United Nations Development Programme

Country: Islamic Republic of Iran

Initiation Plan

Project Title: Socio-economic recovery and digital empowering of targeted MSMEs, women headed households and local farmers impacted by COVID19 pandemic

Expected United Nations Development Assistance Framework (UNDAF)/UNDP Country Programme Document (CPD) Outcome(s):

Outcome 3: Relevant government agencies formulate, implement and monitor their social welfare, poverty eradication and sustainable employment policies and programmes more effectively

Expected CPD Output(s):

Output 3.1: Enhanced strategies and measures to achieve inclusive growth and poverty reduction are developed and considered for adoption / implementation by the Government.
Output 3.2: Innovative sustainable employment strategies and measures are developed and considered for adoption / implementation by the Islamic Republic of Iran.

Initiation Plan Start/End Dates: 7 October 2021 to 30 July 2022

Implementing Partner: UNDP (DIM)
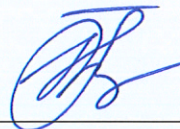
Brief Description

The economic and social impact of COVID-19 in Iran is unprecedented – and women-headed households are particularly vulnerable. The COVID-19 pandemic has had an unprecedented impact on the socio-economic well-being of the Iranian population, compounding the challenges that were already in place due to sanctions. Up to 15% of the Iranian GDP might decline due to the impact of the pandemic, directly affecting 50% of the Iranian workforce1. The bottom 40% of the income decile groups are among the most adversely impacted; among those, a significant proportion of the 3 million women-headed households in the country are particularly vulnerable. Up to 2 million people, as of the third quarter of 2020, are estimated to have become inactive and/or fallen in unemployment due to the pandemic - added to the population that was already inactive and/or unemployed prior to the outbreak. The crisis is also contributing to the widening and deepening of inequalities – including gender inequalities. Micro and small enterprises in the formal and informal sector (including those headed by female entrepreneurs) have been among the most severely affected by the pandemic – as they had very limited means to cushion the impact compared to larger enterprises. MSMEs constitute over 85 per cent of all businesses in Iran; although the income they generate is approximately 19 per cent of what is generated by larger enterprises, MSMEs employ approximately 80 per cent of the Iranian workforce. Women, in particular, have been among the worst hit – partly due to the fact that they tend to be overrepresented in the labour force of some of the sectors hardest hit by the pandemic. Past experience and consultations with the key actors show that with MSMEs equipped with resources such as knowledge, connected to existing networks, and with reliable connectivity will be better prepared and are more likely to withstand crises and associated challenges posed by crises situations. In the developing world, digital solutions can facilitate mobilization of these resources to meet the basic needs of recipient communities.

Proposed initiative aims to contribute to close the 'digital divide' for vulnerable communities/producers/ MSMEs affected by COVID19 socio-economic impacts in targeted pilots, while promoting the adoption of new, sustainable, green practices in rural areas - with a particular focus on women-led farms and rural enterprises. This will be attained by a 'proof of concept' initiative that (i) links women local farmers and producers of target areas to modern e-commerce and digital marketing platforms, thereby helping to expand and diversify their customer base; (ii) enhancing the cost-effectiveness of the local value chain (including by reducing intermediaries) and introducing new practices for greener, higher-value-addition products.

This initiative will build on past achievements and joint efforts of UNDP Iran and the Government of Islamic Republic of Iran in addressing the socio-economic impacts of COVID-19 pandemic. The project will also cover the carryover of the activities under a previous initiation plan implemented through UNDP's Rapid Financing Facility (RFF).

Programme Period:	CPD 2017-2021	**Total resources required:**	**$ 367,190.02**
Atlas Project Number:	00139707	Total allocated resources:	
Atlas Output ID:	00129224	• Rapid Financing Facility (RFF): $ 187,190.02	
Gender Marker:	GEN 3	• TRAC 2: $180,000	
		• Other:	
Atlas Output ID:	00129225	o Donor	_____
Gender Marker:	GEN 3	o Government	_____
		In-kind Contributions	_____

