

Country: Islamic Republic of Iran
Initiation Plan

Project Title: Improving Waste Management Processes in Tehran City

Project Number: Award ID: 00130428 - Output ID: 00123745

Implementing Partner: Tehran municipality – Tehran waste management organization

Start Date: 15/9/2020

End Date: 14/3/2022

Initiation Plan Start/End Dates:

Implementing Partner: Tehran Municipality - (NIM)

Brief Description

Municipal solid waste management has become one of the most critical environmental issues across countries nowadays. The pollution caused by waste disposal which manifested by leachate generation and greenhouse gas emissions in addition to wasting different types of energy to handle municipal wastes in Tehran City have led to focusing on the importance of waste recycling and waste management process. In particular at-source waste separation is a high priority among other in Tehran. In metropolitan Tehran with an approximate population of nine-million and an area of about 730 square kilometres, the issue of effective municipal waste management is raised as one of the most vital pillars of urban and environmental planning of Tehran municipality. Aligned with this, and also regarding the generation of more than 7,000 tons of a variety of municipal solid waste in Tehran city on daily basis, the United Nations Development Program and Waste Management Organization of Tehran municipality have decided to conduct a technical, environmental, and economic evaluation on formulating a plan called 'waste reduction'. On the other hand, the wide spread of COVID-19 has increased the volume of Tehran municipal waste along with the dangers imposed by municipal waste as health waste now. As a result, there is a pressing need to formulate a contingency plan to encounter different pandemics. The intended results of waste generation reductions are as follows:

- Municipal waste treatment and processing is decentralized in Tehran to reduce the amount of wastes entering Aradkooch waste processing and disposal site
- Municipal waste reduction processes enhanced in Tehran city through promotion of at source waste separation
- Municipal waste management improved to mitigate COVID-19 impacts on waste treatment system
- Public awareness raised, public participation improved, and technical capacities enhanced towards efficient waste management in Tehran City

To accomplish the aforementioned intended results, a set of measures needs to be taken, including review and analysis of various dimensions for establishment of a decentralized Material Recovery Facilities (MRF) across Tehran to be piloted, assessment of urban fabric to classify zones in Tehran to develop a plan for waste separation at source, preparation of a contingency plan in response to the COVID-19 outbreak and streamlining new technical guidance and improved practices in Tehran municipality's regulatory framework, and public awareness as well as participation of Tehran citizens in waste management.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

- UNDAF Outcome 1.2
- CPD Outcome 1

Indicative Output(s) with gender marker:

- CPD Output 1.2

Total resources required:	\$2,733,895.65	
Total resources allocated:	UNDP TRAC:	\$35,000
	*Government of Japan¹:	\$653,400
	Government:	\$2,045,495.65
	In-Kind:	TBD
Unfunded:	NA	

Agreed by (signatures):

Government	UNDP	Implementing Partner
Print Name:	Print Name:	Print Name:
Date:	Date:	Date:

¹ * This component of project is being managed and controlled under JSB project (Award ID: 00126940, Output ID: 00121744)

**FINANCING AGREEMENT BETWEEN THE TEHRAN MUNICIPALITY AND UNITED NATIONS
DEVELOPMENT PROGRAMME**

WHEREAS the Tehran Municipality on behalf of the Government of Islamic Republic of Iran (hereinafter referred to as the "Government") and United Nations Development Programme (hereinafter referred to as "UNDP") have decided to co-operate in "**Improving Waste Management Processes in Tehran City**" in the Islamic Republic of Iran (hereinafter referred to as "the Project"), as described in the Initiation Plan– Award ID: 00130428, Output ID: 00123745, and submitted to the Government for information;

WHEREAS the Government has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis for "**Improving Waste Management Processes in Tehran City**" in the Islamic Republic of Iran;

WHEREAS the UNDP will designate an Implementing Partner for the implementation of the Project financed from the contribution (hereinafter referred to as " the Implementing Partner").

