

Government of the Islamic Republic of Iran

United Nations Development Programme

**ENABLING ACTIVITIES FOR THE PREPARATION OF
THE ISLAMIC REPUBLIC OF IRAN'
SECOND NATIONAL COMMUNICATION TO THE UNFCCC**

The project will enable the Islamic Republic of Iran to prepare its Second National Communication (SNC) to the Conference of the Parties of the UN Framework Convention on Climate Change. Project activities build on and are a logical extension of the work carried out under the Initial National Communication (1998-2003) and the Enabling Activities Phase II (2003-2004). The main activities and outputs of the project comprises the following: a) An updated national circumstances; b) Inventory of GHG emissions; c) Assessment of Iran's vulnerability to climate change, and a national adaptation programme; d) Assessment of Iran's vulnerability to the implementation of response measures; e) Analysis of potential measures to abate increase of GHG emissions, including the technology needs assessment; f) National Action Plan to address climate change and g) advocacy to raise the profile of climate change on the national agenda as well as gradual incorporation of climate change objectives into the National Development Plans through strengthened cooperation and increased involvement of all relevant stakeholders; h) Improving capacity built during INC in particular in HR area. The project will further enhance national capacities and will raise general knowledge of climate change in order to encourage public participation in GHG abatement and in the fulfilling of other commitments to the UNFCCC.

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Abbreviations and Acronyms

CC	Climate Change
CDM	Clean Development Mechanism
CO	Country Office
COP	Conference of Parties
CP	Country Programme
DOE	Department of the Environment
FAO	Food and Agriculture Organization
GCM	General Circulation Models
GCOS	Global Climate Observation Systems
GDP	Gross Domestic Products
GEF	Global Environment Facility
Gg	Giga Grams
GHGs	Greenhouse Gases
IEA	International Energy Agency
INC	Initial National Communication
IPCC	Intergovernmental Panel on Climate Change
I.R. Iran	Islamic Republic of Iran
MDGs	Millennium Development Goals
MFA	Ministry of Foreign Affairs
NCCO	National Climate Change Office
NCS	National Committee for Sustainable Development
NGOs	Non-governmental Organizations
NMVO	Non-methane Volatile Organic Compounds
NPD	National Project Director
NPM	National Project Manager
SC	Steering Committee
SNC	Second National Communication
UNDESA	United Nations Department of Economic and Social Affairs
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN	United Nations
WMO	World Meteorological Organization

Chemical symbols

CO ₂	Carbon Dioxide
N ₂ O	Nitrous Oxide
CO	Carbon monoxide
CO ₂	Carbon dioxide
CH ₄	Methane
N ₂ O	Nitrous oxide
NMVO	Non - Methane Volatile Organic Compound
HFCs	Hydrofluorocarbons
PFCs	Perfluorocarbons
SF ₆	Sulphur hexafluoride

1. Elaboration of the Narrative

1.1 Situation Analysis

Iran is fully committed to implementing the global Conventions, addressing biodiversity conservation, climate change and desertification combat. However, as with most countries, the capacities to implement these conventions are currently insufficient.

The UN Common Country Assessment (CCA) for the Islamic Republic of Iran (August 2003) discusses the salient features of Iran's energy economy and stresses that "energy trends and existing inefficiencies create important challenges". It further observes "a rise in emissions of CO₂ per unit of output over the last decade" and attributes this to, inter alia, growth of losses in electricity transmission, an energy inefficient oil refining due to an aging capital stock and more significantly to the transportation sector and unsustainable fuel consumption patterns due to heavily subsidized fuel prices, as well as barriers in access to advanced and new technologies.

On its path to sustainable development, the Islamic Republic of Iran faces many environmental challenges. Rapid increase in per capita energy consumption with high energy intensity leading to air pollution in many urban and industrial areas, land degradation processes, including soil erosion and deforestation, water pollution, waste disposal issues and coastal pollution feature among these environmental challenges with their concomitant high social costs. Tackling these requires comprehensive reforms, including enhancement and enforcement of existing environmental laws as well as improved institutional arrangements. Such reforms accentuate the need for a balanced approach between economic growth and sustainable development.

On the other hand, Iran is an arid and semi-arid country and as such highly vulnerable to climate change, specifically, water resources and agriculture sectors, as described in detail per Section 2.2d.B of Appendix B. Iran's rich biodiversity is also highly vulnerable to global climate change. In addition, as an energy producing country, whose foreign revenues are highly dependent on oil exports, Iran's economy is vulnerable to the adverse effects of implementation of response measures by Annex I countries. Hence, the likely significant impact of climate change on the national development programs of Iran.

The Islamic Republic of Iran has been a Party to the UNFCCC since 1996. Iran has submitted its Initial National Communication in March 2003 and has concluded its Top-up Activity in 2004. On 22 August 2005, Iran has deposited its instrument of accession to the Kyoto Protocol to the Secretary General of the UN as depositary of the protocol and is now a full member of the Kyoto Protocol.

In order to sustain this momentum and to further enhance the capacity developed earlier at the national level, it is now opportune to start preparing Iran's Second National Communication. It is expected that significant improvements could be achieved vis-à-vis all climate change issues for reflection in the SNC, including better description of the national circumstances relevant to climate change, improved methods for collection of activity data for GHG inventory, better assessment of vulnerability to climate change as well as to the implementation of response measures, improved estimate of GHG trends and finally and importantly the preparation of a Climate Change Strategy and Action plan and the mainstreaming of climate change policies into national development plans .

1.2 Strategy

In addressing Iran's rising GHG emissions and other global environmental challenges, UNDP's Country Programme Action Plan Results and Resource Framework is explicit in highlighting energy and environment as two pillars for sustainable development frameworks and strategies. The fourth Expected UN Development Assistance Framework (UNDAF) outcome is devoted to "Global environmental concerns and environmentally sensitive development integrated in national development frameworks and implemented". Under the latter UNDAF outcome the two relevant expected outcomes are as follows:

- Mitigating and adapting to climate change and providing energy for sustainable development; and
- Global environmental commitments integrated into development planning and implementation capacity developed.

The UNDP 2005-2009 country programme (CP) for Iran will concentrate on promoting a long-term development agenda, in line with the MDGs. The Programme focuses on: a) Strengthening capacities for achieving the MDGs; b) Enhancing good governance; c) Improving economic performance and employment generation; and d) Sustainable development, disaster management and energy efficiency.

As a Non-Annex I Party to the UNFCCC, the Government of the Islamic Republic of Iran will prepare the SNC in accordance with the guidelines adopted by the COP. The SNC, which is the main output of the project, as well as activities for improvement of capacities to implement the UNFCCC will help achieve the UNDAF and CP outcomes.

The SNC activities will continue and build on findings and experience gained in implementing the Initial National Communication (1998 -2003) and the Enabling Activities phase II (2003-2004). During the life of the project, particular attention will be paid to addressing gaps and constraints identified as per the National Capacity Self Assessment (NCSA) process, as well as capitalizing on the information generated during the stocktaking exercise and results of relevant prior or ongoing national or international activities climate change initiatives.

The project will engage the best local expertise available in the country, and will hire short-term international consultants to assist in the implementation of the project at critical junctures. Project outcomes will be achieved through a series of activities, including background analyses, national inventory of GHGs and development of programmes for adaptation and mitigation measures. Further, it will establish linkages and cooperation with ongoing relevant projects that are addressing the national development priorities, and will strengthen the dialogue, information exchange and cooperation among all relevant stakeholders including governmental, non-governmental, academic, and private sectors. The expected net result would be to firmly put climate change on the national agenda and facilitate its incorporation in the general planning and formulation of development strategies in the country.

Additional support will be provided through training workshops, and encouragement of the information exchange between the national and relevant specialized regional and international institutions. In implementing the different activities, the project will follow internationally adopted guidelines and use existing methodologies and tools whenever available.

1.3. Management Arrangements

The project will be executed by Iran's Department of Environment in close collaboration with other relevant ministries and institutions, under the guidance of the project Steering Committee. For further elaboration of management and institutional arrangements, please see Section 5 of Appendix B. The

Steering Committee is responsible for management oversight. The National Project Manager (NPM) will work closely with UNDP to implement the project and to ensure that the project is launched on a solid platform; Steering Committee meetings are convened regularly; and workplan implementation is monitored closely. Other UNDP responsibilities include: trouble shooting; technical backstopping and policy negotiations; project document revisions; reviewing, editing and responding to reports; financial management and accountability; and operational completion activities.

1.4 Monitoring and Evaluation

Monitoring responsibilities

A detailed schedule of project review meetings will be developed by the project management, in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Steering Committee Meetings, and (ii) project-related monitoring activities.

Day to day monitoring of implementation progress will be the responsibility of the NPM, based on the project's annual workplan and associated indicators. The Project Team will inform the UNDP Country Office (CO) of any delays or difficulties faced during implementation so that appropriate support or corrective measures can be adopted in a timely and remedial fashion.

Periodic monitoring of implementation progress will be undertaken by the UNDP CO through quarterly meetings with the DoE, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities. In addition to quarterly meetings, an annual Tripartite Review (TPR) Meeting will be held with the participation of the MFA, DoE and UNDP to gauge progress and to identify and eliminate implementation bottlenecks.

Project Monitoring Tools

The NPM in conjunction with UNDP will be responsible for the preparation and submission of the following reports that form part of the monitoring process.

(a) Inception Report (IR)

A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed First Year Work Plan divided in quarterly timeframes detailing the activities and progress indicators that will guide implementation during the first year of the project. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring requirements to effectively measure project performance during the targeted 12 months time-frame.

The Inception Report may include a more detailed narrative on institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners based on guidelines and principles of the present document. In addition, a section will be included on progress to date with regard to project launch and start-up activities and an update of any changed external conditions that may affect project implementation.

When finalized the report will be circulated to project counterparts who will be granted a period of two weeks in which to respond with comments or queries. Prior to the circulation of the Report, the UNDP Country Office and UNDP-GEF's Regional Coordinating Unit will review the document.

