ITALIAN AGENCY FOR DEVELOPMENT COOPERATION

ITALIAN-EGYPTIAN DEBT FOR DEVELOPMENT SWAP PROGRAMME
MANAGEMENT COMMITTEE
TECHNICAL SUPPORT UNIT

Mr. Alessandro Fracassetti
UNDP Resident Representative
UNDP Office in Egypt

Cairo, 12 December 2024

Subject: Transmission of Signed Implementing Agreement for the UNDP "*Support Nature Conservation Project*" under the Italian-Egyptian Debt Swap Programme

Dear Mr. Alessandro,

I refer to the contribution of EGP 15,688,981.00 million to UNDP under the Italian-Egyptian Debt for Development Swap Programme to support the implementation of the "*Support Nature Conservation Project*" within the third phase of the Egyptian Italian Environmental Cooperation Program

I am honored to enclose an original copy of the Project Implementing Agreement, duly signed by all parties, for your reference.

We kindly ask you to timely notify us upon actual receipt of funding in your designated bank account in order to formally validate the transfer process and authorize the start of the project activities.

Should you require any further clarification, please do not hesitate to contact us.

Antonio Bottone
TSU Director

Italian Debt Swap Program
TSU
Correspondence
15 DEC 2024
OUT
No. 101

ITALIAN-EGYPTIAN DEBT FOR DEVELOPMENT SWAP AGREEMENT

PROJECT IMPLEMENTING AGREEMENT

Between the

MANAGEMENT COMMITTEE OF THE
ITALIAN-EGYPTIAN DEBT-FOR-DEVELOPMENT SWAP PROGRAMME

The
MINISTRY OF ENVIRONMENT

And the
UNITED NATIONS DEVELOPMENT PROGRAMME

In the framework of the "**Debt-for-Development Swap Agreement**", signed in Cairo on May 10, 2012 (hereinafter referred to as the **"IEDS"**), between the Government of the Republic of Italy and the Government of the Arab Republic of Egypt, the present Implementing Agreement is concluded between the Management Committee of the "Debt-for-Development Swap Programme", being chaired by the Ministry of Planning, Economic Development and International Cooperation and the Embassy of Italy in Cairo (hereinafter referred to as the "**IEDS-MC"**), the Ministry of Environment (hereinafter referred to as the "**Applicant**") and the United Nations Development Programme, (hereinafter referred to as the "**Implementing Agency**" and/or "**UNDP**").

IEDS-MC, the Ministry of Environment and UNDP are also hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**."

1. Purpose of the Agreement

The purpose of this Agreement is to provide financial support to the UNDP for the implementation of the Project "*Enhancement of the Egyptian-Italian Environmental Cooperation Program, Phase III*" (hereinafter referred to as the "Project"), and briefly described below. The project was endorsed by the Applicant and approved by the IEDS-MC through the exchange of letter dated August 4, 2024.

The Project full details are included in the Project Document and its related annexes (Logical Framework, Overall Working Plan, Overall Budget, Financial Plan), herewith attached, as Annex 1.

The Project Document and its annexes constitute an integral part of this Implementing Agreement, and any modifications thereto shall require the prior approval of the IEDS-MC.

1.1. Full title of the Project

Enhancement of the Egyptian-Italian Environmental Cooperation Program, Phase III, also referred to as UNDP project "Support Nature Conservation in Egypt"

1.2. Project brief description

The Project aims to support and enhance the ongoing Phase III of the Egyptian Italian Environmental Cooperation Programme (EIECP III) within the objective of enhancing the conservation and management of biodiversity in Fayoum and Wadi El Gemal Protected areas and ensure sustainable use and equitable benefits to the local communities.

1.3. Project Location:

Wadi El Rayan Protected Area (Fayoum Governorate) and Wadi El Gamal National Park (Red Sea Governorate).

1.4. Project Duration:

Twelve (12) months from the starting date of the Project, as established at Article 9 of this Implementing Agreement.

