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ORIGINAL

## GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN

### UNITED NATIONS DEVELOPMENT PROGRAMME



### SUSTAINABLE DEVELOPMENT STRATEGY AND STRATEGIC ENVIRONMENTAL ASSESSMENT (SEA): ENABLING ACTIVITIES AND CAPACITY BUILDING

**Brief description:** To build on the achievements of a joint Government and UNDP project that established environmental impact assessment (EIA) guidelines and procedures for Iran (Environmental Impact Assessment Enabling Activities and Capacity Building, IRA/97/017), UNDP was formally requested by DoE to assist in devising a similar system to systematically employ the Strategic Environmental Assessment (SEA) as a means to assess the environmental consequences of policies, plans and programmes (PPPs). Both DoE and MPO raised this request during the Tripartite Review meeting held early 2002 to review the outcomes of the EIA project. The request met the concurrence of the Ministry of Foreign Affairs with the provision that any such system should take into consideration the interactions between environmental, social and economic issues.

The need for SEA stems from the fact that while the already established EIA system provides for addressing the environmental (and social) aspects of individual projects, it is not ideally suited for addressing development policy choices at the macro-economic, sector or area-wide level. SEA, as an internationally accepted approach, is introduced to address these limitations. Based on the experience gained in other countries, such an approach is believed to enhance the environmental sustainability of development policies and programmes in line with the Millennium Development Goals (MDGs) and the plan of implementation set forth by the World Summit on Sustainable Development (WSSD). Project outputs should contribute to and promote the ongoing Government activities regarding the Sustainable Development Strategy. Likewise, this project will possibly contribute to the Multi-provincial Area-based Development activities being negotiated between UNDP and the Government of the Islamic Republic of Iran.

Date: December 2003

## CONTEXT

### A1. Background

Iran is a vast country with diverse climatic and environmental conditions, hence habitat to a rich diversity of terrestrial and marine species. Many Iranian ecosystems are found to be of international importance and declared as biosphere reserves. Tremendous potential exists in Iran for eco-tourism because of the diversity and, in many cases, uniqueness of its ecosystems. However, during the past decades, great pressure has been put on environmental resources due to unsustainable development patterns.

In spite of the continued efforts being made by various actors, Iran is facing serious environmental challenges like air pollution in urban areas, the pollution of scarce water resources, degradation of natural vegetation, soil erosion and the loss of biodiversity. Recurrent droughts and devastating flash floods occurred in the past decade are believed to have partly been triggered or exacerbated by the poor management of environmental resources.

Three subsequent Five-year Development Plans called for the employment of environmentally friendly approaches when implementing development programmes. The need for incorporation of environmental concerns into policies, plans and programmes (PPPs) is increasingly spelled out by government, non-governmental entities and the public. The recent boom in the number and activities of environmental NGOs is a clear evidence of the above need.

To build on the achievements of a joint Government and UNDP project that established environmental impact assessment (EIA) guidelines and procedures (Environmental Impact Assessment Enabling Activities and Capacity Building, IRA/97/017), UNDP was formally requested by the Government of the Islamic Republic of Iran to provide assistance in putting in place similar instruments for Strategic Environmental Assessment (SEA). This request was put forward both by the Department of Environment (DoE) and the Management and Planning Organization (MPO) during the Tripartite Review meeting held in 2002 to review the outcomes of the EIA project.

The need for SEA stems from the fact that while the EIA may ensure, to some extent, the environmental friendliness of activities at the level of individual projects, a more holistic approach is required to take into consideration the environmental opportunities and limitations of PPPs. Based on the experience gained in other countries, such an approach is believed to enhance the environmental sustainability of development policies and programmes before they are translated into sector or area-wide programmes.

In the global context, the Strategic Environmental Assessment (SEA) has become an increasingly adopted management tool to incorporate environmental concerns in PPPs<sup>1</sup>. SEA aims to ensure that environmental issues are addressed at an early stage in the process of PPPs formulation.

Furthermore, while EIA aims at the impacts of a development project on the surrounding environment, SEA, in some instances, has been used to assess the limitations that environmental conditions impose on development programmes and plans. In this respect, SEA process could be seen as complementary to the existing EIA system<sup>2</sup>.

The launch of the Millennium Development Goals (MDGs) in 2000, reinforced through subsequent confirmation of their relevance by the World Summit on Sustainable Development (WSSD, 2002), has put the work towards their fulfillment on the agenda for governments and international organizations. Having this in mind, the present project will need to become part and parcel of a larger programming strategy towards achieving the MDGs. The project will contribute to and strengthen the ongoing efforts to develop the National Sustainable Development Strategy. As required by the WSSD Plan of Implementation, countries need to have these strategies engineered by 2005. While focusing on the technical and legislative aspects of SEA, the project will also become linked to the work of the National Committee on Sustainable Development (NCSD) and provides for further strengthening of NCSD. This will ensure the integration of environmental, social and economic aspects of development. As such the project has a strong linkage with other initiatives related to the MDGs. This project should be seen as part of a broad scheme of assistance vis-à-vis sustainable development. More specifically, this project in conjunction with another pipeline intervention titled "Mainstreaming Environmental Concerns in Economic Decision Making", provides the technical and legal capacity for improving the environmental aspects of development decisions.

