to all who need to perform technical tasks through a central web-based document repository. Key knowledge products will also be shared through the UNDP online platforms (web, open.undp.org etc.).

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Sustainability and Scaling Up

The project objectives are based on the existing national legislative and strategic documents, such as the strategic frameworks for Development of the Information Society, Public Administration Reform, Development of e-Government, and others outlined in the Development Challenge section. Such an approach ensures inherent ownership over the project's interventions and targets the core needs of the authorities, contributing much to the sustainability as appropriate.

The project's design includes interventions that have a built-in sustainability element:
- A series of legislative changes and alignment thereto will be supported throughout the project, ensuring new institutes remain well-grounded beyond the project's lifecycle.
- Technical solutions will be carefully designed ensuring interoperability, which inherently extends the lifetime of a technical solution, and no, or limited maintenance, based on capacities of the national partners.
- Any comparative experience will be transposed paying attention to the national contexts and well adapted prior to implementation.

In addition, sustainability will be ensured through a dedicated capacity-building component, both aimed at the capacities of ITE to coordinate and lead implementation of the government's ICT policies, and capacities of the other institutions to implement e-government solutions, provide e-services and ensure information security.

A significant part of the project activities is aimed at supporting the establishment of long-term sustainable e-Government platforms that will provide for lower maintenance costs, greater reliability and security, easier extensibility and scalability.

Finally, the project includes an important component of establishing a system for monitoring all key e-government systems and portals, collecting of usage data and customer feedback, as well as their analytics. The conclusions of these analyses will be used to provide for system stability, further improvements and scaling up.

IV.   PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

One of the project's main objectives is to decrease the time and costs of citizens and businesses associated with interfacing with the public administration. This aspect will be closely monitored during the project implementation. Successful implementation of the project will also lead to streamlined processes of providing government services and consequently to huge time and money savings. The administration will also be relieved, as the integrated services and one-stop shops, enabled by data exchange between institutions, will eliminate the risk of mistakes associated with manual filling of paper-based forms and submission of incomplete, invalid or outdated supporting documentation by customers.

As it has been said, a significant part of the project activities is aimed at supporting the establishment of long-term sustainable e-Government platforms. Gradual transition to the Government Cloud will ensure that ICT projects and infrastructures are not duplicated, that scarce human resources are optimally used, and that scalable and reliable infrastructure is in place to support rapid provision of user-focused services in a secure, scalable and cost-effective manner.

A portfolio management approach is foreseen for implementing the proposed activities, to improve cost effectiveness by leveraging activities and partnerships with other initiatives and projects. In its approach, UNDP relies heavily on national capacities and uses its 'national implementation modality' where possible, where government procedures and capacities exist and are used for implementation of activities. Apart from contributing to sustainability of results, such an approach decreases operational costs, but ensures a robust monitoring and assurance of both financial and operational performance.

Project Management

Project management will be seated at the UNDP Serbia office. The management costs are calculated on a cost-sharing basis between the donors contributing to the overall portfolio. This ensures more efficient and effective implementation at less cost per donor. The project is a part of the Accountable Governance program at UNDP Serbia and will rely on synergies with other associated initiatives (e.g. Advancing Accountability in Public Finances, the parliamentary portfolio, and the range of projects contributing to public administration reform), as well as coordination with other program clusters.

As mentioned in the previous sections, UNDP Program Analyst, Portfolio Manager – Innovation, Public Policy and Rule of Law, and Technical Advisor – Digital Governance will provide technical and managerial support from the angle of UNDP's rules and procedures. UNDP will also provide support services for procurement of services.

V. RESULTS FRAMEWORK[4]

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:

By 2020, governance institutions at all levels have enhanced accountability and representation to provide better quality services to people and the economy.

Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:

Indicator: Governance effectiveness index

Baseline (2013): -0.10

Target: 0.1 by 2020

Indicator: Regulatory effectiveness index

Baseline (2013): 0.15

Target: 0.44 by 2020

CPD Output 1: Governance institutions operate in a more open and effective manner

Indicator: Public administration reform action plan implemented (Y/N)

Baseline: No (Public administration reform strategy adopted, action plan to be adopted in 2015)

Target: Yes

Data source, frequency: Ministry of Public Administration and Local Self-Government (annual)

Indicator: Percentage of implemented e-governance strategy

Baseline: Strategy for development of e-governance drafted, pending adoption in 2015

Target: At least 25% of the strategy measures implemented by end 2017; 75% implemented by 2019

Data source, frequency: Ministry of Public Administration and Local Self-Government, Office for IT and e-Government (annual)

Applicable Output(s) from the UNDP Strategic Plan:

Output 1.1. National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods-intensive

Output 7.6. Innovations enabled for development solutions, partnerships and other collaborative arrangements

Project title and Atlas Project Number:

Serbia at Your Fingertips – Digital Transformation for Development

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[4] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED OUTPUTS	OUTPUT INDICATORS[5]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 FINAL	
Output 1 Built capacities for effective coordination and implementation of the digital government strategy	*1.1 Extent of e-Government Action Plan (2018-2019) implementation*	Government report	Not at all	2017	To some extent	To great extent	Fully	Observation
	1.2 Number of civil servants trained in application of e-government solutions, provision of e-services and information security within the project	Monitoring visits report, training evaluations	0	2017	100	400	700	Field visit
Output 2 Established ICT platforms for provision of user-focused e-services	*2.1 Number of registries and databases in the Meta register*	Meta register	0	2017	0	100	200	Observation
	2.2 Number of government institutions using the Government Cloud facilities	ITE data	0	2017	3	10	20	Observation
	2.3 Number of registries and databases available over the government service bus	ITE data	15	2017	20	25	30	Observation
	2.4 Number of government portals implementing the common design standards and shared modules (single sign-on, e-payment, e-delivery etc.)	Monitoring visits report	0	2017	1	2	4	Field visit
	2.5 Number of integrated services (one-stop shops)	ITE data	3	2017	5	7	9	Observation
	2.6 Number of government ICT systems included in the framework for data collection, analytics and continuous improvement	Monitoring visits report	0	2017	1	2	3	Field visit
Output 3 Improved engagement with the key stakeholders	*3.1 Number of users of e-government services per year (citizens/businesses)*	Official Statistical Bulletin	1,270,000	2017	1,400,000	1,500,000	1,700,000	Observation
	3.2 Level of user satisfaction with e-government services, as measured through the project	Baseline study and subsequent measurements	TBD	2017	TBD	TBD	TBD	Survey

			0	2017	1	2	3	Observation
and increased use of e-government services	3.3 Number of government portals included in the framework for collection and processing of customer feedback	ITE data	0	2017				
Output 4 Supported growth of the IT and innovative industries in line with the IT Council agenda	4.1 Number of participants having completed informal IT education	Monitoring visits report	100	2017	900			Field visit
	4.2 Percent of the trainees employed within 9 months of attending the training	Monitoring visits report	0	2017	40%			Field visit
Output 5 Improved ICT infrastructure to support digital transformation of the public administration	Under development							

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5 It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	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.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	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. Field visits will be conducted by project assurance to ensure managerial and project accountabilities and delivery of planned results. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	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.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	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.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		

Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	
Project Review (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 Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	At least annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.

Evaluation Plan[6]

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-Term Evaluation Final Evaluation				TBD	TBD	As per project budget

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[6] Optional, if needed

VII. MULTI-YEAR WORK PLAN [7,8]

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Responsible Party	Funding Source	Budget Description	2017 in USD	2018 in USD	2019 in USD	2020 in USD	Total 2017-2020 in USD	Total per Output in USD
Output 1 (GGF) Built capacities for effective coordination and implementation of the digital government strategy	Activity 1.1 – Develop the ITE's capacities for effective coordination and implementation of the digital government strategy	ITE	GGF	71200-International Consultants		10,000	5,000	5,000	20,000	
		ITE	GGF	71300-National Consultants		35,000	22,500	15,500	73,000	
	Activity 1.2 – Provide support for other institutions in application of ICTs and e-Government	ITE	GGF	71400-Contractual Services Individuals		35,400	35,400	35,400	106,200	483,700
		ITE	GGF	71600-Travel		30,000	32,000	22,000	84,000	
		ITE	GGF	72100-Company contracts		5,000			5,000	
	Activity 1.3 – Improve overall coordination and project/budget planning of e-Government initiatives	ITE	GGF	72200-Other equipment		25,000			25,000	
		ITE	GGF	72800-IT Equipment		37,500			37,500	
		ITE	GGF	74100-M&E				10,000	10,000	
		ITE	GGF	74200-Printing and translation		3,000	8,000	2,000	13,000	
		ITE	GGF	74500-Miscellaneous		5,000	5,000	5,000	15,000	
		ITE	GGF	75700-Training, workshops and conferences		21,000	19,000	19,000	59,000	
		ITE	GGF	63400-Policy Advice and Backstopping		12,000	12,000	12,000	36,000	
Output 2 (GGF/GoS/UNDP)		ITE	GGF	71200-International Consultants		10,000	8,000		18,000	1,829,100

