



وزارة التعاون الدولي
Ministry of International
Cooperation

نexus NWFE

EGYPT'S NEXUS OF WATER, FOOD & ENERGY
FROM PLEDGES TO IMPLEMENTATION

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Executive Summary

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EXECUTIVE SUMMARY

In light of the current global trend towards adopting more sustainable and climate-resilient development pathways, there is little dispute over the importance and urgency of swift and collective action. The potential is significant to push forward a transformative agenda that accounts for developing countries' development trajectories and ensures equitable access to financial and technical resources.

Despite the considerable attention climate finance has received globally, there is an evident gap between pledges made and their effective distribution. Many developing countries have limited access to long-term scaled financing, burdened by high capital costs. Advancing the climate agenda in these countries will, hence, require climate financial flows proportional to the climate challenge.

Against the backdrop of the COVID-19 pandemic, rising food and energy prices, and the adverse effects of climate change, the international community's focus has shifted towards making current systems more resilient. The goal is to adapt to shocks and risks and allocate resources efficiently.

As a result, there's a growing call globally to restructure the global financial system, making it a central element in the fight against climate change. For instance, the **"Bridgetown Initiative"** stands out for advocating a reform that favors long-term investments over short-term financial instruments. This shift aims to empower developing and emerging economies to tackle climate change while pursuing their unique development paths. Notably, one in five countries is facing fiscal retrenchment due to increased interest rates and the strengthening of the US dollar.

In response to these initiatives, the **"New Global Financial Compact"** Summit was held to explore broad reforms to international financial institutions, focusing on urgently integrating climate considerations. Furthermore, during the G20 presidency in 2023, India highlighted the need for multilateral reform, further emphasizing the global commitment to addressing these pressing challenges.

BRIDGING THE CLIMATE FINANCE GAP

In our quest to shift to a low-carbon development path, it's essential to scale up financing for adaptation and resilience. Despite the rise in global climate finance, reaching \$653 billion in 2019/2020, less than 9% of these funds are directed towards adaptation sectors, including vital areas like water and sanitation management.

Moreover, global climate finance flows are regionally imbalanced. Over 75% of global climate finance flows are raised and spent within their countries of origin, thus limiting available funds to vulnerable countries that need them most (Climate Policy Initiative, 2021). This is particularly pronounced in the African continent, which contributes to less than 9% of GHG (IPCC Working Group III, 2022) yet receives just 11% of the financing required to fulfill Nationally Determined Contributions (NDCs) and meet 2030 climate goals (Climate Policy Initiative, 2022).

Meanwhile, regarding financing instruments, 61% of climate finance is raised through debt, further straining economies that are already under a tight fiscal stance. Notably, 60% of the world's poorest countries are either highly indebted or at risk of debt distress.

Obtaining finance from dedicated climate funds poses its own set of challenges. Since their inception, global deposits in climate funds have amassed \$35 billion, with only 31% disbursed for approved projects (IMF, 2023). The accreditation processes demand substantial technical and administrative capabilities, not just for designing and planning viable projects, but also for demonstrating the credible implementation of projects on ground. This requires a strong capacity to monitor activities and report the impact of investments, which remains an area for improvement in developing countries.

Within this context, there is a compelling need for more than 500% increase in climate finance to reach \$4.5 trillion annually by 2030. Hence, concerted multilateral cooperation efforts are indispensable to pushing the climate action agenda forward. This involves optimizing existing resources, scaling investment in pertinent sectors, and prioritizing capacity building and green technology development.

H.E. PRESIDENT ABDEL FATTAH EL-SISI, PRESIDENT OF THE ARAB REPUBLIC'S SPEECH AT COP27

“Egypt launched the Nexus for Water, Food and Energy, the NWFE program, as an embodiment of its ambition in climate action. The transformation that Egypt is witnessing towards a green, low-emission economy in all fields is a practical translation of what we have called for and are calling for, namely the necessity of actual on-ground implementation. This is the proof that overcoming the challenge of climate change is still feasible, if the will and determination is present.”



THE POWER OF MULTILATERAL COOPERATION

The cost of implementing the climate agenda, covering both adaptation and mitigation, far exceeds the available deployed resources. It is argued that if Multilateral Development Banks (MDBs) dedicate all their funds to the green transition, it would amount to around 4% of the required finance (World Bank Group, 2020). In contrast, shifting only 1-1.5% of the global private sector-held assets worth over \$450 trillion could bridge the gap (Financial Stability Board, 2021). This underscores the private sector's pivotal role in expediting the green transition.

Nevertheless, a major challenge lies in the substantial risk of investing in developing and emerging economies. Approximately 73% of sovereign risk ratings for low and middle-income countries are graded "B" or lower, exceeding the fiduciary risk limits of most investors. This not only adds to the risks inherent in green projects, but also contributes to a heightened risk perception, which negatively impacts countries' sovereign credit rating, limiting access to private flows. The mitigation of investment risks is therefore crucial, particularly during periods of rising interest rates and instances where middle-income and low-income countries are experiencing sovereign debt vulnerabilities.

Innovative financial solutions can unlock existing pools of capital. There is a pressing need to develop, promote, and implement innovative finance approaches, such as blended finance and deploy financial instruments like carbon and resilience credits. These mechanisms serve to de-risk and mobilize private capital towards both mitigation and adaptation projects. By creating incentives for private investors, these approaches have the potential to accelerate the green transformation while concurrently safeguarding societies that are most susceptible to environmental shocks.

In efforts to move from pledges to implementation, Egypt made significant strides with the launch of two complementary Presidency initiatives during the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), namely the Sharm El Sheikh Guidebook for Just Financing and Egypt's Country Platform for the Nexus of Water, Food, and Energy (NWFE **نُؤْفِي**).

Rooted in the principles of equity and justice, the Guidebook emerged as a collaborative effort to synchronize and leverage the ambitions of diverse stakeholders, offering a comprehensive roadmap to navigate the intricate landscape of climate finance. It guides how to enhance the investability of climate projects and identifies the main components and key stakeholders in the climate governance scheme and current gaps.

Moving from policy to practice, NWFE **نُؤْفِي** is a pragmatic manifestation of the Guidebook's just financing principles. It sets a replicable demonstration of the concept of Country Platforms in leveraging partnerships and mobilizing financing towards mitigation, adaptation, and resilience efforts to achieve value-centric and sustainable results.

SHARM EL SHEIKH GUIDEBOOK FOR JUST FINANCING

For the first time, the Guidebook introduced a definition for Just Financing that goes beyond the notions of climate justice and just transition, which focuses on the equitable allocation of benefits and burdens resulting from the climate emergency as well as safeguarding labor rights. It aims to operationalize the principle of "Common but Differentiated Responsibilities and Respective Capabilities," addressing country ownership, access, affordability, and resource allocation bias while promoting 'additionality' and good governance.

The Guidebook sets forth 12 core principles for just financing. They serve as a framework to unlock scale financing from diverse sources of capital by adopting innovative climate finance modalities and instruments. These principles represent a call for action to assess the current global climate finance architecture and institute reforms aligned with these principles. The overarching goal is stimulating interlinkages between climate action, inclusive growth, and social and economic equity.

Just Financing is "financing that accounts for historical responsibility for climate change while ensuring equitable access to quality and quantity climate financing that supports resilient development pathways leaving no one behind"

THE SHARM EL SHEIKH GUIDEBOOK FOR JUST FINANCING CATEGORIZES THE PRINCIPLES INTO THREE MAIN THEMES:

Country Ownership: Prioritizing national needs and resources is vital for reinforcing country ownership. This approach helps overcome investment obstacles, particularly when these priorities are translated into a pipeline of investable projects.

Equitable Pathways: Given the considerable cost of implementing the climate action agenda, which often surpasses the capacity of developing countries already committed to development plans, international financial institutions and climate funds must offer additional resources under reasonable conditions. These conditions should account for the current global context and align with development priorities.

Governance: The absence of a comprehensive global governance structure for climate finance hampers the effective disbursement and utilization of funds. Therefore, it is important to establish governance structures for climate finance at both national and international levels to ensure the delivery of impactful results.

The Guidebook also addresses the information gap for both national governments and investors, aiming to reduce the risk and uncertainty associated with climate investments. It offers a comprehensive mapping of capital providers, considering access criteria, risk appetite, regional and sectoral focus, ticket size, and financing instruments, including those available through climate funds. This visibility empowers low and middle-income countries to strategically plan their response to climate change, considering national challenges and opportunities.

Moreover, the Guidebook introduces innovative financing approaches as solutions to key barriers identified in the private investment realm, emphasizing blended financing to amplify climate investments by deploying concessional and non-concessional finance. It explores other innovative instruments, such as carbon and resilience credits, to monetize mitigation and adaptation outcomes.

Finally, it concludes with an actionable agenda for each stakeholder that lists the roles they could play to achieve just financing outcomes. It presents a realistic and implementable blueprint to maximize the effectiveness and efficiency of the existing climate finance system in the short-run while rethinking the international architecture in the medium and long term.



TOGETHER FOR IMPLEMENTATION: LET'S NWFE **نُوقِي** TOGETHER

The G20 Eminent Persons Group on Global Financial Governance in 2018 emphasized that country platforms anchor developing countries' ownership over their developmental trajectory and provide a conducive framework for transparency and accountability for all actors. This approach strengthens collaboration and fosters good governance by facilitating the tracking and monitoring of domestic financing flows. Such platforms enable stakeholders to align current efforts with policies and strategies, making informed decisions on future investments. Translating climate needs into investment plans with accurate financing estimates is recognized as a signal of a country's investment readiness and enhances the visibility of project pipelines.

From policy to practical implementation, Egypt's Country Platform for the Nexus of Water, Food, and Energy (NWFE **نُوقِي**) embodies the just financing principles of country ownership outlined in the Sharm El Sheikh Guidebook. The platform adopts a country-led, pragmatic, and bottom-up approach. It brings the missing link of investable projects and draws strength from the commitment of the Government of Egypt, offering clarity of climate goals and targets and establishing credibility with the global community anchored in transparency and accountability.

With a clear vision articulated in Egypt's National Climate Change Strategy 2050 and the country's Nationally Determined Contributions (NDCs), a set of 26 high-priority projects for adaptation and mitigation aligned with the national and international climate agenda were identified. Among these, nine projects were chosen to be part of the NWFE **نُوقِي** Platform, bundling outcomes to ensure a holistic impact. Furthermore, the inclusion of four sustainable transport projects in the NWFE+ program underlines the commitment to an inclusive green transition, balancing development needs with environmental sustainability.

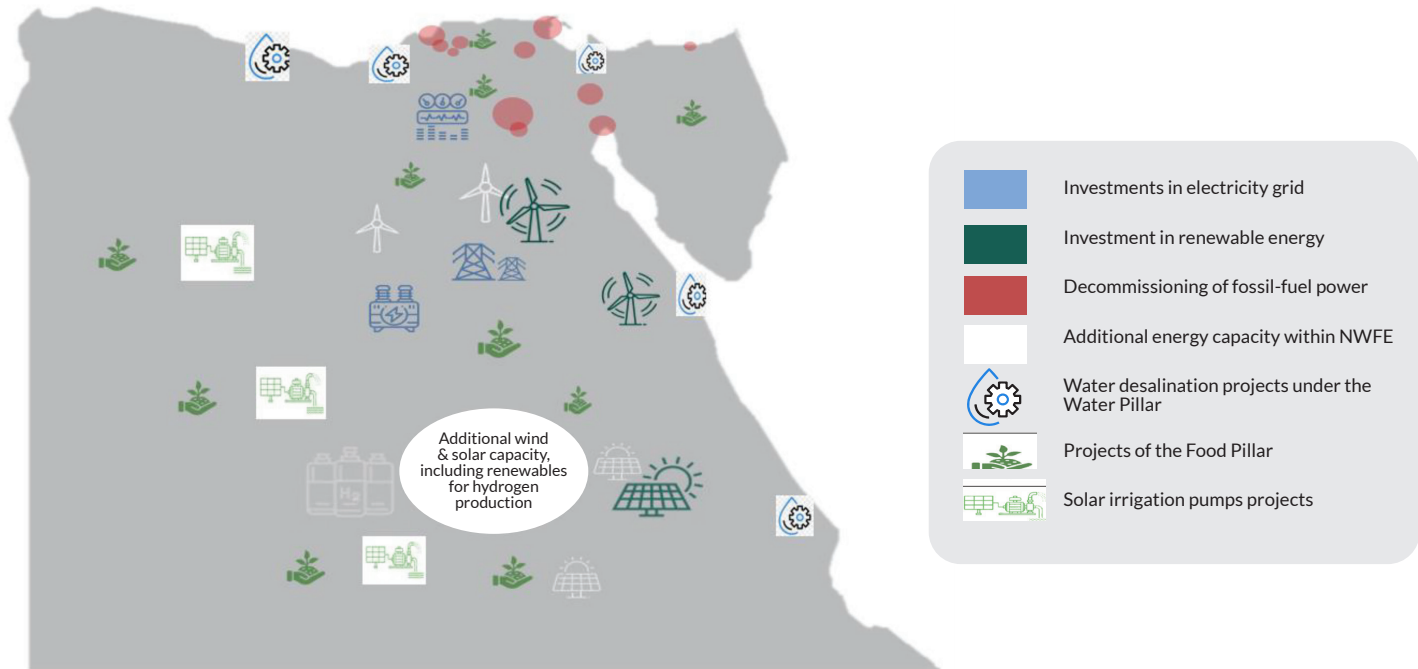
NAVIGATING THE NEXUS OF WATER, FOOD AND ENERGY

Projects within the **Water Pillar** focuses on revitalizing irrigation and water management systems. The goal is to address future water shortages, conserve scarce water resources, and enhance water access and utilization. These initiatives are aligned with the broader objective of promoting inclusive and sustainable human development.

In the **Food Pillar**, projects aim to bolster the adaptation and resilience of the agriculture sector by promoting the adoption of smart agricultural practices among farmers. This approach is expected to increase sector productivity and food production, leading to a robust food supply chain and improved food security.

As part of Egypt's mitigation efforts, projects within the **Energy Pillar** aim to improve access to clean and renewable energy. Consequently, these endeavors are poised to reduce greenhouse gas emissions and enhance air quality, expediting the country's progress toward its climate and development objectives.

Within this framework, strategic investments in technology-based solutions for climate change mitigation, adaptation, and resilient development play a crucial role in curbing greenhouse gas emissions and building community resilience to anticipate and respond to the impacts of climate change. This is particularly effective when interventions are concentrated in the same geographic area, maximizing developmental benefits. The geographical distribution of NWFE projects, as depicted in the map below, reflects a balanced approach, targeting areas of utmost need based on national priorities.



In accordance with the Guidebook’s principles of “Equitable Pathways,” NWFE **نُوفِي** Platform bridges the information gap, harmonizing efforts and ensuring a sustainable and conducive interaction between the different stakeholders while creating the necessary enabling environment (Al-Mashat & Berglof, 2023). Through the design, structuring, and preparation of concrete and implementable climate action projects, the platform significantly increased Egypt’s access to previously untapped sources of climate finance and investment funds and catalyzed private investment, leveraging innovative financing modalities. The total investment within the platform is worth \$14.7 billion, including \$10 billion for the energy sector, \$1.35 billion for the water sector, and \$3.35 billion for the agriculture and food security sector.

The platform adopts a blended finance approach, proactively addressing socio-economic challenges associated with climate change. By leveraging technical cooperation and financing from over 30 stakeholders, the platform taps into diverse capital sources, encompassing debt swaps, guarantees, concessional loans, grants, and private investments. The overarching goal is to alleviate the burden of debt and facilitate a more sustainable financial structure.

Focusing on the Energy Pillar, a debt swap agreement with Germany totaling \$113 million was announced during COP27 to pave the way for a green transition and revise Egypt’s Nationally Determined Contributions (NDCs). In line with the Political Declaration involving the Governments of Egypt (GoE), the Federal Republic of Germany, and the United States of America, the updated NDCs were officially announced in June 2023. This announcement underscores the country’s dedication to accelerating the transition toward a low-carbon development pathway, achieving a 42% installed capacity of renewable energy by 2030 instead of the initially set target of 2035. Regarding private sector investments, the platform successfully mobilized a total of \$2.18 billion to finance solar and wind energy projects.

Furthermore, the platform successfully secured ‘additional’ financing, extending beyond the annual commitments from development partners. This strategic move ensures that climate finance supplements, rather than replaces, development finance. It obtained €2.8 billion from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

INNOVATIVE FINANCING TOOLS & INSTRUMENTS IN THE NWFE نُوْفِي PLATFORM



Within the Water and Food Pillars, advisory services and technical assistance are provided to national stakeholders to facilitate the effective implementation of projects. This support, funded by grants from development partners, includes a capacity-building component to strengthen institutional capabilities to prepare comprehensive feasibility studies that consider economic, social, and environmental aspects.

According to the Sharm El Sheikh Guidebook, just financing can only be achieved when systems promote transparency and accountability. In that regard, the NWFE نُوْفِي platform reinforces good governance through its steering committee and a robust M&E system. These mechanisms not only facilitate coordination among all stakeholders and help track the progress made in mobilizing necessary investments, ensuring the effective utilization of climate finance and resources. Furthermore, a dedicated M&E component will be integrated into the design of each project, leveraging the Automated Information Management System (AIMS) of the Ministry of International Cooperation to monitor project activities.

ENGAGING FOR IMPACT: STRATEGIC PARTNERSHIPS WITHIN NWFE نُؤْفِي

Through the NWFE Platform, strategic partnerships were forged, drawing on the unique strengths of various multilateral and bilateral development partners. These collaborations extended to a broader array of stakeholders, aligning efforts with Egypt's development and climate agenda as outlined in Vision 2030, Egypt's Climate Strategy 2050, and the updated NDCs. The selection of the lead partner in each pillar was driven by their comparative advantage, aiming to enhance project efficiency and effectiveness.

In the Energy Pillar, the European Bank for Reconstruction and Development (EBRD) emerged as the key partner, leveraging its experience in financing and implementing electricity, clean, and renewable energy projects nationally and internationally. With a substantial history of private sector partnerships in Egypt, where 76% of their total portfolio is directed towards the private sector, the EBRD expertise aligns with the Energy Pillar's goal of mobilizing \$10 billion in private capital.

For the Water Pillar, the African Development Bank (AfDB) assumed the central partnership role, providing necessary financial and technical support based on its expertise in sustainable practices, particularly in solar pumps for irrigation. Aligned with the AfDB-Egypt's Country Strategy 2022-2026, projects in this pillar aim to engage the private sector in advancing the green transition, and fostering food, water, and energy security.

Under the Food Pillar, the International Fund for Agricultural Development (IFAD) takes the lead as the main partner, bringing significant experience in financing and implementing agricultural projects. IFAD's vision aligns with the pillar's goal of achieving sustainable rural development and food security. IFAD will support adopting climate-smart strategies and enhance private sector involvement to boost food production and create job opportunities.

In the case of NWFE+, the European Investment Bank (EIB) stands out as the lead partner, leveraging its extensive experience in implementing infrastructure projects, particularly in the transport sector, both nationally and internationally. The bank is a key development partner in Egypt's transport sector, financing six projects with a total value of €2.3 billion.

Moreover, the NWFE نُؤْفِي Platform has been pivotal in fostering meaningful strategic alliances with various international coalitions dedicated to development and climate action. These alliances involve actors of significant reputation and expertise on the global stage, aiming to catalyze private capital and provide technical assistance.

Within this context, the United Nations assumes a central role by providing substantive support to ensure the efficacy of the Platform's project interventions. It evaluates the impact of these interventions on environmental sustainability and ensures alignment with the International Labour Organization's (ILO) Just Transition guidelines.

This active involvement is crucial within the context of the Egypt-United Nations Sustainable Development Cooperation Framework 2023-27. It signifies the UN's dedication to the NWFE نُؤْفِي Platform, which was collectively launched in July 2022 with the United Nations and the Development Partners Group (DPG). The overarching objective is to enhance climate resilience and promote the efficient management of natural resources for all people in a sustainable environment by 2027.

On another front, new opportunities have emerged with the Climate Investment Fund (CIF), affording Egypt access to concessional development funding and a substantial grant of up to \$44 million. This development acts as a catalyst, stimulating further funding and investment from both development partners and the private sector. These resources are dedicated to supporting communities most in need within the NWFE نُؤْفِي projects.

Furthermore, the Glasgow Financial Alliance for Net Zero Emissions (GFANZ) provides advisory services and assumes a crucial role in facilitating discussions on fostering a conducive investment environment and attracting private sector involvement in NWFE نُؤْفِي projects.

Intergovernmental organizations, such as the International Renewable Energy Agency (IRENA), are also integral contributors. IRENA's substantial contribution involves enhancing the visibility of NWFE نُؤْفِي projects. This is accomplished by showcasing these projects on the Agency's platform, which enjoys widespread accessibility among major international energy investors actively seeking opportunities to finance such projects upon their readiness for implementation.



THE SHARM EL SHEIKH GUIDEBOOK: JUST FINANCING PRINCIPLES

Against this backdrop, the NWFЕ نُوفِي Platform seamlessly embodies the principles of Just Financing. This is evident in its establishment of multi-stakeholder partnerships, utilizing innovative financing solutions to address an existing pipeline of projects that directly align with national priorities. Consequently, the NWFЕ نُوفِي Platform serves as a practical implementation of the 12 Core Principles of Just Financing, a feature that will be prominently showcased throughout this report.

COUNTRY OWNERSHIP

Principle 1

Recognize, respect, and take concrete action to support developing countries' Right to Development and Industrialization through equitable pathways.

Principle 2

Align global climate mitigation and adaptation targets with national development objectives.

Principle 3

Support and fund the creation of enabling environments, and strengthening of technical capacities that are aligned with climate goals.

EQUITABLE PATHWAYS

Principle 4

Require global stakeholders to actively consider and take progressive action to address historical disparities and responsibilities to meet climate needs.

Principle 5

Mainstream the concept of Just Financing across all financial stakeholders at national and international levels.

Principle 6

Ensure the right to quality and quantity climate finance.

Principle 7

Address access, affordability, and resource allocation bias.

Principle 8

Promote “Additionality”.

Principle 9

Address the loss and damage caused by climate change.

GOVERNANCE

Principle 10

Require strong institutional governance mechanisms at the international and national levels.

Principle 11

Require robust transparency and accountability mechanisms.

Principle 12

Is anchored on balanced multi-stakeholder participation and collective agreements that enhance international, regional, and local coordination and commitments.

INTRODUCTION

Given the importance of climate change on a global level and its repercussions, 169 parties of the United Nations Framework Convention on Climate Change (UNFCCC) adopted the Paris Agreement on December 12, 2015; an agreement that establishes a legally binding framework for internationally coordinated efforts to combat climate change. The agreement entered into force on November 4, 2016, and the Egyptian Parliament ratified it in 2017. Egypt has shown its willingness to implement its obligations towards the Paris Agreement, as it is making efforts to reduce greenhouse gas emissions. Still, given the country's high vulnerability to climate change, it is also adopting adaptation efforts to mitigate the severity of climate change.

Within the framework of the interrelationship between development and climate action, Egypt prepared the National Strategy for Adaptation to Climate Change and Disaster Risk Reduction in 2011, followed by the Low Emissions Development Strategy (LEDS) in 2018, which is compatible with the country's national sustainable development strategy, Egypt's Vision 2030, and the United Nations Sustainable Development Goals (SDGs).

However, there remains a gap in the link between all climate change strategies that can contribute to the effective integration of planning across sectors in mitigation and adaptation. Hence, in May 2022, the Government of Egypt launched the comprehensive National Climate Change Strategy (NCCS) for 2050, detailed below.

GOAL 1

Achieving Sustainable and Low Emission Economic Growth in the Different sectors

- Objective (1.a): Energy transition by increasing the share of all renewable and alternative energy sources in the energy mix.
- Objective (1.b): Reducing emissions associated with the use of fossil fuels.
- Objective (1.c): Maximizing energy efficiency.
- Objective (1.d): Adopting sustainable consumption and production trends for the reduction of greenhouse gas emissions from other non-energy activities.

GOAL 2

Enhancing Adaptive Capacity and Resilience to Climate Change and Alleviating the Associated Negative Impacts

- Objective (2.a): Protecting citizens from the negative health impacts of climate change.
- Objective (2.b): Minimizing loss and damage to country assets and ecosystems by preserving them from the impacts of climate change.
- Objective (2.c): Preserving the country's resources from the impacts of climate change.
- Objective (2.d): Resilient infrastructure and services in the face of climate change impacts.
- Objective (2.e): Implementing disaster risk reduction concepts.
- Objective (2.f): Preserving and expanding green spaces.
- Objective (2.g): Enhancing women's response considerations to help them adapt to climate change.

GOAL 3

Enhancing Climate Change Action Governance and Management

- Objective (3.a): Defining the roles and responsibilities of the different stakeholders in order to achieve the strategic goals.
- Objective (3.b): Improving the rank of Egypt in the international profile to climate change actions to attract further investments and climate finance opportunities.
- Objective (3.c): Sectoral Policy reform to capture the required climate change mitigation and adaptation interventions.
- Objective (3.d): Enhancing institutional, procedural and legal arrangements such as monitoring, reporting and verification (MRV) systems.

GOAL 4

Enhancing Scientific, Technology Transfer Knowledge Management and Awareness to Change

- Objective (4.a): Promoting Local Green Banking And Green Credit Line.
- Objective (4.b): Promoting Innovative Financing Mechanisms Prioritizing adaptations actions, e.g. green bonds.
- Objective (4.c): Private sector engagement in climate finance and promotion of green jobs.
- Objective (4.d): Compliance with multilateral development banks (MDB) guidelines for climate finance.
- Objective (4.e): Building on the success of the current climate finance programs.

GOAL 5

Enhancing Scientific, Technology Transfer Knowledge Management and Awareness to Change

- Objective (5.a): Strengthening the role of scientific research and technology transfer in climate change mitigation and adaptation.
- Objective (5.b): Facilitating the dissemination of climate-relevant information and knowledge management among government institutions and citizens.
- Objective (5.c): Raising awareness on climate change among different stakeholders (high-level policy/decision makers, citizens, and students).

Given the Government of Egypt's endeavor to invest intensively in climate action efforts, the country established innovative solutions that enhance efforts to confront the challenges posed by climate change, as well as to build resilience of vulnerable national and regional ecosystems and promote development. This aligns with accelerating progress towards sustainability, innovatively and effectively, within the framework of the NCCS 2050. As explained above, this strategy identifies a group of high-priority projects that will be implemented before 2030 (26 projects covering five main sectors, including electricity, energy, food, and water), based on the three pillars of climate action: mitigation, adaptation, and resilience. This also addressed the loss and damage resulting from climate change, using the principles of a just transition to a green and sustainable economy.

Many regional and international studies have confirmed that good governance in the relationship between food, water and energy sectors, and maximizing the benefit of their interconnectivity, enhances comprehensive and mutually beneficial responses. It also provides an informed and transparent framework for identifying complementarities that maintain the integrity and sustainability of ecosystems, as it unlocks the links between priority projects into sub-packages with a regional focus across key areas in Egypt.

Inevitably, this makes the most of the limited technical capacity, resources and financial assistance on a broader scale, including the Nile Valley and Delta, Mediterranean coast, Red Sea, Eastern Desert, Suez Canal area, Sinai, Western Desert and Oases regions, as well as the possibility of replicating this model in other countries around the world in the medium to long term. Leveraging climate finance for these projects will be key in accelerating the transition of Egypt, and other developing countries, to low-carbon and resilient, comprehensive development models.

Through the Nexus of Water, Food and Energy, a comprehensive and effective approach was provided that focuses on the societal and humanitarian aspects to address the repercussions of climate change and enhance the resilience of vulnerable communities, the Government of Egypt identified 9 priority projects in the aforementioned sectors, in accordance with the NCCS 2050. The Ministry of International Cooperation, in partnership with the relevant national entities, has begun implementing the mandates of the Presidency of the Council of Ministers, issued within the framework of enhancing opportunities for Egypt to benefit from development finance, expertise, and the accumulated international experiences in climate action on the sidelines of Egypt's COP27 presidency. This is in tandem with the efforts undertaken by the Ministry in cross-tracks to mobilize development finance for climate, considered a catalyst for private sector investments, and in implementing a package of green development projects.

IN THE SAME CONTEXT, THE MINISTRY OF INTERNATIONAL COOPERATION, IN CLOSE COOPERATION WITH THE PARTICIPATING NATIONAL ENTITIES AND DEVELOPMENT PARTNERS, FORMULATED THE COUNTRY PLATFORM FOR THE NWFE **نُوقِي** PROGRAM IN JULY 2022.

- **Strategic Dimension:** The NWFE program is an integral part of the NCCS 2050 and the Government of Egypt's 2023 - 2027 Action Program, including a list of priority strategic projects. It also reflects the Nationally Determined Contributions (NCDs), which was updated in 2023, and is in accordance with the Paris Climate Agreement and the UN SDGs.

	NCCS 2050 OBJECTIVES	GOVERNMENT OF EGYPT'S 2023 - 2027 ACTION PROGRAM	SDGS
1	Goal 1: Achieving Sustainable and Low Emission Economic Growth in the Different sectors	(2) Develop and Invest in Human Capital. (3) Economic Development and Improving Efficiency of Government Performance. (4) Enhancing Productivity and Employment. (5) Improving the Standard of Living of Egyptian Citizens.	  
2	Goal 2: Enhancing Adaptive Capacity and Resilience to Climate Change and Alleviating the Associated Negative Impacts	(1) Protecting Natural Resources Towards Security and Sustainability. (5) Improving the Standard of Living of the Egyptian Citizens.	     
3	Goal 3: Enhancing Climate Change Action Governance and Management	(1) Protecting Natural Resources Towards Security and Sustainability. (2) Develop and Invest in Human Capital. (4) Enhancing Productivity and Employment.	  
4	Goal 4: Enhancing Scientific, Technology Transfer Knowledge Management and Awareness to Change	(1) Protecting Natural Resources Towards Security and Sustainability. (5) Improving the Standard of Living of the Egyptian Citizens.	  
5	Goal 5: Enhancing Scientific, Technology Transfer Knowledge Management and Awareness to Change	(1) Protecting Natural Resources Towards Security and Sustainability. (2) Develop and Invest in Human Capital. (3) Economic Development and Improving Efficiency of Government Performance. (4) Enhancing Productivity and Employment. (5) Improving the Standard of Living of the Egyptian Citizens.	  

- **Dynamic Dimension:** The NWFE program is based on a dynamic mutual relationship between three sectors: water, food and energy. All the projects it includes fall within an integrated framework to support the three interrelated pillars.
- **Participatory Dimension:** The NWFE platform is a long-term program that reflects national commitments extending until 2050. It also follows a concessional development financing model that provides blended financing tools.

