



Country: Bosnia and Herzegovina

Initiation Plan

Project Title:	Innovation and Smart Cities Initiative
Expected UNDAF/CP Outcome(s):	By 2019, economic, social and territorial disparities are decreased through coordinated approach by national and subnational actors
Expected CPD Output(s):	Improved implementation of development strategies and service delivery at subnational levels
Initiation Plan Start/End Dates:	1 August 2018
Implementing Partner:	UNDP in Bosnia and Herzegovina

Brief Description

This initiative aims to create the nucleus of a future programme **innovation space** within the Country Office, which can “fuel” the broader UNDP programme and stakeholders with innovative solutions and cross-sectoral ideas, as well as serve as an innovation resource hub. For this purpose, initial efforts to establish, capacitate and set in function such a space will be undertaken in the following 12 months.

These efforts will be combined and reinforced by the implementation of the first **smart city pilot initiative** in the country, based on testing of products and prototypes in the following areas: (i) community-led initiatives implemented through virtual reality products and crowdfunding contribute to people-centric urban renewal; (ii) technology-based public service delivery solutions; (iii) technology-based and innovative urban economy. The initiative will be piloted on the territory of Sarajevo, in direct cooperation with the City of Sarajevo.

During the initiation stage, UNDP will seek to mobilise partnerships with public, private, academic, civic stakeholders and mobilise support and engagement in the smart city idea. Moreover, UNDP will work to set a sound programmatic ground for further design of the smart city initiative, with the vision that it can become one of the UNDP flagship interventions, holding potential both for horizontal scaling up, as well as for resource mobilization by various stakeholders (governments, donors, IFIs, etc.).

SDGs:	SDG 11	Total resources required	USD 750,000
Strategic Plan:		Total allocated resources:	
CPD:	Outcome 4	• Regular (Country Investment Facility)	USD 500,000
EU policies and priorities:	Digital agenda	• Other:	
Programme Period:	2015-2020	○ UNDP	USD 50,000
Atlas Project Number:	00113217	○ Private sector (parallel)	USD 50,000
Atlas Output ID:	00111485	○ Government (parallel)	USD 100,000
Start date:	1 August 2018	○ Communities (parallel)	USD 50,000
End date:	31 July 2019	Unfunded budget:	
Gender Marker:	GEN2	In-kind Contributions:	

Agreed by UNDP:

Sukhrob Khoshmukhamedov,
UNDP Deputy Resident Representative

04.08.18

I. PURPOSE AND EXPECTED OUTPUT

Background and purpose

Capitalizing on its more than 17 years of experience in local governance and integrated local development in Bosnia and Herzegovina, UNDP has created a wider concept on integrated urban governance and cities of the future. One segment of this concept has been financed by the 2018 Country Investment Facility 2018. As the first smart city type of pilot in the country, the initiative can become one of the UNDP flagship interventions, holding potential both for horizontal scaling up, as well as for resource mobilization by various stakeholders (governments, donors, IFIs, etc.).

Therefore, the initiative will be utilised to (i) test and establish several key products that can be further scaled up to become the building blocks of a **future smart city large intervention**. The initiation period will also focus on stock-taking, deeper analysis and development of solid concept for the cities of the future in Bosnia and Herzegovina. In parallel, this initial stage of the project will be used to (ii) **mobilise broad-base partnerships** and engage all relevant stakeholders in the implementation of the smart city idea. Importantly, this process will be utilised to (iii) **create an innovation space within the Country Office** that will not only steer the implementation of this pilot initiative but is meant to become the nucleus of a future innovation resource hub/laboratory.

The smart city pilot initiative

Unlike prevailing trends globally, the notion of smart and integrated urban development has not been introduced in Bosnia and Herzegovina. Six big cities in Bosnia and Herzegovina are home to a quarter of the country's population. They have almost 40% lower unemployment, 25% higher wages and over twice the per capita GDP of the rest of the country, all of which continue to attract a significant movement of people putting pressure on public services and urban infrastructure, as well as the environment. In today's development reality, cities can only thrive through a proper balance of adequate spatial and strategic planning, improvement of physical, social, and economic infrastructure, as well as public measures encouraging sustainable, smart, and inclusive growth. Therefore, it is necessary to initiate conscious efforts towards investing in sustainable urban ecosystems and launching a project to create models and test the ground for scalable initiatives. This is a long-term and demanding transformation, which takes time, resources, capital, and capacities of all public, private, and civic stakeholders.

