



SUBSTANTIVE REVISION TO PROJECT DOCUMENT

Project Title: "Modernization of Sustainability and Efficiency of ICT infrastructure and ICT services in the Republic of Azerbaijan"		
Executing Entity: Ministry of Transport, Communications and High Technologies (MTCHT)		
Implementing Agency: United Nations Development Programme (UNDP)		
Project ID number: 00075577		
Start Date: 10 April 2019 End Date: 31 December 2020 PAC Meeting date: 08 April 2019		
Substantive revision justification		
<p>The purpose of the project revision is to include below new specific project objectives: Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark and human capital by envisioning potential opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025; Convening of the 7th Regional Internet Governance Forum in Azerbaijan; Further expansion of the Idea to Business (I2B) initiative; Expand support to the MTCHT in establishment of the Reserve Data Center in Yevlakh, Azerbaijan by procurement of Performance Optimized Data Center Containers; and Establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT.</p> <p>The Project shall be implemented under national implementation modality. The MTCHT will be the responsible executing entity. UNDP will be acting as Responsible Party to provide technical assistance, capacity development and operational support in the project implementation related to procurement, recruitment, contracting and execution of direct payments to suppliers under the conditions regulated by the Letter of Agreement on Service Provision and Project Support between the Government and UNDP. The Minister of MTCHT and UNDP Resident Representative will head the project Steering Committee.</p> <p>The project will contribute to the Sustainable Development Goal 9: "Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes"; Target 9.C "Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet".</p>		
<p>Contributing Outcome (UNDAF/CPD, RPD or GPD):</p> <p>UNAPF 2016-2020 Outcome 2.1: By 2020, Azerbaijan has enhanced institutional capacities for transparent, evidence-based and gender-responsive policy formulation and implementation</p> <p>Indicative Output(s): Support to initiatives for the enhancement of efficiency, accountability and transparency in the public sector and elimination of the digital divide</p> <p>GEN 1</p>	Total Award since 2013	\$5,932,912
	Total resources required in 2019/2020:	\$6,655,000
	Additional contribution from Government:	\$6,625,000
	Additional contribution from UNDP:	\$30,000
	Total new Award	\$12,587,912

Agreed by (signatures)

Government:

Mr. Ramin Guluzade
Minister of Transport, Communications
and High Technologies

Date: 19 April 2019

UNDP:

Mr. Alessandro Fracassetti
UNDP Resident Representative
a.i.

Date: 19/04/2019

TABLE OF CONTENTS

List of Abbreviations 3

I. Development Challenge 4

II. Strategy 6

III. UNDP’s Comparative Advantage 8

IV. Results and Partnerships 9

V. Project Management 21

VI. Results Framework 22

VII. Monitoring and Evaluation 25

VIII. Multi-year Work Plan 29

IX. Governance Management Arrangements 33

X. Legal Context and Risk Management 36

LIST OF ABBREVIATIONS

DPC SS	- Direct Project Cost for Support Service
EC	- Employment Centre
GDP	- Gross Domestic Product
GMS	- General Management Support
HDI	- Human Development Index
ILO	- International Labor Organization
IMMS	- Integrated Management and Monitoring System
IRH	- UNDP's Istanbul Regional Hub
LGU	- Local Government Unit
	- Ministry of Transport, Communications and High Technologies
MTCHT	
NPD	- National Project Director
NPC	- National Project Coordinator
OG	- Operational Guidelines
PM	- Project Manager
PMU	- Project Management Unit
PSC	- Project Steering Committee
PWD	- Persons with Disabilities
RRF	- Results and Resources Framework
SDGs	- Sustainable Development Goals
SOP	- Standard Operating Procedures
UNICEF	- United Nations Children's Fund
UNDP	- United Nations Development Program
WB	- World Bank
DPC SS	- Direct Project Cost for Support Service
EC	- Employment Centre
GDP	- Gross Domestic Product

1. Development Challenge

Based on MTCHT's and UNDP CO Azerbaijan's previous successful cooperation, including the abovementioned achievements of Azerbaijan in ICT and transport spheres, there are number of perspective opportunities to further improve mutual collaboration of stakeholders within scope of the "Modernization of Sustainability and Efficiency of ICT infrastructure and ICT services in the Republic of Azerbaijan" project.

Artificial intelligence in the field of information technology is one of the trendiest areas. Artificial intelligence (AI) is the simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions) and self-correction. In all developed countries, the best IT companies are actively using the capabilities of these innovative technologies. Azerbaijan is also implementing a lot of input for the introduction of artificial intelligence in various fields.

In this regard, the Ministry of Transport, Communications and High Technologies is ready to support both young people and various start-up projects, as well as universities that study this field of science via implementing AI related initiatives. Artificial intelligence (AI) is the simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions) and self-correction.

More and more, we are seeing technology moving to the cloud. Cloud computing is the delivery of computing services—servers, storage, databases, networking, software, analytics, intelligence and more—over the Internet ("the cloud") to offer faster innovation, flexible resources, and economies of scale. Looking ahead, the next decade of cloud computing promises new ways to collaborate everywhere, through mobile devices.

In Azerbaijan computer technology and software are considered working capital not capital assets. Taking this into account, most companies seek to use cloud services to save money. This means that they get services at affordable prices. Cloud technologies will be widely used in Azerbaijan in the future, since today the world is moving toward cloud technologies as they allow significant cost savings and help to centralise the IT infrastructure.

Accordingly, the more intelligent machines become in the digital age, the more closely they will work side by side with human beings: it will not be long before a robot on the production line will be interacting with its human colleagues. The government of Azerbaijan is willing to develop its robot technology potential via "Robopark" initiative that encompasses establishment of labs on ICT and Robot Technologies, conducting trainings in the regions and convening forums.

Azerbaijan has been active in building up its national ICT infrastructure, developing its two National ICT Strategies (2003-2012/2014-2020) within the framework of cooperation with UNDP. Considering the support of UNDP in preparation of two previous National ICT Strategies for the MTCHT, the government of Azerbaijan is interested in development of the first ever National Strategy on High Technologies of Azerbaijan for 2020-2025 that will be baseline document for future initiatives in the relevant sector.

Therefore, inclusion of the new project output - Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark initiative and human capital by envisioning potential

opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025 is pivotal for future cooperation of the MTCHT and UNDP.

On March 13, 2019 we have organized 6th Regional Internet Governance Forum Azerbaijan together with MTCHT under the motto of "Cybersecurity: Our Shared Responsibility" in Boulevard Hotel within Cyber Week 2019 to be convened first ever in Baku, Azerbaijan. During the relevant forum Minister of Communications and High Technologies Mr. Ramin Guluzade and Assistant Administrator and Director of the Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) Ms. Mirjana Spoljaric Egger officially opened the event where more than 250 participants discussed major issues of cybersecurity within the framework of the internet governance. Based on the successful organization of the it was proposed to convene the 7th Regional Internet Governance Forum in Azerbaijan in 2020 during the bilateral meeting of Mr. Ramin Guluzade and Ms. Mirjana Spoljaric Egger.

Meanwhile, MTCHT with the view of providing support to the expansion of the start-up movement and the implementation of new innovative ideas of citizens is interested in Further expansion of the Idea to Business (I2B) initiative. Considering that relevant initiative will create enormous opportunities for the youth in regions for the development, discussion and presentation of business projects, as well as formation of start-up teams and ideas with the support of mentors' inclusion of it as a new project output is essential.

In June 2013 Ministry of Communications & IT proposed initiative on establishment of the first Data Center in Azerbaijan. The Data center is a facility used to house computer systems and associated components, such as telecommunications and storage systems, redundant or backup power supplies, redundant data communications connections, environmental controls and security devices. Since the outdated S12 is only capable of carrying the international incoming and outgoing voice traffic, no value added voice or multimedia services can be provided to the customers. The establishment of the first Data Center in Azerbaijan is planned to replace the whole S12 platform and to be located in a new, international standards based (TIA-942) data center building.

Thus business and government organizations are scrutinizing data centers to a higher degree in areas such as security, availability, environmental impact and particularly ICT development. Also, it will enable the international operators to implement trafficking and data exchange operations by using resources of the Center. One of main purposes of the Data Center is to turn Azerbaijan into a world class Information Hub.

On July 30, 2013 the MTCHT addressed a letter to UNDP with request to provide assistance in implementation of initiative on the establishment of Data Centre; MCHT officials prepared the initial documents on technical needs and requirements for the establishment of Data Centre and its Integrated Services Solutions (ISS) infrastructure and submitted to UNDP. In September, 2013 the Local Project Appraisal Committee (LPAC) has approved the inclusion of the "Establishment of Data Centre in Azerbaijan" component to the "Modernization of Sustainability and Efficiency of ICT Infrastructure and ICT services in the Republic of Azerbaijan" Project. Respective Substantive Revision of the project budget was prepared and signed by UNDP and MTCHT. In September 2015, Data Center passed certification process and received "Tier III Certification of Constructed Facility" and "Tier III Certification of Design Documents" from Uptime Institute.