THE INTERLINKAGES BETWEEN ENERGY, FOOD & WATER

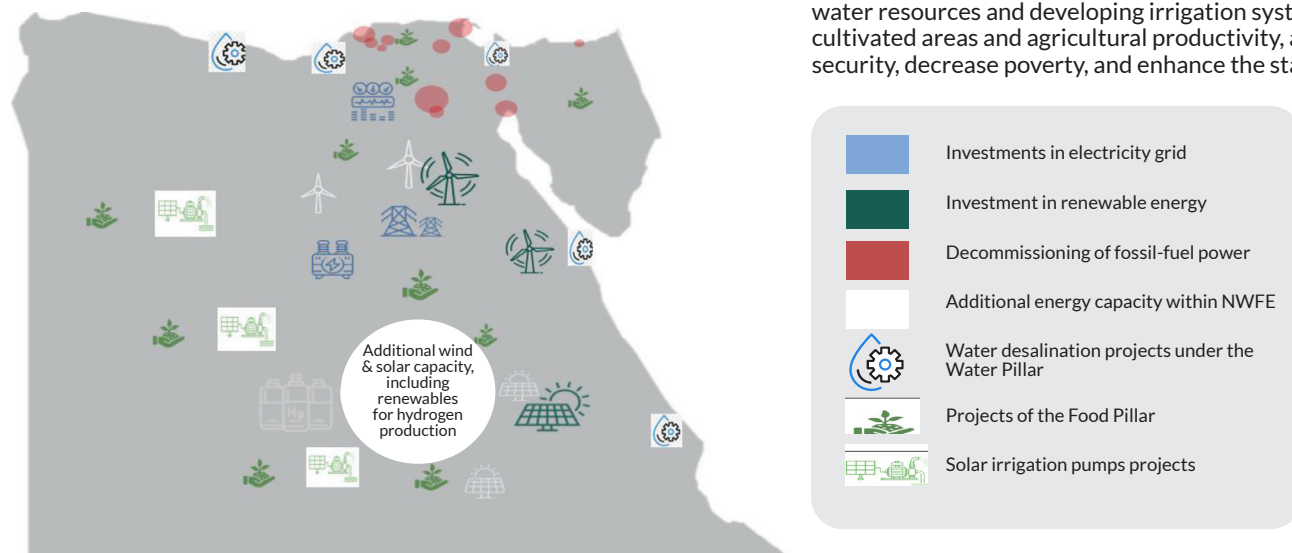
The Government of Egypt has taken a new approach to climate action within the framework of the county platform of the NWFE **نُوقِي** program, by identifying a group of priority projects that share a direct impact on achieving climate goals, as well as on advancing and strengthening sustainable development.

In the application of this approach, priority projects have been identified, taking into account their compatibility with the basic pillars of the Paris Agreement: mitigation, adaptation, resilience, loss, and damage. Inevitably, this is tied to meeting basic human needs, especially access to clean energy, water and food.

The efforts made within the framework of the NWFE program include working on setting the general framework for the components and operations of the platform's projects and determining the geographical scope of each. There is also a focus on taking a "pillars approach" between the projects of the three sectors (energy, food, and water) in order to maximize the development and environmental impact within planned areas. This includes implementing projects in addition to enhancing their ability to combat climate change.

The geographical scope of the projects was determined in accordance with the following principles:

- Taking into account the national priorities of the technical agencies and relevant ministries with implementing the projects in the NWFE Program.
- Taking into account the just distribution of single-axis projects to ensure that all regions of the country benefit from the development projects and to avoid overlap and duplication in the implementation.
- Taking into account the combination of projects of different pillars within geographical regions to maximize the development impact on the lives of citizens, and their ability to withstand and achieve comprehensive and sustainable development.
- Taking into account maximizing the benefit of the interventions and operations planned to be implemented for the projects by combining agricultural development projects with water pillar projects. This is with the aim of improving the management of water resources and developing irrigation systems to increase cultivated areas and agricultural productivity, achieve food security, decrease poverty, and enhance the standard of living.



THE ADVANTAGE OF THE COUNTRY PLATFORM: NWFE نُؤْفِي PROGRAM

- The NWFE platform is a national program and an effective regional model, with a just financing approach that addresses adaptation, mitigation, and resilience to climate change.
- The NWFE platform was designed based on the interrelationship between the energy, water and food sectors. This is represented by shared environmental policies and systems, dependence on natural resources, and related human activities.
- The NWFE platform focuses on regional-centric development across Egypt's main regions (Nile Valley, Delta, Mediterranean coast, The Red Sea, the Eastern Desert, the Suez Canal area, the Sinai region, the Western Desert, and the Oases).
- The NWFE platform was developed to establish an effective Egyptian model that can be replicated on regional and international levels in the medium and long-term, focusing on developing and least-developed African countries.
- The NWFE platform works to enhance Egypt's opportunities to benefit from climate finance. At the same time, NWFE projects represent a major factor in supporting and accelerating the transition of Egypt and other developing countries to comprehensive and resilient development models.

MAIN TARGETS FOR THE COUNTRY PLATFORM: NWFE نُؤْفِي PROGRAM

- Establishing a major national platform addressing the integration between sectors with regard to climate projects in a unified national vision, representing a starting point for joint development efforts in climate action in cooperation with development partners and relevant stakeholders.
- Establishing a dynamic mechanism to benefit from technical support and international expertise and experiences to qualify the targeted projects and their environmental impact and raise the technical efficiency and economic, social, and environmental feasibility of those projects.
- Attracting private sector investments and international partnerships, aligning public and private interests, and maximizing partnerships between the public and private sectors, in order to build on the private sector's comparative advantage in providing modern and sustainable technologies, as well as integration with relevant national goals and strategies.
- Preparing comprehensive technical and investment feasibility studies and relevant institutional and financing arrangements, designing the components of each project and identifying geographical locations and beneficiary groups.
- Preparing a map of development partners for the NWFE Program, and completing the contractual framework (partnership agreements, letters of intent, memorandums of understanding, etc.) with bilateral and multilateral development partners and relevant stakeholders.
- Bridging the financing gap and strengthening efforts to mobilize soft financing from various international and regional sources, achieving just climate financing and mobilizing international and regional efforts towards following the principles regulating this within the projects related to sustainable agriculture and food security.
- Maximizing the use of blended finance sources and diverse financing mechanisms, including guarantees, risk-sharing, and mitigation tools, addressing financing gaps and providing resources that support the SDGs.
- Implementing effective governance systems that enhance the value of outputs and maximize development impact through private sector participation and stimulating sustainable climate investments.
- Fulfilling Egypt's obligations in international treaties and conventions (the United Nations Framework Convention on Climate Change - the Rio Convention in 1992, the United Nations Convention on Biological Diversity and the Convention to Combat Desertification, the Paris Climate Agreement in 2015, and others) in accordance with the NDCs updated in 2023.
- Applying monitoring and evaluation systems in accordance with national and international standards related to climate action, preparing reports and studies to monitor challenges and progress of implementation in targeted projects, and maximizing the benefit of data and indicators of a quantitative and qualitative nature and successful and pioneering national experiences.

INNOVATIVE FINANCING TOOLS & INSTRUMENTS IN THE NWFE نُؤْفِي PLATFORM

- Credit and De-Risking Guarantees MIGA & CITI
- Private Sector Investments
- Debt Swaps
- Effective Partnerships
- Official Development Assistance
- Technical Assistance

THE NWFE **نُؤْفِي** PLATFORM'S PROJECTS

PILLAR	PARTNER	PROJECT	BENEFICIARIES	CATEGORY
Energy	European Bank for Reconstruction & Development (EBRD)	Replacing Inefficient Thermal Power Plants with Renewable Energy	Ministry of Electricity and Renewable Energy Ministry of Environment	Mitigation
Food	International Fund for Agricultural Development (IFAD)	Adaptation of Crop Production in the Nile Valley and Delta	Ministry of Agriculture and Land Reclamation	Adaptation
		Adaptation of the Northern Delta Affected by Sea Level Rise	Ministry of Agriculture and Land Reclamation Ministry of Water Resources and Irrigation	Adaptation
		Enhancing Resilience in Vulnerable Areas	Ministry of Water Resources and Irrigation	Adaptation
		Modernizing Irrigation System in Old Agricultural Lands	Ministry of Water Resources and Irrigation	Adaptation
		Establish an Early Warning System	Ministry of Agriculture and Land Reclamation	Adaptation
Water	African Development Bank (AfDB)	Water Desalination of Using Solar Energy	Ministry of Housing, Utilities and Urban Communities	Mitigation & Adaptation
		Expanding Solar Irrigation Systems	Ministry of Water Resources and Irrigation & Ministry of Commerce and Industry	
		Improving Agricultural Climate Resilience by Modernizing Agricultural Practices	Ministry of Water Resources and Irrigation	

COUNTRY PLATFORM PROJECTS: NWFE +

Within the framework of priority sectors and specific relevant green projects, in accordance with the NCCS 2050, and in integration with the country platform, the Ministry of International Cooperation in coordination with the relevant national entities (Ministry of Environment and Ministry of Transport) launched the national platform NWFE+ (Sustainable Transport Hub), Which includes the following projects:

PILLAR	PARTNER	PROJECT	BENEFICIARIES	CATEGORY
Transport NWFE +	European Investment Bank (EIB)	Extension of the 1st Line of the Metro to Shibin Al-Qanater	Ministry of Transport (National Authority for Tunnels)	Mitigation
		Extension of the Abu Qir Railway Line Development Project in Alexandria & its Transformation into an Electric Metro (Alexandria Metro)		
		Construction of a Railway Line (Al-Rubiki-10th of Ramadan-Belbeis)	Ministry of Transport (National Railways Authority of Egypt)	
		Development of the railway line (Tanta-Mansoura-Damietta)		

FRAMEWORK FOR MEASURING THE PROGRESS & EFFORTS WITHIN IMPLEMENTING THE NWFE **نُوقِي** PROGRAM'S PROJECTS

Main Needs of Each NWFE Project:

- Technical qualification and project design in accordance with relevant international standards.
- Preparing comprehensive feasibility studies from a technical, economic and investment perspective for projects.
- Mobilizing concessional and innovative development financing to bridge the financing gap.
- Motivating the private sector to participate in implementing projects.

Currently Negotiating With:

- International Renewable Energy Agency (IRENA)
- HSBC Bank

BANKABILITY OF THE NWFE **نُوقِي** PROGRAM'S PROJECTS

Projects are placed within an integrated framework from a legal, technical and investment perspective in accordance with the financing and investment rules and conditions to enhance the project's bankability and investability.

Feasibility Studies

Technical & investment feasibility study for the NWFE program's projects.

Mapping Platforms

Using international platforms in bankability & investment for the NWFE program's projects.

Technical Support

Providing technical support services & temporary consultants in investment & climate activities.

Investments

Helping Egypt attract regional & international private sector & promoting the Egyptian experience.

COUNTRY PLATFORM PHILOSOPHY: NWFE **نُؤْفِي** PROGRAM

Within the framework of building on joint development efforts between the Arab Republic of Egypt and development partners, the Government of Egypt has adopted a philosophy and participatory methodology for cooperation between all stakeholders in climate action at the regional and international levels, thus building on the comparative advantage of each development partner, stakeholders, and the extended joint cooperation relations. This includes many pioneering achievements and projects in various economic sectors and appointing a leading development partner for each pillar within the NWFE platform in coordination with the Ministry of Foreign Affairs, the Ministry of Environment, and the relevant participating ministries and national entities.

THE ENERGY PILLAR: THE EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT



The European Bank for Reconstruction and Development (EBRD) remains one of the Government of Egypt's main partners in the renewable energy sector and in the transition to a green economy. The bank has invested in many innovative projects and supported enhancing energy policies to create a favorable regulatory environment for the private sector. Since 2012, the EBRD has been a major partner in developing the Benban Solar Park, which invested more than \$1.1 billion in 16 solar PV plants with a capacity of 750 MW, representing more than half of the solar park's contracted capacity of 1,465 MW.

After the completion of the Benban Solar Park, Egypt began to move away from the feed-in tariff framework and direct its efforts towards developing competitive solar energy tenders in order to attract investors and enhance confidence in the regulatory and operational framework. In this regard, the EBRD provided capacity-building services on how to design and implement competitive bidding for the renewable energy market. Moreover, bidding for new projects has begun for the 200 MW Kom Ombo solar project, at a record low tariff of \$0.0247/kWh, and the Bank's support continues the green transition from investment to policy dialogue in Egypt, leading to regulatory change in Egypt.



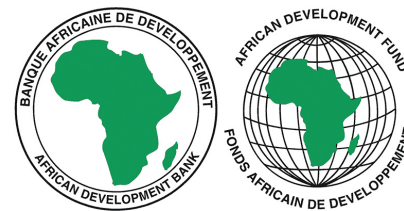
"Egypt is a force in the field of transition to renewable energy among emerging countries, and this creates huge opportunities to transition from dependence on gas and open the way for new industries. The NWFE program will be a transformative paradigm shift for Egypt and will also be a model for application in many other countries that face the same challenges and have the same opportunities. We are proud of our partnership with the Government of Egypt in efforts to launch the country platform for green projects, the NWFE program, and expand the scope of partnership between the government and private sectors." Odile Renaud-Basso, President of the European Bank for Reconstruction and Development (EBRD).

The relevant legislative reforms in Egypt began with Law No. 87 of 2015, which aimed to move from the traditional, vertically integrated, and regulated state monopoly model to a fully competitive market, as the law stipulates a gradual liberalization of the electricity sector with broad participation from the private sector, and as a continuation of the Bank's efforts in this sector. The bank offers various financing mechanisms for the transition to green energy and the promotion of sustainable energy and energy efficiency, including the Green Economy Financing (GEFF) mechanism, under which credit lines are provided to participating financing institutions in Egypt to lend to companies that invest in small energy efficiency projects and renewable energy projects.

Based on the cooperation strategy between Egypt and the EBRD and the relevant comparative advantage, the Ministry of International Cooperation, in coordination with the Ministry of Electricity and Renewable Energy and relevant national partners, appointed the EBRD as a leading development partner in implementing the energy pillar of the NWFE program, which supports national efforts to achieve the country's goals in the NCCS 2050.

THE WATER PILLAR: THE AFRICAN DEVELOPMENT BANK

Egypt and the African Development Bank Group (AfDB) have joint development relations that extend to include many joint initiatives across the continent in the implementation of the relevant international, national, and continental strategies, ranging from the UN SDGs to the African Union's Agenda 2063, and the Egypt - AfDB 2022 - 2026 Country Strategy, including two main pillars related to the NWFE Program.



AFRICAN DEVELOPMENT BANK GROUP

The AfDB has worked to launch and inaugurate several initiatives and mechanisms that seek to enhance green financing and climate action, supporting the ability of African countries to withstand, adapt to, and confront climate change. This is in partnership with the African Union, Africa 50, and many global partners to launch the Alliance for Green Infrastructure in Africa (AGIA). The AIGA initiative aimed to help scale up and accelerate financing for African green infrastructure projects, reduce climate risks facing countries, enhance countries' resilience to climate shocks, and support development programs against natural hazards.



"The Arab Republic of Egypt launched an important initiative to advance development efforts in the water, food and energy sector through the NWFE Program, thus promoting climate action by mobilizing climate investments worth \$14 billion. The African Development Bank (AfDB) strengthens these efforts by supporting the water pillar, leveraging on financing from development partners and supporting sustainable water resource management efforts." President of the African Development Bank, Dr. Akinwumi A. Adesina.

In the same context, and with the comparative advantage of the African Development Bank, the Ministry of International Cooperation, in coordination with the Ministry of Housing, Utilities, and Urban Communities, the Ministry of Water Resources and Irrigation, the Ministry of Trade and Industry, the Ministry of Agriculture and Land Reclamation and the relevant national partners, appointed the African Development Bank as a leading partner in implementing the water pillar. Given the African Development Bank's extensive experience in cooperating with the Egyptian government to finance and implement many projects in the water and utilities sector, the bank also provided the necessary financial support to prepare studies on the use of renewable energy in irrigation systems, in addition to providing many financing to support private sector projects in Egypt. And the diversity of financial mechanisms and tools it provides in this context

THE FOOD PILLAR: THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Projects funded by the UN International Fund for Agricultural Development (IFAD) in Egypt supported the ability of vulnerable groups and small farmers to gain resilience, improve the conditions of lands reclaimed from the desert in the northern region of Egypt, enhance productivity in the areas where its projects are implemented, reduce rural poverty, and increase food security and the marketing capabilities of small farmers.





“The NWFE Program will change the lives of many smallholder farmers and will also change the agricultural sector itself. With millions of small farmers suffering from the effects of the shocks we are witnessing due to climate change, this program will give them hope and show how we can combine climate and food action to achieve food security.” Mr. Álvaro Lario, President of the International Fund for Agricultural Development (IFAD).

In line with the joint development relations and the relevant comparative advantage, the Ministry of International Cooperation, in coordination with the Ministry of Agriculture and Land Reclamation, the Ministry of Water Resources and Irrigation, and relevant national partners, appointed the IFAD as a leading development partner in implementing the food pillar, given its extensive international experience in comprehensive and sustainable agricultural and rural development, its ability to find integrated solutions, mobilize development funds and resources, and its commitment to climate financing and supporting the capabilities of smallholders to adapt to the climate.

THE TRANSPORT PILLAR: THE EUROPEAN INVESTMENT BANK



“I am delighted that the European Investment Bank (EIB) is contributing to the implementation of climate pledges by supporting Egypt’s National Climate Country Strategy 2050 by investing in clean energy, sustainable transport, agriculture and water. The projects under the NWFE program will strengthen Egypt’s resilience to climate change through adaptation projects in the water sector and via climate-smart agriculture in the Delta region, thereby supporting food security and the well-being of communities.”

Egypt and the European Investment Bank (EIB) have been working collaboratively since 1979 in many fields, including supporting Egypt’s transition to a green economy, where its comparative advantage lies in its title as the main climate bank of the European Union (EU). From this standpoint, the EIB, in cooperation with the Government of Egypt, is determined to maximize its investments in green technologies and sustainable infrastructure by supporting the country in fulfilling its climate obligations.

The bilateral strategic partnership between Egypt and the EIB began in 1979, when they launched their operations through the first regional headquarters outside the EU in Cairo to serve Egypt and the Middle East region, in October 2003. This partnership has supported many paths of joint cooperation and led to the successful implementation of various projects in many sectors to support social and economic development and create job opportunities. The financing provided by the EIB to Egypt amounted to approximately €13.6 billion in the public and private sectors over the years. The value of the current development portfolio is approximately €3.5 billion, including many financing tools through soft loans, grants, technical support, and various development grants between the EU and the Bank, totalling 16 projects, including drinking water and sanitation, transportation, small and medium enterprises, air navigation, environment, and energy of all kinds. The bank manages 5 development projects for the benefit of the EU, and Egypt is considered the largest country of operations for the bank in the region of the southern neighboring countries of the EU.

Concerning the sustainable transport pillar and the related comparative advantage, the Ministry of International Cooperation, in coordination with the Ministry of Transport and relevant national partners, appointed the EIB - the EU’s private bank, as a leading development partner in implementing the sustainable transport pillar, given its international experience and its local impact in implementing transportation infrastructure projects. This is especially since it is the first development partner with Egypt in transportation projects, as it is currently implementing projects worth €2.299 billion, varying between projects to develop metro and railway lines.

PRIME MINISTER OF EGYPT H.E. DR. MOSTAFA MADBOULY, AT THE SIGNING EVENT OF NWFE PROJECTS IN COP27

“I am very happy to be together among this important crowd to sign this package of projects within the NWFE program, which includes projects related to water and food security, transportation sustainability, and green projects. All of this contributes to the implementation of our national climate change strategy, and these projects contribute to achieving a better life for Egyptians. Thank you to all our attendees and together, we will follow up on the implementation of these projects.”

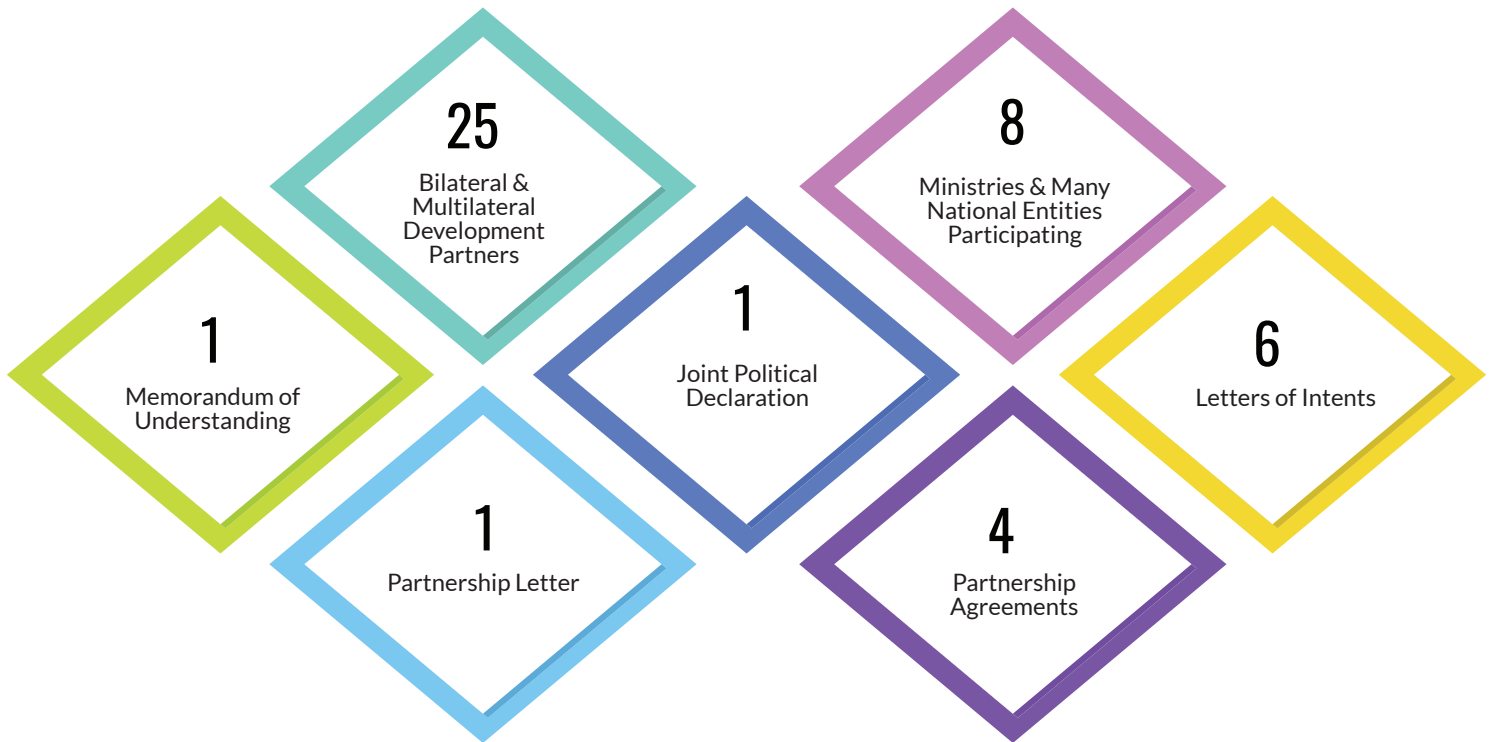


OUTCOMES OF THE COP27: NWFE نُؤْفِي PROGRAM





EGYPT'S NEXUS OF WATER, FOOD & ENERGY
FROM PLEDGES TO IMPLEMENTATION



There are many multilateral and bilateral development partners in implementing the NWFE Program's projects, as we mentioned previously, complementing the comparative advantage of each partner. They are as follows: The United Nations and its agencies, the World Bank, the European Bank for Reconstruction and Development (EBRD), the African Development Bank (AfDB), the International Fund for Agricultural Development (IFAD), the European Union (EU), the European Investment Bank (EIB), the Asian Infrastructure Investment Bank (AIIB), the Islamic Development Bank (IsDB), the Arab Fund for Economic and Social Development (AFESD), and the United States Agency for International Development (USAID), Agence française de développement (AFD), Climate Investment Funds (CIF), International Renewable Energy Agency (IRENA), Glasgow Net Zero Alliance (GFANZ), USA, Germany, France, Denmark, Netherlands, UK, Citibank, HSBC.

GOVERNANCE PATH FOR THE COUNTRY PLATFORM: NWFE **نُوقِي** PROGRAM

Within the framework of the vision of the Egyptian Presidency of COP27 and the national priorities regarding enhancing the volume of sustainable development investments in climate projects, Egypt was keen on the stages of design, preparation, and implementation of the NWFE Program, to establish an effective and sustainable governance framework. This is within the framework of the decisions of the Supreme Council for Climate Change and the Supreme Committee for Economic Performance issued in June 2022, the NCCS 2050, and the priority projects approved at the sector level, intended to be implemented until 2030.

Within the framework of presidential mandates and national tasks on strengthening development cooperation relations with development partners and mobilizing concessional climate-related development financing that stimulates the private sector, Egypt's COP27 Presidency, the relevant decisions of the Egyptian Supreme Committee issued in May 2022. The Ministry of International Cooperation is responsible for negotiating with bilateral and multilateral development partners, international financing institutions and banks, to mobilize targeted financing for green investment projects specified within the framework of the NCCS 2050, and in coordination with relevant national entities.

On July 5, 2020, the Ministry of International Cooperation, in coordination with the participating national entities, launched the Egyptian Country Platform: the NWFE Program, in accordance with the specific package of priority projects within the framework of the National Climate Change Strategy (9 projects), in coordination with the Ministry of the Environment (Decision of the Supreme Council on Climate Change), national entities and relevant technical ministries.

In the same context, Prime Minister's Decision No. 2779 of 2022 was issued to form a national committee headed by the Ministry of International Cooperation for the NWFE program, to attract finance and investments for specific green projects in the water, food and energy sectors, and the President of the Republic assigned to follow an exceptional and rapid path to fulfill all approvals and relevant procedures, to save time and effort, maximizing the Egyptian government's benefit from the available opportunities.

FORMATION OF THE NATIONAL COMMITTEE FOR THE NWFE PROGRAM

This is headed by the Prime Minister and membership of all relevant ministries and national entities, and the Ministry of International Cooperation is the committee's secretariat.

SECURING FINANCING & INVESTMENT OPPORTUNITIES

Completing discussions with the private sector and international institutions and promoting the NWFE program on the regional and international levels.

THE NATIONAL COMMITTEE BEGINS WORK

Beginning coordination between the relevant national entities to take the necessary measures regarding the NWFE programme.

FINANCING COMMITMENTS & LEGAL FRAMEWORK

Signing financing agreements and investment contracts with international institutions and private sector companies and followed up on their implementation.

H.E. DR. RANIA A. AL-MASHAT, MINISTER OF INTERNATIONAL COOPERATION



“The Arab Republic of Egypt, under the leadership of H.E. President Abdel Fattah El-Sisi, is setting a model for the world to move from pledges to implementation, highlighting what can be implemented through country platforms for mobilizing climate finance, via the NWFE Program, which is an integrated model and approach that enhances adaptation and mitigation efforts, thus curbing the effects of climate change and stimulating a green economy transition, while implementing Egypt’s National Country Climate Strategy 2050 and the NDCs.”

THE NWFE **نُوقِي** PLATFORM IS AN EFFECTIVE MODEL FOR PARTNERSHIP BETWEEN RELEVANT STAKEHOLDERS: NATIONAL ENTITIES, INTERNATIONAL FINANCIAL INSTITUTIONS, GLOBAL ALLIANCES & THE PRIVATE SECTOR.





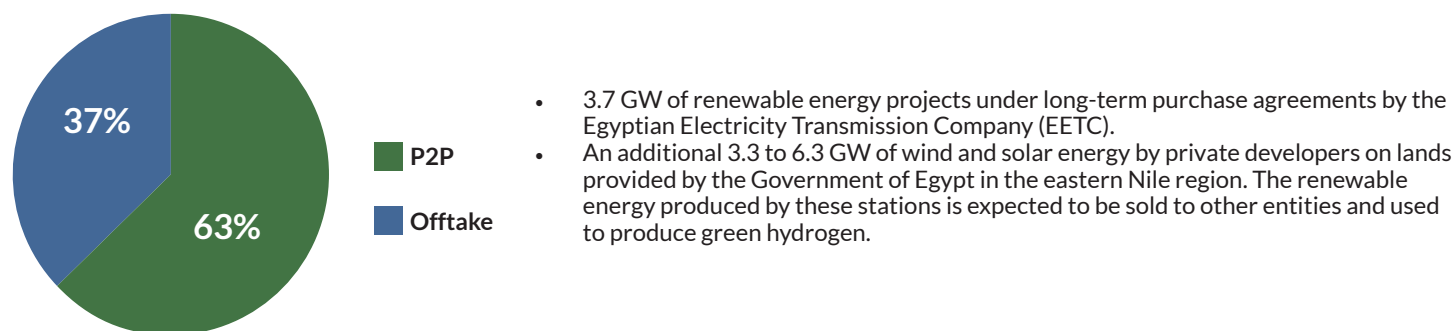
Energy Pillar

PROJECT: REPLACING INEFFICIENT THERMAL POWER PLANTS WITH RENEWABLE ENERGY (MITIGATION)

BACKGROUND INFORMATION

Objectives: The program aims to close 5,000 MW of existing inefficient oil and gas power generation capacity (about 9% of Egypt's total installed fossil fuel capacity) and facilitate investments worth more than \$10 billion (primarily raised from commercial lenders and investors) to support the installation of the new capacity of 10,000 MW of new renewable energy. This will replace the supply from existing thermal power plants that will be decommissioned and provide green electricity in increasing quantities to new consumers. The separate sub-projects are expected to be completed between 2023 to 2028.

Moreover, this additional capacity is expected to be owned by the private sector, which will also finance and operate it; all to be delivered through a range of market routes available to the following local and international project developers:



The Beneficiary: Ministry of Electricity and Renewable Energy

The Main Development Partner: European Bank for Reconstruction and Development

The Development Impact: The implementation of energy pillar projects within the NWFE country platform enhances the achievement of the objectives of the National Country Climate Strategy to achieve sustainable economic growth and implement the NDCs plan for the rapid expansion of renewable energy to reach 42% by 2035.

This reduces approximately 17 million tons of carbon dioxide emissions annually (resulting from closing ineffective stations and replacing them with renewable energy stations). The project also contributes to saving \$1.2 billion annually that was spent on providing the fuel necessary to operate these stations.

Inevitably, this reflects the importance of the NWFE Program, as a leading national, regional and international platform for mobilizing climate finance for priority projects, representing a continuation of the development and climate plans implemented by the country since 2014.

NWFE نُؤَفِي: THE GOVERNMENT OF EGYPT'S EFFORTS TO ATTRACT PRIVATE SECTOR INVESTMENTS IN THE ENERGY SECTOR

- The Government of Egypt is working to expand the participation of the private sector in electricity production, thus creating a more competitive market to attract international companies to invest about \$12 billion within 3 years. Egypt is committed to integrating the private sector into the energy system in Egypt, and moving towards expanding renewable energy and exporting to neighboring countries.
- These steps are part of the transformation process in the electricity strategy to open a competitive market, which was conducted in an integrated study in cooperation with the EBRD and the Electricity Utility and Consumer Protection Regulatory Authority (EgyptERA), which issued new decisions to establish the principle of competitive neutrality and encourage investment and the private sector in the implementation of the decisions of the Supreme Council for Investment. The decisions included approving amendments to the rules applicable in the field of electricity activities to unify the procedures and transactions applicable to government agencies and state-owned companies with the private sector and not to distinguish between them, in implementing the principle of competitive neutrality.
- The EgyptERA is in the process of announcing the regulations for encouraging the private sector to sell electricity to the private sector with the private-to-private system, P to P. This is to begin implementing this system before the end of this year and to determine the conditions for obtaining a license to practice this activity in preparation for liberalizing and opening the electricity market in Egypt. This is ultimately in the citizen's interest, reducing the cost of producing kilowatt-hours and reducing the financial burden on the country.
- Opening the competitive market for electricity and increasing the volume of private sector participation in the activities of production, distribution, and sale of electricity comes in implementation of the state's directives and in line with the decisions of the Supreme Council for Investment regarding encouraging investment, implementing the principle of competitive neutrality, and supporting private sector participation.
- This will reduce the country's electricity production cost and the burden on the state's general budget. Instead, it will cover consumption and create job opportunities as the construction and operation processes unfold. It will also stimulate the national economy as developers seek help from local companies to carry out construction, increasing the turnover rate in the local economy.
- In cooperation with the Ministry of Electricity and Renewable Energy, the energy pillar was designed into the NWFE program to install new capacities of renewable energy with a total of 10 GW, of which about 6.3 GW (or 63%) will be implemented in the private sector to private sector system, to reduce the financial burdens and obligations incurred by the state.



