City of Chabahar is the capital of Chabahar country of the Sistan and Baluchistan province of Iran. Chabahar is located southern part of the country boarding with Afghanistan and Pakistan and is the closest and best access point to the Indian Ocean. Sistan and Baluchistan province however is ranked the last relative to other Iranian provinces in terms of human development indices and characterized by high unemployment and criminal activities including drug trafficking. Increasing employment as well as income generation opportunities to the local population, particularly youth, therefore is of utmost importance for Chabahar.

In this context, UNIDO will undertake a project aiming to promote integration of the fishery and ancillary industries in Chabahar to regional/global market through building capacity of local institutions, upgrading enterprises in terms of quality, productivity recourse efficiency etc. and enhancing market access. Fishery and ancillary industries, with 24,196 jobs, are among the very few industries with potential to offer employment and job opportunities in the region.
This project is in line with the SDG1 (End poverty in all its forms everywhere), Sustainable Development Goals (SDGs) 8, “Promote inclusive and sustainable economic growth, employment and decent work for all,” and 9, “Build resilient infrastructure, promote sustainable industrialization and foster innovation.”

Approved:

<table>
<thead>
<tr>
<th>Signature:</th>
<th>Date:</th>
<th>Name and title:</th>
</tr>
</thead>
<tbody>
<tr>
<td>On behalf of the Government of Japan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On behalf of UNIDO</td>
<td></td>
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I. LEGAL CONTEXT .................................................................................................. 13
A. CONTEXT

A1. Baseline scenario

The Islamic Republic of Iran is facing economic hardship following the United States of America’s withdrawal from the Joint Comprehensive Plan of Action (JCPOA), as declared in May 2018, and the looming reinstatement of sanctions against the country’s economy. Repercussions in the form of a currency crisis and the announcements of cessation of activities by a significant number of multinational corporations (MNCs) have further put pressure on the country’s already difficult economic conditions. The national unemployment rate stands at 12.1% (22 Dec.2017-20 Mar.2018), while youth unemployment (ages 15-29) is significantly higher at 25.3%. Before the background of sanctions being re-imposed by the end of 2018, efforts to create jobs and to sustain or intensify economic relations with the remaining JCPOA-signatories constitute paramount policy challenges.

While Iran demonstrates high human development nationally at place 69/188 on the Human Development Index scale, Sistan and Baluchestan Province is less developed, exacerbated by its location in Iran’s far South-East, borders with Pakistan and Afghanistan, and the Province’s climate. Chabahar City, located on the Mokran coast, has a municipal population of 283,204 people (as per the Census 2016), roughly 40% of which reside in inner urban areas. Having suffered from severe droughts in the last decades, soil conditions in the region have deteriorated, making the land unsuitable for agriculture. The migration of rural populations to urban areas has increased pressures on social resources and job competition. Moreover, the Province has come to serve as an important transit point for illicit opium and heroin shipments from Pakistan and Afghanistan, and Chabahar Sea Port is of special significance as a key location for processing transshipments. Job seekers at times begin to engage in the lucrative cross border drug trade, which further weakens social stability, as the prevalence of opiate use in Iran ranks among the highest in the world.

Although the development of Chabahar Free Zone and the industrialization of the Mokran shoreline have advanced over the last decade, the regional economy is weak. The Free Zone holds the potential to connect the Commonwealth of Independent States countries and Afghanistan to free waters, which would likely increase the influx of capital into the region. However, significant infrastructure investment is yet required. The signing of the Chabahar Port Deal between Iran, India, and Afghanistan, which seeks to transform the port into a regional trading hub, has promoted investment from India. However, it remains unclear how these investments and development plans will be affected by US-sanctions, e.g. in terms of access to equipment and banking facilities.

Even though Iran is the Persian Gulf region’s largest fishery producer, and employment in the fisheries sector has risen from 9,200 (1993) to 186,900 (2010), its fishery industry, including vessel/ components/ fishing equipment manufacturing and fish and marine processing, has been negatively affected by the previous sanctions regime. The domestic market for fishery products is comparatively small, and the industry relies strongly on exports. Furthermore, a lack of industry support, especially for export service providers, and marketing capacity; low productivity of processors; and input and supply fluctuations have further limited access to global markets. The Chabahar Port Deal and the Free Zone provide a new impetus to developing the industry in order to connect with international consumer markets, e.g. in Japan and the European Union.

