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The Scale, Scope, and Composition of Chinese Development Finance

October 2025

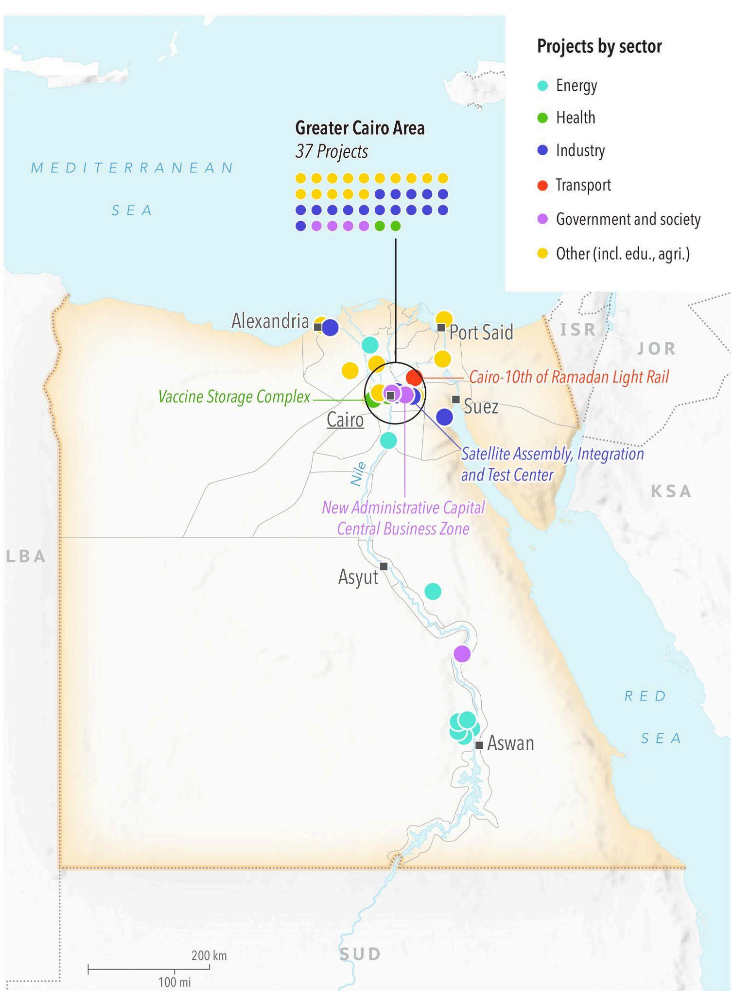

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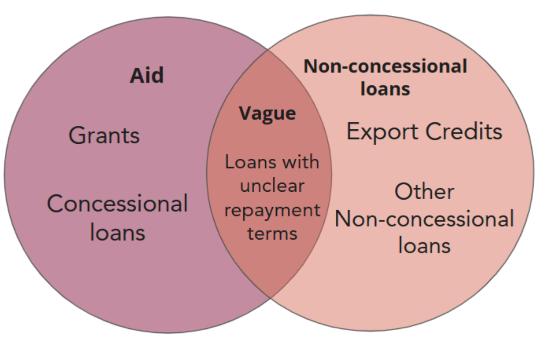
Table of Contents

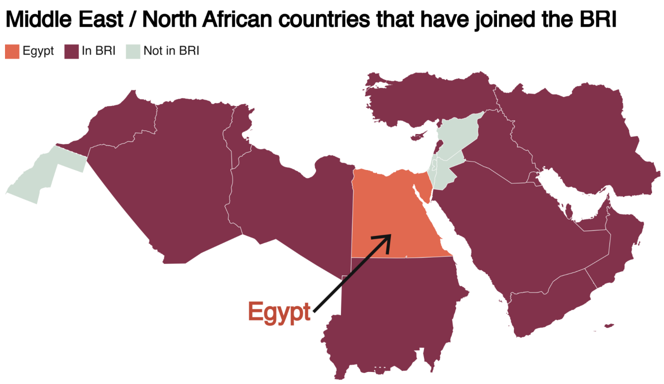
Key concepts: aid, non-concessional loans, and vague flows

In this profile, China's official development finance portfolio is represented across three main categories: aid, non-concessional loans, and vague. Loans from Chinese state-owned entities can either qualify as aid or non-concessional loans, based on how their borrowing terms compare to regular market terms (i.e., the level of financial concessionality) and whether or not they have development intent (i.e., if the primary purpose of the financed project/activity is to improve economic development and welfare in the recipient country). Aid from Chinese state-owned entities includes grants, in-kind donations, and concessional loans with development intent. The "non-concessional loans" category captures loans from Chinese state-owned entities that are provided at or near market rates and those that primarily seek to promote the commercial interests of the country from which the financial transfer originated. An export credit is a specific type of loan issued by a Chinese state-owned bank or company that requires an overseas borrower to use the proceeds of a loan to acquire goods or services from a Chinese supplier. Export credits are not considered aid since they have a commercial rather than a development purpose. See Appendix B for more details.



Key concept: What is concessionality?

Concessionality is a measure of the generosity of a loan or the extent to which it is priced below-market rates. It varies from 0% to 100%, with higher values representing more concessional loans. Non-concessional loans are those provided at or near market rates. The Organisation for Economic Co-operation and Development (OECD) determines which official sector financial flows constitute "aid" based on a grant element threshold for concessionality. Given that China does not report its loans or lending terms to the OECD, some of its official sector financial flows cannot be classified as "aid" or "non-concessional." In this report, such loans are assigned to the "vague" category.



Egypt and China's Belt and Road

Egypt is located in North Africa, linking the region with the Middle East. In December 2014, during President el-Sisi's trip to Beijing, the two nations' leaders elevated their relationship to a comprehensive strategic partnership, with Egypt officially joining the BRI.

Historic relationship

The Arab Republic of Egypt and the People's Republic of China have maintained a diplomatic bilateral relationship since 1956, making it the first Arab and African country to recognize the PRC. Prior to 2000, the two countries participated in multiple areas of cooperation—in 1956, China and Egypt agreed to cooperate on culture and have hosted student exchanges since 1955.[1] Egypt underwent a revolution in 2011, and in 2014. Egypt joined the BRI during the revolution in 2014.

Present-day relationship

China's present-day relationship with Egypt is largely defined by China's provision of emergency rescue loans. Since 2014, Egyptian President Abdel-Fattah el-Sisi has visited China at least 7 times, most commonly for the Forum on China-Africa Cooperation (FOCAC). In 2014, Egypt and China strengthened their relationship into a comprehensive strategic partnership.

Following its shift to a floating exchange rate under IMF conditionality in 2016, the Egyptian pound experienced sharp devaluations. The currency slide triggered severe liquidity pressures, forcing Cairo to seek external support. Egypt has since then turned to multiple partners—China, the IMF, and its Gulf allies—to shore up its foreign exchange reserves. Today, it ranks as the seventh-largest recipient of Chinese emergency rescue lending, drawing down up to $4.1 billion a year under its swap line with the People's Bank of China (PBOC). Egypt has consistently used these currency swap drawdowns to maintain the country's foreign exchange reserves during times of financial distress.

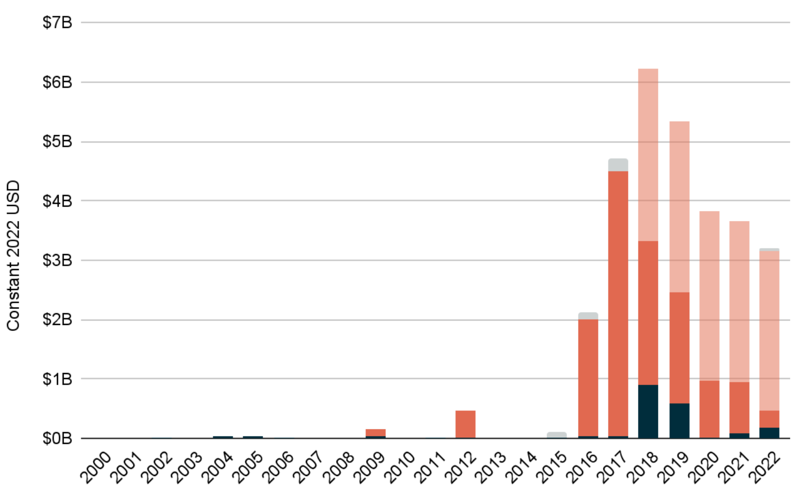
More recently, Egypt has diversified its use of Chinese financing by issuing 3-year, $479 million panda bonds denominated in Chinese yuan to finance government projects and priorities.[2] At the same time, it has deepened security cooperation, culminating in their first joint air exercises on Egyptian soil in 2025. Together, these moves reflect a relationship that has matured into one of China's most multidimensional partnerships in the region.