NOW THEREFORE, the Government and UNDP hereby decide as follows:

Article I

The Government will, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP a contribution in IRR 470,464,000,000 equivalent to of USD 2,045,495.65 (by applying September 2020 UN rate of exchange of IRR 230,000/- per US Dollar). (the "Contribution" according to the UN Operational Exchange Rate). The Government will make this Contribution directly or through a third party. UNDP will start the procurement activities only after the entire Contribution is received.

1. contribution Bank account No.: 342515339, Bank account name: UNDP Representative, Sheba No.: IR 16 0180 0000 0000 0342 5153 39 in Iran at the Tejarat Bank, Eskin Branch, Branch code: 033.
2. The Parties acknowledge and decide that the Government may transfer the Contribution amount through a third party.

<u>Date payment due</u>	<u>Amount</u>
Following the signature of the present Agreement	IRR 470,464,000,000 equivalent to of USD 2,045,495.65 (by applying September 2020 UN rate of exchange of IRR 230,000/- per US Dollar). Instalments is defined as follows: <ul style="list-style-type: none">• 22nd October 2020 – IRR 70,569,600,000• 3rd February 2021 – IRR 70,569,600,000• 22nd May 2021 – IRR 164,662,400,000• 22nd September 2021 – IRR 164,662,400,000

3. The Government will inform UNDP when the Contribution is paid via an e-mail with remittance information to contributions@undp.org, providing the following information: Government's name, UNDP country office, Award ID: 00130428, Output ID: 00123745 - **Improving Waste Management Processes in Tehran City**, Government reference (if available). This information should also be included in the bank remittance advice when funds are remitted to UNDP.
4. The value of the payment, being made in a currency other than United States Dollars, will be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP will inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.
5. The above schedule of payments takes into account the requirement that contributions will be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery. UNDP will not absorb any loss (including but not limited to exchange fluctuations) under the Project. The Parties acknowledge and decide that all losses will be charged to the Project.
6. All financial accounts and statements will be expressed in United States dollars.
7. UNDP may decide to accept Contributions in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 6 above. Any change in the currency of the Contribution will be made only in agreement with UNDP.

Article II

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery (ANNEX1) from Other Resources, the Contribution will be subject to cost recovery for *indirect costs incurred by UNDP headquarters and country office structures* in providing General Management Support (GMS) services. To cover these GMS costs, the contribution will be charged a fee equal to 8%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.
2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, will not exceed the total resources available to the project under this Agreement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

Article III

1. The contribution will be administered by the UNDP in accordance with UNDP regulations, rules, policies and procedures, applying its normal procedures for the execution of its projects.

2. Project management and expenditures will be governed by the regulations, rules, policies and procedures of UNDP.

Article IV

1. The implementation of the responsibilities of the UNDP and of the Implementing Partner pursuant to this Agreement and the relevant project document will be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above. UNDP will not start implementation of the activities prior to receiving the entire Contribution.
2. If unforeseeable increases in expenditures or commitments are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP will submit to the Government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government will use its best endeavors to make available to UNDP the additional funds required.
3. If the Contribution referred to in Article I, paragraph 2, above, are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2, above, is not forthcoming from the Government or other sources, the assistance/procurement to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP, in coordination with MOHME. In this case, a written communication is required for any further action by UNDP.

Article V

The Final ownership of equipment, supplies and other property financed from the contribution will vest in the Government. Matters relating to the transfer of ownership by UNDP to the Government will be in accordance with the relevant policies and procedures of UNDP

Article VI

The contribution will be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP. The government will have access to the Audit report as agreed by the UN General Assembly and conduct its own review if deems necessary.

Article VII

UNDP will provide the Government regularly and on request with financial and other reports prepared in accordance with UNDP reporting procedures.

Article VIII

1. UNDP will notify the Government when all activities relating to the Project have been completed in accordance with the Project Document.

