Project title: Enhancing the economic resilience of Chabahar through strengthening the fishery industry

Project ID Number: 190221
Area/Location/Countries: Islamic Republic of Iran

RMB Code: HC1. Creating Shared Prosperity

Planned starting date: March/April 2020, upon receipt of funds
Duration: 12 months

Donor

Executing agency/cooperating agency: UNIDO

Counterpart: Ministry of Agriculture Jihad, Islamic Republic of Iran

Project Inputs
Project Total: USD 160,901 -
Support Costs (13%): USD 20,917 -
Grand Total: USD 181,818¹ -

¹ The project, classified as “post conflict” type of intervention, is exempt from the 1 per cent coordination levy applied to humanitarian assistance, as outlined in the Operational Guidance for Implementing the Coordination Levy of 12 March 2019.
Brief description:

The city of Chabahar is the capital of Chabahar county of the Sistan and Baluchistan province of Iran. Chabahar is located in the southern part of the country bordering with Afghanistan and Pakistan, and is the closest and most convenient access point to the Indian Ocean. Sistan and Baluchistan province is ranked the last relative to other Iranian provinces in terms of human development indices and is characterized by high unemployment and criminal activities, including drug trafficking.

UNIDO has been undertaking a series of projects since 2017 in order to promote the deeper integration of the fishery and ancillary industries in Chabahar into regional/global markets through building capacity of local institutions, upgrading enterprises in terms of quality, productivity recourse efficiency, etc., and enhancing market access. This new project has been developed in line with the previous interventions and has been designed to leverage their impacts and outcomes for the sake of advancing greater competitiveness of the fishery industry while ensuring the long-term sustainability of fishery resources.

With regard to the UN SDGs, this project will contribute to the realization of SDG1, “End poverty in all its forms everywhere”, SDG8, “Promote inclusive and sustainable economic growth, employment and decent work for all,” and SDG9, “Build resilient infrastructure, promote sustainable industrialization and foster innovation.”
### List of Abbreviations:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>BCI</td>
<td>Business Environment, Cluster and Innovation Division</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IFO</td>
<td>Iran Fisheries Organization</td>
</tr>
<tr>
<td>IFRO</td>
<td>Iranian Fisheries Research Organization (IFRO);</td>
</tr>
<tr>
<td>ISID</td>
<td>Inclusive and Sustainable Industrial Development (ISID)</td>
</tr>
<tr>
<td>IVO</td>
<td>Iran Veterinary Organization (IVO)</td>
</tr>
<tr>
<td>JCPOA</td>
<td>Joint Comprehensive Plan of Action</td>
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<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
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<tr>
<td>MSMEs</td>
<td>Micro-, Small- and Medium-Sized Enterprises</td>
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<tr>
<td>PM</td>
<td>Project Manager</td>
</tr>
<tr>
<td>PTC/TII</td>
<td>Directorate of Programme Development and Technical Cooperation/ Department of Trade, Investment and Innovation</td>
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<tr>
<td>RBM</td>
<td>Results-Based Management</td>
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<tr>
<td>SC</td>
<td>Steering Committee</td>
</tr>
<tr>
<td>UCR</td>
<td>UNIDO Country Representative</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollars</td>
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<tr>
<td>UNDAF</td>
<td>United Nations Development Assistance Framework</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
</tr>
</tbody>
</table>
Contents
A. CONTEXT ........................................................................................................................................... 1
   A1. Baseline Scenario ......................................................................................................................... 1
   A2. Problem Addressed .................................................................................................................... 2
   A3. Main Target Groups .................................................................................................................. 3
   A4. Stakeholders .............................................................................................................................. 3
   A5. Synergy ........................................................................................................................................ 4
   A6. Special Consideration Regarding SDGs and Other Development Targets ................................. 4
B. UNIDO APPROACH ....................................................................................................................... 5
   B1. Rationale ..................................................................................................................................... 5
   B2. Sustainability Strategy ................................................................................................................. 5
   B3. Gender Mainstreaming .............................................................................................................. 6
   B4. Environmental and Social Assessment ....................................................................................... 6
C. THE PROJECT ................................................................................................................................... 7
   C1. Objective ...................................................................................................................................... 7
   C2. Expected Outcome ..................................................................................................................... 7
   C3. Outputs and Activities ............................................................................................................... 7
   C4. Indicative Timeline of Activities* ................................................................................................ 8
   C5. Project Logical Framework ....................................................................................................... 9
   C6. Risks and Mitigation Measures .................................................................................................. 10
   C7. Institutional Arrangements and Coordination Mechanism ..................................................... 11
D. BUDGET ITEMS ............................................................................................................................ 11
   D1. Counterpart inputs ...................................................................................................................... 11
   D2. UNIDO Inputs ........................................................................................................................... 11
E. BUDGET .......................................................................................................................................... 11
F. PROJECT MANAGEMENT AND COORDINATION ........................................................................ 12
G. MONITORING, REPORTING AND EVALUATION ......................................................................... 13
H. PRIOR OBLIGATIONS AND PREREQUISITES ........................................................................... 14
I. LEGAL CONTEXT ............................................................................................................................. 14
A. CONTEXT

