

The Arab Republic of Egypt

Sovereign Sustainable Financing Framework

November 2022



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1. Introduction

The Arab Republic of Egypt (thereafter “Egypt”) is committed to becoming a leader in climate and socioeconomic development, setting an example for the rest of Africa and the Middle East. In November 2022, Egypt hosted the 27th Conference of the Parties of the UNFCCC (COP27), highlighting its efforts in accelerating international action for climate change and leading role in international conversations around climate action.

Although Egypt contributes approximately 0.6% of global greenhouse gas emissions, the nation has taken many actions to reduce greenhouse gases emissions, including a target to increase the share of renewable energy in the electricity mix by 2022 to 20% and 42% by 2035¹. Additionally, Egypt is pursuing ambitious climate mitigation and adaptation measures as highlighted in its update to the first Nationally Determined Contribution Report and the new National Climate Change Strategy 2050.

Egypt is highly vulnerable to the impacts of climate change. According to the assessment reports of the Intergovernmental Panel on Climate Change (IPCC), Egypt's Nile Delta² is one of the world's three hot spots for “extreme” climate vulnerability. Future projections indicate that Egypt will suffer from the following climate change impacts: sea level rise; water scarcity and deficiency, and an increase in the frequency and intensity of extreme weather events such as heat waves, flash floods, heavy rains, sand and dust storms. This is expected to have a major impact on infrastructure, beaches and fertile land in the Nile Delta as they are subject to erosion, saltwater intrusion and inundation. Consequently, food security, human health, economy and ecosystems in Egypt are at risk. Sectors which are projected to be particularly affected include water resources, agriculture and fisheries, health, housing and settlements, biodiversity, telecommunications, energy, tourism, as well as coastal zones and coral reefs.

The Egyptian government established its Green Financing Framework in September 2020 and issued a debut USD750 million Green Bond, which also marked the first sovereign Green Bond in the Middle East and North Africa. The entry of the Egyptian sovereign in the Green Bond market has established a market precedent and successfully paved the way for the private sector to start issuing sustainable finance instruments, with the first private sector Green Bond launched in 2021. Egypt's largest privately-owned bank partnered with the International Finance Corporation to issue a USD100 million Green Bond, showcasing the private sector's willingness to unlock investment interest towards green projects and signifies another milestone to boost Egypt's capital markets for green finance, helping to address infrastructure financing gaps and projects including green buildings, renewable energy and energy efficiency.

Since the issuance of Egypt's Green Bond, total Green investments in Egypt have increased from 15% in FY2019/20 to 30% in FY2020/21, with projections to reach 50% of all investments in FY2024/25³, supported by the launch of Egypt's Environmental Sustainability Criteria Guidelines in 2021. This is complemented by regulations and guidance established by Egypt's Financial Regulatory Authority (FRA) such as the Green Bond Guidelines launched in 2018, as well as the Decrees 107 and 108 in 2021 that mandate companies listed in the Egyptian Stock Exchange and companies operating in the non-

¹ [Irena Egypt Outlook 2018](#)

² This region accounts for more than 50% of Egypt's economic activity through agriculture, industry and fisheries. The Nile Delta contributes about 20% of the Egypt's GDP and account for the largest source of employment, around 30% of the labor force.

³ [Egypt Updated NDC 2022](#)

banking sector to submit environment, social and governance disclosure reports related to sustainability and the financial impacts of climate change.

In October 2022, the Egypt General Authority for Investments (GAFI) launched the Golden License which is defined as a single consent on all aspects for establishing, operating and managing a project including building permits or allocations necessary for the project. The Golden License will receive approval directly from the Egyptian Prime Minister with the aim of attracting new sustainable investments into Egypt. Eligible sectors to be granted the Golden License includes Electricity and Renewable Energy, Infrastructure, Communication and Information Technology, Transportation, Housing, Utilities and Urban Communities. Companies which are eligible for the Golden License will need to be established via private-public partnerships and focus on strategic or national projects in accordance with Egypt's Vision 2030, National Policies for Climate Change and Socioeconomic Development.

In November 2022, Egypt updated its Green Financing Framework to include additional Green and Social projects under a Sustainable Financing Framework (the "Framework"). The incorporation of additional Green and Social project categories better aligns the Framework with the three main dimensions of the nation's Sustainable Development Strategy: Egypt Vision 2030, hence enabling Egypt to achieve a sustainable and inclusive development which eradicates poverty and achieve prosperity for future generations.



2. Egypt's Strategy for Sustainable Development

The Government of Egypt is committed to achieving the United Nations Sustainable Development Goals (SDGs)⁴. This commitment is reflected in its understanding of the intertwined nature of sustainable development and is embodied in the framework of Egypt's national strategy, **"Sustainable Development Strategy: Egypt Vision 2030"** (SDS).⁵ The strategy reflects the three dimensions of sustainable development: economic, social and environmental. The strategy is a national framework that guides and sets policies and programs in order to achieve the SDGs, as well as other national objectives.

The SDS is not only a strategy for the Government, but also for all stakeholders, including the private sector, civil society, and international organizations.



The SDS is aligned with the 17 SDGs, as well as the African Agenda 2063⁶, and acts as the governing framework for all development programs and projects that will be implemented until 2030. The launch of the strategy was followed by the establishment of a national committee, the National Committee for Monitoring the Implementation of the Sustainable Development Goals, as the result of a prime ministerial decree. The SDS is currently undergoing revision⁷ to ensure coherence with the nation's long-term environmental, economic, and social vision. Egypt occupied the rank No. 87 (out of 163 countries) in SDS indicator according to Sustainable Development report for the year 2022.

In addition to that, the Government Program (2018/2019 – 2021/2022)⁸ includes several development programs, taking into consideration the different aspects of sustainability; including water consumption rationalization, coasts protection, developing renewable energy resources, transformation to green economy, establishment of environmentally compatible industrial clusters, expansion of establishing the smart and fourth generation cities, improving the environmental conditions in the most vulnerable villages, developing slums, improving water and air quality, waste management, solid wastes disposal, and linking the scientific research with environmental improvement.

Accordingly, the Sustainable Development Plan for the Fiscal Year 2022/23 includes objectives and development programs formulated to align with Egypt Vision 2030. The Plan comprises of 4 main objectives, the first objective is to focus on improving the quality of lives for Egyptian citizens through achieving integrated rural development within the framework of the Decent Life Initiative, phased implementation of the national health insurance system, development of the educational system, upgrading of basic infrastructure while supporting the empowerment of low-income households,

⁴ [UN SDGs](#)

⁵ [Egypt Vision 2030](#)

⁶ [African Union Agenda 2063](#)

⁷ [Egypt Ministry of Planning and Economic Development](#)

⁸ <https://cabinet.gov.eg/Arabic/GovernmentStrategy/Pages/GovernmentPrograms.aspx>

women and other vulnerable groups. The second objective is to activate the economic reform programs launched in 2012 to develop the three priority sectors: industrial, agriculture and telecommunications. The third objective is to strengthen the international competitiveness of Egypt's economy by focusing on the knowledge economy, digital economy and green economy via implementation of policies and programs to address climate change. Public investments to support growth in green and social projects is expected to constitute 50% of total public spending by FY2024/25 compared to 40% in FY2022/23. In particular, the proportion of Gender-Responsive planning investments in line with Egypt's Manual for Gender-Responsive Sustainable Development Plan is expected to reach 20% of public spending by FY2023/24 from 10% in FY2022/23. The fourth objective is to strengthen private sector participation in the development of the economy by providing more investment opportunities, a conducive business environment and encouraging public-private partnership projects.

