



**United Nations  
Islamic Republic of Iran**

***BUILDING BACK BETTER***

**UN IRAN SOCIO-ECONOMIC RECOVERY PROGRAMME  
AGAINST THE IMPACT OF COVID-19**

Proposal prepared by the UN Country Team in Iran, under the overall leadership of the RC Office and the technical guidance of UNDP and UNICEF

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## Table of Contents

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EXECUTIVE SUMMARY .....	2
PART A: A SNAPSHOT OF THE SOCIO-ECONOMIC CHALLENGE .....	4
1.1. The Socio-Economic Impact of COVID-19 .....	4
1.2. Addressing the Development Challenge .....	6
PART B: THE JOINT PROGRAMMATIC OFFER .....	8
2.1. The Strategy in Brief.....	8
2.2. The Programmatic Pillars .....	9
2.2.1. Health First: Protecting Essential Health Services and Systems.....	9
2.2.2. Protecting People: Safety Nets for Vulnerable Populations.....	11
2.2.3. Building Economic Resilience: Macro/Meso Economic Measures in the time of COVID-19.....	13
2.3. MAKING IT HAPPEN: MANAGEMENT ARRANGEMENTS AND RESOURCE REQUIREMENTS .....	16
ANNEXES .....	18

## Executive Summary

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The impact of the COVID-19 pandemic on the global economy and social fabric is unprecedented. Current UN DESA estimates indicate a possible loss of up to \$8 Trillion in global GDP<sup>1</sup>, affecting over 60% of jobs worldwide: a crisis that will wipe out much previous development gains. Iran has also been severely impacted, compounding existing adverse unilateral sanctions: altogether, possibly leading to a fall of 15% of GDP, affecting 50% of Iran's workforce, particularly impacting the bottom 40% income-deciles of the population and deepening inequality – and raising additional unemployment possibly by 2 million. Social services and public health systems are taking a toll and at risk given tighter financial situation of the Government; circa 11.5 million households below or just above the *multi-dimensional poverty line* are significantly impacted by the crisis; service sector businesses and employees, and unskilled, low-skilled, and semi-skilled workers, will suffer most – especially those not covered by social security. Currently, some 1 million Afghan refugees live in Iran along with an estimated 1.5-2 million undocumented Afghan nationals and some 450,000 Afghans with passports and Iranian visas. The overwhelming majority of refugees (97%) live with their host communities, while (3%) most vulnerable refugees reside in 20 settlements. They are also severely impacted.

The Government of Islamic Republic of Iran responded in March 2020 to mitigate negative impact on households and businesses, through expenditures on social security, social assistance, health services and business support – with a response, relief and early recovery package of circa 1,000 Trillion Rials (or about 5% of Iran's nominal GDP).

The COVID-19 pandemic is eroding safe jobs and disposable income for large segments of the Iranian population, and concomitantly adding pressure on existing social services (including public health and social protection services) along with additional complications caused in-between the health, economy and human security nexus that will sustain: exacerbating household vulnerabilities in multiple dimensions. Also, given current fiscal stress and the Government considerations of changes in subsidies approaches and structures, the further impact on the economy (including basic needs items prices) will have further significant implications for the vulnerable groups that the UN is targeting.

Iran has also been severely impacted, compounding existing adverse unilateral sanctions: altogether, possibly leading to a fall of 15% of GDP, affecting 50% of Iran's workforce, particularly impacting the bottom 40% income-deciles of the population and deepening inequality – and raising additional unemployment possibly by 2 million.

These challenges require, therefore, urgent and improved programme measures for *combined* social protection and employment generation to pave the way for longer-term sustainable recovery; immediate measures adopting integrated, multi-sectoral approaches to programming, leveraging the diverse range of comparative advantages and solutions in a complementary manner. Encompassing criteria of innovative building back better, not doing business as usual, going for scale through smarter targeting, being gender sensitive and adopting digital age technologies.

The scale and complexity of the problem also requires a need for engaging a multiplicity of actors – international, national and sub-national, public and private. In response to the Government request

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<sup>1</sup> [UNDESA World Economic Situation and Prospects as of mid-2020](#)

in March 2020, the United Nations in Iran has been actively supporting national health, humanitarian and socio-economic response to the COVID-19 outbreak in Iran. The UN agencies are engaged in supporting recovery through focused activities of the UNDAF, some repurposed to align with recovery, and including through the *Technical Assistance Package (TAP)* initiative and *South-South and Triangular Cooperation* approaches. So far over \$15 million of the UN agencies' core funds have been repurposed or are aligned towards COVID-19 related needs of Iran.

Given its comparative advantages, the UN System in Iran is actively supporting the Government with tailored solutions and best practices in development efforts, and is launching a COVID-19 *Socio-Economic Recovery Programme* offer focused on three particular areas of intervention: combined employment generation and social protection, including health system strengthening. This offer builds on the global *UN Framework for the Immediate Socio-Economic Response to COVID-19*, and the TAP of UN Iran endorsed by the Government in early 2020, and will be implemented by UN Country Team (UNCT) Iran in an integrated manner jointly with national partners.



