



Agreement on Debt-for-Development Swap

between

the Government of the Italian Republic

and

the Government of the Arab Republic of Egypt

The Government of the Italian Republic and the Government of the Arab Republic of Egypt, hereinafter referred to as the "Parties", with a view of promoting their bilateral co-operation and relieving Egyptian debt burden,

Whereas

- (1) Two Agreements on Debt-for-Development Swap between the Government of the Italian Republic and the Government of the Arab Republic of Egypt were signed respectively on 19 February 2001 and on 3 June 2007,
- (2) The Parties agreed that funds resulting from debt-for-development swap operations shall be used to finance development projects,
- (3) The Parties, on 17 May 2011, signed a Joint Declaration with the aim of intensifying their dialogue on Debt-for-Development Swap operation in order to strengthening bilateral cooperation and relieving the Egyptian debt burden.

have agreed to the following:

Article 1
(Scope of the Agreement)

1. The present Agreement relates to debt-for-development swap operations of Official Development Assistance (ODA) bilateral debt owed by the Arab Republic of Egypt to the Italian Republic and establishes procedures for the implementation of such operations.
2. The maximum amount of debt subject to swap operations under this Agreement is the equivalent of US\$ 100 million, namely the sum of the instalments (principal and interest) due starting from the date of 1st of April 2012 on the loans listed in Annex I, the latter being an integral part of this Agreement.
3. Any other present and future debt owed by the Egyptian Government to the Italian Government remains unaffected by this Agreement.

Article 2
(The Counterpart Fund)

1. On 1 April 2012 the payment of the instalments due (principal and interest) will be suspended.
2. The Egyptian Government shall deposit into a Counterpart Fund (CPF) established at the Central Bank of Egypt the equivalent of each Installment (principal and interest) due at its maturity date in the period indicated in Article 1, paragraph 2 above. The sole signatories of the CPF will be both H.E. the Ambassador of the Republic of Italy in Egypt and H.E. the Minister of Planning and International Cooperation of the Arab Republic of Egypt as members of the Management Committee mentioned in Article 3 of this Agreement.
3. The money deposited into the CPF will be in Egyptian Pounds at the exchange rate US\$/Egyptian Pound and EURO/ Egyptian Pound quoted by the Central Bank of Egypt on the maturity date of each instalment.
4. The Central Bank of Egypt shall send, at the end of each month (monthly) from the deposit of the money into the CPF, the following information to the Italian Financial Institution in charge for dealing with financial aspects and soft loans of Italian Development Cooperation:
 - a) the amount in Egyptian Pounds deposited into the CPF and the exchange rate utilized (the relevant administrative documents showing the amount deposited will be attached);
 - b) the interests accrued;
 - c) the outstanding amount in the CPF.
5. The Italian Financial Institution will verify and confirm within 15 days to the Central Bank of Egypt the amounts deposited in Egyptian Pounds into the CPF and the equivalent amounts in US\$ and in Euro.

Article 3
(Utilization of CPF funds)

1. Funds resulting from debt-swap operations and deposited into the CPF, including accrued interests if any, shall be used to finance projects already identified for financing in the relevant *Egyptian annual State budget approved by law by the Egyptian Parliament* and will be allocated as follows:
 - a) Food and nutrition: 45% of total funds to the Ministry of Supply and Internal Trade.
 - b) Education: 13% of total funds to the Ministry of Education and / or to the Ministry of Higher Education;
 - c) Agriculture: 15% of total funds to the Ministry of Agriculture;

- d) Civil Society: 10% of total funds to finance Egyptian and Italian NGO's projects to be selected by the Management Committee through a call for proposals procedure, in accordance with Egyptian laws and regulations;
 - e) Environment and Cultural Heritage: 15% of total funds to finance the Ministry for Environmental Affairs and the Ministry of State for Antiquities Affairs follow-ups of the ongoing environmental and Cultural Heritage programmes financed by the Italian Cooperation;
 - f) Operational costs: up to 2% of the total funds shall be allocated to cover the costs of technical support and assistance borne by the Ministry of Planning and International Cooperation, as described in article 5 and 6. A detailed break-down of costs, including temporary experts' contracts, will be provided yearly to the Management Committee..
2. The resources accrued in the CPF as of 30th of June of every year will be transferred to the relevant Ministries' budget lines.

