



Egypt Sovereign
Sustainable Panda Bond
First Allocation Report
30 – October – 2024

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A Message from His Excellency, Mr. Ahmed Kouchouk, The Minister of Finance

This Allocation report reinforces our commitment to the International Capital Market Association (ICMA) Standards and our Sovereign Sustainable Financing Framework ([SSFF](#)).

- On October 16th, 2023, the Arab Republic of Egypt ("Egypt") successfully issued a RMB 3.5 billion, 3-year sustainable Panda bond. The Bond Aligns with the Ministry's long term funding diversification strategy, and unlocking access to international debt capital market, This issuance marks several significant milestones: it is the first Panda bond issued by an African country, the first sustainable sovereign Panda bond, and the first sovereign Panda bond backed by a guarantee structure. With a competitive coupon rate of 3.51%, this bond showcases the financial advantages of sustainable RMB assets and highlights the robust collaboration between China and Egypt within the framework of the Belt and Road Initiative,
- The proceeds of any Sustainable Debt Instrument issued by Egypt is aimed to the general funding and earmarked for allocation in the Sustainable Financing Register in accordance with Egypt's Sovereign Sustainable Financing Framework in part or in full, which qualify under the eligibility criteria in the Sovereign Sustainable Financing Framework ([SSFF](#)) which includes but are not limited to: Clean Transportation, Energy Efficiency, Sustainable water and Waste Water Management, Affordable Basic Infrastructure, Affordable Housing, Renewable Energy and Biodiversity Conservation, aligned with the GOE's prioritization for social spending,
- The bond's principal and interests are unconditionally and irrevocably guaranteed by two internationally AAA-rated multilateral institutions: African Development Bank and Asian Infrastructure Investment Bank, sufficiently enhancing the credit quality of the bond. The bond is well received by high quality investors,

This report extends the Government of Egypt's commitments established in the Sovereign Green Financing Framework ([SGFF](#)) and builds on previous allocation and impact reports from our green bond issuances in ([2021](#)) and ([2022](#)) It emphasizes Egypt's leadership in climate and socio-economic development, setting a benchmark for other nations in Africa and the Middle East and emphasizing our commitment to the United Nations Sustainable Development Goals (SDGs).

The Allocation Report for the Sustainable Panda Bond (SPB) under the ([SSFF](#)) will be followed by an Impact Report and an SPO review later this year, demonstrating our ongoing commitment to sustainable development as part of Egypt's national strategy, "Sustainable Development Strategy: Egypt Vision 2030.

Minister of Finance
Mr. Ahmed Kouchouk




Eligible Categories Receiving Proceeds



Affordable basic infrastructure

The country has exerted great efforts over the years to bridge the “huge” gap and maintain basic level services across all sector, and In line with the Social and Economic dimensions of [Egypt's Vision 2030](#), Egypt launched the first phase of the National Structural Reform Programme (NSRP) in November 2016, and In 2021, Egypt kicked off the second phase of the NSRP 2021-24 which focuses on restructuring Egypt’s economy via reforms across five axes including raising the efficiency and flexibility of the labor market and developing the technical education and vocational training system, Governance and raising the efficiency of public institutions.

2030 strategy contributes to achieving the objectives of [Egypt's Vision 2030](#), through building [Digital Egypt](#). These objectives entail developing the ICT infrastructure; fostering digital inclusion; achieving the transition to a knowledge-based economy; building capacities and encouraging innovation; fighting corruption; ensuring cybersecurity; and promoting Egypt's position at the regional and international levels.



Clean Transportation

As one of the main drivers of economic and social development, the transportation sector is a key national priority for Egypt. Egypt has embarked on a number of sustainable transportation projects based on environment-friendly technologies in passenger transport and green infrastructure, demonstrating the country’s stance in maintaining a safe and green environment.

The First goal of Egypt’s National Climate Change Strategy 2050 ([NCCS 2050](#)), is Achieve Sustainable Economic Growth and Low-Emission Development in Various Sectors, with objectives like Energy transition by increasing the share of all renewable and alternative energy sources in the energy mix, and Reduce emissions associated with use of fossil fuels. also Egypt updated its first Nationally Determined Contribution ([NDC](#)) in July 2022 and for the first time, provided projections of business as usual (BAU) GHG emissions by 2030, including the area of Low carbon transport with the aim to transform transportation into collective means, and expansion of high-quality Services to achieve modal shift to low carbon mass transit.