[1] China's MFA. "China and Egypt" (2024). https://www.fmprc.gov.cn/mfa_eng/gjhdq_665435/2913_665441/2813_663616/.
[2] For more information on Egypt's panda bonds, see AP News (2023) at https://www.reuters.com/article/markets/egypt-sells-35-bln-yuan-in-3-year-panda-bonds-in-debut-issue-idUSL1N3BM1Q0/.

Overview: Chinese development finance in Egypt from 2000-2022

$15.9 billion	96%	65	7th	3%
in loans and grants provided by official sector donors from China.	of Chinese development finance is provided via loans.	grants, technical assistance, and training activities offered.	largest recipient of Chinese aid and credit in Africa.	of China's infrastructure portfolio has significant ESG risk exposure.

Official sector financial commitments from China to Egypt, 2000-2022[3]



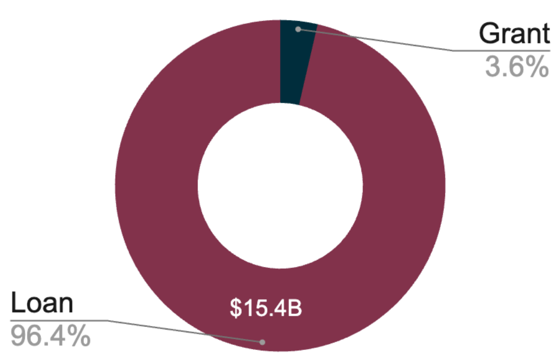
Aid: any grants, concessional loans, or in-kind donations.

Non-concessional loans: commercial lending, export credits, and non-rollover emergency loans.

Non-concessional loans - rollover: emergency short-term rollover loans used to repay earlier debt.

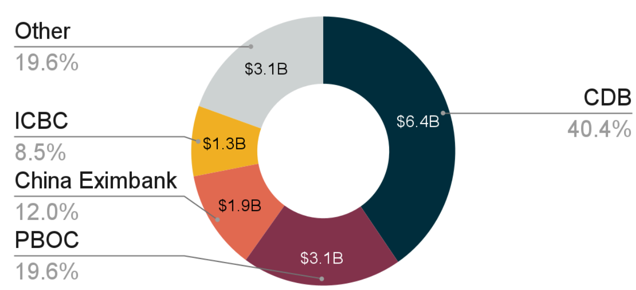
Vague: funding that cannot be easily classified—usually loans with unknown borrowing terms.

Portfolio by type of finance



Loans include concessional and non-concessional loans.

Portfolio by funder



CDB: China Development Bank; PBOC: People's Bank of China; China Eximbank: Export-Import Bank of China; ICBC: Industrial and Commercial Bank of China.

[3]For definitions of the categories of *aid*, *non-concessional loans*, and *vague*, please see Key Concepts on page 2 or Appendix B.

Section 1: China's development finance portfolio

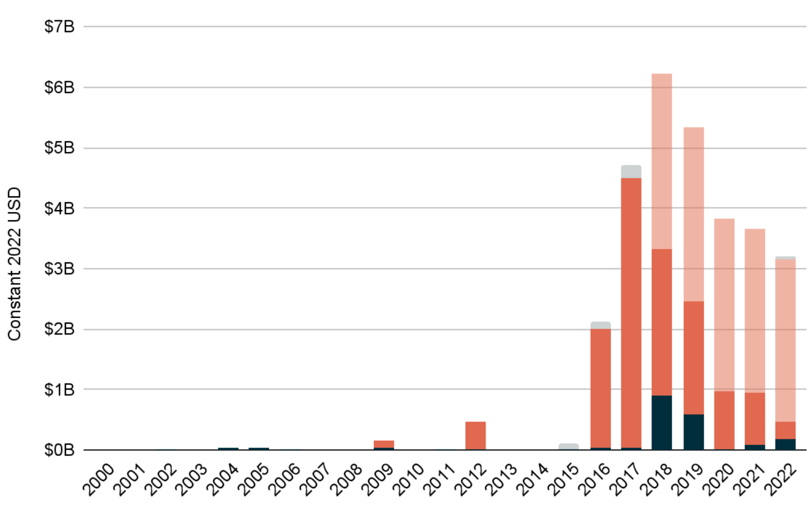
Egypt joined China's BRI in 2014. China then ramped up the provision of aid and credit to Egypt significantly (see Figure 1.1). China is Egypt's top importing partner, but falls behind in Egypt's exports, with China favoring countries like Russia, Saudi Arabia, and Iraq for petroleum exports. For a list of bilateral diplomatic visits between China and Egypt in the BRI era, see Appendix A.

How much development finance has China provided Egypt since 2000?

Between 2000 and 2022, official sector lenders and donors from China provided grant and loan commitments worth $15.9 billion for 126 projects and activities in Egypt. This amount excludes emergency *rollover* facilities used to refinance maturing debts (a subset of emergency rescue lending). Emergency rescue loans are provided by Chinese state-owned entities to government borrowing institutions in low and middle-income countries for at least one of the following purposes: (1) repaying existing debts, (2) financing general public expenditures, or (3) shoring up foreign exchange reserves. There are different varieties of emergency rescue loans, including currency swap borrowings, liquidity support facilities, foreign currency term financing facility agreements, deposit loans, and commodity prepayment facilities.[4] China Development Bank (CDB) originally extended a liquidity support facility to Egypt in 2016. At the same time, the PBOC started providing emergency rescue loans through a currency swap borrowing mechanism.

Figure 1.1: Official sector financial commitments from China to Egypt

Includes emergency lending facilities that are routinely drawn down and repaid to provide liquidity support to Egypt and avoid default on its debt payment



Types of funding:[5]

Aid: any grants, concessional loans, or in-kind donations.

Non-concessional loans: commercial lending, export credits, and non-rollover emergency loans.

Non-concessional loans - rollover: emergency short-term rollover loans used to repay earlier debt.

Vague: funding that cannot be easily classified—usually loans with unknown borrowing terms.

[4]Parks, B. C., Malik, A. A., Escobar, B., Zhang, S., Fedorochko, R., Solomon, K., Wang, F., Vlasto, L., Walsh, K. & Goodman, S. 2023. Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative. Williamsburg, VA: AidData at William & Mary.
[5]For more information on these categories, please see Appendix B.

A key feature of China's portfolio in Egypt between 2016 and 2022 is the prevalence of large emergency rescue loans in the form of currency swap drawdowns. Under a bilateral currency swap agreement, the central banks of two countries agree to exchange cash in their national currencies at predetermined interest rates for a period of time. The bank that draws down on the swap line (Egypt's central bank) becomes the borrower and the other bank, the PBOC, becomes the lender; thus, currency swap drawdowns are considered to be borrowings. Currency swap agreements are often used to facilitate trade and investment; however, in Egypt's case, the central bank has used PBOC swap drawdowns to increase its foreign exchange reserves.

Between 2018 and 2022, a significant portion of China's official sector financial flows to Egypt consisted of currency swap borrowings (see Figure 1.1), which represent short-term facilities that are repeatedly rolled over in consecutive years to repay or refinance maturing debts. Since these facilities are continuously repaid and renewed (or rolled over via maturity extensions) rather than adding to the country's public debt stock, they are not counted in the *cumulative* estimates of aid and credit volumes presented in this profile.[6]

Figure 1.1 breaks down China's portfolio of official sector financial flows to Egypt into aid and different types of credit. Egypt received very little aid—via grants, concessional lending, and in-kind donations—from China between 2000 and 2022. Figure 1.1 also decomposes non-concessional lending into net increases in emergency lending that increase debt levels and rollover emergency lending that refinances maturing debt but does not represent new debt. All other visuals and data points in this profile exclude these rollover facilities. For more information on rollover emergency lending, see Appendix B.

With a total portfolio of $15.9 billion (excluding emergency rollover facilities), Egypt ranks as the seventh-largest recipient of Chinese aid and credit in Africa, and the 26th largest in the developing world. A major shift in China-Egypt relations came in 2014, when the two countries established a comprehensive strategic partnership. This was followed by a surge in financing, including $1.9 billion in aid and non-concessional loan commitments in 2016 (see Figure 1.1). By contrast, in 2022 Egypt received just $337 million in aid and credit from Chinese creditors (excluding emergency rollover facilities).

