



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Project of Islamic Republic of Iran

Project number:	140137
Project title:	Business development and sustainable job creation in Iran with special emphasis on high impact sectors development (e.g. agro-industries and related)
Thematic area code	PRP EC 12, EC13 and EC14
Starting date:	February 2015
Duration:	5 years
Project site:	Islamic Republic of Iran
Government Co-ordinating agency & Counterpart:	Ministry of Cooperative, Labour and Social Welfare (MCLS) of Iran
Executing agency/ cooperating agency:	UNIDO as Executing Agency and the Asian Business Cluster and Network Development Foundation (ABCD) as cooperating agency
Project Inputs:	
UNIDO inputs:	In kind
Support costs (13%):	USD 1,380,531
Counterpart inputs:	USD 10,619,469
Grand Total:	USD 12,000,000¹ (see footnote¹)

¹ This project will only cover the budget for the Inception Phase and the project operations for the 1st year for a total of US\$ 1,000,000 already received from the Ministry of Cooperative, Labour and Social Welfare (MCLS) of Iran.

Brief Description:

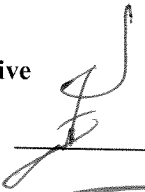

The Iranian economy is experiencing a recession period; many sectors have been suffering due to the harsh business conditions, resulting in loss of jobs. Therefore, employment has become the first priority of the Iranian Government. The present project not only contributes to the challenge of job maintaining and creation through sector development, but also proposes national employment policy. The main objective of this project is to support the Ministry of Cooperative, Labour and Social Welfare in the creation of decent and productive work for young women and men, women and people with disabilities through the development of high potential sectors particularly in the area of agro-industries and related.. This will be done through promoting the development of sectors, clusters and value chains with higher capacity of job creation even during the recession period.

Specifically the project purposes are:

- Public & private business support structures, technical centres in the selected sectors and financial institutions provide better quality services.
- Improved matching of labour demand with labour supply in selected value chains and sectors, particularly for young women and men, women and people with disabilities.
- Sustainable enterprises in the high-impact sectors, including those led by young women and men, women and people with disabilities, create increased number of productive and decent jobs in selected value chains and growth sectors.

Increased investment (national and FDIs) for MSMEs particularly for enterprises led by young women & men, women and people with disabilities.

Approved:

	Signature:	Date:	Name and title:
On behalf of Ministry of Cooperative Labour and Social Welfare of Iran:		_____	<u>Ahmad Meidani</u> Deputy
On behalf of UNIDO:		_____	<u>Ahmad A.</u> UNIDO Representative

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A. CONTEXT

A.1 Background Information

The Ministry of Cooperative Labour and Social Welfare (MCLS) of the Islamic Republic of Iran requested UNIDO assistance for business development and sustainable job creation in two letters dated March 2014 and April 2014. At the beginning of May 2014, during a field mission to Iran, Mr. Ahmad Maydari, Deputy Minister of Cooperative Labour and Social Welfare, reiterated the MCLS' interest in collaborating with UNIDO. It was agreed that the project should not only focus on the development of clusters or value-chains, but rather identify and address gaps and other issues within the whole market system.

The Deputy Minister emphasized the need for an effective Monitoring and Evaluation framework, in order to have evidence based results that demonstrate the impact of the project, and the need for good industrial policy.

The purpose of the project is to improve the business environment in general, through the development of high-impact sectors (e.g. agro-industries and related) where vulnerable groups such as young women and men, women, and people with disabilities are employed and/or have more job opportunities. The Deputy Minister also emphasised that the project should facilitate the exchange of information and expertise among the Government, civil society organizations (CSOs) and private sector organizations, such as employer unions and young entrepreneurs associations.

It has been agreed that six provinces will be targeted in the first phase, tentatively, those are: Kurdistan, Semnan, Fars, Kerman, Khorasan Razavi, and Khuzestan (see section C2 UNIDO approach, Geographical coverage).

As illustrated in Figure 2, the Iranian economy is experiencing a negative per-capita income growth rate; many sectors have been suffering from the harsh business conditions, resulting in loss of jobs. Therefore, employment has become the first priority of the Iranian Government.

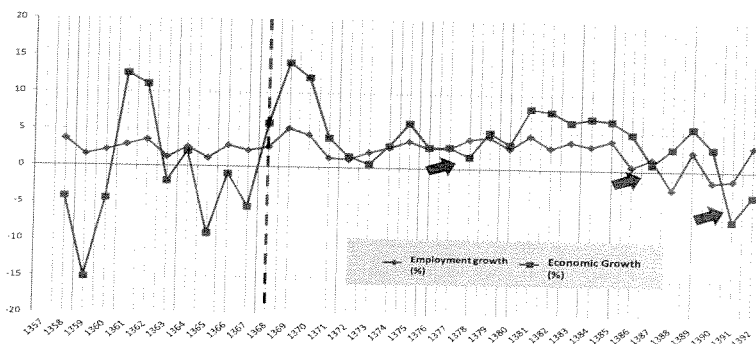


Figure 1 – Iran's Employment and Economic Growth

Iran is the second largest economy in the Middle East and North Africa (MENA) region in terms of GDP, US\$484 billion in 2012 (after Saudi Arabia), and in terms of population, 78 million people (after Egypt). It is characterized by a large hydrocarbon sector, small scale private businesses, agriculture and services, and a noticeable state presence in manufacturing and finance.

Iran employment information in 2008-2013

Variable	Unit	Average	1392	1391	1390	1389	1388	1387
More than 10 year old population	1000 people	0.7	63355.9	62711.9	63436.8	62391.3	61345.7	60300.2
Labour force participation rate	%	37.8	37.6	37.4	36.9	38.3	38.9	38.0
Active population	1000 people	0.8	23834.6	23476.5	23387.6	23875.0	23840.7	22892.5
New labour force supply	1000 people	188.4	358.1	88.8	-487.4	34.3	948.2	-686.2
Unemployment rate	1000 people	---	10.4	12.1	12.3	13.5	11.9	10.4
# of unemployed	1000 people	0.8	2488.4	2848.2	2877.6	3218.3	2840.0	2392.2
# of employed	1000 people	0.8	21346.2	20628.2	20510.0	20656.7	21000.7	20500.3
New employment	1000 people	169.2	718.0	118.2	-146.7	-344.0	500.4	-592.2

Source: Iran National Statistics center

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Table 1 – Iran's unemployment levels

At the end of 2013, the overall and the youth unemployment rates were estimated respectively at 10.3% and 24.3%. Unofficial sources, however, estimate an overall unemployment rate as high as 20% or more in an economy where only 36.7% of the population is economically active (Table 1). The modest employment creation perspective, combined with the increased number of new entries into the labour market, fuelled by the rise in the participation rate of women and the large number of youth entering the labour market (according to UNFPA data, 62% of the population is under 30 years old), suggest that labour conditions in Iran will remain tight in the near future.

The participation rate of women in the labour market has risen from 14% to 16% between 2000 and 2011. This trend is in line with the evolving socio-economic profile of the country (increasingly characterized by higher educational attainment levels for women) and is expected to be maintained. In 2006, female students were more than 50% of all university students and 70% of all students enrolled in science and engineering subjects.

The demographic profile of the country is characterized by a disproportionately high youth population: about 1,000,000 youth enter the labour market every year. Due to the lack of job opportunities, a large portion of them remains unemployed or abandons their job search and joins the ranks of the economically inactive population. About 150,000 youths, particularly the best educated, migrate to other countries every year, in search for better economic prospects, inevitably leading to a shortage of skilled labour in the long-term.