Article 4 (Debt Cancellation)

1. All amounts credited to the Counterpart Fund shall be cancelled by the Italian Republic only upon their transfer to relevant Ministries' budget lines as indicated in article 3, paragraph 2.
2. At the end of the Agreement validity period, as specified in article 10, the Government of Arab Republic of Egypt shall return to the Italian Government all amount credited to the CPF and not transferred to the Ministries' budget lines as indicated in article 3, paragraph 2 at the same original exchange rate. Interest accrued (if any) shall be payable.

Article 5 (Management Committee)

1. A Management Committee is established for the implementation of this Agreement and is composed of:
 - on behalf of the Italian Government, H.E. the Ambassador of the Republic of Italy in Egypt or his/her representative, assisted by members of the Italian MFA – Directorate General for Development Cooperation, of the Italian Embassy and of the Italian Cooperation Office;
 - on behalf of the Egyptian Government, H.E. the Minister of Planning and International Cooperation of the Arab Republic of Egypt or his/her representative, assisted by members of the Ministry of Planning, of the Ministry of International Cooperation, of the Ministry of Finance, of the Ministry of Social Affairs and of other relevant line Ministries and/or organizations which may be invited to attend the meetings whenever needed.

2. The Management Committee will have the following tasks:
 - a. to monitor the implementation of the present Agreement;
 - b. to determine amounts to be transferred to the budget lines of relevant Ministries as in art. 3 according to the indicated repartition;
 - c. to approve the portfolio of projects to be financed through the relevant budget lines, including the resources coming from the CPF each year;
 - d. to endorse the six-monthly and the Annual Progress reports mentioned in article 6, paragraph 4 and article 7, paragraph 1;
 - e. to endorse the selection procedures' results for the technical assistance experts requested by the Ministry of International Cooperation, whenever needed;
 - f. to verify projects achievements.
3. The Management Committee will meet every six months or whenever needed upon request of one of the Parties.
4. The Ministry of Planning and International Cooperation shall provide technical support and assistance for the Management Committee in the performance of its tasks, also acting as secretariat. The Ministry of Planning and International Cooperation shall also provide technical assistance to the line Ministries, by selecting *ad hoc* experts to be approved by the Management Committee according to the provisions of paragraph 2, letter e).
5. Projects' implementation reviews will be conducted **annually** by the Management Committee, immediately after the approval of the Egyptian Annual Budget.

Article 6
(Project portfolio and implementation procedure)

1. The Ministry of Planning and International Cooperation will submit, after the approval of the Egyptian yearly budget, a project portfolio to the Management Committee with the following documentation:
 - a. detailed description of each project, objectives, activities and expected results;
 - b. Financial Plan and Budget, including a detailed yearly break-down of costs and implementation procedures (i.e. Feasibility Study and Technical Annexes).
2. The above documents will be prepared by the relevant line Ministries and submitted through the Ministry of Planning and International Cooperation to the Management Committee for approval.
3. As far as the NGO's projects are concerned, the Ministry of International Cooperation will launch calls for proposals on a yearly basis, evaluate the projects and submit them to the Management Committee for selection and final approval. The calls for proposals addressed to Egyptian NGO's will be launched based on the recommendations of the Ministry of Social Affairs.

4. Funds related to selected initiatives shall be transferred from the CPF to the relevant Line Ministry's official accounts in yearly instalments on the basis of a proposal submitted to the Management Committee by the Ministry of Planning and International Cooperation. The first Installment shall be transferred to the Ministry's official account within thirty (30) days from approval of the Project portfolio by the Management Committee.
5. Egyptian and Italian experts, according to Article 5, Paragraph 4 shall be specialized in the relevant project sectors or in project management and provide technical assistance in project monitoring and evaluation and capacity building in favour of the executing Bodies. They will be appointed for short terms consultancies according to the needs. According to article 3, paragraph 1, letter e), a detailed list of technical assistance temporary contracts shall be provided yearly to the Management Committee for review.

