Annex of the Country Development Cooperation Policy

Basic Policy of Assistance
To expand traditional friendly relations with Iran and to support Iran's integration into the international community

Priority Area 1
Strengthening of Economic and Social Infrastructure

[Background and current situation]
The government of Iran shows a strong intention to promote economic growth in the field of petrochemicals, power, water resources, automobiles manufacturing, tourism, etc. in the 6th Five-year Development Plan as the priority sectors utilizing private finance including foreign capital. At the same time, the government of Japan's policy of economic cooperation with Iran also demonstrates the importance of supporting Japanese companies to approach to Iran in the framework of ODA schemes such as Grant aid and Loan projects.

Iran has been facing the problems, such as deterioration of fiscal balance, spread of unemployment especially among young generation, and lack of financial resources for updating the aged infrastructure facilities due to recession caused by sanction and decline of oil revenue. In this circumstance, Iran needs to establish the efficient and productive economic structure as a driving force for sustainable economic growth, improvement of the productivity by investing the human and physical capacities, appropriate management of fiscal and monetary measures, institutional improvement on free trade and investment promotion, and diversification of industries.

[Strategy]
Based on the challenges mentioned on the left, Japan emphasizes on cooperation with "Establishment of institution and economic infrastructure promoting stable and quality economic growth". Specifically, Japan supports facilitation of efficient logistics, mitigation of the traffic congestion in the metropolitan cities, rehabilitation and renovation of the aged facilities and the facilities of power sectors for the efficiency of energy utilization. Furthermore, Japan promotes cooperation related with fostering domestic industries in non-petroleum sector, establishment of necessary institutions and human resource development in the sectors. Japan also promotes the use of public and private partnership schemes in the framework of ODA aiming to promote Iran's trade and investment while supporting Japanese companies' entry into Iran.

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Japan's Assistance Program

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<tr>
<th>Development Issue 1-1</th>
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<th>Project</th>
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<th>Assistance Amount (100 Million Yen)</th>
<th>Note</th>
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<tbody>
<tr>
<td>Strengthening Infrastructure Program</td>
<td>This program supports the strengthening of economic infrastructure aiming at economic growth by activating logistic channels considering connectivity with neighboring countries, taking measures for mitigating traffic congestion in metropolitan cities and rehabilitating and/or renovating the facilities in power sector. In addition, this program also supports Iran to establish efficient economic system operation and maintenance.</td>
<td>Data Collection Survey on Urban Development and Transportation</td>
<td>BIS</td>
<td>Before JFY 2016</td>
<td>JFY 2017</td>
<td>JFY 2018</td>
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<td></td>
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<td>Data collection survey on Electricity sector</td>
<td>BIS</td>
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<td>Preparatory survey on Shahid Rajaee Power Plant Construction Project</td>
<td>PS</td>
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<td>Issue-based Training in the field of Infrastructure</td>
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<tr>
<td>Enhancement of Job opportunity Program</td>
<td>To create new job, it needs to promote non-petroleum industry and to diversify the economic structure. This program supports the development of domestic industries and employment measures with private sector in mind.</td>
<td>Comprehensive Educational Program for Iranian Workforce through Development of E-learning Contents</td>
<td>EXP</td>
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<td>Data Collection Survey on Tourism Development</td>
<td>BIS</td>
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<td>Strengthening Marketing Capacity of SMEs</td>
<td>CTR</td>
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<td></td>
<td>Labor Market Information System</td>
<td>CTR</td>
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<td></td>
<td>Labor Law and Standards</td>
<td>CTR</td>
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<td>Issue-based Training in the field of the development of private sector</td>
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</tbody>
</table>
Basic social infrastructure and services are built in Iran. For further domestic social stabilization and further improvement in living standard in Iran, it is necessary to promote expansion of social services such as disaster prevention, water resource management and correcting disparities.