With respect to women employment, despite a moderately positive trend, a lot still needs to be done in terms of job opportunities and income generation in order to reach the level of

similar upper-middle income countries. Although 49% of the Iranian population is constituted by women, their average unemployment rate (10.5%) is 2.5 times that of men. Among educated young women the unemployment rate is even higher, reaching 19%. The last report of the National Center of Statistics highlights that women's unemployment rate is concentrated at the age of 20-24, representing 47.2 % of all unemployed women. Most job opportunities available for women are within Governmental organization (over 65%), mainly in the education and health systems while job opportunities for women in the private sector are very scarce.

Approximately 2,100,000 million people in Iran are classified as "people with different abilities", of those, about 350,000 are not able to work. According to MCLS, only about 30% of the remaining are employed or have their own businesses.

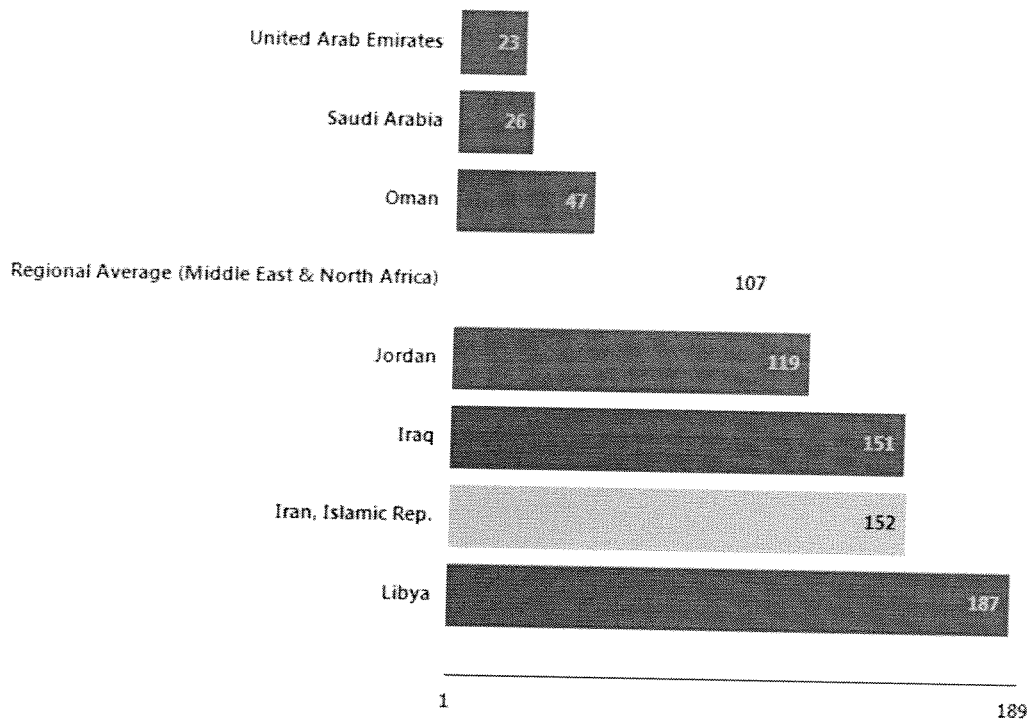
With regard to Micro, Small and Medium Enterprises (MSMEs), a recent study undertaken with the cooperation of UNIDO shed light on the significant role of MSMEs for employment creation. According to the study, more than 80% of the total manpower in Iran is employed by MSMEs. The study also showed that over 96.5% of all businesses are micro enterprises, with 1 to 9 employees. However, the same study highlighted various intrinsic inefficiencies of micro enterprises compared to medium sized enterprises.

Medium sized enterprises, worldwide, typically account for a large proportion of export volume, however, in Iran they account only 0.4%, failing to make a significant contribution to the country's exports. The reasons for this lack of contribution to export levels can be found in: the lack of monitoring institutions; an inefficient banking system; shortage of research centres and insufficient R&D activities; corruption; inefficient taxation; socio-cultural apprehensions; absence of social learning loop; insufficient knowledge of international markets; cumbersome bureaucratic procedures; shortage of skilled labour and lack of managerial skills; lack of intellectual property protection; lack of social capital, social learning, social responsibility and socio-cultural values.

Despite these problems, recent studies revealed that over the past few years Iran has progressed rapidly in various scientific and technological fields. Major advancements have taken place in the petrochemical, pharmaceutical, aerospace, defence, and heavy industry sectors. Even in the face of U.S. economic sanctions, Iran appears to be emerging as an industrialized country.

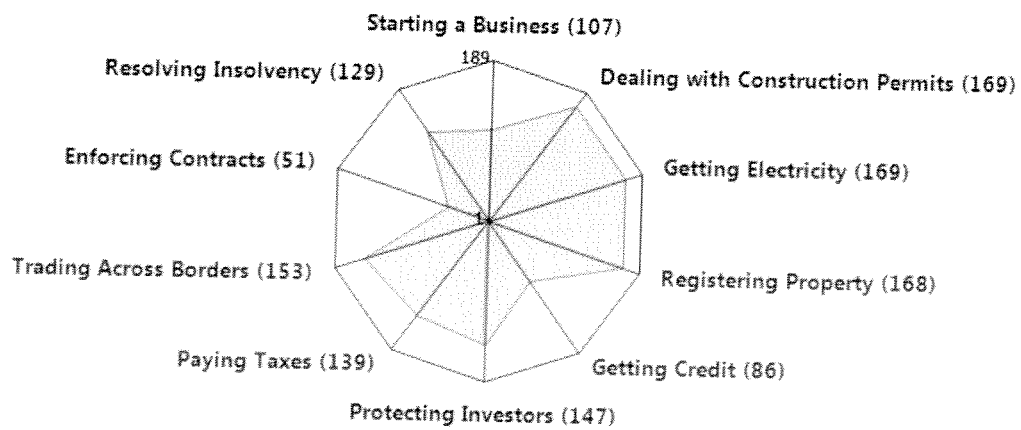
In Iran, as in many other countries, a significant number of MSMEs operate in the informal sector. Even if there are no independent reports about the effects of the recent recession on the informal sector in Iran; studies carried out in countries with similar conditions show that typically during economic crises and recession periods the share MSMEs that operate in the informal sectors increases. In 2002, the informal sector's share of GDP growth surpassed that of the formal sector. Moreover, findings from a study conducted by the ABCD Foundation in some provinces in Iran show that the number of informal enterprises in some provinces represents over 50% of the total number of enterprises.

Figure 2, based on the World Bank "Doing Business Report", shows Iran's "ease of doing business" index rank in comparison to other economies in the MENA region. Figure 3 shows in detail the ranking of Iran for each component of the index.



Source: Doing Business Report 2014, World Bank

Figure 2 – Iran “ease of doing business” index ranking



Source: Doing Business Report 2014, World Bank

Figure 3 – Iran’s “ease of doing business” components ranking

A.2 Target Beneficiaries

The main target beneficiaries of this project will be:

1. Sectorial (clusters specific and value-chains) and business development support (BDS) institutions (financial and non-financial) that will benefit from capacity building including – but not limited to – vocational training institutions, IT infrastructure and services institutions, the banking system and export consortia.
2. MSMEs in selected high-impact sectors (e.g. agro-industries and related sectors and clusters) will benefit from improved services.

The end beneficiaries will be:

- Young women and men, particularly graduates;
- Women, particularly household heading women;
- People with disabilities.

The beneficiaries will be identified during the inception phase as part of the selection of regions, value chains and clusters. The selection thereof will consider the potential of job creation for the aforementioned target groups, in view of the project's objective – to support the MCLS in the creation of decent and productive work for young women and men, women and people with disabilities through the development of high potential sectors possibly in the areas of agro-industries and related sectors – as will be elaborated in section D.