"The energy sector in Egypt is witnessing a qualitative shift from gas to renewable energy sources, including wind and solar, on a large scale. This in light of our strategic geographical location, reaching global markets and exporting green products in cooperation with development partner's. Through NWFE's energy pillar, we are working to reduce greenhouse gas emissions by 17 million tons of carbon dioxide annually." Minister of Electricity and Renewable Energy H.E. Dr. Mohamed Shaker.

THE GOVERNMENT OF EGYPT'S DEVELOPMENT EFFORTS IN CREATING A SUITABLE ENVIRONMENT FOR THE ELECTRICITY & RENEWABLE ENERGY SECTOR SINCE 2014:

Since 2014, Egypt began implementing economic reforms to confront the challenges facing development. In that light, urgent measures were implemented to confront the energy shortage, as the country worked on curating a road map that would help build and develop its capabilities, infrastructure, and exploration in the energy sector, in accordance with its Integrated Sustainable Energy Strategy (ISES 2035) within the framework of its efforts to meet internal needs, and to shift from a state of deficit and the worsening of the energy crisis over the past years to self-sufficiency and export, reaching the goal of becoming a regional center and a major and influential player in the global energy market.

Due to the country's geographic capabilities, there are abundant and diverse energy sources, many international and regional partnerships to achieve a safe and sustainable energy future, and an attractive environment for investment in gas exploration and search projects. This is in addition to rationalizing the use of traditional sources, contributing to meeting global demand in the energy field, especially in light of the global changes resulting from the Russian-Ukrainian crisis. The Government of Egypt has thus consolidated its geopolitical position on the global energy map.

In a related context, Egypt launched the ISES 2035, which is consistent with Egypt's Vision 2030 and the 17 UN SDGs. This comes within the framework of the country's transition to clean energy by accelerating the time frame to achieve electricity generation to reach 42% of the mix by 2030 instead of 2035, within the framework of updating the NDCs last June.

This was based on the NWEF Program, which aims to stop low-efficiency thermal generating units with a total capacity of 5 GW and replace them with renewable energy plants with a capacity of 10 GW at an investment cost of about \$10 billion to be implemented through the private sector. This is also in addition to the investments necessary to strengthen the electricity transmission network. The energy strategy is also being updated until 2040 in light of global developments and new variables including the decline in the costs of modern technologies and the tremendous development in energy storage technology, while excluding the option of generating electricity from coal and replacing it with other energy sources.

In light of the reform measures that have been implemented in this sector, the above-mentioned measures have contributed to strengthening Egypt's position in energy and electricity at the regional level, which has placed it in a high global position. According to international reports and the Access to Electricity Index, Egypt advanced 68 places during the past five years. Over the past years, from 145th place in 2015 to 77th place in the 2020 report on "Doing Business". This is in addition to issuing many laws that may contribute to the private sector's participation in new and renewable energy projects. These reforms also contributed to increasing investments in the field of new and renewable energy, including the issuance of green bonds for energy company projects in Egypt. Thus, Egypt has transformed from a country with an energy shortage to a country that has a surplus.

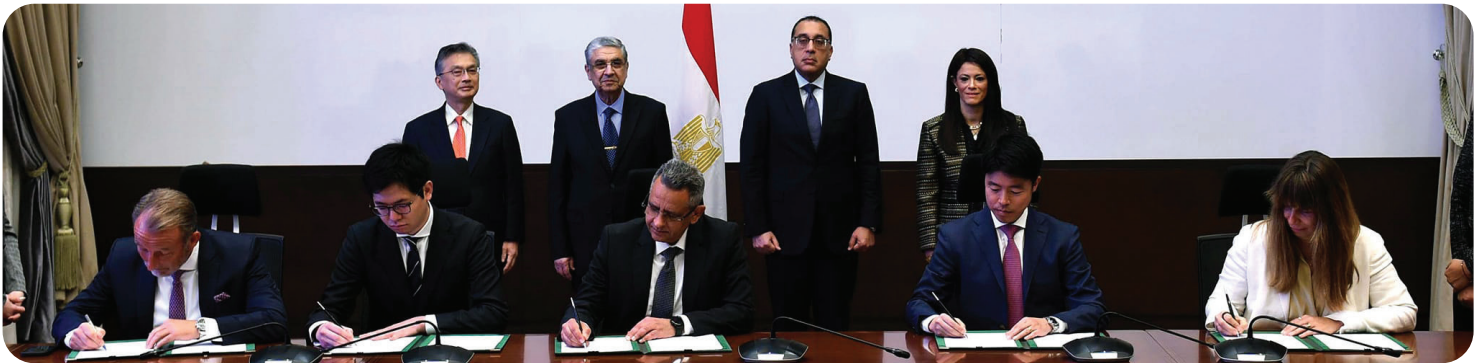
A culmination of the general policy of the Egyptian state is to maximize partnerships with the private sector and attract various investments in the energy sector. This contributes to making Egypt a global energy center for countries of the world, including European countries, as the Egyptian government has signed many memorandums of understanding with the private sector, including one between the Egyptian Electricity Transmission Company (EETC) and Belgium's Jan De Nul to begin studies on a project to export electricity and renewable energy from Egypt to Europe via the Mediterranean. These efforts will contribute to extending electricity transmission lines to a number of European countries, in line with the interest of the European Union (EU) in the energy sector by launching several global initiatives, including the "Global Gateway" initiative. This initiative aims to strengthen the EU's partnerships and connect them with countries and regions around the world, by encouraging public and private investments in a global network of transport and supply chains in areas including green energy, climate, and other sectors, with a focus on achieving sustainable development.

THE BENBAN SOLAR ENERGY COMPLEX: A SUCCESS STORY IN RENEWABLE ENERGY

The Government of Egypt has implemented structural solid and legislative reform measures in the energy sector, the most important of which is issuing a feed-in tariff and enacting laws that allow the private sector to participate effectively in the electricity sector by implementing renewable energy projects and selling the produced energy to transmission and distribution networks at competitive prices. The project began with the “Benban Solar Energy Park”, in October 2014, with the issuance of Prime Minister’s Decision No. 1947 of 2014 regarding approving the feed-in tariff for producing electrical energy from renewable sources (wind and solar energy) for the first stage. In September 2016, Resolution No. 2532 of 2016 was issued regarding approving the feed-in tariff for producing electrical energy from renewable sources (wind and solar energy) for the second stage.

The “Benban Solar Energy Park” is one of the most prominent success stories in the energy field that resulted from the reforms in this sector, as 30 investors succeeded in providing the financial cover for this stage. Land use agreements were signed with 32 solar energy investors with a total capacity of 1,465 MW on the allocated lands. With investments estimated at approximately \$2 billion, they were financed through international financing bodies, most of which were from the International Finance Corporation (IFC), with financing amounting to \$653 million, and the European Bank for Reconstruction and Development (EBRD) amounting to \$500 million.

The IFC leads an alliance of 9 international banks, which are the banks that are investing for the first time in Egypt’s renewable energy sector. The banking alliance includes the African Development Bank (AfDB), the Asian Infrastructure Investment Bank (AIIB), the Arab Bank of Bahrain, the CDC Foundation in the United Kingdom, the Europe Arab Bank, the Industrial and Commercial Bank of China, and the Austrian Development Bank. A number of 32 investors also participated in this national project, including the Spanish Acciona and the Alcazar Energy Company based in the UAE, the Norwegian Scatec Solar, and other companies that expressed their interest in the project, which works to reduce harmful gasses by about 2 million tons per year.



OUTCOMES OF COP27

With the participation of the main partners in the energy pillar, the Ministry of International Cooperation held a high-level event under the patronage of the Prime Minister, during COP27, and all bilateral and multilateral partners attended.

The event featured the signing of the partnership agreement on the energy pillar: EBRD, EIB, AFD, AfDB, AIIB, UK, Denmark & Netherlands.

Egypt issued, in cooperation with the United States of America and Germany, a Joint Political Declaration, which aims to support the country platform - NWFE Program through innovative financing mechanisms, including development grants and debt swaps with a total value of \$500 million, to advance the green transformation in Egypt, the transition to renewable energy, and accelerate the development and dissemination of renewable energy, including wind and solar energy by 42% by 2030, five years earlier as per the updated NDCs.



Just Financing Principle No. 4

“Require global stakeholders to actively consider and take progressive action to address historical disparities and responsibilities to meet climate needs.”

Within the framework of the NWFE platform, national entities are working to take the necessary measures to work to mitigate and adapt to climate change. This was done by launching the platform in partnership with a large number of national agencies, and updating the NDCs plan and other procedures and strategies that are consistent with climate action and just finance.

International entities and developed countries, in light of their historical responsibility towards climate change and carbon emissions, are also providing climate financing to Egypt to implement the energy project in the NWFE platform, as stated in the political declaration of the United States of America, Germany and the European Union, which contributes to generating 42% of electricity from clean energy sources by 2030 instead of 2035, and it also contributes to mitigating the causes of climate change at the global level.

THE JOINT POLITICAL DECLARATION BETWEEN EGYPT, THE UNITED STATES OF AMERICA & GERMANY



11 November 2022

Political Statement on Egypt's NWFE Platform and NDC

Declaration from the Governments of the Arab Republic of Egypt, the Federal Republic of Germany, and the United States of America on Accelerating Egypt's Energy Transition

Noting that Egypt has developed its first integrated National Climate Change Strategy (NCCS) which provides the goals, objectives, strategic directions, and priority policies to be implemented until the year 2050;

Noting further that Egypt has developed low emissions development pathways until 2030, which were the basis for developing the updated NDC that Egypt submitted in July 2022 to the UNFCCC secretariat and is intending to revise it again; and that Egypt identified the programs and measures that are required for the implementation of its updated NDC, and a priority list was accordingly developed, with the first batch of such priority programs and projects packaged under the Nexus of Water Food and Energy – NWFE – Country Platform;

Underscoring that NWFE **نexus** integrates a set of high priority projects for adaptation and mitigation, bundled around the nexus of the three main pillars of Water, Food, and Energy and selected through a prioritization process led by the Government of Egypt with total investment of \$14.7 billion sought to be mobilized as a critical step in implementing Egypt's updated NDC;

Recognizing the need for accelerated action to implement the Paris Agreement, including its goals related to mitigation, adaptation and finance, in order to avoid the worst climate impacts on our countries, our people and the environment;

Noting that, in order to keep the 1.5°C global warming limit within reach and thereby avoid the worst impacts of climate change, the international community needs to halve global net CO2 emissions by 2030 and collectively reduce net greenhouse gas emissions by 43% below 2019 levels by 2030;

Underlining the consequent urgency of decarbonizing energy systems by increasing energy efficiency and by accelerating the retirement of coal power as part of the phasing down of fossil fuels and enhancing the deployment of renewables, through pathways that take into account the need for a just transition;

Emphasizing the need to tackle all greenhouse gas emissions, including methane emissions;

Reiterating that sustainable and appropriate financing from bilateral development partners, multilateral institutions, and investors is required to enhance support for Egypt's transition and that additional support, including financial support, enables greater climate action and ambition; and

Embracing the opportunities for industrial innovation to create quality green jobs, increase renewable energy generation, and drive sustainable economic growth for a resilient and potentially net zero Egyptian economy.

Read More:



THE ENERGY PILLAR CONSISTS OF 3 MAIN COMPONENTS:

- Decommissioning 5 GW of existing inefficient oil and gas power generation capacity.
- Launching a new capacity of 10 gigawatts of renewable energy by facilitating investments worth \$10 billion.
- Support network investments.

Joint coordination efforts in 2023 between the Ministry of International Cooperation and the main partners at the national, regional, and international levels resulted in remarkable progress in implementing the energy pillar.

The most important achievements include:

- Activating the joint political declaration between Egypt, the United States, and Germany, which included the signing of the debt swap financing agreement worth €54 million.
- All contracts and purchase agreements for a capacity of 3.7 GW were signed between private sector companies and the Ministry of Electricity and Renewable Energy.
- The necessary funds were provided for the financial closing of 4 agreements for private sector companies worth \$1.9 million from development partners supporting the energy pillar.
- Some special projects have been identified to invest in strengthening the electricity network (control centers/lines/stations/and distribution).
- The technical support component was activated, represented by 3 technical support programmes, the most important of which is strengthening green supply chains, which will contribute to attracting foreign direct investments, enhancing the localization of local industries, and the just transition plan. This will provide training for workers, job opportunities in the energy sector, and support to the Electricity Utility Regulatory Authority to establish regulatory rules for energy production and sell it to the private sector in a private-to-private P2P system.



“Despite the turmoil the world is going through, and the test of multilateral cooperation, the NWFE program is a unique model of international cooperation, through which it proves that we are capable of fulfilling pledges, through a country platform that can be replicated in other countries.” John Kerry, US Presidential Envoy for Climate.

As a culmination of the coordination efforts that took place, a number of development partners made tangible contributions to each of these components, whether through providing technical assistance, grants, concessional development financing, or investments to the private sector.

The following is an account of the details of each component and an explanation of the role of the innovative financing solutions utilized.

1) Replacing Inefficient Thermal Power Plants with Renewable Energy

A) Technical Assistance:

The **Master Plan for Decommissioning** is being developed by the EBRD to provide a comprehensive framework for the comprehensive decommissioning of 12 conventionally powered plants and serve as a strategic document to define objectives, milestones, timeline and strategies for safe and effective decommissioning.

Just Transition Plan: The EBRD launched the Just Transition Scoping Study to identify training and reskilling needs and ensure an effective and fair transition plan for affected workers. Further follow-up tasks for a just transition will be developed.

Just Financing Principle No. 2

“Align global climate mitigation and adaptation targets with national development objectives.”

In light of consistency with the principles of just financing, the commitment to leave no one behind, and enhancing the social and economic returns of projects implemented in the mitigation and adaptation sectors, the Just Transition Plan is an effective framework to enhance the capabilities of workers impacted by the shutdown of thermal power plants. This facilitates the process of their involvement in the clean and renewable energy sector in line with the NWFE Platform’s energy pillar.

B) Grants to Support the NWFE Program:

Investment grants from the United Kingdom worth \$7 million will be directed to support the decommissioning of the first plants with a thermal capacity of 1 GW (as part of a grant package worth \$40 million in performance incentive payments necessary to complete the decommissioning of the total capacity of 5 GW).

“The National Climate Change Strategy places the quality of life for Egyptian citizen as a priority, in line with the first strategic goal in Egypt’s sustainable development strategy. The strategy’s vision is shaped in a way that ensures the protection of citizens from the effects of climate change, while maintaining the development of the country in a sustainable manner and preserving natural resources.” H.E. Dr. Yasmine Fouad.

2) INVESTMENTS IN RENEWABLE ENERGY

A) Promoting Private Sector Investments in Renewable Energy:

All agreements for renewable energy projects with a capacity of 3.7 GW were signed between the Ministry of Electricity and United Energy and private sector companies (such as ACWA Power/Masdar/Al Nowais/Orascom/and others).

Providing the necessary funding from development partners within the energy pillar to implement these projects, and signing their financial closure agreements, such as:

- Signing the financial closing agreement for the project to establish a new wind farm in the Gulf of Suez 2 area with a capacity of 504 MW between the Red Sea Wind Energy Alliance (the alliance of Orascom Construction of Egypt, Engie of France and Toyota of Japan), the Japan Bank for International Cooperation (JBIC) and the European Bank for Reconstruction and Development (EBRD). The expected date for the beginning of commercial operations is in February 2025.
- Signing the financial closing agreement for the project to establish the “Abydos” station for producing electricity from solar energy with a capacity of 500 MW in the city of Kom Ombo in Aswan Governorate. This is funded by the International Finance Corporation (IFC), the Netherlands Development Bank (FMO), and the Japan International Cooperation Agency (JICA), and operations are expected to begin in July 2024.
- Signing the financial closing agreement for the project to establish the “Amont” station, in the Ras Gharib region of the Red Sea Governorate, to produce electricity from wind energy with a capacity of 500 MW, funded by the International Finance Corporation (IFC), the Japan Bank for International Cooperation (JBIC), and Standard Chartered Bank (a member of the GFANZ alliance), Sumitomo Mitsui Banking Corporation (SMBC) and Sumitomo Mitsui Trust Bank, and commercial operations are expected to begin in May 2025.
- Signing of the financial closing agreement for the Kom Ombo photovoltaic solar power station project with a capacity of 200 MW. The total investment cost of the project amounted to \$182 million, funded by the European Bank for Reconstruction and Development (EBRD), the OPEC Fund for International Development (OPEC Fund), the African Development Bank, the Green Climate Fund, the Arab Petroleum Investments Company (APICORP), and the Arab Bank. The commercial operation of the station is expected to begin by January 2024.
- There are plans to sign the Ras Gharib project with a capacity of 200 MW of wind energy before the end of 2023.
- The European Investment Bank (EIB) is currently studying participation in financing renewable energy projects that will operate water desalination plants, as it is following up on the results of the tenders currently being conducted in water desalination. They are also studying all dimensions of participation in the green hydrogen project with the Norwegian company Scatec.

B) Technical Assistance:

- **Promoting Green Supply Chains:** To take advantage of the many investment opportunities in the renewable energy sector, the European Bank for Reconstruction and Development launched a mission to support increased local participation in green supply chains to facilitate the development of renewable and low-carbon industries in Egypt.
- The EBRD contributed to providing technical support to the Electricity Utility Regulatory Authority by appointing a consulting company Norwegian (DNV), which includes the best energy experts in the world, to set regulatory rules for developing production and sale by the private sector of renewable energy projects with a “private sector to private sector” system, which will enhance the private sector’s participation in renewable energy projects.
- Providing support for renewable energy development also includes tasks such as wind measurements, strategic environmental assessment, and green certification.

Just Financing Principle No. 6

“Ensure the right to quality and quantity climate finance.”

Through the NWFE platform, funding is provided to conduct the necessary studies, which enhance the project’s technical and financial readiness, and contributes to qualifying it as a bankable project by international institutions and private sector investors.

This enhances the guarantee of Egypt’s right to obtain adequate climate financing, as well as ensure that these funds are allocated to projects with the desired economic and development effectiveness and feasibility. This is confirmed through the technical support provided by development partners in the qualification stage and preparation of studies.

3) NETWORK INVESTMENT

A) Debt Swap:

- A financing agreement was signed for a debt swap between Egypt and Germany worth €54 million from the third tranche of the electricity transmission project, which was directed to support network strengthening as well as revising the transmission network to integrate renewable energies into the electricity transmission network. This is in addition to the project’s contribution to connecting two new wind farms with a capacity of 500 MW each to the national transmission network.

Just Financing Principle No. 5

“Mainstream the concept of Just Financing across all financial stakeholders at national and international levels.”

Through the NWFE platform, specifically the energy pillar, the concept of just financing is featured by mobilizing financing of various types and from several sources. The energy pillar is financed through concessional development financing, grants, private sector investments and debt swaps.

B) Technical Assistance:

- The Egyptian Electricity Transmission Company is currently studying the electrical network. The study results are expected to determine the need for more technical support. Additional studies may include evaluating electricity storage needs, grid code for renewable energy projects, etc.

C) Soft Development Financing From Financing Partners:

- **Regional Control Center Project in Alexandria** (France/AFD) worth €60 million (including €10 million grant from the European Union).
- Current position: The Agence Française de Développement presented the project to its Board of Directors in October 2023 to obtain approval, and the AFD proposes to present this project during COP28. The European Union is also in the process of allocating the grant amount within the framework of the soft loan to be financed by the AFD.
- Transmission line and substations project to evacuate power from the Gulf of Suez station (European Bank for Reconstruction and Development) worth \$200 million (including €35 million from the European Union).
- **Current Position:** Initial approval has been obtained from the EBRD to finance the project, and the financing conditions are being studied by the Ministry of Electricity and Renewable Energy, and then an official request will be submitted to the Bank to provide the required financing.
- Coordination is underway between the EBRD and the EIB regarding cooperation to finance the “Distribution Control Centers” project in different regions of the Republic (July 26, Ismailia, 10th of Ramadan, Minya, North and South Dakahlia), with a total value of €291 million, which the EIB can finance up to 50% of the total value of the project.
- The smart grid development project as soft financing worth €50 million and a financial contribution (supplementary grant) worth €3 million from the German government based on the political declaration issued by the governments of the Arab Republic of Egypt, the Federal Republic of Germany and the United States of America, on the sidelines of COP27, as the project aims to add 450 megawatt for the capacity of the Abydos station for transformers and load shedding in the new city of Abu Qir, supporting the stability of the network after low-efficiency power stations are out of service, and improving the access of renewable energy produced in the Red Sea region to the northern coastal region.
- **Current Position:** The necessary approvals for the framework exchange letters for the project are being finalized in preparation for their signing and entry into force, as well as the signing of the financing agreement for the project before December 31, 2023.

D) Grants Platform:

- Providing an investment grant worth €10 million from the European Union to contribute to financing the Regional Control Center project in Alexandria.
- Providing an investment grant worth €35 million from the European Union to contribute to financing the transmission line project and substations to evacuate energy from the Gulf of Suez station.

Just Financing Principle No. 7

“Address access, affordability, and resource allocation bias.”

The NWFE platform paved the way for the Government of Egypt to obtain concessional development financing and grants that are not usually received from a number of international development partners. This is with the aim of supporting the climate agenda by financing the construction of renewable energy plants in the platform’s energy pillar.

THIS INCLUDES:

- Signing a memorandum of understanding between the European Bank for Reconstruction and Development (EBRD), and the Ministries of Electricity and Renewable Energy, and Petroleum and Mineral Resources, to conduct a feasibility study to evaluate the possibility of the low-carbon hydrogen market in Egypt, also to help formulate the national hydrogen strategy. The strategy is expected to be issued by the end of this year. This is in implementing the directives of the President of the Republic to immediately begin implementing the National Strategy for Green Hydrogen in Egypt and to cooperate with the EBRD.
- The European Investment Bank (EIB) is currently studying its participation in financing renewable energy projects that will operate water desalination plants, as it is following up on the results of the tenders currently being conducted in the field of water desalination, and it is also studying all dimensions of participation in the green hydrogen project with the company Norwegian Scatec.
- On November 3, 2022, a declaration of intent for cooperation in the field of green hydrogen was signed between Egypt's Ministries of International Cooperation, Electricity and Renewable Energy, the Ministry of Petroleum and Mineral Resources, the German Federal Ministry for Economic Affairs and Climate Action, and the German Federal Ministry for Economic Cooperation and Development. This is to strengthen cooperation in the fields of green hydrogen. It also emphasizes the common goal of creating an environment suitable for economically and environmentally sustainable development in both countries and working together to implement the goals of the Paris Agreement to reduce greenhouse gas emissions.
- Signing a number of framework agreements for establishing green hydrogen projects with international and local companies and alliances to conduct the necessary studies to implement electricity production projects from wind energy.
- The signing of a memorandum of understanding between Egypt and the European Union regarding the strategic partnership in the field of sustainable hydrogen between the Ministries of Electricity, Renewable Energy, Petroleum and Mineral Resources and the Executive Vice President of the Commission and the European Union Energy Commissioner, as well as the signing of a memorandum of understanding on cooperation in the field of trade, transportation and export of natural gas to the European Union. This is underway to determine the technical support required by the European Union to activate its provisions.

MAXIMIZING PARTNERSHIPS:

- In order to ensure and maximize the benefit from the expertise of multilateral and bilateral international financing institutions and to avoid duplication or overlapping of any of the components or activities carried out by any partner, coordination was established between the various development partners on implementing the energy pillar to divide and integrate the work. This is based on the complementarity and comparative advantage of each development partner according to their previous experiences in the energy sector, as well as their experiences in providing financing mechanisms through the pledges approved during COP27.
- The most important characteristic of cooperation efforts with development partners, especially within the framework of the country platform for green projects, the NWFE Program, is that it is based on three basic principles:

Commitment of the Egyptian government by moving forward with climate action efforts and transitioning to a green economy.

Clarity so that complete information is available about each project, its purpose, and the required feasibility studies.

Credibility as the country works to achieve its goals, strengthen international partnerships, and take into account governance standards and their differences between each partner.

This prompted development partners to provide new financing mechanisms that Egypt will benefit from for the first time within the NWFE program such as:

- The High Impact Partnership Climate Action Fund (HIPCA) managed by the European Bank for Reconstruction and Development (EBRD).
- The Transformative Carbon Asset Facility (TCAF) is managed by the World Bank.

CLIMATE FINANCING METHODOLOGY FROM DEVELOPMENT PARTNERS

Within the framework of the Ministry of International Cooperation's keenness to establish the principle that climate financing is not considered a substitute for development financing but rather an addition to available financing, the Ministry works to involve all development partners in supporting the energy pillar to provide climate financing in addition to development financing. This climate financing is not counted within the annual portfolio of the relevant development partners.

- Egypt and the EBRD have a long-standing partnership. In the cooperation strategy from 2022-2027, the most important pillars are accelerating the green economic transformation, enhancing competitiveness, increasing growth rates, and enhancing the role of the private sector. As the leading partner in implementing the energy pillar, the pledges approved by the EBRD amount to €1.3 billion outside the annual portfolio (which averages €1 billion annually) that the bank provides to Egypt.
- In light of the existing cooperation between EIB within the framework of strategic cooperation 2021-2027, and the general priorities for cooperation that have been agreed upon between the two sides, coordination and negotiation are underway regarding some projects in the environment, supply and health sectors. They are not in conflict or detract from the total cooperation portfolio. The pledges made by the EIB in the sustainable transport pillar within the framework of the NWFE + program amount to €1.5 billion, which reflects the principle that climate financing should not be considered a substitute for development financing but rather in addition to available financing.
- The pledges of the United States of America, within the framework of the political declaration, to allocate an amount of \$35 million as a grant, of which \$25 million will be provided through the US Department of State to the EBRD, so that this grant serves as an additional contribution from the US side outside the bilateral cooperation portfolio, which is approved annually within the framework of development finance provided through the USAID.

Just Financing Principle No. 8

Promote "Additionality"

Some of the funding and financial pledges approved by development partners (such as the EBRD/ EIB/ USA/ and others) to support the energy pillar, are considered additional contributions and funding that are not counted within Egypt's annual cooperation portfolio, but rather are considered an addition to the annual portfolio, to be approved.

These additional financings are consistent with the eighth principle of just financing, so that climate financing does not affect the pace of other development projects in developing countries. This is considered an addition to addressing climate change through mitigation projects in the case of the energy pillar.

THE MINISTRY OF INTERNATIONAL COOPERATION'S EFFORTS IN THE GOVERNANCE OF THE NWFE'S **نُؤْفِي** ENERGY PILLAR

The first high-level coordination meeting was held by the Ministry of International Cooperation, in cooperation with the European Bank for Reconstruction and Development (EBRD), and in the presence of multilateral and bilateral development partners, to mobilize development funds to support the energy pillar within the NWFE Program, ahead of COP27. During November 2022, the meeting witnessed the participation of Odile Renaud-Basso, President of the EBRD, John Kerry, US Presidential Envoy for Climate, officials of the European Commission, the Dutch Ministry of Foreign Trade and Development Cooperation, the Norwegian Ministry of Climate and Environment, and Alok Sharma, President of the COP 26, the French Ambassador in Cairo, a representative of the French Ministry of Finance, and a representative of the German Foreign Ministry.

The second high-level coordination meeting was held by the Ministry of International Cooperation, in cooperation with the EBRD, to follow up on the development of efforts to mobilize innovative financing tools to finance the energy pillar and to implement renewable energy projects with a capacity of 10 GW. Participating in the event were the Minister of Electricity and Renewable Energy, H.E. Dr. Mohamed Shaker El-Markabi; the Regional Director for the Southern and Eastern Mediterranean Region at the European Bank for Reconstruction and Development (EBRD), Dr. Heike Hargart, and the Head of the Middle East Department at the German Federal Ministry for Economic Cooperation and Development, Mr. Mario Sander. Representatives of the United States of America, the World Bank Group, the German Development Bank, the Agence Française de Développement (AFD), the European Investment Bank (EIB), the European Union (EU), the German Embassy, the United Kingdom Embassy, the Netherlands, in addition to the leadership of the Ministries of Electricity and International Cooperation, and relevant entities also participated in the event. The second high-level coordination meeting comes ahead of COP28 in the United Arab Emirates, to review the efforts made in moving from pledges to implementation, since the launch of the program and the signing of partnership agreements and letters of intent at COP27.

FUTURE STEPS:

Work with development partners will continue to build on the progress achieved over the past year. The focus will be on benefiting from innovative financing mechanisms, through completing the debt swap, activating the grants platform, and enhancing private sector participation through the remaining investments of the \$10 billion. The following is a list of the remaining funds.



1) FUNDS STIPULATED IN THE JOINT POLITICAL DECLARATION.

Benefiting from the remaining debt swap financing, concessional financing, and grants from Germany:

A) Coordination is underway with the Ministry of Electricity and Renewable Energy and Germany regarding the new tranche of debt swap worth €50 million euros to discuss its availability in 2024. Coordination is also underway with the Ministry of Electricity and Renewable Energy regarding soft financing worth €54 million and a financial contribution worth €32 million to complete the necessary procedures and approvals. To sign their framework agreement during the year 2024, the Ministry of International Cooperation is also coordinating and following up with Germany regarding the financial contribution amounting to €15 million, which will be made available directly to the EBRD.

B) The pledges from the United States of America in the form of grants worth \$35 million are divided as follows:

- \$10 million through the USAID, of which \$5.5 million has been allocated to clean energy activity that will be implemented within the framework of the First Amendment to the Climate Initiative Agreement signed in September 2023. This will benefit the Ministry of International Cooperation and the Ministry of Electricity and Renewable Energy. The activity will provide technical assistance to the EBRD in pillars to be determined. The remaining amount (\$4.5 million) will be added through upcoming amendments.
- \$25 million will be allocated through the US State Department to the EBRD.

C) The priorities that the US side will contribute to supporting the NWFE Program are currently being determined in cooperation with development partners, especially the EBRD, by providing technical support that will be agreed upon.

2) COMPLETING THE PROVISION OF NECESSARY FINANCING FOR TARGETED PRIVATE SECTOR INVESTMENTS WORTH \$10 BILLION.

It is worth noting that during the first year of launching the NWFE Program, cooperation efforts with development partners resulted in the availability of financing for private sector investments worth \$1.9 million in renewable energy projects (wind/solar). Going forward, they will build on what has been achieved and provide the necessary funds for private sector investments in the coming period.

3) COMPLETE THE ACTIVATION OF THE GRANTS PLATFORM AND SOFT DEVELOPMENT FINANCING TO ENSURE THE IMPLEMENTATION OF THE ACTIVITIES AND COMPONENTS OF THE ENERGY PILLAR WITHIN THE TARGETED TIME FRAME, INCLUDING BUT NOT LIMITED TO:

The World Bank's Transformative Carbon Asset Facility (TCAF): This is the first time for cooperation with this facility, and communication is currently underway with the World Bank to discuss the possibility of its participation in the energy pillar. Several meetings were held with the bank and in the presence of the EBRD. The program aims to reduce carbon dioxide emissions from the electricity sector, including the future plan to decommission thermal power plants. Technical assistance will be provided to build capacity in the field of monitoring, recording and verification, and a grant worth \$20 million will be obtained to reduce emissions. The purpose of the TCAF program is for the Government of Egypt to work to accelerate the pace of reducing emissions by stopping the operation of thermal power plants.

SUMMARY OF AGREEMENTS WITH DEVELOPMENT PARTNERS

DEVELOPMENT PARTNER	FINANCIAL PLEDGES	TYPES OF INNOVATIVE FINANCING	AMOUNTS USED	RESIDUAL
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT (ERBD)	\$1.3 billion + \$3 million institutional support	Private sector investments, concessional development financing, and technical assistance	\$3 million institutional support + \$165 million network investments + \$134 million renewable energy investments	\$1.001 billion
EUROPEAN INVESTMENT BANK (EIB)	€ 1.3 billion	Private sector investments & concessional development financing	-----	€ 1.3 billion
THE NETHERLANDS	€ 30 million	Grant	-----	€ 30 million
EUROPEAN UNION (EU)	€ 45 million	Grant	€ 45 million	-----
GERMANY	€ 258 million	Concessional development financing, grants and debt swaps	54 million debt swaps	€ 204 million
DENMARK	€ 100 million	Facilitated development financing	-----	€ 100 million



Food Pillar

THE EFFORTS OF EGYPT'S COUNTRY PLATFORM FOR THE NWFE **نُوقِي** PROGRAM IN THE FOOD PILLAR

Egypt's Country Platform for the NWFE Program sought to mobilize international and national efforts to formulate alternatives for development financing and create an innovative financing framework for implementing food pillar projects in the agricultural and irrigation sectors.