In line with the Social and Economic dimensions of Egypt Vision 2030, Egypt launched the first phase of the National Structural Reform Programme (NSRP) in November 2016 which was aimed at achieving a balanced and sustainable inclusive growth underpinned by the establishment of the new Constitution in 2014. Egypt's development vision was to establish a strong infrastructure that provides better services to Egyptian citizens, particularly the poorest through the construction of social housing projects, strengthening of social protection programs, healthcare and education initiatives under the umbrella of "Decent Life Initiative."

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:



Raising the efficiency and flexibility of the labor market and developing the technical education and vocational training system: Develop technical education system and training, establish institutional framework to activate the role of private sector in education and training, empower women, youth, and individuals with special needs



Improving the business environment and enhancing the role of private sector: Create a supportive environment for competition, facilitate trade movement, increase efficiency of transport and supply chain, support transition to a green economy and sustainable use of natural resources



Governance and raising the efficiency of public institutions: Accelerate pace of digitalization, promote administrative and institutional reforms, empower local administration units and enhance their capacity, governance of state-owned enterprises



Enhancing financial inclusion and access to finance: Accelerate pace of financial inclusion, increase financial opportunities available to private sector companies



Human capital development (Education-Health-Social Protection): Raise efficiency of healthcare and education systems, activate the national family development strategy, increase coverage of social protection



As a result of the government's commitment to development plans and reforms in the areas of health, education, scientific research and housing, Egypt has made significant progress in human development indicators. Egypt advanced 19 places in the United Nations Development Programme's (UNDP) Human Development Index (HDI) in 2021, ranking 97th, compared to 116th in 2020, and joined the group of countries with high human development. The main driver of this jump is the performance of indicators in the dimensions of knowledge (SDG 4: Quality education) and decent standard of living (SDG 8: Economic growth and decent work). Human capital investments are aligned with the Social and Economic dimensions of Egypt's Vision 2030. Egypt's HDI annual average growth during the 2010 to 2021 period is estimated at 0.73%.

3. Background on Egypt's Efforts to Addressing Climate Change

Egypt ratified the United Nations Framework Convention on Climate Change (UNFCCC) in 1994, the Kyoto Protocol in 2005, the Paris Agreement in 2017, and Doha Amendments of Kyoto Protocol in 2020. Egypt has fulfilled its reporting requirements to UNFCCC, it has submitted its 1st, 2nd and 3rd national communication reports in 1999, 2010 and 2016 respectively and working currently on its 4th national communication, expected to be submitted to the UNFCCC by the end of the 2024.



3.1 National Policies for Climate Change

Egypt is among the first Arab countries to join the cooperative global efforts to confront climate change threats based on the UNFCCC principles of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC). The establishment of the Egyptian Environmental Affairs Agency (EEAA) in 1982, followed by the creation of the Ministry of State for Environmental Affairs in 1997 signified Egypt's commitment towards environmental protection. The Climate Change Unit was established at EEAA in 1996 and has been upgraded to a Climate Change Central Department (CCCD) in 2009 to strengthen the climate change institutional structure on the national level. CCCD has three general departments (Vulnerability and Adaptation GD, Mitigation and CDM GD, Technology and Research GD).

In order to improve the governance of climate change in Egypt, in 2015 the Prime Minister established the National Council on Climate Change (NCCC) (replacing the pre-existing National Committee on Climate Change, established in 2007). The NCCC was restructured in 2019 to be chaired by the Prime Minister and consists of members representing sector ministries with input from national experts (scientists, practitioners, and academic researchers), civil society (NGOs and union representatives), and the private sector. The NCCC allows for policymaking efforts related to climate change, including the development and review of a national strategy for climate change, recommendations for the required plans, policies related to climate change & sustainable development, and oversight of the synergy between national efforts to combat climate change, in terms of mitigation & adaptation measures and the required means of implementation.

To support the objectives in Egypt's Vision 2030 strategy, Egypt has established various strategies and policies. In May 2022, the NCCC launched the National Climate Change Strategy 2050 (NCCS)⁹ to ensure the integration of climate change dimension into the general planning of all sectors in Egypt and to provide a comprehensive institutional framework for the articulation of climate action to 2050 with two goals on mitigation and adaptation priorities and three enabling goals intended to overcome the governance, financing and technology, and awareness constraints. The NCCS reflects continuity with other national articulations, such as Egypt's Sustainable Development Strategy (Vision 2030)¹⁰ and other sectoral strategies such as the Integrated Energy Strategy 2035 and National Strategy on Water 2050.

Underpinned by Egypt's NCCS and updated NDC, the Ministry of International Cooperation (MOIC) launched Egypt's Country Platform for the Nexus of Water, Food and Energy program (NWFE) in July 2022, which is part of the implementation of Egypt's updated NDC. The NWFE program priorities critical adaptation and mitigation projects covering the nexus of water, food and energy, reflecting the interlinkages between climate action and development efforts. The NWFE program is key to accelerating Egypt's transition towards a low-carbon, resilient and inclusive economy, and aims to mobilize funding for priority projects across renewable energy, irrigation, water desalination and sustainable agriculture covered under Egypt's updated NDC.

3.2 Egypt's National Climate Change Strategy 2050

The Egypt's NCCS aims to address the impacts of climate change while improving the quality of life for Egyptian citizens, achieving sustainable development and sustainable economic growth, preserving natural resources and ecosystems, and strengthening Egypt's leadership at the international level in the field of climate change.

Five main goals were identified in the NCCS. The 5 goals are (1) Achieve sustainable economic growth and low-emission development in various sectors; (2) Build resilience and adaptive capacity to tackle climate change and alleviate the negative impacts associated with climate change; (3) Improve climate action governance; (4) Enhance climate financing infrastructure and (5) Enhance scientific research, technology transfer, knowledge management and awareness to combat climate change. These goals are followed by several objectives and specific directions for achieving the objectives, in addition to performance indicators for each goal, and the proposed enabling policies and tools. The strategy also includes eight general directions to be adopted by the Egyptian government to promote and underpin the achievement of the strategy's goals.

Goals	Objectives
1. Achieve Sustainable Economic Growth and Low-Emission Development in Various Sectors	A. Energy transition by increasing the share of all renewable and alternative energy sources in the energy mix B. Reduce emissions associated with use of fossil fuels C. Maximize energy efficiency D. Adopt sustainable consumption and production trends to reduce greenhouse gas emissions from other non-energy activities

⁹ [Egypt NCCS 2050](#)

¹⁰ [Egypt Ministry of Planning and Economic Development](#)