B. RELEVANCE OF THE PROJECT IN RELATION TO NATIONAL AND INTERNATIONAL FRAMEWORKS

As aforementioned, employment and job creation are among the top priorities of the Iranian Government. Moreover, a number of policy proposals have been put forward by different government institutions and civil society organizations, demonstrating the participatory approach taken by the Government. Some of said proposals - having a clear focus on MSMEs development and promoting a conducive environment for their growth - have reached advanced stages of development.

The cabinet has put forward an “Exit from Recession” policy package, stressing the support to enterprises as one of its key components. Furthermore, this policy package emphasizes the necessity for financial supports to enterprises and the importance of the role played by the banking system. In addition, the Ministry of Industry, Mine and Trade has been working to financially support industries that are working below their full capacity or that have closed during the recent recession.

Regarding employment policies, a policy package consisting of fifteen different policies to increase employment rates, has been approved by the High Council of Employment, headed by the President. These policies include the development of labour value chain, and youth and women entrepreneurship. This policy package was proposed also by the MCLS.

Besides these efforts to address unemployment, the Presidential Department of Women has formulated new policy proposals to support women and specifically household-heading women employment.

In addition, the National Council of At-home Workers, including representatives from different Ministries and Organizations, made several policy proposals to facilitate at-home job creation and development. This council also provides small credits for at-home entrepreneurs, which mainly consist of women.

Concerning micro-credits programme for job creation, the Imam Reza Fund, providing loans up to 40,000 USD per enterprise, has recently shifted its strategy from a passive financing system to a proactive approach to develop enterprise networks and clusters.

C. REASONS FOR UNIDO ASSISTANCE

Inclusive and Sustainable Industrial Development (ISID) is a key driver for the successful integration of the economic, social and environmental dimensions, required to fully realize sustainable development for the benefit of future generations. UNIDO therefore advances ISID by building and improving the necessary industrial capacities in its Member States. As a provider of technical cooperation and policy advisory services, UNIDO supports the creation of a conducive policy environment for inclusive and sustainable industrial development, and builds capacities in public and private institutions to support the growth of industry and related services, with a particular focus on SME and entrepreneurship development. As mentioned in the December 2013 Lima Declaration “Towards Inclusive and Sustainable Industrial Development (ISID)”, industrialization is a driver of development, as it increases productivity, contributes to job creation and generates income. Industrialization offers opportunities for social inclusion by means of empowerment of women and by creating decent employment for youth. Therefore, in its efforts to contribute to inclusive and sustainable industrial development, UNIDO focuses on “enhancing productive capacities in a way that supports the structural transformation of the economy; encourages economic growth and the creation of decent jobs (...) particularly in the small and medium-sized enterprise sector”.

UNIDO has a track record of successful programmes and projects in the areas of agro-industries and related sectorial value-chains development, clusters approach and entrepreneurship with special emphasis on women, youth and other vulnerable groups.

In addition, UNIDO has successfully engaged in the creation of youth employment opportunities by supporting the creation and expansion of MSMEs in over 15 countries. UNIDO’s results include:

- Strengthening of the entrepreneurial culture and promotion of youth entrepreneurship as a viable solution to create employment;
- Facilitation of access to finance for MSMEs and start-ups through linkages with local financial institutions or the setting-up of dedicated funds to fill market gaps;
- Improved public and private business service provision, particularly when it comes to catering for young women and men;
- Creation of youth-led enterprises that outlive the start-up phase;
- Creation of long-term, productive employment opportunities for young women and men.

The Ministry of Cooperative Labour and Social Welfare² (MCLS) of the Islamic republic of Iran has requested UNIDO's assistance as the capacities available in the country are not sufficient to carry out such a project.

One of the key players for business development is the ABCD Foundation, a non-profit NGO established through a UNIDO project in 2007. Its mission is to implement SMEs development programs and to disseminate knowledge and information. The ABCD Foundation is a community of SME/cluster development specialists working in 72 clusters nation-wide.

During the implementation of this project existing entities, such as the ABCD Foundation, will be strengthened and new bodies will be established to institutionalize and guarantee the sustainability of achievements.

Staff members of various Ministries will be trained and involved in the project. This will build the capacity of various Ministries, and particularly of the MCLS, developing a pro-employment organization within the Ministries.

Among the projects implemented in Iran, it is worth-mentioning the Cluster Development Programme, implemented by the Iran Small Industries and Industrial Parks Organisation through Cluster Development Agents (CDAs), trained by UNIDO and ABCD Foundation. Moreover, there are two on-going projects currently implemented:

1. The *"Saffron value chain promotion programme – Iran"* with the ultimate objective of increasing the presence of the Iranian saffron sector in the higher value segments of saffron global value-chain.
2. The *"Sustainable Livelihoods Programme: Development of pro-poor clusters and value chains in border regions of the Islamic Republics of Iran and Afghanistan (Phase I)"* with the objective of developing a strategy and a methodology to improve Afghan refugees' livelihoods in Iran and allow them to go back in safety and dignity and with concrete working opportunities available. In this project a footwear training centre has been established in Mashhad and possibly be involved in the project object of this proposal.

UNIDO has developed methodologies and tools for investment project formulation and evaluation, including Computer model for Feasibility Analysis and Reporting (COMFAR). COMFAR has been introduced to Iran and widely accepted as a standard tool both by the private and public sectors. The Mostazafan Foundation, one of the Iranian economic organizations, has adopted COMFAR in their process of approval of investment projects to boost inflow of FDI and domestic investment. The software is available in Farsi and UNIDO has certified a group of Iranian trainers.

² It should be mentioned that MCLS and its organizations have received assistances from UNDP and UNICEF for the implementation of small pilot projects in the area of poverty alleviation and child and mothers care. These programmes and projects can be seen as complementary to the present project.

D. THE PROJECT

D.1.Objective of the Project

The main objective of this project is to support the MCLS in the creation of decent and productive work for young women and men, women and people with disabilities through the development of high potential sectors possibly in the areas of agro-industries and related sectors.

D.2 UNIDO Approach

D.2.1 Introduction

Identifying sectors which have the capacity to create jobs in an effective manner and in line with the national economic growth is the core of the intervention and methodology proposed by UNIDO. Moreover, the government has the tools and the capacities to activate the traditional growth mechanisms, such as exchange rate, fiscal and other policy measures addressed to the formal sectors.

An effective development strategy calls for the expansion of those sectors that generate higher added-value and employment, and generate larger multiplier effects while having stronger linkages to the domestic and export markets.

For this project to be successful a deep understanding of the national economic structure is essential, particularly relevant is the identification of the most important sectors in terms of employment and GDP contribution; of the sectors with higher income and employment multipliers; and of the level of economic integration of the national economy in terms of forward and backward linkages.

Due to the negative growth rate (-4%) and the low level of formal manufacturing units actively working (only 10%), a manufacturing growth-based employment policy may not be successful in Iran. Any policy recommendation should instead be based on a firm understanding of the current economic situation³. Given the current economic, the focus has to shift from the formal manufacturing industry to the informal, micro and small sectors as, even in a negative growth period, some sectors are experiencing a positive growth rate.

³ One of the main challenges in designing a policy framework is to make it not only conducive to economic growth, but also to create the conditions for employment generation and poverty reduction. From the economic growth point of view, when we aim at employment, the main focus is on increasing the growth rate through exchange rate and fiscal policy, as there is a direct relationship between economic growth and employment rates. In addition, manufacturing has always been the engine of growth since the industrial revolution. The manufacturing industry benefits from economies of scale and from continued technological change, resulting in rapid rise in productivity and economic growth.

Even during sustained economic growth periods, particularly in developing countries, poverty and employment remain relevant issues for the Government. It often happens that economic growth benefits only limited segments of the population, particularly those somehow linked to industrial activities, while leaving the majority excluded from the economic benefits of growth. Therefore, in societies where economic growth is the main concern of policy makers, employment oriented mechanisms should be brought to the core of national policy systems, at least in the short and medium term, to fill the gap between the growth-based approach and the reality of people's living condition.

