



**Country: Islamic Republic of Iran
Initiation Plan**

Project Title: Participatory community-based job generation towards sustainable area-based development

Expected UNDAF/CP Outcome(s): OUTCOME 3: Relevant government agencies formulate, implement and monitor their social welfare, poverty eradication and sustainable employment policies and programmes more effectively (UNDAF Outcomes 3.1 and 3.5)

Expected CPD Output(s): Output 3.2: Innovative sustainable employment strategies and measures are developed and considered for adoption / implementation by the Islamic Republic of Iran.

Initiation Plan Start/End Dates: 9 October 2019 – 9 October 2020¹

Implementing Partner: Ministry of Cooperative, Labour and Social Welfare - (NIM)

Brief Description

According to the latest census figures, the total population of Iran in 2017 was estimated at 80.9 million people. In 2016, the rural population ratio in Iran based on the World Bank collection of development indicators was reported at 26.12%, a figure that showed about 70% decline compared to 1976. This indicates a rapid change in the settlement model of Iran towards a higher urbanization rate. Currently 22.23 million people live in 65,000 villages, who depend on the agriculture and natural resource-dependent livelihoods such as animal husbandry, whether directly or indirectly. In the first quarter of 2018, the Unemployment Rate in Iran increased from 11.90 % percent in the fourth quarter of 2017 to 12.10% in the first quarter of 2018, while the long-term average had remained 11.70% in the period of 2001 to 2018. The heavy rains hitting Iran between March and April 2019, which caused massive floods in Iran also considerably affected daily livelihood of people and their income in the flooded provinces of Iran.

Drawing on its previous experiences in Iran regarding rural development, early recovery and Disaster Risk Management projects with the Government, and in close cooperation with Ministry of Cooperative, Labour and Social Welfare and based on the request made by the Government, UNDP proposes a number of interventions to support the Government of Iran in its efforts in both Rural Job Generation and Design and implementation of livelihood and economic post-disaster recovery.

Programme Period:	CPD 2017-2021
Atlas Project Number:	00122557
Atlas Output ID:	00118101
Gender Marker:	__GEN1__

Total resources required	USD700,000
Total allocated resources:	USD700,000
• Regular	
o TRAC 1	USD 100,000
o EDRCR funding window:	USD 150,000
• Other:	
o Donor	_____
o Government	USD 450,000
Unfunded budget:	_____
In-kind Contributions	_____

Agreed by:
Isa Mansouri, Deputy Minister of Cooperative, Labour and Social Welfare

Claudio Providas, UNDP Resident Representative

¹ EDRCR fund to be utilized by 27 May 2020

I. PURPOSE AND EXPECTED OUTPUT

According to the latest census figures, the total population of Iran in 2017 was estimated at 80.9 million people. In 2016, the rural population ratio in Iran based on the World Bank collection of development indicators was reported at 26.12%, a figure that showed about 70% decline compared to 1976. This indicates a rapid change in the settlement model of Iran towards a higher urbanization rate. Currently 22.23 million people live in 65,000 villages, who depend on the agriculture and natural resource- dependent livelihoods such as animal husbandry, whether directly or indirectly. The rural economy is mainly dominated by the agricultural sector which accounts for 27% of GDP, 22.9% of employment opportunities, 82% of food supply and 35% of non-oil exports etc. These figures show that the rural economy plays an important role in the national economy. However, this productive rural economic capacity has been shrinking over the past few decades due to two key factors:

1. Economic development models of the country at sectoral level, including rural livelihood/job generation models are not supportive to rural economy development;
2. Current rural development/livelihood models do not match natural resources/environmental carrying capacity.

As a result, rural people whose incomes are usually less than 40% of urban citizens mainly live in fragile economic conditions with an unstable environment, in which many villagers, especially youth, have migrated to cities. Importantly, most of the villages are geographically dispersed while their population has reduced. Consequently, more than 65% of the villages in Iran have less than 250 inhabitants, which does not provide an adequate population threshold for most services and sustainable economic and job creation investments.

