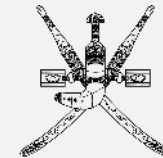


The Sultanate of Oman

Government of Oman's Experience in Establishing the Sustainable Finance Framework

Debt Management Office

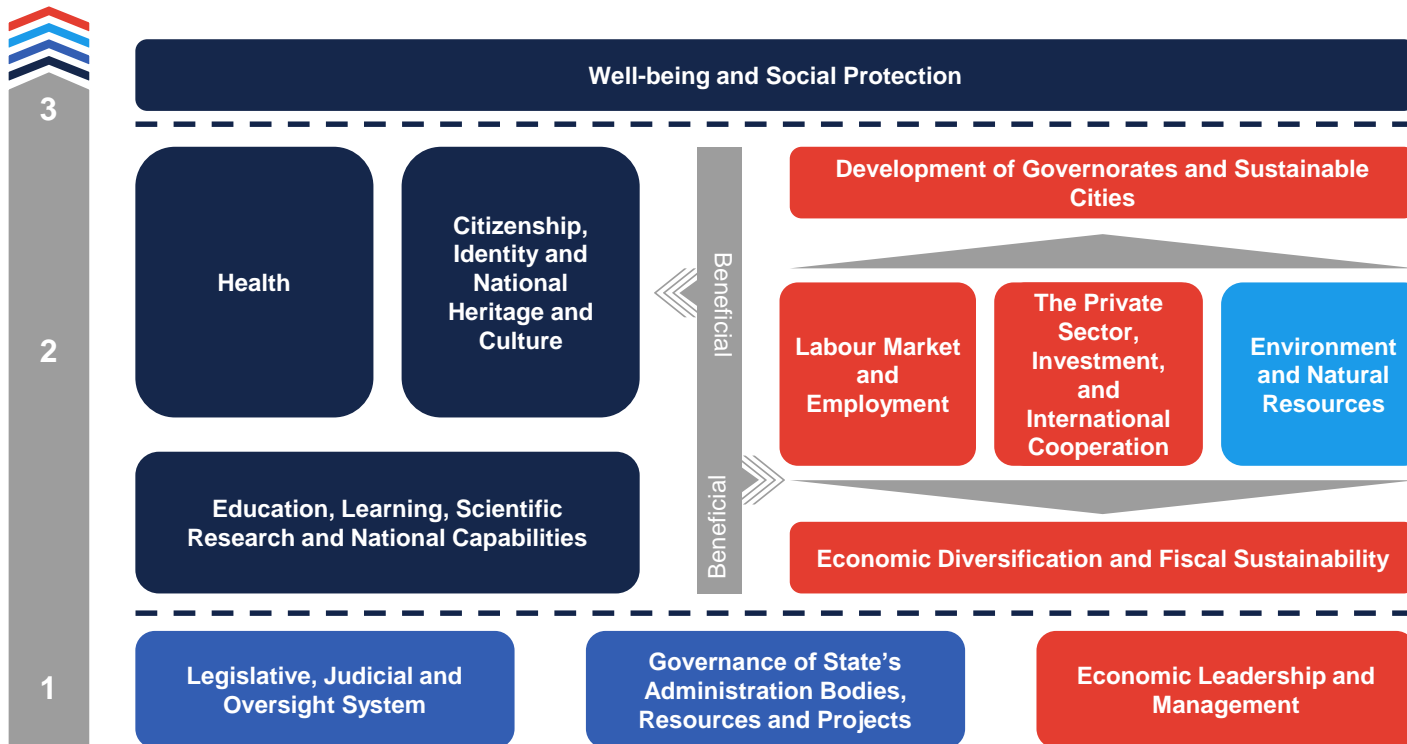
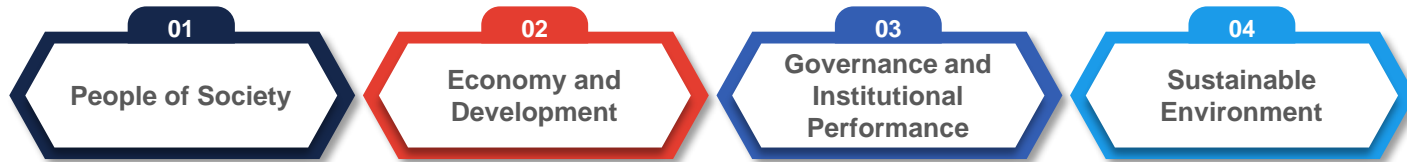
March 2024



