



الهيئة العامة
للرقابة المالية
FINANCIAL REGULATORY AUTHORITY



Voluntary Carbon Market: FRA Strategic Approach

- **Mitigation efforts**, while having made some progress, **have not been sufficient to avoid the significant impacts of climate change**. Global greenhouse gas emissions continue to rise, and the world is already experiencing the consequences in the form of more frequent and intense extreme weather events, rising sea levels, and disruptions to ecosystems.
- The United Nations Environment Programme (UNEP) **estimates that annual adaptation costs in developing countries alone** could reach **\$140-300 billion by 2030 and \$280-500 billion by 2050**.



**Compensating for
GHG Emissions**

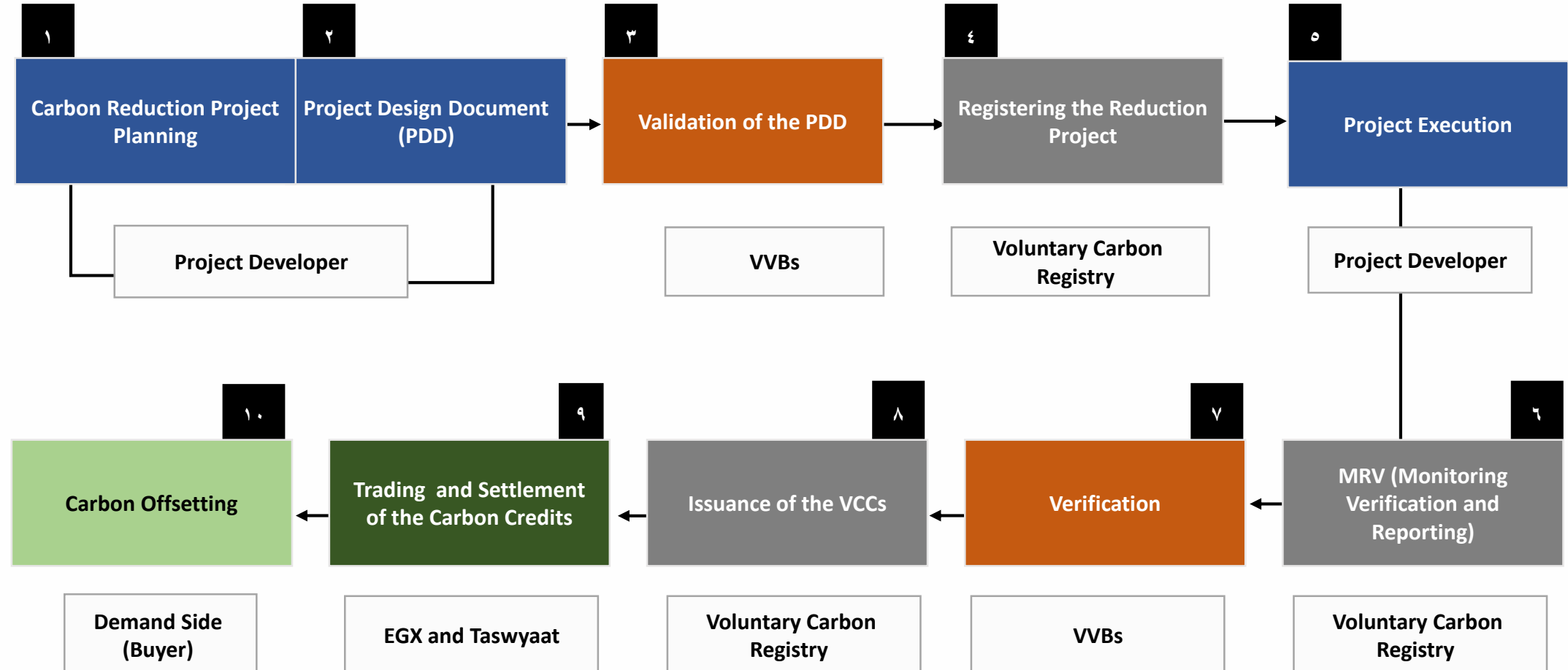
**Driving & Financing
Transformation**

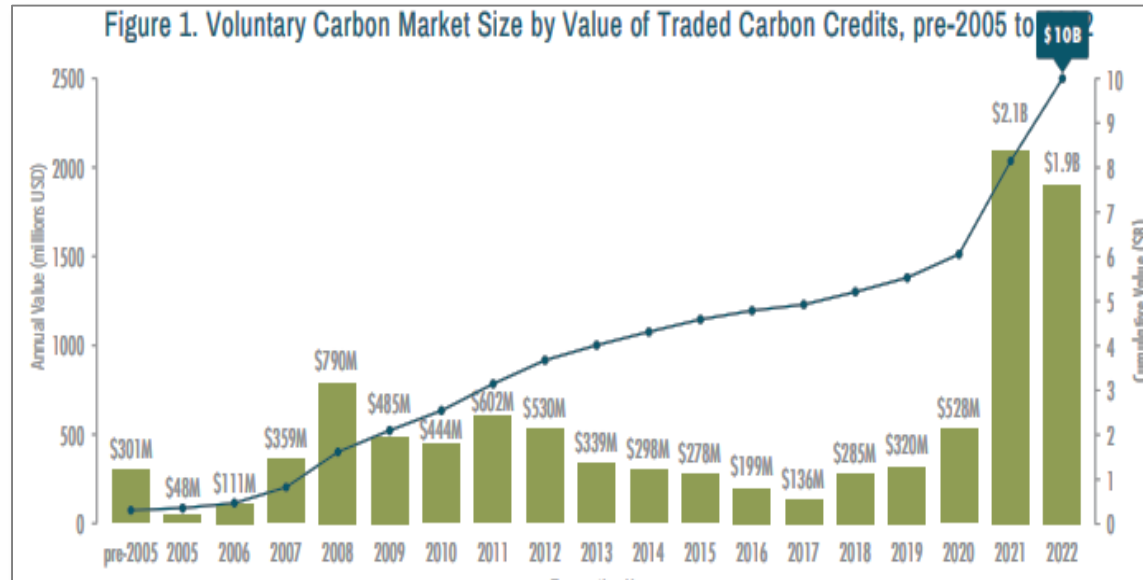
**Promoting Global
Decarbonization Efforts**

**Supporting Transition To
A Low-carbon Future**

Reducing Cost of Implementing Climate Commitments

How the VCM Works?