On December 5, 2016 President of the Republic of Azerbaijan H.E. Mr. Ilham Aliyev and his spouse Ms. Mehriban Aliyeva have attended the opening of Regional Data and International Commutation Center in Baku. Azerbaijan's Minister of Communications and High Technologies Mr. Ramin Guluzade informed the head of state that the operator of Regional Data Center and IP-based

International Commutation Center is AzInTelecom Limited Liability Company which was restructured and renamed in June 2015. The Data Center with TIER III reliability level and supports TIA-942 Telecommunication Infrastructure Standard that guarantees information security of telecommunication operators, businesses and IT companies, meanwhile helps Azerbaijan to turn into a transit hub of information exchange between Europe and Asia in 2015. In nowadays the relevant center is the most secure data storage center in the region, particularly in Caucasus, provides great opportunities for strengthening competitiveness of Azerbaijan on regional and international levels.

In February 2019 the MTCHT addressed a letter to UNDP with request to provide assistance in establishment of the Reserve Data Center in Yevlakh, Azerbaijan by procurement of Performance Optimized Data Center Containers that will be placed on the designated territory of the Ministry. MTCHT and AzInTelecom officials prepared the initial documents on technical needs and requirements for the relevant proposed initiative. As a result, inclusion of relevant new project output is crucial.

Finally, the idea of electronic signature occurred in the 70s and 80s of the 20th century, and its main essence is to verify the authenticity of the person who prepared the information and to enable the third parties (court, internet marketing, etc.) to identify the person who created this information.

After the enactment of the Law on Electronic Signature and Electronic Document, the Ministry of Transport, Communications and High Technologies was instructed to implement the “electronic signature” as a central executive body. The main task of the Certification Services Center (CSC), functioning in accordance with this decree, is to control over other CSCs, to check their functioning in accordance with the legislation of the Republic of Azerbaijan, using of correct software etc. Since its launch in September 2011, the Center has been providing services to different segments of the population. Based on that via the establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT the relevant services will possess major upgrade and efficiency.

Consequently, based on MTCHT’s and UNDP CO Azerbaijan’s previous successful cooperation, including the abovementioned achievements of Azerbaijan in ICT and transport spheres, there are number of perspective opportunities to further improve mutual collaboration of stakeholders within scope of the “Modernization of Sustainability and Efficiency of ICT infrastructure and ICT services in the Republic of Azerbaijan” project via inclusion of new project outputs.

II. STRATEGY

The activities and deliverables of the project include formation and development of new directions and opportunities that will strengthen Information Communication Technologies (ICT) of Azerbaijan at national and international levels, infrastructural advancement of the institutions, convening of the diverse pivotal ICT events, as well as to contribute to innovative ICT improvement processes in the country.

The Information and Communication Technologies (ICT) is among the primary indicators of intellectual and scientific potential, transparency in the public administration, solution of social and economic problems. Thus ICTs are playing pivotal role in the achievement of the United Nations (UN) Sustainable Development Goals (SDGs) as a powerful tool to fight poverty, providing good health and well-being for people, empowering women, ensuring economic growth and logistical support,

creating partnership opportunities for innovative transport infrastructures, strengthening educational level, as well as advancing environmental management for clean energy and smart cities.

Therefore “Modernization of Sustainability and Efficiency of ICT infrastructure and ICT services in the Republic of Azerbaijan” project aims to formation and development of new directions and opportunities that will strengthen ICT of Azerbaijan at national and international levels; infrastructural advancement of the institutions, convening of the diverse pivotal ICT events, as well as to contribute to innovative ICT improvement processes in Azerbaijan. The Government of Azerbaijan has made a clear commitment to translating the principles of sustainable development, as articulated in the Agenda 2030 for SDGs, into national policies and programming.

The project falls within the CPD Outcome 1.2 “Efficiency, accountability and transparency within public administration are enhanced through capacity development of State Entities, including gender sensitive approaches” and will contribute to addressing the national priorities identified in UNAPF Outcome 1.1: ‘By 2020, the Azerbaijan Economy is more diversified and generates enhanced sustainable growth and decent work, particularly for youth, women, persons with disabilities and other vulnerable groups’; and to CPD output 1.2 ‘Managerial capacities of state agencies supporting small and medium-sized businesses are improved’.

Project Objective

The purpose of the project revision is to include below new specific project objectives: Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark and human capital by envisioning potential opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025; Convening of the 7th Regional Internet Governance Forum in Azerbaijan; Further expansion of the Idea to Business (I2B) initiative; Expand support to the MTCHT in establishment of the Reserve Data Center in Yevlakh, Azerbaijan by procurement of Performance Optimized Data Center Containers; and Establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT.

The objective will be achieved through the delivery of following project components:

Output 1 (ongoing) *Initiating and building capacity of the Youth Internet Governance Forum in Azerbaijan*

Output 2 (new) *Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark initiative and human capital by envisioning potential opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025 (new)*

Output 3 (ongoing) *Capacity building for the development of the Ministry of Transport, Communications and High Technologies and the advancement of the existing communication infrastructures*

Output 4 (new) *Convening of the 7th Regional Internet Governance Forum in Azerbaijan*

Output 5 (ongoing) *Developing Smart City Road Map for Baku, Azerbaijan*

Output 6 (ongoing) *Evolving National Concept and innovative frameworks for digital economy development*

Output 7 (new) *Further expansion of the Idea to Business (I2B) initiative*

Output 8 (new) Expand support to the MTCHT in establishment of the Reserve Data Center in Yevlakh, Azerbaijan

Output 9 (new) Establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT

III. UNDP Comparative Advantage

UNDP Azerbaijan has extensive experience in supporting the Government's efforts to promote economic diversification, through for example, programmes to increase the professionalism of the labour force; the introduction of new tools and models for reducing digital gap; and business start-up programmes for women with disabilities and mine victims.

Contemporary developing ICT society requires all stakeholders to improve and expand their scope of activities at the relevant sphere. Hence UNDP CO Azerbaijan has well-deserved reputation as a long-time supporter of a number of ICT-for-Development (ICT4D) projects in Azerbaijan and has access to its large pool of global expertise worldwide.

An independent evaluation of UNDP's country programme 2010-2015 has also acknowledged the positive results of UNDP's earlier interventions and recommended the 2016-2020 country programme to continue along the same lines, in particular on addressing regional and gender-based disparities in accessing work opportunities¹.

Azerbaijan has been active in building up its national ICT infrastructure, developing its two National ICT Strategies (2003-2012/2014-2020) within the framework of cooperation with UNDP. Future-oriented government policies have established a fertile environment in Azerbaijan that is ideal for hosting the efforts required to address the issue of ICT in SDGs. In particular, the Government of Azerbaijan has established the State fund for Development of Information Technologies, High Technologies Park, Data Center and High Tech Research Centres to stimulate production of competitive products, creation of innovative economy and widening activities in ICT. Based on the recent successful outcomes of the relevant sector, Azerbaijan has received acknowledgments from a number of international organizations like UNDP, International Communication Union (ITU), UNDESA, UNPAN, UNESCAP, WTO, EU and so forth. Azerbaijan managed to establish close partnership with leading ICT organizations worldwide and gained solid reputation as well-organized and well-managed ICT country. It should be noted that necessary preconditions are being provided for the promotion of knowledge-based fields and innovative economy.

Promoting inclusive employment and strengthening the productive capacities of micro and small companies are central to UNDP's mandate, and to its commitment to the principle of leaving no-one behind. During the past years and through its country-level interventions, UNDP has gained rich experience in designing and implementing a range of innovative ALMMs, targeting different age groups and types of vulnerabilities. In addition, UNDP will ensure that existing models, tools and knowledge products will be made available through IRH's advisory services as well as country-to-country peer exchange of good practices.

¹UNDP, outcome 1 and 2 Evaluation Report, 2015

A team of employment specialists from the UNDP Istanbul Regional Hub, as well as experienced practitioners from UNDP Country Offices in the ECIS region, will be engaged to quickly respond and provide technical assistance in the implementation phase, should such a need emerge.

In its new country programme, UNDP has committed to line up its resources and support national institutions in designing and rolling out new programmes and innovative tools and approaches that will ensure a transformational shift towards more inclusive and productive employment.

In this way, UNDP will also support Azerbaijan in the fulfilment of its obligations to ensure economic rights under the Convention of Elimination of All Forms of Discrimination Against Women (CEDAW), and the Convention on the Rights of the Persons with Disability (CRPD), as well as in promoting the re-integration of war veterans and mine victims into economic life.

Theory of Change

The project will develop new directions and opportunities that will strengthen Information Communication Technologies (ICT) of Azerbaijan at national and international levels, infrastructural advancement of the institutions, convening of the diverse pivotal ICT events, as well as to contribute to innovative ICT improvement processes in the country.

The project focuses on pivotal objectives: Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark and human capital by envisioning potential opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025; Convening of the 7th Regional Internet Governance Forum in Azerbaijan; Further expansion of the Idea to Business (I2B) initiative; Expand support to the MTCHT in establishment of the Reserve Data Center in Yevlakh, Azerbaijan by procurement of Performance Optimized Data Center Containers; and Establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT.

Sustainable Development Goals:

The project will contribute to the Sustainable Development Goal 9:

“Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes”; Target 9.C “Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet”.