## **A2. Problems to be addressed**

This UNDP intervention is envisaged to address, to the extent it could, the lack of full integration of environmental concerns into policymaking and planning practices in line with the MDGs as the overarching development goals and targets. Once developed, the project outputs will contribute to ensuring the consideration of environmental concerns in decision-making and planning processes in such a way that the nexuses between environment and poverty are addressed.

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<sup>1</sup> See for example the World Bank paper: *Strategic Environmental assessment in World Bank Operations: Experience to Date -- Future Potential*.

<sup>2</sup> The following definition is widely quoted in the SEA literature: "SEA is a systematic process for evaluating the environmental consequences of proposed policy, planning or programme initiatives in order to ensure they are fully included and appropriately addressed at the earliest appropriate stage of decision making on a par with social and economic considerations (Sadler and Verheem 1996)."

### **A3. Previous Experiences**

There is limited experience and knowledge about SEA within the country. No actual SEA has so far been carried out in Iran, nor its application has become a legal obligation. However, strong desire exists within the national environmental and planning arena to start practicing SEA.

In a broader context, UNDP's cooperation with the Government on EIA is deemed a successful precedent to the present proposal. As spelled out by the Deputy Head of the Department of Environment in his meeting of 07 May 2003 with UNDP and MPO, the joint UNDP and Government initiative on EIA has culminated in more widespread knowledge on EIA among relevant groups, systematic management of EIA-related data and information, clear guidelines on how to carry out EIAs, and significant compliance with EIA rules and regulations by project proponents.

### **A4. Development Objective**

The overall objective of this project is to contribute to the incorporation of environmental concerns into policies, plans and programmes (PPPs) for the benefit of the poor.

The project is therefore related to the following UNDP Goal, Sub-goal and Strategic Area of Support:

GOAL: Environment

SUB-GOAL: Sustainable environmental management and energy development to improve the livelihoods and security of the poor

STRATEGIC AREA OF SUPPORT: National policy, legal and regulatory framework for environmentally sustainable development

INTENDED OUTCOME: A comprehensive approach to environmentally sustainable development integrated in national development planning and linked to poverty reduction

### **A5. Regulatory Framework**

Article 50 of the Constitution of the Islamic Republic of Iran states: " It shall be considered a public duty in the Islamic Republic to protect the natural environment in which the present as well as future generations shall have a developing social life. Therefore, economic activities or otherwise which cause pollution or an irreversible damage to environment shall be prohibited."

As approved by the Environment High Council, major development projects are obliged to prepare EIA reports at the very stage of planning before any physical activities are commenced. These development projects include: petrochemical plants, refineries, power plants, steel mills, large dams and irrigation networks, industrial estates, airports, highways, railroads, large industrial slaughterhouses, oil and gas pipelines, reforestation plans, municipal solid waste landfills, composting plants, agro-industrial complexes, ecotourism plans, tailing dams, etc.

Clause 82 of the Law of the Second Five-year Development Plan (1994-1998) puts obligation on all major development projects to conduct EIAs parallel with the feasibility studies. Likewise, the Clause 105 of the Law of the Third Five-year Development Plan (1999-2003) calls for assessing the environmental consequences of large scale production and/or service plans and programmes and preparing environmental assessment reports at the stage of site selection, in compliance with the rules and regulations to be set forth by the Environment High Council. The Clause states that it shall be required for the individuals in charge of implementing such projects to fully observe and comply with the final outcomes and provisions of such environmental evaluations. The responsibility of supervision and control over appropriate implementation of this Clause rests with MPO.

Under the Office of the President, the Department of Environment is held responsible for the protection of the national environment. The Vice President of the I.R. of Iran and Head of DoE acts as the Secretary of the Environment High Council and also chairs the National Committee for Sustainable Development; the latter being a national forum for governmental departments and NGOs.

Environmental rules and regulations are either passed through the Parliament as national laws or enacted by the Cabinet of Ministers or the Environment High Council in form of legally binding decrees when a framework law already exists to support such a decree.

In the Department of Environment, The Director General for the Environmental Impacts Assessment under the Deputy Head of the Department for Human Environment Affairs is responsible for receiving and reviewing EIA reports. It is anticipated that the same Deputy would handle SEA system as well.

## **B. STRATEGY FOR USE OF UNDP RESOURCES**

### **B1. Relevance to UNDP Mandate**

The UNDP corporate mandate puts focus on some "Practice Areas" including, inter alia, "Energy and Environment". In pursuit of achieving its overarching goal to alleviate poverty and materialize sustainable development, UNDP attaches great importance to safeguarding environment and environmental resources for the benefit of the poor. It also undertakes for provision of policy advice to decision-making systems. As such, the mainstreaming of environmental considerations in national decision-making processes is highly relevant to UNDP's mandate and mission.

