

**UNITED NATIONS DEVELOPMENT PROGRAMME
COUNTRY: IRAN**

Project Document

Project Title: Design and Development of a National Social Protection and Empowerment Model Towards Capability Poverty Reduction, Employment Generation and Inclusive Growth Outcomes

UNDAF Outcome(s): Improved national and sub-national capacities contribute to people living under the capability poverty line and most at risk of capability poverty having enhanced access to and participating in education, health and social protection programmes, which contribute to national human capital development.

Expected CPD Outcome: Improved national and sub-national capacities contribute to people living under the capability poverty line and most at risk of capability poverty having enhanced access to and participating in education, health and social protection programmes, which contribute to national human capital development.

Expected CPAP Outputs: 1- Capacity of relevant organisations for publicly supported employment generation and entrepreneurship policies and programmes for increased access of those most at risk and/or living under the capability poverty line, to the required basic services, skills and resources is further improved. 2- Capacity of relevant organisations to coordinate and integrate social capability development into sector and inter-sector programmes for improved access to quality public education, health, social protection and optimal food programmes and services, including for the most at risk groups/persons, is further enhanced.

Implementing Partner: Ministry of Cooperatives, Labour and Welfare (MCLW).

Other Partners: Ministry of Interior (Mol); Presidency Strategic Planning and Control (SPAC).

Brief Description

The Government of the Islamic Republic of Iran's 5th Development Plan (2011-2015) intends to achieve "growth with justice", and the new UNDP-Government cooperation framework supports the institutional strengthening of macro-economic and sector planning systems and procedures to achieve this : towards the development of an improved local development model that can achieve inclusive growth outcomes. UNDP's Country Programme Document (CPD) for 2012-2016 and its' Action Plan (CPAC) emphasise an inclusive growth and capability poverty reduction approach based on sustainable human development concepts, with three main components: macro-level inclusive growth planning; inter-sector level social protection and capability poverty reduction strategies; and integrated resource management for inclusive growth and development at the district level. A focused mainstreaming and integration approach makes up the strategy – to further support the 5th Plans development processes that aim to improve macro-planning, employment generation, social protection, local level economic development and resource allocation targeting. Within a capacity development framework, UNDP will support the localized national development modelling process. This will be undertaken with the cooperation of the relevant national socio-economic entity, the Ministry of Cooperatives, Labour and Welfare (MCLW) as well as the Ministry of Interior that oversees on the District level planning and development process, and the Presidencies SPAC. This project document describes the responsibilities and activities for the activities that can lead to institutional strengthening at both the National and District levels to ensure empowerment, capability poverty reduction and employment generation within an inclusive growth framework. It may further provide the model framework for inclusion in the 6th Development Plan process.

Programme Period:	2012-2016
Key Result Area (Strategic Plan):	Inclusive Growth
Atlas Award ID:	
Project Start date:	March 2013
Project End Date	December 2016
1 st PAC Meeting Date	December 2012
LPAC Meeting Date	February 2013
Management Arrangements	NEX
Implementing Partner	MCLW

AWP budget cycle:	2013-2016
Total resources required	\$692,000
UNDP TRAC resource:	\$352,000
Government resources:	\$340,000

Agreed by Deputy Minister for Welfare Affairs, Ministry of Cooperatives, Labour and Welfare, and National CPAP Poverty Programme Coordinator
Mr. Mojtaba Alaéi

Agreed by UNDP, Resident Representative a.i.
Mr. Balasubramaniam Murali

[Signature]
14 MARCH 2013

I. SITUATION ANALYSIS

The Government of the Islamic Republic of Iran's 5th Development Plan (2011-2015) intends to achieve "growth with justice", and the new UNDP-Government cooperation framework supports this through an "inclusive growth" approach for institutional strengthening and capacity development of macro-economic and sector planning systems and procedures – and towards the development of an improved local development model that can achieve inclusive growth and poverty reduction outcomes.

UNDP's Country Programme Document (CPD) for 2012-2016 and its' Action Plan (CPAC) emphasise an inclusive growth and capability poverty reduction approach based on sustainable human development concepts, with three main components: macro-level inclusive growth planning; inter-sector level social protection and capability poverty reduction strategies; and integrated resource management for inclusive growth and development at the district level. A focused mainstreaming and integration approach makes up the strategy – to further support the 5th Plans development processes that aim to improve macro-planning, employment generation, social protection, local level economic development and resource allocation targeting.

II. STRATEGY

Part of the solution to improving inclusive growth is in strengthening the institutional planning systems and procedures and developing integrated planning, coordination and monitoring and evaluation frameworks. The Governments 5th Development Plan (2011-2015) and its new *economic reform* programme intend to achieve "growth with justice" (or inclusive growth) and do it through a number of actions, including the development and ratification of a new localized inclusive growth model (which also factors in the Human Development Index - HDI).

An institutional strengthening approach towards improved, human development based, macro-economic planning systems and procedures has been adopted by UNDP in the CPAP– for deriving an improved socio-economic development planning model. Within an institutional strengthening and capacity development framework, UNDP will support the process with the cooperation of the relevant national socio-economic entity, the Ministry of Cooperatives, Labour and Welfare (MCLW) as well as the Ministry of Interior (Mol) and the Presidencies Strategic Planning and Control (SPAC).

