



**United Nations
Islamic Republic of Iran**

BUILD FORWARD 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

June 2020

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Executive Summary

The impact of the COVID-19 pandemic on the global economy and social fabric is unprecedented. Current estimates from the United Nations Department of Economic and Social Affairs (DESA) indicate a possible loss of up to \$8 trillion in global gross domestic product (GDP), affecting as many as 60 percent of jobs worldwide. This is a crisis that will wipe out much of previous development gains, including in the Islamic Republic of Iran.

Iran is among the countries most severely impacted by the crisis, compounding the adverse effects of existing unilateral sanctions imposed on the country. Altogether the effects of the COVID-19 pandemic could result in as much as a decline of 15 per cent of GDP, affecting 50 per cent of Iran's workforce. This will have its greatest impact on the population in the lower 40 per cent income deciles and can result in deepening economic inequality while increasing unemployment, possibly by as much as 2 million additional unemployed.

Social services and public health systems are taking a toll and are at risk given the 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. All of these groups are being severely impacted by the pandemic.

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.

The Government of the Islamic Republic of Iran responded in March 2020 to mitigate the negative impact on households and businesses through expenditures on social security, social assistance, health services and business support. The response, relief and early recovery package reached about 1,000 trillion rials (or about 5 per cent 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, with repercussions on the entire health, economic and human security nexus, exacerbating household vulnerabilities in many ways. In addition, the fiscal stress placed on the Government's budget by the pandemic response may necessitate the Government to reconsider changes in its approach to subsidies, which will have a further impact on the economy, including in the prices of basic food items, which will have further significant implications for vulnerable groups.

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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’s request 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 United Nations agencies are



engaged in supporting recovery through focused activities of the United Nations Development Assistance Framework (UNDAF), some repurposed to align with recovery, and including through the Technical Assistance Package (TAP) initiative and South-South cooperation. So far, over \$15 million of the United Nations agencies’ core funds have been repurposed or are aligned

towards COVID-19 related needs in Iran.

Building on the comparative advantages of the different agencies, the United Nations 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 combining health system strengthening, social protection measures for the most vulnerable and employment generation. This “programme offer”, with a “no one left behind” principle at its core, builds on the global United Nations Framework for the Immediate Socio-Economic Response to COVID-19, and the Technical Assistance Package of the United Nations in Iran endorsed by the Government in early 2020, and will be implemented by the United Nations country team (UNCT) 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. It incorporates 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. In parallel, it would establish 50,000 new micro and small enterprise/employment possibilities for those vulnerable households through low overhead cost approaches of \$1,000 per support and the establishing of relevant activities comprising social protection and micro-enterprise development approaches that would utilize proven methods promoted by the United Nations agencies in Iran. The United Nations programme funding would require between \$20 million to \$50 million.

The combined United Nations programme offer is complementary to the Government’s current needs and its own efforts to scale up, especially the Government’s approach towards area-based and rural employment generation and its stated intentions to link that with some form of minimum floor social support for lower income groups. The United Nations-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 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 estimates from the United Nations Department of Economic and Social Affairs (DESA) indicate a possible loss of up to \$8 trillion in global gross domestic product (GDP), which would represent a possible fall of 10 per cent in global income, affecting as many as 60 per cent of jobs worldwide. With 4 billion people, including two out of three children, either not having social protection at all or being inadequately covered by existing schemes, this is a crisis that could wipe out much of previous development gains, including in the Islamic Republic of Iran.

The impact in Islamic Republic of Iran:

Against this global backdrop, Iran has been the country most impacted by the pandemic in the Middle East and North Africa region: a crisis magnifying the adverse effects of already existing unilateral sanctions against the country and other structural challenges. There are three main areas of concern:

- The strains on the public health system, which was already stressed given the tight financial situation of the Government and the impact of unilateral sanctions on the importation of single source pharmaceutical products. A critical shortage of specialized medicines and medical equipment added challenges to the health-sector response during the first days of the pandemic.
- Overstretched social services. In a worst-case scenario, the impact may lead to a fall of up to 15 per cent of the Iranian GDP.¹ This will affect business activity and revenues with a resulting decline in disposable incomes that will deepen economic and social inequality, particularly impacting the bottom 40 per cent income deciles of the population, whose access to social protection services is limited.
- Rising unemployment and lack of jobs. The country will see possibly up to 2 million additional unemployed.² The partial lockdown measures put in place to control the pandemic have

BOX 1. Groups Most Negatively Affected by COVID-19 in Iran

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

Some of the demographic groups described above overlap – an individual may fall into more than one category.