IV. RESULTS AND PARTNERSHIPS

Expected Results

The Project will offer holistic support to economic empowerment, skills development and business investment in the ICT and innovation sphere, as well as will focus on developing capacities and rolling out innovative approaches for better integration of the most vulnerable sections of the workforce into formal employment, including women and persons with disabilities.

The specific objectives of this action are formation and development of new directions and opportunities that will strengthen ICT of Azerbaijan at national and international levels, infrastructural advancement of the institutions, convening of the diverse pivotal ICT events, as well as to contribute to innovative ICT improvement processes in the country.

Output 2: Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark initiative and human capital by envisioning potential opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025

Output 2.1: Feasibility Study for Artificial Intelligence is conducted and Center on Artificial Intelligence is established

Artificial intelligence (AI) makes it possible for machines to learn from experience, adjust to new inputs and perform human-like tasks. Using these technologies in Azerbaijan, computers can be trained to accomplish specific tasks by processing large amounts of data and recognizing patterns in the data. With the development of science and technology in Azerbaijan in recent years, society's need for innovative technologies has also increased, which has turned innovation into an integral part of entrepreneurship.

The Activity 2.1 will be achieved through:

- 2.1.1. Identify the teams that will form Center on Artificial Intelligence involving the project staff, representatives of stakeholders and experienced participants
- 2.1.2. Establish working groups within the project to develop legislative framework - Statute, Charter, Organizational Structure and Activity Platform
- 2.1.3. Study and implement existing the best practices in the world in the establishment of similar relevant organizations
- 2.1.4. Organize procurement of necessary furniture/office equipment
- 2.1.5. Managing recruitment of the volunteers
- 2.1.6. Prepare and publish awareness-raising materials (booklets, bags, posters and other relevant publications)
- 2.1.7. Involve relevant international organizations and NGOs
- 2.1.8. Involve UN experts and experts from other international and local organizations regarding development, framing and preparation long-term Feasibility Study paper
- 2.1.9. Presentation of the results and achievements of this component at the international events
- 2.2.0. Publication and allocation of the Feasibility Study paper within appropriate institutions and stakeholders
- 2.2.1. Convene the seminars regarding the outcomes of the evaluation of the perspectives

Output 2.2: Electing the potency of the Cloud Technologies, envisioning potential business opportunities and supporting partnership appliances

Cloud computing eliminates the capital expense of buying hardware and software and setting up and running on-site datacentres—the racks of servers, the round-the-clock electricity for power and cooling, the IT experts for managing the infrastructure. Most cloud computing services are provided self service and on demand, so even vast amounts of computing resources can be provisioned in minutes, typically with just a few mouse clicks, giving businesses a lot of flexibility and taking the pressure off capacity planning. The benefits of cloud computing services in Azerbaijan include the ability to scale elastically. In cloud speak, that means delivering the right amount of IT

resources—for example, more or less computing power, storage, bandwidth—right when it's needed, and from the right geographic location.

The Activity 2.2 will be achieved through:

2.2.1. Study and implement existing the best practices in the world

2.2.2. Ensure the coordination of activities with other relevant governmental agencies and projects

2.2.3. Monitor implementation of the project objectives and prepare comprehensive situation analysis

2.2.4. Enhance efficiency and quality of services provided by the governmental authorities, as well as the governance mechanisms of the state via the MTCHT

2.2.5. Establish the database of Azerbaijani experts in Cloud Technologies all over the world in order to conduct detailed assessment on current situation and case studies, as well as required infrastructural advancement spots

2.2.6. Convene the seminars regarding the outcomes of the evaluation of the perspectives in order to improve literacy on innovative technologies

Output 2.3: Advancement of Robot Technologies in Azerbaijan via “Robopark”

Robotics requires a working knowledge of electronics, mechanics and software, and is usually accompanied by a large working knowledge of many subjects. Robots are widely used in such industries as automobile manufacture to perform simple repetitive tasks, and in industries where work must be performed in environments hazardous to humans. Many aspects of robotics involve artificial intelligence; robots may be equipped with the equivalent of human senses such as vision, touch, and the ability to sense temperature. Some are even capable of simple decision making, and current robotics research is geared toward devising robots with a degree of self-sufficiency that will permit mobility and decision-making in an unstructured environment. Therefore, Azerbaijan expresses its solid interest in the relevant sector.

The Activity 2.3 will be achieved through:

2.3.1. Establishment of robopark.az website including all sufficient information considering current situation and future potential of the initiative

2.3.2. Establishment of the “Robopark” robot technology lab and Robotech Cluster of companies within ICT Lab of the MTCHT

2.3.3. Structuring of similar “Robopark” robot technology labs in Shamakhi and PirAllahi regions of Azerbaijan

2.3.4. Conducting trainings, exhibitions, conferences and conferences on “Robopark” robot technologies initiative in the regions of Azerbaijan

Output 2.4: Preparation of the National Strategy on High Technologies of Azerbaijan for 2020-2025

The High Technologies Strategy provides standardised, flexible and efficient ICT infrastructure to enable delivery of these individual business objectives. It assures public servants with the confidence that they can deliver their objectives effectively and securely in a sustainable manner.

High technologies are the key to growth, employment, prosperity and quality of life. The new High-Tech Strategy stands for the aim of moving Azerbaijan forward on its way to becoming a regional innovation leader. Ministry of Communications and Information Technologies, being responsible state body for this field and coordinator of relevant State Program, organized many-branched activities in the direction of upgrading of telecommunications infrastructure, application of new technologies, improvement of regulating functions, regulation and liberalization of ICT market as well as enhancement of production potential of this sphere. The goal is for good ideas to be translated quickly into innovative products and services. This is because innovative solutions are the factors that drive our prosperity and support our quality of life. They strengthen Azerbaijan's position as a leading industrial and exporting nation.

The Activity 2.4 will be achieved through:

2.4.1. Involve international consultant regarding preparation of the National Strategy on High Technologies of Azerbaijan for 2020-2025 encompassing contemporary institutional development perspectives and baseline improvement of the MTCHT

2.4.2. Establish affairs with the UNDESA, UNESCAP, UNECE, UNPAN and Public Administration Knowledge Area and involve experts from these organizations

2.4.3. Finalize and disseminate the strategy with the MTCHT

Output 4: Convening of the 7th Regional Internet Governance Forum in Azerbaijan

Output 4.1: To facilitate forum management working groups are formed

The main goal of this component is to contribute to regional and local capacity building process started after the successful organization of the 6th meeting of RIGFAZ in Baku 2019. IGF is the main platform providing multilateral public dialogue over the public policy issues related to key elements of Internet governance in order to foster the sustainability, robustness, security and development of the internet.

The Activity 4.1 will be achieved through:

Activity 4.1.1. Coordinate working groups, procure and deliver other expert services and training services on demand, and identify working group among stakeholders and project staff

Activity 4.1.2. Identify and examine all available inventory for the relevant event

Activity 4.1.3. Keep records and other information (such as reports and minutes) concerning the work of the Working Group, Expert Working Groups and other bodies of the component, and Data collection process on the internet governance issues

Activity 4.1.4. Involve all relevant stakeholders to actively contribute in their area of expertise

Activity 4.1.5. Database of volunteers in Azerbaijan is formed

Activity 4.1.6. Amount of Azerbaijani citizens in UN Volunteers' database increased

Activity 4.1.7. The principles of online volunteering are promoted and presentations on UN Volunteerism are held

Output 4.2: Preparatory works for 7th RIGFAZ are completed

Successful convening of the Forum required trust to be built among stakeholders and with the public, an essential prerequisite to broader and more productive collaboration and presented a

unique opportunity for the full range of stakeholders to shape response. RIGFAZ is the main platform providing multilateral public dialogue to tackle the challenges related to key elements of Internet governance in order to foster the sustainability, robustness, security and development of the internet. Thus the pivotal appeal of the RIGFAZ is to discuss a wide range of issues concerning the Internet governance at multilateral, multi-stakeholder, democratic and transparent manners and subsequently propose recommendations as implications of the Forum to the international and regional community.

The Activity 4.2 will be achieved through:

Activity 4.2.1. Writing and dissemination of report of the 6th Regional Internet Governance Forum (RIGFAZ)

Activity 4.2.2. Choosing exact venue and date according the joint decision of the all stakeholders

Activity 4.2.3. Construct a topic, agenda and concept note of 7th RIGFAZ with participation of interested parties

Activity 4.2.4. Highlight promotion of the event through website and social media with active registration process

Activity 4.2.5. Confirm participation of international experts and participants in 6th RIGFAZ

Activity 4.2.6. Implement guidelines for the presentations of the international and local experts in the Forum for effective results

Activity 4.2.7. Establish perfect and reliable affairs with all relevant governmental institutions, and open new fields of dialogue between stakeholders and promote the sharing, exchange and scaling up of ideas, technologies and innovations for the SDGs

Output 4.3: 7th Regional Internet Governance Forum Azerbaijan is convened

At national level, lead actor and stakeholders are working to prevent the emergence of ecosystems necessary for effective ICT integration. The event will help participants gain a better understanding of the local, regional, and global state of ICT. The global ICT industry is continually evolving, disrupting the retail industry as well as numerous traditional services and businesses. It is in this framework, as a follow up to the first RIGFAZ as a regional policy dialogue mechanism created to assist member states to harness the potentials of ICT to achieve the goal of inclusive and equitable promoting through the Forum a culture of digital literacy and creativity to build innovation capacity for the ICT industry.