(b) *Quarterly Progress Reports*

QPRs outline main updates in project progress and will be provided quarterly to the UNDP Country Office and the UNDP-GEF Regional Office by the project team.

(c) *Technical Reports*

Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

1.5 Audit Clause

The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted by a commercial auditor engaged by the UNDP.

1.6 Legal Context

The project document shall be the instrument envisaged in the supplemental provisions to the project document attached hereto. Please refer to Appendix E

2. Total Budget and Work Plan

Award ID: 00036105
Award Title: PIMS 2946 CC EA: Second National Communication of Iran
Project ID: 00039052
Project Title: PIMS #2946 CC EA: Second National Communication of Iran

Executing Agency:		Department of Energy		Planned Budget (US\$)						
Atlas Activity/Outputs (and corresponding indicators)	Res. Party	Sources of Fund	Budget Code	Budget Description	Year 1	Year 2	Year 3	Year 4	Total	
<i>Output 1. National Circumstances</i>					9,000	1,000	0	0	10,000	
National Circumstances	DOE	GEF	71300	Local consultant	4,000	1,000			5,000	
		GEF	71400	Contractual Services	1,000				1,000	
		GEF	72200	Equipment	2,000				2,000	
		GEF	71600	Travel	2,000				2,000	
<i>Output 2. GHG Inventory</i>					18,500	31,500	12,500	6,500	69,000	
National Greenhouse Gases Inventory	DOE	GEF	71300	Local consultant	7,500	19,500	5,000		32,000	
		GEF	71400	Contractual Services	5,000	5,500	6,000	6,500	23,000	
		GEF	72200	Equipment	3,000	1,000			4,000	
		GEF	71600	Travel	2,000	2,000			4,000	
		GEF	74500	Miscellaneous	1,000	3,500	1,500		6,000	
<i>Output 3 Mitigation</i>					7,500	20,000	13,500	8,500	49,500	
Mitigation Analysis	DOE	GEF	71300	Local consultant	1,500	11,000	7,000	2,000	21,500	
		GEF	71200	International Consultants		1,500			1,500	
		GEF	71400	Contractual Services	5,000	4,000	4,000	5,000	18,000	
		GEF	72200	Equipment		1,000	1,000	1,000	3,000	
		GEF	71600	Travel	1,000	1,000	1,000		3,000	
		GEF	74500	Miscellaneous		1,500	500		2,500	
<i>Output 4. Vulnerability and Adaptation</i>					4,500	20,500	25,000	13,500	71,500	
Vulnerability and Adaptation Assessment	DOE	GEF	71300	Local consultant	1,500	20,000	15,000	4,000	40,500	
		GEF	71200	International Consultants		1,500	2,000	2,000	5,500	

<i>Output 5. Other Information total</i>										
Other relevant information	DOE	GEF	71400	Contractual Services	3,000	5,000	6,000	6,000	6,000	20,000
		GEF	71600	Travel		1,000	1,000	1,000	1,000	3,000
		GEF	74500	Miscellaneous		1,000	500	500	500	2,500
					<i>9,000</i>	<i>22,500</i>	<i>25,000</i>	<i>7,400</i>	<i>7,400</i>	<i>63,900</i>
		GEF	71300	Local consultant	4,000	12,000	15,000	1,000	1,000	32,000
		GEF	71200	International Consultants		2,000	2,000			4,000
		GEF	71400	Contractual Services	4,000	4,500	5,000	5,500	5,500	19,000
		GEF	71600	Travel		2,000	2,000			4,000
		GEF	74500	Miscellaneous	1,000	2,000	1,000	900	900	4,900
<i>Output 6. Constrains and gaps</i>			<i>71300</i>	<i>Local consultant</i>	<i>2,000</i>	<i>3,000</i>	<i>3,000</i>	<i>1,000</i>	<i>1,000</i>	<i>9,000</i>
<i>Output 7. Technical assistance total</i>					<i>6,000</i>	<i>6,500</i>	<i>7,000</i>	<i>6,500</i>	<i>6,500</i>	<i>26,000</i>
Technical assistance	DOE	GEF	71300	Local consultant	2,000	2,000	2,000	1,000	1,000	7,000
		GEF	71400	Contractual Services	4,000	4,500	5,000	5,500	5,500	19,000
<i>Output 8. Compilation, production total</i>					<i>0</i>	<i>0</i>	<i>1,000</i>	<i>8,500</i>	<i>8,500</i>	<i>9,500</i>
Compilation, production of communication	DOE	GEF	71300	Local consultant			1,000	2,000	3,000	
		GEF	74200	Printing and Publication				6,500	6,500	
<i>Output 9. Project management</i>	DOE	GEF	71400	Contractual Services	19,000	21,000	23,000	25,400	25,400	88,400
<i>Output 10. Monitoring and reporting</i>	DOE	GEF	71400	Contractual Services	2,000	2,000	2,000	2,200	2,200	8,200
Total					77,500	136,000	112,000	79,500	79,500	405,000

Appendix A: Summary of the report of the self-assessment exercise

In accordance with GEF Operational Procedures for the Expedited Financing of National Communications from Non-Annex I Parties (GEF/C.22/Inf.16), the Government of the Islamic Republic of Iran received US\$ 15,000 from the Global Environment Facility (GEF) to conduct a self-assessment of completed or pending activities that are relevant to the Second National Communication. The self-assessment involved a stocktaking exercise and stakeholder consultations in order to build upon existing activities, institutions and knowledge and aimed at the identification of gaps and consultation with more stakeholders who could contribute to the national communication process. On the basis of a full stocktaking and stakeholder consultations, the Department of Environment (DOE) of the Islamic Republic of Iran prepared and submitted a proposal (see appendix B) for the preparation of the Second National Communication to the GEF through the United Nations Development Programme. The process of stocktaking and stakeholders' consultations involve the following tasks:

Self-assessment of capacity building

A self-assessment of the capacity built during the first and second phases of the Climate Change Enabling Activity Project was carried out to identify gaps and constraints and areas of improvement for preparation of the SNC. These areas included: (1) re-evaluation of national circumstances as related to climate change; (2) improvements needed for collection of more reliable activity data and emission factors and a national system for preparation of the inventory; (3) in-depth review of Iran's vulnerability to climate change and adverse effects of the implementation of response measures; (4) identification of climate change mitigation policies that are consistent with the national development plans; (5) the need for more research on climate change; (6) identification and definition of CDM projects; and (7) the need for increased public awareness.

Stocktaking and Stakeholder Consultation:

During the preparation of INC and the top-up phase, the NCCO has been consulting with different stakeholders and collaborated with more than 50 individual experts. The Steering Committee composition included the following organisations:

- The Ministry of Foreign Affairs.
- The Ministry of Petroleum.
- The Ministry of Energy.
- The Ministry of Industries and Mines.
- The Ministry of Interior.
- The Ministry of Agriculture (Jehad-e-Keshavarzi).
- The Meteorological Organization.

However, during preparation of this project document and based on the guidance of the Steering Committee, several more national organizations were consulted and were officially appointed as *new members* of the Steering Committee. These include:

- The Management and Planning Organization.
- The National Statistical Centre.
- The Ministry of Economics.
- The Ministry of Housing and Urban Development.
- The Forestry, Rangeland and Watershed Organization.

- The Ministry of Science, Research, and Technology.
- The Ministry of Education.
- The National Centre for Oceanography.
- The Remote Sensing Organization.
- The Ministry of Health.
- A representative from academia.
- A representative from NGOs.

During the self-assessment exercise, the NCCO and the Steering Committee members reviewed the INC and the top-up activities to identify links with the SNC. Synergies with other international conventions such as biodiversity and desertification combat were also reviewed. The new UNFCCC guidelines for preparation of the second national communication of Non-Annex I parties was also reviewed in detail. To this end, Six Steering Committee meetings were held starting in July 2004. The preliminary draft of this document along with relevant guidelines were distributed among members and communicated with them both electronically and in printed form. From an implementation perspective, the stakeholders were requested to identify their priorities relevant to the objectives of the Climate Change Convention. Identified priorities included the following:

- In-depth review of the National Circumstances relevant to climate change.
- The need for establishment of a systematic and institutional approach for collection of more reliable activity data in the preparation of the GHG inventory.
- Assessment of Iran's vulnerability to climate change with emphases on water resources, agriculture, forestry, desertification, coastal zones and biodiversity and adverse effects of implementation of response measures.
- Assessment of national development programs on energy supply and demand, energy conservation and environmental protection in the context of mitigation options, in particular technology needs assessment.
- Development of education and research programs on climate change and enhancement of public awareness.
- Incorporation of climate change concerns in the national development plans.
- Enhancement of the national capacities to participate in the Global Climate Observation System (GCOS).
- Identification of synergies with related programs and conventions such as desertification combat, biodiversity and ozone layer.

The Steering Committee members were also requested to provide comments on the SNC proposal. These were incorporated and the draft proposal finally approved by the Steering Committee.

