

United Nations Development Programme
Country: IRAN

Project Document

Project Title: Supporting ITSR's Pro-employment Industrial and Trade Policy Development through the Establishment of a Center of Excellence

UNDAF Outcome(s): Improved national capacities to formulate and advocate pro-employment industrial and trade policies for inclusive growth, sustainable human development, poverty alleviation, and enhanced human welfare

Expected CPD Outcome(s): Improved national capacities to formulate and advocate pro-employment industrial and trade policies for inclusive growth, sustainable human development, poverty alleviation, and enhanced human welfare

Expected CPAP Output(s): Improved national capacities to formulate pro-employment industrial and trade policies for inclusive growth, sustainable human development, poverty alleviation, and enhanced human welfare

Implementing Partner: Institute for Trade Studies and Research, Ministry of Industry, Mines, and Trade

Responsible Parties: Institute for Trade Studies and Research (ITSR), Ministry of Industry, Mines, and Trade

Brief Description

The Iranian Government is striving to address the serious challenges the country is facing in fostering inclusive growth, reducing unemployment, and increasing labor force participation rates (especially for women and the youth). It is currently preparing the Sixth Five-Year Economic, Social, and Cultural Development Plan of Iran which will go into effect in 2016. Taking into account past experiences, it is crucial that the upcoming planning cycle adopts a set of industrial and export-oriented trade policies affecting the economy's non-oil productive sectors for sustainable, pro-employment, and inclusive growth. UNDP's Country Program Document (CPD) supports "the development of macro-planning models, monitoring & evaluation systems and coordination mechanisms to ensure job-rich growth patterns," which is also reflected in the Country Program Action Plan (CPAP). For this project, UNDP will provide assistance to ITSR to improve its Capacity to carry out research, training, and advocacy on pro-employment industrial and trade policies through the establishment of a Center of Excellence (CoE) toward inclusive growth and sustainable development goals.

Programme Period:	2015-2017	YYYY AWP budget:	2015-2017
Key Result Area (Strategic Plan):	<u>Inclusive Growth</u>	Total resources required:	_____
Atlas Award ID:	_____	Total allocated resources:	US\$220,000
Start date:	<u>October 2015</u>	• Regular	US\$100,000
End Date:	<u>October 2017</u>	• Other:	
PAC Meeting Date:	<u>October 2015</u>	○ Donor	_____
Management Arrangements:	_____	○ Donor	_____
		○ Donor	_____
		○ ITSR	US\$120,000
		Unfunded budget:	_____
		In-kind Contributions:	_____

Agreed by (Implementing Partner): Dr. Mohamad R. Razavi, Director of Institute for Trade Studies and Research, Ministry of Industry, Mines, and Trade

Agreed by UNDP: Mr. Gary Lewis, UNDP Resident Representative

I. SITUATION ANALYSIS

Iran has experienced low growth rates and high rates of inflation in the past few years, accompanied by significant unemployment and low rates of labor force participation (especially for women and educated youth). Although the volume of non-oil exports from Iran has increased in the past few years, it remains relatively small and dependent on the oil sector. Iran has also faced some deindustrialization—in both labor-intensive and technology-intensive sectors—as a result of competition with cheap imports. These in turn have had a wide range of negative social impacts. The national development goal of “inclusive growth” has been challenged by such constraints, which ITSR is striving to alleviate.

Subsequent to its inauguration, the current Government administration adopted a set of emergency measures as short-term responses to the above economic problems. These have resulted in modest signs of recovery in the recent period. More importantly, the government has formulated a set of “non-inflationary recovery measures” to address recession and stagflation in the short- and medium-term. These include monetary, fiscal, and exchange rate policies as well as general strategies for capital account management. Some leading sectors, including oil and gas as well as construction, have also been specifically targeted for investment and stimulation. Furthermore, the Government has opted to continue with the earlier universal cash transfer scheme as well as other social safety programs.

While the recently formulated policies will provide some degree of relief and may succeed in overcoming stagflation, they must be complemented by a set of industrial and export-oriented trade policies affecting the economy’s non-oil productive sectors for sustainable, export-oriented, and pro-employment growth. Aiming to streamline management of the industrial, mining, and trade sectors, the Government has recently merged two ministries to form the Ministry of Industry, Mines, and Trade, thus creating the opportunity for taking an integrated approach to Iran’s industrialization and economic development. Furthermore, the government is currently preparing the Sixth Five-Year Economic, Social, and Cultural Development Plan of Iran which will go into effect in 2016. It is crucial that this endeavor goes beyond stopgap recovery measures to embrace policies that will positively impact Iran’s development and industrialization trajectory in the long-term. This project document specifies UNDP-ITSR cooperation toward this goal.