Article 7

(Project Monitoring, Midterm Review and Evaluation)

1. The Management Committee shall deal with Monitoring, Mid-term Review and Evaluation.
2. With regard to Monitoring, a six-monthly as well as an Annual Projects Progress Report (technical and financial), related to project portfolios will be prepared in English language by the Ministry of Planning and International Cooperation on the basis of the information received from the line Ministries, to be submitted to the Management Committee for approval within one month after the end of the period considered. Such reports must include an assessment of implementation procedures and relevant Egyptian internal control systems. The report shall give also information on technical assistance activities. Reports can be the basis of on site visits by the Italian Cooperation.
3. The Management Committee shall be responsible for keeping the Parties informed on technical and financial progress of projects financed through the resources coming from the Italian debt swap program, by providing at the end of every year the Annual Progress Report prepared by the Ministry of Planning and International Cooperation and including the following information:
 - a) the total amount of each selected project and the annual financial plan;
 - b) the amounts transferred into the official Accounts of the line Ministries.
4. With regard to Midterm Review a joint Mid Term Review on the implementation of this Agreement will be carried out by the Management Committee after 36 (thirty six) months from its entry into force and will focus on the following aspects:
 - a) financial aspects: situation of the CPF; amount transferred into the official Accounts of the line Ministries, amount of converted debt;
 - b) technical aspects: projects implementation and achievements;
 - c) lessons learnt and recommendations.

5. If the results of the Mid Term Review / Annual Progress Report show delays in spending, or default on the projects implementation, the Parties will undertake corrective actions.
6. With regard to Evaluation, the Management Committee will identify an Independent Evaluator to carry out *ex post* evaluations.

**Article 8
(Amendments)**

The present Agreement and its Annexes can be amended through exchange of letters.

**Article 9
(Disputes)**

Any dispute between the Parties regarding the interpretation or application of the provisions of the present Agreement shall be settled through diplomatic channels.

**Article 10
(Entry into force and effectiveness)**

1. The present Agreement shall enter into force on the date of the receipt of the last of the two notifications by which the two Contracting Parties shall formally have communicated each other that their respective internal procedures have been completed.
2. The present Agreement shall remain in force for 11 years. Its extension may be mutually agreed upon, in case funds allocated to specific projects and activities have not been fully spent by the expiration date.

In witness whereof, the undersigned Representatives being duly authorized thereto by their respective Governments have signed the present Agreement in the English language.

Done in Cairo on 10/5/2012, in two originals in the English language.

**For the Government
of the Italian Republic**



**The Ambassador of Italy in Egypt
H.E. Claudio Pacifico**

**For the Government
of the Arab Republic of Egypt**



**The Minister for Planning and
International Cooperation
H.E. Fayza Aboulnaga**

Annex 1

Credit No.	Currency	Original Amount	Outstanding (principal and contractual interest) as of 31/01/2012	End Period	Maturity date	Exchange rate as of 31/01/2012
94/008/0	EUR	13,774,468.44	5,629,600.19	05/06/2016	05/06-05/12	1.3176
95/002/0	EUR	1,570,405.47	649,362.70	06/11/2015	06/05-06/11	
97/001/0	EUR	5,460,335.00	5,786,437.98	18/05/2029	18/05-18/11	
97/001/1	EUR	10,033,372.56	11,663,795.58	04/11/2036	04/05-04/11	
99/002/0	EUR	5,860,604.15	4,943,200.66	07/02/2035	07/02-07/08	
99/009/0	EUR	322,428.00	345,400.97	01/03/2036	01/03-01/09	
97/904/0	USD	33,475,026.20	43,315,844.46	01/07/2026	01/01-01/07	
90/028/0	USD	29,500,000.00	7,916,550.96	08/03/2016	08/03-08/09	
91/008/0	USD	10,150,000.00	2,950,442.66	27/09/2016	27/03-27/09	
91/011/0	USD	42,971,598.00	13,213,768.83	11/07/2016	11/01-11/07	
91/033/0	USD	113,192,232.00	37,340,266.57	15/10/2016	15/04-15/10	
TOTAL EUR		37,021,613.62	29,017,796.06			
TOTAL USD		229,286,856.20	104,736,893.48			
TOTAL CTV USD		278,068,534.31	142,970,744.20			