The following table provides the summary of stocktaking and stakeholder consultations:

Summary of stocktaking and stakeholder consultation

Institutions / stakeholders consulted	Stakeholder interests and mandate	Reasons for inclusion	Role in self-assessment process
Ministry of Energy	Electricity generation, transmission and distribution, renewable energies, energy conservation as well as water supply and resources.	Importance of power plants in GHG emissions; hydropower and water resources	Consultation on current and future programmes; Data provider
Ministry of Petroleum	Oversees oil, gas and petrochemical industries. The main fossil fuel producer for domestic uses and export.	Importance of the oil and gas sector in Iran's economy and GHG emissions.	Consultation on current and future programmes; Data provider.
Ministry of Foreign Affairs	Responsible for foreign policies and international conventions.	Key role in managing international relations	Consultation on matters related to commitments under the UNFCCC.
Ministry of Industries and Mines	Oversees all industries (with the exception of the energy sector) and emissions from industries and motor vehicles.	Mainstreaming of CC policies into industrial development policies.	Consultation on impact of industrial development programmes on future emission and mitigation Plans; Data provider
Ministry of Interior	Responsible for all municipalities and local transport.	Mainstreaming of CC into local government policies.	Consultation on land use change, climate change impacts and vulnerability assessment.
Ministry of Agriculture	Oversees agriculture, rangelands and forestry sectors.	To assess vulnerability of agricultural sector to climate change.	Consultation on food security, sustainable development and climate change impacts; Data provider.
Meteorological Organization	National meteorological information.	To monitor climate change and its impacts.	Consultation on science of climate change, climate change observation and impact assessment; Data provider.
Management and Planning Organization	National development plans and budgets.	To incorporate climate change policies into national development plans.	Consultation on overall development planning. Provider of statistical data through National Statistical Center.
Ministry of Finance & Economics	Oversees economic policies and finance.	To assess the impact of response measures and economic planning for climate change impact.	Consultation on the national economic policies; Data provider.
Ministry of Housing & Urban Development	Oversees housing and urban planning.	To assess the impact of land use change on climate change. Energy savings in	Consultation on land use change; Data provider.

Institutions / stakeholders consulted	Stakeholder interests and mandate	Reasons for inclusion	Role in self-assessment process
Ministry of Health	Responsible for Public health	buildings and transport sectors. Climate Change impacts on human health	Consultation on climate-related diseases.

Appendix B: Technical components of the project proposal

1. Background/Context

Along with more than 150 Nations, the Islamic Republic of Iran signed the United Nations Framework Convention on Climate Change (UNFCCC) in June 1992 in the Earth Summit held in Rio de Janeiro. Iran ratified the Convention in July 1996, thus becoming an official UNFCCC member.

Iran's Initial National Communication (INC) was officially submitted to the UNFCCC in March 2003. Iran is now in a position to prepare its Second National Communication (SNC) based on decision 17/CP.8 of the COP and the new GEF Operational Procedures. This project will implement requisite activities to enable Iran to prepare its SNC in accordance with Article 12 of the UNFCCC. The project document has been prepared based on past experience, as well as the stocktaking and stakeholder consultations, a brief report of which is presented in *Appendix A* of this document.

Iran has developed its Fourth National Socio-Economic Development Plan, which is to start implementation in 2005. It would therefore be timely and appropriate to mainstream climate change into the national development priorities, objectives, and circumstances. In addition, there is the need to identify possible synergies between the national development plan and climate change policies and measures. Iran is actively developing its environmental programs for sustainable development and no doubt climate change considerations will have a significant impact in developing such programs. Hence, the significance of this project in shaping Iran's environmental programmes. Further value added is based on the following premises:

- a) The national circumstances reported in the INC were rather generic and not prepared with a climate change perspective in mind. It is important to assess national circumstances in the context of the five-year national development plans and taking the climate change impacts and adaptation to it fully into account.
- b) A climate change policy dialogue process, involving governmental, non-governmental, academic, business and other relevant organizations was embarked upon and strengthened to foster understanding of climate change issues and linkages among a wide range of stakeholders. Implementation of the SNC will sustain and strengthen this process.
- c) During the preparation of the INC and its top-up in the first and second phases of the Climate Change Enabling Activity, some capacities with regard to public awareness, scientific research and expertise were developed at the national level. However, many areas that are included in this document need to be improved and studied further.
- d) Iran is a developing country, and has been a recipient of new technologies since the first phase of the climate change enabling activity. Therefore, it is necessary to evaluate the effect of technology transfer on GHG emissions.

2. Project Objectives

Development Objectives:

The project will strengthen technical and institutional capacities to assist the Islamic Republic of Iran to mainstream climate change concerns into sectoral and national development priorities. The project will also strengthen the capacity of Iran to contribute to the on-going international effort to mitigate and adapt to climate change and to analyze the opportunities and challenges that new initiatives and commitments entail at the national level.

Immediate Objectives:

The project will enable the Islamic Republic of Iran to prepare and submit its Second National Communication to the UNFCCC and meet its obligations under the latter Convention. To ensure sustainability of the national communication process, the institutional framework of Section 4.3 and Appendix B, will be strengthened resulting in improved information exchange, networking and collaboration.

3. Project Strategy

Based on experiences gained during preparation of the INC, the project will enlist, in coordination with the NCCO, the help of relevant national institutions in the preparation of the SNC. This requires the establishment of a database for collecting activity data and all relevant information on climate change, training of more experts and incorporation of climate change objectives into sectoral development plans. More specifically, the following strategies will be pursued in order to achieve project objectives:

- Enhance general awareness and knowledge on CC-related issues in Iran;
- Build national capacity to incorporate climate change into national planning and strategy formulations;
- Strengthen institutional arrangements, information exchange and cooperation among relevant stakeholders including governmental, non-governmental, academia and private sector;
- Prepare for implementation of the CDM projects;
- Propose national programs for adaptation to climate change;
- Propose national programs for greenhouse gas abatement;
- Analyze and assess the adverse effects of response measures on the Iranian economy;
- Develop educational and research programs at various levels;
- Enhance human resources, including identification and training of at least three national experts in different organizations;
- Study the relationship between abatement strategies and attainment of national sustainable development goals;
- Implement cross-cutting activities relevant to climate change and synergies with other national programs and other international conventions;
- Provide easy access to and exchange of climate change information through the Internet.

4. Project activities

The Second National Communication will follow the reporting requirements as stated in Article 12 of the Convention and the new guidelines of Decision 17/CP.8 of the COP which include the following sections:

4.1 National circumstances

4.2 National greenhouse gas inventory

4.3 Programmes containing measures to facilitate adequate adaptation to climate change

4.4 Programmes containing measures to mitigate climate change

4.5 Other relevant information to achieve Convention's objective

4.6 Constraints, gaps, and related financial, technical and capacity needs.

4.1. *National circumstances*

The national circumstances that were reported in the INC for the base year 1994 will be updated for 2000 in relation to the information and data that were provided on geography, climate, environmental conditions, population, economy and education. In particular, it will include the objectives of the Fourth National Development Plan as these relate to climate change policies. Development priorities and national programs with regard to important sectors such as energy, water resources, agriculture and forestry, as well as the inter-relationship between climate change objectives and current and planned programs in the energy sector, in particular within the oil and gas industries, will receive special attention. Recent programmes in these industries such as associated gas collection projects and substitution of liquid fuels by natural gas will be reviewed in the context of climate change objectives. National programs with regard to adaptation policies and the impact of response measures will be emphasized carefully. Compared with the INC, attempts will be made to more closely link national circumstances and other chapters of the report addressing: inventory, mitigation, adaptation, transfer of technology, capacity building, research and systematic observation, education, training and public awareness, etc.

According to Article 4.8, paragraphs c, d, e, f, g and h and Article 4.10 of the Convention, Iran is highly vulnerable to both physical impacts of climate change as well as to the adverse effects of response measures. The national circumstances should be thoroughly reviewed in relation to the aforementioned Articles with the full engagement of different stakeholders. Of particular importance is the involvement of the energy sector, agricultural, forestry, water resources, and environmental sector as well as the oil dependent sectors of the economy. The national circumstances in these sectors must be studied in greater details when addressing climate change objectives.

The tabular and graphical data provided in the INC will be updated and expanded to include more relevant information. Although during the preparation of INC and the top-up activity an institutional arrangement was established, an improved institutional framework will be established during preparation of the SNC where additional stakeholders will be engaged. A detailed description of such an arrangement will be provided in the following paragraphs (see Section 5 below).

4.2. *Greenhouse gas inventory*

In accordance with Article 4, Paragraph 1 (a), and Article 12, paragraph 1(a) of the Convention, Iran as a party to the Convention, has already submitted its INC, in which the national GHG inventory has been estimated for the year 1994. However, due to the rapid growth of energy production and consumption since 1994 and implementation of the Third National Development Plan (2000 – 2005), substantial changes in activity data and GHG inventory has resulted. Moreover, the following shortcomings detract from the GHG inventory as presented per the INC :

- Great uncertainty in gas flaring activity data in oil production and processing. No information is available on flare efficiency and emission factors (gas flaring is a major source of GHG emissions in Iran).

- Great uncertainty in land use change and forestry data. Improvement of data is expected as a result of access to new satellite information. In addition, more accurate data will reflect emission from burning agricultural residues and uptake of CO₂ by agricultural lands and carbon sequestration by halophytes.
- Uncertainty in waste generation data and disposal methods.
- Absence of national emission factors in all sectors with higher uncertainties in the non-energy sectors due to specific local conditions (in preparing the INC, emission factors from similar countries were used).
- The transport sector needs complete revision due to a change of fuel-mix, rapid increase in the number of vehicles and enforcement of new standards.
- Emissions resulting from residential and commercial heating needs complete revision due to the substitution of liquid fuels by natural gas.
- Emissions due to power generation needs reevaluation as a result of new combined cycle and hydro power plants coming on stream and fuel substitution by natural gas.
- Fugitive emissions from natural gas pipelines.
- Due to the substitution of the Ozone Depletion Substances under the Montreal Protocol, improvement in the activity data of HFCs and PFCs is expected since preparation of the INC.

To prepare the SNC, an updated inventory of greenhouse gases on the basis of the year 2000 activity data, the 1996 IPCC Revised Guidelines and Decision 17/CP.8 of the COP will be used. As with the inventory that was reported for the INC, in addition to CO₂, CH₄ and N₂O, where possible, information on HFCs, PFCs, SF₆, CO, NO_x, NMVOCs and SO_x will also be provided.