The programme offer intends to support 92,000 vulnerable households through social protection initiatives and employment generation support – in four provinces. A Conditional Cash Transfer (CCT) model targeting 42,000 vulnerable households, with expanded access to basic social services, that can be potentially considered for nation-wide scale up through a more shock responsive social protection system – and in parallel establishing 50,000 new micro and small enterprise/employment possibilities for them through low overhead cost approaches of \$1,000 per support and the establishing of relevant activities, that are also composite social protection and micro-enterprise development approaches utilizing proven methods promoted by the UN agencies in Iran. The UN programme funding would require between \$20 million to \$50 million. The combined UN programme offer is complementary to the Government's current needs and own up-scaling efforts; especially its approach towards area-based and rural employment generation and stated intentions to link up to some form of minimum floor social support for lower income groups. The UN supported practices are already being used and up-scaled nationally; further seed capital would support positive economic and social multiplier effects in target communities and will contribute to 'bottom up' socio-economic approaches and impact at scale; and towards a more resilient economy and society.

# PART A: SNAPSHOT OF THE SOCIO-ECONOMIC CHALLENGE

## 1.1. The Socio-Economic Impact of COVID-19

**A global crisis:** The impact of the COVID-19 pandemic on the global economy and social fabric is unprecedented. Current UN DESA estimates indicate a possible loss of up to \$8 Trillion in global GDP<sup>2</sup>, that is, a possible fall of 10% in global income affecting over 60% of jobs worldwide. With four billion people, including two out of three children, either not having social protection at all or being inadequately covered by existing schemes, the crisis will have significant adverse outcomes, wiping out much previous development gains.

### **The impact in Islamic Republic of Iran:**

Against this global backdrop, Iran has been the country most impacted by the pandemic in the MENA region: a crisis compounding already existing adverse unilateral sanctions and other structural challenges. On a very worst-case scenario, the impact may lead to a fall of up to 15% of GDP<sup>3</sup>, particularly impacting the bottom 40% income-deciles of the population, business activity and revenues, and a falling disposable income that will deepen inequality. The partial lockdown measures have directly and indirectly affected 50% of Iran's estimated 25 million or so workforce<sup>4</sup>; SME closure and falls in production affecting 3 million formal workers and 4 million informal workers and micro-enterprises; along with rising unemployment - possibly up to 2 million additional unemployed<sup>5</sup>.

### **BOX 1. MOST AFFECTED GROUPS IN THE I.R. IRAN**

Based on preliminary analysis, population groups most impacted by the COVID-19 pandemic include:

1. Approximately 11.5 million households below or just above multi-dimensional **poverty** line\*
2. More than 20 million people living in **rural** areas
3. More than 12 million employees in the **service** sector
4. Approximately 3 million **women-headed households**
5. 3.7 million **children** – including 3 million children at the age of vaccination and 600,000 school-age children in deprived areas\*\*
6. Over 3 million **refugees and migrants**
7. More than 8 million people over **60-years of age**
8. More than 4 million **SMEs'** employees
9. More than 1 million people with severe **disabilities**

Some of the demographic groups described above overlap (i.e. an individual or household might fall into more than one of the above categories), but the above helps define the key demographic and socio-economic descriptors of some of the most vulnerable populations to the COVID-19 pandemic.

\* UNICEF reference

\*\* Other at-risk children and adolescent populations include: children living with disabilities, without caregivers and in foster care, those in juvenile centres (JCRC), refugee children, including children working in the streets, infants of mothers in prisons.

Social services – including public health systems – have taken their toll given tighter financial situation of the Government. The critical shortage of specialized medicines and medical equipment had added challenges to the health-sector response during the first days of the pandemic.

<sup>2</sup> Ibid1

<sup>3</sup> [Iranian Minister of Finance and Economic Affairs \(Dr Farhad Dejpasand\)](#)

<sup>4</sup> Recent *Parliament Research Center* Paper 17011

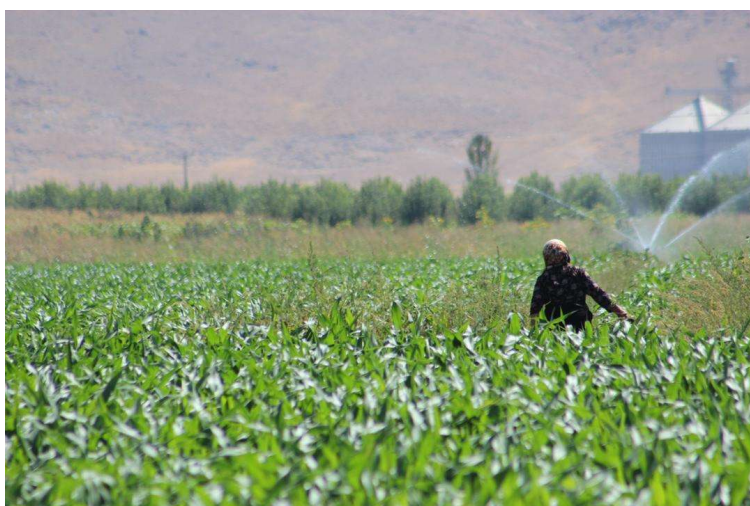
<sup>5</sup> [Op-Ed by Government Spokesman Rabiei](#)

**Vulnerable populations:** The 11.5 million households below or just above the *multi-dimensional poverty line* – comprising various demographics (Box 1) – are, inter alia, among the demographic groups significantly impacted by the crisis. Service sector businesses and employees, and unskilled, low-skilled, and semi-skilled workers, will suffer the most. Approximately just over half of the working population of 25 million are fully covered by social security; the remaining



uncovered are unskilled and semi-skilled workers, comprising the lowest four income deciles, including street traders, micro-businesses, self-employed, transport workers, domestic workers and seasonal workers. Possibly up to 25% of this latter may be engaged in the informal economy. Over 3 million refugees are also severely impacted. Currently, some 1 million Afghan refugees live in Iran along with an estimated 1.5-2 million undocumented Afghan nationals and some 450,000 Afghans with passports and Iranian visas. The overwhelming majority of refugees (97%) live with their host communities, while (3%) most vulnerable refugees reside in 20 settlements. They are also severely impacted.