There are many challenges in Iran where it faces the threat of natural disaster. Reduction of damage, emergency response in earthquake occurrence, response to restoration and reconstruction are the examples of these challenges. 80% of Iran is in arid and semi-arid region. That's why water resources are very limited in the country. Taking into account of this situation, the main issues of water resource management are lack of comprehensive water resource utilization plan by basin unit and aging facilities. For instance, the aging of water supply facility that supplies water to citizens is intense and the leakage rate is high. Correction of disparities and improvement of living situation are also essential. In health care sector, Health Transformation Plan (HTP) was started in May, 2014. Disease prevention program, strengthening the policy of medical insurance, medical cost reduction and expansion of medical services are stated in the plan. The implementation of concrete measures based on these policies is a future issue.

In order to improve the Iranian government's ability to respond to disasters, it is extremely meaningful to transfer experiences of past disasters in Japan and, knowledge regarding disaster prevention and seismic resistance technology in which Japan has the advantages to Iran. In that point of view, Japan will make a major contribution to building the disaster prevention system and strengthening disaster prevention capability such as improvement of emergency response system, strengthening earthquake resistance of buildings and citizen enlightenment and education for disaster-resilience.

In the water resource sector, Japan aims to establish comprehensive water resource management through cooperation on technology transfer and planning related to management and operation of water resources, and implementation of proper water distribution. In addition to that, Japan intensively cooperates on development of human resources and the implementation of proposed individual plan and technology.

In health care sector, Japan focuses on the cooperation on development of high quality medical equipment and improvement of medical services focusing on non-infectious diseases. For measures in improvement of disparity, Japan will promote agricultural technology which contributes to improving the living conditions of rural areas. And Japan will cooperate in high added value of agricultural products and agricultural processed items in rural areas with few cash income means.

<table>
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<tr>
<th>Japan’s Assistance Program</th>
<th>Program Summary</th>
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<th>Scheme</th>
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<th>Assistance Amount (100 Million Yen)</th>
<th>Note</th>
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</thead>
<tbody>
<tr>
<td>Earthquake Disaster Prevention Program</td>
<td>This program supports contribution to creating the town that has a capable of prompt recovering functions and is resistant to disasters by minimizing human damage and city function at the time of anticipated large-scale disaster. For this purpose, this program comprehensively supports the dissemination of the concept of Mainstreaming Disaster Risk Reduction, speeding up information sharing among related organizations when a disaster such as earthquake occurs, reviewing urban planning, and promoting awareness of civil disaster prevention.</td>
<td>Increasing Tehran Resilience by developing and updating the relevant plans</td>
<td>TCP</td>
<td>JFY 2018, JFY 2019, JFY 2020</td>
<td>12.00 million EURO</td>
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<td></td>
<td>Project for improvement of social resilience in historical area against earthquake</td>
<td>EXP</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<td>The Project for Strengthening the Capacities of Disaster Management in Municipalities</td>
<td>CTR</td>
<td>JFY 2019</td>
<td>9.33 million EURO</td>
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<td>Issue-based Training in the field of Disaster Risk Reduction</td>
<td>TR</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<tr>
<td>Water Resources Management Program</td>
<td>This program supports efficient water use and management, watershed development and underground water management with the cooperation in formulation of a basin-wide integrated water resource utilization plan based on long-term perspective and proper water distribution, which will be adapted to the changes of demand for water and environment in the future.</td>
<td>Project for Capacity Development on Integrated Water Resources Management for Shemal River Basin</td>
<td>TCP</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<td></td>
<td></td>
<td>Water Policy Adviser</td>
<td>EXP</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<td></td>
<td></td>
<td>Water Policy Adviser</td>
<td>EXP</td>
<td>JFY 2020</td>
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<td>Data Collection Survey on Improvement of Hydrological Cycle Model in Urmia Lake Basin</td>
<td>BIS</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<td></td>
<td></td>
<td>Data Collection Survey on water sector</td>
<td>BIS</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<td>Project for Strengthening NWI Reduction Related Activities by Mang Case Study of Khansar</td>
<td>TCP</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<td></td>
<td>Issue-based Training in the field of Water Resources Management</td>
<td>TR</td>
<td>JFY 2020</td>
<td>9.33 million EURO</td>
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<tr>
<td>Building Resilient Society Program</td>
<td>This program supports the improvement of living standard for a purpose of resilient development of all society including women and vulnerable strata. As for health issues, this program supports the procurement of high quality medical equipment and services. To minimize the economic gap between rural and urban areas, Japan supports the improvement of the livelihood in agricultural areas.</td>
<td>Supporting Poor Rural Women to Improve Livelihoods with Employment Projects in Different Villages of Ardabil province</td>
<td>CTR</td>
<td>JFY 2018, JFY 2019</td>
<td>35.29 million Yen</td>
<td>Ministry of Health and Medical Education</td>
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<td>Emergency Activities in Iran</td>
<td>ML</td>
<td>JFY 2019</td>
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<td>Issue-based Training in the field of Health and Agriculture</td>
<td>TR</td>
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<td>Project for supporting universal design society in Iran</td>
<td>GANP</td>
<td>JFY 2019</td>
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<td>Grant Aid for Grassroots Human Security Projects in health and medical field</td>
<td>GGP</td>
<td>JFY 2019</td>
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<td></td>
<td>Grant Aid for Grassroots Human Security Projects in education field</td>
<td>GGP</td>
<td>JFY 2019</td>
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<td>Economic and Social Development Programme</td>
<td>GA</td>
<td>JFY 2019</td>
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<td></td>
<td>Grant Aid for Grassroots Human Security Projects in education field</td>
<td>GGP</td>
<td>JFY 2019</td>
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### Priority Area 2: Sustainable Development

