

**FRAMEWORK AGREEMENT
ON STRATEGIC COOPERATION
BETWEEN**

**The Ministry of Environmental Protection of
the People's Republic of China
and
The United Nations Environment Programme**

This Framework Agreement on Strategic Cooperation (hereinafter referred to as the "Strategic Cooperation Agreement") shall complement the Memorandum of Understanding signed between the Ministry of Environmental Protection of the People's Republic of China (hereinafter referred to as "MEP") and the United Nations Environment Programme (hereinafter referred to as "UNEP") in November 2009 attached as Appendix A to this Agreement (hereinafter referred to as the MoU between UNEP and MEP).

The Ministry of Environmental Protection of China and the United Nations Environment Programme (hereinafter collectively referred to as the "Parties"), desiring to strengthen their collaboration to promote environmental protection in developing countries,

Hereby agree as follows:

Article I

Objectives and Scope

1. This Strategic Cooperation Agreement covers extra-budgetary contributions to UNEP from MEP. For the purpose of managing these contributions, UNEP will establish a specific UNEP-China extra budgetary

Trust Fund (hereinafter the Trust Fund), managed in accordance with the terms of the present agreement.

2. The overall objective of this Strategic Cooperation Agreement is to support UNEP activities designed to build the capacity of developing countries to address environmental issues and sustainably develop their economies and increase public awareness of environmental challenges, relying as much as practicable on South-South cooperation.

3. In kind and other financial support of recipient countries will be sought for all activities funded under this Strategic Cooperation Agreement, and a programmatic approach, including co-ordination with other donors will be sought, as appropriate.

Article II

Contribution

1. The contribution of MEP under this Strategic Cooperation Agreement will be 6 million USD, which shall be provided in 3 equal installments of 2 million USD each in 2013, 2014 and 2015. If MEP chooses to provide additional resources to UNEP under this Strategic Cooperation Agreement, MEP will inform UNEP in writing.

2. UNEP will invoice MEP annually according to MEP's pledged contribution for the year, as provided in Article II.1 above. Should MEP communicate a pledge of additional resources after UNEP has sent MEP the annual invoice, UNEP will send a supplemental invoice to MEP as soon as possible after receiving the written communication of the pledge noted in Article II.1 above.

3. The amount pledged by MEP under this Strategic Cooperation Agreement will be provided to UNEP in installments in a timely manner in

the budgetary year, subject to the approval and disbursement by the competent department of China. Each installment of MEP's contribution shall be made prior to UNEP's commencement of relevant activities applicable to the specific installment under this Strategic Cooperation Agreement.

4. The MEP contributions shall be made and transferred in US dollars. UNEP shall acknowledge in writing receipt of contributions in US dollars.

5. UNEP shall administer and account for the funds in accordance with its financial regulations and rules. The administration of these funds to be covered through Programme Support Costs charged to the Trust Fund under this Strategic Cooperation Agreement will be 13%, as per the decisions and directives of UNEP's Governing Council. All financial commitments and expenditures incurred by UNEP with respect to activities financed under this Strategic Cooperation Agreement shall be expressed in US dollars at the United Nations operational rate of exchange effective on the date of each transaction, if relevant.

6. Interest revenues originating from the holding of the funds provided by MEP shall be calculated in accordance with UNEP's rules and practices once a year and shall be credited to the Trust Fund. UNEP may use any accrued interest for relevant activities upon prior agreement with MEP.

Article III

Programming of Funds

1. In the selection and implementation of activities financed under this Strategic Cooperation Agreement, UNEP shall adhere to the relevant

policy decisions and guidelines approved by its Governing Council and the priority areas as set in Article III.2, below. UNEP will present UNEP-approved project concepts with indicative budgets for consideration to MEP.