The initiative is in line with the key priorities set by the Reform Agenda for Bosnia and Herzegovina, specifically in terms of improving competitiveness and governance. The project will contribute to achieving the objectives set within the SMEs and Entrepreneurship Development in the Strategic Framework for the Federation of Bosnia and Herzegovina (2010-2018) related to fostering innovation and technological development for SMEs competitiveness. The project is also in line with the development priorities set within the strategy of the City of Sarajevo 2012–2020, as well as with the European Commission's Country Strategy Paper 2014-2020 for Bosnia and Herzegovina (serving as platform for IPA programming), specifically the "Competitiveness and innovation, local development strategies" priority area.

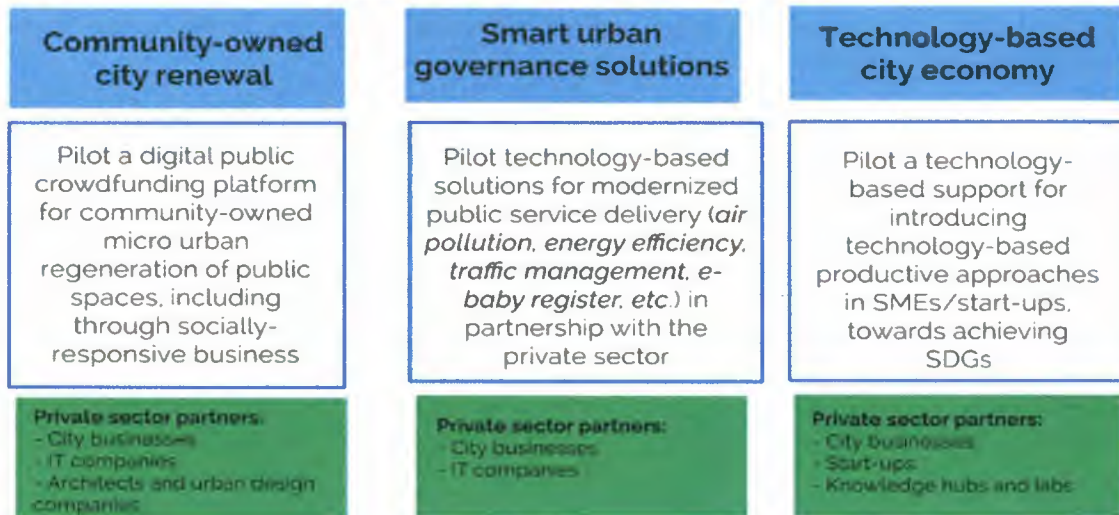
Against this background, the pilot initiative aims to introduce first of its kind model for integrated and smart urban development in Bosnia and Herzegovina, holding strong scaling up potential and contributing to sustainable economic growth, urban renewal, and social cohesion. Innovation and partnership with the private sector stand at the heart of this initiative. In partnership with the City of Sarajevo and its 4 constituent local governments (Stari Grad, Centar, Novi Grad and Novo Sarajevo), the initiative will test an innovative community-owned city renewal approaches, pilot smart urban public service delivery and stimulate technology-based modernisation of priority urban industries.

The smart city pilot has been financed under the **visionary interest and innovation 2018 Country Investment Facility** objective and as such aims introduce a smart, sustainable, and inclusive model for urban development in Bosnia and Herzegovina.

The pilot embraces modern urban development ideas, which contribute to the Agenda 2030 and the Sustainable Development Goal (SDG) 11 "Make cities and human settlements inclusive, safe, resilient and sustainable". **The pilot is highly likely to serve as a new programming platform that can be expanded and transformed into a large integrated portfolio.**

The graph below presents the initiative in a snapshot:

Unlocking Smart and Sustainable Urban Development Through Government – Business - Community Collaboration



Expected output and results

In this light, the main **output** of this initiative will be as follows: **the initiative serves as a platform to test three concrete products that become the building blocks of a new Cities of the Future in Bosnia and Herzegovina intervention, supported by an innovation space from UNDP country office.**

The envisaged results are:

- **Result 1: Small-scale community-led initiatives implemented through virtual reality products and crowdfunding contribute to people-centric urban renewal and create a new type of digital space to accelerate urban innovation.**
- **Result 2: Pilot technology-based public service delivery solutions developed in partnership with the private sector and vested within the partner local governments set the ground for smart urban governance within the City of Sarajevo.**
- **Result 3: Urban SMEs and start-ups apply technology-based and innovative productive/management approaches, towards knowledge-based city economy.**
- **Result 4: A solid programming concept for the cities of the future in Bosnia and Herzegovina is prepared.**
- **Result 5: The CO innovation space is gaining speed and serves as innovation engine within the programme.**

Alignment with regional priorities

From the viewpoint of alignment with the Regional Programme Document for Europe and the Commonwealth of Independent States (2018-2021), this initiative contributes to the achievement of the programme priority related to accelerating structural transformations for sustainable development through more effective governance systems, as well as to the priority linked to building resilience to shocks and crises. Specifically, regarding the priority directions set by RBEC in the framework of the

Country Investment facility, the initiative responds to the call for projects that boost cooperation with the private sector.