The Activity 4.3 will be achieved through:

Activity 4.3.1. Ensure that the venue infrastructure delivered ready on time

Activity 4.3.2. Proper deliver of the operational requirements and logistics review

Activity 4.3.3. Process the coordination of activities with other relevant governmental agencies and projects

Activity 4.3.4. Strengthen the capacity of participants in policy and program development, introduction and assessment of RIGFAZ

Activity 4.3.5. 7th RIGFAZ is successfully implemented

Output 4.4: Post event follow-up operations are performed

In order to better understand whether attendees were convenient with the timings and format of the sessions, the content offered and the suitability of any keynote speakers conducting of

the post event works is mandatory. IGF is a multi-stakeholder platform for policy dialogue on issues of Internet Governance. It brings together all stakeholders in the Internet governance debate, whether they represent governments, the private sector or civil society, including the technical and academic community, on an equal basis and through an open and inclusive process. It enables the discussion of public policy issues pertaining to the Internet.

The Activity 4.4 will be achieved through:

Activity 4.4.1. Conduct post event survey in order to receive feedback according the event

Activity 4.4.2. Complete post-event report, which demonstrates the value of the Forum and essential information regarding subsequent events

Activity 4.4.3. Ensure integration of governmental information resources and systems based on common technological standards, stimulate the activity of local Internet Governance units

Activity 4.4.4. Organize trainings between the governmental authorities on the implementation of reliable and secure exchange of information, promote Azerbaijan's approach for IGF concept

Output 4.5: Project staff and stakeholders participated in the global IGF and similar events

The Ministry of Communications and High Technologies of the Republic of Azerbaijan and the United Nations Development Programme Country Office in Azerbaijan were designated as competent bodies for the organization of the 7th IGF which took place from 6 to 9 November 2012 in Baku under the theme "Internet Governance for Sustainable Human, Economic and Social Development". Therefore, as the host of this event is vital that we listen to all the voices at the IGF and beyond. Participants have a tremendous opportunity to meet, to explore issues and approaches, to share experiences, to learn, and to be motivated. Ensure participation at the Global and Regional IGFs enriches governments and their citizens' decisions regarding the stability, continuity, and advancement of the Internet. The Internet Governance Forum (IGF) was one of the most significant outcomes of the World Summit on Information Society that was officiated in Tunis between 16 and 18 of November 2005 and the aims and functions of the IGF were deciphered in paragraphs 72-79 of the "Tunis Agenda for the Information Society". Thus the pivotal appeal of the IGF is to discuss a wide range of issues concerning the Internet governance at multilateral, multi-stakeholder, democratic and transparent manners and subsequently propose recommendations as implications of the Forum to the international community.

The Activity 4.5 will be achieved through:

Activity 4.5.1. Arrangement of IGF 2019 village and selection of the workshop topics

Activity 4.5.2. Confirming topics for Open Forum discussions for IGF 2019 at the same time enhance the promotion of 7th RIGFAZ in the framework of IGF2019 (with Azerbaijani booth if necessary)

Activity 4.5.3. Coordinate participation of the working group in the regional and global IGFs

Output 7: Further expansion of the Idea to Business (I2B) initiative

The MITCHT conducted start-up tours in Baku and regions with the view of providing support to the expansion of the start-up movement and the implementation of new innovative ideas of citizens in Mingachevir, Lankaran, Guba, Sumqayit, Shaki, Ganja and Baku covering surrounding areas and cities, and the winners were determined. This year the government is interested in further expansion of I2B target area together with UNDP in new regions of Azerbaijan.

Tours will create enormous opportunities for the youth in regions for the development, discussion and presentation of business projects, as well as formation of start-up teams and ideas with the support of mentors. Within the start-up tour, one-day trip is planned to each of the said cities. During the trips, it is planned to hold an informative session, an interactive part, a competition and trainings covering various topics. In the first part of the event, small business trainings will be organized to train start-ups for the main competition, and in the second part they will present their ideas to the jury. Then the selected projects will compete for the first place. After each presentation, the authors will answer questions and discuss the project. At the end of the second part, the jury will announce the winners of the first, second and third places for each region. The winners will be eligible to participate in the National Final within the framework of the Innovation Week to be organized in Baku in 2019.

The Activity 7 will be achieved through:

Activity 7.1.1. Coordinate working groups, procure and deliver other expert services and training services on demand, and identify working group among stakeholders and project staff

Activity 7.1.2. Identify and examine all available inventory for the relevant event

Activity 7.1.3. Keep records and other information (such as reports and minutes) concerning the work of the Working Group, Expert Working Groups and other bodies of the component, and Data collection process on the I2B

Activity 7.1.4. Involve all relevant stakeholders to actively contribute in their area of expertise

Activity 7.1.5. Database of volunteers in Azerbaijan is formed and amount of Azerbaijani citizens in UN Volunteers' database increased

Activity 7.1.6. Advertising I2B must be broadly in the local social media and through the internet

Activity 7.1.7. Preparing recommendations on effective investment conditions and special venture investment rules for supporting relevant sector

Activity 7.1.8. Ensure that the venue infrastructure delivered ready on time as well as proper deliver of the operational requirements and logistics review

Activity 7.1.9. All regional events successfully implemented

Activity 7.2.0. Engaging international experts via inquired procurement processes

Activity 7.2.1. Organizing Innovation Festival, Innovation Camp and Innovation Week timely and properly

Activity 7.2.2. Processing all post event activities and preparing comprehensive event report to the stakeholders

Output 8: Expand support to the MTCHT in establishment of the Reserve Data Center in Yevlakh, Azerbaijan

Within the project, 2 POD (Performance Optimized Data Center) containers will be placed on the designated territory of the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan in Yevlakh city of Azerbaijan. The Performance-Optimized Data Center is a containerized data center equipped with power infrastructure, cooling and IT power distribution.

AzInTelecom' s Redundancy Data Center will be placed in one of the named POD's. The other POD container will serve as the Reserve Data Center. Location is Ganboy bey Guliyev Street, Yevlakh, Azerbaijan where area is 1304.00 m2, while area for POD, buildings, infrastructure equipment is 986.46 m2.



Conducted tender processes by the “Modernization of Sustainability and Efficiency of ICT infrastructure and ICT services in the Republic of Azerbaijan” project will cover the below bids:

- Storage equipment (servers, cabling, accessories + corresponding SW) and virtualization SW (storage, blade, virtualization SW)
- Infrastructure equipment (spine, leaf switches, border routers+ corresponding SW)
- Time server equipment+ corresponding SW
- Firewall equipment+ corresponding SW
- DDos protection, prevention and attack mitigation solution + corresponding SW
- Products are planned to be purchased with three-year warranty
- Deadline for the procurement processes is by June 2019.

The Activity 8 will be achieved through:

Activity 8.1.0. Prepare specifications for procurement of equipment for establishment of the Reserve Data Center in Yevlakh and conduct tender process;

Activity 8.1.1. Raise awareness of population, telecommunication operators, businesses, and IT companies in the republic and the region on the usage of Reserve Data Center in Yevlakh;

Activity 8.1.2. Develop an Action Plan of management and operation of the Reserve Data Center in Yevlakh.

Output 9: Establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT

The electronic signature has the same legal effect as a handwritten signature in accordance with the laws of the Republic of Azerbaijan. According to the law on “Electronic Signature and

Electronic Document”, any citizen should apply to the state authority only with a document signed with an enhanced electronic signature. It is also a tool that provides information security. Electronic signature is our signature in the virtual space. The electronic signature is designed to create and sign an electronic document and send it to another party, as well as to use electronic services requiring electronic signature.

Important steps have been taken in the direction of faster integration of Azerbaijan into the global electronic space, the creation of new forms of social and economic activity, the creation of information and knowledge markets, increasing efficiency in various sectors of the economy, improving the quality of products and services, and in general, ICT development. The use of information and communication technologies in state structures and public services, the application of innovative solutions is one of the priorities of the state policy and important measures have been taken for sustainable development in this area. Establishing a nationwide Internet network, promoting an open government has led to an increase in the number of Internet users, and the importance of publicly available information and freedom of access to information. Consequently, infrastructural advancement of the Certificate Services Center in the DPC within MTCHT is pivotal.