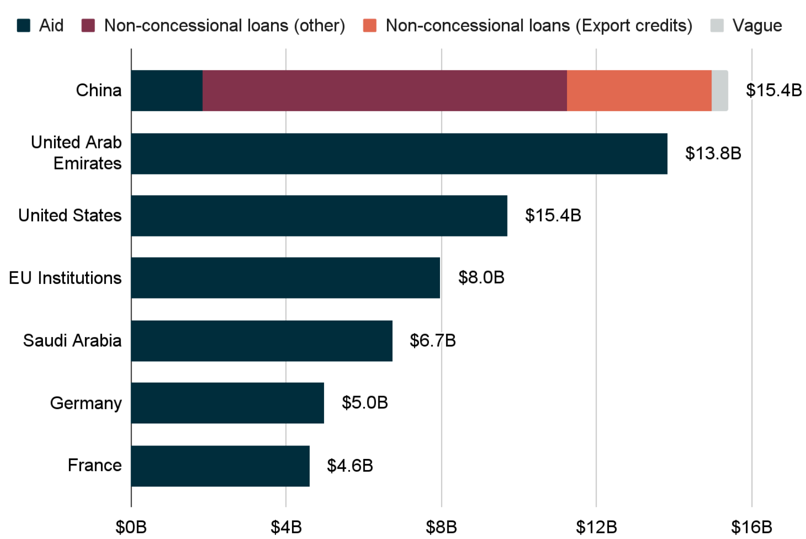
[6] To illustrate how rollover lending can work, consider a fictionalized example: Egypt draws down $100 million from its PBOC swap. This $100 million borrowing has a (de jure) maturity period of one year. When the borrowing reaches maturity in 12 months, Egypt repays the debt in full and immediately re-borrows another $100 million from the swap line. If the new drawdown has a (de jure) maturity period of one year, Egypt still owes $100 million to China; however, by 'rolling over' the original drawdown under the swap line into a new drawdown, it has effectively secured a 1-year maturity extension (extending its final repayment date from 12 months to 24 months).

How does China compare to other development partners?

Based on available data for aid and non-concessional loans, China is likely one of Egypt's largest bilateral development partners, having provided $15.4 billion in financing as of 2022. The United Arab Emirates follows closely with $13.8 billion in aid, while Saudi Arabia has contributed $6.7 billion. However, total flows from the UAE and Saudi Arabia are likely underreported, as data on their bilateral financing is only available starting in the late 2010s. The United States has also played a major role, committing $9.7 billion in aid to Egypt between 2000 and 2022. The EU institutions emerged as Egypt's largest multilateral partner—providing $8 billion in aid to Egypt.

Beyond aid and non-concessional loans, export credits—another form of non-concessional financing—are a significant source of development finance for Egypt, particularly from China and G7 countries. China provided $3.7 billion in export credits to Egypt between 2000 and 2022, while the G7 provided $24 billion. Figure 1.2 does not show export credits from non-Chinese development partners however. The OECD does not report bilateral export credit data from G7 countries to Egypt, so aggregate figures for G7 and DAC member countries are listed beside Figure 1.2.

Figure 1.2: Top bilateral and multilateral development partners, 2000-2022



Note: This figure excludes emergency rollover facilities.

Figure 1.2 contains the top seven development partners providing aid and other financing to Egypt. However, only China has detailed bilateral export credit flows to Egypt. This level of granularity is not available for other development partners as the OECD does not provide export credit data for bilateral relationships, it only provides data on total export credit flows by two aggregate donor groupings, G7 and DAC Countries.

Total export credits from G7 Countries: $24 billion.

Total export credits from DAC member countries (including G7): $26.8 billion.[7]

How does China use export credits?

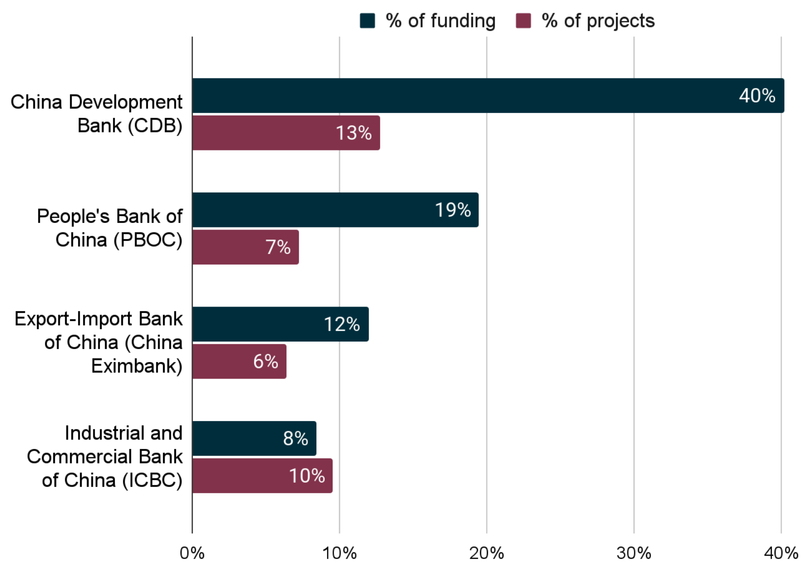
The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by a set of international rules that limit the provision of *subsidized* export credits to domestic companies with overseas operations. However, China never agreed to participate in the "Gentlemen's Agreement" and it has consistently used concessional export credit to help its firms gain a competitive edge in overseas markets.

[7] The total export credits from DAC member countries is less than the G7 total because export credits can be negative when there are currency fluctuations, economic downturn, weak domestic production, and more.

Which donors and lenders from China are active in Egypt?

Between 2000 and 2022, 31 official sector donors and lenders from China provided aid and non-concessional loans to Egypt. 79% of China's development finance portfolio is provided through 4 main donors and lenders (see Figure 1.3). The other 21% is provided by a diverse array of government agencies (including central, regional, or municipal government agencies), state-owned commercial banks, and state-owned companies.

Figure 1.3: Top Chinese donors and lenders



CDB: state-owned policy bank that provides less concessional lending than China Eximbank.

PBOC: central bank that provides foreign currency swap lines (representing short-term emergency rescue lending).

China Eximbank: policy bank providing concessional loans.

ICBC: state-owned commercial bank that provides non-concessional loans.

China Development Bank (CDB) is the top funding agency in Egypt, issuing 16 loans worth a total of $6.4 billion between 2000 and 2022—accounting for 40% of China's official sector financial flows to the country. CDB loans tend to be less concessional than those from other Chinese banks, as the bank operates independently, relying on its own balance sheets and not receiving direct state subsidies.

More than half of CDB's portfolio in Egypt consists of interbank loans to the Central Bank of Egypt and Banque Misr, a state-owned bank, aimed at providing liquidity and supporting on-lending to small- and medium-sized enterprises (SMEs). This stands out from CDB's broader global portfolio, where interbank loans make up just over 25%. In 2022, CDB reinforced this trend by extending a $300 million loan to the National Bank of Egypt to continue SME financing.

The next largest funder is the People's Bank of China (PBOC). PBOC supported 9 borrowings worth $3.1 billion (19% of total financial flows) to Egypt between 2000 and 2022. The vast majority of these borrowings were drawdowns by Egypt's central bank under its bilateral currency swap agreement with China, which continued into 2022. Additionally, PBOC extended a separate set of loans in 2022 through the Africa Growing Together Fund (AGTF). This fund is financed by PBOC and administered by the African Development Bank (AfDB). AGTF allocated two loans worth $37 million to Egyptian enterprises in 2022.

From 2000 to 2022, the Export-Import Bank of China provided 8 loans worth $1.9 billion between 2005 and 2019. China Eximbank has provided no new loans since 2019. Its largest commitment to date was a concessional loan worth $740 million in 2018, which supported the construction of the 10th of Ramadan Light Rail Transit (LRT), connecting the 10th of Ramadan city with the New Administrative Capital. Two of the three loans provided by China Eximbank in 2019 allocated $314 million in two buyer's credits to the development of the New Administrative Capital, with the third loan further supporting the LRT development.