The preparation of cost-effective programs to develop country-specific emission factors and arrangements to collect and archive activity data on a consistent and continuous basis will be undertaken. The National Climate Change Office (NCCO) has prepared special electronic and printed forms for collection of activity data. These will be distributed among all stakeholders. NCCO will also propose to the National Statistical Center to collect data on a regular basis and in a systematic manner. Special emphasis will be on documentation of data sources and references, which was a major source of uncertainty during preparation of the INC. The objective is to establish a national GHG management system with participation of relevant organizations including the Ministries of Petroleum, Energy, agriculture, Industries and Mines, Roads and Transportation and the Interior Ministry (for municipalities).

Where possible, the level of uncertainty associated with the inventory data and key source analysis will be assessed according to the IPCC Good Practice Guidance and Uncertainty Management. This will also be used with a view to improve transparency, consistency, comparability, completeness and accuracy in inventories.

Areas with greatest uncertainties and difficulties both with regard to activity data and emission factors will be addressed. As mentioned above, these areas were notably the agricultural, forestry and waste sectors as well as gas flaring in the oil industry. To the extent possible, *sectoral* and *reference approaches* will also be used. Using the global warming potential of different greenhouse gases, the CO₂ equivalent of all greenhouse gases will be calculated and reported. As with the preparation of the INC, although in most cases the IPCC default emission factors will be used, attempts will be made to replace the national emission factors in certain cases with justification for using such approaches. Attempts will be made to use higher tier IPCC methods in calculating the GHG emissions from fuel combustion based on the fuel/technology (Device Emission Factor) used. An analysis of the trend of GHG emission in Iran will also be carried out

for the period 1994-2004 and included in the SNC. All information relevant to GHG inventory will be reported in tabular and graphical forms.

4.3. Programmes containing measures to facilitate adequate adaptation to climate change

As mentioned above, according to Article 4.8, paragraphs c, d, e, f, g and h and Article 4.10 of the Convention, Iran is highly vulnerable to adverse effects of climate change. In preparing the INC, a preliminary vulnerability assessment on the adverse effects of climate change on Iran and required adaptation measures was carried out. These included: (1) A study of the long term temperature and precipitation patterns for the period 1957-1995; (2) Climate change simulation using the MAGICC/SENGEN software; (3) Climate change impact on water resources using General Circulation Models and a Hydrological Model; (4) Climate change impact on the agricultural products, livestock, fisheries forests and deserts; (5) Climate change impact on the coastal zones; and (6) Climate change impact on human health. Updated and more complete data and information are needed to better assess climate change impacts.

A preliminary assessment of adaptation measures was also carried out and reported as per the INC. However, due to insufficient information and institutional coordination problems, these studies were not of an adequate scope and detail to be used for policy making and planning. With improved institutional arrangements and increased interest of different stakeholders, more detailed studies are expected to be carried out during the preparation of the SNC.

The "IPCC Technical Guidelines for Assessing Climate Change Impact and Adaptation", the "UNEP Handbook on Methods for Climate Change Impact Assessment and Adaptation Strategies", the "International Handbook on Vulnerability and Adaptation Assessments" and the recently published (November 2003) "UNDP/GEF Guidebook on Adaptation Policy Framework" will be used as the methodological basis to prepare the SNC. The choice of methods and tools for vulnerability and adaptation assessment, which include qualitative and predictive models, empirical studies, expert judgment and decision support tools, depends on national circumstances as well as the focus area and scope of the assessment.

The currently planned national programs, particularly those in the Fourth National Socio-economic Development Plan, with special emphasis on sustainable development and environmental concerns will be reviewed. These include, programmes dealing with agriculture, and land degradation (deforestation and desertification combat) as well as those dealing with natural disasters such as droughts, floods and earthquakes; water resources management, human health and coastal zones management. Of significance would be the effect of climate change and climate variability on biodiversity and desertification, which have received special attention in recent years. The studies carried out under the relevant UN Conventions in these areas will be reviewed and collaboration with the relevant experts groups established. The objective will be to find the relationship between these programs and those activities and measures that could be undertaken for adaptation to climate change as relevant to the Articles 4.8 and 4.10 and the national circumstances mentioned above. In addressing these issues, financial, technical, institutional, data and human resources assessments will be undertaken. Where possible, regional programs will be taken into account. Attempts will be made to include in the SNC, updated information in relation to the following:

- Climate-related disasters and response capacities;
- Population, food security and agriculture;
- Urbanization, housing and water resources;
- Climate change and health;

- Environmental problems such as urban and industrial air pollution, wastewater and waste management, coastal erosion, reef exploitation and conservation, and their links to climate and socio-economic conditions
- Financial services, insurance and associated economic services available for the management of climate risks.

However, due to time and funding constraints, priority will be given to the impact of climate change on water resources, agriculture and desertification.

Impacts, vulnerabilities and adaptation to climate change in various sectors will be presented in matrix form showing different sectors, climate change impacts and adaptation options. Sectors may include: agriculture, health, water resources, coastal resources, terrestrial and marine ecosystems, human settlement, infrastructure, industry and energy sectors. Prioritization of more important sectors and adaptation strategies depends on socio-economic and political circumstances and/or cultural acceptance.

Finally, as an oil producing and exporting country, it is imperative for Iran to have a full and comprehensive assessment of the impacts of response measures by Annex I Parties. Such an assessment brings awareness to the socio-economic development of the country and Iran's options and future development scenarios.

The national adaptation programs, plans and policies are an important output of the project.

4.4. Programmes containing measures to mitigate climate change

A preliminary mitigation analysis was carried out during the preparation of the INC based on very limited information and data resources, skilled manpower as well as inadequate institutional coordination. The analysis was based on the 1996 GHG inventory data and three scenarios, namely: (1) the *baseline scenario*, which assumed that the emission of GHGs will continue to increase as per the present trend and without any mitigation action; (2) *mitigation scenario including gas flaring mitigation*, proposed by the experts of the NCCO, which assumed that the government is capable of implementing the proposed measures including prevention of flare gases; and (3) *mitigation scenario where gas flaring mitigation projects will not be implemented*, which again assumed that the government can implement the proposed mitigation options, but will not be able to implement gas flaring projects. Accordingly, the GHG emissions were projected to the year 2010 based on the 1996 baseline.

In recent years, several large projects by the Ministry of Petroleum to prevent gas flaring have been implemented with significant and positive effects on GHG emissions. Hence, the need to modify the aforementioned scenarios in the context of implementing the SNC and provide an updated report in this regard. In addition, the implementation of several hydropower facilities and combined cycle power plants, expansion of natural gas network and rapid increase in fuel consumption in the transport sector have all caused significant changes in GHG emissions over the past ten years, thus requiring reevaluation of the mitigation scenarios.

Although, the preliminary mitigation scenarios were to some extent consistent with the country's development plans, the level of uncertainties in activity data and the accuracy of information were relatively high. In addition, at the time of preparing the INC, the government did not have a national climate change plan and thus other programs such as the energy efficiency and energy conservation

programs, alternative energy programs (notably substitution of liquid fuels by natural gas), afforestation and other environmental programs provided the bases for GHG emission estimation. In addition, the analysis was carried out in a top-down fashion since the required information for a bottom-up approach was not available.

Although as a Non-Annex I developing country, Iran is not committed to mitigate climate change and reduce GHG emission, the country has implemented/is currently implementing several environmental programs that provide ancillary benefits for climate change. These include: energy conservation and energy efficiency programs in all sectors, renewable energies, gas flaring projects, waste management, air pollution control and afforestation. A recent study (Energy/Environment Review 2004) of the World Bank with the close collaboration the NCCO, produced cost estimations of different mitigation options based on the best available information. However, due to time and information constraints under the aforementioned project, these cost estimates must be reevaluated with more accuracy and be aligned with the estimates that were used in the development of the Fourth National Development Plan.

The experience gained during the preparation of INC and the implementation of the World Bank project, coupled with a careful review of the Fourth National Socio-economic Development Plan, would yield more realistic emission scenarios and an estimation of associated costs for GHG emissions in energy, industrial processes, agriculture, land use, forestry and waste sectors. To undertake this task, a reliable system for collection of activity data on a continuous and systematic basis is required. Such system will be developed during the preparation of the SNC. In addition, the expertise for development of top-down and bottom-up approaches must be enhanced and improved. Special attention must be paid to the synergies between current and future national development plans and the climate change objectives. Mitigation analyses helps to integrate climate change objectives in the national development plans.

4.5. *Other relevant information to achieve Convention's objective*

General

The following steps that have already been taken during the preparation of INC and its top-up, are envisaged to be adopted during the preparation of the SNC:

- A system for estimation of greenhouse gases has been established. This is to be improved during the preparation of the SNC.
- A preliminary assessment of potential climate change mitigation policies has been carried out during the preparation of the INC. However, synergies with other environmental and national development programs, particularly those relating to energy, agricultural, forestry and desertification programmes are to be studied in more detail.
- A preliminary assessment of vulnerability of Iran to climate change, and adaptation policies were carried out during the preparation of INC. However, much work is needed to assess impacts and develop appropriate policies to address climate change in the national development plans.
- A preliminary national action plan was proposed for climate change and reported in the INC. In the preparation of the action plan, however, the development priorities of the country were not fully taken into account. Moreover, as no quantified measures have yet been proposed, it is important to give special attention to this important issue, particularly to vulnerability assessment during the preparation of SNC.

- During implementation of the first and second phases of the Climate Change Enabling Activity Project, some capacity at national level has been built which include: (a) public awareness through workshops, setting up the national climate change website and relevant publications, (b) educational and research activities at universities, (c) training of experts at various ministries and organizations through workshops and other studies carried out for the NCCO. These activities must be pursued to a much greater extent during the preparation of SNC to include development of formal educational programs at various levels, more involvement of universities in research programs, and more engagement of NGOs.
- In the top-up phase of the Enabling Activity Project, a preliminary assessment of technology needs for climate change mitigation was carried out. The assessment demonstrated that there are many areas in different sectors that need to be studied in more detail. In order for Iran to prepare for international collaboration on CC-related technology transfer, this area ought to be studied in more depth during the preparation of SNC. Furthermore, hitherto, no studies have been undertaken to assess technologies for adaptation. This must be pursued in implementing the SNC.
- As regards systematic observation, during the top-up Phase of the Climate Change Enabling Activity, Iran has already carried out a study to participate in GCOS (Global Climate Observation System). However, the results of the study show that more work is needed to develop a national climate change observation program and network. The technical, financial and institutional difficulties and weaknesses exist in all areas of observation including atmospheric, terrestrial, satellite, water resources and coastal zones observations.
- At present, the system for information exchange and networking is inadequate. It is envisaged that SNC will address this shortcoming.