A1. Baseline Scenario

The Islamic Republic of Iran is classified as an upper-middle-income country, and its Gross Domestic Product (GDP) marked USD 447.7 billion in 2017, thus constituting one of the largest economies in the Middle East and North Africa region, and accounted for 0.73 percent of the total global GDP in that year. The economy of Iran is a so-called mixed economy or a transition economy that embraces significant ubiquity of the centrally planned public sectors compounded with a market economy. Holding abundant mineral deposits, namely the second largest natural gas reserves in the world and the fourth largest in proven crude oil reserves, the economy is characterized by a high dependency on natural resource-related export revenues, and, thus, faces high volatility owing to the political climate surrounding the country.

Presently, Iran is facing significant difficulties on two accounts. On the one side, economic and political tensions have increased following the United States of America’s withdrawal from the Joint Comprehensive Plan of Action (JCPOA) in 2018, and the following re-imposition of the sanctions regime on Iran, which have aggravated the country’s economic growth outlook. Trade with Iran has become increasingly difficult to manage, and overall, multinationals and other enterprises are reluctant to consider Iran as a viable destination for investment due to the volatile political climate, and have in part suspended or canceled their investment projects. Against a backdrop of a persistent high unemployment rate, especially among youth, the developments of recent months are likely to further increase pressure on people’s livelihoods in the near future. On the other hand, besides the deteriorating economic situation, the country is among those most afflicted by natural disasters, such as the recent flooding of March 2019, which has destroyed the livelihoods of hundreds of Iranians. The proposed project therefore will aim to respond to a need articulated by the Iran Fisheries Organization (IFO), by aiming to enhance the quality of Iranian tuna products to increase competitiveness and market access.

Building upon two previous interventions, the proposed project will continue to support the tuna value chain in Chabahar and surrounding areas. While efforts targeted at fostering the sustainable development of Sistan and Baluchistan Province have increased over the last years, for example, in the form of the Chabahar Port Deal, the province remains among the poorest in the country. Following unfavorable climatic conditions and severe draughts, agricultural activities have for the large part been abandoned. Chabahar Sea Port, however, is of strategic significance as a key location for processing transshipments. The Chabahar Port Deal gives reason for optimism as the first phase of the deal was inaugurated in December 2017 with India having committed to invest USD 500 million, according to the first phase agreement. As of January 2019, over 400 companies from 15 countries are said to have officially applied to conduct business in the Chabahar Free Zone.

The fisheries sector holds the potential to contribute to improving livelihood opportunities for coastal communities in and around Chabahar. While the domestic market for fishery products has remained comparatively small, the new Port Deal holds the potential to attract processing SMEs and other value-chain actors to take up or expand local production capacities. The proposed project will continue to support SMEs by improving their quality management, advising on product diversification, and identifying suitable export markets.

