



الإمارات العربية المتحدة
وزارة المالية

The National Sustainable Finance Standards Framework in the Federal Government

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1.



Introduction

1. Introduction

The national framework for financial sustainability standards in the federal government of the United Arab Emirates is considered the first comprehensive framework issued by the Ministry of Finance. It serves as a unified, officially endorsed national reference, aiming to embed sustainability principles across various financial functions at the federal level. The framework has been developed based on approved national legislation and policies, and in alignment with relevant international standards and best practices, while adhering to the precedence of applicable federal laws. It is intended to serve as an official reference for federal entities in integrating sustainability across all aspects of financial management, policies, and operational processes, in support of achieving targets related to transformational projects and national priorities.

1.1. Framework Background

This framework represents an approved regulatory document issued by the Ministry of Finance. It provides a reference framework for financial sustainability standards and guidelines, and aims to integrate environmental, social, and governance (ESG) principles into all core functions of financial management at the federal level. Its scope of application includes digital services (information technology), procurement, budgeting, revenues, taxes, treasury, finance and accounting, and asset management.

The development of this framework aligns with the country's directions and strategic priorities in sustainability. This includes the United Arab Emirates' Net Zero by 2050 Initiative, the Green Agenda 2030, and relevant federal legislation such as Federal Decree-Law No. (11) of 2024 on the reduction of climate change impacts. It ensures that these directions are translated into practical practices and procedures that can be implemented across federal entities.

The framework is also based on a set of relevant international frameworks and standards, including the International Financial Reporting Standards for sustainability disclosures (IFRS S1 and IFRS S2), the International Public Sector Accounting Standards Board sustainability reporting standards (IPSASB SRS), the Global Reporting Initiative (GRI) standards, and other recognized international frameworks. These are used for guidance purposes, without compromising the primacy of applicable federal laws and regulations.

1.2. Frameworks Objectives

The Sustainability Frameworks aim to integrate environmental, social, and governance (ESG) principles across the UAE's federal financial ecosystem. Developed by the Ministry of Finance, the Frameworks serve as a unified framework to embed sustainability into financial policies, systems, and operations across all federal entities.

At its core, the Sustainability Frameworks anchored on three interdependent sustainability pillars:

Environmental Stewardship

Advancing resource efficiency, emissions reduction, climate resilience, and the transition to a circular, low-carbon economy.

Social Inclusion

Promoting equity, accessibility, community well-being, and fair opportunities for all stakeholders.

Governance

Ensuring transparency, accountability, ethical conduct, and robust institutional processes.

These pillars are directly aligned with UAE's national priorities including the UAE Net Zero by 2050, Green Agenda 2030, and the Federal Decree-Law No.11 of 2024 on the Reduction of Climate Change Impacts into practical actions within core government functions such as budgeting, revenue, treasury, finance and accounting, taxation, procurement, asset management, and digital services.

The overarching objective is to enhance fiscal resilience, accountability, and sustainability-driven value creation across the UAE's public finance system. To achieve the general objectives of the framework, it outlines a set of operational objectives linked to the core government financial functions, as follows:

1.2.1 Sustainable Budget



Integrating sustainability into budget preparation processes: Embedding environmental and social considerations in all stages of budget policy development, formulation, and analysis.



Supporting inclusive, evidence based financial decision-making: Establishing fair and transparent budget allocations through the application of environmental and social impact assessments.



Establishing a green budgeting tagging framework: Developing a basis for identifying, classifying, and tracking green expenditures, effectively contributing to enhanced financial transparency and strengthened accountability.

1.2.2 Public-Private Partnership (PPP)



Promoting sustainable Public-Private Partnerships (PPPs): integrating sustainability and climate-related risk considerations into the evaluation, design, and implementation of partnership projects.

1.2.3 Sustainable treasury



Embedding sustainability principles in management processes: Integrating environmental, social, and governance (ESG)-related risk considerations into financial decisionmaking.



Enhancing climaterelated risk management: Providing a structured approach to identify, assess, and mitigate financial risks arising from climate change and sustainabilityrelated factors.



Integrating ESG criteria into credit assessments and financial oversight: Ensuring sustainability risks are considered when evaluating banking entities and financial transactions.



Developing sustainability reporting and enhancing transparency: Improving accountability and strengthening collaboration among relevant regulatory units on climaterelated financial matters.



Supporting financial resilience and longterm value creation: Leveraging sustainable finance opportunities, boosting risk preparedness, and contributing to the broader national sustainability goals

1.2.4 Sustainable Public Procurement



Enhancing public value: Optimizing total cost by prioritizing products and services with lower maintenance costs, energyefficient performance, and reduced endoflife disposal costs.



Reducing environmental impact: Minimizing greenhouse gas emissions and resource consumption by procuring energyefficient products and services, and applying sustainable wastemanagement strategies focused on reduction, reuse, and recycling. This also includes adopting Extended Producer Responsibility (EPR), requiring suppliers to take full responsibility for the environmental impacts of their products and services throughout their life cycle.



Optimizing resource performance: Reducing the use of resources such as energy and water, and limiting waste generation through sustainable products. It also involves enhancing procurement efficiency by adopting digital tools and platforms that streamline processes and reduce paper usage, while prioritizing products with recognized environmental certifications.



Adding social and economic value: Enhancing community wellbeing by expanding procurement opportunities for local suppliers, SMEs, and microenterprises, supporting UAE economic growth and encouraging community participation. Training and professional development programs enhance workforce skills in sustainable procurement and promote fair labor practices and community engagement. These efforts collectively help create new job opportunities by supporting the growth of sustainable products and services markets.

1.2.5 Sustainable Finance and Accounting



Enabling integration of climate-related disclosures in consolidated accounts and financial reports: Applying global frameworks such as the IPSASB Sustainability Reporting Standards (SRS) and the International Financial Reporting Standards (IFRS).

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Guiding adoption of mechanisms for classifying, tracking, and disclosing environmental characteristics of financial transactions: Including green tagging to enhance financial transparency and accountability.

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Supporting alignment of federal financial systems with sustainability data requirements: Enabling integration of environmental and economic data in line with the UN System of EnvironmentalEconomic Accounting (UN SEEA).

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Enhancing management readiness for sustainability-related disclosure requirements: Through systematic technical guidance and continuous system updates.

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Ensuring consistency with UAE national sustainability strategies: Aligning financial management sustainability practices with IPSASB standards and the UN SEEA framework

1.2.6 Sustainable tax



Integrating ESG considerations: Embedding environmental, social, and governance principles into tax policies to promote responsible economic activities.

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Enhancing green tax mechanisms: Establishing a structured approach to implementing green tax policies aligned with global best practices, such as the World Bank's Carbon Tax Guide, the IMF's Climate and Tax Policy frameworks, and the OECD's Green Growth and Taxation Framework, alongside the UAE's national strategies.

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Encouraging sustainable investment through tax incentives: Establishing a framework for sustainabilitylinked tax incentives, including R&D tax credits, rebates, and allowances to encourage environmentally friendly practices by companies and individuals.

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Ensuring transparency and accountability: Defining KPIs and reporting standards to strengthen governance and accountability in green tax policies.

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Supporting the UAE's sustainability and climate commitments: Aligning tax policy with the UAE Net Zero 2050 Strategic Initiative, the National Green Agenda 2030, and broader sustainability targets.

1.2.7 Sustainable Revenue



Enhancing efficiency in revenue collection and fairness in debt forgiveness: Developing mechanisms ensuring fair collection and debt exemptions under approved procedures, considering social dimensions and applying equitable exceptions aligned with individuals', businesses', and sectors' financial capabilities, particularly during financial hardship.



Strengthening the resilience and sustainability of government revenue sources: Enabling revenue management to conduct regular and comprehensive reviews of the revenue structure to support longterm financial stability while considering economic and social aspects.



Aligning revenue functions with national sustainability objectives: Ensuring forecasting, revenue development, and collection activities contribute to UAE Vision 2071, Net Zero 2050, inclusive growth, operational efficiency, and improved compliance.



Building readiness for economic fluctuations: Supporting the integration of scenariobased risk testing, early warning systems, and adaptive revenue strategies responsive to major economic shocks such as energy transitions, digital economy shifts, and global financial volatility.

1.2.8 Sustainable Assets



Achieving maximum value throughout the asset life cycle.



Reducing environmental and climate impacts.



Ensuring equitable access and community benefit.



Enhancing financial responsibility and ensuring longterm stability and resilience

1.2.9 Sustainable Digital Services



Reducing environmental impact: Lowering carbon emissions and energy consumption by adopting renewable energy, utilizing energyefficient infrastructure, and employing cloudcomputing solutions. Digital sustainability is further enhanced through responsible ewaste management practices including recycling, device repair, and reducing electronic waste.



Optimizing resource performance: Enhancing operational efficiency through virtualization, automation, and hybridcloud strategies that improve resource utilization and raise performance levels. Sustainable procurement is strengthened by prioritizing environmentally certified, energyefficient IT equipment, reducing environmental impact and improving technological efficiency.



Adding social and economic value: Promoting digital inclusion through equitable access to digital services for all segments of society. Workforce skills are strengthened through training programs in sustainable IT practices and digital competencies. These efforts also help create new jobs in sustainable IT and support partnerships with ecofriendly technology providers, fostering longterm socioeconomic development.



Innovation and leadership: Federal entities aim to establish themselves as leaders in sustainable IT by developing standards for lowemission, energyefficient digital services. They also seek to reinforce the UAE's leadership in sustainable technologies by setting foundations and standards for government digital services and supporting infrastructure, improving efficiency and reducing energy consumption and carbon emissions.



Governance and compliance: Strengthening IT governance through continuous monitoring, reporting, and risk management to promote sustainable operations.

1.3. Alignment with National Sustainability Practices

In the context of enhancing the alignment of this framework with national sustainability references, the framework builds upon a set of national initiatives, strategies, and legislations, including but not limited to:

1 UAE Vision 2071

Provides a long-term roadmap aimed at building a sustainable and diversified economy, placing sustainability at the core of future government planning.

2 UAE Net Zero by 2050 Strategic Initiative

As part of the UAE's commitment to achieving climate neutrality by 2050, the Government Financial Management Sector integrates climate-related financial risks and opportunities into financial planning, reporting, and auditing processes, including tracking carbonrelated expenditures and investments in line with national emissionreduction goals.

3 UAE Green Agenda 2030

Reflects the nation's commitment to transitioning toward a sustainable economy by integrating sustainable development policies and stimulating investments in sustainable sectors.

4 Federal Decree-Law No. 11 of 2024 on Reduction of the Impacts of Climate Change)

In line with this new legislation, this framework aims to empower the Government Financial Management Sector in adopting advanced risk management practices and executing sustainabilityfocused financial operations that align with the national framework for climaterelated financial policies.

5 UAE Sustainable Finance Framework

Developed under the UAE Sustainable Finance Working Group, this framework outlines the core principles for integrating sustainability into financial systems, including public finance and budgeting.

6 Public-Private Partnership (PPP) Guide

Requires environmental and social impact assessments as part of feasibility studies and mandates the application of risk assessment frameworks for PPP projects. However, the application of these principles does not apply uniformly to all projects; rather, it is limited to projects that inherently fall within an environmental scope or those that require the consideration and integration of environmental dimensions within their scope.

7 UAE Sustainable Finance Working Group

The guide also aligns with the principles and objectives of the UAE Sustainable Finance Working Group and its collaborative efforts to harmonize sustainable financial policies, frameworks, and practices across federal entities—ensuring consistency in green finance classification, financial reporting, and support for the broader national sustainable finance agenda.

8 Circular Economy Policy 2031

A policy aimed at enhancing the efficient use of natural resources, minimizing waste, and creating sustainable business models that can be supported through targeted tax incentives.

9 Pearl Rating System for Buildings and Dubai Green Building Regulations

Provide mandatory technical requirements for new and modified nonmovable assets to ensure compliance with sustainability and efficiency standards.

1.4. Framework Structure

The sequencing of departmental sustainability frameworks in this consolidated frameworks is structured based on global best practices aligned with the public sector financial management lifecycle, ensuring a logical progression from planning and budgeting to reporting and oversight.

The frameworks have been organized by department, with each section specifically tailored to reflect the respective mandates and operational functions defined. This structured approach ensures institutional coherence, enhances relevance, and supports the effective and targeted implementation of sustainability measures across all departments.



Each entity within the federal government operates under a distinct mandate and set of functional priorities, as defined by the organizational structure. Accordingly, the consolidated Sustainability Frameworks have been designed to address the unique responsibilities and operational context of each department.

While the frameworks are department-specific, it is acknowledged that certain sustainability actions may necessitate consultation, coordination, support, or compliance from other internal departments or external stakeholders. These cross-functional or inter-agency dependencies are critical to ensuring effective implementation and institutional coherence.

To support this, each departmental framework explicitly identifies the specific occasions where interdepartmental collaboration or external engagement is required, ensuring clarity of roles, responsibilities, and expected inputs. This approach fosters a coordinated and integrated implementation of sustainability measures across the Ministry and its broader ecosystem.

1.4.1 Governance Framework

- The Ministry of Finance assumes a coordinating and supportive role with respect to this framework and its use as a guiding reference within the limits of its mandate. This includes its development and continuous updating, the provision of technical support, and supporting federal entities in its application and in measuring the level of benefit derived from it. This shall not create, nor be construed as creating, any supervisory, oversight, executive, or punitive powers beyond those stipulated in applicable legislation and regulations. Federal entities may benefit from this framework and its associated guidance, each within its respective mandate, in a manner that aligns with the nature of their activities and financial operations. This shall be as follows:
 - » **Ministry of Finance:** Within its mandate, the Ministry of Finance is responsible for developing and enhancing the framework and associated standards, issuing and updating specialized guidance, and supporting federal entities in using it as a reference where appropriate. It also provides technical support and guidance within the limits of its legally defined responsibilities, without creating any additional supervisory or executive powers beyond existing legislation.

- » **Federal Entities:** Federal entities shall, within their respective mandates, apply and benefit from the directives of this framework and its associated guidance, as appropriate to their activities and financial operations, across planning, implementation, monitoring, and reporting stages. They shall also work to integrate sustainability requirements into their internal financial policies and procedures, provide the necessary data and information, and support the preparation of financial sustainability-related reports.
- » **Monitoring Mechanisms:** The Ministry of Finance shall support the monitoring of the level of utilization of this framework through its approved mechanisms and in accordance with applicable legislation and regulations. This includes periodic reporting and relevant indicators to support tracking implementation, measuring alignment, and assessing performance related to financial sustainability at the federal government level.

This framework does not affect the authority of federal entities in managing their financial affairs in accordance with applicable legislation and systems, and in a manner that supports the integration of this framework with existing monitoring and evaluation requirements.

1.5. Roles and Responsibilities for Updating the Framework

This Guide is a regulatory document designed to embed sustainability across all federal financial functions and is subject to periodic updates in accordance with best practices. It undergoes annual review (or as needed) to ensure alignment with changes to federal legislation and regulations.

1.5.1 Financial Policies & Government Accounting Standards Department

- The Financial Policies and Government Accounting Standards Department is the framework owner, responsible for preparing, developing, and issuing the framework, in coordination with relevant departments within the Ministry of Finance and related federal entities.
- The department is responsible for the overall supervision of reviewing, updating, and enhancing the framework on a periodic basis, at least once annually, or whenever needed, in coordination with the relevant MoF departments and federal entities.
- Ensuring the framework is aligned with applicable federal financial legislation and regulations.
- Monitoring local and international developments in financial sustainability, and adopting/adapting relevant global best practices.
- Ensuring the framework is consistent with the UAE's national sustainability and climate-related strategies and policies.
- Leading the implementation phase of the framework across the federal government after issuance.
- Providing technical and advisory support to relevant departments within the Ministry of Finance and federal entities.

- Delivering capacity building and awareness activities to ensure unified understanding and effective implementation of the framework requirements.
- Receiving, consolidating, and analyzing financial sustainability data from relevant departments and federal entities using approved frameworks and templates
- Preparing and issuing the consolidated financial sustainability report at the federal government level, supporting transparency, reporting quality, and decision-making
- Launching and managing the Excellence Award for Financial Sustainability across the federal government.

1.6. Roles and Responsibilities for Implementation

1.6.1 Budget Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of government budget management and the periodic feasibility of applying sustainable budgeting, following approved policy procedures in coordination with the frameworks owner.
- Managing the implementation of the framework in federal entities from a financial and procedural perspective, in accordance with the requirements of government budget management outlined in this framework.
- Coordinating the integration of sustainability considerations into the federal budget preparation processes within the scope of the budget cycle and its financial mandate.
- Issuing procedural budget-related instructions to federal entities.
- Technical coordination with internal and external stakeholders to support consistent implementation of the framework as required by the budget management section.
- Monitoring the application of the guideline throughout the stages of budget preparation and analysis.

1.6.2 Public-Private Partnership (PPP) Department

- The role of the Public-Private Partnership (PPP) Management function is to promote the consideration of sustainability requirements across the various stages of preparing, evaluating, and implementing partnership projects—particularly those with an environmental dimension or that contribute to sustainability objectives. This is achieved by encouraging federal entities to adhere to relevant guidelines, especially with regard to environmental impact assessment and resource efficiency when structuring these projects and during implementation monitoring.
- PPP projects are also evaluated from a financial perspective, without prejudice to the roles of strategic planning and performance measurement, in line with the requirements of the Budget Department under this framework.

1.6.3 Revenue Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of government revenue management and the periodic feasibility of applying sustainable revenue practices, following approved policy procedures in coordination with the department
- Managing the implementation of the framework in federal entities from a financial and procedural perspective, in accordance with the requirements of government revenue management outlined in this framework.
- Integrating sustainability principles into revenue policies, forecasting, collection, and debt recovery.
- Leading the implementation of frameworks aimed at achieving fair and resilient revenue streams according to the requirements of the revenue management section in this framework.
- Coordinating with relevant entities to support compliance and alignment with national sustainability initiatives.

1.6.4 Treasury Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of treasury management and the periodic feasibility of applying the Sustainable Treasury Framework, following approved policy procedures in coordination with the department.
- Managing the implementation of the guideline in federal entities from a financial and procedural perspective, in line with the requirements of treasury management in this framework.
- Embedding sustainability principles into financial planning.
- Ensuring compliance with national fiscal policies related to treasury functions and climate requirements.
- Ensuring compliance with financial policies related to environmental, social, and governance (ESG) standards as applied to treasury operations.

1.6.5 Digital Procurement Platform Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of procurement and the periodic feasibility of applying the Sustainable Public Procurement Framework, following approved policy procedures in coordination with the department. Additionally, the team manages the sustainability labels (tags) of the Ministry of Finance within federal procurement catalogues.
- Managing the implementation of the guideline in federal entities from a financial and procedural perspective, in line with the sustainable public procurement requirements in this framework.

1.6.6 Accounts and Financial Systems Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of accounts and financial systems, and the periodic feasibility of applying the Sustainable Accounting and Finance Frameworks, following approved policy procedures in coordination with the department.
- Managing the implementation of the guideline in federal entities from a financial and procedural perspective, in accordance with the requirements of the accounts and financial systems section of this framework.
- Implementing the provisions related to accounts and financial systems within the framework.
- Integrating sustainability principles into accounting standards and financial reporting.
- Ensuring compliance with national and international financial policies related to climate and ESG standards, in line with the requirements of the Sustainable Accounting and Finance section of this framework.

1.6.7 Tax Policy and Legislation Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of tax policy and legislation management and the periodic feasibility of applying the Sustainable Tax Guideline, following approved policy procedures in coordination with the department.
- Managing the implementation of the guideline in federal entities from a financial and procedural perspective, in accordance with the requirements of the Tax Policy and Legislation section of this guideline.
- Developing tax policies aligned with local and international sustainability regulations.
- Monitoring the impact of sustainability-related tax initiatives to make necessary adjustments.

1.6.8 Government Assets Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of government asset management and the periodic feasibility of applying the Sustainable Fixed Assets Framework, following approved policy procedures in coordination with the department.
- Managing the implementation of the guideline in federal entities from a financial and procedural perspective, in accordance with the requirements of government asset management in this framework.
- Setting policies and standards for managing federal assets.
- Ensuring all movable and immovable assets comply with sustainability principles.
- Overseeing the integration of sustainability KPIs into federal entities' fixed asset management systems.
- Coordinating with internal and external stakeholders to ensure compliance, in line with the Fixed Assets Management section of this framework.
- Submitting an annual report on asset sustainability performance to the Ministry of Finance's senior leadership.

1.6.9 Digital Transformation Department

- The Department is primarily responsible for reviewing, updating, and amending sustainability standards based on the technical requirements of digital transformation management and the periodic feasibility of applying the Sustainable Digital Services Guideline, following approved policy procedures in coordination with the department.
- Managing the implementation of the guideline in federal entities from a financial and procedural perspective, in line with the requirements of digital transformation management in this guideline.
- Implementing and applying the sustainability guideline and integrating sustainable practices into digital operations, digital infrastructure, and service delivery.
- Decision-making related to technology procurement strategies, energy management, and electronic waste reduction.

1.7. Process of Framework

- Proposals to improve or update this Framework shall be submitted in writing to the Financial Policies and Government Accounting Standards Department at the Ministry of Finance. Submissions must include the justification for the amendment and an assessment of its legislative, operational, financial, and oversight impact.
- The Financial Policies and Government Accounting Standards Department shall review the request, conduct consultations and coordination with the relevant federal entities, and prepare a draft amendment supported by the necessary technical and legal documentation.
- The draft amendment shall then be submitted to the organizational unit responsible for governance within the Ministry of Finance for review and feedback, if any, as part of the approval process.

1.8. Approvals and Authorities

- The Minister of Finance, or an authorized delegate, is empowered to approve the necessary amendments to this Framework.
- No provision may be cancelled, amended, or added before the issuance of an official approval decision and completion of all regulatory procedures.

1.9. Key Authorities

- The Ministry of Finance shall update the official version of this Framework and circulate it to the relevant federal entities after it has been formally approved, specifying the effective date.
- The Ministry of Finance shall maintain a record of amendments indicating the version number, date of issuance, summary of changes, and their scope.
- As of the effective date, all previous texts, circulars, or procedures that conflict with this Framework shall be considered null and void.

1.10. Scope

The Ministry of Finance is responsible for issuing the approved version of this framework, updating it, and circulating it to the relevant federal entities, while specifying the effective date for its implementation and use within the government financial system.

The Ministry shall also maintain a change log, including the version number, date, and scope of amendments.

Relevant guides and procedures shall be aligned in a manner that does not conflict with this framework. To the extent applicable, any previous texts or procedures that conflict with it shall be cancelled or amended, without prejudice to applicable laws and regulations, and in support of consistent implementation and improved performance related to financial sustainability.

1.10.1 Key Implementation for Federal Entities

Federal entities shall align their internal policies, systems, and processes with the sustainability framework issued by the Ministry of Finance through the adoption of the following key practices:

Policy Integration:

Integrating environmental, social, and governance (ESG) sustainability principles into strategic plans, budget frameworks, procurement policies and processes, and financial decision-making.



Coordination Among Relevant Organizational Units:

Strengthening collaboration among the relevant organizational units to ensure cohesive and effective implementation of the Framework.



Capacity Building:

Enhancing internal awareness, developing technical skills, and strengthening leadership capabilities to ensure the effective implementation of sustainability-related actions.



Stakeholder Engagement:

Engaging internal and external stakeholders including suppliers, partners, and community entities to promote transparency and shared accountability.



Data and Performance Management:

Utilizing existing federal and internal financial systems to track, measure, and report sustainability-related expenditures and outcomes.



Continuous Improvement:

Regularly reviewing practices, identifying gaps, and adopting innovative solutions to enhance sustainability performance in alignment with federal objectives.



1.10.2 Key Performance Indicators

To ensure measurable progress, each section of the Framework includes a set of Key Performance Indicators (KPIs) covering all sustainability pillars. These indicators are designed to:

Monitoring the extent to which sustainability measures are adopted, implemented, and effective during both the phased implementation stage and the steady-state operational stage.

Tracking outcomes such as green expenditure ratios, the coverage of Environmental and Social Impact Assessments (EIA/SIA), the level of supplier compliance with sustainability standards, training completion rates, and other relevant indicators.

Enabling transparent reporting and evidence-based decision-making at both the administrative and federal levels.

Each section includes a comprehensive list of Key Performance Indicators to support internal management and strengthen public accountability.

1.10.3 Compliance Evaluation

This Framework establishes a unified basis for evaluating the extent to which all federal entities comply with sustainability objectives. The compliance evaluation system is built on the following pillars:



Clear Applicability

The Framework applies to all federal entities involved in financial planning, budgeting, accounting, taxation, procurement, treasury operations, and digital financial services.



Standardized Reporting

Entities are required to use unified templates and digital platforms to report sustainability actions, Key Performance Indicators (KPIs), and achieved outcomes.



Periodic Reviews

The Ministry of Finance—through the Financial Policies and Government Accounting Standards Department—shall conduct regular compliance reviews in coordination with the relevant federal entities and organizational units.



Alignment with Standards

Compliance assessments shall be based on evolving national and international frameworks, such as the International Public Sector Accounting Standards Board (IPSASB) and the Global Reporting Initiative (GRI), to ensure best practices and future readiness.



Transparency and Accountability

The results of compliance evaluations shall be consolidated and submitted to senior leadership within the federal government, supporting continuous improvement and strengthening public trust.

2.



Glossary of Key Terms and Definitions

2. Glossary of Key Terms and Definitions

Term	Definition
State	United Arab Emirates
Federal Government	The federal government of the State.
Ministry	Ministry of Finance.
Minister	Minister of Finance.
Federal Entities	Ministries established under Federal Law No. (1) of 1972 concerning ministerial competencies, powers of ministers, and its amendments, as well as all federal government entities. This includes ministries and federal entities whose responsibilities were amended under Federal Law No. (1) of 1972 affecting ministerial competencies and powers, in addition to independent federal entities established in accordance with applicable legislation to carry out specific governmental functions or services, and which operate at arm's length from the government. They include: 1. Independent federal agencies and entities with legal personality and administrative and financial autonomy. 2. Entities governed by their own administrative and regulatory frameworks. 3. For-profit entities.
Environmental Impact Assessment	A systematic evaluation of the potential environmental effects (positive or negative) of a proposed project, policy, or program, conducted prior to implementation. EIAs help identify risks, assess trade-offs, and recommend mitigation or redesign measures
Social Impact Assessment	A structured process used to assess the social implications of proposed budget measures or projects, particularly their effects on inclusion, equity, access to services, and targeted groups. SIAs are essential to ensure socially responsible and equitable public spending
Public-Private Green Partnership	A partnership project between public and private sector entities that delivers tangible environmental benefits, such as reducing carbon emissions, improving energy efficiency, supporting renewable energy, or conserving water resources. These partnerships aim to achieve shared sustainability objectives.

Term	Definition
Ex-Post Evaluation	An assessment conducted after implementation of a project or policy, used to compare actual outcomes against projected impacts, and to extract lessons learned for future planning
Output-Based Specifications	A procurement strategy where requirements are defined in terms of desired results or outcomes (e.g., emissions reduction), rather than specific technologies or inputs – encouraging innovation from private partners.
Value for Money	A principle used in PPP and public procurement that evaluates whether a project achieves the optimal balance between cost, quality, and risk. In green PPPs, VfM assessments increasingly consider long-term environmental and social value
International Financial Reporting Standard on Climate-Related Disclosures (IFRS S1 & S2)	A global standard for preparing and disclosing climate-related financial risk information.
NGFS	Network for Greening the Financial System - Climate risk management and stress testing framework
SFWG	UAE Sustainable Finance Working Group - National climate finance principles
Relevant International Government Entity for Climate	An international authority responsible for assessing material and transitional climate risks.
Environmental, Social, and Governance (ESG) Standards	A framework for assessing sustainability-related risks and performance.
Shared Socioeconomic Pathways (SSPs)	Scenarios that explore potential socioeconomic developments and their implications for environmental and social outcomes.
Principles for Responsible Investment	Principles that emphasize the integration of ESG considerations into investment decision-making processes.
Sustainability Accounting Standards Board (SASB)	An independent standards body that develops sustainability accounting standards to help companies disclose material information relevant to investors.
Global Reporting Initiative (GRI)	An international initiative that provides standardized frameworks for sustainability reporting.

Term	Definition
Greenhouse Gases (GHG)	Gases that contribute to climate change.
Enterprise Risk Management (ERM) - Climate Risk Integration	A framework for incorporating climate-related risks into financial and organizational risk management.
Climate Value at Risk (CVaR)	A metric used to assess the financial impact of climate-related risks on asset valuations.
Marginal Abatement Cost (MAC) Indicator (BMG)	A financial metric that measures the cost of reducing exposure to carbon-related risks.
Circular Economy	An economic system aimed at minimizing waste and maximizing the efficient use of resources through principles such as redesign, reuse, recycling, and recovery.
Economic Sustainability	Ensuring that procurement practices contribute to long-term economic growth while maintaining efficiency, flexibility, and compliance with environmental and social standards.
Energy Efficiency	The rational use of energy in buildings and projects to reduce consumption, typically achieved through high-efficiency equipment and technologies.
Environmental Sustainability	Practices and actions that support the protection and improvement of the natural environment through the responsible use of resources and reduction of environmental harm.
Fair Trade	A commercial partnership based on transparency, dialogue, and respect, aiming to achieve equity in international trade and support sustainable development by improving trading conditions for producers and workers.
Governance	A set of systems, policies, and procedures that guide an organization's operations, ensure adherence to best practices, define roles and responsibilities, and promote transparency and accountability.
Greenhouse Gas (GHG) Emissions	Emissions of gases released into the atmosphere that contribute to global warming and climate change.
National Content	The total spending within the country that contributes to developing businesses, human resources, and local infrastructure, based on defined national content metrics.
ISO 20400	An international standard that provides guidance on integrating sustainability into procurement policies and practices.

