

**Agreement on Debt-for-Development Swap**  
**between**  
**the Government of the Arab Republic of Egypt**  
**and**  
**the Government of the Italian Republic**

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

have agreed to the following:

**Article 1**

1.1. The present Agreement relates to debt-for-development swap operations of Official Development Assistance (ODA) bilateral debt and establishes procedures for the implementation of swap operations on the ODA bilateral debt owed by the Arab Republic of Egypt to the Italian Republic.

1.2. The maximum amount of debt subject to swap operations under this Agreement is the sum of the principal and interest due between the entry into force of the present Agreement and 31 December 2005 on the loans listed in Annex 1, which forms an integral part of this Agreement.

1.3. Any other present and future debt owed by the Government of Egypt to the Government of Italy remains unaffected by this Agreement.

**Article 2**

2.1. For the purpose of the present Agreement, a Counterpart Fund (hereinafter denominated CPF) in Egyptian Pounds shall be established upon entry into force of the Agreement.

2.2. The Egyptian Government shall deposit into the CPF the equivalent of each installment (principal and interest) due in the period indicated in 1.2. above at its maturity date. The outstanding of CPF shall not exceed the total amount of projects selected by the Management Committee as per art. 4.

2.3. The installments due to the Italian Government will be extinguished upon evidence of the disbursement of the same amount into the CPF by the Government of Egypt.

2.4. Should the amount of disbursements into the CPF be lower than the installments, the said installments will be only partially converted. The residual amount of the installments, which corresponds to the difference between the original amount due and the disbursement on the Fund, shall be due by the Government of Egypt to the Government of Italy according to the provisions of the relevant Financial Agreement.

2.5. Disbursements into the CPF will be made in Egyptian Pounds at the exchange rate of the US Dollar quoted by the Central Bank of Egypt on the maturity date of each installment.

### **Article 3**

3.1. Funds resulting from debt-swap operations collected in the CPF, including accrued interests if any, shall be used to finance jointly agreed development projects. To this effect, signatures of a representative of each Party shall be required for payments against the CPF funds.

3.2. Such projects shall aim at promoting socio-economic development and/or environmental protection and shall be identified in compliance with the principles and guidelines agreed upon by both Parties within the framework of the Egyptian Italian Development Cooperation. Funds collected in the CPD may also be used to finance local costs of relevant projects and programs undertaken by the Italian Development Cooperation.

3.3. Priority will be accorded to projects aimed at rural development, poverty alleviation and food security in a context of a sustainable resource use. To this effect, project proposals may be presented by relevant U.N. organizations such as FAO, IFAD and WFP.

3.4. Criteria for project selection will be established by a Management Committee as per article 4 here below. Projects promoted by the above mentioned organizations shall also be selected in compliance with Annex 2.

3.5. Project selection shall be terminated within three years from the entering into force of the present Agreement, taking into account the annual schedule of reimbursements. Should funds not be allocated at the end of the third year, the Parties will convene urgently at high level with the view to find a suitable solution, including the acceleration of the allocation of non allocated funds.

### **Article 4**

4.1. A Management Committee will be established with the following tasks:

1. to select projects to be financed in accordance with the present Agreement;
2. to monitor projects implementation through field visits and evaluation of progress/financial reports;
3. to verify projects achievements.

4.2. The Management Committee shall include representatives of the Parties: on behalf of the Italian Government, H.E. the Ambassador of the Republic of Italy in Egypt, assisted by experts in the sectors of finance, agriculture, health, social development and environment; on behalf of the Egyptian Government, the Head of the European Cooperation Sector in the Ministry of International Cooperation of Egypt and the Ministry of Finance, and the representatives of the other relevant Ministries and/or Organizations as case may be. In case of programs financed in connection with FAO, IFAD and WFP as per Art. 3.3., experts of such organizations will be invited to attend the meetings.

4.3. Such committee will operate according to rules and procedures that will be jointly established by the Parties within three months starting from the entering into force of the present Agreement.

## Article 5

5.1. The present Agreement, and any amendment, shall enter into force upon receipt of the last written notification confirming the fulfillment by the Parties of all their respective internal procedures.

5.2. The present Agreement shall remain in force for 6 (six) years. Its extension may be mutually agreed upon in accordance with Article 5.3., in case CPF funds allocated to specific projects have not been fully spent by the expiration date.

5.3. In the light of the results of the evaluation of this agreement, a new agreement could be agreed upon with the view to continue promoting bilateral cooperation and relieving Egyptian debt burden.

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

5.5. All other aspects related to the implementation of the present Agreement will be dealt with in a separate document to be signed by the Parties.

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 Rome on February 19<sup>th</sup>, 2001, in two originals in the English language.

For the Government of the

For the Government of the

Arab Republic of Egypt  
*Ahmed El-Dars*

Italian Republic  
*Ucci*

## ANNEX 1

### Debts subject to swap-for-development operations

<b>CREDIT NUMBER</b>	<b>GLOBAL AMOUNT</b>	<b>AMOUNT OF INSTALLMENTS 2001-5</b>
86/017	14.201.218,0	4.781.864,2
86/025	7.500.000,0	3.989.062,5
86/033	6.000.000,0	3.191.213,3
88/002	7.558.425,7	4.086.985,7
88/003	4.000.000,0	2.172.506,0
88/011	53.369.285,0	28.986.192,0
88/037	10.000.000,0	5.468.748,8
88/055	13.624.630,0	7.502.061,4
89/035	85.650.000,0	47.161.026,0
90/027	8.100.116,0	4.143.209,0
90/028	29.033.796,7	9.987.626,0
91/008	10.150.000,0	2.993.619,6
91/009	8.626.346,23	4.006.937,4
91/011	42.971.598,0	13.407.138,0
<b>Subtotal</b>		<b>141.878.189,9</b>
<b>Consolidation</b>		<b>4.917.146,7</b>
<b>Total</b>		<b>146.795.336,6</b>

It is assumed that projects listed above have been fully executed.