Paragraph 40 of the Second Country Cooperation Framework of UNDP in the Islamic Republic of Iran (2000-2004) calls for cooperation in the field of environment to expand institutional capacity for better development planning and enhanced economic efficiency for more sustainable economic growth as well as better efficiency and sustainability in the utilization and conservation of resource bases.

## **B2. Relevance to international Treaties, Decisions and Declarations**

Environmental issues have long been in the forefront of international cooperation agendas. Several global environmental treaties call for national regulatory frameworks that ensure the incorporation of environmental concerns into decision-making processes.

In 1992, the Earth Summit Held in Brazil adopted Agenda 21 as the international plan of action to achieve sustainable development. The Millennium Development Goals (MDGs) adopted in 2000, set forth some measurable targets to be met at the global level by 2015. The goal 7 of MDGs and its corresponding targets concern environmental issues. Taking account of environmental issues at the PPP level is deemed a prerequisite for achieving the MDGs.

More recently, the World Summit on Sustainable Development (WSSD), held in Johannesburg in mid 2002, reinforced the need for bringing environmental consciousness to the forefront of decision and policy making processes.

## **B3. Aspects of the Problem to be addressed through UNDP Intervention**

This UNDP intervention will focus on the following:

Capacity building through provision of financial and technical support as well as facilitating access by stakeholders to knowledge and experience on SEA for regulation setting and training purposes;

Helping creation of a national regulatory framework for practicing SEAs;

Creating an enabling environment to put in place clearly defined, participatory processes for conducting SEAs;

Building technical capacity within government, private sector and non-governmental players to conduct SEA studies and review SEA reports;

Creating enabling environment for cooperation among different parties within and outside of the Government towards achieving MDGs and ensuring sustainable development.

## **B4. How UNDP Resources Assist Achieving the Solution to the Problem**

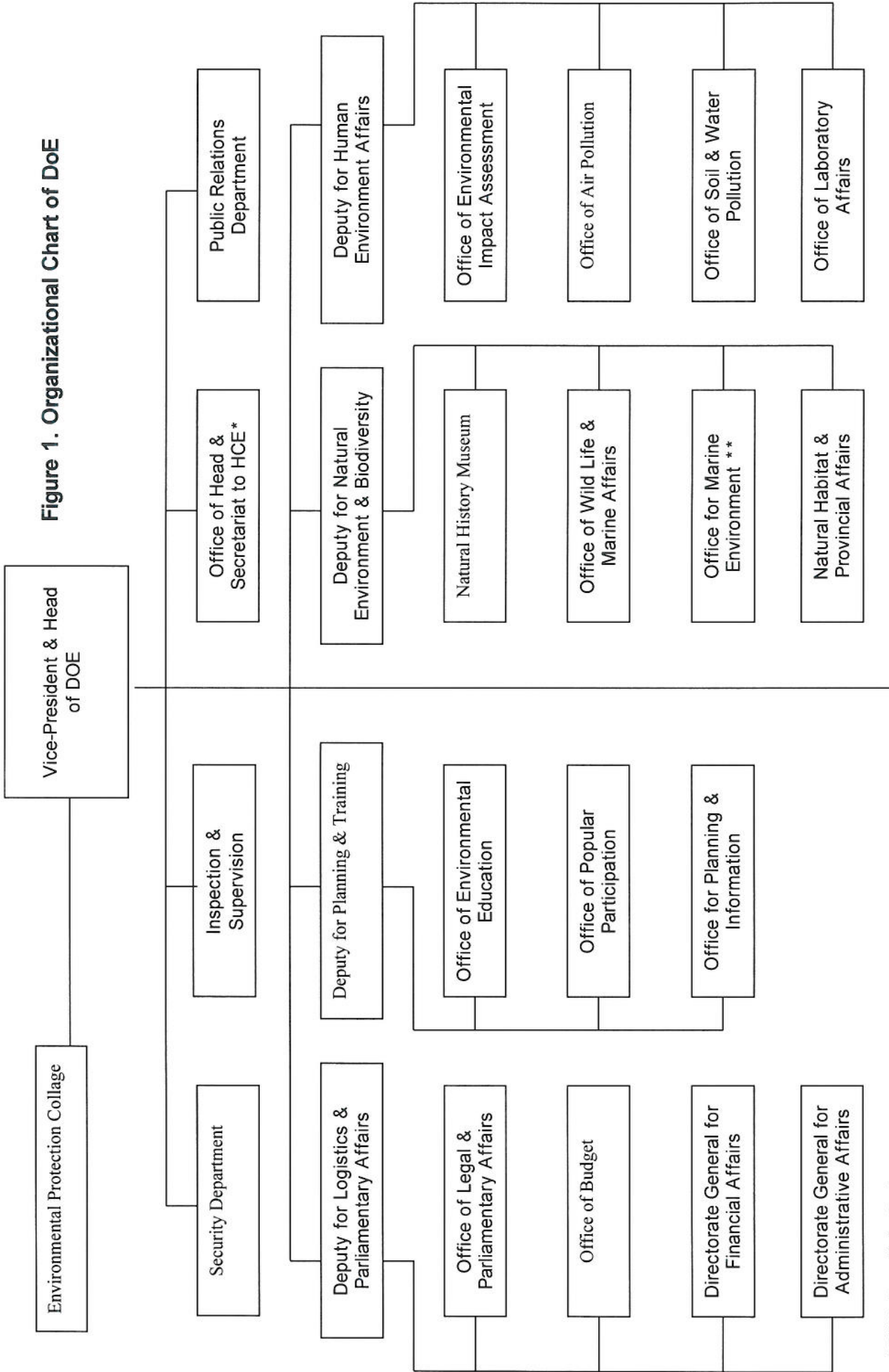
The allocated UNDP resources, in conjunction with the cost-sharing contribution by the government counterpart, will be utilized on the provision of international and national consultancy services needed to produce intended outputs, as well as the creation of an administrative structure to facilitate and monitor the activities. It is anticipated that through successful implementation of this project, will be in place a legally-binding SEA system encompassing legal procedures as well as technical guidelines. As designed, the project provides also for increased knowledge and capacity both within and outside of the Government system on how to carry out SEAs.