Term	Definition
Key Performance Indicators (KPIs)	Measurable indicators used to assess organizational or project performance against specific objectives.
Life Cycle Cost Analysis (LCCA)	A comprehensive assessment of the total cost of a product or service over its entire life cycle, including procurement, operation, maintenance, and disposal.
Local Economic Development	Strategies and actions aimed at enhancing economic opportunities and job creation in local communities while supporting domestic businesses.
Carbon Neutrality	Achieving a balance between greenhouse gas emissions produced and those removed from the atmosphere, with the goal of reaching net zero emissions by a specified date.
Carbon Footprint	The total greenhouse gas emissions associated with the full life cycle of a product, service, or activity, including production, transportation, use, and disposal.
Resource Efficiency	The sustainable use and management of resources in a way that minimizes waste and environmental impact.
Social Sustainability	Ensuring fairness and social equity in supply chains, including respect for human rights and fair labor practices.
Social Considerations	Social impacts taken into account in procurement and project decisions, focusing on community well-being rather than only price or cost.
Sustainable Products	Products that meet environmental standards throughout their life cycle, from design through usage, while reducing environmental impacts.
Sustainable Development Goals (SDGs)	A set of 17 global goals adopted by the United Nations to address challenges such as poverty, inequality, climate change, and environmental degradation.
Sustainable Procurement	The process of acquiring goods and services in a way that delivers environmental, social, and economic benefits over their life cycle.
Sustainable Public Procurement (SPP)	Government procurement practices that ensure value for money while advancing sustainability objectives, including environmental protection, social responsibility, and long-term economic efficiency.
Green Procurement	The process of purchasing products and services that have a reduced environmental impact compared to alternatives serving the same purpose.
Sustainability Impact Assessment (SIA)	A systematic evaluation of the economic, environmental, and social impacts of policies, programs, or projects to support sustainable decision-making.

Term	Definition
Carbon Tax	A tax imposed on the carbon content of fossil fuels and greenhouse gas emissions to incentivize emission reductions.
Emissions Trading System (ETS)	A market-based mechanism that sets a cap on total emissions and allows entities to buy or sell emission allowances.
FASTER Principles	A framework developed by the World Bank to provide guidance on carbon pricing mechanisms, emphasizing fairness, alignment, stability, transparency, efficiency, and reliability.
Carbon Leakage	The relocation of industries to countries with less stringent environmental regulations to avoid the costs associated with emissions reduction.
Carbon Offsets	Credits representing emissions reductions achieved elsewhere, which entities can purchase to compensate for their own emissions.
Emissions Cap	A predefined limit on total greenhouse gas emissions under systems such as Emissions Trading Systems (ETS), ensuring emissions remain within a specified threshold.
Sustainable Revenues	Government revenues characterized by stability and flexibility, aligned with economic, environmental, and social development objectives.
Fair Revenue Collection	A tax and revenue system designed to ensure equitable burden-sharing across individuals and entities, supporting inclusive growth.
Scenario Analysis	A forward-looking method used to assess the impact of potential future developments (e.g., technological changes or energy transitions) on revenues and sustainability.
High-Risk Sectors	Economic sectors that are particularly vulnerable to fluctuations or disruptions in revenues due to external factors or transitions (e.g., energy transition).
Service Level Agreement (SLA)	A predefined standard specifying the level of service to be delivered, including performance, timeframes, and issue resolution.
International Organization for Standardization (ISO)	An independent, non-governmental international organization that develops standards to ensure quality, safety, and efficiency.
ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers)	An international organization focused on advancing building systems, energy efficiency, indoor air quality, and sustainability standards.

Term	Definition
Greenhouse Gas Protocol (GHG Protocol)	A widely used international accounting framework for measuring and managing greenhouse gas emissions, developed by organizations such as WRI and WBCSD.
R2 Certified Electronics Recycling (R2 Standard)	An international standard ensuring responsible recycling and disposal of electronic waste, including data security, environmental protection, and worker safety.
International Public Sector Accounting Standards Board (IPSASB)	A global body that develops accounting standards for the public sector to enhance transparency and comparability in financial reporting.
International Public Sector Accounting Standards (IPSAS)	Standards issued by IPSASB governing financial reporting in the public sector with a focus on transparency, accountability, and international consistency.
Sustainability Reporting Standards (SRS)	Standards that define how organizations disclose sustainability-related information in a consistent and comparable manner.
IFRS Sustainability Disclosure Standards	Global disclosure standards under IFRS (including ISSB frameworks) for reporting sustainability and climate-related financial risks and opportunities.
System of Environmental-Economic Accounting (SEEA)	A framework adopted by the United Nations that integrates environmental and economic data to measure the relationship between the economy and natural resources.
Organisation for Economic Co-operation and Development (OECD)	An international organization established in 1961, comprising member countries working to promote economic growth, trade, and sustainable development.
OECD DAC Rio Markers	A methodology developed by the OECD Development Assistance Committee to track and assess the integration of climate and environmental objectives in development finance.
UAE Sustainable Finance Working Group	A national platform that coordinates policies, standards, and reporting practices for sustainable finance in the UAE.
Green Budget Tagging (GBT)	A methodology for classifying and tracking government budget expenditures based on their contribution to environmental and climate objectives. It categorizes spending into principal, significant, or non-targeted contributions.
Principal Classification (100%)	Budget allocations that primarily aim to achieve environmental or climate benefits.

Term	Definition
Significant Classification (40%)	Budget allocations that contribute secondary environmental or climate benefits.
Not Targeted Classification (0%)	Budget allocations with no direct environmental or climate objectives.
Green-Tagged Transaction	A recorded financial transaction within the accounting system that is classified and tagged as contributing to environmental objectives.
Climate Resilience	The ability to prepare for, respond to, and recover from climate-related impacts while maintaining essential functions.
Asset Life Cycle	The stages an asset goes through, from planning and acquisition to operation, maintenance, and disposal.
BREEAM (Building Research Establishment Environmental Assessment Method)	A sustainability assessment system used to evaluate the environmental performance of buildings.
Physical and Transition Climate Risks	Physical risks: Risks arising from climate-related events (e.g., floods, heatwaves). Transition risks: Risks arising from policy, technological, or market shifts toward a low-carbon economy.
AI Sa'fat Rating System	Dubai's green building regulations and rating system focused on energy efficiency and environmental performance.
LEED (Leadership in Energy and Environmental Design)	An internationally recognized certification system for green building design, construction, and operation.
Estidama Pearl Rating System	A sustainability framework used in Abu Dhabi to evaluate buildings and communities based on environmental and social criteria.
UAE Fire and Life Safety Code	A regulatory framework that sets requirements to ensure safety in buildings and communities.
ISO 15686 - Life Cycle Costing	An international standard providing guidance on assessing costs throughout the lifecycle of assets, including acquisition, operation, maintenance, and disposal.
ISO 20887:2020 - Design for Disassembly and Adaptability	Principles for designing buildings and infrastructure to be adaptable, easy to disassemble, and reusable, supporting waste reduction and circular economy objectives.

Term	Definition
ISO 21542 - Accessibility and Usability of the Built Environment	An international standard that ensures accessibility of buildings and spaces for all users, including persons with disabilities.
ISO 26000 - Social Responsibility	A guidance standard that helps organizations integrate social responsibility into their values and practices, including human rights, labor practices, environment, and community development.
ISO 55001 - Asset Management Systems	A standard that defines requirements for managing assets throughout their lifecycle to optimize performance, cost, and risk.
ISO 59004 - Circular Economy	A standard providing guidance, frameworks, and terminology for implementing circular economy practices within organizations.
LEED - Leadership in Energy and Environmental Design (Advanced Building Design)	A globally recognized green building rating system focused on sustainable design, construction, and operation of buildings.
OECD Policy Coherence for Sustainable Development Toolkit	A framework that supports governments in evaluating and managing the social impacts of policies and decisions, including in asset management.
UN Convention on the Rights of Persons with Disabilities (UN CRPD)	An international treaty guiding governments to ensure accessibility, inclusion, and equal rights for persons with disabilities across all sectors.
UN DESA Infrastructure Asset Management Guidelines	Guidance issued by the United Nations Department of Economic and Social Affairs to support sustainable and resilient infrastructure asset management aligned with the SDGs.
UNEP Social Value Toolkit	A toolkit developed by the United Nations Environment Programme to help organizations measure and understand the social value and community impact of their assets.
UNEP Sustainable Public Procurement Guidelines	Guidelines that encourage public entities to integrate environmental, social, and economic sustainability criteria into procurement processes.
UN-Habitat Adaptive Reuse Guidelines (2016)	Guidelines on repurposing underutilized or unused assets and spaces for new functions, promoting community value and sustainability.
Web Content Accessibility Guidelines (WCAG)	International standards developed by the World Wide Web Consortium (W3C) to ensure digital accessibility for people with disabilities.

Term	Definition
Adaptive Reuse and Deconstruction Policy (World Economic Forum, 2024)	Principles promoting the extension of asset lifecycles, reduction of embodied carbon, and enhancement of resource efficiency through reuse and deconstruction.
Sustainable Budgeting	The preparation and execution of public budgets in a way that ensures long-term financial sustainability, balances revenues and expenditures, and incorporates environmental, social, and economic considerations.
Sustainable Treasury	The management of government liquidity and cash flows in a manner that ensures financial stability while aligning with transparency, governance, and sustainability principles.
Sustainable Taxation	A comprehensive tax approach that balances revenue generation with economic efficiency, environmental protection, and social equity, while reducing distortionary effects.
Productive Assets	Government-owned assets used to deliver public services or support economic activities, ensuring long-term value creation without resource depletion or excessive fiscal burden.

3.



Sustainable Budget

3. Sustainable Budgeting

The growing urgency of climate change, resource scarcity, and social inequality has transformed the role of public finance in driving sustainable development. Governments worldwide are increasingly integrating environmental and social considerations into fiscal planning and decision-making processes. In this context, the Ministry of Finance (MoF) of the United Arab Emirates (UAE) recognizes the critical importance of aligning federal budgetary practices with national sustainability goals and international best practices.

The Budget Department plays a pivotal role in ensuring that fiscal policies and public investments contribute meaningfully to the UAE's long-term vision of sustainable development. This includes supporting climate resilience, promoting environmental protection, fostering social inclusion, and enhancing economic competitiveness. The Sustainable Budget Framework aims to institutionalize sustainability considerations within the budgeting processes at the federal level. It draws on globally recognized green budgeting frameworks while also building on existing practices within the UAE.

3.1. Scope

This section defines the scope of the Sustainable Budgeting Guide regarding the functions and responsibilities of the Government Budget Department. It clarifies areas of application, covered activities, decision types, and any exclusions.

3.1.1 Scope of Application

This framework applies to all budget-related functions carried out by the Budget Department at the UAE Ministry of Finance, particularly in the following areas:

- **Policy Development and Legislative Preparation:** Integration of sustainability principles into fiscal policies, standards, and draft legislation.
- **Budget Formulation and Analysis:** Evaluation of budget proposals from federal entities with reference to sustainability alignment and consideration of environmental and social impacts during budget preparation cycle.
- **Green Budget Tagging and Reporting:** Development and implementation of a system to tag and track sustainability-linked expenditures while collaborating with federal entities to support reporting on climate-related budgetary impact.
- **PPP Evaluation and Impact Assessment:** Assessment of Public Private Partnerships (PPP) proposals in line with the PPP manual including environmental, social, and climate risk assessments in feasibility evaluations.

3.1.2 Exclusions and Limitations

While this framework seeks to institutionalize sustainability across the budgetary process, certain exclusions and limitations apply:

- **Non-Budgetary Financial Instruments:** Activities related to financial instruments, sovereign investments, or capital market issuances are excluded, as these are to be supervised by respective departments in the Ministry of Finance.
- **Evolving Regulatory Landscape:** The implementation of the framework is subject to future changes in national legislation, such as the Federal Decree Law (11) on the Reduction of Climate Change Effects and is to be updated accordingly.

3.2. Target Audience

The Sustainable Budgeting Guide is specifically designed for the key stakeholders whose roles require integrating sustainability considerations into budget preparation processes. This section identifies the primary users and supporting stakeholders involved in applying the guide. The target groups include internal and external entities whose responsibilities intersect with planning and decision making processes related to the federal budget.

3.2.1 Custodian/Primary Owner

Government Budget Department, UAE Ministry of Finance: The Budget Department at the UAE Ministry of Finance serves as the custodian and primary owner of this framework, responsible for leading the integration of environmental and social considerations into federal budget processes, coordinating with internal and external stakeholders to ensure alignment with sustainability objectives, updating and maintaining the framework in line with evolving national strategies and international best practices, and monitoring its application across budget planning, analysis, and PPP evaluations.

3.2.2 Internal Stakeholders

These MoF Departments play a critical role in the execution and governance of sustainability practices within budgetary functions along with the Budget Department:

- **Government Revenue Sector, UAE Ministry of Finance:** Responsible for supporting budgetary requirements through effective revenue management and forecasts.
- **Treasury Department, UAE Ministry of Finance:** Provides support in aligning federal cash reserves to enable the annual budget preparation process.
- **Government Financial Management Sector, UAE Ministry of Finance:** Provides support through accounting mechanisms that enhance budget related decision making and offer efficient financial assistance.

3.2.3 External Stakeholders

These institutions engage with the Budget Department on financial sustainability-related matters:

- **Ministry of Cabinet Affairs:** Ensure strategic coherence between the federal budget and long-term national visions and strategies.
- **Federal Government Entities and Ministries:** Prepare and submit budget proposals, implement projects, and align spending with sustainability priorities.
- **General Budget Committee (GBC):** Provide strategic direction and ensure alignment of the federal budget with national priorities, including sustainability objectives.
- **Ministry of Climate Change and Environment (MOCCAEE):** Provide guidance on environmental and climate-related criteria relevant to budget planning and PPP evaluations.
- **Private Sector Partners (in PPP projects):** Engage with MoF and federal entities in the development and implementation of sustainable infrastructure and service delivery.

3.3. Application Mechanism

The Sustainable Budget Framework is structured into 2 key sections: 1. Impact Assessments for Budget Processes; and 2. Sustainability Frameworks.



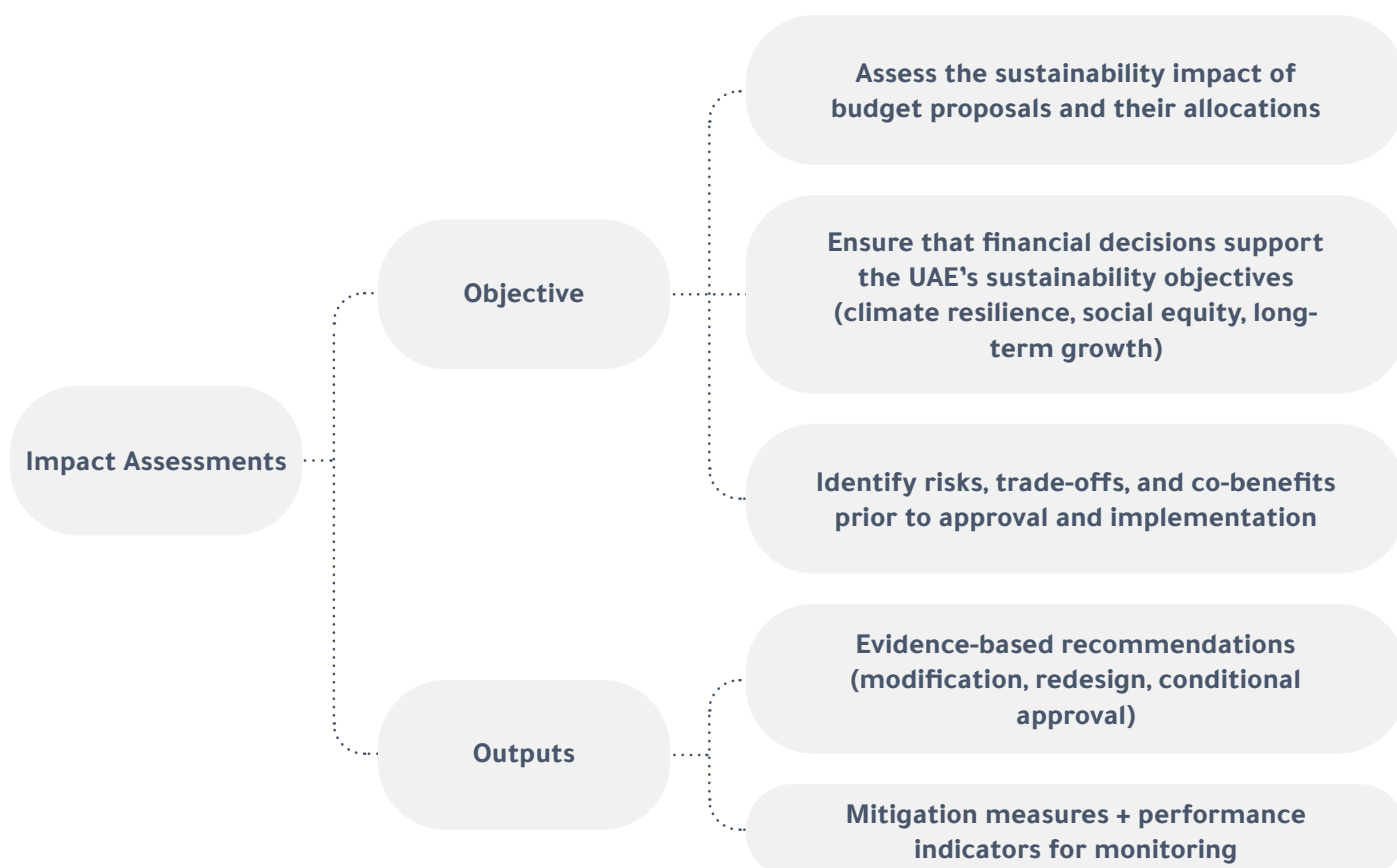
The Impact Assessments for Budget Processes section primarily covers the key assessments (Environmental and Social) to be utilized for effective budgetary decision making.



The Sustainable Frameworks section primarily covers key sustainability aspects to be directly integrated into budgetary processes such as “Green Budget Tagging Framework” and “Green Public Private Partnership Mechanism”.

3.3.1 Impact Assessments for Budget Processes

Impact Assessments serve as a critical tool within the Sustainable Budget Framework, enabling the Budget Department to evaluate the environmental, social, and economic implications of budgetary allocations and processes. By systematically assessing the sustainability impacts of budgetary measures, the impact assessments ensure that fiscal decisions not only support economic growth but also contribute meaningfully to the UAE’s broader sustainability objectives, including climate resilience and social equity.



Key Impact Assessment Categories

Financial Impact Assessment

What it assesses:

- Short-, medium-, and long-term impacts on public finances

Focus areas:

- Budget affordability and fiscal sustainability
- Cost effectiveness / value for money
- Recurrent vs. capital expenditure implications
- Revenue impacts (fees, taxes, savings, economic returns)
- Fiscal risks (contingent liabilities, cost overruns, volatility)

Key questions:

- What is the total cost (lifecycle) and funding source?
- What are the long-term commitments and operating costs?
- What are the fiscal risks and mitigation actions?

Environmental Impact Assessment

What it assesses:

- Environmental consequences of budget policies, investments, and programs before implementation

Focus areas:

- Emissions and climate impacts (mitigation + adaptation)
- Resource efficiency (energy, water, materials)
- Waste and pollution (air, water, land)
- Biodiversity and ecosystem impacts
- Compliance with UAE/ environmental obligations and standards

Key questions:

- Does the measure increase or reduce emissions/environmental pressure?
- What are the risks to ecosystems and natural resources?
- Are mitigation measures and monitoring indicators included?

Social Impact Assessment

What it assesses:

- Positive and negative impacts on people, communities, and vulnerable groups

Focus areas:

- Equity and distributional impacts (who benefits, who bears costs)
- Access to services and opportunities (health, education, housing, mobility)
- Inclusion and social cohesion
- Employment, skills, and community well-being
- Safeguards to prevent unintended harm

Key questions:

- Which groups benefit most/least from this budget measure?
- Are any vulnerable groups negatively affected?
- What safeguards/ compensation exist?

Covered as part of the sustainable budget guideline



Environmental Impact Assessment (EIA)

The following table establishes the structure of the EIA sub-section:

S No.	Focus Area	Section Coverage
1	Objective	Defines the importance of EIA within budget processes
2	Applicable Standards and Frameworks	Key globally recognized frameworks referred to draft the EIA sub-section
3	Recommended action steps	Step by step guidance defining the approach on conducting and executing an EIA along with the role of respective stakeholders involved
4	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking



Objective

Environmental Impact Assessments (EIAs) are essential for integrating sustainability into fiscal governance. Within the UAE Ministry of Finance's budgeting process, EIAs can serve as a decision-support tool to evaluate how proposed budget measures—such as capital projects, infrastructure investments, or policy initiatives, may affect the natural environment.



Applicable standards and frameworks¹:

- ◆ EU Green Budgeting Reference Framework - Environmental Assessments within Green Budgeting
- ◆ OECD Green Budgeting Toolkit



Recommended action steps:

Relevant organizational units are required to implement the following recommendations and incorporate them into their budget proposals submitted to the Ministry of Finance, in order to support informed and effective decision-making regarding budget allocation

1 EU Green Budgeting Reference Framework: The EU Green Budgeting Reference Framework provides a structured approach for integrating environmental and climate considerations into national budgeting processes. It outlines principles and tools for aligning public finances with the EU's environmental objectives, including the Green Deal. A key component of the framework is the use of environmental assessments, which evaluate the potential environmental impacts of budgetary decisions to ensure transparency, consistency, and effectiveness in supporting sustainability goals.

OECD Green Budgeting Toolkit: The OECD Green Budgeting Toolkit serves as a practical guide for governments to incorporate climate and environmental objectives into their budgetary systems. It presents key building blocks such as institutional arrangements, budget tagging, performance indicators, and impact assessments, to help policymakers design and implement effective green budgeting strategies. The toolkit promotes international best practices and supports countries in making informed fiscal decisions that advance environmental sustainability and resilience.

1 Screening for environmental relevance:

- Before initiating an in-depth environmental analysis, federal entities are advised to first determine whether the proposed budget item is likely to have a material environmental impact. This initial screening step helps allocate effort proportionately, ensuring high-risk or high-opportunity projects receive appropriate environmental scrutiny, while low-impact proposals are not overburdened.
- Ministries may consider the following:
 - » Is the measure related to sectors traditionally associated with environmental impacts? (e.g., energy, transport, water, waste, land development)
 - » Does the measure involve significant capital investment or changes in physical infrastructure?
 - » Could it directly or indirectly contribute to emissions, pollution, or loss of biodiversity?
 - » Is the value of the measure above a defined materiality threshold?
 - » Does it occur in a region or ecosystem considered environmentally sensitive?
- Where the answer to one or more of the above questions is “yes,” the measure may require a more detailed environmental impact assessment (EIA).

2 Stakeholder engagement:

- For high-impact or high-profile projects, federal entities may find value in consulting key stakeholders, such as:
 - » Local communities affected by the project
 - » Environmental experts or academic institutions
 - » Other government departments with environmental mandates
- Stakeholder engagement processes shall be proportional to the scale of the project and may be summarized in a Stakeholder Engagement Note included in EIA.

3 Scoping the environmental assessment:

- Once a measure has been flagged as environmentally relevant, the federal entities may define the scope of the assessment. This includes identifying:
 - » Which environmental components are likely to be affected (e.g., air quality, water consumption, biodiversity, greenhouse gas emissions).
 - » The geographical boundaries of the impact (e.g., localized or regional).
 - » The time horizon (short-term construction impact vs. long-term operational footprint).
 - » Potential stakeholders or communities that might be affected.
- Where relevant, federal entities are encouraged to collaborate with MOCCAÉ or sector-specific experts during this stage, especially for complex or multi-sectoral proposals.

4 Establishing environmental baseline:

- An effective EIA requires an understanding of the existing environmental conditions against which the measure's impact can be assessed. Federal entities are encouraged to gather data relevant to their sector or project geography. This may include:
 - » Current emission levels
 - » Water availability or consumption patterns
 - » Ecosystem health and biodiversity status
 - » Land use characteristics or degradation levels
- Baseline information should be drawn on national statistics, approved datasets, or previous EIAs conducted in related contexts. Where data is unavailable, assumptions should be stated transparently.

5 Environmental impact analysis:

- This step involves a structured analysis of the anticipated environmental effects of the proposed budget item. Federal entities should attempt to quantify or describe:
 - » Direct impacts: e.g., expected increase/decrease in emissions, water use, habitat loss
 - » Indirect impacts: e.g., induced changes in transport behavior, land development patterns
 - » Positive and negative outcomes: e.g., emission reductions vs. increased waste generation
 - » The impacts shall be segmented into short, medium, and long-term effects.
- Where feasible, federal entities may use basic modeling tools or estimations (e.g., emissions factors per unit of energy or travel) and are encouraged to document both quantitative findings and qualitative assessments.
- Impacts shall be organized on a matrix or summary table that helps budget reviewers understand:
 - » The nature and scale of the impacts
 - » Their reversibility or irreversibility
 - » The level of confidence or uncertainty in the findings

6 Mitigation planning and alternatives assessment:

- Where adverse environmental effects are expected, federal entities are advised to:
 - » Identify practical mitigation measures (e.g., using low-carbon construction materials, planting vegetation buffers, switching to renewable energy sources).
 - » Evaluate the cost and feasibility of mitigation and factor this into the budget proposal.
 - » Explore design alternatives that could reduce the environmental footprint such as scaling down, relocating, or phasing implementation.
- A short “Mitigation and Alternatives Plan” shall accompany the EIA, including the proposed actions, responsible implementing entity, and associated costs.

7 Defining Environmental Performance Indicators:

- Monitoring performance is critical to ensure that the budget measure delivers the intended environmental outcomes. Federal entities are encouraged to define Key Environmental Performance Indicators (EPIs) relevant to their sector or project type {as applicable to the entity's mandate}. This may could EPIs like the following:

S No.	Sample EPIs	Example
1	GHG emissions avoided	Tons of CO2 reduced annually
2	Water savings	m ³ of water saved per year
3	Biodiversity maintained	Area of protected land (hectares)
4	Renewable energy share	% of total project energy from renewables

8 Submission and integration into budget review:

- All completed EIAs, whether full or simplified, shall be submitted alongside the budget proposal using standardized templates to the Ministry of Finance.
- The MoF shall review EIA findings to assess:
 - » Whether the proposal aligns with UAE sustainability goals
 - » The credibility and proportionality of the environmental analysis
 - » The adequacy of proposed mitigation measures
- Where relevant as per MoF, technical input may also be requested from MOCCAIE or other expert bodies, without transferring environmental-assessment responsibilities.

9 Post implementation environmental evaluation (voluntary recommendation):

- Following the implementation of the projects, federal entities are encouraged to review the actual environmental outcomes relative to what was projected in the EIA.
 - » This may involve collecting data on key indicators, assessing any unintended environmental effects, and adjusting future programs accordingly.
 - » Learnings from these evaluations can support evidence-based policymaking and continuous improvement.
- Federal ministries may submit a Post-Implementation Environmental Review within 12-24 months of project launch for select high-impact initiatives.

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs)²:

S No.	Recommended KPI	Formula	Relevant Details
1	% of relevant proposals screened for environmental impact	(Number of environmentally relevant proposals screened / Total number of proposals identified as environmentally relevant) × 100	Indicates EIA coverage
2	% of high-impact proposals with full EIAs	(Number of high impact proposals with completed full EIA / Total number of high impact proposals identified) × 100	Measures adherence to guideline
3	% of EIAs that influence budget allocation or design	(Number of EIAs resulting in design change or budget adjustment / Total number of EIAs submitted) × 100	Track decision-making relevance

² List of Recommended KPIs is in alignment with World Bank Guidance

2 Social Impact Assessment (SIA)

The following table establishes the structure of the SIA sub-section:

S No.	Focus Area	Section Coverage
1	Objective	Defines the importance of SIA within budget processes
2	Applicable Standards and Frameworks	Key globally recognized frameworks referred to draft the SIA sub-section
3	Recommended action steps	Step by step guidance defining the approach on conducting and executing an SIA along with the role of respective stakeholders involved
4	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking



Objective

Social Impact Assessments (SIAs) aim to identify, evaluate, and manage the potential social outcomes of budget measures, ensuring that public spending is equitable and inclusive, responsive to community needs, especially among vulnerable populations, aligned with national priorities such as UAE Vision 2071, supportive of long-term policy coherence across key sectors, and a foundation for transparency and stakeholder trust through the proactive identification of social risks and benefits.



Applicable standards and frameworks³:

◆ EU Green Budgeting Reference Framework

◆ OECD Green Budgeting Toolkit



Recommended action steps:

Relevant federal entities are required to implement the following recommendations and incorporate them into their budget proposals submitted to the Ministry of Finance, in order to support effective and informed decision-making regarding budget allocation.

3 EU Green Budgeting Reference Framework: Emphasizes that the transition to a sustainable economy must be socially just and inclusive. While its primary focus is on aligning budgets with environmental objectives, the framework explicitly acknowledges the need to assess the distributional effects of green policies, ensuring that public spending does not disproportionately burden vulnerable populations. In this context, Social Impact Assessments (SIAs) are positioned as a key tool for identifying social risks, addressing inequality, and supporting equitable fiscal transformation. The framework encourages member states to integrate social assessments into green budgeting practices to maintain public trust, promote fairness, and support a socially balanced transition.

OECD Green Budgeting Toolkit: Recognizes that effective green budgeting must go beyond environmental accounting to consider social inclusivity and equity outcomes. It encourages governments to assess the distributional impacts of budget measures—particularly how green reforms or public investment decisions may affect different income groups, genders, or regions. In this regard, the toolkit highlights Social Impact Assessments (SIAs) as a valuable instrument to ensure that fiscal policies contribute to both environmental goals and broader social sustainability objectives. It advises countries to integrate SIAs at the proposal and evaluation stages of the budget cycle to better inform trade-offs, protect vulnerable communities, and support inclusive growth.

1 Screening for social relevance:

- Federal entities are advised to conduct a preliminary screening to determine if the budget measure has significant social dimensions {as applicable to the entity's mandate and scope of the budget proposal}. Considerations may include:
 - » Does the measure directly affect access to services (e.g., education, healthcare, housing)?
 - » Will the measure influence employment, household income, or affordability?
 - » Are specific demographic groups likely to be disproportionately impacted (e.g., youth, women, elderly, persons with disabilities)?
 - » Does the measure target or inadvertently affect rural or low-income communities?

