

## SBF Project Implementation Monitoring Report

### Partial Debt Guarantee

Arab Republic of Egypt: Egypt Sustainable Transport and Digital Infrastructure Guarantee

#### 1. Project Information

Project Name:	Egypt Sustainable Transport and Digital Infrastructure Guarantee
Project ID:	P000692
Financing Type:	SBF Guarantee
Instrument ID:	
Instrument Type:	SBF Guarantee
E&S category:	B
Maximum Guarantee Amount (Million):	USD200 million
Sector:	Multisector
Sub-sector:	Multi-subsector (Transport, Digital Infrastructure)
Guarantee:	Yes
Member:	Arab Republic of Egypt
Borrowing Entity:	Ministry of Finance of the Arab Republic of Egypt
Region:	Egypt
Co-guarantor(s):	African Development Bank
B-lenders (if any):	N/A
Sponsor(s) and support obligation:	N/A
Lender's Advisor/ Engineer:	N/A
Latest Internal Risk Rating Date:	N/A (SBF)
Latest Internal Risk Rating:	N/A (SBF)
Prior Internal Risk Rating Date (if available):	N/A
Prior Internal Risk Rating (if available):	N/A
Current Red Flags Assigned:	0
Previous Red Flags Assigned:	N/A
Previous Red Flags Assigned Date:	N/A
Current Monitoring Regime:	N/A
PTL / PMO:	Ming Hao
Responsible DG:	Najeeb Haider
Responsible Department:	BNK2
Project Team Members:	Anatole Douaud, Investment Associate Jinwen Ye, Investment Analyst Bernardita Saez, Senior Counsel, Project Counsel Tingying Wang, Senior Counsel, Project Counsel Winnie Xuan Zhao, Legal Associate Jingrong He, Senior Procurement Specialist

	Rui Xiang, Financial Management Specialist Rong Zhou, Environment Specialist Alex Hadzhiivanov, Senior Environment Specialist Marcin Sasin, Senior Economist, Project Economist Michelle Rong Gao, Senior Treasury Officer Bhavit Sharma, Product Specialist
Completed Site Visits by AIIB:	N/A
Planned Site Visits by AIIB:	N/A

## 2. Project Summary and Objectives

The USD200 million CNY equivalent PDG provided by the AIIB enabled the Government of Egypt (GOE) to raise up to USD500 million equivalent CNY through a privately placed, three-year maturity, Sustainable-labeled bond issued in the China Panda Bond Market, co-guaranteed with African Development Bank (AFDB). AIIB guaranteed Bond proceeds are exclusively earmarked for eligible sustainable and green expenditures under the Egypt Sovereign Sustainable Financing Framework (SSFF), financing one digital infrastructure subproject and the Egypt Government's funding contribution for the three green transport subprojects. The Bond also helped diversify the GOE's sources of financing.

The 4 sub-projects supported by the issued Bond are:

- The expansion of the fiber connection for households in Cairo and Giza areas.
- The rehabilitation of the tramway line 1 in Alexandria, the second-largest city in Egypt.
- The rehabilitation of Cairo Metro Line 1, the oldest metro line in the capital city, in operation since 1987.
- The rehabilitation of Cairo Metro Line 2, the second oldest metro line in the capital city, in operation since 1996.

The AIIB Partial Debt Guarantee (PDG) is up to USD 200 million equivalent in CNY, including bond proceeds and any accrued but unpaid interest. AFDB provided a guarantee of up to USD345 million equivalent in CNY, including bond proceeds and any accrued but unpaid interest.