Energy Efficiency

Egypt’s energy situation is changing fast, Egypt ([NCCS 2050](#)), also aims to Maximize energy efficiency and Adopting sustainable consumption and production trends to reduce greenhouse gas emissions from other non-energy activities To help meet demand while transitioning towards a sustainable, with the updated Nationally Determined Contribution ([NDC](#)), that included areas of focus on Energy Efficiency resilient energy system, A set of measures were implemented on both supply and demand side to improve energy efficiency leading to significant drop in generation fuel consumption rate in 2017/18 to 2019/20.



Overview of the Sustainable Panda Bond Issuance

On October 16, 2023, Egypt successfully issued a Sustainable Panda Bond valued at CNY 3.5 billion, which is approximately US\$479 million or EGP 14.8 billion*. This issuance represents a critical component of Egypt's Sustainable Financing Framework, aimed at funding projects that promote sustainable development and address pressing infrastructure needs.

Allocation of Proceeds

The bond proceeds are allocated to support seven sub-projects across three primary ministries:

- Ministry of Communication and Information Technology
- Ministry of Electricity and Renewable Energy
- Ministry of Transport

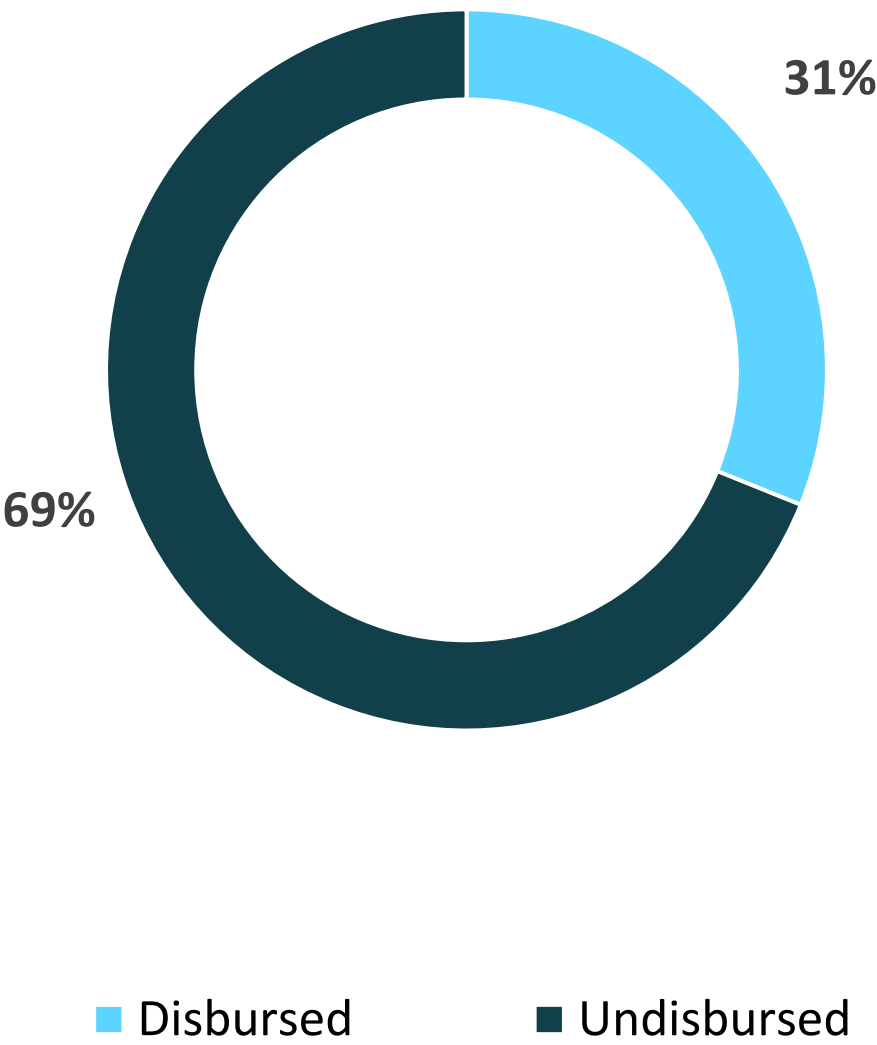
These projects focus on enhancing affordable basic infrastructure, which is crucial for economic growth and social development, with a split between additional categories of either Clean transportation or Energy efficiency,