NWFE is based on stimulating the participation of the private sector in implementing green development projects, enhancing involvement in climate action, and contributing to financing and implementing strategies and projects that mitigate and adapt to climate change. The aim is to increase agricultural productivity, sustainability, and food security.

This reduces the burdens on the Egyptian state and government, especially in light of the current global conditions and changes and their repercussions on the Egyptian economy. This is to reduce the burden of public debt, and regulate the borrowing process from abroad.

The efforts of the Country Platform for the NWFE Program in this regard are consistent with the country's commitments towards encouraging private sector involvement and the state's efforts to create the appropriate climate to increase investments in the agricultural sector and enhance private sector participation.

The Government of Egypt has sought to create the appropriate climate to increase investments in the agricultural sector and encourage investors and the private sector to pump investments into those sectors and activities according to the following:

- The Government of Egypt has identified the sub-sectors of activities intended to benefit from investment incentives, in light of Article (11) of the Investment Law issued by No. 72 of 2017 and Article 10 of its executive regulations. These sectors included land reclamation and preparation, animal husbandry for producing breeds and dairy products, poultry raising, fish farms, raising all types of birds within the geographical range, and raising animals for fattening and meat production.
- According to Cabinet Resolution No. 56 of 2022 regarding determining the conditions for considering an investment project strategic or national, the following projects have been included as projects to which the decision applies: projects to improve livestock breeds, projects to develop varieties and hybrids, and agricultural industrialization projects linked to export.
- Cabinet Resolution No. 61 of 2022 included that the Egyptian Ministry of Finance bears the full value of the tax due on built properties used in practicing 19 industrial activities for 3 years, starting from January 2022, including food industries, plant production, and animal production.

Just Financing Principles No. 3 & 6

“Support and fund the creation of enabling environments, and strengthening of technical capacities that are aligned with climate goals.”

“Ensure the right to quality and quantity climate finance.”



In an effort to achieve integration between national efforts to stimulate investments in the agricultural sector, and within the framework of technical rehabilitation discussions with development partners, Egypt's Country Platform for the NWFE Program aimed to achieve the following:

- Design food pillar projects and including the necessary components and processes to enhance investment opportunities for the private sector, provide incentives that encourage the participation in these projects towards a sustainable and resilient agricultural ecosystem in Egypt.
- Deliberate catalytic mechanisms to mobilize climate investments and private sector investments to transform food systems, achieve food security, build sustainable and climate-resilient rural communities, and identify implementable measures to help Egypt achieve climate action goals in agricultural and food systems.
- Formulate innovative models to de-risk climate-smart investments, including, but not limited to, green bond issuance, climate finance blending, climate risk insurance schemes, and climate adaptation financing for agricultural enterprises and farmers, including smallholders.
- Examine incentives and services, including information, technology, and infrastructure that will enable actors in the agri-food value chain small-scale farmers, input suppliers, producers, processors, distributors, and marketers- to accelerate the adoption of climate-smart technologies and practices.
- Focus on policies, regulatory reforms, and market structure that will support Egypt in transforming the country's food system into a climate-smart one.
- Discuss how to overcome the challenges facing the private sector's involvement in agricultural projects, which vary according to the type of private sector involved, including the following:

1) Challenges facing suppliers related to successive and unexpected price changes due to changes in exchange rates, which limits their ability to submit bids and tenders at reasonable prices due to the impossibility of predicting the extent of the rise in prices.

2) Challenges facing agricultural business due to the fragmentation of agricultural holdings, which limits the ability of business owners to maximize production and product diversity, achieve international specifications for the products that are grown, and then the limited markets to which the production can be exported.

3) The challenges facing the work of financial intermediaries in providing the necessary financing for the implementation of agricultural projects due to the instability of product prices, increased risk rates, and the need for guarantees that may not be able to be provided by farmers and smallholders.

FOOD PILLAR PROJECTS WITHIN THE NWFE **نُوقِي** PROGRAM

The agricultural sector is one of the areas most impacted by the repercussions of climate change in Egypt. The sector's ability to overcome the pressures of severe climate change, such as heat waves, heavy rains, and sand and dust storms, is weak, especially in rural communities, which are considered among the communities most affected by climate change.

Due to the challenges in adapting to these fluctuations and their negative repercussions -whether through the extent of their ability to diversify crops and growing seasons, or the development of new methods of agriculture and irrigation that are more adaptive and efficient in dealing with diverse climate challenges- there is no doubt that these repercussions will have a negative impact on the path of development.

The most important of these repercussions are detailed below:

- Climate change has a significant impact on agricultural productivity in Egypt, due to the sensitivity of cultivated crops to severe climate changes, including a decrease in livestock production, which leads to a decrease in the cultivated area as well as a decrease in food production. This necessitates providing different options to improve production and enhance agricultural technology policies of agriculture in the Nile Valley and Nile Delta regions. In addition to providing basic inputs, such as seeds of appropriate varieties, fertilizers, and pesticides to enhance the productivity of various crops, especially strategic crops such as wheat, rice, corn, and horticultural crops.
- Ecosystems in Egypt are increasingly exposed to danger as a result of climate change, and it is expected that sea level rise will cause the loss of a large proportion of the northern part of the country, with consequent agricultural losses. The risks of sea level rise will affect Urban and coastal areas in the delta will be affected by the risks of sea level rise. This will lead to the submergence of some parts of the delta and the loss of infrastructure and highly fertile agricultural properties due to the exposure to submersion risks and high groundwater salinity.
- The marginal and border areas of Egypt are among the areas most affected by climate change because they depend mainly on rain to carry out economic activities such as pastures and scattered crops, as well as collecting water for drinking purposes and grazing goats and sheep. Hence, climate changes have severe negative effects on these regions, especially the regions of the Western and Eastern Deserts, Sinai, Oases, and others.
- There is no doubt that severe climate changes strongly impact the water resources and natural flows in the Nile River. The main source of the Nile River is rain in the Ethiopian highlands. Since rainfall is subject to significant fluctuations, future scenarios indicate a decrease in the flow of the Nile River, which will put pressure on the limited water resources available to Egypt. Thus, it is necessary to the development of the country's agricultural sector through sustainable management of water and natural resources, active improvement of institutional capacities, and optimal use of land resources and water resources, implementing irrigation development projects in agricultural lands in old lands, and modernizing irrigation practices to increase the efficiency of water use.
- Given the severity of the vulnerability of agricultural activities to climate change, the availability of data and the speed of the flow of information are important and necessary measures to reduce the risks of climate change, mitigate its impact on agricultural activities, cultivated crops, and agricultural production, and avoid causing heavy losses to farmers. Therefore, providing a base for primary data and national information related to climate change is important to ensure rapid access to up-to-date information. This requires the availability of early warning systems, as well as compiling studies and research on the impact of climate change on agriculture and food security, and providing information and knowledge in digital form to agriculture and industry as well as the development of smart agricultural systems to maintain crop productivity under different climatic conditions and changes.

In view of the previously mentioned repercussions of climate change on the activities of the agricultural, irrigation, and food sectors, Egypt is keen to confront the challenges. To that end, the country has also been committed to keeping the wheel of national development moving, as Egypt has begun to take the necessary measures to mitigate and adapt to climate change. The government has also identified a list of priority development projects in the food pillar, which aim to support the achievement of Egypt's climate goals and seek to achieve direct and indirect positive results and impacts on the Egyptian citizens.

This is in addition to improving the adaptation and resilience of agricultural lands and supporting farmers in adopting new adaptation practices that are expected to have a significant impact on improving food production, increasing productivity, improving irrigation and drainage systems, developing national infrastructure, achieving food security, improving food quality, improving the ability to adapt to climate change, promoting sustainable agriculture, eliminating poverty in rural areas, improving the standard of living, increasing the competitiveness of agricultural exports, and increasing the agricultural area.

THE FOOD PILLAR OF THE NWFE PROGRAM INCLUDES FIVE MAIN PROJECTS:

PILLAR	PROJECT	BENEFICIARIES
Food	Adaptation of Crop Production in the Nile Valley and Delta	Ministry of Agriculture and Land Reclamation
	Adaptation of the Northern Delta Affected by Sea Level Rise	Ministry of Agriculture and Land Reclamation Ministry of Water Resources and Irrigation
	Enhancing Resilience in Vulnerable Areas	
	Modernizing Irrigation System in Old Agricultural Lands	Ministry of Agriculture and Land Reclamation
	Establish an Early Warning System	



"We emphasize the importance of unifying efforts to reach mechanisms, decisions, and a package of procedures that support building sustainable food and agricultural systems. This includes activating policies and initiatives related to supporting and investing in the agricultural sector and its relevant activities, thus paving the way for the private sector and civil society organizations to participate in strengthening this sector." Minister of Agriculture and Land Reclamation H.E. Mr. Sayyid Al-Qasir.

CHOOSING THE MAIN DEVELOPMENT PARTNER FOR THE FOOD PILLAR

As part of the Ministry of International Cooperation's endeavor to utilize the expertise available among development partners to work on attracting innovative funding to implement the projects of the NWFE program, the Ministry has chosen main partners for each pillar according to the advantage that each has. This is generally related to the nature of the projects and the coordination efforts, leading technical consultations and coordinating with development partners and climate finance sources to mobilize the necessary funds for its implementation.

From this standpoint, the Ministry of International Cooperation has identified the International Fund for Agricultural Development (IFAD) as a major partner for the food pillar, given the Fund's extensive global experience in the field of comprehensive and sustainable agricultural and rural development, its ability to find integrated solutions, mobilize development financing and resource constraints, and its commitment to climate financing and support capabilities of smallholders to adapt to climate change.

The IFAD works where poverty and hunger are deeply rooted, in the most remote areas of developing countries and in fragile situations that few development agencies venture into. The projects funded by the IFAD Fund in Egypt supported the ability of vulnerable groups and small farmers to be flexible and steadfast, improve the conditions of lands reclaimed from the desert in the northern region of Egypt, improve productivity in the areas where its projects are implemented in various governorates of the Republic, reduce rural poverty, enhance food security, and enhance the marketing capabilities of small farmers.

The main activities of the IFAD interventions also include a number of objectives that are consistent with the efforts made within the framework of the NWFE Program, according to the following:

- Strengthen the technical skills and organizational capacities of poor rural men and women to take advantage of economic opportunities in rural areas.
- Achieve the most sustainable use of natural resources
- Promote climate-smart strategies.
- Utilize the opportunities provided by the expanding private sector participation in agriculture.
- Improve farmers' access to better quality services, such as technology, finance and markets.
- Benefit from a number of regional grants and access to funds focused on soil and water management, and building knowledge exchange networks.

In addition to identifying IFAD as a main development partner for the food pillar, the Ministry of International Cooperation has coordinated with development partners to identify a development partner to work on the technical qualification of each project through its financial and technical resources. This is in order to benefit from all the expertise available to each development partner and in an effort to provide the necessary technical support for projects through the expertise available to the various partners and to strengthen international partnerships by creating a coordination platform that includes the various partners and the expertise available to them.

DURING COP27, THE FOLLOWING ARRANGEMENTS & RESULTS OF THE COORDINATION EFFORTS WITHIN THE FRAMEWORK OF THE FOOD PILLAR WERE SIGNED & ANNOUNCED:

- Signing a partnership agreement with the IFAD to set the regulatory framework for the support provided by the fund and development partners to the food pillar. This includes initial financial offers submitted by development partners for food pillar projects in general, in addition to the technical support intended to be provided by IFAD for two projects to develop field irrigation in ancient lands and improve climate compatibility through modernizing agricultural practices in particular.
- Announcing the World Bank as a major technical partner for projects on “Adaptation of Crop Production in the Nile Valley and Delta” and “Establish an Early Warning System.” A letter of partnership was signed with the aim of establishing institutional arrangements for the World Bank to provide the necessary technical support to prepare the technical design of the two projects.
- Signing two letters of cooperation with the European Investment Bank (EIB) and the European Union aim to provide the necessary technical support to prepare the technical design of the “Adaptation of the Northern Delta Affected by Sea Level Rise”, in cooperation and coordination between them, as well as to carry out their duties as major development partners for the implementation of the project.
- Announcement of the Islamic Development Bank (IsDB) as a leading technical development partner for the project to achieve resilience in the most remote and vulnerable areas.

TECHNICAL QUALIFICATION DISCUSSIONS FOR FOOD PILLAR PROJECTS WITHIN THE NWFE PROGRAM

The previous period, since the beginning of 2023, witnessed the reception of a number of technical missions from the main development partners for all food pillar projects. During this time, we held a series of technical discussions with the relevant ministries, which resulted in a number of outputs and perceptions regarding the implementation of these projects, as all technical qualification consultations concluded in which the relevant entities and development partners participated and emphasized the importance of the following:

- Achieving linkage and integration between a number of projects, especially in light of the presence of a number of points of similarity in their general scope and the targeted geographical scope, as well as achieving integration between the data required to be provided and their sources and not repeating the approach during feasibility studies and related technical reports, which will reflect positively on the financial structure of the project.
- Achieving the maximum possible benefit from the resources available from development partners, which requires developing the components and processes of the project to cover the broader and more comprehensive development scope and including technical ministries for the project to work on those components in an integrated manner.
- Ensuring the equitable distribution of development funds to achieve comprehensive rural development and enhance the resilience and flexibility of agricultural communities in various governorates against climate change.

TO ACHIEVE THESE GOALS IN COORDINATION WITH DEVELOPMENT PARTNERS & RELEVANT TECHNICAL AUTHORITIES & MINISTRIES OF AGRICULTURE AND LAND RECLAMATION AND WATER RESOURCES AND IRRIGATION, THE FOLLOWING WAS AGREED UPON:

FIRST:

Merging the project “Modernizing Irrigation System in Old Agricultural Lands” from the food pillar with the project “Improving Agricultural Climate Resilience by Modernizing Agricultural Practices” from the water pillar. This is due to the presence of a number of similarities in their general scope and the targeted geographical scope to achieve the maximum possible benefit from the operations that will be implemented within the framework of the project.

SECOND:

Merging the projects “Adaptation of Crop Production in the Nile Valley and Delta” and “Establishing an Early Warning System”, under the title “Climate Resilient Agri-Food Transformation (CRAFT)”. This includes the Ministry of Water Resources and Irrigation as a technical body for the project’s beneficiaries to achieve comprehensive and sustainable rural development through the project components and operations related to developing the irrigation system. This is to maximize the benefits of projects to include modernization and development of the irrigation system in its broadest sense.

THIRD:

Distributing projects with the same components and operations across various parts of the republic and separate geographical areas. Coordination efforts arose between the IFAD World Bank regarding activities focusing on modernizing the irrigation system as a common component of the two projects. The aim was to implement the two projects and divide them geographically so that the “Climate-Resilience On-Farm Water Management in the Nile Valley” (CROWN) project would be implemented in the central governorates and Upper Egypt. In contrast, the CRAFT project would be implemented in the Lower Egypt (Delta) governorates, in order to avoid any overlap or duplication and ensure the implementation of an integrated program to modernize irrigation in all governorates as much as possible.



BELOW IS A LIST OF FOOD PILLAR PROJECTS AND THE RELEVANT TECHNICAL MINISTRIES AND THEIR GEOGRAPHICAL SCOPE:

GEOGRAPHIC SCOPE	BENEFICIARIES	DEVELOPMENT PARTNER	INTEGRATED PROJECT	BASIC PROJECT	PILLAR
Middle & Upper Egypt	Ministry of Agriculture & Land Reclamation Ministry of Water Resources and Irrigation	International Fund for Agricultural Development (IFAD)	Climate-Resilient On-Farm Water Management in Nine Valley & Delta (CROWN)	Modernizing Irrigation System in Old Agricultural Lands	Food
				Improving Agricultural Climate Resilience by Modernizing Agricultural Practices	Water
Delta governorates for the irrigation development component and all parts of the Republic regarding the early warning component	Ministry of Agriculture & Land Reclamation Ministry of Water Resources & Irrigation Egyptian Meteorological Authority (Early Warning Component)	The World Bank	Climate Resilient Agri-Food Transformation (CRAFT)	Adaptation of Crop Production in the Nile Valley and Delta	Food
				Establish an Early Warning System	Food
Areas North of the Delta on the Mediterranean Coast	Ministry of Agriculture and Land Reclamation Ministry of Water Resources and Irrigation	European Investment Bank and the European Union		Adaptation of Crop Production in the Nile Valley and Delta	Food
Giza and New Valley governorates, with the possibility of including areas of central Sinai into the project.	Ministry of Agriculture and Land Reclamation Ministry of Water Resources and Irrigation	Islamic Development Bank		Enhancing Resilience in Vulnerable Areas	Food

RESULTS & OUTPUTS OF THE TECHNICAL QUALIFICATION PHASE FOR THE FOOD PILLAR PROJECTS

Climate-Resilience On-Farm Water Management in the Nile Valley (CROWN)

THE FOOD PILLAR'S MODERNIZING IRRIGATION SYSTEM IN OLD AGRICULTURAL LANDS & THE WATER PILLAR'S IMPROVING AGRICULTURAL CLIMATE RESILIENCE BY MODERNIZING AGRICULTURAL PRACTICES.

WATER PILLAR

Improving Agricultural Climate Resilience by Modernizing Agricultural Practices (Mitigation & Adaptation)

Development Impact:

- The project enhances water use efficiency and productivity.
- The number of beneficiaries is about 7.5 million, focusing on old agricultural lands that use traditional irrigation.
- Reduces emissions and achieves low-carbon development, in addition to enhancing efficiencies, resilience and climate finance for infrastructure.

FOOD PILLAR

Modernizing Irrigation System in Old Agricultural Lands (Adaptation)

Development Impact:

- Increases the efficiency of the irrigation process from 50% to 70%.
- Creates job opportunities for more than 21,000 men and women who are most in need in rural areas.
- Improves adaptation capacities, reduces vulnerability, and empowers communities exposed to the dangers of climate change.
- Maximizes the return on water resources, reduces irrigation water losses by 20%, and increases crop production by 15%.

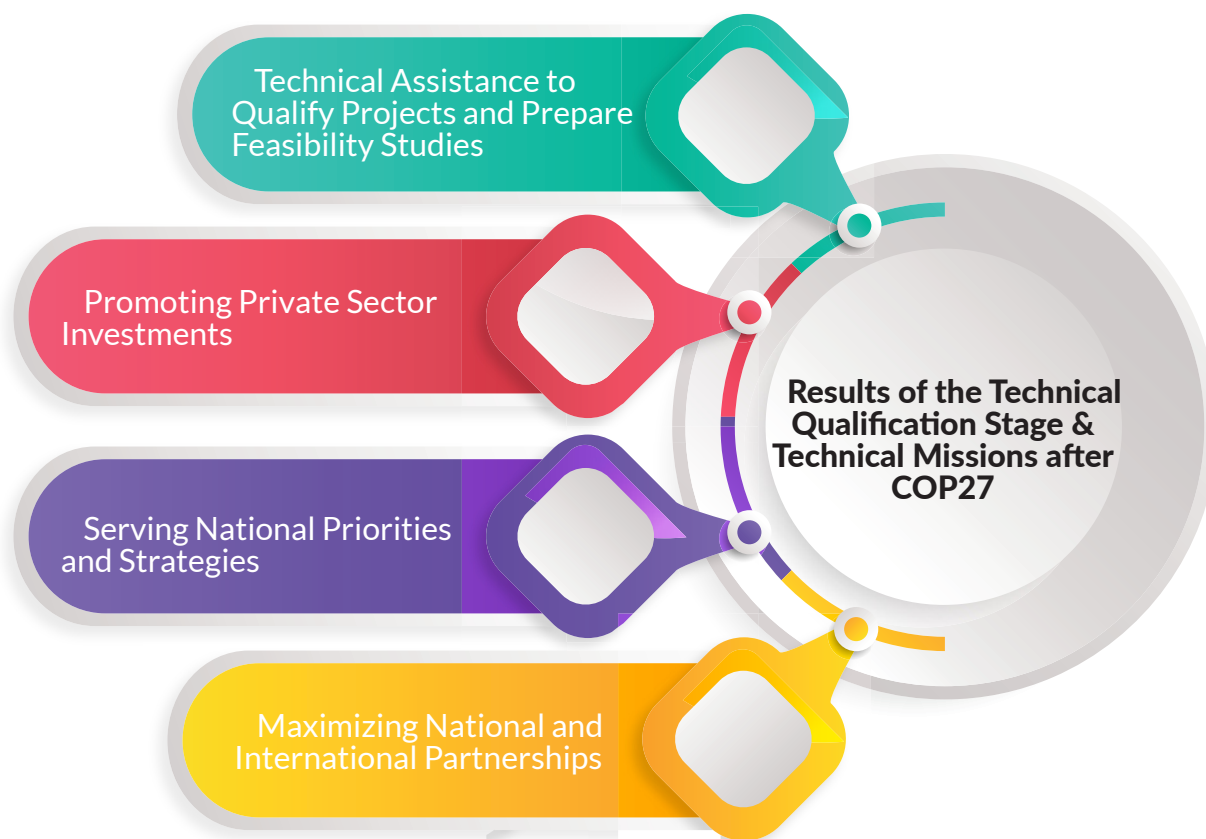
Beneficiaries: Ministry of Agriculture and Land Reclamation, Ministry of Water Resources and Irrigation

Development partner: International Fund for Agricultural Development (IFAD)

TECHNICAL QUALIFICATION STAGE AFTER COP27:

The time period following COP27 witnessed a series of national technical meetings and discussions with development partners, in addition to the IFAD sending technical missions and experts in an effort to work on qualifying the project technically and activating the technical and financial support provided by it under the partnership agreement signed at COP27. Those discussions concluded that an investigation was necessary to link and integrate the project “Improving agricultural climate resilience by modernizing agricultural practices” from the water pillar and the project “Modernizing irrigation systems in old agricultural lands” from the food pillar, in light of the presence of a number of similarities in their general scope and the targeted geographical scope, with the aim of achieving maximum benefit possible from the resources that development partners will make available.

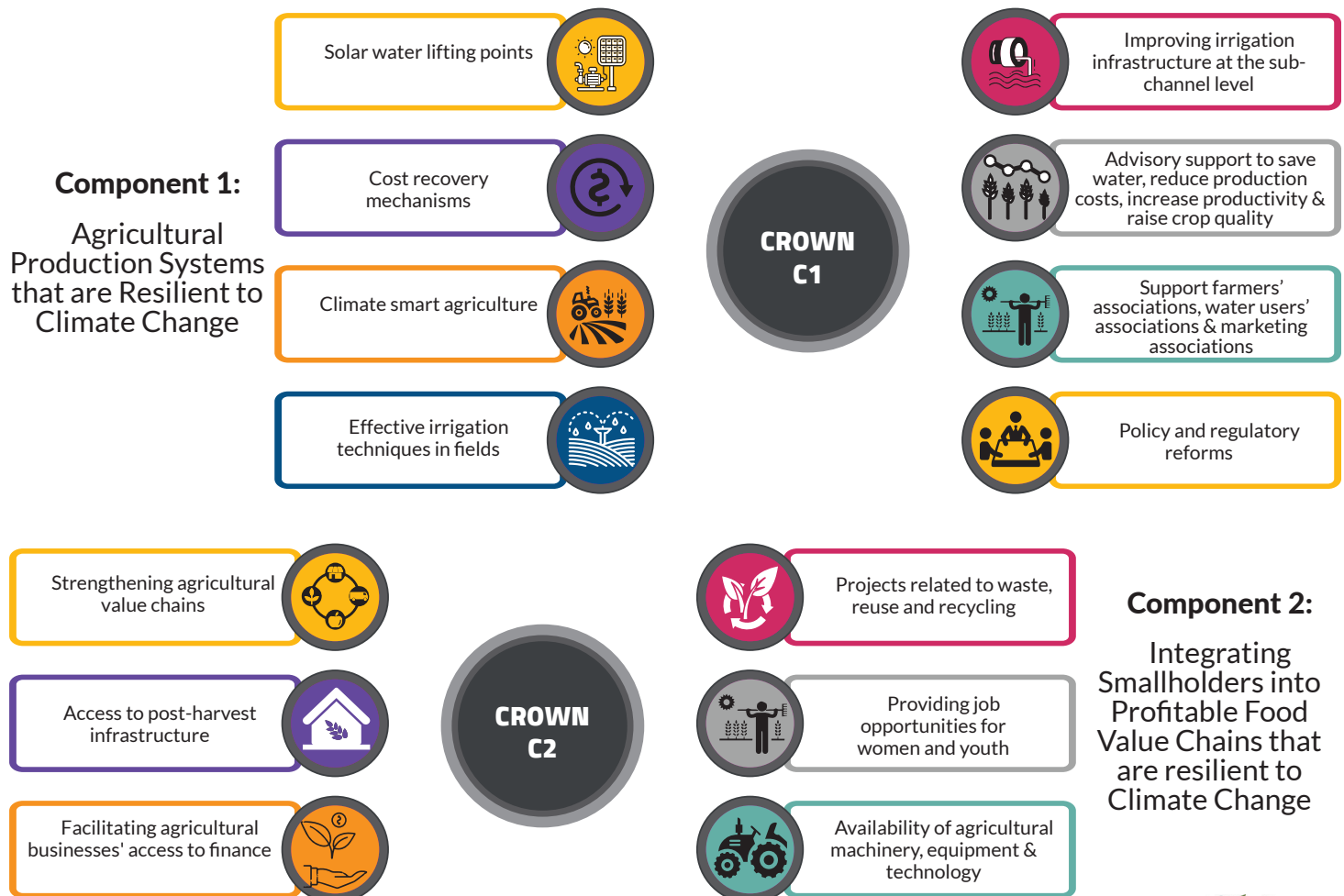
The technical qualification phase resulted in the following results:



RESULTS OF THE TECHNICAL QUALIFICATION STAGE & TECHNICAL MISSIONS AFTER COP27

1. TECHNICAL ASSISTANCE TO QUALIFY PROJECTS & PREPARE FEASIBILITY STUDIES:

- The technical expertise available at the IFAD was used to work on developing the formulation and preparation of the detailed concept note for the project resulting from the merger of the two projects; Climate-Resilience On-Farm Water Management in the Nile Valley (CROWN), and formulating the vision for the main project components and the general framework of the targeted operations, focusing on the concept of comprehensive and sustainable rural development in its broadest and most comprehensive sense.
- Benefit from the technical support provided by development partners (IFAD) to work on the detailed technical design of the project operations according to the following:



Just Financing Principle No. 6
“Ensure the right to quality and quantity climate finance.”

- Utilizing international expertise to formulate the optimal financial framework for financing agricultural development operations, taking into account the burdens placed on the state, low-income groups, and small farmers, and seeking to enhance the private sector’s involvement in development operations.
- Building on the lessons learned from the portfolio of projects previously implemented in the agricultural development and irrigation sectors, and working to complement the successes achieved through these projects to improve the standard of living of vulnerable groups, achieve food security, fight poverty, and improve the infrastructure of the two sectors.

2. MAXIMIZING NATIONAL AND INTERNATIONAL PARTNERSHIPS:

- The technical qualification phase of the project after COP27 included the Ministry of Water Resources and Irrigation in the national working group in addition to the Ministry of Agriculture and Land Reclamation in an effort to maximize the benefit from the operations of the project to be implemented and enhance coordination between the two ministries. This optimally prepared the project to avoid any obstacles, maximize the use of available resources to prepare the project, and begin implementation, which aims to achieve comprehensive rural development.
- The discussions that took place with the various development partners helped maximize development partnerships between them and enhance coordination efforts in this framework, especially the integration efforts between the various food pillar projects and the intensive technical discussions between IFAD and the World Bank to achieve coordination and integration between the support provided for the design and implementation of the projects that they design. Consensus has been achieved between IFAD and the World Bank, with regard to the component of activities that focus on modernizing the irrigation system and the implementation of the two projects divided geographically, so that IFAD’s “CROWN” projects are implemented in the governorates of Central and Upper Egypt. In contrast, World Bank projects are implemented in the governorates of Lower Egypt (Delta). This was implemented in order to avoid overlaps, ensuring the implementation of a coordinated program to modernize irrigation in all governorates as much as possible.

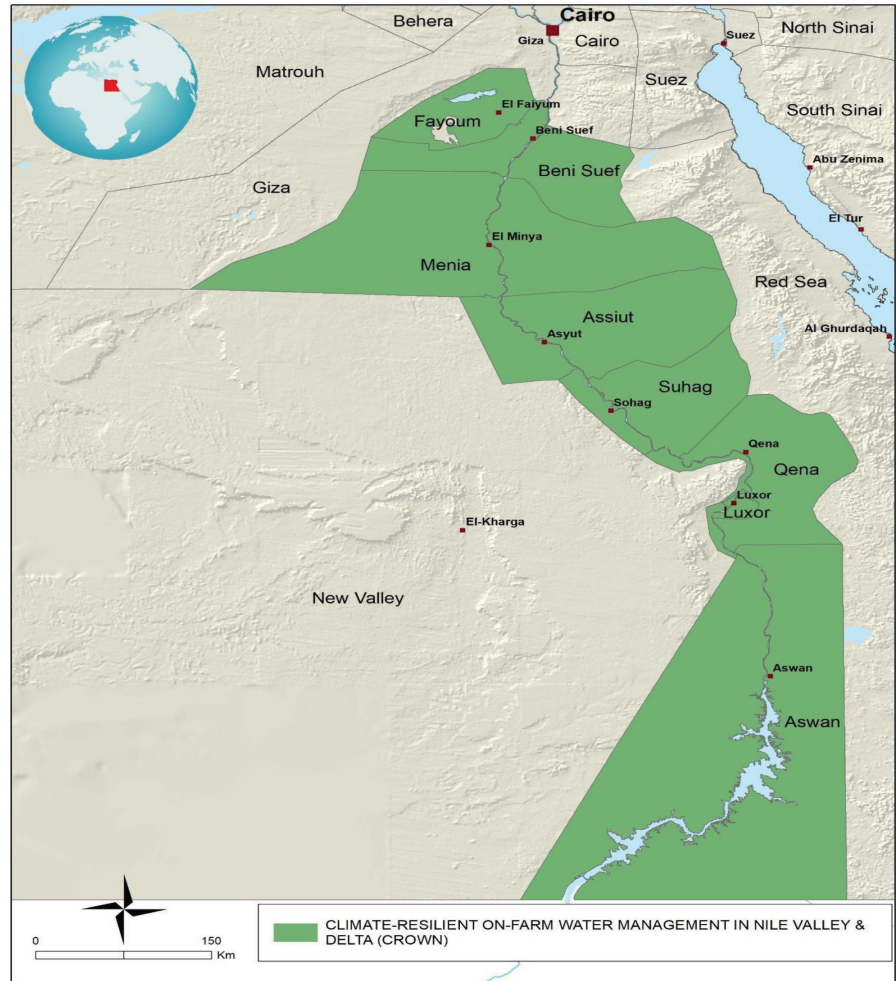
3. PROMOTING PRIVATE SECTOR INVESTMENTS:

- Discussing the proposed tools and mechanisms for financing the project and providing appropriate financing conditions to support the parties involved in implementation and enhance the role of the private sector in comprehensive rural development projects.
- Preparing to hold a workshop during November 2023 to support the private sector’s involvement in the project activities, discuss ways of support and motivation, and explore the challenges facing its participation.