*Other at-risk children and adolescents include children living with disabilities, those without caregivers and in foster care, those in juvenile centres, refugee children, children working in the streets, and infants of mothers in prison.

¹ Iranian Minister of Finance and Economic Affairs (Dr Farhad Dejjpasand)

² Op-Ed by Government Spokesman Rabiei

already directly or indirectly affected 50 per cent of Iran's estimated 25 million or so workforce;³ with the closures of small and medium enterprises and falls in production affecting 3 million formal workers and 4 million informal workers and micro-enterprises.

Vulnerable populations: The 11.5 million households just above the multi-dimensional poverty line – comprising various segments of the populations (see box) – are *inter alia* among the demographic groups being significantly impacted by the crisis. Service sector businesses and employees, and unskilled, low-skilled, and semi-skilled workers, are those most likely to suffer. Just over half of the working population of 25 million are fully covered by the



Iranian social security system (which provides old age, disability, survivor and medical benefits to different categories of covered individuals). Those that are not covered by social security system are many 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 per cent of these workers may be engaged in the informal economy.

Over 3 million refugees are also being severely impacted by the effects of the pandemic. 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 per cent) live in host communities, while 3 per cent of the most vulnerable refugees reside in 20 refugee settlement camps. All of these groups are suffering the negative effects of the health and economic crisis.

Challenges in 'bouncing back': The economic consequences of the pandemic have resulted in increased poverty rates and a surge in the number of people requiring basic needs support – especially those people who have traditionally been insufficiently covered by the formal social protection system. Already vulnerable because they lack savings and alternate income sources, the bottom 40 per cent income deciles often work in the informal sector and/or have temporary contracts. This means that they will be unable to regain livelihoods easily and will have significant challenges in coping with, and rebounding from, the crisis. Lengthy periods of unemployment and a drop in incomes are expected to extend over a relatively long time.



‘Zooming in’ the rural economy: The toll of the pandemic in specific sectors is also noticeable. In the agriculture sector, food supply chains have been severely disrupted affecting farm incomes while access to quality seeds, pesticides and fertilizer have become challenging.⁴ This has impacted not only producers but will also affect 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.⁵

The Government response: The Government of Iran undertook rapid measures in March 2020 to reduce the immediate negative impact on households and businesses through expenditures on social security, social assistance, health services and business support⁶ – with a response, relief and early recovery package of circa 1,000 trillion rials (or about 5 per cent of Iran’s nominal GDP). Despite such remarkable efforts, further coordinated programmatic measures (including at the policy level) may be needed to ensure both adequate social protection⁷ to those impacted by the COVID-19 shock and to pave the way for longer-term sustainable recovery.

1.2. Building a United Nations Programme to Assist Iran Respond to COVID-19

The United Nations global response and how it translates to Iran: As everywhere around the world, the United Nations through the UN Development System (UNDS), made up in Iran of the United Nations agencies in the United Nations country team (UNCT), is committed to providing support to the Islamic Republic of Iran not only to cope with the current pandemic but also “to build forward better”. The UNDS has enunciated a global strategy in “A UN Framework for the Immediate Socio-Economic Response to COVID-19”. The proposed programme offer developed by the UNCT for Iran builds upon this framework in addressing the particular needs of Iran, especially in light of the fiscal and inflationary pressures the country is suffering, exacerbated by the unilateral sanctions placed on Iran.