Sultanate of Oman
Ministry of Finance

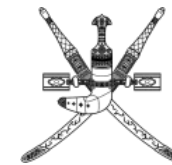


Oman's 2040 Vision Overview



The Oman Vision 2040 implementation Follow-up Unit was established to define objectives and indicators across government entities to align them with the objectives of the Five-Year development plans

- ✓ **10% of Oman's energy to come from renewable sources by 2025, 20% by 2030 and 35-39% by 2040** (updated to 16% by 2025 and 30% by 2030 under the National Energy Master Plan)
- ✓ **Reduce oil share of GDP to 16% in 2030 and 8.4% by 2040** (versus 39% in 2017)
- ✓ **Secure more than 2.6GW of clean energy by 2025**



Overview of the Sultanate's Sustainable Finance Framework

The Ministry of Finance Oman ("MoF Oman") has developed this Sustainable Finance Framework under which it intends to issue Green, Social and Sustainability bonds, loans or sukuk ("Sustainable Finance Instruments") to finance eligible expenditures that deliver environmental and/or social benefits.

1. Introduction to Oman

This section includes summaries of Oman's key climate change and socioeconomic development strategies.

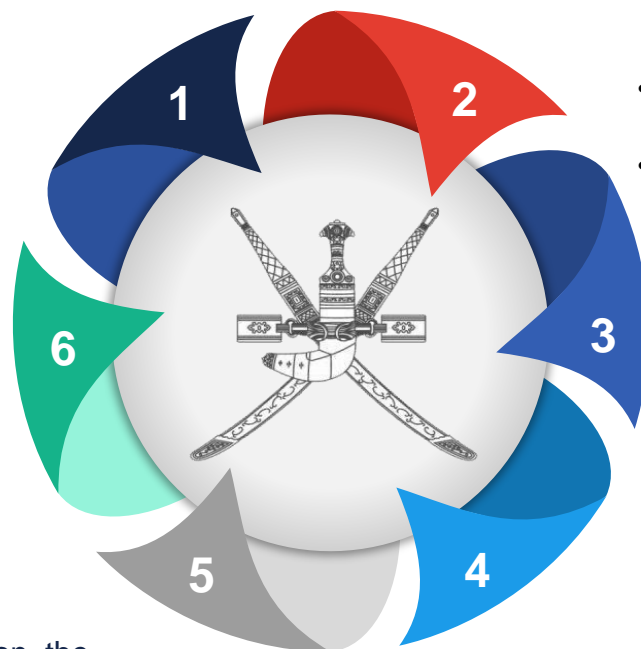
6. External Review

Pre-issuance: MOF appointed SPO, Moody's Investors Service to assess the Framework. **SPO assigned SQS2 Score.**

Post-issuance: MoF Oman will engage an independent reviewer to provide an annual assessment on the alignment of allocation of net proceeds with Framework's criteria

5. Reporting

Provide an Annual Report comprising information on the outstanding instruments, **allocation of net proceeds and impact of eligible expenditures until full allocation**



2. Use of Proceeds

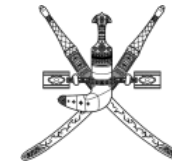
- **Eligible expenditures** include subsidies, grants, loans, support schemes, incentive mechanisms, investment and operating expenditures.
- Timeframe: **3 years prior to issuance and should occur within 2 years from issuance**
- **14 project categories** – 7 Green and 7 Social

3. Project Evaluation and Selection

- Establish a **Sustainable Finance Working Group (SFWG) chaired by the MoF**
- Review and assess eligible expenditures to ensure they comply with criteria in the Framework
- Environmental Impact Assessments will be carried to mitigate and manage environmental and social risks

4. Management of Proceeds

- Net Proceeds will be **deposited into MoF Oman's general account and earmarked for allocation to eligible expenditures**
- Pending allocation, unallocated proceeds will be invested in cash and cash equivalents



The Process for Issuing the Sustainable Finance Framework

Drafting the Framework

MoF drafted a Sustainable Finance Framework.