[7] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[8] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Responsible Party	Funding Source	Budget Description	2017 in USD	2018 in USD	2019 in USD	2020 in USD	Total 2017-2020 in USD	Total per Output in USD
Established ICT platforms for provision of user-focused e-services and improved government efficiency	Activity 2.1 – Support development of the Government Network	ITE	GGF	71300-National Consultants		25,000	122,500	10,000	157,500	
	Activity 2.2 – Support development of the Government Cloud	ITE	UNDP	71300-National Consultants		85,000			85,000	
		ITE	GGF	71400-Contractual Services Individuals		106,200	106,200	106,200	318,600	
	Activity 2.3 – Support establishment of the key registries, interoperability mechanisms, reliable Government Service Bus and new integrated e-services	ITE	GoS	71400-Contractual Services Individuals		18,000			18,000	
		ITE	GGF	71600-Travel		5,000	5,000		10,000	
		ITE	GGF	72100-Company contracts		383,400	185,000	100,000	668,400	
		ITE	GoS	72100-Company contracts		300,000			300,000	
	Activity 2.4 – Improve design, accessibility and functionality of the government portals and establish a system for data collection, analytics and continuous improvement	ITE	UNDP	72100-Company contracts		46,600			46,600	
		ITE	GGF	Innovation Challenge Prizes		50,000			50,000	
		ITE	GGF	72800-IT Equipment		10,000			10,000	
		ITE	GGF	74100-M&E				5,000	5,000	
		ITE	GGF	74500- Miscellaneous		4,000	5,000	5,000	14,000	
		ITE	UNDP	74500- Miscellaneous		1,000			1,000	
		ITE	GGF	75700-Training, workshops and conferences		7,000			7,000	
		ITE	GoS	63400-Policy Advice and Backstopping		12,000			12,000	
Output 3 (GGF) Improved engagement with the key stakeholders and increased use of e-government services	Activity 3.1 – Developing key indicators and conducting baseline and annual measurement of the use of e-Government services	ITE	GGF	71300-National Consultants		5,000			5,000	469,700
		ITE	GGF	71400-Contractual Services Individuals		35,400	35,400	35,400	106,200	
		ITE	GGF	71600-Travel		10,000	10,000	10,000	30,000	
		ITE	GGF	72100-Company contracts		55,000	40,000	40,000	135,000	

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Responsible Party	Funding Source	Budget Description	2017 in USD	2018 in USD	2019 in USD	2020 in USD	Total 2017-2020 in USD	Total per Output in USD
	Activity 3.2 – Supporting organization of an annual conference „e-Government Day" and other events	ITE	GGF	72600-Grants		20,000	20,000	20,000	60,000	
		ITE	GGF	72800-IT Equipment		2,500			2,500	
		ITE	GGF	74100-M&E				5,000	5,000	
		ITE	GGF	74200-Printing and translation		5,000	5,000	5,000	15,000	
	Activity 3.3 – Establishing a system for collecting and processing customer feedback on government portals	ITE	GGF	74500- Miscellaneous		5,000	5,000	5,000	15,000	
		ITE	GGF	75700-Training, workshops and conferences		20,000	20,000	20,000	60,000	
		ITE	GGF	63400-Policy Advice and Backstopping		12,000	12,000	12,000	36,000	
Output 4 (GoS/UNDP) Supported growth of the IT and innovative industries in line with the IT Council agenda	Activity 4.1 – Informal training for quickly increasing the number of IT specialists in the labour market	ITE	GoS	71300-National Consultants	2,500	2,500			5,000	1,649,458.80
		ITE	UNDP	71400-Contractual Services Individuals		9,600			9,600	
		ITE	GoS	71400-Contractual Services Individuals	2,250	47,596.81	30,523.67		80,370.48	
		ITE	GoS	71600-Travel		5,000			5,000	
		ITE	GoS	72100-Company contracts	35,000	944,780	508,727.80		1,488,508	
		ITE	GoS	74500- Miscellaneous		1,000			1,000	
		ITE	UNDP	63400-Policy Advice and Backstopping		7,800			7,800	
				Subtotal Direct Project Costs	41,250	2,536,608.22	1,313,600.58	540,500	4,431,958.80	
				General Management Services (8% for donor funds, 3% for GoS)	1,237.50	122,868.25	77,108.02	43,240	244,453.76	
				TOTAL PROJECT COST	42,487.50	2,659,476.47	1,390,708.60	583,740	4,676,412.56	