Goals	Objectives
2. Enhance Adaptive Capacity and Resilience to Climate Change and Alleviating the Associated Negative Impacts	A. Protect citizens from negative health impacts of climate change B. Minimize loss and damage to country assets and ecosystems by preserving them from the impacts of climate change C. Preserve country's resources from impacts of climate change D. Resilient infrastructure and services in face of climate change impacts E. Implementation of disaster risk reduction concepts F. Preserving and expanding green spaces G. Strengthen women's response considerations to help them adapt to climate change
3. Enhance Climate Change Action Governance	A. Define roles and responsibilities of different stakeholders B. Improve rank of Egypt in the international profile of climate change actions to attract further investments and climate finance opportunities C. Sectoral policy reform to capture required climate change mitigation and adaptation interventions D. Enhance institutional, procedural and legal arrangements such as Monitoring, Reporting and Verification (MRV) system
4. Enhancing Climate Financing Infrastructure	A. Promoting local green banking and green credit lines B. Promoting innovative financing mechanisms prioritizing adaptation actions C. Private sector engagement in climate finance and promotion of green jobs D. Compliance with Multilateral Development Banks (MDB) guidelines for climate finance E. Build on success of current climate finance programs
5. Enhancing Scientific Research, Technology Transfer, Knowledge Management and Awareness to Combat Climate Change	A. Strengthening the role of scientific research and technology transfer in climate change mitigation and adaptation B. Facilitate dissemination of climate-relevant information and knowledge management among government institutions and citizens C. Raising awareness on climate change among different stakeholders

3.3 Egypt's Nationally Determined Contribution

Egypt submitted its first Nationally Determined Contribution (NDC) in 2015 to the UNFCCC, the first biennial update report in 2019¹¹ and updated its first NDC in July 2022, covering the period between 2015 till 2030. The NDC update is aligned with Egypt's sustainability strategies including Egypt Vision 2030, National Climate Change Strategy 2050, National Strategy for Disaster Risk Reduction 2030 and National Strategy for Adaptation to Climate Change, amongst other sectoral strategies.

Egypt's first NDC report acknowledged the need for Egypt to develop and implement a strong and economically feasible mitigation program in the near future, which would achieve the proposed emission reductions for 2030 at the lowest cost to the national economy. Hence, a comprehensive emission reduction program for Egypt should be based on three main initiatives:

1. Stimulate mitigation actions through a portfolio of strong and coordinated policies for the efficient reduction of GHGs across industry sectors and different geographic areas
2. Pursue energy efficiency and low-cost options through fast development of the infrastructure required for low-carbon energy systems; and encouraging research and development in promising technologies, which are suitable for the local context and stimulate their deployment.
3. Develop a national monitoring, reporting, and verification system

Egypt updated its first NDC in July 2022¹² and for the first time, provided projections of business as usual (BAU) GHG emissions by 2030 for three sectors and quantification of GHG emissions reductions from the implementation of its mitigation projects/programs. The updated NDC also includes a review of the climate mitigation and adaptation measures reported in the first NDC and an update on progress since 2015 across the following areas:

	1	Energy policy reforms: Energy subsidy phase-out and comprehensive reforms for electricity and oil & gas sectors initiated in July 2014 which are expected to complete in FY2024/25. The energy reforms included substantial renewable energy and energy efficiency programs reflected in the Integrated Energy Strategy 2035
	2	Renewable energy: Total installed wind and solar power plants is 3,016MW in FY2019/20 which is a 340% increase from FY2015/16 while total renewable energy (including hydropower) in FY2019/20 is 5,848MW
	3	Energy efficiency in electricity sector: 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

¹¹ [Egypt's First Biennial Update Report to the UNFCCC](#)

¹² [Egypt Updated NDC 2022](#)

¹³ Annual Report of Egyptian Electricity Holding Company for FY 2019/2020, issued 2021

	4	Energy efficiency and low carbon fuels in petroleum sector: The 2016 Egypt's oil and gas sector modernization project was implemented to improve energy efficiency in the sector while Egypt continue to support promotion of cars operating on low carbon fuels
	5	Energy efficiency on demand side: Measures and programs have been implemented leading to reduction in electricity consumption in FY2019/20 compared to FY2018/19 despite a growing population and large development initiatives
	6	Low carbon transport: Further expansion of underground metro and high-quality service buses to achieve modal shift to low carbon mass transit
	7	Solid waste management: Policy reforms supporting waste-to-energy and waste management programs as well as air pollution management programs to reduce vehicle emissions, improve management of solid waste
	8	Green finance: Launch of Sovereign Green Bond in 2020, environmental sustainability criteria guideline and other policies supporting the development of green finance
	9	Climate adaptation action: Several sectoral adaptation projects implemented through pilot projects financed by national and international sources

4. Egypt's National Policies for Socioeconomic Development

In parallel with the National Structural Reform Program, Egypt has adopted various strategies, policies and programs to develop the healthcare and education sector, empower vulnerable groups including women and youths, as well as support the growth of micro, small and medium enterprises (MSME) while tackling multidimensional poverty. In particular, the Decent Life initiative ("Haya Karima") was launched in 2019 which initially focused on developing all rural areas in Egypt (4670 villages), starting with Phase No. 1 targeting 1500 villages in Egypt. The initiative aims to eradicate poverty by providing healthcare education, economic empowerment, training, and employment of the poorest populations in an integrated approach targeting all SDGs dimensions and goals. The Takaful and Karama program, launched in March 2015, provides cash support for poor families with children under 18 and other vulnerable groups such as elderly poor and people with disabilities.

In the healthcare sector, Egypt launched the National Population Strategy for 2015-30 and adopted policies, procedures and programs to advance public health of Egyptians, achieve universal health coverage and improve health sector governance. Other initiatives to control infectious diseases include the 100 million Health initiative to eliminate chronic diseases, Supporting the Egyptian Women Health initiative and Newborns Health initiative.



To enhance access to quality educational infrastructure, Egypt adopted the Strategic Plan of Pre-University Education 2014-30 which underscores its commitment to ensure every child's right to equally receive quality education service standard, allowing every child to contribute effectively to social and economic development of Egypt and compete regionally and globally, consistent with the United Nations Charter for Human Rights. In 2018, the National Education Project called the Education 2.0 was launched to restructure pre-tertiary education.



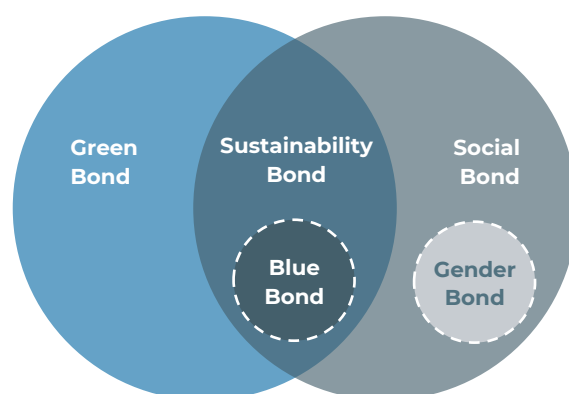
To enhance the political, economic and social standing of women, Egypt adopted the National Strategy for the Empowerment of Egyptian Women 2030 which highlights the key role of women in achieving sustainable development. The Manual for Gender-Responsive Sustainable Development Plan 2022 aims to improve the economic and social status of women, children and people with disabilities. This was demonstrated by the Decent Life Initiative which aims to improve quality of life for rural women in villages by addressing their fundamental needs and increase their participation in the labor force.

Providing a supportive environment for MSMEs, particularly youth and women owned businesses, is a top priority for the government led by the Micro, Small and Medium Enterprises Development Agency (MSMEDA). Financial and non-financial initiatives were introduced in 2021 under a new law to provide credit facilities and training for rising entrepreneurs. Through the UNDP-MSMEDA partnership, loans for financing MSMEs reached 50,000 MSMEs and created around 800,000 jobs – 48% of beneficiaries were women with 45% of beneficiaries are youths in the age 20 to 35 years old.