The United Nations strategy is based upon using the financial and programmatic assets that it already has in place in the country and adjusting and expanding these for COVID-19 related needs. These repurposing efforts have now been under way in Iran since the country was first hit by the pandemic. As detailed in the programme offer, they need to be accelerated and expanded to strengthen the

4 Compensation measures are planned but more serious actions are needed. Pesticide industries have not been provided with government financial support for foreign currency in the last four months to purchase and import raw materials for pesticide production

5 FAO input- Possible COVID-19 Socio-Economic Impact Scenarios (United Nations RCO Economist)

6 The Government identified the hardest-hit sectors as retail, garments, food, travel and tourism (including hotels), manufacturing experiencing disruptions along supply chains, and falls in expenditure/demand

7 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 per cent national Budget allocation for social protection - prior to the COVID-19 - is now also left uncertain

health system, focus social protection coverage where it is most needed, and to implement emergency job support measures.

The programme offer for Iran incorporates all five pillars of the United Nations global strategy: “Health First”, “Protecting People”, “Economic Response and Recovery”, “Macroeconomic Response and Multilateral Cooperation”, and “Social Cohesion and Community Resilience”. For Iran, the pillar addressing the macroeconomic framework is included within the pillars on social protection and on building employment through micro, small and medium enterprises and entrepreneurship. Social cohesion and trust building and community-led resilience are also being promoted through the other three pillars and through ongoing mechanisms, particularly the national Disaster Risk Reduction strategy supported by the UNCT. The pillars are inter-connected; the UNCT has chosen to focus on a few tested, scalable, and impactful activities.

The key principles: The proposed programme offer adopts an integrated, multi-sectoral approach to programming, leveraging the diverse range of comparative advantages of United Nations agencies in a complementary manner. The programme offer is based on a joint UNCT approach based on the ongoing reforms in the UN Development System and is costed and performance driven, with an understanding that this is necessary if the programme is to be scaled up to reach the magnitude of the crisis. Much of the rationale for scaling up will be based on field-driven evidence of the degree of success attained by each initiative.

In presenting the programme offer, pillar one will be led by WHO, pillar two by UNICEF and pillar three by UNDP. Under each pillar, the other United Nations agencies working in Iran will add their own expertise and programming experience in order to encompass all the members of the United Nations country team: FAO, IOM, OCHA, UNAIDS, UNDRR, UNESCO, UNFPA, UNIDO, UNITAR, UNODC, UNOPS, UN Women and WFP.

In order to ensure a coherent and coordinated response among the United Nations entities participating in the delivery of COVID-19 programme, the UNCT will establish a joint programme coordination mechanism.

As in all current United Nations programmes in Iran, all interventions under the programme offer will be country-driven and premised on national ownership. The guiding principles in designing programme interventions are:

Addressing integration and inter-sectoral linkages for efficiency and impact. This is especially important because in the Iran programme two of the pillars of the global UN framework (on macroeconomic response and on community resilience) are woven into the other pillars.

Building Forward 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. The COVID-19 response will allow for the development of green economy solutions, telecommuting, e-commerce and building a digital economy, leveraging’s Iran innovation and technological capacity.

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. This is reflected in the proposed scope and reach of the proposed conditional cash transfer programme and support for micro, small and medium enterprises.

Ambitious: The overall goal is to help inform a national socio-economic recovery programme to facilitate impact on a large scale, combining both social protection and employment generation approaches. As outlined in the analysis undertaken by the Resident Coordinator's Office for the UNCT (Annex 1), scaling up of the programme falls within and is coordinated with the Government's investment plan for long-term growth. A key part of the programme will be to successfully document achievements and advocate with the Government for replicating successful interventions on a wider scale.



Smarter targeting: Identification of population groups that are particularly vulnerable to the impact of the current pandemic will be the focus of all 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 the joint UNCT initiatives along with age groups that are particularly vulnerable to the socio-economic impact of the pandemic (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, the programme will support 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. Increasing connectivity in deprived parts of the country will be one of the main goals of the programme.

