



BUILD_ME

Sustainable finance for buildings, An international perspective

National Kick off Third Phase of BUILD_ME

Cairo, Egypt

March 2023



Sustainable finance

International (European) perspective

Why are climate-friendly buildings relevant for financial institutions?

Green buildings becoming more and more a billion dollar market

“Green buildings represent a major global investment opportunity, with buildings making up the largest segment of the **US\$ 231** billion energy efficiency market.”



“ During the next decade, green buildings represent a significant low-carbon investment opportunity in emerging markets **\$24.7 trillion** by 2030.”...



“ Global green building materials market size is expected to reach **\$377,029 million by 2022 from \$171,475 million** in 2015 with a CAGR of 11.9% from 2016 to 2022....



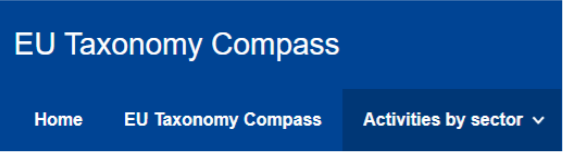
Key drivers towards sustainable built environment

Regulatory obligations and compliance

EU taxonomy

A classification system, establishing a list of activities to help the EU to scale up **sustainable investment**. It defines for which economic activities can be considered environmentally sustainable.

Buildings in the EU are responsible for **40%** of energy consumption and **36%** of GHG emissions



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Construction and real estate

7 activities relevant to the real estate sector

- Acquisition and ownership of buildings
- Construction of new buildings
- Installation, maintenance and repair of charging stations, energy efficiency equipment, devices for measuring, regulation and controlling energy performance of buildings, renewable energy technologies
- Renovation of existing buildings



Sustainability-related disclosure in the financial services sector

- EU Taxonomy Regulation and Delegated Act.
- Climate Delegated Act
- Sustainable Finance Disclosures Regulation (SFDR).
- Non-financial Reporting Directive (NFRD).

Key impacts and consequences for FIs and banks

Why banks should develop green buildings finance products



Reporting commitments: To report on a strong and sensible approach for each investment.



The regulatory risks: the changes of policies and regulations across different markets may lead to devalue the assets.



The financed assets: Even when the bank does not hold a significant control, FIs and banks will be responsible to report on emissions and still can drive their investments in the building sector towards sustainability e.g., incentives.



Reputational and business interest : To strongly demonstrate commitment to sustainability.

International initiatives towards net-zero buildings

Voluntary commitments are more ambitious



Principles for Responsible Investment
United Nations-supported international network of financial institutions



The Net Zero Asset Managers initiative
international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050.



The World Benchmarking Alliance
a non-profit organisation that assesses and ranks the most influential companies on their contribution to the SDGs



The Institutional Investors Group on Climate Change, is the European membership body for investor collaboration on climate change.



The Transition Pathway Initiative
it assesses preparedness by companies in high carbon sectors for transition to a low carbon economy.



Carbon Disclosure Project
A global non-profit that runs the environmental disclosure system for investors, companies, cities and more.



Global Real Estate Sustainability Benchmark
An independent organization providing validated ESG performance data and peer benchmarks for investors and managers to improve business intelligence



Climate Action 100+
an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.



Science-Based Targets initiatives
provide a clearly-defined pathway to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.



The Partnership for Carbon Accounting Financials
(An industry-led initiative enabling financial institutions to measure and disclose greenhouse gas (GHG) emissions of loans and investments.

Most of MFP, FIs and banks are voluntary committed to initiatives and alliances that goes far beyond the regulations.