4. SERVING NATIONAL PRIORITIES AND STRATEGIES:

- Determine the main geographical areas for the project's work locations in accordance with the needs and priorities of national authorities and national strategies, especially the national strategy for developing irrigation systems. It is planned to implement project operations in the governorates of central and southern Egypt.
- Taking into account the equitable distribution of development projects across the various parts of the Republic and areas highly affected by climate change, while focusing operations on improve living standards in vulnerable areas.

Just Financing Principle No. 7
"Address access, affordability,
and resource allocation bias."



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
Map compiled by IFAD | 14-09-2023

Future Targets:

1. Completing the detailed technical design of the project operations and components and establishing the financial framework to finance the project.
2. The project implementation begins after the completion of the design phase, the negotiation phase, and the signing of the project documents and agreements.

RESULTS & OUTPUTS OF THE TECHNICAL QUALIFICATION PHASE FOR THE FOOD PILLAR PROJECTS

“Climate Resilient Agri-Food Transformation “CRAFT

BELOW ARE THE RESULTS OF MERGING THE ADAPTATION OF CROP PRODUCTION IN THE NILE VALLEY AND DELTA AND THE PROJECT TO ESTABLISH AN EARLY WARNING SYSTEM.

FOOD PILLAR

Adaptation of Crop Production in the Nile Valley and Delta (Adaptation)

Development Impact:

- Enhancing crop productivity and adapting to climate changes in the Nile Valley and Delta region.
- Supporting the capabilities of small farmers to adapt to the risks and repercussions of climate change,
- It is expected that about 30 million citizens living in the Nile Valley and Delta will benefit from it.
- Improving adaptive capacity in the Nile Valley and Delta region in areas expected to be exposed to climate change.
- Increasing crop productivity by 10-15% and increasing income by 10-20%.

FOOD PILLAR

Project to Establish an Early Warning System - (Adaptation)

Development Impact:

- Establishing early warning units and systems to improve the weather forecasting system and support the services provided to farmers within the framework of agricultural weather forecasting.
- Establishing an agricultural insurance system against the risks of climate change in risk-prone areas.
- Developing a database for the flow and analysis of agricultural information and promoting modern agricultural extension, which contributes to building the capacity of small farmers to withstand the repercussions of climate change.
- Disseminating recommendations for agricultural operations according to climate variables, through the use of the latest advanced technologies in communications and digital information.

Beneficiaries: Ministry of Agriculture and Land Reclamation and Ministry of Water Resources and Irrigation

Main development partner: The World Bank

TECHNICAL QUALIFICATION STAGE AFTER COP27:

The period following COP27 witnessed the holding of a series of national technical meetings and discussions with development partners, in addition to the World Bank sending technical missions and experts to work on qualifying the two projects technically and activating the technical and financial support provided by it. These discussions with the technical authorities concluded with the approval of merging the two projects under the title “Climate Resilient Agri-Food Transformation, to achieve integration between the processes to be implemented to achieve comprehensive agricultural and rural development.”

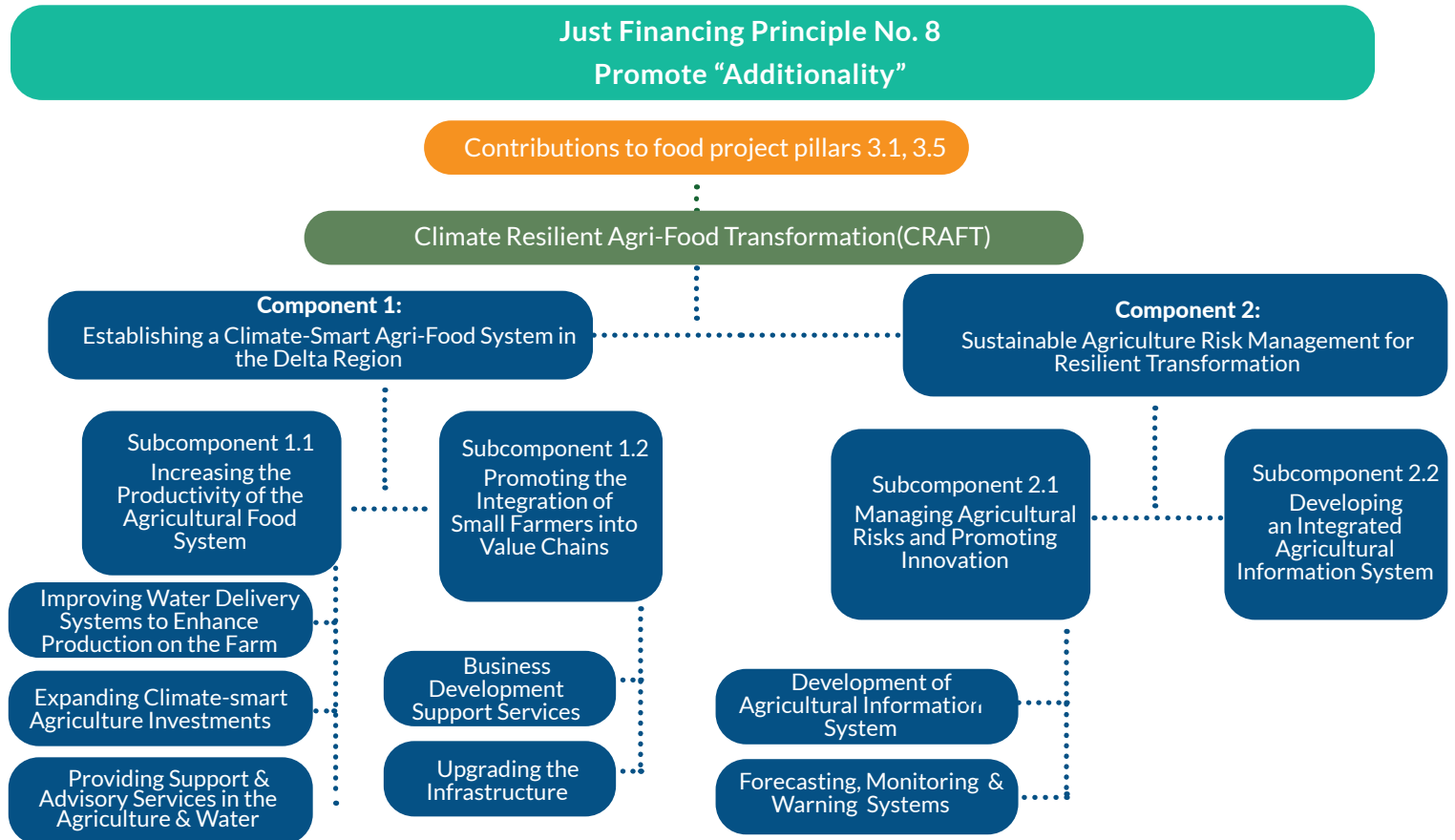
The Technical Qualification Phase Results:



RESULTS OF THE TECHNICAL QUALIFICATION STAGE & TECHNICAL MISSIONS AFTER COP27

1. TECHNICAL ASSISTANCE TO QUALIFY PROJECTS & PREPARE FEASIBILITY STUDIES:

- The technical expertise available at the World Bank, as a major development partner for the two projects, was used to work on developing the formulation and preparation of the detailed conceptual memorandum for the project resulting from the merging of the two projects, and formulating the vision for the main project components and the general framework of the targeted operations, focusing on the concept of comprehensive and sustainable rural development in its broader sense. This includes support for technology developed to confront climate change in agricultural development projects in Egypt.
- In addition to the development financing provided by the World Bank to the Egyptian government, the Bank's technical support and expertise were utilized to work on the detailed technical design of the project's operations according to the following figure.
- Utilizing the international technical expertise of the World Bank to formulate the optimal financial framework for financing agricultural development operations, taking into account the burdens on the state, low-income groups, and small farmers, and seeking to enhance the private sector's involvement in development operations.



2. MAXIMIZING NATIONAL AND INTERNATIONAL PARTNERSHIPS:

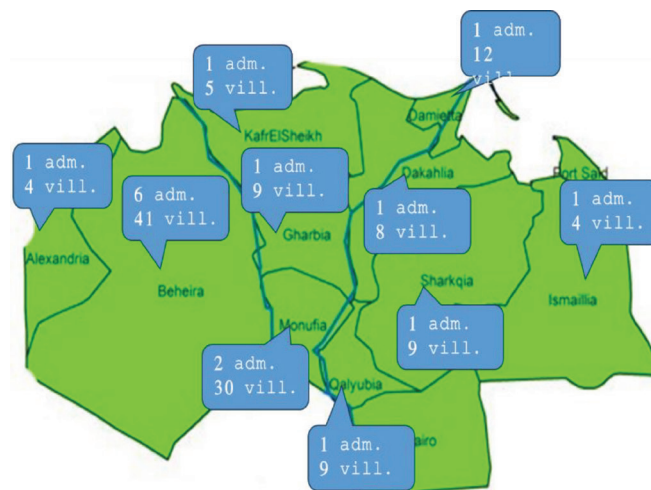
- The technical qualification phase of the project after COP27 includes the Ministry of Water Resources and Irrigation in the national working group in addition to the Ministry of Agriculture and Land Reclamation to maximize the benefit from the operations of the project to be implemented and enhance coordination between the two ministries to optimally prepare for the project, avoid any obstacles that may face implementation, and make maximum use of resources to achieve comprehensive rural development.
- The discussions that took place with the various development partners helped maximize development partnerships between them and enhance coordination efforts in this framework, especially the integration efforts between the various food pillar projects and the intensive technical discussions between IFAD and the World Bank to achieve coordination and integration between the support provided for the design and implementation of the projects that they design. Consensus has been achieved between IFAD and the World Bank, concerning the component of activities that focus on modernizing the irrigation system and the implementation of the two projects divided geographically so that IFAD's "CROWN" projects are implemented in the governorates of Central and Upper Egypt, while World Bank projects are implemented in the governorates of Lower Egypt (Delta). This was implemented in order to avoid overlaps, ensuring the implementation of a coordinated program to modernize irrigation in all governorates as much as possible.

3. PROMOTING PRIVATE SECTOR INVESTMENTS:

- Discussing the proposed tools and mechanisms for financing the project and providing appropriate financing conditions to support the parties involved in implementation and enhance the role of the private sector in comprehensive rural development projects.
- Preparing to hold a workshop during November 2023 to support the private sector's involvement in the project activities, discuss ways of support and motivation, and explore the challenges facing its participation.

4. SERVING NATIONAL PRIORITIES AND STRATEGIES:

- Determine the main geographical areas for project work locations in accordance with the needs and priorities of national authorities-the Ministries of Agriculture and Irrigation- and national strategies, especially the national strategy for developing irrigation systems, and taking into account the equitable distribution of development projects across the various parts of the Republic.
- It is planned to be implemented in the Delta governorates for the modern irrigation component (Centers and Villages of the Haya Karima Initiative) and all over the Republic for the component of establishing an early warning system.



Just Financing Principle No. 7

“Address access, affordability, and resource allocation bias.”

FUTURE TARGETS

- Completing the detailed technical design of the project’s operations and components and establishing the optimal financial framework for financing the project.
- The project implementation begins after the completion of the design phase, the negotiation phase, and the signing of the project documents and agreements.
- Adaptation project in the North Delta region affected by rising sea levels.

ADAPTATION OF THE NORTHERN DELTA AFFECTED BY SEA LEVEL RISE (SLR)

DEVELOPMENT IMPACT:

Enhancing the benefit of about 10 million citizens, enabling smallholder farmers to implement policies related to adaptation and confronting sea level rise, strengthening the response of rural communities to disasters and impacts resulting from sea level rise, and encouraging agricultural diversification in order to achieve food security, increase incomes, and reduce rates of Internal migration from these areas towards the cities, and the project targets the governorates of Kafr El-Sheikh, Beheira, Damietta, Dakahlia, and Port Said. The project preserves the fertile agricultural area in this area and expands the reclaimed desert lands.

BENEFICIARIES:

Ministry of Agriculture and Land Reclamation and Ministry of Water Resources and Irrigation.

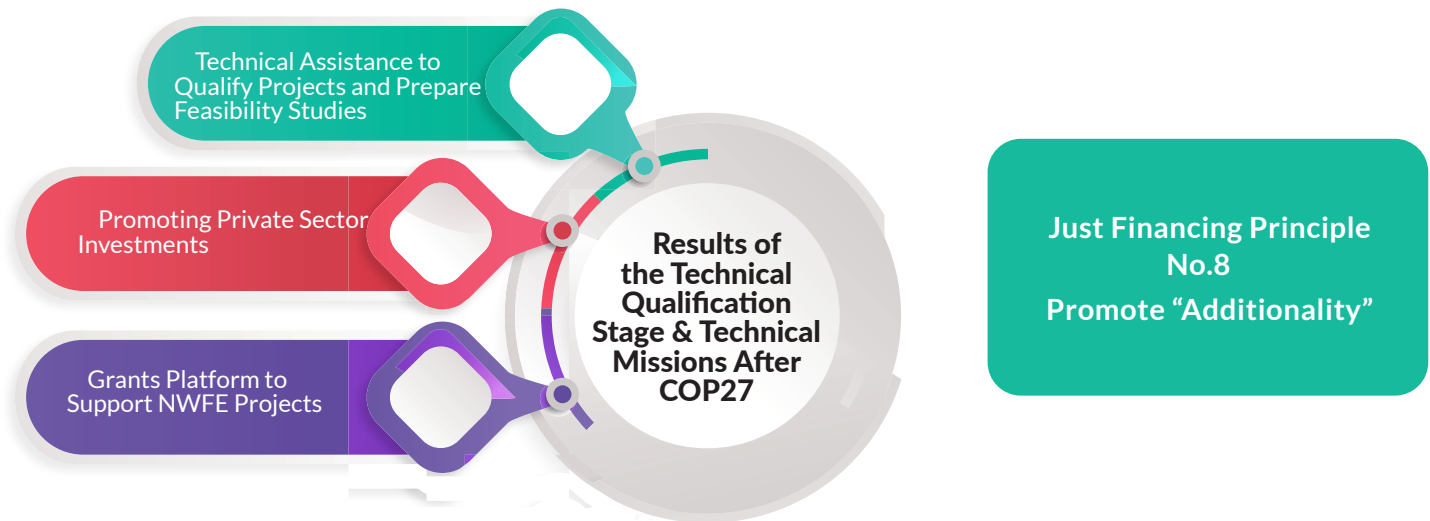
DEVELOPMENT PARTNER:

The European Union and the European Investment Bank

TECHNICAL QUALIFICATION STAGE AFTER COP27:

A series of national technical meetings and discussions were held with development partners, in addition to the European Investment Bank and the European Union sending technical missions from them to make the necessary arrangements to activate the technical and financial support provided by them for the project.

THESE DISCUSSIONS AND MISSIONS RESULTED IN THE FOLLOWING RESULTS:



RESULTS OF THE TECHNICAL QUALIFICATION STAGE & TECHNICAL MISSIONS AFTER COP27

1. TECHNICAL ASSISTANCE TO QUALIFY PROJECTS & PREPARE FEASIBILITY STUDIES:

- The European Union and the European Investment Bank appointed a consulting team to prepare the necessary economic pre-feasibility studies for the project, within the framework of the technical support they provide to design the project.

2. GRANTS PLATFORM TO SUPPORT NWFE PROGRAM PROJECTS:

- The European Union allocated a grant worth €125 thousand to finance the preparation of the necessary study for the project, in coordination with what is being prepared by the European Investment Bank. The work of the team of consultants began on November 9, 2023, in coordination with the relevant technical entities to begin preparing the studies required to prepare for the project.

3. MAXIMIZING NATIONAL AND INTERNATIONAL PARTNERSHIPS:

- National discussions regarding the project include a number of technical bodies affiliated with the Ministries of Agriculture and Irrigation with the aim of arriving at the optimal framework for preparing the project and making the necessary arrangements for implementation.
- Coordination occurs during the preparation and design stage between the two development partners (the European Investment Bank and the European Union) to ensure integration and coordination between the technical studies prepared by each.
- Achieving integration and coordination between the project-specific work being implemented and the NWFE Food pillar projects that are related to the project’s geographical scope or that are similar in the type of operations to be implemented.

FUTURE TARGETS:

- Beginning the preparation of feasibility studies for the project and the technical design of all its components.
- The project implementation begins after the completion of the design phase, the negotiation phase, and the signing of the project documents and agreements.

RESILIENCE FOR MOST VULNERABLE AND MARGINAL REGIONS

DEVELOPMENT IMPACT:

This project focuses on increasing the resilience of climate-vulnerable areas through specific interventions to improve farmers' livelihoods in desert and remote areas. The population of these areas, which are expected to benefit from the project activities, is about 5 million people, by introducing many adaptation techniques that will help vulnerable communities reduce losses.

BENEFICIARIES:

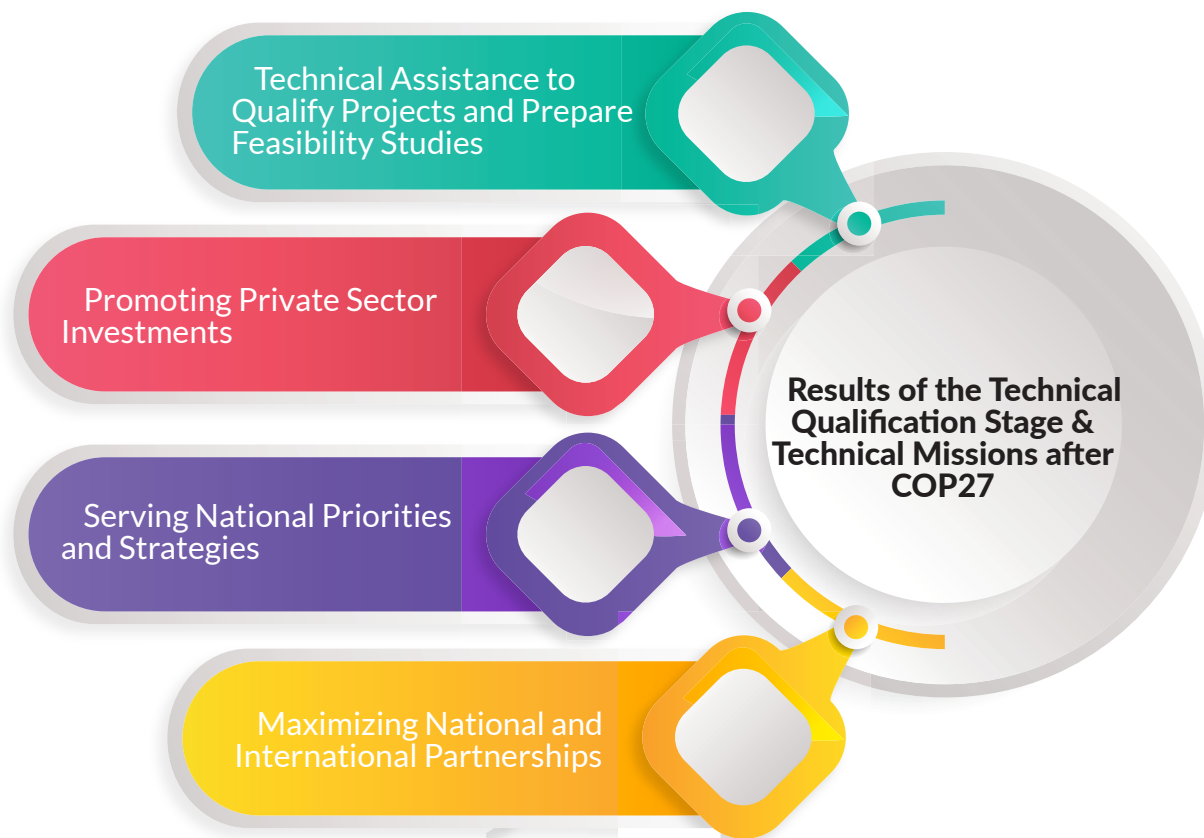
Ministry of Agriculture and Land Reclamation - Ministry of Water Resources and Irrigation.

DEVELOPMENT PARTNER:

Islamic Development Bank.

TECHNICAL QUALIFICATION STAGE AFTER COP27:

A series of national technical meetings and discussions were held with development partners. Moreover, the Islamic Development Bank sent a technical mission to make the necessary arrangements for activating the technical and financial support secured for the project. The technical qualification discussions resulted in achieving the following results:



RESULTS OF THE TECHNICAL QUALIFICATION STAGE & TECHNICAL MISSIONS AFTER COP27

1. TECHNICAL ASSISTANCE TO QUALIFY PROJECTS & PREPARE FEASIBILITY STUDIES:

- The Islamic Bank contracted with consultants to work on developing the project's concept paper and developing the framework for the project's details, which includes work sites and targeted areas in which protection work must be carried out, and defining project activities according to the characteristics and needs of each area in a way that aims to enhance private sector participation, attract investments, and provide job opportunities.
- A draft of the detailed concept note for the project has been completed.

Just Financing Principle No. 8
Promote "Additionality"

2. MAXIMIZING NATIONAL AND INTERNATIONAL PARTNERSHIPS:

- Forming a national working group that includes the Ministries of Agriculture, Land Reclamation, Water Resources, and Irrigation, and holding a series of national technical discussions to coordinate to determine the project's work areas and targets, and designing interventions and operations, which will maximize the benefit of the project and achieve comprehensive development.
- Achieving integration and coordination between the work being implemented in the project and the food and water pillar projects in NWFE that are related to the geographical scope of the project (the project to expand irrigation systems with solar energy under the leadership of the Arab Fund for Economic and Social Development).
- Benefitting from previous experiences and building on lessons learned from a portfolio of projects previously implemented in the agricultural development and irrigation sectors, and work to complement the successes achieved through those projects to improve the standard of living of poor groups, achieve food security, fight poverty, and improve the infrastructure of the two sectors, especially the project to enhance the ability to adapt in Desert Environments PRIDE, which is being implemented with funding provided by the IFAD Fund.

3. PROMOTING PRIVATE SECTOR INVESTMENTS:

- The project areas have been identified to ensure the strengthening of existing industries in the New Valley Governorate, achieving a strong economic return from the interventions to be implemented, and supporting the private sector working in those areas.

4. SERVING NATIONAL PRIORITIES AND STRATEGIES:

- The technical qualification discussions for the project resulted in identifying the main geographical areas for the project's work locations according to the needs and priorities of the concerned Egyptian authorities, especially the Ministries of Water Resources, Irrigation, and Agriculture. The geographical scope was determined to include the governorates of Giza and New Valley, with the possibility of including areas of central Sinai in the project.
- Taking into account the just distribution of projects across all regions of the Republic, paying attention to the areas most vulnerable to climate change, and making the most of the project's interventions and operations.

FUTURE TARGETS:

- Begin preparing the detailed feasibility studies necessary for the project.
- The project implementation begins after the completion of the design phase, the negotiation phase, and the signing of the project documents and agreements.

Just Financing Principle No. 7
"Address access, affordability, and resource allocation bias."

APPLYING PRINCIPLES OF JUST FINANCING

COUNTRY OWNERSHIP

1. RECOGNIZE, RESPECT, AND TAKE CONCRETE ACTION TO SUPPORT DEVELOPING COUNTRIES' RIGHT TO DEVELOPMENT AND INDUSTRIALIZATION THROUGH EQUITABLE PATHWAYS.

- The country platform of the NWFE Program, through the Food pillar projects, supported the efforts of the Government of Egypt towards achieving sustainable agricultural development. It aligns with Egypt's development priorities to mobilize climate investments and private sector investments to transform food systems, achieve food security, build sustainable rural communities capable of adapting to the climate, and identify measures to help the country achieve climate action goals in agricultural and food systems.
- The platform also sought to secure the necessary funds to implement national strategies related to the water, irrigation, and agricultural sectors through the operations of the projects to be implemented and priority sites.

3. SUPPORT AND FUND THE CREATION OF ENABLING ENVIRONMENTS, AND STRENGTHENING OF TECHNICAL CAPACITIES THAT ARE ALIGNED WITH CLIMATE GOALS.

- The country platform of the NWFE Program aimed to support the national efforts made by Egypt to create an enabling environment to stimulate and attract private sector investments in agricultural development projects and climate action, by:
- Enhancing the institutional capabilities of the ministries and supporting them with the technical competencies and expertise necessary to supervise the implementation of the project, by including grants provided by development partners for the capacity building component of their employees and providing the necessary training courses in this regard.
- Examine incentives and services, including information, technology, and infrastructure that will enable actors in the agri-food value chain (small-scale farmers, input suppliers, producers, processors, distributors, and marketers) to accelerate the adoption of climate-smart technologies and practices.
- Focus on policies, regulatory reforms, and market structure that will support Egypt in transforming the country's food system into a climate-smart one.
- Deliberate incentive mechanisms to mobilize climate and private sector investments and identify implementable measures to help Egypt achieve climate action goals in agricultural and food systems.

EQUITABLE PATHWAYS TO CLIMATE FINANCE

4. REQUIRE GLOBAL STAKEHOLDERS TO ACTIVELY CONSIDER AND TAKE PROGRESSIVE ACTION TO ADDRESS HISTORICAL DISPARITIES AND RESPONSIBILITIES TO MEET CLIMATE NEEDS.

- The country platform for the NWFE Program created a coordination platform that included many national and international parties to coordinate on determining procedures and developing optimal arrangements to support the implementation of food pillar projects and achieve the goals of the Egyptian state in climate action. The coordination included the Ministries of Agriculture and Land Reclamation with their various departments and units, the Ministry of Water Resources and Irrigation, and the Ministry of Environment, while it included a number of development partners; the International Fund for Agricultural Development, World Bank, the European Investment Bank, European Union, Islamic Development Bank, and African Development Bank.

5. MAINSTREAM THE CONCEPT OF JUST FINANCING ACROSS ALL FINANCIAL STAKEHOLDERS AT NATIONAL AND INTERNATIONAL LEVELS.

- The projects of the country platform for the NWFE Program represented an actual implementation on the ground of development partners' pledges within the framework of climate change projects, as development partners were quick to join the working groups related to the NWFE projects and provided the necessary technical and advisory expertise to support the preparation and preparation of these projects.
- They also announced their soft financial pledges to contribute to Implementation, including efforts to mobilize grants and financing on concessional terms in an effort to reduce the burden on the country and reduce borrowing from abroad, and strive to formulate innovative financial models to remove risks from climate-smart investments, including, but not limited to, issuing green bonds and blending climate finance, climate risk insurance schemes, and climate adaptation financing for agricultural enterprises and farmers, including smallholders.

6. ENSURE THE RIGHT TO QUALITY AND QUANTITY CLIMATE FINANCE.

The efforts made within the framework of the platform sought to secure funds that are commensurate with the current needs of the state- (quantitatively and qualitatively- and that are consistent with the current directions of the development path, through the following:

- Focus on maximizing the grant component, advisory services, and technical support for use in the technical design of projects, preparing their technical and environmental studies, and supporting technical agencies and ministries for implementation.
- With the current focus on supporting the private sector and encouraging investments in the areas of development and climate action, the platform aimed to mobilize finance to support the work of the private sector and discuss incentive mechanisms to encourage its involvement in implementing sustainable agricultural and rural development projects.
- Work on designing food pillar projects and including the necessary components and processes to enhance investment opportunities for the private sector, examine ways to overcome challenges and provide incentives that will encourage and enhance its participation in those projects, and benefit from that participation towards a sustainable and resilient agricultural ecosystem in Egypt.
- The platform chose the main partners according to the relative advantage of each, to ensure obtaining qualitatively appropriate and most efficient technical expertise that helps in the efficiency of preparation and implementation. The International Fund for Agricultural Development (IFAD) Bank was chosen as a main partner for the food pillar due to its technical expertise. Significant financial resources have been invested in developing sustainable rural development projects and its global efforts to raise the standard of living of low-income people and small farmers. The expertise available from other partners, such as the World Bank, and its technical expertise and financial capabilities have also been used to implement and finance development projects.

8. PROMOTE “ADDITIONALITY”.

- The efforts made within the platform’s framework were able to secure the necessary advisory services and technical and financial support from the resources of development partners to work on qualifying and designing projects and preparing their studies, which represents a new precedent for cooperation.
- The platform aims to access new and private funding sources to provide the necessary grants to prepare and implement projects.

GOVERNANCE

10. REQUIRE STRONG INSTITUTIONAL GOVERNANCE MECHANISMS AT THE INTERNATIONAL AND NATIONAL LEVELS. 11. REQUIRE ROBUST TRANSPARENCY AND ACCOUNTABILITY MECHANISMS.

- The NWFE Program works within a framework of national governance to ensure the achievement of constructive cooperation and coordination between all national and relevant entities related to the design, implementation, and supervision of green development projects in the field of achieving sustainable rural development and food security, in particular, agri-food value chain actors -small farmers, input suppliers, producers, processors, distributors, marketers, water user associations- to achieve the maximum possible benefit from the resources available from development partners.
- During the detailed technical design of the food pillar projects, organizational arrangements for implementation, supervision and coordination were developed and formulated to ensure the inclusion of all national parties related to the project with its irrigation and agriculture components and coordination among them to ensure efficiency and effectiveness in implementation and accountability.
- The country platform for the NWFE program also resulted in the creation of a coordination platform between relevant development partners to present all developments and discussions, which enhances transparency, information sharing, and competitiveness to provide the best services with the best requirements.



Water Pillar

THE EFFORTS OF EGYPT'S COUNTRY PLATFORM FOR THE NWFE **نُوقِي** PROGRAM IN THE WATER PILLAR

Within the framework of the Water Pillar projects, the NWFE Program is mobilizing international and national efforts to discuss ways to support the private sector's implementation of a water desalination project using renewable energy. This is in line with the national strategy to expand the establishment of seawater desalination plants, as well as ways to localize the industry for the project to expand irrigation systems with solar energy.

In this regard, the efforts of the NWFE program are consistent with the Government of Egypt's directions and the efforts made to create the appropriate climate to increase investments in water projects and enhance the participation of the private sector.



"The water pillar is one of the most important pillars in the NWFE program, as this sector is at the top of the Government of Egypt's concerns. Many mega projects are being implemented that aim to enhance the sustainable management of water resources, in a way that enhances the water sector's ability to address the challenges, and support sustaining food security. This is especially in light of the important interconnection between water, energy, and food to achieve food security and confront the many challenges facing the water and food sectors in Egypt and the world." Minister of Irrigation and Water Resources H.E. Dr. Hani Sewilam.

The Government of Egypt has taken concrete steps to shift towards a sustainable development model consistent with its plans to preserve the environment and confront climate change. Egypt has also worked on **improving the climate necessary to support private sector participation** in the process of development and implementation of national and strategic projects, as follows:

- The Government of Egypt launched a 2050 strategy to develop water resources, aiming to achieve water security for Egypt by achieving sustainable management of water resources. This sustainable management depends on the development and management of limited water resources, as well as on the management of current and future water needs.
- Egypt has worked to provide all facilities to private sector companies to participate in the implementation of water projects, in line with country ownership, which included that desalination projects are among the projects from which will be assigned and implemented by the private sector, in support of increasing private sector participation.
- The government has adopted renewable energy in water desalination projects with the dual goal of reducing the cost of energy consumption and moving plants towards sustainability. With regard to energy, over the past years, significant progress has been recorded in the electricity sector in Egypt to improve the security of energy supply and service reliability. The Egyptian government also implemented sectoral reforms to rationalize subsidized tariffs and improve the sector's financial sustainability.
- Egypt has a pioneering legislative structure in the field of organizing, financing, and operating partnership projects with the private sector, which allows contracting for the implementation of public projects with flexible mechanisms that provide alternative financing for the country's general budget.
- Egypt is working to quickly make available the lands required to establish desalination projects available quickly in partnership with the private sector to ensure the speedy implementation and operation of these plants because they contribute to providing the water needs of various aspects of development.
- The Government of Egypt attaches great importance to local manufacturing and the localization of all industries. One of the most important goals of the national strategy for water desalination in Egypt is the localization of the desalination industry through cooperation with all parties specializing in manufacturing.