In the event that the Project implementation period exceeds the overall validity of IEDS Agreement (which, as of the date of signing the present Implementing Agreement is set to close on December 31, 2024), and on condition that by that date, the Contribution, as agreed at Article 2, has been already received on UNDP account, the Parties shall jointly take all appropriate actions (including but not limited to the implementation of an amendment of the present document) required to ensure the completion of agreed activities and the fulfilment of Project's objectives.

1.5. Beneficiaries

Direct beneficiaries are the local communities living in the targeted protected areas.

Institutional beneficiaries are Nature Conservation Sector (NCS) / Egyptian Environmental Affairs Agency (EEAA) headquarter in Cairo as well as those local offices responsible for the management of protected areas.

1.6. Total Project cost

EGP 15,688,981.00, [Fifteen million, six hundred eighty-eight thousand, nine hundred eighty-one Egyptian Pounds].

2. Agreement Value

The IEDS-MC shall contribute to the Project with funds up to a maximum amount of EGP 15,688,981.00 (*Fifteen million, six hundred eighty-eight thousand, nine hundred eighty-one Egyptian Pounds*), hereinafter referred to as the "Contribution," made available from the Counterpart Fund established under the IEDS Agreement.

3. Procedures for the Transfer of Funds

The transfer of the Contribution from the IEDS Counterpart Fund to UNDP, acknowledged as the sole designated recipient of the funds, shall be facilitated through the Applicant.

To ensure a seamless process and the timely availability of funds for UNDP's project implementation, all relevant transactions from the IEDS Counterpart Fund and the Applicant's account, necessary for the completion of the transfer process to UNDP, shall be signed and formally authorized simultaneously upon the execution of this Implementing Agreement.

3.1. Execution of the payment

In accordance with the procedures set forth above, the transfer of the Contribution shall be executed in the following modalities:

a) *Interim Allocation:* Upon the signing of this Implementing Agreement, an interim allocation of **EGP 15,688,981.00** (*Fifteen million, six hundred eighty-eight thousand, nine hundred eighty-one Egyptian Pounds*) shall be provisionally transferred to the designated bank account established by the Applicant, as detailed below.

Bank name	Central Bank of Egypt
Account name	Top up to the Egyptian Italian Environmental Cooperation Program implemented by United Nations Development Programme for the Egyptian Environmental Affairs Agency
Account no.	9/450/76036/0
IBAN Code	EG690001000100000009450760360

This allocation serves solely as a preliminary step prior to the actual transfer of the Contribution to UNDP.

b) *Actual Transfer*: Upon receipt of the interim allocation, the Applicant shall promptly and without undue delay effect the full transfer of the Contribution, in the amount of **EGP 15,688,981.00** (*Fifteen million, six hundred eighty-eight thousand, nine hundred eighty-one Egyptian Pounds*), in its entirety and without any deductions or fees, to the designated account of UNDP as specified below:

Bank name	Commercial International Bank (CIB)
Bank branch	Zamalek
Account name	United Nations Development Programme (UNDP)
Account no.	100007260037
SWIFT Code	CIBEEGCX007
IBAN Code	EG760010000700000100007260037

The transfer of the Contribution to the UNDP account shall constitute a mandatory action by the Applicant, requiring no further internal verification, assessment, or additional authorization.

The Parties agree that the transfer process shall be deemed complete and valid only upon UNDP's confirmed receipt of the Contribution. Any interim allocation of funds from the IEDS Counterpart Fund to the Applicant, prior to UNDP's effective receipt, shall be considered provisional and subject to final authorization until this condition is fully satisfied.

Upon receipt of the funds, UNDP shall promptly notify the IEDS-MC of the effective receipt of the Contribution. The IEDS-MC shall subsequently certify the validity and authorize the completion of the transfer.

The confirmed receipt of the Contribution by UNDP must occur prior to the expiration of the IEDS Agreement, which, as of the date of this Implementing Agreement, is set to conclude on December 31, 2024.