In light of the above, creating income generation opportunities to enhance regional populations’ livelihoods, and reducing the number of people engaging in drug trafficking, and preventing the spread of terrorism must all be carefully considered in regional development initiatives. UNIDO is currently supporting the fishery industry in Chabahar by offering trainings on (i) longline fishing for tuna, (ii) improving the canned tuna production process, and (iii) upgrading laboratories’ quality control methodologies. The counterparts in Iran have requested UNIDO to further support the industry in the Chabahar region to improve the economic situation and to promote better integration into the regional economy.
Fishery industry

The Islamic Republic of Iran is the largest fishery producer in the region, with a 2,440 km coastline along the Persian Gulf and Oman Sea, and a 740 km coastline in the north, along the southern part of the Caspian Sea, in addition to a number of freshwater bodies. The extended Iranian coastline, together with a diversified climate suitable for various types of aquaculture, makes Iran a large producer of fish. There are three fisheries sectors in the country: The Southern Fishery (the Persian Gulf and Gulf of Oman); the Northern Fishery (the Caspian Sea); and Inland fisheries and aquaculture.

In 2014, the three sources produced 947,000 tons of fish, of which 536,000 tons (56.5%) from the Southern fishery; 39,600 tons (4.2%) from Northern fishery, and 52,000 tons from the Inland fishery, and 320,000 tons from aquaculture, the last two combined provide 372,000 tons (39.3%). Further developments from natural resources are very limited as stocks are already penalized by over-fishing, pollution, and illegal fishing.

It was estimated that about 242,184 people were employed in the fishery sector and aquaculture sector in 2014. In the Caspian Sea region the declining of fish stocks was probably the main reason for the declining of registered fishers, and employment, in recent years. It is expected that investment in aquaculture will translate into more jobs during the sixth development plan period (2016-2021). The 6th Five Year plan, which began in 2016, foresees a fish production increase from 950,000 tons, in 2014, to 1,500,000 tons, in 2020.

A.2 Problem addressed

City of Chabahar with approximately 120,000 inhabitants is the capital of Chabahar County of the Sistan and Baluchistan province of Iran. Chabahar is Iran's southernmost city, bordering with Afghanistan and Pakistan. Chabahar is Iran's closest and best access point to the Indian Ocean; the city is situated on the coast of the Gulf of Oman and has officially been designated as a Free Trade and Industrial Zone by Iran's government. Chabahar is the focal point of Iranian development of the east of the country through expansion and enhancement of transit routes among countries situated in the northern part of the Indian Ocean and Central Asia.

Sistan and Baluchistan province is ranked the last in comparison with other Iranian provinces in terms of human development indices. It is the vastest province in Iran occupying 11.16% of the country's area; however it is inhabited by only 3% of total population. The province is characterized by high unemployment, lack of investment and economic opportunities, intense scattering of populated centers, shortage of skilled manpower and infrastructure. The general unfavorable climate conditions in the province along the recent decades of draught are the main reasons for low level of economic efficiency in the agricultural sector.

In addition, the province is faced with security problems due to its specific geographical situation: proximity to the borders with Afghanistan and Pakistan and being positioned on the Southern route of Afghanistan’s opium trade has caused illegal transactions and smuggling issues that has long-standing negative impact on the socio-economic development of the province. From one side, lack of economic and livelihood opportunities have resulted in high unemployment and poverty rates across the province resulting in a high risk of engagement in lucrative drug trafficking and other criminal activities. On the other side, the presence of criminals and drug traffickers has damaged the attractiveness of the province for investment. As a result, Sistan and Baluchistan province receives less investment compared to other provinces, and consequently, less productive employment opportunities are provided.