The specific strategy and approach adopted for this project is to support the development of the new model by introducing procedures and methods which are able to integrate planning systems (both inter-sector and at combined macro-meso-micro levels), and to establish their coordination procedures and standard operating mechanisms (including any necessary software). Given the gaps in efficiencies, equity and sustainability that exist in the planning process, support to such processes will prove useful for ensuring inclusive growth outcomes. This project document describes the responsibilities and activities that can lead to institutional strengthening at both the National and District levels to ensure an empowerment-based, capability poverty reduction and employment generation framework that can lead to inclusive growth outcomes. It will further provide the basic model and framework of such approaches for inclusion in the next 6th Development Plan process.

Other parts of the joint CPD/CPAP Inclusive Growth and Poverty Reduction programme will address other aspects of the overall inclusive growth model – and be complementary to this project document. This project will also be linked to other ongoing UNDP programmes and projects that are related to inclusive growth, including the projects envisaged with Mol and SPAC (for which there project documents are also ready and under discussion for signature and implementation) and also those with the Forest, Rangeland and Watershed Organisation (specifically the Land and water project, the MENARID project and the Carbon Sequestration project) – which have significant relationship with empowerment, capability development and inclusive growth.

Inclusive Growth and Capability Development – Principles and Criteria

The principles of inclusive growth and capability development suggest that a necessary condition for consistently addressing combined economic growth, poverty reduction and human development over a long period of time is sustained *inclusive economic growth* alongside *local level capability development*. For this purpose, economic growth (i.e. GDP growth) should:

- ✓ be pro-poor, as growth should consistently and proportionately benefit the poorer groups more than benefiting higher income groups;
- ✓ not lead to a general worsening of income inequality : while preferably reducing inequality (a stronger condition) ; lead to more opportunity and equity in the use of resources and in access to basic social services, so as to maximize opportunities for the poorer groups ; preferably undertake this through public goods and socio-economic development programmes, and also through private social responsibility mechanisms (such as corporate social responsibility);
- ✓ result in productive employment that can generate value added and develop sustainable skills and employment : especially through local level mechanisms that may also be clustered and networked as micro, small and medium sized businesses;
- ✓ improve on the use of natural resources and capital.

The key development planning capacity criteria determining whether any national programme (or project - and their relevant resource allocation) will achieve their envisaged inclusive growth and capability development outcomes are as follows:

1. improved institutional strengthening – through better operating procedures and coordination mechanisms at all levels and through more integrated mechanisms;
2. improved combined capacity at the central, provincial and district level for integrated planning that can ensure inclusive growth outcomes at local levels;
3. improved local level planning and budgeting – preferably through more empowerment of local populations in participation processes, as well as more share in the benefits of local economic growth, as well as improved transparency/accountability mechanisms;
4. national and local programmes and projects that contribute to higher, pro-poor economic GDP growth at the local level (as noted above);
5. programmes contributing to better integrated natural, human and financial resources management at all levels, especially at local level;
6. programmes contributing to improved natural resources and environment outcomes – for example through reduced carbon emissions;
7. programmes contributing to more productive employment generation with higher value added (as noted above);
8. programmes facilitating local access of poor and vulnerable groups to productive resources (e.g. access to information, land, financing, inputs and markets) and also

to human capital services and infrastructure (e.g. access to education, skills, health and social protection) – and thereby contributing to reduction in income inequality at the local level.

The above development planning capacity criteria are met partially through the process of selection of programmes and projects and their resource allocations (at all levels). In addition to the need for meeting all or some of the above criteria, the selected programmes and projects should not contravene any of the above criteria (otherwise they would result in inconsistency). For example, a programme/project supporting decentralization to local districts but damaging the local environment would not be eligible in such a selection process.

This project document will support the programming and selection process, and focus on the above mentioned criteria, and support institutional strengthening of the Ministry of Cooperatives, Labour and Welfare to incorporate into its knowledge development, planning capacity development and its *research and development* piloting processes.

Development of a National Empowerment–based Social Protection Model: Towards Inclusive Growth Outcomes

In order to meet the goals of the CPD/CPAP, and to design and develop cost effective programming models and processes that can meet multi-objective indicators (i.e. *jointly* raising employment, raising income, reducing poverty, reducing inequality and raising the HDI – in an integrated manner and based on social protection and welfare criteria – along with factoring in of various constraints), a set of research and development activities will be undertaken in this project and piloted over a three year period to identify and derive a national programming model that can be utilised by Government and national institutions for social protection based resource allocation, targeting and budgeting purposes. If successful and adopted, it could be incorporated in the next five year development plan framework.

The following has been envisaged as the minimum required set of activities and steps to derive such a general national model.

A) Formulation of a framework and model.

1) Basic studies:

- a. conceptual framework and mechanisms of an empowerment model ;
- b. conceptual framework and mechanisms for a multi-dimensional poverty and poverty capability model;
- c. conceptual framework and mechanisms for an engendered networked and area-based employment generation model;
- d. conceptual framework and mechanisms of a conditional cash transfer model;

2) Baseline study of national policies, programs, experiences and initiatives for empowerment of target groups - including identification of strategic issues and country situation;

3) Modeling of perspectives, scenarios, options and planning frameworks;

4) Formulation of national model of empowerment for inclusive growth and capability development outcomes.

