

4 October, 2023

WEBINAR

Sustainable Microfinance in Egypt



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En:

Quick housekeeping

Interpretation is offered in French and Arabic; please click on the language you want to listen to.

Please introduce yourself in the **chat** and feel free to ask questions there throughout the workshop- Select everyone

A friendly reminder to speakers – Please **mute** yourself when you are not speaking

Fr:

Informations importantes:

L'interprétation est offerte en Français et en Arabe ;
Veuillez cliquer sur la langue que vous souhaitez pour l'écouter.

Veuillez-vous présenter dans le **chat** et n'hésitez pas à poser des questions tout au long de l'atelier -
sélectionnez « tout le monde » avant d'envoyer.

Rappel aux intervenants –
Veuillez vous mettre en **mute** sauf si vous allez présenter.

:Ar

معلومات مهمة:

للاستماع إلى الترجمة المباشرة باللغتين الفرنسية و/أو العربية. يرجى النقر على اللغة التي ترغب في الاستماع إليها. **تنبيه:** للترجمة العربية يرجى اختيار اللغة

نطلب منكم تقديم أنفسكم في المكان المخصص للدردشة, يمكنكم أيضا طرح الأسئلة و تعليقات طوال ورشة العمل – يرجى تحديد "الجميع" قبل الإرسال.

تذكير للمتحدثين - يرجى كتم الصوت إلا عند التحدث

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Kateryna Morton
Finance in Motion for
SANAD Fund for
MSMEs Technical
Assistance Facility



Rany Saad
SANABEL
The Microfinance Network
of Arab Countries



Dr.-Ing. Natalia Realpe Carrillo
HEDERA Sustainable Solutions
Moderator



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Shaymaa El Demery
Central Bank of Egypt



Rasha Yousry
Central Bank of Egypt



Ahmed Nawar
Alexandria Business Association (SME Project)



Ahmed Khorched
Tamweely Microfinance



Ahmed Abdelwahab
Senior Bank Advisor & MSME Expert



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SANAD Fund for MSME's Technical Assistance Facility

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Rany SAAD

Sustainable Microfinance in Egypt



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About Sanabel, The Microfinance Network of Arab Countries:

- 2002: Sanabel was established (17 representatives from 7 Arab countries gathered in Tunisia) by-laws and membership criteria were adopted, and an executive committee was elected.
- 2004: Sanabel was incorporated and registered as a nonprofit organization in Atlanta, Georgia, USA, and in Cairo, Egypt. Sanabel's first full-time Executive Director was hired.
- 2004-2006: Sanabel built its team and launched several key programs to benefit the microfinance institutions in the Arab world.

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Who We Are and What We do?

- We are the Microfinance Network of Arab Countries; a regional member-based network.
- We support shaping the microfinance sector in the Arab countries based on good practice, disclosure, and consumer protection principles.
- We provide capacity building, research, information exchange, and networking opportunities to our members, and the Arab microfinance industry at large to support the sector's sustainable growth.
- We provide support and assistance to national microfinance networks in the region.

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About the SANABEL Conference

Who attends the annual conference and why?

- Sanabel conference is dynamic platform for initiating and forging relationships among practitioners of the microfinance sector. The conference is attended by **microfinance pioneers, policy makers, experts, investors, Fintechs, donors, researchers, rating agencies, Senior level executives** and more.
- The annual conference gives you the opportunity to talk to each one of the practitioners' attendees to have a **one-to-one conversation** of what you're working on and get some advice from some one who's already applied that from a different region.
- Attending the annual conference provide participants with **tools** or **skills** which cannot be taught anywhere else. The focused nature of learning at the conference allows attendees to dig deeper into specific topics.



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Sanabel Annual Conference 21-22 of November, 2023, at Hilton Dead sea, Jordan.

The theme is **"Global Trends and Their Impact on The Development of The Microfinance Sector Regionally"**. Throughout the conference, participants will explore the thought-provoking discussions which will revolve around the following:

- The level of preparedness of financial services providers
- Promoting financial inclusion
- Building Resilience Amidst Global Challenges
- Empowering micro-entrepreneurs
- Financial literacy and education
- Tech for good
- Conflict-sensitive approaches
- Balancing financial and social impact

Overview about Sustainability in Egypt:

- Over the last two years, we have seen a movement in Egypt towards green energy and sustainable finance, especially after the government published its Vision 2030.
- We have seen a response from the MFIs in some indicators, such as minimizing carbon prints, minimizing waste management, maximizing agricultural and clean energy loans, and promoting digitalization.

Government and investor's role:

- There is still a gap in promoting sustainable strategies and how to implement them.
- Raising awareness and understanding of the importance of green products, especially in light of climate change.
- The government needs to increase the awareness of governmental programs in fostering sustainability.

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In the 2022 conference, Sanabel organized a panel with **SANAD Fund for MSME** and **HEDERA** to discuss the research **“Sustainable Microfinance in the MENA Region: Findings and Ways Forward “** to increase awareness for the MFIs about **sustainable finance** and **what are the universal standards for social and environmental performance management?**

The session revealed the survey results from HEDERA Sustainable Solutions, combined with further analysis based on the broader context and interviews undertaken with microfinance stakeholders.

The speakers described the status of green microfinance across the MENA region regarding the initiatives and practices pursued by microfinance institutions and their future strategies to enhance the climate resilience of end beneficiaries.

The session provided a better understanding of the sector’s current level of development, MFIs’ green microfinance needs, and the extent to which MFIs are aware of or complying with local and international standards and regulations and explore the opportunities for extending green microfinance services.



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Closing Remarks and Reflections

- Financial and Social Inclusion are critical to the well-being of communities and their inhabitants
- Microfinance Institutions in the region have evolved over the last 3 decades to respond to client needs, expanding financial demands, and regulatory requirements
- Success across the region in microcredit, microfinance, and financial inclusion can be summarized by the ability of all stakeholders to adapt and keep up with their changing environments
- Recently and during the Corona pandemic, we have observed the fast and successful advances in digitalization to cope with closures, lockdowns, and restrictions. Most institutions have thrived, along with their clients
- Today, we observe the adverse effects of climate change and, as a community of financial inclusion stakeholders, will collaborate and coordinate efforts to support a more sustainable developmental approach for the current generation and generations that follow us

Thank you

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Thank you!

Rany Edward Saad | Executive Director SANABEL

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Dr.-Ing. Natalia Realpe Carrillo

Study Results of Sustainable Microfinance in Egypt



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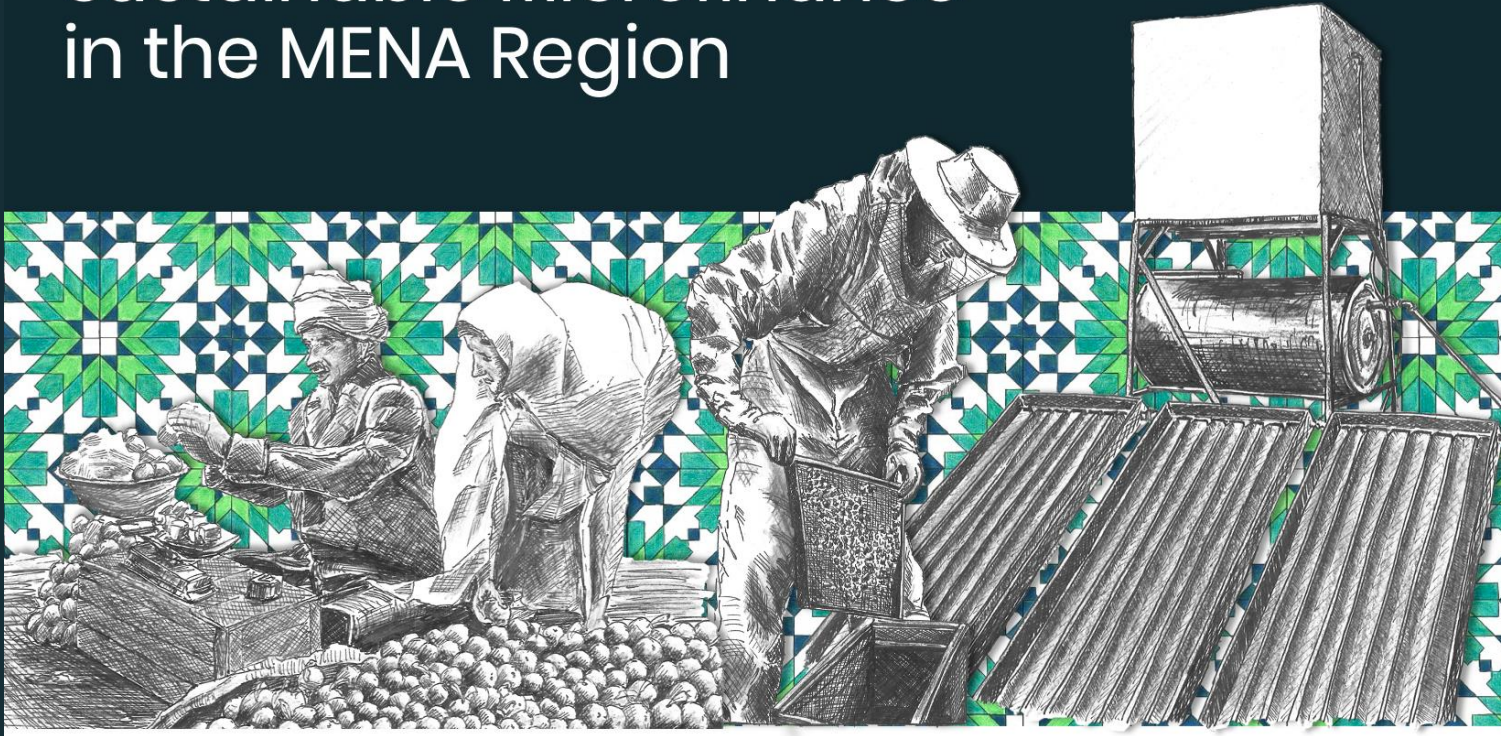
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Sustainable Microfinance in the MENA Region



July – October 2022

Sectorial Study

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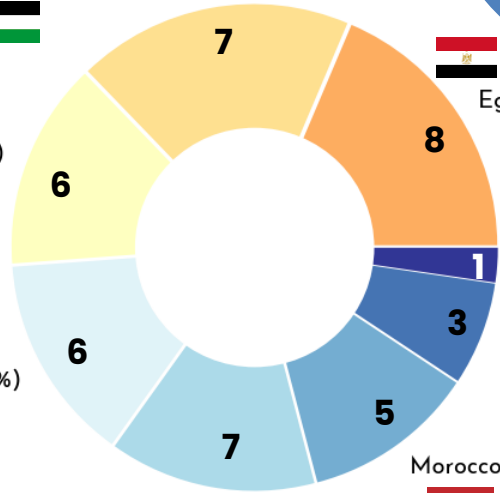


Participant MFIs

N = 45
 40 MFIs
 1 NGO
 1 Startup
 3 Networks



Palestinian Territories (8, 18.6%)



Egypt (8, 18.6%)

Lebanon (6, 14.0%)

Jordan (6, 14.0%)

Yemen (6, 14.0%)

Morocco (5, 11.6%)

Tunisia (3, 7.0%)

Syria (1, 2.3%)



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Measuring Framework

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The Green Microfinance Penetration Index

Objective:

Understand the penetration of green inclusive finance in a region, considering the work of the financial institutions and the enabling environment where their work evolves.



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Enabling Environment

How vital is the context in which the MFI operates to green finance development?

INDICATORS

Demand

Level of demand for green products and services

Regulations

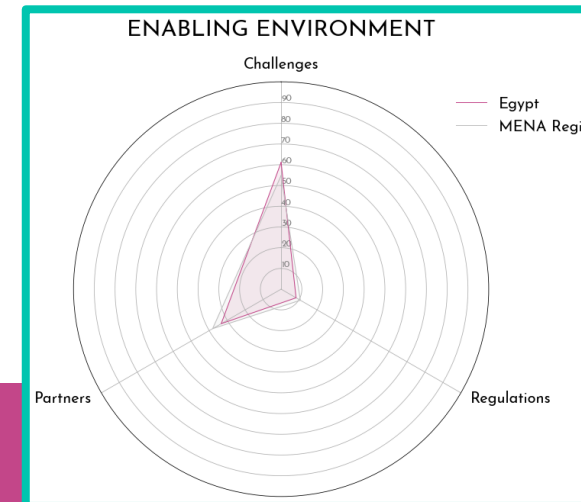
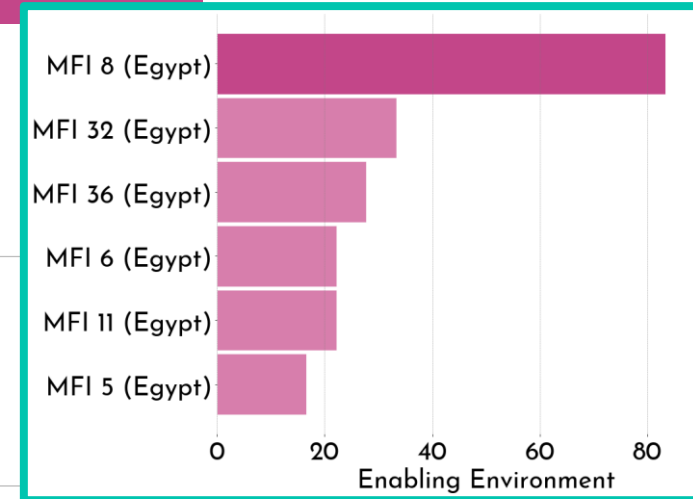
Directives for MFIs in place at the national level that encourage/oblige them to offer green finance in favorable conditions

Partners

Partners supporting MFIs in developing green finance projects

Dedicated programs

Ongoing initiatives for MFIs to develop green finance



NONE

LOW

MEDIUM

HIGH

Execution

Environmental Strategy & Risk Management

How in-depth are MFIs implementing their environmental policy and risk management procedures?