Due to the access to the open sea and its resources, the main industry in Chabahar’s economy has developed around fishing, which includes the manufacturing of fishing vessels and components, the
manufacturing of fishing equipment, and fish and marine processing industries. The Chabahar Free Zone offers access to international markets for the local enterprises while providing a favorable investment climate. The recently signed agreement between the governments of Iran, India and Afghanistan for the development of an Industrial Port in Chabahar will strengthen Chabahar’s position in the corridor connecting India and Central Asian economies to the Gulf of Oman and international markets. However, despite such favorable conditions and a general increase in demand for fish and marine products, the renewed international economic and political sanctions on Iran will likely seriously impact the fishing industry in Chabahar, especially due to its reliance on export.

As a result, the fishery and related industries have not yet managed to materialize their development potential and to offer employment and income generation opportunities that are crucial to enhance the livelihoods of the local population and reduce the number of people engaging in criminal activities and drug trafficking. Fishery and ancillary industries are among the very few productive industries with growth prospects and potential to offer employment and job opportunities in the region. The fishery sector, with 24,196 jobs, is the main source of employment in the region, followed by trade, customs services, maritime transport, etc. In the industrial sector, the most active industry in the region is related to fishery, this include processing, packaging fish and shrimps, canning, cold storage and fish powder. Chabahar and Konarak have 24,196 permanent and seasonal fishers in 34 fishing cooperatives and 107 fishery industries.

The Chabahar region, with 231,000 tons of catching in 2015, counts 36% of all fishing in the southern waters, and 31% of the whole fishing of the country, 20% of the country total fishing, including aquaculture and wild fish, and ranks second in the Indian Ocean, and first in the west part of the Indian Ocean, supplying 70% the fish consumed in Iran.

The proposed project aims to support the fishery and ancillary industries in Chabahar through skills development and upgrading of the enterprises in the fish processing cluster in Chabahar and along the value chain to improve their market access. Success of positive scenarios for development of this part of Iran depends on rebuilding the negative security image of the province and Chabahar, through promoting sustainable livelihood opportunities especially through productive activities.

A3. Main Target Groups

The main target beneficiaries will be MSMEs in the selected industries in Chabahar. Relevant local institutions will also benefit from the project.

A4. Stakeholders

Key stakeholders are listed below:

- Iranian Fishery Organization (IFO);
- Iranian Fisheries Research Organization (IFRO);
- Iran Veterinary Organization (IVO)

The Iranian Fishery Organization (IFO) is the leading public institution in charge of fisheries and aquaculture and has a clear mandate to manage the fishery and aquaculture sectors and to preserve living aquatic resources. The head of this organization is also the Deputy Minister for Agriculture, responsible for Fisheries and Aquaculture. The Iranian Fisheries Research Organization (IFRO), under the Deputy Minister for Research and Education, was established in 1990. IFRO deals with scientific issues related to fisheries such as stock enhancement as well as stock assessment. IFRO collaborates with IFO in fisheries’ management, planning and decision making. The third organization to be involved in the project is the Iran Veterinary Organization, which
collaborates closely with IFO and IFRO.

A5. Synergy

The project is designed in accordance with the aims and five thematic components of the UNIDO Country Programme “To promote Inclusive and Sustainable Industrial Development in Iran (2017-2021)”, particularly focusing on component 2: “Market: enhance competitiveness, market access and export”. As follows, the possibility of the synergies between the ongoing and planned projects under the respective component of the Country Programme will be considered within the development and implementation phases of the project.

In addition, UNIDO has been implementing a significant number of projects supporting fisheries industries in various parts of the world, including:

- Technical assistance on sanitary and phytosanitary (SPS) measures and the value chain to improve market access for artisanal fisheries in West Africa.
- Revitalizing the fishing and seafood processing industry in Sierra Leone.
- Better quality and safety of fish and fishery products for improving fish trade development in Cambodia.
- Improving productivity and competitiveness of shrimp value chains in Latin America and the Caribbean (LAC) through regional cooperation.
- Upgrading the fishery sector in South Sudan.

Knowledge, experience and expertise in the fishery industry accumulated through these projects will be fully utilized to effectively implement and maximize the impact of this project.