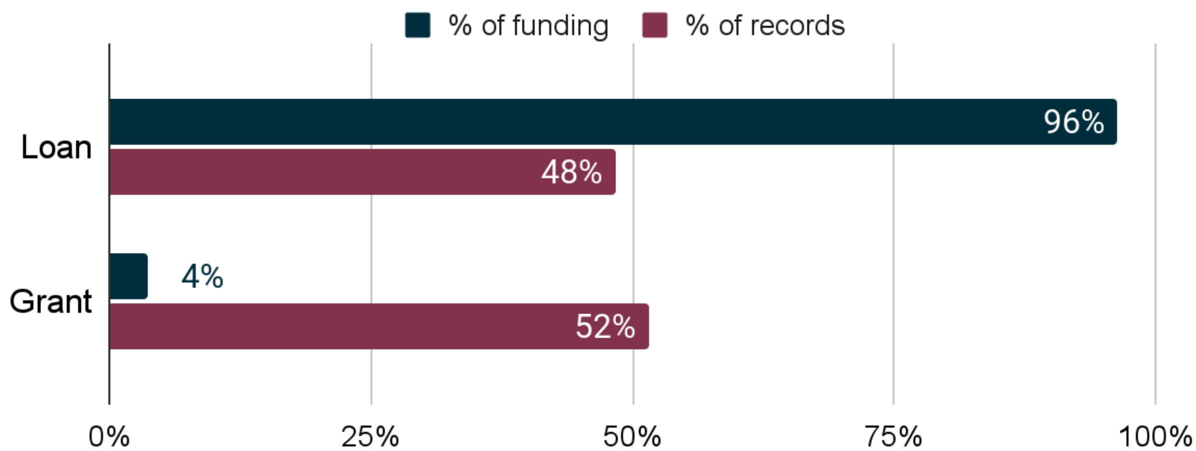
The Industrial and Commercial Bank of China (ICBC), a state-owned commercial bank, provided 12 loans worth $1.3 billion. The vast majority (89%) of ICBC's lending was allocated to the 2019 syndicated loan for construction of the Central Business Zone in the New Administrative Capital of Egypt. All of ICBC's lending took place between 2017 and 2021, marking a relatively late entry of the ICBC. No new commitments were made in 2022, with the latest loan in 2021 providing $44 million to Banque Misr (the Bank of Egypt) for on-lending purposes.

What kinds of financial and in-kind support does China offer Egypt?

96% of China's official sector financial commitments to Egypt takes the form of loans (totaling $15.4 billion), while 4% ($580 million) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented.

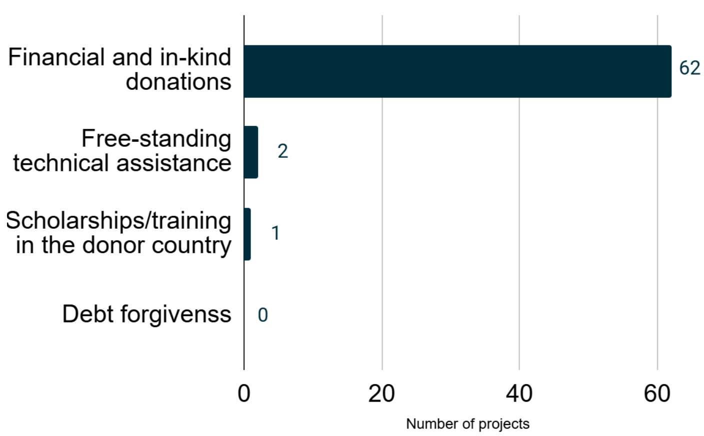
AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts provides a better picture of China's activities in Egypt. When looking at record counts, grants account for 52% of all activity records in Egypt (representing 65 records capturing activities taking place between 2000 and 2022).

Figure 1.4: Top financial instruments used by China in Egypt



Note: Debt rescheduling and Vague records are excluded from this visual since they are neither loans or grants.

Figure 1.5: Breakdown of grants by project count

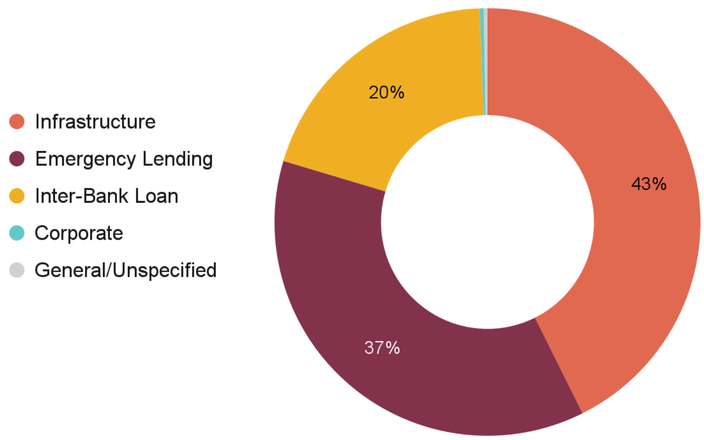


China has provided 65 grants between 2000 and 2022 to Egypt. Donations to Egypt have varied between COVID-19 vaccine donations and funding for satellites and police vehicles projects.

Egypt has received free-standing technical assistance twice, once in 2005 for the establishment of the Egyptian Chinese University and in 2021 for an agricultural laboratory.

There is also only one instance of scholarships and training in Egypt. In the 2019-2020 academic year, the Government of China provided 364 Chinese Government scholarships to Egyptian students.

Figure 1.6: Breakdown of lending by purpose



Infrastructure: loans to support the construction, rehabilitation, or maintenance of a physical structure.

Emergency Lending: emergency rescue loans and rollovers meant to support a country's liquidity.

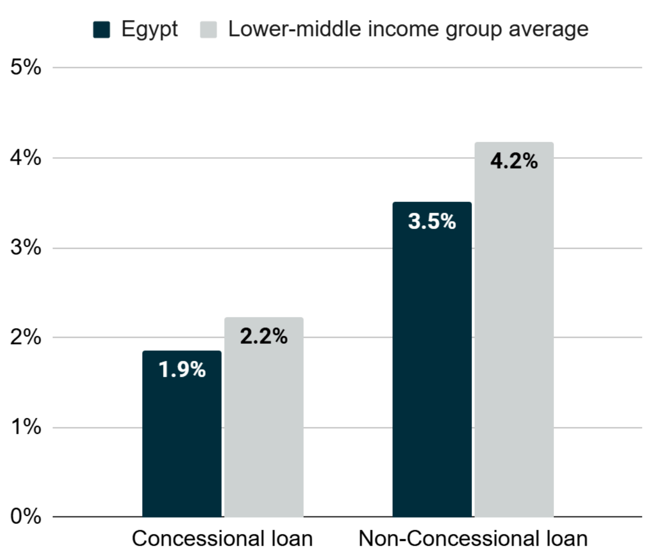
Inter-Bank Loans: loans from a Chinese bank to a recipient country bank that can support on-lending or other bank needs.

General/Unspecified: loans for equipment acquisition or unspecified purposes.

Corporate: loans for mergers and acquisitions, working capital loans.

43% of China's official sector lending to Egypt supports infrastructure projects, such as the New Administrative Capital project and the development of a new Light Rail Transit line. Nearly 78% of these projects are implemented by at least one Chinese entity, such as a Chinese state-owned company or a Chinese private sector company. Emergency lending accounts for 37% of China's official sector lending to Egypt between 2000 and 2022. Another 20% supports inter-bank loans. These activities included multiple loans to Egypt's banks for on-lending, liquidity or unspecified purposes.

Figure 1.7: Borrowing terms



Between 2000 and 2022, China's concessional lending (which is considered to be aid) to Egypt carried a weighted average interest rate of 1.9% and a weighted average maturity of 20 years.