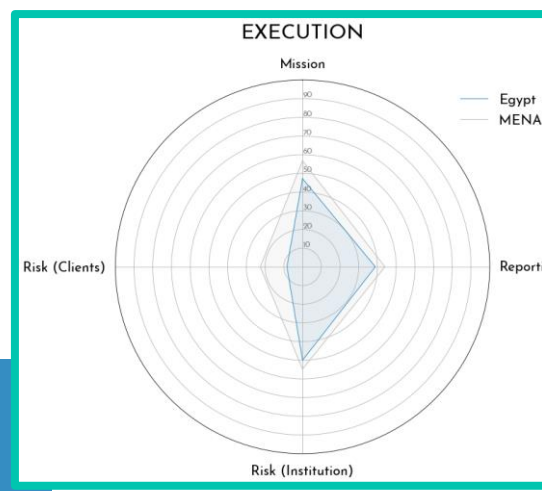
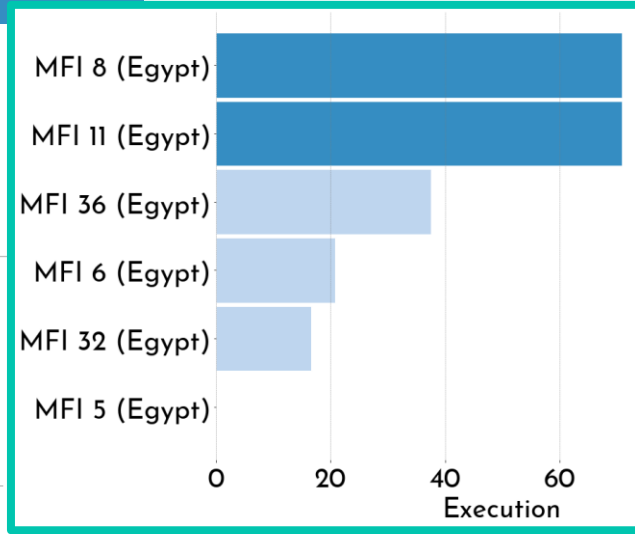
INDICATORS

Institutions' business & aspirations
Institutional commitment to implementing an environmental strategy

Reporting
Institutional transparency on achieved KPIs related to environmental initiatives at the client and institutional level

Risk management at institutional level
Strategies and actions to manage the institution's adverse environmental impact and reduce its vulnerability

Risk management at client level
Strategies and actions to reduce clients' vulnerability and the negative environmental impact of their activities



BEGINNER

BASIC

PROFICIENT

ADVANCED

Offer

Green financial and non-financial products

What are MFIs offering to enhance the climate resilience of their institutions and clients?

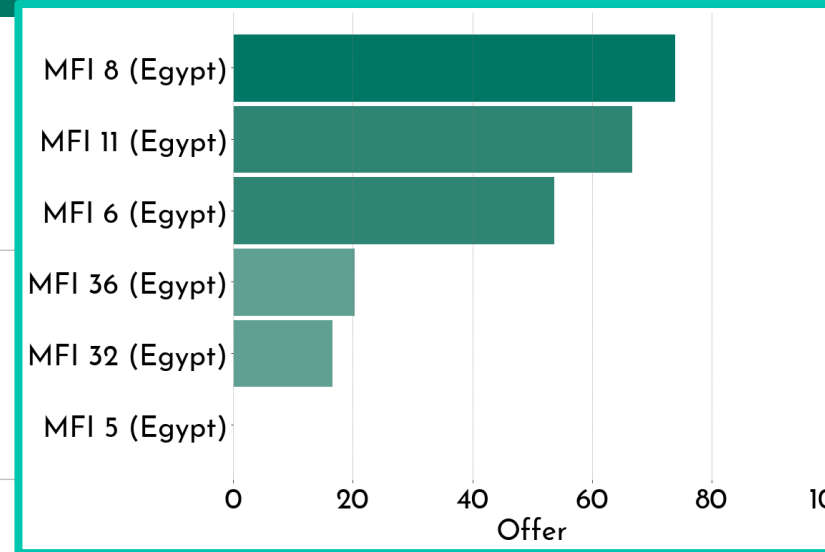
INDICATORS

Financial products

Outreach of financial products

Non-financial services

Outreach of non-financial services



BEGINNER

BASIC

PROFICIENT

ADVANCED

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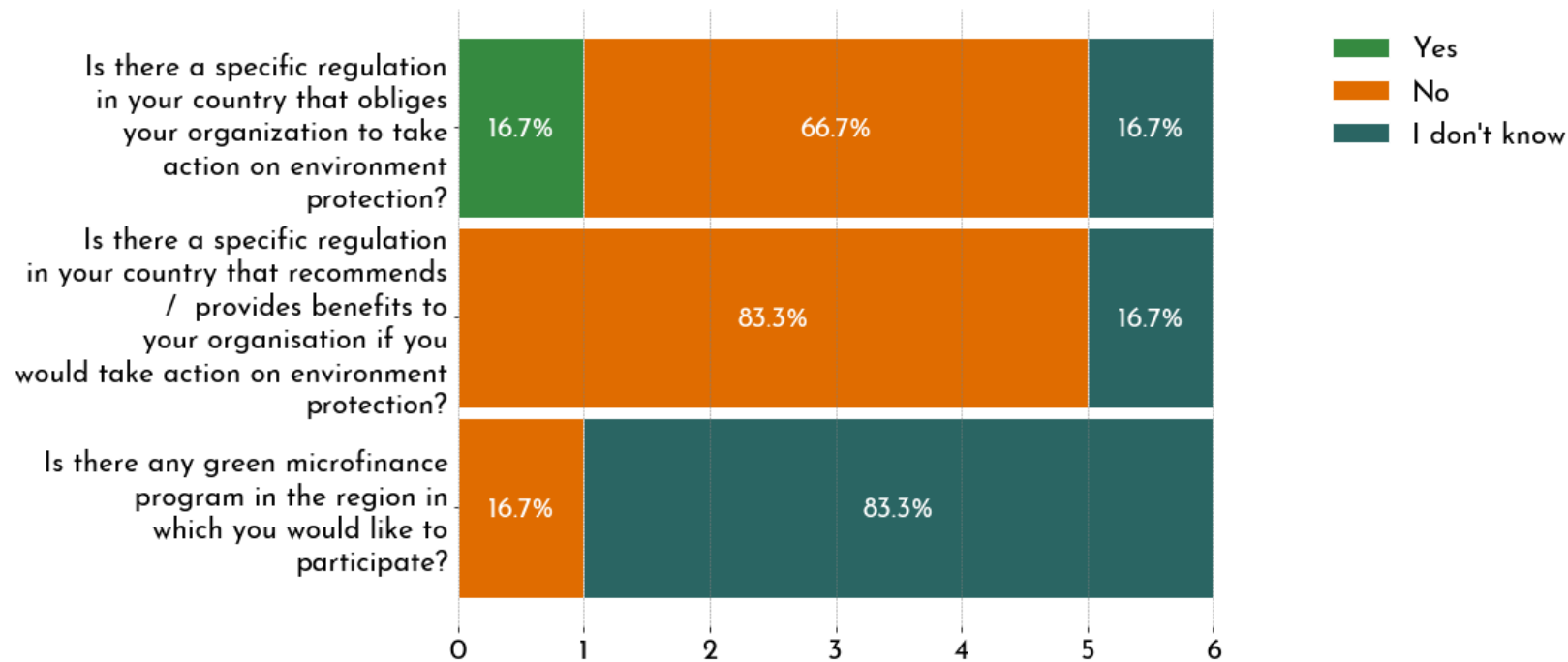
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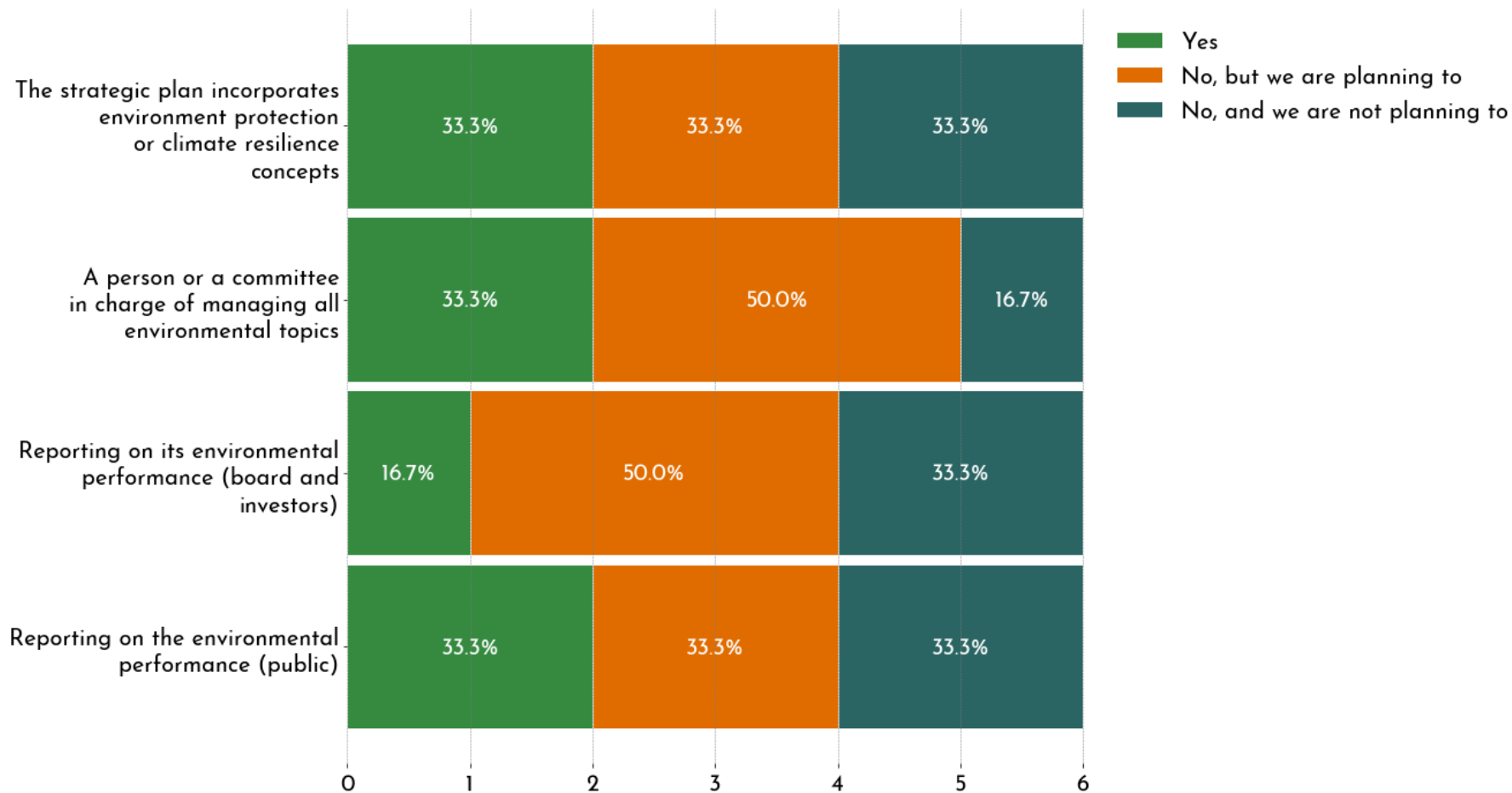
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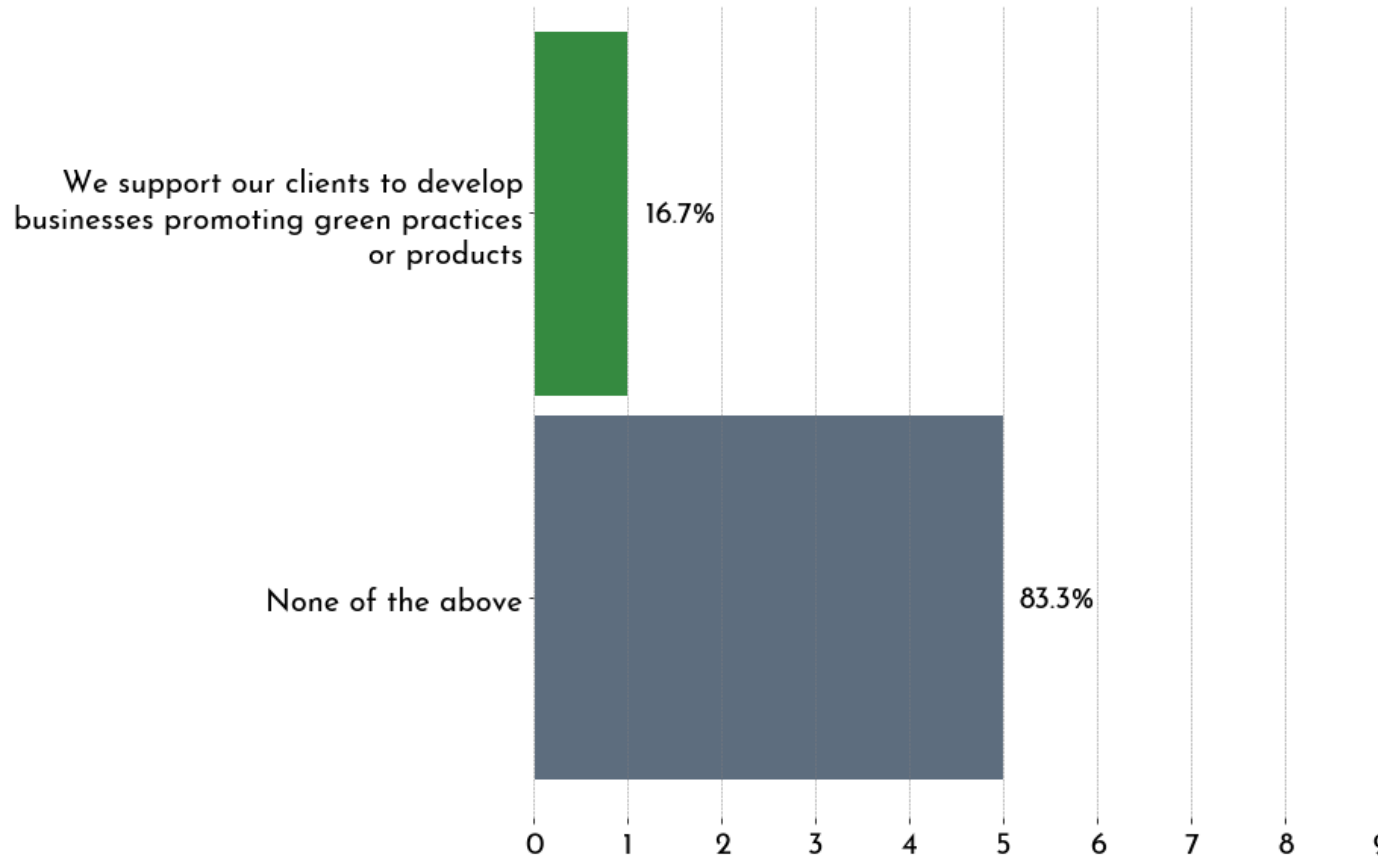
Context