01/04/2012 - 31/12/2012		In original currency		
Credit No.	Currency	Principal	Interests	Total
94/008/0	EUR	1,343,986.24	76,613.99	1,420,600.23
95/002/0	EUR	157,040.54	8,833.53	165,874.07
97/001/0	EUR	303,351.84	52,328.21	355,680.05
97/001/1	EUR	-	100,333.72	100,333.72
99/002/0	EUR	-	11,590.15	11,590.15
99/009/0	EUR	-	806.07	806.07
97/904/0	USD	-	491,714.66	491,714.66
90/028/0	USD	967,793.12	38,711.71	1,006,504.83
91/008/0	USD	319,831.14	14,392.41	334,223.55
91/011/0	USD	1,432,388.49	84,457.42	1,496,843.91
91/033/0	USD	7,268,181.46	345,238.67	7,613,420.13
TOTAL EUR		1,804,378.62	250,505.67	2,054,884.29
TOTAL USD		9,988,192.21	954,514.87	10,942,707.08
TOTAL CTV USD		12,365,641.48	1,284,581.14	13,650,222.62

2013		In original currency		
Credit No.	Currency	Principal	Interests	Total
94/008/0	EUR	1,343,986.24	56,454.20	1,400,440.44
95/002/0	EUR	157,040.54	6,477.92	163,518.46
97/001/0	EUR	303,351.84	49,294.67	352,646.51
97/001/1	EUR	-	100,333.72	100,333.72
99/002/0	EUR	-	23,180.30	23,180.30
99/009/0	EUR	-	1,612.14	1,612.14
97/904/0	USD	-	983,429.32	983,429.32
90/028/0	USD	1,935,588.24	82,908.60	1,998,492.84
91/008/0	USD	639,662.28	23,987.34	663,649.62
91/011/0	USD	2,864,772.98	107,429.00	2,972,201.98
91/033/0	USD	7,268,181.46	272,556.82	7,540,738.28
TOTAL EUR		1,804,378.62	237,352.95	2,041,731.57
TOTAL USD		12,708,202.96	1,450,309.08	14,158,512.04
TOTAL CTV USD		15,085,652.23	1,763,045.33	16,848,697.56

2014		In original currency		
Credit No.	Currency	Principal	Interests	Total
94/008/0	EUR	1,343,986.24	36,294.42	1,380,280.66
95/002/0	EUR	157,040.54	4,122.32	161,162.86
97/001/0	EUR	303,351.84	46,261.18	349,613.02
97/001/1	EUR	-	100,333.72	100,333.72
99/002/0	EUR	110,382.42	23,180.30	133,562.72
99/009/0	EUR	-	1,612.14	1,612.14
97/904/0	USD	-	983,429.32	983,429.32
90/028/0	USD	1,935,586.24	43,550.76	1,979,137.00
91/008/0	USD	639,662.28	17,590.72	657,253.00
91/011/0	USD	2,864,772.98	78,781.29	2,943,554.27
91/033/0	USD	7,268,181.46	199,875.01	7,468,056.47
TOTAL EUR		1,914,761.04	211,804.08	2,126,565.12
TOTAL USD		12,708,202.96	1,323,227.10	14,031,430.06
TOTAL CTV USD		15,231,092.11	1,602,300.16	16,833,392.26