The proposed project has been aligned with the United Nations Development Assistance Framework (UNDAF) 2017-2021 for Iran, focusing on Outcome area 3. Resilient Economy. Moreover, the project has been designed based on the Iranian counterparts’ request for UNIDO’s continued support to the sector to contribute towards achieving the envisioned development outcomes for the Iranian people, to achieve human security, and the SDGs.

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 the 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.

A2. Problem Addressed

The 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 most convenient 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 the Government of Iran. Chabahar is the focal point of Iranian development in 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 largest province in Iran occupying 11.16% of the country’s area; however, it is inhabited by only 3% of the total population. The province is characterized by high unemployment, lack of investment and economic opportunities, intense scattering of populated centers, shortage of a skilled work force and infrastructure. The general unfavorable climate conditions in the province alongside the recent decades of draught are among the main reasons for the low level of economic efficiency in the agricultural sector.

In addition, the province is faced with security problems due to its specific geographical situation: Its 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, which has a long-standing negative impact on the socio-economic development of the province. On the one side, the lack of economic and livelihood opportunities has resulted in high unemployment and increasing poverty rates across the province, resulting in a high risk of engagement in the lucrative drug trade 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 exist.

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 likely 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 continue to seriously influence 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, such as drug trafficking. The fishery and ancillary industries are among the very few productive industries with growth prospects and potential to offer employment in the region. The fishery sector, with 24,196 jobs, is the main source of employment in the region, followed by trade, customs services, and maritime transport. In the industrial sector, the most active industry in the region is related to fishery, this includes processing, packaging fish and shrimps, canning, cold storage and fish powder production. Chabahar and Konarak have 24,196 permanent and seasonal fishers in 36 fishing cooperatives and 107 fishery industries, including active and inactive units. Only 86 are currently active.

Irrespective of its high growth potential, the fishery industry does not utilize its potential due to a number of problems. First, a lack of proper quality management system prevents fishermen and processing companies in the region from increasing income and employment opportunities. The price of yellowfin tuna sold in Chabahar is around USD 1.5 – 2.0 per kilogram, which is one of lowest in the world. Second, interlinked with the first problem, access to the global value chain is largely limited and, therefore, local fishermen and producers do not benefit from the foreign markets, contributing to the stagnation of the industry. Third, stock of yellowfin tuna in Chabahar and near seas has gradually declined due to a lack of a proper monitoring system. Continuing “business as usual” in Chabahar will not be sustainable in the mid-term, and, thus, the introduction of a proper marine resources management system is required. Finally, natural disasters, coupled with the sanctions imposed by the United States of America, have further severely deteriorated economic conditions in the region and have had adverse effects on these problems in the fishery industry.

The proposed project aims to enhance the competitiveness and resilience of the fishery industry in Chabahar through provision of trainings and workshops on quality management, sustainable fishing practices and marine resources management, and building capacity of local institutions on the same topics.

A3. Main Target Groups

Micro, small, and medium-sized enterprises (MSMEs) in the selected industries in Chabahar will be the primary target beneficiaries for the project. Relevant local institutions will also benefit from the project as a part of the coverage of the project activities.

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 authorities have 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 period 2016-2021. 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, compliance, and knowledge transfer and networking.

UNIDO has successfully undertaken a 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 abilities with food safety regulations that need to be met for access to global markets. 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 is 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 USD 78 million, the present portfolio is about USD 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 centers. Currently, UNIDO is 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 for the period 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 fundamental principle for ensuring the project's sustainability is to boost the technical capabilities of existing governmental institutions and non-governmental actors whose mandate is consistent with the project's objective. The proposed strategy is intended not only to achieve quick impacts but also for medium-or long-term benefit of the sectoral development, such as capacity building, to embody economic growth generated by the private sector.