## **B5. Outcomes of the Capacity Assessment**

DoE is responsible for the activities related to the protection of the environment in Iran. It is directly affiliated to the Office of the President of the Islamic Republic of Iran; the Head of DoE being a Vice President. The Head is also a full-fledged member of the Cabinet.

As shown in Figure 1, two Deputy Heads of DoE are responsible for natural and human environment issues, respectively. The responsibility for supervising the environmental impact assessments fall within the mandate of the Deputy Head for the Human Environment who is assisted by four Bureaus each headed by a Director General and staffed by professional and support personnel. Moreover, the project office that was created under a previous UNDP intervention (EIA Enabling Activities, IRA/97/017) has still been kept operational by DoE and will be dedicated to SEA project once the latter project starts implementation.

**Figure 1. Organizational Chart of DoE**



\* High Council for Environment

\*\* Currently under direct supervision of the Head

Provincial Offices



The DoE has been a major recipient of UNDP assistance during the past decade. These projects cover a variety of domains including ozone protection and climate change, biodiversity, environmental policy systems, etc.

The following table summarizes the capacity of DoE to implement the present intervention:

**Table 1. Summary of capacity assessment within DoE**

Capacity item	Fully exists	Partially exists, to ngthened	Does not exist at
Legal mandate	X		
Administrative structure		X	
Past experience on UNDP	X		
Participatory mechanisms		X	
Office space	X		
Utilities	X		
Communication base		X	
Equipment		X	
Professional staff		X	
Support staff		X	

### **C. IMMEDIATE OBJECTIVES, OUTPUTS, ACTIVITIES AND INDICATORS**

Table 2 indicates the immediate project objectives along with the corresponding outputs and indicative activities. It shows also the inputs needed to produce each output.

**Table 2. Results and Resources Framework**

Immediate Objectives	Outputs	Indicative Activities	Inputs	Timeframe
C1. Building sound human and institutional capacity for SEA.	C11. Establish and keep running a project office within DoE.	C111. Establish and staff the project office.	One project manager and 2 staff. \$ 28,800. Space, utilities, communication means: DoE. Equipment: \$8,000. Running expenses: \$13,000	Established and staffed: December 2004  Will be running for the whole project life. January 2004
	C12. Establish a steering committee.	C121. Select the steering committee members and hold the first SC meeting. C122. One-day training workshop on NEX for project staff.	DoE  Resource person: UNDP. Venue: DoE	January 2004
C2. Enhance information gathering capacity	C13. 20 professionals (SEA team) are trained and capable of providing training to others, conducting SEAs, reviewing SEA reports.	C131. Set selection criteria and select candidate professionals from DoE, MPO, NCSD, etc. (SEA country team)	DoE, SC.	January 2004
		C132. Organize a 5-day workshop on general, legal and technical aspects of SEA for the country team. (Curriculum to be provided by international consultant). Initiate case studies.	International consultants: 7 w/d, \$ 7,000. National consultants: \$1,000 Venue: By DoE. Running expenses: \$11,000	February 2004
		C133. Carry out two case studies by SEA team, assisted by one international consultant.	International consultant: \$7,000. National consultants: 100 w/d, \$7,000. In-country travel and DSA: \$3,000.	March-June 2004
		C134. Publish case study reports.	Reporting costs: \$ 2,000.	July 2004
		C135. Organize a 5-day workshop. Integrate findings in SEA framework.	International consultant: 7 w/d, 7,000. National Consultants: \$1,000 Venue: By DoE. Running expenses: \$11,000.	August 2004
C2. Enhance information gathering capacity	C21. Workshop on data and information requirements	C211. Organize a 3-day workshop on data and information requirements.	International consultant: \$5,000. National consultants: \$1,000. Running expenses: \$7,000. Venue: DoE.	September 2004
C3. Working out a regulatory process to enforce SEAs.	C31. Final regulatory framework.	C311. Organize a 3-day workshop	International consultant: \$7,000. National consultants: 1,000 Venue: DoE. Running expenses: 7,000.	October 2004
	C312. Prepare first draft.	C312. Prepare first draft.	5 national consultants, 100 w/d, \$7,000.	November 2004- January 2005
	C313. The Environment High Council reviews regulatory framework.	C313. The Environment High Council reviews regulatory framework. C314. Regulatory framework comes into effect.	To be pursued by project office, DoE and MPO.	February-April 2005
C4. Enhance national technical capacity to carry out SEAs	C41. SEA guidelines.	C411. Draft national guidelines on SEA.	DoE and MPO National consultants: 100 w/d, \$7,000.	April 2005
		C412. Have the guidelines reviewed.	International consultants: \$3,000 National consultants: \$2,000	May 2005
		C413. Finalize and publish guidelines.	National consultants, 20 w/d, \$1500. Publishing costs: \$4,000	June 2005

