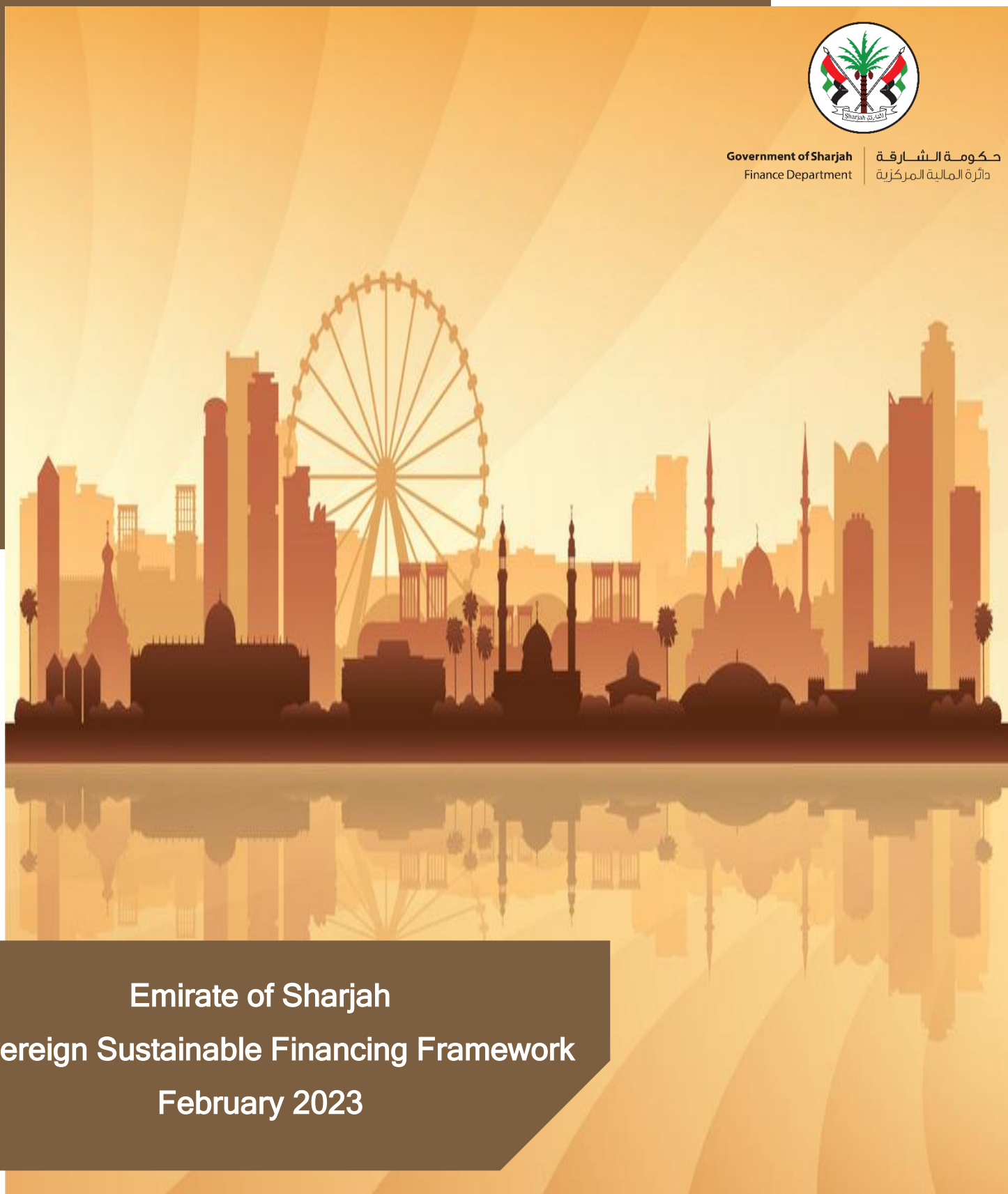




Government of Sharjah | حكومة الشارقة
Finance Department | دائرة المالية المركزية



Emirate of Sharjah

Sovereign Sustainable Financing Framework

February 2023

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1. Introduction

The third-largest of the seven historical sheikhdoms that make up the United Arab Emirates, Sharjah (also “the Emirate of Sharjah”) lies at the heart of the UAE, bordering all six other emirates and both the western and eastern coasts of the country. Traces of nomads, explorers and traders found in the Emirate date back to some of the earliest known human migrations, reflecting the precious ecological assets this location has always possessed.

The once lush plains of Sharjah’s Central Region remain home today to oases and farms as well as ancient fossils; sandstone mountains give way to coasts and rolling desert dunes; and the Eastern Mangroves shelter rare species of fauna and flora. Human settlement is concentrated in Sharjah City on the west coast (the Arabian Gulf), with eight smaller municipal areas across the Central and Eastern Regions of the Emirate.

Modern Sharjah is a vital crossroad between the shipping routes of the Arabian Gulf and the Gulf of Oman, the highways and upcoming railways of the Arabian Peninsula, and an aviation network spanning North Africa to the Indian subcontinent. Known as the industrial heartland of the UAE, with a thriving private sector that underpins economic activities across the Gulf region, Sharjah has also become a centre of culture and learning under the direction of HH Sheikh Dr Sultan Bin Mohamed Al Qasimi, Ruler of the Emirate of Sharjah and member of the UAE’s Supreme Council since 1972.

This Sustainable Financing Framework sets out the principal tenets of the Government of Sharjah’s (hereafter also referred to as “The Government”) approach to sustainability in policy-making. It then identifies some major current and expected future areas of expenditure that support sustainable development, which would be the destination for any financing activity under the Framework. Finally, it establishes governance arrangements to select specific projects and expenditure items to be included in the Use of Proceeds for any Sustainable Financing issuance and to report to investors and the wider public on the allocation of funds and their impact on public policy objectives.

1.1 Policy and Strategic Framework

HH Sheikh Dr Sultan Bin Mohamed Al Qasimi has placed sustainable development at the heart of the strategies adopted by the Government of Sharjah. His vision for the Emirate over the past forty years has focused¹ on:

- Ensuring high-quality public services for the citizens and residents of Sharjah;
- Providing the economic conditions for a flourishing private sector;
- Protecting the traditional local culture and way of life, in a modern context;
- Giving citizens the knowledge and skills to contribute positively to society;

¹ HH Sheikh Dr Sultan Bin Mohamed Al Qasimi website: <https://sheikhdrsultan.ae/Portal/en/articles-and-statement.aspx>

- Preserving and enhancing the natural environment, while creating a beautiful built environment; and
- Developing the institutions of government.

The strategies of the Government of Sharjah also contribute significantly to the integrated policies and strategies of the wider UAE and the Federal Government. The country's long-term direction is articulated in the UAE Centennial 2071 programme², which sets four pillars around which all initiatives, will focus. These are:

The Four Pillars of UAE Centennial 2071

A Future-Focused Government



The objectives of the government under UAE Centennial 2071 include establishing the government of the UAE as the best government in the world, with a long-term vision and inspirational leadership that anticipates and prepares for the future. Other objectives include achieving happiness in society and spreading positive messages internally and to the world and developing mechanisms for monitoring long-term variables in various sectors.