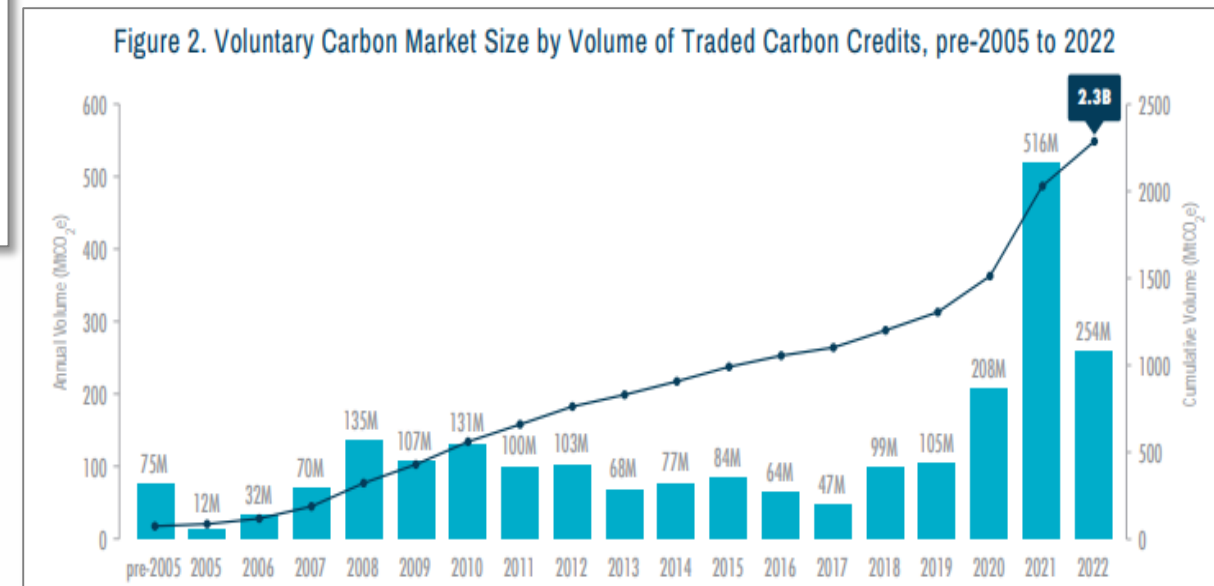


Pre-2005
\$301M

2022
\$1.9B

Pre-2005
75M MtCO₂e

2022
254M MtCO₂e



- During COP27 and with the increasingly crucial role of sustainable finance in achieving the transition to low carbon economy, the Financial Regulatory Authority (FRA), Ministry of Environment (MoE), and The Egyptian Exchange (EGX) announced the establishment of Egypt's position as a regional hub for African voluntary carbon credits.
- FRA has taken decisive action to build the voluntary carbon market structure, not only through regulations but also through building market blocks and connecting different stakeholders as recognizing the power of balanced regulation to address fragmentation in the voluntary carbon markets worldwide.



1

Decree No.4664 of 2022 Amending Executive Regulations

- Defines carbon credits as financial instruments
- Warrants that the EGX shall establish the VCM Exchange.
- Warrants that the FRA shall establish high-level committee to oversee the VCM.

2

Decree No.57 of 2023 VCM High-level committee

- Defines the committee's composition to ensure the involvement of MOE , EGX and the private sector.
- States that the committee's mandate is to ensure rigorous oversight and regulation, enhancing the credibility and integrity of Egypt's VCM.



- Criteria for Approving (VVBs).
- Criteria for Recognizing Voluntary Carbon Registries.
- Listing and delisting Regulations
- Guiding Rules for the Integrity and creditability in VCM.

3

Decree No.163 of 2023 Requirements for VVBs

- Pertains to the regulations surrounding International and local VVBs.
- The requirements for the VVBs according to the international best practices include the accreditation on ISO-14065, ISO-17029,



**Financial
Instrument**

06

(Decree no. 636 of 2024) Accounting treatment for carbon credits in the accounting books.

- FRA issued the official accounting treatment for carbon credits that include four main cases:
 1. In case carbon credits are **issued to the project developer** (and being the owner of the reduction project too) and shall be used for offsetting, they are to be considered as: **Intangible Assets**
 2. In case carbon credits are to be sold, they are to be considered as: **Financial Instruments**
 3. In case carbon credits are issued to the project developer who does not own the physical carbon emissions reduction project, they are considered as: **Financial Instruments**
 4. In case carbon credits are bought from the market for offsetting purposes, they are considered as **Intangible Assets**
 5. In case carbon credits are bought from the market to be traded, they are considered as: **Financial Instrument**



Supporting Links

- 1 [About FRA Regulated Voluntary Carbon Market](#)
- 2 [Voluntary Carbon Market Regulations and Resolutions](#)
- 3 [Carbon Emissions Reduction Projects Registration form](#)
- 4 [Potential Buyers Registration form](#)
- 5 [Validation and Verification Bodies List](#)
- 6 [AFRICARBONEX Website](#)



Thank you