Financial Breakdown

Total Proceeds Raised*: CNY 3.5 billion equivalent to EGP 14.8 billion as at the date of issuance:

- Disbursed Amount “Finance Amount” (as of June 30, 2024): EGP 4.6 billion (31% of total proceeds)
- Undisbursed Amounts “New Finance Amounts”: EGP 10.2 billion (69% of total proceeds)

Figure 1: Amounts allocated in terms of Disbursed and Undisbursed Amounts



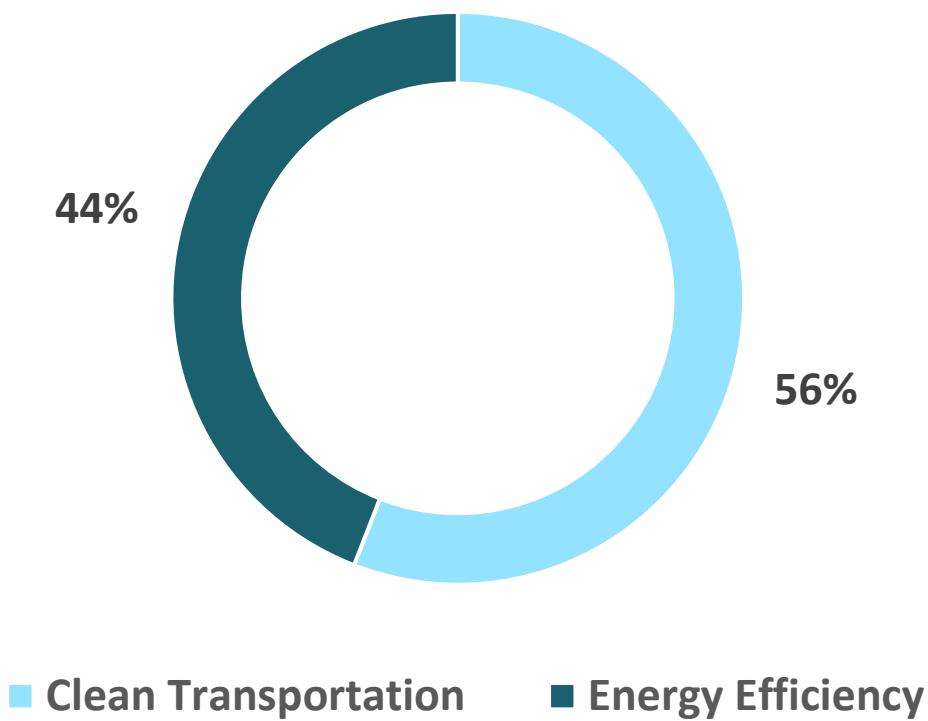
* FX Rate used as at 16th of October 2023 being the issuance date



Categories of the Sustainable Panda Bond Issuance

These projects focus on enhancing to improve access to basic infrastructure, which is crucial for economic growth and social development, All the sub-projects fall under affordable basic infrastructure category and aligned with SSFF alignment criteria along, as in figure 2

Figure 2: % of Sustainable finance per category



The split between additional categories to the affordable basic infrastructure of either:

- Clean Transportation: 56% of the total sustainable allocated finance is directed towards projects that promote environmentally friendly transportation solutions.
- Energy Efficiency: 44% of the total financing supports initiatives that improve energy use efficiency, thereby reducing overall consumption and environmental impact.

An illustrated breakdown in figure 3 and 4 with respect to the disbursed and undisbursed for each additional category of Clean Transportation and Energy Efficiency.