Excellent Education



Regarding education, UAE Centennial 2071 highlights the importance of excellent quality of education. Certain areas of focus in education include advanced science and technology, space science, engineering, innovation and health sciences. Other educational measures include teaching students, and mechanisms for discovering their individual talents early. On the institutional level, educational institutions are encouraged to be incubators of entrepreneurship and innovation and to be international research centres.

A Diversified Knowledge Economy




The UAE's economy aims to be competitive and one of the best economies worldwide. This can be achieved by increasing productivity of the national economy, support of national companies, investment in scientific research and promising sectors, focus on innovation, entrepreneurship and advanced industries, development of a national strategy to shape the future of the UAE's economy and industry, and place the UAE among international important economies. Knowledge economy can be achieved by a generation of UAE inventors and scientists and supporting them in technical sciences.

A Happy and Cohesive Society



Community development is an integral part of UAE Centennial 2071. Some objectives in this regard include establishing a secure, tolerant, cohesive and ethical society that embraces happiness and a positive lifestyle and a high quality of life. The pillar also focuses on developing programmes to prepare future generations to serve as the UAE's goodwill ambassadors, as well as promoting women's participation in all sectors, making the UAE one of the best places to live in.

² UAE Centennial 2071 programme: <https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/federal-governments-strategies-and-plans/uae-centennial-2071>



Under this overarching long-term direction, the UAE has established numerous programmes of activity and strategies. **The Emirate of Sharjah contributes to all of these within its own borders and at the national level of policy-making and coordination.**

The Constitution of the UAE establishes the respective legislative and executive powers and responsibilities of the Federal Government and the government of each emirate. There is a wide range of functional and organisational structures in place to ensure close alignment, culminating in the UAE's Supreme Council - the decision-making body comprising the leaders of the seven emirates or their deputies.

UAE-wide strategies focusing on environmental protection and enhancement include:

- UAE Environment Policy
- UAE Net Zero 2050
- National Air Quality Agenda 2031
- UAE Circular Economy Policy
- UAE Water Security Strategy 2036
- UAE National Framework Statement for Sustainable Fisheries (2019-2030)

UAE-wide strategies focusing on human and social development include:

- National Programme for Happiness and Wellbeing
 - The National Employment Strategy
 - UAE National Family Policy
 - National Youth Agenda and Strategy
 - National Policy for Senior Emiratis
 - UAE Gender Balance Council Strategy 2026
 - The National Policy for Empowering People of Determination
 - UAE Strategy for Government Services
 - National Literacy Strategy
 - National Strategy for Higher Education 2030
-

1.2 Sustainability Initiatives

Like all governments, the Government of Sharjah undertakes a wide-ranging and diverse range of activities with the aim of sustainably improving societal outcomes.

The Government views economic resilience and stability as a crucial underpinning for sustainable development and as being interdependent with environmental stewardship, and as such has sought to avoid excessive dependence on volatile economic sectors and activities, instead cultivating a diverse economy led by a thriving private sector. As a result, Sharjah's economy has been relatively resilient to various regional and global shocks.

This stable economic environment has permitted the Government to focus on long-term sustainability across different policy areas. The following sections highlight some relevant examples of initiatives and programmes in the areas of environmental protection and enhancement, social development, and implementation of governance improvement.

i. Environmental Initiatives

Net Zero

The UAE Net Zero 2050 strategic initiative aligns with the Paris Agreement, which calls on countries to prepare long-term strategies to reduce greenhouse gas emissions and limit the rise in global temperature to 1.5 C compared to pre-industrial levels. Each emirate is responsible for drawing up local plans that introduce the measures necessary to reduce greenhouse gas emissions while also ensuring economic growth based on principles of sustainability.

In Sharjah, the Government is taking steps across various sectors to limit greenhouse gas emissions in order to contribute to UAE's net-zero initiative. Focusing particularly on electricity generation and consumption, and road transport, which are major sources of carbon emissions in Sharjah, these steps include:

- Transition of energy generation to the most efficient combined-cycle gas turbines through installation of some 3,000 MW new capacity in two locations (Al Hamriyah Power Station and Al Layyeh Power Station);
- Enhancing energy efficiency across the public estate;
- Applying graduated consumption tariffs to discourage excessive energy use by households, organizations and companies;
- Supporting research activities in environmental technologies;
- Promoting cleaner transportation, with public transport vehicles powered by LPG and hybrid engines, and installation of a network of EV charging stations in urban areas; and

- Exploring opportunities for more widespread use of large-scale solar generation, other renewable energy sources and renewable micro-generation.

Many of the technologies and practices that will form part of the Net Zero transition are showcased in the new development of Sharjah Sustainable City, a joint venture residential project between the Government's investment and development authority, Shurooq, and the private company Diamond Developers. The area is 100% solar powered, recycling 100% of water and waste, cultivating vegetables and leafy greens on site, and designed to encourage walkability and the use of clean mobility.

2023 Year of Sustainability

In January 2023, the UAE President, his highness Sheikh Mohamed bin Zayed Al Nahyan, has announced that 2023 is the year of sustainability in the country. It will focus on environmental sustainability by inspiring collective action through a nationwide commitment towards sustainable practices. Furthermore, it will strengthen the country's commitments in addressing current challenges and promoting sustainable practices at an individual and community level, such as Net Zero by 2050 Strategic Initiative.

His Highness added, "Sustainability has been a fundamental principle in the United Arab Emirates since its unification. The nation continues to serve as an exceptional model for environmental conservation and resource management."

As host of COP28, the country is committed to fulfilling its role as a 'global convener' for climate action and will continue to support action and innovation in the field of sustainability. The 28th United Nations Climate Change Conference of the Parties (COP28), which is set to be held at Expo City Dubai in 2023, focuses on key pillars including:

1. the implementation of climate commitments and pledges,
2. inclusion,
3. working together to take concrete action,
4. identifying solutions that contribute to overcoming challenges, and
5. seizing opportunities to ensure a sustainable future for both current and future generations.



Waste Management



The Emirate of Sharjah is a regional leader in moving to more sustainable waste management practices. The Government established and holds a minority stake in BEEAH, an environmental services company responsible for waste collection, treatment and disposal in most parts of the Emirate.

Working closely with BEEAH, the Government has set a goal of eliminating waste sent to landfill. This is being achieved through greater source separation of waste, intelligent waste collection systems, sorting technologies to recover materials, and the construction of the GCC's first waste to energy plant. The Government is also considering introducing more widespread user charging for waste collection, to encourage more efficient resource use.

The Government intends to continue its successful partnership with BEEAH in Sharjah, while the company also replicates its operating model in new geographic areas in the wider UAE and beyond.



The Sharjah Waste to Energy plant is the first project of Emirates Waste to Energy, a joint venture established by BEEAH Energy, the renewable energy business of BEEAH Group, and Masdar, one of the world's leading renewable energy companies. In addition to supporting UAE efforts to enhance the low-carbon energy mix and treat non-recyclable waste, the projects aims to achieve the goal of zero waste in the Emirate of Sharjah, completely transform it away from landfills, and achieve carbon neutrality³.