If the aforementioned condition is not met, the transfer process shall be deemed aborted and shall have no effect on the debt cancellation process. Consequently, any interim allocation of funds to the Applicant's account shall be reversed, and the Applicant shall be required to return the full amount of the allocation to the IEDS Counterpart Fund.

UNDP will not pre-finance any activity under the Project. In the event that the Contribution is not received by UNDP in full and in accordance with the conditions stipulated herein, the project shall be deemed void with immediate effect. In such an event, UNDP shall not be held liable for any delays or failures in performing any of its obligations under this Agreement.

4. Commitments and Responsibilities of the Applicant

For the purposes of this Implementing Agreement, the Applicant is designated as the primary institutional beneficiary of the Project.

By endorsing the Project Document and designating the UNDP as the Implementing Agency, the Applicant delegates all responsibilities pertaining to the management of the Contribution and the implementation of the Project to the Implementing Agency.

In its capacity as the primary institutional beneficiary, the Applicant shall provide the UNDP with all necessary guidance and support to facilitate the implementation of the Project and ensure alignment with national policies. This role shall be fulfilled through participation in the Steering Committee and shall not incur any costs under the Project budget.

5. Commitments and Responsibilities of the Implementing Agency

The UNDP, as the Implementing Agency of the Project, shall bear full responsibility for the efficient management of the Contribution and the effective implementation of the Project.

5.1. Project bank account

The Implementing Agency shall provide the details of the bank account to which IEDS funds for the purpose of this Agreement will be transferred through the Applicant, as per the modalities established at Article 3.1.

The Parties acknowledge and agree that the Implementing Agency is an international public organization, an integral part of the United Nations and fully covered under the Convention on the Privileges and Immunities of the United Nations (which was signed by the Governments of Italy and Egypt).

If, due to the UNDP's rules and regulation, such bank account is not exclusively dedicated to IEDS funds, the UNDP shall ensure in any case the full traceability of all receipts (instalment) and disbursements (expenditure) for the purposes of this Agreement.

5.2. Project Management

The Implementing Agency undertakes to appoint a Project Manager with delegation of authority to act on behalf of the Implementing Agency, as well as a Financial Officer, and notify the IEDS-MC with their names. All official documentation issued by the Project should be signed / authenticated by the Project Manager.

5.3. Eligibility of expenditures

All expenses reported by the UNDP must meet the following minimum criteria:

a) They are incurred in accordance with the provisions of this Implementing Agreement;
b) They are necessary for carrying out the activities as described in the Project Document;
c) They are foreseen in the Project Budget;
d) They are incurred during the project implementation period, as established in Article 1.4;
e) They are genuine, reasonable, justified, comply with the principles of sound financial management;
f) They are identifiable, verifiable and recorded in the UNDP's accounts in accordance with the accounting practices of the Partner and backed by supporting documents;

5.4. Monitoring

Upon IEDS-MC's request, the UNDP shall facilitate in any moment, in accordance with its internal rules and regulations, the technical and financial monitoring activities carried out through the Debt Swap Technical Support Unit (TSU). This shall not be construed as granting audit access to the IEDS-MC/TSU or any third party. Auditing shall be conducted in accordance with UNDP auditing procedures and the United Nations Single Audit Principle exclusively.

5.5. Reporting requirements

UNDP shall provide IEDS-MC/TSU with the following reports:

a) Monthly Financial update in soft/electronic copy, authenticated by the Project Director shall be submitted within maximum of ten (10) calendar days of the following month.

b) Semi-Annual Progress Report in soft/electronic and hard copy, authenticated by the Project Director, shall be submitted within maximum of fifteen (15) calendar days after the end of each semester, containing a technical and financial data indicating the Project progress towards the achievement of results, the activities performed in the reporting period and the relevant expenditures, in line with the approved work and financial plans, etc.

c) Final Report in soft/electronic and hard copy, authenticated by the Project Director, shall be submitted within two (2) months from the end date of the Project, including all documents relevant to the final handing over of physical, financial and intellectual assets purchased or produced through the Project funds.

d) The certified financial reports to be issued by UNDP per UNDP formats on 30 June of the following year of the period being reported. This report will be provided in USD (United States Dollars).

