

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:	N/A
Previous Red Flags Assigned:	N/A
Previous Red Flags Assigned Date:	N/A
Current Monitoring Regime:	N/A
PTL / PMO:	Ming Hao
Responsible DG:	Xiahong Yang
Responsible Department:	PSC2
Project Team Members:	Jinwen Ye, Investment Associate Liu Yang, Counsel, Project Counsel Tingying Wang, Senior Counsel, Project Counsel Winnie Xuan Zhao, Legal Associate Jose Maria Marella, Legal Associate Jingrong He, Senior Procurement Specialist

	Rui Xiang, Financial Management Specialist Alex Hadzhiivanov, Senior Environment Specialist Isabelle Bautista, Environment Associate 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 Partial Debt Guarantee (PDG) provided by the AIIB, co-guaranteed with African Development Bank (AFDB), 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. AIIB-guaranteed Bond proceeds are exclusively earmarked for eligible sustainable and green expenditures under the Egypt Sovereign Sustainable Financing Framework (SSFF). The bond proceeds will finance subprojects that are in the sectors of digital infrastructure and green transport. The Bond also helped diversify the GOE's sources of financing.

The AIIB 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 principal and any accrued but unpaid interest.

3. Key Dates

Guarantee Key Dates

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

Underlying Bond Key Dates

Issuance Date:	October 17, 2023	Maturity:	3 years
First interest payment date:	October 17, 2024	Interest Payment Frequency:	Annually
First repayment date:	October 17, 2026	Last interest payment date:	October 17, 2026

4. Facility Status

Guarantee Status

¹ Commitment expiration date

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 (%) ² :	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:	3.5 billion CNY	d) Most recent disbursement (amount /date)	2.135 billion CNY/17 October 2025
e) Undisbursed:	0	f) Disbursement Ratio (%) ³ :	100
g) Repaid:	None	h) Outstanding Balance:	3.5 billion CNY

7. Project Implementation Update

Subscription and coupon payments:

In October 2023, the CNY3.5 billion bond, co-guaranteed by AIIB and AfDB, has been successfully issued by the Government of Egypt in the China Interbank Bond Market. AIIB guaranteed bond proceeds will support 4 Subprojects in Egypt in the transportation and digital infrastructure sectors.

As per the executed Offering Memorandum, coupon payment will be made on October 17 of each year during the life of the Bond. The first and second interest payments due on October 17 2024 and October 17 2025 have been received on time and the last will be due on October 17 2026.

Implementation update:

In May 2024, the Egyptian Ministry of Finance (EMOF) proposed to AIIB to have the Panda Bond support a new list of potential eligible subprojects, replacing the 4 previously agreed subprojects (namely The Fiber-to-Home (FTH) Subproject that will finance the expansion of fiber-based high-speed internet to Egyptian households in Cairo and Giza areas, Alexandria Tram El Ram Rehabilitation, Cairo Metro Line 1 Rehabilitation, and Cairo Metro Line 2 Rehabilitation), due to 1) The temporary slow-down on large-scale infrastructure projects involving hard currencies as advised by the IMF, to stabilize foreign currency reserve; 2) Change of GOE's prioritized geographical locations to be connected by high-speed internet services; and 3) The government's decision to exclude the National Authority of Tunnels (NAT) from the public budget for the next fiscal year.

Upon understanding the rationale of the proposed change, AIIB has conducted extensive discussion on the list to narrow down the eligible new subprojects for further diligence and confirmation. In November 2024, the AIIB team conducted an on-site DD mission together with AfDB to assess the eligibility and environmental and social risks of the indicative new sub-projects. The next section outlines the description of the proposed new subprojects.