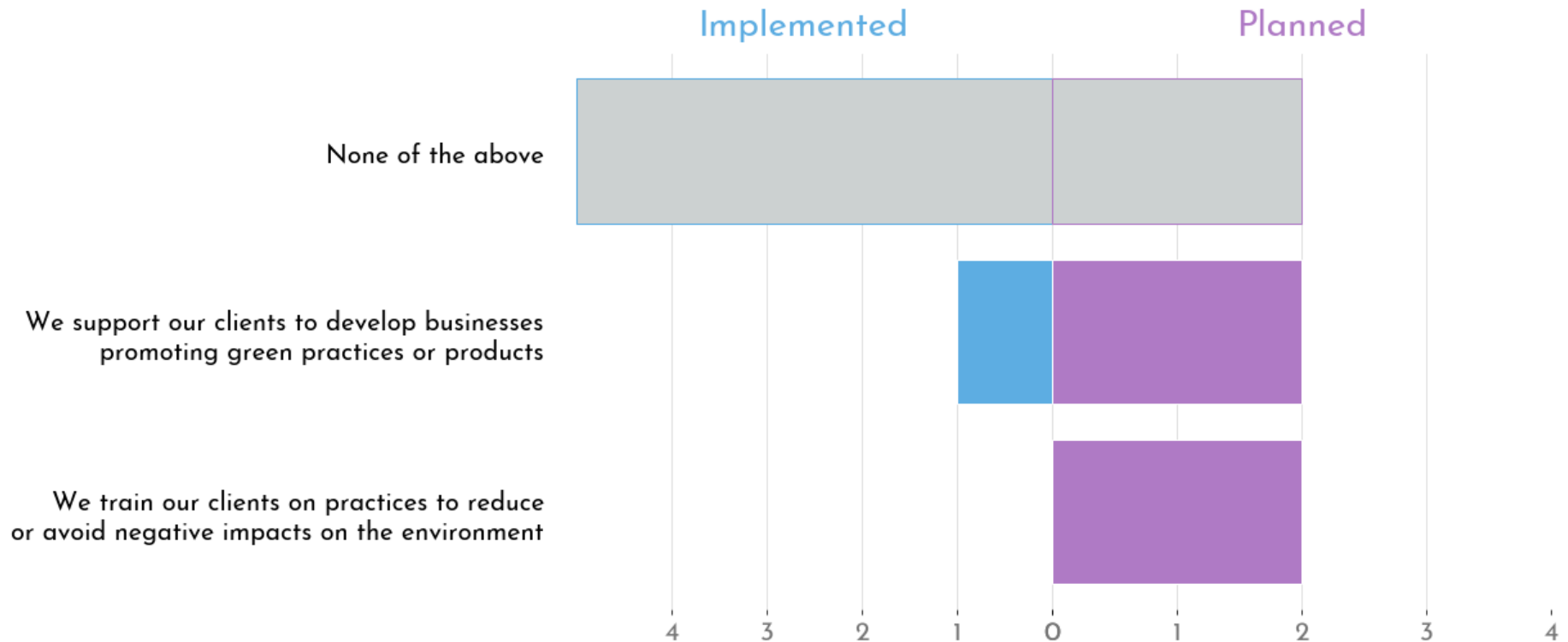
Strategy



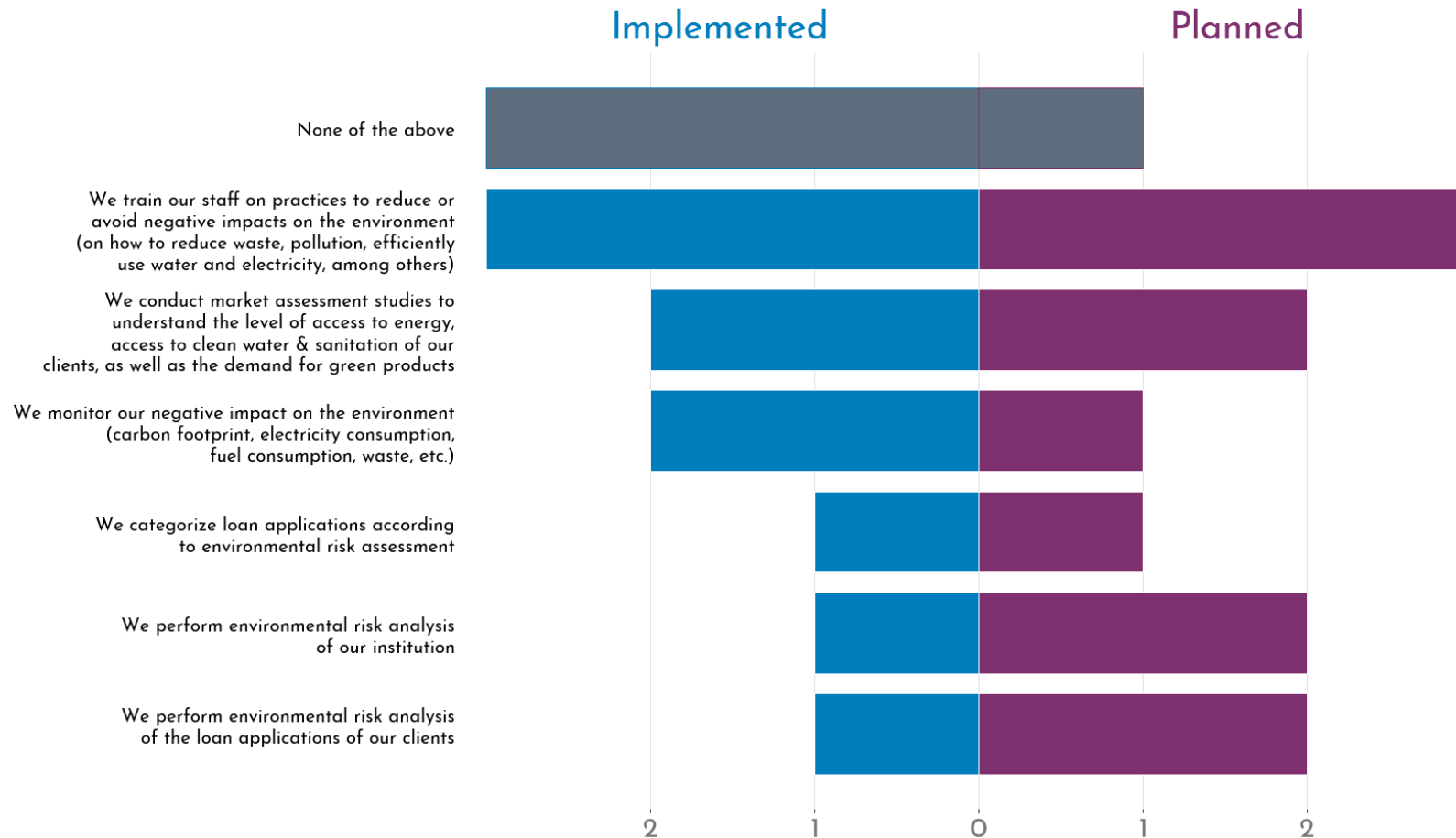
Activities related to risk management (at the client level)



Activities related to risk management (at the client level)

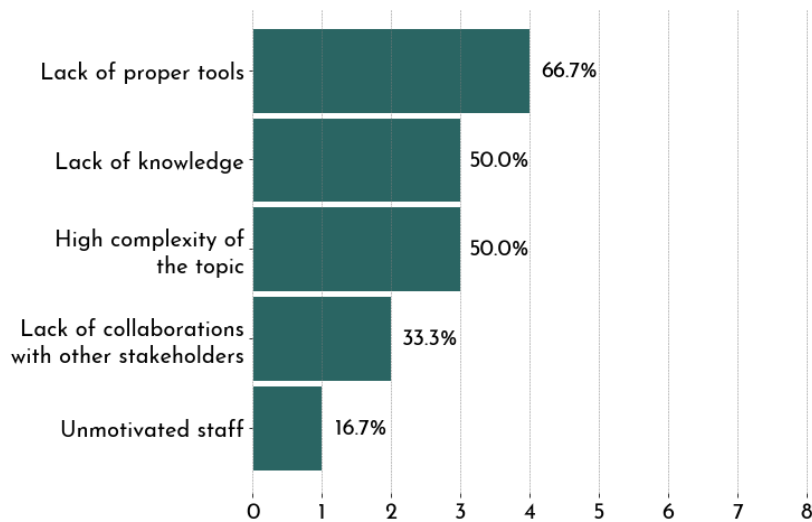


Activities related to risk management (at the level of the institution)

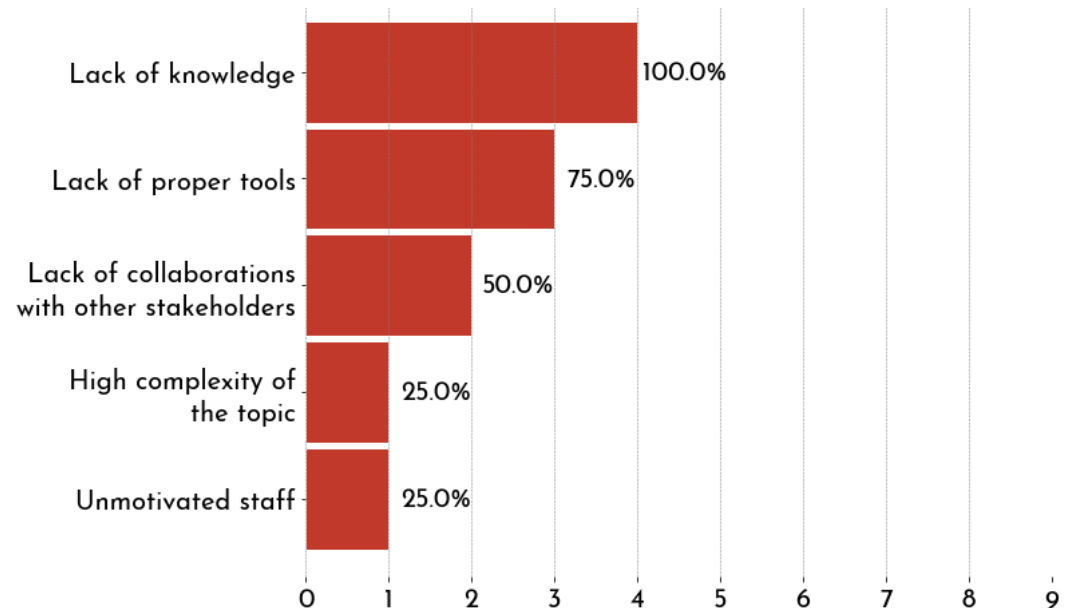


Main challenges for the implementation of risk management practices

(at the level of the institution)

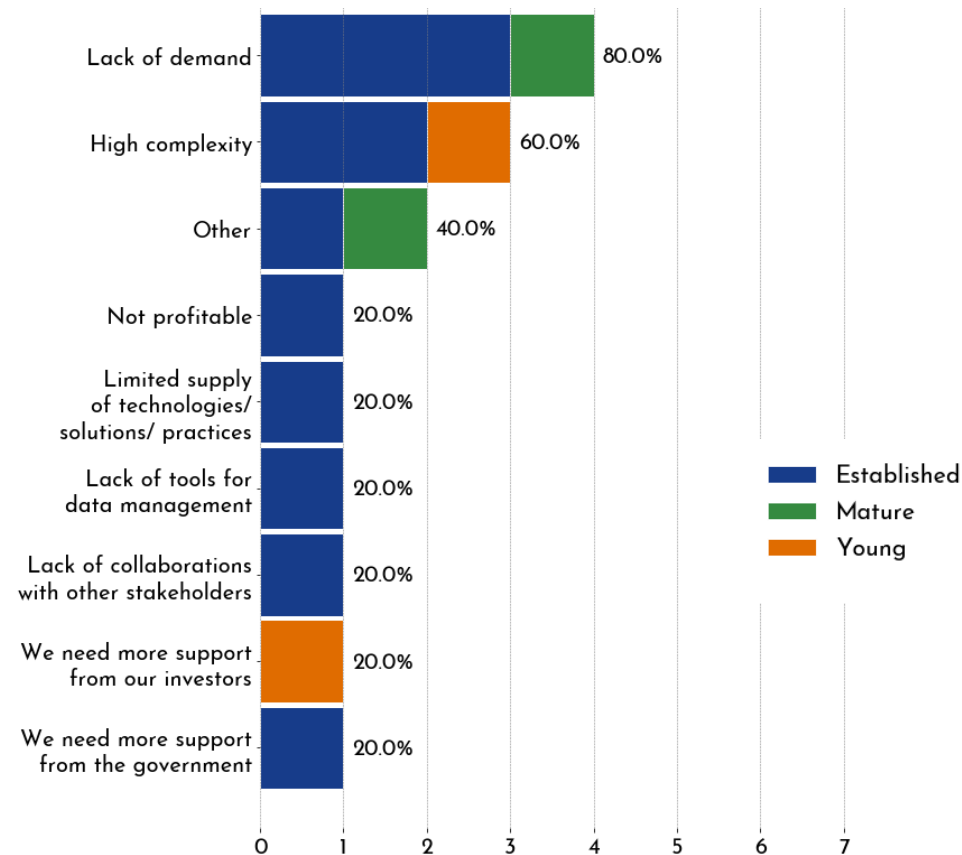
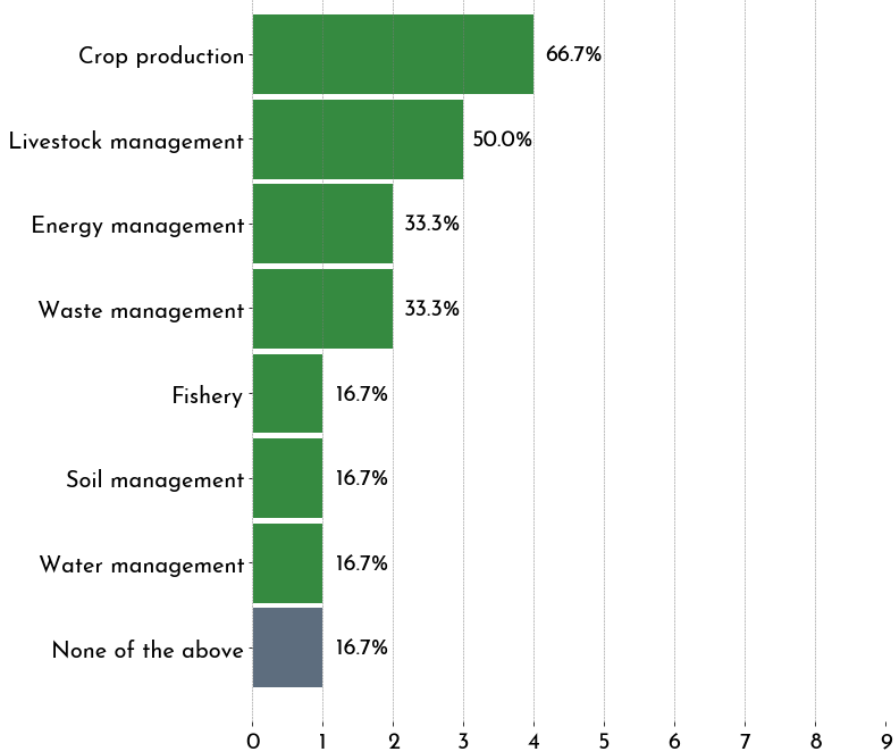