Conservation of Habitats and Species



Through its Environment and Protected Areas Authority, the Government of Sharjah aims to maintain ecosystems and protect biodiversity of wildlife on land and sea and their natural habitats, by restoring growth and prosperity of the species and degraded areas. Protected areas represent different ecosystems and form 4.6% of the area of Sharjah. They include coasts and marine environment, sand dunes, mountainous areas, valleys, gravel plains, and the ecosystems of the sabkhas (marshes) as well as of geological structures.

Particularly important habitats include the Ramsar-recognised wetland areas of the East Coast south of Kalba⁴, which are rich in mangroves and include rare bird species; and the island of Sir Bu Nair, which is home to significant marine life and bird populations.

Local Food Production

Advances in agricultural technology, especially in the areas of hydroponics, irrigation and cooling, permit much more extensive agricultural activity in the Emirate of Sharjah than was previously thought possible - particularly in the natural oases of the Central Region, around the towns of Al Dhaid and Mleiha. In many cases, locally produced food brings multiple benefits, including:

³ Sharjah Waste to Energy Plant Project: <https://sheikhdrsultan.ae/Portal/en/media-center/activity/24/5/2022/سلطان-القاسمي-يفتح-محطة-الشارقة-لتحويل-النفايات-إلى-طاقة>

⁴ Ramsar: <https://ramsar.org/wetland/united-arab-emirates>

- Providing sustainable economic activity in areas outside the main cities through reliable, productive, place-specific employment;
- Reducing the overall carbon and environmental footprint of food consumed in the Emirate by radically reducing transportation distances in the supply chain;
- Enhancing food security and insulating consumers from international sources of price volatility, which saw Food & Beverages consumer price inflation reach 9.0% year-on-year in Q2 of 2022;
- Reducing costs associated with transport and storage, resulting in much lower consumer prices for certain products, such as fresh fruit and vegetables, and meat and dairy.



The Government is investing in infrastructure to support local food production, including the Sobat Greenhouses Project in Al Dhaid, which initially covers an area of 8 hectares producing organic fruit and vegetable crops and employs and providing incentives to revive the ancient wheat farming practices in the region around Mleiha. H.H. The Ruler confirmed that the central region's natural environment played a role in the establishment of high-end agriculture and livestock projects with the goal of achieving food sufficiency and ensuring the production of the best agricultural products and meat along with its derivatives⁵.

In addition, H.H. The Ruler announced that the ongoing food security projects in Sharjah aim to provide food needs and increase production rates to cover the needs of Sharjah's cities and regions. The goal of the project is to reduce the amount of wheat imported. In November 2022, H.H. The Ruler launched the first phase of the wheat farm in Mleiha, highlighting the significance of these projects in view of the potential effects of global changes on the availability of grains in addition to providing numerous jobs and other services. H.H. The Ruler emphasized that he will provide the necessary support for electricity and water services at reduced prices, as well as provide technical and agricultural consultations to ensure agricultural production is compatible with health standards and is free of harmful chemicals⁶.

⁵ Sobat Greenhouses Project: <https://sheikhdrsultan.ae/Portal/en/media-center/news/10/3/2022/-سلطان-البيئة-الطبيعية-في-المنطقة-الوسطى-سأهت-في-إقامة-المشاريع-الزراعية-والحيوانية>.aspx

⁶ Food Security Projects in Sharjah: <https://sheikhdrsultan.ae/Portal/en/media-center/news/30/11/2022/-سلطان-مشروعات-الأمن-الغذائي-متواصلة>.aspx

ii. Social Initiatives

Education



Sharjah is renowned as a seat of learning in the UAE and beyond. The University City covers a campus of more than 15 million square metres and houses more than 20 higher education institutions, covering multiple specialisms and syllabuses. The University of Sharjah has more than 17,000 students, two-thirds of whom are female, making it one of the region's largest universities. The American University of Sharjah has consistently ranked among the top institutions in the Middle East, currently sitting 369th in the QS world rankings and 8th in the Arab Region.

The Government supports the university sector through investment in infrastructure and an extensive programme of financial support for students who are exceptionally able and/or unable to meet tuition and living costs. In recent years, the Government has provided upfront funding to support the opening of new institutions such as:

- Sharjah Performing Arts Academy;
- Al Qasimia University;
- Africa Institute;
- Arab Academy for Science, Technology and Maritime Transport (the "Maritime Academy") in Khor Fakkan;
- Dr. Sultan Al Qasimi Centre for Gulf Studies;
- Sharjah Academy of Astronomy, Space sciences & Technology.

These new facilities have significantly broadened the range of options available to students in Sharjah, generating greater value from the financial support provided to students in need. They also provide high-quality employment opportunities, important linkages to research and development activity and - especially in the case of the Maritime Academy - an important underpinning to the long-term viability and sustainability of the local economy.

The Government emphasized, “the importance of caring for generations in building societies by providing everything that contributes to their education, developing their abilities, refining their skills, and guiding them properly for a successful future.”⁷

Healthcare



Healthcare for UAE citizens is provided free of charge by the UAE Federal Government. For non-citizens, there is a private market, with treatment largely funded by insurance schemes arranged by employers or beneficiaries.

However, following comments that the private sector was slow in building international-standard medical facilities in Sharjah, the Government of Sharjah has acted to catalyse development in the healthcare sector by building and operating its own high-quality hospital, University Hospital Sharjah, which operates within the private sector environment. This has ensured availability of healthcare within one of the main residential areas of Sharjah and has provided a model for private development, with several healthcare groups having now established large facilities in the Emirate.

The Government also provides support for financially vulnerable citizens to access private medical facilities where they choose to do so, through the Sharjah Social Welfare scheme.

Going forward, the Government of Sharjah’s focus will be on providing the conditions and partnerships to encourage the private sector to build high-quality, appropriately located facilities, potentially co-investing or providing grant support where the local circumstances require it (e.g. smaller or lower-income population centres). The Government will also continue to offer support to individuals and households where necessary to ensure all citizens have good access to high-quality healthcare and a range of provider options across the public and private sectors.

⁷ H.H. Sheik Dr. Sultan Bin Muhammad Al Qasimi: <https://sheikhdrsultan.ae/Portal/en/media-center/news/17/12/2022/> سلطان-يوكد-اهمية-رعاية-الاجيال-وتطوير-قدراتهم-ومهاراتهم.aspx

Housing



The Government supports local citizens to have access to good-quality housing with access to infrastructure and public services.

The housing programme (Eskan)⁸ includes different components, depending on beneficiaries' eligibility, namely:

- Allocations of land;
- Grants of housing units within planned developments;
- Financial grants for construction of houses⁹;
- Financial support with servicing home loans from selected banks¹⁰.

Low-income groups are defined by the Executive Council Resolution No. 3 of 2019 regarding housing support for Emirate of Sharjah. Sharjah citizens are eligible for housing programme assistance based on income threshold of AED 25,000 per month¹¹. Applications are prioritised according to family circumstances, including the applicant's age, marital status, employment status and number of dependents.

