GUIDE

Green finance in Egypt: what a lender checks

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DATE	3 November 2026
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Omar Hamdy, on the lender's side, in Cairo. Written in a personal capacity.

Last checked 3 November 2026

Green finance in Egypt: what a lender checks

A bank in Egypt checks two things before any green loan: that the money buys something its green eligibility criteria name, with evidence it will arrive, and that the borrower passes the same environmental and social screen as every other file. Central Bank of Egypt (CBE) rules since 2021 require banks to build both into credit, so a green label without the evidence gets you no cheaper money and no faster approval.

01

What rules sit behind green lending in Egypt?

The CBE sets the frame for banks; the Financial Regulatory Authority (FRA) sets it for non-bank lenders. Each rule below is on the rulebook tracker with its source.

DATE	WHAT THE RULE ASKS	SOURCE
July 2021	CBE guiding principles on sustainable finance: environmental and social risk inside credit studies	CBE, principles and regulatory framework
3 November 2022	CBE binding regulations: sustainable finance policies inside the bank's credit and investment frameworks	CBE, principles and regulatory framework
From 1 July 2023	A quarterly quantitative report on sustainable finance in the loan book	CBE binding regulations
From 2026, second half	A report on exporting clients exposed to CBAM	CBE instructions of 15 June 2025
By January 2028	An environmental and social risk management system (ESMS), climate risk included, inside credit and enterprise risk	CBE circular of 30 June 2026, reported
31 December 2026	First verified carbon footprint report for non-bank lenders above EGP 100 million (F15, F16)	FRA Decisions 36 and 115 of 2026

In August 2026 the press reported that the CBE had formed a working group, with the FRA among its members, to issue a sustainable finance taxonomy. It has not been issued. Until it is, each bank's own green criteria, and those of the development finance institution (DFI) behind its credit line, decide what counts as green.

02

What does a lender check on every file, green or not?

Five gates, from IFC's guidance note on financial intermediaries and EBRD's ESR 9. I set them out in ESMS for non-bank lenders and ESMS for companies:

1. **Exclusion:** is the activity on the IFC or EBRD exclusion list, or against national law?
2. **Categorisation:** is the environmental and social risk high, medium or low, and on what written rule?

3. **Due diligence:** for higher risk, what was checked, by whom, and what must the borrower fix?
4. **Covenants:** which findings become conditions precedent or covenants in the contract?
5. **Monitoring:** how does the lender know the borrower did what it signed?

A green purpose does not skip any gate. A solar plant on a site with no permits fails gate 3 however clean its electricity.

03

What extra does a green label need?

The label rests on eligibility: the loan must buy something the criteria name, at the level they name, with proof. What that proof looks like on three common files:

- **Green buildings.** The certificate the facility names, at its level and stage, the underlying report, and a cost plan with the green measures as separate lines. EDGE Certified needs at least 20% savings in energy, water and embodied energy in materials (F18). Since 30 June 2026 new projects in five new cities also need a Green Pyramid certificate. See EDGE or Green Pyramid.
- **Solar.** An independent yield simulation with the debt sized on the conservative P90 case, equipment warranties on paper, and the grid connection or net metering approval, usually before disbursement. See solar bankability.
- **Energy efficiency through a DFI line.** The technology must match the facility's eligible list, such as the EBRD GEFF technology selector, with the supplier's specification in the file.

After completion, DFI-backed money usually brings annual reporting in the lender's template. A green certificate does not replace the environmental and social questions; it sits beside them.

04

Why does CBAM reach a green lending file?

Because the loan book carries it. The EU imported EUR 2.78bn of CBAM goods from Egypt in 2025 (F01), 22.5% of everything it imported from Egypt (F02), and fertilisers were 54.6% of that (F04). An exporter that cuts plant emissions with a green loan can replace EU default figures with verified data. That is a credit case a lender can read: the CBAM by CN code pages give the default and the 2026 certificate count for each of 60 lines, and is Egypt exempt from CBAM? explains why the exposure is real now.

05

How do I prepare for a green loan?

- [ ] Name the eligibility criterion your project meets, in the lender's own words.
- [ ] Confirm the activity against the exclusion list your lender uses.

- [ ] Collect permits and approvals before you ask for a term sheet.
- [ ] Price the green measures as separate lines in the cost plan.
- [ ] Agree who issues the evidence (certifier, verifier, installer) and when it arrives against each tranche.
- [ ] Ask what the lender will need from you each year after completion.

06

Frequently asked questions

Is green finance cheaper in Egypt?

Sometimes, when the lender's DFI line carries concessional terms or an incentive for eligible projects. The discount depends on that line's criteria, not on the word "green". This page does not quote prices or rates.

Who decides what counts as green in Egypt?

Today, each lender's criteria and those of the DFI behind its credit line. A national taxonomy is in preparation by a CBE working group, as reported in August 2026, and has not been issued.

What is greenwashing to a lender?

A green claim the file cannot prove. The fix is the evidence plan: what proves the green purpose, who issues it and when.

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Sources

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Cite this page

Hamdy, O. (2026) "Green finance in Egypt: what a lender checks before a green loan". omarhamdy.com, 3 November 2026. https://omarhamdy.com/guides/green-finance-egypt/

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Glossary terms on this page

- Green finance omarhamdy.com/glossary/green-finance/
- Eligibility criteria omarhamdy.com/glossary/eligibility-criteria/
- Exclusion list omarhamdy.com/glossary/exclusion-list/
- ESMS omarhamdy.com/glossary/esms/
- Use of proceeds omarhamdy.com/glossary/use-of-proceeds/
- Greenwashing omarhamdy.com/glossary/greenwashing/

Terms used in this document

CBE	The Central Bank of Egypt, which licenses and supervises the country's banks and sets their rules, including on sustainable finance.
FRA	Egypt's regulator for finance outside banks: the stock market, insurance, leasing, factoring, microfinance and consumer finance.
E&S RISK	Environmental and social risk: the chance that a project harms people or nature, and the money that can be lost when it does.
CBAM	An EU charge on the carbon in imported steel, aluminium, cement, fertiliser, electricity and hydrogen. EU importers pay it, so they ask their suppliers for emissions data.
ESMS	The rules and routine an organisation uses to find and control harm to people and the environment. A lender runs one on every loan, and may ask its borrowers for one.
CREDIT LINE / FACILITY	An agreed amount a lender makes available to draw over time, such as a development bank's line to a local bank.
DFI	A development finance institution: a lender backed by governments, such as EBRD or IFC, that funds projects for their development impact as well as their returns.
EBRD	The European Bank for Reconstruction and Development: a development bank owned by governments and EU institutions that lends in Egypt, often through local banks.
IFC	The International Finance Corporation: the World Bank Group's arm that lends to and invests in private companies in developing countries.
EXCLUSION LIST	Activities a lender will not finance at all, such as weapons, tobacco or harmful child labour.
CONDITION PRECEDENT	Something you must deliver before the lender pays out, such as a permit, a study or a signed policy.
COVENANT	A promise in the loan agreement that you keep for as long as the loan runs, such as a reporting date or a financial ratio.
EDGE	A green building certificate from IFC. A building qualifies when its design saves at least 20 per cent on energy, water and the energy in its materials.

GREEN PYRAMID (GPRS)	Egypt's own green building rating, granted by the national Housing and Building Research Center.
DISBURSEMENT	The lender paying the loan money out to the borrower.
P90	The yearly output a solar plant should beat in nine years out of ten.
DEFAULT VALUE	The emissions figure per tonne the EU uses for your product when your plant cannot give verified data.