Steps Taken to Integrate Climate Change into National Development Programs

Although a few preliminary proposals were earlier developed in preparation of the INC to integrate climate change policies into the national development plans, these proposals, however, have not been fully integrated in the Fourth National Development Plan. There are nevertheless many aspects of the national development plans that are consistent with climate change objectives, but not yet fully addressed. These are mostly based on the national sustainable development programs. However, in preparing the SNC, attempts will be made to address climate change at the national level as per the following areas:

- Complete review of national development plans to see how the climate change objectives can be integrated into such plans, without any adverse effect on sustainable development and poverty reduction;
- How technology transfer can help achieve the objectives of climate change and promote sustainable development where environmental concerns are factored in;
- The national capacity for Climate change research and systematic observation is at a preliminary stage. Thus far, there is no national program in this regard, although some progress has been made as per Phases I & II of the Climate Change Enabling Activity. Much work is needed during the preparation of the SNC in order to prepare a national program;
- As discussed above, research on adaptation and mitigation measures are also at a preliminary stage and must be developed further during the preparation of the SNC. This will help integrate climate change policies into the national development plans;

- Education, training and public awareness: At present there are no formal educational programs at any levels. During the first phase of the Climate Change Enabling Activity several workshops were held, a few publications disseminated, and a national climate change web site designed. Attempts will be made to incorporate these objectives into the formal educational programs;
- Thus far, good capacity at national level has been developed as per the joint government/UNDP-GEF Enabling Activity project. However, much needs to be done to enhance the national capacity on climate change. Such capacity building includes, but is not limited to: (a) information sources and exchange, (b) climate change educators, researchers and experts, (c) improved institutional arrangements (d) climate change research and systematic observation, (e) vulnerability assessment and adaptation, etc. In addition, thus far, there has been no activity at regional and sub-regional levels.
- The level and quality of information sharing needs great improvement in order to enhance the national capacity to address climate change and integrate it into the national development plans. Strategies to improve information sharing must be developed during the preparation of the SNC.

Technology Transfer

A preliminary assessment of technology needs was carried out during Phase II of the UNDP/GEF Climate Change Enabling Activity Project (a draft report is to be finalized before the inception of this project). The assessment was prepared by several working groups under the supervision of the NCCO based on the UNDP-GEF Guidelines. The report contains the technology needs assessment for GHG reduction and mitigation of climate change for the following sectors:

- The energy sector including power plants, energy efficiency and energy conservation projects, renewable energies, the transport sector, households and residential and commercial buildings;
- The petroleum and gas industries;
- The industrial processes;
- The agriculture sector and forestry;
- The waste sector.

The assessment in certain sectors such as agriculture and forestry was rudimentary due to lack of sufficient information and know how. In addition, in most cases, quantitative assessment of relevant technologies and the modalities to acquire them were not possible due to lack of information and expertise. Therefore, during the preparation of the SNC, these aspects will have to be strengthened and further studies undertaken.

Hitherto, no studies have been carried out to assess technologies required for adaptation to climate change. This task should be taken up in the preparation of the SNC. An attempt will be made to develop the capacity of relevant stakeholders and organizations to carry out such technology needs assessment within their own organizations under the auspices of the NCCO and by using the *UNFCCC Technical Paper (FCCC/TP/2003/2* and the IPCC Special Report on *"Methodological and Technological Issues in Technology Transfer"*).

Climate Change Research and Systematic Observation

There are currently limited research activities and research programs on climate change at the national level and the science of climate change is at a rather elementary stage. Some universities and research institutions and the Meteorological Organization of Iran have established such programs, the details of which will be reported in the SNC. The Ministry of Science, Research and Technology have been approached by the NCCO in order to ascertain the areas of research that the national universities can participate in. It is expected that during the preparation of the SNC a survey of such programs can be carried out at the national level to identify all available resources and capacities.

As regards climate change observation systems, however, a rather comprehensive study was carried out by the NCCO to evaluate the national capacity for participation in the Global Climate Observation System (GCOS). This was a part of the Phase II of the Climate Change Enabling Activity, which comprised the following sectors:

- Meteorological and atmospheric observation
- Terrestrial observation
- Coastal zones and oceanographic observation
- Water resources observation
- Satellite observation

The draft report of the study is available at the NCCO and will be finalized prior to SNC's implementation. The findings of the study point to serious weaknesses and deficiencies in almost all areas related to climate change monitoring and observation. These difficulties include: lack of sufficient monitoring equipments, lack of information sharing and networking, insufficient observation coverage especially in terrestrial, satellite and coastal observations, lack of a national program for monitoring and observation and lack of skilled experts. It is thus imperative that special attention be paid to the design of a national program in the context of implementing the SNC. It is also important that regional and global programs be prepared for systematic observation.

Research Programs

As discussed, no formal research programs have been designed or made available at the national level. A few initiatives were undertaken by the NCCO and reported in the INC. Thus, an objective of this project is to prepare a research proposal with the collaboration of universities and the Ministry of Science, Research and Technology. In addition, some research was carried out at the NCCO to develop national emission factors in certain areas of the energy sector. Moreover, a template has been prepared for systematic collection of the activity data, which will be shared with the National Statistical Center of Iran to enable the latter organization to adopt a systematic and regular approach for collection of activity data. These have been reported in the Phase II (top-up) of the project.

Education, Training and Public Awareness

In the course of preparing the INC, several workshops were held to train experts who were involved in project implementation. These included inception, inventory, and mitigation & vulnerability workshops, as well as a final workshop. In addition, several expert meetings were held on various aspects of the project from the preparation of the INC through to the implementation of its top-up. Seminars and workshops were also arranged for NGOs as well as for provincial experts and held at a number of provinces. A national climate change bilingual web site (please see below), which is linked to the UNFCCC web site, was

designed and put into operation. Nevertheless, to implement Article 6 of the Convention, much work is needed to enhance education, training and public awareness at the national level. Further work may include the following:

- Setting-up an institutional arrangement comprising the Ministry of Science, Research & Technology and universities for the development of educational programs;
- Developing educational programs for school children by the Ministry of Education and the involvement of news media and NGOs for public awareness;
- Evaluating awareness levels and understanding of climate change issues by the public, experts and policy makers;
- Designing an institutional framework for public participation and access to information;
- Promoting education, training and public awareness at the national, sub-regional, regional and international levels to identify gaps and needs.

Capacity Building

Since Iran's ratification of the UNFCCC in 1996 and in the course of preparing the INC, Iran has developed some capacity to enable it to implement the Convention and prepare for effective participation in the Kyoto Protocol process. However, in accordance with the framework for capacity-building as annexed to decision 2/CP.7, the country's capacity for implementation of the Convention is to be further developed, strengthened, enhanced, and improved based on the following dimensions:

- *Institutional arrangements:* Attempts should be made to extend collaboration with regional organizations and where possible with neighboring countries. It is also necessary to involve the provincial authorities in the climate change process. During the preparation of the SNC, the role of each stakeholder must be clarified to ensure the proper implementation of the Convention. In addition, a strong and well-organized institutional arrangement will help avoid implementation delays and improve quality of outputs. As the *National Climate Change Secretariat*, the Department of Environment (DOE) is legally responsible for coordination of all climate change activities under the Convention at the national level. The DOE has a vested interest to enhance the capacity of Steering Committee members in better discharging their responsibilities as well as to encourage more engagement of scientists, individual experts and NGOs. Attempts will be made to engage each stakeholder based on its respective mandate that could include but not be limited to the following: (1) collection and compilation of activity data in a systematic manner, (2) development of mitigation policies, (3) assessment of vulnerability of the respective sector both to the physical impacts of climate change and the impact of response measures, (4) development of adaptation policies, (5) identification and assessment of technology needs for mitigation and adaptation, (6) education, training and research needs, (7) systematic observation, etc.
- *Greenhouse gas inventory:* In preparing the GHG inventory, the NCCO will establish a system for continuous collection and updating of activity data. At present, such a system is not available. This has led to uncertainty and delays during the preparation of the INC. Attempts will therefore be made to establish an emission data base management system for activity data and emission factors at the national level. The database can be loaded in the national climate change web site and shared with different stakeholders.
- *Vulnerability and adaptation (V&A):* At present, the national capacity for vulnerability and adaptation assessment is limited and the INC's articulation of such capacity has merely been based on expert judgment. Furthermore, there currently exists no national program for adaptation to climate change. During the preparation of the SNC, special attention will be paid to

enhancement of the national capacity to assess V&A within the following sectors: (1) agriculture and forestry, (2) water resources, (3) desertification, (4) biodiversity, (5) coastal zones, (6) energy and petroleum industries and finally (7) the impact of response measures. Relevant stakeholders will be asked to carry out V&A studies and analyses with the coordination of the national climate change office and based on the appropriate UNFCCC/IPCC/GEF guidelines. The existing information and studies on vulnerability of the country in different sectors should be reviewed in the context of climate change and proportionate adaptation policies and measures should be proposed. The national capacity for implementing adaptation measures must be developed during the preparation of the SNC.