2. Unless one of the following areas of interest has been expressly eliminated, as reflected in the official minutes of the Annual Consultations referred to in Article 4 of the MoU between UNEP and MEP (Appendix A) and Article VIII of this Strategic Cooperation Agreement, the project concepts UNEP will present to MEP will focus on capacity building activities in developing countries, preferably the countries in the African, ASEAN, and Central Asia regions, and relate to the following priority areas:

- a. Optimal utilization of an ecosystem approach to the protection of biological diversity and the enhancement of human well-being;
- b. Building the capacity of developing countries to promote green economies;
- c. Enhancing the capacity of developing countries to implement their environmental obligations and achieve their environmental goals, targets and objectives through strengthened institutions and the implementation of laws;
- d. Building the capacity of developing countries to address global and regional environmental problems and to comply with requirements of multilateral environmental agreements, and
- e. Any other area of interest identified for inclusion in this Article as reflected in the official minutes of the Annual Consultations referred to in Article 4 of the MoU between UNEP and MEP (Appendix A) and Article VIII of this Strategic Cooperation Agreement.

3. Based on project concept proposals from UNEP, following

consultations between UNEP Office for Operations and MEP, activities to be financed by MEP through the Trust Fund shall be agreed upon by UNEP and MEP either:

a. By an exchange of letters with reference to this Strategic Cooperation Agreement to be signed by the MEP Director General of the International Cooperation Department and the Chief of the UNEP Office for Operations, or

b. During one of the Annual Consultations referred to in Article 4 of the MoU between UNEP and MEP (Appendix A) and Article VIII of this Strategic Cooperation Agreement and memorialized in the minutes of the Consultation.

4. Agreement on these activities should be sought as early as possible for the biennium in which the resources are to be expended to support the highest degree of efficiency and predictability in UNEP programming.

Article IV

Monitoring, Review and Evaluation

1. UNEP shall be responsible for the monitoring, review and evaluation of activities carried out under this Strategic Cooperation Agreement.

2. UNEP shall undertake regular monitoring of these activities as part of its normal project and programme management. The monitoring reports are primarily a UNEP management tool, so MEP will only be provided with copies upon request. When requested, such reports shall be forwarded without undue delay to MEP.

3. UNEP shall undertake regular reviews of all projects/programmes,

as needed.

4. UNEP shall arrange in-depth independent evaluations of selected projects and programmes and may also choose to undertake thematic evaluations in accordance with its Project Manual and UN Norms and Standards for Evaluation.

5. MEP may be invited to nominate a representative to participate in a review or evaluation process. Terms of Reference for each review and/or evaluation shall be forwarded to MEP at least eight weeks in advance for comment, which MEP will provide after three weeks. Any MEP representative will participate at MEP's expense.

6. UNEP shall forward without undue delay to MEP any review and/or evaluation report pertaining to activities funded under this Strategic Cooperation Agreement.

7. MEP may take the initiative to evaluate or review its cooperation with UNEP under this Strategic Cooperation Agreement. UNEP shall be informed about such initiatives and may be invited to join them. UNEP shall upon request assist in providing relevant information within the limits of its rules and regulations. All major costs shall be borne by MEP, unless otherwise agreed.

Article V

Reporting

At least three weeks in advance of the Annual Consultation, referred to in Article 4 of the MoU between UNEP and MEP (Appendix A) and Article VIII of this Strategic Cooperation Agreement, UNEP shall submit to MEP a report that provides a comprehensive review of the activities and results and impact attained over a period of at least three years under this

Strategic Cooperation Agreement.¹ In addition and at the same time, UNEP will submit to MEP a status report on each activity currently under implementation and any activity terminal reports that were completed since the last report provided to MEP in advance of an Annual Consultation. Any project concept proposals that have been discussed informally between UNEP Office for Operations and MEP and are ready for final consideration for approval will be provided no less than three weeks in advance of an Annual Consultation.

Article VI

Financial Statements and Audit

1. All payments received by UNEP under this Strategic Cooperation Agreement shall be subject to the internal and external auditing procedures as provided for in the Financial Regulations and Rules of the UN/UNEP.

2. Should an audit report of the External Auditor of UNEP contain observations relevant to the contributions under this Strategic Cooperation Agreement, a copy of such a report, together with UNEP's comments thereon, shall be made available to MEP.

