

Contract
for
Economic analysis of aquaculture sector in Sistan Baluchestan
(Shrimp rearing Gowater Complex – Rural aquaculture Zabol area)

between

The Research and Studies Centre for the Fishery, S.C.A.R.L, called "C.I.R.S.PE" below, resident in No.21- Gigli D'ORO Ave. 00186 Roma, represented by the president, Dr Massimo GUERRIERI, resident in No.21 Gigli d'Oro Ave. Roma

and

International University of Chabahar, resident in Chabahar Free zone, Sistan Baluchestan, Islamic Republic of Iran, represented by the President Dr. Hamid Reza Mirzaei, Director resident in Chabahar International University, Sistan Baluchestan.

Introduction

-Referring to the financing of the project Aquaculture in Sistan-Baluchestan Province of the Islamic Republic of Iran approved by the Italian Ministry of Foreign Affairs - the General Directorate of Cooperation for the Development,

-Referring to the presentation of the above emission from the Italian Government to the United Nations Development Project (UNDP) in Teheran based on a reciprocal agreement on the subject,

-Referring the direct intervention of SHILAT, Iranian Fisheries Organization, in both administration and operation of the project in order to respect the technical and professional contribution of Iranians that is the principle of the Italian cooperation for the development.

Considering that Chabahar International University has a high level expertise in economic studies and analysis and very good facilities and that it is motivated to carry out the three economic studies on aquaculture sector in Sistan Baluchestan.

Considering that C I U has expressed the intention to open its activities to the exigencies of the production sector for aquaculture,

Both parts agree on and draw up what follows

Article 1

International University of Chabahar undertakes to carry out the following activities with its own structures and staff:

Socio-economic analysis of the aquaculture sector in Sistan Baluchestan.

The activities description is drawn in the ANNEXURE A which is part of this contract and it is subscribed by both parts.

Activities will take place in Sistan Baluchestan, they will last 6 months, from June to December 2007.

International University of Chabahar will carry all the costs of its staff as follows:

Planning of the on field activities;

Travels in Sistan Baluchestan,

Insurances;

Interviews and data collections;

Data analysis and Final Reports.

International University of Chabahar undertakes to provide CIRSPE with two final reports after the ending of the Contract, i.e. on December 2007. Reports must be in accordance with the technical specifics provided in the ANNEXURE A.

Article 2

International University of Chabahar ensures that the staff assigned for the implementation of the activities is qualified and willing to perform the services described above. International University of Chabahar assures all work required under this contract will be carried out in accordance with the highest standards of the profession of craft.

International University of Chabahar shall carry appropriate workers' compensation and hazard insurance coverage for the staff during the term of this contract.

International University of Chabahar shall be responsible for the welfare of its staff employed under the contract. Any additional expense which CIRSPE may incur for the welfare of such staff will be reimbursed by the IUC.

Article 3

This contract will begin on the 1st of June 2007 and it will end on the 15th of December 2007. Any extension to this terms must be written and signed by both parts.

The Final Report shall be submitted to CIRSPE office in Rome by E-mail and DHL (pictures) within the 15th of December 2007.

The Report and any other document must be written in English.

Article 4

As a support for the implementation of the activities, CIRSPE will provide NACA with a financial contribution of EURO 40.000 (forty thousand Euro)

The payments will be made according to the following schedule:

- a) 20% of the total amount at the signing of the contract;
- b) 30% of the total amount 30 days before the starting of field activities, i.e. on the 1st of June 2007;
- c) 30% of the total amount at the end of the activities, i.e. on the 15th of December, after the conclusion of the Final Report;
- d) balance of the remaining 20% after the approval by SHILAT and CIRSPE of the Final Report for the activities carried out by International University of Chabahar.

International University of Chabahar will provide the invoices of the payments described in a), b), c) and d) of this article, to CIRSPE office in Rome.

CIRSPE will pay with a bank remittance within 20 days after the receiving of the invoice and after the approval of the services provided by International University of Chabahar.

International University of Chabahar will provide a receipt proving the payments.

Article 5

CIRSPE and/or International University of Chabahar can rescind this contract, with a written note, if one of the parties believes that it is impossible or inopportune to go on with the developing of the activities for any reason out of CIRSPE or International University of Chabahar control like war, natural disasters, or similar conditions which change the present situation; or in the event of delay or lack of one of the parties. If that happens, the work done until that moment, will be paid.