2 Stakeholder engagement:

- Engaging beneficiaries and civil society (where appropriate), can enhance policy design and community ownership. Federal entities may choose to:
 - » Conduct target group consultations
 - » Engage with municipalities, service providers, or NGOs
 - » Use surveys or focus groups to test design assumptions

3 Scoping the assessment:

- For socially relevant measures, federal entities shall define the scope of analysis by identifying:
 - » Target groups or affected populations
 - » Potential positive and negative effects
 - » Whether impacts are short-term, transitional, or long-lasting
 - » Existing social vulnerabilities or inequalities the measure could mitigate or exacerbate

4 Baseline social context and data collection:

- Understanding the starting point is critical. Federal entities shall collect and evaluate baseline social data relevant to the measure, such as:
 - » Current access to services (healthcare coverage, school enrolment, etc.)
 - » Poverty rates or income distribution in the area
 - » Employment statistics (e.g., youth unemployment)
 - » Gender disparities or digital exclusion

5 Impact analysis:

- Federal entities shall analyse how the proposed budget item may alter social conditions across different groups, considering:
 - » Who benefits and to what extent
 - » Who bears risks or costs, intentionally or unintentionally
 - » How the measure contributes to social outcomes like equity, mobility, and well-being.
- Both quantitative (e.g., number of beneficiaries, jobs created) and qualitative (e.g., improved dignity, reduced inequality) dimensions shall be considered will assessing the impact and included in the budget proposal by the federal entities.

6 Mitigation and inclusion planning:

- If negative or unequal effects are identified, federal entities are encouraged to:
 - » Design mitigation measures (e.g., subsidies, exemptions, outreach programs)
 - » Propose targeted interventions to enhance access or inclusion (e.g., rural delivery models, digital literacy campaigns)
 - » Consider progressive budgeting tools such as gender-responsive budgeting or youth-oriented allocations
- A “Social Inclusion and Mitigation Plan” shall be included in the budget proposal by the federal entities.

7 Defining social performance indicators (SPIs):

- To support tracking and reporting, federal entities shall define Key Social Performance Indicators (SPIs) that align with the intended social outcomes of the measure. Examples include:

S No.	Sample SPIs	Example
1	Households reached	Number of households receiving housing assistance
2	Gender ratio in program access	% of female participants
3	Employment generated	% of jobs created
4	Increase in service coverage	% increase in number of people benefiting from the service (e.g., schools)

8 Submission and integration into budget review:

- Federal entities shall submit all SIAs alongside the budget proposal to the Ministry of Finance. MoF shall review these assessments from a financial and procedural perspective to assess:
 - » The extent to which the social considerations presented are complete and clearly articulated in a manner that effectively supports the review of budget proposals
 - » The extent to which the proposed mitigation plans and measures are consistent with the scope of the intervention and its financial estimates
 - » The extent to which the social considerations identified in the assessment have been appropriately reflected in the estimation of costs and financial alternatives, without constituting a technical or strategic social-impact evaluation
- Where relevant as per MoF, technical input may also be requested from MOCCAIE or other expert bodies.

9 Post implementation social evaluation:

- Following implementation of the approved projects, federal entities may review the actual social impacts of the measure and compare them to expectations. This can include:
 - » Beneficiary feedback
 - » Lessons learned for future measures
 - » Monitoring of inclusion metrics
- Federal entities may submit a Post-Implementation Social Evaluation Report, feeding into the upcoming/next budget cycle.

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs):

S No.	Recommended KPI	Formula	Relevant Details
1	% of socially relevant proposals with completed SIAs	(Number of socially relevant proposals with complete SIAs / Total number of proposals identified as socially relevant) × 100	SIA coverage and uptake
2	% of SIAs with targeted mitigation plans	(Number of SIAs that include targeted mitigation and inclusion measures / Total number of SIAs conducted) × 100	Quality indicator
3	% of projects reporting on social indicators	(Number of projects actively reporting on defined social indicators / Total number of projects with social objectives) × 100	Monitoring uptake

3.3.2 Budget Department

This section presents the Sustainability Framework for the Government Budget Department, organized into two primary sub-sections: 1. Green Budget Tagging Framework; and 2. Green Public Private Partnership Framework. Each area is dedicated to embedding sustainability within the Ministry of Finance's (MoF) mandates and operations.

The following table establishes the structure of both "Green Budgeting Tagging Framework" and "Green Public Private Partnership Framework" sub-sections:

S No.	Focus Area	Coverage
1	Objective	Defines the importance of the respective framework within budget processes
2	Applicable Standards and Frameworks	Key globally recognized frameworks referred to drafting the sub-sections
3	Recommended action steps	Step by step guidance defining the approach on conducting and executing the respective framework along with the role of respective stakeholders involved
4	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking

Additional information specific to each section is also included to ensure clarity and alignment with Ministry of Finance's sustainability goals.



Green Budget Tagging Framework



Objective

To develop a Green Budget Tagging Framework that systematically identifies/classifies budget items deemed to have a positive impact towards identified environmental objectives. Furthermore, this enables a well-informed budgetary policy making process and resource allocation in alignment with national sustainability goals.



Applicable standards and frameworks⁴:

◆ OECD Green Budgeting Framework

◆ OECD Green Budget Tagging

However, the application of these principles is not uniformly applied across all projects; rather, it is limited to projects that inherently fall within an environmental scope or that require the assessment and consideration of environmental dimensions within their scope.



Recommended action steps:

The following recommendations shall be implemented by the Ministry of Finance, to support effective and informed budget allocation decisions.

1 Define the strategic purpose of Green Budget Tagging:

Develop a Green Budget Tagging Concept Note outlining the rationale, objectives, initial scope, and stakeholder map, and secure ministerial-level endorsement to pilot the initiative.

2 Define “Green” in the UAE context:

Develop a UAE-specific definition of “green” aligned with national strategies (Net Zero 2050, Vision 2071, UAE Green Agenda) and international taxonomies (EU, OECD, Rio Markers).

3 Establish a definition working group with experts from MoF, MOCCA, MOIAT, and UAE Sustainable Finance Working Group.

4 OECD Green Budgeting Framework: The OECD Green Budgeting Framework is a strategic approach designed to help governments align their budgetary policies with climate and environmental goals. It provides guidance on integrating environmental considerations into the budgeting process through four key pillars: a strong strategic framework, tools to generate evidence on environmental impacts, mechanisms for transparency and accountability, and an enabling environment with political support and institutional capacity. The framework supports countries in making informed, sustainable fiscal decisions that contribute to a green transition.

OECD Green Budget Tagging: OECD Green Budget Tagging is a tool used to identify, classify, and track budgetary items based on their environmental or climate-related impacts. By assigning tags to expenditures and revenues—such as those supporting climate mitigation, adaptation, or biodiversity—governments can assess how public finance contributes to green objectives. This process enhances transparency, supports better resource allocation, and enables governments to monitor progress toward environmental commitments within their budgets.

4 Decide whether to adopt:

- Broad environmental definition (e.g., biodiversity, water, air quality)
- Narrower climate focus (e.g., mitigation, adaptation)
- In line with OECD recommendations, the following environmental themes can be considered when defining “green” budget items:
 - » **Climate Change Mitigation and Adaptation:** Actions that reduce greenhouse gas emissions or build resilience to climate impacts
 - » **Biodiversity Conservation:** Efforts to protect and restore ecosystems, species, and natural habitats
 - » **Sustainable Use and Protection of Fresh Water and Marine Resources:** Responsible management of water bodies to preserve their quality and availability
 - » **Natural Resource Conservation:** Efficient and sustainable use of land, minerals, forests, and other natural assets
 - » **Transition to a Circular Economy:** Promoting reuse, recycling, and waste reduction to minimize resource consumption
 - » **Pollution Prevention and Control:** Reducing or eliminating pollutants to safeguard air, water, and soil quality
 - » **Combating Desertification:** Preventing land degradation and restoring drylands to support ecosystems and livelihoods

5 Decide what budget measures to tag:

- **Type of budget items to tag⁵:** The tagging system should capture both positive and negative budget measures:
 - » **Positive measures** are those classified as “green” and contribute positively to environmental goals. The EU provides a reference list of commonly recognized as [broadly green budget items](#).
 - » **Negative measures** are classified as “brown” and are likely to harm the environment. The EU also offers a list of [broadly brown budget items](#) for reference.
- It is important to emphasize the inclusion of Negative/Brown expenditures as it can serve as a catalyst in identifying the environmental, social, and economic trade-offs of various budget items. Such tagging system can highlight these conflicts which would then enable policymakers to create more effective and coordinated measures across different areas.

⁵ EU Green Budgeting Tools

6 Design a budget classification for tagging:

Tagging efforts should prioritize expenditure categories that have a notable impact on environmental and climate objectives, ensuring that resources are directed toward areas with the greatest potential for positive change.

- **Classification tiers:** Use a three-tiered system based on the OECD-DAC Rio Marker methodology, adapted for national context:

Tier	Classification	Description	Recommended Weights
1	Principal	The primary purpose of the budget item is to deliver environmental/climate benefits	100%
2	Significant	Environmental/climate benefits are a secondary but intentional objective	40%
3	Not Targeted	No direct or intentional environmental objective	0%

- **Sectoral relevance:** Tagging can begin in priority sectors with high environmental impact or policy relevance (UAE specific priority sectors to be validated):

S No.	Recommended Sectors	Examples of Potentially Taggable Budget Items
1	Energy	Renewable energy subsidies, smart grids
2	Transport	EV charging stations, rail development
3	Water	Desalination with energy recovery, greywater recycling
4	Waste	Waste-to-energy plants, recycling programs
5	Construction	Green building codes, low-carbon materials
6	Agriculture	Water-efficient irrigation, sustainable farming support

- **Type of expenditure coverage:** The classification system should apply across various budgetary instruments, starting with expenditures:

S No.	Type of Expenditure	Recommended Action
1	Capital Expenditure	Include in Green Budget Tagging (GBT)
2	Recurrent Expenditure	Include in Green Budget Tagging (GBT)
3	Transfers and Subsidies	Include in Green Budget Tagging (GBT)
4	Tax Expenditures	Optional in early stages; plan to expand later
5	PPP Arrangements	Include in Green Budget Tagging (GBT), where fiscal implications exist

7 Choose tagging stage in the budget cycle:

Determine when green budget tagging (GBT) should occur during the federal budget cycle:

- **Decide tagging integration points across the budget cycle:**

S No.	Budget Stage	Tagging Integration Opportunity	Recommended Action
1	Budget Circular Issuance	Federal entities are given instructions	Include GBT instructions and classification templates
2	Budget Proposal Submission (Ex-ante)	Federal entities prepare and submit proposals	Require GBT tagging for all new proposals
3	Budget Review and Negotiation	MoF evaluates submissions	Verify accuracy of green tags, return for clarification if needed
4	Budget Execution (Ex-post)	Federal entities implement approved budgets	Optional GBT audit or tagging validation
5	Budget Reporting and Evaluation	Annual fiscal report and external reporting	Consolidate and publish green-tagged expenditures

- **Implement Ex-ante tagging:** Tagging is done before budget approval, during the proposal stage.
 - » Update the Federal Budget Circular to include a section requiring federal entities to tag all relevant budget items using the approved GBT classification (principal, significant, not targeted).
 - » Provide sector-specific guidance notes (e.g., how to tag transport infrastructure or water projects).
 - » Integrate tagging into budget submission templates.
- **Implement Ex-post tagging:** Tagging is validated or applied after budget execution, typically during review or audit stages.
 - » Assign a regulatory authority (e.g., internal audit, MOCCA, or relevant audit agency) to review a sample of expenditures post-execution.
 - » Use the expenditure data to track spending against green-tagged items and identify mismatches.
 - » Develop a “Post-Implementation Validation Template” to document lessons learned and recalibrate tagging assumptions.

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs)⁶:

S No.	Recommended KPI	Formula	Relevant Details
1	% of federal budget tagged as “green”	$(\text{Total value of green tagged budget items} / \text{Total federal budget}) \times 100$	Tracks the volume of environment-related allocations
2	% of federal entities implementing tagging	$(\text{Number of ministries that submitted green tagged budget proposals} / \text{Total number of federal entities required to tag}) \times 100$	Adoption metrics across federal entities
3	# of projects tagged with “principal” green relevance	Count of budget line items tagged as “Principal”	Assesses quality of tagging

⁶ List of Recommended KPIs is in alignment with OECD Guidance



Green Public Private Partnership Framework



Objective

This section provides optional, project-specific guidance to help concerned federal entities and project teams integrate environmental, social, and climate-resilience considerations into PPP projects where relevant (e.g., projects with material environmental/climate impacts or opportunities). It is intended to be applied within the PPP lifecycle and procedures set out in the UAE MoF PPP Manual, and to complement—not replace—core PPP decision factors such as value for money, fiscal impact, deliverability, and risk allocation. The objective is to support delivery of infrastructure and services that align with national priorities (e.g., Net Zero 2050), while maintaining a balanced public-interest assessment across environmental, social, financial, and economic considerations.



Applicable standards and frameworks⁷:

Green Public-Private Partnership (PPP) guidelines are based on the UAE's national PPP governance framework, particularly the PPP Projects Guide and the PPP Project Management and Implementation Guide (2023) issued by the Ministry of Finance, in addition to leveraging global best practices such as:

◆ OECD Green Budgeting Toolkit

◆ EU Green Budgeting Framework

However, the application of these principles does not apply uniformly to all projects; rather, it is limited to projects that, by their nature, fall within an environmental perspective or that require the study and consideration of environmental dimensions within their scope.



Recommended action steps:

Within its mandate and depending on the nature of the project, the Ministry of Finance may consider implementing the following recommendations to support the integration of sustainability into the Public-Private Partnership (PPP) system, particularly for projects that fall within an environmental scope or require the consideration of sustainability dimensions

7 The UAE PPP Manual (2023): Issued by the Ministry of Finance, provides a comprehensive framework for identifying, evaluating, procuring, and managing public-private partnership projects at the federal level. The manual places explicit emphasis on the inclusion of environmental and social impact assessments as part of project feasibility studies and risk analysis. It mandates that sustainability considerations be addressed during project appraisal, contract structuring, and monitoring, laying a foundational precedent for integrating green principles into the PPP lifecycle. This guidance builds upon the Manual by operationalizing a targeted framework to identify and promote Green PPPs—projects that deliver measurable environmental value while advancing national development goals.

The OECD Green Budgeting Toolkit: Encourages governments to align their fiscal tools including PPPs with environmental and climate objectives. It outlines best practices for integrating green criteria into investment appraisal, procurement, and public expenditure management. Within the context of PPPs, the toolkit emphasizes the importance of lifecycle sustainability analysis, environmental risk sharing, and the use of performance indicators to monitor environmental outcomes. This framework serves as an international benchmark for evolving the UAE's PPP ecosystem into one that actively supports climate action, green infrastructure, and environmental innovation.

The EU Green Budgeting Framework: Outlines a structured approach for governments to integrate climate and environmental considerations into national budgetary systems. While focused broadly on fiscal governance, the framework highlights the role of green public investment and public-private collaboration in supporting sustainability transitions. It advocates for embedding climate resilience and environmental objectives in the design and implementation of infrastructure projects, including PPPs. This aligns directly with the UAE's ambitions under the Net Zero by 2050 Initiative and supports the development of Green PPPs that are environmentally aligned, socially responsible, and fiscally sound.

1 Identify projects where “green considerations” are relevant (screening as an optional module)⁸:

- The concerned federal entity shall identify PPP opportunities by listing and assessing facilities/assets/services/capital projects under its mandate.
- MoF (and potential private sector partners) may also identify and suggest PPP projects to the concerned federal entity; any project proposed by MoF is added to the entity list for consideration.
- **Green Relevance Filter (optional):** Apply a light-touch relevance check only to determine whether enhanced environmental/climate considerations should be included downstream. Suggested triggers include: high energy/water demand, major construction footprint, waste/resource intensity, high exposure to climate hazards, or potential for emissions reduction and resilience outcomes.
- Unsolicited proposals that demonstrate environmental innovation may be considered under the PPP Manual’s unsolicited proposal process and routed through the concerned federal entity and MoF notifications as required.
- **Output:** A shortlist of PPP candidates where environmental/climate considerations are “material” and therefore worth integrating through feasibility, tendering, and contract management.

2 Embed environmental/climate considerations in prioritization (as an additional factor—not a universal criterion):

- Prioritize projects using the PPP Manual’s prioritization approach, which assesses project impact and ease of implementation (including project value, fiscal impact, social impact, alignment, efficiency/quality).
- Where the Green Relevance Filter indicates material relevance, the concerned federal entity may add an “Environmental/Climate Contribution” factor (or sub-factor) under the Manual’s allowance to propose up to five additional factors/sub-factors to reflect project characteristics.
- Environmental/climate scoring shall be applied as a supporting element within the overall balanced scorecard - never as a substitute for value for money, fiscal impact, or risk allocation.
- If included, weighting shall be determined by the concerned federal entity based on the project context and public interest priorities, consistent with the Manual.
- UAE Ministry of Finance reviews the prioritization exercise to ensure it was carried out properly in line with the Manual.

⁸ It is recommended that the Ministry of Finance (MoF) either **publish a list of “priority green sectors”** or develop a sustainability tagging tool to assist federal entities in identifying eligible projects, in alignment with the “**Sectoral Relevance**” sub-section of the “**Green Budget Tagging Framework**” outlined in this guideline.

3 Integrate sustainability in feasibility studies (where relevant):

In implementation of the provisions of Federal Law No. (12) of 2023 concerning the regulation of Federal Public-Private Partnerships, and in line with the provisions of the Public-Private Partnership Guide in the United Arab Emirates, due consideration shall be given to implementing the following enhancements:

- **Technical Feasibility:** Assess green design alternatives that reduce lifecycle environmental impacts and improve resilience (e.g., energy-efficient systems, water efficiency, renewable energy, nature-based solutions, low-carbon materials).
- **Financial Feasibility:** Assess additional capital costs vs. lifecycle savings of green components and risk reduction benefits.
- **Environmental feasibility and impact Analysis:** Wherever relevant, conduct due diligence and include detailed Environmental Impact Assessments (EIAs), define mitigation strategy, and plan for required approvals/permits (noting that final approvals may not always be obtainable during appraisal).
- **Risk Analysis:** Identify and allocate risks across stakeholders (concerned federal entity, private partner, and MoF), including environmental risks where applicable; allocate risks to the party best placed to manage them.
- Where specialized modelling is needed (e.g., carbon baselines, climate scenario impacts), the concerned federal entity may engage external advisory support.

4 Define green requirements in tendering and bidder evaluation (project specific and flexible):

- Include environmental and social requirements only when relevant and ensure they align with the tender strategy and project objectives (The PPP Manual provides for project-specific agreement provisions including environmental and social requirements, performance requirements, and reporting/monitoring provisions):
 - » Energy efficiency ratings
 - » Emission reduction targets
 - » Renewable energy integration
 - » Waste minimization plans
- Use output-based specifications rather than prescriptive inputs to allow for innovation wherever possible (e.g., minimum performance targets rather than prescriptive technology).
- Where included, environmental criteria should be balanced with core evaluation dimensions (technical quality, financial value, deliverability, risk allocation) and weighted appropriately for the project context.
- Specialized evaluation committees may be formed at the discretion of the project team to support evaluation.

5 **Ensure climate-resilient contract structuring** (where relevant):

- Include contract provisions as relevant to the project, noting that agreement provisions are unique to each project and should be detailed accordingly.
- For green-relevant projects, consider including:
 - » Clear E&S compliance requirements (standards, permits, audits)
 - » Performance requirements and KPIs linked to project objectives (including environmental KPIs where relevant)
 - » Reporting obligations and monitoring provisions (e.g., periodic E&S performance reporting; inspections/audits)
 - » Incentives/penalties (bonuses/penalties) tied to KPI scoring where appropriate

6 **Post-implementation sustainability monitoring and reporting** (Owned by concerned federal entity):

- During execution and contract administration, the private partner shall comply with safety, environmental, and quality standards and submit progress documentation/reports as required.
- The concerned federal entity monitors compliance with contract terms (including environmental and social standards where included), keeps records, and takes corrective action as needed.
- For performance monitoring, the concerned federal entity establishes project KPIs aligned with objectives; the private partner provides performance reports; the concerned federal entity reviews and acts to keep the project on track, including site visits as needed.
- Where relevant, the concerned federal entity may coordinate with specialist authorities (e.g., environmental regulators) for technical assurance.



Key criteria and technical requirements:



Key Performance Indicators (KPIs):

S No.	Recommended KPI	Formula	Relevant Details
1	% of PPP projects (in green-relevant sectors) applying the Green Relevance Filter	# screened / # submitted in defined sectors × 100	Tracks uptake where relevant (not mandatory for all PPPs)
2	% of green-relevant PPPs including E&S requirements in contract	# contracts with E&S clauses / # green-relevant awards × 100	Reflects contract design choices for relevant projects only
3	% of green-relevant PPPs with environmental/climate risks explicitly addressed in risk register	# with documented env/climate risks / # green-relevant PPPs × 100	Aligns to risk identification expectations

3.3.3 Consolidated List of KPIs

S No.	Recommended KPI	Formula	Relevant Details
Environmental Impact Assessments (EIA) for Budget Processes			
1	% of relevant proposals screened for environmental impact	(Number of environmentally relevant proposals screened / Total number of proposals identified as environmentally relevant) × 100	Indicates EIA coverage
2	% of high-impact proposals with full EIAs	(Number of high impact proposals with completed full EIA / Total number of high impact proposals identified) × 100	Measures adherence to framework
3	% of EIAs that influence budget allocation or design	(Number of EIAs resulting in design change or budget adjustment / Total number of EIAs submitted) × 100	Track decision-making relevance
Social Impact Assessments (SIA) for Budget Processes			
4	% of socially relevant proposals with completed SIAs	(Number of socially relevant proposals with complete SIAs / Total number of proposals identified as socially relevant) × 100	SIA coverage and uptake
5	% of SIAs with targeted mitigation plans	(Number of SIAs that include targeted mitigation and inclusion measures / Total number of SIAs conducted) × 100	Quality indicator
6	% of projects reporting on social indicators	(Number of projects actively reporting on defined social indicators / Total number of projects with social objectives) × 100	Monitoring uptake

S No.	Recommended KPI	Formula	Relevant Details
Green Budget Tagging Framework			
7	% of federal budget tagged as “green”	(Total value of green tagged budget items / Total federal budget) × 100	Tracks the volume of environment-related allocations
8	% of federal entities implementing tagging	(Number of ministries that submitted green tagged budget proposals / Total number of federal entities required to tag) × 100	Adoption metrics across federal entities
9	# of projects tagged with “principal” green relevance	Count of budget line items tagged as “Principal”	Assesses quality of tagging
Green Public Private Partnership Framework			
10	% of PPP projects (in green-relevant sectors) applying the Green Relevance Filter	# screened / # submitted in defined sectors × 100	Tracks uptake where relevant (not mandatory for all PPPs)
11	% of green-relevant PPPs including E&S requirements in contract	# contracts with E&S clauses / # green-relevant awards × 100	Reflects contract design choices for relevant projects only
12	% of green-relevant PPPs with environmental/climate risks explicitly addressed in risk register	# with documented env/climate risks / # green-relevant PPPs × 100	Aligns to risk identification expectations

4.



Sustainable Treasury

4. Sustainable Treasury

The Treasury department of the UAE Ministry of Finance (MoF) plays a central role in managing the federal financial resources, ensuring the efficient administration of cash reserves, and overseeing fiscal transactions that are essential to federal government operations. Among its key responsibilities are policy formulation and cash flow management, both of which help maintain the integrity of financial appropriations, payment processes, and banking activities. These functions are executed with a strong commitment to transparency and strict adherence to regulatory frameworks, supporting the UAE's financial stability and long-term economic objectives.

With a well-established financial infrastructure, including the Treasury Management System (TMS) and other advanced tools, the function is in a strong position to extend its risk management practices to include climate-related financial risks. Its proven track record in maintaining financial stability and refining operational processes provides a solid foundation for embedding sustainability within treasury operations. By taking this step, the MoF not only reinforces its commitment to responsible fiscal management but also contributes to the UAE's broader sustainability goals.

4.1.Scope:

The Sustainable Treasury Framework establishes a structured approach to integrating sustainability considerations within treasury operations at the UAE Ministry of Finance. It defines the extent of sustainability-related financial risk management, ESG integration, and sustainable reporting in accordance with the general application and governance requirements set out in this framework and without prejudice to applicable legislation in the State.

4.1.1 Scope of Application

This framework applies to the following key areas within the Treasury Department:

- **Climate-Related Financial Risk Management:** Identification, assessment, and mitigation of climate risks (both physical and transition risks) that may impact the UAE's financial stability and public financial management.
- **ESG Risk Integration in Financial Decision-Making:** Incorporation of ESG factors into credit risk evaluations, investment strategies, and financial transactions to ensure responsible financial stewardship.
- **Sustainable Financial Planning:** Development of climate adaptation policies and strategies such as climate risk-contingent financial reserves and revenue stream diversification that align with Treasury operations and broader national sustainability goals and international climate finance best practices.
- **Sustainability Reporting and Performance Monitoring:** Establishment of key performance indicators (KPIs) to track the effectiveness of sustainability initiatives within treasury operations, ensuring transparency and accountability.
- **Regulatory Compliance and Alignment with National Policies:** Supporting the alignment of Treasury Management functions with climate-related financial regulations and Environmental, Social, and Governance (ESG) standards, including relevant federal legislation, as well as the principles for the effective management of climate-related financial risks overseen by the State's Sustainable Finance Working Group.

4.1.2 Exclusions and Limitations

While this guideline provides a comprehensive framework for integrating sustainability into treasury operations, the following aspects remain outside their scope:

- **Direct ESG assessments of private sector entities:** The framework focuses on integrating ESG risk assessments within public finance management only, while corporate entities are not part of the evaluation.
- **Specific investment mandates or portfolio allocations:** The framework does not dictate specific investment choices but provides overarching principles for integrating sustainability into financial decision-making.
- **Operational sustainability measures within MoF offices:** Energy efficiency, waste management, and other internal sustainability initiatives are managed separately and are not covered under this framework.

4.2. Target Audience:

The Sustainable Treasury Framework is designed for key stakeholders responsible for integrating sustainability considerations into treasury operations at the UAE Ministry of Finance (MoF). It serves as a framework for embedding climate-related financial risks, ESG considerations, and sustainable finance practices into financial decision-making and public financial management.

4.2.1 Custodian/Primary Owner

Treasury Department, UAE Ministry of Finance: As the primary custodian, the Treasury Department is responsible for implementing the frameworks, integrating sustainability into financial planning, and ensuring compliance with national climate and ESG-related financial policies.

4.2.2 Internal Stakeholders

These MoF Departments and government entities play a critical role in the execution and governance of sustainability practices within treasury functions:

- **Treasury Department, UAE Ministry of Finance:** Responsible for managing liquidity, cash flow, and financial resources, ensuring sustainable financial planning and investment of surplus cash in alignment with national sustainability priorities.
- **Budget Department, UAE Ministry of Finance:** Oversees budget preparation, resource allocation, and fiscal planning, ensuring financial sustainability and supporting ESG-integrated public expenditure strategies.

4.2.3 External Stakeholders

These institutions engage with the Treasury Department on financial sustainability-related matters and contribute to the UAE's broader climate and ESG integration efforts:

- **Federal and Government Financial Institutions:** Includes the UAE Central Bank, sovereign wealth funds, and state-owned enterprises, which collaborate with the Treasury Department on sustainable investment strategies, ESG risk assessment in financial transactions, and credit risk evaluations.
- **Banks and Financial Institutions:** Commercial banks and financial institutions working with the Treasury Department on lending, credit risk evaluations, and financial transactions that incorporate ESG considerations.
- **Regulatory and Policymaking Bodies:** Includes entities such as the UAE Sustainable Finance Working Group (SFWG) and financial regulators responsible for developing and overseeing compliance with climate-related financial policies and sustainability initiatives.
- **International Sustainability and Climate Finance Organizations:** Includes development banks, multilateral financial institutions, and sustainability-focused global organizations that assess and support the UAE's efforts in integrating climate-related financial risk management into treasury operations.

4.3.Application Mechanism :

4.3.1 Treasury Department Frameworks

This section presents the Sustainability Frameworks for the Treasury Department, organized into three main areas:



1. Climate risk integration



2. ESG risk assessments



3. Communication framework

Each area is dedicated to embedding sustainability within the Ministry of Finance's (MoF) mandates and operations.

The following table establishes the structure of all 3 sub-section including - "Climate Risk Integration", "ESG Risk Assessments", and "Communication Framework":

S No.	Focus Area	Coverage
1	Objective	Defines the importance of the respective framework within treasury processes
2	Applicable Standards and Frameworks	Key globally recognized frameworks referred to drafting the sub-sections
3	Recommended action steps	Step by step guidance defining the approach on conducting and executing the respective framework along with the role of respective stakeholders involved
4	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking

Additional information specific to each section is also included to ensure clarity and alignment with Ministry of Finance's sustainability goals.



Integrating Climate Risk into Risk Management Framework

The following recommendations shall be implemented by the Treasury function at the UAE Ministry of Finance in collaboration with key internal departments (primarily the Budgets department), to support climate risk integration into budget planning and allocation.



Objective

To ensure that the Treasury Department integrates relevant climate-related risks into its cash flow management, fiscal planning, and banking oversight, enhancing financial resilience and strategic planning in line with national sustainability priorities.



Applicable standards and frameworks⁹:

- ◆ **International Financial Reporting Standard (IFRS) S2:** Climate-related risk disclosure and integration.
- ◆ **UAE Sustainable Finance Working Group (SFWG) Guidelines:** National climate finance principles.
- ◆ **Network for Greening the Financial System (NGFS):** Risk management integration and climate stress testing.
- ◆ **Intergovernmental Panel on Climate Change (IPCC) Assessments:** Physical and transition risk assessments.