- *Mitigation:* Although at present a number of climate change mitigation policies have been mainstreamed into the national development programs, there are nevertheless many on-going development programs, which help mitigate global climate change. These include energy efficiency and conservation programs, renewable and alternative energies, in particular natural gas as a substitute for liquid fuels, air pollution control programs, waste management programs, afforestation programs, etc. As part of the overall national capacity building drive, it is expected that different organizations can integrate such programs into a *national climate change mitigation program*.
- *Research and Systematic Observation:* Some research was carried out as per phases I & II of the Climate Change Enabling Project with regard to climate change science as well as atmospheric and meteorological observation systems, terrestrial observation, oceanographic observation, water resources monitoring and satellite observation. These limited studies demonstrate the need for further studies and significant work. In relation to hardware and software requirements, the national climate change monitoring system is weak with lack of networking and information sharing being a palpable deficiency. The greater involvement of universities and research institutions is also needed in climate change research.
- *Transfer of Technology:* A preliminary technology needs assessment for mitigation was carried out as per Phase II of the EA project by several experts from academia and governmental organizations, thus helping to develop some capacity. However, national capacity remains very limited and much work needs to be done to implement proposed projects. Gaps in knowledge and information, inadequate qualified human resources, and the inability to analyze project financial feasibility were evident throughout the study. Furthermore, in certain areas such as the oil and gas sectors, the technology needs assessment has to be carried out based on a greater scope as is merited by the variety of the industries involved. At present, no study has been carried out to undertake technology assessment for adaptation. The need for capacity building in this regard is to be emphasized during the preparation of the SNC.
- *Clean Development Mechanism:* An analytical study entitled "Kyoto Protocol: Challenges and Opportunities for Sustainable Development of Islamic Republic of Iran," was carried out from 2003 to mid-2004 by the Department of Environment (DOE) and the Ministry of Petroleum with the collaboration of UNDP and UNDESA. The project assessed the impact of Kyoto Protocol ratification on Iran's economy. During the study some capacity was built through, for example, identifying various sectoral CDM projects. However, in order for the country to participate in international collaboration through the CDM mechanism, national capacity must be enhanced. It is necessary to designate the *CDM Designated National Authority (DNA)* and the *CDM National Committee* so that Iran is sufficiently prepared for effective participation in the Kyoto Protocol process.
- *Needs arising from Article 4, paragraph 8 of the Convention:* Iran is vulnerable to adverse effects of climate change as well as to adverse impacts of the implementation of response measures. The

national capacity required for implementation of Article 4.8 is very limited and must be enhanced to a great extent.

- *Education, training and public awareness:* At present, there is a limited capacity at national level on education and training. As the country prepares for the implementation of the Convention, there is a great need for enhancement of education and training at all levels. This includes, in particular, public and the policymakers awareness, which can be achieved through workshops, formal and informal educational programs.
- *Capacity building on information and networking:* This is an important element of capacity building and much effort must be spared in the course of implementing the SNC.

Information and Networking

The NCCO has developed a national web site: www.climate-change.ir, which contains all available information and provides links to all relevant international web sites including UNFCCC, IPCC, IEA, WMO, etc. In addition, the NCCO has dispatched more than 1000 hard copies of the INC to various stakeholders at the national level and certain international organizations such as UNFCCC, UNDP and GEF. The recently established "National" IPCC web site established by the Meteorological Organization of Iran also disseminates useful information relevant to IPCC.

However, it is necessary for information and networking to encompass all relevant stakeholders. This will become possible if all climate change-related stakeholders can establish a focal point for coordination with the NCCO. Thus far, a few organizations have appointed a focal point but these individuals and their peers are not yet sufficiently active. At presently, lack of information and networking is a major constraint for coordination of climate change activities at the national level; a task which should be undertaken during the preparation of the SNC.

4.6 Constraints, gaps, and related financial, technical and capacity needs

In the previous sections on national circumstances, inventory, vulnerability and adaptation, and mitigation analyses, several areas that need improvement were identified and described. These are summarized as follows:

- Weak institutional arrangements;
- inadequate information sharing and networking system;
- Lack of sufficient expertise;
- Lack of reliable activity data on a continuous basis and emission factors;
- Financial and technical constraints for implementing adaptation and mitigation policies; and
- Inadequate training courses and material for Iranian experts.

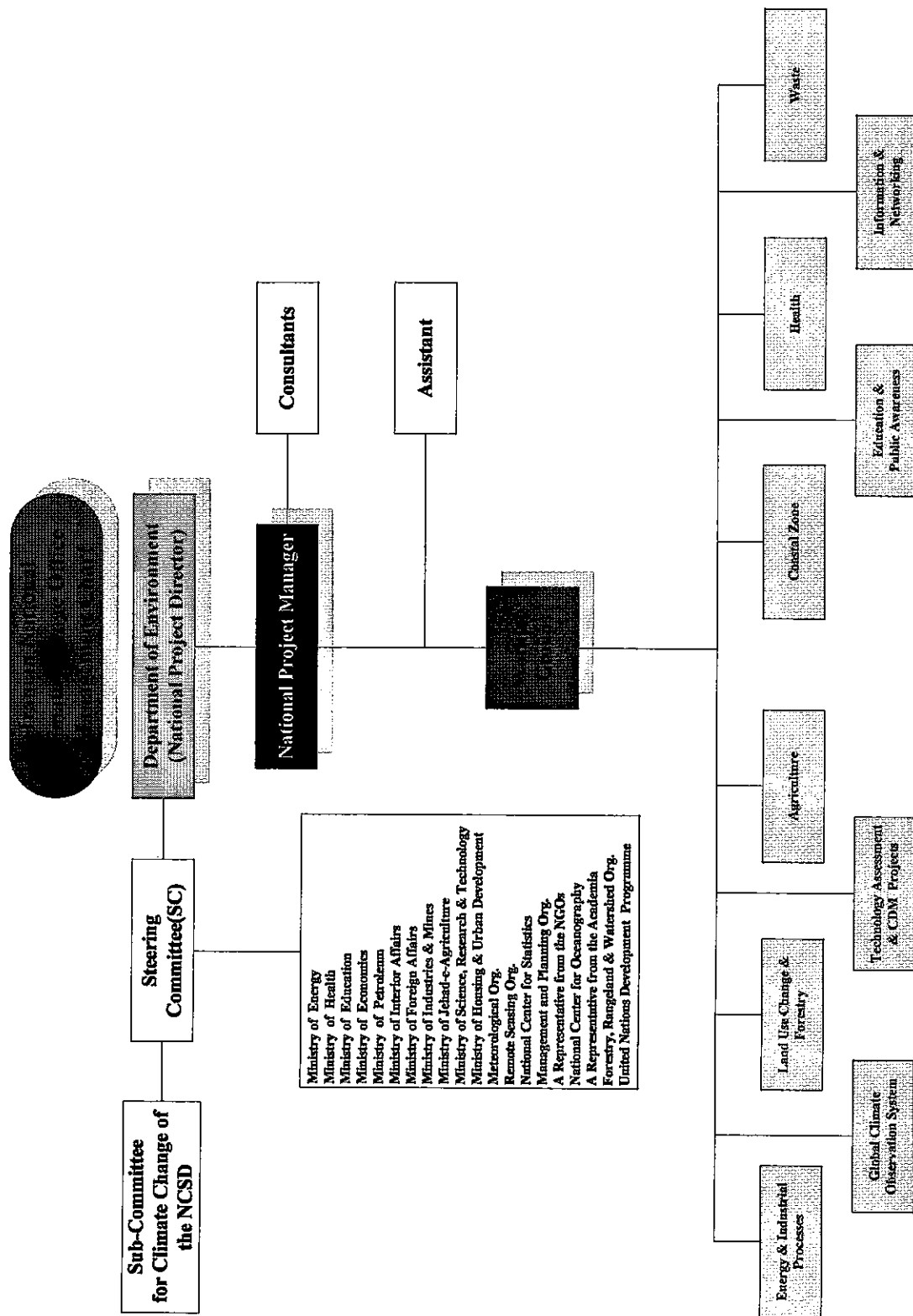
The financial and technical resources available for preparation of the SNC are limited to the GEF funding and the in-kind contribution of the Department of the Environment. Clearly, to undertake all of the above tasks further financial and technical resources are required. This is to be sought at the national level and through bilateral/multilateral programs. Past experience of climate change activities in the country are a testament to the rather difficult implementation environment of the project. The main financial and technical constraints relate to the implementation of the adaptation and mitigation policies. At present, due to other national development priorities, there are limited financial and technical capacities at the national

level to address climate change. Hence, the need for greater financial and technical assistance from international resources.

As per top-up studies of the climate change enabling activity on technology needs assessment, a number of technical and financial gaps/constraints were identified as a barrier to future implementation of mitigation policies. These included lack of information for assessment of technology needs, insufficient expertise for technical and economic evaluation of CDM projects, etc. These gaps will be summarized and highlighted in implementing the SNC. In addition, the study on systematic observation revealed that the capacity of the country for climate change monitoring is limited and requires significant improvements.

5. Institutional Framework for Project Implementation

The Organizational Chart for the project management is shown below and is described in the following



The project strategy is to be inclusive and engage experts and various institutions in implementing different project activities, taking stock and fully utilizing the results of relevant prior or ongoing national and/or international activities.

Weak institutional arrangements seriously hampered the preparation of the INC resulting in protracted implementation delays and execution bottlenecks. Further difficulties related to lack of appropriate expertise in almost all aspects of the Climate Change Enabling Activity Project, from preparation of the greenhouse gas inventory to mitigation and adaptation and preparation of the strategies and action plan. Problems and uncertainties associated with collection of activity data and emission factors were rife and exchange of information and data was carried out with difficulty. The question of data reliability amounted to another sticking point.

In implementing the SNC, there is a need to improve and augment the institutional arrangements as in implementing the INC, a number of relevant ministries or organizations were not directly and/or sufficiently engaged in project implementation, notably the Management and Planning Organization, the Ministry of Economics, the Ministry of Science, Research & Technology and the Rangeland, Forestry and Watershed Organization. Although, several university professors contributed to the preparation of the INC, national universities should have been more deliberately engaged to establish a basis for formal educational and research programs. Moreover, the extent of NGO participation was very limited. Thus, the SNC will aim at: (a) Establishment of climate change office/focal points in relevant organizations; (b) Enhancement of information exchange and networking, (c) Training workshops and (d) Educational and research program. Initiatives to build national capacity on these fronts have already been taken.