Leveraging scale and impact: Currently, the United Nations system in Iran is actively supporting the Government with a tailored solution and best practices in addressing immediate recovery needs and is now presenting a programme offer focused on combined employment generation and social protection, including health system strengthening. Part of the programme offer is to scale up ongoing initiatives in supporting complementary approaches by the United Nations to the Government's recovery efforts, current needs and policies. This support is especially linked to the “resilient economy” approach for area-based and rural employment generation, which is intended to link up to

policies designed to provide a minimum floor for overall social support for lower income groups. Some United Nations practices in these areas are currently being scaled up nationally, and this programme offer can be catalytic to promoting greater social cohesion, a major aim of the United Nations global framework.

The scale and complexity of the problem is beyond the capacity of a single actor to address, including the United Nations 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 United Nations is already contributing and will continue to contribute to the country's efforts to address the COVID-19 crisis 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 forward better; and its convening power. In doing so, the United Nations can help partners articulate new solutions and leverage resources to 'test emerging prototypes' and promote innovative 'ways of doing business' – ensuring proof of concept – that can influence the policy and programme space.

The United Nations 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, the proposed programme would not only support delivery of important relief to tens of thousands of vulnerable households at the local level, in highly impacted provinces, but by working together to build forward better would show that 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 United Nations Framework for the Immediate Socio-Economic Response to COVID-19, and the Technical Assistance Package (TAP) of the United Nations Iran, endorsed by the Government in early 2020. It also complements both the United Nations humanitarian appeal and the WHO-led public health-centred response against the pandemic – the COVID-19 Preparedness and Response Plan (CPRP).

Theory of Change

The development challenge that needs to be addressed by the United Nations programme in Iran is two-pronged in that the COVID-19 pandemic is driving the rapid erosion of safe jobs and disposable income for large segments of the Iranian population – affecting circa 50 per cent of the 25 million workforce in Iran and, concomitantly, adding burdens/pressures on existing social services (including public health and social protection services) and generating short-term reversals in development gains with repercussions on the entire health, economic and human security nexus, exacerbating household vulnerabilities in many ways (including food security, housing and mobility), widening previous inequalities and disparities.

The joint programme of the UNCT will work to assist the Government in improving the social protection network, strengthening the health system, and putting into place an immediate programme that will address the urgent livelihood needs of people in targeted provinces hard hit by the pandemic.

At the national level this would mean providing support to the Government in innovative ways to strengthen the health system, such as through e-health initiatives. At the local level, the programme would provide assistance to vulnerable households through social protection initiatives and employment generation support. A conditional cash transfer model would target vulnerable households, expanding their access to basic social services while in parallel establishing new micro and small enterprise/employment possibilities for them through low overhead cost approaches (of \$1,000 overhead cost per support). In the immediate term these programmes would be implemented in four provinces where the needs are greatest.

The relevant activities and initiatives would be developed by the involved United Nations agencies coordinating social protection, social mobilisation and micro-enterprise development approaches that utilize proven methods already being promoted by the United Nations agencies in Iran, building on assets in the country combined with additional resource mobilisation. These would then be promoted for nationwide scale-up that will produce a more shock responsive social protection system.

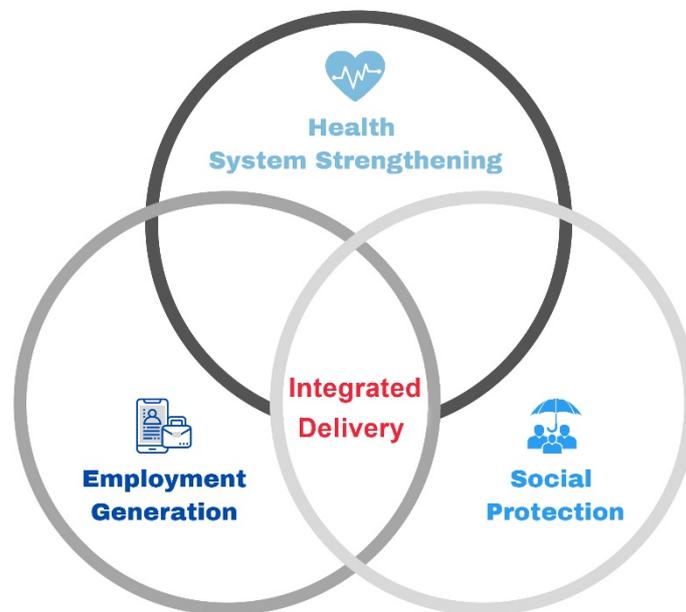
These complementary, integrated frameworks of health system support, social protection through conditional cash transfers, and promotion of micro, small and medium enterprises will contribute towards meeting minimum needs for livelihoods; a stronger recovery from the effects of the pandemic; resolving district level development planning constraints; creating sustainable local employment and wealth generation; prompting endogenous local economic growth; and supporting poverty alleviation and community empowerment. Indicators will be included in each initiative to measure whether desired change has been facilitated. The ultimate goal would be a more innovative and strengthened health system and, with Government support and if up-scaled to all provinces, could prompt desired structural outcomes and catalyse the creation of 1.5 million new micro enterprise-based jobs and sustain more inclusive social safety nets.