A6. Special consideration regarding SDGs and Other Development Targets

This project will contribute to the SDG 1 (End poverty in all its form everywhere), SDG 8 (Promote inclusive and sustainable economic growth, employment and decent work for all) and SDG 9 (Build resilient infrastructure, promote sustainable industrialization and foster innovation) and maintain support for all 17 SDGs.

Country-level coherence:

The Iranian authority has adopted a comprehensive strategy encompassing market-based reforms as reflected in the Government’s 20-year vision document and the sixth 5-Year National Development Plan for the 2016-2021 period. The sixth 5-Year National Development Plan is comprised of three pillars, namely: (i) Development of a resistance economy, (ii) Progress in science and technology, and (iii) Promotion of cultural excellence.

On the economic front, the development plan envisages an annual economic growth rate of 8 % and includes the implementation of reforms of state-owned enterprises, the financial and banking sector, and the allocation and management of oil revenues among the main priorities of the government during the five-year period.
B. UNIDO Approach

B1. Rationale

UNIDO is a specialized agency of United Nations fostering Inclusive and Sustainable Industrial Development (ISID) in order to eradicate poverty throughout the world and specializes in increasing economic competitiveness and sharing prosperity within a sustainable environment. To this end, UNIDO offers four mutually reinforcing services: Technical cooperation, Analysis and advice on policy, introducing standards and compliance and Knowledge transfer and networking.

UNIDO has successfully undertaken number of projects supporting fishery industries in various countries including, but not limited to, Bangladesh, Cambodia, Colombia, Indonesia, Mexico, Sierra Leone and South Sudan. UNIDO’s approach for the industry is holistic and inclusive: enhancing industrial and human capacity in post-harvesting handling, processing, marketing and export of fish and seafood products. This has improved fishery value chains, rejuvenated artisanal fishing communities, and helped countries to harmonize their quality control and inspection ability with food safety regulations that need to be met for access to global market. UNIDO’s expertise in the industry will assist the industry in Chabahar in improving their businesses.

Moreover, UNIDO has undertaken projects aiming to improve and rehabilitate industries in fragile or post-conflict regions. UNIDO has strengthened the ability of individuals and underprivileged groups to alleviate risks, threats and vulnerabilities, ensuring uninterrupted productive activities and livelihoods. Chabahar is one of the least economically developed cities in Iran. The high unemployment rate and the lack of sustainable livelihood opportunities through productive activities are hampering the socio-economic development in the region while pushing more and more members of the unemployed population into drug trafficking and criminal activities. UNIDO’s experience in projects creating livelihood opportunities in fragile or post-conflict areas enables UNIDO to effectively implement this project in such conditions.

Since 1963 UNIDO has implemented projects in Iran for a total value of US$78 million, the present portfolio is about US$23 million. Since 2002, UNIDO has fostered a strong relationship with governmental institutions and a wide-ranging presence in the country. UNIDO supports a diverse portfolio of development projects in both rural and urban centres. Currently, UNIDO has a strong portfolio and is currently implementing 8 projects in the Islamic Republic of Iran. Following an official request from the Government of Iran, UNIDO has formulated and adopted a Country Programme for Iran 2017-2021. The overall objective of the Country Programme is to provide support to the Government in achieving the strategic goals set out in the 20-year vision document and the sixth 5-Year National Development Plan for the 2017-2021 periods.

B2. Sustainability Strategy

A basic principle to ensure sustainability of the project is to enhance capacities of existing government and non-government institutions, whose mandate is in line with the objective of the project. The proposed approach is envisaged not only to achieve quick impacts but also for medium- or long-term development gains, such as capacity building to realize private-sector-led economic growth.

The main pillars of the sustainability strategy include: (i) building capacities of local public and private institutions through transferring knowledge and technologies; (ii) value chain development plan that lays out a growth path that local fishery producers can follow after project closure; and (iii) expanding market access for local producers to enhance their absorption capacity of enterprises and thus continuously generate employment opportunities. These pillars are aimed at maximizing the impact of this project on the beneficiaries while ensuring continuity of activities after the closure of the project.
In addition, UNIDO will act as a catalyst for expanding partnerships for developing the fishery industry in collaboration with institutions and the private sectors in Iran as well as in Japan so that Iranian and Japanese public and private sectors can continue expanding their network and business after the closure of the project.