(at the level of the clients)



Offer in Sustainable Agriculture & Barriers

Green products for agriculture and biodiversity (n = 6)



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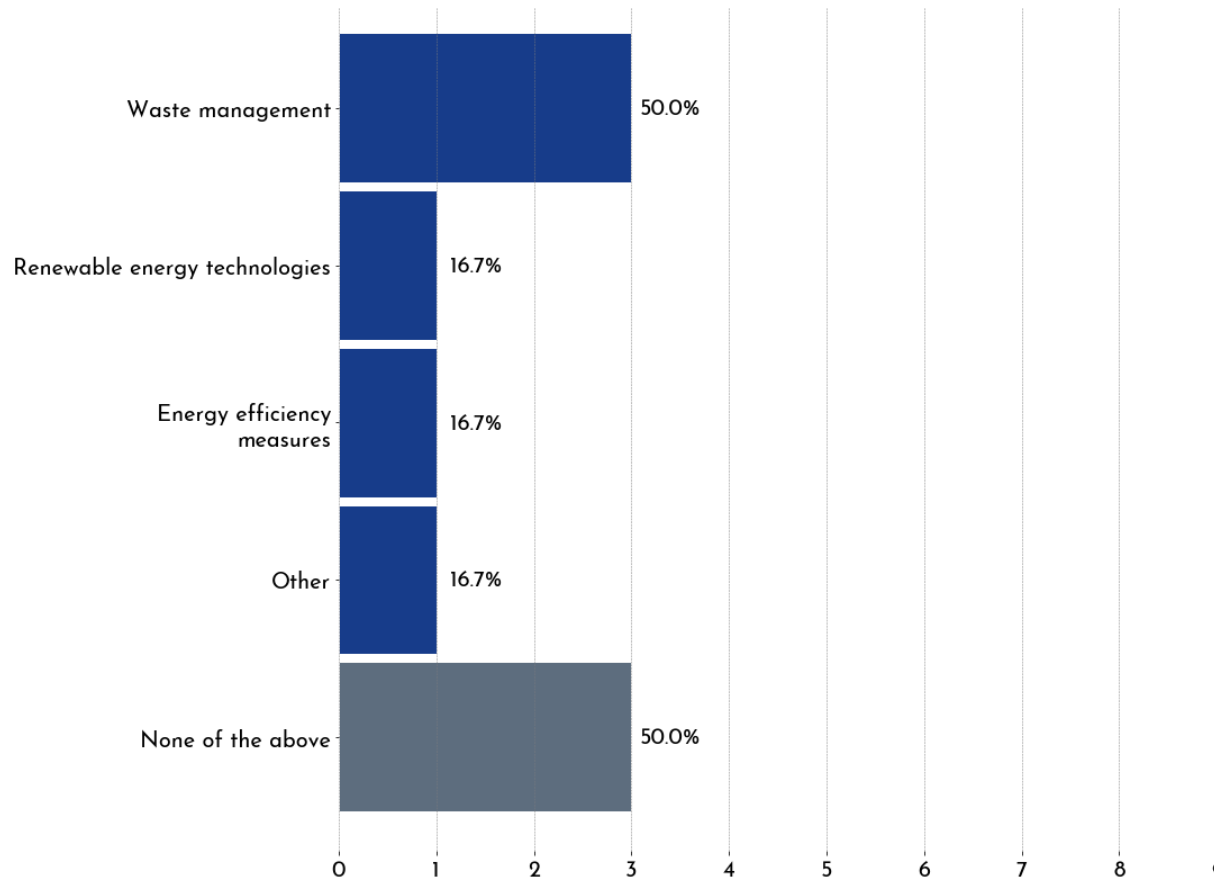
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Offer of Green Financial Products HH & MSMEs



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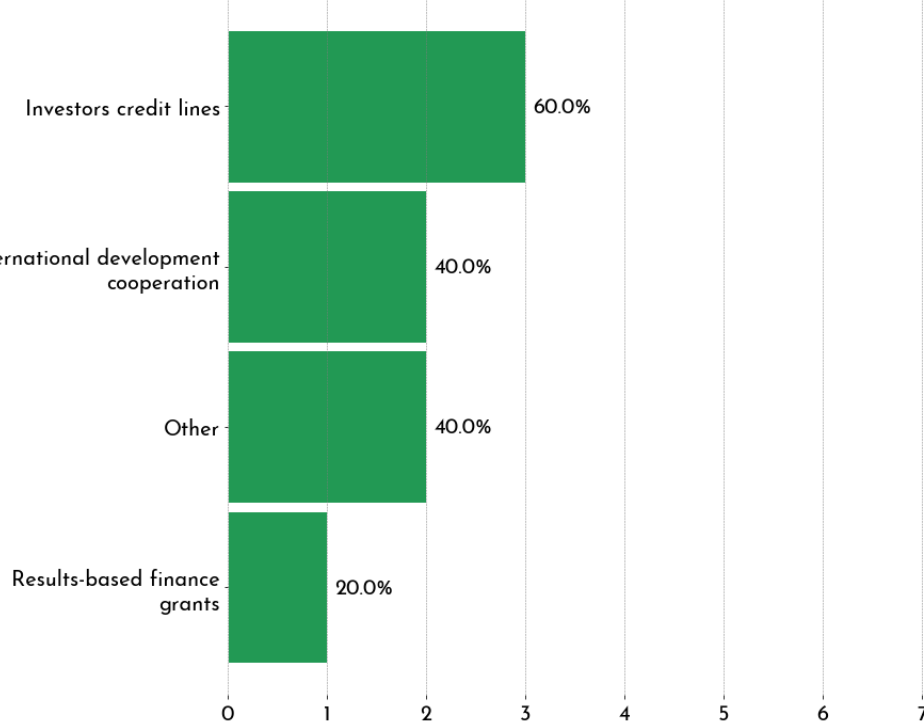
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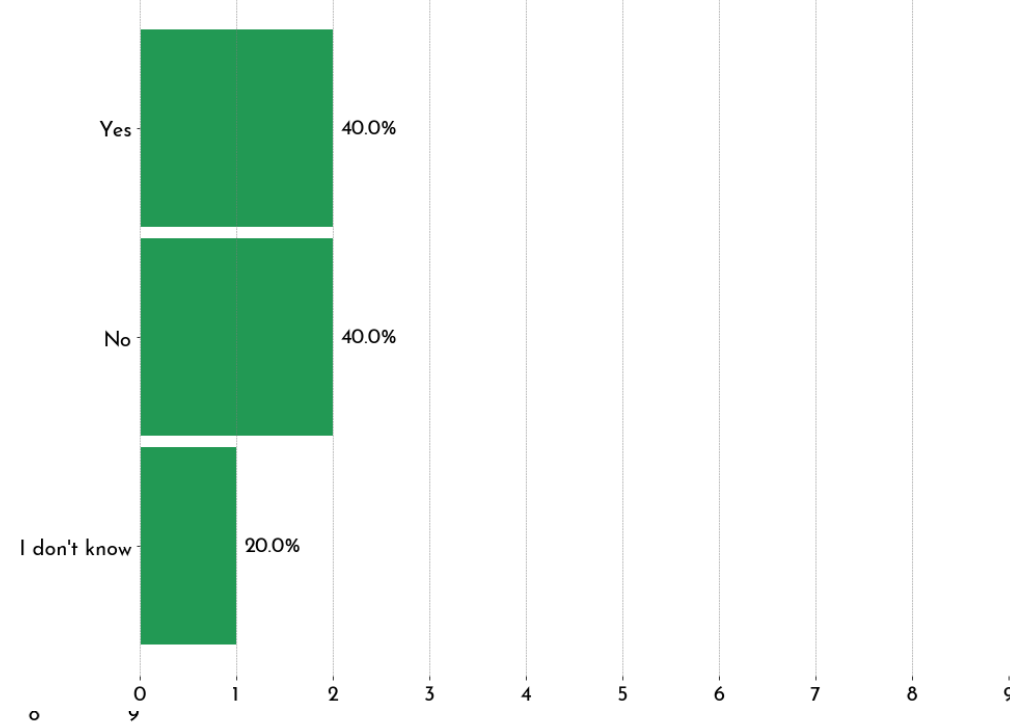
Source of Funds for Green Products

Alliances

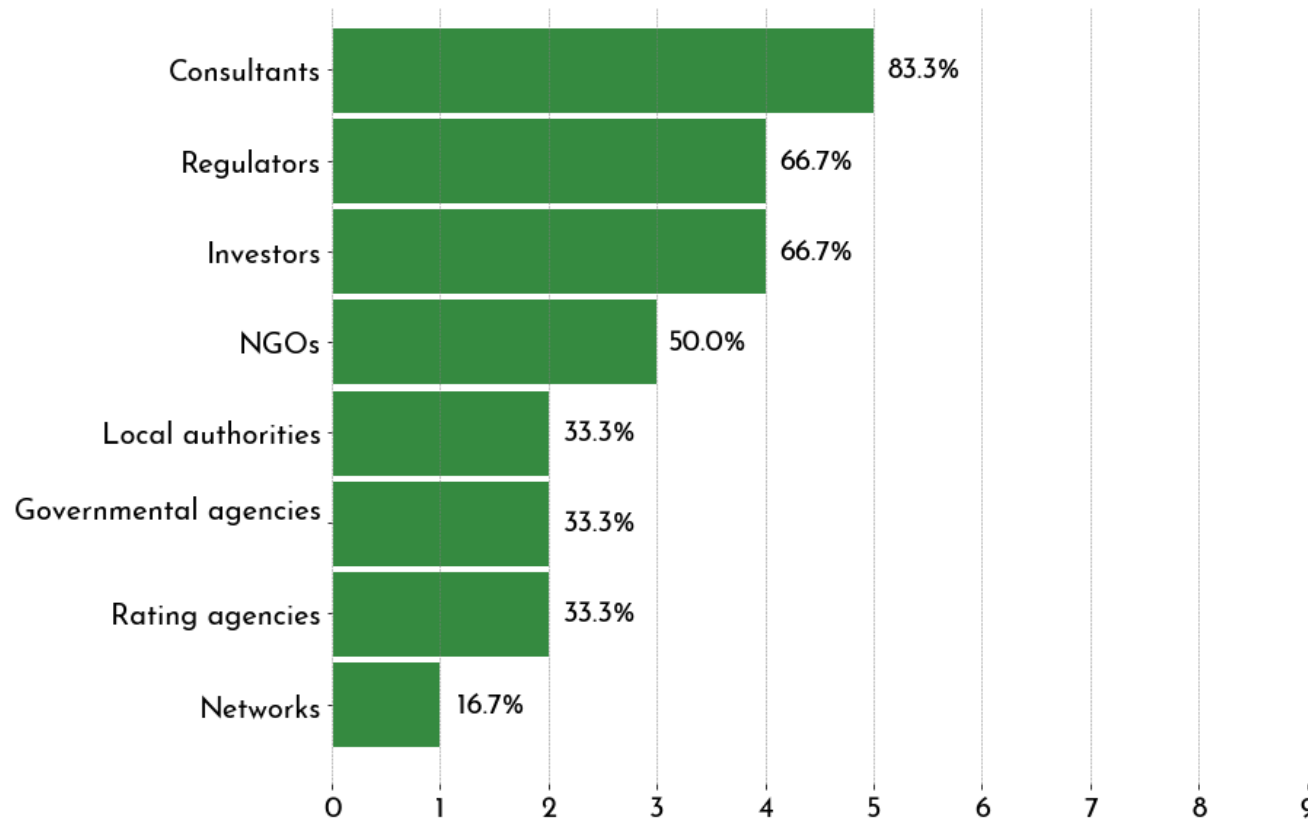
Source of funds for green products (n = 5)



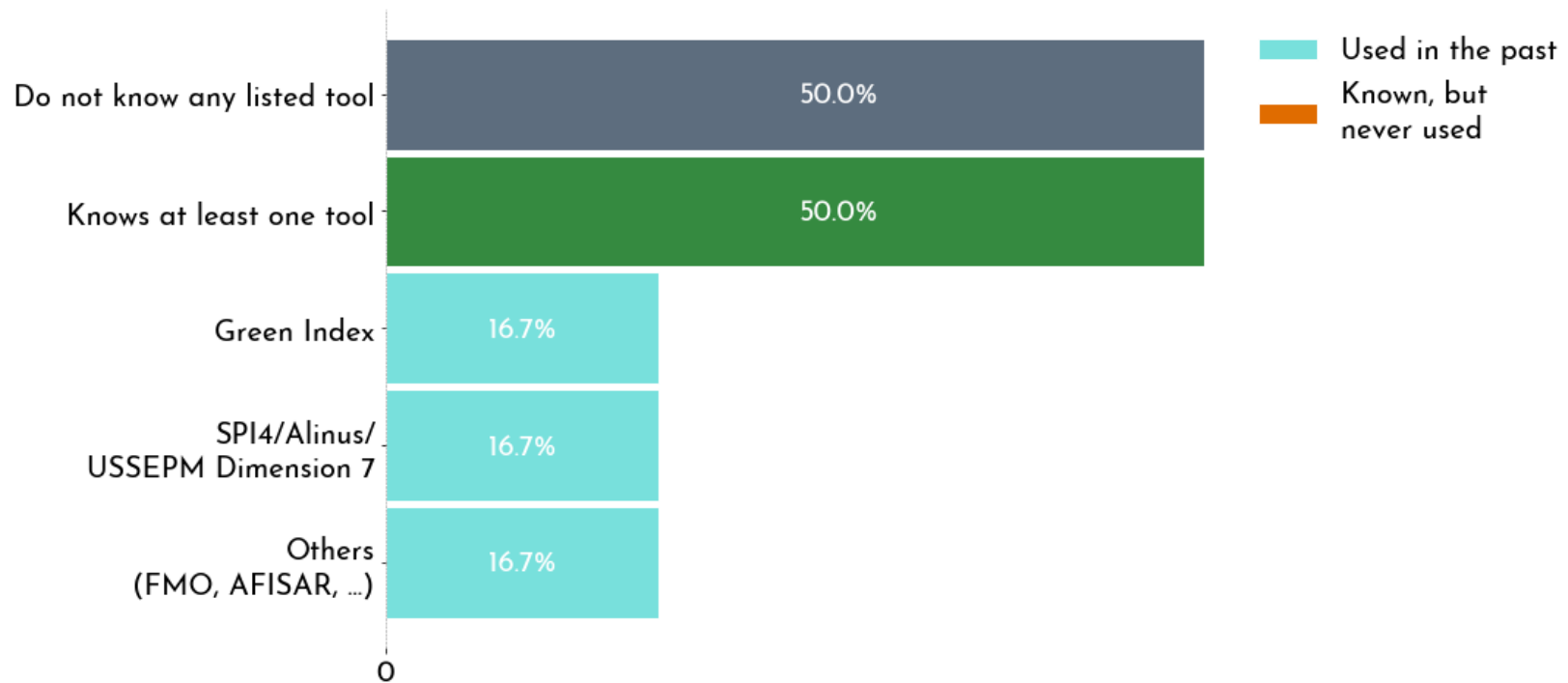
Alliances with other actors to offer green loans (n = 5)



Stakeholders that could support



Tools Knowledge on Environmental Performance Management



Thank you!