In addition, degraded environment and natural resources, resulting from unsustainable utilization, has reduced rural productivity which further magnifies existing rural economy/livelihood issues. As a result, in the absence of fewer natural resource-dependent livelihoods, rural communities' employment opportunities and income source will further decline, and migration to urban areas will further increase.

The Unemployment Rate in Iran increased to 12.10% in the first quarter of 2018 from 11.90% percent in the fourth quarter of 2017, while the long-term average is 11.70% percent for the period of 2001 until 2018.

From other side Iran has experienced a sharp decline in its rural population where the proportion of people living in rural areas decreased from 70% to less than 30% over past four decades. The main driver of this deteriorating trend has been inconsistent and unsustainable rural development. This issue is one of the key development priorities of Iran and there is a strong legal framework in support of rural development such as 6th Five-year National Development Plan. The government of Iran has also developed a rural development strategy adopted in 2017 however the strategy is not result oriented and there is a gap of an integrated sustainable rural development model.

Within the above context the heavy rains that started in mid-March and continued till April caused massive floods in various parts of Iran and the extent of the impact of the flood increased over time to affect 25 of the 31 provinces. Among the provinces affected, Golestan, Khuzestan, and Lorestan were most heavily hit. The destruction of infrastructure, private and public property was extensive and widespread: about 65,000 houses were reportedly been destroyed and over 114,000 were damaged. About 14,000 kilometres of roads, 700 bridges and around 1 million hectares of farmland were affected based on authorities' assessments. The most visible devastation was reported to be in agricultural fields outside urban areas.

Based on the flash reports and field visits that the UN (UNDP included) conducted in the early weeks after the flood, the need to support in the areas of livelihood, rehabilitation of agricultural land, and

reconstruction of facilities that provide basic services is urgent. UNDP along with other UN agencies have also received a request of support from the Ministry of Cooperative, Labour and Social Welfare in a number of areas including livelihoods recovery and capacity development of government institutions. In response to the needs identified by the Post Disaster Needs Assessment (PDNA), other analyses and assessments, and the Government's request, UNDP will design economic recovery interventions in the affected areas taking inspiration from UNDP's livelihood recovery framework, global best practices, enterprise recovery toolkit, and principles of building back better.

For this purpose, Drawing on its previous experiences in Iran regarding rural development, early recovery and Disaster Risk Management projects with the Government, and in close cooperation with Ministry of Cooperative, Labour and Social Welfare, UNDP proposes the following interventions to support the Government of Iran in its efforts in both Rural Job Generation and Design and implementation of livelihood and economic post-disaster recovery:

Output 1: Participatory employment generation model(s) will be designed and demonstrated towards area-based development

- **Activity 1.1: Identification and analysis of capacities and challenges for employment generation in selected areas.** Participatory review of capacities and challenges of employment generation and development of employment generation vision in selected areas and selection of three demonstration sites in Sistan & Baluchestan, South khorasan and Mazandaran provinces.
- **Activity 1.2: Community-based Job generation model including supply and value chain will be designed.** Community mobilization, capacity development and local community engagement are the key actions under this activity to set up the stage for participation of local communities and authorities on employment generation projects. This activity will focus on participatory review of capacities and challenges in each selected village for designing a localized model on job generation and development of vision, strategy and action plan for employment generation in selected villages.
- **Activity 1.3: Provision of support to targeted self-employment and establishment of SMEs:** Support to Livelihood start-ups and provision of training packages including vocational, skills training, apprenticeship and job placement services to establish or to jumpstart SMEs.
- **Activity 1.4: Inclusive private sector development.** Support to inclusive market development, development of financial mechanisms e.g. micro-credit funds and cooperatives, and business development services and provision of a market and financial platform to develop private sector engagement and support public private partnership
- **Activity 1.5: Development a project document (multi-stakeholder programme of work) for implementation of a full project.** Participatory development of a final programme of work and project document through reviewing and effective linkages of all related national laws and regulation to the project document and documenting and reflecting lessons learnt from demonstration employment generation and other previous experiences and best practices. Before finalization, the document will be shared with key partners for their final review and feedbacks.