B) Pilot implementation (in three selected sites and/or institutions)

- 1) Defining and programming the framework and implementation mechanism for the piloting of the model (including services, institutional/organizational and human capital requirements, and guidelines and procedures, etc).
- 2) Developing required implementation capacity (provision of training, equipment and other implementation mechanisms).
- 3) Implementation activities will include those related to:
 - poverty reduction actions
 - “conditional cash transfers” actions
 - engendered networking and area-based employment generation actions
- 5) Documentation of project and piloting lessons learned;
- 6) Monitoring and evaluation – throughout.

C) Model consolidation, final review and groundwork for incorporation into national strategic planning framework.

Project Outputs and Activities

The following are envisaged as the minimum set of required activities to derive the above mentioned framework and model within the project life-cycle.

A. Design and Programming of an Empowerment Model (at the Meso-Local Level Linkage)

1- Baseline Studies for Knowledge Development Towards Inclusive Growth and Capability Development Outcomes at Meso and Local Levels (towards Outcome 2 goals).

- Baseline studies include:
 - linkages between CPAP Outcome 2, outputs 1 and output 2 (and also with Outcome 1);
 - existing situation study of programmes and methods in Iran (through identification of linkages between employment generation programmes, credits and loans programmes, capability reduction programmes, inter-sector planning processes etc – and as noted above);
 - best practices in Iran - and also internationally;
 - baseline information and statistics on best practices (including their cost-benefits).

2- Programming for Pilot Implementation. Produce pilot programme and ToR for an institutional strengthening approach towards the identified best-practices and new methods and also for testing, implementation and development of further new models and ToR's, including for:

- the pilot site selection and implementation process (requires ToR and programme).
- capability poverty reduction model,
 - including *multi-dimensional poverty measure*,
 - including for for replication and upscaling programmes.
- local networking and area-based employment generation model,
 - including entrepreneurship, SME development and cooperative/group formations,
 - including for replication and upscaling programmes.
- inter-sector planning, budgeting and coordination model at the District level,
 - including for replication and upscaling programmes.

B. Piloting in Three Districts and Documentation of Results

3- Pilot implementation: for Institutional Strengthening towards Employment Generation and Capability Poverty Reduction at District level – with pilots in three Districts.

- General capacity building and awareness raising for national and local institutions and their human capital development;
- Local level studies and baseline information;
- *District Development Committee*: capacity development and planning support;
- Implementation of projects.

4- Establish monitoring and evaluation systems that can track and assess both national and local level inclusive growth and capability development processes and outcomes, including the required institutional planning and coordination mechanisms for both National institutions and the District Governors Planning Committee. Including for:

- Studies and programming:
 - of design and development of indicator systems;
 - for lessons learnt and systemic documentation processes and R&D systems approaches;
- Establishment of m&e system in three pilot Districts (within the *District Development Committee* system).
- Reporting: monitoring and evaluation reports, lessons learned reports, quality assurance reports.
- Local level facilitation and community capacity development.

5- Documentation

- Local level documentation – to show derived models and practices;
- Policy/programme level documentation – to show planning frameworks, operating procedures, mechanisms, terms of references, budgeting, etc;
- *Special Report* – to show linkages to inclusive growth and human development processes and outcomes.

Project Exit Strategy

As stated above, the strategy adopted for this project is to support the development of the new model by introducing procedures and methods which are able to integrate planning systems and for describing the programmes and activities that can result in an empowerment-based, capability poverty reduction and employment generation framework leading to inclusive growth outcomes at the local level. Once done, both national level planning institutions and District level ones can utilise the methodology. This basic model and framework, once achieved by 2015, may also be included in the next 6th Development Plan process, and also adopted at the local level as the current 5th Plan directive states that District level Governorates are mandated to undertake medium term planning.

The project activities will ensure that the model and framework are consolidated by 2015 and the groundwork then established for incorporation into national strategic planning framework (both at National and District levels).

III. RESULTS AND RESOURCES FRAMEWORK

Expected CPD Outcome: Improved national and sub-national capacities contribute to people living under the capability poverty line and most at risk of capability poverty having enhanced access to and participating in education, health and social protection programmes, which contribute to national human capital development.

Expected CPAP Outputs: 1- Capacity of relevant organisations for publicly supported employment generation and entrepreneurship policies and programmes for increased access of those most at risk and/or living under the capability poverty line, to the required basic services, skills and resources is further improved. 2- Capacity of relevant organisations to coordinate and integrate social capability development into sector and inter-sector programmes for improved access to quality public education, health, social protection and optimal food programmes and services, including for the most at risk groups/persons, is further enhanced.

Output Indicators: Number of beneficiaries reached by capacity development initiatives under the programme.

Elaboration on indicators in CPAP, include: **i)** sustainable urban development model for local economic development, inclusive growth and service delivery developed for local (District) Governor General Planning Committees - and capacity of both national and district/municipal level institutions strengthened for urban planning and management (for supporting employment and income generation, informal settlements development, targeting of vulnerable populations and improved women and youth responsiveness); **ii)** employment generation for vulnerable groups (through integrated trade, skills, CSR and SME approaches) developed - and capacity of both national and district/municipal level institutions strengthened on the basis of capacity assessments and by encouraging public-private- community partnership based approaches; **iii)** sector component of the model are developed to raise standards for achieving higher levels of endogenous development and inclusive growth in the large cooperative system and capacity of both national and District/Municipal level institutions strengthened; **iv)** social capability development model for improved, evidence based inter-sector planning and coordination developed

Applicable National 5th Plan Objectives: *Economic Growth with Social Justice* (through empowerment approaches and an improved human development index)

Partnership Strategy : MCLW, MoI, SPAC and UNDP work together towards advocating for inclusive growth and capability development outcomes, criteria and instruments.