Recommended action steps

1

Cash Flow Forecasting & Climate Scenario Analysis:

- Develop climate risk-adjusted revenue (cash flow) forecasting models, incorporating both physical risks (e.g., extreme weather damage, infrastructure costs) and transition risks (e.g., carbon pricing, fossil fuel demand decline).
- Utilize NGFS or IPCC-based climate scenario analysis methodologies to evaluate how different policy and market environments impact Treasury Department's cash flow projections.
 - » NGFS Framework shall be used when Treasury Department needs structured financial-sector-driven risk assessments, such as evaluating liquidity planning, fiscal reserves, banking sector vulnerabilities, and transition risks from carbon pricing and stranded assets.
 - » IPCC Framework shall be used when Treasury Department needs scientific, data-driven physical risk assessments, particularly for climate-induced disasters, heatwaves, sea-level rise, and long-term economic scenario planning linked to emissions pathways and socioeconomic changes.

9 IFRS S2 (International Financial Reporting Standard S2): A global framework for climate-related financial disclosures, ensuring transparency in climate risk reporting and integration.

NGFS (Network for Greening the Financial System): A global network that supports financial institutions in integrating climate risk into risk management through stress testing and resilience frameworks.

UAE SFWG (Sustainable Finance Working Group) Guidelines: National climate finance principles aimed at fostering sustainable investment and risk management in the UAE financial sector.

IPCC Assessments (Intergovernmental Panel on Climate Change): Scientific evaluations of physical and transition climate risks, informing policy and financial decision-making on climate change mitigation and adaptation.

- Select climate scenarios from the NGFS climate risk scenarios or the IPCC's Shared Socioeconomic Pathways (SSPs):

» **NGFS climate risk scenarios:**

- **Orderly Transition:** This scenario assumes that climate policies are implemented early and in a structured manner, allowing for a smooth and predictable transition to a low-carbon economy. Temperature increases remain below 2.0°C, and fiscal risks are minimal due to stable financial markets, predictable public investments, and structured carbon reduction strategies. The Treasury Department can optimize fiscal planning by supporting green finance policies, integrating ESG risks into liquidity management, and ensuring long-term economic resilience through sustainable financial strategies.
- **Disorderly Transition:** In this scenario, climate action is delayed or inconsistent, resulting in sudden and disruptive policy shifts. Global warming is expected to range between 2.0°C - 3.0°C, with abrupt regulatory changes causing financial volatility, increased costs of transition, and investment uncertainty. The Treasury Department must conduct climate stress testing for liquidity management, develop contingency reserves for regulatory shocks, and implement risk-adjusted budget forecasting to counteract economic disruptions.
- **Hot-House World:** This scenario represents a future with little or no climate action, where global temperatures exceed 3.5°C - 4.5°C, resulting in frequent climate-related disasters, severe financial instability, and rising fiscal costs. The Treasury Department must prepare for widespread economic disruptions, increased government spending on climate adaptation and disaster recovery, and heightened fiscal pressures on public finance systems. Fiscal strategies should prioritize emergency liquidity mechanisms, sovereign credit risk management, and rapid-response financial frameworks to ensure resilience against escalating climate risks.

» **IPCC's Shared Socioeconomic Pathways (SSPs):**

- **SSP1 - Sustainability (Taking the Green Road):** In this scenario, global cooperation fosters a rapid transition to a sustainable economy, characterized by strong climate policies, investments in clean technologies, and inclusive economic growth. Emission reductions are significant, limiting global warming to 1.4°C - 1.8°C by 2100. Treasury Department functions would experience low fiscal risks, with stable financial markets, increased green finance opportunities, and lower adaptation costs. Fiscal planning in this scenario would focus on expanding sustainable investments, supporting climate-aligned liquidity strategies, and strengthening ESG integration into Treasury Department's oversight.

- **SSP2 - Middle of the Road:** This scenario envisions moderate economic growth and policy implementation, where governments take gradual but uncoordinated steps to address climate change. Emissions decline at a slower rate, leading to a projected temperature increase of 2.0°C - 3.2°C. Treasury Department operations in this scenario must balance climate-related fiscal risks with adaptive cash flow management. Uncertainties around carbon taxation, climate regulations, and investment shifts require stress testing of liquidity reserves and proactive public finance adjustments to maintain fiscal stability.
 - **SSP3 - Regional Rivalry (A Rocky Road):** Under this scenario, geopolitical fragmentation and weak international cooperation drive high carbon emissions and slow economic growth, pushing global temperatures up by 3.5°C - 4.5°C. Climate-related disasters, supply chain disruptions, and resource shortages heighten financial risks, making Treasury Department's role in cash flow stabilization and emergency fiscal response critical. The Treasury Department must establish strong reserve funds, develop contingency liquidity strategies, and integrate disaster resilience into public finance mechanisms to mitigate fiscal shocks from climate-related disruptions.
 - **SSP4 - Inequality (A Road Divided):** This scenario represents a highly unequal world, where technological advancements benefit only a small portion of the global economy, while many regions struggle with limited climate adaptation capacity. With a temperature rise of 2.5°C - 4.2°C, financial instability is exacerbated by regional disparities, uneven climate risks, and volatile capital markets. The Treasury Department must ensure equitable allocation of liquidity reserves, enhance financial access for vulnerable sectors, and integrate ESG risk mitigation into public sector financial policies to address widening fiscal inequalities.
 - **SSP5 - Fossil-Fueled Development (Taking the Highway):** In this high-growth scenario, economic expansion is driven by fossil fuel consumption, leading to very high carbon emissions and extreme climate risks. Global temperatures rise 4.0°C - 5.5°C, intensifying climate-induced disasters, economic instability, and fiscal pressure on governments. The Treasury Department's financial strategy must focus on building strong fiscal buffers, increasing climate-related financial risk assessments, and preparing large-scale emergency reserves for disaster response and infrastructure rebuilding.
- Identify key risk factors that could influence public finance under these scenarios, including carbon taxation, regulatory changes, shifts in global trade, and demand for sustainable finance instruments.

- Formulate financial adaptation strategies such as:
 - » Diversifying Treasury Department's revenue sources to reduce reliance on fossil fuel-linked cash flows.
 - » Establishing climate risk-contingent financial reserves to mitigate fiscal pressures arising from regulatory and market transitions. (Refer the **"Climate-Adjusted Liquidity & Reserve Management"** Approach mentioned below.)
 - » Recommending investments in climate adaptation projects to reduce public sector financial exposure to extreme weather risks.

2 Climate-Adjusted Liquidity & Reserve Management:

- Conduct climate-related stress testing on government cash reserves (following the NGFS or IPCC scenario analysis framework utilized during the "Cash Flow Forecasting & Climate Scenario Analysis" section) to evaluate the impact of sudden extreme weather events, supply chain disruptions, or economic downturns linked to climate risks.
- Update existing liquidity planning models to include climate-adjusted liquidity considerations to maintain sufficient reserve buffers, ensuring government financial obligations are met under extreme short-term fiscal stress conditions.
- Align reserve management strategies with UAE's Net Zero 2050 Strategy, ensuring that Treasury Department's liquidity planning incorporates climate risk mitigation measures and emergency financial safeguards for government cash reserves.

3 Supporting Budgetary Planning with Climate Risk Insights:

- Provide climate risk insights to inform budget allocations and financial policy frameworks.
- Support with the integration of climate resilience criteria in fiscal budgetary processes to enhance long-term economic planning.
- Monitor climate-adjusted spending trends to identify financial exposure to sustainability initiatives and adaptation projects.

1. Identify climate-related risks



2. Prioritize based on severity and impact

No.	Measure	Criteria	Weight	Score	Rank	Priority	Impact	Severity
1	Exposure to climate change	High	High	High	High	High	High	High
2	Exposure to sea level rise	High	High	High	High	High	High	High
3	Exposure to extreme weather events	High	High	High	High	High	High	High
4	Exposure to coastal erosion	High	High	High	High	High	High	High
5	Exposure to heat stress	High	High	High	High	High	High	High
6	Exposure to air pollution	High	High	High	High	High	High	High
7	Exposure to water scarcity	High	High	High	High	High	High	High
8	Exposure to land subsidence	High	High	High	High	High	High	High
9	Exposure to soil erosion	High	High	High	High	High	High	High
10	Exposure to desertification	High	High	High	High	High	High	High

3. Develop and raise budget for risk mitigation and adaption



4. Climate-Informed Banking & Financial Oversight:

- Establish a climate risk due diligence framework for banking operations tied to public finance and federal entity transactions under the Ministry of Finance's supervision.
- Mandate compliance with IFRS S2 and UAE SFWS climate risk reporting standards, ensuring federal financial institutions including banks integrate ESG considerations into financial oversight.
- Strengthen engagement with banks and financial institutions, encouraging climate-aligned lending policies and responsible public sector financial management.

5. Reporting & Continuous Climate Risk Monitoring:

- Include the detailed results and approach undertaken for the climate risk assessments into Treasury's periodic financial reports, ensuring ongoing adaptation of fiscal strategies.
- Develop a Treasury Climate Risk Dashboard to track exposure levels and fiscal vulnerability.
- Coordinate with MoF departments and federal entities to enhance interdepartmental climate risk monitoring.

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs)¹⁰:

S No.	Recommended KPI	Formula	Relevant Details
1	Climate-Adjusted Liquidity Coverage Ratio	% of reserves allocated considering climate risk stress testing	Ensures sufficient fiscal buffers for climate risk impacts
2	Climate-Related Fiscal Exposure (%)	% of federal budget exposed to climate-vulnerable sectors	Tracks fiscal vulnerability due to climate-related risks
3	Climate Scenario Integration in Cash Flow Forecasts (%)	% of revenue models incorporating climate risk adjustments	Ensures forward-looking climate risk management in treasury planning



Framework for ESG Risk Assessments in Bank Credit Evaluations



Objective

To systematically integrate Environmental, Social, and Governance (ESG) considerations into credit evaluation processes, enhancing the ability to identify, measure, and manage potential ESG-related risks and opportunities that could impact banks' financial performance and creditworthiness. This approach supports sustainable banking practices and aligns with long-term risk management strategies.

✓ Applicable standards and frameworks¹¹:

◆ **United Nations Principles for Responsible Investment (UN PRI):** ESG integration in financial decision-making

◆ **UAE Central Bank ESG Risk Guidelines:** National financial institution sustainability requirements

¹⁰ List of Recommended KPIs is in alignment with IFRS S2 and NGFS

¹¹ **UN PRI (United Nations Principles for Responsible Investment):** A global framework that guides investors in integrating Environmental, Social, and Governance (ESG) factors into investment decisions to promote sustainable and responsible financial practices.



Recommended action steps:

1 Develop an ESG Risk Evaluation Framework:

- Develop a standardized methodology to assess ESG risks, combining quantitative and qualitative factors. Ensure the methodology aligns with the PRI Principle 1, integrating ESG issues into investment and credit analysis. PRI recommends the following steps to identify ESG factors for credit risk assessment.
- Analyse industry reports and benchmarks to identify the most pertinent ESG factors for each sector served by the bank. Develop a detailed compilation of ESG-related information relevant to the bank's credit portfolio, considering industry-specific, geographical, and borrower-specific risks.
- Prepare a materiality matrix that maps ESG factors against their potential impact on credit risk for different sectors.
- Engage with internal and external stakeholders, including risk managers, clients, and industry experts, to validate the identified ESG factors.
- Document the key ESG factors for each sector and borrower category that the bank will assess during the credit evaluation process.
- Key ESG factors, aligned with PRI standards, recommended to be integrated into the bank's credit rating criteria:
 - » **Environmental factors:**
 - **Climate change:** Greenhouse gas emissions (Scope 1, 2, and 3), transition risks (e.g., policy changes, carbon pricing, technological shifts), and physical risks (e.g., extreme weather events, rising sea levels).
 - **Resource Efficiency:** Water usage and management, energy efficiency and reliance on renewable energy sources, sustainable land use and deforestation prevention.
 - **Pollution and Waste Management:** Air, water, and soil pollution control, waste reduction, recycling, and circular economy practices.
 - **Biodiversity and Ecosystems:** Impact on natural habitats and ecosystems, conservation efforts and sustainable biodiversity practices.
 - **Energy Transition:** Adoption of renewable energy sources, reduction of fossil fuel dependency and alignment with net-zero targets.

» **Social factors:**

- **Human Rights:** Fair labour practices and avoidance of forced or child labour. respect for indigenous rights and community land use.
- **Labor Standards:** Safe and healthy working conditions, fair wages and benefits, freedom of association and collective bargaining.
- **Community Engagement:** Positive impact on local communities, community development initiatives and stakeholder engagement.
- **Diversity and Inclusion:** Gender and ethnic diversity in leadership and workforce, equal opportunities and anti-discrimination policies.
- **Customer Welfare:** Data privacy and cybersecurity measures, responsible marketing and product safety standards.

» **Governance factors:**

- **Corporate Governance Structure:** Board composition, independence, and diversity, separation of CEO and Chairperson roles.
- **Executive Compensation:** Alignment of executive pay with long-term performance and ESG goals.
- **Ethical Business Practices:** Anti-corruption and anti-bribery policies, whistleblower protections and transparency in reporting.
- **Risk Management:** Effectiveness of risk management frameworks, including ESG risks, scenario analysis and stress testing for ESG risks.
- **Regulatory Compliance:** Adherence to local and international regulations, history of legal or regulatory violations.

2 Implement an ESG Risk Scoring Model:

- Design a quantitative and qualitative ESG scoring mechanism.
- Integrate external ESG ratings (MSCI, Sustainalytics, S&P Global) with internal risk assessments.
- Categorize financial institutions into low-risk, medium-risk, and high-risk ESG profiles.

3 Pilot and validate the methodology:

- Pilot the methodology on a sample of credit applications to assess its ability to identify and quantify ESG risks.
- Collect feedback from credit analysts, risk managers, and other stakeholders to identify areas for improvement.
- Refine the methodology based on pilot feedback and ensure alignment with international ESG standards (e.g., IFRS, SASB, GRI).

4 Integrate ESG Risk into Credit Evaluations:

- Require financial institutions to disclose ESG risk performance as part of Treasury engagements.
- Align credit evaluations with UAE's Sustainable Finance Principles.
- Embed minimum ESG compliance requirements into banking counterparty assessments.
 - Revise credit evaluation workflows to incorporate ESG risk assessments at relevant stages (e.g., Pre-Approval, due diligence, ongoing monitoring).
 - Provide training programs for credit analysts on the ESG risk assessment methodology and its relevance to credit decisions.
 - Offer ongoing support and resources (e.g., tools, templates, access to ESG data) to ensure effective implementation of ESG integration.

5 Establish ESG Monitoring & Reporting:

- Implement quarterly ESG risk reporting.
- Ensure compliance checks with PRI and Basel¹² ESG risk governance.
- Establish a borrower engagement strategy for improving ESG performance.
 - Define clear objectives, timelines, and escalation protocols for engaging with borrowers on ESG issues.
 - Focus on high-risk borrowers or those with significant ESG-related challenges.
 - Consider incorporating ESG-related covenants in loan agreements to incentivize borrowers to improve their ESG performance.
 - Track and evaluate the outcomes of engagement activities, assessing their impact on borrower ESG performance and credit risk.
 - Establish a feedback loop to inform the credit evaluation process of engagement outcomes and adjust risk assessments accordingly.

¹² Basel Framework - [Core Principles of Effective Banking Supervision](#)

✓ **Key criteria and technical requirements:**

① **Key Performance Indicators (KPIs)¹³:**

S No.	Recommended KPI	Formula	Relevant Details
1	ESG Compliance Rate (%)	% of counterparties meeting ESG benchmarks	Tracks sustainable banking integration
2	ESG Scoring Implementation (%)	% of institutions assessed with ESG risk metrics	Ensures Treasury-wide ESG integration
3	Green Credit Engagement	% of banking counterparties actively adopting ESG reforms	Measures financial sector sustainability alignment



Framework for ESG Risk Assessments in Bank Credit Evaluations



Objective

To establish a structured sustainability reporting framework for the Treasury Department, ensuring transparent communication of climate-related risks, ESG risk management, and sustainability efforts across inter-departmental and external stakeholders.

✓ **Applicable standards and frameworks¹⁴:**

- ◆ **IFRS S2 (Sustainability-Related Disclosures):** International reporting standard for climate-related financial disclosures

¹³ List of Recommended KPIs is in alignment with UN PRI recommendations

¹⁴ IFRS S2 (International Financial Reporting Standard S2): A global framework for climate-related financial disclosures, ensuring transparency in climate risk reporting and integration.



Recommended action steps

1 Disclosure on climate-related risks and opportunities:

- Identify and describe the potential climate-related risks and additionally identify potential climate-related opportunities.
 - » In identifying the climate-related risks and opportunities that could reasonably be expected to affect Treasury Department, the function shall use all reasonable and supportable information that is available to the function at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions.
- For each climate-related risk identified, it is recommended to explain whether the risks considered are climate-related physical risk or climate-related transition risk.
- For each climate-related risk and opportunity identified, it is recommended to specify the time horizons (short, medium, and long-term) where the effects of each climate-related risk and opportunity could reasonably be expected to occur.
- It is recommended to explain and disclose how MOF defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used for strategic decision-making.

2 Disclosure on the financial position, performance, and cash flows:

- The Treasury Department in collaboration with associated entities, it is recommended to disclose quantitative and qualitative information about:
 - » How climate-related risks and opportunities have affected financial position, financial performance and cash flows for the reporting period.
 - » How the MoF's Treasury function expect financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:
 - Investment and disposal plans
 - Planned sources of funding
- In providing quantitative information, the Treasury Department may disclose a single amount or a range.

- In preparing disclosures about the anticipated financial effects of climate-related risk or opportunity, the Treasury Department shall:
 - » Use all reasonable and supportable information that is available to the function at the reporting date without undue cost or effort.
 - » Use an approach that commensurate with the skills, capabilities and resources that are available to the Treasury Department to prepare the disclosures.
- The Treasury Department with need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if it determines that:
 - » The effects are not separately identifiable.
 - » The level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.

3 Define reporting frequency (preferably biannual reports) and ensure regular updates.

- Strengthen Inter-Departmental Coordination:
 - » Establish a Sustainability Reporting Taskforce to facilitate coordination between Treasury and internal Public Finance Departments.
 - » Ensure collaboration with UAE Central Bank, and external regulatory bodies for unified sustainability disclosures.
 - » Conduct quarterly sustainability reporting workshops to ensure consistency in data collection and reporting formats.

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs) :

S No.	Recommended KPI	Formula	Relevant Details
1	Climate Risk Disclosure Compliance (%)	% of climate-related financial risks disclosed	Ensures adherence to IPSASB - SRS 1 recommendations
2	ESG Reporting Completeness (%)	% of sustainability metrics reported	Measures the transparency and scope of Treasury's ESG disclosures
3	Inter-Departmental Reporting Coordination	Number of sustainability reporting workshops conducted annually	Tracks Treasury's engagement in cross-departmental sustainability coordination

4.4. Consolidated list of KPIs

S No.	Recommended KPI	Formula	Relevant Details
1	Climate-Adjusted Liquidity Coverage Ratio	% of reserves allocated considering climate risk stress testing	Ensures sufficient fiscal buffers for climate risk impacts
2	Climate-Related Fiscal Exposure (%)	% of federal budget exposed to climate-vulnerable sectors	Tracks fiscal vulnerability due to climate-related risks
3	Climate Scenario Integration in Cash Flow Forecasts (%)	% of revenue models incorporating climate risk adjustments	Ensures forward-looking climate risk management in treasury planning
4	ESG Compliance Rate (%)	% of counterparties meeting ESG benchmarks	Tracks sustainable banking integration
5	ESG Scoring Implementation (%)	% of banking counterparties actively adopting ESG reforms	Ensures Treasury-wide ESG integration
6	Green Credit Engagement	% of banking counterparties actively adopting ESG reforms	Measures financial sector sustainability alignment
7	Climate Risk Disclosure Compliance (%)	% of climate-related financial risks disclosed	Ensures adherence to IFRS S2 recommendations
8	ESG Reporting Completeness (%)	% of sustainability metrics reported	Measures the transparency and scope of Treasury's ESG disclosures
9	Inter-Departmental Reporting Coordination	Number of sustainability reporting workshops conducted annually	Tracks Treasury's engagement in cross-departmental sustainability coordination

4.5. Annexures

4.5.1 Recommendations for Financial Impact Calculation Approaches

S No.	Mechanism	Methodology/Approach	Applications
1	Climate-Extended Risk Model (CERM)	Overview: CERM integrates climate-related risks into traditional credit risk assessment frameworks. It extends the Basel II Internal Ratings-Based (IRB) model by incorporating non-stationary macro-correlations that reflect the evolving nature of climate risks. Key Components: Physical and Transition Risks: CERM evaluates both physical risks (e.g., extreme weather events) and transition risks (e.g., policy changes toward a low-carbon economy). Stochastic Processes: The model employs stochastic processes to simulate future climate scenarios and their potential economic impacts.	Financial institutions can use CERM to estimate incremental credit losses in loan portfolios attributable to climate-related risks. (Reference)
2	Climate Change Valuation Adjustment (CCVA)	Overview: CCVA quantifies the impact of climate change on valuation adjustments, particularly Credit Valuation Adjustment (CVA) and Funding Valuation Adjustment (FVA). Methodology: Parameterized Impacts: The approach involves parameterizing climate change impacts to assess how they affect hazard rates over time. Financial Instruments: CCVA is applied to long-term financial instruments, such as interest rate swaps, to evaluate how climate risks influence their valuation.	This methodology helps financial institutions incorporate climate risk considerations into the pricing and risk management of derivative instruments. (Reference)

S No.	Mechanism	Methodology/Approach	Applications
3	Cost-Benefit Analysis (CBA) with Damage Functions	Overview: CBA involves comparing the costs and benefits of actions to mitigate or adapt to climate change. Damage functions are used to estimate the monetary value of damage resulting from climate-related hazards. Key Components: Damage Functions: These functions relate the intensity of climate hazards to economic damage, considering factors like vulnerability and exposure. Discounting: Future costs and benefits are discounted to present values using appropriate discount rates, reflecting time preferences and opportunity costs.	Policymakers and businesses use CBA to evaluate the economic efficiency of climate policies and investments. (Reference)
4	Carbon Beta Approach	Overview: This approach measures a company's sensitivity to carbon risk by calculating its carbon beta, analogous to the traditional financial beta that measures market risk. Features: Brown-Minus-Green (BMG) Factor: Constructs a factor based on the performance difference between high-carbon (brown) and low-carbon (green) companies. Carbon Beta Calculation: Estimates a company's exposure to carbon risk by regressing its returns against the BMG factor.	Investors use carbon beta to assess and manage the carbon risk in their portfolios. (Reference)

5.



Sustainable Procurement

5. Sustainable Procurement

The Sustainable Public Procurement Framework, developed by the UAE Ministry of Finance (“Ministry”), serves as a strategic framework to support federal entities in adopting procurement approaches that prioritize environmental, social, and economic sustainability.

The framework reflects the Ministry’s dedication to be responsible for resource management and aligns with the UAE’s broader sustainability goals. By promoting procurement practices that reduce environmental impact, promote circular economy principles, uphold ethical standards, and strengthen economic resilience and value for money, the framework contributes to the nation’s shift toward a low-carbon, sustainable economy.

When effectively implemented and complemented by the ongoing digital transformation and AI related technological advancements across the UAE, these framework will not only enhance procurement efficiency but also improve transparency and accelerate the nation’s sustainability agenda.

The Ministry of Finance encourages procurement professionals, suppliers, and stakeholders to engage actively in applying these principles, driving meaningful change, and fostering long-term sustainability for future generations.

5.1. Scope

The scope of Sustainable Public Procurement Framework applies to procurement conducted through the Digital Procurement Platform (DPP) or independently across the federal entities, in accordance with National Law No. 11 of 2023 regarding procurement in the Federal Government entities and its executive regulations, and the Procurement Procedures Manual for the Federal Government. Aligned with national and international standards, the SPP Guideline supports the UAE’s sustainability commitments and promotes responsible procurement across federal operations while allowing implementing entities the flexibility needed to adapt and apply it as appropriate

5.1.1 Applicability

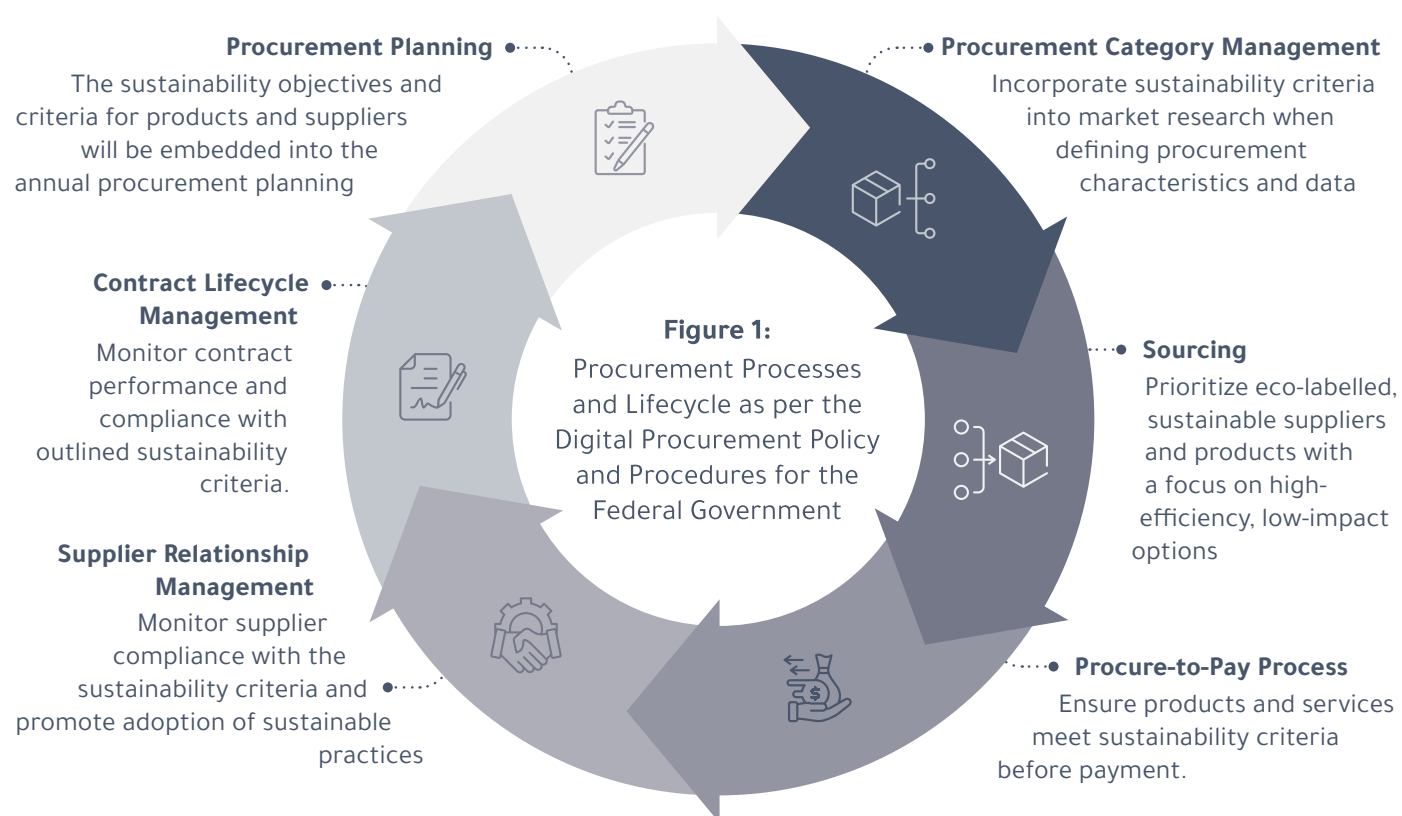
The Framework applies to all procurement methods, including:

- Federal Procurement Catalogue
- Framework agreements
- Tenders
- Low-value purchases
- Petty-cash purchases
- Applies regardless of whether procurement is conducted via DPP or independently, provided compliance with Procurement Law No. 11 of 2023 and the Procurement Procedures Manual.

5.1.2 Boundaries and Areas of Application

This section explains how the framework's implementation methodology is integrated within the areas of work of the Procurement Department, in accordance with the tasks defined in the Federal Government Procurement Procedures framework.

The framework is applied across all stages of the procurement lifecycle, as illustrated in Figure 1.5, where sustainability criteria must be incorporated, adhered to, and implemented at each stage, as detailed below.





Procurement Processes

The implementation of the sustainability criteria and requirements outlined in this framework shall be fully aligned with the Procurement Procedures Manual for the Federal Government which serves as the primary reference for all federal procurement processes.

- **Procurement Planning:** is the process of identifying and organizing the entity's procurement needs on an annual basis. While doing so, the sustainability objectives and criteria for products and suppliers outlined in this framework in section 6-B should be integrated into the planning process by procurement departments in federal entities in collaboration with the respective requesting organizational units.
- **Procurement Category Management:** grouping related products and services into categories and understand the market's landscape per the respective category. Procurement department of federal entities need to incorporate the sustainability objectives and criteria outlined in this framework.
- **Sourcing & Procure to Pay Processes:** these processes encompass the awarding phase and payment to contracted supplier. Therefore, the awarding federal entity should aim to prioritize sustainable suppliers and products, including eco-labelled products and services, and ensuring that procurement decisions are made and executed with a preference for high-efficiency, low-impact options which enhances the public value of the procurement activity as defined in section 6-B and Article 4.4 of the Procurement Procedures Manual.
- **Supplier Relationship Management:** managing interactions with suppliers to optimize performance, reduce risk, and drive long-term value. Procurement departments of federal entities should aim to encourage supplier to adopt and enhance a sustainability-focused practices and monitor the suppliers' adherence to the sustainability criteria introduced in this Framework under section 6-B in line with section 6.4.6 of the Procurement Procedures Manual for the Federal Government.
- **Contract Lifecycle Management:** managing contracts from initiation through execution, performance, and renewal or termination to ensure compliance, reduce risk, and attaining value. Procurement departments of federal entities in collaboration with respective organisation unit should monitor contract performance and compliance with the sustainability criteria outlined in this Framework under section 6-B and in line with section 10.5 of the Procurement Procedures Manual for the Federal Government, while tracking progress through sustainable procurement KPIs.