Agreed by UNDP:
_____

COVID19 has had an unprecedented socio-economic impact on well-being of the Iranian population, compounding the challenges that were already in place due to sanctions. Up to 15% of the Iranian GDP in 2020 has declined due to the impact of the pandemic, directly affecting 50% of the Iranian workforce1. The bottom 40% of the income decile groups are among the most adversely impacted; among those, a significant proportion of the 3 million women-headed households in the country are particularly vulnerable. Up to 2 million people, as of the third quarter of 2020, are estimated to have become inactive and/or fallen in unemployment due to the pandemic2 in addition to the population that was already inactive and/or unemployed prior to the outbreak. The crisis is also contributing to the widening and deepening of inequalities, including gender inequalities. Micro and small enterprises in the formal and informal sector (including those headed by female entrepreneurs) have been among the most severely affected by the pandemic as they had very limited means to cushion the impact compared to larger enterprises. MSMEs3 constitute over 85 per cent of all businesses in Iran; although the income they generate is approximately 19 per cent of what is generated by larger enterprises, MSMEs employ approximately 80 per cent of the Iranian workforce. Women, in particular, have been among the worst hit – partly due to the fact that they tend to be overrepresented in the labour force of the sectors hardest hit by the pandemic, such as retail and hospitality/ tourism.

Considering the ongoing challenges for MSMEs, the pandemic has also brought to the surface the critical importance of closing the 'digital divide'. Hence, for MSMEs to 'bounce back' the 'digital divide' needs to be minimised. Limited knowledge and skill set to leverage established national e-commerce and e-marketing platforms (see below) can constitute a major hurdle for MSMEs – eroding potential opportunities for them to adapt their business models to a COVID-19 impacted economy, and hence impacting their viability and sustainability during the pandemic. Furthermore, although significant investments in network connectivity have been made in the recent past across the country, there is evidence to suggest that the penetration of high-quality and reliable broadband services might vary (e.g. rural vis-a-vis urban areas). In addition, cost considerations might dissuade a significant number of micro-entrepreneurs from subscribing to such services. The level of 'digital literacy' and the degree of access to smart digital devices among vulnerable populations – in rural communities, and among low-income groups- is also relatively limited vis-a-vis urban and middle-to-high income end-users:

Modern networked devices are out of reach for many home-based workers and microentrepreneurs. In addition, market shortages of smart phones and inflation are also increasing the costs of these items and of the associated network services. Addressing barriers on these three fronts -i.e. knowledge, hardware and connectivity- is therefore critical to digitally empower the most vulnerable.

Despite the challenge described above, there are also opportunities for MSMEs (including women headed MSMEs) to bridge that gap. There are well-established national digital platforms commonly used by a relatively large proportion of Iranians. Indeed, access to national e-banking is almost universal in Iran, largely due, to the Universal Basic Income (UBI) scheme: since its inception, UBI has led to proactive policies for ensuring widespread access to commercial banking services as a vehicle for providing regular UBI instalments. E-commerce and e-services are increasingly becoming a mainstay for consumers (particularly in urban areas), through, for instance, the widespread use of digital applications such as 'Snapp' (for transportation, courier, and food delivery services); digital marketing sites such as 'Ba Salam' and 'Mivechin' are also becoming increasingly common.

E-governance (the provision of government services through digital technologies) is also in the ascendance: it is estimated that over 62 per cent of government services to citizens are currently provided via digital platforms. Government's own policies and strategies are also pointing towards greater digital inclusion: despite the economic impact of the pandemic, there are national efforts to upgrade national broadband networks, as well as further strengthen the provision of digital e-services. This initiative can facilitate the 'last mile' efforts to promote greater resiliency of digitally outcasted local and rural MSMEs (including women headed MSMEs) by onboarding them into the fast-growing digital ecosystem.

This initiative aims to reduce the 'digital divide' for vulnerable communities/producers/ MSMEs/ women headed household affected by COVID19 socio-economic impacts in targeted pilots, while promoting the adoption of new,

sustainable, green practices in rural areas with a particular focus on Women headed households, farms and rural enterprises. This will be attained by a 'proof of concept' initiative that (i) links women local farmers and producers to modern e-commerce and digital marketing platforms, thereby helping to expand and diversify their customer base; (ii) enhancing the cost-effectiveness of the local value chain (including by reducing intermediaries) and introducing new practices for greener, higher-value-addition products.

PROPOSED PLAN OF ACTIONS AND INTERVENTIONS

Building on past achievements, UNDP Iran in collaboration with relevant governmental organizations and local e-commerce service providers/platforms will pay efforts to enhance the capacity of underserved communities of the pilot areas:

Component 1: To digitally empower MSMEs in I.R. Iran – enabling them to mitigate the negative socio-economic impact of the COVID-19 pandemic
Component 2: Green & Digital: Empowering women, farmers, and producers in Iran

Component 1: To digitally empower MSMEs in I.R. Iran – enabling them to mitigate the negative socio-economic impact of the COVID-19 pandemic (Proof of concept).