The primary pillars of the sustainability strategy are: (i) knowledge and technologies transfer aiming
at building capacity of local public and private institutions; (ii) the plan for value chain development, which sets out a development path for the local fishery producers in the target intervention area to follow after the course of the project; and (iii) the strengthened and expanded access to different markets for local producers to enhance their absorption capacity of enterprises and, thus, continuously generate employment opportunities. These pillars, in combination, are designed to maximize the impact of this project on the beneficiaries, while ensuring self-evolving and continuous activities even after the closure of the project.

Furthermore, it is envisioned that UNIDO will play a catalyzing role that expands collaborations for the sake of promoting a flourishing fishery industry in collaboration with institutions and the private sector in Iran as well as in Japan, so that after project completion, the Iranian and Japanese public and private sectors will continue to expand their network, relationship, and business activities.

B3. Gender Mainstreaming

The achievement of gender equality and the empowerment of women is at the core of UNIDO’s goal of realizing inclusive and sustainable industrial development (ISID), as mandated by Member States in the Lima Declaration adopted in December 2013 (GC.15/Res.1), as well as 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 supports SDG 5: “Achieve gender equality and empower all women and girls”.

A gender analysis based on a review of (mostly) secondary sources will be undertaken at the beginning of the project in order to better fine-tune project activities towards the needs of women, who are traditionally less represented in the industry than men. Female candidates will be encouraged to apply for the positions of project staff recruited (as consultants/experts). The recruited staff will be encouraged 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 counterpart institutions to actively take part in the execution of the programme activities.

The completion of the basic gender e-learning course (UN Women’s “I Know Gender” course) will be required for all the recruited project staff assigned to the project in order to boost the capacity of project implementing staff in gender mainstreaming. The sensitization training shall ensure that the entire project implementation team is well aware of gender considerations, and that the team can adequately respond to gender-related obstacles to participation and gender-related barriers to benefitting from project activities.

In addition, the upgrading training will include as many female beneficiary participants as possible. The project has set a target of 20% for women’s participation in the beneficiary groups, aiming to promote the economic empowerment of women and to drive the sustainable growth and expansion of their businesses. A target of 20% seems adequate given the traditional predominance of men in the fishery sector. For processing enterprises, the target may possibly be revised later, pending identification of beneficiary SMEs’ workforce. Besides collecting sex-disaggregated data, the project team will aim to collect qualitative data on gender equality, for example, by using specifically developed questionnaires. The collected feedback data will be analyzed to provide insights on prevailing attitudes towards women in the fishery industry in Iran. Such evidence-based data will be effectively used for both ongoing interventions and future long-term project strategies and designs.

B4. Environmental and Social Assessment

The objective of this project is to improve the competitiveness of Iranian fishery products from Chabahar and to build and develop the resilience of the fishery industry through capacity building activities. As per UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), the Environmental and Social screening template has been completed and this project has been
categorized as "C". Category C projects are likely to have minimal or no adverse social and/or environmental impacts. Although no further specific environmental and/or social assessment is required, environmental and social aspects will be duly considered in all the trainings and the capacity building activities.

Specifically, the proposed project will try to contribute to the mitigation of negative environmental impacts of the fishery industry by building capacity on energy efficiency, waste management, etc. This initiative will concentrate on fostering greener value chains, paying particular attention to environmental impacts and productivity improvement interventions to increase energy efficiency. Furthermore, the proposed project shall be able to contribute to the host communities and, thus, social aspects through improving general occupational health and safety standards.

It is also important to note that the programme will focus on MSMEs, which play a significant role in job creation and income generation, thereby contributing to poverty alleviation, social inclusion and inclusive and sustainable industrial development. This is based on the acknowledgement that sustainable MSME development has great potential to positively stimulate the creation of indirect employment thanks to its linkages, and the effects that business expansion has on the value chain.