PART B: SOCIO-ECONOMIC RECOVERY PROGRAMME

2.1. The Strategy in Brief

Three inter-connected pillars: In response to the Government’s 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. Making use of the United Nations assets in place, so far, over \$15 million of the United Nations entities’ core funds have been repurposed and mobilized towards COVID-19 related needs of Iran. The United Nations proposed Socio-Economic Recovery Programme (“the 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 United Nations Country Team in Iran, under the ongoing United Nations Development Assistance Framework (UNDAF) and Technical Assistance Package frameworks, jointly with national and sub-national partners. Building on appropriate and ongoing United Nations solutions and best practices in recovery efforts, this programmatic offer will pave the way for such initiatives to be scaled up.

Working in close collaboration with national and sub-national partners, the joint programme 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 (at the macro- and meso-levels for the country and regions but also at the micro-level of communities, businesses and households). 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 severely strained by the COVID-19 outbreak: Iran's health system was already stressed when the COVID-19 pandemic hit the country. The health system was challenged by the impact of unilateral sanctions, including constraints affecting the import of essential items; reduced fiscal space on the part of the Government needed to sustain a health financing system that includes a health insurance system covering around 95 per cent of the population; and a reduction in purchasing power that rendered poorer and otherwise disadvantaged people unable to afford out-of-pocket health expenditures. Balancing the demands of responding directly to COVID-19 while simultaneously maintaining essential health service delivery and mitigating the risk of system collapse remains a challenge. Accelerated humanitarian exemptions for provision of essential medicines, raw materials, and lifesaving equipment will be crucial. To that end, the United Nations is engaged in high-level advocacy for lifting the impact of sanctions on the health system while simultaneously assisting the Government by facilitating procurement and financial transactions channels.

While evidence may show limited disruption in provision of health services, it has also been documented that some households are reluctant to go to non-COVID-19 related health services for fear of contracting the virus. This has negatively impacted routine immunization and growth monitoring visits. Disruptions in the supply chain and lack of availability of commodities might affect the ability of the health services to provide for the needs of all. For example, people living with HIV, among other key populations, are particularly vulnerable to disruptions in both healthcare and livelihoods caused by the COVID-19 pandemic. Their wellbeing and survival are predicated on remaining linked to services, especially anti-retroviral treatment.



Following the peak in the first wave of the COVID-19 pandemic in Iran at the end of March 2020, the health system was confronted with overwhelming needs for providing clinical care for ill patients. Given the long-established strategy of promoting health system resilience in Iran, substantial new investments were made to increase capacity to respond to the need.

The United Nations provided immediate support for the health sector response in the early days of the pandemic. During the subsequent period of partial lockdown, public health measures resulted in a substantial decrease in transmission during April – at the cost of increasing economic challenges and social hardship. The subsequent re-opening resulted in a second wave of COVID-19 infections, but this resurgence placed less pressure on a strengthened health system, which included providing e-health innovations closely linked to primary health care 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 primary health care facilities; and the strengthening of environmental and occupational health services.

Until vaccines or effective treatments are available, the control of the pandemic will require balancing the needs of preventing transmission and providing care with responding to economic and social constraints, pressures and demands. It will also require a further decentralization of targeted public health measures to address the specific needs at the provincial or county/municipality level while maintaining national coordination and leadership.