2. Notwithstanding the completion of all activities relating to the Project, UNDP will continue to hold unutilized funds from the Contribution until all commitments and liabilities incurred in implementation of the activities finance by the contribution have been satisfied and these activities brought to an orderly conclusion, not exceeding more than one month after the completion of procurement.
3. If the unutilized funds prove insufficient to meet such commitments and liabilities, UNDP will notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
4. In cases where the Project is completed in accordance with the project document any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied (up to one month after the completion of procurement) will be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied will be reallocated by UNDP after consultation with the Government.
5. UNDP will return un-spent funds upon a written request, via the same channel used for the disbursement unless both Parties decide otherwise.

I. ARTICLE IX

The Parties decide that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNDP will maintain standards of conduct to govern the performance of its staff, including of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual².

II. ARTICLE X

Consistent with numerous United Security Council resolutions, including S/RES/1269 (1999), S/RES 1368 (2001), and S/RES/1373 (2001), both the Donor and UNDP are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of UNDP to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, PARTIES undertake to use reasonable efforts to ensure that none of the Donor funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism.

Article XI

1. After consultations have taken place between the two Parties to this Agreement and provided that the funds from the Contribution already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by the Government. The Agreement will cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.

²<https://www.undp.org/content/undp/en/home/procurement.html>

2. If the unutilized contribution-payments, together with other funds available to the Project, are insufficient to meet such commitments and liabilities, UNDP will notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP will continue to hold unutilized funds until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
4. In cases where this agreement is terminated before Project completion any funds below 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied (up to one month after the completion of procurement) will be automatically reallocated by UNDP. Any funds above 5,000 USD (five thousand US Dollars) that remain unexpended after all commitments and liabilities have been satisfied will be reallocated by UNDP after consultation with the Government.
5. UNDP will return un-spent funds upon a written request, via the same channel used for the disbursement unless both Parties decide otherwise.

Article XII

Any conclusion by the Parties should be communicated in written form. Any notice or correspondence between the Government and UNDP will be addressed as follows:

- (a) To the Government: Dr. Sadra Alipour, CEO of Tehran Waste Management Organization.

Address: Saleh Abad TMWMO, Emamzadeh St., Shahid Khaleghi Sq., End of 13th of Aban St., Shahid Rejaei St., Tehran – Iran

Email: mdirector.pasmand@tehran.ir

- (b) Upon receipt of funds, UNDP will send an electronic receipt to the Government email address provided below as confirmation that the remitted funds have been received by UNDP

Government email address: sabaghpour@tehran.ir

- (c) To UNDP: Mr. Claudio Providas, Resident Representative

Address: United Nations Development Programme, UN Common Premises, No. 8, Shahrzad Blvd., Darrous, Tehran, Iran

Email: claudio.providas@undp.org

Article XIII

Any differences or disputes between the Parties concerning the interpretation and/or implementation and/or application of any of the provisions herein will be settled amicably through mutual consultation

and/or negotiation between the Parties through diplomatic channels without reference to any third party or international tribunal.

Article XIV

This Agreement will enter into force upon the signature of this Agreement by parties hereto, on the date of the last signature, and will be effective for 1 year This agreement will be automatically renewed for the similar periods until either the Project will be completed or each Party wants to terminate it. In these cases, termination will take effect according to Articles VIII and XI.

Signatures

For the Tehran Municipality

Dr. Sadra Alipour

CEO of Tehran Waste Management
Organization

Date: Persian/Gregorian calendar

Place: Tehran/ Iran

For the United Nations Development
Programme

Mr. Claudio Providas

Resident Representative

Date: Persian/Gregorian calendar

Place: Tehran/Iran

UNDP COST RECOVERY POLICY

Cost recovery refers to the requirement for the organization to recover costs from other resources that are not directly linked to providing the required organizational structures for projects and programmes. The fundamental aim of cost recovery is to achieve a proportional funding of organizational costs between regular and other resources. This demands that UNDP must avoid using regular resources to subsidize activities funded from other resources, including the use of regular resources to cover costs related to the management and support of programme activities funded by other resources.