Procurement Methods and Techniques

Federal entities should integrate the sustainability criteria outlined in Section 6-B of this framework as part of the procurement methods and approaches outlined in the public procurement regulations and forming a Central Procurement Unit (Administration of the Public Procurement Platform) responsible for monitoring the extent to which federal entities comply with the application of the sustainability standards outlined in this guide within the procurement methods and approaches.



Governance and Compliance

A set of controls, standards, and procedures that ensure institutional discipline in managing the organization's operational framework in accordance with international best practices, including the rules and provisions necessary for making decisions related to the entity's affairs, as well as defining the responsibilities and practices that the institution must follow to achieve its objectives and promote the principles of transparency, accountability, integrity, and impartiality.

This framework will be integrated into the existing governance and compliance framework in the concerned federal entity by aligning with current regulatory requirements in the entity and ensuring the systematic incorporation of sustainability standards into all procurement activities.

Refer to the Overall Sustainability Governance Framework for Details



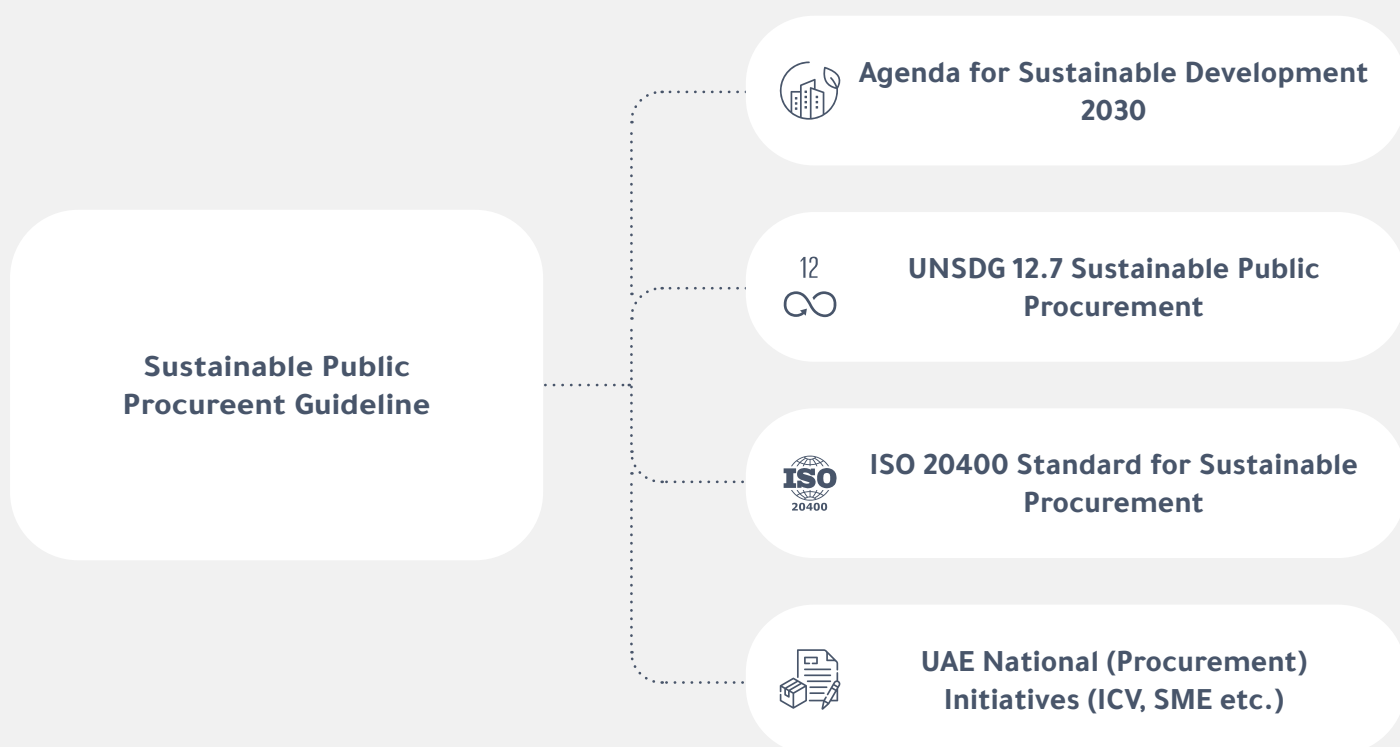
Stakeholder Engagement

Stakeholder engagement is the process of actively involving relevant individuals, groups, or organizations in decision-making to ensure their interests and inputs are considered. The SPP Framework promotes for the following:

- Collaboration with industry partners, local businesses, and international organizations to enhance sustainable procurement practices.
- Empowerment of end-users through the procurement of sustainable, high-quality, and accessible products and services.

5.1.3 Frameworks

The Sustainable Public Procurement Framework is based on internationally recognized frameworks that set global standards for sustainable practices within procurement functions. These frameworks offer a structured approach to achieving sustainability objectives and apply to all specified product categories, as well as any additional categories not explicitly mentioned. This ensures that procurement activities align with global best practices, reinforcing the UAE's commitment to responsible and sustainable procurement.



Agenda for Sustainable Development 2030:

The United Nations' Agenda for Sustainable Development 2030 presents a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. The Sustainable Public Procurement Framework is intricately linked to this agenda, particularly through the Sustainable Development Goals (SDGs).

Procurement has a significant role to play in achieving these goals by influencing market demand, promoting sustainable practices, and driving innovation. By adopting sustainable procurement practices, the federal entities will contribute to the broader objectives of the SDGs, such as improving health and education, reducing inequality, and spurring economic growth—all while tackling climate change and working to preserve oceans and forests.



UNSDG 12.7 Sustainable Public Procurement:

The SPP Framework is designed to align with SDG 12.7, which focuses on the degree of implementation of sustainable public procurement policies and action plans. The SPP Guideline when coupled with clear frameworks and actionable strategies can push for sustainability integration into procurement practices, driving responsible consumption and production. This promotes the adoption of environmentally friendly products, resource-efficient services, and ethical supplier practices, enabling measurable progress in implementing sustainable procurement.

This alignment not only supports the UAE's efforts to enhance sustainable public procurement policies but also reinforces its commitment to fostering a circular economy and advancing global sustainability objectives.

- **The SPP Framework prioritizes the following five sustainability objectives:**

- » Promoting SMEs: The SPP Framework promotes SME inclusion in procurement by allocating sourcing opportunities to strengthen local supply chains, foster innovation, and support national sustainability and economic diversification goals.
- » Climate change mitigation: The SPP Framework promotes low-carbon procurement to reduce greenhouse gas emissions, supporting climate-friendly suppliers and products. This approach advances the UAE's Net Zero targets and facilitates the transition to a greener economy.
- » Energy conservation: The SPP Framework emphasizes energy efficiency by promoting the procurement of energy-saving products and services. This reduces operational costs, supports national energy conservation goals, and enhances long-term environmental and economic sustainability.
- » Resource efficiency: The SPP Framework promotes resource efficiency by encouraging procurement that minimizes material use and maximizes lifecycle value. The Framework supports circular economy principles, such as using recyclable materials and sustainable supply chains, to optimize resources and reduce environmental impact.
- » Waste minimization: The SPP Guideline promotes waste reduction by prioritizing reusable, recyclable, or compostable products and suppliers with strong waste management practices, supporting national circularity goals and a cleaner environment.



Alignment with ISO 20400:

The Sustainable Public Procurement Framework aligns with ISO 20400, promoting a globally recognized approach to sustainable procurement by integrating environmental, social, and economic considerations throughout the lifecycle of products and services. It embeds core principles such as accountability, transparency, and stakeholder engagement, ensuring sustainability is part of strategic decision-making and operational processes. By adopting a lifecycle perspective, the framework prioritizes long-term value creation over short-term gains. Additionally, the framework emphasizes collaboration and innovation, encouraging supplier partnerships and continuous improvement.



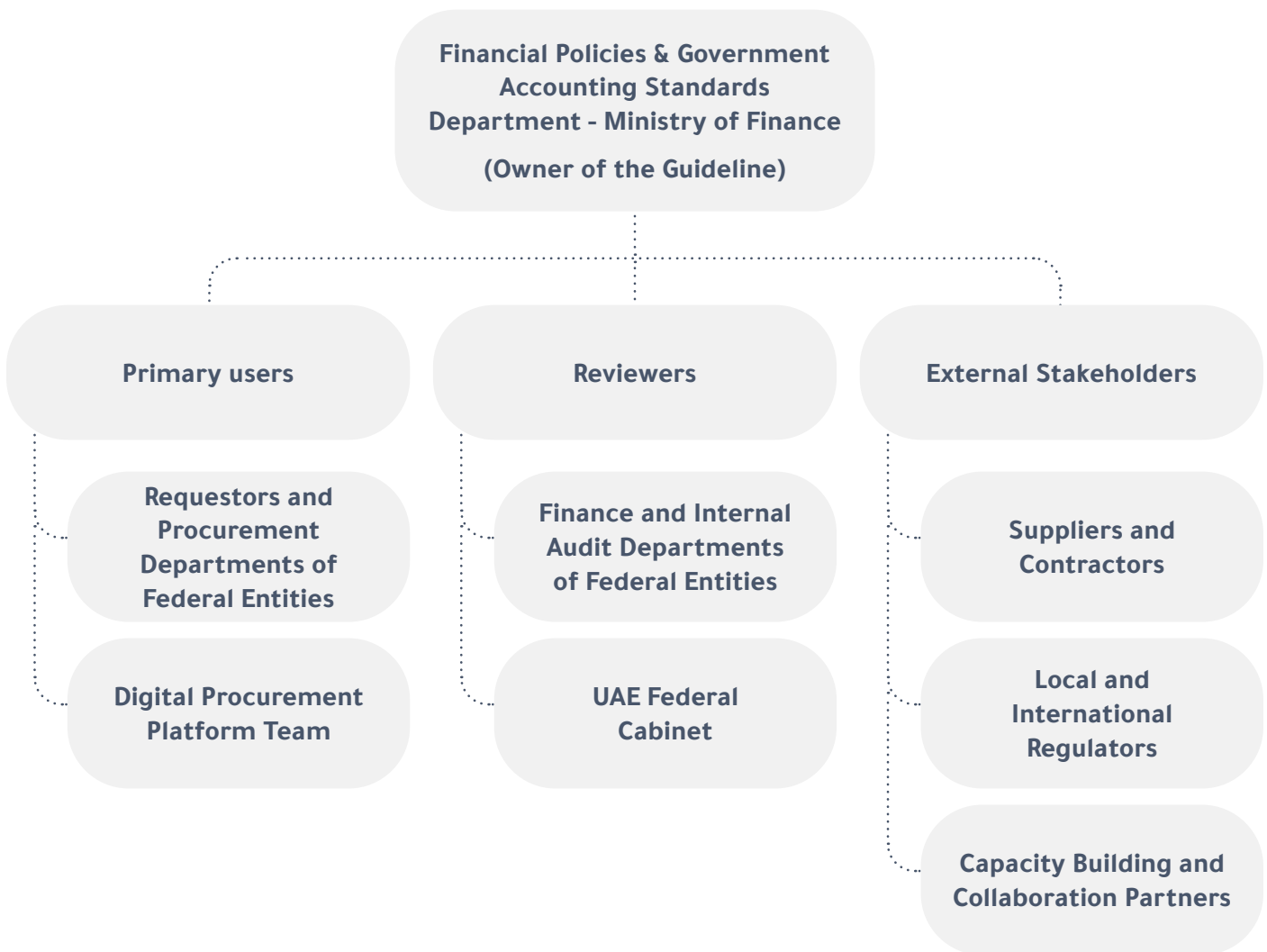
Alignment with UAE (procurement) initiatives:

The Sustainable Public Procurement Framework includes specific technical requirements that ensure procurement decisions are made with a comprehensive understanding of their socioeconomic and environmental impacts. These requirements are designed to reflect broader sustainable development goals and to support the UAE's commitment to sustainable growth.

- The Sustainable Public Procurement Framework incorporates socioeconomic considerations to ensure that procurement decisions contribute to the local economy and society while also being cost-effective over the long term.
 - » **In-Country Value (ICV) Program:** The SPP Framework prioritizes suppliers that demonstrate a high ICV score, which indicates their contribution to the UAE's economy. This includes the use of local resources, employment of local workforce, and investment in local development.
 - » **Small and Medium Enterprises (SME):** Recognizing the vital role of SMEs in economic growth and innovation, the Framework encourages the inclusion of SMEs in the procurement process, providing them with opportunities to participate in procurement activities with federal entities.
 - » **Lifecycle Cost Analysis (LCC):** The SPP Framework promotes procurement decisions to consider the full lifecycle costs of products and services, including initial purchase price, operating costs, maintenance expenses, and end-of-life disposal costs. This approach ensures that options selected offer the best value for money while minimizing environmental impact.

5.1.4 Operating Model

The Sustainable Public Procurement Framework provides a structured, actionable framework to integrate sustainability into procurement activities across federal entities. Designed to engage a broad range of stakeholders, it supports the widespread adoption of sustainable practices while ensuring alignment with the UAE's sustainability objectives throughout all procurement processes.



5.1.5 Key Ownership / Responsible Entity

The Accounting Policies and Standards Department at the Ministry of Finance, in its capacity as the owner of the framework, retains custody of the framework and has the authority to request its update and review as needed, in order to meet the requirements and initiatives of the Federal Government.

5.1.6 Intended Users

- **Federal Department:** Key decision-makers responsible for purchasing goods and services (including end users / requestors) shall apply these frameworks in tendering processes and Federal Procurement Catalogue purchases and drive the adoption of eco-friendly procurement practices.
- **Ministry of Finance:** As owner of the Sustainable Public Procurement Framework, the Ministry of Finance retains the authority to maintain the structure of the SPP Guideline and update and revise the SPP Framework as necessary to address the needs and initiatives within the federal government.

5.1.7 Role of Other Federal Entities/Partners

- **Finance and Internal Audit Teams of the Federal Entities:** Monitor financial impacts and verify compliance with the Sustainable Public Procurement Framework.
- **UAE Federal Cabinet and Federal entities:** Ministries and federal entities will support the Ministry of Finance in implementing sustainable procurement practices in the federal government by adopting and adhering to the framework through the Digital Procurement Platform (DDP), which is governed by the Ministry of Finance. The procurement organizational unit in the concerned entity shall be responsible for monitoring the level of compliance with the application of sustainability standards, in coordination with both the Internal Audit organizational unit and the Strategy and Future unit, or any other department concerned with sustainability.
- **Ministry of Climate Change and Environment (MOCCA):** MOCCA spearheads the UAE's climate change and sustainability agenda, including the Net Zero 2050 strategy. It has previously developed a Green Business Toolkit, which encompasses a Green Procurement Framework. Therefore, it is essential to align and collaborate with MOCCA to effectively promote and expand sustainable public procurement implementation across the UAE.
- **Ministry of Industry and Advanced Technology (MOIAT):** MOIAT drives the UAE's industrial innovation agenda through initiatives such as the In-Country Value (ICV) Program and the Industry 4.0 strategy. These efforts aim to enhance local economic contribution and accelerate the adoption of advanced technologies within the industrial sector. Therefore, close collaboration with MOIAT is crucial to effectively advance and expedite the integration of sustainable procurement principles across the UAE's industrial ecosystem.

- **Ministry of Energy and Infrastructure (MOEI):** MOEI plays a pivotal role in driving the UAE's energy transition, supporting the UAE Green Agenda and the Net Zero strategy. MOEI also champions sustainable infrastructure development through its comprehensive sustainability frameworks, which have been applied to all new building and road construction projects since 2022. Therefore, close coordination with MOEI is essential to effectively advance sustainable procurement principles and infrastructure development across the UAE.
- **Ministry of Economy (MOE):** MOE leads the UAE's circular economy agenda, driving initiatives that promote sustainable economic growth through resource efficiency and waste reduction. MOE's efforts focus on integrating circular economy principles across various sectors to support the country's sustainability goals. Therefore, close collaboration with MOE is essential to effectively advance and implement sustainable procurement principles aligned with the UAE's circular economy vision.

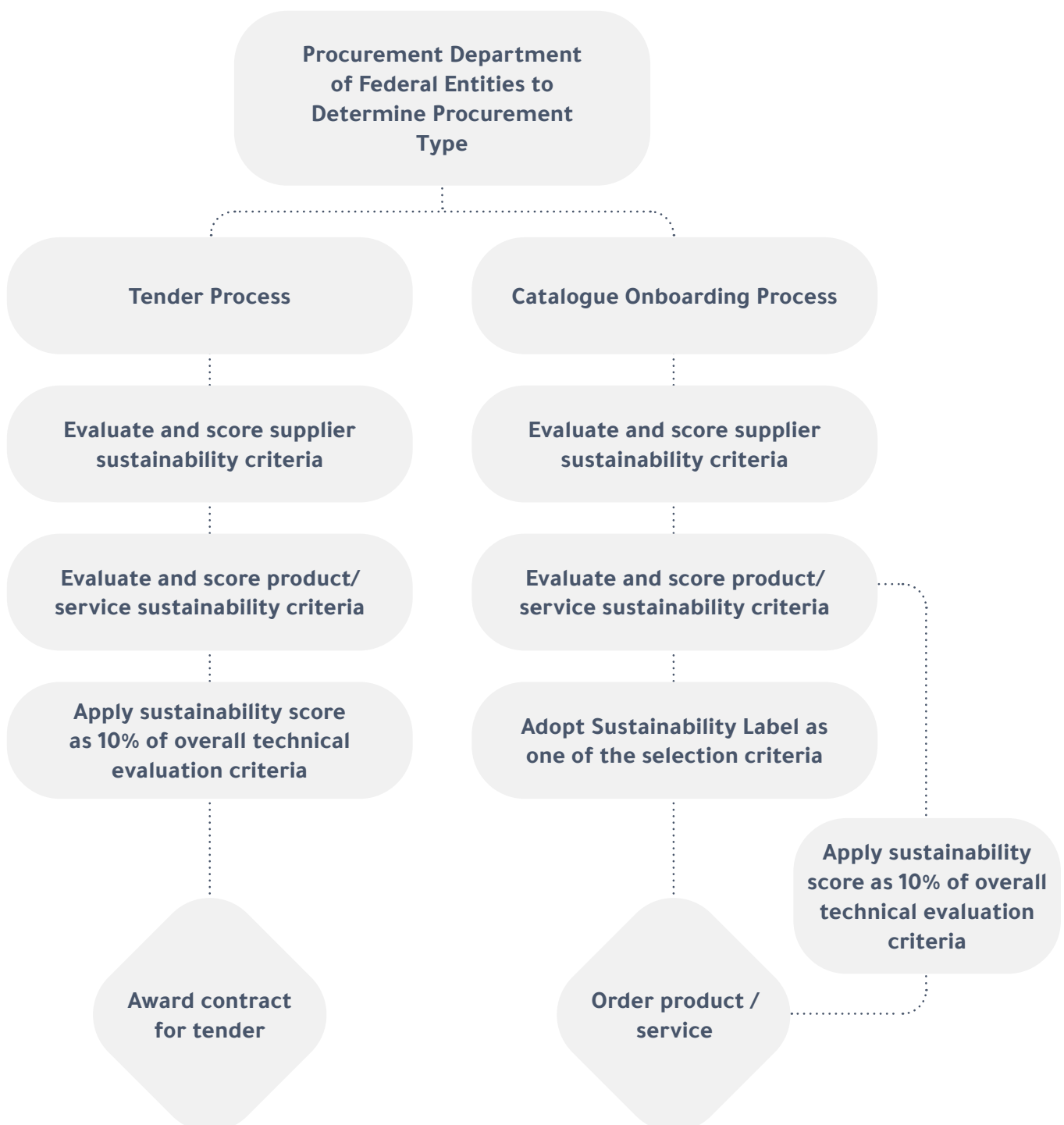
5.1.8 External Stakeholders

- **Suppliers, Contractors, and Industry Innovators:** Partners should align with the Ministry's sustainability criteria, fostering a greener supply chain and driving innovation with advanced sustainable products and services.
- **Local and International Regulators:** Entities that ensure the Ministry's procurement practices comply with local and global sustainability frameworks and standards.

5.2. Application Mechanism

5.2.1 Embedding the Frameworks across Purchasing Process for Federal Entities

This framework is focused on two procurement types: purchasing through the procurement methods and approaches and through the Federal Procurement Catalogue. Federal entities may follow the standard procurement process to determine which procurement type is applicable



• Embedding the Framework Within Tendering Process Flow

The tender process provides equal opportunities to all invited suppliers that are participating in the tendering. Federal entities need to follow the standard tender process that is outlined in MoF's Procurement Manual. In line with Procurement Law No. 11 of 2023 and Cabinet Resolution No. 122 of 2024 sustainability criteria should be considered in making a public procurement decision.

The tender process reserves 10% of the overall technical evaluation criteria to be attributed to sustainability criteria. Section 6-B of this framework defines sustainability criteria for the supplier evaluation and for products or services. Both need to be considered in awarding the sustainability score as part of the technical evaluation. Refer to the Procurement Procedures Manual for the Federal Government the overall process.

Supplier criteria and products or services criteria are defined for environmental and socioeconomic dimensions. All criteria defined have an equal weighting. The federal entity may assign the supplier a low rating in the event it is proven that the supplier is not compliant with environmental or social standards, such as the use of sustainable materials or the respect of workers' rights.

Scoring: The overall scoring approach prioritizes product and service adherence to sustainability criteria by assigning 60% of the weight to product-specific evaluations and 40% to supplier performance. This ensures that factors like carbon footprint, energy efficiency, and circularity are emphasized, while supplier commitments, such as labor training and Emiratization, remain integral. The methodology favors offerings that align closely with sustainability objectives, driving both environmental innovation and supplier accountability.

Transform both the supplier evaluation score and the product/service score into a 10-point scale for standardization:

" Score (out of 10) = (Bidder's Score/Maximum Score) × 10 "

The overall sustainability score of the bid is calculated as follows:

Overall Sustainability Score=
(Supplier Evaluation Score × 40%)+(Product or Service Evaluation Score × 60%)

Tender Sustainability Evaluation	Score	Description
Supplier evaluation	40%	Supplier evaluation per evaluation criteria outlined in Section 6-B
Product or service evaluation	60%	Product or service evaluation by evaluation criteria outlined in Section 6-B
Total sustainability evaluation	100%	Up to 10% of technical evaluation criteria

• Embedding the Framework Across Federal Procurement Catalogue

The Ministry of Finance's DPP team enables federal entities to benefit from products and services available through the Federal Procurement Catalogue. Federal entities that are ordering products or services through this process follow the pre-defined process outlined in the Procurement Procedures Manual for the Federal Government.

Scoring: Sustainable products and services are marked with the MoF Sustainability label in the catalogue and federal entities are required to use the MoF Sustainability label as part of their evaluation and selection criteria in their order. Federal entities shall have at least one product with a MoF Sustainability label as part of their three offers (where applicable) prior to making a decision. The decision is of the federal entity and a KPI will track the number of products with a MoF Sustainability label.

- **Note:** Products and services receive a MoF Sustainability label when 70% of the sustainability criteria are met (referring to Section 5.4.2 of this framework).
 - » In the catalogue process for professional services, the Sustainability Label will rely solely on supplier evaluation, with the 40% score of the supplier evaluation normalized to 100%. Service evaluation will be conducted during the technical evaluation round and services will be evaluated on sustainability criteria as per Section 5.4.2. Products/Services Evaluation Criteria.
 - » In the catalogue process for cleaning services, the Sustainability Label will rely solely on supplier evaluation, with the 40% score of the supplier evaluation normalized to 100%. Service evaluation will be conducted during the technical evaluation round and services will be evaluated on sustainability criteria as per Section 5.4.2 Products/Services Evaluation Criteria.

5.2.2 Sustainability Evaluation Criteria for Suppliers, Producers, and Services

✓ Supplier Evaluation Criteria

These criteria apply exclusively to suppliers already registered on the Digital Procurement Platform (DPP) and are solely intended for qualifying suppliers for the specific tender/procurement activity in question. They are not part of the pre-qualification criteria for on-boarding new suppliers in the DPP.

a. Environmental

- **Energy Management:** Suppliers should demonstrate the implementation of an energy management system that complies with ISO 50001 or an equivalent standard.
 - » **Verification:** suppliers are required to submit an ISO 50001 certification or documentation of compliance with an equivalent standard, verified by a third-party auditor.

- **Environmental Management:** Suppliers must demonstrate the implementation of an environmental management system that complies with ISO 14001 or an equivalent standard.
 - » **Verification:** suppliers are required to submit an ISO 14001 certification or documentation of compliance with an equivalent standard, verified by a third-party auditor.
- **GHG Emissions Reporting:** Suppliers are required to disclose their annual greenhouse gas (GHG) emissions, calculated and reported in accordance with the GHG Protocol or ISO 14064-1 standards.
 - » **Verification:** suppliers are required to submit one of the following:
 - A digital copy of their annual sustainability report, preferred to include an assurance statement verifying the organization's (GHG) emissions, covering at least Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heat, or steam).
 - A GHG inventory report that discloses, at a minimum, Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heat, or steam). The report is recommended to be verified in accordance with ISO 14064-3 by a third-party auditor accredited under ISO 14065.

b. Social and Economic

Aspect	Supplier Evaluation Criteria	Maximum Score	Scoring Details
Environmental	Energy Management	1	Must comply with the requirements to get rewarded with 1 point
	Environmental Management	1	Must comply with the requirements to get rewarded with 1 point
	GHG Emission Reporting	1	Must comply with the requirements to get rewarded with 1 point
Social and Economic	Fair Labor Practices	1	Must comply with the requirements to get rewarded with 1 point
	Health and Safety	1	Must comply with the requirements to get rewarded with 1 point
	In-Country Value	0	In Country Value is already assessed as part of any federal procurement
	Small and Medium Enterprises	1	Bonus point for SMEs
Total Supplier Evaluation Score (out of 6)			

- **Fair Labor Practices:** Suppliers are required to demonstrate compliance with fair labor practices, including maintaining safe working environments, providing fair wages, and ensuring non-discriminatory practices.
 - » **Verification:** suppliers are required to submit either an SA8000 certification or an ISO 26000 social responsibility declaration, preferably verified by a third-party auditor.
- **Health and Safety:** Suppliers must demonstrate that their facilities operate within a structured system designed to prevent work-related injuries and illnesses, while ensuring the protection and promotion of workers' health.
 - » **Verification:** Suppliers are required to submit an ISO 45001 certification or an equivalent occupational health and safety certification.
- **In-Country Value:** Suppliers must demonstrate their contribution to the local economy of the UAE, highlighting initiatives that support economic growth, job creation, and local supply chain development.
 - » **Verification:** Suppliers are required to submit ICV certification.
- **Small and Medium Enterprises:** If suppliers meet the predefined criteria for SMEs as defined by the UAE federal government, they must notify the federal entity responsible of the procurement activity to benefit from the provisions and outlined in Procurement Law No. 11 of 2023 and cabinet resolutions.
 - » **Verification:** Procurement department of the respective federal entity to verify the SME status of the supplier.



Product and Services Criteria

The Sustainable Public Procurement Framework sets clear sustainability criteria for electronics, cleaning products, vehicles, paper, food services, professional services, and IT services. It focuses on minimizing environmental impact and carbon footprint across product lifecycles while promoting ethical supply chains, fair labor practices, and transparency. By emphasizing cost-effective lifecycle management—including maintenance, energy efficiency, and end-of-life disposal—the framework supports local SMEs, resource efficiency, and innovation, ensuring procurement aligns with the UAE's economic, workforce, and sustainability objectives.

The following section presents the sustainable procurement criteria for seven product and service categories. These criteria are organized into two primary dimensions: Environmental and Social & Economic. Each dimension aims to embed sustainability considerations within the federal entities' bid evaluation and selection process.



1) Paper and Paper Products

The criteria apply to the following product types:



Graphing and copying paper



Tissue paper



Paper for printed publications



Envelopes

a. Environmental

1. Product Carbon Footprint: Suppliers are required to disclose the carbon footprint of their products, accounting for lifecycle emissions associated with manufacturing, transportation, and usage.

- **Verification:** suppliers are required to submit one of the following:
 - » A product carbon footprint report as per ISO 14067.
 - » Life cycle impact assessment (LCIA) of the product, prepared as per ISO 14040 & ISO 14044 requirements
 - » An Environmental Product Declaration (EPD)
- **Evaluation (Tender):** The product with the lowest carbon footprint among bidders will receive the highest score under this criterion.
- **Evaluation (Federal Procurement Catalogue):** The submissions of a product carbon footprint qualify for one point.

2. Sustainable Sourcing and Circularity: Procured paper will comply with the following:



For paper with 100% or less than 100% recycled content, it needs to only include genuine recovered fiber (i.e., no mill broke, unless solely from a recycled paper production line)



For paper using virgin pulp, it needs to be sourced from a sustainably managed forest.

- **Verification:** suppliers are required to submit the following:
 - » For recycled paper:
 - A Life Cycle Impact Assessment (LCIA) (prepared as per ISO 14040 & 14044) of the product or
 - An Environmental Product Declaration (EPD) Certificate or.
 - Forest Stewardship Council (FSC) Mix Label / Programme for the Endorsement of Forest Certification (PEFC) Recycled Label for partially recycled content or
 - FSC Recycled Label for 100% recycled content
 - An EU Eco Label
 - » For virgin paper:
 - An FSC100% Label (it certifies that the paper is made entirely from materials sourced from sustainably managed forests) or.
 - A PEFC Certified Label (it certifies that 70% of the content is from materials sourced from sustainably managed forests).
 - An EU Eco Label
 - » **Evaluation (Tender):** The product with 100% recycled content as per the criteria get rewarded with one point, partially recycled content receives 0.75 point, and virgin paper meeting the criteria receives 0.5 point.
 - » **Evaluation (Federal Procurement Catalogue):** Providing the recyclability content of the paper qualifies for one point.