The Framework has two core sections:

- Section (1): Overview of Oman's key strategies
- Section (2): Includes four core components of the Framework:
 - Use of Proceeds
 - Project Selection and Evaluation
 - Management of Proceeds
 - Reporting
 - Define working group

Identifying eligible projects (Asset Register)

MoF coordinated with relevant stakeholders to develop a list of eligible projects "Asset Register"

MoF assessed the eligibility of proposed expenditure together with the Sustainability Structuring Bank (SSB).

Conduct meetings with relevant stakeholders to discuss the proposed expenditures in further details.

This is an ongoing process and the Asset Register is a live document.

Obtaining a credible Second Party Opinion (Pre – Issuance)

MoF selected an SPO provider (Moody's Investor Services) to assess the framework and provide a independent opinion on the framework.

During the process MoF liaised with different stakeholders to address and consolidate responses received on questions raised by the SPO

Some SPO providers may request the "Asset Register" to assess underlying projects

Allocation and Impact Reporting (Post Issuance)

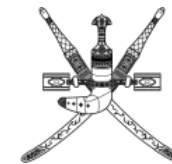
MoF will lead the Sustainable Finance Working Group (SFWG) to prepare an annual "Allocation Report" until full allocation of the sustainable finance Instruments.

SFWG will prepare an "Impact Report" indicating positive environmental & social benefits of eligible expenditure. Clear Measurable impacts should be included in the register.

An independent party may be engaged to provide external verification on the allocation report

Established a Sustainable Financing Working Group (SFWG) consisting of members from various ministries, to consolidate the efforts in collecting the required information to build a comprehensive list of government's projects and assess the eligibility of projects.