5. Egypt's Sustainable Financing Framework

In order to meet the commitments described above, Egypt has elected to create a Sustainable Financing Framework (the "Framework") in accordance with the ICMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix I)¹⁴, ICMA Social Bond Principles (SBP) 2021 (with June 2022 Appendix I)¹⁵, ICMA Sustainability Bond Guidelines (SBG) 2021¹⁶, LMA Green Loan Principles (GLP) 2021¹⁷ and Social Loan Principles (SLP) 2021¹⁸.

Under the Framework, Egypt, acting through the Ministry of Finance, can issue Green, Social, Sustainability or Thematic Bond(s), Sukuk(s), Loans and any other types of debt instruments (collectively "Sustainable Debt Instruments"). Thematic issuance refers to Blue, Gender or other types of thematic labels focusing on specific environmental, social or sustainability objectives.



The Framework takes into consideration the Guidelines for Blue Finance¹⁹ from the International Finance Corporation for Green projects pertaining to Blue Finance and the Gender Bonds Guidance²⁰, Bonds to Bridge the Gender Gap developed by UN Women, IFC and ICMA for Social projects pertaining to Gender Finance. For each Sustainable Debt Instrument issued, Egypt asserts that it will adopt the following components set out in this Framework as well as the recommendation regarding External Review:



¹⁴ [ICMA Green Bond Principles \(GBP\) 2021 \(with June 2022 Appendix I\)](#)

¹⁵ [ICMA Social Bond Principles \(SBP\) 2021 \(with June 2022 Appendix I\)](#)

¹⁶ [ICMA Sustainability Bond Guidelines \(SBG\) 2021](#)

¹⁷ [LMA Green Loan Principles 2021](#)

¹⁸ [LMA Social Loan Principles 2021](#)

¹⁹ [IFC Guidelines for Blue Finance \(Jan 2022\)](#)

²⁰ [UN Bonds to Bridge the Gender Gap \(Nov 2021\)](#)

This Framework may be updated and amended from time to time in the manner described in Section 7 (Amendments to this Framework) below. Any such updated and amended Framework will be published on the Ministry of Finance's website²¹ and will replace this Framework. For the avoidance of doubt, any future updates to the Framework including the eligibility criteria of the Use of Proceeds may not necessarily apply to existing Sustainable Debt Instruments issued under this Framework.

5.1 Use of Proceeds

An amount equal to the net proceeds of any Sustainable Debt Instrument issued by Egypt will be allocated to finance or re-finance, in part or in full, expenditures which qualify under the eligibility criteria as set out below ("Eligible Expenditures").

Eligible Expenditures will include (but not limited to) direct/indirect investment expenditures, subsidies, tax expenditures and selected operating expenditures which may include R&D, education and training and other expenditures related to day-to-day servicing of fixed assets to ensure continued and effective functioning of the assets, insofar as any expenditure contributes to the Egypt's sustainability strategies outlined above.

Eligible Expenditures are limited to those that have been undertaken up to three budget years before issuance of any Sustainable Debt Instrument, the budget year of issuance and two budget years following issuance.

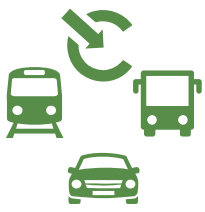
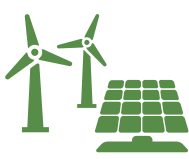
Eligible Expenditures will exclude any state disbursements to a local agency or local authority that participates in capital markets to raise Green, Social, Sustainability or Thematic ESG-related financing, such as the issuance of Green Bond/Sukuk.

When issuing Thematic issuance such as Blue and Gender bonds and loans, Egypt will conduct appropriate due diligence on the Use of Proceeds outlined in the Green and Social project categories under the Framework to refine the selection to the most appropriate and impactful projects underlying the specific theme, taking into account the requisite environmental and social safeguards.

For Green and/or Social projects which may qualify for Blue or Gender Finance under Thematic issuance, we have provided annotations beside the relevant eligibility criteria: **B** for Blue and **G** for Gender.

²¹ [Egypt Ministry of Finance](#)

5.1.1 Eligible Green Project Categories

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Environmental Objective: Climate Change Mitigation			
Clean Transportation 	 	▶ Electrified railway for passenger and freight and related infrastructure ▶ Electrified public transportation or low-carbon and zero emission light duty vehicles with direct emissions below 50gCO₂e/p-km ▶ Infrastructure enabling low-carbon road transport, public transport, and water transport: Electric charging points, hydrogen fueling stations ▶ Infrastructure for personal mobility and cycle logistics: Pavements, bike lanes and pedestrian zones	▶ Electric train linking the new administrative capital (NAC) to other cities in the country through the fourth stage of the third line for Cairo Metro ▶ Third line for underground Metro (Tharwa Line) ▶ Upgrading and Modernization of Cairo Metro Line 1 (Helwan - ElMarg) ▶ High speed rail system linking 60 cities from the Red Sea to the Mediterranean ▶ Fourth line for underground Metro ▶ Cairo bike project
Renewable Energy 	 	▶ Renewable energy facilities and components: ▶ Solar photovoltaic (PV) and solar thermal heating ▶ Onshore wind energy facilities ▶ Hydropower (small scale and large scale) which meets any of the criteria below: - Lifecycle GHG emissions of less than 100gCO₂e/kWh - Power density greater than 5W/m²	▶ 240 M.W wind farm project in GabalElzayt ▶ 50 M.W Photovoltaic project in komEmbo ▶ Wind Projects in Gulf of Suez ▶ NagahHamadi Industrial Pipeline / Benban 3 Solar Park ▶ Rooftop PV solar cells ▶ Solar water heaters

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
		- Electricity generation facility is a run of river plant and does not have an artificial reservoir ▶ Bioenergy derived from biofuel or biomass sourced from organic waste ▶ Green hydrogen or green ammonia produced using renewable energy which meets the criteria above or other types of renewable energy which has a lifecycle GHG emissions below 100gCO₂e/kWh ▶ Projects to support integration of renewable energy into the power grid: Transmission and distribution networks, smart energy grids, smart meters	▶ Intelligent control systems for usage of renewable energy ▶ 100MW green hydrogen plant ▶ Replacement of existing inefficient thermal power plants with renewable energy
Energy Efficiency 	 	▶ Building retrofits leading to a 30% increase in energy efficiency of buildings ▶ Energy efficient technologies and solutions to increase operational energy efficiency by at least 20-30% ▶ Investments in the ICT sector to enable a reduction of energy consumption: - 5G network to support smart cities - Smart applications and systems across various sectors ▶ Deployment of fibre optic to replace less energy efficient copper-based network	▶ Selection of building systems and materials ▶ Indoor environmental quality improvement ▶ Design and innovation process ▶ Improving energy efficiency of electrical appliances and equipment ▶ Development of smart cities across Egypt

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Environmental Objective: Climate Change Adaptation			
Climate Change Adaptation 		▶ Projects increasing resilience and adaptive capacities and reducing risk vulnerabilities: Implementation of flood protection systems^B, storm water systems^B, structures to protect against torrential rains^B ▶ Climate monitoring systems and solutions including R&D	▶ Weather forecasting and early warning systems, development of climate-friendly crop species including genotypes and cultivars resistant to salinity and temperature increase, coastal zone management, etc. ▶ Monitoring and evaluation of weather fluctuations, addressing impacts of sea level rise and the phenomena of extreme weather events ▶ Monitoring, Reporting and Verification (MRV) mechanisms to all types of infections and limiting spread of any of them into the air, water, soil, good and waste ▶ Programs and policies to support development of rural communities and enhance resilience to impacts of climate change especially land use change, plant and animal production, impact of migration to urban areas