Within the context of the harmonized methodology for calculating cost-recovery rates on other resources (**EB document DP-FPA/2013/1 and EB Decision 2013/9**) organizational costs between regular and other resources will be more equitably funded, through two main strategies:

- 1) Increasing the cost recovery rate from the 8% (effective 1 January 2014), therefore allowing more organizational costs to be funded from the cost recovery income earned on managing the other resources (and less from regular resources);
- 2) Direct project charging of eligible organizational costs to regular and other resources funded projects and programmes, in particular the development effectiveness category. Direct Project Costs are part of the project budget input and are directly linked to the achievement of development results.

The above are also two types of costs that UNDP distinguishes between in the implementation of its activities:

- 1) Organizational costs that are directly linked to the project budgets, achievement of development results and arise from the implementation of projects and programmes funded from regular and other resources. These are Direct Project Costs. (Refer to POPP chapter on DPC)
- 2) Costs that are in addition to direct project costs, and are incurred by an organization as a function and in support of its other resources funded activities, projects and programmes, and cannot be traced unequivocally to specific activities, project or programmes. These are General Management Support (GMS) costs. (Refer to POPP chapter on Cost Recovery from Other Resources – General Management Support (GMS))

The fundamental principle and benefits of the application of the cost recovery methodology contributes to a more equitable sharing of costs of management activities between regular and other resources. By funding qualified development effectiveness activities, where appropriate, directly from regular and other resources programmes and projects (applying the Direct Project Costing Policy and Methodologies), the cost recovery income (extra-budgetary resources) previously used to finance development effectiveness activities shall be used to fund management activities that presently are financed from regular resources. These regular resources will then be re-allocated to finance programme activities - a major benefit of the cost recovery framework.

The cost recovery methodology enables organizational costs to be aligned to appropriate results frameworks and funding streams and UNDP to more sustainably finance the requisite organizational structures and capacities to successfully deliver on programme results. Furthermore, the policy on multi-funding of eligible posts provides the flexibility to align costs with results frameworks and related funding sources (POPP Multiple Funding Lines for Positions), and assist COs in applying the Direct Project Costing Policy and Methodologies (POPP Direct Project Costs (DPC)).

Critical to the success of the cost recovery methodology will be UNDP's ability to balance the interests of all donors, regular (core) and other resources (non-core) by:

- a. continuing to take measures to contain organizational costs through effectiveness and efficiency measures; assuring regular (core) resources donors that they are not carrying a disproportionate share of organizational costs and continuing to make the maximum amount of regular resources available for programmatic activities; and
- b. assuring other resources (non-core) donors that the costs being shifted to programmes and projects are justified, and that they are not being charged twice for the same thing (i.e. the cost recovery GMS purpose/utilization does not duplicate the Direct Project Costing purpose/utilization). The GMS fee recovers organizational infrastructure costs while direct project costs are part of the project budget input.

WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year		RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2		Funding Source	Budget Description	Amount	
Output 1: Municipal waste treatment and processing is decentralized in Tehran to reduce the amount of wastes entering Aradkooh waste processing and disposal	1.1. Review the baseline and conduct situation analysis on technical, social and economic dimensions for establishment of decentralized Material Recovery Facilities (MRF) across Tehran city	6,075.07	0	Tehran Municipality	TM	-	6,075.07	
	1.2. Conduct zoning to select MRF pilot sites through Social and Environmental Impact Assessment	1,869.25	0	Tehran Municipality	TM	-	1,869.25	
	1.3. Conduct technical analysis, design and identify required technologies for 4 MRF sites	13,038.03	0	Tehran Municipality	TM	-	13,038.03	
	1.4. Implement 1 pilot project of waste management facility (MRF) in Tehran City	0	881,703.81	Tehran Municipality	TM/UNDP	-	TM- 848,103.81 UNDP- 33,600	
	GMS(8%)							<u>69,526.89</u>
	Sub-Total for Output 1							<u>972,213.05</u>