Project Title and ID
Design and Development of a National Social Protection and Empowerment Model Towards Capability Poverty Reduction, Employment Generation and Inclusive Growth Outcomes

Outputs	Activities	2013			2014			2015			2016			Planned Budget \$		Remarks	Total
		1	2	3	4	1	2	3	4	1	2	3	4	UNDP	Gov		
1 – Baseline Studies	Baseline Studies.	x	x											\$45,000	\$20,000	\$65,000	
2- Programming	Produce pilot programme of institutional strengthening for testing, implementation and development of models and ToR's.	x												\$12,000	\$10,000	\$22,000	
3- Pilot implementation:	General capacity building and awareness raising for national and local institutional and human development – including model introduction and project inception activities	x	x		x	x		x	x					\$50,000	\$60,000	\$100,000	
	Local level studies and baseline information	x												\$30,000	\$30,000	\$60,000	
	Implementation projects TBD				x	x		x	x					\$80,000	\$120,000	\$200,000	
	District Development Committee – capacity development				x	x		x	x					\$30,000	\$30,000	\$60,000	
4- Establish monitoring and evaluation systems.	Studies and programming of: <ul style="list-style-type: none"> design and development of indicator systems. lessons learnt processes; documentation templates 	x	x		x									\$10,000	\$10,000	\$20,000	
	Establishment of m&e system in three pilot Districts (within the District Governors Planning		x		x	x								\$10,000	\$10,000	\$20,000	

IV. ANNUAL WORK PLAN AND BUDGET

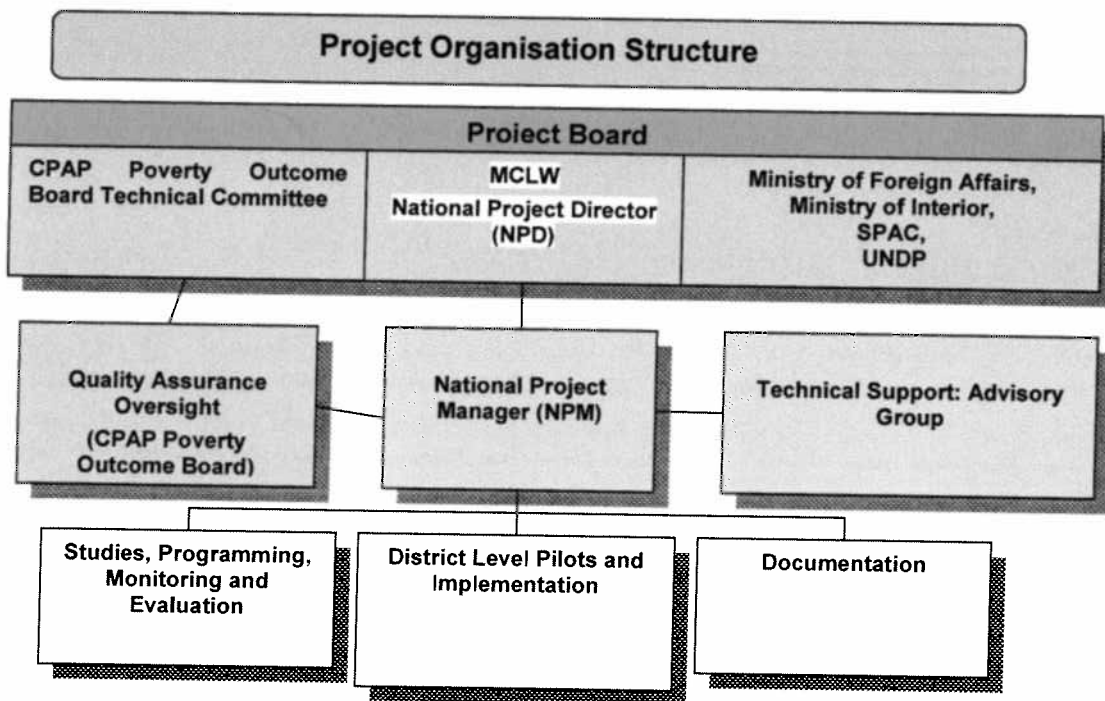
A completed ToR, work-plan, set of foreseen activities to achieve outputs and time schedule will be jointly agreed between UNDP, CPAP Poverty Outcome Board and MCLW in the first month after project signature work. The Implementing Partner will undertake to implement the proposed work-plan within the time-schedule established and agreed. The Implementing Partner will engage with UNDP and CPAP Poverty Outcome Board management, and other national counterparts as necessary to ensure a timely and efficient performance of the following envelope of resources:

AWP budget cycle of 2013-2016; Total resources required of \$672,000 ; of which UNDP TRAC resource are expected to be \$352,000 and Government resources are expected to be \$320,000. The UNDP expected annual TRAC resource provision envelope is currently set at Year 1, \$80,000; Year 2, \$125,000; Year 3, \$125,000; and Year 4, \$22,000. Equivalent amounts of resources will be programmed by Government according to the work plan envisaged above.