**Table 3. Annual Output Target: Work-plan for Year 2004**

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET
C111. Establish and run the project office.	Project staff	1301	9600
	Project Manager	1701	9600
	Equipment (Non-exp.)	4501	6000
	Equipment (Exp.)	4502	2000
	Office expenses	5301	9000
<b>Total for output C11</b>			36200
C121. Select the steering committee members and hold the first SC meeting.	Gove't officials	N/A	N/A
C122. One-day training workshop on NEX for project staff.	UNDP resource person	N/A	N/A
<b>Total for output C12</b>			00
C131. Set selection criteria and select candidate professionals from DoE, MPO, NCSD, etc. (SEA country team)	Gov't and other officials	N/A	N/A
C132. Organize a 5-day workshop on general, legal and technical aspects of SEA for the country team. (Curriculum to be provided by international consultant). Initiate case studies.	Int'l consultants	1101	7000
	Nat'l consultants	1702	1000
	Venue	N/A	N/A
	Running expenses	3202	11000
C133. Carry out two case studies by SEA team, assisted by one international consultant.	Int'l consultants	1101	7000
	Nat'l consultants	1702	7000
	Travel	1601	3000
C134. Publish case study reports.	Reporting costs	5201	2000
C135. Organize a 5-day workshop. Integrate findings in SEA framework.	Int'l consultants	1101	7000
	Nat'l consultants	1702	1000
	Venue	N/A	N/A
	Running expenses	3202	11000
<b>Total for output C13</b>			57000
C211. Organize a 3-day workshop on data and information requirements.	Int'l consultants	1101	5000
	Nat'l consultants	1702	1000
	Venue	N/A	N/A
	Running expenses	3202	7000
<b>Total for output C21</b>			13000
C311. Organize a 3-day workshop	Int'l consultants	1101	7000
	Nat'l consultants	1702	1000
	Venue	N/A	N/A
	Running expenses	3202	7000
C312. Prepare first draft.	Nat'l consultants	1702	3000
<b>Total for output C31</b>			18000

**Table 4. Annual Output Target: Work-plan for Year 2005**

ACTIVITY DESCRIPTION	INPUTS DESCRIPTION	BUDGET LINE	BUDGET
C111. Establish and run the project office.	Project staff	1301	4800
	Project Manager	1701	4800
	Office expenses	5301	4000
<b>Total for output C11</b>			13600
C312. Prepare first draft (continued from 2004)	Nat'l consultants	1702	4000
C313. The Environment High Council reviews regulatory framework.		N/A	N/A
C314. Regulatory framework comes into effect.		N/A	N/A
<b>Total for output C31</b>			4000
C411. Draft national guidelines on SEA.	Nat'l consultants	1702	7000
C412. Have the guidelines reviewed.	Int'l consultants	1101	3000
	Nat'l consultants	1702	2000
C413. Finalize and publish the guidelines	Nat'l consultants	5201	1500
	Reporting/publishing		4000
<b>Total for output C41</b>			17500

## D. INPUTS

Inputs from both UNDP and Government will be provided to the project.

### D1. UNDP Inputs

UNDP will provide a total financial contribution of US\$ 119,800 to the project activities. This will be disbursed over the project duration for:

- International consultancy services: \$ 36,000;
- In-country missions: \$ 3,000;
- One full time National Project Manager to be stationed at the project office within DoE, rails equivalent of US\$ 800 per month, up to a total amount of \$ 14,400;
- Two full time support staff, rails equivalent of US\$ 800 per month, up to a total of \$ 14,400;
- Workshops: \$ 28,000;
- Equipment (non-expendable): \$ 5,000;
- Project audit by external auditors: \$ 2,000;
- Advocacy (UNDP): \$ 2,000
- Costs of the support services provided by UNDP country office: \$ 6,000, lump sum;
- Miscellaneous/sundries including office expenses, hospitality, communication (fax, phone, internet access): \$ 9,000.

### D2. Government Inputs

**In-kind contribution:** Government will nominate a National Project Director who is not paid from the project budget. It will also provide the followings:

- Two office rooms equipped with required utilities (air condition, water, electricity);
- One direct telephone line and three switchboard connections;
- Two computers;
- Two telephone sets;
- Office furniture;
- Access to EIA data center;
- Venue for all seminars/workshops/meetings.

The total in-kind contribution by Government is estimated at about US\$ 50,000 over the project duration.