Output 2: Municipal waste reduction processes enhanced in Tehran city through promotion of at source waste separation	2.1. Conduct systematic assessment of urban fabric in Tehran to classify different municipal zones for implementation of waste separation at source	45,703.21	0	Tehran Municipality	TM	-	45,703.21	
	2.2. Develop a plan for at source waste separation in Tehran City along with required guidelines and instructions	45,703.21	0	Tehran Municipality	TM	-	45,703.21	
	2.3. Implement the first phase of pilot projects in different urban fabrics aiming at elimination of 1.1 m ³ curb side refuse bins and enhance the model to be up scaled	91,499.88	0	Tehran Municipality	TM	-	91,499.88	
	2.4. Implement the second phase of waste separation at source pilot projects to cover 200,000 legally registered municipal plaques in Tehran City	0	730,830.76	Tehran Municipality	TM	-	730,830.76	
	GMS(8%)							<u>73,098.96</u>
	Sub-Total for Output 2							<u>986,836.02</u>
Output 3: Urban waste management improved to mitigate COVID-19 impacts on waste treatment system	3.1. Preparation of enhanced Contingency Plans for the safe management of solid waste for Tehran and other pilot areas- in response to the COVID-19 outbreak and the risk of future pandemics.	48,000.00	0	Tehran Municipality	UNDP (JSB)	-	48,000.00	
	3.2 Streamlining new technical guidance and improved practices in Tehran municipality's regulatory framework; planning and budgeting processes; and financial instruments	37,000.00	0	Tehran Municipality	UNDP (JSB)	-	37,000.00	

	3.3 Vocational training for health-care workers, municipality personnel; contractors and MSMEs on sanitary waste-handling (to minimize risk of COVID-19 infections/ risk of transmission) in pilot areas	37,000.00	0	Tehran Municipality	UNDP (JSB)	-	37,000.00
	3.4 Piloting of alternative, COVID-19-compatible, solid waste management tools and technologies (including new equipment) to ensure the effective adoption of safety and health standards (including appropriate disinfection protocols) throughout Tehran's waste management chain (collection, transport, transfer and disposal)	375,000.00	0	Tehran Municipality	UNDP (JSB)	-	375,000.00
	3.5 Public awareness raising campaigns on safe COVID-19 and other pandemics waste management practices – including waste sorting - at MSME and household levels	53,000.00	0	Tehran Municipality	UNDP (JSB)	-	53,000.00
	DPC						<u>55,000.00</u>
	GMS(8%)						<u>48,400.00</u>
	Sub-Total for Output 3						<u>653,400.00</u>
Output 4: <i>Public awareness raised, public participation improved and technical capacities enhanced towards efficient waste management in Tehran City</i>	4.1. Conduct baseline study to define existing level of public awareness and participation of Tehran citizens in waste management	2,476.76	0	Tehran Municipality	TM	-	2,476.76
	4.2. Assess the effectiveness of existing public awareness and public participation plans on waste management to capture lessons learned and finetune/revise awareness raising and public participation plans	1,238.38	1,238.38	Tehran Municipality	TM	-	2,476.76
	4.3. Implement capacity building and awareness raising activities – as per the plan - for NGOs and the public to promote active participation in waste management of Tehran City	1,238.38	1,238.38	Tehran Municipality	TM	-	2,476.76

	4.4. Run social media campaigns and offer educational content on waste management	19,019.64	19,019.64	Tehran Municipality	TM	-	38,039.28
	GMS(8%)						<u>3,637.56</u>
	Sub-Total for Output 4						<u>49,107.12</u>
Project Management	- Establish project office and equip it - Run the project effectively through profound administrative and financial processes - Establish and run monitoring, evaluation and reporting frameworks - Conduct coordination and deploy required technical capacities	22,387.64	22,387.64	Tehran Municipality	TM	-	43,226.45
	DPC						<u>UNDP- 1,400 Government- 22,458.23</u>
	GMS (8%)						<u>5,254.77</u>
	Sub-Total for PM						<u>72,339.45</u>
TOTAL							<u>2,733,895.65</u>