V. MANAGEMENT ARRANGEMENTS

The project is funded by both the Islamic Republic of Iran national resources and UNDP's TRAC resources, and is undertaken through a National Implementation (NIM) modality managed directly by the main Implementing Partner (IP), the Ministry of Cooperatives, Labour and Welfare (MCLW). Following discussions with national partners, including the Chair and members of the CPAP Poverty Outcome Board (and the National Programme Coordinator at MCLW), it has been agreed that the implementation of activities will be undertaken by the MCLW and in cooperation and coordination with both the Ministry of Interior (MoI) and the Presidencies SPAC. Through this project document the implementation of the activities foreseen in the RRF (and Workplan) as in section III and IV above will be undertaken over a four life cycle.

The management structure will be "Project Board" based (as mandated and defined in UNDP processes) and this board which will be composed of MCLW, MoI, MFA, SPAC and UNDP – as well as the Secretary of the Technical Committee of the CPAP Poverty Outcome Board. The National Project Director (i.e. the NPD – and designated by MCLW) will be enabled responsibility for the implementation of the activities; and a National Project Manager (NPM) may also be selected and designated by Project Board consensus to undertake workplan implementation activities to ensure timely outputs and strong performance. The following chart clarifies the structure of management oversight.



VI. MONITORING FRAMEWORK

In accordance with the programming policies and procedures outlined in the CPAP and Outcome Board process, and also UNDP procedures, the project will be monitored through the following:

Within the Year

- On a quarterly basis, a project progress Quality Assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- A project Issue Log shall be prepared (and activated in UNDP Atlas and updated by the National Project Manager) to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a project Risk Log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information a Quarterly Progress Reports (QPR) shall be submitted by the National Project Manager to the Project Board through the Project Quality Assurance process, using the standard report format available in UNDP.
- a project Lesson-learned Log shall be reported and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be kept and updated to track key management actions/events that are required to ensure that the project succeeds.

Annually

- Annual Review Report. An Annual Review Report shall be prepared by the National Project Manager and shared with the Project Board and the CPAP Outcome Board. As minimum requirement, the Annual Review Report shall consist of the UNDP standard format for the QPR, but covering the whole year, with updated information for each above element of the QPR, as well as a summary of results achieved against pre-defined annual targets of outputs.
- Annual Project Review. Based on the above report, an annual project review (Project Board) shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

A fully developed Monitoring Plan will be made available to the Project Board within one month of project inception and document signature.

VII. LEGAL CONTEXT

All Legal issues related to this project will be referred to and addressed in the Legal Annex (Annex I of this Agreement).

VIII. AMENDMENTS

Parties may suggest amendments to any part of this agreement which will be applied and effective upon written agreement of all parties with the amendments.

IX. ANNEXES – ToR's

TOR's: Terms of References for NPD and NPM will be provided within one month of project document signature.

Annex I: Standard annex to Project Document for use in countries which are not parties to the *STANDARD BASIC ASSISTANCE AGREEMENT (SBAA)*

ANNEX II: Letter of Agreement between UNDP and the Government of the Islamic Republic of Iran for the Provision of Support Services

Annex III: UNDP Cost Recovery Policy

Annex IV: UNDP Iran Local Price List

ANNEX I

Standard Annex to Project Document 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 Implementing Partner

1. The Government, assuming its overall responsibility, shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the "Co-operating Agency") which shall be directly responsible for the implementation of the Government contribution to the project.
2. The Project Document, and the term as used in this Annex, includes the Country Programme Action Plan (CPAP), signed by the Government of Iran (the Government) on (signing date of the current CPAP), and the Annual Work Plan (AWPs), together with this Annex attached to the AWPs.
3. UNDP project activities shall be carried out in accordance with the relevant and applicable resolutions and decisions to the competent UNDP organs, and subject to the availability of the necessary funds to UNDP. In particular, decision 2005/1 of 28 January 2005 of UNDP's Executive Board approved the new Financial Regulations and Rules and, along with them, the new definitions of 'Executing Entity'¹ and 'Implementing Partner'² enabling UNDP to fully implement the new Common Country Programming Procedures resulting from the UNDP simplification and harmonization initiative.
4. All phases and aspects of the 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 the principles embedded in UNDP's Financial Regulations and Rules, 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.
5. The Co-operating agency shall remain responsible for its part in UNDP-assisted development projects and the realization of their objectives as described in the Project Document.

¹ Executing Entity shall mean, for UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity that assumes the overall ownership over and responsibility for UNDP programme activities and the acceptance of accountability for results, and shall normally be the programme country Government.

² Implementing Partner shall mean, for UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity to which the Administrator has entrusted the implementation of UNDP assistance specified in a signed document along with the assumption of full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs, as set forth in such document.

6. Assistance under the Project Document is provided for the benefit of the Government and the people of the Islamic Republic of Iran. The Co-operating Agency shall bear all imputable risks of operations in respect of this project.
7. The Co-operating Agency, in accordance with the Project Document, shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities.
8. The UNDP undertakes to complement and supplement the Co-operating Agency participation and will provide through the Implementing Partner the required expert services, training, equipment and other services within the funds available to the project.
9. Upon commencement of the project the implementing Partner shall assume primary responsibility for project implementation and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Co-operating Agency or to an entity designated by the Co-operating Agency during the implementation of the project.
10. Part of the Co-operating Agency's participation may take the form of cash contribution to UNDP. In such cases, the Implementing Partner will provide the related services and facilities and will account annually to the UNDP and to the Co-operating Agency for the expenditure incurred.