#### Development Issue 2-1: Conservation of Natural Environment, Environment Pollution Countermeasures and Global Warming Countermeasures

**Background and current situation**
Due to urbanization by rapid population inflow from rural areas, the provision of infrastructure is not adequate and that causes air pollution, poor waste management, etc. Therefore, Urgent measures for these issues are desired. Furthermore, Iran's energy consumption is inefficient (if Japan's primary energy consumption per GDP is 1, that of Iran is 11 times or more). Iran is ranked the 4th as the highest greenhouse gas emissions country Non-Annex I countries of the Kyoto Protocol (in 2007) after China, India and South Korea. Intended Nationally Determined Contributions (INDC) of Iran, which was submitted before COP21 states, sets a goal of reducing 12% of total greenhouse gas emissions till 2030, including reduction by funds from other countries and technical supports. That's how it is also required for Iran not only to reduce the waste of domestic resources but also to contribute to global warming countermeasures.

On the other hand, Iran is rich in biodiversity. For example, Zagros and Alborz mountains are designated as ‘Irano-Anatolian hotspot’, where there are endangered species and rich in biodiversity, and 22 wetlands (around 1,500,000ha) in Iran are designated as Ramsar Convention Registration Site internationally known as important waterfowl habitat.

Environmental destruction such as deforestation, soil erosion and water pollution are becoming more and more serious in Iran. The Department of Environment of Iran designates 7% of the land as a protected area and is planning to further expand the conservation area with the target of 10% of the land.

**Strategy**
Air pollution problems are closely related to global warming countermeasures or energy conservation technology. Therefore, Japan will try to reduce these problems through enhancement of air pollution monitoring and its analyze ability, promotion of energy conservation technology, and facilitation of CDM projects. It contributes to the national interests of Japan, which depends on Iran for much crude oil importation, that the producing countries use Japan’s efficient energy-conservation technology in order to suppress the excessive use of petroleum and natural gas resources. Thus, Japan promotes the cooperation on energy-conservation technology and supports Iran’s effort for reducing greenhouse gas emissions. As for the improvement of climate change policies and related systems, Japan cooperates on making countermeasure plan for climate change in the point of sector view and promotion of the mainstreaming of climate change countermeasures in development policies and plans. Regarding environmental protection, Japan has been cooperating on improving the management of the Anzali Wetland, which is also registered as a Ramsar Convention Site. Japan will also continue technical cooperation in ecosystem conservation, and preventions against deforestation and desertification.

