

GFANZ PRIVATE FINANCE WORKING GROUP FOR NWFE: STATEMENT OF SUPPORT

The members of the Glasgow Finance Alliance for Net Zero (GFANZ) Private Finance Working Group for Egypt's Nexus for Water, Food & Energy (NWFE) express their strong support for the Government of Egypt's (GoE's) ambitious plan for energy transition via NWFE. This plan, prepared under the umbrella of the 2050 National Climate Change Strategy (NCCS) and Nationally Determined Contribution (NDC), seeks to achieve inclusive and sustainable growth, a low-carbon development and developing resilience and adaptability to climate change.

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Egypt's climate strategy as articulated in its NCCS published in May 2022 and updated Nationally Determined Contribution (NDC) submitted in June 2022, commits Egypt to reduce emissions by 81 MtCO_{2e} by 2030 relative to business-as-usual with almost 90% of reductions planned to come from the electricity sector, as fossil fuel generation is replaced with renewable energy. Egypt has developed the NWFE Program identifying priority projects in support of its NDC, to be implemented over the next several years to initiate this transition.

The projects identified imply an investment opportunity of USD 15 billion with USD 10 billion dedicated to replacing inefficient gas power plants with renewable energy.¹ Beyond this, an estimated USD 324 billion will be required by 2050 to achieve Egypt's NCCS targets, both for mitigation and adaptation. Egypt's close collaboration with a range of donor governments, multilateral development banks (MDBs) and other parties, will help to secure public financing for critical elements of NWFE, including its energy pillar where decommissioning, enhancements to grid infrastructure and just transition is needed. Strong public support can, if appropriate innovative structures and forms of financing are found, also mean that there is significant opportunity to use available public resources to crowd in private finance at the necessary scale to support the projects under NWFE and the NCCS more generally.

In support of these efforts, a GFANZ-convened Private Finance Working Group for NWFE ("Working Group") has been formed at the request of the Ministry of International Coordination (MOIC). Working collaboratively with the Egyptian government, the European Bank for Reconstruction and Development (EBRD) and other partners, the Working Group can play a key role by identifying barriers to sourcing the necessary private investment, including the reforms necessary to address those barriers, and identifying approaches that could help crowd in private finance at scale.

The Working Group currently comprises six financial institutions with a strong commitment to supporting the Government of Egypt's NWFE efforts. These founding members are Bank of America, Citigroup, Commercial International Bank (CIB), Deutsche Bank, HSBC and Standard Chartered, and as efforts advance, the Working Group remains open to participation from other financial institutions with similar levels of commitment to supporting NWFE efforts.

¹ Government of Egypt (2022). Egypt's NWFE Program (Egypt's Nexus on Water, Food and Energy)

STATEMENT OF SUPPORT

The members of the GFANZ Working Group for NWFE welcome Egypt's efforts in developing the NWFE Program, and collectively:

- 1) Express our continued support for the implementation of NWFE as part of a wider programmatic effort to deliver just transition in Egypt for the implementation of its NDC, noting the strong interest of the wider private sector in identifying transition-aligned financing opportunities, and a willingness to engage with the wider objectives of NWFE;
- 2) Welcome the strong foundations for these efforts built on the collective commitment of the Government of Egypt with support from its key international partners, both governmental and multilateral development banks (MDBs), including the leading role played by EBRD in relation to the energy pillar of NWFE;
- 3) Welcome the support that MDBs, particularly EBRD, are playing in working with Egypt to develop the NWFE energy pillar, including through technical assistance in turning climate transition ambitions into actionable plans, and their commitment to providing and raising financing for key elements including decommissioning, grid upgrades and just transition;
- 4) Welcome the Government of Egypt's acknowledgement in its November 2022 Partnership Agreement on the important role of the wider private sector as a strategic partner for implementing NWFE in Egypt and commit to continuing to work with MOIC and EBRD to provide structured feedback on NWFE plans as they progress to help ensure these stand the best chance of crowding in the necessary private finance. This includes but is not limited to feedback on any necessary domestic policy enabling environment reforms, data needed to measure progress, and structures and forms of financing that will help support crowding in of private finance;
- 5) On this latter point, commit to working collaboratively to identify ways to use scarce public finance effectively and efficiently, and in a catalytic manner, to crowd in private finance to support NWFE and wider NDC implementation, and to model the benefits for the region and the world.