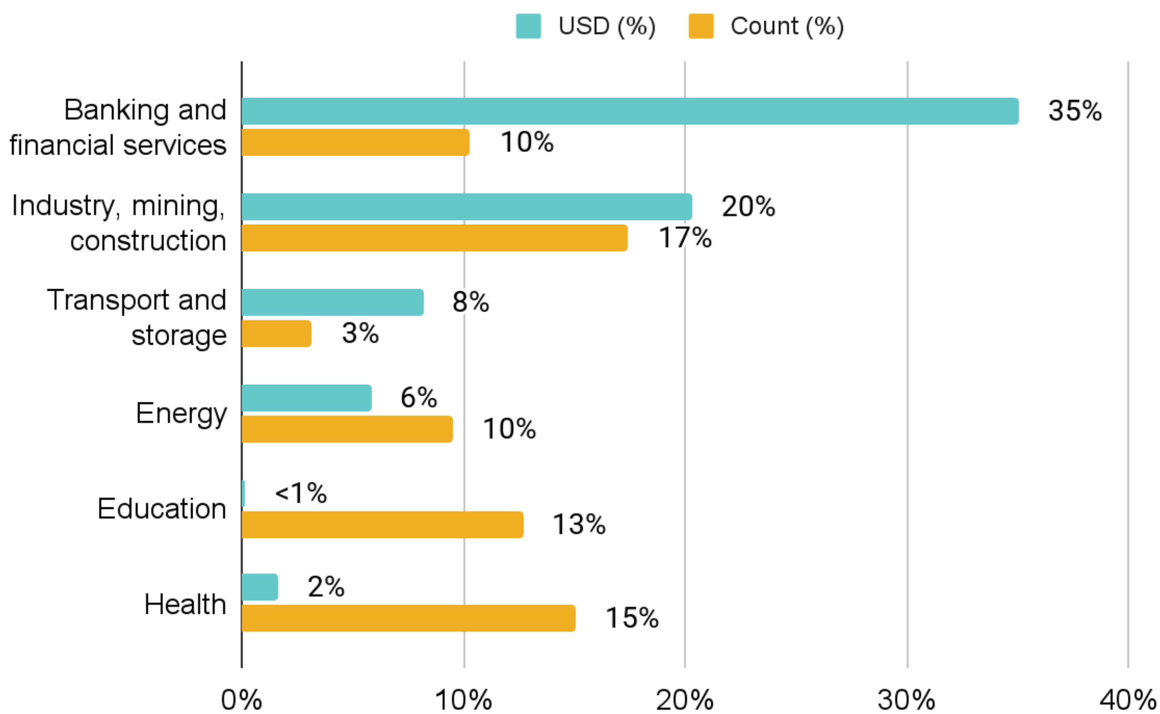
By comparison, China's non-concessional lending to Egypt carried a weighted average interest rate of 3.5% and a weighted average maturity of 8 years. The borrowing terms for concessional loans were generally more generous than those found in the lower-middle income group countries, especially in terms of interest rates.

In which sectors is China most active?

Top sectors for China's aid and credit in Egypt differ greatly when comparing monetary value and record count. Certain sectors, such as health and education, often represent a large percentage of records but offer small or no transaction amounts. In Figure 1.8, we provide the top sectors by both monetary value and record count to demonstrate this dichotomy.

Figure 1.8: Selected top sectors

Sectors by monetary value and record count



In terms of monetary value, 35% of China's grant and loan commitments to Egypt are in the banking and financial services sector. This sector supports financial institutions, including central banks. In total, activities in the banking sector consist of $5.6 billion of financing (excluding rollover emergency rescue lending, see Appendix B). Currency swap drawdowns between Egypt's central bank and the People's Bank of China make up most of the records and financing in this sector. Other commitments have included two CDB loans: a $1.1 billion loan to the central bank to increase liquidity support and a $562 million loan to Banque Misr for liquidity purposes. In 2022, the Central Bank of Egypt drew down on $2.7 billion under the currency swap agreement.

An additional 34% of China's grant and loan commitments to Egypt supported four core infrastructure ("hardware") sectors: industry, mining construction; transport and storage; and energy between 2000 and 2022.

- ➔ Industry, mining, construction: This sector is the second largest sector by financial value with $3.2 billion in funding (or 20% of China's entire portfolio). It includes manufacturing fossil fuels, mining for coal, gas, metals, minerals, and construction. A noteworthy activity in this sector is the $669 million syndicated buyer's credit loan for the construction of the New Administrative Capital (NAC), which would move Egypt's capital Cairo to a new smart city.

- Transport and storage: This sector refers to the construction and maintenance of road, rail, air, and water transit infrastructure and is characterized by high-value infrastructure projects. 8% of China's development finance portfolio in Egypt is specifically dedicated to this hardware sector, representing $1.3 billion in non-concessional loans. The largest financial commitment from a single source is a $740 million government concessional loan from China Eximbank for Cairo's 10th of Ramadan Light Rail Transit (LRT) project.
- Energy: This sector encompasses the generation and distribution of renewable and non-renewable sources, as well as hybrid and nuclear power plants. Projects in the energy sector account for $929 million (or 6% of China's development finance portfolio). The largest project in this sector is the 500 KV transmission lines for the Egyptian Electricity Transmission Company (EETC), which was financed with a $776 million syndicated buyer's credit loan from three Chinese banks. The remaining activities in this sector, include the construction of solar power plants, the installation of solar street lights, the construction of a renewable energy research laboratory, and the provision of energy efficient products for government buildings and private households. Chinese creditors have not provided financing to Egypt in this sector since 2017.

China is also heavily engaged in the "software" sectors, such as health, education, and governance. China's footprint in these sectors is difficult to represent, however, because the activities in these sectors usually attract smaller grant and loan commitments, or represent some form of in-kind donation, technical assistance, etc.

- Education: This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent $27 million in funding and 13% of China's total record count, with 16 records. In 2022, activities in this sector included the donation of books and audio-visual materials to the Bibliotheca Alexandrina from the China Cultural Center in Cairo and a workshop focused on manufacturing at the Cairo Advanced Technical School for Maintenance Technology.
- Health: This sector includes medical care, infrastructure, equipment, and epidemic control activities. In total, activities in the health sector represent 19 records in China's portfolio in Egypt (or 15% of records). Health activities include a MOFCOM grant for the construction of a refrigerated vaccine storage complex and the donation COVID-19 aid from the China State Construction Engineering Corporation. Egypt was the 3rd largest recipient of COVID-19 aid. In total, China donated $265 million in COVID-19 aid and over 12.6 million Sinovac and Sinopharm vaccines to Egypt. In September 2022, the Chinese government donated 10 million Sinovac vaccines to the Government of Egypt.

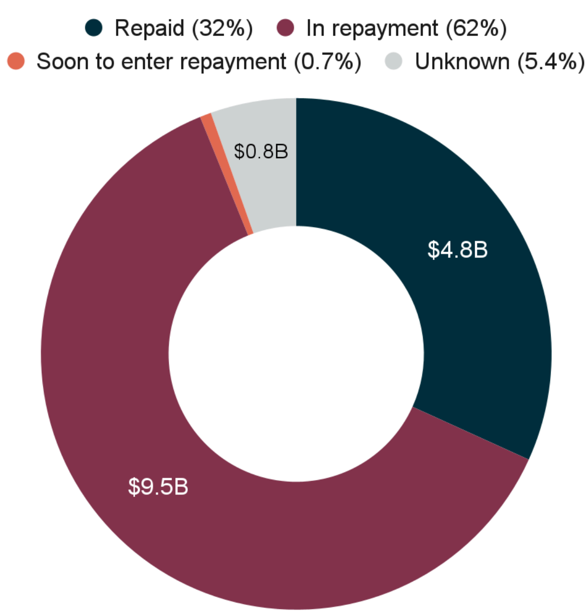
Section 2: Egypt's debts to China

61	$15.4 billion	0%	96%
loans issued	cumulative value of loan commitments (3.8% of GDP)	of total debt shows signs of financial distress	public debt

What is "public debt"?		
Public debt Loans issued directly to public institutions, loans that have sovereign repayment guarantees, or loans extended to special purpose vehicles or joint ventures that are majority-owned by one or more public sector institutions.	**Potential public debt** Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.	**Private or opaque debt** Loans to private sector borrowers and entities with opaque ownership structures.

In this section, AidData examines Egypt's debts to China based upon their repayment profiles and levels of public liability. A loan's repayment period begins when the grace period—the time after the issuance of a loan when a borrower is not expected to make repayments—has ended. This information, in conjunction with information about the extent to which the recipient government may eventually be liable for the repayment of a given loan, makes it easier to understand the nature of Egypt's debt exposure to China.

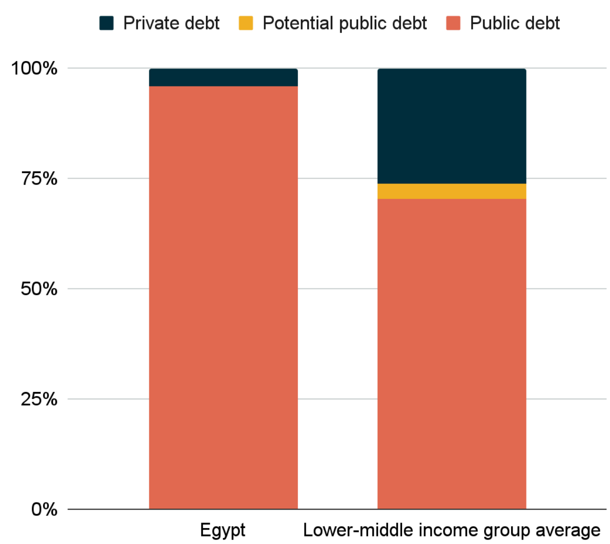
Figure 2.1: Repayment status for all loans from China



There are currently 52 loans for which AidData has access to repayment details. 35 of those loans (worth $9.5 billion) are currently in their repayment periods. 15 loans (worth $4.8 billion) have exited their repayment periods—meaning they should have been fully repaid based on their original maturity dates outlined at the time of signing. Two loans (worth $109 million) are expected to enter repayment soon, including a loan through the Africa Growing Together Fund in 2026 as well as a MOFCOM interest-free loan for the Light Rail Transit Project in 2028. However, the amount in repayment may be underestimated, since there are nine loans (worth $834 million) for which AidData has insufficient payment details.