For any inobservance of the conditions of this contract from one of the contractors, the other party can write a note with the detailed inobservance, indicating also the corrections to be done within 60 days. If the party does not make the requested actions, the other party can rescind this contract without losing any of its right.

Article 6

All the papers and technical matters produced within the project will be at disposal of the Steering Committee of the project and C.I.R.S.P.E., therefore, has the right to publish and divulgate a part or the integral version of the papers referring to their institutional aims.

All the materials are also owned by International University of Chabahar and SHILAT and they can be used, providing proper acknowledgement to other parties.

Article 7

The contractors undertake to consider data and information managed during the carrying out of the present work and concerning the other party, strictly confidential.

Article 8

All disputes arising in connection with the interpretation or execution of this Contract shall be settled by mutual consent. If CIRSPE and International University of Chabahar are unable to reach an agreement on any question in dispute or on a mode of settlement other than arbitration, either party shall have the right to request arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), as at present in force. The place of arbitration shall be Rome, Italy. CIRSPE and International University of Chabahar agree to be bound by any arbitration award in accordance with the above, as the final adjudication of any such dispute.

Article 9

This contract will begin at the signing of contractors. Any changes of the contract must be discussed, written and signed by both parts.

This contract is signed in 4 original copies, 2 in English and 2 in Italian.

Rome, 26th of March 2007

International University of Chabahar
The President
Hamid Reza Mirzaei

C.I.R.S.PE.
The President
Massimo GUERRIERI

Terms and conditions mentioned in art. 1,3,4,5,8 and 9 are accepted and confirmed.

International University of Chabahar
The President
Hamid Reza Mirzaei

C.I.R.S.PE.
The President
Massimo GUERRIERI

DETAILED BANKING INSTRUCTIONS:

Account Name : International University of Chabahar
Bank name : EXPORT DEVELOPMENT BANK OF IRAN
Branch address : CHABAHAR FREE ZONE
Bank code : 20/1323
Bank tel. : 0098 545 4443390-1
SWIFT ACCOUNT NUMBER : EDBIIRTHCHA
230029594

Annexure A

Background

The Islamic Republic of Iran and the Italian Government are reinforcing their political and economic relations in consideration of their reciprocal interest in the exploitation of Iran's raw materials and for exporting Italian technology, industrial products and consumer goods.

In June 2000 the General Department of Development Cooperation of the Italian Ministry of Foreign Affairs and the Iranian Ministry of Foreign Affairs signed a "Meeting Memorandum" in which the Italian party expressed its intention to finance cooperation activities in the Province of Sistan Baluchestan.

The topics relevant to the cooperation program were deeply studied during technical missions carried out by the General Department of Cooperation Development. The Province of Sistan-Beluchestan bordering with Afghanistan and with Pakistan, giving it a strategic role. This province is the poorest in the Republic of Iran (UNDP, 1999 "National Human Development Report").

Upon examination, priority was given to the development of aquaculture. There are interesting prospects for the development of aquaculture in the zone of Chabahar, in the south-east of Iran, suitable for the rearing of shrimp, above all for export. A large facility for the shrimps rearing (about 1.000 hectares) has been constructed near the location of Gowater, roughly 110 km east side of the city of Chabahar.

This activity is already practiced in the internal zones, with the technical context in the area of Zahedan (Sistan), where there are several facilities (about 600 rural farm in the area from Zabol to Kash), playing a very important social, cultural and economic role.

Anyway, the local industry presents readily apparent, macroscopic limitations in terms of technology, service and the marketing.

In short, along with the high potential, recognized by the central system, which is investing on structures and equipment, there are unmistakable problems of growth and consolidation that can essentially be traced to the technical-cultural isolation that the country has experienced over the last decade.

Technical Project proposal has been prepared on 2002; in June 2003 the General Directorate of Development Cooperation/Italian Ministry of Foreign Affairs has approved the financing of the project "Aquaculture Development in Sistan Baluchestan" (act n.49; 24/6/2003; N. aid 6945.01.3), identifying the UNDP as International Agency in Iran and the modality of cost-sharing agreement to allocate the project budget in the beneficiary Country.

The United Nations Development Programme ("UNDP") and the Italian Ministry of Foreign Affairs– General Directorate for Development Co-operation, agreed to co-operate in the implementation of a project in the Islamic Republic of Iran "Aquaculture Development in Sistan-Baluchestan".