Connecting Remote Areas



⁸ Eskan Website: <https://www.dh.sharjah.ae/>

⁹ The Government contributes grants of up to AED 800,000 to cover all or part of the construction of new houses

¹⁰ Under the "Loans programme" of Eskan housing programme, the Government arranges home finance with one of the UAE's largest Islamic banks, and fully covers the "profit" component (Islamic finance equivalent of interest in a conventional home loan), whereas the beneficiary remains responsible for principal repayments

¹¹ Executive Council Resolution No. 3 of 2019 regarding housing support for Emirate of Sharjah: https://www.dh.sharjah.ae/Admin/UploadedImages/Publications/202106230723059338_.pdf

One of the Government's top policy priorities is to ensure that areas outside the main Sharjah City remain viable places for citizens and residents to live and work in the long term. In the most recent comprehensive Census, conducted in 2015, 9.2% of the population lived outside the main centre of Sharjah City and Hamriyah, with 6.4% in the various East Coast exclaves of the Emirate and 2.8% in the Central Region.

Connectivity in the Central and Eastern Regions is the subject of a major ongoing programme of investment, covering areas of expenditure such as:

- Road and tunnel construction, such as the AED 6 billion Khor Fakkan road and tunnel project which was substantively completed in 2019;
- Public buildings, installation of public services and provision of community facilities such as parks and mosques;
- Economic regeneration projects;
- Tourism infrastructure;
- Support for new industries.

Social Security



The Government has put in place a comprehensive system of social security for local citizens, aiming to establish a prosperous and secure society. This includes¹²:

- Social welfare entitlements in cash and in kind for eligible groups, including low-income households, the unemployed, widows and widowers;
- Public sector pensions;

¹² Sharjah Social Services Department website: <https://sssd.shj.ae/en/en>

System of Government

Sharjah's system of government follows the provisions of the UAE Constitution. The Constitution sets out the areas of responsibility, which are allocated to the UAE's Federal Government (including defence, diplomacy, foreign policy, healthcare and school-age education for UAE citizens, postage, telecommunications and financial regulation). Remaining matters are reserved to the discretion of each emirate - although in practical terms the balance between UAE Federal Government provision and local emirate provision varies across the seven emirates.

The Ruler of the Emirate of Sharjah since 1971, HH Sheikh Dr Sultan Bin Mohamed Al Qasimi is the sovereign head of government, supported by Deputy Rulers. There are currently three Deputy Rulers, including HH Sheikh Sultan Bin Mohamed Bin Sultan Al Qasimi, who is also the Crown Prince (i.e. the appointed successor to the Ruler).

Sharjah Executive Council

HH The Crown Prince chairs Sharjah Executive Council, the "Cabinet" body that comprises heads of major government entities and oversees the day-to-day activities and operations of the Government's various departments and related entities. The Executive Council is also able to make legislation in areas of responsibility delegated to it by HH The Ruler.

Sharjah Consultative Council


Sharjah was the first part of the UAE to introduce direct electoral representation, with local citizens electing 50% of the members of Sharjah Consultative Council. The remaining members are appointed by HH The Ruler.

Sharjah Consultative Council reviews the operations of government entities and proposed policies and legislation, including the annual government budget.

Environmental Impact Assessment

The UAE's Federal Law no. 24 of 1999, regarding "Protection and Development of the Environment", requires an Environmental Impact Assessment (EIA) to be prepared in respect of major projects, in order for the developer to obtain approval to proceed from the competent authorities; in the case of Sharjah, the competent authorities are the local Municipality and the Environment and Protected Areas Authority. The Executive Regulations issued under Law no. 24 of 1999 relating to Environmental Impact Assessment stipulate the information required to be included in an EIA, namely:

- Description of the project in its preliminary phases;
- Statement of the objectives of the project;
- Description of the current environmental situation which may be affected by the project, if executed;
- Environmental aspects of the project in all phases (preliminary, construction, operation);


- 
- Analysis of the expected environmental consequences of the project, including the use of power;
 - Management measures for the protection of the environment and an assessment of their efficiency;
 - The consequences of not executing the project; and
 - Commitments to continuing observation and controlling of environmental contamination resulting from the project.

1.4 Rationale for a Sustainable Financing Framework

This document describes how the Government of the Emirate of Sharjah (“Government of Sharjah” or the “Government”), acting through the Sharjah Finance Department (SFD) plans to finance expenditure or projects through the issuance of Green, Social or Sustainable Bonds / Loans / Sukuk (the “Sustainable Financing Instruments”) that will contribute to meeting the UAE 2050 net zero target, UAED Centennial 2071 and the Sustainable Development Goals (SDGs) of the United Nations Agenda 2030.

It sets out the basis for identifying, selecting, verifying and reporting projects that will be eligible for financing from the proceeds of Green, Social or Sustainable Financing Instruments.

The Government aims to reinforce its commitment to sustainability and considers Sustainable financing instrument(s) as an important element to support its efforts and ambitions, while providing national and international investors with greater transparency over the use of proceeds and the opportunity to diversify their investments with more sustainable assets.



2. Emirate of Sharjah's Sustainable Financing Framework

The Government of Sharjah seeks to promote sustainable economic, social, environmental and cultural wellbeing through the issuance of sustainable finance instruments. To this end, the Government has elected to create this Sustainable Financing Framework for the issuance of Sustainable Financing Instruments.

The Framework aligns to the Social Bond Principles¹⁵ - June 2021 ("SBP"), the Sustainability Bond Guidelines¹⁶ - June 2021 ("SBG") and the Green Bond Principles¹⁷ - June 2021 ("GBP") published by the International Capital Markets Association ("ICMA"). This Framework also aligns to the Green Loan Principles¹⁸ - February 2021 ("GLP") and the Social Loan Principles¹⁹ - April 2021 ("SLP") published by the Loan Market Association (LMA), the Loan Syndications and Trading Association (LSTA) and the Asia Pacific Loan Market Association (APLMA). These are hereafter referred to as "the ICMA / LMA / LSTA / APLMA Principles".

In alignment with the ICMA / LMA / LSTA / APLMA Principles, for each Sustainable Financing Instrument, issued, the Government of Sharjah asserts that it will adopt the following, as set out in this Framework:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

The framework contributes to the UN SDGs and may be amended from time to time to reflect market developments, including changes to relevant environmental and social taxonomies, and the ICMA / LMA / LSTA / APLMA Principles, with the aim of adapting to, and aligning with, best market practices.

¹⁵ ICMA Social Bond Principles 2021 (with June 2022 Appendix): <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

¹⁶ ICMA Sustainability Bond Guidelines 2021: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

¹⁷ ICMA Green Bond Principles 2021 (with June 2022 Appendix): <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

¹⁸ LMA Green Loan Principles 2021: <https://www.lma.eu.com/documents-guidelines/documents#green-loan-principles139>

¹⁹ LMA Social Loan Principles 2021: <https://www.lma.eu.com/documents-guidelines/documents#social-loan-principles-158>

2.1. Use of Proceeds

An amount equal to the net proceeds of any Sustainable Financing Instrument issued by the Government of Sharjah will be exclusively allocated to finance new or re-finance existing projects / expenditures (together “Eligible Expenditures”) which qualify under Eligible Green and / or Social categories as set out below.