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Environmental Objective: Pollution Prevention and Control			
Pollution Prevention and Control 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	▶ Waste collection, waste recycling and composting facilities from non-recyclable, source segregated, non-hazardous municipal solid waste ▶ Projects to reduce marine debris or associated impacts to marine life: Integrated solid waste management systems and rehabilitation of coastal or riverside landfills^B ▶ Projects to reduce pollution of coastal or marine environments including plastics collection and recycling facilities in areas connected to rivers or coastal water basins^B ▶ Projects to conserve, improve and restore marine and coastal ecosystems^B ▶ Projects related to improvement of oil (fuel) spill prevention, risks safeguard and recovery facilities^B ▶ Projects in information systems, technology and instruments to measure, track and report physical and chemical indicators of water body to achieve sustainable fishery and aquaculture management, water-related ecosystem restoration and disaster resilience^B	▶ Investments in Municipal Solid Waste (MSW) composting facilities (Mechanical Biological Treatment, MBT) ▶ Waste sorting facilities, garbage collection and street cleaning services ▶ VeryNile project to remove plastic waste from the Nile River^B ▶ Projects to reduce single-use plastic bags ▶ TouMali project to contribute to sustainable waste management system in the tourism sector for the protection of marine ecosystems^B ▶ JICA project to improve the value chain for waste management and support local recycling tools and reuse of plastic waste ▶ Coastal monitoring program in Mediterranean Sea and Red sea^B ▶ Red Sea coral reefs restoration project^B

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Sustainable Water and Wastewater Management 	6 CLEAN WATER AND SANITATION 	▶ Infrastructure for transportation and treatment of wastewater, including for example, building new wastewater treatment plants (WWTP), sewer systems and pumping stations and maintaining and optimizing existing ones^B ▶ Infrastructure for sewage sludge treatment, including for example, using anaerobic fermentation of sludge in generating electric power^B ▶ Seawater desalination plants with most energy-efficient technologies^B ▶ Projects that reduce water consumption or improve the efficiency of resources e.g., collection, treatment, recycling or reuse of water, rainwater, or wastewater^B	▶ Sewage treatment plants^B ▶ Sea water desalination plants^B ▶ Sludge treatment facility of Abu Rawash W.W.T.P^B ▶ Water harvesting and rainwater collecting systems^B ▶ Modern irrigation systems to monitor moisture levels and reduce water usage^B

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Environmental Objective: Protection and Restoration of Biodiversity and Ecosystems			
Terrestrial and Aquatic Biodiversity Conservation 	 	► Sustainable aquaculture^B and fisheries management projects^B: - Improving sustainability of fisheries and seafood value chain^B - Sustainable fishery certified under Marine Stewardship Council (MSC)^B or equivalent third-party certification - Sustainable aquaculture projects certified under the Aquaculture Stewardship Council (ASC)^B or equivalent third-party certification - Traceability systems to ensure sustainability of operations, facilities, and supply chain in the fishing industry^B - Projects to regulate harvesting and end overfishing, illegal or destructive fishing practices^B ► Biodiversity conservation and preservation projects: - Replenishment of watersheds^B - Conservation of terrestrial, marine^B, coastal^B and river^B biodiversity and eco systems	► Afforestation projects under Egypt's "Prepare for Green" initiative ► Preservation of agricultural land and water resources by maintaining fertility of soil continuously^B ► Preservation and management of endemic and endangered species in accordance with international standards ► Expansion of protected areas particularly priority sites of importance for biodiversity and key ecological processes ► Conservation or rehabilitation of the largest threatened species and endemic species at risk ► Assessment of the impact of climate change on biodiversity in vulnerable and protected areas ► R&D to strengthen local level biodiversity resilience ► Promote the implementation of sustainable fishing practices in Mediterranean Sea and

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
			Red Sea which is favorable to fish protection and habitats ^B

5.1.2 Eligible Social Project Categories

Eligible Social Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Social Objective: Access to Water Services, Access to Energy, Access to Digital Infrastructure, Access to Basic Services			
Affordable Basic Infrastructure 	  	► Projects to improve access to basic infrastructure: - Clean drinking water and sanitation^B - Construction, development or improvement of rural roads and public transportation infrastructure focusing on areas which lack connectivity or lack access to key social infrastructure (e.g. schools, hospitals) - Development of electricity transmission and distribution infrastructure to enable population located in rural areas to be connected to the grid - Deployment of fixed or mobile broadband for internet and mobile connectivity to provide access in areas at risk of digital exclusion	► Decent Life initiative to provide access to basic infrastructure ► Decent Life initiative to provide high speed internet and mobile connectivity

Eligible Social Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
		- Development of post offices equipment with Automated Teller Machines (ATM) Target Population: Targeted villages in rural areas under the Decent Life Initiative, low-income families²², people with disabilities, youths²³, orphan or children, women^{24G}, senior people²⁵, displaced persons	
Social Objective: Access to Financing and Financial Services			
Access to Essential Services  <i>Financing and financial services</i>	 	► Projects to improve access to financing services: - Soft loans or financial products for smallholder farmers, particularly women farmers^G to acquire farmland, farming equipment and related infrastructure - Soft loans or financial products for fishermen^B and fisherwomen^{BG} to acquire or improve fishing equipment or infrastructure to boost production or support income generation during off season - Soft loans or financial products for fish retailers^B, particularly women retailers^{BG}	► Safeshore loans

²² Low-income families are households with average income below the national poverty line as defined by Egypt Central Agency for Public Mobilization and Statistics (CAPMAS) as the minimum income deemed adequate for an individual to meet their basic needs

²³ 18 to 29 years old as defined by Egypt CAPMAS

²⁴ A poverty score will be calculated to determine the eligibility of the woman under the Decent Life initiative. Variables used in the calculation methodology focus on personal conditions of the woman, inter alia, the number of children, education level of the woman, marriage status and employment status

²⁵ Senior people are defined by Egypt CAPMAS as people aged 60 years and above

Eligible Social Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
		Target Population: Small-scale fishermen ^B and fisherwomen ^{26BG} , small-scale fish retailers ^{27B} , smallholder farmers ²⁸ , women ^C , other vulnerable groups	
Social Objective: Equal Access to Education and Quality Healthcare Services			
Access to Essential Services  <i>Education and vocational training, healthcare</i>	 	► Public, free, subsidized or non-profit health care and social care services: - Construction, maintenance or refurbishment of hospitals, clinics, healthcare centers, nursing homes, rehabilitation centers, early childhood development and elderly care facilities - Production of medical supplies, equipment, medicines and vaccines to treat and prevent spread of infectious diseases or health pandemics - Improving quality and access to healthcare facilities and services - Subsidies to ensure health coverage of vulnerable people ► Public, free or subsidized educational infrastructure: - Construction, maintenance or refurbishment of public schools, nurseries or vocational training facilities	► Decent Life initiative to provide healthcare and education services ► Development of family planning and reproductive health services for poor families ► Egypt Fishermen initiative to include fishermen^B and fisherwomen^{BG} in health and social protection ► Construction of public technological universities and creation of educational platform for technical education students

²⁶ Small-scale fishermen and fisherwomen are defined as fishermen or fisherwomen who operate without boats or generally rely on the manual operation of fishing equipment