In implementing the INC, several specialized working groups were formed to carry out project activities. These groups of experts can be considered a national asset and will continue to participate in the preparation of the SNC.

The DOE will be the national executing agency with the overall responsibility to coordinate project activities. By promoting information exchange among participating institutions through the Steering Committee (see below), the project seeks to identify, to create links to and to use results of all prior or ongoing activities relevant to this project. DOE will provide the office space and facilities, logistics, and coordination services. It will also carry out the following tasks during SNC's implementation:

- Coordination and harmonization of all climate change related activities among all stakeholders at national level;
- Dissemination of information related to climate change at the national level;
- Development of a system for a gradual and smooth transition from the Enabling Activity Projects to the actual implementation of national programs for climate change mitigation and adaptation strategies.

The National Project Director:

The Department of Environment will assign a National Project Director (NPD). The NPD will also act as the head of the Steering Committee (see below), and will be responsible for the overall supervision of the project and financial transactions.

The National Project Manager:

A full time National Project Manager (NPM) will be recruited and assigned by DOE, after full consultation and coordination with the UNFCCC National Focal Point and endorsement of UNDP. The NPM will be recruited based on competitive and transparent selection and hiring procedures. The NPM should have the required experience, as well as technical, scientific and organizational skills. The NPM should have proven experience in managing a broad-ranging technical and policy assessment process. S/he is responsible for coordination of climate change enabling activities at the national level including among governmental agencies, private sector, universities and other stakeholders. The project will provide a full-time technical Assistant to the NPM as well as other requisite technical support staff.

The Assistant NPM:

The Assistant NPM should have at least a Masters degree in a relevant field, five years of experience in climate change related fields and fluent in writing and spoken English. The NPM and his/her team will be based in the NCCO (already established to implement the INC). S/he is also responsible for technical integrity of project implementation, formation of the working groups, coordination among different stakeholders and between working groups as well as preparation of reports.

The Steering Committee (SC):

The project will be supported and monitored by the SC, the membership of which is described below. The SC will define overall policies, decides on functional responsibilities of members and monitors implementation progress. During stocktaking and stakeholder consultations, the DoE has already put in place arrangements for the establishment of the SC comprising all relevant stakeholder. The SC will also review and approve outputs including progress reports and the finalised Second National Communication to the COP. Through the active participation of all ministries and organizations involved, the SC will ensure compliance of project activities and outputs with objectives and goals issued by the National Committee for Sustainable Development (NCSD), Environment High Council and embodied in the National Development Plans.

The SC that was formed in the first and the second phases of the climate change enabling activity will continue to oversee the project and monitor implementation progress. The SC will also ensure that sectoral policies and programs are incorporated in the project, and seek technical assistance from respective member organizations. However, it was felt necessary to review the composition of the members of the existing SC to better supervise implementation and to better engage additional relevant stakeholders. During preparation of INC, the following ministries and organizations were represented at the SC:

- The Ministry of Foreign Affairs,
- The Ministry of Petroleum,
- The Ministry of Energy,
- The Ministry of Industries and Mines,
- The Ministry of Energy,
- The Ministry of Jihad-e-Agriculture,

- The Meteorological Organization
- The Ministry of Interior

However, as per recent stakeholder consultations, it has been proposed that representatives from the following organizations should be added to an expanded membership list:

- The Ministry of Science, Research and Technology;
- The Ministry of Education;
- The Management and Planning Organization;
- The National Center for Statistics;
- The Ministry of Economics;
- The Forestry, Rangeland and Watershed Organization;
- The Ministry of Housing and Urban Development;
- The Ministry of Health;
- The National Center for Oceanography;
- The Remote Sensing Organization;
- A representative from the academia;
- A representative from the NGOs;
- UNDP (an observer member).

The Sub-Committee for Climate Change of the National Sustainable Development Committee (NSDC)

A representative from relevant organizations shall coordinate climate change activities within their respective organization and shall maintain continuous contact with the NCCO.

Working Groups: During the preparation of the INC several working groups were formed from appropriate ministries, agencies, universities and NGOs as follows:

- Working Group for Inventory;
- Working Group for Mitigation;
- Working Group for Vulnerability and Adaptation;
- Working Group for National Action Plan;
- Working Group for GCOS (Global Climate Observation System);
- Working Group for Technology Transfer;
- Working Group on the Science of Climate Change;

Although these groups have already gained some experiences in their respective areas, they must be strengthened both qualitatively and quantitatively. Thus, new experts must be identified and invited for collaboration in broader areas.

Workshops: The necessary external support will be provided by strengthening and encouraging information exchange between national and relevant regional and international institutions, and by organizing training workshops or as maybe needed through hiring short-term international consultants to assist project implementation at critical stages. The detailed content and target audience for the workshop

will be more precisely determined during the implementation stage of the project. However, a general strategy will be to convene "policy oriented " workshops for a broader audience including both policy makers and technical experts from governmental as well as from non-governmental and the private sector while targeting the technical training/coordination workshops for the experts who are actually conducting the studies and need to be involved as providers of the data for the studies. The project will formally begin with an *inception workshop* to be attended *inter alia* by the members of the Steering Committee, working groups' experts and national consultants. The participants will review INC's achievements and will be briefed on the existing guidelines and the "Terms of Reference" of the new project.

6. Assessing project impact

In order to assess project impact on the national capacity to mainstream climate change into national plans and programs, the following indicators and criteria will be used:

- Whether all relevant national institutions have established a climate change office as part of their environmental and sustainable programs.
- Whether all relevant sectors have established a database for collection of reliable activity data for estimation of GHG.
- Whether educational and research programs have been established at all levels.
- Whether a quantitative assessment of climate change impact on different sectors has been carried out.
- Whether the existing policies on environmental conservation are in line with climate change policies.
- Whether the country has been able to attract CDM projects.

The outputs and indicators of the project include the following:

- (1) Iran's Second National Communication to the UNFCCC
- (2) A national climate change program, which will encompass:
 - Establishment of a climate change office in each of the most relevant organizations/ministries with at least five trained experts,
 - A full and comprehensive assessment of the adverse effects of the implementation of response measures on the national economy,
 - A system for preparation of the national greenhouse gas inventory on a continuous basis,
 - A climate change vulnerability assessment and adaptation program,
 - Development of mitigation policies,
 - An enhanced public awareness including educational program at all levels, in particular at university level,
 - An enhanced climate change research program and systematic observation network,
 - A comprehensive assessment of technology needs for mitigation and adaptation,
 - Improved information sharing systems and networking.

7. Detailed Workplan

Outputs/activities	Year 1				Year 2				Year 3				Year 4			
	1 st Q	2 nd Q	3 rd Q	4 th Q	1 st Q	2 nd Q	3 rd Q	4 th Q	1 st Q	2 nd Q	3 rd Q	4 th Q	1 st Q	2 nd Q	3 rd Q	4 th Q
1. National circumstances																
1.1 Development priorities, objectives and national circumstances																
1.2 Describe national and regional development objectives, priorities, and programmes																
1.3 Upgrade the information on features of national geography, climate, natural resources and socio-economic conditions																
1.4 Compilation of information from existing sources																
2. Greenhouse gas inventory																
2.1. National coordination /training workshop																
2.2. Revise the input data, taking into consideration data gaps and areas identified in the stocktaking exercise that need improvement																
2.3. Gather available data from national sources to fill inventory data gaps; Identify and develop methods for overcoming inventory data gaps if there is no available data																
2.4. Undertake national GHG inventories for 2000																

Outputs/activities	Year 1				Year 2				Year 3				Year 4			
	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th
2.5. Describe procedures and arrangements to, on a continuous basis, collect and archive data for the preparation of national GHG inventories, including information on the role of the institutions involved	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q

Appendix C: Terms of Reference

National Project Director (NPD) – Financed by Government

Duration: Part-time for entire duration of the Project.

The NPD is a state employee designated by Government and entrusted with overall guidance and coordination of the project implementation. The NPD is accountable for the production of the project outputs, appropriate use of the project resources provided by GEF and other co-financers, and coordination of the UNDP/GEF project with other programmes and projects implemented in Iran in relation to global environmental conventions, in particular the National Capacity Self Assessment (NCSA).

The NPD is ultimately responsible and accountable for project implementation on behalf of Government. S/he will act as the focal point and responsible party for project implementation and will ensure that all Government inputs committed to the project are available in a timely manner. S/he will also act as the approving authority for staff appointments and the selection of consultants. In particular the NPD will:

- facilitate liaison and cooperation with sectoral authorities in the course of project implementation;
- liaise with UNDP and project partners as required, on a regular basis, to build an effective partnership for the successful delivery of expected project outcomes;
- chair the meetings of the SC;
- ensure project activities are coordinated with activities of other governmental and non-governmental organizations;
- ensure that there is a clear decision-making process for project implementation so that project activities are planned well in advance and necessary resources are available;
- submit annual workplans, and project (including Budget) revisions to the SC for approval;
- approve quarterly project work plans
- approve terms of references and the selection of project staff and experts, or clearly delegate this responsibility to the NPM;
- approve reports produced by the project experts and contractors;
- approve all payments under project, or clearly delegate approval authority to the NPM;
- personally approve/certify project monitoring reports (APRs), and audit reports;
- ensure that national legislation, rules and procedures are fully observed in project implementation.

National Project Manager (NPM)

Duration: Full time for entire duration of project (five years).

The NPM is responsible for overall day-to-day project management. The NPM will ensure smooth implementation of the project in accordance with the project document and UNDP-GEF procedures. The NPM also bears overall responsibility for establishing and maintaining partnerships. He/she shall liaise directly with designated officials of the SC, with existing and potential project donors, and others as deemed appropriate and necessary by the SC or by the NPD.