**B3. Gender Mainstreaming**

Gender equality and women’s empowerment are key to UNIDO’s goal of achieving ISID, as mandated by Member States in the Lima Declaration adopted in December 2013 (GC.15/Res.1) and highlighted in SDG 9: “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”. The multiplying effect of industrialization on all other areas of development contributes to the entire 2030 Agenda, and also supports SDG 5: “Achieve gender equality and empower all women and girls”.

To address the lesser represented gender’s concerns within the project’s mandate, the project will aim to mainstream gender equality and empowerment of women whenever feasible throughout the implementation of all project activities. Female candidates will be encouraged to apply for the positions of project staff recruited (consultants/experts). The recruited project staff will be encouraged and instructed to target women entrepreneurs and to engage and consult with local gender/women’s groups, associations, NGOs and/or gender focal points in the respective partner institutions to actively participate in the implementation of the project activities.

To enhance the capacity of project implementation staff in gender mainstreaming, the basic gender e-learning course (UN Women’s “I Know Gender” course) will be compulsory for the recruited project staff. Specifically, the training aims to ensure that project implementation members are aware of gender issues, are able to address them appropriately throughout implementation, and are able to respond to gender based barriers to engage in project activities.

Women will be included in the upgrading training to the extent possible. The project will seek to target women beneficiaries (at least 20%), in order to promote the economic empowerment of women and to promote the sustainable growth and expansion of their businesses. Moreover, besides collecting sex-disaggregated data, qualitative data will be collected by means of questionnaires and feedback forms, which will aim to capture prevailing attitudes towards women in the fishery industry, which can be used for future project designs.

**B4. Environmental and Social Assessment**

In addition to the enhancement of the socio-economic resilience and stability in targeted communities, the proposed project will contribute to mitigating the negative environmental impacts of fishery production through transferring technologies pertinent to energy efficiency, waste management, etc. The project will focus on the promotion of greener value chains, thereby paying special attention to environmental impacts and productivity improvement interventions to increase energy efficiency. Moreover, to the extent possible, the proposed project will contribute to improve occupational health and safety and thus social aspects within the host communities.

The project will focus on MSMEs which have a significant role in job creation and income generation, thereby contributing to poverty alleviation, social inclusion and inclusive and sustainable industrial development. Furthermore, evidence proves that MSME development can also have a positive impact on indirect employment creation due to the effects that business expansion has on the value chain.
C. THE PROJECT

C1. Objective:

The main objective of the project is to improve employment opportunities for youth through developing the fishery, particularly tuna, value chain in Chabahar.

C2. Expected Outcome:

Overall value addition and employment of the fishery industry in Chabahar increased by improving quality and access to overseas markets.

C3. Outputs and Activities:

The main outputs expected from this project are:

Output 1: Improvement of quality management system and market access in the selected value chains, particularly in the tuna value chain.

<table>
<thead>
<tr>
<th>Output 1:</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Improving productivity and efficiency of the value chain through application of quality, productivity and resource/waste management methods.</td>
</tr>
<tr>
<td>1.2</td>
<td>Raising awareness on quality standards in Japan and other selected countries through workshops and seminars.</td>
</tr>
<tr>
<td>1.3</td>
<td>Study quality and value chains of selected species.</td>
</tr>
<tr>
<td>1.4</td>
<td>Identification of potential markets and potential for product diversification for selected species.</td>
</tr>
<tr>
<td>1.5</td>
<td>Facilitation for building networking and partnership.</td>
</tr>
<tr>
<td>1.6</td>
<td>Preparation of value chain development plan.</td>
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</tbody>
</table>

C4. Indicative Timeline of Activities*

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>Month</th>
</tr>
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<tbody>
<tr>
<td><strong>OUTPUT 1</strong></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12</td>
</tr>
<tr>
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<td>1.3</td>
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<td>1.5</td>
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<tr>
<td>1.6</td>
<td></td>
</tr>
</tbody>
</table>
C5. Project Logical Framework