Natalia Realpe Carrillo | CEO

Natalia@hedera.online

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Media Partner:



Rasha Yousry & Shaymaa El Demery

Sustainable Microfinance The view from the Central Bank of Egypt



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Egypt possesses one of the largest microfinance markets in the Arab region that serves as a central instrument for poverty alleviation and promoting financial inclusion for all citizens, as well as one of the major sources of income generation and job creation, accordingly, increasing overall economic growth rates, which is in line with Egypt's Vision for 2030 for sustainable development.

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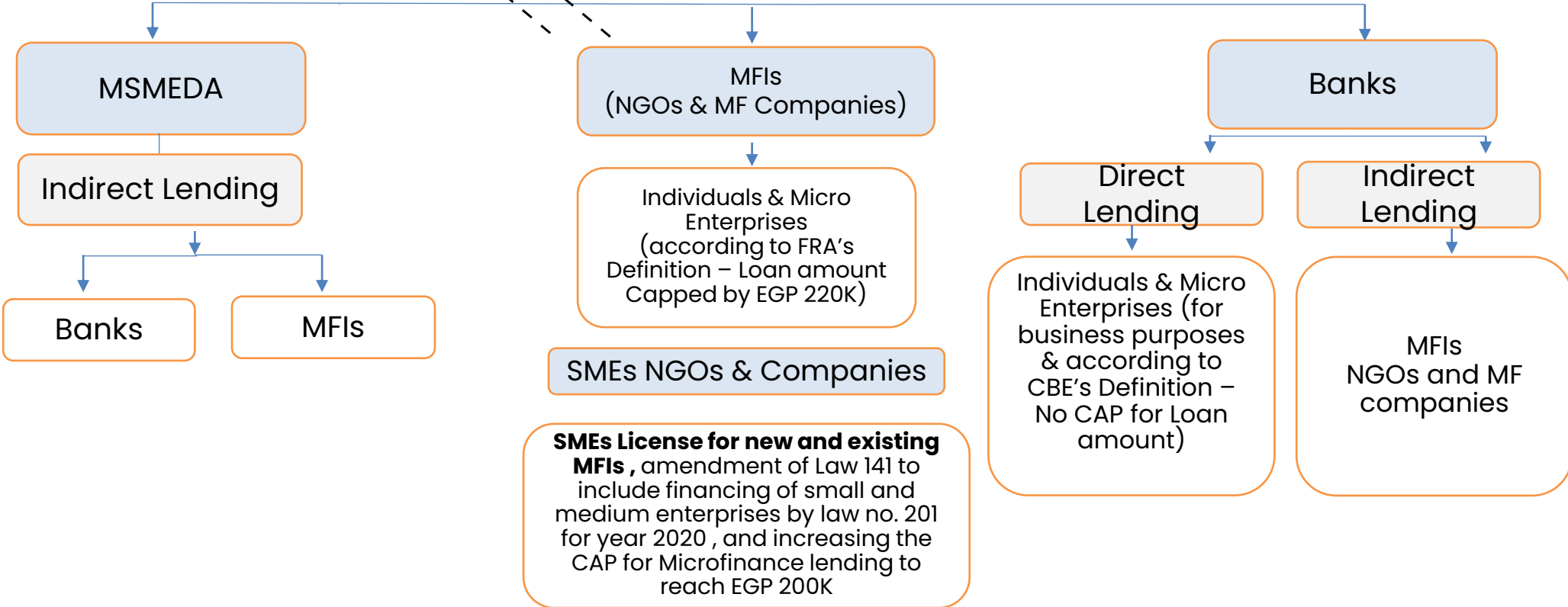
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Microfinance Market Structure



Microfinance Market Structure

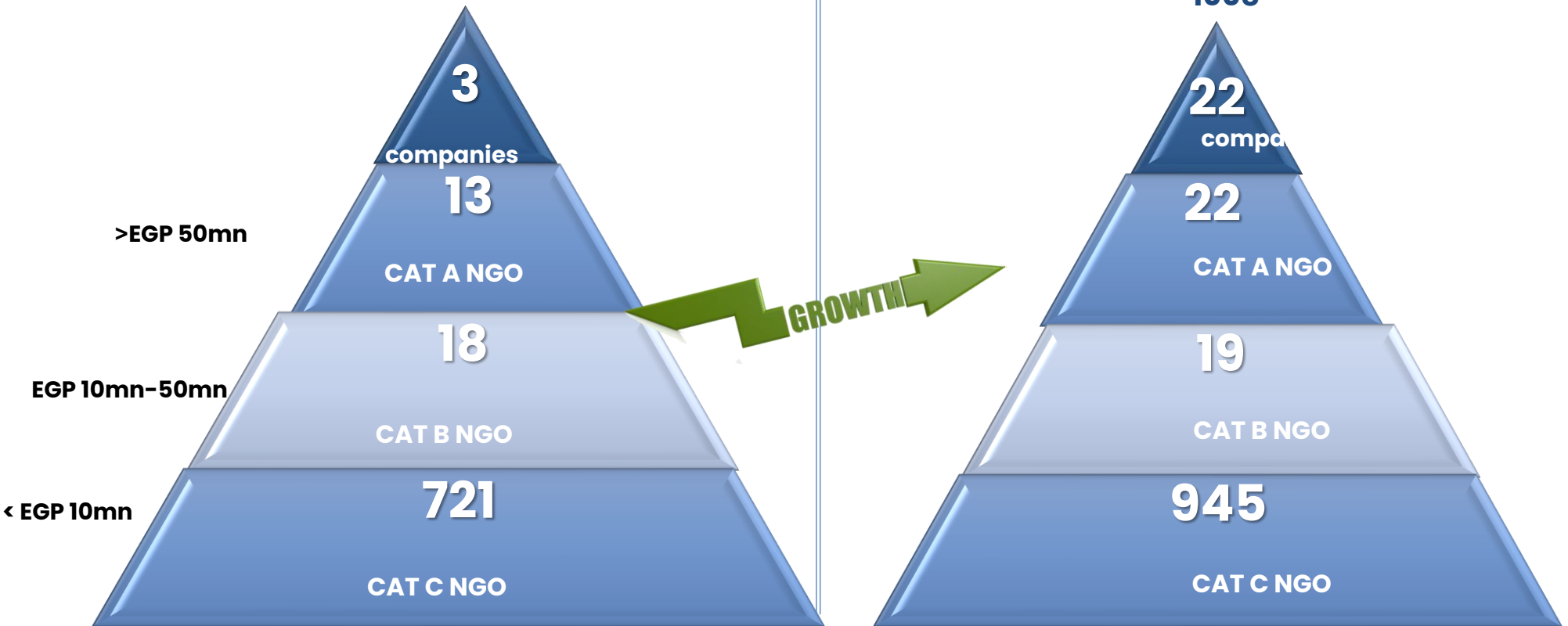
(MFIs as per FRA report)

December-2016

June-2023

Total No. of outstanding Companies and NGOs : 755

Total No. of outstanding Companies and NGOs : 1008



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Central Bank of Egypt's Efforts to Improve the Microfinance Ecosystem



2017

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- CBE issued regulations to include banks' direct MF lending and indirect MF lending to MFIs/NGOs within the mandatory 20% , which later increased to reach 25% in Feb 2021.
- CBE issued guidelines for the credit assessment of NGO's as borrowers to encourage indirect MF lending.



2018

- CBE financed a one-year training plan to raise the professional competence of these MFIs.
- As a result, 1128 microfinance practitioners were trained in 11 different Governorates (out of which 7 were in upper Egypt).



2019

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- CBE board approved financing to EMFF to implement the institutional upgrade programs for 41 Category "C" NGOs.
- CBE issued regulations that govern banks lending to MFIs and regulations to enhance banks' reporting on their MF portfolios to ensure market efficiency.

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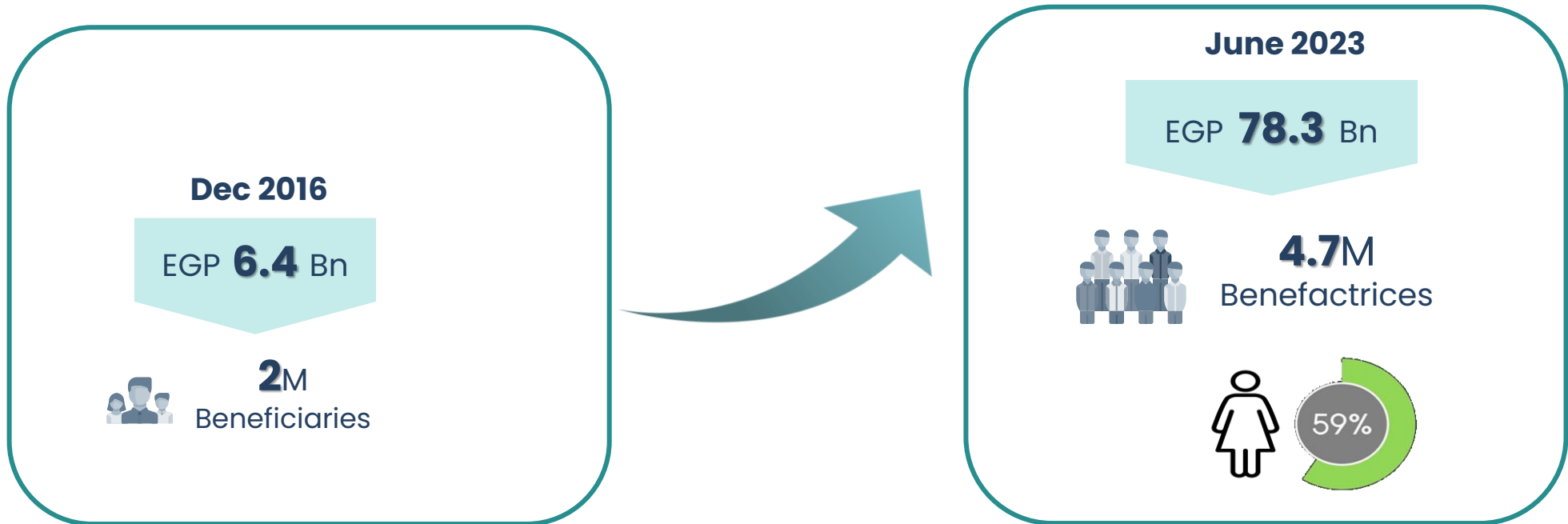
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Impact on Access to finance for Microfinance

(Banking & Non-banking / Less than EGP 220K based on FRA definition)

Microfinance Portfolio Growth



Source: Egyptian Microfinance Federation

قطاع التطوير المصرفي
Banking Reform Sector

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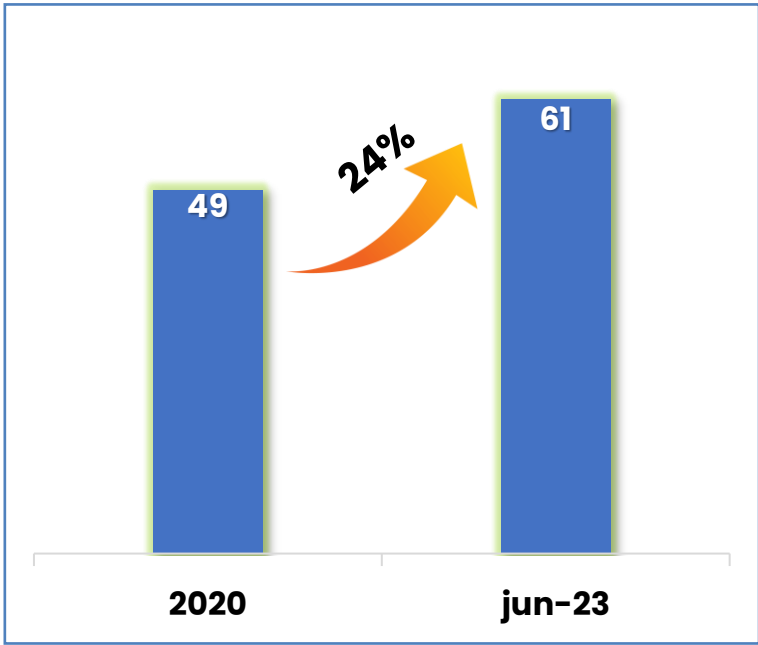


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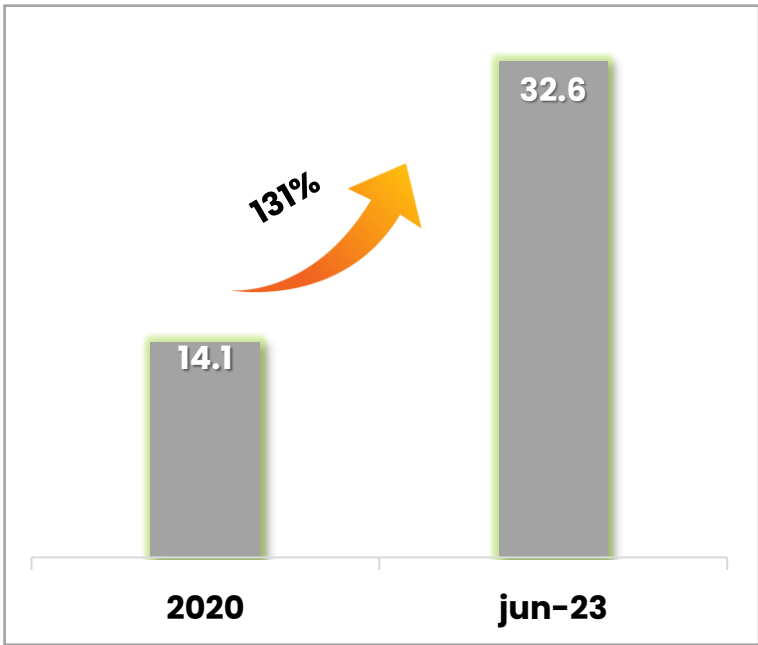