**Cost-sharing contribution:** Government will provide US\$ 53,500 as total cash contribution to be disbursed on:

- National consultants 12 work/month: 28,500;
- Workshops: \$ 8,000;
- Expendable equipment, furniture and maintenance: \$ 3,000;
- Publications/reporting: \$ 6,000;
- UNDP support cost: \$ 2,000;
- Advocacy/public awareness: \$ 2,000; Miscellaneous (transportation, communication, etc): \$ 4,000.

## **E. RISKS AND PRIOR OBLIGATIONS**

### **E1. Potential Risks and Risk Reduction Measures**

The following challenges may put at risk achieving the project objective and need to be addressed early enough to avoid implementation delays or low quality outputs:

- The competency of consultants and project personnel;
- Adequate involvement of the NPD in project implementation and monitoring;
- Coordination between the project office and the EIA Bureau within the Department of Environment;
- Competency of the Steering Committee members and their readiness to attend regular meetings;
- Timely payment of cost-sharing contributions;
- Timely reporting.

The above risks will be substantially reduced by:

- Selecting the consultants and project staff through open, competitive and transparent procedures in consultation with UNDP;
- Regular meeting between the NPD, NPM and the UNDP Programme Officer in charge of the project;
- Selection of the Steering Committee members through official correspondence with the highest authority within their ministries/organizations;
- Setting an agreed schedule of payment according to which the cost-sharing installments will be transferred to UNDP accounts;
- Organizing a training workshop on NEX for project personnel at the outset of its implementation and provision of the NEX Manual for daily reference by project personnel.

### **E2. Prior Obligations and Conditions**

Through signing this project document, both Government and UNDP will oblige themselves to observe the procedures laid down for the implementation of NEX projects as stipulated in the National Execution Manual attached hereto as Annex III. In addition to the undertakings made by the Government elsewhere in this project document, it will undertake to ensure effective internal coordination among relevant organizations. To achieve the intended outcomes of this initiative, the regulatory framework (which is an output of this project) shall have come into effect as soon as appropriate, but not later than the middle of 2005.

## **F. MANAGEMENT**

### **F1. Roles and Responsibilities**

As this project will be implemented through National Execution (NEX), The NPD will be accountable for timely implementation of project activities and the achievement of outputs. He/she will also be fully accountable to make sure that the financial inputs are utilized in a transparent and efficient way to produce the intended results.

Responsibility will be on the NPD for timely provision of the Government inputs and putting in operation the project office. He/she is responsible for recruiting the project personnel and consultants. In so doing, he will take into full consideration the principles of competitiveness, transparency and value for money. Full consultation with UNDP will be essential to that effect.

The NPD shall ensure the sustainability of results after the project is closed.

Timely reporting on financial and implementation status of project is a fundamental role to be taken by the NPD.

The NPD may recruit, in consultation with UNDP, a National Project Manager (NPM) to handle, under the NPD's supervision, the day-to-day activities of the project. Being a national professional with sound knowledge on environmental issues in general and on EIA/SEA in particular, the NPM will be stationed, on a full time basis, at the project office.

The terms of reference for NPD and NPM are attached as Annexes IV and V, respectively.

UNDP takes responsibility to allocate US\$ 119,800 from its core funds to this project. UNDP will also receive and manage the Government cost-sharing to the project. Such funds will be disbursed on project activities as stipulated in this project document and in accordance with the rules and procedures under NEX.

Selection of external auditors and evaluators and making audit arrangement will be undertaken by UNDP. UNDP will also undertake to select and recruit international consultants in full consultation with the NPD upon receiving from NPD a written request to that effect. In so doing, UNDP will apply its own rules and procedures.

## **F2. Composition of Project Office**

Apart from the National Project Director (NPD) who is in charge of the overall management of the project towards achieving its objectives, the following individuals compose the core project team:

- A national project manager (NPM), an experienced professional with post-graduate degree in relevant fields, recruited on a full-time basis for managing the daily implementation of the project;
- A Full time assistant with a BA degree with knowledge and experience in Accounting; and
- A full time clerk/secretary

With the exemption of NPD who is a government official, project personnel will be paid from project budget. The terms of reference for NPM is attached as Annex V. TORs for the Assistant and the Secretary will be prepared by the NPM as soon as implementation commences.

## **F3. Work Plan Preparation and Updating Arrangements**

Three types of work plans should be prepared by the NPD. These are a) the Overall Work Plan, which is provided in Sections C and I of the present project document, b)

Annual Work Plans, and c) Quarterly Work Plans. The latter two work plans shall be prepared and updated regularly by NPD/NPM.

#### **F4. Financial Accounting and Reporting**

The NPD is responsible to keep on record the financial status of the project and provide UNDP with quarterly financial reports at the end of each calendar quarter.

Quarterly and annual Combined Delivery Reports (CDRs) will be generated by UNDP and provided to the NPD for his/her verification and signature. An expenditure list showing disbursements under each budget sub-line should accompany each CDR.