**Challenges in ‘bouncing back’:** The consequences of the pandemic include increased poverty rates and a surge in the number of people requiring basic needs support – especially for populations traditionally insufficiently covered by the formal social protection system. With no alternative savings or income sources, the bottom 40% income deciles, being vulnerable and given the nature of their engagement in the labour market (informality and temporary-type of contracts), will be unable to regain livelihoods easily and shall meet significant challenges in adequately coping with, and rebounding from, the crisis. The time span of their unemployment status and fall in incomes is expected to extend over a relatively longer period.



**‘Zooming in’ the rural economy:** The toll of the pandemic in specific sectors of the economy is also noticeable. In the agriculture sector: food supply chains have been severely disrupted; access to quality seeds, pesticides and fertilizer have become challenging<sup>6</sup>; thereby impacting not only producers, but also on processing, distribution, retailers and consumers in the near future. Market demand has fallen for some food items

(e.g. chicken meat and milk) resulting in significant losses for livestock farmers<sup>7</sup>.

<sup>6</sup> Compensation measures are planned but more serious actions are needed. Pesticide industries have not been provided with Government financial support for foreign currency (in last four months to purchase and import raw material for pesticide production)

<sup>7</sup> FAO input - *Possible COVID-19 Socio-Economic Impact Scenarios* (UN RCO Economist)

**The Government response:** The Government of Iran undertook rapid measures in March 2020 to reduce immediate negative impact on households and businesses, through expenditures on social security, social assistance, health services and business support<sup>8</sup> – with a response, relief and early recovery package of circa 1,000 Trillion Rials (or about 5% of Iran’s nominal GDP). Despite such effort, further coordinated and programme measures (including at policy level) may be needed for social protection - to ensure both adequate response<sup>9</sup> to the COVID-19 shock and also pave the way for longer-term sustainable recovery (to ensure advanced social protection systems are in-place).

## 1.2. Addressing the Development Challenge

Against the above backdrop, the development challenge that needs to be addressed is two-pronged.

The COVID-19 pandemic is:

- (a) Driving the rapid erosion of safe jobs and disposable income for large segments of the Iranian population – affecting circa 50% of the 25 million workforce in Iran;

and concomitantly,

- (b) Adding burdens/pressures on existing social services (including public health and social protection services) and generating short-term reversals in development gains; with additional complications caused in-between the health, economy and human security nexus (jobs, food security etc.) that will sustain; and exacerbating household vulnerabilities in multiple dimensions<sup>10</sup> and widening previous inequalities and disparities.

**The key principles:** In order to address the development challenge, the proposed programme offer needs to adopt an integrated, multi-sectoral approach to programming, leveraging the diverse range of comparative advantages of UN agencies in a complementary manner. It shall be country-driven and premised on national ownership.

The key features of the programme offer in this document are the following:

***Addressing integration and inter-sectoral linkages for efficiency and impact.***

***Recovery and strengthening of the health system.***

***Building Back Better:*** The overall intent is not to “go back to the pre-COVID-19 normal” but to pave the way for “a new (and better) normal” following the outbreak.

***Not Business as Usual:*** The size, nature and complexity of this pandemic-driven crisis require innovative solutions: the “causes” and “effects” driving the current socio-economic challenges are different from those which the country has dealt with in the past – the design (and in some cases, fundamental re-thinking), testing and roll out of new solutions will be needed.

<sup>8</sup> The Government well identified hardest-hit sectors including retail, garments, food, travel and tourism (including hotels), manufacturing experiencing disruptions along supply chains, and falls in expenditure/demand.

<sup>9</sup> UNICEF-supported *multi-dimensional poverty* study, in partnership with MCLSW in late 2019, indicated that the policy space of social protection services consists of numerous programmes that need to become coordinated more effectively and efficiently. The sustainability and sufficiency of the 40% national Budget allocation for social protection - prior to the COVID-19 - is now also left uncertain.

<sup>10</sup> Including nutritional and food security; dwelling conditions; mobility; etc.

**Ambitious:** The overall goal is to help inform a national socio-economic recovery programme to facilitate impact at a large scale – of combined social protection and employment generation approaches.

**Smarter targeting:** Identification of population groups that are particularly vulnerable to the impact of the current pandemic will be the focus of the joint interventions. A COVID-19 *vulnerability index* or *multi-dimensional poverty index* will be developed and tested through this initiative and will inform programmatic interventions in the field. Where possible, these indexes will also include refugees, following the principle of “*leave no one behind*”.

**Gender and age-sensitive:** Women, women-headed households and youth will be a primary focus of attention of this joint initiative, as well as age groups that are particularly vulnerable to the socio-economic impact of the pandemic: at both end of the age spectrum (children-adolescents and the elderly).



**Digitally-smart; innovative modes of delivery and innovative partnerships:** The intent is to leverage innovative partnerships to provide, for instance, support in the roll out of remote/virtual trainings. To this end, supporting improvements in the connectivity ecosystem as a condition for a faster recovery and building resilience for future shocks. Appropriate digital tools, software and apps will be rolled out as required through such partnerships.