The IEDS-MC, through the TSU, shall verify and endorse the above-mentioned reporting documents.

- Should the Progress Report not being approved by or not submitted in due time, the IEDS-MC has the right to suspend the project until the due Report will be submitted and approved.
- The IEDS-MC has the right to reject any expenditure which is not coherent with the eligibility criteria set out in Article 5.3 of the present Implementing Agreement and/or with the financial guidelines mentioned at Article 5.8.
- Expenditures not being approved by the IEDS-MC will not be considered as part of the Project disbursement. Consequently, the value of such unapproved expenditures will be deducted from the subsequent instalment, if any. Alternatively, if necessary, the UNDP shall refund the related amount to the IEDS Counterpart Fund. The Parties acknowledge and agree this refund in terms of related amount shall be contingent to the amounts that the UNDP can recover from third parties and non-spent amounts.

5.6. Visibility Guidelines

The UNDP endeavours to provide adequate visibility to the Italian-Egyptian Debt for Development Swap Programme and to prior coordinate with IEDS-MC and the Applicant to release information, education, and communication materials.

5.7. Property of Project assets

UNDP will hold in trust for the benefit of the Project any physical, financial, current assets and other properties financed from the Contribution. Parties will decide by mutual agreement on the appropriate use of any such equipment, property or other non-consumable item remaining after completion of the Project. Such properties shall be disposed of in accordance with the UNDP regulations, rules, directives, policies and procedures, unless otherwise agreed between the Parties in writing.

5.8. Financial guidelines

The official currency of IEDS is the Egyptian Pound (EGP): documentation (financial reports) in currencies other than EGP will not be considered except for the UNDP certified financial reports, as mentioned in Article 5.5, comma (d). UNDP will not submit original or copies of transactional documents (including but not limited to invoices, tickets, vouchers and contracts).

Whether the UNDP, for any reasons, should adopt currency other than the Egyptian Pound, the value of the payment shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment.

Any possible loss due to changes in the UN operational rate of exchange between the date of signature of this Agreement and the date of UNDP's receipt of the payment shall be covered from the Project resources, under the contingency reserve included in the budget.

The use of currency other than EGP does not release, in any case, the UNDP from the requirement to refer to IEDS official currency for reporting purposes, as required at paragraph 5.5, comma (f). Notwithstanding this, the Parties specifically acknowledge and agree that the UNDP certified financial reports will be issued in USD (United States of America dollars).

Any interest, gain due to the exchange rate fluctuations, as well as any other income attributable to the contribution, shall be credited to UNDP Account.

UNDP rules and regulations should apply exclusively to any procurement, recruitment or tender as well as for human resources recruitment and accounting.

In accordance with the decisions, policies and procedures of UNDP's Executive Board, reflected in its policy on Cost Recovery from other resources, the contribution shall be subject to cost recovery for indirect cost incurred by UNDP Headquarters and country office structures in providing general management support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee of 3%. Furthermore, provided that they are unequivocally linked to the Project, all direct costs (DPC) of implementation, including the costs of Implementing partner, will be identified in the Project budget against a relevant budget line borne by the Project accordingly, up to a maximum amount of EGP 298,667.07.

At the end of the Project duration, any unspent balance and all disbursements not being approved by the IEDS-MC, shall be refunded to the IEDS Counterpart Fund.

In case any of the above-mentioned commitments is not respected, the IEDS-MC reserves the right to suspend, as well as to terminate the Project. Any further action will be enhanced through amicable channels, whenever applicable, or decided upon by the IEDS-MC.

6. Intellectual property rights:

All intellectual property and other proprietary rights, arising from the activities under this Implementing Agreement including but not limited to patents, copyrights, trademarks, and ownership of data resulting from the Project, shall be jointly owned by the Parties. Each Party agrees to grant to the other Party a perpetual free-of-royalty license on the referenced intellectual property rights for non-commercial purposes.