Eligible Expenditures can include Government of Sharjah expenditures in the form of direct or indirect investment expenditures, subsidies, grants, salaries and operating expenditures of relevant entities, or tax or other revenues foregone (or any combination of these). To the extent possible, intangible expenditures, such as administrative costs, are only included if they are deemed relevant and necessary for the realisation of assets or sustainability impacts.

The Eligible Expenditures are limited to Government of Sharjah government expenditures that occurred no earlier than the two calendar years prior to the year of issuance, the year of issuance, and the two calendar years following the year of issuance. Eligible Green and/or Social Expenditures will exclude any grant allocated to an organisation, local agency or to a local authority for a purpose in respect of which such entity issues its own sustainable financing instrument.



The Green and Social expenditure categories identified below are in alignment with the ICMA GBP, SBP and SBG as well as the LMA GLP and SLP. The tables below also show the alignment of the chosen categories with the United Nations Sustainable Development Goals (UN SDGs)²⁰.

Context on Target Populations for Social Categories:

Like the rest of the UAE, Sharjah has a large migratory working population, with expatriate workers from almost every country of the world. The Government often seeks to ensure good living standards for expatriate workers and their family through regulatory means and general expenditure, rather than specifically targeted spending programmes that would fall under eligible expenditure categories in this framework. For example, both school-age education and healthcare for expatriates are provided through regulated private markets, whereas the UAE Federal Government provides these services for UAE national citizens, with top-up funding at the Emirate level to enhance provision. Similarly, expatriate workers' rights are primarily protected through extensive employment regulations including minimum salary levels, working time regulations and standard statutory terms of employment, rather than through eligible expenditure programmes. Thus, while the Government does have a wide range of initiatives and interventions that provide social benefits to non-nationals, the bulk of eligible expenditure is targeted more heavily on the national population.

²⁰ UN SDGs: <https://sdgs.un.org/goals>

Eligible Green Use of Proceeds:

ICMA Category: Renewable Energy		
UN SDGs		Eligibility Criteria
 <p>7.1: By 2030, ensure universal access to affordable, reliable and modern energy services.</p> <p>7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>7.b: By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.</p>	 <p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>13.2: Integrate climate change measures into national policies, strategies and planning.</p>	<ul style="list-style-type: none"> • Expenditure supporting the production and distribution of energy from renewable sources (e.g. solar farms, installation of roof-top solar panels and commercial heat pumps): <ul style="list-style-type: none"> - To be eligible, projects must concern the following energies: wind, solar, marine energy, photovoltaic, wood and biomass produced from sustainable raw materials (compliance with the criteria of the EU 2018/2001 directive), geothermal whose life cycle GHG emissions are less than 100 gCO₂e/kWh, biogas whose production complies with the criteria of the EU 2018/2001 directive and whose lifecycle GHG emissions are less than 100 gCO₂e/kWh, hydrogen from electrolysis whose lifecycle GHG emissions from the hydrogen source used are less than 3tCO₂eq/tH₂. • Hydro power below 25MW; and Hydro Power above 25MW with emissions intensity below 100gCO₂e/kWh (or a power density greater than 5MW/m²). • Hydro Investments towards energy storage technology to accompany renewable generation. • Research and development for the commercial viability of renewable energy technologies.



ICMA Category: Clean Transportation		
UN SDGs		Eligibility Criteria
		<ul style="list-style-type: none"> Supporting low-carbon mobility, including the deployment of low- and zero-emission public transportation vehicles (<50gCO₂e/km for tailpipe emissions). Expenditure supporting new and upgraded transportation infrastructure (e.g., public transit, rail, charging stations, cycling), as well as infrastructure maintenance, that promotes a shift to lower-emission modes of transportation, or could support low and zero-emission mobility in the future. Research and development for low and zero emission transportation technologies and strategies.
<p>11.2:</p> <p>By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.</p>	<p>13.2:</p> <p>Integrate climate change measures into national policies, strategies and planning.</p>	
ICMA Category: Pollution Prevention and Control		
UN SDGs		Eligibility Criteria
Transition to a circular economy		
		
<p>11.6:</p> <p>By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and</p>	<p>12.2:</p> <p>By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.5:</p> <p>By 2030, substantially reduce waste generation</p>	<p>13.2:</p> <p>Integrate climate change measures into national policies, strategies and planning.</p>
		<ul style="list-style-type: none"> Measures supporting the reduction of air pollutants and greenhouse gas emissions, including carbon capture, utilisation and storage (subject to exclusionary criteria). Measures supporting the development of waste management activities such as waste prevention, waste reduction and recycling. Investments in facilities which produce power and/or heat/cooling by the thermal processing of residual waste which meet the following criteria²¹: <ul style="list-style-type: none"> - Plant efficiency $\geq 25\%$; and - Bottom ash recovery; and - $\geq 90\%$ recovery of metal from ash; and - Average carbon intensity of electricity and/or heat over the life of the plant \leq waste management allowance; and - The capacity of the plant does not exceed the calculated residual waste at any time in the plant's life.

²¹ Climate Bonds Initiative: Waste Management Criteria - The Climate Bonds Standard & Certification Scheme's Waste Management Criteria, December 2019 p.12






municipal and other waste management.	through prevention, reduction, recycling and reuse.		
ICMA Category: Sustainable Water and Waste Water Management			
UN SDGs		Eligibility Criteria	
<div style="text-align: center;">  </div> <p>6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all.</p> <p>6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.</p> <p>6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	<div style="text-align: center;">  </div> <p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>13.2: Integrate climate change measures into national policies, strategies and planning.</p>	<ul style="list-style-type: none"> • Programmes designed to preserve water assets, improve the ecological status and quality of water, sanitation and wastewater treatment: <ul style="list-style-type: none"> - Building supply, purification and sewage treatment infrastructure. - Construction, operation, maintenance and upgrades of own infrastructures for the management of water resources, increasing water recycling and wastewater treatment facilities. - Actions and related investments aimed at promoting the efficient use of water and improving the quality of the water environment. 	








<p>6.4:</p> <p>By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>		
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ICMA Category: Energy Efficiency & Green Buildings

UN SDGs			Eligibility Criteria
 <p>7.3:</p> <p>By 2030, double the global rate of improvement in energy efficiency.</p>	 <p>11.1:</p> <p>By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p> <p>11.3:</p> <p>By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.</p>	 <p>13.2:</p> <p>Integrate climate change measures into national policies, strategies and planning.</p>	<ul style="list-style-type: none"> Schemes to support the improvement of energy efficiency by at least 25% in the built environment, including the public, residential (including heating, retrofit and insulation), commercial and industrial sector. Projects related to acquisition²², development, construction and refurbishment of buildings, which have received, or expect²³ to receive based on its design, construction and operational plans, certification according to third-party verified green building standards, such as but not limited to: <ul style="list-style-type: none"> - Global Sustainability Assessment System (GSAS) “4 star” - LEED “Gold” or above - Mostadam “Gold” or above - BREEAM “Excellent” or above R&D related to energy efficiency.