C. THE PROJECT

C1. Objective

The competitiveness of Iranian fishery products from Chabahar has been improved, and the resilience of the fishery industry been built and developed.

C2. Expected Outcome

Ability to access new markets and sustainability of fishery value chain in Chabahar improved.

C3. Outputs and Activities

The main outputs expected from this project are:

Output 1: Fishery value chain actors in Chabahar capacitated to employ quality management systems and identify measures to improve sustainability of own fishery-related business operations.

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<thead>
<tr>
<th>Activities</th>
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<td>1.1</td>
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<td>1.4</td>
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<td>1.5</td>
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### C4. Indicative Timeline of Activities*

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>Month</th>
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<tbody>
<tr>
<td><strong>OUTPUT 1</strong></td>
<td></td>
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<tr>
<td>1.1 Organizing training for captains</td>
<td></td>
</tr>
<tr>
<td>1.2 Awareness raising</td>
<td></td>
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<tr>
<td>1.3 Building capacity of local associations</td>
<td></td>
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<tr>
<td>1.4 Support for product diversification and preparation of marketing strategy</td>
<td></td>
</tr>
<tr>
<td>1.5 Identification of potential market and establishing of linkages</td>
<td></td>
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</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>
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</thead>
<tbody>
<tr>
<td>Development Objective</td>
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</table>
| The competitiveness of Iranian fishery products from Chabahar has been improved, and the resilience of the fishery industry been built and developed. | - SOC.1: Number of additional jobs created and jobs retained  
- SOC.2: Number of SMEs with increased inclusion in value chains  
- SOC.3: Number of people living under poverty line who gain access to quality-assured products | - Official UNIDO/ national/ other statistics;  
- Reports/ feedback from MSMEs involved in the project. | - Continued stable, if not growing demand for fishery products;  
- No significant deterioration of macroeconomic and political situation in Iran and trade partner economies. |
| Outcome                         |                                                                                  |                                                            |                                                                            |
| Ability to access new markets and sustainability of fishery value chain in Chabahar improved. | - BUS.1: Cumulative/ Annual number of firms with improved management practices  
- TEC.3: Number of new technologies adopted  
- KASA.2: number of actors [persons] gaining skills on UNIDO knowledge areas (target: 30; sex-disaggregated data, incl. data on women-run/-owned enterprises; target: 20% for women)  
- REA.2: Number of actors [individuals, enterprises, institutions etc.] engaged (sex-disaggregated, incl. data on women-run/-owned enterprises; target: 20% for women) | - 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                        |                                                                                  |                                                            |                                                                            |
| Fishery value chain actors in Chabahar capacitated to employ quality management systems and identify measures to improve sustainability of own fishery-related business operations. | - TCO.1: Number of capacity building activities [training, workshop, study tours etc.] provided (target: 5) | - 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>
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<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>
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<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>
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<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

The following inputs are planned from UNIDO and from the counterpart organizations in order to achieve the project targets.

D1. Counterpart inputs

In order to support project implementation spanning the period of 12 months, the Government of Japan will make the funds available within the framework of the Japanese supplementary budget (JSB 2019). The counterpart will contribute to project implementation in kind, whenever feasible and suitable.

D2. UNIDO Inputs

UNIDO will be responsible for the provision of necessary inputs in terms of project management expertise, staff, experience, facilities and expertise, in general terms:

- Identifying and preparing job descriptions as well as recruiting all the international and/or national experts and consultants necessary for the project. In this case, the recruitment of qualified female candidates will be encouraged;
- Making recruited experts familiar with the relevant UNIDO project methodologies and operations, local contexts and mandatory trainings, including the UN Women’s gender sensitization e-learning course;
- Identifying national and/or suppliers and preparing the respective Terms of Reference(s) and Technical Specification(s), and facilitating the procurement of services and equipment as required for the project activities;
- Remuneration of project staff, including experts and consultants recruited by UNIDO, and payment for suppliers;
- Preparation and arrangement of training sessions, other activities, and their costs;
- Monitoring and evaluating the project activities as required;
- Working with UNIDO methodologies, resource, materials and platforms as required.

