

[MITIGATION AND ADAPTATION]  
[NON-BLENDED]

<b>PROJECT NAME</b>	<b>The Greater Cairo Metro Line 4 Phase I Project<sup>1</sup></b>
<b>COUNTRY/REGION</b>	Egypt
<b>SECTOR</b>	Transportation
<b>PROJECT/INVESTMENT AMOUNT</b>	The entire Line 4 project is expected to require over US\$3 billion. The Japan International Cooperation Agency is providing several loans totaling US\$1.2 billion through its Special Terms for Economic Partnership (STEP) program. Loans already granted include US\$350 million for a metro car procurement contract and US\$788 million for delivery of railway systems, track and depot works package. The Egyptian government will cover US\$2.4 billion.
<b>DEVELOPMENT PARTNER(S)/STAKEHOLDERS</b>	Japan International Cooperation Agency (JICA)
<b>COUNTERPARTY MINISTRY/ INSTITUTION</b>	National Authority for Tunnels (NAT), part of the Ministry of Transport
<b>INVESTOR(S) AND FUNDERS</b>	Japan International Cooperation Agency (JICA) Egyptian Government
<b>GUIDEBOOK TAXONOMY FINANCIAL SYSTEM ACTOR</b>	Bilateral Development Agency
<b>PROJECT OVERALL GOAL</b>	The first phase of Line No. 4 will connect Cairo to 6 <sup>th</sup> of October City with an 18-kilometre-long mass transit railway line. Phase I will construct sixteen stations, a depot, and an operations control center by 2026.
<b>PROJECT OUTCOMES</b>	Line 4 will be an eco-friendly transport facility with few CO <sub>2</sub> or other GHG emissions from operations. Line 4 will connect with the existing metro network, relieving traffic congestion, enhancing mobility and livability of residents and visitors, and increasing the capacity and effectiveness of the metro networks in Greater Cairo.
<b>ALIGNMENT WITH COUNTRY IDENTIFIED CLIMATE STRATEGIES, NDCs, ETC. (IF APPLICABLE)</b>	The project aligns with Egypt's commitment to reduce emissions from transportation by 7 percent (9 MtCO <sub>2</sub> eq) by 2030, compared to a business-as-usual trajectory. Transport emissions will still be 140 percent higher than in 2015. Egypt aims to achieve this by shifting passengers from private vehicles to mass transit, by developing rail lines and public bus networks throughout the Cairo and Alexandria metropolitan areas.
<b>CONTRIBUTION OF THE PROJECT TO THE UN SDGs</b>	SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation, and Infrastructure SDG 11: Sustainable Cities and Communities SDG13: Climate Action
<b>SOCIOECONOMIC IMPACT</b>	Overall, the entire Line 4 is expected to have daily ridership of 1.9 million passengers by 2030 and 2.5 million passengers by 2050, contributing to regional economic development and improving access to job opportunities. Specific positive impacts: <ul style="list-style-type: none"> <li>• Because it connects Cairo to the Pyramids of Giza, a popular tourist destination, it will provide a boost to the tourism industry in Giza by improving connectivity</li> <li>• It will reduce congestion around the Grand Egyptian Museum by including a station there. Currently, car and bus congestion is a major problem</li> <li>• It provides public transit access for Remayah (a large residential area) and 6<sup>th</sup> of October City, which are currently only connected by road networks</li> </ul>

<sup>1</sup> This case was provided by the Japan International Cooperation Agency as a contribution to the Sharm El-Sheikh Guidebook for Just Financing

<b>ENVIRONMENTAL IMPACT (ON CLIMATE MITIGATION AND/OR ADAPTATION)</b>	By improving public transit options and carrying millions of passengers per day, the project will reduce traffic congestion and associated greenhouse gas emissions from cars' fuel use.
<b>ENABLING ENVIRONMENT (SUPPORTING POLICIES)</b>	To receive concessional loans, JICA has social and environmental guidelines for projects, including consideration of impacts on vulnerable groups, assistance for resettlement of illegal occupants, and improved standards of living. Despite not having regulatory standards for projects to meet these guidelines, NAT has been taking active steps to ensure that the Line 4 project will.
<b>TECHNICAL ASSISTANCE (IF PROVIDED)</b>	JICA has been working with the Egyptian Ministry of Transport to produce environmental impact assessments, surveys, and feasibility studies.
<b>FINANCING MODEL/APPROACH (EX: BLENDED FINANCE)</b>	Concessional finance: JICA is granting multiple loans for various contracts through STEP, with a below-market 0.2% interest rate and 40-year tenor. It is also including a 10-year grace period, and may loan up to US\$1.2 billion in total.
<b>RATIONALE FOR FINANCING MODEL/APPROACH</b>	Concessional finance is needed as the Egyptian government is carrying out multiple mass transit upgrade and construction projects simultaneously and is
<b>FINANCIAL INSTRUMENT(S) (LOANS (COMMERCIAL/ CONCESSIONAL), EQUITY, GUARANTEE)</b>	Concessional loans
<b>DIAGRAM OF THE FINANCING STRUCTURE</b>	<p>concessional loans</p> <p>JICA ↔ Greater Cairo Line 4 Project ← Egyptian Government</p> <p>future cash flows from fare revenue</p>

## Analysis

<b>WHAT MADE THIS PROJECT SUCCESSFUL?</b>	<ul style="list-style-type: none"> <li>• JICA and NAT have been engaged since the mid-2000s, collaborating on feasibility studies, route planning, resettlement plans, environmental impact assessments, and more. This close, patient collaboration was key to ensuring that JICA's environmental and social standards for extending assistance and concessional loans could be met</li> <li>• JICA has also helped the government produce transportation master plans, looking at the entire transportation system of Greater Cairo. This helps with planning and prioritization of future projects and infrastructure</li> <li>• Co-investing partnership of JICA and the Egyptian Government</li> </ul>
<b>TO WHAT EXTENT IS THIS MODEL SCALABLE?</b>	The project is scalable to the extent that there is a development agency willing to extend significant amounts of concessional finance and official development assistance.
<b>WHAT ARE THE NECESSARY CONDITIONS TO MAKE IT REPLICABLE IN OTHER COUNTRIES/REGIONS?</b>	<ul style="list-style-type: none"> <li>• An effective government partner / coordinating agency</li> <li>• Availability of patient concessional capital</li> <li>• Availability of technically experienced development partner</li> </ul>
<b>CONSTRAINTS/DRAWBACKS OF FINANCING MODEL</b>	The project relies entirely upon ODA and concessional finance with generous terms from JICA, however if inappropriately applied, there is a risk of crowding out private investors with cheap concessional capital.
<b>LESSONS LEARNT</b>	Patient collaboration and long-term planning is necessary for securing financing and ensuring positive social environmental impacts, especially for large mass transit infrastructure projects such as this one