

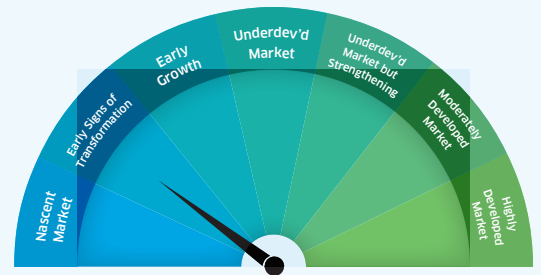
EGYPT GREEN BUILDING MARKET SNAPSHOT 2023ⁱ

This Green Building Market Snapshot provides a summary of key market indicators based on IFC’s research on policy environment, building construction, and Green Building certification and finance. Additionally, most recent Green Building developments in the market are included where available. IFC welcomes readers’ comments.



CERTIFIED GREEN BUILDING MARKET STATUS: EARLY SIGNS OF TRANSFORMATION

As of 2023, Egypt’s Green Building Market shows early signs of transformation, although the size of the certified Green Building market is still small. Buildings certified green include diverse types of buildings, from high income housing and offices to government buildings and social housing. There are Green Building construction loans or mortgage products already available in the market, although in limited use.



COUNTRY LANDSCAPE



- Energy Consumption:** The residential building sector accounted for 58% of the total electric power consumption in Egypt as of 2021ⁱⁱ. The rise in the standards of living and the effect of climate change in Egypt, such as hotter and longer summers, have led to an increase in energy consumption and a high reliance on air conditioning throughout the country. Egypt’s National Energy Strategy, based on its Integrated Sustainable Energy Strategy (ISES), calls for 42% of renewables in the energy mix by 2035. Energy subsidies are being phased out, but continue to attenuate the demand for energy efficiency.
- Construction Market:** The construction sector in Egypt is anticipated to grow at an average annual rate of 10.6% during 2023-2026, driven by projects in the energy, oil, gas, and residential infrastructure sectorsⁱⁱⁱ. The government has placed a strong emphasis on construction and infrastructure as key drivers of financial stability and urban growth, including affordable housing.
- Developers:** The real estate market in Egypt is fast growing. With the construction of new cities in the works, more and more developers are trying to prove themselves in the region. The overall value of the real estate market was projected to reach US\$1.32tn in 2023, with residential real estate projected to grow to US\$0.99tn. An annual growth rate of 9.10% is expected over the next five years, resulting in an expected real estate market volume of US\$2.04tn by 2028^{iv}.
- Finance:** The Egyptian State regulates mortgage finance activities. The Central Bank of Egypt (“CBE”) has allocated EGP 100,000,000,000 to a mortgage finance initiative that offers low and middle-income homebuyers instalment plans that can extend to 30 years with a low interest rate of up to 3%. In addition, according to the CBE Circular dated 4 October 2021, the CBE has amended the mortgage finance conditions for middle-income homebuyers issued on 19 December 2020 by launching a mortgage finance initiative of EGP 50,000,000,000 for individuals with a monthly income of EGP 40,000 and families with a monthly income of EGP 50,000., offering an interest rate of 8% and an extended repayment term of 25 years from the typical 20 years.

1. GREEN BUILDING POLICIES AND REGULATIONS

Is there a national definition of Green Building?

The Egypt Green Building Council definition is typically used: “A ‘green’ building is a building that, in its design, construction or operation, reduces or eliminates negative impacts, and can create positive impacts, on our climate and natural environment. Green buildings preserve precious natural resources and improve our quality of life.”^v

Is Green Building part of the country’s Nationally Determined Contributions (NDC)?

Egypt has committed to cut its GHG emissions by 33% (70MtCO₂e) from the Business-As-Usual (BAU) scenario in the power generation, transmission, and distribution sectors by 2030. To reach this goal, Egypt’s latest NDC promotes Green Buildings by implementing energy efficiency codes for new construction, adoption guidelines for retrofitting existing structures to meet energy performance standards, adopting voluntary green building standards, and implementing incentives to encourage the use of sustainable building technologies. In addition, Objective 1.c of Egypt’s National Climate Strategy 2050 calls for increased building energy efficiency and the implementation of the National Green Building Code for both new and existing structures.

Is there a national Green Building strategy/action plan?

Egypt developed a first National Energy Efficiency Action Plan for 2012-2015 (NEEAP), which called for a 5% increase in energy efficiency. The second Egyptian National Energy Efficiency Action Plan for 2018-2022 (NEEAP2) was developed in compliance with Arab Energy Efficiency Framework (AEEF) requirements. NEEAP2 promotes the use of renewable energy in buildings and outlines minimum energy efficiency measures in lighting, appliances and AC systems.