²⁷ Small-scale fish retailers are defined as retailers who purchase fish products from small-scale fishermen or fisherwomen, and sell the products off the boat directly or at fish markets typically located in marinas or ports

²⁸ Smallholder farmers are defined as farmers who manage areas up to ten hectares

Eligible Social Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
		- Professional development and training for teachers - Upskilling and reskilling training to reduce youth unemployment rate - Grants and scholarships Target Population: General public	
Social Objective: Access to Housing			
Affordable Housing 	 	▶ Construction, maintenance, or renovation of social housing projects under the National Social Housing Program ▶ Provision of alternative furnished housing for slum dwellers Target Population: Individuals and families who qualify for these programs²⁹	▶ Egypt Social Housing Program ▶ Furnishment of housing units for slum dwellers with basic furnishings such as refrigeration, washing machine, stove, heater, beds
Social Objective: Social Inclusion and Poverty Reduction			
Socioeconomic Advancement and Empowerment 	 	▶ Training of smallholder farmers in sustainable agricultural practices, particularly women farmers^G ▶ Training of fishing communities^B in the sustainable management of fisheries, aquaculture, mariculture and algaculture ▶ Cash transfer programs for low-income families with children under 18, senior people and people with disabilities	▶ Projects by the National Council for Women to promote gender equality in Egypt^G ▶ Shelters for female victims of violence which provide accommodation, rehabilitation, counselling, economic empowerment, and legal support to

²⁹ Under the Egypt National Social Housing Program (July 2022), individuals whose monthly income is EGP324 or less, and families whose monthly income is EGP432 or less will qualify for the program. The income criteria is set periodically depending on CAPMAS Income and Expenditure Study

Eligible Social Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
		▶ Programmes to support the elderly or people with special needs in vulnerable situations ▶ Projects to eliminate all forms of discrimination against women, prevention of violence and abuse against women including improving awareness of and accessibility to services which prevent and respond to violence against women and girls^G ▶ Projects to support women working in science, technology, engineering, and mathematics (STEM) roles through scholarships, internships and mentoring programs^G ▶ Skill-building, digital literacy, and business development training, educational or healthcare facilities targeting women and girls^G Target Population: Small-scale fishermen^B and fisherwomen^{30B^G}, small-scale fish retailers^{31B}, smallholder farmers³², low-income families³³, women^G, senior people³⁴, people with disabilities	female victims of violence and children^G ▶ Solidarity and Dignity program (Takaful and Karama) ▶ Programmes to raise awareness and empower people with disabilities

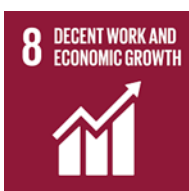
³⁰ Small-scale fishermen and fisherwomen are defined as fishermen or fisherwomen who operate without boats or generally rely on the manual operation of fishing equipment

³¹ Small-scale fish retailers are defined as retailers who purchase fish products from small-scale fishermen or fisherwomen, and sell the products off the boat directly or at fish markets typically located in marinas or ports

³² Smallholder farmers are defined as farmers who manage areas up to ten hectares

³³ Low-income families are households with average income below the national poverty line as defined by Egypt CAPMAS as the minimum income deemed adequate for an individual to meet their basic needs

³⁴ Senior people are defined by Egypt CAPMAS as people aged 60 years and above

Eligible Social Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Social Objective: Employment Generation and Access to Financial Services			
MSME Financing to Support Employment Generation and/or Alleviate Unemployment 	 	► Financing or re-financing of MSMEs³⁵ to generate employment and/or alleviate unemployment: - MSMEs in economically underperforming areas in Egypt - MSMEs owned by women^C (either (a) at least 51% of shares belong to women or (b) ownership is below 51% but at least 20% and at least one woman in senior management³⁶ and at least 30% of board of directors composed of women, where a board exists - MSMEs facing natural disasters or health pandemics - MSMEs related to aquaculture and fishing industry^B - Youth-owned businesses Target Population: MSMEs, women^C, youths³⁷	► MSMEDA loans

³⁵ MSMEs are defined by [Central Bank of Egypt](#) as Micro: Any enterprise with annual turnover of less than EGP 1 million or any newly incorporated enterprise with paid up or invested capital of less than EGP 50 thousand; Small: Any enterprise with an annual turnover between EGP 1 million and EGP 50 million, any newly incorporated industrial enterprise with a paid up or invested capital between EGP 50 thousand and EGP 5 million, or any newly incorporated non-industrial enterprise with a paid up or invested capital between EGP 50 thousand and EGP 3 million; Medium: Any enterprise with an annual turnover of EGP 50 million or more and does not exceed EGP 200 million, any newly incorporated industrial enterprise with a paid up or invested capital between EGP 5 million and EGP 15 million or any newly incorporated non-industrial enterprise with a paid up or invested capital between EGP 3 million and EGP 5 million

³⁶ CEO/COO/President/Vice President or equivalent levels per [IFC definition](#)

³⁷ 18 to 29 years old as defined by Egypt CAPMAS

Eligible Social Project Category	UN SDGs Alignment	Eligibility Criteria	Example Projects
Social Objective: Food Security			
Food Security and Sustainable Food Systems 	 	► Projects to promote food security and sustainable production: - Capacity building for farmers and improving access to relevant inputs, knowledge and finance - Increase agriculture production and productivity through reclamation and development of agricultural lands - Increase employment opportunities for people working in the agricultural sector - Digital and technological solutions to manage climate related challenges for farmers including R&D - Programmes and initiatives dedicated to agricultural transformation aiming at ensuring food security - Programmes to ensure access to healthy and nutritious food services for vulnerable populations Target Population: General public, smallholder farmers³⁸	► Allocation of new agricultural lands to increase agricultural areas ► Develop different varieties and hybrids of strategic crops that are productive and tolerant to adverse weather conditions and have low water consumption ► Cultivation of high-yield and scarce agricultural crop varieties ► Artificial intelligence to provide solutions to challenges facing farmers related to climate change and pest outbreaks ► Tamween food subsidy system

³⁸ Smallholder farmers are defined as farmers who manage areas up to ten hectares

Excluded Projects

For each Sustainable Debt Instrument issued, Egypt asserts that it will not use the proceeds for:

- ▶ Exploration, production, distribution, and transportation of fossil fuels
- ▶ Burning of fossil fuels for power generation or transportation
- ▶ Rail infrastructure dedicated for the transportation or storage of fossil fuels
- ▶ Nuclear power generation
- ▶ Alcohol, weapons, tobacco, gaming, or palm oil industries
- ▶ Renewable energy projects generating energy from biomass using feedstock originating from protected areas
- ▶ Waste incineration activities: Waste to energy facilities that incinerate recyclable or reusable materials or that divert waste from other usage
- ▶ Landfill projects

5.2 Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection will ensure that an amount equal to the net proceeds of the Sustainable Debt Instruments are allocated to new or existing Eligible Expenditures that meets the criteria set out above in Use of Proceeds (Section 5.1).