Targeted MSMEs can benefit from effectively accessing and leveraging opportunities in the digital economic space of the country –particularly e-commerce and e-marketing. The Project aims to facilitate access to market intelligence, and making informed investments in key skill sets and know-how (human capital) and tools (connectivity, hardware, etc.)

Output 1.1: Market intelligence on business opportunities in the digital economy available to target MSMEs

- Activity 1.1.1: Rapid local needs assessments – community/MSME level analysis; mapping of potential comparative advantages; local value-chain analysis; gaps and needs in access to digital technologies.
- Activity 1.1.2: Conduction of market research/scanning (demand-side) through (virtual) surveys and focus groups
- Activity 1.1.3: Analysis of collected data (supply and demand-side analyses) to provide granular recommendations to inform Output 1.2
- Activity 1.1.4: Collaborative design of a territorial marketing/territorial branding strategy, based on market research findings

Output 1.2: Knowledge and skills of target MSMEs (including women headed-MSMEs) on digitally smart business practices enhanced

Participatory training and provision of technical advisory [Focus: Digital literacy; E-commerce; digital marketing, branding/territorial branding, digital finance, and literacy]
- Activity 1.2.1.: Content production (training manuals -including well-tailored digital content for trainers and trainees)
- Activity 1.2.2: Training of Trainers (ToT) – (including through interactive virtual training)
- Activity 1.2.3: Delivery of training to end-users/ MSMEs (including through virtual training)
- Activity 1.2.4: Technical assistance/ Help-Desk support to target MSMEs

Output1.3: Product placement and e-marketing for target MSMEs enhanced (supply and demand linkages)

- Activity 1.3.1.: Equipment and network connectivity -Seed investments for digital equipment and small-scale

- Activity 1.3.2: Provision of last mile roll-out support through a business mentorship scheme; peer-to peer support;

[E-commerce]

- o Advisory support for product placement through established e-commerce platforms,
- o Roll-out of the territorial branding strategy (See Output 1.1) – product presentation; advertising campaign (including through mainstream and social media platforms)

[E-marketing]

- o Connecting MSMEs/digital content producers and digital content publishers' advertisers (liaison support)

[Digital finance]

- o Practical application of digital finance tools for
- o MSMEs
- o Connections and integration with operational platforms on money transfers, billing services, etc.
- o Connecting to innovative solutions for access to funding and other financial services (crowdfunding, peer to-peer funding, microinsurance, micro leasing, etc.)

[Visibility and networking]

- o Organization of a 'Digital Market Fair/ Exhibition'

Component 2: Green & Digital: Empowering women, farmers, and producers in Iran

The initiative will contribute to enhance the livelihood options of socio-economically vulnerable communities, in particular women farmers in target areas, while promoting practices for environmental sustainability, commercial fair play and transparency through (i) links women of target areas to modern e-commerce and digital marketing platforms, thereby helping to expand and diversify their customer base; (ii) enhancing the cost-effectiveness of the local value chain (including by reducing intermediaries) and introducing new practices for greener, higher-value-addition products

Output 2.1 Developed capacities (knowledge, skill sets) of women local farmers and producers to promote (i) greener and socially responsible production practices and (ii) e-commerce and digital marketing

Develop business opportunities among target communities in the area via the below activities;

- Activity 2.1.1: Identifying target women farms/rural enterprises in target areas through a clear criteria and systematic method
- Activity 2.1.2: Review and assess capacity needs among identified target groups - including green business practices (led by women): digital literacy and e-commerce/e-marketing
- Activity 2.1.3: conducting the survey on public awareness (demand side) about the consumption of green local products
- Activity 2.1.4: Develop a locally tailored plan for capacity improvements - including green business practices; digital literacy and e-commerce/e-marketing
- Activity 2.1.5: Implement the capacity improvement plan, as well as awareness raising intervention

Output 2.2: Improved online visibility of local farmers and producers (including women) and their green products, while increasing customer awareness of socially responsible and environmentally friendly products

- Activity 2.2.1: Digital onboarding of the farmers to relevant online platforms - including storytelling, photography of products.
- Activity 2.2.2: Workshops for target groups/local farmers and producers (led by women) to improve product quality and obtain platform's quality assurance labels.