The Activity 9 will be achieved through:

9.1.1. Conduct assessment on current situation and allocate required infrastructural advancement spots for SHA2

9.1.2. Prepare specifications for procurement of SHA2 Certificate Services Center in order to ensure improved and advanced information accessibility, information sharing and partnership and announce the tender

9.1.3. Strengthen the capacity of the Government to enhance professionalism, responsibility and privileges in the public sector via procurement of the SHA2

9.1.4. Ensure integration of governmental information resources and systems based on common technological standards; organize trainings between the governmental authorities on the implementation of reliable and secure exchange of information

9.1.5. Enhance efficiency and quality of services provided by the governmental authorities, as well as the governance mechanisms of the state via the MTCHT

Risks and Assumptions

The risk analysis is presented in the Risk Log below:

#	Description of Risk	Category	Impact & Probability	Counter-Measures / Management Response
1	Organization of Innovation Festival may be unsuccessful due to lack of interest and/or relevant participants	Organizational	I=high P=low	The project will contact all relevant international and regional institutions in order to ensure their support and interest, as well as active participation

2	Organization of Youth IGF Forum and 7 th RIGFAZ may be unsuccessful due to lack of interest and/or relevant participants	Organizational	I=high P=low	The project will contact all relevant international and regional institutions in order to ensure their support and interest, as well as active participation
3	Procurement of SHA2 Certificate Services Center may be delayed to lengthy and bureaucratic clearance procedures	Financial	I=high P=low	Eradication of the problems together with MTCHT, raising transparency, efficiency, responsiveness, inclusiveness of the processes
4	Establishment of the Reserve Data Center in Yevlakh may be delayed to lengthy and bureaucratic clearance procedures	Financial	I=high P=low	Eradication of the problems together with MTCHT, raising transparency, efficiency, responsiveness, inclusiveness of the processes

Partnerships:

Ministry of Transport, Communications and High Technologies

On February 13 2017, President of the Republic of Azerbaijan signed an order on the establishment of the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan (MTCHT) and launched initiative directed towards further development of ICT sector in Azerbaijan. Within the framework of the MTCHT's recent activities, solid successful outcomes were achieved in the sphere of ICT and transport, such as operational progresses of the North-South Corridor, TRACECA and Baku Trade Port. The goal of the relevant programmes is to provide assistance in the restoration of the transport infrastructure of the newly independent states of the region, establish shortest transport corridor connecting Europe and Asia and thereby integrate the region into the West, simultaneously serve as the platform of concentration for the Baku-Tbilisi-Kars railway line that was commissioned last year. Likewise, more than forty government services were developed in the framework of the E-government portal, which is leading to successful foundation of Mobile Government, High frequency broadband radio communication systems were created to increase the number of frequencies for radio-electron broadcasting and public wireless internet was initiated as a pilot project.

MTCHT is the principle government body responsible for the formulation, coordination and implementation of single state policy in the field of communication and information technologies; regulation of activities in the field of communications and information technologies; encouraging creation of new forms of social and economic activity through massive utilization of information technologies, creation of information markets; control over utilization of the radiofrequency spectrum and maintenance of aboveground satellite communication facilities; implementation of necessary measures for meeting the demands of state bodies, municipalities, physical and juridical entities for the communication and information technologies services. The Ministry will ensure national ownership of the action, facilitate access to the project's target beneficiaries and coordinate certain activities with other government entities. In this respect, close cooperation is expected throughout the implementation with the key officials and experts assigned by the MTCHT for this purpose.

UN agencies

17 Sustainable Development Goals (SDGs) cover a wide range of topics that involves a work done by UN agencies as well. So when supporting SDGs in Azerbaijan, especially with involvement of Youth Ambassadors, relevant help by UN agencies will be needed. In addition, they will share, coordinate and collaborate with the action as and where relevant. UN Agencies, such as UNDESA, ITU, UNESCAP, UNECE and so forth will be providing guidance and quality assurance in the process of preparing and clearance of methodical recommendations, materials of communication-information character in the field of project's outputs. All stakeholders will be identified and proper partnership strategy will be developed through a stakeholder analysis during the Inception Phase.

Development partners

Development partners that support economic empowerment, employment, business start-ups and livelihoods projects and similar initiatives in Azerbaijan will be important project stakeholders. The project will share, coordinate and collaborate with these partners as and where relevant.

Other partners

Other potential partners are regional employment centres, local authorities, local associations and NGOs with experience of working with ICT. During the Inception Phase, the project will undertake an in-depth stakeholder mapping and develop a strategy for their engagement in the project implementation.

Private businesses

SDGs cover many aspects of our life and therefore partnership with employers is one of the effective ways to promote SDGs and to support various types of volunteer work. It is therefore of crucial importance to involve employers in the promotion of SDGs, as well as support to realization of non-event directed volunteer work, with special focus on online volunteering.

Knowledge

The project will produce reports, training materials, toolkits, guidelines and policy papers, which will support the creation of an enabling environment for the promotion of formation and development of new directions and opportunities that will strengthen ICT of Azerbaijan at national and international levels, infrastructural advancement of the institutions, convening of the diverse pivotal ICT events, as well as to contribute to innovative ICT improvement processes in the country.

Sustainability and Scaling Up

The project will primarily focus on maximizing the impact of existing good practices in the region as well as foster innovative approaches that will introduce new outputs and work methods for the modernization of entire ICT system in Azerbaijan:

Policy level sustainability: The government acknowledged the need to combine economic diversification with enhanced social sustainability, which implies further investment in skills development, and effective ICT policies.

The Project foresees formation and development of new directions and opportunities that will strengthen ICT of Azerbaijan at national and international levels, infrastructural advancement of the institutions, convening of the diverse pivotal ICT events, as well as to contribute to innovative ICT improvement processes in the country. Azerbaijan seeks to present its experience and expertise on international level.

When addressing specific problems, the project team shall provide sufficient support and facilitation of exchange of good practices and their translation into authentic policy solutions aligned with Government's vision and priorities spelled out in the Azerbaijan – 2020: "The Vision of the Future" Development Concept, December 2012.

Institutional sustainability: To successfully accomplish the agreed objectives and targets, the Project will pay special attention to strengthening the capacity of staff in MTCHT, including the employees in the regional employment centers, to implement outputs currently supported by UNDP. Moreover, the project will focus on strengthening not only individual capacities through training and

experience sharing, but also institutional capacities. Institutional capacity building will also involve regional and local entities responsible for provision of innovative ICT services and infrastructures. For these reasons, it is essential that the existing mechanisms of inter-institutional coordination to be strengthened and intensive cooperation and a clear division of responsibilities and activities between institutions at the central and local level to be established. UNDP will continue to support this process and provide institutional support for the integrated management and implementation of MTCHT at both central and local levels. In addition, innovative approaches and working practices will be promoted based on latest best practices

Financial sustainability: The Government of Azerbaijan has taken action to ensure sustainable, predictable and transparent financing in order to make a significant contribution towards the achievement of a number of SDG targets and successful realization of all project outputs and project related activities.

V. Project Management

UNDP will manage and maintain the oversight on the overall budget and procurement of inputs required for implementation of the action. For this purpose, a Project Manager will be assigned to the action and he/she will be responsible for monitoring the implementation of the action by the project team, quality assurance, timely reporting of its progress to the MTCHT as well as for organizing the external evaluation. UNDP Operations staff will support the project team with guidance and compliance with UNDP operational rules and procedures. UNDP will also assign its Communication Specialist to support the action's visibility plan.

UNDP will support co-ordination and networking with related initiatives, institutions and similar projects in the country. At the central level, the Ministry of Transport, Communications and High Technologies will be UNDP's main government counterpart associated with the implementation of the action. At the local level, the project team will work in close cooperation with all possible stakeholders.

VI. Results Framework

National Priority- Vision 2020 goals: The ensuring of transition to an information society, the establishment of an economy based on knowledge with the development of ICT, the expansion of the use of ICT in state and local government bodies, the development of electronic services, the development of the activities of the National Centre for Electronic Security, fully meeting society's demand for information products and services and the strengthening of competitive and export-oriented ICT potential

Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework: UNAPF 2016-2020 Outcome 2.1: By 2020, Azerbaijan has enhanced institutional capacities for transparent, evidence-based and gender-responsive policy formulation and implementation

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

1.3. Government effectiveness estimate Baseline: -0.78 (2012) Target: 0.5 (2020)

1.4. Networked readiness index: *Baseline: 4.31 (2014) Target: 4.7*

Applicable Outcome from the UNDP Strategic Plan: 2.2.1 Use of digital technologies and big data enabled for improved public services and other government functions

Corresponding SDG target: 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

Partnership Strategy:

Implementing Partner: Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan

Implementing Agency: United Nations Development Programme

Other partners: UNDESA, UNECE, UNESCAP, ITU and national organizations.