#### **F5. Agreements on Implementation Arrangements**

**Execution Modality:** This project will be implemented through the UNDP National Execution (NEX) modality. The rules, procedures and requirements of the UNDP NEX, as stipulated in UNDP NEX Manual and its later updates shall apply to this project.

**Signing:** Once finalized, this project document will be co-signed by DoE and UNDP. A signing ceremony may be held at the Department of Environment and attended by the representatives from the Ministry of Foreign Affairs. Otherwise, both co-signatories may agree to sign individually and exchange copies.

**Project office:** The NPD will establish the project office within the premises of the DoE and ensures that the office is well equipped and operational.

**Project Steering Committee:** A Steering Committee, chaired by the NPD and composed of the members from the Ministry of Foreign Affairs, the Management and Planning Organization, the Secretary of the National Sustainable Development Committee, UNDP and a prominent environmental NGO will oversee the implementation of the project. The Steering Committee will meet once in a calendar quarter to review the progress and provide the NPD with advisory comments on project implementation. As appropriate, other Government and non-governmental organizations and members of the National Sustainable Development Committee may be invited to attend the Steering Committee meetings. No remuneration from project budget shall be paid to the Steering Committee members for the services they provide to the project.

#### **F6. Financial Mechanism**

The UNDP Advance Payment modality is preferred to be the financial mechanism of this project. To that effect, the DoE shall open a new bank account to receive advances. Advance payments will be made on quarterly basis as per the financial requests to be made by NPD. Along with each quarterly financial report, the NPD will provide a request for advance payment for the following quarter. To each payment request, a quarterly work plan should be attached (See also Annex III).

However, In case the advance payment could not be practiced for any reason, the UNDP Direct Payment procedures should be employed.



## **F7. Audit Arrangements**

At least once in its lifetime, this project will be audited by external auditors. UNDP will select and recruit competent auditors according to its rules and regulations. Audit costs will be paid from project budget.

The auditors will need to visit the project office and any project-related documents kept therein. The project may also be subjected to UNDP internal audits and evaluations.

## **F8. Advocacy**

Advocacy and public awareness will be essential components of this project. Selected project publications including, inter alia, SEA regulation, guidelines and workshop materials shall be translated into English and duly published/posted on UNDP and project websites. A brochure in Farsi and English will be prepared and published at the final stage to publicize the project achievements.

Moreover, the project will financially contribute to the general advocacy activities of UNDP. To that end, \$ 2,000 (lump sum) shall be provided from project budget to UNDP public relations activities.

## **G. REPORTING, MONITORING AND EVALUATION**

### **G1. Reporting requirements**

The following reports shall be produced by NPD for timely submission to UNDP:

- Annual reports,
- Quarterly financial reports;
- Quarterly progress reports

### **G2. Monitoring and Evaluation Mechanisms**

UNDP rules and regulations concerning monitoring and evaluation shall apply to this project. If required, the project will be included in the evaluation plan of UNDP country office.

If deemed necessary, towards the end of the project implementation, an independent evaluation by a competent international consultant may be carried out. If so decided, the project activities and workplans have to be revised accordingly. The budget needed for such evaluation will be deducted from other activities as appropriate. This evaluation is to assess the project progress and to elaborate on how to make the project achievements sustainable beyond its closure.

## **H. LEGAL CONTEXT**

The Project document shall be the instrument envisaged in the "Supplemental Provisions to the project Document" attached hereto (see Annex I).

## I. WORK PLAN

### I1. Preparation Process

The following work plans are required to be prepared by the National Implementing Agency:

Overall Work Plan: that indicates the key activities against a general timeframe for the whole duration of the project;

Annual Work Plans: to be prepared for each project year by the NPD; and

Quarterly Work Plans: To be prepared for each calendar quarter by the NPD.

### I2. Work Plan Table

The following table indicates the Overall Work Plan of the project (also see Section C):

**Table 5. Overall Work Plan**

Activity	2004				2005	
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
C111						
C121						
C122						
C131						
C132						
C133						
C134						
C135						
C211						
C311						
C312						
C313						
C314						
C411						
C412						
C413						

Annual and Quarterly Work Plans will be prepared by the NPD and submitted to UNDP and Steering Committee members as provided for in the NEX Manual. Such work plans will be kept on file with this project document for implementation and monitoring purposes.

## J. BUDGET

### J1. General Considerations

Both UNDP and Government contributions to this project will be managed by UNDP according to its rules and regulations including, inter alia, the rules and procedures concerning the National Execution of UNDP assisted projects.

The agreed Government contribution shall be transferred to UNDP in accordance with the following time schedule:

Budget transfer	Amount	Currenc
20 January 2004	28,000	US\$
30 March 2004	12,500	US\$
30 June 2004	12,500	US\$

Delays in the above payments may result in corresponding delays in fulfilling UNDP obligations or suspension/eventual termination of this project.