Egypt will establish a **Sustainable Finance Working Group (SFWG)** to carry out the evaluation and selection process. The SFWG will consists of members from:

- ▶ Ministry of Finance
- ▶ Ministry of Planning and Economic Development (MPED)
- ▶ Ministry of Environment (MoE)
- ▶ Ministry of Transportation (MOT)
- ▶ Ministry of Housing, Utilities & Urban Communities (MoHUUC)
- ▶ Ministry of Electricity and Renewable Energy (MOEE)
- ▶ Ministry of Higher Education & Scientific Research (MHESR)
- ▶ Ministry of Social Solidarity (MOSS)
- ▶ Ministry of Water Resources & Irrigation (MWRI)

- ▶ Ministry of Agriculture and Land Reclamation (MoA)
- ▶ Ministry of Health and Population (MoHP)
- ▶ New and Renewable Energy Authority (NREA)
- ▶ Egyptian Electricity Transmission Company (EETC)
- ▶ Construction Authority for Potable Water & Wastewater (CAPW)
- ▶ Ministry of Communications and Information Technology
- ▶ Social Housing & Mortgage Financing Fund (SHMFF)
- ▶ New Urban Communities Authority (NUCA)
- ▶ National Organization for Potable Water and Sanitary Damage (NOPWASD)
- ▶ General Organization for Physical Planning (GOPP)
- ▶ Micro, Small & Medium Enterprise Development Agency (MSMEDA)
- ▶ Ministry of Local Development (MLD)
- ▶ Ministry of Manpower (MoM)

The SFWG will be chaired by the Ministry of Finance.

On a semi-annual basis, the SFWG will consult with other Government departments (as necessary) to identify and recommend Eligible Expenditures.

On a semi-annual basis, the SFWG will review all proposed Eligible Use of Proceeds to determine their compliance with the Egypt Sovereign Sustainable Financing Framework in order to approve the allocation of proceeds. SFWG will ensure the compliance of the selected projects with the criteria set out above in Use of Proceeds (Section 5.1) for the lifetime of the bond.

On a semi-annual basis and as and when required, the SFWG will review the allocation of the proceeds to the Eligible Use of Proceeds and determine if any changes are necessary (for instance, in the event that projects or expenditures have been cancelled, sold or otherwise become ineligible). The SFWG aims to maintain an open channel of communication with focal persons and key members from each Ministry. The SFWG will strive to substitute projects no longer eligible with new eligible Green and Social Projects that comply with the eligibility criteria, as soon as reasonably practicable. The SFWG will also review the management of proceeds (as described in Section 5.3) and facilitate reporting (as described in Section 5.4).

5.2.1 Environment and Social Risk Mitigation

5.2.1.1 Egypt Environmental and Social Laws

Egypt has put in place several laws and regulations with respect to the environment, labor and human rights. An Environment Law³⁹ sets out the roles and responsibilities of the Egyptian Environmental Affairs Agency (EEAA) and the regulatory requirements around the (a) Protection of Land Environment from Pollution (b) Protection of Air Environment from Pollution, and (c) Protection of Water Environment from Pollution. The EEAA is responsible for laying down the plans for protection and promotion of the environment across these key components.

While the Environment Law primarily governs aspects around land, air and water pollution, the Egyptian government has also established specific legislations around Waste Management such as the Waste Management Law and its Executive Regulation⁴⁰ that pertains to regulating waste management, the Water Resources and Irrigation Law⁴¹ that pertains to effective water administration, distribution, irrigation and drainage.

On the Social front, Egypt's Labour Law⁴² primarily governs labour relations, human rights and occupational health and safety, including provisions around the employment of children and women. For example, the law identifies prohibited industries for female employees and prohibition of the employment of children before 15 years old or training before 12 years old.

All public tenders and contracts in Egypt are subject to the Egypt Public Procurement Law⁴³ which was issued to regulate contracts entered into by public authorities and government entities with the private sector, replacing the Bids and Tenders Law. The Public Procurement Law governs a broader scope of public sector bodies.

5.2.1.2 Environmental and Social Impact Assessment

The SFWG will assess any known risks of negative environmental or social impacts for Eligible Projects to ensure that while an environmental and/or social objective is achieved, it will not affect the other environmental and/or social objectives. This is carried out via an Environmental and Social Impact Assessment (ESIA).

Under Egypt's Environment Law, the Environmental and Social impact of projects must be evaluated before any projects are initiated. All Eligible Projects under this Framework must undergo an ESIA (according to the Egyptian regulations) by a certified environmental consultant and submitting the study through the competent administrative authorities or the licensing authorities to EEAA for review and issue opinion (approval, completing data or refuse).

EEAA is responsible for establishing the principles and procedures for assessing the Environmental and Social impact of projects which are formalized in Guidelines of Principles and Procedures for

³⁹ [Egypt Environment Law](#)

⁴⁰ [Egypt Waste Management Law](#)

⁴¹ [Egypt Water Resources and Irrigation Law](#)

⁴² [Egypt Labour Law](#)

⁴³ [Egypt Procurement Law](#)

Environmental Impact Assessment 2009⁴⁴. The EISA classify the projects that should be subject to an assessment based on the following 4 principles:

- A. Type of activity undertaken by the establishment
- B. Extent of natural resources exploitation
- C. Severity of the environmental impacts
- D. Intensity of its energy consumption

The objectives of the ESIA study are to:

- ▶ Identify and assess potential environmental and social impacts of projects on surrounding areas during construction and operation phases
- ▶ Assess the impacts in relation to national/international laws and guidelines
- ▶ Develop an environmental and social management plan to mitigate potential negative impacts and to monitor compliance with relevant environment laws and regulations
- ▶ Carry out stakeholder engagement activities during scoping phase of assessment and public consultation after assessment

A wide range of environmental and social impact areas will be assessed, including:

- ▶ Air and Noise Quality
- ▶ Hazardous Materials and Integrated Waste Management
- ▶ Biodiversity
- ▶ Land Use
- ▶ Natural Disaster Risks
- ▶ Socioeconomic and cultural impact
- ▶ Accident Risks
- ▶ Public Health impact
- ▶ Occupational Health and Safety
- ▶ Soil and Underground Water

⁴⁴ [Egypt EIA](#)

EEAA will classify the projects into 4 main categories based on the different levels of criteria. Additional guidelines are established for 8 sectors⁴⁵. EEAA has the authority to request for additional information such as a scoped ESIA of certain components and impacts for Category B projects and additional studies such as quantitative risk assessment for some Category C projects.

Category	Types of Projects	Criteria
A	Minimum environmental and social impacts	Meets criteria for lowest level impact
B	Potential adverse environmental and social impacts yet less adverse than Category C	Meets at least one criterion of medium level impact and rest is of the lowest level impact
Scoped B	Medium Impact with sensitive condition	Meets at least one criterion of medium level impact and rest is of the lowest level impact
C	Highly adverse environmental and social impacts	Meets at least one criterion of highest level impact

Eligible Projects can only be executed once a permit is issued by the EEAA. The EEAA will conduct an inspection to ensure projects are in compliance with all items highlighted in the permit including any mitigation measures. In the event of detection of any environmental violation in relation to Environmental Law No.4 of 1994, its amendments, and its executive regulations, EEAA shall take the necessary legal measures, and impose the penalty on the violator in accordance with the provisions of the law, and the administrative body responsible for issuing licenses for the project shall be notified along with the extent of the violations that have been monitored. This enables the authority to take action, assess the violations and determine if suspension or cancellation of the license is required in accordance with the relevant laws.

5.3 Management of Proceeds

Egypt, acting through the Ministry of Finance will be responsible for the issuance of Sustainable Debt Instruments. The net proceeds of each Sustainable Debt Instrument will be deposited in the general funding accounts and earmarked for allocation in the Sustainable Financing Register.