Figure 3: Clean transportation % with respect to disbursement

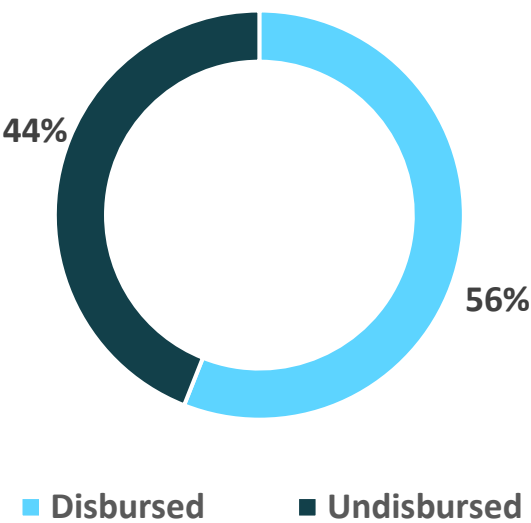
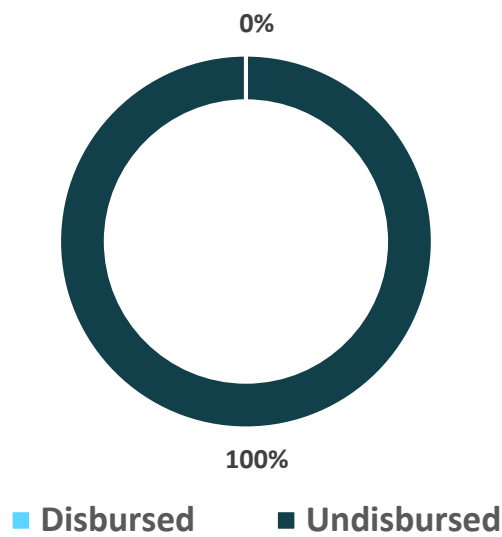


Figure 4: Energy Efficiency% with respect to disbursement



Commitment to Sustainable Financing

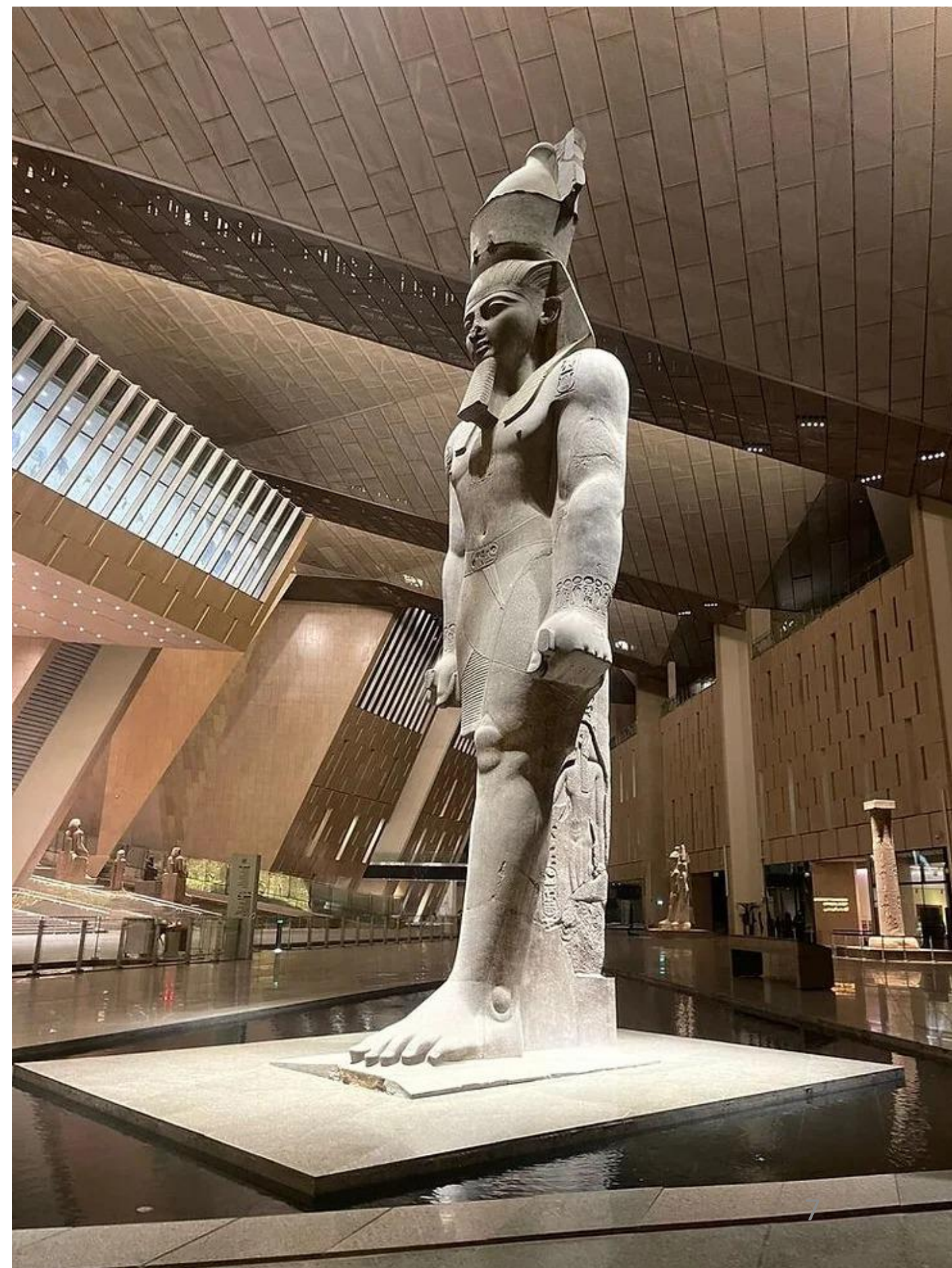
The Egyptian government is dedicated to ensuring that the proceeds from the Sustainable Panda Bond are allocated to eligible expenditures, following the SSFF as Project Evaluation is subject to the eligibility criteria that targets the Budgeted projects, and asserts that it will not use the proceeds stated in the SSFF exclusion list, sharing details about how funds are allocated is a proof of transparency which is key for building trust and further Impact report will allow everyone to see the positive effects of the projects.