<table>
<thead>
<tr>
<th>Results</th>
<th>KPI's/Indicators</th>
<th>Means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| **Outcome** | Overall value addition and employment of the fishery industry in Chabahar increased by improving quality and accessing to overseas market. | - % of upgraded enterprises showing improvement in at least one of the key indicators (productivity, energy management, waste management, etc.) (target: 50%)  
- % of enterprises presenting improved market access (target: 5-10 % of selected enterprises)  
- # of new target markets/buyers identified and/or tapped | Reports and statistics provided by main partners. | - Targeted beneficiaries will have continuous and free access to the support services developed through the project;  
- Financial, human and natural resources do not constrain expansion of the production capacity of the enterprises. |
| **Output 1** | Improvement of quality management system and market access in the selected value chains, particularly in the tuna value chain. | - # of people participating in the trainings (sex-disaggregated data; target: 20)  
- % of women participants in trainings workshops (at least 20%, subject to participation rate)  
- value chain/cluster development plan developed  
- # of enterprises upgraded. (target: 5 enterprises). | - Project reports;  
- Collected data;  
- Contracts of experts. | - Interest in cooperation from all relevant parties involved. |
C6. Risks and Mitigation Measures

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Description of risk</th>
<th>Likelihood and remedial measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic shocks or crisis affecting the fishery industry in the province.</td>
<td>The objective of the project is that the market competitiveness of the local fishery industries is promoted through the upgrading and capacity building services. These aims are to be achieved based on the assumption that the current demand for fishery products remains largely unchanged at least. Conversely, the project might not be able to achieve the outcome to the degree expected at the project formulation stage.</td>
<td>(low-medium) According to market surveys and development trends, the demand for fishery products does not have a tendency to minimize. However, the overall economic condition needs to be carefully monitored on a regular basis. This will be ensured by the project team at UNIDO HQs in a close cooperation with UNIDO Country Office in Tehran.</td>
</tr>
<tr>
<td>Management of equipment installed.</td>
<td>Equipment provided needs to be carefully managed to avoid possible disputes amongst beneficiaries. Without a proper management system, productivity of local enterprises might not be improved as expected and thus impact of equipment provisions as regards productivity would remain minor.</td>
<td>(low) A clear management system will be established that will facilitate impartial usage of equipment among beneficiaries.</td>
</tr>
<tr>
<td>Difficulties in identification and deployment of international and national experts of requisite qualifications and experience and this might cause delays in implementation.</td>
<td>It might not be straightforward to mobilize sufficiently qualified staff to carry out specific tasks implied by the project outcome, e.g., development of methodologies, upgrading plans, mapping clusters/sectors/value chains and carry out capacity building activities.</td>
<td>(low) UNIDO will engage international and local staff on a timely basis and will further increase international expertise by engaging experts and consultants drawing from UNIDO consultants’ database to ensure efficient and effective management of the project with respect to production of outputs, implementation of activities and managing inputs.</td>
</tr>
<tr>
<td>Interruption of implementation due to security reasons.</td>
<td>Sistan and Baluchistan province is faced with security problems due to its specific geographic situation: proximity to the borders with Afghanistan and Pakistan and being positioned on the Southern route of Afghanistan’s opium trade cause illegal transactions and smuggling issues.</td>
<td>(medium) UNIDO and the UN system assess security risks on a continuous basis so that project staff and stakeholders are not faced with security risks that cannot be dealt with. Since a high security risk context will also jeopardize the implementation of the programme, such a situation will be a reason for a pause in project implementation. On the other hand, such risk assessment and measures put in place by the UN also enables projects to continue with implementation. UNIDO’s Country Office in Tehran will keep the Project Manager informed of developing risks so that necessary measures may be taken, when needed.</td>
</tr>
</tbody>
</table>
C7. Institutional Arrangements and Coordination Mechanism

The counterpart of the project will be the Ministry of Agriculture Jihad. UNIDO will establish a Steering Committee involving the donor, the counterpart, relevant industrial institutions, including vocational training institutions and representative from the fishery industry, if appropriate. Members of the committee will be chosen in consultation with the counterpart and the donor at the outset of the project.