3. Use of Hazardous Substances: Procurement must comply with the following:



Paper shall not contain colorants or inks with toxic heavy metal (e.g., lead, cadmium, mercury, and chromium).



Avoid chlorine-bleached papers, unless it's ECF (Elemental Chlorine-Free) or TCF (Totally Chlorine-Free).



Ensure the paper is produced without formaldehyde-based resins.

- **Verification:** suppliers are required to submit one of the following:
 - » LCIA of the product, prepared as per ISO 14040 & ISO 14044 requirements
 - » An EPD Certificate
 - » An EU Eco Label
 - » An FSC or PEFC Label
- **Evaluation (Tender and Federal Procurement Catalogue):** The product must comply with all the requirements of this criterion to get rewarded with one point.

b. Social and Economic

1. Local manufacturing: For products manufactured in the UAE, suppliers must provide evidence to demonstrate their origin.

- **Verification:** suppliers are required to submit the product's 'Made in the UAE' mark as per Cabinet Resolution no.16 of 2023.
- **Evaluation (Tender and Federal Procurement Catalogue):** Locally manufactured products are rewarded with an extra evaluation point.

Aspect	Paper - Evaluation Criteria	Maximum Score	Scoring Details (Tender)	Scoring Details (Federal Procurement Catalogue)
Environmental	Product Carbon Footprint (PCF)	1	Scaled based on relative PCF (lowest PCF = 1 point)	Submission of a PCF qualifies for 1 point.
	Sustainable Sourcing and Circularity	1	100% Recycled: 1 point Partially Recycled: 0.75 Virgin Paper: 0.5	Providing the Recyclability Content qualifies for 1 point
	Use of Hazardous Substances	1	Must comply with all requirements to get rewarded with 1 point	
Social and Economic	Local Manufacturing	1	Locally manufactured products get rewarded with 1 point	
Total Supplier Evaluation Score (out of 4)				

Scoring approach for Product Carbon Footprint

Score = Max.Points × (Lowest Footprint / Bidder's Footprint)



2) Cleaning Products & Services

The criteria of this category apply to cleaning products purchased by the relevant federal entity or utilized by any supplier awarded a cleaning service contract:

- **All-purpose cleaners:** detergent products for routine cleaning of floors, walls, ceilings, windows, and other fixed surfaces, diluted in water before use. All-purpose cleaners for indoor use in buildings, including domestic, commercial, and industrial facilities.
- **Window Cleaners:** specific cleaners intended for the routine cleaning of windows.

- **Sanitary Cleaners:** detergent products for routine removal of dirt and deposits in sanitary facilities, including laundry rooms, toilets, bathrooms, showers, and kitchens. This includes bathroom and kitchen cleaners.
- **Detergents for dishwashers:** detergents and rinse aids for dishwashers, in powder, liquid, or other forms, intended exclusively for use in automatic domestic and professional dishwashers.
- **Hand dishwashing detergents:** all detergents for hand washing dishes, crockery, cutlery, pots, pans, and kitchen utensils, covering products for both private and professional use.

a. Environmental

1. **Product Carbon Footprint:** Suppliers are required to disclose the carbon footprint of their products, accounting for lifecycle emissions associated with manufacturing, transportation, and usage.
 - **Verification:** suppliers are required to submit one of the following:
 - » A product carbon footprint report as per ISO 14067
 - » Life cycle impact assessment (LCIA) of the product, prepared as per ISO 14040 & ISO 14044 requirements
 - » An Environmental Product Declaration (EPD)
 - » Datasheet- Catalogue of the manufacturer highlighting the product carbon footprint
 - **Evaluation (Tender):** The product with the lowest carbon footprint among bidders will receive the highest score under this criterion.
 - **Evaluation (Federal Procurement Catalogue):** The submissions of a product carbon footprint qualify for one point.

2. Sustainable Use & Circularity

- **All products criteria:**
 - » Ensure all products include clear and detailed dosing instructions to minimize the risk of over-application by users.
 - » Suppliers must ensure that primary packaging can be easily separated into distinct, single-material components to facilitate recycling and waste management.
- **Additional criteria for all purposes and window cleaning products:**
 - » All-purpose and window cleaning products must be supplied in a concentrated form that requires dilution before use.
 - » Ready-to-use trigger spray products are permitted if they are part of a product range designed for reuse with concentrated refills.
 - » Suppliers must ensure that trigger spray bottles are intended to be refilled using concentration to reduce waste and promote sustainable practices.

- **Additional criteria for cleaning services contracts:**
 - » Contractors should use reusable microfiber cloths.
- **Verification:** suppliers are required to submit the following:
 - » All products criteria:
 - Provide technical datasheets or catalogue of the manufacturer outlining the dosing instructions, or a verified statement by a 3rd party outlining the dosage instructions.
 - Provide a signed a declaration at the bidding stage that packaging can be easily separated into distinct, single-material components.
 - » All purpose and window cleaning criteria:
 - Provide technical datasheets, or a manufacturer catalogue/manual outlining the dosing instructions, or a verified statement by a 3rd party outlining the dosage instructions.
 - At the bidding stage, provide a signed declaration confirming that trigger spray bottles are reusable and specify the expected number of times they can be reused.
 - » Cleaning services contracts
 - At the bidding stage, provide a signed declaration confirming that reusability of microfiber cloths, or a manufacturer technical specification document.
- **Evaluation (Tender and Federal Procurement Catalogue):** Products and cleaning service contracts must comply with all the requirements of this criterion to get rewarded with one point.

3. Use of Hazardous Substances

- All products shall not contain paradichlorobenzene or alkylphenol ethoxylates (APEs).
- Prohibit the use of sprays containing propellants.
- **Verification:** suppliers are required to submit one of the following:
 - » LCIA of the product, prepared as per ISO 14040 & ISO 14044 requirements, or
 - » An EPD Certificate, or
 - » An EU Eco Label, or
 - » A detailed content sheet (issued by the manufacturer) specifying all ingredients and components used in the product, or
 - » Declaration of compliance with the requirements or
 - » An alternative method for the supplier to demonstrate compliance with the requirements.
- **Evaluation (Tender and Federal Procurement Catalogue):** The product must comply with all the requirements of this criterion to get rewarded with one point.

b. Social and Economic

- 1. Local manufacturing:** For products manufactured in the UAE, suppliers must provide evidence to demonstrate their origin.
 - **Verification:** suppliers are required to submit the product's 'Made in the UAE' mark as per Cabinet Resolution no.16 of 2023.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Locally manufactured products are rewarded with an extra evaluation point.
- 2. Efficient Usage:** For cleaning services contracts, contractors are required to submit a balance sheet detailing the name and quantity of all cleaning products used during the contract period, and to outline the monitoring process that will be implemented to prepare the balance sheet.
 - **Verification:** Bidders are required to sign a declaration to comply with the set criteria.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion to get rewarded with one point.
- 3. Training for workforce:** For cleaning services contracts: contractors must ensure that all cleaning staff receive regular training relevant to their tasks. Training should include:
 - Proper use of cleaning agents.
 - Effective cleaning methods and techniques.
 - Operation of equipment and machines.
 - Waste and water management practices.
 - Health, safety, and environmental considerations
 - **Verification:**
 - » Bidders must submit detailed information and make a commitment to implement the proposed staff training plan.
 - » Commit to maintain records of all training activities and make them available to the relevant federal entity upon request.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.

Aspect	Cleaning Products/ Services - Evaluation Criteria	Maximum Score	Scoring Details (Tender)	Scoring Details (Federal Procurement Catalogue)
Environmental	Product Carbon Footprint (PCF)	1	Scaled based on relative PCF (lowest PCF = 1 point)	Submission of a PCF qualifies for 1 point.
	Sustainable Use & Circularity	1	Must comply with all requirements to get rewarded with 1 point	
	Use of Hazardous Substances	1	Must comply with all requirements to get rewarded with 1 point	
Social and Economic	Local Manufacturing	1	Locally manufactured products get rewarded with 1 point	
	Efficient Usage	1	Must comply with all requirements to get rewarded with 1 point	
	Labor Training	1	Must comply with all requirements to get rewarded with 1 point	
Total Supplier Evaluation Score (out of 4 - Cleaning Products)				
Total Supplier Evaluation Score (out of 6 - Cleaning Services Contracts)				

Scoring approach for Product Carbon Footprint

Score = Max.Points × (Lowest Footprint / Bidder's Footprint)

In the catalogue process for cleaning services, the Sustainability Label will rely solely on supplier evaluation, with the 40% score of the supplier evaluation normalized to 100%. Service evaluation will be conducted during the technical evaluation round and services will be evaluated on sustainability criteria of the service shown above.



3) Vehicles

The criteria encompass the following types:



Cars



Light commercial vehicles

a. Environmental

1. Product Carbon Footprint: Suppliers are required to disclose the carbon footprint of their products, accounting for lifecycle emissions associated with raw material extraction, manufacturing, and transportation.

- **Verification:** suppliers are required to submit one of the following:
 - » A verified product carbon footprint report as per ISO 14067
 - » Life cycle impact assessment (LCIA) of the product, prepared as per ISO 14040 & ISO 14044 requirements
 - » An Environmental Product Declaration (EPD)
- **Evaluation (Tender):** The product with the lowest carbon footprint among bidders will receive the highest score under this criterion.
- **Evaluation (Federal Procurement Catalogue):** The submissions of a product carbon footprint qualify for one point.

2. Usage GHG Emissions: Suppliers are required to present the greenhouse gas (GHG) emissions per unit of distance (kgCO₂e / km) for the vehicles being supplied.

- **Verification:** suppliers are required to submit:
 - » A manufacturer figure of the emissions per unit of distance
 - » A verified statement as per ISO 14064-3 of the emissions per unit of distance, calculated as per ISO 14064-1 or GHG Protocol guidance and requirements
 - » Electric vehicles' emissions per distance need to be calculated as per point (2) above, assuming the electricity grid as the source of energy
- **Evaluation (Tender and Federal Procurement Catalogue):** The product with the emissions per unit of distance among bidders will receive the highest score under this criterion.
- **Evaluation (Tender and Federal Procurement Catalogue):** The submissions of usage GHG emissions qualifies for one point.

3. Hazardous/Pollutant Exhaust gases: All procured vehicles need to be adhering to the EURO 6 emissions standards.

- **NOx limited to 80 mg/km (in diesel powered vehicle)**
- **NOx limited to 60 mg/km (in petrol vehicles)**
- **Particulate Matter (PM) limited to 4.5 mg/km**
 - » Verification: suppliers are required to submit Certificate of Conformity (CoC) with the EURO 6 standard.
 - » Evaluation (Tender and Federal Procurement Catalogue): The purchased vehicles must comply with the requirement of this criterion, to get rewarded with one point.

b. Social and Economic

1. Local manufacturing: For vehicles manufactured in the UAE, suppliers must provide evidence to demonstrate their origin.

- **Verification:** suppliers are required to submit the product's 'Made in the UAE' mark as per Cabinet Resolution no.16 of 2023, or an equivalent certificate of origin.
- **Evaluation (Tender and Federal Procurement Catalogue):** Locally manufactured products are rewarded with an extra evaluation point.

2. Life cycle costing (LCC): All bidders are required to submit a life cycle costing incorporating the following:

- **Purchase Cost:** Include the initial cost of acquiring the vehicle (base price, taxes, and fees).
- **Fuel/Energy Costs:** Estimate the total fuel or energy consumption cost over the vehicle's lifetime, considering efficiency and expected usage patterns.
- **Maintenance and Repair Costs:** Account for routine maintenance, servicing, and potential repairs to the vehicle's operational life.
- **Insurance Costs:** Include the anticipated insurance premiums over the vehicle's lifetime.
- **Depreciation:** Factor in the vehicle's loss of value over its expected life span and potential resale or residual value.
- **Operational Life:** Set the expected life span as 10 years for cost calculations.
- **End-of-Life Costs:** Include costs for disposal, recycling, or decommissioning of the vehicle.
- **Discount Rate:** Apply a discount rate to reflect the time value of money for future costs.

Life Cycle Cost = Purchase Cost + Fuel Costs + Maintenance Costs + Insurance Costs
+ End-of-Life Costs – Residual Value

(* All values must be expressed in present value terms at a 5% discount rate)

- **Verification:** The ministry's procurement personnel will verify the calculations.
- **Evaluation (Tender):** The bidder with the lowest Life Cycle Cost will receive the highest score for this criterion in the procurement evaluation process.
- **Evaluation (Federal Procurement Catalogue):** The submissions of an LCC report qualifies for one point.

3. Safety requirements: All vehicles must have a valid 5-star rating under the European New Car Assessment Programme (Euro NCAP) and/or a valid 5-star rating under the US National Highway Traffic Safety Administration (NHTSA).

- **Verification:** suppliers are required to submit one of the following:
 - » A digital copy of the official Euro NCAP report
 - » Link to the report on the Euro NCAP official website
 - » Link to NHTSA database
- **Evaluation (Tender and Federal Procurement Catalogue):** The purchased vehicles must comply with the requirement of this criterion, to get rewarded with one point.

Aspect	Vehicles - Evaluation Criteria	Maximum Score	Scoring Details (Tender)	Scoring Details (Federal Procurement Catalogue)
Environmental	Product Carbon Footprint (PCF)	1	Scaled based on relative PCF (lowest PCF = 1 point)	Submission of a PCF qualifies for 1 point.
	Usage GHG Emissions	1	Scaled based on relative emissions (lowest emissions = 1 point).	Submission of a Usage GHG emissions qualifies for 1 point.
	Hazardous/Pollutant Exhaust Gases	1	Must comply with all requirements to get rewarded with 1 point	
Social and Economic	Local Manufacturing	1	Locally manufactured products get rewarded with 1 point	
	Life-Cycle Costing	1	Scaled based on relative LCC (lowest LCC = 1 point)	Submission of LCC qualifies for 1 point.
	Safety Requirement	1	Must comply with all requirements to get rewarded with 1 point	
Total Supplier Evaluation Score (out of 6)				

Scoring approach for Product Carbon Footprint or LCC

Score = Max.Points x (Lowest Footprint or LCC / Bidder's Footprint or LCC)



4) Food and Catering

The criteria of this category apply to food & food products purchased by the respective federal entity or utilized by any entity awarded a catering service contract:

a. Environmental

1. Product Carbon Footprint: Suppliers are required to disclose the carbon footprint of the food and food products accounting for lifecycle emissions associated with raw material extraction, manufacturing, packaging and transportation.

- **Verification:** suppliers are required to submit one of the following:
 - » A product carbon footprint report as per ISO 14067.
 - » Life cycle impact assessment (LCIA) of the product, prepared as per ISO 14040 & ISO 14044 requirements
 - » An Environmental Product Declaration (EPD)
- **Evaluation (Tender):** The product with the lowest carbon footprint among bidders will receive the highest score under this criterion.
- **Evaluation (Federal Procurement Catalogue):** The submissions of a product carbon footprint qualify for one point.

2. GHG Emissions (limited to catering services): Suppliers are required to present the greenhouse gas (GHG) emissions associated with the catering service provided, including food preparation, transportation, on-site service, and waste management.

- **Verification:** suppliers are required to submit:
 - » An emission calculation conducted as per ISO 14064-1 or GHG Protocol guidance and requirements.
- **Evaluation (Tender):** The service with the lowest emissions among bidders will receive the highest score under this criterion.
- **Evaluation (Federal Procurement Catalogue):** The submissions of GHG emissions report of the catering service qualifies for one point.

- 3. Sustainable Use and Circularity:** Catering service suppliers providing on-site catering services shall develop and implement a food waste minimization plan. This plan should outline the specific actions and strategies the supplier will undertake to reduce food waste in their operations and outline the diversion rate of waste from landfills.
- **Verification:** suppliers are required to submit a declaration of commitment to the submitted food waste minimization plan.
 - **Evaluation (Tender):** The plan resulting in 30% diversion rate from landfill getting awarded the criterion point, diversion rate above 15% and less than 30% gets rewarded with 0.5 point, and diversion rate less than 15% gets rewarded with zero points.
 - **Evaluation (Federal Procurement Catalogue):** The disclosure of the diversion rate qualifies one point.

b. Social and Economic

- 1. Local manufacturing:** For food and food products produced in the UAE, suppliers must provide evidence to demonstrate their origin.
- **Verification:** suppliers are required to submit the product's 'Made in the UAE' mark as per Cabinet Resolution no.16 of 2023, or an equivalent certificate of origin.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Locally manufactured products are rewarded with an extra evaluation point.
- 2. Nutrition:** Supplied food needs to be aligned with the following nutritional criteria:
- **Fiber Intake:** Bread supplied shall contain a minimum of 3g of fiber per 100g, qualifying it as a source of fiber.
 - **Sugar Intake:** Sugar content shall not exceed the below thresholds per serving size:
 - » Biscuits - 100 kCals
 - » Cakes - 220 kCals
 - » Morning goods - 220 kCals
 - » Puddings - 220 kCals
 - » Yogurts - 120 kCals
 - » Ice cream - 220 kCals
 - **Beverages:** All beverages supplied shall be low-calorie and/or contain no added sugar.
 - » **Verification:** suppliers are required to submit the food content and labels, and when applicable as per UAE.S GSO 9:2017 "Labeling of Prepacked food.
 - » **Evaluation (Tender and Federal Procurement Catalogue):** The product must comply with the requirement of this criterion, to get rewarded with one point.

3. iii. Training of workforce: For catering services contracts: contractors must ensure that all staff receive regular training relevant to their tasks. Training should include:

- Food waste reduction.
- Energy and water efficiency.
- Sustainable sourcing.
- Waste segregation and recycling.
- Health, safety, and environmental considerations

• **Verification:**

- » Bidders must submit detailed information and make a commitment to implement the proposed staff training plan.
- » Commit to maintain records of all training activities and make them available to the relevant federal entity upon request.

- **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.

Aspect	Food & Catering - Evaluation Criteria	Maximum Score	Scoring Details (Tender)	Scoring Details (Federal Procurement Catalogue)
Environmental	Product Carbon Footprint (PCF)	1	Scaled based on relative PCF (lowest PCF = 1 point)	Submission of a PCF qualifies for 1 point.
	GHG Emissions (Catering Services)	1	Scaled based on relative emissions (lowest emissions = 1 point).	Submissions of the catering service GHG emissions qualifies for 1 point
	Sustainable Use and Circularity	1	Diversion rate > 30% = 1 point 15% < Diversion rate < 30% = 0.5 point Diversion rate < 15% = 0 point	Submissions of the diversion rate qualify for 1 point
Social and Economic	Local Manufacturing	1	Locally manufactured products get rewarded with 1 point	
	Nutrition	1	Must comply with all requirements to get rewarded with 1 point	
	Labor Training	1	Must comply with all requirements to get rewarded with 1 point	
Total Supplier Evaluation Score – Out of 6 for food & catering / catering only – Out of 3 for food only				

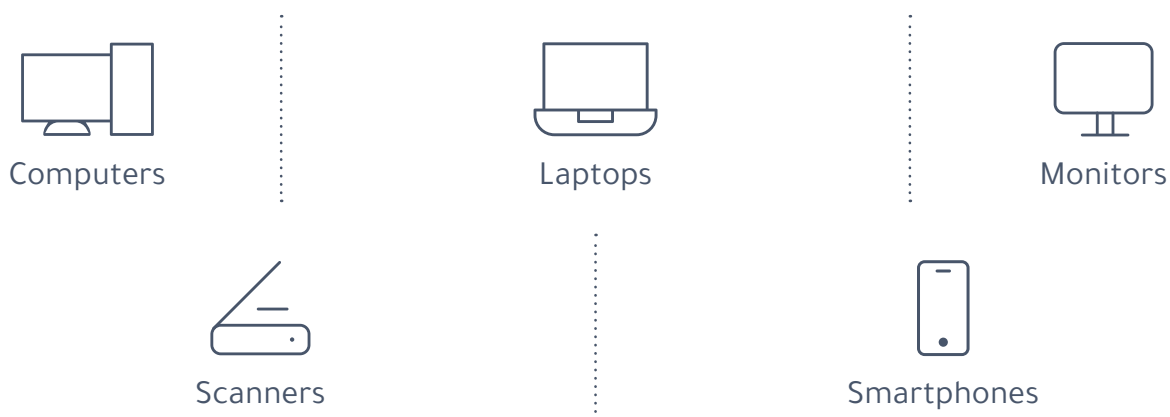
Scoring approach for Product Carbon Footprint

Score = Max.Points x (Lowest Footprint / Bidder's Footprint)



5) Electronic Products

The criteria of this category apply to the following electronic products:



a. Environmental

1. Product Carbon Footprint: Suppliers are required to disclose the carbon footprint of the product accounting for lifecycle emissions associated with raw material extraction, manufacturing, packaging, transportation, and usage.

- **Verification:** suppliers are required to submit one of the following:
 - » A verified product carbon footprint report as per ISO 14067.
 - » Life cycle impact assessment (LCIA) of the product, prepared as per ISO 14040 & ISO 14044 requirements
 - » An Environmental Product Declaration (EPD)
- **Evaluation (Tender and Federal Procurement Catalogue):** The product with the lowest carbon footprint among bidders will receive the highest score under this criterion.
- **Evaluation (Federal Procurement Catalogue):** The submission of a product carbon footprint qualifies for one point.

2. Energy Efficiency

- All products (except for smartphone and tablets) must comply with the performance criteria set by ENERGY STAR or equivalent standards.
- Smartphones and tablets (starting July 2025) are recommended to comply with EU Eco-design requirements.

- **Verification:** suppliers are required to submit:
 - » A link to the ENERGY STAR online database showing the product's certification, or submit a user manual or technical specification sheet that highlights the ENERGY STAR label, or
 - » EU Eco label, presented on the product user manual or technical specification sheet, or a link to the certification on the EU Eco label online database, or
 - » An equivalent label to the ENERGY STAR.
- **Evaluation (Tender and Federal Procurement Catalogue):** Products must comply with the requirement of this criterion, to get rewarded with one point.

3. Sustainable Use and Circularity

- Spare parts must be available for 5 years following the end of the model's production.
- Plastic parts >100g must be either made of a single material or can be easily disassembled into separate materials.
- Plastic parts shall be free of metal inlays or designed so that any metal inlay can be easily removed using commonly available tools (e.g., screwdrivers, pliers).
- Battery capacity across the products lifetime needs to be disclosed.
- Products should contain at least 2% post-consumer recycled plastics.
- **Verification:** supplier is required to submit the following:
 - » A declaration of commitment to secure the spare parts outlined within the user manual of the product for the outlined period.
 - » Product user manual outlining the product's compliance with criteria (ii & iii) above.
 - » Technical specification sheet outlining the battery's capacity across its lifetime.
 - » An EU Eco presented on the product user manual or technical specification sheet, or a link to the certification on the EU Eco label online database, or an LCIA prepared as per ISO 14040 & 14044 to outline the recycled content of the products.
- **Evaluation (Tender):**
 - » Compliance with the requirements of this criterion is mandatory to get rewarded with one point.
 - » Compliance with the first 4 requirements of this criterion qualifies for only 0.75 points.
 - » The battery with the highest capacity after 500 cycles will receive an extra evaluation point.
 - » Products exceeding the 2% recycled content threshold will receive an extra evaluation point.
- **Evaluation (Federal Procurement Catalogue):**
 - » Compliance with the requirements of this criterion is mandatory to get rewarded with one point.

b. Social and Economic

- 1. Local manufacturing:** For products assembled or manufactured in the UAE, suppliers shall provide documented evidence verifying the origin of the product.
 - **Verification:** suppliers are required to submit the product's 'Made in the UAE' mark as per Cabinet Resolution no.16 of 2023, or an equivalent certificate of origin.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Locally manufactured products are rewarded with an extra evaluation point.
- 2. Life cycle costing (LCC):** All bidders are required to submit a life cycle costing incorporating the following:
 - **Purchase Cost:** Include the initial cost of acquiring the product (base price, taxes, and fees).
 - **Operation Cost:** Cost of electricity used during the product's operational life.
 - **Maintenance and Repair Costs:** Account for routine maintenance, servicing, spare parts replacement as per the average replacement time, and mandatory software updates.
 - **Depreciation:** Factor in the product's loss of value over its expected life span and potential resale or residual value.
 - **Operational Life:** Define the expected lifespan (hours of operation) within a 5yr period.
 - **End-of-Life Costs:** Include costs for disposal.
 - **Discount Rate:** Apply a discount rate to reflect the time value of money for future costs.
 - » $LCC = \text{Purchase Cost} + \text{Operation Cost} + \text{Maintenance Cost} + \text{End of Life Costs} - \text{Residual Value}$
 - (* All values must be expressed in present value terms at a 5% discount rate)
 - **Verification:** The ministry's procurement personnel will verify the calculations.
 - **Evaluation (Tender):** The bidder with the lowest Life Cycle Cost will receive the highest score for this criterion in the procurement evaluation process.
 - **Evaluation (Federal Procurement Catalogue):** The submission of an LCC qualifies one point.
- 3. Fair labor practices:** working conditions at the assembly parts should abide by the ILO conventions.
 - **Verification:** suppliers submitting the assembling facility's SA8000 certificate or a verified ISO26000 statement, or an equivalent social standard certificate.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Products must comply with the requirements of this criterion.

Aspect	Electronic Products - Evaluation Criteria	Maximum Score	Scoring Details (Tender)	Scoring Details (Federal Procurement Catalogue)
Environmental	Product Carbon Footprint (PCF)	1	Scaled based on relative PCF (lowest PCF = 1 point)	Submission of a PCF qualifies for 1 point.
	Energy Efficiency	1	Must comply with all requirements to get rewarded with 1 point	
	Sustainable Use and Circularity	1	Meeting all 5 requirements = 1 point Meeting the first 4 requirements = 0.75 point The battery with the highest capacity after 500 cycles will receive an extra evaluation point Exceeding the 2% recycled content threshold will receive an extra evaluation point	Meeting all 5 requirements = 1 point Meeting the first 4 requirements = 0.75 point
Social and Economic	Local Manufacturing	1	Locally manufactured products get rewarded with 1 point	
	Life-Cycle Costing	1	Scaled based on relative LCC (lowest LCC = 1 points)	Submission of LCC qualifies for 1 point.
	Fair Labor Practices	1	Must comply with all requirements to get rewarded with 1 point	
Total Supplier Evaluation Score (Out of 6)				

Scoring approach for Product Carbon Footprint or LCC

Score = Max.Points × (Lowest Footprint or LCC / Bidder's Footprint or LCC)



6) Professional Service

The following criteria do not apply to Digital and IT services, which are governed by a separate set of criteria.

a. Environmental

- 1. Service Carbon Footprint:** Service providers are required to disclose the carbon footprint of their service which includes the travel emission of team member to the site (Air travel and Road transportation), in addition to the emission associated with the usage of electronic products throughout the engagement.
 - **Verification:** suppliers are required to submit the GHG emission calculation of the service, considering the following conditions:
 - » The calculation must account for the emissions associated with the usage of electronic equipment (e.g., laptops) for remote team members as well as on-site team members.
 - » A working day consisting of 8 hours.
 - » Service providers disclose the engagement level (as a percentage) for all team members.
 - » Travel emissions can be calculated using default emission factors.
 - **Evaluation (Tender and Federal Procurement Catalogue):** The service provider with the lowest carbon footprint among bidders will receive the highest score under this criterion.
- 2. Sustainability and Decarbonization:** Service providers should maintain a documented sustainability policy and establish a clear decarbonization target.
 - **Verification:** suppliers are required to submit one of the following:
 - » Annual sustainability report, which should highlight established decarbonization targets.
 - » An announcement made through an official communication medium outlining the service provider's commitment to sustainability.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Service providers complying with this criterion will receive an extra evaluation point.

b. Social and Economic

1. Labor Training: Service providers shall demonstrate their commitment to maintaining ongoing professional development and training opportunities for their employees.

- **Verification:**

- » Annual sustainability report to present disclosures regarding the training and development of employees (e.g., in line with GRI 404 disclosure requirements).
- » An official declaration signed by a company executive highlighting the service provider's commitment to the training and development of its employees.

- **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.

2. Emiratization: All engagements shall include a minimum of one Emirati national as a member of the engagement team.

- **Verification:** Bidders shall provide an outline of the engagement team structure and submit a copy of the national ID for any Emirati national assigned to the engagement team.
- **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.

Aspect	Professional Services - Evaluation Criteria	Maximum Score	Scoring Details (Tender and Federal Procurement Catalogue Technical Evaluation Round)
Environmental	Service Carbon Footprint	1	Scaled based on relative carbon footprint (lowest footprint = 1 point)
	Sustainability & Decarbonization	1	Providers with documented policies and targets receive 1 extra point
Social and Economic	Labor Training	1	Must comply with all requirements to get rewarded with 1 point
	Emiratization	1	Must comply with all requirements to get rewarded with 1 point
Total Supplier Evaluation Score (Out of 4)			

Scoring approach for Service Carbon Footprint

Score = Max.Points x (Lowest Footprint / Bidder's Footprint)

- In the catalogue process, the Sustainability Label will rely solely on supplier evaluation, with the 40% score of the supplier evaluation normalized to 100%. Service evaluation will be conducted during the technical evaluation round and services will be evaluated on sustainability criteria of the service shown above.



7) Digital and IT Services

The following criteria do not apply to the products addressed in the Electronic Products category, which are governed by a separate set of criteria.

a. Environmental

1. **Service Carbon Footprint:** Service providers are required to disclose the carbon footprint of their service which includes the travel emission of team member to the site (Air travel and Road transportation), in addition to the emission associated with the usage of electronic products throughout the engagement.
 - **Verification:** suppliers are required to submit the GHG emission calculation of the service, considering the following conditions:
 - » The calculation must account for the emissions associated with the usage of electronic equipment (e.g., laptops) for remote team members as well as on-site team members.
 - » A working day consisting of 8 hours.
 - » Service providers disclose the engagement level (as a percentage) for all team members.
 - » Travel emissions can be calculated using default emission factors.
 - **Evaluation (Tender and Federal Procurement Catalogue):** The service provider with the lowest carbon footprint among bidders will receive the highest score under this criterion.
2. **Product Carbon Footprint:** Suppliers are required to disclose the carbon footprint of the product accounting for lifecycle emissions associated with raw material extraction, manufacturing, packaging, transportation, and usage.
 - **Verification:** suppliers are required to submit one of the following:
 - » A verified product carbon footprint report as per ISO 14067 Life cycle impact assessment (LCIA) of the product, prepared as per ISO 14040 & ISO 14044 requirements
 - » An Environmental Product Declaration (EPD)
 - **Evaluation (Tender and Federal Procurement Catalogue):** The product with the lowest carbon footprint among bidders will receive the highest score under this criterion.
3. **Energy Efficiency:** Following ASHRAE 90.4, IT equipment needs to have an ENERGY STAR label or EPEAT.
 - **Verification:** suppliers are required to submit one of the following:
 - » A link to the ENERGY STAR online database showing the product's certification or submitting a user manual or technical specification sheet that highlights the ENERGY STAR label.
 - » A minimum of EPEAT Silver label, presented on the product user manual or technical specification sheet, or a link to the certification on the EU Eco label online.