²² This relates to acquisitions of new buildings
²³ Maximum timeframe for buildings to obtain the certification to be 18 months after completion



ICMA Category: Climate Change Adaptation		
UN SDGs		Eligibility Criteria
 <p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <p>13.2: Integrate climate change measures into national policies, strategies and planning.</p>		<ul style="list-style-type: none"> • Expenditure supporting enhancing resiliency and managing risks associated with the effects of climate change, including flooding, wildfires, drought, and extreme weather events²⁴. • Expenditure supporting the monitoring and prediction of weather and environmental conditions. • Expenditure supporting community monitoring of climate change, outreach and capacity building, risk assessments, risk mitigation, and increasing preparedness.
ICMA Category: Environmentally Sustainable Management of Living Natural Resources and Land Use		
UN SDGs		Eligibility Criteria
 <p>14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.</p>	 <p>15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.</p> <p>15.4: By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to</p>	<ul style="list-style-type: none"> • Expenditure supporting reforestation and afforestation, the conservation or restoration of nature, climate smart farming and agricultural practices, sustainable fisheries and aquaculture, as well as sustainable forestry practices, including projects that meet one or more the following certifications: <ul style="list-style-type: none"> - Forest Stewardship Council²⁵ - Programme for the Endorsement of Forest Certification²⁶ - Sustainable Forestry Initiative²⁷ - Rainforest Alliance²⁸ - Global Forest Watch²⁹ • Expenditure supporting projects that conserve, restore and enhance coasts and marine environment, sand dunes, mountainous areas, valleys, gravel plains, and the ecosystems of the sabkhas (marshes).

²⁴ Subject to an ex-ante Environmental Impact Assessment (EIA)

²⁵ Forest Stewardship Council: <https://fsc.org/en>

²⁶ Programme for the Endorsement of Forest Certification: <https://www.pefc.org/>

²⁷ Sustainable Forestry Initiative: <https://forests.org/>

²⁸ Rainforest Alliance: <https://www.rainforest-alliance.org/>



²⁹ Global Forest Watch: <https://www.globalforestwatch.org/>



	<p>enhance their capacity to provide benefits that are essential for sustainable development.</p> <p>15.b: Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.</p>	
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ICMA Category: Terrestrial and Aquatic Biodiversity

UN SDGs	Eligibility Criteria
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 <p>14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.</p> <p>14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.</p>	 <p>15.4: By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.</p> <p>15.a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.</p>	<ul style="list-style-type: none"> Measures supporting the protection and restoration of biodiversity and terrestrial and marine ecosystems, including protecting species at risk such as: <ul style="list-style-type: none"> - Coral reef cultivation projects - Protection and breeding of traditional and endangered wildlife for conservation purposes - Research studies for animal conservation purposes - Creation of nature reserves
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	<p>15.b: Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.</p>	
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Eligible Social Use of Proceeds:



ICMA Category: Affordable Housing		
UN SDGs	Target Population	Eligibility Criteria
 <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>	 <p>11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p> <p>11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.</p>	<ul style="list-style-type: none"> • Low-income groups³⁰. • Support to extend the supply of good-quality, affordable housing, for example providing financial assistance to facilitate access to housing and ownership. This could include projects such as the Eskan housing programme³¹ or other similar projects that have a clear eligibility criteria to determine the target population as defined below³². • Projects and investments that improve the quality of existing affordable housing facilities.

³⁰ As defined previously, Low Income groups are those defined by Executive Council Resolution No. 3 of 2019 and include Sharjah citizens below a monthly income threshold of AED 25,000

³¹ The housing programme (Eskan): <https://www.dh.sharjah.ae/>

³² Please refer to Section 1.2.ii for more information on housing programmes



ICMA Category: Affordable Basic Infrastructure		
UN SDGs	Target Population	Eligibility Criteria
 <p>11.7: By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.</p>	<ul style="list-style-type: none"> • Geographic areas lacking social infrastructure. • Demographic groups with limited access. • Women, children, and persons with disabilities. 	<ul style="list-style-type: none"> • Expenditures that increase or provide access to the following, regardless of individuals' ability to pay: <ul style="list-style-type: none"> - Public services, buildings and facilities - Safe and inclusive open areas, public spaces and green spaces.
ICMA Category: Access to Essential Services - Healthcare		
UN SDGs	Target Population	Eligibility Criteria
 <p>3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births.</p> <p>3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.</p> <p>3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.</p> <p>3.4: By 2030, reduce by one-third premature mortality from non-communicable diseases through</p>	<ul style="list-style-type: none"> • Low-income groups. • Elderly population³³. • Medically vulnerable population and People of Determination³⁴. • People living in remote areas³⁵. 	<ul style="list-style-type: none"> • Providing access to essential healthcare infrastructure and emergency services for all citizens and residents, regardless of their ability to pay, by: <ul style="list-style-type: none"> - Extending healthcare capacities. - Retrofitting or improving the quality of the existing healthcare facilities and equipment. - Improving the quality of healthcare services. - Ensuring adequate insurance coverage

³³ Individuals who are 60 years of age or over are senior (elderly)

³⁴ The official terminology used for handicapped people in United Arab Emirates is "People of Determination"

³⁵ Remote areas are defined as any areas outside of the main centre of Sharjah City and Hamriyah which represents 9.2% of the population of the Emirate



<p>prevention and treatment and promote mental health and well-being.</p> <p>3.7: By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes.</p> <p>3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p> <p>3.c: Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States.</p>		
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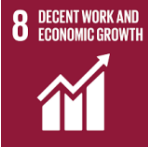


ICMA Category: Access to Essential Services - Education

UN SDGs	Target Population	Eligibility Criteria
<div data-bbox="371 1308 571 1503" data-label="Image"> </div> <p>4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.</p> <p>4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.</p>	<ul style="list-style-type: none"> • Young population (school-age and undergraduate) • Low-income group • People in remote areas 	<ul style="list-style-type: none"> • Providing access to essential educational infrastructure and services for all by: <ul style="list-style-type: none"> - Extending educational capacities, particularly in remote areas. - Improving the quality of the existing educational infrastructure and equipment. - Increasing access to school-age and higher education for people from lower-income families, including through universal sponsorship programmes.



<p>4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p>4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p> <p>4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.</p> <p>4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.</p>		
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ICMA Category: Employment Generation

UN SDGs			Target Population	Eligibility Criteria
 <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and</p>	 <p>9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross</p>	 <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex,</p>	<ul style="list-style-type: none"> • Unemployed and lower-income citizens. • Young people, and specifically graduates (of any nationality). • Small and Medium-sized enterprises (SMEs)³⁶ (including SMEs with owners of any nationality) including those that have been significantly affected by extreme events. 	<ul style="list-style-type: none"> • Support employment generation, through initiatives including but not limited to: <ul style="list-style-type: none"> - Employment generation and retention initiatives including subsidies and incentives for private companies to employ and retain local citizens meeting certain eligibility criteria (e.g. education level) - Support to SMEs, including specifically in case of extreme events (e.g. natural disaster, extreme weather events, public health disaster...) - Professional training programmes

³⁶ The definition of SME according to UAE Cabinet of Ministers Executive Regulation: <https://www.uaesme.ae/en/about/official-definition>



<p>encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p> <p>8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<p>domestic product, in line with national circumstances, and double its share in least developed countries.</p>	<p>disability, race, ethnicity, origin, religion or economic or other status.</p> <p>10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.</p>	<ul style="list-style-type: none"> • Women, and specifically mothers returning to the workplace. 	<ul style="list-style-type: none"> - Infrastructure and public services in lower-employment locations
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ICMA Category: Socioeconomic advancement and Empowerment