(a) Participation of the Government

1. The Co-operating Agency 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 Co-operating Agency's participation so specified shall be set forth in the Project Budgets.
2. The Co-operating Agency shall, as appropriate and in consultation with the Implementing Partner, assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.
3. The estimated cost of items included in the Co-operating Agency 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 implementation of the project.
4. Within the given number of work-months of personnel services described in the Project Document, minor adjustments of individual assignments of project personnel provided by the co-operating Agency may be made by the co-operating Agency in consultation with the Implementing Partner, 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 Co-operating Agency 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 deliver to the project site.
7. The Co-operating Agency shall make available to the project – subject to existing security provisions and national laws and regulations – any published and unpublished reports, maps, records and other data, which are considered necessary to the implementation of the project. Such reports, maps, records and other data shall be exclusively used for the implementation of the project. In cases when the Co-operating Agency, due to security provisions or national laws and regulations, does not make available reports, maps, records and other data considered necessary to the implementation of the project, UNDP and the Government may decide to modify or redesign the project or components thereof.
8. Unless otherwise agreed by the Parties in each case, patent rights, copyright 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 to work within the country free of royalty and any charge of similar nature.
9. The Co-operating Agency undertakes to assist all project personnel in finding suitable housing accommodation at reasonable rents.
10. The services and facilities specified in the Project Document which are to be provided to the project by the Co-operating Agency by means of a contribution in cash shall be set forth in the Project Budget. Payment shall be made in accordance with the Schedule of Payments in the Project Document.
11. Payment of the above-mentioned contribution on or before the dates specified in the Schedule of Payments is a prerequisite to commencement or continuation of project operations.

(b) Participation of the UNDP and the Implementing Partners

1. The UNDP shall provide to the project through the Implementing Partner 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 Budgets.
2. The Implementing Partner shall consult with the Co-operating Agency and UNDP on the candidature of the Project Manager³ who, under the direction of the Implementing Partner, will be responsible in the country for the Implementing Partner's participation in the project. The Project Manager shall supervise the experts and other entity personnel assigned to the project, and the on-the-job training of national counterpart personnel. The Project Manager shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.
3. The Implementing Partner, in consultation with the Co-operating Agency 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.

- (b) The expression "persons performing services" does not extend to cover nationals and the residents in the territory of Iran.
- (c) The privileges and immunities are accorded to the officials of UNDP and other relevant UN organizations associated with the projects in the interest of the United Nations and not for the personal benefit of the individuals themselves. The Secretary-General shall have the right and duty to waive the immunity of any official in any case where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the interest of the United Nations. The United Nations shall cooperate at all times with the appropriate authorities of the Islamic Republic of Iran to facilitate the proper administration of justice, secure the observance of police regulations and prevent the occurrence of any abuse in connection with the privileges, facilities and immunities referred to above.
3. (a) For purposes of the instruments on privileges and immunities referred to in the preceding parts of this Article:
- i. All papers and documents relating to a project in the possession or under the control of the persons referred to in sub-paragraph 2(a), above, shall be deemed to be documents belonging to UNDP, the United Nations or the Specialized Agency concerned, as the case may be; and
 - ii. Equipment, materials and supplies brought into or purchased or leased by those persons within the country for purposes of a project shall be deemed to be property of UNDP, the United Nations or the Specialized Agency concerned, as the case may be.
4. The Cooperating Agency shall ensure: a.
- 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 Implementing Partners, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.
5. Nothing in the Project Document shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.
6. The Co-operating Agency shall facilitate the project implementation under the provisions of the Project Document.

Suspension or termination of activities

1. Following mutual consultation with the Co-operating Agency, UNDP may by written notice to the Co-operating Agency and to the Implementing Partner concerned suspend any project activities, if in the judgment of UNDP, any circumstances arise which interferes or

threatens to interfere with the successful completion of the project or the accomplishment of its purposes.

2. The procedure for suspension and termination of a project are as follows:
 - a. Suspension: During the period of suspension, the Parties may consult and try to resolve the problems by corrective measures. If the problems are resolved, the project activities may be resumed. The UNDP Resident Representative confirms to the Parties the date for resuming such activities. However, UNDP may directly terminate a project, in cases it deems as force majeure.
 - b. Termination: A project may be terminated only after a period of suspension. If neither party has been able to reach a resolution of the problem within a reasonable period of time, either party may recommend the project's termination. Unspent TRAC1 or TRAC2 funds from a terminated project may be reprogrammed, taking into account the outstanding obligations of the terminated project. The Implementing Partner proceeds with the steps required for financial completion.
3. The UNDP Resident Representative takes the necessary steps regarding suspension or termination of a project and confirms it in writing to the parties concerned, in consultation with the national coordinating authority and the Implementing Partner.