- **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.
- 4. Sustainable Use and Circularity:** Suppliers must showcase the recyclability element of their products (e.g., percentage of recyclable materials), and the product's ease of disassembly.
- **Verification:** suppliers are required to submit one of the following:
 - » The TCO Certification; a link to the TCO online database showing the product's certification, submit the certification, or submit a user manual or technical specification sheet that highlights the ENERGY STAR label.
 - » A minimum of EPEAT Silver label, presented on the product user manual or technical specification sheet, or a link to the certification on the EPEAT online registry.
 - » Demonstrate that the product complies with European regulations for electronic waste recycling (WEEE directive) through submitting a declaration of WEEE compliance.
 - » Recyclability Assessment Report, which should specify the materials used (e.g., plastics, metals, glass), the percentage of recyclable components by weight, and provide instructions for disassembling the product for recycling.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.

b. Social and Economic

- 1. Labor Training:** Service providers and suppliers shall demonstrate their commitment to maintaining ongoing professional development and training opportunities for their employees and should include sustainability as one of the training elements.
- **Verification:**
 - » Annual sustainability report to present disclosures regarding the training and development of employees (e.g., in line with GRI 404 disclosure requirements).
 - » An official declaration signed by a company executive highlighting the service provider's commitment to the training and development of its employees.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.
- 2. Emiratization:** All IT support services shall include a minimum of one Emirati national as a member of the engagement team.
- **Verification:** Bidders shall provide an outline of the engagement team structure and submit a copy of the national ID for any Emirati national assigned to the engagement team.
 - **Evaluation (Tender and Federal Procurement Catalogue):** Bidders must comply with the requirement of this criterion, to get rewarded with one point.

Aspect	Digital & IT Services - Evaluation Criteria	Maximum Score	Scoring Details (Tender and Federal Procurement Catalogue)
Environmental	Service Carbon Footprint	1	Scaled based on relative carbon footprint (lowest footprint = 1 point)
	Product Carbon Footprint (PCF)	1	Scaled based on relative PCF (lowest PCF = 1 point)
	Energy Efficiency	1	Must comply with all requirements to get rewarded with 1 point
	Sustainable Use and Circularity	1	Must comply with all requirements to get rewarded with 1 point
Social and Economic	Labor Training	1	Must comply with all requirements to get rewarded with 1 point
	Emiratization	1	Must comply with all requirements to get rewarded with 1 point
Total Supplier Evaluation Score (Out of 6)			

Scoring approach for Service Carbon Footprint

Score = Max.Points × (Lowest Footprint / Bidder's Footprint)

5.3. Generic Product/ Service

The following criteria serve as guidance for establishing the necessary requirements for incorporating products or services into the Sustainable Public Procurement Framework. While these criteria outline key considerations, they are not exhaustive and may be further refined based on the product/service specificity and procurement needs.

a. Environmental

1. Carbon Footprint & GHG Emissions: The criteria should be designed to prioritize the procurement of products and services that minimize GHG emissions throughout their lifecycle (i.e., Cradle to gate), including production, transportation, and usage, ensuring alignment with sustainability and decarbonization objectives.

- **Verification:** Bidders should submit comprehensive documentation detailing the GHG emissions associated with the product or service. The documentation must be presented in a credible format as determined by the procuring federal entity to ensure transparency and alignment with sustainability standards.

2. Energy Efficiency: The criteria should be structured to prioritize the procurement of energy-efficient products and ensure the utilization of energy-efficient equipment in the delivery of services to procuring federal entities.

- **Verification:** Bidders should provide documentation demonstrating the energy efficiency of their product and its compliance with internationally recognized and credible energy efficiency standards.

3. Sustainable Use and Circularity: The criteria should be structured to prioritize the procurement of products and services that minimize waste generation and actively promote the adoption of circular economy principles.

- **Verification:** Bidders should submit a waste management plan that prioritizes landfill diversion and enhances the repurpose and recycling of generated waste.

b. Social and Economic

1. Local Manufacturing: The criteria should be structured to incentivize the procurement of locally manufactured products by prioritizing and rewarding products that are developed or assembled in the UAE, supporting local industry and economic sustainability.

- **Verification:** Bidders must provide official documentation verifying that the product is manufactured and/or assembled in the UAE, ensuring compliance with local sourcing requirements.

2. Fair Labor Working Conditions: The criteria should be structured to prioritize the procurement of products and services that uphold fair labor practices across the value chain and actively contribute to the sustainable development and well-being of the employees.

- **Verification:** Bidders should provide comprehensive documentation demonstrating the product's value chain compliance with international fair labor practices, along with their approach to employee development and growth.

3. Life Cycle Costing: The criteria should be structured to prioritize the procurement of products and services that offer the greatest overall value, emphasizing value-for-money and long-term benefits. This includes not only the initial procurement costs but also the operational, usage, and end-of-life disposal costs, ensuring a holistic approach to value for money and sustainability.

- **Verification:** Bidders must provide the procuring entity with a clear and transparent calculation of the life-cycle costs associated with the product or service, including procurement, operation, maintenance, and end-of-life disposal, to ensure informed decision-making and cost-effectiveness.

5.3.1 Process for Implementation

This section outlines the process for Federal Procurement Catalogue products (including punch-out catalogue products), which are retailer-supplied products approved by the Ministry of Finance as the custodian of the Digital Procurement Platform (DPP). These products, upon being approved, are then listed on the platform, enabling federal entities to procure them seamlessly. For further details on the process please review the Procurement Procedures Manual for the Federal Government.

These products must undergo evaluation against the sustainability criteria outlined in the Sustainable Public Procurement Framework before being listed on the platform. Products achieving an overall sustainability score of 70%¹⁵ or higher will be designated with the MoF Sustainability label on the DPP to promote direct purchase of green and sustainable products, in line with the objectives of this framework.

The Punch Out Products listing process will be revised to incorporate the sustainability elements in line with this framework as below:

1. Listing of Retailers:

- Suppliers will be approved and on board on the platform as per the procedures established under the DPP framework.
- Approved retailers will be then required to submit their sustainability compliance documents as outlined in Section 5.4.2 of this framework.
- The supplier sustainability evaluation score will be calculated against the submitted documentation, details on supplier sustainability compliance scoring methodology is outlined in Section 5.4.2.
- Suppliers that are not complying with the sustainability compliance documents as outlined in Section 6 -B of this framework disqualify all their product to receive a MoF Sustainability label.

2. Listing of Products:

- Product details and documentation requirements will be followed as outlined within the DPP framework.
- Approved products will be required to submit their sustainability compliance documentation as specified in Section 5.4.2 of this framework, in accordance with the requirements for their respective product category.
- The product's sustainability score will be accounted as per the relevant product category scoring methodology outlined in Section 5.4.2 of this framework.
- The overall sustainability compliance score, which includes the supplier's and the product's sustainability score will be computed as per the methodology described in Section 5.4.3 of this framework.
- Products achieving a product sustainability score of 70% or higher will be designated with the Sustainability Label within the Federal Procurement Catalogue (including punch-out) categories, encouraging and promoting sustainable procurement practices through the platform.
- The product will be listed in their relevant category on the DPP platform, in addition to a new category which presents all MoF Sustainability-labelled products

¹⁵ For details on the evaluation approach for the sustainability score refer to Section 5.4.1

3. Continuous Monitoring:

- Products will be reviewed annually, to ensure ongoing compliance with the sustainability criteria of this framework.
- Retailers need to annually update their sustainability compliance documentation to verify their continued compliance with the sustainability criteria.
- Annually, upon the update of the retailers' sustainability compliance documentation, the overall sustainability score of MoF Sustainability-labelled products will be recalculated to reflect any changes in the retailers' sustainability compliance status.
- MoF Sustainability-labelled products which fail to maintain their overall sustainability score of ($\geq 70\%$) will have their MoF Sustainability label status revoked.

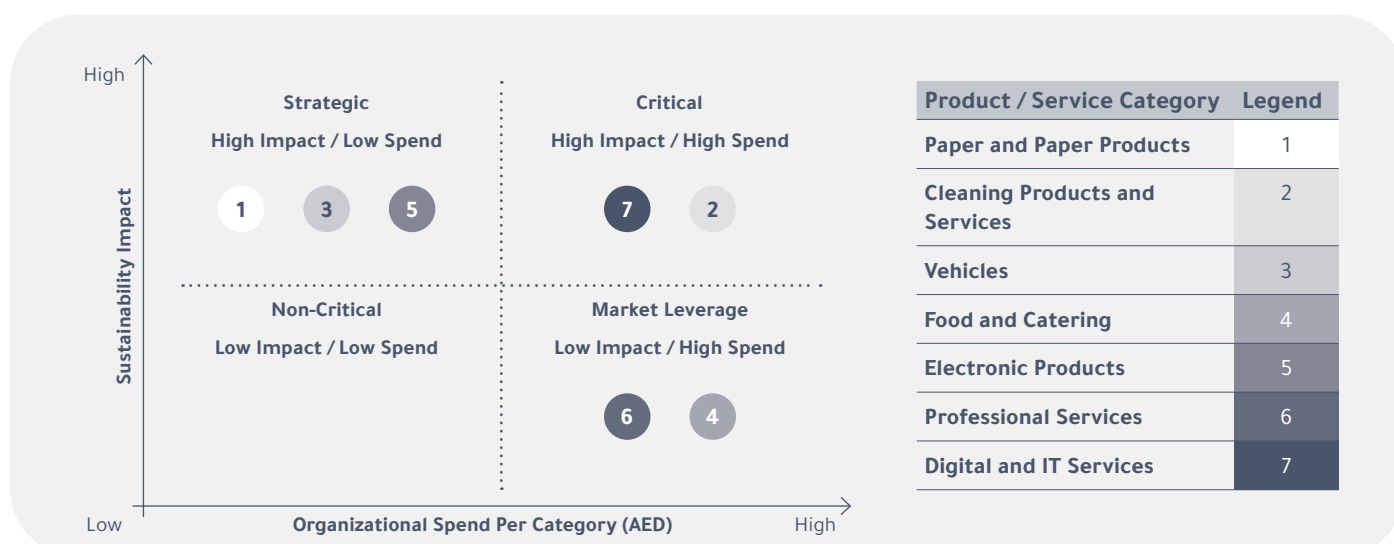
5.3.2 Implementation Guidance

To ensure a timely and measurable sustainability impact, the Sustainable Public Procurement Framework prioritizes seven product and service categories, selected based on their relevance to the Ministry of Finance's procurement expenditures. It is recommended to follow the sustainability weighted procurement model, when implementation efforts need to be prioritized.

Sustainability Weighted Procurement Model: By analyzing the relative expenditure and sustainability impact associated with each category, MoF and federal entities can identify and map goods, services, and works categories that pose sustainability risks or opportunities specific to their organizational context and operating environment. Since expenditure patterns vary across portfolios, the model enables a tailored mapping process to guide the prioritization of sustainability initiatives within each entity.

The prioritization of seven product categories was based on:

- **Annual Expenditure:** Focusing on categories that account for over 90% of total annual spending.
- **UNEP Sustainable Public Procurement Guidelines (SDG 12.7):** Applying evaluation criteria to identify relevant product categories.
- **Sustainability Impact:** Assessing the level of potential sustainability-related impacts for each category.



5.4. Government Procurement for High-efficiency Equipment

5.4.1 Scope of Application

This Policy applies to federal government entities, and is considered a guidance framework for the relevant local government entities, such that the competent local regulatory government entity may benefit from it and take it into account when regulating or proposing legislation, policies and procedures related to government procurement of high-efficiency appliances, in accordance with the legislative and regulatory frameworks in force in each emirate. This is in order to ensure compliance with the minimum energy- and water-efficiency requirements, as specified in **Section 5.4.4: “Energy and Water Efficiency Procurement Thresholds,”** when purchasing any energy- and water-related appliances.

The scope of this Policy may be expanded in the future to include additional sectors and updated energy-efficiency standards, in addition to new technological advances, so as to ensure continuous improvement and alignment with the evolving objectives of energy efficiency and climate action.

5.4.2 Applicability

This Policy governs the procurement of all appliances and water fixtures that are currently regulated under the Emirates Energy Efficiency Standardisation and Labelling Programme (EESL) and the UAE Green Label System for Water-Efficient Fixtures (GLSW), or that may be included within these programmes in the future. **Appendix (A)** contains a comprehensive list of these appliances and equipment.

This Policy applies to all procurement activities carried out by government entities, regardless of the entity to which ownership of the procurement ultimately belongs, and includes – by way of example and not limitation – the following:

- **New procurement** – purchasing appliances and water fixtures for new buildings, existing facilities, or expansion projects.
- **Early replacement** – upgrading or replacing appliances and water fixtures before the end of their useful life.
- **End-of-life replacement** – replacing equipment and water fixtures that have reached the end of their operational life by purchasing suitable alternatives.
- **Government buildings** – the scope of this Policy includes all government buildings, including staff housing and its associated facilities. The competent personnel commit to applying the approved standards when purchasing the household and kitchen appliances used therein.

(This section was prepared by the Ministry of Energy and Infrastructure.)

In addition, this Policy extends to cover the procurement activities carried out by third-party agents, contractors and sub-contractors acting on behalf of government entities.

To ensure effective implementation, federal government entities falling within the scope of this Policy must achieve full compliance within a period not exceeding 12 months from the date of its adoption. During this period, the entities concerned shall take the necessary preparatory measures, including training staff and aligning procurement procedures with the Policy's requirements.

5.4.3 Exceptions Framework

Exceptional cases may apply to certain appliances, including appliances used for special purposes or those that cannot practically comply with the standards due to technological constraints related to their nature.

The Ministry of Energy and Infrastructure may, based on a written request submitted by the government entity, grant an exemption from the requirements set out in **Section 5.4.4: "Energy and Water Efficiency Procurement Thresholds,"** in order to accommodate the particular constraints faced by the entity when purchasing appliances. The constraints in respect of which an exemption may be granted include the following:

- Where the standards of the electrical and water appliances and fixtures set out in the Policy are incompatible with the existing infrastructure or with other approved equipment.
- The unavailability of Policy-compliant electrical and water appliances or fixtures that meet the required performance or features.
- Emergencies or urgent cases that may necessitate the purchase of products outside the specified timeframe due to necessity.
- The inability to replace the electrical and water appliances and fixtures installed in the buildings of leased government entities with Policy-compliant products due to the terms and conditions of the lease.
- If such procurement conflicts with other existing regulations or legal requirements.
- The existence of an officially approved local policy regulating the purchase of high-efficiency appliances, consistent with broader sustainability objectives, is considered a sufficient reason to proceed with the purchase without the need to submit a prior exemption request to the Ministry of Energy and Infrastructure.
- Monopoly cases: if the number of suppliers available for a particular type of appliance is fewer than three, this is considered a partial monopoly case, and the government entity may purchase the required appliances after documenting the case and submitting a report explaining the reason for the limited number of suppliers, while informing the Ministry of Industry and Advanced Technology to review the exception and approve the purchase.

(This section was prepared by the Ministry of Energy and Infrastructure.)

Exemption requests submitted by local government entities are subject to the legislative and regulatory frameworks and local policies in force in the emirate concerned. The competent local authority shall consider and decide upon them, in the event that an independent local regulation exists for government procurement related to high-efficiency appliances. For federal government entities, exemption requests must be submitted directly to the Ministry of Energy and Infrastructure, accompanied by the justifications and supporting documents.

A separate written exemption request must be submitted for each purchase of an appliance or electrical and water fixtures that does not comply with the Policy's requirements.

The Ministry of Energy and Infrastructure evaluates exemption requests on a case-by-case basis, seeking to complete the review process within a period not exceeding one month. In the event that an extension of the period is needed, the requesting entity will be informed accordingly.

5.4.4 Energy and Water Efficiency Procurement Thresholds

All appliances covered by the Emirates Energy Efficiency Standardisation and Labelling Programme (EESL), with the exception of commercial and central air conditioners (equipment listed under Emirates Standard UAE.S 5010-5), must bear an EESL label indicating a minimum star rating of **4 stars** in order to be eligible for purchase by federal and local government entities.

All commercial and central air conditioners covered by the EESL programme (equipment listed under Emirates Standard UAE.S 5010-5) must exceed the Minimum Energy Performance Standards (MEPS) specified in the latest edition of the UAE.S 5010-5 document for their technology type and capacity category by at least 5% in terms of efficiency values such as EER, COP, IPLV or IEER, in order to be eligible for purchase by federal and local government entities.

All water fixtures covered by the UAE Green Label System for Water-Efficient Fixtures (GLSW) must bear a green label indicating a star rating of no less than **4 stars**, in order to be eligible for purchase by local and federal government entities.

Appendix (A) specifies the minimum energy- and water-efficiency requirements for procurement, in addition to the regulations in force in the United Arab Emirates as at the date of issuance of this Policy.

All new electrical and water appliances and fixtures added to the EESL programme and the GLSW system must meet the corresponding minimum energy- and water-efficiency thresholds specified in this section, with preference given to purchasing from local suppliers or local products to support the local market and reduce emissions related to logistics services.

(This section was prepared by the Ministry of Energy and Infrastructure.)

The EESL programme and the GLSW system are subject to regular updates relating to the baseline energy- and water-efficiency values associated with the star ratings, the Minimum Energy Performance Standards (MEPS) requirements, or the Green Label for Water-Efficient Fixtures. Government entities must comply with the latest regulations issued by the Ministry of Industry and Advanced Technology for both the appliances and water fixtures covered by the EESL programme and the GLSW system.

5.4.5 Broader Sustainability Considerations

In addition to the minimum energy- and water-efficiency thresholds specified in **Section 5.4.4: “Energy and Water Efficiency Procurement Thresholds,”** federal and local government entities are encouraged to consider the following points when purchasing appliances and water fixtures:

- Prioritising products designed to reduce waste and facilitate their recycling at the end of their useful life.
- Selecting products known for their quality, performance and long useful life in order to reduce the need for frequent replacements and the waste resulting from them, taking into account that products that carry a manufacturer’s warranty of no less than three years are preferred to ensure a long operational life and reduce the need for frequent replacement.
- Dealing with suppliers who demonstrate strong sustainability practices in their operations, including reducing environmental impact.

5.4.6 Abbreviations

CABs	Conformity Assessment Bodies
COP	Coefficient of Performance
DSM	National Demand Side Management Programme for Energy and Water
EAGPP	Efficient Appliances Government Procurement Policy
EER	Energy Efficiency Ratio
EESL	Emirates Energy Efficiency Standardisation and Labelling Programme
GLSW	UAE Green Label System for Water-Efficient Fixtures
IEER	Integrated Energy Efficiency Ratio
IPLV	Integrated Part Load Value
ECAS	Emirates Conformity Assessment Scheme

(This section was prepared by the Ministry of Energy and Infrastructure.)

5.4.7 Appendices

Appendix (A) – The Emirates Energy Efficiency Standardisation and Labelling Programme (EESL) and the UAE Green Label System for Water-Efficient Fixtures (GLSW)

Table 1. Appliances covered by the Emirates Energy Efficiency Standardisation and Labelling Programme (EESL)

Appliance	Applicable EESL Standard	Latest Year of Regulation*
Separate room air conditioners	UAE.S 5010-1	2025
Washing machines and dryers	UAE.S 5010-2	2018
Domestic refrigeration appliances	UAE.S 5010-3	2024
Electric water heaters	UAE.S 5010-4	2014
Commercial and central air conditioners	UAE.S 5010-5	2025
Dishwashers	UAE.S 5010-6	2016
Rotodynamic water pumps	UAE.S 5010-7	2019
Televisions	UAE.S 5010-8	2018
Vacuum cleaners	UAE.S 5010-9	2025
Electric ovens	UAE.S 5010-10	2025
Lighting devices	Lighting-lamp products – Cabinet Resolution No. (34) of 2013; outdoor lighting	2016
Air extractors for kitchens and bathrooms		
Dishwashers, refrigerators and freezers		
Any other appliances included within the national framework of the Ministry of Industry (for appliances and equipment such as IT equipment)		
Any appliances holding the conformity certificate of the Ministry of Industry and Advanced Technology, via the following link: https://chub-stag.moiat.gov.ae/certified-products		

(* Note: The latest year of issuance of the Emirates programme must be relied upon.)

(This section was prepared by the Ministry of Energy and Infrastructure.)

Table 2. Water products covered by the UAE Green Label System for Water-Efficient Fixtures (GLSW)

Appliance	Applicable GLSW System	Latest Year of Regulation*
Water taps	UAE Green Label System for Water-Efficient Fixtures	2014
Showerheads	UAE Green Label System for Water-Efficient Fixtures	2014
Toilets	UAE Green Label System for Water-Efficient Fixtures	2014
Flush toilets	UAE Green Label System for Water-Efficient Fixtures	2014
Toilet bidets	UAE Green Label System for Water-Efficient Fixtures	2014
External bidet sprayers	UAE Green Label System for Water-Efficient Fixtures	2014

(* Note: The latest year of issuance of the Emirates programme must be relied upon.)

Table 3. Minimum energy and water efficiency procurement thresholds

Appliance or Water-Using Device	Applicable UAE Regulations			Minimum Energy and Water Efficiency Procurement Threshold
Commercial and central air conditioners covered by EESL	UAE.S 5010-5			Energy efficiency value 5% higher than the Minimum Energy Performance Standards for a given type and cooling capacity
All other appliances covered by EESL	UAE.S 5010-1	UAE.S 5010-2	UAE.S 5010-3	Star rating of no less than 4 stars
	UAE.S 5010-4	UAE.S 5010-6	UAE.S 5010-7	
	UAE.S 5010-8	UAE.S 5010-9	UAE.S 5010-10	
	lighting-lamp products;		outdoor lighting	
Water products covered by GLSW	UAE Green Label System for Water-Efficient Fixtures – 2014			Star rating of no less than 4 stars

(This section was prepared by the Ministry of Energy and Infrastructure.)

Appendix (B) – Energy- and Water-Saving Appliance Procurement Report Template

Energy- and Water-Saving Appliance Procurement Report Template

Reporting Entity

Name of entity:

Name of main point of contact:

First name and last name

Email:

xyz@abc.com

Telephone:

(971) XXXXXXXX5

Period Covered by the Report

Date of report submission:

DD/MM/YYYY

Annual indicator measuring compliance with the standards for performance analysis and gradual improvement – percentage improvement in compliance with the Policy's standards (%)

Period covered by the report:

From (DD/MM/YYYY) to (DD/MM/YYYY)

Procurement Details

Appliance name	Post-purchase appliance performance evaluation	Tender no.	Product code ¹	Quantity	EESL specification no.	Unit purchase value (AED)	Energy-label rating ²	Procurement activity type ³	Purchase date (MM/YYYY)
Separate room air conditioners									
Washing machines and dryers									
Refrigeration appliances									
Electric water heaters									

(This section was prepared by the Ministry of Energy and Infrastructure.)

Appliance name	Post-purchase appliance performance evaluation	Tender no.	Product code ¹	Quantity	EESL specification no.	Unit purchase value (AED)	Energy-label rating ²	Procurement activity type ³	Purchase date (MM/YYYY)
Commercial and central air conditioners									
Dishwashers									
Rotodynamic water pumps									
Televisions									
Vacuum cleaners									
Electric ovens									
Lighting devices									
Water taps									
Showerheads									
Toilets									
Flush toilets									
Toilet bidets									
External bidet sprayers									

[1] The product code for the appliances or water fixtures purchased must be included in accordance with the category classification specified in the local procurement manual of the reporting entity.

[2] The label rating refers to the star rating of the purchased appliance in the case of appliances covered by EESL, with the exception of commercial and central air conditioners, for which the appropriate energy-efficiency value (EER, COP, IPLV or CSPF) must be reported. As for water fixtures, the energy-label rating must be reported in accordance with the GLSW system for all water equipment purchased.

[3] The procurement activity type (new procurement, early replacement, or end-of-life replacement) must be reported in accordance with the definitions adopted in **Section 5.4.2: "Applicability"** of this Policy.

(This section was prepared by the Ministry of Energy and Infrastructure.)

Appendix (C) - Request Form for Exemption from Minimum Energy and Water Efficiency Requirements

To: [Competent Authority - Ministry of Energy and Infrastructure / Executive Councils in the Emirate]

Date: ... / ... / ...

From: [Name of Government Entity]

Subject: Request for Exemption from Minimum Energy and Water Efficiency Requirements

1. Applicant Entity Details

Entity Name: ...

Address: ...

Responsible Person: ...

Email / Phone: ...

2. Reason for Exemption Request

Unavailability of compliant product/service

Cost exceeds allocated budget

Technical or operational reasons

Other: ... (please specify)

3. Required Exemption Period

From: ... / ... / ...

To: ... / ... / ...

4. Required Attachments

Supporting documents for the request

Assessment of the exemption's impact on overall efficiency

Future plan to ensure compliance with minimum efficiency requirements

(This section was prepared by the Ministry of Energy and Infrastructure.)

5. Future Plan

[Please specify the actions and steps that the entity will take to ensure compliance with energy and water efficiency requirements after the exemption period ends.]

6. Signature

Name: ...

Position: ...

Signature and Stamp: ...

(This section was prepared by the Ministry of Energy and Infrastructure.)

5.5. Skills Enhancement and Training Framework for the Federal Entities Procurement Function

Procurement plays a critical role in financial governance ensuring the resources are utilized effectively contracts are awarded transparently and public trust is maintained as procurement practices become increasingly complex driven by advancements in technology sustainable requirements and evolving regulations it is imperative that the federal entities equips its workforce with the necessary skills to navigate these challenges this framework outlines a structured approach to enhancing procurement competencies fostering professional development and aligning with international standards.

5.5.1 Objectives

The procurement capacity-building framework aims to:

- Develop highly skilled and adaptable procurement workforce.
- Equip personnel with expertise in modern procurement practices including environmental and social procurement and sustainable purchasing.
- Promoting circular economy procurement principles.
- Ensure compliance with applicable international procurement standards such as ISO 20400 (sustainable procurement).
- Establish a continuous professional development program for procurement staff.

Promote effective collaboration with internal and external stakeholders to enhance sustainable procurement outcomes.

5.5.2 Competency

The procurement capacity-building should enhance the knowledge on the following topics:

Foundational	Description
ISO 20400 Principles	Understanding sustainable procurement principles to integrate environmental, social, and economic considerations into procurement processes
GHG Management & Accounting	Measuring, reporting, and managing greenhouse gas emissions across Scopes 1, 2, and 3 using recognized frameworks like the GHG Protocol & ISO 14064. In addition to Product Carbon Footprint calculations as per ISO 14067
Life Cycle Costing (LCC) Principles	Evaluating total cost of ownership by considering acquisition, operation, maintenance, and disposal costs to support cost-effective and sustainable decision-making

Advanced	Description
Life Cycle Analysis	Assessing the environmental impacts of a product, service, or process across its entire lifecycle to support sustainable procurement decision-making
Circular Economy Principles	Applying strategies to minimize waste and maximize resource efficiency by designing processes that prioritize reuse, recycling, and regeneration
Energy Efficiency Standards	Understanding how to implement standards, such as ENERGY STAR, which optimizes energy use, reduces consumption, and improves system performance
Energy Management Systems	Understanding how to establish and manage systems, such as ISO 50001, to monitor, control, and improve energy performance within an organization
Environmental Management Systems	Understanding frameworks, such as ISO 14001, which systematically manages environmental impacts and ensures regulatory compliance
ILO International Labor Standards	Understanding global labor standards to promote fair, safe, and equitable working conditions while ensuring compliance with international labor regulations
Sustainability Reporting and Disclosures	Preparing transparent and accurate sustainability disclosures aligned with global frameworks like GRI, SASB, or TCFD to communicate ESG and sustainability performance

Competencies are validated through one of the following methods:

- Completion of formal training provided by the relevant federal entity.
- Completion of formal training or certification conducted by a third party, with both the training material and the third party being approved by the federal entity.
- Achieving a score of 60% or higher on an examination administered by the relevant federal entity, covering foundational and/or advanced competencies.

5.5.3 Key Performance Indicators

S No.	Recommended KPI	Relevant Details
1	Foundational Sustainable Training Completion Rate	Percentage of staff completing foundational training programs annually
2	Advanced Sustainable Training Completion Rate	Percentage of staff completing advanced training programs annually
3	Certification Achievement	Number of employees earning relevant certifications in the relevant competency
4	Examination Success Rate	Percentage of staff passing the examination on foundational and/or advanced competencies

5.6. Key Performance Indicators (KPIs) for Sustainable Governmental Procurement

The progress of implementation of the Sustainable Public Procurement Framework will be monitored using a set of Key Performance Indicators (KPIs) applied at both the individual federal entity level and across the federal government. These KPIs will provide a structured and quantifiable approach to evaluate the effectiveness and progress of sustainable procurement practices.