Output 2: Design and implement livelihood and economic recovery interventions for the flood affected communities as well as designing new programmatic responses to enhance community resilience and institutional capacities of relevant national entities in disaster risk management.

- **Activity 2.1: Design and implement Quick Impact Projects for livelihood and economic recovery interventions targeting the most affected provinces in partnership with relevant government entities** development of an intervention plan to design and deliver “quick impact projects” (QIPs) in the most affected communities utilizing the government budget and based on the findings of the PDNA and other needs assessments. **Rehabilitating small and micro enterprises (SMEs) affected by the floods and also creating new SMEs from potential entrepreneurs will also be explored.** A comprehensive ecosystem approach will be applied to develop SMEs by partnering with the various stakeholders in the ecosystem (e.g. financial institutions, business development service providers, training institutes, technology providers, and markets).
- **Activity 2.2: New Quick Impact Projects (QIPs) for the flood affected communities:** Exploring the possibility of focusing QIPs on community infrastructure rehabilitation that can generate employment opportunities for the affected population through cash for work programmes.

Identified risks and assumptions

Key risks that can affect the implementation of the above activities are

1. Accessibility of the affected areas.
2. Unavailability or insufficiency of funds from donors or Government sources for implementing livelihood recovery initiatives. In such a case, the new initiative to be developed on livelihood recovery may not be implemented.
3. lack of certainty in continued commitment of the government to enhance capacities in Disaster Risk Reduction and Disaster Risk Management at national and provincial levels along with building the resilience capacity of the communities, leading to its investment in such initiatives with support from UNDP.

II. MANAGEMENT ARRANGEMENTS

This initiation phase will be implemented under the National Implementation Modality (NIM) with partial UNDP Direct Country Office Support Services.

Government cash contributions will be provided in accordance with the rules and procedures governing the UNDP Government financing modality, which requires the transfer of funds by the Cooperative, Labour and Social Welfare into UNDP’s account. The Financing arrangements shall require for UNDP to receive the Government contributions to the project in advance and in lump sum instalments as per the agreed schedule outlined in the signed Government Financing Agreement. Continuation of implementation will be conditional upon the timely observation of the aforementioned financing arrangements.

Project funds, including government financing contributions will be disbursed based on the planned activities as indicated in the workplan below. Such disbursement will be made by UNDP upon receipt of a Request for Direct Payment (RDP) signed by the project NPD (whose signature will be officially introduced to UNDP through Ministry of Foreign Affairs) along with copies of supporting documentation confirming that the concerned goods and services have been delivered to the NPD’s satisfaction. Original supporting documents (contracts, invoices, etc.) will be appropriately kept at the Central Project Office. No advance payments shall be made under this project.

In line with the rules and procedures governing NIM, the Ministry of Cooperative, Labour and Social Welfare (MCLSW) which is represented by the National Project Director – will be entrusted with full responsibility for effective and efficient use of project resources, production of planned outputs, and materialization of the intended results. The NPD also assumes full responsibility for the planning and implementation of project activities as indicated in the Work Plan and Budget in the relevant section below.

The current project team will be consisted of a minimum staff including but not limited to National project manager, Finance/Administrative Expert and a Technical expert who will assist the NPD to oversee project implementation. The project team will be positioned at the central Project Office established in Ministry of Cooperative, Labour and Social Welfare in Tehran, as part of the in-kind contribution of the ministry to the project in the form of provision of office space and utilities.

UNDP shall also continue to provide technical, assurance and support services to the project.

UNDP Direct Country Office Support Services

As the implementing partner, MCLSW may request UNDP to provide direct support services in the implementation of project activities in various areas such as:

- Identification and/or recruitment of project personnel and consultants;
- Identification and facilitation of training activities;
- Procurement of goods and services including customs clearance;
- Travel management services;
- Financial record management;
- ICT and external ATLAS services; and
- Logistical support to project events.