The UNIDO Structural Change Industrial Diagnostic Approach (SCIDA) is the methodological tool designed by UNIDO to identify the target industrial sectors of countries on the basis of their level of income and their social characteristics. The methodology is based on the observation of the pattern over time of key variables of policy interest such as value added and employment of categories of countries clustered on the basis of similar levels of GDP per capita and size of population. The key underlying idea behind SCIDA is that industrial sectors to target in a specific country are those which historically performed the highest levels of manufacturing value added per capita and employment in countries with similar economic and social conditions. SCIDA is already the methodological tool adopted for the selection of priority sectors in Senegal and Ethiopia within the project “Integrated Industrial Upgrading and Enterprise Development Approach” funded by the Government of China. In the context of this project, SCIDA will be adapted to identify industrial sectors at province level rather than just at IRAN overall level. Thus SCIDA will capture the economic and social differences of territories within IRAN as selected country for analysis.

The pro-employment sector-based growth represents the core of this project, for the purposes of:

- i) improving provincial employment dynamics, particularly for young women and men, women and people with disabilities; and
- ii) leading to the implementation of a national employment policy.

The project relies on sector and value-chain development strategies, targeting agro-industrial and related industries. Development targeting agro-industries and related sectors goes hand in hand with employment and the new generation of development strategies implemented in various countries as labour-intensity is indeed one of the key parameters taken into account in determining priority sectors.

One option to increase the aggregate level of labour-intensity in the economy is to increase the share of labour-intensive sectors, another option is to increase the degree of labour intensity within sectors therefore adding new processes along the value chain or expanding the value chain itself. The empirical findings obtained through the sectorial analysis that will be conducted in the inception phase of this project (in particular the ranking of sectors according to their degree of labour-intensity) will provide a baseline for prioritizing sectors and indicating a short term approach that ensures a substantial and measurable impact of the project. In a long term perspective, the strategy is that of shifting the focus to technology development, added value sectors and more complex value chains, thus reducing the level of labour intensity while preserving the overall level of employment⁴.

The targeted sectors will not be limited to the informal and the micro and small enterprises, but gradually include also formal manufacturing, medium, small, micro and at home informal enterprises.

⁴ Restructuring the pattern of growth towards inclusive and higher value-added growth will require sectors as well as value chains policies to sustain the project’s short-term results. Said sectorial policy has to be result-oriented and performance-driven with employment and decent work as core variables of the monitoring and assessment process.

D. 2.2 The Priority Sectors

The identification of priority sectors within the project is based on the issues outlined earlier and constitutes the foundation for the project's success. The identification of priority sectors⁵ and target groups is therefore a priority and will be undertaken during the inception phase of the project.

The main criteria for identifying the priority sectors, among others, will be:

1. **Downstream sector integration:** the impact will be determined by its degree of downstream vertical integration with the rest of the economy (forward linkages).
2. **Upstream sector integration:** the impact will be determined by its degree of upstream vertical integration with the rest of the economy (backward linkages).
3. **Compositional effects:** Growth in a sector with higher-than-average performance would raise aggregate productivity.
4. **Employment⁶:** employment and wage levels, particularly for youth, women and people with disabilities.
5. **Size of Sector and its relevance to the target group:** How many enterprises are there in the sector and how many employees are currently involved in it? How many members of the targeted groups are located in the sector? What occupations do they have within the sector, or value chain? How relevant is the sector as an employment opportunity for youth? How employment-intensive is the sector? What is the percentage of youth (women and men) and women working in the sector? By answering these questions it will be possible to understand whether a sector is relevant for achieving certain employment creation objective.
6. **Competitiveness of the sector:** Is the sector based on a natural, generic or unique advantage? How much is the market share in the target market? Is there any unmet market demand for the products of the sector and how big is it? What is the level of differentiation of the sector's products?
7. **Work upgrading potential⁷:** After assessing the size and relevance as well as the competitiveness of a sector, the general characteristics of the sector should be assessed together with its potential for change towards the objective of decent work.

⁵ Mapping the sectors and identifying their contribution to the overall economic growth and employment level is the precondition to providing a basis for the formulation of an appropriate macroeconomic and sectorial policy as illustrated in the section above. Indeed, the development literature has traditionally regarded some sectors as having special employment-pulling and/or growth-enhancing properties. It is crucial to determine the channels through which growth in a sector of the economy can raise to support aggregate employment creation and economic growth in a country.

⁶ A higher employment level, coupled to higher wages, in a sector can have growth-inducing effects by increasing domestic demand and thereby raising the level of resources utilization. Higher employment can also contribute to increasing the fiscal space (through taxes on wages, income and consumption) as well as reducing the burden of social security.

⁷ If the objective is job creation and raising income levels through micro and small enterprise development, then the questions to be answered (by looking at some output indicators such as volume/value of sales) are about the market potential of products and services in a sector. If the objective is to improve the working conditions in

8. **Intervention impacts:** Finally the feasibility of stimulating change in a sector needs to be assessed. Change depends on internal and external factors, namely the capacity of the implementing agency to develop the sector and the capacity of the target sector to develop (which in turn depends on social capital, market demand for the products, etc.).

Based on the above mentioned criteria, the project will apply a comprehensive approach, developing sectors/value-chains/clusters with high potential for the target groups through enterprise development on the one side and increasing the employability of target groups on the other side⁸. In this regard, it should be noted that some sectors (e.g. footwear, textile/garments and petrochemical), in spite of the recession and of the impact of the sanctions in recent years - which adversely affected some large and high-tech based industries – experienced a dramatic growth. Furthermore, the capacity of this group of industries for job creation is usually high (Table 2). However, due to the recent growth, they are in need of skilled manpower.

	Possible project Targets	Unlikely project Targets
Characteristics	<ul style="list-style-type: none"> - Positive response to recession and sanctions - Micro sized - High job creation potential - Informal sector 	<ul style="list-style-type: none"> - Negatively affected by recession and sanctions - Large in size - Low job creation potential - Formal sector
Sector	Footwear Textile/Garments Handicrafts Agriculture	Electronics Automotive Home appliances

Table 2 – Sectors targeted by the project

The selected sectors will be developed by upgrading their value chain and developing the systems into which they are embedded. In fact, by analysing the system in which enterprises of a particular sector operate it is possible to find solutions for sustainable sector competitiveness and inclusive growth.

production units, the answers will be found by looking at consumer and market trends and requirements with regard to fair trade for a particular sector.

⁸ Recent research shows that sectorial growth in manufacturing and services has a positive impact on employment, and that small enterprises have the highest job creation rate, even after controlling for age. This suggests that many small enterprises grow into medium size enterprises, thus having a central role in employment generation. Hence, it is important to encourage entrepreneurship and reduce constraints to starting up new businesses. Therefore, infrastructure and service providers for SMEs (e.g. IT infrastructures, IT services, banking services, financial mechanisms, certifications, export consortia, BDS providers, etc.) have to be strengthened (or established). (See *Yurendra Basnett and Ritwika Sen (September 2013): What do empirical studies say about economic growth and job creation in developing countries? EPS PEAK*)

As indicated in Figure 4, the aim of the intervention is not only to improve the capacity of the value chain but also to ensure that supporting institutions and mechanisms are developed so that stakeholders will be able to rely on locally available resources in the future⁹.