Just Financing Principle No. 3

"Support and fund the creation of enabling environments, and strengthening of technical capacities that are aligned with climate goals."

IN AN EFFORT TO ACHIEVE INTEGRATION BETWEEN NATIONAL EFFORTS TO STIMULATE INVESTMENTS IN THE WATER SECTOR, THE NWFE PROGRAM AIMS TO ACHIEVE THE FOLLOWING:

- Providing the necessary support to technical ministries to prepare the necessary studies for the projects to be implemented and to reduce the financial burdens on the country by arranging the necessary funds to cover study preparation costs.
- Providing the technical support and advisory services necessary to speed up the offering and contracting for the implementation of projects under the “participation with the private sector” system through the resources available from development partners.
- Discussing the proposed tools and mechanisms for financing the project and providing appropriate financing conditions to support the companies participating in the implementation, following the completion of the preparatory phase, and the contracting phase, which will be reflected in the final cost of producing desalinated water.
- Benefiting from international experiences in financing desalination projects and striving to reach the optimal framework for financing and implementation.
- Researching investment opportunities available to localize the solar panel industry in Egypt, and formulate proposed tools and mechanisms to stimulate investors and attract the private sector.

PROJECTS IN NWFE’S WATER PILLAR:

Various countries around the world, especially Egypt, have recently witnessed severe climate phenomena, and inevitably this increases water challenges. Egypt has faced a number of risks and challenges related to climate change, which have a negative impact on the water sector, such as rising temperatures, changing patterns and times of rainfall, the rise in sea level, and the unexpected impact of climate change on the sources of the Nile at a time when 97% of renewable water in Egypt comes from the Nile Basin.

Main Repercussions:

- The effects of climate change on the flow of the Nile River lead to a decrease in water flows and a consequent decrease in the per capita share of freshwater resources available in Egypt. This is especially true in light of the limited freshwater resources associated with increasing population growth rates. In the face of increasing water scarcity, the Egyptian government adopted and implemented water desalination to compensate for potential water shortages in the future, with desalination plants relying on the use of solar energy instead of fossil fuels, as a low-carbon energy source.
- High demand for food leads to expansion of irrigated agricultural land and thus increased water use for agricultural purposes. Due to the high level of agricultural lands in Egypt above the water level, water is pumped to irrigate agricultural areas in the Nile Delta, and the Valley, and reclaim lands in the desert. Most of the pumps used in the old lands of the Nile Delta and the Valley are small diesel pumps used by individuals. In contrast, the use of electric pumps prevails in the reclaimed lands to unlock groundwater, which increases the quantities and cost of fuel used by the irrigated agricultural sector in the country (whether directly via diesel pumps, or indirectly via electric pumps). This is in addition to the consequences of an increase in energy prices, which may dramatically affect agricultural production and crop prices. Egypt has the potential to use solar pumps in irrigation, particularly with solar radiation and maximum irrigation requirements. Therefore, solar pumps are a suitable sustainable option, especially for remote and off-grid areas. Moreover, advances in the solar technology industry provide a reasonable volume of solar energy suitable for the energy needed for modern irrigation pressurized pipelines, and access to renewable energy provides an unprecedented opportunity to accelerate the pace of development, transition to clean energy, reduce dependence on fossil fuels, and reduce emissions. At the same time, there is a focus on building the adaptive capacity of smallholder farmers to withstand climate shocks.
- Agricultural productivity has been affected during the past decades by a number of challenges related to water scarcity and a significant increase in demand for it with the increase in population and industrial development in addition to climate change and global warming with the expected increase in agricultural water consumption. These combined factors make irrigated agriculture in Egypt vulnerable to climate change and necessitate adaptation measures. One of the adaptation measures is to increase the efficiency of field irrigation water use, use modern irrigation systems to expand water-saving opportunities, and increase agricultural productivity that serves food and water security and the SDGs; thus improving livelihoods in rural areas.

Given the previously mentioned repercussions posed by climate change on the water sector, the Egyptian government has identified a list of priority development projects in the water pillar of the NWFE Program. The projects aim to overcome climate change's negative repercussions and effects of climate change on water resources, meet citizens' water needs, and achieve water use efficiency. This also increases opportunities to save water, increase productivity, and achieve water and food security.

THE WATER PILLAR OF THE NWFE PROGRAM INCLUDES 3 MAIN PROJECTS:

PROJECT	BENEFICIARIES	DEVELOPMENT IMPACT
Water Desalination Using Solar Energy	Ministry of Housing, Utilities and Urban Communities	<p>Launching 5 solar-powered water desalination plants in 4 governorates with a total capacity of 525 thousand cubic meters per day, rising to 1.75 million cubic meters per day by 2050, which will provide clean water and enhance efforts to confront water scarcity.</p> <p>The project aims to provide clean water to compensate for water shortages, promote green transformation, achieve the SDGs, and implement NDCs as well as Egypt's Vision 2030.</p>
Expanding Solar Irrigation Systems	Ministry of Water Resources and Irrigation Ministry of Commerce and Industry	<p>Expanding the use of solar irrigation by small farmers and rural communities in remote areas to reduce carbon dioxide emissions, this project benefits about 1.75 million citizens.</p> <p>This enhances the achievement of the state's plans to increase renewable energy production by about 42% by 2030. This also avoids the negative effects of future energy crises and their impacts on food production and creates a replicable model that other countries can use.</p>
Improving Agricultural Climate Resilience by Modernizing Agricultural Practices	Ministry of Water Resources and Irrigation	<p>The project enhances water use efficiency and productivity, and the number of beneficiaries reaches about 7.5 million. Focusing on old agricultural lands that use traditional irrigation, the project aims to achieve the goals of the National Climate Change Strategy, comprehensive and sustainable economic growth, reduced emissions, and achieved low-carbon development, in addition to enhancing efficiencies, flexibility, and climate financing for the infrastructure and achieving the SDGs.</p>

CHOOSING THE MAIN DEVELOPMENT PARTNER FOR THE WATER PILLAR

As part of the Ministry of International Cooperation's endeavor to utilize the expertise available among development partners to work on attracting innovative funding to implement the projects of the country platform for the NWFEE Programme, the Ministry has chosen the main partners for each pillar according to the advantage of each partner.

The leading technical rehabilitation consultations and coordination with development partners and climate finance sources to mobilize the necessary funds for its implementation. From this standpoint, the Ministry of International Cooperation has chosen the African Development Bank (AfDB) as a major partner in the water pillar, given the bank's extensive experience in cooperating with the Egyptian government to finance and implement many projects in the water and utilities sector.

The bank also provided the necessary financial support to prepare studies on the use of renewable energy in irrigation systems, in addition to providing financing to support private sector projects in Egypt and the diversity of financial mechanisms and tools it provides in this context.

- The AfDB is also working to launch and inaugurate a number of initiatives and mechanisms that seek to enhance green financing and climate action and support the ability of African countries to withstand, adapt, and confront climate change, including the partnership with the African Union, Africa 50 and many global partners to launch the Alliance for Green Infrastructure in Africa (AGIA), an initiative aimed to help scale up and accelerate financing for green infrastructure projects in Africa, to reduce climate risks facing countries, enhance countries' resilience to climate shocks, and support development programs against natural hazards.
- It is worth noting that the AfDB's strategy with Egypt from 2022 to 2026 includes two main pillars that are mainly related to the objectives of the country platform for NWFEE Program projects, which are:
 - **The 1st Pillar:** enhancing the country's competitiveness to support strong growth led by the private sector to accelerate the green transformation.
 - **The 2nd Pillar:** Building resilience to achieve food, water, and energy security

In addition to identifying the AfDB as a main development partner for the water pillar, the Ministry of International Cooperation coordinated with development partners to identify a development partner to work on the technical qualification of each project through its financial and technical resources. This was to provide the necessary technical support for projects through the expertise available to the various partners and strengthen international partnerships by creating a coordination platform that includes the various partners and the expertise available to them.

In light of the above, during COP27, these arrangements and the results of the coordination efforts within the framework of the water pillar projects were signed and announced according to the following:

- Signing a partnership agreement with the AfDB and a number of development partners to set the regulatory framework for the support provided by the AfDB and development partners to the water pillar. This includes initial financial offers submitted by development partners for water pillar projects in general and the AfDB providing the necessary technical and financial support for the renewable energy water desalination project.
- Announcement of the Arab Fund for Economic and Social Development (AFESD) as a technical development partner for the project to expand irrigation systems with solar energy.
- The IFAD included the project "Improving Agricultural Climate Resilience by Modernizing Agricultural Practices" with the project "Modernizing Irrigation System in Old Agricultural Lands" and worked on the technical design for them as a main partner for the two projects.

TECHNICAL QUALIFICATIONS FOR THE WATER PILLAR PROJECTS

WITHIN THE NWFE نُوْفِي PROGRAM

The previous period, since the beginning of 2023, witnessed the reception of a number of technical missions from the main development partners for all water pillar projects in the NWFE Program. This includes a series of technical discussions with the relevant ministries, which resulted in a number of outputs and decisions regarding the implementation of projects. This includes:

- Achieving integration between a number of projects, especially in light of the presence of a number of similarities in the general scope of operations and their components, especially merging the project “Improving Agricultural Climate Resilience by Modernizing Agricultural Practices” from the water pillar with the project “Modernizing Irrigation System in Old Agricultural Lands,” from the food pillar. Both projects focus on developing irrigation systems to achieve the maximum benefit from the operations that will be implemented within their respective frameworks. This is presented in detail within the food section.
- Including technical ministries for the project and forming national working groups that include all relevant agencies and ministries to maximize the benefit from the project’s operations. This includes support to be provided for the design and implementation of the project from development partners, as the national technical discussions for the “Expanding Solar Irrigation Systems” project include the Ministry of Water Resources and Irrigation and the Ministry of Commerce and Industry. Together, the aim is to research and study the localization component of the industry and ways to benefit from military production companies to localize the solar panel industry in Egypt according to high-quality international standards.

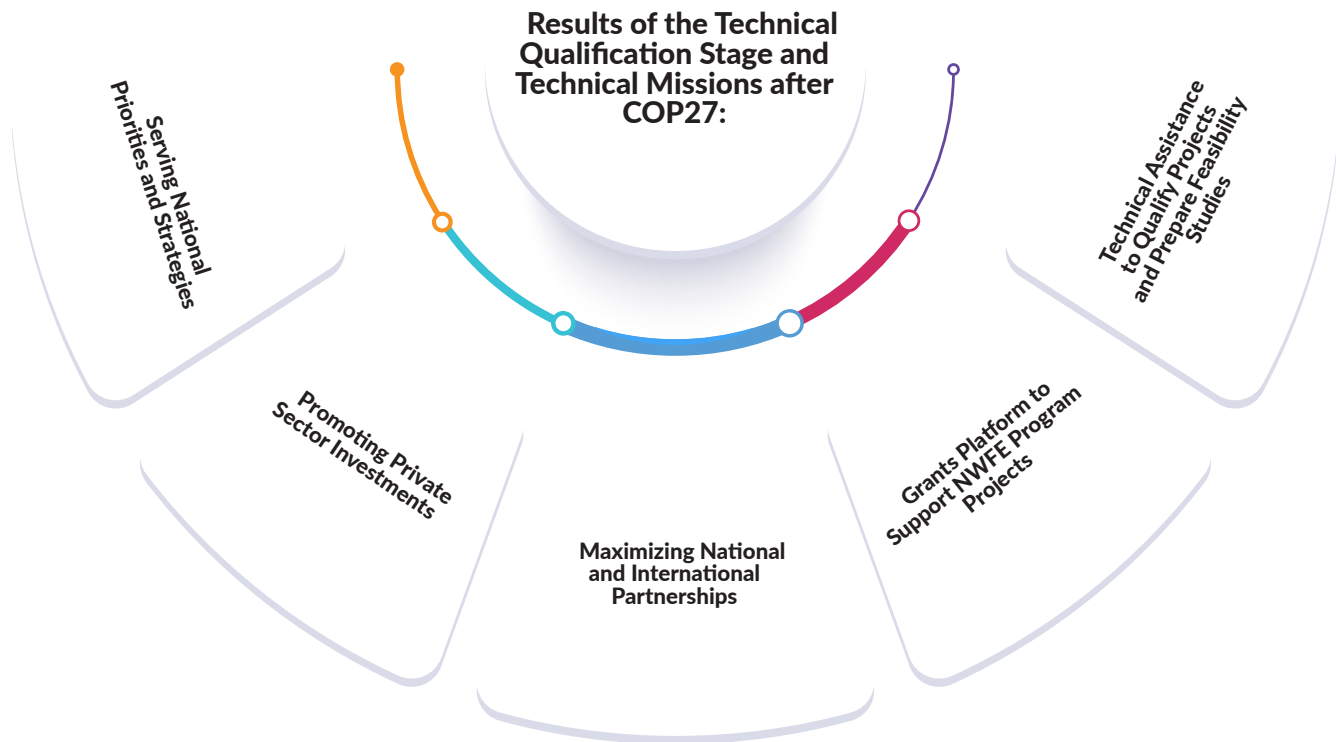
RESULTS & OUTPUTS OF THE TECHNICAL QUALIFICATION PHASE FOR WATER PILLAR PROJECTS:

1. Water Desalination Using Solar Energy

MAIN DEVELOPMENT PARTNER: AFRICAN DEVELOPMENT BANK (AFDB)

The period following COP27 witnessed the holding of a series of national technical meetings and discussions with development partners. Also, the AfDB sent technical missions and experts to work on qualifying the project and activating the technical and financial support that was signed during COP27.

Those discussions and missions achieved the following results:



RESULTS OF THE TECHNICAL QUALIFICATION STAGE AND TECHNICAL MISSIONS AFTER COP27:

1. TECHNICAL ASSISTANCE TO QUALIFY PROJECTS AND PREPARE FEASIBILITY STUDIES:

- The technical expertise available at the AfDB was used to work on developing the detailed concept paper on the project in coordination with the relevant national authorities.
- Providing the necessary technical support to national bodies through the appointment of two consultants: 1) A technical expert in water desalination systems, and 2) A project financing expert in the field of water desalination plants and infrastructure development. This was set to provide the necessary assistance to the Ministry of Housing in preparing for the project.
- Accelerating the preparatory phase of the project by beginning the preparation of the necessary technical, economic, environmental and social studies for the project whose implementation is scheduled to begin in the year.
- Agreement on providing the necessary consulting services for the stations for the reduction stage and contracting with the private sector after completing the preparation of studies for the project, through the African Development Bank as a main partner.
- Supporting the capabilities of national agencies with the technical expertise necessary to prepare and manage the project.

Just Financing Principle No. 8
Promote “Additionality”

2. GRANTS PLATFORM TO SUPPORT NWF PROGRAM PROJECTS:

- The financial support necessary to prepare the studies for the project was provided through two grants by Resources of the Technical Assistance Fund for Middle-Income Countries in the amount of 280 thousand units of account, as well as the “African Water Facility” of €500 thousand.

Just Financing Principle No. 6
Ensure the right to quality and quantity climate finance.

3. MAXIMIZING NATIONAL AND INTERNATIONAL PARTNERSHIPS:

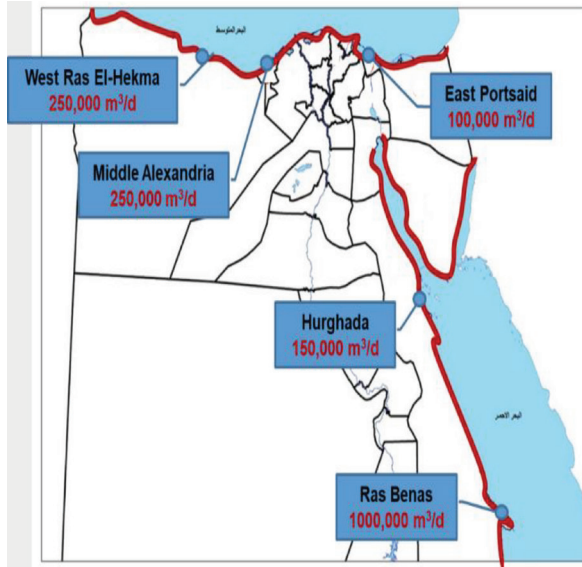
Just Financing Principles No. 10 and 11
“Require strong institutional governance mechanisms at the international and national levels.”

“Require robust transparency and accountability mechanisms.”

- The technical qualification phase of the project after COP27 helped explore many national entities related to the project and their involvement in the technical discussions that took place at the national level. Discussions also took place with development partners, to optimally prepare for the project, avoid any obstacles that may face implementation, and make the most of the resources available in the preparation and implementation phases.
- A number of national entities were included and invited to join the technical qualification discussions for the project, in addition to the Ministry of Housing, Utilities, and Urban Communities and its affiliated entities, including (the Sovereign Fund of Egypt, the Partnership Unit with the Private Sector of the Ministry of Finance). Technical missions from the African Development Bank also met with the two ministries: Environment and Electricity and Energy to coordinate the technical and environmental details of the project.
- The discussions that took place with various development partners to discuss ways to support the implementation of the project helped enhance coordination efforts between development partners and maximize development partnerships between them. This is done in an effort to benefit from previous experiences in the field of implementing water desalination projects and the advisory services to be provided for the project.
- Access to new funding sources through the grant to be provided through the African Water Facility (AWF), which is the first cooperation between the facility and the Egyptian government.

4. PROMOTING PRIVATE SECTOR INVESTMENTS:

- Discussing the proposed tools and mechanisms for financing the project and providing appropriate financing conditions to support the parties involved after completing the preparatory phase.



- The project is an integral part of the national strategy for water desalination.
- The geographical scope of the stations to be implemented in the project has been determined in accordance with the priorities of the strategy and the needs of the Government of Egypt.
- The project includes implementing a total of 5 desalination stations in the governorates of Port Said, Alexandria Matrouh and two stations in the Red Sea.

Just Financing Principle No. 7

Address access, affordability, and resource allocation bias.

FUTURE TARGETS:

- Signing grant agreements that were arranged to prepare technical, economic, environmental, and social studies for desalination plants.
- Announcing the consulting services agreements to be provided for the decreasing phase and contracting with the private sector to implement desalination plants.
- The implementation of the project begins after the completion of the preparatory phase in which the study and preparation of the project are followed by the consulting in which contracts are signed with investors.

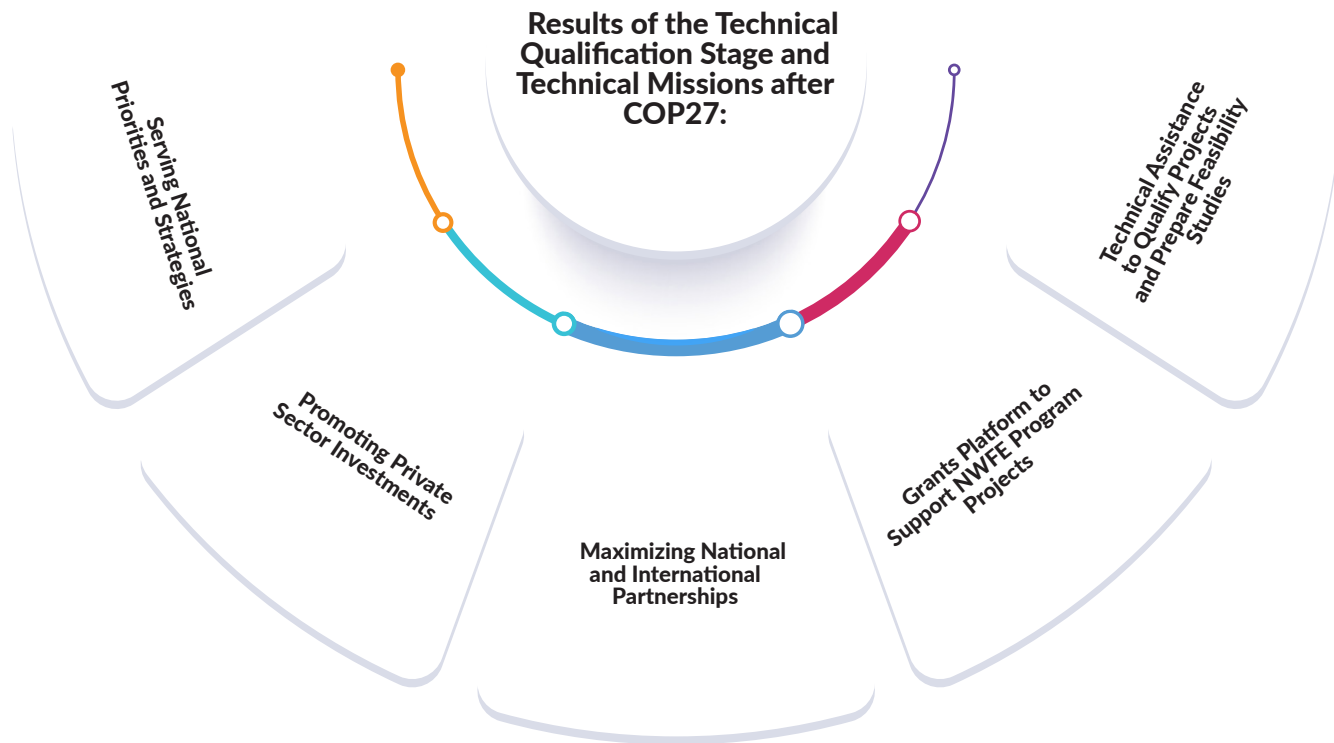
RESULTS & OUTPUTS OF THE TECHNICAL QUALIFICATION PHASE FOR WATER PILLAR PROJECTS:

2. Expanding Solar Irrigation Systems

MAIN DEVELOPMENT PARTNER: ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT (AFESD)

The period following COP27 witnessed a series of national technical meetings and discussions with development partners, in addition to the Arab Fund for Economic and Social Development (AFESD) sending a technical mission to make the necessary arrangements to activate the technical and financial support for the project.

Those discussions and missions achieved the following results:



1. TECHNICAL ASSISTANCE TO QUALIFY PROJECTS AND PREPARE FEASIBILITY STUDIES:

- Utilizing the studies that have been prepared and which were previously funded by development partners on irrigation with renewable energy and localization of the industry, and building on the findings to avoid repetition in approaching through feasibility studies and relevant technical reports, will reflect positively on the private financial structure.

Just Financing Principle No. 6
“Ensure the right to quality and quantity climate finance.”

2. GRANTS PLATFORM TO SUPPORT NWFEE PROGRAM PROJECTS:

- Providing the necessary financial support to prepare project studies through the technical assistance provided by the Arab Fund for Economic and Social Development (AFESD).

3. MAXIMIZING NATIONAL AND INTERNATIONAL PARTNERSHIPS:

- Forming a national working group that includes all relevant national entities to maximize the benefit from the project operations. The national technical discussions resulted in the inclusion of the Ministries of Trade and Industry and Military Production in addition to the Ministry of Water Resources and Irrigation, intending to examine ways to benefit from military production to localize the solar panel industry in Egypt according to international standards of high quality.

Just Financing Principles No. 10 and 11

“Require strong institutional governance mechanisms at the international and national levels.”

“Require robust transparency and accountability mechanisms.”

- The technical qualification phase sought to benefit from all the funding previously provided by development partners, to build on the development efforts made within the project’s scope and its components, and to enhance synergy between those efforts to maximize the use of available resources.
- Achieving integration and coordination between the work being implemented in the project and the NWFEE Food pillar projects related to the project’s geographical scope (the project on achieving resilience in remote and vulnerable areas in partnership with the Islamic Development Bank).
- Discussing the benefit of the localization component of the industry on a larger scale within the framework of all food pillar projects, including the modernization of the irrigation systems component, which constitutes an incentive to attract investors to this industry.

4. PROMOTING PRIVATE SECTOR INVESTMENTS:

- Researching investment opportunities available to localize the solar panel industry in Egypt and formulating proposed tools and mechanisms to stimulate investors and attract the private sector.

Just Financing Principle No. 1

“Recognize, respect, and take concrete action to support developing countries’ Right to Development and Industrialization through equitable pathways.”

5. SERVING NATIONAL PRIORITIES AND STRATEGIES:

The technical qualification discussions for the project identified the main geographical areas for the project's work locations in accordance with Egypt's needs and priorities. The geographical scope was determined to include government wells in oasis areas:

- 19 wells in the Al-Shub area of the General Administration of Groundwater in Kharga and Darb Al-Arbaeen.
- 11 wells belonging to the General Administration of Groundwater in Dakhla and East Owainat.
- 10 wells belonging to the General Administration of Groundwater in Farafra.

Just Financing Principle No. 7
"Address access, affordability, and resource allocation bias."



FUTURE TARGETS:

- Signing the technical aid agreement to be provided by the Arab Fund for Economic and Social Development (AFESD) to help begin the preparation and design of the project.
- The preparation of the necessary studies for the project, which are planned to be financed through the aid provided by the AFESD, have begun.

APPLYING PRINCIPLES OF JUST FINANCING

COUNTRY OWNERSHIP

1. RECOGNIZE, RESPECT, AND TAKE CONCRETE ACTION TO SUPPORT DEVELOPING COUNTRIES' RIGHT TO DEVELOPMENT AND INDUSTRIALIZATION THROUGH EQUITABLE PATHWAYS.

- The country platform for the NWFE Program supported the Government of Egypt's pursuit of achieving sustainable development, as it aligned with the country's development priorities. The water pillar of the country platform for the NWFE Program included two main projects, each of which is consistent with the country's development path, its national strategy and objectives, country ownership, and the strategic directions towards localization of industry.
- The platform sought to secure the necessary funds to implement national strategies related to the water, irrigation, agriculture, and industry sectors through the operations of the projects to be implemented and priority sites (the National Strategy for Water Desalination, the National Strategy for the Development of Irrigation Systems).

3. SUPPORT AND FUND THE CREATION OF ENABLING ENVIRONMENTS, AND STRENGTHENING OF TECHNICAL CAPACITIES THAT ARE ALIGNED WITH CLIMATE GOALS.

The country platform of the NWFE program aimed to support the national efforts made by the Government of Egypt to create an enabling environment to stimulate and attract private sector investments in development projects and climate action, through:

- Providing the necessary technical and financial support to the technical ministries to raise institutional capabilities, to work on speeding up and preparing the necessary studies for water pillar projects, to support the ministries, and to provide the project implementation units with the technical competencies and expertise necessary to supervise the implementation of the project, by including grants provided by development partners for the component of providing the ministries with specialized experts and technicians. This covers a number of necessary areas within the framework of preparing the project and supervising its implementation.
- Providing the necessary consulting services to expedite the offering and contracting for the implementation of projects under the "participation with the private sector" system through the resources available from development partners.
- Benefiting from distinguished international experiences in the field of financing desalination projects and striving to reach the optimal framework for financing and implementation.

EQUITABLE PATHWAYS TO CLIMATE FINANCE

4. REQUIRE GLOBAL STAKEHOLDERS TO ACTIVELY CONSIDER AND TAKE PROGRESSIVE ACTION TO ADDRESS HISTORICAL DISPARITIES AND RESPONSIBILITIES TO MEET CLIMATE NEEDS.

- The NWFE Program created a coordination platform that included many national and international entities to coordinate on defining procedures and developing optimal arrangements to support the implementation of water pillar projects and achieve the country's climate action goals. The coordination included the Ministries of Housing, Utilities, Urban Communities, and the Holding Company for Potable Water and Sanitation. It also included the subsidiaries: the New Urban Communities Authority, the Ministry of Water Resources and Irrigation, the Ministry of Finance, the Ministry of Environment, the Ministry of Electricity and Energy, and the Sovereign Fund of Egypt, while it included a number of development partners (the African Development Bank, the Arab Fund for Economic and Social Development, the European Investment Bank, the European Bank European Union for Reconstruction, European Union, World Bank).

5. MAINSTREAM THE CONCEPT OF JUST FINANCING ACROSS ALL FINANCIAL STAKEHOLDERS AT NATIONAL AND INTERNATIONAL LEVELS.

- The projects of the country platform for the NWFE Program represented an actual implementation on the ground of development partners' pledges within the framework of climate change projects, as development partners were quick to join the working groups related to the NWFE projects and provided the necessary technical expertise to support the preparation and preparation of these projects. They also announced their soft financial pledges to contribute to implementation. This includes efforts to mobilize grants and financing on easy terms in an effort to reduce the burden on the state and limit borrowing from abroad.

6. ENSURE THE RIGHT TO QUALITY AND QUANTITY CLIMATE FINANCE.

- The efforts made within the framework of the platform sought to secure funds that are commensurate with the country's current needs (quantitatively and qualitatively) and that are also consistent with the current directions of the development path. This focuses on supporting the private sector and encouraging investments in the areas of development and climate action as the platform aims to mobilize funds that support the work of the private sector. It also discusses incentive mechanisms to encourage involvement in the implementation of water pillar projects, and attract foreign and local strategic investors to develop, build and operating stations and supplying them with energy using renewable energy sources, developing technology transfer and localizing the manufacturing of the main components of water desalination.
- The platform worked to maximize the grant component and technical and advisory support necessary to prepare and implement projects in a way that reduces the burdens on the state and technical ministries.
- The platform chose the main partners according to the relative advantage of each of them to ensure obtaining appropriate and efficient technical expertise to help with effective implementation. The African Development Bank was chosen as a main partner for the water pillar due to its financing of many projects in the water sector and also in providing the necessary support to prepare studies on the use of renewable energy in irrigation systems, in addition to providing many funds to support private sector projects in Egypt and the variety of financial mechanisms and tools it provides in this context.

7. ADDRESS ACCESS, AFFORDABILITY, AND RESOURCE ALLOCATION BIAS.

- The NWFE Program is an effective application of the principle of equitable distribution of development funds and work to distribute them geographically, ensuring the achievement of justice and comprehensiveness of their development impact.
- The geographical scope of the water desalination plants to be implemented in the project has been determined according to the priorities and needs of the Government of Egypt. The project includes implementing a total of 5 desalination plants between the governorates of Port Said, Alexandria, Matrouh and the Red Sea.
- Equitable distribution was also taken into account among the implementation areas of irrigation development projects, covering all regions, with priority given to areas that need rapid intervention to meet their needs and overcome the repercussions of climate change.

8. PROMOTE “ADDITIONALITY”.

- The platform was able to access new funding sources to provide the necessary grants to prepare water pillar projects through the African Water Facility, as it is the first cooperation between the facility and the Egyptian government.
- The platform was able to secure the necessary technical and financial support from the resources of development partners to work on rehabilitating projects planned to be implemented through the private sector, which represents a new phase of cooperation.

GOVERNANCE

10. REQUIRE STRONG INSTITUTIONAL GOVERNANCE MECHANISMS AT THE INTERNATIONAL AND NATIONAL LEVELS.

11. REQUIRE ROBUST TRANSPARENCY AND ACCOUNTABILITY MECHANISMS.

- During the detailed technical design of the projects, organizational arrangements for implementation, supervision, and coordination were developed and formulated to ensure the inclusion of all national entities relevant to the project and coordination among them. This includes ensuring efficiency and effectiveness in implementation and accountability.
- The country platform for the NWFE Program also resulted in creating a coordination platform between relevant development partners to present all developments and discussions, enhancing transparency, information sharing, and competitiveness to provide the best services with the best requirements.



Sustainable Transport Pillar (NWFE +)

NWFE+ نَوْفِي PROGRAM (SUSTAINABLE TRANSPORTATION PILLAR)



INTRODUCTION

In light of Egypt's launch of the National Climate Change Strategy (NCCS) 2050, the Egyptian government targets the implementation of a number of high-priority projects before 2030 (26 projects covering 5 main sectors including electricity, energy, food, water, transportation, oil and gas), the Ministry of International Cooperation (MoIC), in coordination with the national authorities-the Ministries of Transportation, Environment, and Foreign Affairs-launched the NWFE+ program. The program includes the sustainable transportation pillar. It aims to support the Egyptian government's efforts in establishing an integrated network of green sustainable transportation (tunnel lines, railway lines, buses and vehicles, and multi-purpose stations) in line with national efforts to support climate action and the implementation of green projects in the fields of food security, agricultural productivity, resilience to climate change, and the expansion of renewable energy projects, within the framework of the NWFE program.