UNDP Cost Recovery Policy

General Management Service (GMS) fees and Direct Project Costs (DPC) will be charged to MCLSW cost-sharing contributions as per the concerned rules and procedures of UNDP's cost recovery policy. Based on this policy, the project will be charged 8% GMS for the Government cost-sharing contributions. If other unforeseen government contributions are received in future, the applicable GMS rate will be applied accordingly. As per UNDP's cost recovery policy, DPC will also be charged based on the estimated and costed UNDP CO staff time required for this initiation phase, as included in the Direct Project Costing item in the project budget below. This estimation is based on the project management/assurance services and operational support services required to be provided by UNDP (constituting UNDP Direct Country Office Support Services) and is calculated on the entire budget including all funding sources.

Project Board

In order to strengthen oversight and support for the initiation plan, a formal approach is proposed by constituting a **Project Board**. The Board is the group responsible for making by consensus, management decisions for the project if guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of project plans and revisions. To ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance to standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition. In case a consensus cannot be reached within the Board, final decision shall rest with the UNDP Resident Representative/Deputy Resident Representative.

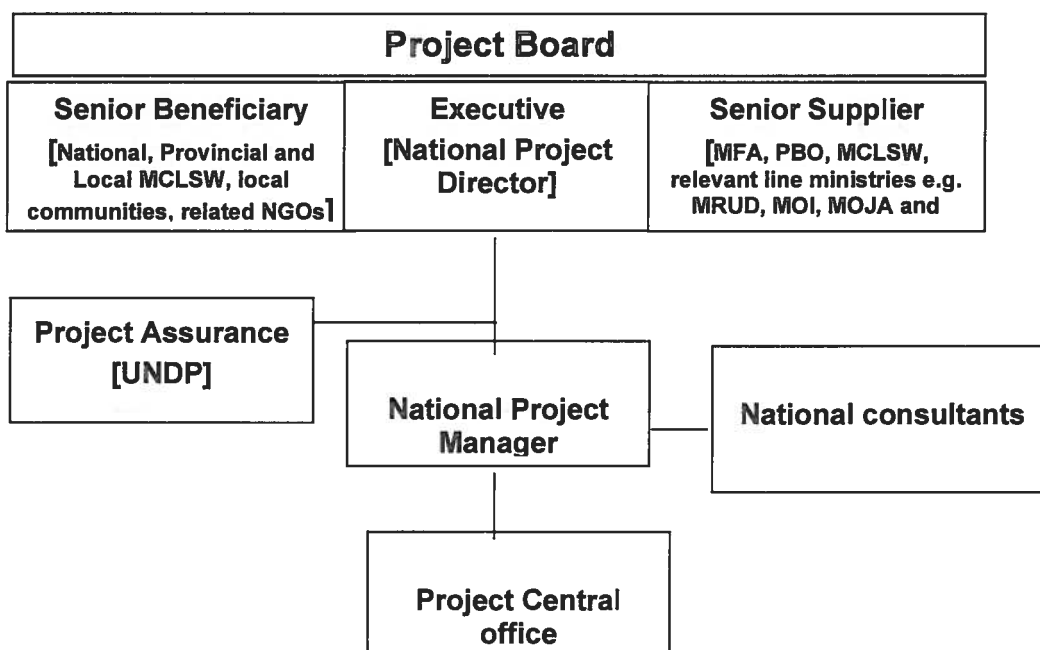
Project reviews by this group shall be made at designated dates (once in the lifetime of the project) during the running of the plan, or as necessary when raised by the National Project Manager. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the projects and external bodies.

This group contains three roles:

- **Executive:** the individual representing the project ownership to chair the group, in this case DoE's Deputy for Natural Environment who is also the NPD;
- **Senior Supplier:** individual or group representing the interests of the parties that provide funding and/or technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. This function would be assumed by UNDP, Ministry of Foreign Affairs, MCLSW and other related line ministries.
- **Senior Beneficiary:** individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. This role can be performed by representatives of local communities, related NGOs as well as local/provincial/national MCLSW

Representatives of other stakeholders can be included in the Board as appropriate.