Figure 2.2: Composition of debt from China by public liability

Total debt, 2000-2022—Egypt: $15.4 billion. Lower-middle income country average: $5.1 billion.



Egypt shows significant differences in its composition of debt by level of public liability compared to China's development finance portfolio in other lower-middle income countries. Egypt has a high level of public debt (96%), more than 20% higher than the average for countries that are classified as lower-middle income countries (70%). On average, lower-middle income countries feature 4% of lending classified as potential public debt. Notably, Egypt lacks any potential public debt even though this is a growing feature in China's development finance portfolio.

To date, there is no evidence that China's cumulative loan commitments to Egypt, publicly guaranteed or not, are in financial distress. Evidence of financial distress includes, among other things, borrowers accruing principal or interest arrears, defaulting on their repayment obligations, or filing for bankruptcy. While there is no evidence of financial distress at the loan level, Egypt is clearly facing economic challenges as they have utilized their emergency rollover facilities and received other debt support from China, the International Monetary Fund (IMF), European Union, and GCC partners such as Saudi Arabia and the United Arab Emirates. Besides the emergency rollover facilities, Egypt has received debt assistance from China Development Bank through a $1.1 billion loan to strengthen its foreign reserves and preserve macroeconomic stability within the country in 2016.

To alleviate debt burdens arising from the COVID-19 pandemic, Chinese lenders participated in multiple rounds of G20-initiated debt-service suspension initiatives (DSSI). Egypt, however, was not eligible for DSSI. Global challenges such as the COVID-19 pandemic, the Russia-Ukraine War, and the Israel-Hamas War have further exacerbated issues in Egypt's economy. In March 2024, the IMF agreed to provide Egypt with a $8 billion bailout loan over three years, immediately receiving $820 million of this bailout loan.[8] Also in March 2024, the European Union provided €1 billion for urgent short-term macro-financial assistance to Egypt, as well as a multi-billion euro aid package.[9] Saudi Arabia also announced in September 2024 that its sovereign wealth fund would invest $5 billion to support Egypt's economy.

[8]For more on this issue, see AP News (2024) at https://apnews.com/article/egypt-economy-imf-bailout-loan-e8bc6d1383e8d9b0dc325086c121a12b.

[9]For more on this issue, see the European Union (2024) at https://www.consilium.europa.eu/en/press/press-releases/2024/04/12/council-adopts-1-billion-macro-financial-assistance-to-egypt/

Section 3: ESG risk profile of China's grant- and loan-financed infrastructure portfolio

Chinese infrastructure in Egypt with ESG risk exposure:		
9 infrastructure projects supported by grants and loans from China	**$209 million** in loan commitments supporting infrastructure projects	**3%** of infrastructure lending with ESG risk exposure

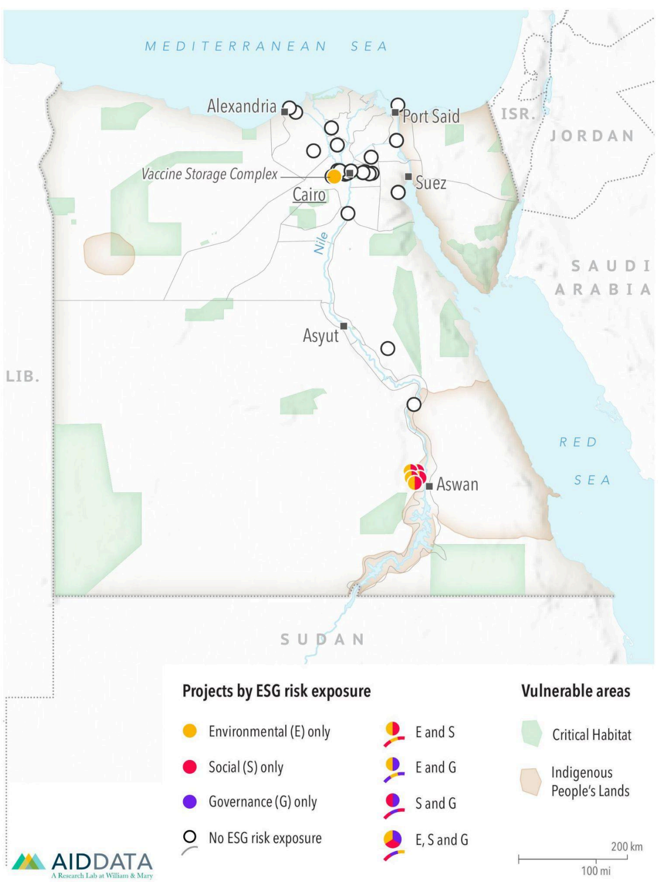
Examples of global ESG risks

Environmental: Increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion

Social: poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation

Governance: corruption, money laundering, lack of transparency, and non-competitive bidding processes

Figure 3.1: Distribution of China's infrastructure projects with significant ESG risk exposure



In the *Belt and Road Reboot* report, AidData developed a set of metrics that identify the environmental, social, and governance (ESG) risk exposure of Chinese-financed infrastructure projects overseas, as well as the steps it has taken to build safeguards into its programs to combat these risks. (See Appendix B for details on the ESG risk exposure methodology).[10]

Figure 3.1 presents the geographic locations of all Chinese-financed infrastructure projects in Egypt according to their environmental, social, or governance risk exposure. In Egypt, despite China's large-scale development finance portfolio in the country, ESG risk exposure in infrastructure remains rare and limited to environmental and social risks.

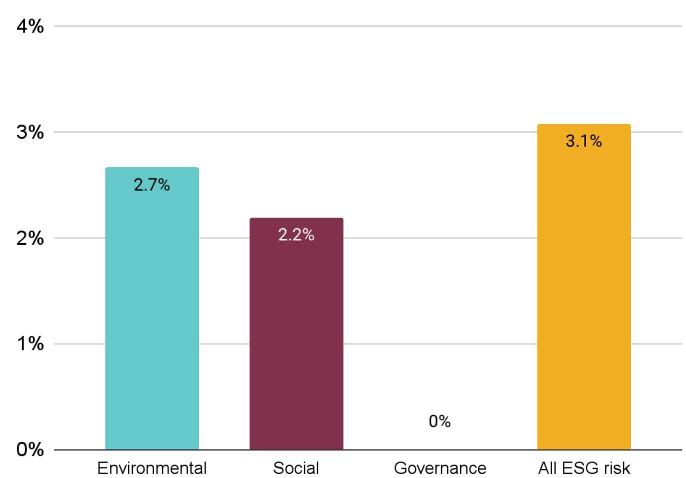
[10]For more information, see AidData's 2023 "Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative" report. https://www.aiddata.org/publications/belt-and-road-reboot.

What is the level of ESG risk exposure in China's grant- and loan-financed Infrastructure portfolio?

In China's broader grant- and loan-financed infrastructure project portfolio in the developing world, the cumulative percentage of financing with significant ESG risk exposure increased from 12% to 54% over the same 22-year period–showing China's signature infrastructure initiative is facing major implementation challenges. In contrast to China's global portfolio, only 3% of China's infrastructure project portfolio in Egypt has significant ESG risk exposure. Another distinguishing feature of Egypt is the relatively small share of its Chinese financing that has gone to infrastructure—43% versus a global average of 60%. In total, Egypt received $6.8 billion in infrastructure funding between 2000 and 2022.

Egypt's infrastructure portfolio with significant ESG risk exposure consists of 9 infrastructure projects worth $209 million (see Figure 3.2). Exposure to environmental and social risk is minimal among these projects, and there is no record of governmental risk. Environmental risks, only accounting for 3%, have included pollution and discharge at the Abu Rawash Wastewater Treatment plant, while social risks—such as delays and protests—have prevailed at the Cairo International Conference Center project.

Figure 3.2: Percentage of infrastructure project portfolio with ESG risk exposure



ESG issues observed in Egypt

Environmental: pollution and discharge at the Abu Rawash Wastewater Treatment Plant.

Social: delays in the Cairo International Conference Center (CICC) Refurbishment and Hotel Construction Project caused by riots and large-scale protests.

Governance: no governance risks identified in Egypt's infrastructure projects.