The launch of the NWFE+ program reflects what has been confirmed by different regional and international studies on the good governance of the relationship between the food, water and energy sectors and maximizing the benefit of the interdependence approach between them. It also reflects the completion of this interdependence with the transportation pillar and enhances mutually beneficial comprehensive responses. This is in addition to providing an informed and transparent framework for identifying the complementarities that maintain ecosystem safety and sustainability, thus advancing efforts towards achieving inclusive development.

In this context, the Ministry of International Cooperation coordinated with the Ministries of Transportation and Environment regarding the NWFE+ program, where it was agreed to select the European Investment Bank (EIB) - the EU Bank - as a leading partner for the sustainable transportation pillar. This is due to its international and local experience in implementing transportation infrastructure projects, given that Egypt is the EIB's first country of operations in the region with a total cooperation portfolio for the public and private sectors reaching approximately €13.6 billion, since 1979, including €3.5 billion to finance 16 ongoing development projects.

The EIB is Egypt's first development partner in transportation projects, and is currently implementing projects worth €2.299 billion to develop various metro lines; €600 million for the 3rd phase of line 3, €350 million for line 1, and €1.128 billion framework financing for the projects of the Raml tram in Alexandria, Abu Qir metro, and the metro line 2 and €2 million as technical support for feasibility studies of the metro line 2. This is in addition to the development of railway lines; €221 million for the Tanta-Mansoura-Damietta railway line and €1.5 million as technical assistance for the complementary studies.

The EIB's recent adoption of the **Climate Roadmap 2021-2025**, rendering it the EU Climate Bank, led to the selection of the Bank to be the main partner of the Egyptian government and other partners involved in the implementation of the Sustainable Transportation projects to manage the Transportation pillar, in addition to pledging €1.5 billion to support sustainable transportation projects under the NWFE+ program.

The **Team Europe Initiative** represents a framework for the European green initiative aiming to create partnerships between the EU countries and its affiliated financing institutions to achieve integration with the European Green Deal, thereby contributing to creating a common commitment towards a lasting and sustainable transformation and encouraging climate-neutral and environmentally sustainable investments. Other European green transformation initiatives have been in the works with both the AFD and the EBRD, due to their relative advantage in financing transportation sector projects, and co-financing projects related to the aforementioned pillar.



“The Government of Egypt is greatly interested in developing the transportation sector’s infrastructure. Since 2014, Egypt’s the total financial cost of the Ministry’s of Transport’s projects reached EGP 2 trillion across various sectors, including roads, bridges, railways, subways, electric trains, and many others.” Minister of Transport Lieutenant-General Engineer H.E. Kamel Al-Wazir.

Accordingly, a partnership agreement was signed between the Ministry of International Cooperation, the Ministry of Environment, the Ministry of Transportation, the EIB, the EBRD and the AFD, where the three financing agencies pledged **€3.5 billion in soft loans; €1.5 billion from the EIB, €1.5 billion from the EBRD, and €500 million from the AFD.** In addition, coordination is ongoing by the EIB to provide technical support grants for the preparation of project studies, and the provision of technical and investment grants from the EU.

The Ministry of International Cooperation and European partners are also coordinating closely with the AIIB to unify efforts and visions regarding the implementation of sustainable transportation pillar projects, given that AIIB was established in 2016 to be one of the financing arms of **the Belt and Road Initiative (BRI), launched by China in 2013, which aims to upgrade infrastructure, especially in the transportation sector.** This is in line with Egypt’s Vision 2030 which pays great attention to infrastructure projects in the sectors of transportation, energy, information technology and utility connectivity projects. It is worth noting that the AIIB has expanded to become one of the most important financing institutions in the international arena concerned with financing green infrastructure projects.

To date, it has been agreed between the Ministry of Transportation, the EIB and the Ministry of International Cooperation to begin preparing the following projects within the framework of the sustainable transportation pillar:

- Extension of the Cairo Metro Line 1 to Shebin Al-Qanater.
- Extension of the Abu Qir Railway Line Rehabilitation project in Alexandria and its transformation into an Electric Metro (Alexandria metro).
- Construction of the Rubiki-Tenth of Ramadan-Belbeis Railway Line.

This is in addition to the Tanta-Mansoura-Damietta railway project, for which all agreements were signed at the end of 2022, co-financed by the EIB with a €221 million soft loan and a €1.5 million technical support grant, and the AFD with a €95 million soft loan and a €2 million grant.

PROJECTS UNDER THE UMBRELLA OF THE NWFE+ PROGRAM



CONSISTENCY OF EGYPT'S EFFORTS TO PROMOTE THE SUSTAINABLE TRANSPORTATION SECTOR WITH INTERNATIONAL INITIATIVES:

All the above are in line with the country's development efforts to create an appropriate climate in the transportation sector, which began in 2014, given that the political leadership, since 2014, has paid great attention to the transportation sector as it is one of the most important services and vital sectors in Egypt; closely and directly related to all other economic and social sectors.

The transportation networks are considered the core of comprehensive development programs. Noting that the launch of efficient and safe environmentally-friendly transportation networks reduces transportation costs and thus food prices, leading to more sustainable supply chains. This is in addition to providing sustainable means of transportation that promote economic integration and improve levels of social justice.

This is positively reflected on supporting the resilience of cities and linking urban and rural areas and on the productivity of rural areas, which in turn provides more job opportunities and supports the Egyptian government's efforts in achieving comprehensive and equitable development and achieving balance between social, economic and environmental requirements, ensuring that no one is left behind.

In this context, a comprehensive development and modernization plan for all transportation sectors was launched, and to implement this vision, a flexible and advanced policy is being followed. The policy includes the expansion of means of transportation to link Egypt with its regional and international surroundings through the development of seaports as well as land, rail and river links with neighboring Arab and African countries, and the use of the expertise of development partners to implement projects in line with national priorities.

In terms of **railway development**, Egypt has developed a plan to improve this facility over a period of 10 years, starting from 2014 until 30 June 2024. The Government has allocated approximately EGP224 billion to implement this plan out of a total amount of EGP1.5 trillion that has been allocated to develop and raise the efficiency of all transportation sectors in Egypt. This budget was directed to the establishment of new lines, and duplication of old lines by about EGP73 billion, in addition to importing new tractors and wagons worth EGP48 billion, with the development of train stations and level crossings on all lines worth EGP23 billion, and the modernization of electrical signaling systems with EGP46 billion. The development plan is based on two pillars: the **first** is the construction of new lines and means of transportation, and the **second** is the development of existing railways, estimated at 10,000 kilometres, and human development.

As for **electric traction projects**, Egypt has achieved a qualitative leap in green transportation and clean energy projects in order to face climate change with a combination of mitigation and adaptation measures aiming to reduce greenhouse gas emissions and the negative effects of climate change. Also, a strategy has been developed to shift to green environmentally friendly mass transportation systems by expanding the implementation of mass transportation projects with advanced, urban and environmentally friendly electric traction, instead of mass transportation that depends on the use of diesel. Among the most important of these projects are the Light Rail Transit (LRT project), which serves the areas of Al-Salam, Tenth of Ramadan and the New Administrative Capital with a length of about 103 km, the Monorail, the metro network in its various lines, the Alexandria Metro Rehabilitation project of Abu Qir and Egypt Station, and the project to develop and rehabilitate the Raml Tram in Alexandria with a length of 14 km.

The development plan is also to **replace and renew the public transport** in cooperation with the companies specialized in the production of environmentally friendly mass transport buses powered by electricity or natural gas. Preliminary studies estimated that as a result of the implementation of these projects, the total reduction of carbon emissions is about 4 million tons per year.

With regard to the **maritime transport and ports pillar**, the development is ongoing according to the latest international systems, to render Egypt a global hub for trade and logistics, and maximize the benefit of Egypt's strategic location on the Mediterranean and Red Sea. The projects targeted the development of the Egyptian ports are carried out by national Egyptian companies and Egyptian and international consultants. The total cost of developing Egyptian seaports during the period from 2014-2024 is EGP 129 billion. The transportation sector development plan has contributed significantly to achieving a huge leap in Egypt's ranking in the road quality global indicators.

It is worth noting that Egypt has been awarded a number of international awards in the transportation field, and major international institutions commended the achievements in this vital sector. For instance, the Adly Mansour Central Interchange Station project won the award of the best global transportation project in 2022, according to the evaluation of the ENR world magazine- a magazine that awards the best and most influential projects according to their positive contribution to society and the environment.

This is closely related to a number of important global initiatives and strategies that have been recently adopted and launched by development partners, in addition to a number of cooperation strategies that have been approved between the Arab Republic of Egypt and a number of financing institutions, as follows:

1) The EU Neighborhood, Development and International Cooperation Instrument (NDICI) is the EU's: A new financing instrument for non-EU countries, which aims to support development countries to overcome long-term challenges and achieve the international commitments and targets agreed by the EU and its affiliated institutions, in particular the 2030 SDGs and the Paris Climate Agreement.

2) The European Fund for Sustainable Development+ (EFSD+) The new mechanism adopted by the EU for the years 2021-2027: This is based on providing guarantees, financial grants and technical support from the EU, combined with soft loans from banks—blending mechanism. It aims to provide financing for projects implemented in various sectors of priority for both sides, in the form of an integrated financial package that provides the ability to finance in the form of grants, budget guarantees and financial instruments, within which a window has been dedicated specifically to the EIB. A guarantee agreement was concluded on 27-29 April 2022, under which the EU granted a comprehensive guarantee for the Bank's eligible financing operations in the agreed upon countries, including Egypt.

3) The EIB's climate strategy 2025 and its transformation into the EU Climate Bank: Launched in 2021, the strategy seeks to direct EIB's financing to projects that have significant impacts on climate change to reduce global warming.

4) The new country strategy between the Arab Republic of Egypt and the AFD 2025: launched by the Ministry of International Cooperation and the AFD in 2022, "Towards shared prosperity", aims to achieve three priority pillars: 1) Enhancing the integration of the Egyptian financial, trade and production systems at the regional level, 2) Supporting the development of social infrastructure, and 3) Promoting equitable and sustainable local development. The three pillars of the strategy include key sub-pillars: 1) Promoting shared prosperity, 2) Aligning development goals with climate goals, and 3) Job creation, innovation and entrepreneurship.

5) Agreement on the achievement of priority projects in the Arab Republic of Egypt 2025 between the Government of the Arab Republic of Egypt and the Government of the French Republic: Signed in June 2021 during the visit of the French Minister of Economy and Finance Bruno Le Maire, and AFD's CEO Remy Rio, together with their accompanying delegation. The agreement is worth €1.76 billion, including €776 million from the French Treasury and €990 million from the AFD. Development finance is secured for these development projects for the transport, agriculture, water and sanitation, electricity and energy sectors.

6) The Country Cooperation Strategy with the EBRD 2022-2027: Adopted during 2022, taking into account its conformity with the Egyptian Government's strategy, is based on three pillars: 1)

Supporting Egypt's efforts to achieve inclusive and sustainable economic growth, 2) Accelerating the green economic transition, and 3) Enhancing competitiveness, increasing growth rates and enhancing the role of the private sector.

7) The Joint Declaration between the Government of the Arab Republic of Egypt and the Government of the Kingdom of Spain: Signed in December 2021 on financial cooperation in the fields of water treatment and distribution, sanitation, transportation (including railways), renewable energy and agro-industries.

8) The AIIB Climate Action Plan: Launched on September 25, 2023, it represents a milestone in the Bank's ongoing commitment in combating climate change, and outlines its ambition to mobilize capital, as well as the principles and areas of interest on which AIIB will focus its development financing during the period from 2024 to 2030, to support members' efforts to overcome the effects of climate change. The Climate Action Plan is based on four main principles; 1) Meeting the divergent needs of members for an equitable approach to climate finance, 2) Focusing on solutions that mitigate climate change, build resilience, and promote adaptation, biodiversity and nature conservation, 3) Working towards leveraging the Bank's strong financial position and strengthening financing partnerships to mobilize capital for climate projects, and 4) Encouraging innovation in mitigation and adaptation efforts. The AIIB has pledged to allocate at least 50% of its annual financing to climate finance by 2025. In 2022, the Bank achieved an average of 56%, and by the second quarter of 2023, the Bank had committed a total of \$11.75 billion in climate finance and financed 107 projects with climate components. In 2023, the AIIB issued guarantees for the Chinese Yuan-denominated panda bonds, the proceeds of which will be used to finance green infrastructure projects in Egypt.

9) The Belt and Road Initiative (BRI): Launched by China in 2013 with the aim of implementing infrastructure projects that enhance connectivity and communication between the initiative's more than 150 countries. Egypt is a vital part of the initiative, especially with regard to the sea route, and its connection to various means of transportation (rail, land, sea and air), in light of the strategic location of the Suez Canal. As mentioned above, the AIIB plays an important role in the implementation of infrastructure projects, especially within the framework of that initiative. It should be noted that the President of China announced eight pillars to enhance the role of the initiative at the regional and international levels during the events of the third summit of the Belt and Road Forum, held in Beijing from October 17 to 18, 2023, and among the most important of these pillars was strengthening efforts towards establishing a network of infrastructure projects for (land, sea, air) connectivity and promoting green development, which are closely related to the objectives of the NWFE+ program.

THE SUSTAINABLE TRANSPORTATION PILLAR IN EGYPT'S COUNTRY PLATFORM

The Ministry of International Cooperation launched Egypt's Country Platform for the NWFE Program, the Nexus of Water, Food and Energy and NWFE+, the Nexus of Sustainable Transportation, in July 2022, in coordination with the Ministry of Environment and in collaboration with other competent Egyptian ministries as well as Egypt's development partners, including EIB, EBRD, AFD, and AIIB.

As a result, a letter was received from the EIB on July 22, 2022, expressing its interest in collaborating with Egypt on several projects under the NWFE and NWFE+ Programs, which include four projects in the transportation sector that were previously selected by the Ministry of Environment in the first matrix of Egypt's National Climate Change Strategy.

In August 2022, the EIB Headquarters in Luxembourg sent its first mission to review the project proposals submitted by the Ministry of International Cooperation under the NWFE and NWFE+ Programs. Based on the visit, the EIB expressed its wish to become the Lead Partner in the transportation sector projects under the NWFE+ Program. To that end, the EIB confirmed its readiness to sign a partnership agreement with all bilateral and multilateral development partners who had expressed their interest in collaborating with Egypt in the transportation sector. This approach is similar to the one taking place in NWFE in collaboration with the EBRD, AfDB, and IFAD respectively.

Just Financing Principle No. 1

"Recognize, respect, and take concrete action to support developing countries' right to development and industrialization through equitable pathways."

COP27 OUTCOMES

The aforementioned cooperation efforts resulted in achieving several important milestones at COP27 in Sharm El Sheikh, which are outlined as follows:

- A Partnership Agreement was signed between the Ministry of International Cooperation, the Ministry of Environment, the Ministry of Transportation, the EIB, EBRD, and AFD regarding the Sustainable Transportation pillar within the framework of the NWFE+ Program. The three financial institutions pledged financial contributions totaling €3.5 billion in concessional loans; €1.5 billion from EIB, €1.5 billion from EBRD, and €500 million from AFD.
- In addition, the EIB undertook coordination to secure technical support grants to conduct the necessary studies for the projects. It also sought to secure technical and investment grants from the EU. This was announced during a high-level event organized by Ministry of International Cooperation under the Prime Minister's patronage, which was attended by high-level representation of key partners in the NWFE+, EIB's Vice Presidents, AFD's CEO and EBRD's President.
- Coordination took place between the EIB and the AIIB to collaborate with the European partners in the field of sustainable transportation. The AIIB's primary goal in the transportation sector, which is one of the most important infrastructure sectors, is to develop integrated high-quality sustainable infrastructure systems that promote environment-friendly trade and economic growth that reduce greenhouse emissions. Therefore, in 2021, the AIIB announced that all the projects to be financed had to be in alignment with the Paris Agreement.
- The AIIB embarked on building sustainable partnerships with international financial institutions to move forward with the implementation of more projects that serve the climate agenda while aligning with the national priorities of member states. Its development portfolio in Egypt is worth approximately \$1.3 billion, with sovereign development loans amounting to approximately \$924 million, used to fund projects in the areas of sanitation, electricity, and transportation. The AIIB has also contributed to financing the "Abu Qir Metro" project with a concessional development loan of €250 million.

Just Financing Principle No. 6 “Ensure the right to quality and quantity climate finance.”

Through the NWFE+ Program, multilateral and bilateral development partners provide the necessary financial and technical support to prepare studies for green transportation projects that are in line align with national strategies for climate action and sustainable development.

EXECUTIVE STATUS OF THE SUSTAINABLE TRANSPORTATION PILLAR

The Ministry of International Cooperation and the EIB have taken executive steps towards implementing the outcomes of COP27. A workshop was held on February 6, 2023, between the Ministry of International Cooperation, the Ministry of Transportation, the National Authority for Tunnels (NAT), and the Egyptian National Railways (ENR) to discuss the necessary preparations, needs, and priorities relating to the list of green transportation projects contemplated in the Partnership Agreement.

Furthermore, the first high-level coordination meeting was held in Cairo in May 2023 between EIB's Vice President and the Minister of Transportation in order to discuss the priority projects that could be financed within the framework of the Sustainable Transportation pillar. Subsequently, a technical coordination meeting was held in June 2023 between the Ministry of International Cooperation, EIB, and ENR to discuss three priority project proposals that could be implemented within the aforementioned pillar. A technical mission was sent over by the EIB Headquarters, joined by AFD officials in Cairo in October 2023, and held meetings with the Ministry of Transportation and NAT to discuss all the aspects regarding several projects.

In parallel, a letter was sent to EIB on August 9, 2023, requesting the provision of grants for technical support in order to finance economic, technical, environmental, and social feasibility studies for the following projects:

- Extension of the metro line one (1) to Shebein El-Qanater.
- The second phase of the Abu Qir train from Misr Station to Al-Agami in Alexandria.

Based on the above, and owing to these coordination efforts, an agreement was reached between the Ministry of Transportation, EIB, and the Ministry of International Cooperation to conduct studies for the aforementioned projects, which results will be presented to the concerned development partners after completing the pre-feasibility studies, with the exception of the Robeiki project. At the same time, studies will be completed for other projects of priority for the Ministry of Transportation funded under the framework of the Platform for the NWFE+ Program.

CATEGORY	BENEFICIARY	PROJECT
Mitigation	Ministry of Transportation - NAT	Extension of the Cairo Metro Line 1 to Shibin Al-Qanater
Mitigation	Ministry of Transportation - NAT	Extension of Abu Qir Railway Line Rehabilitation project in Alexandria and its transformation into an electric metro (Alexandria Metro)
Mitigation	Ministry of Transportation - ENR	Construction of the Railway Line (Al-Rubiki-10th of Ramadan-Belbeis)
Mitigation	Ministry of Transportation - ENR	Rehabilitation of Tanta-Mansoura-Damietta Railway Line

DEVELOPMENT PARTNERS CONTRIBUTING TO THE NWE+ PROGRAM



Funding Mechanisms for NWFE+ Projects

NWFE +

Technical assistance to qualify projects and prepare feasibility studies

Soft development financing

Grants platform to support projects

Maximize partnerships

PROJECT DESCRIPTIONS

1- Cairo Metro Line 1 Extension Project (1987):

- **Project Overview:** It extends from Al Marj to Helwan, catering for approximately 2.5 million passengers daily, covering a distance of approximately 19.5 km connecting Cairo (El Merg) and Qalyubia (Shebein El-Qanater) governorates.
- **Executing Agency:** NAT
- **Development Partner:** EIB and other partners to be identified at a later stage.
- **Project Value:** Approximately €1.5 billion (to be confirmed upon completion of pre-feasibility studies)
- **Project Status:** The Ministry of Transportation and NAT are currently preparing detailed pre-feasibility studies for the planned expansion, funded by the Spanish Ministry of Industry.

EIB has provided a €1 million grant for the necessary studies of economic, technical, environmental, and social aspects, based on the Ministry of International Cooperation's official request. The possibility of the EU's provision of a technical and financial grant is being considered during the final stage of the project preparation and a meeting with the Spanish implementing side is scheduled to discuss the next steps.

2- Second Phase of Abu Qir Metro Project:

- **Project Background:** This project is a continuation of the first phase, covering a distance of 22 km with 20 stations, connecting downtown Alexandria to the northeastern city of Abu Qir. It is funded with a total amount of €1.5 billion (€750 million as a soft loan from EIB, €250 million as a soft loan, €600 thousand as a grant from EBRD, €250 million as a soft loan from AFD, and €250 million from AIIB). The Orascom Construction Consortium, a subsidiary of Orascom Construction, and the French company Colas Rail have signed the EPC Contract, and the Project is in progress.
- **Project Overview:** The project involves the implementation of two metro extensions, one from the west of Abu Qir for a distance of 42 km, connecting to the future high-speed electric rail project - the Green Line project in Borg El Arab), and the second from east of Abu Qir for the distance of 4 km from Misr Station to Abu Qir Station.
- **Executing Agency:** NAT
- **Development Partner:** EIB and other partners to be identified at a later stage.
- **Project Value:** €3 billion for the western extension, and €250 million for the eastern extension (to be confirmed upon completion of pre-feasibility studies)
- **Project Status:** The Ministry of Transportation and the NAT are currently preparing detailed pre-feasibility studies for the mentioned extensions in collaboration with SYSTRA Group. EIB is coordinating to provide technical support grants for economic, technical, environmental, and social feasibility studies. The possibility of providing a technical and financial grant from the EU is also under consideration during the final stage of project preparation and execution.

3- Construction of Railway Line (Rubeiki-Tenth of Ramadan-Belbeis):

- **Project Overview:** The project aims to establish a 60 km railway line from Rubeiki to Tenth of Ramadan/Belbeis, connecting the dry port to Tenth of Ramadan with the railway network, funded by AFD and EBRD.
- **Executing Agency:** ENR
- **Development Partner:** AFD and EBRD
- **Project Value:** This project is financed through two development financing agreements with a total value of €105 million, divided as follows: €35 million loan from EBRD and €70 million loan from AFD.
- **Project Status:** Upon approaching EBRD for project financing, its BOD issued a preliminary approval to provide development financing worth €35 million to participate in the financing of the first part of this project, namely “establishing a single line from Rubeiki to the dry port borders in Tenth of Ramadan across 28.5 km.” The Egyptian President’s approval is underway in order to proceed with the financing procedures. Negotiations with development partners will commence upon obtaining all necessary approvals in this regard. On the other hand, upon obtaining the approval of the AFD’s Public Debt Management and External Borrowing Committee, coordination will take place with AFD to receive the financing. The AFD’s Board of Directors is expected to convene in December 2023 to discuss the project and its financing status.

4- Tanta-Al Mansoura-Damietta Railway Line Rehabilitation Project

- **Project Overview:** The project aims to upgrade Tanta- El Mansoura-Damietta railway line in Egypt, covering a distance of 119 kilometers. The project includes upgrading the double-track: Tanta-Al Mansoura (54 km) and the single-track Mansoura-Damietta (65 km). It also involves updating the signaling system for the entire railway line. Additionally, the project includes the purchase of railway maintenance machines for use in the Egyptian railway network, including the Tanta-Al Mansoura-Damietta line.
- **Executing Agency:** ENR
- **Development Partner:** EIB and AFD
- **Project Value:** A €221 million concessional development finance from EIB, as well as a €1.5 million technical support grant, a €95 million concessional loan from AFD, as well as a €2 million grant.
- **Project Status:** All project agreements were signed by the end of December 2022, and the implementation phase has commenced.

Note: The Ministry of International Cooperation, in coordination with the Ministry of Transportation, included the project of the Rubeiki railway within the Sustainable Transportation Pillar in the NWFE+ Program. The Ministry of Transportation's approval was obtained and the EIB was notified, being the main development partner.

THE TIMELINE FOR COMPLETING ALL THE PROJECTS IS 2030.

Just Financing Principle No. 2

“Align global climate mitigation and adaptation targets with national development objectives.”

Through NWFE+ projects, efforts are mobilized to mitigate the impacts of climate change, taking into account socio-economic aspects. These projects provide employment opportunities and an advanced means of transportation for citizens.

Just Financing Principle No. 5

“Mainstream the concept of Just Financing across all financial stakeholders at national and international levels.”

Financing NWFE+ projects through concessional development funding and grants avoids imposing financial burdens in the short and medium term.

Regarding the project implementation steps, the Ministry of International Cooperation holds regular meetings with the Ministry of Transportation, its affiliated entities, and Egypt’s development partners to monitor the latest developments relating to the Platform for the NWFE+ Projects. During these meetings, it was agreed on the importance of including a clear component for pre and post-project implementation M&E, which reflects the governance pillar, one of the just financing principles.

As part of the Ministry’s keenness that climate financing not to be considered as a substitute for development financing, but rather as additional financing, the Ministry has sought, during its negotiations with all development partners involved in supporting the NWFE+ Program, to encourage additional concessional financing for projects within the framework of the NWFE+, besides the relevant development partners’ usual commitments. This is evident in the following:

- In light of the cooperation between Egypt and the EIB within the 2021-2027 Strategic Cooperation Framework, and the agreed-upon general cooperation priorities between both sides, coordination and negotiations are ongoing regarding some projects in the environment, food supplies, and health sectors. These projects do not conflict with or deduct from the total pledges amounting to €1.5 billion made by EIB in the pillar of Sustainable Transportation under the NWFE+ Program.
- Within the context of close cooperation and relations with EBRD, and the Country Cooperation Strategy (CCS) with EBRD, which includes key pillars such as accelerating the green economic transformation, enhancing competitiveness, increasing growth rates, and promoting the role of the private sector. The commitments approved by the EBRD to the transport pillar under NWFE+ amount to €1.5 billion outside the annual portfolio (with an average of €1 billion) provided by the bank to Egypt annually.

Just Financing Principle No. 11

“Require robust transparency and accountability mechanisms.”

Monitoring and evaluation is crucial for following the principles of transparency and accountability.

Just Financing Principle No. 8

Promote “Additionality”.

This means not considering climate financing as a substitute for developmental financing, but rather as an addition to available finance. In line with agreements with EIB and EBRD, additional amounts of €1.5 billion will be allocated, not as part of EBRD’s regular commitments. This ensures “additionality” in that green financing does not replace sustainable development financing.

FUTURE PLANS FOR THE SUSTAINABLE TRANSPORT PILLAR

The Ministry of International Cooperation will continue its coordinating role with the Ministry of Transport and its affiliated bodies, as well as the relevant development partners concerned with this pillar, so as to stay informed about the latest developments of the three projects within the Platform for the NWFE+ Program, and to monitor the implementation steps of the fourth project. It also aims to address any obstacles that may arise, explore ways to provide more grants for technical and environment-related feasibility studies preceding project implementation, and secure investment grants during the projects’ execution periods.

This reflects the Ministry’s commitment to ensure accurate evaluation on technical, environmental, and social levels, as well as to assess the developmental impact of the projects, and accurately determine the funding gap for each project, which would, in turn, have a positive impact in terms of identifying priorities as well as requirements from financial institutions.

Due to the rapidly emerging priorities in this vital sector, the Ministry of International Cooperation, in coordination with the Ministry of Transportation, will ensure the inclusion of other projects which are currently in the preparation stage, such as the third and fourth phases of the “First Electric Train” extending from the Tenth of Ramadan through Belbeis to the New Administrative Capital.

Through strengthening permanent connections and innovative partnerships, the Ministry will strive towards enhancing private sector participation, given its vital role in providing employment opportunities, promoting digitization, and achieving sustainability in order to face the most pressing challenges.



Global Alliances for Climate Action

GLOBAL ALLIANCES TO SUPPORT EGYPT'S COUNTRY PLATFORM FOR NWFE **نُوقِي**

FIRST: CLIMATE INVESTMENT FUND (CIF):

Established in 2008, the CIF strives to accelerate climate action in over 70 developing countries. To elaborate, the CIF provides highly concessional grants and financing to enable transitions to clean energy, resilience, nature-based solutions, and other aspects. Two projects were implemented with the CIF in 2009, and after 13 years, collaboration continued through the Nature, People and Climate (NPC) Investment Program.



THE CIF'S COMPARATIVE ADVANTAGES:

The CIF enables broad and long-term climate financing, works to reduce climate financing risks and costs, contributes to identifying new business models, and enhances investor confidence to provide additional funding. The CIF also creates new programs for member states serving various climate areas.

NATURE, PEOPLE AND CLIMATE (NPC) INVESTMENT PROGRAM:

- The CIF launched the NPC in March 2022, announcing a competition in June 2022 for member states to apply.
- Egypt submitted an Expression of Interest seeking funding for projects relating to Nationally Determined Contributions (NDCs) and the NWFE Program.
- The Egyptian profile was prepared after holding national consultations in collaboration with development partners such as the EBRD (main partner), AfDB, World Bank, and IFC.

Just Financing Principle No. 5

“Mainstream the concept of Just Financing across all financial stakeholders at national and international levels.”

Through the NWFE platform, finance is mobilized from international development partners, private sector, and climate funds such as the CIF which contribute to the platform via concessional finance and grants.



- In November 2022, the ad hoc expert committee responsible for assessing the files of beneficiary countries, from among the list of those eligible to benefit from NPC, approved Egypt's file giving it a high score, as it secured the first position in North Africa and Europe and was among the top 10 out of the 48 competing countries. The announcement of Egypt's first-place was during COP27.
- The CIF provided a technical assistance grant worth \$500,000 to conduct the necessary studies for preparing the Egyptian file. Additionally, \$40 million will be provided through concessional loans, and a \$4 million grant will be allocated to vulnerable communities.

Just Financing Principle No. 7

“Address access, affordability, and resource allocation bias.”

Obtaining climate financing can be challenging, as the approval processes requires a high level of technical and administrative capabilities, which remains an area for improvement in developing countries.

Egypt's NWFE program enhanced the country's capacity to access an additional \$40 million of concessional finance from the CIF. This finance will mobilize additional investments from development partners and the private sector. Additionally, a \$4 million grant was secured for vulnerable communities. It is important to ensure a just allocation of climate finance to countries and communities most in need.

FUTURE TARGETS:

- There are ongoing discussions with the World Bank (main development partner), IFC, EBRD, and AfDB to start preparing the investment plan.
- A scoping mission was dispatched on the 2nd – 4th of October, 2023, to develop the investment plan. Specialized workshops were conducted with relevant ministries, the private sector, private investment banks, and development partners to lay a clear vision for the investment plan under the CIF.
- The mission concluded with the identification of three main focus areas for the implementation of projects under the NWFE Program: 1) Climate-smart agriculture, including water management; 2) Agribusiness and finance; 3) Coastal management.
- It was agreed to continue negotiations with two missions in December 2023 and February 2024 to finalize project details and future steps before preparing the investment and executive plan by June 2024, in coordination with all relevant parties and according to national priorities and needs.
- Discussions are underway with the World Bank and CIF regarding hosting several events during COP28 under World Bank's pavilion, in addition to the planned event under Egypt's pavilion for the NWFE program platform.

SECOND: GLASGOW FINANCIAL ALLIANCE FOR NET ZERO (GFANZ):

The GFANZ is the world's largest alliance of financial institutions committed to transitioning the global economy to net-zero emissions. The GFANZ was launched in April 2021 by the UN Special Envoy for Climate Action and Finance, Mark Carney, in partnership with the Presidency of COP26, and in collaboration with the UNFCCC's Race to Zero Campaign with the purpose of coordinating efforts across all sectors within the financial system in order to accelerate the transition to a net-zero economy.

The GFANZ comprises eight independent financial alliances with net-zero commitments, whose members are dedicated to supporting the transition to net zero by 2050 and to assisting in achieving the Paris Accords goals. The Alliance includes banks, insurance companies, asset owners, asset managers, financial service providers, and investment advisors. Members operate in a variety of economies and financial systems, covering advanced, emerging, and developing economies worldwide.