## PART B: THE JOINT PROGRAMMATIC OFFER

### 2.1. The Strategy in Brief

The UN System in Iran is actively supporting the Government, with tailored solutions and best practices in recovery efforts, and now with the additional programmatic offer focused on combined employment generation and social protection, including health system strengthening. Initiatives that can be up-scaled: given the UN comparative advantage in being complementary to the Governments recovery and up-scaling efforts, and current needs and policies; especially its Resilient Economy approach for area-based and rural employment generation and which is intended to be linked up to a minimum floor for overall social support for the lower income groups. Some UN practices in these areas are actually being scaled nationally and this programme offer can be catalytic to that.

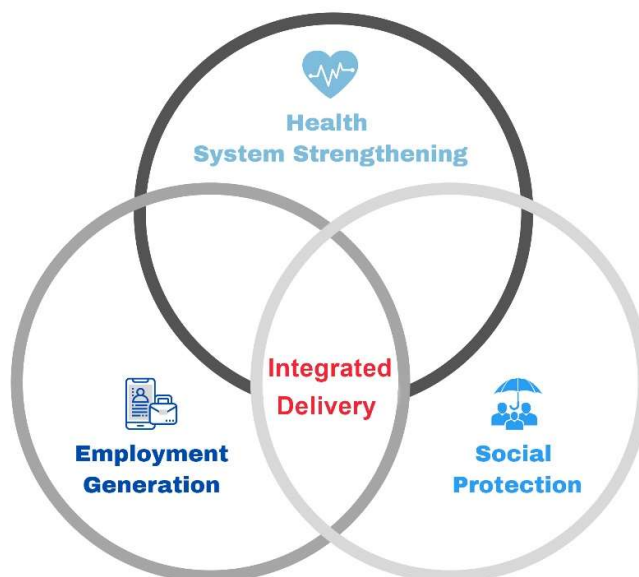
**Leveraging scale and impact:** How can the UN contribute to address the challenge in Iran in an integrated and meaningful way? The scale and complexity of the problem is beyond the capacity of a single actor to address, including the UN system in Iran. The challenge indeed calls for engaging a multiplicity of actors - national and sub-national, public and private.

Under the principle of national ownership, the UN is already contributing, and will continue so, to the country's efforts by bringing its diverse range of expertise (under the wide spectrum of agencies' mandates); its access to international know-how, experience and best practices; its risk-informed approach to programming; its ability to innovate to build back better; and its convening power. In doing so, the UN can help partners articulate new solutions and leverage resources to 'test emerging prototypes', approaches and 'ways of doing business' – ensuring proof of concept – and to influence the policy and programme space.

The UN strategy supports and leverages a public response that can be taken to a larger scale – and as close as possible to national coverage – in the form of a *National Socio-Economic Recovery Programme*. If sufficient 'seed capital' is mobilized and leveraged through this response in the short-term, we could not only support delivery of important relief to tens of thousands of vulnerable households at local level, in highly-impacted provinces, but conjointly build back better. Innovative approaches will carry positive economic and social multiplier effects in target communities and contribute to 'bottom-up' socio-economic impact at scale.

This offer follows and builds-on the global *UN Framework for the Immediate Socio-Economic Response to COVID-19*, and the *TAP* of the UN Iran, endorsed by the Government in early 2020. It also complements both the *UN Humanitarian Appeal* (and the WHO-led public health-centered response against the pandemic (*COVID-19 Preparedness and Response Plan, CPRP*)).

**Three inter-connected pillars:** Working in close collaboration with national and sub-national partners, the joint programmatic offer ultimately seeks to contribute to a new post-pandemic “development trajectory” for Iran: that is, towards a more resilient economy and society at various levels (of macro, meso and the micro community/business/household levels). It will do so by focusing on three particular areas of intervention, which are described in the following sections.



## 2.2 The Programmatic Pillars

### 2.2.1. Health First: Protecting Essential Health Services and Systems

**Health systems are overwhelmed by the COVID-19 outbreak:** Iran’s health system was already stressed when COVID-19 pandemic hit Iran: at a time when it was already challenged by the impact of unilateral sanctions, constraints affecting the import of essential items; reduced fiscal space required to sustain a health financing system (depending on the Government funding and despite a social health insurance system with a population coverage of around 95%); and also a reduction of purchasing power effecting the capacity to cope with out-of-pocket payments for health expenditure; significantly affecting particular poorer and otherwise disadvantaged parts of the population. Balancing the demands of responding directly to COVID-19, while simultaneously maintaining essential health service delivery and mitigating the risk of system collapse remain a challenge. Accelerated humanitarian exemptions for provision of essential medicines, raw materials, and lifesaving equipment will be crucial – and the UN is engaging in high level advocacy for lifting the impact of sanctions on the health system; simultaneously assisting the Government and facilitating procurement and financial transactions channels.