### Table: Japan’s Assistance Program

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<th>Program Summary</th>
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<tbody>
<tr>
<td>This program supports conservation of biodiversity and sustainable use of Iran’s natural resources (e.g. capacity building for formulation and implementation of natural environment conservation management plan and improvement of livelihood of local people by community participation) against environmental problems in this country such as land degradation due to excessive deforestation and overgrazing, deterioration of wetland environment, lake environment and degradation of natural environment in coastal areas.</td>
<td>Participatory Forest and Rangeland Management Project in Chaharmahal-e-Bakhtiari Province</td>
<td>TCP</td>
<td>JFY 2016</td>
<td>3.50</td>
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<tr>
<td>The Project on Capacity Development for Participatory Forest and Rangeland Management in upper Karun Basin</td>
<td>TCP</td>
<td>JFY 2016</td>
<td>JFY 2018</td>
<td>JFY 2019</td>
</tr>
<tr>
<td>This program supports measures against environmental problems such as air pollution especially in Tehran, serious waste problems especially in coastal areas of Caspian Sea and other cities, pollution of water quality and soil by factory wastewater and mining in several cities, and serious health damage for citizen especially in coastal industrial area.</td>
<td>Preparatory Survey on Project for Capacity Development on Air Pollution Control in Tehran Municipality</td>
<td>PS</td>
<td>JFY 2016</td>
<td>8.00</td>
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<tr>
<td>JFY 2021 UNDP</td>
<td>1.00</td>
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</table>

**Note**

- CRT: Contribution to technical cooperation in ecosystem conservation, and preventions against deforestation and desertification.
- FAO: Food and Agriculture Organization of the United Nations.
- TR: Technical Readiness.
- EXP: Expeditious Assistance.
- TCDP: Technical Cooperation Development Program.
- TCP: Technical Cooperation Program.
- PS: Planimissions Scheme.
- TR: Technical Readiness.
- EXP: Expeditious Assistance.
- TCDP: Technical Cooperation Development Program.
- TCP: Technical Cooperation Program.
- FAO: Food and Agriculture Organization of the United Nations.
Strengthening Relations with the International Community and the Surrounding Area

[Background and current situation]
As Iran agreed on JCPOA on 14th July 2015 with EU3+3, and on 16th January 2016, the "implementation day" was reached after Iran conducted necessary actions for the implementation. Therefore, it is important to support Iran's implementation of JCPOA and to strengthen Iran's relationship with international community. Since then, nuclear-related sanction has been lifted and Iran has been rejoined to SWIFT system. As the increase of financial transaction is expected, Iran's domestic financial system needs to be rehabilitated to meet with international financial standard. In addition, it is necessary to support Iran to participate in various international cooperation frameworks to strengthen the relationship with international community.

Iran is one of the biggest refugee hosting countries. Around one million Afghan refugees are officially registered as refugees. 97% of these refugees live in urban and sub-urban area but because of economic depression of Iran, many of them have problems with their lives. Due to the degradation of security and economy in Afghanistan, the number of voluntary repatriation has been decreased, and these situation increased Iran's burden as refugee hosting country. Furthermore, 90% of opium in the world is produced in Afghanistan, and 30-40% of them is coming to/transit through Iran. The government of Iran has also strengthened the drug control as a national priority program.