## 3. Key Dates

### Guarantee Key Dates

Approval:	September 22, 2023	Signing:	October 13, 2023
:		Maturity:	3 years
End of Guarantee <sup>1</sup> :	October 17, 2023	Guarantee Fee Payment Frequency:	one time at effectiveness
First Guarantee Fee payment date:	October 17, 2023	Last Guarantee Fee payment date:	N/A

### Underlying Bond Key Dates

Issuance Date:	October 17, 2023	Maturity:	3 years
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<sup>1</sup> Commitment expiration date

:		Interest Payment Frequency:	Annually
First interest payment date:	October 17, 2024	Last interest payment date:	October 17, 2026
First repayment date:	October 17, 2026		

#### 4. Facility Status

##### Guarantee Status

a) Committed:	Up to USD 200 million equivalent in CNY (unfunded)	b) Cancellation (if any):	N/A
c) Disbursed:	N/A	d) Most recent disbursement (amount /date)	N/A
e) Undisbursed:	N/A	f) Disbursement Ratio (%) <sup>2</sup> :	N/A
g) Repaid:	N/A	h) Outstanding Balance:	N/A

##### Underlying Bond Status

a) Issuance Amount:	3.5 billion CNY	b) Cancellation (if any):	N/A
c) Disbursed:	N/A	d) Most recent disbursement (amount /date)	N/A
e) Undisbursed:	N/A	f) Disbursement Ratio (%) <sup>3</sup> :	N/A
g) Repaid:	None	h) Outstanding Balance:	3.5 billion CNY

#### 5. Project Implementation Update

##### Subscription and coupon payments:

In October 2023, the RMB3.5 billion bond has been successfully issued by the Government of Egypt in the China Interbank Bond Market, co-guaranteed by AIIB and AFDB. AIIB guaranteed bond proceeds will support 4 sub-projects in Egypt in the transportation and digital infrastructure sectors.

Per the executed Offering Memorandum, coupon payment will be made on October 17 of each year during the life of the Bond. The first interest payment date will be 17 October 2024 and the last will be 17 October 2026.

##### Implementation update:

As the Project is still in the early stage, and reporting requirements are on an annual basis, no reports/update have been made.

<sup>2</sup> Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e.,  $f = c / (a - b)$

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## 6. Status of the Grievance Redress Mechanism (GRM)

The Egypt Ministry of Finance has disclosed its External Communications Mechanism (ECM), as project-level grievance redress mechanism (GRM) to register complaints and feedback at <https://mof.gov.eg/en/contactus>

For transportation Subprojects, grievance redress mechanisms (GRMs) have been established at project level for Alexandria Tram and Cairo Metro.

For the FTTH Subproject, Telecom Egypt has established a fully functional GRM as part of their ESMS.

As of February 2024, the GRM has not received any reports of complains related to the implementation of the 4 sub-projects.

## 7. Results Monitoring

The result monitoring indicators will be reported on an annual basis, with the first report expected one year after the issuance. As such, no reporting has been made as of February 29, 2024 yet.

Indicator Name	Unit	Base-line	Cumulative Target Values			End Target	Frequency	Responsibility
			YR1	YR2	YR3			
<b>Project Objective Indicators:</b>								
1. Number of households (home passed) with affordable access to internet and digital services	Million households	0	1.2	2.4	2.4	2.4	Annually	Issuer
2. Kilometers of rail lines rehabilitated/upgraded	Km	0	16	32	48	48	Annually	Issuer
3. Greenhouse gas (GHG) emission reductions of green transport subprojects <sup>4</sup>	Ton of carbon dioxide (CO <sub>2</sub> ) equivalent	0	0	0	0	478,000 <sup>5</sup>		
4. Greenhouse gas emission reductions of Fiber to the Home (FTTH) phase one	Ton of CO <sub>2</sub> equivalent	0	124.79	249.58	249.58	249.58		
<b>Intermediate Results Indicators</b>								
1. Direct private capital mobilized	USD	0	200	0	0	200	Annually	Issuer
2. The Government of Egypt's percentage of CNY-denominated bonds outstanding amount (USD equivalent)/ total foreign-issued bonds outstanding (USD equivalent)	Percentage	0	1.6	1.6	1.6	1.6	Annually	Issuer

<sup>4</sup> It is assumed that no GHG emission reduction will be generated during the construction of the projects.

<sup>5</sup> Annual GHG emission reduction after the subprojects are completed (five years after bond issuance).