Figure 3.3: Cumulative proportion of Chinese infrastructure financing with ESG risk exposure

Egypt: 3% (2022). Lower-middle income country average: 45% (2022)

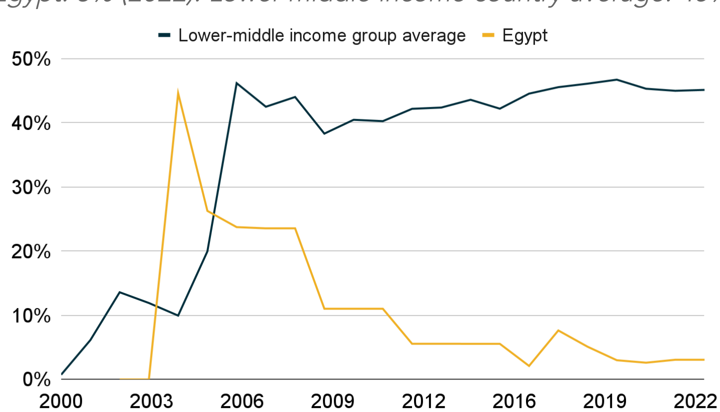


Figure 3.3 shows the increase in ESG risk exposure over time compared to the average exposure in lower-middle income countries. Since the 2000s, Egypt's cumulative proportion of ESG exposure had significantly decreased—by 2022, only 3% of Egypt's infrastructure portfolio had significant ESG risk exposure. Egypt's trend dropped significantly after 2004 as more infrastructure project funding was provided that had no ESG risk.

Section 4: New ESG safeguards in China's infrastructure project portfolio

Percent of infrastructure portfolio with strong ESG safeguards	What are ESG safeguards?
57% 2000-2022	ESG safeguards are formal provisions written into financing contracts (grant or loan) to mitigate environmental, social, and governance risks during an infrastructure project's implementation and operation.

Chinese lenders and donors have responded to rising levels of ESG risk in their portfolio across the developing world by putting in place increasingly stringent safeguards via changes to their contractual provisions on infrastructure funding. These safeguards can include, among others, contractual provisions that mandate Environmental and Social Impact Assessments (ESIA), Environmental Management Plans (EMP), Resettlement Action Plans (RAPs), Open Competitive Bidding (OCB) processes, and the preparation and submission of financial statements that meet International Financial Reporting Standards (IFRS).

To implement these safeguards, Beijing is increasingly outsourcing risk management to other lending institutions with stronger due diligence standards and safeguard policies. It is dialing down its use of bilateral lending instruments and dialing up the provision of credit through collaborative lending arrangements with Western commercial banks and multilateral institutions (called syndicated lending).

Through this pivot in financing strategy, China's overseas infrastructure portfolio has gone from having no ESG safeguards in place in 2000 to 57% of its infrastructure project portfolio having strong ESG safeguards in place by 2021. Chinese grant and loan-financed infrastructure projects that are subjected to strong ESG safeguards present fewer ESG risks during implementation. They are also less likely to be suspended or canceled. Perhaps most importantly, Chinese grant- and loan-financed infrastructure projects with strong ESG safeguards do not face substantially longer delays than those with weak ESG safeguards, showcasing China's success in pairing speed and safety when it has implemented ESG safeguards in its infrastructure portfolio.

Key aspects of infrastructure projects with strong ESG safeguards
Present fewer ESG risks during implementation
Less likely to be suspended or canceled
Speed of implementation is not delayed compared to projects with weak ESG safeguards

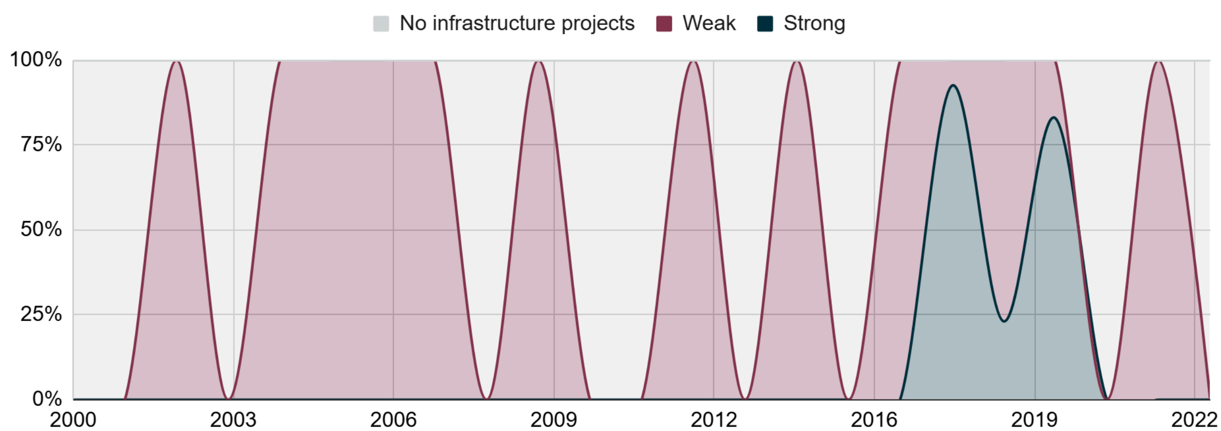
Has China increased ESG safeguard stringency in its infrastructure portfolio in Egypt over time?

Between 2000 and 2022, 23% of China's grant- and loan-financed infrastructure project portfolio had strong contractual ESG safeguards in place across all developing countries. China's infrastructure project portfolio in Egypt is inconsistent with this global trend, with 57% of China's grant and loan-financed infrastructure project portfolio meeting the same standard on average—well above the global average.

In most years, Chinese-financed infrastructure projects in Egypt have included only weak ESG safeguards. However, there were notable exceptions. In 2017, the share of projects with strong safeguards spiked to 92%, driven by the EETC 500KV Transmission Lines and the Benban Solar Park projects. Another rise occurred in 2019, reaching 83%, largely due to the Central Business Zone project in Egypt's New Administrative Capital.

More recently, though, Egypt's sole 2021 infrastructure project—a refrigerated vaccine storage complex—represented weak ESG safeguards. Still, broader trends in China's global infrastructure lending point to a growing emphasis on stronger ESG safeguards, suggesting Egypt may see similar improvements in the years ahead.

Figure 4.1: Infrastructure project portfolio with strong contractual ESG safeguards[11]
Percent of infrastructure project portfolio committed each year



[11]This graph shows all years of Chinese funding regardless of if there was an infrastructure project in that year. Those years are represented by the gray or "no infrastructure projects" area.

Appendix A: Public opinion and bilateral diplomatic visits between China and Egypt in the BRI era

Egypt's approval rate is comparably low to other developing countries, with the global average between 2001 and 2022 being 60.1%. In 2005, Gallup recorded an approval rate of 68.1% in Egypt, highlighting that approval has significantly decreased over time in Egypt. In 2021, Egyptians had a 17.9% approval rate of China, according to polling conducted by Gallup.[12] Such a decrease may be driven by the emergence of the COVID-19 pandemic, in addition to China's financial involvement in Ethiopia's Grand Ethiopian Renaissance Dam project, which would reduce Egypt's water supply. This compares to a 53.7% average approval rate of China in all developing countries in the same year.

Figure A.1: Egypt's approval of Chinese leadership, 2005-2022[13]

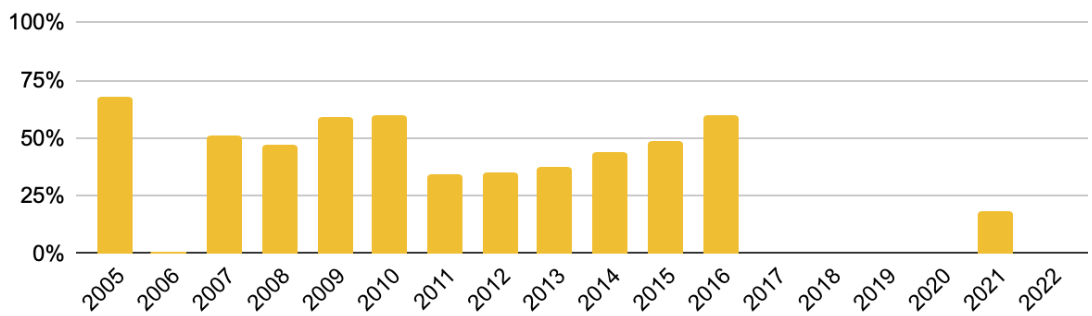


Figure A.2: Bilateral diplomatic visits between China and Egypt

2014 DEC	Egyptian President Abdel-Fattah el-Sisi met with President Xi Jinping in Beijing where their bilateral relationship was elevated to a comprehensive strategic partnership and Egypt officially joined the BRI.
2015 SEP	President el-Sisi visited China and met with President Xi, solidifying the deepening relationship Egypt has with China.
2017 SEP	President el-Sisi visited China and met with President Xi ahead of the BRICS summit, where President Xi promised to continue investing into Egypt's development.
2023 JAN	Chinese Foreign Minister Wang Yi visited Cairo and met with President el-Sisi to discuss deepening bilateral ties.
2024 JAN	Minister Wang Yi met with President el-Sisi and Foreign Minister Sameh Shoukry in Cairo, where a five-year comprehensive strategic partnership outline was signed.
2024 AUG	President Xi visited Egypt and held talks with President el-Sisi and Egyptian Prime Minister Sherif Ismail, celebrating 60 years of diplomatic ties with Egypt.