The Ministry of Jihad and Agriculture – SHILAT Iran has been designated as the implementing agency and the CIRSPE (Centro Italiano Ricerche Studi per la Pesca), via De' Gigli d'Oro 21, 00186 Roma, has been designated as the contractor for providing technical assistance and training. UNDP manages the budget, according to the project proposal, to buy technical equipment.

According to the Project Proposal financed by the Italian Ministry of Foreign Affairs (act n.49; 24/6/2003; N. aid 6945.01.3), the project, shall consist of:

- production initiatives both in the public facilities of the SHILAT (Zabol/Zahak Hatchery) and in the private farms, with the results to be transferred to the private sector/beneficiaries;
- training and on-job-training addressed to the technicians of the SHILAT/the Ministry of Agriculture, with forecast fall-out on the private operations, given that the individuals trained are employed in the extension service;
- supply of technology to the public facilities in order to improve their efficiency and guarantee an adequate supply to private parties, demonstrating the worth of new production strategies and, finally, testing and proposing technical packages which are innovative and appropriate to the context.

Immediate objective of CIRSPE project

According to the Project Proposal financed by the Italian Ministry of Foreign Affairs (act n.49; 24/6/2003; N. aid 6945.01.3), the general and specific objectives can be described as follows.

The general objective of the project is to reduce poverty and social imbalance, raising the income level of the local populations and communities in the Province of Sistan-Baluchestan through the reinforcement and dissemination of aquaculture activities.

The project aims at expanding and reinforcing aquaculture activities both in terms of production/technology and economic results; in order to raise the socio-economic level of the groups and populations involved.

The specific objectives, therefore, are:

- i)The Identification of valid production strategies for aquaculture in Sistan-Baluchestan;
- ii)The Identification of appropriate technologies for the different contexts;
- iii)The Expansion of the production base and diversification of the product;
- iv)The building of an Institutional capacity for Ministry of Agriculture Jihad, and professional growth on the part of the SHILAT-Iranian Fisheries Organization.

Expected results

The Project Proposal financed by the Italian Ministry of Foreign Affairs (act n.49; 24/6/2003; N. aid 6945.01.3), underlines the following expected results.

a)Operating strategies correlated to the market (species, sizes, period of sale, markets) in the shrimp sector (at least 2 strategies shall be drawn up).The productive pilot activities in Gowater (Chabahar) will test different strategies based on the stocking density, feeding and fertilization, comparing the different results both from productive and economical points of view. Attention will be given to

diseases which, in other region of the world and also in Iran, can affect rearing, reducing the economical sustainability of this sector.

b) Innovative technological packages

Under the project, technological packages shall be prepared for the shrimp rearing (at least 2 packages shall be prepared and tested, for instance oxygenation system, stocking density, pre-fattening etc.).

c) Expansion of the production base and diversification of production

Production diversification reduces the risks of business operations; keeping this in mind, new species shall be considered for aquaculture.

d) Synergies between public (SHILAT)/private sectors

Improving the capacity of the public service, necessary for the new responsibilities and assignments tied to a great dissemination of operations, with the training of personnel, especially in management and technical activities. Reinforcement of the extension service, with the undertaking of a clear-cut effort to disseminate the technologies prepared during the project activities. Specific initiatives (Internet, Newsletter, Seminars, Interviews) will be organized to improve the donor visibility, both international and national, in part to contribute on bringing together supply and demand (technology and production).

Outputs of the CIRSPE project

The program is assigned to the UNDP office in Teheran. The procedure for the liaison and the formalization of the commitments is a cost-sharing agreement. The decision-making and operating activities can be controlled by the UNDP headquarters in Teheran.

The cost-sharing system must give the financer adequate visibility, together with direct participation and control of the different performance phases with the structure managing the project. The possibility of drawing on Italian technology and experts provided is an additional guarantee for the Italian Ministry of Foreign Affairs and the General Department of Cooperation Development, based on the specific characteristics of the subjects dealt with and Italy's leading role in this sector on a European level.

The project is structured in 3 components consisting of technical assistance, training and supplying of technology/equipment. A number of initiatives are designed for the dissemination/visibility of the project, for the monitoring of the work in progress and for the evaluation (Web page; Newsletter).

Technical assistance consists of a "project technical unit", with tasks that include planning and control of technical, operating, logistical and administrative factors. This unit is structured and organized in a dynamic, flexible manner; managing and executing the activities in accordance with the stipulated objectives and deadlines, it is possible to arrange for the experts to return to the headquarters on a frequent basis, making possible, in the face of the operating difficulties in Iran and the isolated nature of the project areas, the use of elements who possess the necessary professional qualifications.