Overview on the Financing of the Micro Segment (Banking sector)

Direct finance from the banking sector



Indirect finance to MFIs



Top 5 banks directly lending MF Clients



Top 5 banks directly lending MF Clients

ABE Microfinance portfolio



50% Market share
of MF direct
lending

Sustainable Finance

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Central Bank of Egypt's Efforts in Sustainable Finance



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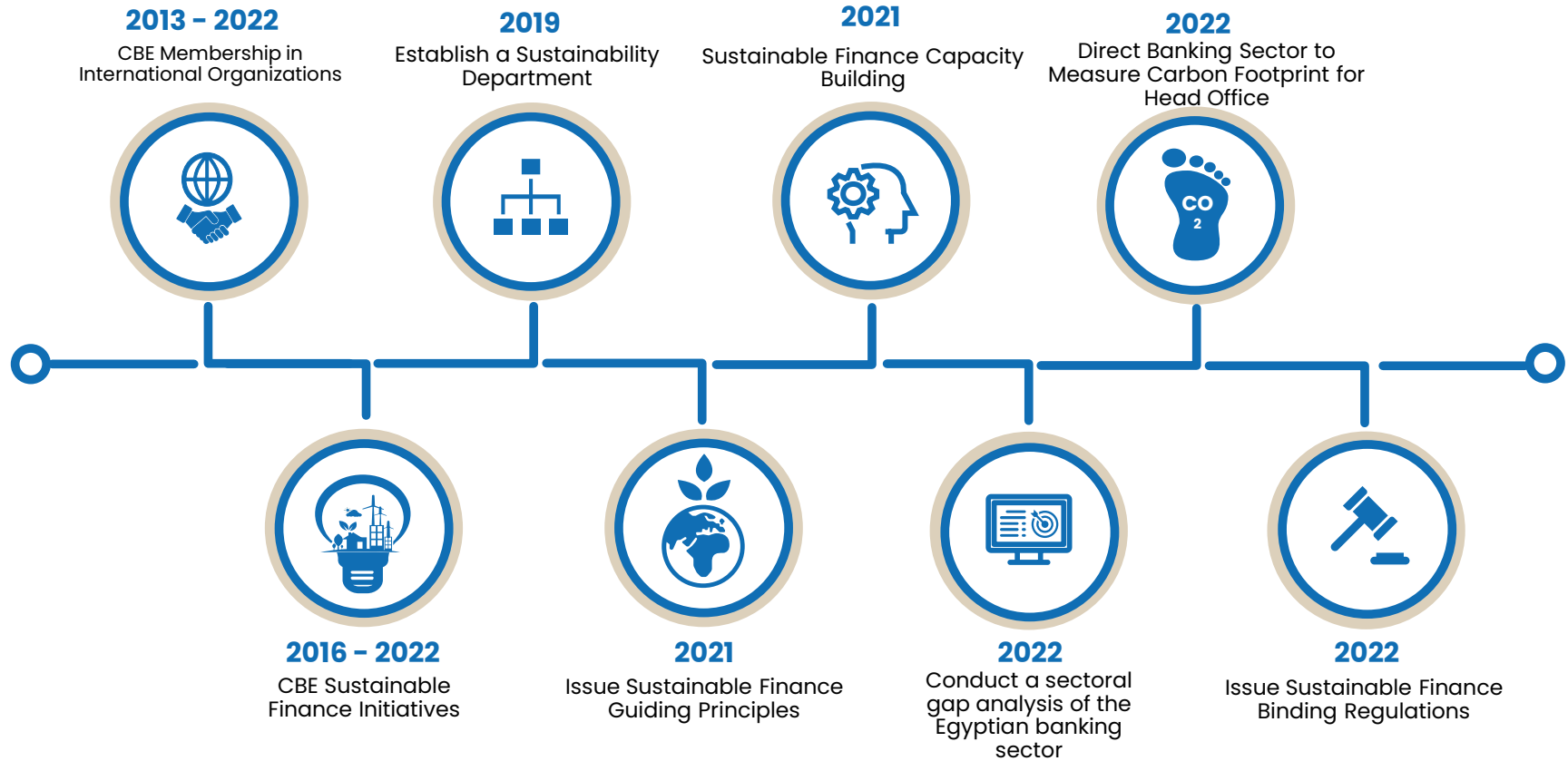
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Central Bank's Efforts to Support Sustainable Finance



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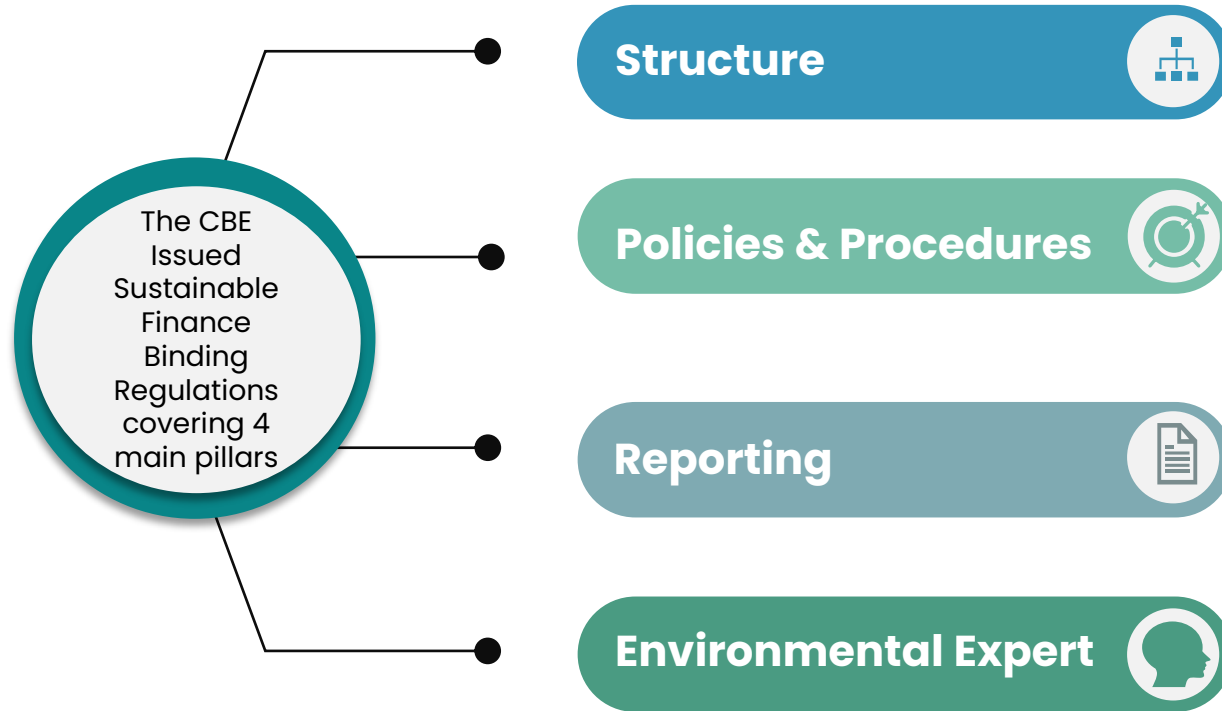


CBE Guiding Principles on Sustainable Finance

- 1 Building the Necessary Capabilities & Knowledge**
- 2 Enhancing Sustainable Finance**
- 3 Involvement of the Stakeholders**
- 4 Managing Climate Change Risks**
- 5 Applying the Principles of Sustainability on Bank's Internal Activities & Operations**
- 6 Reporting**

Sustainable Finance

Binding Regulations

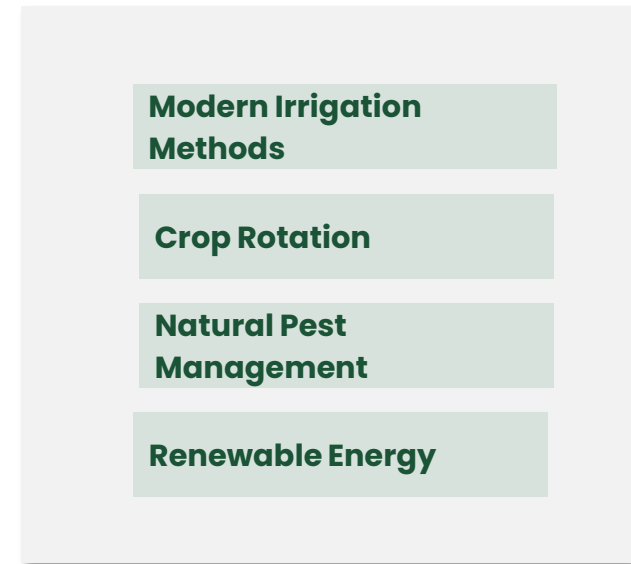


Microfinance

Sustainable Projects



Sustainable Agriculture is a Key Sector for Micro Businesses



Current CBE / IFC program for Institutional Graduation of Cat (C) NGOs

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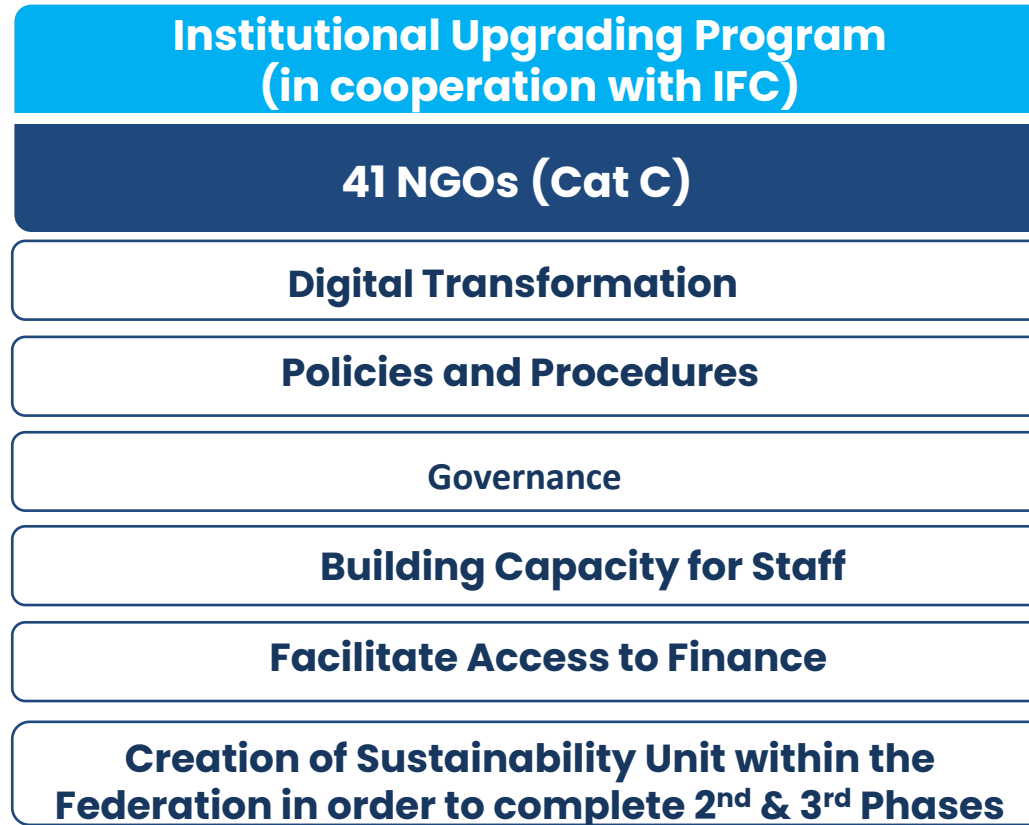
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Microfinance Support – Institutional Upgrade Program



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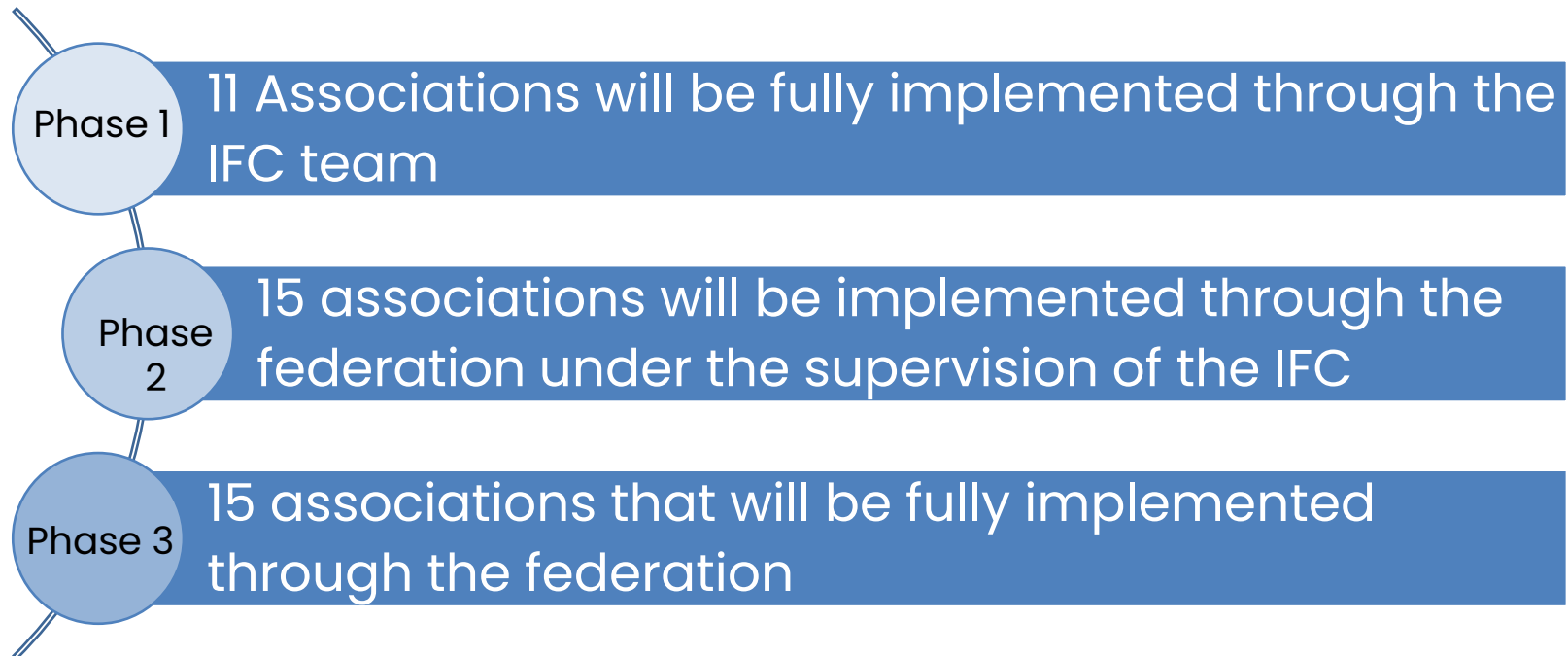


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Institutional Upgrade Program

- IFC was contracted to implement the program in light of its previous local experience with some major microfinance associations in Egypt.
- This program will be implemented in 3 phases to ensure successful implementation and achieve the desired results.
- The duration of each phase is 12 months.