Example of sustainable finance disclosure initiative

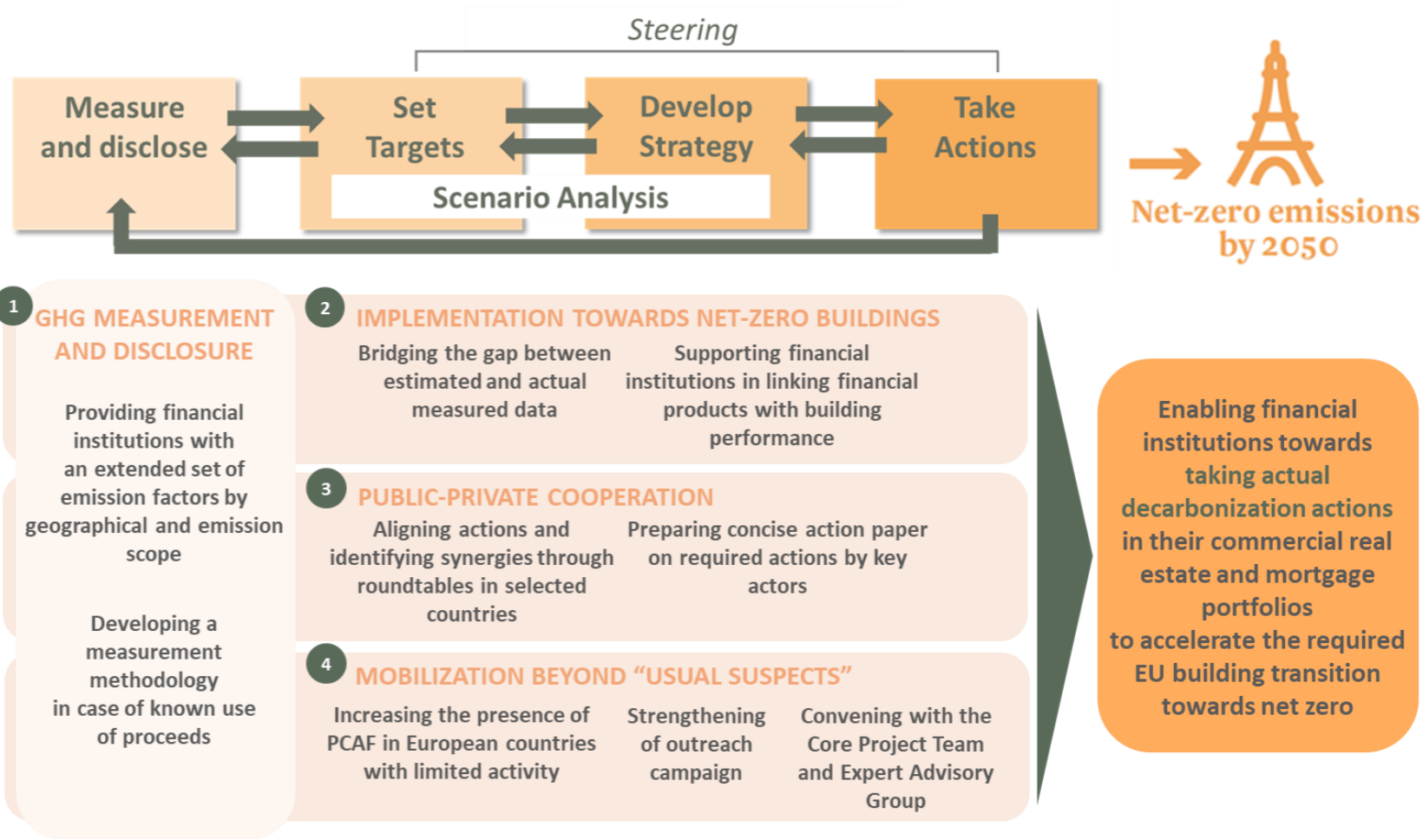
PCAF for European buildings

The GLOBAL GHG ACCOUNTING & REPORTING **Standard**
FOR THE FINANCIAL INDUSTRY

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose GHG emissions associated with their loans and investments.

PCAF
Partnership for Carbon Accounting Financials

BUILT ON GHG PROTOCOL



Conclusions

MFP to design financial products for green and sustainable buildings.



Regulation and compliance

To comply with the progressive sustainability regulations that requires more transparent disclosure on environmental indicators.



Construction Market size

To meet the growing demand on financing real estate and construction projects.



International Mega-trends

The enormous environmental and sustainability trends will create a lot of opportunities and risks.

**The financial sector is globally-bounded.
Changes in regulations at the international and European levels will influence MFPs globally.**

Sustainable finance in Egypt

National perspective

Triggers for finance

National commitments

Role of MDBs

- Egypt is a donor-crowded space with green credit lines >€800m

National strategies

- Updated NDCs - 2022 / NCCS 2050
- \$22.5b funding gap on buildings EE investments

The role of the CBE

- Local banks shall adopt sustainable finance policies and to report its sustainability progress periodically to the CBE.

Key Players

Donors and Local Banks



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GREEN CLIMATE FUND

European Investment Bank
The EU bank

AFD



QNB ALAHLI

البنك الأهلي المصري
NATIONAL BANK OF EGYPT

ALEXBANK

البنك العربي الأفريقي الدولي
arab african international bank

الوطني
NBK

بنك مصر
BANQUE MISR

البنك الأهلي المتحد
ahli united bank

Green Credit Lines

Eligibility for green finance

New buildings

- LEED Silver
- EDGE Standard
- BREEAM Good

Existing buildings

- The energy demand of the building is reduced by at least 30% compared to baseline performance

Building components

- The component have a MEP as “best-class” compared to current market practices (GTS)

Final discussions

Feedback and ideas



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