Health service strengthening: Given the pressures of a protracted health emergency, the next phase of the health sector recovery will need to address emergency preparedness and response based on the most effective and cost-efficient use of available spare capacities and on assessments of institutional frameworks and related governance structures. Meeting universal health coverage requirements in COVID-19 conditions require systematic assessments followed by informed programmes addressing the recommendations of those assessments, particularly concerning the needs of poorer and disadvantaged populations. Financing of different health service components and health information systems will need to be found. Promotion of 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 primary health care and community level will be supported. 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, 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 towards health promotion and improved health literacy.

Accelerate effectiveness of humanitarian exemptions for provision of essential medicines, raw materials, and lifesaving equipment: Under the programme offer, a clear priority of the United Nations is to continue engaging in high-level advocacy for lifting the impact of sanctions on the health system while simultaneously assisting the Government to identify suppliers of specialized drugs, vaccines, and raw materials, facilitating financial transactions and securing delivery channels.



The United Nations programme offer supports the above-outlined health system strengthening components and key strategic goals, which are well reflected in United Nations policies and strategies, under the umbrella of the UNDAF Health Working Group and the UNCT’s Technical Assistance Package, as a basis for supporting the Government through a

multi-sectoral whole-of-government and whole-of-society approach. In addition, in responding to and recovering from the pandemic, complementary and accelerated efforts are needed for provision of infection control and prevention (IPC) standards and protocols, risk communication and community

engagement (RCCE), raising public awareness, and reaching the most vulnerable in challenging settings, meeting their critical supply needs and providing water and sanitary services. The United Nations programme offer supports national efforts to sustain investments in preserving Iran’s primary health care 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 the programmatic pillar of “Protecting People” is to support the continuous development of more efficient and better targeted social protection schemes, contributing to increasing the resilience of vulnerable populations against the impact of COVID-19 pandemic and future shocks through scaling up of innovative protective measures, particularly through conditional transfers to the most vulnerable. Furthermore, additional measures to enhance the coverage and sustainability of basic social services⁸ (a pivotal component of safety nets for vulnerable populations) are also addressed under this pillar.

Supporting the Government to increase the shock-responsiveness⁹ of the system is vital to ensure services adequately reach the most vulnerable populations, under the principle of “leave no one behind”. A recent UNICEF study has shown that the routine and conventional social protection schemes in



place in Iran have proven ineffective in adequately addressing the unanticipated needs experienced in times of shock such as the current pandemic.¹⁰ This points to the need to re-examine the adequacy, coverage and sustainability of existing approaches, programmes and schemes.

The programme pillar has a **two-fold approach**: (a) in the immediate 3-6 month time period to urgently implement a conditional cash transfer programme that can be scaled up nationwide to reach vulnerable households and rapidly expand their access to basic social services; and (b) in the medium- to longer-term of 6-18 months to accelerate progress towards universal social protection and make the national social protection system more shock responsive.

This pillar builds on the ongoing United Nations agencies collaboration with the Government-led national Single Registry System¹¹ 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, complementary to the Government’s national Universal Basic Income scheme. The soft conditionalities that would be incorporated into such a conditional cash transfer scheme (such as granting health insurance, nutrition

8 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; and production of massive online open courses on health communication

9 Including through enhanced national post-disaster needs assessment protocols; strengthening the humanitarian-development nexus in the policy space, with a view to strengthening resilience through build forward better

10 UNICEF (2020): Programme Guidance on Strengthening Shock-Responsive Social Protection Systems

11 UNICEF and MCLSW (2018): Assessment of Iranian Social Protection Policy Systems

vouchers, and access to remote learning for at-risk children) will complement the measures under the Economic Resilience pillar and the Health pillar (access to health services) of the United Nations joint programme offer.

To implement such a scheme 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, and expanding their access to basic social services, including health. The 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 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.

The ambition of this model, once implemented and replicated for nationwide 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 to reach those most in need and tight controls on 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 conditionalities to incentivize positive behavioural change and adoption of sound measures at household and micro, small and medium enterprise levels; strengthening of monitoring tools and protocols; field-testing of innovative transfer schemes; and capturing of lessons learned (knowledge products) for broader, national replication¹² and South-South exchange of experiences.