Institutional Upgrade Program



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Implementation of the first phase of the program

Mentorship & Follow up Calls

Coaching & Field Visits

8 Specialized Workshops

Follow up the Capacity Building of the Staff

Field visits by Director of Federation & Director of the Project

8 Educational Seminars & Webinars for 41 associations

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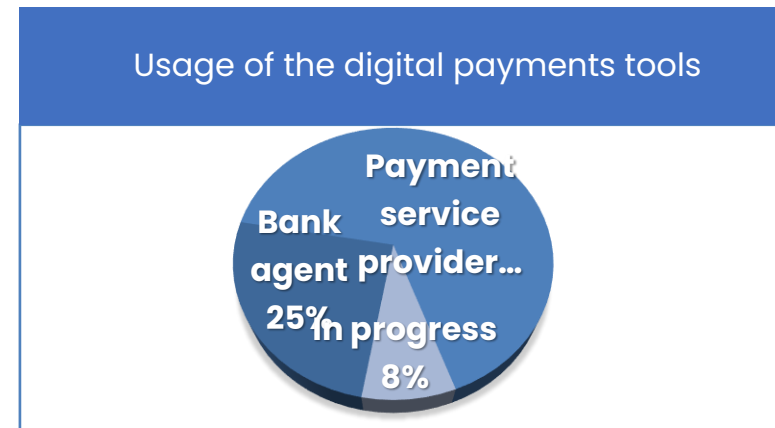
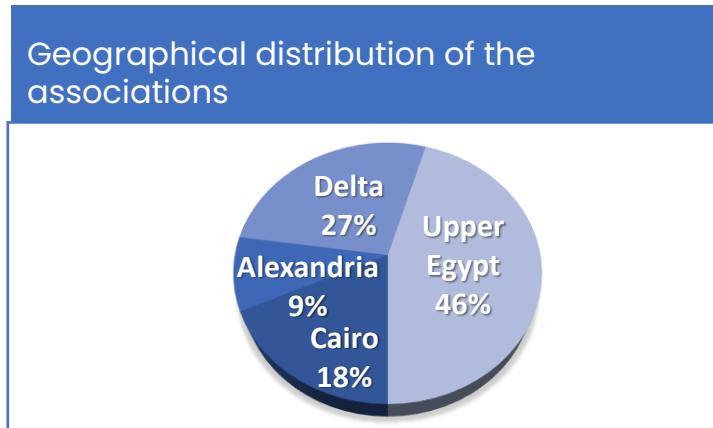
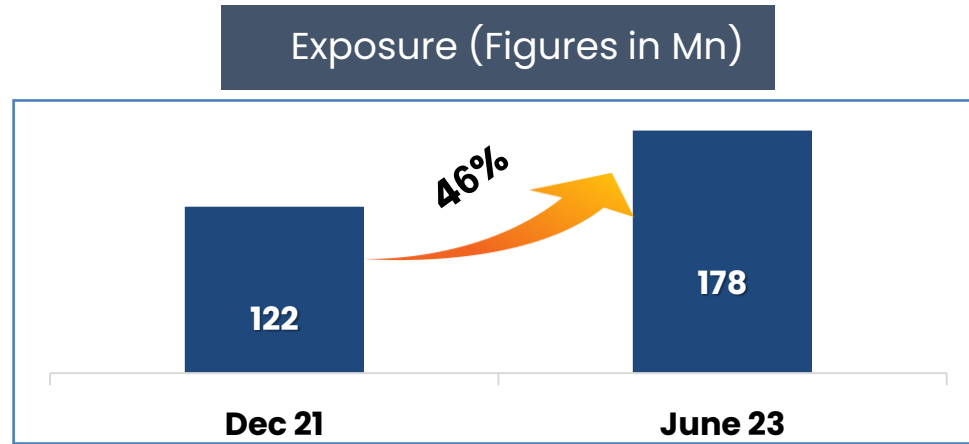


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Achievements of the first phase of the program

Phase 1 Accomplished: 8 NGOs upgraded & 3 NGOs in process



Achievements of the second phase of the program

- We started implementing Phase 2 which includes 15 NGO.
- This phase is implemented by the federation under the supervision of IFC.
- 6 workshops have been implemented to 191 Credit officers/ risk and internal audit staff.
- Coaching and field visits to 3 NGOs in upper Egypt.

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Other Efforts to Support Microfinance

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Responsible finance and consumer protection initiative (RF/CP) – IFC

- **Responsible Finance initiative supported by CBE, FRA& EMFF aims to enhance MFIs top 10 players & ensure their adherence to the globally accepted principles of client protection through building their capacity to conduct a self-assessment, develop an action plan based on assessment results to help them get ready when they independently apply for certification.**
- **Agricultural Bank of Egypt and Banque Misr applied to get this certification**



Other CBE efforts to support Microfinance

- MFIs digitization to be an agent bank & issue prepaid cards to more than 30 MFIs got the approval to be agent bank.
- CBE conducted TOT to 90 trainees from 30 MFIs with the aim of spreading financial literacy and digital awareness.



- Follow up on MFIs Reporting to CBE & I-Score Company.
- Periodical reports from I-Score & CBE are sent on monthly basis to EMFF & MFIs to assure their Compliance .





البنك المركزي المصري
CENTRAL BANK OF EGYPT

Thanks

Thank you!

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Shaymaa El Demery | Deputy General Manager Sustainable Finance - Sustainability Department

shaymaa.eldemery@cbe.org.eg

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Media Partner:



Ahmed Nawar

Alexandria Business Association

Small and Micro Enterprise Project



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ABA History

- **1983 Economic Committee for Businessmen**
- **1988 Establishment of Alexandria Business Association**
- **1989 First Cooperative Agreement with USAID**
- **1990 Launch of Small and Micro Enterprise Project**
- **1994 Full Financial Sustainability**
- **1998 Start providing consultancy services outside Egypt**
- **1999 Launch of Group lending programs**
- **2000 Launch of TOWARDS SELF-EMPLOYMENT PROGRAM**
- **2001 SME Project won the AGFUND International Prize**

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- **2006 Aggregate Loan Disbursements exceeded 1 Billion Egyptian Pounds**
- **2007 Establishment of Training Center and Show Room**
- **2008 Establishment of Bail Fund to Support Client (Crisis, Death & Disability)**
- **2009 Life and disability insurance**
- **2010 The pilot launch of Youth programs**
- **2015 Celebration of the Silver jubilee of the Project**
- **2022 launching 20 new branches during the year**
- **2022 Relying on electronic payment methods within the digital transformation plan**
- **2023 The total number of branches reached 112 branch working in 19 governorates**

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ABA Vision

**A leading finance house is
developing
And Customers' Needs Are
Changing**

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ABA Mission

Providing financing and non-financing services with investment in human and technological resources to support and develop the owners of small businesses and projects to achieve a better life economically and socially while maintaining a balance of financial and social performance

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Financial Services

Lending programs

- ❖ 1990 Small & micro enterprise
- ❖ 1999 Blossoms of micro enterprise
- ❖ 2016 Tomouh program
- ❖ 2017 My group program
- ❖ 2019 Expansion Program

Grant programs

- ❖ 2000 TSEP program
- ❖ 2010 Step by Step program

The value of the loan ranges from **1,000 to 220,000 LE**

Cash disbursement of loans through ABA's branches up to **2,000 LE**

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August 2023 YTD Achievement's

Since 1990

Total Loans Amount	34	Billion L.E
Total number of loans	6.6	Million
Clients reached	2.5	Million
No of Branches	112	

August 31st 2023

No. of Active Clients	611 K	Thousand
Loans Outstanding	4.2	Billion L.E
Average loan Amount	11,376	L.E
Repayment Rate	96.7 %	

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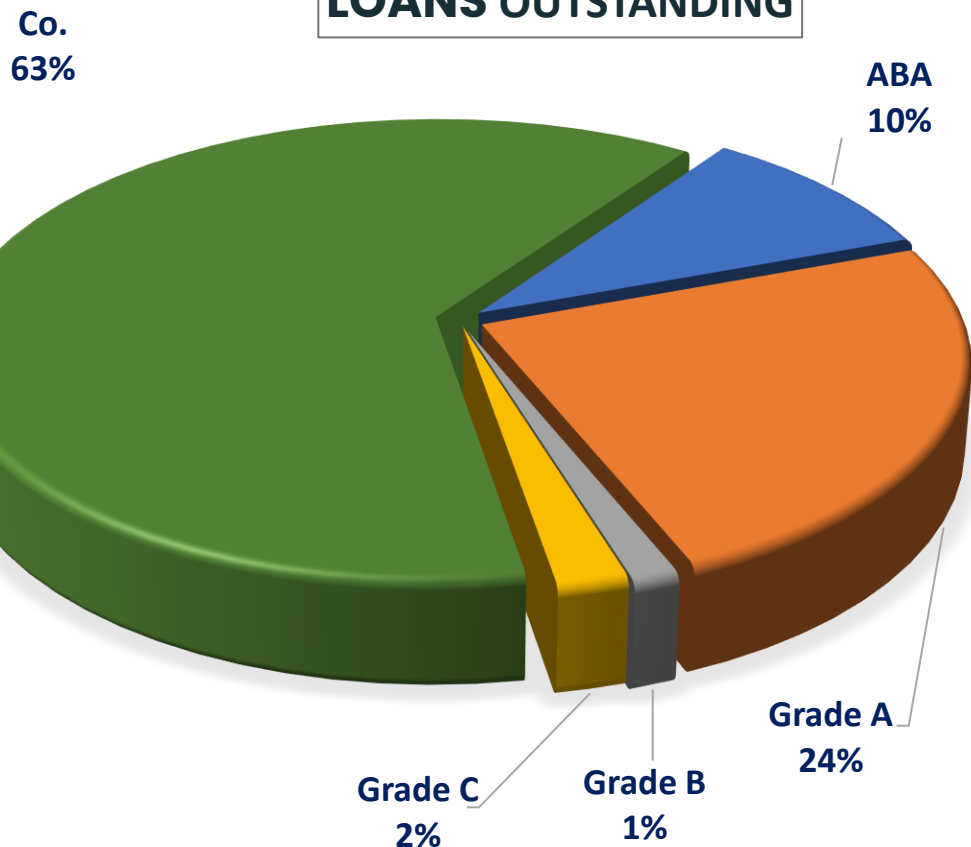


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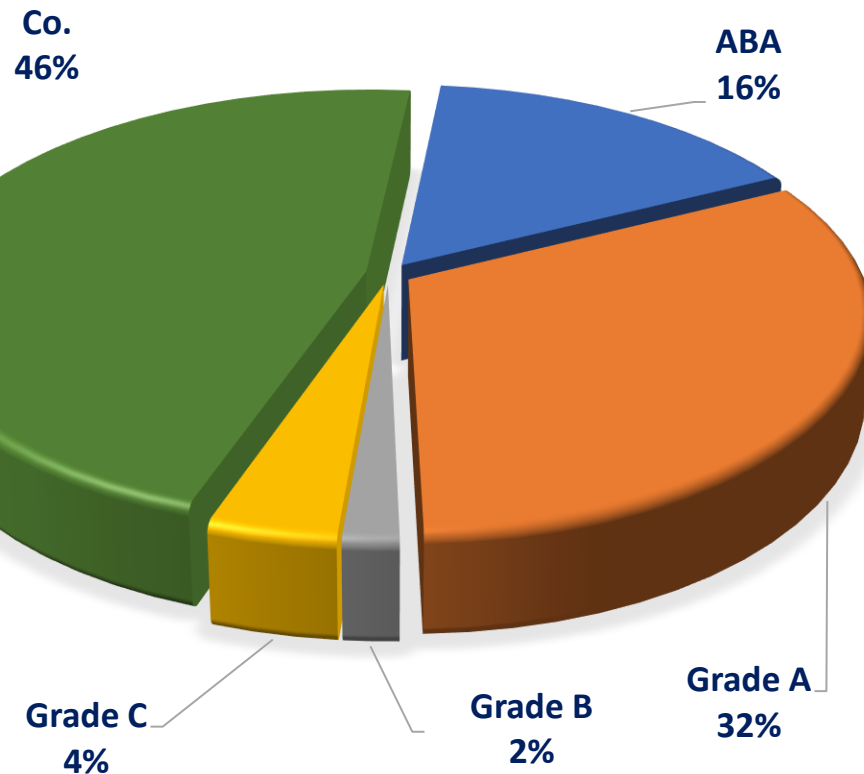


Market Share June 2023

LOANS OUTSTANDING



ACTIVE BORROWERS



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ABA-SME project Awards

- Arab Gulf Program for United Nations Development Organizations
AGFUND
- The Leadership Award in the Arab Region presented by **Grameen – Jamil**.
- Transparency Award by **Sanabel / Mix** .
- Silver Award for Social Performance by **CGAP – Mix market** .
- Platinum Award for Social Performance by **CGAP – Mix market** .
- Grameen Jameel Award for Sustainable Finance by **Grameen – Jamil**.

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Rewarding clients



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ABA & GIMED Project

ABA in collaboration with Green Impact MED Project GIMED launched the project in Egypt this was Financed by ENI CBC GIMED.

This project provided 400 hours group training and 240 individual training to 80 entrepreneurs who have green economy business ideas to build and develop their capabilities and how to move forward into green economy .

After that they launched a competition between 40 entrepreneurs who was involved in the project to find out how their business plans will be fit with green economy.

By 22nd of January 2023 ABA & GIMED celebrated 8 winners who got 7500 euros to start or develop their businesses .