Scaling up potential and long-term benefits

UNDP systemically seeks possibilities to expand the financial resources for this intervention, which can serve as a broader programmatic platform for future integrated assistance, gradually helping UNDP's approach to shift towards more innovative and future-oriented development work. The pilot will ensure niche-positioning and a comparative advantage of UNDP in Bosnia and Herzegovina, holding high scaling-up potential (including from the perspective of new programming and future funding sources, such as the European Union, government, the private sector or the IFIs).

If successful, this initiative will ensure niche-positioning of UNDP in Bosnia and Herzegovina, holding high potential to yield future financing, including from the European Union, governments at all levels, the private sector, donors or the IFIs, with an indicative scope of at least USD 5 million in the following 4 years.

II. MANAGEMENT ARRANGEMENTS

This initiative will be implemented by UNDP Country Office in Bosnia and Herzegovina.

The initiative will be implemented in partnership with the City of Sarajevo, formalised through a Memorandum of Understanding.

III. MONITORING

The initiative will be monitored based on specific indicators for each result.

At the end of the initiative, an Initiation Phase Report will be prepared, to capture results and provide the forward-looking concept for the large smart city intervention.

IV. WORK PLAN

Period¹: 1 August- 2018 – 31 July 2019

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	RESPONSIBLE PARTY				PLANNED BUDGET			
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (USD)
<p>Output 1: The initiative serves as a platform to test three concrete products that become the building blocks of a new Cities of the Future in Bosnia and Herzegovina intervention, supported by an innovation space from UNDP country office</p> <p><i>Baseline: no similar activities and functions in place in UNDP in Bosnia and Herzegovina.</i></p> <p><i>Indicators: Number of solid concepts developed to serve as resource mobilisation platform and level of functionality of the CO innovation space.</i></p> <p><i>Targets: One Cities of the Future in Bosnia and Herzegovina intervention is designed, supported by an enthusiastic CO innovation hub.</i></p> <p><i>Related CP outcome: By 2019, economic, social and territorial disparities are decreased through coordinated approach by national and subnational actors.</i></p>	<p>1. Activity Result: Small-scale community-led initiatives implemented through virtual reality products and crowdfunding contribute to people-centric urban renewal and create a new type of digital space to accelerate urban innovation</p> <ul style="list-style-type: none"> - Select a priority city neighbourhood; - Initiate community visioning of the public space; - Initiate crowdfunding campaign. 						CIF Community	Community initiatives	100,000 50,000
	<p>2. Activity Result: Pilot technology-based public service delivery solutions developed in partnership with the private sector and vested within the partner local governments set the ground for smart urban governance within the City of Sarajevo</p> <ul style="list-style-type: none"> - Organise a competitive challenge on technology innovations in public service delivery; - Support the partner local government to develop and launch 2 technology-based public service delivery solutions. 						CIF City	Prototype public service	200,000 100,000
	<p>3. Activity Result: Urban SMEs and start-ups apply technology-based and innovative productive/management approaches</p> <ul style="list-style-type: none"> - Design and deliver a training on knowledge-based economy; - Deliver a support scheme for technology-based solutions 						CIF Private sector	Incentive scheme	200,000 50,000
	<p>4. Activity Result: A solid programming concept for the cities of the future in Bosnia and Herzegovina is prepared</p> <ul style="list-style-type: none"> -Connect and exchange with regional and global partners, including IRH - Initiate analysis and stock-taking of good practices and approaches globally - Develop and consult a programme vision, based on the analyses, as well as pilot work. 						UNDP	Analysis Capacity development Consultants	30,000

¹ Maximum 18 months

	<p>5. Activity Result: The CO innovation space is gaining speed and serves as innovation engine within the programme</p> <p>- An innovation space within the CO gathers together at least 3 UNDP staff and supports the overall implementation of the initiative, as well as starts to fuel innovative ideas and promote innovation across the programme.</p>					UNDP	Capacity development Partnerships	20,000
TOTAL USD:								750,000