Project Assurance is the responsibility of each Project Board member; however, the role can be delegated and mainly rests with UNDP. The project assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Manager; therefore, the Project Board cannot delegate any of its assurance responsibilities to the Project Manager.



III. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the initiation phase will be monitored through the following monitoring plan:

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint) and Cost (if any)
Track results progress	Progress data against the results indicators in the workplan below will be collected and analysed to assess the progress of the initiation phase in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Bi-annually	Relevant lessons are captured by the project team and used to inform management decisions.	
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	According with the pace of activities / continuously	Performance data, risks, lessons and quality will be discussed internally and used to make course corrections.	
Project Report	A progress report will be presented to the Project Director and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	At the end of project implementation		
Project Review	The project's governance mechanism will hold one project review to assess the performance of the initiation plan.	At least once in the project life cycle.	Any quality concerns or slower than expected progress should be discussed among the project governance and management mechanism and management actions agreed to address the issues identified.	
Project evaluation	All UNDP project are subject to one mandatory evaluation in project life cycle	One in project life cycle		

In accordance with UNDP Iran's programming policies and procedures, a Project Annual Planning and Reporting Package (PAPRP) shall be prepared and submitted to UNDP at the beginning of the year. The packages will be internally reviewed and potentially adapted halfway through the year to inform UNDP. A PAPRP includes a) an Annual Workplan (AWP), b) an Annual procurement plan, c) a Monitoring Calendar and d) a Risk Log.

Where UNDP transfers responsibility for managing resources to third parties, governments or NGOs, UNDP must receive assurance as to whether the resources are being properly used.

IV. WORK PLAN

Period:

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				PLANNED BUDGET			
		Q1	Q2	Q3	Q4	Responsible Party	Funding Source	Budget Description	Amount (USD)
<p>Output 1: Participatory employment generation model(s) will be designed and demonstrated towards area-based development</p> <p>Indicators:</p> <ol style="list-style-type: none"> 1. # of SMEs established 2. # of financial mechanisms 	<p>1. Activity Result 1.1: Identification and analysis of capacities and challenges for employment generation in selected areas</p> <ul style="list-style-type: none"> • Activity action 1.1.1: Participatory review of capacities and challenges and development of employment generation vision in selected areas • Activity action 1.1.2: Selection of three demonstration in Sistan and Baluchestan, South khorasan and Mazandaran provinces 			✓	✓	UNDP	UNDP	72100- (12,000) 71300- (1,000) 71600- (2,000)	15,000

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EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				PLANNED BUDGET			
		Q1	Q2	Q3	Q4	Responsible Party	Funding Source	Budget Description	Amount (USD)
<p>supporting employment generation</p> <p>3. Project document developed</p> <p>Baseline:</p> <p>1. 0</p> <p>2. 0</p> <p>3. No project document available</p> <p>Targets:</p> <p>1. At least 6 SMEs</p> <p>2. At least 3</p>	<p>2. Activity Result 1.2: Community based Job generation model including supply and value chain will be designed</p> <ul style="list-style-type: none"> Activity Action 1,2.1: Community mobilization, capacity development and local community engagement Activity Action 1,2.2: participatory review of capacities and challenges in each selected village for designing a localized model on job generation Activity action 1,2.3: developing vision, strategy and action plan for employment generation in selected villages 			✓	✓	Government		72100-(52,000) 71300-(5,000) 71600-(3,000)	60,000
						UNDP		72100-(16,000) 71300-(3,000) 71600-(1,000)	20,000

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EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				PLANNED BUDGET			
		Q1	Q2	Q3	Q4	Responsible Party	Funding Source	Budget Description	Amount (USD)
<p>3. Project document developed</p> <p>Related CP outcome:</p>	<p>3. Activity Result 1.3: Provision of support to targeted self-employment and establishment of SMEs:</p> <ul style="list-style-type: none"> • Action 1.3.1: support Livelihood start-ups • Activity Action 1.3.2: training packages including vocational, skills training, apprenticeship and job placement services to establish or jumpstart SMEs 					Government		72100-(100,000) 71300-(15,000) 71600-(5,000)	120,000
			✓	✓	✓	UNDP		72100-(32,000) 71300-(6,000) 71600-(2,000)	40,000