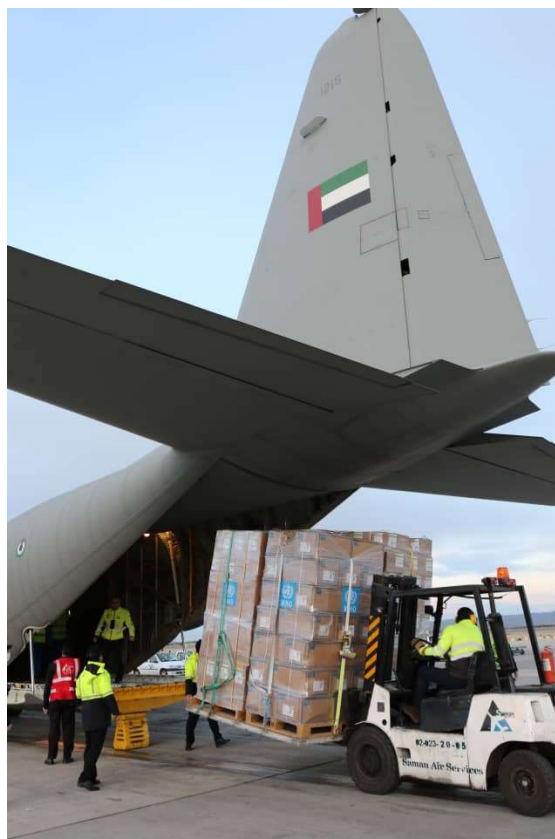
While evidence may show limited disruption in provision of health services, it has been documented that some households are reluctant to go to the non COVID-19 related health services, due to the

fear of contraction. This has negatively impacted the routine immunization and growth monitoring visits. The effect on the supply chain and commodities might affect the inclusiveness of health services. For instance, people Living with HIV and key populations are particularly vulnerable to disruptions in both healthcare and livelihood caused by the COVID-19 pandemic. Their wellbeing and survival are predicated on remaining linked to services, especially ART. Also, it's worth mentioning that some vulnerable populations might face intensified stigma and discrimination in accessing inclusive health services.

Following the peak in first wave of COVID-19 pandemic in Iran (end March 2020) the health system was confronted with overwhelming needs for clinical care, and given the long established strategy of health systems resilience in Iran, substantial new investments were made in increased essential capacities. The UN provided immediate support for the health sector response to the pandemic in its early days in Iran. During the subsequent period of partial lock-down, public health measures resulted in a

substantial decrease of transmission during April, at the cost of increasing economic challenges and social hardship. The subsequent re-opening resulted in a second wave of pandemic although with less pressure on the strengthened health systems capacities (e.g. through: e-health solutions closely linked to Primary Health Care (PHC) and community level interventions; additional systematic community outreach for early case detection and contact tracing; the Each Home as a Health Post initiative linked with PHC facilities; and strengthening of environmental and occupational health services). The control of the pandemic, however, and until effective treatment is proven, will further require the careful balancing of direct and indirect health considerations as well as economic and social constraints, pressures and demands. It will also require a further decentralization of targeted public health measures to address provincial or county/municipality level heterogeneity of the pandemic pressure, while maintaining national coordination and leadership.

**Health service strengthening:** Under such conditions of a protracted health emergency, the next phase of the health sector recovery will need to address: *emergency preparedness and response* (on the most effective and cost-efficient level of spare capacities available, and assessments of institutional frameworks and related governance structures); *Universal Health Coverage* requirements in COVID-19 conditions including systematic assessments followed by programmes addressing recommendations and particularly the needs of poorer and disadvantaged populations, the financing of different health service components, and health information systems; *healthier populations* through integrated cross-sectoral services and whole-of-government, whole-of-society health-in-all policies approaches, from top command level down to the PHC and community level, and given the bi-directional relationship between health and sustainable development there is a need for existing multi-sectoral health governance structures to be strengthened further. Further, the sustained engagement and *compliance of the general population with health protection*



*measures* during times of re-opening will be crucial – requiring a very active approach of health promotion and improved health literacy as one of the key features of any sustainable and resilient health system.

**Accelerate effectivity of humanitarian exemptions for provision of essential medicines, raw materials, and lifesaving equipment:** The UN is engaging in high level advocacy for lifting the impact of sanctions on the health system; simultaneously assisting the Government to identify suppliers of specialized drugs, vaccines, and raw materials, facilitating financial transactions and securing delivery channels.



The UN programme offer will support the above health system strengthening components and key strategic goals, also well reflected in UN policies and strategies, and under the umbrella of the UNDAF Health Working Group and the UNCT's TAP, as a basis for supporting the Government through a multi-sectoral whole-of-government and whole-of-society approach. While the

UN will continue supporting the Government on health system strengthening, as a response to and recovery from the pandemic, complementary and accelerated efforts are needed for provision of Infection Prevention and Control (IPC) standards and protocols, Risk Communication and Community Engagement (RCCE), raising public awareness, and reaching most vulnerable in challenging settings, meeting their critical supply needs and WASH services. The UN programme offer supports national efforts to sustain investments in preserving Iran's PHC system as well as national and provincial capacity enhancement for shock responsiveness and recovery.

### 2.2.2. Protecting People: Safety Nets for Vulnerable Populations

The overall intent of this programmatic pillar is to support the continuous development of more efficient and better targeted *social protection schemes*, contributing to increase the resilience of vulnerable populations<sup>11</sup> against the impact of COVID-19 pandemic and future, shocks (through scaling-up of innovative protective measures). Furthermore, additional measures to enhance the coverage and sustainability of basic *social services*<sup>12</sup> (a pivotal component of safety nets for vulnerable populations) are also addressed under this pillar.

<sup>11</sup> Including women-headed households, children and the elderly, as well as workers of heavily impacted sectors and MSMEs. Part A provides a more elaborate description of targeted groups.