¹² Including through the development of standard operating procedures and financing strategies

Pre-scale-up phase (3-6 months)								
Initiative in three deprived COVID-19 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
One-time in-kind support (e.g. tablets with educational applications, wheel chair, etc.)					10,000	100		1,000,000
Total (US\$)								8,560,000

Source: Iranian Welfare Database, MCLSW

2.2.3. Building Economic Resilience: Macro-Meso Economic Measures in the Time of COVID-19

At the 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 with disabilities.

At the 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 with disabilities, through the adoption of innovative supply and demand-side measures.

Supply side measures will include, *inter alia*, rapid training¹³ of micro and small entrepreneurs, social entrepreneurs, including women entrepreneurs and members of women-headed cooperatives, in increasingly marketable sectors¹⁴; and leveraging new tools for remote learning as a way of improving human capital for the longer term. In addition, the programme offer will include matching grants to stimulate (and leverage) investments in equipment and/or working capital with a view to catalyse production in increasingly marketable sectors.

¹³ 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

¹⁴ Including, potentially, in the manufacturing of protective personal equipment and other health-sector-related items; online retailing and distribution; etc.

Demand side measures comprise initiatives such as the roll out of institutional procurement schemes (guaranteed purchases) to stimulate the demand for marketable goods/services¹⁵ 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 national policies and programmes. 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 micro, small and medium enterprises. A labour market information system (LMIS) – to help match demand and supply in the labour market – will also be tested under this pillar.

At the micro-level, improving connectivity in rural and deprived areas would be a focus, as the pandemic has shown that connectivity, ICT and infrastructure play a critical role in ensuring resilience and fast recovery of livelihoods. UNDP is supporting a programme on “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: cooperating with 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 using NGOs/CSOs 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.¹⁶

In summary, the United Nations team in Iran will focus on generating low cost, group-based, sustainable micro employment for vulnerable groups based on global best practice that has been implemented in Iran by the United Nations agencies over the last twenty years and widely replicated by government institutions.

Implementation of this programme pillar is based on refocusing assets of the United Nations already in place – a proven programme that can be redirected to areas suffering the most from COVID-19 outbreaks. Scaling up a successful proven concept, with low overhead costs of circa \$1,000 per enterprise established and a quick one to one-half year turnaround, the initiative supports the Government’s intention to generate 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

¹⁵ Including, potentially, Ministry of Health and Medical Education’s procurement schemes to supply PPE to health centers

¹⁶ 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)

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 support 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 United Nations programme funding and with joint Government and United Nations effort. Once up-scaled to all provinces, 1.5 million new micro-enterprise-based opportunities would result.



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

Socio-Economic Recovery Programme										
<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

Impact on Macroeconomic Response and Social Cohesion: The scaling up of the interventions under the programme offer are crucial to achieving the goals outlined in the theory of change. To that end, an assessment of the fiscal space available for such spending will be part of the implementation. Advocacy around policy priorities and available policy measures that consider the financing and implementation constraints faced by the Government of the Islamic Republic of Iran along with analysis of possible implications of the proposed policy measures will need to be accounted for as well.

The pandemic is placing considerable strains on social cohesion, magnifying existing fault lines and creating new ones. Building greater social cohesion is incorporated into the interventions under each of the three pillars. It is clear that communities will bear the brunt of the socio-economic impact of COVID-19. They also hold the key to “flattening the curve”, responding to the pandemic and ensuring longer-term recovery. They will need investment, which is why the interventions under each of the three pillars are directed at the community level.

