



Independent observer  
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## Debt Swap Agreement Between Germany and Egypt Will Benefit Global Fund Programmes in Ethiopia

The Global Fund has brokered debt swap agreement before, but not like the latest one between Germany and Egypt.

Under the Global Fund's Debt2Health mechanism, creditors (i.e., countries that are owed money) may agree to write off a portion of the debt owed to them, on the condition that the debtor countries (i.e., the countries that owe money) invest an agreed-upon amount in local programmes approved by the Global Fund. Until recently, four Debt2Health agreements had been concluded – three involving Germany and, respectively, Pakistan, Indonesia and Cote d'Ivoire; and one between Australia and Indonesia.

In June 2011, Germany agreed to write off € 6.6 million of Egyptian debt. What makes this agreement unique is that Egypt has agreed to contribute half of the € 6.6 million to Global Fund programmes to fight malaria in Ethiopia. This is the first time that a debt swap arrangement under the Debt2Health mechanism has involved reinvestment in programmes in a country other than the original debtor.

“This particular Debt2Health agreement has many beneficiaries: Egypt, Ethiopia, Germany and the Global Fund,” said Dr. Debrework Zewdie, Deputy Executive Director of the Global Fund. “It shows that with Debt2Health we have an instrument with which we can address different concerns and interests. We hope that more creditors and debtor countries will join the initiative.”

The information for this article was taken from a Global Fund [press release](#).

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