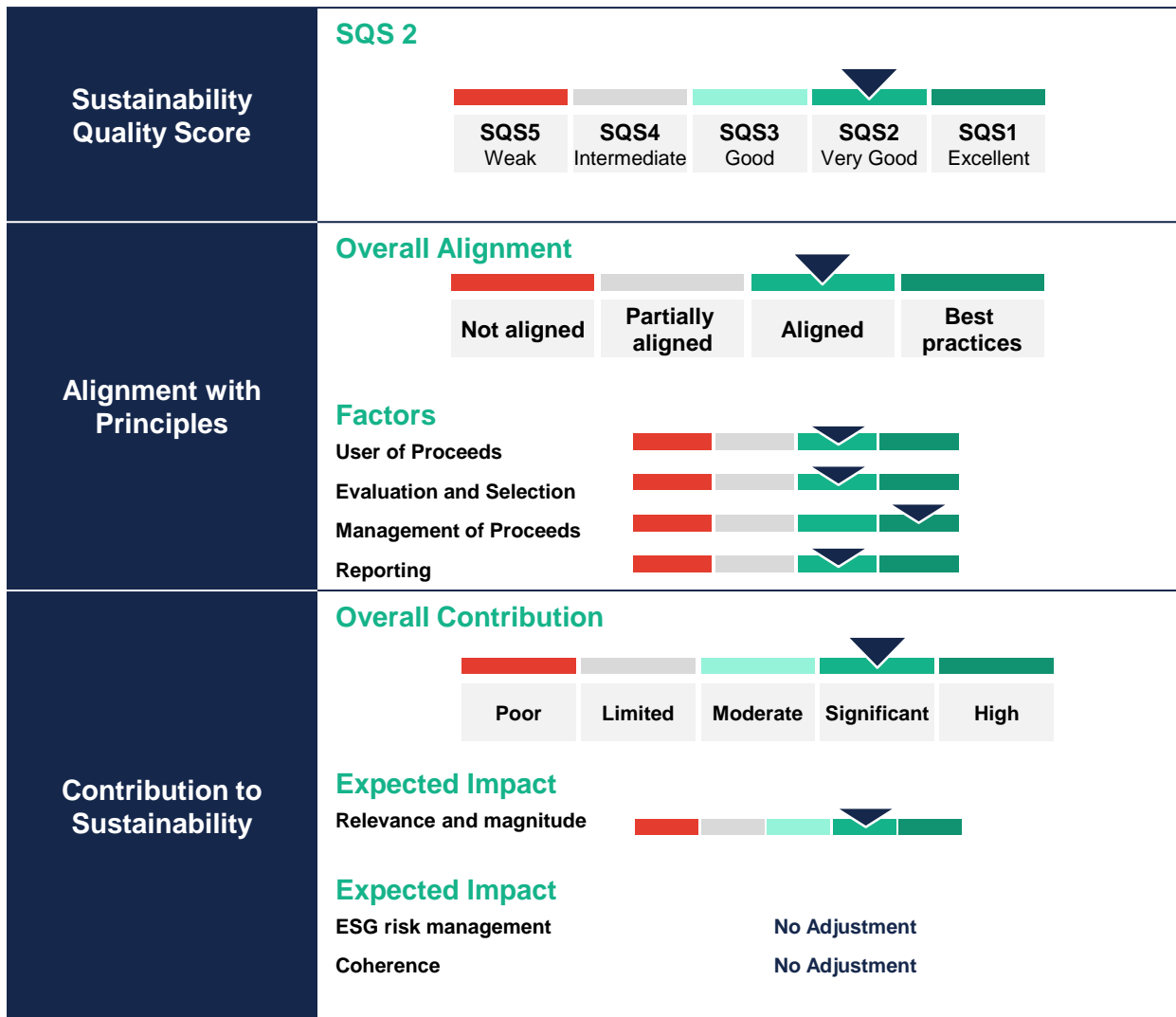
Moody's Second Party Opinion



MOODY'S
INVESTORS SERVICE



Awarded Second Highest Sustainability Quality Score with all 14 categories receiving either Significant or High Impact (Top 2 out of 5 scores)



Eligible Category	Expected Impact
Renewable Energy	High
Energy Efficiency	Significant
Clean Transportation	High
Sustainable Water and Wastewater Management	High
Pollution Prevention and Control	Significant
Environmentally Sustainable Management of Living Natural Resources and Land Use	Significant
Climate Change Adaptation	High
Affordable Basic Infrastructure	Significant
Access to Essential Services (Education)	Significant
Access to Essential Services (Healthcare)	High
Affordable Housing	High
Employment Generation including MSME Financing	Significant
Socioeconomic Advancement and Empowerment	Significant
Food Security and Sustainable Food Systems	Significant
Overall Assessment	Significant



Examples of Green and Social projects

Climate Change Adaptation

- Flood Protection Dam in various regions
- Maintenance of damaged dams from severe climate impact
- Updating and expanding early warning system

Renewable Energy

- Manah I and II Solar IPP (OPWP 7-year plan)
- Feasibility study on Solar CSP
- Green hydrogen production and transport
- Bioenergy produced from used cooking oil

Affordable Basic Infrastructure

- Groundwater recharge dam in South Sharqiyah
- Storage dams in mountainous areas
- Grid unification project to increase reliability of non-connected remote areas
- NSS Electricity and Water Subsidies

Socioeconomic Advancement

- Social Protection Fund
- Training and Awareness programs for small scale fisheries on reef conservation and sustainable fishing
- Training for women in technical skills to improve their livelihoods



Implementation of the Sustainable Finance Framework

- ❖ Oman's inaugural sustainable finance framework is likely to:
 - ✓ Encourage other Omani public and private sector entities to take action and portray their contribution to the national efforts to meet Net Zero commitments and socioeconomic development.
 - ✓ Build inter-ministerial ESG capacity and promote the sharing of information related to green and social projects
 - ✓ Lead and guide the implementation of environmental and social best practises among ministries and agencies
 - ✓ Promote and attract FDI into Oman: foreign investors seek host countries with environmental and social policies aligned with their own corporate objectives to mitigate climate change.



Thank You