Project title and Atlas Project Number: Modernization of Sustainability and Efficiency of ICT infrastructure and ICT services in the Republic of Azerbaijan, Atlas Project Number: 00075577

OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS		DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2019	Year 2020	

<p>Output 2 - Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark initiative and human capital by envisioning potential opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025</p>	<p>2.1: Center on AI is established and functional 2.2: Establish the database of Azerbaijani experts in Cloud Technologies all over the world 2.3: "Robopark" robot technology labs in Shamakhi and PirAllahli regions of Azerbaijan is structured 2.4: National Strategy on High Technologies of Azerbaijan for 2020-2025 is prepared</p>	<p>MTCHT</p>	<p>2019</p>	<p>2.1: There is no Center on AI 2.2: There is no database of Azerbaijani experts in Cloud Technologies 2.3: There are no similar labs 2.4: Two National ICT strategies, exit, but there is no Strategy on High Technologies</p>	<p>2.1: Center in AI is fully operational 2.2: Database is developed 2.3: Labs are structured and functional 2.4: New strategy is drafted</p>	<p>2.1: Center on AI is fully functional 2.2: Database is established 2.3: Labs are fully operational 2.4: New strategy is presented</p>	<p>Collection method: Project Reports Frequency: quarterly Responsibility: PMU</p>
<p>Output 4 - Convening of the 7th Regional Internet Governance Forum in Azerbaijan</p>	<p>4.1: Topic, agenda and concept note of 7th RIGFAZ with participation of interested parties are constructed 4.2: 7th Regional Internet Governance Forum is organized 4.3: Post-event report, which demonstrates the value of the Forum and essential information regarding subsequent events are completed 4.4: IGF 2019 village and selection of the workshop topics are arranged</p>	<p>MTCHT</p>	<p>2019</p>	<p>4.1: Completely new and contemporary content need to be constructed 4.2: Annual forum is required 4.3: The comprehensive report is needed 4.4: Small group has participated at the IGF 2018</p>	<p>4.1: Data is formed 4.2: Number of positive feedbacks received 4.3: Report is published 4.4: Open Forums are organized</p>	<p>4.1: Event is organized 4.2: Number of participants attending 4.3: Reports is disseminated 4.4: New contacts are set</p>	<p>Collection method: Project Reports Frequency: quarterly Responsibility: PMU</p>

<p>Output 7 - Further expansion of the Idea to Business (I2B) initiative</p>	<p>7.1: Database of volunteers in Azerbaijan is formed and amount of Azerbaijani citizens in UN Volunteers' database increased 7.2: I2B was advertised broadly in the local social media and through the internet 7.3: Recommendations on effective investment conditions were prepared 7.4: All regional events successfully implemented 7.5: Innovation Festival, Innovation Camp and Innovation Week were organized timely and properly</p>	<p>MTCHT</p>	<p>7.1: There is no similar database 7.2: There are more regions where I2B was not organized 7.3: There has never been Innovation Festival in Baku</p>	<p>2019</p>	<p>7.1: Database of volunteers in Azerbaijan is ready 7.2: I2B was advertised broadly 7.3: Recommendations on effective investment conditions were disseminated 7.4: All regional events successfully organized 7.5 Innovation Festival, Innovation Camp and Innovation Week were organized timely and properly</p>	<p>7.1: Database of volunteers is expanded 7.2: I2B was advertised broadly in the local social media 7.3: Recommendations on effective investment implemented 7.4: New regional events to be prepared 7.5: Innovation Festival, Innovation Camp and Innovation Week to be organized in 2020</p>	<p>Collection method: Project Reports Frequency: quarterly Responsibility: PMU</p>
<p>Output 8 - Expand support to the MTCHT in establishment of the Reserve Data Center in Yevlakh, Azerbaijan</p>	<p>8.1: Specifications are developed and large scale tender is announced 8.2: Reserve Data Center in Yevlakh is established</p>	<p>MTCHT</p>	<p>8.1: There is Data center in Baku 8.2: There is no Reserve Data Center in Yevlakh</p>	<p>2019</p>	<p>8.1: Tender is conducted 8.2: Procurement processed 8.3: Delivery accepted 8.4: Reserve Data Center in Yevlakh is established</p>	<p>8.1: Reserve Data Center in Yevlakh is fully operational</p>	<p>Collection method: Project Reports Frequency: quarterly Responsibility: PMU</p>

<p>Output 9 - Establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT.</p>	<p>9.1: Specifications for procurement of SHA2 are developed and tender is conducted</p> <p>9.2: Government is strengthened via enhanced professionalism, responsibility and privileges in the public sector by the procurement of SHA2</p> <p>9.3: Efficiency and quality of services provided by the governmental authorities, as well as the governance mechanisms of the state via the MTCHT are enhanced</p>	<p>MTCHT</p>	<p>2019</p>	<p>9.1: Specifications for procurement of SHA2 are developed</p>	<p>9.1: Tender is conducted</p> <p>9.2: SHA2 Certificate Services Center is fully operational</p> <p>9.3: Government services are strengthened via enhanced professionalism, responsibility and privileges in the public sector by the procurement of SHA2</p> <p>9.4: Efficiency and quality of services provided by the governmental authorities, are enhanced</p>	<p>Collection method: Project Reports</p> <p>Frequency: quarterly</p> <p>Responsibility: PMU</p>
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VII. MONITORING AND EVALUATION

Project monitoring and evaluation will be organized in line with UNDP's programming policies and procedures:

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 by each indicator	Slower than expected progress will be addressed by project management.	N/A	N/A
Track operational efficiency	Progress data against set target values (number of candidates and success rate) for the key phases of each self-employment cycle: application, business idea and business plan preparation, registration, employment, contracting, and procurement.	Quarterly, or in the frequency required by each indicator	Slower than expected progress and lower success rates will be addressed by project management.	N/A	N/A
Monitor data accuracy	Field data will be collected in order to check / confirm the accuracy of information provided by the candidates and the quality of consultants' outputs. Various data collecting tools will be used according to the specifics of the monitored subject: desk analysis of candidates' data conducted by EC's in the application phase; joint field visits with EC's staff to all beneficiaries to check / confirm the correctness of the procurements financed by the project, etc.	Quarterly, or in the frequency required by each indicator	Any deviations from the established project rules will be addressed by the project management.	N/A	N/A
Monitor and Manage Risk	Monitoring measures and plans that will be developed include: risk log and social and environmental standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Annually	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.	N/A	N/A
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from	At least annually	Relevant lessons are captured by the project team and used to	N/A	N/A

	<p>other projects and partners and integrated back into the project.</p>		<p>inform management decisions:</p>		
<p>Annual Project Quality Assurance</p>	<p>The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision to improve the project.</p>	<p>Semi-annually</p>	<p>Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.</p>	<p>N/A</p>	<p>N/A</p>
<p>Review and Make Course Corrections</p>	<p>Internal review of data and evidence from all monitoring actions to inform decision making.</p>	<p>At least annually</p>	<p>Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.</p>	<p>N/A</p>	<p>N/A</p>
<p>Project Report</p>	<p>a) Annual Project Report shall be prepared by the Project Manager and shared with PSC Members. It shall include progress against targets during the calendar year. b) Final Project Report shall be prepared at the very end (operational closure) of Project Activities in order to assess the overall performance of the Project and provide analysis and suggestions on possible improvements over the next year. This Report shall serve as a basis for discussion of the Steering Committee on Project achievements and Project contribution to the results accomplished. If necessary, the Final Report may include other stakeholders, as well.</p>	<p>Annually, and at the end of the project (final report)</p>		<p>N/A</p>	<p>N/A</p>
<p>Project Review (Project Board)</p>	<p>The PSC 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. 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.</p>	<p>Annually</p>	<p>Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.</p>	<p>N/A</p>	<p>N/A</p>

Evaluation Plan²

An external project evaluation will be commissioned at the end of the project in accordance with the UNDP evaluation policy.

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
The project will be part of UNDP Outcome Evaluation		The ensuring of transition to an information society, the establishment of an economy based on knowledge with the development of ICT, the expansion of the use of ICT in state and local government bodies, the development of electronic services, the development of the activities of the National Centre for Electronic Security, fully meeting society's demand for information products and services and the strengthening of competitive and export-oriented ICT potential	By 2020, the Azerbaijan Economy is more diversified and generates enhanced sustainable growth and decent work, particularly for youth, women, persons with disabilities and other vulnerable groups	2020	MTCHT, UNDP	approx. \$5,000 project budget

² Optional, if agreed with project partners

VIII. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS and RESULT INDICATORS	PLANNED ACTIVITIES	Time Frame				Responsible Party	PLANNED BUDGET in 2018/2019			
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount USD	
Output 2 - Evolving of High Technologies via Artificial Intelligence, Cloud Technologies, Robopark initiative and human capital by envisioning potential opportunities in the National Strategy on High Technologies of Azerbaijan for 2020-2025	2.1: Center on AI is established and functional	x				UNDP, MTCHT	30071	72100	Contract. services-comp.	20,000
	2.2: Establish the database of Azerbaijani experts in Cloud Technologies all over the world	x	x			UNDP, MTCHT	30071	71200	Individual int. consultant	10,000
	2.3: "Robopark" robot technology labs in Shamakhi and PirAllahi regions of Azerbaijan is structured		x	x	x	UNDP, MTCHT	30071	72100 72705	Contract. services-comp. Confer. Public events	55,000
	2.4: National Strategy on High Technologies of Azerbaijan for 2020-2025 is prepared			x	x	UNDP, MTCHT	30071	71200	Individual int. consultant	15,000
Sub-Total for Output: 2										100,000

Output 4 - Convening of the 7th Regional Internet Governance Forum in Azerbaijan	4.1: Topic, agenda and concept note of 7 th RIGFAZ with participation of interested parties are constructed	x						30071	71300 72705	Ind. Consul local Workshop	3,000
	4.2: 7 th Regional Internet Governance Forum is organized	x						30071	72100	Contract. services-companies	25,000
	4.3: Post-event report, which demonstrates the value of the Forum and essential information regarding subsequent events are completed	x	x					30071	72705	Confer. Public events	2,000
	4.4: IGF 2019 village and selection of the workshop topics are arranged			x				30071	74100	Audio-visual and printing production	5,000
Sub-Total for Output: 4											35,000
Output 7 – Further expansion of the Idea to Business (I2B) initiative	7.1: Database of volunteers in Azerbaijan is formed and amount of Azerbaijani citizens in UN Volunteers' database increased	x	x					30071	71300	Ind. Consul	1,000
	7.2: I2B was advertised broadly in the local social media and through the internet		x	x				30071	72100	Contract. services-comp.	2,000