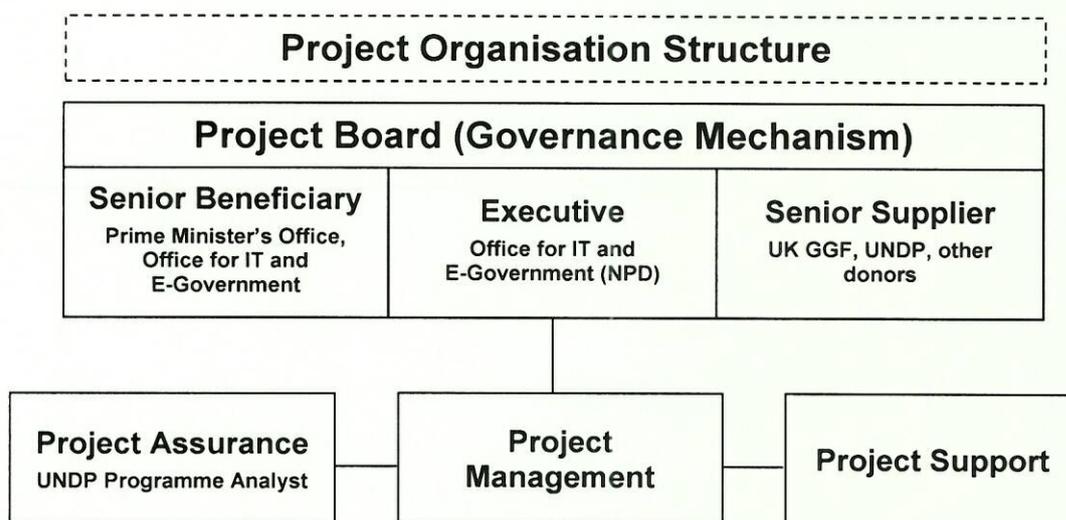|					2017	2018	2019	2020	Total 2017-2020	
				GGF		1,107,432	814,320	583,740	2,505,492	
				GoS	42,487.50	1,402,044.47	576,388.60		2,020,920.56	
				UNDP		150,000			150,000	

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

A **Project Board** will be formed with representatives of the donors and partner organizations – GGF, UNDP, ITE and the Prime Minister's Office – as illustrated in the diagram below. The Project Board is the group responsible for making management decisions by consensus for a project when guidance is required by the Project Manager, including recommendation for approval of project plans and revisions. Project Board decisions should be made in accordance to standards[9] that shall ensure best value in terms of money, fairness, integrity transparency and effective international competition. Project reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when tolerances (normally in terms of time, budget and quality) have been exceeded and in the event of any necessary revisions to the objectives of the project as well as the budget. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies.

Project Assurance is the responsibility of each Project Board member; however, this role will be delegated to the UNDP program analyst to perform on behalf of the Project Board. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed.

The **Project Manager role** has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

The **Project Support** role provides project administration, management and technical support to the Project Manager as required by the needs of the individual project or Project Manager.

All deliverables produced during the project term, will bear the **logos of the Government, of GGF, UNDP, or other donors,** depending on the sources of funding, and, where appropriate, the standard **UNDP disclaimer**.