### J2. Budget Schedule

The following table indicates the general distribution of the total project budget among the scheduled activities:

**Table 4. Budget Schedule**

B.L.	Description	UNDP US\$	C/S US\$	Total US\$	2004 US\$		2005 US\$	
					UNDP	C/S	UNDP	C/S
1101	International consultant (daily fee, DSA, travel)	36,000		36,000	33000		3000	
1301	Support staff	14,400		14,400	9600		4800	
1501	Auditing	2,000		2,000			2000	
1601	Mission/DSA (in-country)	3,000		3,000	3000			
1701	National professionals (NPM)	14,400		14,400	9600		4800	
1702	National professionals (Consultants)	00	28,500	28,500		14000		14500
3202	Workshops	28,000	8,000	36,000	28000	8000		
4501	Equipment, non-expendable	5,000		5,000	5000			
4502	Equipment, expendable & maintenance		3,000	3,000		2000		1000

<b>5201</b>	Reporting/publication		6,000	6,000		2000		4000
<b>5202</b>	Advocacy (NE X)		2,000	2,000		1000		1000
<b>5203</b>	Advocacy (UNDP)	2,000		2,000	2,000			
<b>5301</b>	Miscellaneous/sundries	9,000	4,000	13,000	9000			4000
<b>9601</b>	UNDP support services	6,000	2,000	8,000	6000			2000
<b>Total</b>		119,80	53,500	173,30	10520	27000	14600	26500

## **K. EXIT STRATEGY**

The present project intends to ensure that a comprehensive approach to environmentally sustainable development is integrated in national development planning and linked to poverty reduction. As such, the Government counterparts will ensure that (1) the institutional capacity created by the project is embedded into the Government system and continues functioning; (2) the human capacity is being utilized and continuously enhanced to conduct SEAs in future; (3) the regulatory frameworks contributed to by this project come into effect and are enforced effectively; and the activities of this project are linked to and results in enhanced capacity of the National Sustainable Development Committee.

The outputs of this project will serve as means to define and implement a national sustainable development strategy as called for by the World Summit on Sustainable Development to achieve the Millennium development Goals set forth by the Millennium Summit.

## **L. ANNEXES**

**Annex I: Standard Legal Text**

**Annex II: UNDP FIM Budget Table**

**Annex III: National Execution Manual**

**Annex IV: Terms of reference for the National Project Director**

**Annex V: Terms of reference for the National project Manager**

**Signature page**

Project title: **Sustainable Development Strategy and Strategic Environmental Assessment: Capacity Building and Enabling Activities**

Project number: **IRA/03/009/01**

Executing Agency: **Department of Environment**

Implementing Agency: **Department of Environment**

Total Budget: **US\$ 173,300**

Source of Fund: **TRAC Resources (\$ 119,800) and Government Cost-sharing (\$53,500S)**

Project Site: **Tehran**

Estimated Starting Date: **01 January 2004**

Estimated End Date: **30 June 2005**


Programme Committee Approval Date: **12 December 2003**

**On Behalf of**

Department of Environment

United Nations Development Programme

**Signature and Date**



7/1/04

**Name and Title**

Seyed Mohammad Mojabi  
Deputy Head for  
Administrative &  
Parliamentarian Affairs

Frederick Lyons  
Resident representative

## Annex I

### STANDARD LEGAL TEXT

#### Supplemental Provisions of the Project Document:

##### The Legal Contexts:

#### General Responsibilities of the Government, UNDP and the Executing Agency

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

#### (a) Participation of the Government

1. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document, budgetary

provision, either in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.

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

11. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to commencement or continuation of project operations.

(b) Participation of the UNDP and the Executing Agency

1. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.
2. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Manager who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.
3. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.
4. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.
5. The Executing Agency may, in agreement with the government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.
6. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.
7. Arrangements may be made, if necessary, for the temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.
8. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title of such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion, retain title to part or all of such equipment.



9. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.
10. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

#### Rights, Facilities, Privileges and Immunities

1. In accordance with the Agreement concluded by the United Nations Development Programme (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations Organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said agreement.
2. The Government shall grant UN volunteers, if such services, are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.
3. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:
  - a. Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;
  - b. Be immune from national service obligations;
  - c. Be immune together with their spouses and relatives dependent on them from immigration restrictions;
  - d. Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;
  - e. Be accorded together with their spouses and relatives depended on them the same repatriation facilities in the event of international crisis as diplomatic envoys.
4. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.
5. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or

organization, except for nationals of the host country employed locally, in respect of:

- a. The salaries or wages earned by such personnel in the execution of the project;
  - b. Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;
  - c. Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b) above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and
  - d. As in the case of concessions currently granted to UNDP and Executing Agency's personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.
6. The Government shall ensure:
- a. Prompt clearance of experts and other persons performing services in respect of this project;
  - b. The prompt release from customs of:
    - i. Equipment, materials and supplies required in connection with this project; and
    - ii. Property belonging to an intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.
7. The privileges and immunities referred to in the paragraphs above, to which such firm or organization and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.
8. The Executing Agency shall provide the Government through the Resident Representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

9. Nothing in this Project Document or Annexes 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.

#### Suspension or Termination of Assistance

1. The UNDP may by written notice to the Government and to the Executing Agency concerned suspend its assistance to any project if in the judgment of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that it is prepared to resume its assistance.
2. If any situation referred to in paragraph (1) above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.

The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.