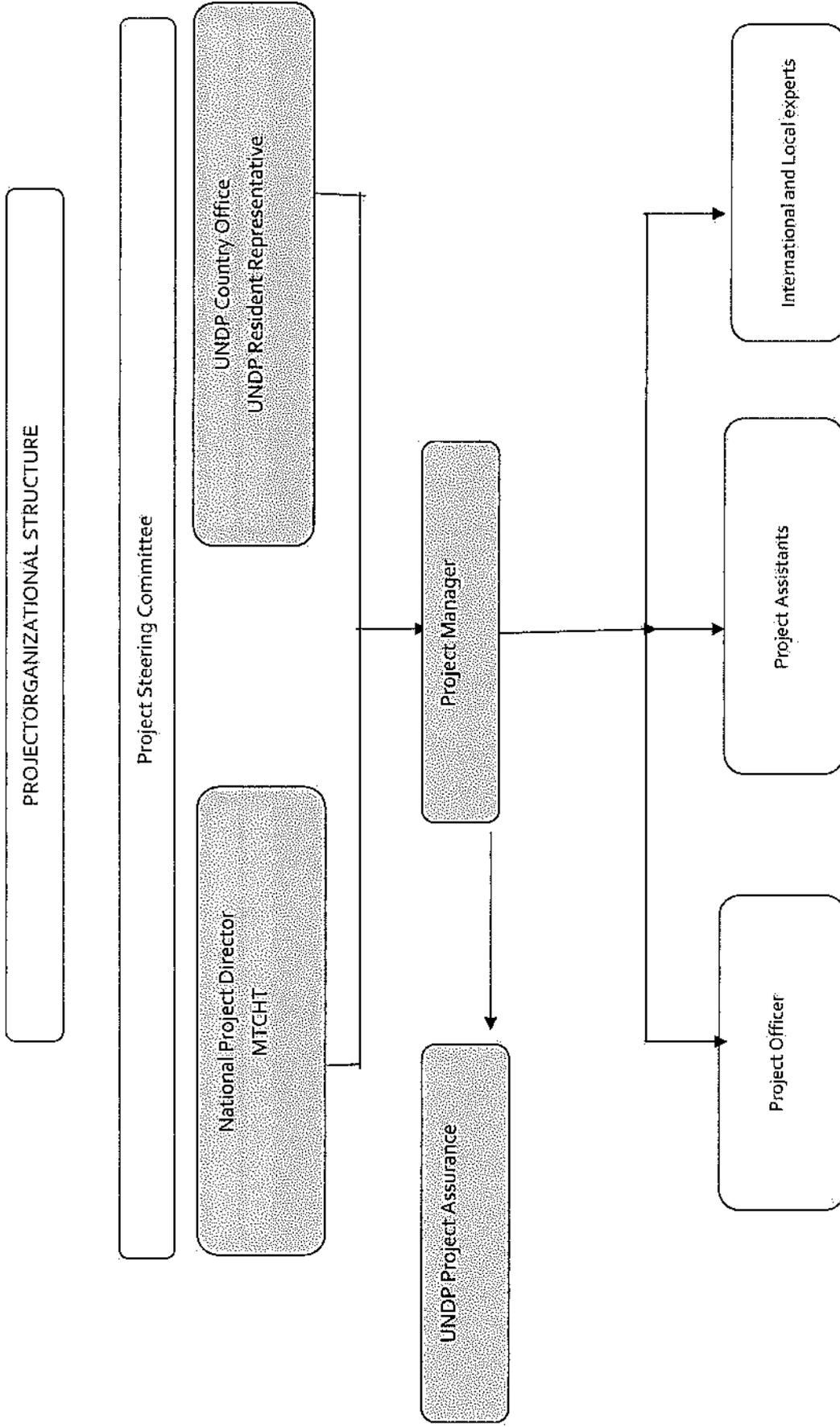
	7.3: Recommendations on effective investment conditions were prepared	x	x	x	UNDP, MTCHT	30071	71200	Individual int. consultant	1,000
	7.4: All regional events successfully implemented	x	x	x	UNDP, MTCHT	30071	72100	Contract. services-comp.	10,000
	7.5: Innovation Festival, Innovation Camp and Innovation Week were organized timely and properly	x	x	x	UNDP, MTCHT	30071	72100	Contract. services-comp.	26,000
	Sub-Total for Output 7								40,000
	8.1: Specifications are developed and large scale tender is announced	x			UNDP, MTCHT	30071	71200	Individual int. consultant	20,000
Output 8 - Expand support to the MTCHT in establishment of the Reserve Data Center in Yevlakh, Azerbaijan	8.2: Reserve Data Center in Yevlakh is established	x	x	x	UNDP, MTCHT	30071	72100	Contract. services-comp.	3,980,000
	Sub-Total for Output: 8								4,000,000

Output 9 - Establishment of the SHA2 Certificate Services Center in the Data Processing Center (DPC) within MTCHT	9.1: Specifications for procurement of SHA2 are developed and tender is conducted	x			UNDP, MTCHT	30071	71200	Individual int. consultant	20,000

	9.2: Government is strengthened via enhanced professionalism, responsibility and privileges in the public sector by the procurement of SHA2	x	x		UNDP, MTCHT	30071	72100	Contract. services-companies	1,500,000
	9.3: Efficiency and quality of services provided by the governmental authorities, as well as the governance mechanisms of the state via the MTCHT are enhanced	x	x	x	UNDP, MTCHT	30071	72100	Contract. services-companies	480,000
Sub-Total for Output: 9									2,000,000

Management	Establishment of a PMU to provide technical assistance and support implementation and monitoring of project activities	x	x	x	UNDP	04000	72100	Project Management	30,000
		x	x	x	MTCHT	30071			120,000
		x	x	x	MTCHT	30071	72500	Office Equip. and supplies	10,000
		x	x	x	MTCHT	30071	74000	Miscellaneous	5,000
Sub-Total Management Costs:									165,000
Total Programming Budget									6,340,000
Administrative Costs									315,500
GRAND TOTAL									6,655,000

IX. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



I. Project Governance: The Project shall be nationally implemented with UNDP acting as Responsible Party. Government shall entrust UNDP to provide services related to procurement, recruitment, contracting and execution of direct payments to suppliers under the conditions regulated by the Letter of Agreement on Service Provision and Project Support between the Government and UNDP.

UNDP shall assume the primary responsibility for reporting, regular bookkeeping, monitoring and evaluation, as well as oversight of implementation partners. UNDP shall provide support in Project implementation and operational implementation of project activities, as well as technical and advisory assistance. The roles and responsibility for the implementation of the programme will be in line with UNDP Rules and Regulations for Project Management that defined minimum requirements to ensure UNDP's accountability for programming activities and use of resources. The MTCHT will serve as an Implementing Agency and the MTCHT as the Government counterpart will be responsible for the facilitating of all project events, consultant missions undertaken within the context of this project.

A Project Steering Committee (PSC) will be established at the beginning of the implementation to monitor the progress of the action, to guide its implementation and to support the action otherwise in achieving its results and objectives. Meetings shall be held periodically, but no later than every 6 months. The PSC will be chaired by the National Project Director and will be composed of designated representatives of MTCHT and UNDP. Other stakeholders can be invited to PSC meetings, by the decision of the PSC. The Project Steering Committee shall periodically review the progress in the implementation of project activities and the project's impact and shall take decision for continuation and/or expansion of the project activities in the subsequent years. For this purpose, the Project Manager shall be asked to provide an evidence based assessment of the project impact in the previous year and a work-plan for the subsequent year of the project implementation.

- a) The representative of the MTCHT shall be a National Project Director (NPD) and Chair of the Project Steering Committee. He shall coordinate the cooperation with the relevant line ministries and other partners.
- b) UNDP Resident Representative will act as a Senior Executive of the Programme and ensure that UNDP provides a top-note expertise to the programme
- c) The Project Manager will participate as a non-voting member in the PSC meetings and will be responsible for compiling a summary report of the discussion, recommendations and conclusions of each meeting.

II. Project Management Project Manager (PM) will be recruited and tasked with day-to-day management of project activities, as well as with substantive, financial and administrative reporting. PM will be responsible for project implementation, routine management and monitoring. His/her responsibility is to ensure that the planned outputs are produced by undertaking necessary activities in accordance with the project plan and meeting the required standards of quality and within specified constraints of time and cost. The MTCHT will appoint Project Director and National Project Coordinator, who will be the main focal point in the Ministry for all project related issues and responsible for the overall oversight of the programme.

He/she shall work under close guidance and supervision to the Programme Analyst on Inclusive Growth and report to the Project Steering Committee. In addition, the Project Manager will provide regular updates to the National Project Coordinator on the progress achieved and impediments and risks faced in the course of the implementation, and raise awareness of major issues if/when these arise.