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ABA & GIMED Project

Some of the Winning Projects

New Block: Producing blocks from plastic wastes

Karma: Establish a green poultry farm

Taqtak: Advertising equipment's works with solar energy to be placed at public places

Life Box: Portable solar unit used for water desalination or other purposes

Kiwa: Cultivating using aquaponic or sandponic using a minimal amount of water while producing high-quality products

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ABA Green Loan Strategy

ABA is aiming to support **Egypt 2030** vision **by financing** green economy businesses & projects

Targeted Projects:

1- Replacement of motorcycle's petrol engines to an electric one

2- Financing kiosks and small shops to have electric charger racks that will be used by motorcycles

3 - Solar Energy units for water desalination stations

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ABA Green Loan Strategy

- 4- Recycling businesses of different industries**
→ like using Rice Straws as fuel & plastic wastes
- 5- Launching new ABA's Branches, which will run on solar energy**
- 6- Solar energy for agriculture industry**

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Thank You



Small & Micro Enterprise Project

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Thank you!

Ahmed Nawar | Head of Marketing

Ahmed_nawar@aba-sme.com

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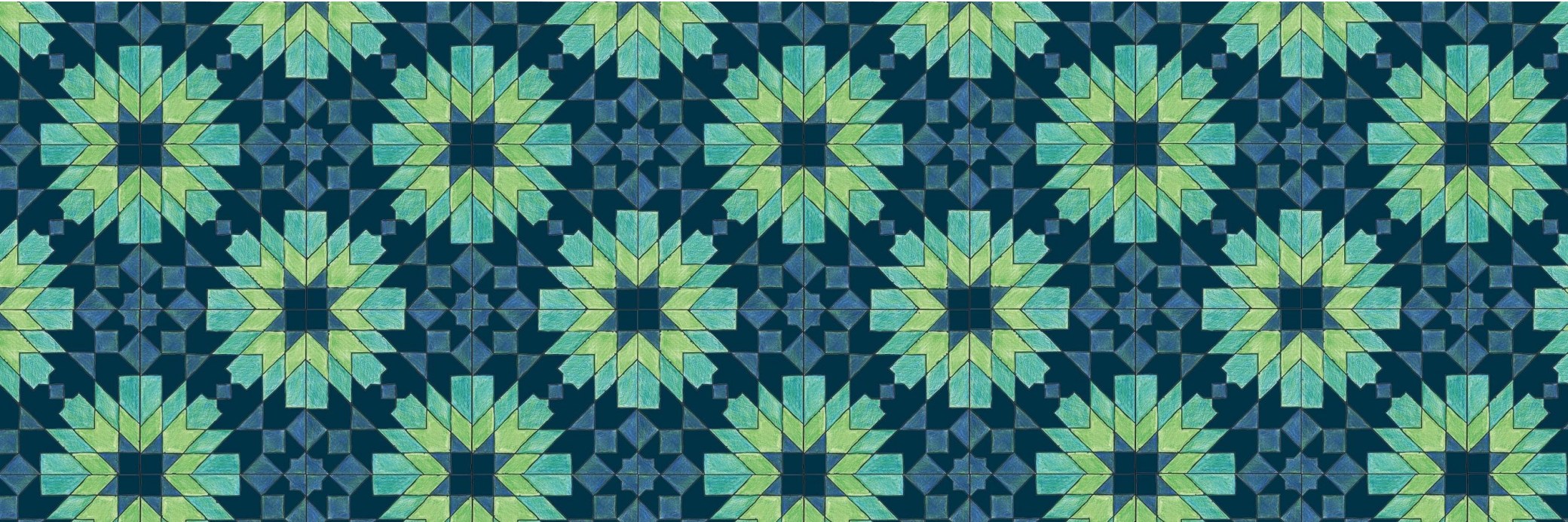
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Tamweely Microfinance



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About Tamweely

Tamweely has achieved multiple milestones that have formed the bedrock of its corporate development story since its establishment in 2017

2017

2018

2019

2020

2021

2022

2023

- Establishment of Tamweely in July

- Obtained microfinance FRA license in August
- Launched first disbursement
- 13 branches in 5 governorates
- 276 employees
- 4,454 active clients
- Accumulated Issuance : EGP 56,5 million

- 47 branches in 11 governorates
- 892 employees
- 51,900+ active clients
- Accumulated Issuance : EGP 1.105 billion
- Partnership with the Egyptian Post

- 71 branches in 15 governorates
- 1,200+ employees
- 73,200+ active clients
- Accumulated Issuance: EGP 2.6 billion
- New product: microinsurance, and light vehicle loans
- Partnerships with e-payment aggregators
- Improvement of digital and e-payment solutions

- 100 branches in 16 governorates
- 2,000+ employees
- 92,000+ active clients
- Accumulated Issuance : EGP 4.6 billion
- Partnerships to reach variety of segments (Banque Misr, Banque du Caire)
- Tailored new financial products to address customer needs
- Received 2021 Global Economics Award

- 140 branches in 21 governorates
- 3,000+ employees
- 132k active clients
- Accumulated Issuance : EGP 8 billion
- GIG Microinsurance
- Green finance, Youth, Handicapped and POS products
- Got the "Rowad Award"
- "The Best MFI in 2022" from the international business magazine
- "Fastest growing MFI" from the top 10 international finance awards in 2022
- Mobile App
- Green branch

- 200 branches in 23 governorates
- 3,800 employees
- 146k + active clients
- Accumulated Issuance: EGP 11+ billion
- Join Sanabel microfinance network
- Micro leasing FRA license
- SME's FRA license

Establishment

Licensing

Footprint

Partnerships

Maturity

Expansion

Growth

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About Tamweely

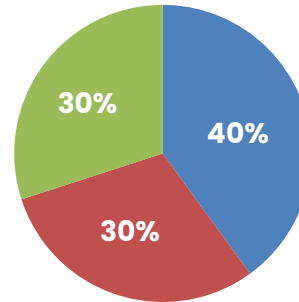
License obtained by the Egyptian Financial Regulatory Authority (FRA)

- MF No. (6) in 2018.
- SME No. (5) in 2023.
- Micro-leasing No. (305) in 2023.

Products & Services

- Green Finance
- Micro Enterprise Lending (MEL)
- Very Small Enterprise Lending (VSE)
- Light Vehicles Finance
- Machinery Finance
- Youth Microfinance
- Microfinancing for the Disabled
- Point of Sale (POS) Finance
- SME Finance

Shareholders that Create Strategic Value



- Ayady Investment and Development
- NI Capital
- PFI Company (owned by the Egyptian Post Authority)



330K+
Total
Beneficiaries



11+
EGP BN
Issuance



146 K+
Active
Customers



3.3
EGP BN
Portfolio



47%
Female Clients



200
Branches



3,800+
Our Team

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Green Finance and Sustainability

Some achievements and future insights

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Green Finance & Sustainability Strategy

The company has a strategy to keep pace with environmental change and climate conservation by investing in green branches that are less carbon-emitting than traditional branches, increasing the size of the financing portfolio of the green finance product, in addition to several other programs that will contribute effectively to supporting and empowering women and people of determination, and sustainable development in accordance with Egypt's Vision 2023.



➤ Tamweely adopts the goal of clean and affordable energy as part of its sustainable development strategy, by implementation of green branches of the company powered entirely by solar energy, where a branch was implemented in the city of Astal in Minya governorate and another one in Tamia city in Fayoum governorate powered by solar energy, with the continuation of the company's strategy of expanding the use of green branches.



➤ The company adopts the goal of climate action as part of its sustainable development strategy by reduce consumption of energy, water and resources such as paper and others, also working to Providing green financing for clean projects that contribute to a clean environment and renewable energy projects.

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Clean working environment

- Energy consumption :



- Adopting central air conditioning within the headquarters and branches and controlling it in a way that leads to savings in electrical energy consumption.
- Reliability of energy-saving units in the main headquarters and branches and reflected in the decrease in the consumption of electrical power.
- Automatically turn off computer screens at times when computers are not being used.
- Rationalization in the use of lighting in the morning periods within the company and dependence on natural lighting.

- Water consumption



- Encourage employees to pay attention to their water consumption and raise awareness of the importance of rationalizing consumption.
- Monitor consumption bills to notice any changes in consumption and determine the reasons for it.
- Use water consumption savers in all company taps.
- Providing periodic maintenance programs to ensure that no amount of water is wasted.

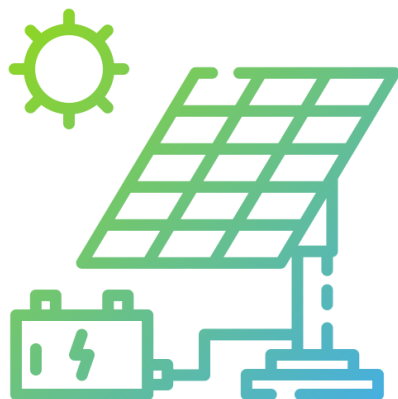
- Resources consumption



- Work cycle automation reduces the printing of used papers.
- Replacing the paper forms by using the tablets through loan officers.
- Encourage employees to minimize paper transactions and adopt electronic models.
- Reduce printing and use paper on its faces as much as possible.
- The company has joined the community of Green Boxes, which aims to re-rotate the papers.

Contributions in green finance and sustainability

- **Solar energy funding program**



The solar energy financing program for customers and project owners is filled with various industrial and service activities, especially those working in the agricultural activity by reason of their need to complete facilities that enable them to grant their underground water solar energy, and this category needs to provide the financial component of the agricultural production system and that is what we are provide.

The company's portfolio of green financing products:

Total issued: 9 million EGP, for 33 beneficiaries

- **Agriculture funding program**



- Providing financing products specific to the needs of customers in agricultural activity.
- Providing a tools and machinery products that enables farmers to purchase their needs of machines and tools used in agriculture.
- Accessing financing services to farmers through various, modern communication channels and using smart digital solutions.
- Tamweely is always seeking partnerships to provide financing to clients of companies operating in agricultural activity.

The company's portfolio of Agriculture financing products:

Total issued: 91 million EGP, for 3700 beneficiaries

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Media Partner:



Thank you!

Ahmed Khorched | CEO

akhorched@tamweely.com.eg

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Media Partner:



Ahmed Abdelwahab

Greening Microfinance in Egypt **The Ecosystem & Challenges**

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Content

- 1. Climate Changes in Egypt**
- 2. Green Finance in Egypt**
- 3. Green Microfinance in Egypt**
 - 3.1 Challenges
 - 3.2 Opportunities
 - 3.3 Lessons Learned
 - 3.4 Recommendations

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1. Climate Changes in Egypt

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Egypt is highly vulnerable to the impacts of climate change. According to the Intergovernmental Panel on Climate Change (IPCC) assessment reports, Egypt's Nile Delta 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.

Therefore, Egypt has to take strong actions to deal with such situation.

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2. Green Finance in Egypt

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During the last two decades, different national and international stakeholders supported green finance's initiatives in Egypt:

Government of Egypt (GoE)

The Ministry of Finance issued the first sovereign green bonds in Egypt and the MENA region to speed the transition to a green economy. The size of Egypt's first green bond issuance by 2020 has reached USD 750 million for five-year maturity.

Central Bank of Egypt (CBE)

In July 2021, CBE issued the Guiding Principles for Sustainable Finance, followed by a circular which obligated Egyptian banks to take actions for supporting sustainable finance.

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Financial Regulatory Authority (FRA)

In July 2018, FRA approved the legal framework for issuing green bonds. In July 2021, FRA issued a decree for mandatory Environment & Social Governance (ESG) reporting and climate disclosures to attract climate financing from International Financial Institutions (IFIs), such regulations will apply to all companies listed on the Egyptian Stock Exchange as well as non-banking financial institutions having an issued capital or net ownership rights of more than EGP 100million.

Egyptian Financial Institutions

In collaboration with International financial institutions (IFIs), some Egyptian banks introduced green products to support sustainable finance.

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International Financial Institutions (IFIs)

The European Bank for Reconstruction and Development (EBRD) launched two programs to boost green finance and improve value chains to foster a green recovery of the Egyptian economy.ç

The International Finance Corporation (IFC) provided a USD 50 million loan to the National Bank of Kuwait-Egypt (NBKE) dedicated to mid-sized businesses to facilitate access to finance and promote sustainable energy financing (SEF) in Egypt.

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3. Green Microfinance in Egypt

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3.1 Challenges

- Lack of capacity to assess:
 - The financial return of green projects
 - The risks associated with green financing
- Lack of awareness and incentives for green financing
- Lack of tailored financial products by MFIs
- Difficulties in acquiring appropriate funds (risk guarantee funds)
- Fossil fuel subsidy
- Provision of after-sales service (Renewable Energy Equipment)

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3.2 Opportunities

- Provide green products and solutions to low-income populations, mostly in rural areas
- Portfolio diversification and reducing risks
- Benefit from the technical assistance associated with national and international funds
- Enhancing foreign investment opportunities by attracting investors targeting sustainable projects
- Enhancing MFI's reputation locally and globally
- Respond to community needs for transforming to sustainable and clean sources of energy

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3.3 Lessons Learned

- Increase awareness regarding the negative impact of climate change among all stakeholders, especially borrowers in rural areas
- Create incentives for front office staff and loan officers to increase the marketing of green loans
- Partnerships with providers to ensure better after-services
- Improve risk management techniques
- Provide non-financial services (e.g. basic maintenance training)

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3.4 Recommendations

Investors

1. Incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making process
2. Develop innovative financing instruments that help MFIs to minimizing the risks associated to green financing (e.g. through credit guarantee mechanisms and (risk-sharing))
3. Treating MFIs fairly, with clear and balanced contracts, and dispute resolution procedures
4. Pursuing balanced long-term returns that reflect the interests of clients, retail providers and end investors
5. Working together to develop common investor standards on sustainable finance

3.4 Recommendations

TA providers

1. Capacity building and training for partners and key sector players
2. Increasing awareness and uptake of energy and resource efficiency and renewable energy solutions in the financial sector and among the public
3. Help build the ecosystem for financing energy and resource efficiency measures and renewable energy projects by developing markets
4. Strategic advice to the fund through research and analysis

3.4 Recommendations

MFIs

1. Improve their reporting systems to better monitor the environmental and social impact of their products
2. Develop their risk management techniques to mitigate better risks associated with green financing
3. Integrate ESG factors into their policies and reporting

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Q&A

Let's discuss!

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Sustainable Microfinance in the MENA Region

From 6 September to 25 October,
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10 am to 11:30 am CET

Live translations into Arabic and French

DATES: Yemen, 6 Sept | Tunisia, 13 Sept | Jordan, 20 Sept |
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