UN SDGs		Target Population	Eligibility Criteria
<div data-bbox="244 1339 416 1503" data-label="Image"> </div> <p>8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized</p>	<div data-bbox="536 1339 699 1503" data-label="Image"> </div> <p>10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>	<ul style="list-style-type: none"> • Vulnerable citizens including elderly people, dependent people, disabled people and individuals in financial distress. • Low-income citizens. • Citizens facing financial distress, as assessed by the debt relief committee of the Government of Sharjah. 	<ul style="list-style-type: none"> • Improve the well-being and social inclusion of vulnerable segments of the population by initiatives such as but not limited to: <ul style="list-style-type: none"> - Providing financial assistance to vulnerable population, including financial benefits and free or subsidised access to public services.





enterprises, including through access to financial services.	10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.		
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Exclusions:

The proceeds will benefit private or public companies, public agencies, local authorities, education and research institutes, as well as households and individuals. However, any of those expenditures already covered by the issuance of any other green and/or social financing instruments will be excluded from the Framework to avoid double counting.

Other Exclusions for Green and/or Social Expenditures:

- Burning of fossil fuels for power generation and transportation
- Exploration, production or transportation of fossil fuels
- Rail infrastructure dedicated for the transportation of fossil fuels
- Nuclear power generation
- Manufacture and production of alcohol, weapons, tobacco, gambling
- Child labour or forced labour
- Any activity that is considered illegal according to national laws, regulations or, or international agreements and conventions



2.2. Project Evaluation and Selection Process

The Project Evaluation and Selection Process will ensure that the proceeds of any Sustainable Financing Instruments from Sharjah are allocated to new lending or existing projects/expenditures that meets the criteria set out above in Use of Proceeds.


Sharjah Finance Department will establish a Committee ("the Committee") to carry out the evaluation and selection process. The Committee will consist of members from the following departments:

- Debt Management Office
- Fiscal Policy Department
- Budget and Financial Planning Department
- Accounts Department

The Committee will be chaired by the Director General of Sharjah Finance Department and will meet at least semi-annually to:

- Identify, review and approve eligible expenditures (taking into account any perceived social and/or environmental risks associated with relevant projects) to be included within the Eligible Expenditures Pool³⁷.
- Monitor projects previously and still included within the Eligible Expenditures Pool to ensure ongoing compliance with the Sustainable Finance Framework whilst any relevant Sustainable Financing Instruments are outstanding.
- Remove projects from the Eligible Expenditures Pool that have been disposed of or no longer meet the Eligibility Criteria.
- Furthermore, analyse and monitor any material environmental and/or social risks, issues or controversies that may arise related to any expenditure and on this basis choose to remove projects from the Eligible Expenditures Pool should they no longer comply:
 - Environmental Risks: please refer to Environmental Impact Assessment (EIA) overview on page 16.
 - Social risks: Sharjah has an extensive regulatory framework to mitigate social risks, including the UAE-wide Labour Law (<https://www.uaelaborlaw.com/>) for the private sector and the Sharjah Government HR Law, which covers the public sector. These set strict standards for working conditions, working time, leave, grounds for dismissal, contractual terms and so on. The Government is required to have due regard to all laws and regulations when allocating expenditure, and annual and ongoing reviews of the Government Budget by the Sharjah Consultative Council (Please refer to section 1.3)

³⁷ The Committee will be supported in all its functions by SFD staff who have comprehensive information about budgetary expenditure and will identify and may discuss potentially eligible expenditure with the relevant spending department(s), if required.



ensure a degree of public scrutiny of all public expenditure, including any Eligible Expenditures under this framework.

- Review the management of proceeds, and facilitate annual allocation and impact reporting
- The Committee will draw on expert input from other departments of the Government of Sharjah, public sector entities and the private sector in order to inform its work, as necessary.

2.3. Management of Proceeds


The equivalent of the net proceeds of each Government of Sharjah Sustainable Financing Instrument will be allocated towards the financing/refinancing of Eligible Expenditures, and included within the Eligible Expenditure Pool. The total expenditures required for the Eligible Expenditures will equal or exceed the net Sustainable Financing Instrument proceeds.


The cash proceeds of any Sustainable Financing Instrument will be treated exactly the same way as other proceeds of financing activity by the Government of Sharjah, being transferred to the Government's operating accounts and used to support expenditure programmes. The Government will establish a Sustainable Financing Register for the purpose of recording and tracking expenditures in the Eligible Expenditure Pool.

The Sustainable Financing Register will be reviewed annually by Sharjah Finance Department ("SFD") to account for any re-allocation, repayments or drawings on the eligible expenditures within the pool. The Sustainable Financing Register will contain relevant information including:

- 1) **Details of the Instrument(s):** key information including transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.;
- 2) **Details of Use of Proceeds**, including:
 - Summary detail of eligible projects/expenditures to which the proceeds of the Bonds have been earmarked in accordance with this Framework;
 - Amount of allocation made;
 - Any unallocated Bond proceeds yet to be earmarked against eligible projects/expenditures;
 - Estimated environmental and social impact, where available;
 - Other necessary information

In the event that funds cannot be immediately and fully allocated to Eligible Expenditures, the Government of Sharjah will manage the unallocated proceeds in line with general other government funds until allocation. Unallocated proceeds will be tracked notionally and remain in the "single treasury account" as cash/ cash equivalents until they have actually been disbursed.





The monitoring of Eligible Expenditures will take place regularly, adding items of expenditure to the extent required in the event of divestment or identification of any items on the Sustainable Financing Register that no longer meet the selection requirements.

The Government of Sharjah intends to allocate the proceeds of a given Sustainable Financing Instrument issued to Eligible Expenditures as early as possible, and in any case within 2 years from the date of issuance.

2.4. Reporting

For all Sustainable Financing Instrument issuances under this Framework, the Government of Sharjah is committed to providing investors with transparent reporting on the allocation of proceeds towards Eligible Green and/or Social Expenditures ("Allocation Reporting"), as well as to report on the positive environmental and/or social impact of those expenditures ("Impact Reporting"). Allocation and impact reporting for Sustainable Financing Instrument issuances will be provided in a Sustainable Financing Report and made publicly available on a website of the Sharjah Finance Department.

2.4.1. Allocation Reporting


After each Sustainable Financing Instrument issuance, the Government of Sharjah will publish a report in the following financial year on the allocation of the net proceeds of the Sustainable Financing Instrument(s), including:


- An overview of the allocation of the issued Sustainable Financing Instrument to the Eligible Green and/or Social Expenditure categories
- A breakdown of allocated proceeds per type of expenditure (e.g. direct investment, subsidies, grants, revenues foregone, and operational expenditures)
- The share of new financing (i.e. the value of Green and/or Social Expenditures financed after the issuance of any Sustainable Financing Instruments) and the share of refinancing (i.e. the value of Green and/or Social Expenditures financed before the issuance)
- The amount of unallocated proceeds

The allocation report will be updated annually, or in the case of material changes, until full allocation of the proceeds of the issued Sustainable Financing Instrument(s).