II. STRATEGY

The goal of inclusive and sustainable growth in Iran calls for the formulation and implementation of a package of coordinated, pro-employment, and export-oriented industrial and trade policies, among other things. While the needed industrial and trade policies are cross- and inter-sectoral in nature (e.g., manufacturing, finance, trade, exchange rate, labor market, etc.), the Ministry of Industry, Mines, and Trade (created recently by merging the Ministry of Industry and Mines and the Ministry of Commerce) has the natural and legal mandate to lead the initiative. As the main research arm of the Ministry of Industry, Mines, and Trade, the Institute for Trade Studies and Research (ITSR) intends to establish an embedded Center of Excellence (CoE) with UNDP assistance to carry out a set of complementary research, training, capacity-building, and advocacy activities (including seminars, conferences, and symposiums) to address the above need. More specifically, the activities of the proposed Center of Excellence will include:

- Formulating policies toward sustainable and inclusive growth that will impact the 6th National Development Plan.
- Carrying out initiatives on pro-employment industrial and trade policies, export promotion programs, attraction of foreign direct investment, and post-sanctions economic policy options.
- Carrying out various business development and capacity-building training programs for Iranian and regional audiences (including ECO and non-ECO members).
- Organizing periodic and/or occasional seminars, conferences, and symposiums on various industrial and trade policy issues.
- Advocating coordinated pro-employment and export-oriented industrial and trade policies for Iran and other countries in the region (including coordinated regional initiatives).
- Offering advisory services on industrial and trade policies to governments in the region (as well as regional bodies such as ECO).
- Providing advisory services to governments in the regions that may seek Iran’s assistance in restructuring state institutions responsible for industrial development and trade.

- Monitoring global economic trends and providing up-to-date information and advisory services on global developments to the Ministry and other public and regional organizations.
- Establishing contact with various institutions and organizations across the region toward cooperation on the joint development of regional industrial and trade initiatives.
- Establishing country desks (in cooperation with country desks at the Ministry) toward the development of coordinated regional industrial and trade initiatives.
- Cooperating with UNDP on the promotion of inclusive growth and sustainable development goals in the region (including training, advocacy, research, and policy development).
- Preparing periodic and/or occasional reports, covering the countries of the region, with common, UNDP-endorsed methodologies on the various industrial and trade related issues.

The Center will engage the highest caliber professionals to carry out the above activities in accordance with UNDP-endorsed standards. To ensure this, its national project director will be appointed jointly by ITSR and UNDP.

UNDP will provide support in building ITSR's institutional and staff capacity for the development of the enabling frameworks and standard operating procedures necessary to establish the Center of Excellence. This would be aligned with the new (forthcoming) international Sustainable Development Goals (SDG's). UNDP assistance will focus on:

- Developing *inclusive and sustainable growth* policy/planning frameworks and their related Terms of References (ToR) as well as Standard Operating Procedures (SOP).
- Strengthening institutional coordination for policy-making and programming processes.
- Raising public awareness (on SDG's and trade and employment, etc.).
- Transferring international experiences and best practices (i.e. standards and operating procedures—especially those documented by international centers of excellence, UN centers, or various UNDP program evaluations).
- Supporting studies/research/translations as necessary,
- Supporting the establishment the *Centre of Excellence for Industrial and Trade Policy Development* (including the development of organization chart and minimum SOP).
- Carrying out educational programs and advocacy (including training, information sharing roundtables, workshops, and seminars/conferences/symposiums).
- Establishing a “community of practice” on the subject to enable citizens and civil society processes to interact with Government processes and to disseminate the knowledge and culture nationally (e.g. through business associations and NGO's),
- Preparing manuals and handbooks (including their publication for distribution and learning with the logo of the Center of Excellence).
- Producing special reports on various industrial and trade policy issues (around which seminars/conferences/symposiums could be organized).

A basic (minimum) SOP for ensuring that SDG type development issues are factored into all policy/program level work and project plans of ITSR may be established. The SOP's will include all required indicators, programs, log-frames, institutional structures and mechanism, terms of references, budgets, human resources organization, etc. for setting up an institutional strengthening process toward the development objectives. These will also be useful nationally, as ITSR can also benefit from such new ways and means, best practices, and international lessons learned.