Quotes

H.E. Dr. Rania A. Al-Mashat, Minister of International Cooperation, said, "Egypt's Country Platform for the NWFE نُؤْفِي Platform, the Arabic translation of the phrase 'Fulfilling Pledges', was developed on the back of the announcement of 2050 Country Climate Strategy, and the Nationally Determined Contributions (NDC). Leveraging on Egypt's partnerships with multiple stakeholders, the country has been leading efforts to mobilize finance, avail technical assistance, and catalyze private investment, through innovative financing modalities including blended finance, for NWFE- نُؤْفِي projects. This provides opportunities for mobilizing climate finance and private investments to support Egypt's green transition, reflecting the interlinkages and complementarity between climate action and development efforts. This is realized through the design, structuring and preparation of concrete and implementable climate action projects." Minister of International Cooperation H.E. Dr. Rania A. Al-Mashat."

Mark Carney, Co-Chair, GFANZ and UN Special Envoy on Climate Action and Finance, said, “Egypt is showing tremendous leadership in developing its Country Platform, driven by the Egyptian Government’s ambitions for a just climate transition, while working collaboratively with international partners across governments and multilateral development banks (MDBs), and the local and global private financial sector. Egypt’s NWFE Program represents an innovative approach that other countries can follow to catalyse a just, global transition and GFANZ is working actively to support this bold programme.”

Mary Schapiro, Vice Chair, GFANZ, said, “Unlocking private capital at scale for the net-zero transition requires an unprecedented level of international public-private collaboration. By bringing together governments, multilateral development banks and the private sector, the NWFE Program lays the foundation for Egypt’s zero-carbon future.”

Mark Bowman, Vice President, EBRD, said, “The EBRD welcomes the support and expertise that GFANZ and its members can bring to the NWFE Energy Pillar, especially in the critical task of mobilising and scaling much needed private finance to enable the fast decarbonisation of Egypt’s energy sector. We look forward to closely engaging with the GFANZ and members of the Private Finance Working Group to come up with practical solutions that would further open up the Egyptian renewable energy market for long-term private finance”

Noel Quinn, Group Chief Executive, HSBC “The Nexus for Water, Food and Energy Programme will enable the Government of Egypt to identify and channel investment towards projects that will reduce emissions across the country. Having already partnered with the Government of Egypt on its inaugural green bond, HSBC looks forward to supporting the Programme and continuing to help drive a just transition in Egypt.”

Hussein Abaza, Chief Executive Officer and Managing Director, CIB, said “Commercial International Bank (CIB) is an active member of GFANZ, the NZBA, and the Advisory Board of the GFANZ Africa Network. CIB, is Egypt's leading private-sector bank, and is very keen to work with other international parties to support Egypt's Nexus on Water, Food and Energy Programme (NWFE)”

Jay Collins, Vice Chairman, Banking, Capital Markets and Advisory, Citi, said “We are honored to have advised Egypt throughout the NWFE process as part of our commitment to the country and the COP27 process. NWFE represents a highly replicable country program approach to reducing emissions and addressing broad based climate needs: develop ambitious mitigation and adaptation prioritized projects and then orchestrate official and private sector funding around them.”

Claire Coustar, Managing Director and Global Head of ESG and Sustainable Finance for Investment Bank – Fixed Income & Currencies at Deutsche Bank: “Deutsche Bank has a long-standing presence in Egypt, having been in the country for over 60 years and facilitating landmark transactions including Egypt’s Inaugural Green Bond. Egypt has and continues to be an important client and market for Deutsche Bank and we are very pleased to be able to continue to support Egypt in the GFANZ-led working group for Egyptian Nexus for Water, Food & Energy as well as the mobilisation of private capital required for the country’s national Climate Change Strategy 2050.”

Marisa Drew, Chief Sustainability Officer at Standard Chartered, said, “We are pleased to be part of the Private Finance Working Group for NWFE to support the Government of Egypt in their efforts to reduce emissions and achieve their national climate strategy. We truly believe that only through close cross-sector collaboration between private and public entities, will we be able to combat the current climate challenge and meet the goals of the Paris Agreement”

GFANZ BACKGROUND

The Glasgow Financial Alliance for Net Zero (GFANZ) is a global coalition of seven sector-specific alliances, representing over 550 signatories across more than 50 jurisdictions, who have voluntarily made ambitious science-based, sector-specific commitments, in support of net zero transition. GFANZ is working with partners to build the overarching frameworks and approaches needed to support financial institutions seeking to strategically align their balance sheets with net-zero transition and in this context to support capital mobilization. GFANZ recognizes the importance of a globally inclusive net-zero transition, emphasized by the recent launch of the GFANZ Africa and Asia Pacific Networks and support for Country Platforms as a vehicle to support emerging markets and developing economies pursuing ambitious net-zero transition.