2.4.2. Impact Reporting

The Government of Sharjah will publish an impact report addressing the positive environmental and/or social impacts of the Eligible Green and/or Social Expenditures on at least an annual basis, commencing within the first two years following the inaugural Sustainable Financing Instrument issuance and until full allocation of the proceeds of the issued Sustainable Financing Instrument(s).





The Government of Sharjah intends to align its impact reporting to the approach described in the latest ICMA Harmonised Framework for Impact Reporting³⁸. The approach to impact reporting may be updated over time to align with emerging reporting standards and methodologies.

The impact report will provide information on:

- Environmental and/or Social impact indicators related to the Eligible Green and/or Social Expenditures to which Sustainable Financing Instrument proceeds have been allocated which denote either expected impact (ex-ante) and/or actual impact (ex-post)
- Where appropriate, using case studies outlining qualitative and/or quantitative metrics to discuss expenditure impacts.

As necessary, the Government of Sharjah may provide additional updates due to the time-lag in the publication of certain impact indicators.

Impact indicators (further detailed in the appendix) could include common, general metrics of environmental or social impact, e.g. greenhouse gas emission reductions, project completion milestones, or numbers of people benefiting from social programmes. In some cases, the Government may adopt indicators more closely tailored to the particular objectives of the relevant Eligible Expenditures, e.g. changes in household recycling rates for a waste collection programme, or improvements in certain targeted health outcomes.

2.5. External Review

2.5.1. Second Party Opinion

The Government of Sharjah engaged S&P Global Ratings to provide an independent Second Party Opinion ("SPO") on the Framework prior to the first issuance of a Sustainable Financing Instrument under this Framework. The SPO provides an independent assessment of the alignment of this Framework with the ICMA / LMA / LSTA / APLMA Principles and Guidelines.

The Second Party Opinion report is available on Sharjah Finance Department website.

³⁸ ICMA Green Bond Principles Harmonised Framework for Impact Reporting 2022:
https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf
ICMA Social Bond Principles Harmonised Framework for Impact Reporting 2022:
https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Social-Bonds_June-2022-280622.pdf



2.5.2. Post-Issuance External Verification

The Government of Sharjah will engage an independent authority to provide verification on the allocation of proceeds of issued Sustainable Financing Instruments to Eligible Green and/or Social Expenditures. The external verification will be provided annually until full allocation of the proceeds of the issued Sustainable Financing Instrument. The verification report(s) or certification will be made publicly available on Sharjah Finance Department website.





3. Amendments to this Framework

The Sharjah Finance Department Committee will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market.

The updates, if not minor in nature, will be subject to review by the SPO provider for any updates to the SPO. The updated Framework, if any, will be published on Sharjah Finance Department website. The existing Framework will also continue to be available on the website, as long as any issuances under this Framework are still outstanding. Any Sustainable Financing Instrument(s) subsequently issued will be subject to the updated and amended Framework.

4. Appendix: Impact Indicators Overview

Examples of the potential environmental and social impact indicators are provided below which follow the approach described in the latest ICMA Harmonised Framework for Impact Reporting (as mentioned previously). This list is non-exhaustive and metrics may be updated, added, and/or amended in the future. Additionally, the Government of Sharjah will publish assumptions and/or methodologies used to calculate the impact metrics, within the impact report.

Project Category	Example Impact Indicators
Clean Transportation	<ul style="list-style-type: none"> • Annual greenhouse gas emissions reduced/avoided in tonnes of CO2 equivalent • Number of electric vehicles registered/deployed • Increase number of people who regularly travel to work by active transport
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Number of trees planted • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent • Hectares of land improved or conserved • Number of species benefitted • Annual CO2 sequestered in t.CO2/year • Absolute or % reduction in air/water pollutants
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent • Number of buildings benefitted • Level of energy performance certification by property • Number of smart meters installed • Consistency of electricity supply
Renewable Energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent • Annual kWh/MWh of renewable energy produced • Annual renewable energy generation in MWh/GWh or % (electricity) • Capacity of renewable energy plant(s) constructed or rehabilitated in MW
Climate Change Adaptation	<ul style="list-style-type: none"> • Number of communities that have completed hazard mapping, risk assessments, or adaptation plans • Number of buildings better protected • Number of kilometres of coastline better protected • Number of Flood Defences • Reduction of flood risk / frequency/ assets at risk
Sustainable water and waste water management	<ul style="list-style-type: none"> • Annual volume of water managed • Annual volume of water saved • Annual absolute (gross) water use before and after the project in m3/a, reduction in water use in %

	<ul style="list-style-type: none"> • Reduction in fresh water usage (%)
Pollution Prevention & Control	<ul style="list-style-type: none"> • Amount of waste that is disposed or recycled • Number of projects benefitted • GHG emissions reduced/avoided in tonnes of CO2 equivalent
Affordable Housing	<ul style="list-style-type: none"> • Number of users benefiting from the measures of Affordable Housing projects • Number of social housing built
Affordable Basic Infrastructure	<ul style="list-style-type: none"> • Provision and maintenance of sporting and recreational facilities which promote healthy living and increased activity levels
Access to essential services: Education	<ul style="list-style-type: none"> • Number of special education centres supported • Number of educational or vocational programmes targeting young people at risk of exclusion financed • Increase in School/University capacity • Number of beneficiaries trained/graduated • Number of people benefiting from vocational training and/or with better access to education • Number of classrooms and educational support facilities constructed/rehabilitated • Number of people from low-income families who go into higher education
Access to essential services: Healthcare	<ul style="list-style-type: none"> • Increase in hospitals/ healthcare centre capacity • Number of beneficiaries/patients reached or number of people with access to better health services • Number of health centres constructed and/or equipped
Employment generation	<ul style="list-style-type: none"> • Number of Jobs Created (directly/ indirectly) • Number of newly-created companies, supported • Number of SMEs supported • Number of beneficiaries supported who have been affected by extraordinary circumstances
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Number of beneficiaries • Number of individuals or families benefiting of social minimum income



5. Disclaimer

While the Government of the Emirate of Sharjah (“the Government”) intends to allocate an amount equal to the proceeds from the bonds and sukuk issued in accordance with this framework to eligible expenditures, no assurance can be given that such eligible expenditures will be available or capable of being implemented or completed in the manner anticipated and, accordingly, that the Government will be able to use the proceeds for such eligible expenditures as intended. In addition, there can be no assurance that eligible expenditures are incurred as expected, will achieve the environmental and social impacts or outcomes originally expected or anticipated, or that reports on uses of proceeds and environmental and social impacts are provided to investors as laid out in this framework, including, but not limited to, in the event of lack of reliable information and/or data. Any such failure or other failure to adhere to this framework cannot give rise to any claim or liability of whatsoever nature, whether contractual or non-contractual, against the Government. Further, the Government makes no representation or warranty that bonds or sukuk issued in accordance with this framework, and the use of proceeds for such bonds or sukuk, will satisfy the expectation, requirements, or perception of any investor, as to what a “sustainable bond”, “green bond” or other label entails. This framework is governed by UAE law and the jurisdiction of the Courts of the Emirate of Sharjah.