



Project Summary Information

Date of Document Preparation/Updating: October 18, 2023	
Project Name	Egypt sustainable transport and digital infrastructure guarantee
Project Number	P000692
AIIB member	Egypt
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Approved and Signed
Objective	Mobilization of private capital to support Egypt's development of sustainable infrastructures in the areas of green transport and digital infrastructure through a Partial Debt Guarantee (PDG).
Project Description	<p>Egyptian government (GOE) is aiming to raise USD500 million equivalent CNY through a privately placed, three-year maturity, Sustainable-labeled bond by the end of 2023¹.</p> <p>This guaranteed bond proceeds will enable Egypt to support four infrastructure projects in the transport and digital sector which are aligned with Paris Agreement carbon-emission reduction under Egypt's Sovereign Sustainable Financing Framework (SSFF), namely:</p> <ul style="list-style-type: none"> o the financing of the expansion of the fiber connection for households (FTTH project). o the rehabilitation of the tramway line 1 in Alexandria, o the rehabilitation of Cairo Metro Line 1, o the rehabilitation of Cairo Metro Line 2. <p>In addition, this Bond will diversify the GOE's sources of financing. Due to the specificities and regulation of the market for CNY-denominated bond by foreign issuers for (also known as Panda bond market), a PDG is needed so it reaches an</p>

¹ The target timeline may be changed by the GOE

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	<p>investment-grade rating. AIIB and AFDB² aim to jointly provide a Partial Debt Guarantee for this Bond so it reaches this rating and successfully raise financing for the eligible sub-projects.</p> <p>The proposed AIIB Partial Debt Guarantee (PDG) is up to USD 200 million equivalent in CNY, including bond proceeds and any accrued but unpaid interest.</p> <p>AFDB will provide a guarantee of up to USD345 million equivalent in CNY, including bond proceeds and any accrued but unpaid interest.</p>
Expected Results	<p>The expected results will be based on the following indicators:</p> <ul style="list-style-type: none"> (i) Increased funding to green transport projects resulting from the issuance of the Bond, measured by the amount of the use of proceeds allocated to the green transport projects. (ii) Increased funding to digital infrastructure projects resulting from the issuance of the Bond, measured by the amount of the use of proceeds allocated to the digital infrastructure projects. (iii) Volume of GHG emissions reduction per year (GHG ton). (iv) Direct private capital mobilized measured by the amount of capital invested by private investors into the Bond covered by AIIB's PDG. (v) Increased diversity of Egypt's funding measured by the increased portion of CNY Panda Bonds in Egypt's sources of external debts.
Environmental and Social Category	B
Environmental and Social Information	<p>AIIB's Environmental and Social Policy (ESP) including Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs) will apply to this Project. The Project has been placed in Category B on the basis that any anticipated environmental and social (E&S) risks and impacts will be localized, temporary and can be mitigated through an environmental and social management plan (ESMP) for transport sector sub-projects and by E&S management system (ESMS) for the Fiber FTTH roll-out program, as well as by the good international practice. The financing structure involves AIIB providing guarantee for a Sovereign Bond issued by GOE, where the use of proceeds will support sub-projects in Egypt managed by National Authority for Tunnel (NAT), a government agency under Ministry of Transportation (MOT) and Egypt Telecom, a State-Owned Enterprise under Ministry of Communication and Information Technology (MCIT).</p>

² AFDB already approved an up to USD 345 million CNY equivalent PDG for this Project. May 20, 2023. AFDB. [Link](#).

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	<p>Based on the preliminary bond assets, all transportation sub-projects are rehabilitation in nature and have been prepared and implemented using Multilateral Development Banks (MDBs) Environment and Social (E&S) standards. For the digital FTTH roll-out program, potential negative E&S risks will be limited to temporary earth work on cable laying and minor and temporary disruption for community, which will be managed by ESMS developed by Telecom Egypt as part of its own Integrated Management System (IMS). The ESMS has been developed in compliance to ISO 9001, ISO 45001, ISO 14001 and in reference to IFC Performance Standards.</p> <p>Activities included in AIIB's ESEL and Category A sub-projects will not be eligible for financing. This project will not finance thermal coal mining, coal-fired power and heating plants or projects that are functionally related to coal. Projects functionally related to coal means associated facilities that are dedicated to enable the mining and use of coal or projects that would not be carried out without dedicated coal-based power supply.</p> <p>The Bond will follow the disclosed Sovereign Sustainable Finance Framework (SSFF) and disclose an Annual Allocation and Impact report to investors. For all the transportation sub-projects, the necessary E&S instruments including ESIA and ESMP have already been prepared and disclosed on the MDBs' websites for Alexandria Raml Tram, Cairo Metro line 1 rehabilitation, and Cairo metro Line 2 rehabilitation. Information about the MCIT subproject, including the E&S aspects, has been disclosed by Egypt Telecom in Arabic.</p> <p>Project progress and performance will be monitored based on the project results indicators, including E&S performance. MOF assumes the responsibility for Project monitoring and reporting and will liaise with their underwriter (BoC) to consolidate the required information for semi-annual progress reports, which will be shared with AIIB based on agreed format. AIIB will conduct post-reviews of the selection and implementation of sub-projects including site visit as part of its regular supervision.</p> <p>MOF has disclosed its External Communications Mechanism (ECM), as project-level grievance redress mechanism (GRM) to register complaints and feedback. For transportation sub-projects, GRM has been established at National Authority of Tunnel for Alexandria Tram and Caro Metro, and will be established at the project site for the community and construction workers. For the digital sub-project, Egypt Telecom has also established multiple channels to receive GRM regarding daily operations. The information of ECM and established subproject level GRMs as well as AIIB's project-affected peoples Mechanism (PPM) in local language will be timely disclosed to related stakeholders in an appropriate manner.</p>
Cost and Financing Plan	Overall Project amount: USD545 million

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	AIIB's PDG: USD200 million Other MDB's guarantees: USD345 million		
Borrower/Investee Company/Counter party/Guaranteed entity	Ministry of Finance, Egypt		
Estimated date of loan closing (SBF)	Q4/2023		
Contact Points:	AIIB	African Development Bank	Issuer / Implementation Organization Implementation Organization
Name	Ming Hao	Hachem Rajhi	Mae Adel
Title	Investment Officer	Investment Officer	Head of the Debt Management Unit – Egypt Ministry of Finance
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Date of Concept Decision	01/Mar/23		
Date of Appraisal Decision	26/Jul/23		
Date of Financing Approval	22/September/23		
Date of Signing	13/October/23		
Independent Accountability Mechanism	<p>The Bank's Policy on the PPM applies to this project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project- affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM (ECM) or the processes of Bank Management.</p> <p>Information on the PPM is available at How We Assist You - Project-Affected People's Mechanism (aiib.org)</p>		