

## Inclusive Green Finance from a Regulators' Perspective: The Central Bank of Egypt's Efforts in Sustainable Finance.

Walid Ali, General Manager - Sustainability Department at the Central  
Bank of Egypt

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## Reasons for the Adoption of Sustainable Finance by the Central Bank of Egypt



**Alignment with  
International efforts**



**Risk Mitigation**

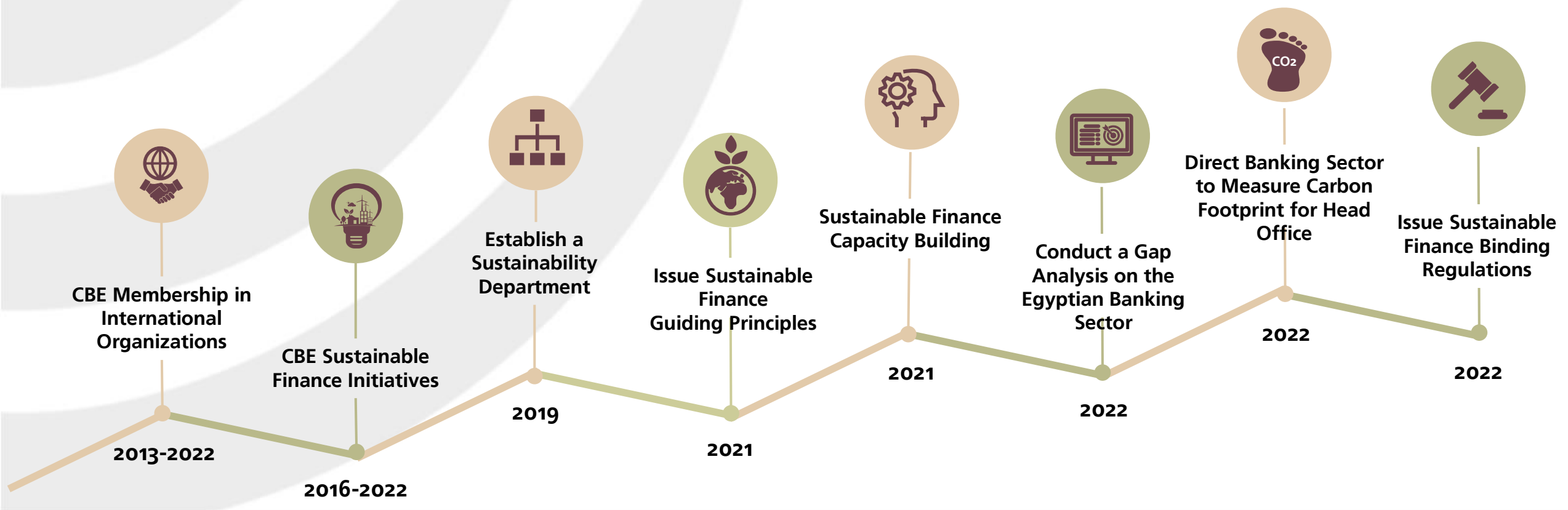


**Alignment with  
National Direction**



**Opportunity for  
Growth**

## CBE's Experience in Sustainable Finance



## Guiding Principles on Sustainable Finance

- Issued in July 2021 to prime the market before the issuance of binding regulations.
- Accompanied by a discussion paper on sustainable finance.



**1** Building the Necessary Capabilities and Knowledge



**2** Enhancing Sustainable Finance



**3** Involvement of Stakeholders



**4** Managing Climate Change Risks



**5** Applying the Principles of Sustainability to the Bank's Internal Activities and Operations

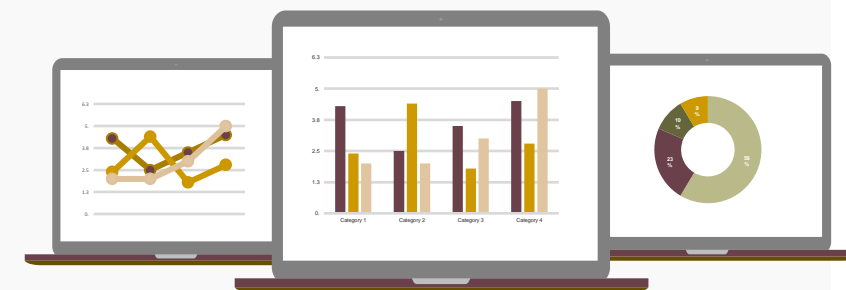


**6** Reporting

## Sustainable Finance Gap Analysis, Q2 2022

The study included topics related to sustainability and sustainable finance from general concepts to the application of sustainable finance practices in terms of portfolio management, green financing, ESG reporting, capacity building, policy development, and other related areas.

- Identify opportunities available in the adoption of sustainable finance practices and the challenges facing each bank.
- Develop a vision and action plan to overcome the identified challenges.
- Measure banking sector portfolio in the field of green and sustainable finance.
- Determine the most prominent sustainable banking products offered by banks.
- Identify the strategies and implementation procedures adopted by banks in the field of sustainable finance.

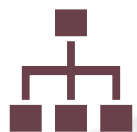


## Binding Regulations for Sustainable Finance

- Issued on November 2022
- Based on the Gap Analysis conducted in collaboration with the IFC.



## Regulations Impact Assessment



### Sustainability Structure

**100%**  
of Egyptian Banks  
established a Sustainability  
Department



### Sustainability Policy

**100%**  
of Egyptian Banks  
have a Sustainability  
Policy



### Sustainability Reporting

**100%**  
of Egyptian Banks  
prepare periodic  
sustainability reports



**100%**

of Egyptian Banks measured their Carbon  
Footprint  
for their Head Offices in 2022 & are taking  
action to minimize their emissions

## CBE's Climate Stress Test.

- The CBE conducts an annual climate stress test which it includes in its financial stability report.
- It is done in line with NGFS Scenario Analysis.
- It analysis the sectoral impact of physical and transition risk.

### Climate Stress Test Result FY 22

Systemic risks resulting from climate change	Baseline Scenario	Moderate Scenario	Severe Scenario
Credit risk of the corporate portfolio			
Market risk for sovereign claims			
Liquidity risk in local currency			





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