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the CPD (Results and Resource Framework):

Improved national capacities to formulate and advocate pro-employment industrial and trade policies for inclusive growth, sustainable human development, poverty alleviation, and enhanced human welfare

Outcome indicators as stated in the CPD (Results and Resources Framework), including baseline and targets:

Improved national capacities to formulate and advocate pro-employment industrial and trade policies for inclusive growth, sustainable human development, poverty alleviation, and enhanced human welfare

Applicable National 5th Plan Objectives: This project supports the development of the 6th National Plan

Partnership Strategy (especially if more than one agency is involved)

Project title:

Supporting ITSR to Improve Its Capacity to Carry Out Research, Training, and Advocacy on Pro-employment Industrial and Trade Policies through the Establishment of a Center of Excellence toward Inclusive Growth and Sustainable Development Goals

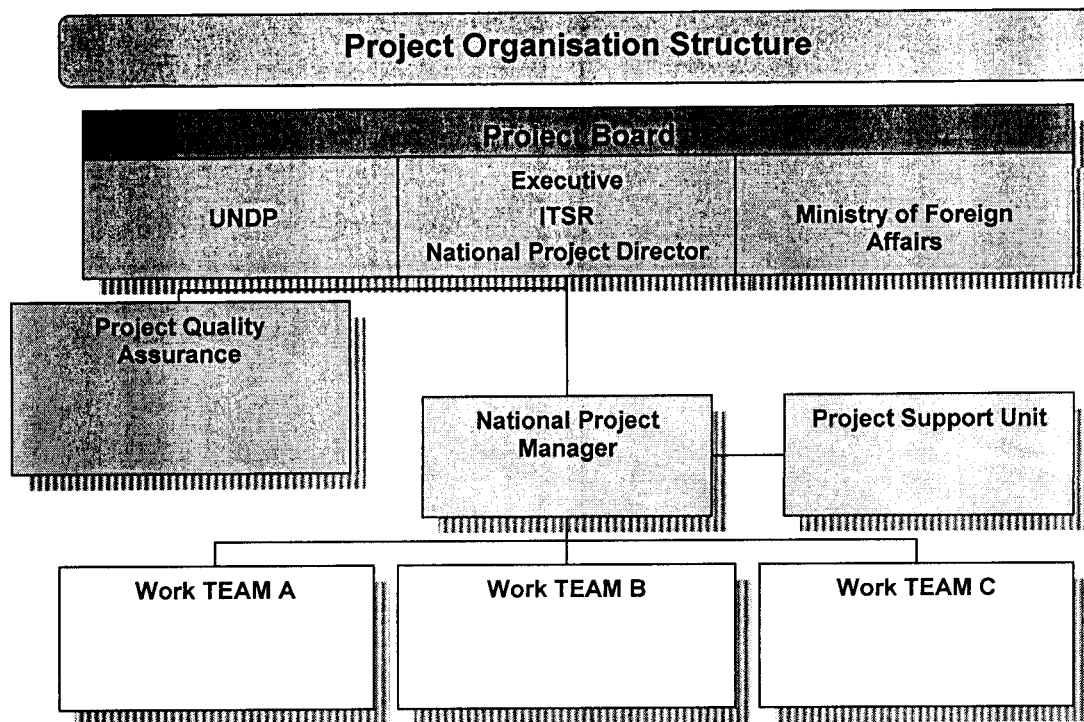
EXPECTED OUTCOMES	POSSIBLE OUTPUTS	POSSIBLE ACTIVITIES	TIME FRAME				PLANNED BUDGET		Total Amount
			Q3 and Q4 2015	Q1 and Q2 2016	Q3 and Q4 2016	Q1 and Q2 2017	Source of Funds – UNDP	Source of Funds – ITSR	
Component 1: <i>Knowledge Development</i>	1-develop policy and planning frameworks	Activity 1.1 Programming and ToR of work for producing knowledge products	x				0	\$1,000	\$1,000
	2-transfer of international experiences and best practices	Activity 1.2 Formation and functioning of <i>Work Group</i> to produce studies, special reports, etc. (and act as core to "community of practice")	x				\$2,000	\$2,000	\$4,000
	3-conduct research, studies and translations	Activity 1.3 <i>Work Group</i> activities and outputs - studies and research	x	x	x		5,000	\$5,000	\$10,000
		Activity 1.4 Research on Pro-employment and pro-poor industrial and trade policies, which includes among other things: <ul style="list-style-type: none"> - Mainstreaming inclusive growth goals in industrial and trade policies - Monitoring global developments - Export diversification - Value chain governance in export commodities - Integrating small and medium-sized enterprises into global trade 		x	x	x	\$30,000	\$30,000	\$60,000

IV. ANNUAL WORK PLAN

As above

A completed ToR and work plan as well as a set of foreseen activities to achieve outputs and time schedule will be jointly agreed between UNDP and ITSR. Poverty outcome board will take place in the first week of work. The implementing partner will undertake to implement the proposed work plan within the time schedule established and agreed upon. The implementing partner will engage UNDP and CPAP Poverty Outcome Board management as well as other national counterparts as necessary to ensure a timely and efficient performance.

V. MANAGEMENT ARRANGEMENTS



VI. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the CPAP and Outcome Board process, 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.

VII. LEGAL CONTEXT

VIII. ANNEXES