[Strategy]
For strengthening the Iran's relationship with international community, Japan promotes the cooperation in the field of safety use of nuclear power for implementation of JCPOA. Japan will also support Iran's participation in international standard and collaboration (such as FATF and WTO) and confidence-building with regional countries and strengthening regional connectivity. Japan will support Afghanistan for its stable, democratic and prosperous reconstruction based on the cooperation with Iran because Iran is adjacent to Afghanistan, has rich experience and knowledge about the area, and shares language and culture with Afghanistan. In particular, Japan emphasizes on the support in order to build and strengthen the capacity of the Afghan government and improving its relations with the surrounding countries, which are indispensable for maintaining the sustainable stability of Afghanistan and promoting its development.

<table>
<thead>
<tr>
<th>Development Issue 3-1</th>
<th>Program Summary</th>
<th>Project</th>
<th>Scheme</th>
<th>Schedule</th>
<th>Assistance Amount (100 Million Yen)</th>
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</thead>
<tbody>
<tr>
<td>Strengthening Relations with the International Community and the Surrounding Area</td>
<td>This program supports Iran to enhance relationship with international community, activities including the supports of nuclear safety and implementation of IAEA regulations. Also, the program supports Iran to join the international collaboration.</td>
<td>Third Country Training Program on Agricultural Irrigation for Afghanistan</td>
<td>TTR</td>
<td>Japan FY 2016</td>
<td>2.40 million USD</td>
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<td></td>
<td></td>
<td>Third Country Training Program on Electricity for Afghanistan</td>
<td>TTR</td>
<td>Japan FY 2017</td>
<td>0.50 million USD</td>
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<td>Third Country Training Program on Waste Management for Afghanistan</td>
<td>TTR</td>
<td>Japan FY 2018</td>
<td>0.76 million USD</td>
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<td>Third Country Training Program on Custom Administration for Afghanistan (Phase II)</td>
<td>TTR</td>
<td>Japan FY 2019</td>
<td>0.82 million USD</td>
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<td>Third Country Training Program on Rice-based Agricultural Technology for Tajikistan</td>
<td>TTR</td>
<td>Japan FY 2020</td>
<td>0.34 million USD</td>
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<td>Third Country Training Program for the Staffs of Customs Department of Tajikistan and other CIS/ECO Countries</td>
<td>TTR</td>
<td>Japan FY 2021</td>
<td>8.00 million USD</td>
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<td>Human Resources Development in the Mining Sector</td>
<td>CTR</td>
<td>UNHCR AFG</td>
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<td>Project for Capacity Building on Anti Drug Control Measure in Iranian Customs Administration</td>
<td>CTR</td>
<td>UNDC</td>
<td>0.76 million USD</td>
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<td></td>
<td>Issue-based Training in the field of Governance and Economic Policy</td>
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<td>UNODC</td>
<td>0.82 million USD</td>
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<td>Protection and humanitarian assistance for Afghan refugees in Iran</td>
<td>ML</td>
<td>UNHCR</td>
<td>2.01 million USD</td>
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<td>Border control, capacity development on investigation and regional and international cooperation on drugs and illicit chemicals</td>
<td>ML</td>
<td>UNODC</td>
<td>0.76 million USD</td>
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<td></td>
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<td>Customs Cooperation</td>
<td>ML</td>
<td>UNODC</td>
<td>0.82 million USD</td>
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<td>Anti-Money laundering and Countering Financing on Terrorisms, in line with UN standards and norms, and FATF recommendations</td>
<td>ML</td>
<td>UNODC</td>
<td>0.34 million USD</td>
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<tr>
<td></td>
<td></td>
<td>Economic and Social Development Programme</td>
<td>GA</td>
<td>Islamic Republic of Iran Customs Administration</td>
<td>8.00 million USD</td>
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<td></td>
<td>Promoting integration of industries in Chabahar into global/regional market through upgrading and market access promotion</td>
<td>ML</td>
<td>UNIDO</td>
<td>0.50 million USD</td>
</tr>
</tbody>
</table>