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┌─────────────────────────────────────────────────────────────┐
│             Project Organisation Structure                   │
└─────────────────────────────────────────────────────────────┘
┌─────────────────────────────────────────────────────────────┐
│          Project Board (Governance Mechanism)                │
├──────────────────────┬──────────────────┬───────────────────┤
│  Senior Beneficiary  │    Executive     │  Senior Supplier  │
│  Prime Minister's    │   Office for IT  │  UK GGF, UNDP,    │
│  Office,             │   and            │  other            │
│  Office for IT and   │   E-Government   │  donors           │
│  E-Government        │   (NPD)          │                   │
└──────────────────────┴──────────────────┴───────────────────┘

┌──────────────────────┐  ┌──────────────┐  ┌───────────────────┐
│  Project Assurance   │  │   Project    │  │  Project Support  │
│  UNDP Programme      │  │  Management  │  │                   │
│  Analyst             │  │              │  │                   │
└──────────────────────┘  └──────────────┘  └───────────────────┘
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[9] UNDP Financial Rules and Regulations: Chapter E, Regulation 16.05: a) The administration by executing entities or, under the harmonized operational modalities, implementing partners, of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. b) Where the financial governance of an executing entity or, under the harmonized operational modalities, implementing partner, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, that of UNDP shall apply.

IX. LEGAL CONTEXT AND RISK MANAGEMENT

1. Legal Context:

Consistent with the Article III of the Standard Basic Assistance Agreement (SBAA), the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

a) put in place an appropriate security plan and maintain the security plan, considering the security situation in the country where the project is being carried;
b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

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 Implementing Partner's obligations under this Project Document.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document 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 sub-contracts or sub-agreements entered into under/further to this Project Document".

2. Implementing Partner:
- ✓ Government Entity (NIM)
- ☐ UNDP (DIM)
- ☐ CSO/NGO/IGO
- ☐ UN Agency (other than UNDP)
- ☐ Global and regional projects

X. ANNEXES

1. **Project Quality Assurance Report**

2. **Social and Environmental Screening Report**

3. **Risk Log**

4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

Annex 2: Social and Environmental Screening Report

Project Information

Project Information	
1. Project Title	Serbia at your Fingertips – Digital Transformation for Development
2. Project Number	
3. Location	Serbia

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 supports and incorporates the human-rights based approach in its objectives. The initiative aims to empower governments, citizens, and civil society to engage on better outcomes for development, including human rights, through ensuring open and free access to government services in a variety of sectors that impact human rights. Digital governance leads to better access to public services in general, while more equitable access will be prioritized through the project component aimed at ensuring the government portals are accessible for persons with disabilities and elderly. The project is expected to have a stronger impact on youth by focusing on creating economic opportunity in the technology and innovation sectors.

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

ICT can be a powerful catalyst for political and social empowerment of women, and a tool to promote gender equality. This project will seek to address the needs and ensure equal participation of men and women in all activities, such as production of training materials, organizing community engagement events, promotional campaigns, user interface design, e-service redesign etc. Also, gender indicators will be tracked and analysed in all surveys performed within this project. At an outcome level, the project will contribute to a higher quality of life and enable wider availability of government services to men, women, elderly and people with disabilities.

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

The project harnesses the technological advances, such as cloud computing, that enable governments to reduce the number of data centres in use and avoid duplication of datacentre equipment, thus optimizing energy use, reducing carbon emissions and electronic waste. Development of government digital services through this project will support and encourage both the institutions and citizens to rely on digital tools and reduce their environmental footprint. For example, the integrated services and one-stop shops, enabled by data exchange between institutions, will eliminate the need for filling of paper-based forms and submission of incomplete, invalid or outdated supporting documentation by customers. Since the services are provided electronically, citizens and businesses will not have to commute between the counters of different public institutions to collect and submit various documents, which will have a positive impact on the environment.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks?	QUESTION 3: What is the level of significance of the potential social and environmental risks?			QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?
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.	Note: Respond to Questions 4 and 5 below before proceeding to Question 6			
Risk Description	Impact and Probability (1-5)	Significance	Comments	Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.
No risks identified				N/A

QUESTION 4: What is the overall Project risk categorization?

Select one (see SESP for guidance)		Comments
Low Risk	X	This is primarily a policy project with limited involvement of ground-level activities.
Moderate Risk	☐	
High Risk	☐	

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

Check all that apply		Comments
Principle 1: Human Rights	☐	No requirement
Principle 2: Gender Equality and Women's Empowerment	☐	No requirement

1. **Biodiversity Conservation and Natural Resource Management**	☐	No requirement
2. **Climate Change Mitigation and Adaptation**	☐	No requirement
3. **Community Health, Safety and Working Conditions**	☐	No requirement
4. **Cultural Heritage**	☐	No requirement
5. **Displacement and Resettlement**	☐	No requirement
6. **Indigenous Peoples**	☐	No requirement
7. **Pollution Prevention and Resource Efficiency**	☐	No requirement