Reporting continues until all proceeds are allocated, and to confirm everything is on track, The Transparent Reporting helps ensure that funded projects consistently meet important eligibility criteria, keeping the focus on sustainability, through the bond are not only effective but also directly benefit the people they're designed to help.

Overall, these strengths make the Sustainable Panda Bond a solid and trustworthy issuance, contributing positively to Egypt's sustainable development efforts

As part of its sustainable financing strategy, the ministry of Finance had preliminary identified EGP 56.7 billion in sustainable projects eligible for future bond issuances. This includes a significant focus on further enhancing infrastructure and implementing sustainable initiatives.

The issuance of the Sustainable Panda Bond marks a significant step in Egypt's efforts to mobilize funds for sustainable development. With a strong focus on affordable basic infrastructure and a commitment to clean transportation and energy efficiency, this finance aims to foster economic growth while addressing environmental challenges. The government's proactive approach in identifying future projects underscores its long-term vision for sustainable development in the country



Annex 1: Allocation of Proceeds*

Amounts in EGP million												
Eligibility Criteria	Responsible Ministry	Project capital	Eligible amount	Total Sustainable Disbursed & Undisbursed	Disbursed Amount		Undisbursed Amount		Sustainable Panda bond from project capital	% of sustianble per sub-project	Disbursed from Total Sustainable finance	Undisbursed from Total Sustainable finance
					Amount	%	Amount	%				
Affordable Basic Infrastructure & Energy Efficiency	Ministry of Communication and Information Technology (MCIT)	24,313	9,004	6,518	-	0%	6,518	100%	27%	44%	0%	44%
Affordable Basic Infrastructure & Clean Transportation	Ministry of Electricity and Renewable Energy (MOERE) / Ministry of Transportation (MoT)	57,881	8,264	8,264	4,598	56%	3,666	44%	14%	56%	31%	25%
Total		82,194	17,268	14,782	4,598	31%	10,184	69%	18%	100%	31%	69%

FX Rate used as at 16th of October 2023 being the issuance date

CNY to EGP	4.2255
CNY to USD	7.3110
USD to EGP	30.8966