Prof. Stefano Cataudella is the Project Scientific Coordinator, he is an expert with a high level of academic training who guarantees the technical, methodological and scientific validity of the project. Mr. Roberto Ugolini is the Technical/operating project manager, he is an expert with international experience who plans the initiatives matching local demands, timing and procedures both from a technical and an administrative point of view. He also acts as the operating contact and the liaison between the different participating institutions and the financier. He handles the organization of the visibility (Internet pages and Newsletter), as well as the seminars with the beneficiaries and the extension service. He is also in charge of technical backstopping for CIRSPE office in Rome. He is in charge in technical aspects, in contact with Italian Ministry of Foreign Affairs.

The project proposal remarked the importance to give the Aquaculture Development in Sistan Baluchestan programme a great visibility, both for the exigency of the Donor and to divulgate project activities and results. CIRSPE and Shilat have organized the web site and the Newsletters.

Contract Inputs

International University of Chabahar will carry out the following activities:

1. Reporting on Sistan Baluchestan socio and economic main features and aspects.
2. Reporting on shrimp sector using both SHILAT and CIRSPE information/Reports .
3. Reporting on freshwater sector using both SHILAT and CIRSPE information/Reports.
4. Reporting on bank system concerning the aquaculture sector.
5. Reporting on public help for the sector (credit financing etc.).
6. Analysis of the available economical data.
7. Interviews with the private sector (hatchery, pond farms, processing farm).
8. Marketing analysis and suggestions for the export (shrimp processing, packing, and marketing)
9. Suggestion for future development/projects.

Contract Outputs

This agreement will lead to the following output:

Final Reports on:

- a) Socio and economic analysis of shrimps sector in Sistan Baluchestan;
- b) Socio and economic analysis of freshwater sector (Zabol area) in Sistan Baluchestan;

a) Socio and economic analysis of shrimps sector in Sistan Baluchestan

1. Socio economic aspects of Chabahar area
2. Shrimp sector description

- 2.1. Shrimp sector in Iran
- 2.2. Shrimp sector in Sistan Baluchestan
- 2.3. Gowater complex description
- 2.4. Hatchery economic aspects
- 2.5. Pond farms economic aspects
- 2.6. Processing plant economic aspects
- 2.7. Main sector constrains
- 2.8. Bank sector (Agriculture and commercial bank)
- 2.9. Public help to the sector

3. Methodology approach

4. Hatchery

- 4.1. Investment
- 4.2. Management cost
- 4.3. Marketing
- 4.4. Profit
- 4.5. Constrains

5: Pond farms

- 5.1. Investment
- 5.2. Management cost
- 5.3. Marketing
- 5.4. Profit
- 5.5. Constrains

6. Processing plants

- 6.1. Investment
- 6.2. Management cost
- 6.3. Marketing
- 6.4. Profit
- 6.5. Constrains

7. Technical solution in Gowater complex

- 7.1. Single crops economic analysis
- 7.2. High density economic analysis
- 7.3. Nursery/2 crops economic analysis

8. Marketing study and suggestions

9. Conclusion

International University of Chabahar will utilize the following information sources:

- CIRSPE Report on shrimp rearing 2006 (pond management)
- Interviews to hatcheries to collect economic data
- Interviews to the processing plants to collect economic data
- Additional information by SHILAT and IFRO

b) Socio and economic analysis of freshwater sector (Zabol area) in Sistan Baluchestan

1. Socio economic aspects of Zabol area
2. Freshwater sector description
 - 2.1. Shilat project
 - 2.2. Private sector in rural area
 - 2.3. Economic aspects
 - 2.4. Social aspect
 - 2.5. Hamun lake
 - 2.7. Main sector constrains
 - 2.8. Bank sector (Agriculture and commercial bank)
 - 2.9. Public help to the sector
3. Methodology approach
- 5: Rearing in rural area
 - 5.1. Investment
 - 5.2. Management cost
 - 5.3. Marketing
 - 5.4. Profit
 - 5.5. Constrains
8. Marketing suggestion
 - 8.1. Species and price
 - 8.2. Market
9. Conclusion

Chabahar International University will utilize the following information sources:

- Information and data by SHILAT and IFRO

Responsibilities of Chabahar International University

International University of Chabahar will support the implementation of the above plan throughout its stages. Specialists of adequate knowledge to fulfill the assignment will be identified and will operate under the direct supervision of International University of Chabahar.