Public Policy and Regulations

The Egyptian Green Building Council (EGBC) was established by the Government of Egypt in 2009 and reformed in 2021. The EGBC has launched the Green Pyramid Rating System (GPRS), a non-mandatory tool to be used by the construction and real estate sectors to reduce GHG emissions and energy and water consumption. The EGBC is also responsible for preparing and proposing Green Building policies, engaging with research partners, and fostering international cooperation in Green Buildings. The Housing and Building Research Center (HBRC) is an independent government research center affiliated to the Ministry of Housing, Utilities, and Urban Communities (MoHUUC).

In addition to the GPRS, relevant policies and regulations include the Egyptian Energy Efficiency Residential Building Code (482/2005), the Egyptian Energy Efficiency Commercial Building Code (190/2009), the Waste Management Regulation Law (202/2020), the Egyptian Code for Smart Cities (767/2020) and the Sustainability, Green Architecture, and Energy Guidelines issued by the HBRC.

2. GREEN BUILDING MARKET SIZE

Estimated new and existing floor space certified green as of November 2023: approximately 1,084,483 sqm



3. CERTIFICATIONS AND STANDARDS

National Green Building Rating Systems

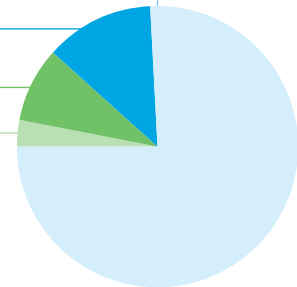
- ▶ Green Pyramid Rating System (GPRS)

International Green Building Rating Systems

- ▶ EDGE
- ▶ LEED
- ▶ BREEAM
- ▶ Green Star Hotel (GSH)

Voluntary Green Building certification system's market share by sqm certified (as of November 2023):

- ▶ LEED is approx. 76% of cumulative GB
LEED residential 0%, non-residential 100%
- ▶ EDGE is 12.5% of cumulative GB
EDGE residential 0%, non-residential 100%
- ▶ GPRS is 8.5% of cumulative GB
GPRS residential NA%, non-residential NA%
- ▶ TARSHEED is 3% of cumulative GB
TARSHEED residential 3%, non-residential 97%
- ▶ BREEAM is 0% of cumulative GB
BREEAM residential 0%, non-residential 0%



4. GREEN BUILDING FINANCE

Financial Institutions offering Green Building finance (by public/private) and their products

As of 2022 no Green Building finance products had been offered by Egyptian FIs. However, in 2017 the Green Climate Fund (GCF) and the European Bank for Reconstruction and Development (EBRD) created the Green Economy Financing Facility (GEFF), a credit line for green projects across several sectors, including industrial, commercial, and residential buildings.

In November 2023 IFC introduced the UK-IF Market Accelerator for Green Construction (MAGC) program to banks/financial institution in Egypt, starting with Commercial Bank of Egypt (CIB), followed by HSBC Bank Egypt.

Green bonds or other capital market instruments earmarked for Green Building finance

As of 2022 no green bonds earmarked for Green Building finance had been issued in Egypt. However, some green bonds that may be partially used for Green Building finance had been issued:

- ▶ Commercial International Bank (CIB) was the first Egyptian bank to issue a green bond, raising USD 100M in September 2020. Proceeds from the CIB green bond will be used to fund or refinance qualifying green assets.
- ▶ Egypt issued its first sovereign green bond in November 2020 for USD 750M at a 5.25% interest rate. This funding is to be used for green initiatives across a range of sectors, including housing, transportation, energy, water, climate, and the environment.

Financial Incentives

As of 2022 there were no explicit incentives for Green Buildings in Egypt. However, there are several schemes that can be relevant for Green Buildings. For example, in 2019 a Waste-to-Energy (WTE) tariff of EGP 1.4/kW was approved to incentivize the private sector to effectively manage waste generation. Also, in 2023 the Egyptian Electric Utility & Consumer Protection Regulatory Agency (Egypt ERA) increased the quota of the small scale solar PV plants that can be connected to the national grid via both the “net metering” and “self-consumption” schemes to 1000 MW. Similarly, Egypt ERA also exempted demand-side grid-connected PV projects that follow the “self-consumption” PV scheme from paying grid interconnection fees, provided that the solar PV capacity is below 10 MW.^{vi}

5. EDUCATION AND SKILLS

As of 2022 there were no universities offering Green Building programs in Egypt.

ENDNOTES

- i. Unless otherwise indicated, the source of information is the report prepared for IFC by Integral Consult under the Egypt Green Building Advisory Project, dated August 2023.
- ii. Egyptian Electricity Holding Company's (EEHC) Annual Report 2020-2021. www.moe.gov.eg/english_new/EEHC_Rep/REP2021-2022en.pdf
- iii. Egypt Construction Market Size, Trends and Forecasts Report 2022-2026 <https://www.businesswire.com/news/home/20220930005437/en/Egypt-Construction-Market-Size>
- iv. <https://www.statista.com/outlook/fmo/real-estate/egypt> (December 2023).
- v. <https://egyptgbc.org/en/green-buildings>
- vi. Egypt ERA Circular No. 3/2023.

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