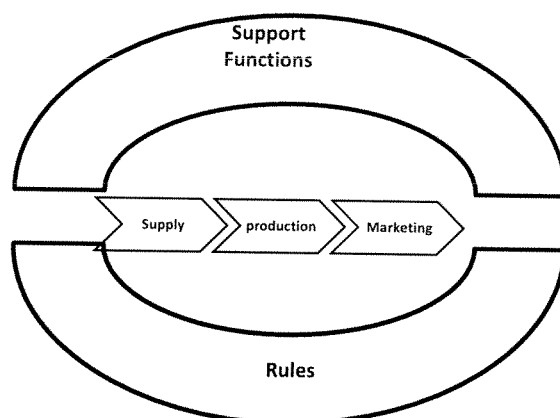


Figure 4 – Value Chain intervention Strategy

As the development of employment intensive sectors is a meaningful and effective part of the national policy context, it is essential to conduct employment policy analysis in the inception phase of the project that will allow producing employment-oriented sectorial and national policy recommendations at the end of the project.

D.2.2.2 Project implementations phases

The foreseen overall project duration is 5 years. The project will start with 6 pilot provinces, then rolling out to another 26 provinces, covering 32 provinces in total. The choice of sectors and value chains will be similar across the provinces for synergy effects purposes and will start with 3-4 sectors and value chains over the 6 pilot provinces.

1) Inception phase: 6 months, months 1-6:

Main Activities: mapping, analysis and identification of sectors and value chains and related provinces, taking into consideration previous surveys, background information and the

⁹ Field research indicates that sectors can be developed in terms of business empowerment and job creation through value chain upgrading and through the development of the chain's market system. The value chain of any particular sector is embedded into a market system consisting of various supporting functions and rules, within said market system different market players are either directly engaged in business transactions or part of supporting organizations (such as BDS providers, government institutions or NGOs). The knowledge of how market systems work is of particular importance to Governments and Development Organizations for developing upgrading strategies that target systemic root causes of constraints to business development and job creation.

specific target groups, namely youth, women and people with disabilities; preparation of detailed project document.

2) Implementation phase: 48 months, months 7-54:

Main Activities:

- ✓ Months 7-31: implementation of the project in selected sectors and clusters/value chains in relevant provinces. Assessment of interventions and formulation of models and strategy for replication in the remaining provinces. Survey on other sectors and remaining 24 provinces.
 - ✓ Months 32 to 55: implementation of new sectors in the remaining provinces and replication of project models.
- 3) Phasing-out & closure phase: 6 months, months 55-60: handing over, disseminate results, end-of-project evaluation etc.

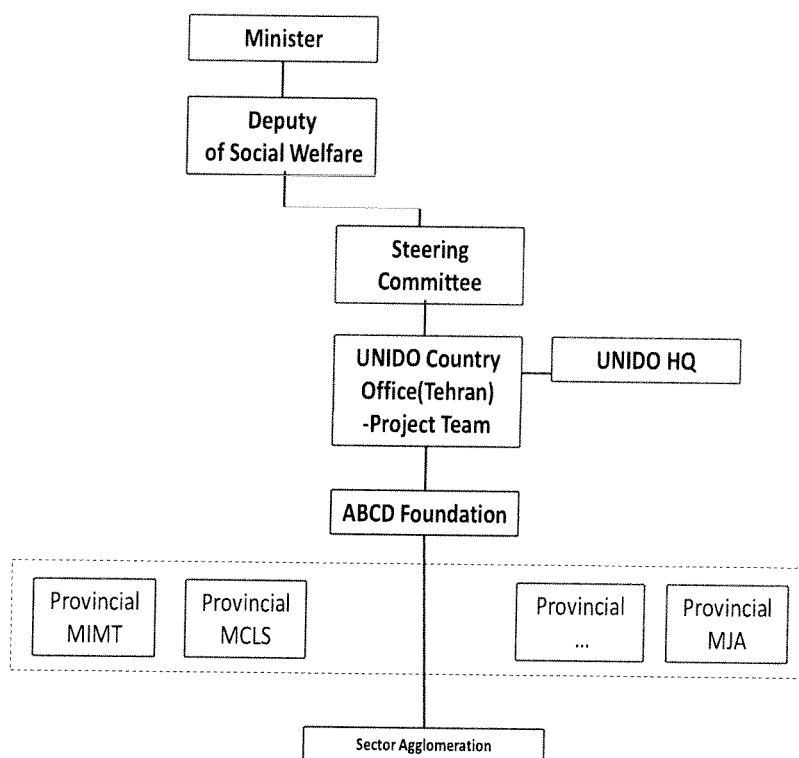
D.2.2.3 Geographical coverage

The location of the value chains and target groups will be identified in the inception phase, as elaborated above. The main criterion for identifying the geographical coverage is the location of 3-5 selected priority sectors. For instance, if the footwear clusters/value chains were distributed in 6 particular provinces, those provinces would be the geographical areas in which the implementation will be performed.

D.2.3 Project management

A Programme Steering Committee (PSC) will be established, co-chaired by UNIDO and the Ministry of Cooperative Labour and Social Welfare (MCLS) and will count on the participation of the Ministry of Industry, Mine and Trade, Ministry of Interior, Ministry of Foreign Affairs, representatives from the beneficiary provinces, and Chambers of Commerce. It will monitor the project, assess progress made and lessons learned, discuss matters related to its implementation and facilitate the smooth implementation of the project, and find solutions to possible difficulties arising during project implementation. The PSC will review and endorse the project yearly work plans, and provide advice on strategic approaches and solutions to ensure that the project objectives are achieved.

Regarding the organizational structure for the implementation, the below graph clarifies the overall roles and relationships among project counterparts.



The UNIDO HQs project team in Vienna will be responsible for the overall management of the project. It will be composed of a lead Project Manager from PTC/AGR/AIT Unit and specific project managers drawn mainly from PTC/BIT/ITU Unit. Their work will be supported by a project associate with administrative capabilities and knowledge of the Iranian language (Persian Farsi) as well as a project assistant versatile with the use of UNIDO SAP ERP. The project team will be supported by a team of national staff, comprising a Senior National Coordinator (SNC), an administrative and financial clerk assistant, an M&E expert and a driver with a car.

At least one local project coordinator will be involved per each target value chain/cluster dislocated in the targeted provinces. This structure aims at optimizing technical and administrative services at minimal fixed cost. National and international experts will be recruited on a case-by-case basis as required.

Also, each local project coordinator will be assisted by (1-2) experts financially covered by provincial branches of MCLS and Imam Reza Fund. These experts in each province will be interviewed and confirmed by UNIDO prior to be involved in the project.

Given the gender sensitivity of the project, all project staff as well as the PSC members shall undergo gender-sensitization training, e.g. the basic online course.¹⁰

¹⁰ E.g. I Know Gender Course on UN Women's eLearning Campus <https://trainingcentre.unwomen.org>

As ABCD Foundation – an output of a previous programme in Iran - has already collected and built a proper source of expertise in the country, UNIDO will utilize this organization during the inception and implementation phases. In this context, parts or the entire field activities could be operationalized by this foundation based on UNIDO request and defined framework, provided the MoCL is in agreement.

D.3. RBM Code (see Annex 17) and Thematic Area Code¹¹

RBM Code: PRP

Thematic Area Codes:

- ✓ EC12 Business, Invest, Tech
- ✓ **EC 13 Agri-business and rural entrepreneurship**
- ✓ EC14 Women & Youth Entrepreneurship

D.4. Expected Outcomes

Young women and men, women and people with disabilities engage in decent and productive work in high-potential sectors, value-chains and clusters such as agro-businesses industries (e.g. textile/garment, leather/leather products, wood/furniture, hand-woven carpets, pistachios and so on) to be confirmed during Inception phase. Specifically:

- Business support structures (public & private), technical centres in the selected sectors and financial institutions provide better quality services to young women & men, women and people with disabilities.
- Improved matching of labour demand and supply in selected value chains and growth sectors, particularly for young women & men, women and people with disabilities.
- Sustainable enterprises in the high-impact sectors, including led by young women and men, women and people with disabilities, create increased number of productive and decent jobs in selected value chains and growth sectors, particularly for young women & men, women and people with disabilities.
- Increased investment and technology transfer (local and FDI) for MSMEs particularly for enterprises led by young women & men, women and people with disabilities.