III. Project Assurance. UNDP will designate a Programme Analyst to provide independent project oversight and monitoring functions, to ensure that project activities are managed and milestones accomplished. The UNDP Programme Analyst will be responsible for reviewing project reports, produced by the PM and assuring quality of project deliverables and the work to be carried out by the international/local experts or subcontractors to be recruited for the implementation for the specific outputs/activities of the action. The Programme Analyst shall be responsible for ensuring regular cooperation and timely reporting to the Government.

I. Project Support. To support day-to-day management of the action, a Project Management Unit (PMU) shall be established to provide financial and administrative support to the project including, procurement, contracting, travel, field monitoring, financial management of the project and processing including disbursements, record-keeping, payment, cash-flow management and compilation of financial reports, PMU will be based in Baku with frequent travels to regions. It will be composed of a project manager, 4 monitoring officers, 1 financial assistant, 1 procurement assistant, 1 communications specialist and 1 database manager.

II. Experts Support. Local/International experts and consultancy companies will be recruited by UNDP as required for the implementation of each component, to develop training/awareness materials, conduct of studies and surveys.

Project funds shall be managed in accordance with UNDP financial rules and regulations, based on the approved Annual Work Plan and detailed Budget. PMU and a designated Programme Analyst shall be responsible for timely and transparent reporting on resources allocated and Project results achieved. Project funds must not be used for VAT payment. The Government shall bear all such costs and ensure a VAT return to all suppliers involved in Project Activities.

Operational Guidelines describing the methodology and process of implementation of Project Activities shall be developed and will constitute an integral component of the agreement between MTCHT and UNDP. This document shall describe the requirements and procedures for application and participation in Programmes, as well as templates for all forms to be used in measure implementation. Operational Guidelines shall specify the monitoring methods and communication activities.

X. LEGAL CONTEXT

This Project Document shall be the instrument referred to as such in Article 1 of the Standard Agreement on Basic Assistance (SBAA) signed between the Government of Azerbaijan and the United Nations Development Programme signed on 6 February 2001. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner”

This project will be implemented by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures. The financial governance of the project shall ensure best value for money, fairness, integrity, transparency, and effective competition.

XI. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, 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, taking into account 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.
2. 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.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no 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.
4. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
5. The Implementing Partner shall: (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.
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. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
8. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner 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.
9. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', 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 the Implementing Partner to find a solution.
10. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

11. *Choose one of the three following options:*

Option 1: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Option 2: The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement.

Where such funds have not been refunded to UNDP, the Implementing Partner 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 the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, 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.

12. Each contract issued by the Implementing Partner 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 the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
13. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, 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.
14. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

**FINANCING AGREEMENT BETWEEN THE UNITED NATIONS DEVELOPMENT
PROGRAMME AND THE GOVERNMENT OF AZERBAIJAN**

WHEREAS the United Nations Development Programme (hereinafter referred to as "UNDP") and the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan for information (hereinafter referred to as the "Government") have agreed to co-operate in the implementation of a project in Azerbaijan (hereinafter referred to as "the Project"), as described in the Project document. Project no. **00087409** and the title "**Modernization of Sustainability and Efficiency of ICT infrastructure and ICT services in the Republic of Azerbaijan**", in the Republic of Azerbaijan, and submitted to the Ministry of Transport, Communications and High Technologies for information.

WHEREAS the Government has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis to increase the resources available for the Project;

WHEREAS the UNDP shall designate an Implementing Partner for the implementation of each Project financed from the contribution (hereinafter referred to as "the Implementing Partner")

NOW THEREFORE, UNDP and the Government hereby agree as follows:

Article I

1. The Government shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of **6,625,000 USD**.
2. The Government shall, in accordance with the schedule of payments set out below, deposit the contribution in **6,625,000 USD** at the Yapi Kredi Bank Azerbaijan.

Bank name:	Yapi Kredi Bank, Azerbaijan
Bank address:	"Sabail" branch, 69 Nizami street, Baku, Azerbaijan
Code:	509987
Tax ID of Bank:	9900009021
Core account:	AZ51NABZ01350100000000012944
Bank account name:	UNDP, Azerbaijan
S.W.I.F.T. BIC:	KABAAZ22
Accounts:	AZ32KABA00000000000000021008AZN AZ10KABA00000000000000021016 USD
Tax ID:	9900084261

	Date payment due	Amount (stated currency)
1	May 2019	600,000 USD
2	June 2019	906,250 USD
3	July 2019	906,250 USD
4	August 2019	900,000 USD
5	September 2019	900,000 USD
6	October 2019	50,000 USD
7	November 2019	50,000 USD
8	December 2019	106,250 USD
9	January 2020	106,250 USD
10	February 2020	550,000 USD
11	March 2020	500,000 USD
12	April 2020	550,000 USD
13	May 2020	500,000 USD

3. The Government will inform UNDP when the Contribution is paid via an e-mail with remittance information to contributions@undp.org, providing the following information: Government's name, UNDP country office, [Project no. and title]. This information should also be included in the bank remittance advice when funds are remitted to UNDP.
4. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.
5. The above schedule of payments takes into account the requirement that contributions shall be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery. UNDP shall not absorb any loss (including but not limited to exchange fluctuations) under the Project. The Parties acknowledge and agree that all losses shall be charged to the Project.
6. All financial accounts and statements shall be expressed in United States dollars.
7. UNDP may agree to accept Contributions in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 6 above. Any change in the currency of the Contribution shall be made only in agreement with UNDP.

Article II

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal into 3% and up to 2% as direct project costing. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.
2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the project under this Agreement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

Article III

1. The contribution shall be administered by the UNDP in accordance with UNDP regulations, rules, policies and procedures, applying its normal procedures for the execution of its projects.
2. Project management and expenditures shall be governed by the regulations, rules, policies and procedures of UNDP and, where applicable, the regulations, rules, policies and procedures of the Implementing Partner.

Article IV

1. The implementation of the responsibilities of the UNDP and of the Implementing Partner pursuant to this Agreement and the relevant project document shall be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above. UNDP shall not start implementation of the activities prior to receiving the Contribution or the first tranche of the Contribution (whichever is applicable).
2. If unforeseen increases in expenditures or commitments are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP shall submit to the Government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavours to make available to UNDP the additional funds required.
3. If the Contribution referred to in Article I, paragraph 2, above, are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2, above, is not forthcoming from the Government or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

Article V

Ownership of equipment, supplies and other property financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

Article VI

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP.

Article VII

UNDP shall provide the Government on request with financial and other reports prepared in accordance with UNDP reporting procedures.

Article VIII

1. UNDP shall notify the Government when all activities relating to the Project have been completed in accordance with the Project document.
2. Notwithstanding the completion of all activities relating to the Project, UNDP shall continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the activities finance by the contribution have been satisfied and these activities brought to an orderly conclusion.
3. If the unutilized funds prove insufficient to meet such commitments and liabilities, UNDP shall notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
4. In cases where the Project is completed in accordance with the project document any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the Government.

Article IX

The Parties agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNDP shall maintain standards of conduct to govern the performance of its staff, including of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

Article X

Consistent with numerous United Security Council resolutions, including S/RES/1269 (1999), S/RES 1368 (2001), and S/RES/1373 (2001), both the Donor and UNDP are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of UNDP to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, UNDP undertakes to use reasonable efforts to ensure that none of the Donor funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism.

Article XI

1. After consultations have taken place between the two Parties to this Agreement and provided that the funds from the Contribution already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by the Government. The Agreement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.
2. If the unutilized contribution-payments, together with other funds available to the Project, are insufficient to meet such commitments and liabilities, UNDP shall notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized funds until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
4. In cases where this agreement is terminated before Project completion any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied shall be reallocated by UNDP after consultation with the Government.

Article XII

Any notice or correspondence between UNDP and the Government will be addressed as follows:

- (a) To the Government: Mr. Ramin Guluzade, Minister of Transport, Communications and High Technologies of the Republic of Azerbaijan
Address: 77, Z. Aliyeva str., Baku, AZ1000
- (b) Upon receipt of funds, UNDP shall send an electronic receipt to the Government email address provided below as confirmation that the remitted funds have been received by UNDP

Government email address: mincom@mincom.gov.az

Attention: Mr. Ramin Guluzade, Minister of Transport, Communications and High Technologies of the Republic of Azerbaijan

- (c) To UNDP: Mr. Alessandro Fracassetti, UNDP Resident Representative a.i.
Address: United Nations Development Programme
3, UN 50th Anniversary Street, Baku, AZ 1001

Article XIII

This Agreement shall enter into force upon the signature of this Agreement by parties hereto, on the date of the last signature.

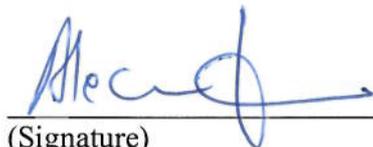
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English and Azerbaijani languages in two copies.

For the Government:

For UNDP:



(Signature)



(Signature)

Name:

Mr. Ramin Guluzade

Name:

Mr. Alessandro Fracassetti

Title:

Minister of Transport, Communications and High Technologies of the Republic of Azerbaijan

Title:

UNDP Resident Representative a.i.

Date:

18 April 2018

Date:

18/04/2018

Place:

Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan

Place:

UNDP Country Office in Azerbaijan