<sup>12</sup> Including, for instance, in the education sector - support to the Ministry of Education to ensure continuity of education for all through: technical support on distant learning solutions with a focus on the most vulnerable children; technical support for safe reopening of the schools; technical support on the expansion of the new online learning platform; production of massive online open courses on health communication, etc.

Supporting the Government to increase the *shock-responsiveness*<sup>13</sup> of the system is vital to ensure services adequately reach the most vulnerable populations, under the principle of “*leave no one behind*”. Routine and conventional social protection schemes<sup>14</sup>, in times of shock, have proven ineffective in adequately addressing unanticipated needs – and the experience of the COVID-19 pandemic thus points to the need for re-examining the adequacy, coverage and sustainability of existing approaches, programmes and schemes.

This programmatic pillar has a **two-fold objective**: (*immediate 3-6 months*) urgently implementing a conditional cash transfer programme that can be scaled up nation-wide to reach vulnerable households and rapidly expand their access to basic social services; (*medium to long term 6-18 months*) accelerate progress towards universal social protection and make the national social protection system more shock responsive.



This *pillar* builds on the ongoing UN agencies collaboration with the Government-led national *Single Registry System*<sup>15</sup> – and will seek to generate evidence, based on provincial field-interventions, to inform national policy . It seeks to design and roll-out *conditional cash transfers* and *in-kind* support, making use of *life-cycle approaches* to social protection and as complementary to the Government’s national *Universal Basic Income* scheme. The *soft conditionalities* (for example, granting health insurance, nutrition vouchers, access to remote learning for at-risk children) under such CCT schemes<sup>16</sup> will complement the measures under the Economic Resilience pillar and the Health pillar (access to health services) in the UN joint programmatic offer for socio-economic recovery.

It entails the deployment of a comprehensive model of conditional social cash transfers to systematically reach at-risk households, particularly those engaged in the informal economy in three deprived (and high COVID-19 impacted) provinces. This programme offer, aims to provide complementary social protection for a minimum of 42,000 households who are in the three lowest income deciles with children under the age of 18. The initiative will support these households to benefit from an expanded social protection through conditional social cash transfers and/or in-kind support. Their vulnerabilities and needs will be assessed and monitored to ensure that the conditionalities are rightly targeted. These cash transfers will go hand-in-hand with existing schemes for addition of health-insurance, in-kind support to have better access and continuation of education for children given the current school closure due to the pandemic, and nutritional cash cards to support food baskets for these poor households.

<sup>13</sup> Including through enhanced national PDNA protocols; strengthening the humanitarian-development nexus in the policy space, with a view to strengthening resilience through *building back better*.

<sup>14</sup> UNICEF (2020): *Programme Guidance on Strengthening Shock-Responsive Social Protection Systems*

<sup>15</sup> UNICEF and MCLSW (2018): *Assessment of Iranian Social Protection Policy Systems*.

<sup>16</sup> Conditionalities that seek to integrate cash with services that reduce risks and strengthen longer-term resilience (pertaining to human capital, social capital - nutrition, child protection, insurance, etc.).

The ambition of this model, once implemented and replicated for nation-wide scale up, is that all vulnerable households will benefit from more inclusive safety nets. The fiscal space for social protection will be expanded due to better targeting and use of resources.

More concretely, interventions under this pillar will entail the conduct of rapid participatory appraisals and socio-economic assessments; redefining of targeting criteria (sensitive to the impact of the COVID-19 pandemic and drawing on a COVID-informed multi-dimensional poverty or vulnerability index); redefining of conditionalities (to incentivize positive behavioural change and adoption of sound measures at household and MSME levels); strengthening of monitoring tools and protocols; field-testing of innovative transfer schemes; and capturing of lessons learnt (knowledge products) for broader, national, replication<sup>17</sup> and south-south exchange of experiences.

Pre-scale-up phase (3-6 months)								
Initiative in three deprived COVID impacted provinces	Average # of households	# of households NOT covered by social protection scheme	# of households in informal sector	# of households in three lowest income decile with children under age of 18	Estimated # of children (2/household)	CCT per household/month (US\$)	Total amount (US\$) for 1 month	Total amount (US\$) for 6 months
	85,000	67,500	57,000	42,000	88,200	30	1,260,000	7,560,000
<b>One-time in-kind support</b> (e.g. tablets with educational applications, wheel chair, etc.)					10,000	100		1,000,000
<b>Total (US\$)</b>								<b>8,560,000</b>
Source: Iranian Welfare Database, MCLSW								

### 2.2.3. Building Economic Resilience: Macro/Meso Economic Measures in the time of COVID-19

At *macro-level*, the intent is to contribute to effective and well-targeted macro-economic policies (fiscal and monetary measures), financial inclusion policies (e.g. social banking and social enterprise space) and sectoral policies, leveraging the experience of other countries in the south (knowledge-sharing and south-south collaboration).

Vulnerable populations - including women-headed households, rural populations, informal sector workers, and people living disabilities.

At *meso-level*, the overall objective is to help catalyse alternative, and safe, income-generating opportunities for vulnerable populations - including women-headed households, rural populations, informal sector workers, and people living disabilities, through the adoption of innovative supply and demand-side measures.

<sup>17</sup> Including through the development of SOPs and financing strategies

*Supply side measures* will include, inter alia:

- Rapid training<sup>18</sup> of micro and small entrepreneurs, social entrepreneurs, including women entrepreneurs and members of women-headed cooperatives; in increasingly marketable sectors<sup>19</sup>; and leveraging new tools for remote learning (improving human capital).
- Roll out of matching grants to stimulate (and leverage) investments in equipment and/or working capital, with a view to catalyze production in increasing marketable sectors (including for financial and physical capital).

