

Ministry of Finance

Statement of Responsibility

The Minister of Finance has sole responsibility for managing Government of Egypt's debt.

Debt Management Statement

Debt management is directed at providing the Government's budget funding requirements at the lowest long term cost relative to general level of interest rates, at an examined degree of risk consistent with prudent fiscal and monetary policies frameworks.

Debt Management Responsibilities

The Debt Management Division, reporting directly to the Minister of Finance, is responsible for developing plans that matches quarterly budget funding requirements, its duration as well as restructuring the public debt taking into account its associated risks.

The unit is responsible for planning issuance calendars, maintaining oversight of the debt portfolio, as well as promoting domestic and international investors meetings or conference calls on a regular basis.

It is the responsibility of the Debt Management Unit to improve the Primary as well as Secondary market by constantly introducing new debt management instruments.

The Primary Dealers through regular meetings may provide advice to the Debt Management Division regarding Quarterly Issuance Calendar.

The Central Bank of Egypt, in its role as fiscal agent for the Ministry of Finance manages the auction process and the Primary Dealer System will be the organizational structure for debt issuance distribution.

The Minister of Finance reserves the right to accept, reject or refuse to recognize any or all bids or tenders submitted in a particular auction. The decision of the Minister will be final.

Debt Management Strategy

The Debt Management Unit follows a market-oriented funding strategy based on projected budgetary requirements, determining frequency, volume, timing and maturities for all debt issues to ensure a prudent Government debt structure.

Debt issuance policy promotes the development of the Primary Dealer market, expansion of customer base and the creation of liquid Government securities market.

The Debt Management Unit does not act opportunistically and does not predict future interest rate trends.

Following the Minister of Finance's approval, Quarterly Issuance Calendar is publicly announced to all Primary Dealers and posted on the Ministry's website one week prior to the start of a particular quarter.

Risk Management Statement

The Debt Management Unit considers potential risks associated with debt issuance. The decision on type of security, timing of issuance, maturity and nominal value takes into consideration various funding risks. These risks include:

- **Refunding Risk:** maintaining a balanced maturity structure and nominal values that reduce the difficulties associated with refunding large nominal amounts on a regular basis. In addition, refunding risk is reduced by the development of Primary Dealer's underwriting system.
- **Currency Risk:** Domestic debt is issued in local currency unless authorized by the Minister of Finance
- **Interest Rate Risk:** A balanced maturity issuance policy is followed in order to reduce the effect of interest rate fluctuations or refinancing risk. Promoting secondary market is directed at reducing said risk.
- **Liquidity Risk:** the organization and development of Primary and Secondary markets is a significant focus in debt management decisions.

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