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				PLANNED BUDGET			
		Q1	Q2	Q3	Q4	Responsible Party	Funding Source	Budget Description	Amount (USD)
	<p>Activity Result 1.4: Inclusive private sector development</p> <ul style="list-style-type: none"> Activity Action 1.4.1: Support for inclusive market development, development of financial mechanisms e.g. micro-credit funds and cooperatives, and business development services 			✓	✓	Government		72100- (53,000) 71300- (6,000) 71600- (1,000)	60,000
						UNDP		72100- (10,000) 71300- (5,000)	15,000

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				Responsible Party	Funding Source	Budget Description	Amount (USD)
		Q1	Q2	Q3	Q4				
	<p>5. Activity Result 1.5: A project document (multi-stakeholder programme of work) will be developed for implementation of a full project</p> <ul style="list-style-type: none"> Activity Action 1.5.1: Reviewing and effective linkages of all related national laws and regulation to the project document Activity Action 1.5.2: documenting and reflecting lessons learnt from demonstration employment generation and other previous experiences and best practices Activity 1.5.3: Preparing final programme of work and project document through a participatory approach and sharing it with key partners for their final review and feedbacks 					UNDP		71300- (5,000)	5,000
				✓	✓	Government		72100- (40,000) 71300- (4,000) 71600- (2,000)	46,000

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				PLANNED BUDGET			
		Q1	Q2	Q3	Q4	Responsible Party	Funding Source	Budget Description	Amount (USD)
Output 2: Design and implement livelihood and economic recovery interventions for the flood affected communities and design new programmatic responses to enhance community resilience and institutional capacities of relevant national entities in disaster risk management.	<p>Activity Result 2.1: Design and implement livelihood and economic recovery interventions targeting the most affected provinces in partnership with relevant government entities with focus on women and most vulnerable groups.</p> <ul style="list-style-type: none"> Activity Action 2.1.1: Needs identified to rehabilitate the damaged SMEs and support provided to revive them. (June-Aug) Activity Action 2.1.2: Potential entrepreneurs identified, and support provided to help them become entrepreneurs. (Sept2019-May 2020) 			✓	✓	UNDP		72100- (62,186.92) 71300- (5,000) 71600- (5,000)	72,186.92 (EDRCR)
						Government	72100- (40,000) 71300- (7,000) 71600- (3,000)	50,000	

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				PLANNED BUDGET		
		Q1	Q2	Q3	Q4	Responsible Party	Funding Source	Budget Description
Indicators: 1. No. Revived SMEs 2. No. QIP designed and implemented Baseline: 1. 0 2. 0 Targets: 1. At least 3 SMEs 2. At least 3 QIPs	<ul style="list-style-type: none"> Activity Result 2.2.: New Quick Impact Projects (QIPs) designed targeting the flood affected communities (June-Aug). Activity Action 2.2.1: Implementation mechanisms and partnerships established to implement community infrastructure rehabilitation (Aug-Sept 2019) Activity Action 2.2.2: Community infrastructure rehabilitation implemented. (Oct 2019-May 2020) 					UNDP	72100-(50,000) 71300-(7,000) 74500-(3,000)	60,000 (EDRCR)
			✓	✓		Government	72100-(60,071.43) 71300-(7,000) 74500-(3,000)	70,071.43
	Monitoring of activities					UNDP	71300-(3,000)	3,000 (EDRCR)

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				PLANNED BUDGET			
		Q1	Q2	Q3	Q4	Responsible Party	Funding Source	Budget Description	Amount (USD)
DPC	Support from CO for project implementation (Direct Project Costing)					UNDP		64300 74500	3,500 1,500 (TRAC 1.1.3)
								64300 74500	3,500 1,500 (EDRCR)
								64300 74500	15,750 6,750 (Government)
General Management Support Services (5%- 7%)						Government (5%) EDRCR (7%)		75100 75100	21,428.57 9,813.08
TOTAL									700,000