The project will be managed by UNIDO PTC/TII/BCI in close cooperation with the UNIDO Country Office in Tehran. Close synergies will be established with other PTC/TII services and BCI services, in particular. Other UNIDO technical departments, such as Agri-Business Development Department and the Department of Environment, and the UNIDO Institute for Capacity Development will be engaged as required.

The project activities will be implemented in line with the overall strategy of the Country Programme “To promote Inclusive and Sustainable Industrial Development in Iran (2017-2021)”.

D. BUDGET ITEMS

D1. Counterpart inputs

The Government of Japan will make available the funds from the Japanese Supplementary Budget (JSB) to support the implementation of the project throughout the 12 months period. Following the signing of the Joint Comprehensive Action Plan (JCPOA) and lifting of oil and financial sanctions on Iran, both Iran and Japan agreed on the promotion of cooperation aiming to considerably expand the relations between the two countries.

D2. UNIDO Inputs

UNIDO will provide inputs in terms of project management expertise, staff, experience, facilities and know-how, in general terms:

- Identification and preparation of job description(s) and recruitment of all the international and/or national experts and consultants required for the project, whereby the recruitment of qualified female candidates will be encouraged;
- Preparation of recruited experts in terms of familiarization with the relevant UNIDO methodologies and operations, local contexts and mandatory trainings, including the completion of the UN Women’s gender sensitization e-learning course;
- Identification of suppliers (national/international), preparation of the respective Terms of Reference(s) and Technical Specification(s), and procurement of services and equipment as needed;
- Remuneration of project staff, experts and consultants recruited by UNIDO, as well as payment of suppliers;
- Preparation and arrangement of trainings and their costs;
- Project monitoring and evaluation as required;
- UNIDO methodologies, resource materials and platforms as required.

E. Budget

The project follows the results-based management budget structure. In order to be able to respond to changing conditions and so as to ensure swift implementation, UNIDO may make budgetary adjustments, not foreseen in the project document, according to its rules and regulations: UNIDO
will inform the donor about changes between budget components. In the case that shifts between outputs greater than 15 per cent become necessary, UNIDO will submit a revised budget for approval by the donor, showing and explaining the required changes. Changes between budgetary components are not to affect the total budget made available for the project.

<table>
<thead>
<tr>
<th>BL</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BL1100</td>
<td>International experts</td>
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<td>Project travel</td>
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<tr>
<td>BL1600</td>
<td>Staff travel</td>
<td>8,000</td>
</tr>
<tr>
<td>BL1700</td>
<td>National experts &amp; admin staff</td>
<td>60,000</td>
</tr>
<tr>
<td>BL2100</td>
<td>Subcontracts</td>
<td>16,000</td>
</tr>
<tr>
<td>BL3000</td>
<td>In-service training conference</td>
<td>5,000</td>
</tr>
<tr>
<td>BL4300</td>
<td>Premises</td>
<td>4,800</td>
</tr>
<tr>
<td>BL4500</td>
<td>Equipment</td>
<td>2,000</td>
</tr>
<tr>
<td>BL5100</td>
<td>Miscellaneous</td>
<td>2,227</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td><strong>158,027</strong></td>
</tr>
<tr>
<td><strong>Programme Support Cost (13%)</strong></td>
<td></td>
<td>20,544</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>178,571</strong></td>
</tr>
</tbody>
</table>
F. PROJECT MANAGEMENT AND COORDINATION

UNIDO’s Department of Trade, Investment and Innovation (PTC/TII) will provide guidance, overall management and coordination of the project. The Business Environment, Cluster and Innovation (BCI) Division will assign the task of project implementation to BCI Project Manager (PM) based in Vienna with regard to the technical components of the project. In line with the UN administrative rules and regulations, UNIDO will: (i) take all decisions regarding the staff recruitment, contractual arrangements/agreements, technical assistance, project backstopping and supervision, monitoring and reporting; and (ii) consider both local and international procurement sources taking into account specification, quality and price (best value for money).

