

A Sustainable Banking Network (SBN)
Flagship Report
Addendum to SBN Global Progress Report

October 2019

Country Progress Report

Egypt



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Status for Policy Preparation – Egypt



SBN Member:

- [Federation of Egyptian Banks \(FEB\)](#) (member since 2016)
- [Central Bank of Egypt](#) (member since 2019)

SBN Working Group: Green Bond Working Group

Country readiness review:

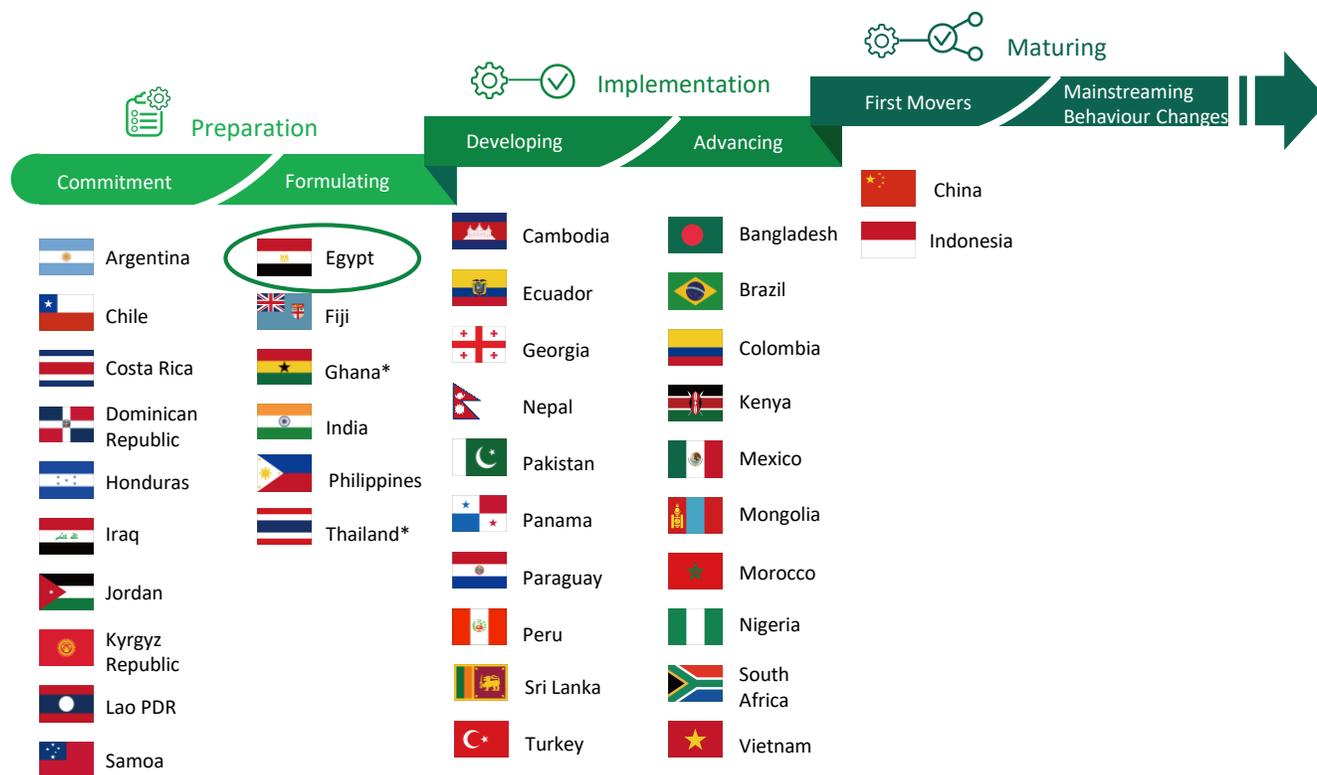
Central bank of Egypt is working on issuing principles and guidelines across the banking sector based on SBN and international best practices. Multiple financial stakeholders, including representatives of the banking sector, are also preparing a new section of Egypt’s “Vision 2030” development strategy, which will be dedicated to sustainable finance. A specific timeline for launching the sustainable finance framework and guidelines is yet to be defined.