¹¹ The theme codes are: EAE, PRP and TCB

D.5. Outputs¹² and Activities

INCEPTION PHASE	
OUTPUT 0 Detailed results oriented project design incl. LOGFRAME, risk and stakeholder analysis, work plan, M&E plan, budget prepared	
Activities	Responsibility
Activity 0.1 A comprehensive value chain analysis is mapped and the relevant relationships along the chain and thus provide a sound basis for the Government to take the decisions on their priorities / preferences	UNIDO (AIT/IUT) with project team and the Asian Business Cluster and Network Development (ABCD) Foundation on the Basis of the SCIDA methodology
ACTIVITY 0.2 Priority growth sectors and value chains and cross-value chains are identified and market opportunities are assessed, particularly for young women & men, women and people with disabilities	
ACTIVITY 0.3 Mapping and identification of provinces with best prospects related to the identified sectors	
ACTIVITY 0.4 Mapping/ diagnostic of each high-potential sector is conducted including cross cutting issues (e.g. availability and quality of resources and inputs needed for sector and business development, such as business development services, financial services, market access, policies, technical skills upgrading etc.)	
ACTIVITY 0.5 Skill Training Assessment on the requirements of the private sector and relevant stakeholders conducted, including strengthening of capacities in project formulation and appraisal with application of COMFAR	
ACTIVITY 0.6 Presentation of the findings to the Ministry of Labour and relevant stakeholders and organization of a validation workshop where results are presented and officially endorsed.	
ACTIVITY 0.7 Detailed project design is prepared and finalised	
MAIN PHASE	
OUTPUT 1 <i>Sectorial and national employment related policies are analysed and recommended</i>	
Activities	Responsibility
Activity 1.1 <i>Study the current national and sector-based employment policies</i>	UNIDO (IUT) with project team
Activity 1.2 <i>Propose/Recommend sectorial and national employment policies based on findings during the project implementation process</i>	
OUTPUT 2 <i>Business support structures (public & private), and financial institutions have been enabled to provide better quality services to young women & men, women and people with disabilities.</i>	
Activities	Responsibility

¹² This table is detailed only on Output 0, 6 and 8

<i>ACTIVITY 2.1</i> <i>Business support structures are developed and enabled to provide quality services for enterprise development</i>	UNIDO (IUT) with project team
<i>ACTIVITY 2.2</i> <i>Financial institutions are sensitized and enabled to provide adequate services (financial schemes, financial literacy etc.) to the existing enterprises as well as those led by young women and men, women and people with disabilities</i>	
OUTPUT 3 <i>Improved matching of labour demand and supply in selected growth sectors and value chains particularly for young women & men, women and people with disabilities</i>	
<i>ACTIVITY 3.1</i> <i>Technical skills required by industries are mapped and results shared with relevant stakeholders</i>	UNIDO (AIT) with project team
<i>ACTIVITY 3.2</i> <i>Training institutions have provided training to young women and men on skills required by industries</i>	
OUTPUT 4 <i>Sustainable enterprises, including those led by young women and men, women and people with disabilities, create increased number of productive and decent jobs in selected value chains and growth sectors, particularly for young women & men, women and people with disabilities.</i>	
Activities	Responsibility
<i>ACTIVITY 4.1</i> <i>Entrepreneurs, incl. young women and men, women, and people with disabilities, are assisted in the business development (access to markets, networking, business linkages, investment promotion Sustainable Production, Green Industry, access to finance, technical advice on equipment/technology, coaching, formulation of business concepts and bankable proposal using UNIDO's COMFAR Online tools)</i>	UNIDO (AIT/IUT) with project team
<i>ACTIVITY 4.2</i> <i>Facilitating access to funding solutions for young and female entrepreneurs and entrepreneurs with disabilities</i>	
OUTPUT 5 <i>Increased investment (national and FDIs) for MSMEs particularly for enterprises led by young women & men, women and people with disabilities.</i>	
Activities	Responsibility
<i>ACTIVITY 5.1</i> <i>Market penetration and investment promotion: Link the selected sectors/clusters/value-chains to domestic and international markets, and promote national and foreign direct investment.</i>	UNIDO (AIT/IUT) with project team
<i>ACTIVITY 5.2</i> <i>National and international investment fora, B2B, platforms, trade fairs are developed/organised</i>	
<i>ACTIVITY 5.3</i> <i>Establish Subcontracting and Partnership Exchanges (SPXs) framework</i>	
OUTPUT 6 Project implementation arrangements set up and implemented	
Activities	Responsibility
<i>ACTIVITY 6.1</i> Set up project management structure, incl. Programme Steering Committee (PSC)	UNIDO (AIT) with project team
<i>ACTIVITY 6.2</i> Prepare a phasing-out strategy for handing over project activities at its completion	

OUTPUT 7 Scaling-up and dissemination implemented	
Activities	Responsibility
ACTIVITY 7.1 Promoting project model with stakeholders and other development agents	UNIDO (AIT) with project team
ACTIVITY 7.2 Assist local counterparts in preparing strategies for MSME/sector/cluster/value chain development	
ACTIVITY 7.3 Facilitate exchange of information and expertise amongst the Government and civil society and private sector organizations (CSOs)	
OUTPUT 8 M&E conducted	
ACTIVITY 8.1 Setting up monitoring and evaluation mechanism to be implemented throughout the project	UNIDO (AIT) with project team
ACTIVITY 8.2 Mid-term and end-of project evaluation	

D.6. Timeline of the Activities

Activity	Year 1				Year 2				Year 3				Year 4				Year 5					
	Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
OUTPUT 0 Detailed results oriented project design incl. LogFrame, risk and stakeholder analysis, work plan, M&E plan, budget																						
OUTPUT 1 Sectorial and national employment related policies are analysed and recommended																						
OUTPUT 2 Business support structures (public & private), and financial institutions have been enabled to provide better quality services to young women & men, women and people with disabilities.																						
OUTPUT 3 Improved matching of labour demand and supply in selected growth sectors and value chains, particularly for young women & men, women and people with disabilities																						
OUTPUT 4 Sustainable enterprises, including led by young women and men, women and people with disabilities, create increased number of productive and decent jobs in selected value chains																						

D.7. Risks

The major risks associated with the implementation of this project are presented in the following risk management framework. However, it should be noted that this is a tentative description of potential risks; a detailed risk analysis will be carried out in the inception phase.

Risk	Mitigating measures (included in the various activities of the project)	Likelihood of occurrence	Impact, if risk occurs
1. Government got used to manage the employment through only macro level policies	Direct presentation and negotiations with senior decision makers and their advisors	Medium	Slow up the project implementation process
2. The organizational processes and structures in the governmental organizations are not matched with proposed mechanism of intervention in private sector	Training workshops and seminars for counterparts' senior staff members	High	Time lag/delay in the process of implementation of action plans
3. Government and private sector got used to manage the business challenges through providing loans which in some cases are subsidized	Training workshops and seminars for senior staff members in counterpart organizations and banking system Meetings and seminars for private sector leaders and umbrella networks	Low	Distortion in the business and decrease of the effectiveness of the project
4. Sanction makes problems with access to the raw materials, technology and global market in some sectors	Attention to this case in the process of priority sectors selection	High	Restriction in sector selection and selected sectors development

E. INPUTS

E.1. Counterpart inputs

1. Human Resources

- MCLS will introduce an expert from provincial MCLS and an expert from Imam Reza Fund to assist the Local Project Coordinator of each value chain/cluster in provinces. The salary of assistants will be covered by MCLS and Imam Reza Fund based on UNIDO monthly salary scale.
- MCLS will introduce at least 1 person in each provincial MCLS to participate in the training programmes will be organized by UNIDO on sector development and employment policy

2. Organizational inputs

- The counterpart will provide adequate office place and necessary equipment to the project teams in the provinces.
- The counterpart will support in-kind the provincial project teams through facilitating their travels, meetings, seminars, conferences, workshops, etc.
- The counterpart and its provincial branches will facilitate the project activities vis-à-vis government and private sector counterparts

3. Cost sharing contribution

- The counterpart will fully fund the programme, with direct cash contribution to UNIDO for its services and for all in kind contribution and unforeseen expenses that might occur during the programme implementation.
- The counterpart will provide the required financial resources to the target sectors and beneficiaries through facilitating the allocation of loans and micro-credits as well as financing the technical upgrading projects within the sectors.