2015		in original currency		
Credit No.	Currency	Principal	Interests	Total
94/008/0	EUR	1,343,985.98	16,134.60	1,360,120.58
95/002/0	EUR	157,040.61	1,766.70	158,807.31
97/001/0	EUR	303,351.84	43,227.65	346,579.49
97/001/1	EUR	-	100,333.72	100,333.72
99/002/0	EUR	220,784.84	22,352.44	243,117.28
99/009/0	EUR	7,676.87	1,812.14	9,289.01
97/904/0	USD	-	983,429.32	983,429.32
90/026/0	USD	1,935,586.24	24,194.87	1,959,781.11
91/008/0	USD	639,982.28	11,194.10	650,856.38
91/011/0	USD	2,864,772.98	50,133.58	2,914,906.56
91/033/0	USD	7,288,181.46	127,193.24	7,395,374.70
	TOTAL EUR	2,032,820.14	185,427.25	2,218,247.39
	TOTAL USD	12,708,202.96	1,196,145.11	13,904,348.07
	TOTAL CTV USD	15,386,646.78	1,440,464.05	16,827,110.83

2016		in original currency		
Credit No.	Currency	Principal	Interests	Total
94/008/0	EUR	67,650.90	507.36	68,158.26
95/002/0	EUR	-	-	-
97/001/0	EUR	303,351.84	40,194.15	343,545.99
97/001/1	EUR	-	100,333.72	100,333.72
99/002/0	EUR	220,784.84	21,246.62	242,013.46
99/009/0	EUR	15,353.74	1,554.58	16,908.32
97/904/0	USD	-	983,429.32	983,429.32
90/026/0	USD	967,796.21	4,636.97	972,635.18
91/008/0	USD	639,662.84	4,797.47	644,460.11
91/011/0	USD	2,864,776.28	21,465.83	2,886,262.11
91/033/0	USD	7,288,165.56	54,511.43	7,322,696.99
	TOTAL EUR	607,121.32	163,838.45	770,959.77
	TOTAL USD	11,740,420.69	1,069,063.02	12,809,483.71
	TOTAL CTV USD	12,540,363.74	1,284,936.56	13,825,300.30

2017		in original currency		
Credit No.	Currency	Principal	Interests	Total
94/006/0	EUR	-	-	-
95/002/0	EUR	-	-	-
97/001/0	EUR	303,351.84	37,160.63	340,512.47
97/001/1	EUR	-	100,333.72	100,333.72
99/002/0	EUR	220,764.84	20,144.79	240,909.63
99/009/0	EUR	15,353.74	1,477.80	16,631.54
97/904/0	USD	2,900,276.27	962,295.42	3,862,571.69
90/028/0	USD	-	-	-
91/006/0	USD	-	-	-
91/011/0	USD	-	-	-
91/033/0	USD	-	-	-
	TOTAL EUR	539,470.42	159,116.94	698,587.36
	TOTAL USD	2,900,276.27	962,295.42	3,862,571.69
	TOTAL CTV USD	3,611,882.50	1,171,947.90	4,783,838.40

2018		in original currency		
Credit No.	Currency	Principal	Interests	Total
94/008/0	EUR	-	-	-
95/002/0	EUR	-	-	-
97/001/0	EUR	303,351.84	34,127.11	337,478.95
97/001/1	EUR	-	100,333.72	100,333.72
99/002/0	EUR	220,764.84	19,040.97	239,805.61
99/009/0	EUR	15,353.74	1,401.04	16,754.78
97/904/0	USD	2,991,997.84	676,422.37	3,668,420.21
90/028/0	USD	-	-	-
91/008/0	USD	-	-	-
91/011/0	USD	-	-	-
91/033/0	USD	-	-	-
	TOTAL EUR	539,470.42	154,902.84	694,373.26
	TOTAL USD	2,991,997.84	876,422.37	3,668,420.21
	TOTAL CTV USD	3,782,804.07	1,880,522.35	4,763,326.42