Egypt is currently in the preparation phase and intends to launch a framework in the coming years. Egypt’s readiness has therefore been reviewed against 3 main dimensions:

- Is awareness raising being undertaken in the country, with leadership by either the financial sector regulator and/or the banking association? (e.g. trainings, knowledge sharing events, conferences and meetings, research, publications)
- Has a sector-wide dialogue been initiated towards the establishment of a national sustainable finance framework, involving relevant stakeholders? (e.g. government and other public bodies, private and public financial institutions, regulators, civil society organizations)
- Has a timeline for the development of a policy been defined? (i.e. a clear schedule and milestones to launch the framework?)

Figure 1: SBN Progression Matrix with Assessment Results¹

Assessment based on progress up to and as of June 2019²



Note:

1. Please refer to the SBN Global Progress Report for an explanation of the Progression Matrix.
2. Ghana and Thailand launched their policies and principles in August 2019, after the cut-off date of June 2019 for this report.

Status for Policy Preparation – Egypt



Timeline for the development of a policy / principles:

The Central Bank of Egypt (CBE) is working to adapt and apply the UNEP FI Principles for Responsible Banking across the entire banking sector. The six Principles (Alignment, Impact, Clients and customers, Stakeholders, Governance and targets setting, and finally Transparency and accountability) have been adopted as the core components of Egypt's future sustainability framework. Multiple financial stakeholders, including representatives of the banking sector, are also preparing a new section of Egypt's "Vision 2030" development strategy dedicated to sustainable finance. A specific timeline for launching the sustainable finance framework and guidelines is yet to be defined.

Dialogue towards the establishment of a policy or voluntary principles:

Two major Egyptian banks have been active in adopting and promoting global standards on sustainable finance. The AAIB (Ara African International Bank) and CIB (Commercial International Bank) have endorsed the UNEP FI Principles for Responsible Banking and have been involved in the development of the sustainable banking framework. The AAIB is also a signatory of the Equator Principles and, along with other banks, of the UN Global Compact.

Awareness raising practices:

Awareness raising actions are underway in Egypt. These are mainly coordinated via the MOSTADAM platform, conceived by the AAIB, UNDP, and the Egyptian Corporate Responsibility Center in 2014. This represents the first platform in the MENA region aimed specifically at promoting sustainable finance products and services. It also provides adapted training and educational modules on sustainable finance to financial institutions. More than 70% of banks' representatives have already participated in one of the training modules. Training in "Environmental and social risk assessment" has also been delivered by the Egyptian Banking Institute, the training branch of the CBE.

Local financial system:

There are 38 licensed banks in Egypt, regulated by the Central Bank of Egypt. Two of the banks have participated in the preparation and implementation of the UNEP FI, one has joined the UN PRI (Principles for Responsible Investment) and twelve financial institutions are signatories of the UN Global Compact.

Recent progress and achievements:

- ❑ Egypt's dependence on carbon fuel resources and its growing population are both impacting natural resources, leaving the country highly exposed to climate change and water scarcity. In response, numerous initiatives are being undertaken to manage and reduce environmental threats. A National Environmental Action Plan was adopted in 2002 to improve natural resources management, and Egypt has ratified the Paris agreement. In 2016, Egypt launched its "Vision 2030" sustainable development strategy based on the UN's Sustainable Development Goals (SDGs). The strategy's four pillars not only address environmental goals but also social aspirations such as education, health, and equality. A "green transformation strategy" for reducing GHG emissions was also implemented in 2016.
- ❑ Egypt's stock exchange (EGX) joined the Sustainable Stock Exchanges Initiative (SSE) Initiative in 2012. The EGX has shown its commitment to improving the market's sustainability by publishing guidance on ESG disclosure for its sustainability index.
- ❑ Another more recent initiative that took place in May 2019 was the inaugural Egyptian Principles for Sustainable Insurance (PSI) Market Event, the first of its kind in the MENA region. It was organized by the Egyptian Financial Regulatory Authority and the Insurance Federation of Egypt, in collaboration with the UN PSI. Discussions at the event between UN officials and key Egyptian stakeholders led to the decision to draft an Egyptian sustainable development roadmap by 2020. The aim of this roadmap would be to develop the resilience and sustainability of Egypt's insurance sector in line with the UN SDGs.

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