*Demand side measures* comprise initiatives such as the roll out of institutional procurement schemes (guaranteed purchases) to stimulate the demand for marketable goods/services<sup>20</sup> produced by the micro and small-sized enterprises and/or cooperatives, ensuring, at the same time, that adequate quality control measures and standards are in place.

The meso initiative will also generate *field-evidence to inform* the national policy and programme space. This will entail working with the *Statistical Centre of Iran* and relevant line Ministries in the generation of required data for enhanced Socio-Economic Impact Assessments (SEIAs) with a focus on MSMEs. A *Labour Market Information Systems (LMIS)* – to help match demand and supply in the labour market - will also be tested under this pillar.

At *micro-level*, improving the connectivity in rural and deprived areas would be a focus, as the pandemic has shown that connectivity, ICT and infrastructure plays a critical role in ensuring resilience and fast recovery of livelihoods. The UNDP is supporting a Digital Content Production Ecosystem Empowerment for Rural Areas focused on:

- Producers: empowering local communities' digital content development capabilities by local recourse mobilization and sharing.
- Consumers: provision of cheap internet in most remote places for consuming locally produced contents.
- Servers: mobile operators, local Internet Service Providers (ISPs) and video sharing platforms such as Aparat.

The above integrated macro-meso-micro level interventions entail the strengthening of the entrepreneurship ecosystem as a fundamental “enabler” (including local incubators; community mobilisation; micro-credit funds; micro-insurance; and NGOs/CSO's as development facilitators); improved social enterprise and green investment possibilities; targeted interventions for cooperatives and home-based workers, with a particular focus on women-headed households, and rural areas; identification of local area-based comparative advantages (e.g. *One-Area One-Product* for rural areas) and supporting the marketing - and exports - of produce made by rural and vulnerable groups. New tools for inclusive financing (including social banking, and mobile banking) will be developed and tested with relevant (public and private) partners<sup>21</sup>.

In summary, the UN will focus on generating low cost, group based, sustainable micro employment for vulnerable groups based on a global best practice that has been implemented in Iran by the UN agencies over the last twenty years and replicated significantly through the Government institutions.

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<sup>18</sup> All training and other activities which will require engagement with stakeholders will follow the guidelines of social distancing and to the extent possible will be undertaken through the use of technology and online tools.

<sup>19</sup> Including, potentially, in the manufacturing of protective personal equipment and other health-sector-related items; online retailing and distribution; etc.

<sup>20</sup> Including, potentially, Ministry of Health and Medical Education's procurement schemes to supply PPE to health centers.

<sup>21</sup> This pillar in particular, seeks to address shortages of critical supplies. There is already field evidence to suggest that, with rapidly-scalable interventions, micro and small enterprises, including women-led enterprises and cooperatives, can be rapidly trained and re-equipped to manufacture basic PPE items at scale – which in turn can contribute to the health response (*pillar 1*).

Upscaling a successful proven concept, with low overhead costs of circa \$1,000 per enterprise established, and quick one to one-half year turnaround, the initiative supports the Government intention to achieve over one million jobs in rural areas – including accompanying required changes in planning frameworks and funding allocations. The basic mechanisms of the best practice “*social mobilisation and micro-credit*” technique are in place nationally and to an extent institutionalized, with over 300,000 persons already affected (including establishment of a network of development facilitators) – thereby enabling ease of inception, implementation and results.

The programme will enable up to 50,000 vulnerable households in receiving support and in parallel the creation of 50,000 jobs and enterprise possibilities. This low overhead cost approach will require a total of \$50 million for the purpose encompassing the \$ 9 million for up-scaled social protection – supported through additional UN programme funding and with joint Government and UN effort. Once up-scaled to all provinces, 1.5 million new micro enterprise based opportunities will result.





The following matrix provides a basis for the resource requirements to implement the “pre-scale-up” phase of the programme offer and reflects different basic scenarios.

<b>Socio-Economic Recovery Programme</b>										
<i>Proof of concept - Pre-scale- up phase - 12 to 18 months’ results</i>										
<i>Investment cost US\$ for micro/small employment generation: \$1,000 per capita*</i>										
<i>Possible additional micro-loans \$ per capita: \$1,000 – may complement</i>										
	Average # of unemployed	Average # of vulnerable population	Costing \$ possible intervention scenarios (at \$1,000 per capita overhead cost for SMEs start-up)			Component Breakdown Targeting 50,000 (households and enterprise starts) Cost per household Per annum				
			<i>SE Programme Proposal in Yellow</i>			Capability development for community group capital (\$140)	Regular CCT / household for human capital (Family; children; head of household) (\$360)	One time in kind support (\$150)	Institutional capacity development (\$50)	Institutional demand support – SOP and standard (\$300)
			15% of target vulnerable population	10% of target vulnerable population	5% of target vulnerable population					
District level	6,000	75,000	\$15 M	\$7.5 M	\$3.75 M					
Provincial level	100,000	1,000,000	\$150 M	\$100 M	\$50 M	\$7 M	\$18 M	\$7.5 M	\$2.5 M	\$15 M
Tehran Province	300,000	3,000,000	\$450 M	\$300 M	\$150 M					