E. BUDGET

The project implements the results-based management budget structure. Following its rules and regulations, UNIDO may administer necessary adjustments of the project budget, which have not
been planned in the project document but imperative to respond to changing situations and to assure successful implementation of the project activities: UNIDO will inform the donor on the changes between the budget components. In case of the necessity for such budgetary adjustments between defined outputs exceeding 15 percent, the responsible project management team at UNIDO will provide the donor with an updated budget, clearly showing and explaining the required changes. This revised budgetary report shall be assessed and discussed for the approval by the donor. In any cases, adjustments between budgetary components shall not affect the overall budget of the project that have been agreed and made available for the implementation of the project activities.

The project, classified as “post conflict” type of intervention, is exempt from the 1 per cent coordination levy applied to humanitarian assistance, as outlined in the Operational Guidance for Implementing the Coordination Levy of 12 March 2019.

<table>
<thead>
<tr>
<th>BL</th>
<th>Description</th>
<th>2020</th>
<th>2021</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>International experts</td>
<td>30,000</td>
<td>10,000</td>
<td>40,000</td>
</tr>
<tr>
<td>1500</td>
<td>Project travel</td>
<td>7,000</td>
<td>3,000</td>
<td>10,000</td>
</tr>
<tr>
<td>1600</td>
<td>Staff travel</td>
<td>5,500</td>
<td>2,500</td>
<td>8,000</td>
</tr>
<tr>
<td>1700</td>
<td>National experts &amp; admin staff</td>
<td>25,000</td>
<td>15,000</td>
<td>40,000</td>
</tr>
<tr>
<td>2100</td>
<td>Subcontracts</td>
<td>12,000</td>
<td>6,000</td>
<td>18,000</td>
</tr>
<tr>
<td>3000</td>
<td>In-service training, conferences, workshops</td>
<td>21,000</td>
<td>11,000</td>
<td>32,000</td>
</tr>
<tr>
<td>4300</td>
<td>Premises</td>
<td>6,000</td>
<td>2,000</td>
<td>8,000</td>
</tr>
<tr>
<td>4500</td>
<td>Equipment</td>
<td>1,300</td>
<td>600</td>
<td>1,900</td>
</tr>
<tr>
<td>5100</td>
<td>Miscellaneous</td>
<td>2,000</td>
<td>1,001</td>
<td>3,001</td>
</tr>
<tr>
<td></td>
<td><strong>SUB-TOTAL</strong></td>
<td><strong>109,800</strong></td>
<td><strong>51,101</strong></td>
<td><strong>160,901</strong></td>
</tr>
<tr>
<td></td>
<td>Programme Support Cost (13%)</td>
<td>14,274</td>
<td>6,643</td>
<td>20,917</td>
</tr>
<tr>
<td></td>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>124,074</strong></td>
<td><strong>57,744</strong></td>
<td><strong>181,818</strong></td>
</tr>
</tbody>
</table>

**F. PROJECT MANAGEMENT AND COORDINATION**

UNIDO’s Department of Trade, Investment and Innovation (PTC/TII) will be in charge of guidance, overall management and coordination of the project. With regard to the technical components of the project, the Business Environment, Cluster and Innovation (BCI) Division will assign the task of project implementation to BCI Project Manager (PM) who is located in Vienna. 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:** It is planned to establish the Steering Committee (SC) that is composed of UNIDO, the Government of Japan and the Ministry of Agriculture Jihad as the main counterpart of the Government of Iran. Apart from the aforementioned project stakeholders, active involvement of other relevant institutions is envisaged as additional members or observers, for instance, in multiple consultations and meetings with the counterparts whenever deemed necessary.