7. Confidentiality:

The terms of this Implementing Agreement and all information including personal data, which comes into the Parties' possession or knowledge in connection with this Agreement or the Project is to be treated as strictly confidential. Such information shall not be disclosed to any third party without the prior written consent of the signed Parties. UNDP will manage personal data per UNDP procedures exclusively.

8. Duration of the Agreement

The present Implementing Agreement shall remain in force until completion of all obligations of the Parties under this Agreement.

In the event that the Project implementation period exceeds the overall validity of IEDS Agreement (which, as of the date of signing the present Implementing Agreement, is set to close on December 31, 2024), and on condition that by that date, the Contribution, as agreed at Article 2, has been already received on UNDP account, the Parties remain committed to taking all appropriate actions to their respective best efforts to achieve the completion of agreed activities and the fulfilment of the Project's objectives.

9. Entry into force, Termination, Disputes

a) This Implementing Agreement shall enter into force upon its signature, meaning the date on which this Agreement is signed by the Party signing last in time.

b) The Project starting date will be considered the date of receipt of the contribution by the UNDP, provided that the project has received all the approvals and clearances from the relevant authorities required to start the implementation of the activities.

c) If, under any circumstances, the Contribution, does not effectively reach the Implementing Agency before the closing date of the IEDS Agreement, as outlined in Article 3.1, the Parties agree that this Agreement shall be considered null and void with immediate effect, regardless of the responsibilities and the reasons for the delay.

d) This Agreement may be subject to modification as necessary during its period of validity, through mutual consultation and written exchange of letters between the IEDS-MC and the UNDP.

e) Any dispute, controversy or claim arising between the Parties out of or in relation to this Implementing Agreement, or the breach, termination or invalidity thereof, shall be settled amicably by negotiation between the IEDS-MC and the UNDP or through diplomatic channels, whenever applicable without recourse to any national or international court or third party for the purpose of settlement. Nothing in the present Implementing Agreement will be considered a waiver of the privileges and immunities of the United Nations.

f) In the event that the dispute, controversy or claim is not resolved by negotiation, either the IEDS-MC or the UNDP may request to terminate this Implementing Agreement, by giving at least three (3) months written notice.

g) The IEDS-MC cannot - under any circumstances or for any reason whatsoever - be held liable for any sort of action carried out by third parties in connection to the implementation of the Project. The IEDS-MC cannot therefore accept any claim for compensation or increases in payment in connection with delays or any other actions. The Parties further acknowledge and agree that UNDP will not pre-finance any activity under the Project.

h) If unforeseen increases in project costs, exceeding the capacity of the contingency reserve included in the Project budget are expected or realized, UNDP shall inform IEDS-MC with a view to determining whether any further financing could be provided by IEDS. Should further financing not

be available, Project activities may be reduced, suspended or terminated upon written notification to the IEDS-MC by UNDP.

i) All official communications from the Project to the IEDS-MC should be sent through the technical support unit, in the English language, to the following address:

Italian Egyptian Debt for Development Swap Programme
Technical Support Unit
1081, Corniche El Nil – Belmont Building, 17th floor – Garden City – Cairo

In witness whereof, the parties hereto have executed the present Implementing Agreement in four (4) copies originals in the English language.

12 DEC 2024

THE MANAGEMENT COMMITTEE
DEBT-FOR-DEVELOPMENT SWAP PROGRAMME:

The Minister of Planning, Economic Development and International Cooperation

H.E. Dr. Rania Al Mashat

.....
(Signature and stamp)

The Ambassador of Italy to Egypt

H.E. Michele Quaroni

.....
(Signature and stamp)

THE APPLICANT

The Minister of Environment

H.E. Dr. Yasmine Fouad

.....
(Signature and stamp)

THE IMPLEMENTING AGENCY

The United Nations Development Programme

Resident Representative

Mr. Alessandro Fracassetti

.....
(Signature and stamp)