² 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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1. **Connecting the fiber optic network to villages “First phase of the Decent Life Initiative”.** The sub-project aims to connect the fiber optic network to villages “First phase of the Decent Life Initiative”, where a network of cables will be established, to connect 1,400 villages, including one million buildings/households, in the time of 1 year, falling within the scope of the Fiber-to-the-Home (FTTH) sub-project from Project approval. The sub-project carries an E&S category of C, and will be implemented by Telecom Egypt (TE), under the Ministry of Communications and Information Technology (MCIT), with a well-established ESMS in operation. The AIIB Project Team (PT) conducted extensive ESDD on TE and MICT during the on-site DD trip in June 2023, and views the implementation entity/unit to be capable and well-managed.
2. **Establishing a closed government network.** The sub-project aims to develop electronic government management network, to improve efficiency of communication and relationship between government departments. The sub-project carries an E&S category of C, and will be implemented by Telecom Egypt (TE), under the Ministry of Communications and Information Technology (MCIT), with a well-established ESMS in operation. The PT conducted extensive ESDD on TE and MICT during the on-site DD trip in June 2023, and views the implementation entity/unit to be capable and well-managed.
3. **Automation of the technological infrastructure of the administrative body.** The sub-project aims to develop infrastructure and technology of the state’s administrative apparatus, including establishing information networks, linking the various sites of a single institution, and equipping information centers. The sub-project carries an E&S category of C, and will be implemented by Telecom Egypt (TE), under the Ministry of Communications and Information Technology (MCIT), with a well-established ESMS in operation. The PT conducted extensive ESDD on TE and MICT during the on-site DD trip in June 2023, and views the implementation entity/unit to be capable and well-managed.
4. **Connecting the Electrical Supply to the Electrical Traction Stations for the Third Stage of the Light Rail Transit Project (LRT Project).** The LRT Project consists of the development and construction of the third phase of the Light Rail Transit Project in Egypt, currently connecting from Adly Mansour to the Arts and Culture City. The third phase will continue to extend the connection from the Arts and Culture City to the New Capital, by adding four additional stations.

Key summary and findings of the mission were summarized as part of the Aide Memoire. According to Schedule 1 of the Indemnity Agreement, it is noted that EMOF is eligible to change the Subprojects supported by the Bond upon obtaining AIIB’s written consent. The PT also identified the proposed changes to be non-material, in accordance with Section 3.5.2 of the Operational Policy and Financing, and Section 5.3.2 of the Administrative Guidance on Sovereign-backed Financings, based on consultation and clearance from LEG. The PT then prepared a non-material change memo to document the proposed changes and rationale and subsequently obtained IO DG’s signoff on October 13, 2025. Any potential non-material changes to the Subproject will be in compliance of the AIIB’s Instruction on Sovereign-Backed Financing which became effective on 16 October 2025.

As of October 13, 2025, the formal consent from AIIB has been granted to EMOF to utilize the Bond proceeds for the aforementioned sub-projects, and this marks the completion of the Subproject-change process.

E&S:

The revised subprojects present minimal environmental and social risks and do not alter the original project scope. No new Environmental and Social Due Diligence (ESDD) was required, as Telecom Egypt (TE) and the Ministry of Communications and Information Technology (MCIT) operate under a robust Environmental and Social Management System (ESMS), previously reviewed and approved by AIIB.

The Light Rail Transit (LRT) Phase 3 subproject, implemented by the Egyptian Electricity Transmission Company (EETC) and coordinated with the National Authority for Tunnels (NAT), has a comprehensive Environmental Impact Assessment (EIA) approved by the Egyptian Environmental Affairs Agency (EEAA). The EIA identified manageable

risks such as health and safety, waste management, and localized pollution, with no significant biodiversity concerns due to the urban location.

Mitigation measures include inclusive policies, gender-sensitive design (e.g., women-only coaches, accessible facilities), and contractor obligations for health and safety. Functional grievance redress mechanisms (GRMs) are in place for workers and third parties, supported by posters, hotlines, and QR code systems.

AIIB and AfDB jointly oversee compliance with their Environmental and Social Policies, while EMOF ensures ongoing monitoring, reporting, and stakeholder engagement

Reporting

For the inaugural reporting package, the first allocation report was provided by October 2024, and the impact report was provided by December 2024.

In 2025, the EMOF team prepared and submitted the allocation and impact report to Bank of China who is the post-issuance manager by October 2025.

Ongoing reports will continue to be provided annually, until the final maturity of the Bond.

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

As of October 2025, the GRM has not received any reports of complaints related to the implementation of the 4 Subprojects.

9. Results Monitoring

The result monitoring indicators have reflected the latest progress post the official sub-project change, as of October 2025.

Indicator Name	Unit	Base-line	Cumulative Target Values			End Target	Frequency	Responsibility
			YR1 (Actual)	YR2	YR3			
Project Objective Indicators:								
1. Number of villages with affordable access to internet and digital services	Villages	0	773	1,182	1,400	1,400	Annually	Issuer
2. Kilometers of rail lines	km	0	Phase 1	Phase 1 + Phase 2	Phase 1 + Phase 2 + Phase 3	103	Annually	Issuer
3. Greenhouse gas (GHG) emission reductions of green transport subprojects ⁴	Ton of carbon dioxide (CO ₂) equivalent	0	0	0	0	149,500 ⁵	Annually	Issuer
4. Greenhouse gas emission reductions of Fiber to the Home (FTTH) phase one	Ton of CO ₂ equivalent	0	12,000	24,000	36,000	48,000	Annually	Issuer

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

⁵ Annual GHG emission reduction after project completion.

Intermediate Results Indicators								
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