ANNEX II

Letter of Agreement between UNDP and Government of Iran for the Provision of Support Services

Dear ... (the NPD),

1. Reference is made to consultations between officials of the Government of Iran and officials of UNDP with respect to the provision of support services by the UNDP country office for nationally managed programmes and projects. UNDP and the Government hereby agree that the UNDP country office may provide such support services at the request of the Government through its institution designated in the relevant programme support document or project document, as described below.
2. The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the Government-designated institution is strengthened to enable it to carry out such activities directly.
3. The UNDP country office may provide, at the request of the designated institution, the following support services for the activities of the programme/project:
 - Identification and/or recruitment of project and programme personnel;
 - Identification and facilitation of training activities;
 - Procurement of goods and services including customs clearance;
 - Travel Management Services;
 - Financial Record Management;
 - ICT Services
 - Logistical support to Event Organizations
4. The provision of support services as per paragraph 3 above by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures. Support services described in paragraph 3 above shall be detailed in an annex to the programme support document or project document. If the requirements for support services by the country office change during the life of a programme or project, the annex to the programme support document or project document is revised with the mutual agreement of the UNDP resident representative and the designated institution.
5. The relevant provisions of the Legal Annex to Project Documents including the provisions on liability and privileges and immunities, shall apply to the provision of such support services. The Government shall retain overall responsibility for the nationally managed programme or project through its designated institution. The responsibility of the UNDP country office for the provision of the support services described herein shall be limited to the provision of such support services detailed in the annex to the programme support document or project document.

6. Any claim or dispute arising under or in connection with the provision of support services by the UNDP country office in accordance with this letter shall be handled pursuant to the relevant provisions of the Legal Annex to Project Documents.
7. The manner and method of cost-recovery by the UNDP country office in providing the support services described in paragraph 3 above shall be specified in the annex to the programme support document or project document.
8. The UNDP country office shall submit progress reports on the support services provided and shall report on the costs reimbursed in providing such services, as may be required.
9. Any modification of the present arrangements shall be effected by mutual written agreement of the parties hereto.
10. If you are in agreement with the provisions set forth above, please sign and return to this office two signed copies of this letter. Upon your signature, this letter shall constitute an agreement between your Government and UNDP on the terms and conditions for the provision of support services by the UNDP country office for nationally managed programmes and projects.

Yours sincerely,

Signed on behalf of UNDP

Resident Representative

National Project Director for
(Title of the Project)

Attachment

DESCRIPTION OF UNDP COUNTRY OFFICE SUPPORT SERVICES

1. In accordance with the provisions of the letter of agreement signed on *[insert date of agreement]* and the project document, the UNDP country office shall provide support services for the Project as described below.
2. Support Services to be provided:

Support services (insert description)	Schedule for the provision of the support services	Cost to UNDP of providing such support services (where appropriate)	Amount and method of reimbursement of UNDP (where appropriate)
1.As described in point 2 of Annex L	As per workplan of official request of Implementing Partner	As per Annual Price List of Annex N	As per ISS arrangements described in Annex N
2.			
3.			

Annex III

UNDP Cost Recovery Policy

The following outlines the UNDP Cost Recovery Policy for Regular Resources⁴ and Other Resources⁵ as approved by the Executive Board in its 98/2 and 2007/18 Decisions.

Background

In its decision 98/2, UNDP's Executive Board (EB) recognized the importance of Other Resources as a mechanism to enhance the capacity and supplement the regular resource base of UNDP. The Board requested UNDP to develop, implement and manage all Other Resource funded activities in an integrated, transparent, flexible and accountable manner. In recognizing the increasing level of UNDP Other Resources, accounting now for around 75 per cent of Total UNDP Resources, the Executive Board in discussions on the 2000-2001 as well as 2002-2003 support budgets, clearly indicated that Other Resources do need to cover the full cost of the services being provided to Other Resources funded programmes as well as to contribute to the overall costs of UNDP's operations.

As a multi-funded organization UNDP continues to make the case that Regular Resources provide the funding for the organization's base structure and the additional costs associated in the delivery of regular resources funded programmes. All costs associated with the delivery of Other Resources funded programmes at the country and headquarters levels are to be fully covered through cost recovery mechanisms.

The new revised cost recovery policy from Regular and Other Resources takes into consideration that:

- The costs associated with the delivery of services to programmes above the base structure shall be borne by the relevant funding sources (Regular & Other Resources) within each programme;
- Generally, there are two categories of services provided to programmes; the first of which includes general oversight, management, and quality control, while the second category includes direct services in the context of implementation; and,
- Other Resources-funded programmes benefit from UNDP's global operations (which include strategic initiatives, policy development and corporate systems) and hence should contribute to them.

The policy

The policy reflects two types of recovery that will be applied to the two categories of services defined below. This policy supersedes all previous policies and guidelines, whether corporate, regional or unit/country specific:

General Management Support (GMS):

Projects funded from Regular Resources are not subject to GMS fees, as these resources already pay for the basic structure of UNDP, which is designed to provide these services. For programmes funded wholly or partially from Other Resources, the recovery for these services, which are not directly attributable to project inputs or activities, is through a **percentage fee**. The Executive Board decision 2007/18 on cost recovery which the Board recently adopted at its Annual Session (11-22 June 2007) directs UNDP to adopt a rate of 7

⁴ Regular resources are defined as the resources of UNDP that are co-mingled and untied. These will include voluntary contributions, contributions from other governmental, intergovernmental or non-governmental sources and related interest earnings and miscellaneous income. Example: TRAC

⁵ Other Resources are defined as the resources of UNDP, other than Regular Resources, which are received for specific programme purposes, consistent with the policies, aims and activities of UNDP and for the provision of management and other support services to third parties. Examples: GEF and GFATM funds, Government Cost Sharing, Contributions from Bilateral Donors, Contributions from Private Sector

per cent for the recovery of indirect general management support (GMS) costs for new third party contributions and trust funds. The basic 3 per cent recovery rate of indirect support costs for all government cost sharing is maintained for the time being.