He/she shall be responsible for coordinating and overseeing the preparation and delivery of all substantive, managerial and financial reports from and on behalf of the project. Under the general supervision of the NPD, s/he will be responsible for supervising project staff, consultants and working groups. S/he will be responsible for establishing a culture of learning and adaptation inside the project operations. Specific tasks include:

- Prepare quarterly progress reports and workplans for approval by NPD and UNDP;
- Prepare annual workplans for approval by UNDP and NPD;
- Oversee preparation of all project monitoring and progress reports;
- Submit all requests for payment to NPD;
- For all project staff, consultants and working groups, help finalise ToR and ensure appropriate recruitment process;
- Monitor work, providing feedback and support where necessary;
- Review and comment on outputs;
- Approve salary payments;
- Organise regular meetings of technical teams conducted in a spirit of participation and consensus;
- Ensure all consultants and working groups are encouraged to provide constructive criticism, feedback and be creative;
- Foster and establish links with other relevant GEF projects (e.g. NCSA) and, where appropriate, with other relevant regional/global programmes;
- Provide technical input to project activities where appropriate;
- Help organize SC meetings, participate in the meetings, and ensure follow-up to the SC meetings;
- Encourage an atmosphere of results-orientation in the project office, with a focus on meaningful results and impacts, rather than delivery.

Qualifications:

- Demonstrated human resources management skills;
- Demonstrated project management skills;
- Demonstrated networking and partnership building skills, both nationally and internationally;
- Strong report writing skills;
- Fluency in English;
- Knowledge of climate change and substantial work experience in the field of climate change.

Project Assistant

Duration: Full time for entire duration of project (five years).

The Project Assistant reports to the NPM and assists him/her in the project's day-to-day activities. The Project Assistant is responsible for all administrative (contractual, organizational and logistical) and all accounting (disbursements, record-keeping, cash management) matters under the project. Specific tasks include:

- Support logistical organisation of all project events (workshops, working group meetings, stakeholder consultations, etc.)
- Compile and/or prepare the documentation necessary for the procurement of services, goods and supplies under the project;
- Prepare disbursements from the project account, which are to be signed by the NPM and the NPD;
- Help prepare the project's Financial Reports to UNDP;
- Maintain the project's files and supporting documentation in impeccable order;

Maintain the project's disbursement ledger and journal;
Provide logistical support to the NPM and project consultants, as required;
Ensure that financial and reporting requirements of UNDP and the national legislation, where relevant, are adhered to;
Ensure timely disbursements of funds from the project bank account;
Provide general administrative support to ensure the smooth running of the project office;
Draft correspondence and documents, finalize correspondence of administrative nature, edit reports and other documents for correctness of form and content;
Provide oral interpretation and written translation as required;
Act on telephone enquiries, fax, post and e-mail transmissions, and co-ordinate appointments;
Arrange duty travel;
Perform any other administrative/financial duties as requested by the NPM;
Undertake any other actions under the project as requested by the NPM;
Prepare payments requests to UNDP.

Qualifications and skills

University degree required (Business Administration preferred);
Fluency in written and spoken English;
Ability to cope with spreadsheets and book-keeping skills;
Excellent computer literacy (Word, Excel, Internet, PowerPoint);
Outstanding time-management, organizational and inter-personal skills;
Previous experience with UN system or other donor-supported projects would be an asset.

Steering Committee (SC)

The National Project Director and the National Project Manager will act as the Chair and the Secretary of the PSC respectively. The PSC will oversee project planning, implementation and performance. It will consist of representatives from each of the project partners. The PSC will be responsible, inter alia, for adopting annual work programmes prepared by the project. It will monitor the project's implementation to ensure timely progress in attaining the desired results, and efficient coordination with other projects. More specifically, the PSC is charged with following responsibilities:

Develop a common understanding of what is needed to expedite project implementation;
Oversee the preparation of Iran's SNC and provide overall policy advice;
Review and comment on work plans and budgets;
Review and give feedback on progress reports as submitted by the National Project Director;
Help mobilize necessary expertise, as needed for the proper execution of the Project outputs;
Help mobilize available data and ensure a constant information flow between all concerned parties;
Ensure that information on the implementation of the Project as well as the Project's outputs are disseminated among stakeholders;
Assist effective communication and decision-making between the National Project Director and other sectors;
Review and approve project outputs.

At the first meeting of the PSC, the PSC members will review this TOR and the PSC membership, and adopt changes as appropriate.

For a listing of the PSC membership composition, please refer to page 36. The PSC shall meet at least twice a year and more if it is deemed appropriate. The NPM will facilitate the meetings and will prepare

and distribute all concerned documents in advance of meetings, including the meeting agenda. The NPM will also act as the rapporteur.

Translation in English

Translation in English

Quote

Reference Number: 622/2206

Date: 17 December 2005

The Ministry of Foreign Affairs of the I.R. Iran expresses its greetings and would like to respectfully convey the following:

Mr. Seyed Mojtaba Arastou, the esteemed Director General of International Economic and Specialised Affairs and the National GEF Operational and UNFCCC Focal Points, would like to express his agreement with the project document pertaining to I.R. Iran's Second National Communication to the UNFCCC. This is attached in 68 pages.

Please make arrangements such that the aforementioned project document could be signed by relevant parties in as prompt a manner as possible and before the end of 2005.

Please accept the assurances of our highest consideration"

End Quote

P/S: Communication email in Pims 2946_ Diary

APPENDIX E:
**Standard annex to project documents for use in countries which are not parties
to the Standard Basic Assistance Agreement (SBAA)**

Standard Text: Supplemental Provisions to the Project Document: The Legal Context

General responsibilities of the Government, UNDP and the executing agency

1. All phases and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this Project Document being provided for the benefit of the Government and the people of (the particular country or territory), the Government shall bear all risks of operations in respect of this project.
4. The Government Executing Agency named in the cover page of this document (hereinafter referred to as the "Executing Agency"), shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities and be directly responsible for the implementation of the Government contribution to the project.
5. The UNDP undertakes to complement and supplement the Government participation and will provide through the Executing Agency the required expert services, training, equipment and other services within the funds available to the project.
6. Upon commencement of the project the Executing Agency shall assume primary responsibility for project execution. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Government or to an entity designated by the Government during the execution of the project.
7. Part of the Government's participation may take the form of a cash contribution to UNDP. In such cases, the Executing Agency will provide the related services and facilities and will account annually to the UNDP and to the Government for the expenditure incurred. and

(a) **Participation of the Government**

1. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document. Budgetary provision, either in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.
2. The Executing Agency shall, as appropriate, assign a Manager for the project on a full-time basis. S/He shall carry out such responsibilities in the project as are assigned to her/him by the Executing Agency.
3. The estimated cost of items included in the Government contribution, as detailed in the Project Budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.
4. Within the given number of man-months of personnel services described in the Project Document, minor adjustments of individual assignments of project personnel provided by the Government may be made by the Government in consultation with the Executing Agency, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.
5. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
6. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance, and replacement, if necessary, after delivery to the project site.
7. Government shall make available to the project - subject to existing security provisions - any published and unpublished reports, maps, records and other data which are considered necessary to the implementation of the project.
8. Patent rights, copyright rights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries or work within the country free of royalty and any charge of similar nature.
9. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.

(b) **Participation of the UNDP and the executing agency**

1. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.

2. The Executing Agency shall consult with the Government and UNDP on the candidature of the National Project Manager ¹who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The National Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.
3. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.
4. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.
5. The Executing Agency may, in agreement with the Government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.
6. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.
7. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.
8. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly there from. The UNDP may, however, at its discretion, retain title to part or all of such equipment.
9. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.
10. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

Rights, Facilities, Privileges and Immunities

1. In accordance with the Agreement concluded by the United Nations (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.

¹ May also be designated Project Coordinator or Chief Technical Adviser, as appropriate.

2. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.
3. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:
 - (a) Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;
 - (b) Be immune from national service obligations;
 - (c) Be immune together with their spouses and relatives dependent on them from immigration restrictions;
 - (d) Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;
 - (e) Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.
4. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.
5. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:
 - (a) The salaries or wages earned by such personnel in the execution of the project;
 - (b) Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn there from;
 - (c) Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b), above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and
6. The Government shall ensure:
 - (a) Prompt clearance of experts and other persons performing services in respect of this project; and
 - (b) The prompt release from customs of:

- i. equipment, materials and supplies required in connection with this project; and
 - ii. property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.
7. The privileges and immunities referred to in the paragraphs above, to which such firm or organization and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.
8. The Executing Agency shall provide the Government through the resident representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

Suspension or termination of assistance

1. The UNDP may by written notice to the Government and to the Executing Agency concerned suspend its assistance to any project if in the judgment of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that it is prepared to resume its assistance.
2. If any situation referred to in paragraph 1, above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.
3. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.

SIGNATURE PAGE

Country: Islamic Republic of Iran

UNDAF Outcome(s): Global Environmental concerns and environmentally sensitive development integrated in national development frameworks and implemented

Expected Outcome(s): a) Global environment commitments integrated into development planning and implementation capacity developed and b) Mitigating and adapting to climate change and providing energy for sustainable development;

Expected Output(s)/Indicator(s): Timely preparation and submission of the Country Report to the UNFCCC

Implementing partner: Department of Environment

Other Partners: N/A

Programme Period: December 2005 to end 2009
Programme Component: Energy and Environment for Sustainable Development.
Project Title: Enabling Activities for the Preparation of the Islamic Republic of Iran's Second National Communication to the UNFCCC
Project ID: Pims 2946
Project Duration: 4 years
Management Arrangement: National Execution

Total Budget	US\$ 420,000
General Management Support Fee	
Preparation phase	US\$ 15,000
Total budget:	US\$ 405,000
Allocated resources:	
• Government (in kind)	US\$ 150,000

Agreed by (Government): _____

Agreed by (Implementing partner/Executing agency): Fatemeh Naz Javadi

Agreed by (UNDP): [Signature] 23/1/06