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2019		In original currency		
Credit No.	Currency	Principal	interests	Total
94/008/0	EUR	-	-	-
95/002/0	EUR	-	-	-
97/001/0	EUR	303,351.84	31,093.57	334,445.41
97/001/1	EUR	557,409.58	98,940.20	656,349.78
99/002/0	EUR	220,764.84	17,937.14	238,701.98
99/009/0	EUR	15,353.74	1,324.27	16,678.01
97/904/0	USD	3,086,397.42	787,835.07	3,874,232.49
90/028/0	USD	-	-	-
91/008/0	USD	-	-	-
91/011/0	USD	-	-	-
91/033/0	USD	-	-	-
	TOTAL EUR	1,096,880.00	149,295.18	1,246,175.18
	TOTAL USD	3,086,397.42	787,835.07	3,874,232.49
	TOTAL CTV USD	4,531,646.51	984,546.40	5,516,192.91

2020		In original currency		
Credit No.	Currency	Principal	interests	Total
94/008/0	EUR	-	-	-
95/002/0	EUR	-	-	-
97/001/0	EUR	303,351.84	28,060.06	331,411.90
97/001/1	EUR	557,409.58	93,366.10	650,775.68
99/002/0	EUR	220,764.84	16,833.32	237,598.16
99/009/0	EUR	15,353.74	1,247.50	16,601.24
97/904/0	USD	3,183,474.99	696,454.81	3,879,929.80
90/028/0	USD	-	-	-
91/008/0	USD	-	-	-
91/011/0	USD	-	-	-
91/033/0	USD	-	-	-
	TOTAL EUR	1,096,880.00	139,506.98	1,236,386.98
	TOTAL USD	3,183,474.99	696,454.81	3,879,929.80
	TOTAL CTV USD	4,628,724.08	880,269.21	5,508,993.28

2021		In original currency						
Credit No.	Currency	Principal	interests	Total				
94/008/0	EUR	-	-	-				
95/002/0	EUR	-	-	-				
97/001/0	EUR	-	-	-				
97/001/1	EUR	-	-	-				
99/002/0	EUR	-	-	-				
99/009/0	EUR	-	-	-				
97/904/0	USD	1,110,668.53	313,064.89	1,423,733.42	As far as the 01/01/21 maturity is concerned:			
90/028/0	USD	-	-	-	1,629,229.52	313,064.89	1,942,294.41	original due amount
91/008/0	USD	-	-	-	518,560.99	-	518,560.99	to be paid 01/01/2021
91/011/0	USD	-	-	-	1,110,668.53	313,064.89	1,423,733.42	to be swapped
91/033/0	USD	-	-	-				
	TOTAL EUR	-	-	-				
	TOTAL USD	1,110,668.53	313,064.89	1,423,733.42				
	TOTAL CTV USD	1,110,668.53	313,064.89	1,423,733.42				

01/04/2012 - 01/01/2021		In original currency		
Credit No.	Currency	Principal	interests	Total
94/008/0	EUR	5,443,595.60	186,004.59	5,629,600.19
95/002/0	EUR	628,162.23	21,200.47	649,382.70
97/001/0	EUR	2,730,166.56	361,747.23	3,091,913.79
97/001/1	EUR	1,114,819.16	894,642.34	2,009,461.50
99/002/0	EUR	1,434,971.46	175,508.03	1,610,479.49
99/009/0	EUR	84,445.57	12,647.68	97,093.25
97/904/0	USD	13,272,815.05	8,061,504.50	21,334,319.55
90/028/0	USD	7,742,348.05	174,202.91	7,916,550.96
91/008/0	USD	2,878,480.62	71,962.04	2,950,442.66
91/011/0	USD	12,891,481.71	322,287.12	13,213,768.83
91/033/0	USD	36,340,911.40	999,375.17	37,340,286.57
	TOTAL EUR	11,436,160.58	1,651,750.34	13,087,910.92
	TOTAL USD	73,126,036.83	9,629,331.74	82,755,368.57
	TOTAL CTV USD	88,194,322.01	11,805,677.99	100,000,000.00