- Activity 2.2.3: Quality control and certification by the platform for each product and territorial/farmers' branding

Output 2.3: Online platforms for the marketing and trade of women local farmers and producers, products enhanced and up scaled in Iran through scalable model

- Activity 2.3.1: Promoting the platform as a trusted partner among both target community farmers and its customers
- Activity 2.3.2: Expanding the offer and range of online products profiles;
- Activity 2.3.3: Expanding platform's market segmentation to Iran's expats and international customers

IDENTIFIED RISKS AND RISK MITIGATION MEASURES

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

1. **Risk:** Further deterioration of public health conditions due to the COVID-19 pandemic.
   Mitigation measure: reinforcement of precautionary measures for all project personnel (including mask-wearing, physical distancing, etc.); use of virtual tools to conduct training and mentoring, provide advisory support, engage with field partners, etc.

2. **Risk:** Unanticipated impact of sanctions on UN(DP) programmatic activities, generating bottlenecks and causing undue delays in the procurement of digital equipment, software, and know-how.
   Mitigation measure: advance planning to kick-start procurement at the early phases of implementation; diversification of sourcing options (hardware and software; technical support)- i.e. broadening of the international pool of vendors/ suppliers; use of open-source platforms to expand software options.

3. **Risk:** Deterioration in network connectivity at provincial level due to lack of investments in infrastructure.
   Mitigation measure: Adaptation of online-market platforms to poor-connectivity networks (low broadband); engagement with private sector and relevant authorities to pilot upgrades in area-based networks at sub-county level
4. **Risk:** lack of marketable products available in target communities
   Mitigation: improving soft skills and knowledge in targeted communities to be use further upon availability of product

MANAGEMENT ARRANGEMENTS

This Initiation Plan will be implemented under a Direct Implementation Modality (DIM). The intervention will be managed by the Resident Representative of UNDP in coordination with Ministry of Foreigner Affairs, Ministry of Cooperative, Labor and Social Welfare; Vice Presidency for Family and Woman Affairs; Ministry of Agriculture and Jehad, Department of Environment, national digital marketplaces, and other related stakeholders.

Quality assurance and monitoring of the outputs will be the responsibility of UNDP led by the UNDP Resident Representative and his/her designated staff, with support from a designated Programme Analyst.

MONITORING

The following monitoring mechanisms will be in place for this Initiation Plan implementation:
- UNDP will conduct field visits to monitor the activities and prepare reports.
- In addition to the in-the-field visits, remote monitoring via online collaborative tools will be conducted to track changes and progress
- An Initiation Phase Report will be prepared at the end of the Initiation Plan using the standard format available in the Executive Snapshot.
- Project Manager and Programme Team will closely monitor and provide internal progress reports on project delivery milestones to head of Programme

I. WORK PLAN

Component 1: To digitally empower MSMEs in I.R. Iran – enabling them to mitigate the negative socio-economic impact of the COVID-19 pandemic in I.R. Iran (Proof of concept).

EXPECTED OUTPUTS — And baseline, indicators including annual targets	PLANNED ACTIVITIES — List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1.1: Market intelligence on business opportunities in the digital economy available to target MSMEs	1.1.1 Rapid local needs assessments – community/MSMEs level analysis; mapping of potential comparative advantages; local value-chain analysis; gaps and needs in access to digital technologies.	x				UNDP	RFF	Company contracts; Individual contracts;	15,000
Indicators: Extent to which actionable market data and information on business opportunities in the digital economy is available to target MSMEs	1.1.2 Conduction of market research/scanning (demand-side) through (virtual) surveys and focus groups								
Qualitative indicator, with the following scoring criteria: 1: Not adequately 2: Very partially 3: Partially 4: Largely	1.1.3 Analysis of collected data (supply and demand-side analyses) to provide granular recommendations to inform Output 2								
Baseline: 1 **Targets:** 4	1.1.4 Collaborative design of a territorial marketing/territorial branding strategy, based on market research findings								

EXPECTED OUTPUTS *And baseline, indicators including annual targets*	PLANNED ACTIVITIES *List activity results and associated actions*	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1.2: Knowledge and skills of target MSMEs (including women headed-MSMEs) on digitally smart business practices *Indicators:* # MSME workers that have completed the UNDP-supported training (disaggregated by gender) # MSMEs that have benefited from capital investments to enhance connectivity and enable the adoption of new digital solutions (disaggregated by the gender of microentrepreneur/ head of small enterprise) *Baseline:* 0 *Targets:* 150 (at least 60% of which are women led MSMEs) 300 (at least 60% of which are women-led MSMEs)	1.2.1: Participatory training and provision of technical advisory: [Focus: Digital literacy; E-commerce; digital marketing, branding/territorial branding, digital finance, and literacy] • Content production (training manuals - including well-tailored digital content for trainers and trainees) • Training of Trainers (ToT) – (including through interactive virtual training) • Delivery of training to end-users/ MSMEs (including through virtual training) • Technical assistance/ Help-Desk support to target MSMEs		x			UNDP	RFF	*Company contracts/ technical advisories; Individual contracts;*	42,000