The main roles of the SC will be strategic guidance and monitoring of progress towards established objective and outcomes. To achieve this, the SC may invite experts as reference persons and/or observers as deemed appropriate (e.g. beneficiaries, implementing agencies). The SC will be in charge of all strategic decisions, which may include approval of a detailed work plan as the basis for the project implementation, monitoring and evaluation, important changes of the project objectives,
critical amendments to the planned timelines of the implementation of activities, changes of core beneficiaries, approval of progress reports, and so on. The core members of the project: the government of Japan, the Ministry of Agriculture Jihad and UNIDO, will jointly make a decision in case of any major disputes or changes in the contents of the project.

The SC meets in Tehran two times a year. During its first session, the SC is supposed to define its principles and modus operandi as well as other participants and/or observers. Notably, it aims at realizing a gender-balanced representation at the SC.

**Project Management:** The nominated project manager in PTC/TII/BCI will ensure the overall coordination of project execution in close collaboration with the UNIDO Country Representative (UCR) for Iran. The UCR and/or the UNIDO PM will serve as representatives of UNIDO in the project SC and will collaboratively work to ensure the results-orientation and efficiency of delivery. The UCR shall serve as the main focal point for necessary coordination with the donor, the Japanese Embassy in Iran, and other members of the SC.

The formal coordination of the relationships and cooperation with other agencies, institutions, and associations, which will benefit from the intervention, are the responsibility of UNIDO. A detailed work schedule will be submitted to the SC representatives for their endorsement.

The Government of Japan, UNIDO HQ, the Ministry of Agriculture Jihad, and other local partners will maintain close and continuous communication throughout the course of the project in order to ensure the project execution in an efficient and effective fashion.

**Visibility:** UNIDO will be committed to enhancing the project's visibility, for instance, through the issuing of press releases, social media announcements, or the strategic placing of logos that help identify the project as a contribution of the Government of Japan. At the beginning of the project, a communication strategy / guideline will be developed to achieve this objective. Furthermore, the possibility of organizing a launch ceremony at an early stage of the project will be discussed with the donor and counterpart.

**G. MONITORING, REPORTING AND EVALUATION**

**Monitoring:** A result-based management mechanism (RBM) is going to be established in the project to make sure timely identification of possible implementation challenges and provide appropriate measures in responding to them. The outcomes of the RBM is supposed to be presented and discussed in the Steering Committee Meeting (SCM).

To order to monitor progress towards the overall project objectives, a monitoring and evaluation (M&E) framework including key performance indicators (KPIs) will be set up. The project will be followed up based on the indicators listed in the logical framework and will undergo revisions according to the country and regional demands. The relevant data will be regularly and continuously collected, and progress will be reported in compliance with the M&E framework in the SCM. At the company level, a customized M&E framework will be created to evaluate the effects of the training provided. Such tailored M&E framework comprised of KPIs with regard to productivity, quality, energy efficiency etc.

UNIDO is going to carry out the financial reporting according to UNIDO standard financial procedures, and regular financial statements will be submitted to the Government of Japan in compliance with the timeframe stated in the financial agreements between the parties.
**Reporting:** At the beginning of the project, UNIDO is will develop a Work Plan and submit it to the first SCM for its formal endorsement. A progress report and final report will be prepared as integral part of the project activities and submitted to the government of Japan after six months as well as at the end of the course of the project.

**Evaluation:** The project will be evaluated according to the donor’s requirements; whenever major implementation problems or serious disagreements between stakeholders come up. At the end of the project, a terminal self-evaluation is going to be conducted in accordance with the requirements of UNIDO’s evaluation policy.

H. PRIOR OBLIGATIONS AND PREREQUISITES

The project will begin as soon as the donor transfers the agreed funds to the UNIDO account specified by the responsible department.

The intervention of UNIDO is subject to the continuing commitment and engagement of the host country and other partners towards the vision and goals of the project. In addition, the project is 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 external and domestic investment.

I. LEGAL CONTEXT