Final Sign Off

Signature	Date	Description
QA Assessor		Daniel Varga
QA Approver		Steliana Nedera, DRR

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist: Potential Social and Environmental Risks	
Principles 1: Human Rights	**Answer (Yes/No)**
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?	N
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? [10]	N
3. Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	N
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?	N
5. Are there measures or mechanisms in place to respond to local community grievances?	N
6. Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	N
7. Is there a risk that rights-holders do not have the capacity to claim their rights?	N
8. Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	N
9. Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	N
Principle 2: Gender Equality and Women's Empowerment	
1. Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	N
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?	N
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?	N
3. 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*	N
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	
1.1 Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? *For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes*	N
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?	N
1.3 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)	N
1.4 Would Project activities pose risks to endangered species?	N
1.5 Would the Project pose a risk of introducing invasive alien species?	N

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[10] Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	N
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	N
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? *For example, construction of dams, reservoirs, river basin developments, groundwater extraction*	N
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	N
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	N
1.11	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? *For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.*	N
Standard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant[11] greenhouse gas emissions or may exacerbate climate change?	N
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	N
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)? *For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding*	N
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	N
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)?	N
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	N
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	N
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	N
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)?	N
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	N
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	N
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	N
Standard 4: Cultural Heritage		
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)	N
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	N

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[11] In regards to CO_2 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]

Standard 5: Displacement and Resettlement	
5.1 Would the Project potentially involve temporary or permanent and full or partial physical displacement?	N
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)?	N
5.3 Is there a risk that the Project would lead to forced evictions?[12]	N
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?	N
Standard 6: Indigenous Peoples	
6.1 Are indigenous peoples present in the Project area (including Project area of influence)?	N
6.2 Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	N
6.3 Would the proposed Project potentially affect the rights, lands and territories of indigenous peoples (regardless of whether Indigenous Peoples possess the legal titles to such areas)?	N
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?	N
6.4 Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	N
6.5 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?	N
6.6 Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	N
6.7 Would the Project potentially affect the traditional livelihoods, physical and cultural survival of indigenous peoples?	N
6.8 Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	N
Standard 7: Pollution Prevention and Resource Efficiency	
7.1 Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	N
7.2 Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	N
7.3 Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? *For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol*	N
7.4 Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	N
7.5 Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	N

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[12] Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.

Annex 3: OFFLINE RISK LOG

Project Title: Serbia at Your Fingertips – Digital Transformation for Development   **Award ID:**   **Date:**

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mgmt response	Owner	Submitted, updated by	Last Update	Status
1	Political instability	Project development phase	Political	P = 2 I = 2	Better organization and more networks	Project developer	Project developer		
2	Change of general political orientation against EU accession reforms	Project development phase	Political	P = 2 I = 1	Advocacy in favour of international standards; orientation towards achieving already set national strategic priorities	Project developer	Project developer		
3	Digital transformation demoted as government priority, leading to weaker government support for the work of ITE	Project development phase	Political	P = 3 I = 4	Advocacy focusing on benefits of digital transformation for the administration (e.g. increased productivity, more efficient administration etc.) and society (youth employment, contribution to GDP etc.); orientation towards achieving already set national strategic priorities	Project developer	Project developer		
4	Delays with adopting required legislation	Project development phase	Regulatory	P = 2 I = 1	Adjusted approach to beneficiaries to point out benefits for "early movers", emphasizing existing unrestrictive regulatory framework	Project developer	Project developer		
5	National implementation modality	Project development phase	Operational	P = 3 I = 3	HACT, NIM audit, regular quality assurance and spot checks	Project developer	Project developer		

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mgmt response	Owner	Submitted, updated by	Last Update	Status
6	Institutional weaknesses in implementing partners and their coordination may undermine progress despite strong political support for digital transformation	Project development phase	Operational	P = 3 I = 4	UNDP support services; increased networking activities	Project developer	Project developer		
7	Lack of funding for capital investments in ICTs	Project development phase	Operational	P = 3 I = 5	Active Government participation and monitoring; Special support by the Government for strategic projects	Project developer	Project developer		
8	Continuing large staff turnover	Project development phase	Operational	P = 4 I = 4	Sustainable trainings and active vertical communication	Project developer	Project developer		
9	Exchange rate fluctuations	Project development phase	Operational	P=4 I=4	Longer term budget planning in close coordination with national partners Consider tranches in USD instead of local currency	Project developer	Project developer		

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