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		x	x	x	UNDP	RFF		66,595.01
Output 1. 3 **Product placement and e-marketing for target MSMEs enhanced (supply and demand linkages)** Indicators: # new MSMEs that are effectively connected to, and/or placed products/services in, established e-commerce and/or e-marketing platforms (disaggregated by the gender) Baseline: 0 Targets: 150 (at least 60% of which are women led MSMEs) 300 (at least 60% of which are women-led MSMEs)	1.3.1 Equipment and network connectivity Seed investments for digital equipment and small-scale connectivity upgrades 1.3.2: Provision of last mile roll-out support through a business mentorship scheme; peer-to peer support; TA: • Advisory support for product placement through established e-commerce platforms (Roll-out of the territorial branding strategy (See Output 1) product presentation; advertising campaign (including through mainstream and social media platforms) • Connecting MSMEs/digital content producers and digital content publishers advertisers (liaison support) ➢ Practical application of digital finance tools for MSMEs ➢ Connections and integration With operational platforms on money transfers, billing services, etc. ➢ Connecting to innovative solutions for access to funding and other financial services(crowdfunding, peer to-peer funding, microinsurance, micro leasing, etc.) • Organization of a 'Digital Market Fair/ Exhibition'						Company contracts; Individual contracts; low value grants;	

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
National Project coordinator									8,000
Area- based coordinator									5,000
Knowledge management and Communications									5,000
Monitoring and evaluation (including baseline, milestone and 'end-line' data collection)									8,000
Direct Project Costing (DPC): (Technical advisory; quality assurance; operational support)- *charged to project 00125344*									12,000
Total- Component 1 from RFF resources									**200,000**
Total Component 1 covered by this initiation plan									*187,190.02*

Component 2: Green & Digital: Empowering women, farmers, and producers in Iran's target areas

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output2.1: Capacity development (knowledge, skill sets) of women local farmers and producers in target areas enhanced to promote (i) greener and socially-responsible production practices and (ii) e-commerce and digital marketing Indicators: 300 number of woman farmers adopt modern digital platforms and e commerce platform Baseline: N/a Targets: 300 women	Develop business opportunities among target communities in the area via the below activities 2.1.1 Identifying target women farms/rural enterprises in target areas through a clear criteria and systematic method 2.1.2 Review and assess capacity needs among identified target groups - including green business practices (led by women): digital literacy and e-commerce/e-marketing 2.1.3 conducting the survey on public awareness (demand side) about the consumption of green local products 2.1.4 Develop a locally tailored plan for capacity improvements - including green business practices; digital literacy and e-commerce/e-marketing 2.1.5 Implement the capacity improvement plan, as well as awareness raising intervention	x	x				TRAC2		46,000

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 2.2: Online visibility of women local farmers and producer's farmer's entrepreneurs and their green products promoted and customer awareness of socially responsible and environmentally practices friendly practices enhanced Indicators: Level of awareness and consumption of green rural products raised by 10 % among digital platform clients Baseline: N/a Targets: 10% has been increased in level of awareness and consumption of green rural products	Combining the online market linkages and capability strengthening in the area via the below activities: 2.2.1 Digital onboarding of the farmers to relevant online platforms - including storytelling, photography of products. 2.2.2 Workshops for target groups/local farmers and producers (led by women) to improve product quality and obtain platform's quality assurance labels. 2.2.3 Quality control and certification by the platform for each product and territorial/farmers' branding			x	x		TRAC2		84,000

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 2.3: Online platforms for the marketing and trade of women local farmers and producers products enhanced and up scaled in Iran through scalable model Indicators: Level of online sales of women farmers in target communities increased by 25% Baseline: N/a Targets: 25% has been increased in level of online sales of women farmers in target communities					x		TRAC2		30,000
	2.3.1 Promoting the platform as a trusted partner among both target community farmers and its customers								
	2.3.2 Expanding the offer and range of online products profiles;								
	2.3.3 Expanding platform's market segmentation to Iran's expats and international customers								
National Project Coordinators									6,000
Knowledge management and Communications									2,000
Monitoring and evaluation (including Travels)									4,000
DPC									8000
Total Component 2									180,000
TOTAL									367,190.02