E.2. UNIDO inputs

Following international and national staff will be recruited /involved through UNIDO.

1. International staff¹³

- Project Team at UNIDO Headquarters including a Lead Manager and support managers at no costs to the project
- A Project Associate
- An administrative project assistant at UNIDO Headquarters
- International experts in specific areas will be recruited and the required w/m will be determined during the Inception phase

2. National staff¹⁴

- A Senior National Coordinator(SNC)
- An administrative & financial clerk
- An M&E expert
- A driver

3. Sub-contracts

Sub-contracts agreements with companies and NGOs - particularly with ABCD Foundation - will be made to provide qualified and experienced experts in MSME and sector development. Other activities that will be subcontracted are: translation, website building and publications.

¹³ The standard fee for international experts including all costs is usually up to US\$ 15,000n per w/m (21 days); for project associate up to US\$ 4,000, for support staff: up to US\$ 3,000

¹⁴ For the national staff: the SNC up to US\$ 7,000 per w/m, for support staff up to US \$2,000 for driver up to US\$ 1,000

4. Training

Project team members, especially provincial ones, participate in special training programmes and will arrange training workshops for counterpart's staff members to share knowledge and experiences and build a common background in terms of intervention approach and techniques.

All project team members and PSC members will undergo gender-sensitization training.

Counterparts' staff members will participate in national and provincial employment policy programmes.

Senior staff members of involved financial institutions will participate in relevant training programmes to upgrade their capabilities in MSMEs financing.

Training programmes for target beneficiaries will be designed based on findings during the inception phase.

Other specific training on employment oriented sector development will be implemented as required.

5. Equipment and supplies

The necessary equipment for the inception phase will be provided by the counterpart. One car will be purchased to facilitate the movements of the local project team in the 6 provinces. Required equipment for implementation phase will be identified during the inception phase.

F. BUDGET

The budget for Output 0 (fully), Output 6 (Y1) and Output 8 (Y1) representing the first year of operations will be the following:

BUDGET LINE	DESCRIPTION	UNIT COSTS IN USD	UNITS	TOTAL COSTS	Y1
Output 0 – Inception Phase					
11-00	International experts	15,000	6	90,000	90,000
15-00	Local travel				
16-00	UNIDO travel				
17-00	Local experts & staff				
21-00	Subcontracts		1	300,000	300,000
30-00	Training				
45-00	Equipment				
51-00	Sundries			6,216	6,216
Output 6 – Project Operations					
11-00	International experts -Project Associate (HQs)	4,000	12	48,000	48,000
15-00	Local travel			30,000	30,000
16-00	UNIDO travel			25,000	25,000
17-00	Project Staff -Admin Assistant (HQs) - Senior Project Coordinator - ADM&FIN Clerk - Driver (1)	3,000 7,000 3,000 1,000	12 12 12 12	36,000 84,000 36,000 12,000	168,000
21-00	Subcontracts				
30-00	Training			30,000	30,000
45-00	Equipment 1 vehicle, office facilities in Tehran and 6 provinces			115,000	115,000
51-00	Sundries			30,000	30,000
Output 7 – M&E					
11-00	International experts	15,000	1	15,000	15,000
15-00	Local travel				
16-00	UNIDO travel				
17-00	Local experts & staff	3,000		36,000	36,000
21-00	Subcontracts				
30-00	Training				
45-00	Equipment				
51-00	Sundries				
Subtotal					893,216
Support costs		13%			116,118
GRAND TOTAL					1,009,334

G. MONITORING, REPORTING AND EVALUATION

As stated before, the Programme Steering Committee (PSC) will be responsible for the overall monitoring and supervision of this Programme. The PSC will meet on a semester basis, and more frequently if required by its members, to review progress against the work-plan it shall approve, on the basis of six-monthly reports submitted by the Programme Manager.

The six-monthly progress reports will provide an assessment of progress for all outcomes and outputs as stated on the Results Framework, and as measured by the corresponding indicators. Collection of relevant data will be scheduled well in advance of the reporting deadlines so that the evaluation of indicators can be based on facts and as much as possible on independent sources.

A yearly Programme review exercise will be organised to (internally) evaluate the results of the Programme, and agree on any revisions required in the work-plans and implementation modalities. This Programme review will involve all members of the PSC. An overall external evaluation of the Programme will be implemented at its conclusion to comprehensively assess the results achieved.

Two years after completion of project, an impact assessment will be carried out. An arrangement to host and finance such evaluation should be reached with counterpart and the UNIDO will support this exercise.

At the local level and as described before, the Programme activities shall be monitored and supervised by UNIDO project team.

Generally, monitoring and evaluation will be carried out using key performance indicators on the level of project outcomes and outputs respectively. The indicators and their means of verification are included in the LOGFRAME.

M&E will follow the following plan, however, it should be noted that this is preliminary and will be further developed in the inception phase:

Type of M&E activity	Responsible parties	Time Frame
M&E design and tools to collect and record data (performance indicators)	Project teams (HQs/FO)	during Inception Phase
Baseline studies	Project teams (HQs/FO)	during Inception Phase
Inception workshops	Project teams (HQs/FO) and stakeholders	during Inception Phase
Inception report	Project teams (HQs/FO)	3 months after Inception Period
6-month report	Project teams (HQs/FO)	Every 6 months
Annual progress reports	Project teams (HQs/FO)	At the end of each calendar year
Project completion report	Project teams (HQs/FO)	1 month after the completion
Regular monitoring and analysis of performance indicators	Project teams (HQs/FO)	Every quarter
Steering Committees	Project teams (HQs/FO), stakeholders	every 6 months
Mid-term evaluation (independent)	Project teams (HQs/FO), stakeholders and EVA Branch	3 years after start
End of project evaluation (independent)	Project teams (HQs/FO), stakeholders and EVA Branch	6 months before completion

H. PRIOR OBLIGATIONS AND PREREQUISITES

There are no specific prior obligations or prerequisites that need to be met before project implementation can start. Most of the open questions with regard to target areas and beneficiaries will be covered during the *Inception Phase*.

I. LEGAL CONTEXT

The present project is governed by the provisions of the Standard Basic Cooperation Agreement between the Government of the Islamic Republic of Iran and UNIDO signed on 1 December 1999.

J. ANNEXES

- Annex 1: Logical Framework (to be modified after Inception Phase)
- Annex 2: Information of the transfer and receipt of first instalment to UNIDO
- Annex 3: Signed IDF with the MoCL

Annex 1: Logical Framework (to be modified after Inception Phase)

Intervention logic	Time frame (Month)	Indicator	Means of verification	Assumptions/Risks
DEVELOPMENT GOALS				
MDG 1: Eradicate extreme poverty and hunger				
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people.				
Proposed Sustainable Development Goals (SDGs) ¹⁵ :				
Proposed goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.				
8.3 promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services.				
8.5 by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.				
Proposed goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.				
9.2 promote inclusive and sustainable industrialization, and by 2030 raise significantly industry's share of employment and GDP in line with national circumstances.				
9.3 increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services including affordable credit and their integration into value chains and markets.				
OBJECTIVE				
Support MCLS in Iran in the creation of decent and productive work for young women and men, women and people with disabilities through the development of high potential sectors possibly in the areas of agro-industries and related sectors.				