Article VII

Procurement

1. In implementing the activities financed under this Strategic Cooperation Agreement, UNEP shall effect all procurement of goods and services in accordance with UNEP's rules, procedures, policies and practices for procurement. UNEP shall endeavor to include in the solicitations for

¹ For the first two years of this Strategic Cooperation Agreement, the comprehensive review report will cover only the years the Strategic Cooperation Agreement has been in effect.

equipment and services an assessment of potential sources of supply in the recipient and other relevant developing countries.

2. Procurement of equipment and services is not tied to Chinese suppliers. Chinese suppliers shall have the same possibilities of providing goods and services as other suppliers.

3. MEP shall, upon request, assist UNEP in the establishment of a suitable roster of Chinese suppliers and consultants.

Article VIII

Annual Consultations

1. UNEP and MEP shall hold Annual Consultations as provided for in Article 4 of the MoU between UNEP and MEP (Appendix A).

2. In addition to other agenda items included in the Annual Consultations, the agenda shall as a rule include:

- a. Review of activities implemented during the previous year; ongoing programme(s), including the financial situation;
- b. Review of the results of programme evaluations carried out;
- c. Review and approval of project concept proposals submitted.

3. UNEP shall draft the portion of the agreed minutes of the Annual Consultations related to these agenda items and submit them to MEP for approval and inclusion into the full minutes of the Consultations.

Article IX

Final Provisions

1. This Strategic Cooperation Agreement shall enter into force upon signature by UNEP and MEP, being effective from the date of the latest signature.

2. This Strategic Cooperation Agreement may be amended through an exchange of letters between UNEP and MEP to be signed by the Director General of the MEP International Cooperation Department and the Executive Director of UNEP, following appropriate consultations.

3. This Agreement may be terminated by mutual agreement or by either UNEP's or MEP's providing to the other party three (3) months' written notice of termination. Upon termination of this Strategic Cooperation Agreement, and unless otherwise agreed by the Parties, contractual obligations or legal commitments entered into between UNEP and any third party prior to the receipt of the notice of termination of this Strategic Cooperation Agreement shall, within reasonable limits, not be affected by the termination. Notwithstanding termination of this Agreement, UNEP shall continue to hold unutilized payments until all commitments and liabilities incurred under this agreement up to the date of termination have been satisfied.

4. This Strategic Cooperation Agreement shall remain in force until 31 December 2017, unless terminated earlier pursuant to Article IX.3 above. Should the Parties intend to extend the duration of this Strategic Cooperation Agreement beyond its initial agreed period stipulated hereinabove; the Parties will conclude an amendment in this regard, in accordance with Article IX.2.

5. Any balance in cash or uncommitted assets remaining upon termination or completion of projects/programmes financed under this Strategic Cooperation Agreement shall be returned unconditionally to MEP.

6. MEP reserves the right to discontinue transfer of funds, if to the extent to which contractual and/or reporting and accounting obligations are not met; if there are substantial deviations from agreed plans without prior

consultation between the Parties; or if it becomes manifest that the purpose for which the Contribution was provided cannot be achieved.

7. MEP may claim repayment in full or in part, if the funds are found to be misused or not satisfactorily accounted for. Before claiming repayment, MEP and UNEP shall consult with a view to reaching a solution for the matter.

8. UNEP shall inform MEP immediately of any illegal or corrupt practice in any activity financed under this Strategic Cooperation Agreement that UNEP is aware of or that has been brought to its attention, whether or not under UNEP's responsibility.

9. Any dispute arising out of or in connection with this Strategic Cooperation Agreement shall be settled amicably between the Parties. Should attempts at amicable negotiation fail, any such dispute shall, upon request by either Party, be referred to arbitration in accordance with the UNCITRAL arbitration rules then prevailing.

Done in Beijing on 14 December, 2012 in two copies in Chinese and two copies in English, both texts being equally authentic.

For the Ministry of Environmental
Protection of P. R. China

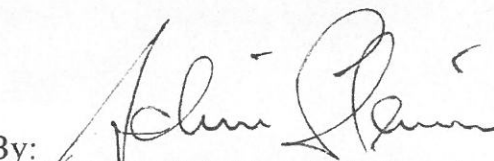
For the United Nations Environment
Programme

By: _____



Zhou Shengxian
Minister

By: _____



Achim Steiner
Executive Director