[12]This data comes from Gallup's World Poll which started in 2005. Gallup conducts the survey in various frequencies on a country-by-country basis; therefore, the years we have data for vary and there are gaps pre-2006 and, in some cases, between 2006-2021. For Egypt, there is no Gallup data pre-2005, 2006, 2017-2020, and 2022-2024. For more information on the Gallup methodology, see https://www.gallup.com/178667/gallup-world-poll-work.aspx
[13]The data for the graph and approval rate is based upon Gallup's Rating World Leaders' report and dataset.

Appendix B: Methodology & definitions

Capturing Chinese development finance methodology:

The insights in this profile are derived from AidData's preliminary 2000-2022 Global Chinese Development Finance (GCDF) dataset, which has not yet been published. By nature of AidData's data collection process, AidData uncovered new sources and information related to projects across all commitment years, and as such there may be movements in the underlying data since the previous version of the profile. For more details regarding the methodology used to assemble the data, please refer to the Tracking Underreported Financial Flows (TUFF) 3.0 Methodology. All financial values reported in this profile represent USD Constant 2022 prices, unless otherwise stated.

Definitions of finance types:

- Aid: Includes any grant, in-kind donation, or concessional loan (i.e., loans provided at below-market rates and categorized as ODA-like in GCDF 3.0).
- Non-concessional loans: Captures export credits and loans that are priced at or near market rates (i.e., non-concessional and semi-concessional debt categorized as OOF-like in GCDF 3.0).
- Vague: Any official financial flows that could not be reliably categorized as “aid” or “non-concessional loans” because of insufficient information in the underlying source material.

Definitions of instrument types:

- Grant: The donation of money or an in-kind donation of goods from an official sector institution in China (e.g. donations of supplies or equipment, humanitarian aid or disaster relief, or financing for the construction of a government building, school, hospital, or sports stadium).
- Free-standing technical assistance: Skills training, instruction, consulting services, and information sharing by official sector entities and experts from China. Training provided by Chinese entities outside of China is classified as technical assistance.
- Scholarships/training in the donor country: Funding from an official sector institution in China that allows a citizen from the host country to study at a Chinese university or other educational institution. This includes training programs and activities that are sponsored by an official sector institution in China and held for host country citizens in China.
- Debt forgiveness: The total or partial cancellation of debt owed by a borrowing institution in the host country to a Chinese government or state-owned entity.

Emergency rescue lending & rollover facilities:

Short-term emergency rescue loans represent an increasingly important part of China’s overseas portfolio of loans to LICs and MICs. Nearly all of these borrowings, which are typically used to refinance maturing debts, carry de jure maturities of one year or less (i.e., they are initially scheduled for repayment in 12 months or less). However, it is not unusual for financially-distressed LICs and MICs to receive short-term emergency rescue loans from the same Chinese creditor in a series of consecutive years. This relatively new feature of China’s overseas lending program raises an important question about how to accurately estimate the cumulative stock of official financial flows—or lending commitments—from China to the developing world. In countries that receive roll-over emergency rescue loans, this profile reports the full transaction amount (including short-term roll-over facilities) for Figure 1.1. All other visuals exclude these short-term rollover facilities.

Development finance to Egypt from other donors

All data on development finance from other donors came from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) Creditor Reporting System (CRS). The CRS is the OECD’s aid activity database, which compiles activity-level statistics from all providers who report to the OECD. For the analysis in Figure 1.2, ‘Aid’ represents Official Development Assistance (ODA) grants and loans. Non-concessional loans represent the Other Official Flows (OOF) measure. However, the flows captured in CRS (which are project-level records) specifically exclude export credit flows (due to their potentially sensitive nature). Data on export credits is available in OECD’s DAC2B database in aggregate form. DAC2B provides data on OOF loans and grants and gross export credits. However, consistent and comprehensive data on export credits from one development partner to a specific country are not available. Gross export credits to a specific country are available at an aggregate level, such as G7 or all DAC Members. The total gross export credits across G7 and DAC Members was only $26.8 billion. Therefore, AidData determined that these additional financial flows would substantially change Figure 1.2 and included them.

Calculating loans from China within repayment periods

Figure 2.1 shows the percentage of official sector lending from China to Egypt that represent loans within their repayment periods as of 01/01/2025 date. To determine when each loan will enter repayment, each loan’s grace period is added to its commitment date. This figure represents when loans will reach their repayment period according to their original borrowing terms, although many loans have been rescheduled (often involving an extension of the loan’s grace period and/or maturity). When the grace period is not available, AidData assumes the grace period is 0.

ESG risk exposure methodology:

AidData’s ESG risk exposure metric is a composite, project-level score based on five criteria. First, AidData identifies whether a given infrastructure project is located in an environmentally sensitive area. Second, AidData analyzes whether the project is located in a socially sensitive area—specifically, in an area where Indigenous populations are often denied free, prior, and informed consent (FPIC). AidData assesses whether the project is located in a geographical area that is vulnerable to political capture and manipulation by governing elites in host countries. Fourth, AidData evaluates if the Chinese lender/donor relied on a contractor sanctioned for fraudulent and corrupt behavior to implement the project. Fifth, AidData identifies whether a significant environmental, social, or governance challenge arose before, during, or after the implementation of the project. 2022 data on ESG risk exposure at the global level is currently only available through 2021.

Common ESG Risks in Infrastructure Projects:

- ➔ Environmental: Negative effects on the environment due to building, rehabilitating, or maintaining a physical structure. These include an increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.

➔ Social: Negative effects on different groups of people due to the infrastructure project, such as employees, nearby residents, Indigenous populations, or community members. Such negative effects include poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.

➔ Governance: Negative effects related to the infrastructure project's financial, legal, and ethical management during the design and implementation of the project. These can include corruption, money laundering, lack of transparency, and non-competitive bidding processes that lead to higher project costs and/or poor project quality.

ESG safeguard methodology:

In addition to metrics of ESG risk exposure, the *Belt and Road Reboot* report introduced a measure of China's responses to ESG risks through its own grant and loan financing agreements. AidData obtained a large cache of unredacted infrastructure financing agreements that provide detailed information about whether financiers, at the time that they signed the agreements with their host country counterparts, identified behavioral expectations related to ESG risk management and mechanisms to monitor and enforce compliance with those expectations. AidData used these agreements to create indicators that measure the formal stringency of China's ESG safeguards built into its infrastructure grant and lending instruments. It then applied these metrics to the full GCDF 3.0 dataset.

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The insights in this profile are primarily derived from AidData's preliminary 2000-2022 Global Chinese Development Finance (GCDF) dataset, although it also draws upon ancillary data from other sources. This preliminary dataset has not yet been published. It builds upon AidData's publicly available GCDF 3.0 dataset, incorporating an additional commitment year of data and new information across all commitment years based on sources uncovered during the data collection process. GCDF 3.0 is a uniquely comprehensive and granular dataset that captures 20,985 projects across 165 low- and middle-income countries supported by loans and grants from official sector institutions in China worth $1.34 trillion. It tracks projects over 22 commitment years (2000-2021) and provides details on the timing of project implementation over a 24-year period (2000-2023). An accompanying report, *Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative*, analyzes the dataset and provides myth-busting evidence about the changing nature, scale, and scope of China's overseas development program.

For the subset of grant- and loan-financed projects and activities in the dataset that have physical footprints or involve specific locations, AidData has extracted point, polygon, and line vector data via OpenStreetMap URLs and produced a corresponding set of GeoJSON files and geographic precision codes. The GCDF 3.0 geospatial data and precision codes are provided in AidData's Geospatial Global Chinese Development Finance Dataset, Version 3.0 (Goodman et al, 2024).

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