¹⁵ Outcome Document - Open Working Group on Sustainable Development Goals; accessible under <http://sustainabledevelopment.un.org/focussdgs.html> (30 July 2014).

Intervention Logic	Time Frame (Month)	Indicator	Means of Verification	Assumptions / Risks
<p>OUTCOME Young women and men, women and people with disabilities engage in decent and productive work in high-potential sectors, value-chains and clusters such as agro-businesses industries (e.g. textile/garment, leather/leather products, wood/furniture, hand-woven carpets, pistachios and so on) to be confirmed during Inception phase.</p>		<ul style="list-style-type: none"> • Increased sales, • improved quality of value-added products by % • increased jobs for special target groups including youth, women and people with disabilities, disaggregated by sex • increased revenue, disaggregated by sex 	<ul style="list-style-type: none"> • Household surveys or census records • Baseline data collected during Inception Phase 	
<p>INCEPTION PHASE</p> <p>OUTPUT 0 Detailed results oriented project design incl. LOGFRAME, baselines, risk and stakeholder analysis, work plan, M&E plan, budget prepared</p>	1-4	<ul style="list-style-type: none"> • Mappings, analyses, studies submitted • Detailed project design prepared 	<ul style="list-style-type: none"> • Inception report • Complete document 	<ul style="list-style-type: none"> • All relevant information can be obtained
<p>MAIN PHASE</p> <p>OUTPUT 1 Sectorial and national employment related policies are analysed and recommended</p>	5-54	<ul style="list-style-type: none"> • Prepared national and sector based employment oriented policy analysis and recommendation 	<ul style="list-style-type: none"> • Report 	<ul style="list-style-type: none"> • All relevant information can be obtained

Intervention Logic	Time Frame (Month)	Indicator	Means of Verification	Assumptions / Risks
<p>OUTPUT 2 Business support structures (public & private), and financial institutions have been enabled to provide better quality services to young women & men, women and people with disabilities</p>	5-54	<ul style="list-style-type: none"> • # of institutions supported • % of trained staff, disaggregated by sex • # of trained trainers, disaggregated by sex • Level of institutions' clients' satisfaction (low, medium, high) • % of direct beneficiaries satisfied with quality of services • Survival rate of new enterprises, disaggregated by sex of owner/manager • Growth rate of enterprises, disaggregated by sex of owner/manager 	Project M&E system	<ul style="list-style-type: none"> • Infrastructure and equipment are properly maintained. No further construction work requires the project funding • Institutions support and encourage trained staff to apply new skills • Limited turnover of institutions' trained staff
<p>OUTPUT 3 Improved matching of labour demand and supply in selected growth sectors and value chains , particularly for young women & men, women and people with disabilities</p>	12-54	<ul style="list-style-type: none"> • # of new vocational training based on demand in the sectors • # of new employed technically and vocationally trained people based on sector requirements, disaggregated by sex • # of institutions 	M&E reports	<ul style="list-style-type: none"> • Involved Governmental and NGOs are encouraged to cooperate with project • Relevant organizations react, make decisions and operate on time and supportively

Intervention Logic	Time Frame (Month)	Indicator	Means of Verification	Assumptions / Risks
<p>OUTPUT 4 Sustainable enterprises, including led by young women and men, women and people with disabilities, create increased number of productive and decent jobs in selected value chains and growth sectors, particularly for young women & men, women and people with disabilities.</p>	12-54	<ul style="list-style-type: none"> • # of created jobs for Youth • # of created jobs for women • # of created jobs for people with disabilities, disaggregated by sex 	<ul style="list-style-type: none"> • M&E reports 	<ul style="list-style-type: none"> • SME and sectorial business environment is improving
<p>OUTPUT 5 Increased investment and technology transfer (national and FDIs) for MSMEs particularly for enterprises led by young women & men, women and people with disabilities</p>	24-54	<ul style="list-style-type: none"> • # (USD) invested • # of partnerships • Increase in sales 	<ul style="list-style-type: none"> • Project M&E system 	<p>Limitation in free flow of investments and export goods due to political situation</p>
<p>PROJECT IMPLEMENTATION, SCALING-UP AND DISSEMINATION, M&E</p>				
<p>OUTPUT 6 Project implementation</p>	1-60	<ul style="list-style-type: none"> • Project milestones and targets reached 	<ul style="list-style-type: none"> • Project M&E system 	<ul style="list-style-type: none"> • Host country government authorities maintains its financial commitment • Host country government and local authorities maintain their commitment to support the project implementation • Political stability remains the same level or improves

Intervention Logic	Time Frame (Month)	Indicator	Means of Verification	Assumptions / Risks
<p>OUTPUT 7.2 Scaling up and dissemination implemented</p>	6-60	<ul style="list-style-type: none"> • # Visibility supports Created incl. brochures, promotional materials, etc. • Strategies prepared • # Press release organized , awareness workshops conducted 	Project M&E system	
<p>OUTPUT 8 M&E conducted</p>	1-60	M&E mechanism designed and applied	<ul style="list-style-type: none"> • Project M&E system 	

ANNEX2 - Information of the transfer and receipt of first instalment to UNIDO

From: KRIST, Peter
Sent: Monday, January 12, 2015 3:53 PM
To: NORO, Akira; CALABRO, Aurelia; AMADIO, Alessandro; MANSOORI, Issa
Cc: SCHALLER, Alma; LULE, Stevie Kiwanuka
Subject: RE: to request UNDP's assistance to carry out the bank transaction

Dear Colleagues,
 FYI, we have received this via Dec SCA from UNDP. It will be soon credited as income to the Grant 9000401019.

Regards,
 Peter

Transaction Type	Misc Deposit
Transaction Id	IRN10-2998-1-1
Blank	
Voucher ID	
Date Posted	09/12/2014
Fiscal Year	2014
UNDP Account	74525
UNDP Account Description	SUNDRY
Project Id	10054
Project Descr	COST RECOVERY
Activity Id	PROJECT ACTIVITY99
Activity Descr	OTHER
Operating Unit	IRN
Operating Unit Description	IRAN, ISLAMIC REPUBLIC
Donor (Agency)	OF 00013
Donor (Agency) Description	UN INDUSTRIAL DEVELOPMENT ORGA
Open Item Key	
Vendor Id	
Vendor Name	
Related Voucher	
Description 1	ULO 9000401019 -G/L ACC 520110
Description 2	UNIDO DEPO ULO 9000401019 ACC 520110
Journal Ref	
Agency ULO/Acct. Code	
AgencyRef-#	
Agency Acct Num-Proj Code	
Local Curr Amount	-26,818,000,000.00
Local Curr	IRR
USD Amount	-1,009,333.84
Batch	2014-12

FULL POWERS

I, Li Yong, Director General of the United Nations Industrial Development Organization,

CONSIDERING that there is a need to sign the project document "*Business development and sustainable job creation in Iran with special emphasis on high impact sectors development (e.g. agro-industries and related)*" (ID 140137) between the United Nations Industrial Development Organization and the Ministry of Cooperatives, Labour and Social Welfare of Iran,

EXERCISING the powers vested in me as Director General of the United Nations Industrial Development Organization,

HEREBY APPOINT Mr. Alessandro Amadio, UNIDO Representative in Iran, to sign the said document and to sign it without reservation as to confirmation.

Done at Vienna, on ²⁴ February 2015

Signature