KEY OBJECTIVES AND TASKS INCLUDE:

GFANZ was established to achieve two critically important goals for climate action and financing:

- Expanding the number of financial institutions with net-zero commitments and establishing a forum to address challenges relating to the transition to net zero.
- Facilitating collaboration among independent alliances, particularly in specific sectors, to address challenges in transitioning to net zero and connecting the financial community with the Race to Zero Campaign, climate scientists and experts, and the civil society.

GFANZ'S SUPPORT OF EGYPT'S COUNTRY PLATFORM FOR THE NWFE PROGRAM:

- The GFANZ has supported the Egyptian government's efforts in implementing the Energy Pillar within the NWFE program. Technical meetings were held with the Ministry of International Cooperation to explore means of cooperation where the working group would play a pivotal role by identifying obstacles impeding the necessary private investments, and implementing necessary reforms to overcome such obstacles, in addition to identifying the necessary means to mobilize private financing on a large scale.
- The GFANZ formed a working group consisting of its members from among investment and finance banks to enhance private sector investments in specific renewable energy projects (10 GW) within the framework of the Energy Pillar in the NWFE program.
- The global investment group CITI, HSBC Bank, and GFANZ signed a joint statement to support the NWFE program, expressing their willingness to participate in the efforts to implement its various projects.
- The Standard Chartered Bank, a financial institution affiliated with the GFANZ, signed the financial closure agreement for the construction of Amoun Station in Ras Ghareb in the Red Sea Governorate in order to generate 500 MW from wind energy. The project is financed by IFC, JBIC, Sumitomo Mitsui Banking Corporation (SMBC) and Sumitomo Mitsui Trust Bank. Commercial operations are expected to commence in May 2025.

Just Financing Principle No. 3

“Support and fund the creation of enabling environments, and strengthening of technical capacities that are aligned with climate goals.”

The NWFE Program unlocked new avenues of cooperation with GFANZ and enhancing opportunities to benefit from its recognized expertise in creating an enabling environment to attract the private sector to invest in NWFE projects.

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.

Scan the QR code for more information



“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.” Mark Carney, Co-Chair, GFANZ and UN Special Envoy on Climate Action and Finance.



“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.” Noel Quinn, Group Chief Executive, HSBC.



“We are honored to have advised Egypt throughout the NWFE process as part of our commitment to the country and the COP27 process. The 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.” Jay Collins, Vice Chairman, Banking, Capital Markets and Advisory, Citi.



UNITED NATIONS

THIRD: THE UNITED NATIONS

Egypt is committed to climate action and deems it essential for achieving the SDGs. This commitment is reflected in Egypt’s Vision 2030, the National Strategy for Climate Change 2050, its updated Nationally Determined Contributions (NDCs) in 2023 of the Paris Agreement, and other sectoral strategies. The United Nations Strategic Cooperation Framework for Sustainable Development (UNSDCF) serves as the cornerstone for developmental cooperation between the UN and member states.

The Government of Egypt and the UNRC launched the “United Nations Sustainable Development Cooperation Framework: Arab Republic of Egypt (2023-2027)” (UNSDCF) in May 2023. The UNSDCF aims to support the achievement of national development objectives through five key outcomes that target economic, social, and environmental development, and to supplement governmental efforts in fulfilling national, regional, and international commitments.

The third strategic outcome within the UNSDCF targets resilience to climate change and the efficient management of natural resources for all people in a sustainable environment by 2027. This outcome aligns with the Egyptian Government’s priority to “protect natural resources for security and sustainability,” with emphasis on water security, food security, energy security, and environmental sustainability (as emphasized in the Government’s Action Plan 2023-2027 and the National Strategy for Climate Change 2050). The UNSDCF also advocates climate action through adaptation, mitigation, building communal resilience in the face of climate-related losses and damages, and a strong emphasis on a just and inclusive transition.

Moreover, the UNSDCF’s third strategic outcome lays the foundation for the UN-System’s comprehensive support of Egypt’s Country Platform for the NWFE Program; launched in July 2022, jointly with the United Nations and the Development Partners Group.

THE UN'S COMPARATIVE ADVANTAGE:

The UN is considered the largest multilateral development system that provides diverse expertise in various fields, and enhances member states' access to knowledge, technical assistance, successful international experiences, studies, and analysis to maximize developmental impact and achieve the principles and goals of the UN Charter and the SDGs. This effort aims to create a better economic, social, and sustainable future for all countries across the globe, and therefore allows other development partners to contribute more effectively to the international development scheme.



"I commend Egypt's launch of the Nexus for Water, Food and Energy Platform, the NWFE program, as the platform works to improve people's lives for the better, in addition to mobilizing funding from the international community to support the platform's projects, NWFE also helps achieve the SDGs as well as accelerating the implementation of adaptation and climate resilience projects within the Climate Strategy 2050." -Deputy Secretary-General of the United Nations and Chairperson of the United Nations Sustainable Development Group Ms. Amina J. Mohammed

THE UN AND EGYPT'S COUNTRY PLATFORM FOR THE NWFE PROGRAM:

- In July 2022, in partnership with Egypt's development partners and the Egyptian government, the UN participated in launching Egypt's NWFE Program, as part of its commitment to support Egypt's flagship national development initiatives, expressing its interest in collaborating across related fields and the Nexus' pillars in upcoming stages.
- As part of the joint efforts between the Egyptian government and the UN to promote Egypt's Country Platform both regionally and internationally, the UN's Deputy Secretary-General took part in the second edition of the Egypt- International Cooperation Forum (Egypt-ICF) in September 2022, that has been jointly held with UN Economic Commission for Africa (UNECA).
- The UN actively contributed to drafting and endorsing the joint statement issued by the Egyptian government, development partners, and stakeholders in the NWFE program during the second edition of Egypt-ICF in July 2022.
- During COP27, the UN participated in the official event held for Egypt's NWFE Program. IFAD was a major contributor in the Nexus's Food and Water Pillars, and the UNDP contributed through a joint project with the AFD.
- The Egyptian government, in partnership with the UN, worked on the technical qualification phases of projects in Food and Water Pillars of NWFE Program. IFAD played a major coordinating role as the lead development partner for the NWFE - Food Pillar. It is currently designing the CROWN Project.
- The FAO has designed a cross-cutting matrix aiming at including the agency's ongoing projects within the joint cooperation portfolio with Egypt, identifying points of intersection and synergies with projects of Egypt's NWFE Program in order to ensure integration and complementarity in the implementation process and maximize the use of available developmental resources by various development partners.
- The UN took a further step in coordinating the comprehensive support across UN agencies and programmes operating in Egypt in order to be aligned in supporting the Government of Egypt under the NWFE Program, especially to support the equitable green transition, leaving no one behind, and considering the impact of the proposed interventions on environmental sustainability. As described by the ILO, an equitable transition "involves maximizing socio-economic opportunities for climate and environmental action, including creating an enabling environment for sustainable institutions, while reducing and carefully managing challenges."
- The Egyptian President received an invitation from the UN Secretary-General to attend the UN Climate Ambition Summit held on September 20, 2023, at the UN headquarters in New York. Egypt participated in the Climate Ambition Summit and presented the progress achieved on the NWFE Program.

The UN has outlined key pillars for targeted support, in addition to identifying agencies and programs that will participate in comprehensive support of the UN. The UN's collaboration can be outlined as follows:

- The UN system's primary contribution to NWFE will be in the food and agriculture pillar. This will be driven by IFAD, the development partner pillar lead. The UN system also has significant capacity across agencies related to adaptation, early warning systems, and strengthening rural livelihoods. FAO, WFP, and UNDP are mapping and aligning their relevant activities to NWFE.
- Some UN agencies have meanwhile been supporting renewable energy and the transport sector, including UNDP, UNIDO, and UN-Habitat. In addition to supporting individual NWFE pillars, the UN activities can also be cross-cutting, targeting climate and resilience-building goals relevant to multiple sectors. All UN activities will also be coordinated to ensure efficient engagement with the Government of Egypt, complementarity with other development partners, and alignment with needs identified by the Government.

THE UN'S CONTRIBUTION IN LINE WITH THE NWFE PROGRAM INCLUDES:

- A majority of the UN's NWFE-aligned activities are technical support for a just and equitable green transition.
- The UN system supports the green transition through the application of upstream policy tools and methodologies.
- Jointly, the Government of Egypt, represented by MoIC, and the United Nations, represented by the UN Resident Coordinator, are designing the institutional arrangement between both parties under the NWFE Program.

Just Financing Principles 3 & 5

“Support and fund the creation of enabling environments, and strengthening of technical capacities that are aligned with climate goals.”

“Mainstream the concept of Just Financing across all financial stakeholders at national and international levels.”

Through NWFE, development partners provide consultations to improve policy structures and provide institutional support to create and enhance an enabling environment for climate investments.

The Country Platform expertise from development partners in climate financing and in projects, such as various UN agencies, to provide the necessary technical support to prepare and ensure the readiness of the NWFE projects for implementation, and to unlock the allocation of climate financing in projects that are economically, socially, and environmentally viable.

UN AGENCIES CONTRIBUTING TO THE UN'S INCLUSIVE SUPPORT



FOURTH: INTERNATIONAL RENEWABLE ENERGY AGENCY - IRENA

The International Renewable Energy Agency (IRENA) is a lead global intergovernmental agency for energy transformation that serves as the principal platform for international cooperation, supports countries in their energy transitions, and provides state of the art data and analyses on technology, innovation, policy, finance and investment. The IRENA drives the widespread adoption and sustainable use of all forms of renewable energy, including bioenergy, geothermal, hydropower, ocean, solar and wind energy in the pursuit of sustainable development, energy access, and energy security, for economic and social resilience and prosperity and a climate-proof future.



IRENA'S COMPARATIVE ADVANTAGE AND COOPERATION WITH THE GOVERNMENT OF EGYPT UNDER THE FRAMEWORK OF EGYPT'S COUNTRY PLATFORM FOR THE NWE PROGRAM:

- IRENA encourages governments to adopt enabling policies for investments in renewable energy, provides practical tools and policy advice to accelerate the deployment of renewable energy, and facilitates the exchange of knowledge and technology transfer to provide clean and sustainable energy for global development.
- IRENA coordinates the Climate Investment Platform (CIP) and the Energy Transition Accelerator Financing (ETAF) Platform, which aim to facilitate the development and finance of bankable renewable energy ("RE") projects and increase capital mobilization for RE investments in developing countries.

COLLABORATION WITH IRENA TO SUPPORT THE NWFE PROJECTS:

- Within the framework of continuous communication and coordination with bilateral and multilateral development partners to enhance Egypt's opportunities for technical support, concessional financing, and private sector investments, the Egyptian government held consultations with IRENA to support several NWFE projects. This collaboration includes investment platforms in the climate field and other advisory services provided by IRENA in the field of new and renewable energy.
- Within this context, and as a continuation of joint efforts between both parties' technical working groups, and relevant consultations, IRENA conducted a pre-appraisal mission from September 4-8, 2022 in Egypt. The mission aimed to precisely understand the nature of climate projects targeted by NWFE and held several meetings, coordinated by the Ministry of International Cooperation with national stakeholders such as the Ministry of Electricity and Renewable Energy, the Ministry of Housing, Utilities, and Urban Communities, and the Egyptian Sovereign Fund. These efforts aim to facilitate IRENA's tasks and provide the Egyptian government with relevant consultation services.
- The IRENA developed a proposal of the main streams of collaboration with the Egyptian Government under NWFE Program and initial projects of interest to be carried out, including:
 - Offering its services on the request of the Egyptian government to be its institutional advisor for facilitating the mobilization of renewable energy investments, with a particular focus on private sector investments. Specifically, under the framework of IRENA Climate Investment Platform (CIP), IRENA will avail its services and expertise to the Government of Egypt to attract grant contributions, equity investments and loans to finance NWFE.
- IRENA developed a model that shall be followed in the joint work under the NWFE Program.
- Joint cooperation between Egypt, through the Ministry of International Cooperation and IRENA, has resulted in the signing of a joint memorandum of understanding which aims to enhance the bankability and investability of the NWFE Program projects through IRENA's following investment platforms.

CLIMATE INVESTMENT PLATFORM (CIP):

The CIP is a joint initiative of IRENA, UNDP, and the Sustainable Energy for All (SEforALL), in collaboration with the Green Climate Fund (GCF). The CIP's mandate is to increase capital mobilization and RE impact investing in developing countries. The CIP is a demand-driven platform that facilitates the development and scale-up of renewable energy technologies through tailored technical assistance to member countries. Project proponents, registered in the platform, are considered for technical assistance and project facilitation support to reach commercial feasibility readiness for financing matchmaking with registered financial institutions.

THE ENERGY TRANSITION ACCELERATOR FINANCING PLATFORM (ETAf):

The Energy Transition Accelerator Financing (ETAf) Platform is an inclusive, multi-stakeholder climate finance platform managed by IRENA to advance the global energy transition in developing economies.

The ETAf facilitates capital mobilization to finance feasible renewable energy projects to achieve an adaptable and resilient energy transition and to bolster economic and social impact in developing countries. The platform already received pledges from four institutions, amounting to \$900 million to scale approximately 1.5 GW of renewable energy projects by 2030.

Moreover, the ETAf supports the implementation of ambitious National Determined Contributions (NDCs) to meet the Paris Agreement targets (addressing mitigation, adaptation and climate resilience). The ETAf contributes to the realization of SDGs while serving strategic national objectives such as energy access and security, economic diversification and sustainable impact.

Just Financing Principle No. 7

“Address access, affordability, and resource allocation bias.”

The platform provided by the IRENA is an important mechanism to enhance access to climate finance, providing an opportunity to discuss the possibility of financing NWFE projects.

NEXT STEPS

- Upon completing the technical and investment qualification process for projects under the NWFE Program, and after passing the quality check of IRENA's investment platforms, IRENA will prepare comprehensive Project Information Documents (PID), which will include all relevant project indicators that potential investors may take into consideration.
- IRENA has identified three projects that fundamentally promote the transition to renewable energy within the three pillars of the NWFE Program:
 - Energy Pillar: Replacement of Existing Inefficient Thermal Power Plants with Renewable Energy.
 - Food Pillar: Water Desalination using Renewable Energy.
 - Water Pillar: Scaling-up Solar Pumps for Irrigation.
- IRENA will follow the project development and propose the required steps to improve their attractiveness. With regards to the public projects developed and financed by the government of Egypt, IRENA will identify potential co-investors and introduce them directly to the line ministries once the projects reach adequate maturity.
- With regards to the projects developed under a public-private-partnership, IRENA will liaise and provide technical assistance to private developers only if explicitly requested by private investors, but only after the conclusion of the tender process, in some cases supported by the Sovereign Fund of Egypt.

ANNEX 1: COMPARATIVE ADVANTAGE OF EACH DEVELOPMENT PARTNER:

The following matrix illustrates the comparative advantages of each development partner that has been selected for the NWFE Program, which relies upon the development partner's previous experiences and joint success stories in cooperation with the Egyptian Government across various sectors and development streams .

DEVELOPMENT PARTNER	RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)
THE ENERGY PILLAR	
EU	<p>The EU is Egypt's strategic development partner, having contributed to the implementation of priority projects via multiple European mechanisms in the form of grants that are allocated for projects in various crucial sectors, such as energy & renewable energy, through grants, blended financing, the European Fund for Sustainable Development (EFSD+), and the Technical Assistance and Institutional Support Mechanism (TAIEX).</p> <p>The "Energy Sector Policy Support" Program, funded by the EU, as part of its budget support programs, worth €60 million, is among the notable programs led by the EU to support the energy sector in Egypt. The EU has also provided technical support for the preparation of the National Energy Strategy 2035. In 2022, the Ministry of Petroleum and Energy requested updating the Energy Strategy, whereupon the EU agreed to provide technical support worth €700,000 for this purpose, with the update currently in progress.</p> <p>The EU has shown its interest in the energy sector through various global initiatives, including the Global Gateway Initiative, which aims to encourage public and private investments in a global network of transportation and supply chains in different fields, such as green energy, climate, and other fields. This Initiative aligns with the Team Europe Initiative, which is a framework for a European green initiative that aims to create partnerships with the EU to achieve integration with the European Green Deal, which would, in turn, contribute to the joint commitment towards a sustainable transformation and promote climate-neutral and environmentally sustainable investments, among other European initiatives towards the green transition.</p>
The USA	<p>Bilateral relations between Egypt and the USA are characterized by strategic significance and depth. Since 2014, the economic cooperation portfolio has reached approximately \$1 billion, significantly contributing to major economic achievements in Egypt across various sectors such as agriculture, water, support for SMEs, the private sector, basic education, higher education, health, and tourism.</p> <p>In line with all development partners' interest in the NWFE Program, the US has expressed its commitment to expanding its work in Egypt in the field of renewable energy, in alignment with Egypt's priorities, and in collaboration with other development partners. This complements the USAID's global work in the field of renewable energy, especially in Africa through the Power Africa Initiative.</p> <p>Worth mentioning is that the grant from the US Department of State, worth \$25 million, is an additional grant to the ongoing bilateral cooperation portfolio.</p>

DEVELOPMENT PARTNER	RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)
EBRD	<p>The EBRD is a key development partner that provides financing for the private sector, with total investments exceeding €10 billion. EBRD has invested in 167 projects, where the private sector's share in the cooperation portfolio accounts for over 76% of EBRD's total investments in Egypt. The EBRD has also provided different types of funding for the electricity and energy sector, supporting both the private sector and the Egyptian government in transitioning to a green, low-carbon economy and strengthening the electricity grid.</p>
Germany	<p>Germany is considered a significant partner for Egypt in the field of international cooperation, noting that the close economic collaboration between both countries dates back to 1956. The German government has allocated multiple funds to support the implementation of development projects in full partnership with the Egyptian government. These projects span across various sectors including renewable energy, electricity, water resources, irrigation, solid waste management, the environment, technical education, labor market support, and urban development. Germany's assistance is in the form of development loans with favorable financial conditions, contributions, technical support grants, and debt swaps between both countries.</p> <p>Egyptian-German cooperation in the sectors of renewable energy and electricity is one of the most significant fields of cooperation, with a portfolio of around €479 million, encompassing ongoing and future projects.</p>
France	<p>The total economic cooperation portfolio between Egypt and France since 1974 amounts to €7.5 billion. This collaboration includes more than 42 cooperation protocols in various sectors such as transportation, electricity, civil aviation, housing & sanitation, health, agriculture, irrigation, SMEs, environment, antiquities, basic and technical education. The ongoing development cooperation portfolio is worth approximately €2 billion.</p> <p>In 2022, the Ministry of International Cooperation and the AFD launched the new Country Strategy for 2025 under the slogan "Shared Prosperity" with the objective of carrying out three main priority pillars: 1) Enhancing the integration of Egyptian financial, trade, and production systems on the regional level. 2) Supporting the development of the social infrastructure. 3) Promoting fair and sustainable local development. The Strategy's 3 main pillars include the following three sub-pillars: 1) Enhancing shared prosperity. 2) Aligning between development goals and climate goals. 3) Creating opportunities for employment, innovation and entrepreneurship.</p>

DEVELOPMENT PARTNER

RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)

EIB

The strategic partnership between Egypt and the EIB began in 1979. The EIB's office in Cairo, which was the first regional office outside the EU, was established in October 2003. This year (2023) marks the 20th anniversary of the Cairo office's opening and its selection as a regional hub.

This partnership has led to the implementation of various projects in multiple sectors to support socio-economic development and to create employment opportunities in Egypt. Over the years, the EIB provided nearly €13.6 billion in financing for both the public and private sectors.

Egypt is the EIB's largest operational country in the EU's Southern Neighborhood Region. As for the EIB's expertise in the energy sector, it has financed numerous projects contributing to the development of this important sector.

UK

The UK has provided over £50 million to Egypt between 2016 and 2020 across various sectors. Additionally, the UK has provided financing amounting to \$150 million through the World Bank to support inclusive economic growth, education, youth, social development, and regional cooperation in Egypt.

Cooperation with the UK is divided into grants and investment guarantees, provided through international financial institutions such as World Bank, EBRD, and AfDB. The UK Export Finance (UKEF) also provides funding to support British exporters and their clients in both the public and private sectors in Egypt.

During the visit of H.E. The Egyptian President to the UK for the Africa Investment Summit in January 2020, the Ministry of International Cooperation and the UK's Department for International Development (DFID) launched a joint statement on bilateral economic cooperation. This statement highlighted achievements towards the green transition.

In October 2022, the UK and Egypt launched the Climate Finance Accelerator (CFA), funded with a total amount of £10 million. The program includes technical assistance from the UK's Department for Business, Energy & Industrial Strategy over four years to Egypt and seven other countries, implemented through Genesis and Acumen.

DEVELOPMENT PARTNER	RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)
The Netherlands	<p>The Relationship between Egypt and the Netherlands dates back to 1975 as they have signed several financial and technical agreements. The development assistance provided by the Netherlands to Egypt is deemed one of the main pillars of their relationship, which has been a steady ongoing cooperation. Under these agreements, Egypt received €348.607 million to finance various development projects.</p>
Denmark	<p>Economic and financial cooperation between Egypt and Denmark began in 1969 in the form of loans. However, as of 1989, this assistance began to take the form of grants. Danish assistance supported various development projects in Egypt in alignment with Egypt's economic development programs, including water, energy, and food security sectors. In July 2020, a sectoral strategic cooperation agreement for energy was signed, involving technical assistance between the Ministry of Electricity and Renewable Energy in Egypt, the Ministry of International Cooperation, and the Danish Energy Agency (DEA) affiliated to the Danish Ministry of Climate, Energy & Utilities. The Program was extended from 2023 to 2025. The program consists of four main components: developing plans for the energy sector and creating integration between the fields of multivariable energy, wind energy, and energy efficiency.</p>
WBG	<p>The World Bank Group is considered one of Egypt's most important development partners. It began supporting development programs in Egypt in 1959. Since then, the World Bank has funded 175 projects in Egypt, totaling nearly \$26 billion in various crucial sectors.</p> <p>The Country Strategy between Egypt and World Bank, ratified on March 21, 2023, aims to support Egypt in building innovative and sustainable solutions to address developmental challenges in various sectors. This includes eradicating poverty, promoting comprehensive prosperity for all social classes, creating favorable conditions for comprehensive and sustainable green development, and enhancing resilience.</p> <p>The Egyptian government, through Ministry, is leveraging on the World Bank's comparative advantage in the context of long-term development relations. Examples of projects funded by the World Bank include the Air Pollution and Climate Change Management in Greater Cairo Project and the Emergency Food Security and Resilience Support Project. The bank provides support to Egypt in areas such as water desalination, promoting the blue economy, accelerating climate solutions, and enhancing public-private partnerships. This is in addition to the efforts exerted to combat climate change through a variety of actions and interventions, including investments to modernize wheat silos to significantly reduce the amount of wheat waste and loss, as well as the implementation of agricultural extension and training programs for farmers that encourage climate-friendly agricultural practices.</p> <p>The IFC has implemented numerous energy and renewable energy projects in Egypt, including the Benban Solar Energy Complex.</p> <p>During COP27, the World Bank launched the Country Climate and Development Report (CCDR), which addresses challenges and opportunities to align Egypt's developmental goals with climate goals.</p>

DEVELOPMENT PARTNER

RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)

THE FOOD PILLAR

IFAD

The IFAD is an international financial institution and a specialized UN agency based in Rome. Since 1978, IFAD has contributed to the implementation of numerous sustainable rural development projects through grants and low-interest loans.

The IFAD operates where poverty and hunger are deeply rooted, particularly in remote areas in developing countries and in fragile situations with limited action by other development agencies. In Egypt, the IFAD development finance have supported the improvement of reclaimed desert lands in the northern region and enhanced productivity in the ancient lands of the Nile Valley and Upper Egypt to reduce rural poverty and enhance national food security.

In its efforts to alleviate poverty, the IFAD has sought to achieve the most sustainable use of natural resources, promote climate-smart strategies, and capitalize on opportunities provided by the expanding role of the private sector in the agricultural field.

World Bank

Climate Resilient Agri-Food Transformation (CRAFT)

This is a result of the integration of the two projects of Crop Production Adaptation in the Nile Valley and Delta, and Establishing an Early Warning System

The World Bank is one of Egypt's most significant development partners, having supported the development programs in the country since 1959. The World Bank has funded 175 projects in Egypt, totaling nearly \$26 billion, covering essential sectors such as infrastructure, human capital, public sector reforms, service delivery, and private sector development to achieve economic reforms and sustainable development, ensuring that future generations have the tools for success and improving the quality of life for Egyptians.

The country strategy between Egypt and the World Bank, ratified on March 21, 2023, aims to support Egypt in building innovative and sustainable solutions to address development challenges in various sectors. This includes eliminating poverty, promoting comprehensive prosperity for all societal segments, creating favorable conditions for inclusive and sustainable green development, and enhancing resilience.

It is worth mentioning that during COP27, World Bank launched the Country Climate and Development Report (CCDR), which addresses challenges and opportunities for aligning Egypt's developmental goals with climate goals. The report identifies options for reducing shortcomings, managing risks, and strengthening the necessary foundation to increase private sector participation.

DEVELOPMENT PARTNER

The EU

(Adaptation Project in the North Delta Region Affected by Sea Level Rise)

RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)

The EU is an important and strategic development partner for Egypt. It contributes to the implementation of strategic projects. Additionally, the EU supports regional cooperation, exemplified by programs such as the CBC Mediterranean Sea Basin Programme 2014-2020, which has witnessed the execution of 26 projects focusing on environmental protection, climate change, water management, solid waste management, renewable energy, and integrated coastal area management. The cooperation with the EU also includes technical support in the areas of water management and modern irrigation systems.

Furthermore, the EU has been a long-standing supporter of Egypt's water sector, providing developmental assistance through financing and investments to enhance water infrastructure development and management.

Egypt's Country Platform for the NWFE Program aligns with the Team Europe Initiative, which is a European green initiative fostering partnerships with the EU to achieve integration with the European Green Deal, that would, in turn, contribute to the joint commitment towards a sustainable transformation and promote climate-neutral and environmentally sustainable investments, among other European initiatives towards the green transition.

EIB

(Adaptation Project in the North Delta Region Affected by Sea Level Rise)

The EIB's operations in Egypt started in 1979 in various areas in support of Egypt's transition to a Green Economy.

Given that the EIB is now considered the EU's climate bank, it continues investing in green technologies and sustainable infrastructure by supporting Egypt to fulfill its climate obligations

The strategic partnership between Egypt and the EIB began in 1979, and EIB's office in Cairo, which was the first regional office outside the EU, was established in October 2003. This year (2023) marks the 20th anniversary of the Cairo office's opening and its selection as a regional hub.

This strategic partnership has led to the execution of numerous projects in various sectors supporting socio-economic development and creating job opportunities, with nearly €13.6 billion in both public and private sectors over the years.

Egypt is the EIB's largest operational country in the EU's Southern Neighborhood Region.

DEVELOPMENT PARTNER

Islamic Development Bank (IsDB)
(Resilience Achievement Project in
Remote and Needy Areas)

RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)

Egypt has established developmental relations with the IsDB that span over many decades. These constructive relations have paved the way for collaboration in various development fields. The IsDB has contributed to numerous development projects across various sectors.

The sectors funded by IsDB in Egypt include energy, urban development, industrial and mining projects, transportation, financing for MSMEs etc.

Future cooperation plans between the IsDB and Egypt revolve around a new vision enabling the former to address development challenges in member states. This involves coordinating efforts, mobilizing resources, and using new and innovative means such as value-added chains to encourage the engagement of the private sector, academic institutions, research centers, and civil society organizations. Additionally, there is a focus on enhancing the contribution of local communities to socio-economic development.

THE WATER PILLAR

AfDB

The main partner in the
Water Pillar

The AfDB is considered one of Egypt's strategic partners. It has financed several crucial projects across various development sectors through developmental loans, grants, and technical assistance. The AfDB has provided over \$6 billion to fund more than a hundred projects, including numerous projects in the water sector.

It also supported conducting studies on using renewable energy in irrigation systems. Additionally, the AfDB offered various financial mechanisms and tools to support private sector projects in Egypt.

Egypt's Country Strategy 2022-2026 approved by the AfDB includes two main pillars closely related to the objectives of Egypt's Country Platform for the NWFE Program:

- The first pillar focuses on enhancing the country's competitiveness to support strong growth driven by the private sector to accelerate the green transformation.
- The second pillar aims to build resilience to achieve food, water, and energy security.

The AfDB Group, in partnership with the African Union and Africa 50, has launched the Alliance for Green Infrastructure in Africa (AGIA) with the purpose of expanding and accelerating the financing of green infrastructure projects in Africa, reducing climate risks, protecting countries against climate shocks, and supporting programs against natural risks.

DEVELOPMENT PARTNER

RELATIVE ADVANTAGE (PREVIOUS EXPERTISE)

AFESD

Solar-Powered Irrigation System Expansion Project

The AFESD is one of Egypt's key strategic development partners as cooperation with AFESD has been ongoing since its establishment in 1974. Over the past fifty years, it has contributed to financing numerous priority development projects in line with the Egyptian government's socio-economic development plans.

Notable success stories in collaboration with AFESD include its contribution to funding the Establishment of a Water System for the Bahr El-Baqar Wastewater Treatment Plant and Development of the Agricultural System as part of the Sinai Peninsula Development Program.

THE TRANSPORT PILLAR

EIB

The EIB has been chosen as the leading partner for the Transport Pillar due to its international and local expertise in implementing transport infrastructure projects. Egypt has been EIB's first operational country in the region, with a total portfolio of €13.6 billion in both public and private sectors since the cooperation began between both partners in 1979 (€3.5 million to finance 16 ongoing development projects). The EIB is currently Egypt's number one partner in transportation projects, as it is executing projects worth €2.299 billion, to finance different metro lines and railways.

In light of the recent adoption of the 2021-2025 Climate Roadmap which has effectively transformed EIB into the EU Climate Bank, all the aforementioned factors have contributed to selecting the EIB to manage the Transportation Pillar, as it has also pledged €1.5 billion to the public sector as well as technical and investment grant assistance.

France

There is mutual interest between Egypt and the French companies in all areas of transportation. France possesses a significant competitive advantage in this vital sector, having funded several successful projects, including the first line and the first two phases of the third line of the metro project.

The cooperation with France includes also the support provided since 1996, through the FASEP for the studies and private sector. The FASEP provided financing for the following studies: the transportation development in Cairo, the studies related to the 3rd and 4th phases of the metro line 3, as well as the preparation of tender documents for both phases through international tender, following the steps taken for the 1st and 2nd phases of line 3.

As for the AFD, further support was granted to the continuation of the second phase of metro line 3 as well as the third phase of the same line.

THE TRANSPORT PILLAR

EBRD

The Ministry of Transport has the largest share of the EBRD's sovereign portfolio, with a total amount of €1.2 billion for railways and metro rehabilitation.

AIIB

The AIIB's main goal is to develop sustainable high-quality infrastructure. Therefore, the Bank's primary objective in supporting the transportation sector, as one of the most important infrastructure sectors, is to finance the development of sustainable and integrated transportation systems that promote environment-friendly trade and economic growth and to reduce green gas emissions.

In 2021, the AIIB announced that all projects that will be financed through the Bank need to conform with the Paris Agreement. Accordingly, the AIIB seeks to build sustainable partnerships with international financial institutions to implement projects that align with the climate action agenda which conforms with the Member States' national priorities.

Government of the Kingdom
of Spain

In December 2021, a joint declaration was signed between the governments of Egypt and the Kingdom of Spain regarding financial cooperation in the field of water treatment and its distribution, wastewater, transportation (including railways), renewable energy, and agricultural industries.



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EGYPT'S NEXUS OF WATER, FOOD & ENERGY
FROM PLEDGES TO IMPLEMENTATION