GMS encompasses general oversight and management functions of UNDP HQ and CO units, and include the following specific services:

- Project identification, formulation, and appraisal
- Determination of execution modality and local capacity assessment
- Briefing and de-briefing of project staff and consultants
- General oversight and monitoring, including participation in project reviews
- Receipt, allocation and reporting to the donor of financial resources
- Thematic and technical backstopping through Bureaus
- Systems, IT infrastructure, branding, knowledge transfer

Implementation Support Services (ISS):

These are services provided mostly by Country Offices in the implementation of Regular and Other Resource-funded and projects (i.e. costs directly related to the delivery of programmes), and include:

- Payments, disbursements and other financial transactions
- Recruitment of staff, project personnel, and consultants
- Procurement of services and equipment, including disposal
- Organization of training activities, conferences, and workshops, including fellowships
- Travel authorization, visa requests, ticketing, and travel arrangements
- Shipment, custom clearance, vehicle registration, and accreditation

For all projects, **regular and Other Resource-funded projects** alike, units are required to recover the cost for providing Implementation Support Services (ISS) on the basis of **actual costs or transaction fee**. These costs are an integral part of project delivery.

Annex IV

UNDP Iran Local Price List- 2012 for Services to NIM Projects

<i>Service</i>	<i>Cost \$</i>	
Financial Management/Payment Process		
Issuance of a cheque for collection at UNDP Finance	23.59	*
Issuance of a cheque for transfer to Tejarat Bank	22.25	
Pay cycle only (UNFPA and GFATM & Radio Room)	12.69	*
Cheque Cancelation	2.44	
Reissuance of a cheque	26.03	
AR Deposit	21.35	*
GLJE Creation and approval	21.67	
GLJE approval	4.38	
AP Journal (APJV)	14.13	
Approve requisition	4.27	
Approve PO	7.01	
Budget Revision	21.67	
Financial Record Management/per Voucher	10.98	
HR Services		
Selection/recruitment process per SC (including Adv., Short listing and interviewing)	371.37	*
Advertisement (20%)	74.27	*
Short Listing (40%)	148.55	*
Interviewing (40%)	148.55	*
Staff HR & Benefits Administration & Management (onetime fee, per staff. Service incl. contract issuance, UNJPF/MIP enrollment, payroll setup - Starting 2006 this price applies to the separation process as well)	128.77	*
Recurrent personnel management services: Staff Payroll & Banking Administration & Management 9 (per staff, per calendar year)	288.75	*
Payroll validation, disbursement (35%)	101.06	*
Performance evaluation (30%)	86.63	*
Extension, promotion, entitlements (30%)	86.63	*
Leave monitoring (5%)	14.44	*
Contract management per SC	277.60	
Selection/recruitment process per FT	371.37	*
Contract management per FT	283.50	
LP issuance/renewal.	23.86	*
Consultant recruitment	145.21	*
Advertising (20%)	29.04	*
Short-listing & selection (40%)	58.08	*
Contract issuance (40%)	58.08	*
Consultant Recruitment Process. + Written Exam	203.29	
Computer based exam center rent.	100.00	
Computer based exam center rent. + Admin.	150.00	
Employment Letter	2.95	
Language Proficiency Exam	159.47	
Interns Management	43.38	*

Procurement Services	
Procurement process involving local CAP (and/or ITB, RFP requirements)	333.8 *
Identification & selection (50%)	166.9 *
Contracting/issue purchase order (25%)	83.45 *
Follow-up (25%)	83.45 *
Procurement not involving local CAP 7,10,11 (low value procurement)	133.07 *
Identification & selection (50%)	66.54 *
Contracting/issue purchase order (25%)	33.27 *
Follow-up (25%)	33.27 *
Transfer of project assests (vehicle)/per case	131.23
Transfer of project assests (equipment)/per case	73.68
Logistical support to organizing events/event (within UNDP office)/excluding cost of event itself (tea/coffee, refreshments, meals, stationery, equipment etc)*	
Logistical support to organizing events/event (out of UNDP office)/excluding cost of event itself (tea/coffee, refreshments, meals, stationery, equipment etc)*	
Travel Services	
Visa request per Note Verbal	14.62
Outgoing Visa Issuance (Full Proccess including Note Verbal)	41.76
Incoming Visa Issuance (Full Proccess including Note Verbal)	49.07
Ticket booking and purchasing per ticket (Local) (or Reissuance / Cancelation)	7.31
Ticket booking and purchasing per ticket (International) (or Reissuance / Cancelation)	14.62
Travel authorization per person	21.75 *
Hotel reservation (per reservation)	14.62
DSA Calculation (80% Advance)	7.31
F10 settlement	19.94 *
Admin. Home Leave Allowance	21.93
Reassignment / Relocation Allowance /Lumpsum	29.24
Reassignment / Relocation /shipment arrangement	29.24
Education Grant	14.62
General Services	
Vendor profile (Creation or Modification)	12.17 *
Issuing the UN ID (UN ID, UN LP,etc)	23.86 *
Advertisement (Not received from UNDP HR)	74.27 *
MFA ID card	14.29
Disposal of equipment	169.90 *
Custom Clearance	118.57
Issuance of Permission (i.e. Tax Exemption, Plate, License, Satellite License)	34.74
Shipment Arrangement	29.24
Donation (including custom clearance)	59.98
Event Organization (Outside Office)	426.14
MFA coordination (for vehicles)	48.31

* The prices are based on UPL