Pending its allocation to Eligible Expenditures, Egypt will temporarily hold an amount equal to the unallocated proceeds of any Sustainable Debt Instrument in cash in its Treasury. For avoidance of doubt, unallocated proceeds will not be allocated into greenhouse gas intensive or controversial activities as per the exclusion criteria of the Framework. The Ministry of Finance and Ministry of Planning and Economic Development will oversee the allocation and tracking of Eligible Expenditures up to an amount equal to the net proceeds of the Sustainable Debt Instruments issued.

⁴⁵ Oil and Gas, Cement Manufacturing Plants, Pharmaceutical Plants, Land Reclamation Projects, Assessment of Urban Development, Development of Ports Harbors and Marinas, Municipal Wastewater Treatment, Industrial Estates Development

The Sustainable Financing Register will be reviewed annually by the Ministry of Finance and Ministry of Planning and Economic Development.

The Sustainable Financing Register will contain relevant information including:

- ▶ Details of the Sustainable Debt Instrument: ISIN, pricing date, maturity date, etc.
- ▶ Details of Eligible Use of Proceeds, including:
 - ▶ Eligible Green and Social Projects
 - ▶ Amount of net proceeds allocated
 - ▶ Breakdown of re-financing and new financing
 - ▶ Other necessary information so that the aggregate of net proceeds allocated to the Eligible Expenditures is recorded at all times
 - ▶ Estimate of impact of the Eligible Use of Proceeds

5.4 Reporting

Egypt commits to report on the allocation and impact of proceeds from any Sustainable Debt Instrument on an annual basis, until full allocation and in the event of any material changes.

An annual allocation report will be made publicly available within one year of issuance of any Sustainable Debt Instrument, which details the allocation of the net proceeds from any outstanding issuance. The allocation report will include the following details:

- ▶ Total amount allocated to Eligible Expenditures
- ▶ Total amount allocated per Eligible Green and Social Project Category
- ▶ The amount remaining unallocated
- ▶ Breakdown of refinancing versus new financing

In addition, impact reporting on the expected environmental impacts of the Eligible Green and Social Projects will be provided and will be made available on at least an annual basis, subject to the availability of the relevant data.

Any GHG emissions reduction achieved will be accounted for by the government of Egypt, and Egypt has the right to decide on its usage in reporting requirements such as the NDCs at Egypt's discretion.

Potential key environmental and social impact indicators include⁴⁶:

⁴⁶ Reference to [Egypt's Vision 2030](#)

Eligible Green Project Categories:

Eligible Project Categories	Potential Impact Metrics
Clean Transportation	▶ Passengers using public transportation growth rate ▶ Number of new train lines created/maintained (in km) ▶ GHG emissions reduced or avoided (tCO₂e)
Renewable Energy	▶ Estimated annual energy production (MWh) ▶ GHG emissions reduced or avoided (tCO₂e) ▶ Change in primary fuel mix ▶ Change in primary fuel mix for electricity production
Pollution Prevention and Control	▶ Amount of waste recycled (tons) ▶ Amount of waste collected (tons)
Energy Efficiency	▶ GHG emissions reduced or avoided (tCO₂e) ▶ Energy savings (MWh or %)
Climate Change Adaptation	▶ Estimated number of beneficiaries from adaptation projects ▶ Estimated cost of losses due to climate change impacts ▶ Estimated number of vulnerable people ▶ Estimated total area of protected lands ▶ Estimated cost of Infrastructure and built environment established for protection (E.g. sea walls, resilient road networks, etc.) ▶ Estimated benefits/costs of protected Ecosystem and ecosystem services provided/lost (E.g. ecosystem conservation and management, ecotourism, etc.)
Sustainable Water and Wastewater Management	▶ Increase in the efficiency of water production and consumption (m³ per day or %) ▶ Amount of treated water reused or recycled (in litres) ▶ Amount of seawater treated (in litres) ▶ Amount of energy generated from sludge treatment (kWh)
Terrestrial and Aquatic Biodiversity Conservation	▶ Increase in area set aside for biodiversity conservation in km² and % ▶ Number of fisheries certified or % increase ▶ Number of alternative feeds for aquaculture developed ▶ Number of traceability system for fisheries implemented

Eligible Project Categories	Potential Impact Metrics
	▶ Absolute number of protected or priority species protected before and after project ▶ Increase of protected area/habitat in km2 and % for increase

Eligible Social Project Categories:

Eligible Project Categories	Potential Impact Metrics
Affordable Basic Infrastructure	▶ Number of people gaining access to basic sanitation or increase in % of total population ▶ Number of people gaining access to safe water supply or increase in % of total population ▶ Number of new water treatment plants ▶ Number of people with access to mobile and internet connectivity or increase in % of total population ▶ Number of new post offices with ATM built
Access to Essential Services – Financing and Financial Services	▶ Number of soft loans or financial products for smallholder farmers ▶ Number of soft loans or financial products for fishermen ▶ Number of soft loans or financial products for fish retailers ▶ Number of soft loans or financial products for women
Access to Essential Services – Education and Vocational Training, Healthcare	▶ Number of beneficiaries ▶ Number of new hospitals, healthcare or social care centers build ▶ Number of new schools or training centers built ▶ Number of fishermen and fisherwomen provided with health and social protection
Affordable Housing	▶ Number of beneficiaries (individuals and households) ▶ Number of housing units constructed
Socioeconomic Advancement and Empowerment	▶ Number of beneficiaries ▶ Number of women beneficiaries ▶ Number of beneficiaries for the Takaful and Karama program split into the different target groups ▶ Number of smallholder farmers trained ▶ Number of individuals in fishing communities trained

Eligible Project Categories	Potential Impact Metrics
	▶ % of national policies and action plans that include women-specific aspects ▶ % of women's access to financing, credit and training opportunities
MSME Financing to support Employment Generation and/or Alleviate Unemployment	▶ Number of loans granted to MSMEs ▶ Number of loans granted to women owned/managed MSMEs ▶ Number of loans granted to youth-owned businesses ▶ Number of loans granted to MSMEs facing natural disasters or health pandemics ▶ Number of loans granted to MSMEs related to blue economy sectors
Food Security and Sustainable Food Systems	▶ Number of beneficiaries ▶ New agricultural area in km2 and % for increase ▶ Increase in employment in the agricultural sector in % ▶ Number of new solutions developed to manage climate related challenges for farmers

All reporting will be made public on the Ministry of Finance's website.

6. External Review

6.1 Second Party Opinion

Egypt has engaged Moody's Investors Service to provide an External Review in the form of a Second Party Opinion on the Egypt Sovereign Sustainable Financing Framework, and confirm alignment with GBP 2021, SBP 2021, SBC 2021, GLP 2021 and SLP 2021.

This Second Party Opinion will be made public at Ministry of Finance website.

6.2 External Verification

Egypt is committed to engage an External Reviewer to assess the allocation of net proceeds to eligible expenditures and impact reporting, on an annual basis until full allocation.

The resulting report will be made public on Ministry of Finance's website.



7. Amendments to this Framework

The SFWG will review this Framework on a regular basis and such review may result in this Framework being updated and amended. The updates, if not minor or technical in nature, will be subject to the prior approval of the Ministry of Finance, in addition to that of the Ministry of Planning and Economic Development and Ministry of Environment.

If the Framework is updated, it will be published on the Ministry of Finance's website with the date of update and will replace this Frame



2022