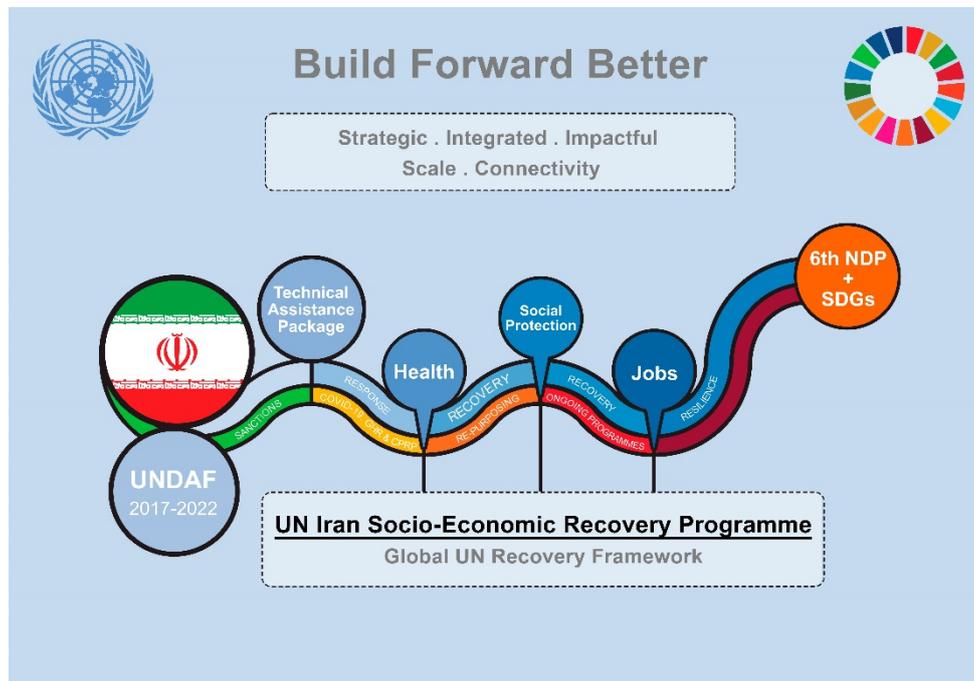
In addition, the United Nations Disaster Risk Reduction strategy is already working to address community resilience in that the first objective of the national disaster management law is “to enhance the community’s role in predicting, preventing, reducing risk and vulnerability, responding effectively to natural hazards, contingencies and crises”, such as is now being presented by the COVID-19 pandemic. The disaster risk reduction strategy and the disaster management law recognize that the future of community resilience is grounded in investing in emergency preparedness at the local level. To that end, provincial authorities are being supported to develop and implement policy tools to promote community-based disaster risk reduction (tools and approaches to promote community participation, community risk assessment, community financing schemes, etc.). The disaster risk reduction strategy addresses the needs of the most vulnerable provinces to crisis and builds the capacity of provincial authorities to incentivize community engagement in preparedness for response and in promoting resilient livelihoods and recovery.

Programme Summary: The programme offer intends to support the Ministry of Health in strengthening the health system and in providing assistance and through the Ministry of Cooperatives, Labour and Social Welfare to support 92,000 vulnerable households through social protection initiatives and employment generation support in four provinces. A conditional cash transfer model would target 42,000 vulnerable households, expanding their access to basic social services while 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). The relevant activities and initiatives would be developed by the involved United Nations agencies coordinating social protection, social mobilisation and micro-enterprise development approaches that utilize proven methods already being promoted by the United Nations agencies in Iran. These would then be promoted for nationwide scale-up that will produce a more shock responsive social protection system.

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 alter in a positive direction the adverse local conditions inhibiting sustainable development.

To ensure results, global best practice suggests there is also a need to complement with a public private-partnership, bottom-up (integrated district-based development) approach that meets SMART

criteria (specific, measurable, achievable, relevant and time-bound) and include 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. As has been shown by various initiatives worldwide combining 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)), this good practice, complementary to the social mobilisation and micro-credit approaches, organizes local communities, develops their livelihoods capacities, and supports them through micro/small entrepreneurship and social enterprise possibilities.



Management Arrangements and Resources Required: This joint UNCT initiative will set up management arrangements for the United Nations Iran Socio-Economic Recovery Programme so that relevant technical and managerial expertise can be utilized from all of United Nations agencies working in Iran.

The programme offer, based on a low overhead cost approach, will require a total of \$50 million for the purpose. Additional United Nations 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

1. RCO Analysis
2. UN Iran Technical Assistance Package Framework