Steering Committee (SC) comprising UNIDO, the Government of Japan and the Ministry of Agriculture Jihad as the main counterpart of the Government of Iran, will be established. Other relevant institutions will be invited in consultation with the counterpart as additional members or observers as needed.

The SC’s main role will be strategic guidance and monitoring of progress towards established objective and outcomes. To this end, the SC may invite experts as reference persons and/or observers as deemed appropriate (e.g. beneficiaries, implementing agencies). It will be responsible for taking all strategic decisions, which may include approval of a detailed work plan as the basis for the project implementation, monitoring and evaluation, significant changes of the project objectives, significant amendments to timelines of the implementation of activities, changes of key beneficiaries, approval of progress reports, etc. In case of any dispute or change in the contents of the project, a decision will be taken by the following core members: the government of Japan, the Ministry of Agriculture Jihad and UNIDO.

The SC will meet twice a year in Tehran. The SC will identify its rules and modus operandi as well as additional members and/or observers in the course of its first meeting. A gender-balanced participation at the SC will be aspired to.

Project Management: The overall coordination of project implementation will be ensured by the PM in PTC/TII/BCI in close collaboration with the UNIDO Representative (UR) for Iran. A Japanese staff, Mr. Tomoyoshi Koume, will manage the project in collaboration with the project management team at UNIDO HQ. The UR and/or the PM will represent UNIDO in the SC of the project and will work together as a team, ensuring the results-orientation and efficiency of delivery. The UR will be the main focal point for coordination with the Japanese Embassy in Iran and other SC members.

The relationship with other agencies, institutions, and associations benefiting from the project will be formally arranged by UNIDO. A detailed work plan will be prepared and presented to the SC members for their approval.

Throughout the project, continuous communication will be maintained between the Government of Japan, UNIDO HQ, and the Ministry of Agriculture Jihad and other local partners to ensure a smooth and successful implementation.

Visibility: UNIDO makes best efforts to increase the visibility of this project, i.e. the issuance of press releases, social media, or logos that help identify the project as contribution of the Government of Japan. A communication strategy/plan will be developed at the outset of the project. In addition, a possibility to organize a launching ceremony at an early stage of the project will be discussed with the donor and counterpart.
G. MONITORING, REPORTING AND EVALUATION

**Monitoring:** The project will establish a result-based management mechanism (RBM) to ensure timely identification of possible implementation challenges and provide support in addressing them. The results of the RBM will be presented and discussed during the Steering Committee Meeting (SCM).

A monitoring and evaluation (M&E) framework including key performance indicators (KPIs) will be established to monitor progress of the overall project activities. The project will be monitored according to the indicators listed in the Logical Framework and undergo reviews in accordance with the country and regional needs. Data will be collected on a regular basis and progress will be reported based on the M&E framework in the SCM. At company level, a tailored M&E framework comprised of KPIs pertinent to productivity, quality, energy efficiency etc. will be established to assess impact of the training provided.

Financial monitoring will be exercised by UNIDO as per UNIDO’s standard financial regulations, and regular financial statements will be submitted to the Government of Japan according to periodicity to be specified in the financial agreements between the parties.

**Reporting:** UNIDO will prepare a work plan at the beginning of the project and it will be submitted to and approved in the first SCM. A progress report and final report will be prepared and submitted to the government of Japan after six months and at the end of the project respectively.

**Evaluation:** Evaluation of this project will be undertaken as per the requirements of the donor; when the project encounters major implementation problems or serious disagreements between stakeholders. A terminal self-evaluation will be carried out at the end of the project according to requirements of UNIDO’s evaluation policy.

H. PRIOR OBLIGATIONS AND PREREQUISITES

The project will start as soon as the donor will have transferred the requisite funds onto the specified UNIDO account.

UNIDO’s assistance is subject to the continuing commitment of the country and the other stakeholders towards the project’s vision and objectives. The project is also designed on the premise that the Government of Iran will maintain the political will to promote the international orientation of the local economy as well as outward and inward investments.

I. LEGAL CONTEXT