Estimates: national averages source from *Statistical Centre of Iran*  
 \*cost estimates based on the *social mobilisation and micro-credit* best practice - which includes the CCT component for human capital development, group formation and development, one-time support, institution building and guaranteed procurements form start-ups

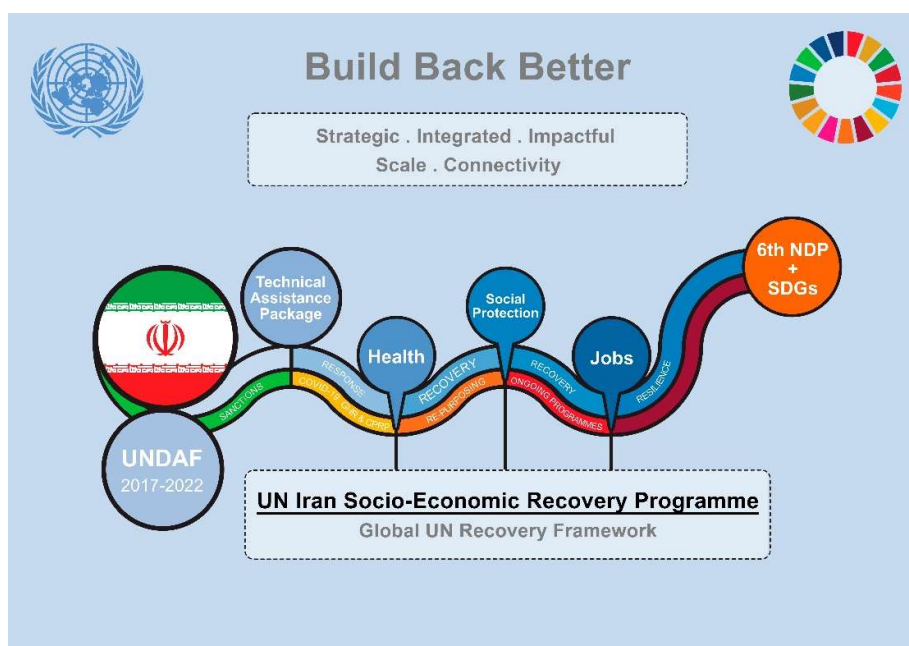
### 2.3. Making it Happen: Management Arrangements and Resource Requirements

#### Socio-Economic Recovery Programme

In response to the government request in March 2020, the United Nations in Iran has been actively supporting the Government and national health, humanitarian and socio-economic response to the COVID-19 outbreak in Iran.

So far over \$15 million of the UN entities' core funds have been repurposed and mobilized towards COVID-19 related needs of Iran.

This Socio-Economic Recovery Programme offer – focused on combined employment generation and social protection, including health system strengthening – will be implemented in an integrated and well-coordinated manner by the UN Country Team in Iran, under the ongoing UNDAF and TAP frameworks, and jointly with national and sub-national partners. Given appropriate and ongoing UN solutions and best practices in recovery efforts, the additional programmatic offer enables such initiatives to be up-scaled.



The programme offer intends to support 92,000 vulnerable households through social protection initiatives and employment generation support – in four provinces. A conditional cash transfer model targeting 42,000 vulnerable households, with expanded access to basic social services, that can be potentially considered for nation-wide scale up through a more shock responsive social protection system - and in parallel establishing 50,000 new micro and small enterprise/employment possibilities for them through low overhead cost approaches (of \$1,000 overhead cost per support) and the establishing of relevant activities, that are also composite social protection, social mobilisation and micro-enterprise development approaches utilizing proven methods promoted by the UN agencies in Iran.

This *inclusive development approach* towards protection and promotive outcomes – in four provinces, within a one to one-half year result period – which links social support mechanisms to employment generation can break adverse local conditions for sustainable development.

To ensure results, global best practice suggests there is also a need to complement with a *Public-Private-Partnership (PPP)* type, bottom-up (*integrated district-based development*) approach: SMART and conditional targeting of poor and vulnerable communities, focusing on household capability and micro-small employment for livelihood development. The model, programme framework and implementation mechanisms will catalyse combined community cooperation, social support and micro enterprise/employment generation at low overhead cost to ensure cost effective life-cycle structure outcomes. This good practice, complementary *social mobilisation and micro-credit* approach organizes local communities, develops their livelihoods capacities, and supports them through micro/small entrepreneurship and social enterprise possibilities. Various initiatives worldwide have exemplified such combined conditional cash transfers, employment generation and value added approaches for human capital and social capital development (e.g. Brazil (*BOLSA Familia, BOLSA Verde*); India (*Nabard, INREGA*); Mexico (*Prospera, Compartamos and Microfinance*); Nepal (*MEDPA and WEP*); South Africa (*WfW*); Thailand (*OTOP*)).

Such complementary, integrated frameworks will enable improved minimum needs livelihoods; better recovery and development; resolve district level development planning constraints; create sustainable local employment and wealth generation; prompt endogenous local economic growth; and ensure poverty alleviation and community empowerment. Once undertaken SMART/conditional, will result in community resilience to further risks and crisis and also be cost efficient.

The programme offer, based on a low overhead cost approach, will require a total of \$50 million for the purpose. Additional UN programme funding of between \$20 million to \$50 million (and with Government support) could prompt such outcomes and, once up-scaled to all provinces, catalyse 1.5 million new micro enterprise-based jobs and sustain more inclusive social safety nets.

## Annexes

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1. RCO Analysis
2. UN Iran TAP Framework