S No.	Recommended KPI	Definition	Formula	Relevant Details
1	Percentage of Procurement Spend on Sustainable Products and Services	Measures the proportion of the total procurement budget spent on goods and services that meet the sustainability criteria outlined in the SPP Framework *Any product/service scoring 70% ¹⁶ or above is considered sustainable	$\frac{(\text{Procurement Spend on@ Sustainable Products and Services})}{\text{Total Procurement Spend}} \times \%100$	Target: $\geq 10\%$
2	Percentage of Procurement with Defined Sustainability Criteria	Measures the share of procured items that include sustainability requirements, reflecting the integration of the SPP Framework into procurement processes	$\frac{(\text{Number of Procured Items@ with Sustainability Criteria})}{\text{Total Number of Procured Items}} \times \%100$	Target: 5% yearly increase
3	Percentage Spend on SME Procurement	Measures the share of procurement directed to SME suppliers	$\frac{\text{SME Procurement Spend}}{\text{Total Procurement Spend}} \times \%100$	Target: $\geq 10\%$
4	Percentage of Suppliers with Environmental or Social Certifications	Measures the proportion of suppliers holding recognized environmental or social certifications, indicating their alignment with sustainability standards	$\frac{(\text{Number of Suppliers Holding@ Environmental or Social Certifications})}{\text{Total Number of Suppliers}} \times \%100$	Target: $\geq 10\%$
5	Number of Procurement Staff Trained on Sustainable Procurement Practices	Tracks the total count of procurement personnel who have completed training programs focused on integrating sustainability into procurement processes	$\frac{(\text{Number of Procurement Staff Trained@ on Sustainable Public Procurement})}{\text{Total Number of Procurement Staff}} \times \%100$	Target: 100% by 2030

¹⁶ For details on the evaluation approach for the sustainability score refer to Section 5.4.1

S No.	Recommended KPI	Definition	Formula	Relevant Details
6	Lifecycle Cost (LCC) Savings	Calculates the total cost savings by considering the full lifecycle costs of procured items, including maintenance, operation, and disposal costs *Baseline LCC is the LCC provided by the most economically advantageous bid (i.e., the most competitive bid meeting the technical and quality requirements). **This KPI is strictly exclusively applicable to two product categories: Electronic Products and Vehicles	Baseline Lifecycle costing of procured items- Current Lifecycle costing of procured items	Target: To be determined after 1 year of implementation of the Framework

5.7. Annexures

5.7.1 Annex 1 - Applicable Standards and Frameworks

S No.	Standard / Framework	Explanation	Applicable Product Category
1	EPEAT (Electronic Product Environmental Assessment Tool)	EPEAT is a comprehensive global rating system that helps purchasers evaluate, compare, and select electronic products based on their environmental attributes. It assesses products on criteria such as reduction of environmentally sensitive materials, design for end-of-life, energy conservation, and corporate performance	Electronic Products
2	RoHS (Restriction of Hazardous Substances Directive)	RoHS is a European Union directive that restricts the use of six hazardous materials in electrical and electronic products: Lead (Pb), Mercury (Hg), Cadmium (Cd), Hexavalent Chromium (Cr6+), Polybrominated Biphenyls (PBB), and Polybrominated Diphenyl Ethers (PBDE).	Electronic Products
3	ISO 14001: Environmental Management Systems Standard	ISO 14001 is an international standard that provides a framework for organizations to manage their environmental responsibilities systematically. It includes aspects such as compliance with environmental laws, pollution prevention, and continuous improvement	All categories
4	ISO 14064-1 Greenhouse Gases	An international standard for quantifying and reporting greenhouse gas (GHG) emissions and removals at the organizational level	All categories

S No.	Standard / Framework	Explanation	Applicable Product Category
5	ISO14067 Product Carbon Footprint	An international standard that specifies principles, requirements, and frameworks for quantifying and communicating the carbon footprint of products. It covers the life cycle of a product, from raw material extraction to disposal	All categories
6	ISO 50001 Energy Management Systems	Provides a framework for organizations to develop, implement, and improve energy performance through systematic energy management. The standard focuses on reducing energy consumption, improving energy efficiency, and achieving continual improvement in energy performance	All categories
7	ISO 14040 Life Cycle Assessment - Principles and Framework	This standard outlines the principles and framework for conducting a Life Cycle Assessment	All categories
8	ISO 14044 Life Cycle Assessment - Requirements and frameworks	This standard provides detailed requirements and frameworks for conducting an LCA in accordance with ISO 14040	All categories
9	ISO 26000 Guidance on Social Responsibility	Provides a framework for organizations to operate ethically and transparently, respecting stakeholders' interests, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement	All categories
10	ISO 22000 (Food Safety Management Systems)	Provides a framework for controlling food safety hazards across the supply chain	Food and Catering
11	ISO 45001 Occupational Health and Safety Management Systems	An international standard that is designed to help organizations reduce workplace risks, improve employee safety, and create healthier working conditions.	All categories
12	ISO 37001 Anti-Bribery Management Systems	An international standard for anti-bribery management systems that provides a framework for organizations to prevent, detect, and address bribery and corruption, promoting ethical business practices and compliance with anti-bribery laws	All categories

S No.	Standard / Framework	Explanation	Applicable Product Category
13	SA 8000 Social Accountability Standard	A voluntary international certification standard focusing on fair and ethical working conditions, covering areas such as child labor, forced labor, health and safety, freedom of association, discrimination, disciplinary practices, working hours, and compensation	All categories
14	GHG Protocol	It's a global framework for measuring, managing, and reporting greenhouse gas emissions	All categories
15	EU Ecolabel	The EU Ecolabel is a certification that identifies products and services with a reduced environmental impact throughout their lifecycle. It covers criteria such as energy efficiency, resource use, and waste management	Electronic Products, Paper and Paper Products, Cleaning Products, Digital and IT Services
16	Green Seal	Green Seal is a certification that promotes the manufacture, purchase, and use of environmentally responsible products and services. It includes criteria for product performance, health, and environmental impact	Electronic Products, Paper and Paper Products, Cleaning Products, Digital and IT Services
17	ILO Core Convention Standards	A set of fundamental labor standards developed by the International Labor Organization, ratified by the UAE, aimed at ensuring the freedom of association, the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination in employment and occupation	All categories
18	FSC (Forest Stewardship Council)	An international standard for responsible forest management. FSC certification ensures that forest products, like paper and timber, come from sustainably managed forests that protect biodiversity and respect the rights of workers and local communities.	Paper and Paper Products
19	PEFC (Programme for the Endorsement of Forest Certification)	A global alliance of national forest certification systems. It works to ensure that forest-derived products are sourced from sustainably managed forests, promoting responsible forestry practices, social equity, and environmental conservation	Paper and Paper Products
20	EURO Emission Standards	Specifies limits for vehicle exhaust emissions in the European Union, influencing vehicle procurement decisions worldwide	Vehicles

S No.	Standard / Framework	Explanation	Applicable Product Category
21	Energy Star	Energy Star is a voluntary program established by the U.S. Environmental Protection Agency (EPA) that certifies products for energy efficiency. Products must meet strict energy efficiency frameworks based on energy consumption, performance, and cost savings. Energy Star promotes the use of energy-efficient products, reducing energy consumption and greenhouse gas emissions, and providing cost savings to consumers and organizations	Electronic Products, Digital and IT Services
22	EURO NCAP	The European New Car Assessment Programme (Euro NCAP) is an independent organization that evaluates vehicle safety through rigorous crash tests and advanced safety feature assessments. Established in 1997, it provides star ratings to help consumers make informed decisions and encourage manufacturers to improve vehicle safety. Euro NCAP focuses on areas like adult and child protection, pedestrian safety, and driver assistance technologies	Vehicles
23	NHTSA Vehicle Safety Standard	The U.S. National Highway Traffic Safety Administration (NHTSA) Vehicle Safety Standards are federal regulations aimed at ensuring the safety and reliability of vehicles in the United States. These standards, established under the Federal Motor Vehicle Safety Standards (FMVSS), cover key areas such as crashworthiness, crash avoidance, and post-crash survivability. NHTSA also conducts New Car Assessment Program (NCAP) crash tests, providing star ratings to guide consumer safety decisions and promote innovation in automotive safety technologies.	Vehicles

6.



Sustainable Finance & Accounting

6. Sustainable Finance & Accounting

The UAE Ministry of Finance recognizes the growing importance of embedding sustainability principles across all federal financial functions. In alignment with national climate goals, global sustainability standards, and the evolving role of finance in supporting long-term value creation, this framework provides practical direction for federal entities, including departments of financial affairs to integrate sustainability within their operations.

The guide focuses on improving the quality of financial reporting and enhancing system integration through the following:

- Supporting the inclusion of climate-related financial disclosures in alignment with international standards, such as the International Public Sector Accounting Standards Board's Sustainability Reporting Standards (IPSASB SRS), which remain in draft form and have not yet been officially issued.
- Introducing mechanisms to classify and track the sustainability attributes of financial transactions and guiding the integration of sustainability and economic data into federal financial systems in accordance with the United Nations System of Environmental-Economic Accounting (UN SEEA).
- Enabling the financial management sector within federal entities to contribute effectively to achieving national sustainability goals by enhancing financial transparency, improving system readiness, and reinforcing the principles of accountability, while maintaining the integrity and efficiency of financial practices at the federal government level.

6.1. Scope

The Sustainable Finance and Accounting Frameworks establishes a structured approach to integrating sustainability considerations within finance and accounting operations at the Federal entities, defining the extent of climate-related risk management, ESG integration, and sustainable reporting, while enabling interoperability of financial systems for environmental-economic data integration and ecosystem accounting to support national sustainability goals.

6.1.1 Scope of Application

This framework applies to the following key areas within Finance and Accounting Departments :

- Preparation of consolidated federal financial statements in alignment with I Sustainability Reporting Standard IPSASB-SRS 1 for climate-related disclosures.
- Accounting and monitoring of federal investments, including classification and tracking of green or sustainability-linked investments.
- Design, enhancement, and integration of federal financial systems to enable sustainability data capture, tagging, and reporting (aligned with SEEA and IPSASB).
- Updating financial policies and accounting procedures, to incorporate sustainability considerations where relevant.
- Provision of technical guidance and training on financial accounting standards, including sustainability-linked disclosures and environmental-economic integration.

6.1.2 Exclusions and Limitations

While this framework provides a comprehensive framework for integrating sustainability into finance and accounting operations, the following aspects remain outside its scope:

- The framework applies exclusively to federal government entities within the UAE and does not cover private sector organizations, state-owned enterprises operating under commercial mandates, or non-governmental entities.
- The framework does not prescribe or cover financial risk management, macro-fiscal forecasting, or portfolio-level climate scenario modelling, as these fall outside the department's mandate.
- The framework does not include guidance on project-level environmental assessments, green procurement, or climate investment appraisal, as these are handled by other specialized departments.
- The framework does not create or alter any legal obligations. It is intended to be a supportive, non-binding reference aligned with existing roles, policies, and standards.

6.2. Target Audience

The Sustainable Finance and Accounts Framework is designed for key stakeholders responsible for integrating sustainability considerations into finance and accounting practices at the Federal entities. It serves as a framework for embedding Environmental, Social, and Governance (ESG) considerations, climate-related financial risks, and sustainable finance practices into financial reporting, accounting, and decision-making processes.

6.2.1 Internal Stakeholders

These MoF divisions and government entities play a critical role in the execution and governance of sustainability practices within finance and accounting practices:

- **Budget Department, UAE Ministry of Finance:** Collaborate with the Finance and Accounting departments in overseeing budget preparation, resource allocation, and fiscal planning, ensuring financial sustainability and supporting ESG-integrated public expenditure strategies along with green tagging.
- **Audit and Compliance Department, UAE Ministry of Finance:** Ensure that financial practices and reporting comply with sustainability frameworks, auditing standards, and regulatory requirements, and verify the integration of ESG factors into financial controls and risk management.
- **Treasury Department, UAE Ministry of Finance:** Work closely with the Finance and Accounting Departments to ensure sustainable financial planning, liquidity management, and investment strategies are reflected in financial reporting and accounting practices.
- **Assets Department, UAE Ministry of Finance:** Support the Finance and Accounting Departments by ensuring sustainability principles are reflected in asset valuation, lifecycle costing, depreciation, and disposal practices. Provide accurate and ESG-aligned data on federal assets and inventories to enable sustainable financial reporting, resource optimization, and integration of climate-related considerations into accounting systems.

- **Tax Department, UAE Ministry of Finance:** Collaborate with the Finance and Accounting Departments to integrate sustainability-related tax measures into financial reporting and accounting practices. This includes incorporating revenues from green taxes (e.g., carbon tax, environmental levies), reflecting sustainability-linked tax incentives, and ensuring alignment of fiscal policy instruments with ESG and climate finance commitments.

6.2.2 External Stakeholders

These institutions engage with the Finance and Accounting Departments on financial sustainability-related matters and contribute to the UAE's broader climate and ESG integration efforts:

- **UAE Federal Entities:** Includes the federal entities (such as Ministry of Climate Change and Environment, Ministry of Energy and Infrastructure, Ministry of Economy), UAE Central Bank, to collaborate with the Finance and Accounting Departments on sustainable financial reporting and investment strategies in climate-related financial transactions.
- **International Sustainability and Climate Finance Organizations:** Includes development banks, multilateral financial institutions, and sustainability-focused global organizations that assess and support the UAE's efforts in integrating ESG considerations into financial reporting and accounting practices, as well as providing technical assistance and capacity building.

6.3. Application Mechanism

6.3.1 Sustainability Frameworks

This section provides practical and actionable guidance for integrating sustainability into the Government Financial Management Sector's core operations. The framework is structured into two key focus areas, directly aligned with the department's mandate:

- **Integration of Sustainability-Related Financial Accounting and Reporting:** Focused on embedding climate-related considerations into federal accounts, disclosures, and investment tracking practices
- **Enhancing Sustainability Integration within Federal Financial Systems:** Focused on aligning digital financial systems to enable the collection, classification, and reporting of environmental and economic data using internationally recognized frameworks such as the System of Environmental Economic Accounting (SEEA).

The framework provides a comprehensive framework that includes the following elements:



Objectives



Applicable standards
or frameworks
(where relevant)



Recommended
implementation
steps



Technical criteria
and measurement
requirements, including
Key Performance
Indicators (KPIs)



Integration of Sustainability-Related Financial Accounting and Reporting

The following recommendations shall be implemented by the Finance and Accounting Department at the UAE Ministry of Finance in collaboration with key internal departments (primarily the Budgets department), to support climate risk integration into budget planning and allocation.



Objective

To ensure the Finance and Accounting Department systematically records, consolidates, and reports sustainability-related financial transactions in line with the UAE's national climate commitments and the Green Budget Tagging Framework implemented by the Budget Department. This alignment will:

- Translate green-tagged budget items into structured accounting entries within financial records.
- Enable accurate and transparent sustainability-related financial reporting.
- Provide a consistent audit trail from budget allocation to financial disclosure.
- Align reporting outputs with international standards such as IPSASB and SEEA

- ✓ **Applicable standards and frameworks¹⁷:**
- **IPSASB Sustainability Reporting Standards (SRS 1):** Guidance for public entities on climate-related financial disclosures
 - **SEEA - System of Environmental - Economic Accounting:** Classification and measurement of environmental expenditures, emissions, and green investments
 - **OECD Green Budget Tagging:** Adopted from the Budget Department for classification and coding.

Note:

The following section is designed in alignment with the Green Budget Tagging Framework developed for the Budget Department, ensuring a seamless flow of sustainability data from budget classification to financial accounting and reporting. This alignment avoids duplication, maintains consistency in environmental classifications, and enables a clear audit trail across the budget and accounting cycle.

✓ **Recommended action steps:**

- ① **Import Green Tags from Government Budget Department:** At the start of each fiscal year
- Obtain the official list of budget items tagged as “green” by the Government Budget Department.
 - The tagging will follow these classification tiers (adapted from OECD-DAC Rio Marker methodology):

Tier	Classification	Description	Recommended Weights
1	Principal	The primary purpose of the budget item is to deliver environmental/climate benefits	100%
2	Significant	Environmental/climate benefits are a secondary but intentional objective	40%
3	Not Targeted	No direct or intentional environmental objective	0%

¹⁷ IPSASB Sustainability Reporting Standards (SRS): Developed by the International Public Sector Accounting Standards Board, the SRS provides public sector entities with standardized guidance on sustainability-related reporting. It focuses on climate-related financial disclosures, ensuring that governments and public institutions present transparent, decision-useful information on their environmental performance, climate risks, and sustainability-related resource allocations.

IFRS S2 - Climate-Related Disclosures: Issued by the International Sustainability Standards Board, IFRS S2 sets out requirements for disclosing climate-related risks and opportunities that could affect an entity's cash flows, access to finance, or cost of capital. It incorporates the TCFD framework, promoting consistent, comparable, and decision-relevant reporting for both public and private entities.

SEEA - System of Environmental-Economic Accounting: The SEEA, developed under the United Nations, is a statistical framework that integrates environmental data with economic accounts. It enables classification, measurement, and valuation of environmental expenditures, emissions, natural resource stocks, and green investments, supporting evidence-based policymaking and sustainability reporting.

OECD Green Budget Tagging: An OECD-recommended approach that classifies and codes budget items according to their environmental impact. It allows governments to track, analyze, and report green, brown, or neutral budget measures, helping align fiscal policy with environmental objectives.

- Each green-tagged budget item will also be mapped to one or more of the UAE environmental themes:
 - » **Climate Change Mitigation and adaptation:** actions that reduce greenhouse gas emissions or build resilience to climate impacts.
 - » **Biodiversity Conservation:** Efforts to protect and restore ecosystems, species, and natural habitats.
 - » **Sustainable Use and Protection of Fresh Water and Marine Resources:** Responsible management of water bodies to preserve their quality and availability.
 - » **Natural Resource Conservation:** Efficient and sustainable use of land, minerals, forests, and other natural assets.
 - » **Transition to a Circular Economy:** Promoting reuse, recycling, and waste reduction to minimize resource consumption.
 - » **Pollution Prevention and Control:** Reducing or eliminating pollutants to safeguard air, water, and soil quality.
 - » **Combating Desertification:** Preventing land degradation and restoring drylands to support ecosystems and livelihoods.
- Sectoral examples for taggable items include:

S No.	Recommended Sectors	Examples of Potentially Taggable Budget Items
1	Energy	Renewable energy subsidies, smart grids
2	Transport	EV charging stations, rail development
3	Water	Desalination with energy recovery, greywater recycling
4	Waste	Waste-to-energy plants, recycling programs
5	Construction	Green building codes, low-carbon materials
6	Agriculture	Water-efficient irrigation, sustainable farming support

2 Tag and track in the accounting system:

- Establish a dedicated chart of accounts to record and monitor green expenditures and revenues. This should be structured based on the climate classification codes and environmental categories outlined in this framework, to support accurate tagging, tracking, and reporting of sustainability-related financial flows “and/or”. For example, the government entity may establish a dedicated chart titled “Green Expenditures and Revenues,” in which all sustainability related account codes are consolidated, which enhances the accuracy of tracking and reporting.
- Create a dedicated “Green Tag” field in the Federal Financial Management Information System (FMIS) platform, pre-filled with the classification tiers and environmental themes above.

- Require staff to select the correct tier and theme for each transaction linked to green-tagged budget lines.
- Include an optional note field for justification (e.g., “Energy efficiency upgrade for federal building”).
- For current fiscal year transactions, tags retroactively apply based on the Budget Department list.

3 Consolidate Green Financial Data for Reporting:

- Aggregate all tagged transactions quarterly and annually, disaggregated by:
 - » Classification tier (Principal / Significant / Not Targeted)
 - » Environmental theme (see list above)
 - » Sector
- Ensuring aggregation mirrors the Government Budget Department’s reporting structure to allow seamless consolidation.

4 Consolidate Green Financial Data for Reporting: Add the following sustainability-specific disclosures

- Total, green-tagged expenditures and revenues.
- Share of green-tagged expenditure as % of total expenditure.
- Breakdown by classification tier and environmental theme.
- “Notes” section to explain the tagging process and reference environmental themes and sectoral coverage.

5 Climate Investment Summary Table: Prepare a table summarizing major green investments (Update annually and annex to the financial statements)

S No.	Name of Project / Program	Classification Tier	Environmental Theme	Budget Allocated (AED)	Amount Disbursed to Date (AED)	Expected Environmental Benefit
1						
2						

6 Climate Investment Summary Table (Applicable to UAE Ministry of Finance): Prepare a table summarizing major green investments

- Review a sample of green-tagged transactions each quarter.
- Check correct tier, theme, and justification.
- Share results with the Budget Department to refine tagging criteria.



Key criteria and technical requirements:

- **Key Performance Indicators (KPIs)¹⁸:**

S No.	Recommended KPI	Formula	Relevant Details
1	Green-Tagged Transaction Ratio	(Number of transactions tagged with green tags / Total number of financial transactions) × 100	Measures tagging coverage
2	Green Expenditure Share	(Total AED value of green tagged expenditures / Total AED value of all expenditures) × 100	Measures of how much of total government expenditure is supporting sustainability-related activities, aligned with Net Zero or Green Agenda targets.
3	Accuracy Rate of Green Tagging	(Number of correctly tagged transactions as per quarterly review / Total, green-tagged transactions reviewed) × 100	Measures internal control effectiveness and proper implementation of tagging logic. Reviewed quarterly.
4	Year-on-Year Change in Green Expenditures	(Green expenditure this year - Green expenditure last year) / Green expenditure last year × 100	Tracks annual growth or reduction in financial commitment toward climate and environmental programs.

- **Notes for Implementation**

- » All KPIs should be tracked quarterly, with a formal annual consolidation for public disclosure.
- » Threshold targets can be defined after the first year of implementation to monitor progress (e.g., 10% increase in green expenditure year-on-year).
- » A KPI Dashboard can be created to track progress.

¹⁸ List of Recommended KPIs is in alignment with IFRS S2, SEEA, and OECD frameworks



Enhancing Sustainability Integration within Federal Financial Systems

The following recommendations shall be implemented by the Finance and Accounting Department at the UAE Ministry of Finance in collaboration with key internal departments (primarily the Budgets department), to support climate risk integration into budget planning and allocation.



Objective

To adapt federal financial systems so that sustainability-related data can be recorded, classified, processed, and reported in alignment with the Green Budget Tagging Framework (Section 6.4.1 - Budget Department) and the Government Financial Management Sector's sustainability-related accounting and reporting processes. The objectives are: Translate green-tagged budget items into structured accounting entries within financial records.

- Enable interoperability between financial data and environmental-economic information using SEEA-aligned structures.
- Ensure that existing digital platforms (e.g., FMIS) can capture green classification attributes based on Budget Department tagging (Principal / Significant / Not Targeted tiers and environmental themes).
- Prepare federal systems for future requirements such as sustainability-linked reporting and automated green tagging.
- Support decision-makers with integrated sustainability-financial dashboards and performance tracking tools



Applicable standards and frameworks¹⁹:

- **OECD Green Budget Tagging:** Adopted from the Budget Department for classification and coding of green budget items, including Principal (100%), Significant (40%), and Not Targeted (0%) tiers, mapped to UAE environmental themes.
- **UN System of Environmental-Economic Accounting (SEEA Central Framework):** Classifications for environmental expenditures, emissions, natural resource use, and environmental protection activities.
- **IPSASB Sustainability Reporting Standards (SRS):** For transparent climate-related financial disclosure in public sector accounts.

19 OECD Green Budget Tagging: An OECD-recommended approach that classifies and codes budget items according to their environmental impact. It allows governments to track, analyze, and report green, brown, or neutral budget measures, helping align fiscal policy with environmental objectives.

SEEA - System of Environmental-Economic Accounting: The SEEA, developed under the United Nations, is a statistical framework that integrates environmental data with economic accounts. It enables classification, measurement, and valuation of environmental expenditures, emissions, natural resource stocks, and green investments, supporting evidence-based policymaking and sustainability reporting.

IPSASB Sustainability Reporting Standards (SRS): Developed by the International Public Sector Accounting Standards Board, the SRS provides public sector entities with standardized guidance on sustainability-related reporting. It focuses on climate-related financial disclosures, ensuring that governments and public institutions present transparent, decision-useful information on their environmental performance, climate risks, and sustainability-related resource allocations.

**Recommended action steps:**

1

Map Existing Financial System Capabilities for Sustainability Data (in collaboration with Government Budget Department): To understand what current systems can support and what must be added or upgraded.

- Review the features of your current Federal Financial Management Information System (FMIS) and support the government budget department to identify:
 - » Whether custom fields can be added to journal entries, purchase requests, or project records.
 - » If the system can accommodate a “green tag” or sustainability classification field.
 - » If financial reports can be configured to filter or group climate-related transactions.
- Document system modules relevant to:
 - » Budgeting
 - » Accounting
 - » Asset Management
 - » Procurement
- Prepare a gap analysis table that identifies where sustainability features are missing or need enhancement:

Summary Gap Analysis Table Template

S No.	Module Name	System Used	Purpose	Sustainability Fields Supported?	Customization Possible?
1					
2					

2

Configure System Fields for Green Tagging: To allow the system to capture sustainability-related classifications for each financial transaction:

- In the system’s backend (via admin panel or IT support), assist the Government Budget Department to:
- Add a new dropdown field in the transaction interface titled “Green Classification Tier” with options: Principal (100%), Significant (40%), Not Targeted (0%).

- Add another dropdown field in the transaction interface titled “Environmental Theme” with options:
 - » Climate Change Mitigation and Adaptation
 - » Biodiversity Conservation
 - » Sustainable Use and Protection of Fresh Water and Marine Resources
 - » Natural Resource Conservation
 - » Transition to a Circular Economy
 - » Pollution Prevention and Control
 - » Combating Desertification
- Link these fields to all transaction types linked to green-tagged budget lines.
- Ensure that this field is mandatory for any transaction above a pre-agreed threshold (e.g., AED 100,000).
- Update system user guides and screenshots showing:
 - » Where the field appears
 - » How to select the appropriate tag
 - » Examples of correct usage

3 Create SEEA-Aligned Environmental Accounts within the Financial System: To integrate environmental-economic data classifications for sustainability tracking.

- Create a new system module or worksheet titled “Environmental Expenditure Accounts”.
- Within this, create fields based on the SEEA Central Framework categories:
 - » Environmental Protection Services
 - » Resource Management (e.g., water, energy)
 - » Waste Management
 - » Climate Mitigation and Adaptation
- Link these fields to:
 - » Project codes or cost centres
 - » Departments or ministries responsible
 - » Time period (quarter/year)
- Ensure compatibility with the Government Budget Department’s sectoral coverage (e.g., energy, transport, water, waste, construction, agriculture).
- Enable regular data exports from the system to Excel/Tableau/Power BI for dashboard generation.

- 4 Link Green Tags to Performance Dashboards:** To visualize and monitor the financial contribution to sustainability goals:
- Using Power BI, Excel, or another business intelligence tool, create a Climate Finance Dashboard linked to financial system data.
 - Include the following visuals:
 - » Total green tagged expenditures and revenues (by tier and themes)
 - » Year-on-year trend charts
 - » Top sectors or projects contributing to climate spending
 - » Classification-tier share (Principal vs Significant)
 - Update the dashboard quarterly and share with internal stakeholders and the Sustainability/Climate Coordination Unit.
- 5 Integrate Sustainability Training into System Use Protocols:** To ensure that users know how to apply green tags and interpret dashboard data:
- Develop a 1-hour training module for Finance and Accounting Departments' staff covering:
 - » How to select correct tier and theme from dropdowns.
 - » Examples of typical classification errors.
 - » Link between Budget Department tagging and F&A reporting.
 - Include this training in system onboarding for all new users.
 - Refresh the training annually and revise content based on tagging accuracy audits or system changes.

✓ **Key criteria and technical requirements:**

① **Key Performance Indicators (KPIs)²⁰:**

S No.	Recommended KPI	Formula	Relevant Details
1	Green Tagging Coverage Rate	(Number of financial transactions with a green tag / Total number of applicable transactions) × 100	Measures the extent to which the financial system captures and tags sustainability-related data. Applicable transactions can be defined as those above a financial threshold (e.g., AED 100,000).
2	System Interoperability Readiness Score	(Number of financial modules with sustainability fields enabled / Total number of core financial modules in use) × 100	Measures the proportion of the financial system that is equipped to handle sustainability-tagged data across modules (e.g., accounting, budgeting, procurement).
3	Dashboard Reporting Frequency	(Number of times the climate finance dashboard is updated and shared annually)	Tracks how regularly sustainability-related financial data is synthesized and made available to internal leadership for decision-making.
4	Staff Training Completion Rate on Sustainability System Features	(Number of users who completed the green tagging system training / Total number of relevant system users) × 100	Evaluates the preparedness of staff to use new sustainability tagging and reporting features.

② **Notes for Implementation:**

- Quarterly reviews are recommended for KPIs 1 and 3 while annual reviews are suitable for KPIs 2 and 4.
- KPI dashboards should enable automated KPI tracking.
- Classification tiers, environmental themes, and sectoral scope are to remain identical to those in the Government Budget Department's Green Budget Tagging (GBT) framework to ensure seamless upstream-downstream integration.

²⁰ List of Recommended KPIs is in alignment with OECD, SEEA, and IPSASB frameworks



Consolidated List of KPIs

S No.	Recommended KPI	Formula	Relevant Details
Integration of Sustainability-Related Financial Accounting and Reporting			
1	Green-Tagged Transaction Ratio	(Number of transactions tagged with green tags / Total number of financial transactions) × 100	Measures tagging coverage
2	Green Expenditure Share	(Total AED value of green tagged expenditures / Total AED value of all expenditures) × 100	Measures of how much of total government expenditure is supporting sustainability-related activities, aligned with Net Zero or Green Agenda targets.
3	Accuracy Rate of Green Tagging	(Number of correctly tagged transactions as per quarterly review / Total, green-tagged transactions reviewed) × 100	Measures internal control effectiveness and proper implementation of tagging logic. Reviewed quarterly.
4	Year-on-Year Change in Green Expenditures	((Green expenditure this year - Green expenditure last year) / Green expenditure last year) × 100	Tracks annual growth or reduction in financial commitment toward climate and environmental programs.
Framework for ESG Risk Assessments in Bank Credit Evaluations			
5	Green Tagging Coverage Rate	(Number of financial transactions with a green tag / Total number of applicable transactions) × 100	Measures the extent to which the financial system captures and tags sustainability-related data. Applicable transactions can be defined as those above a financial threshold (e.g., AED 100,000).
6	System Interoperability Readiness Score	(Number of financial modules with sustainability fields enabled / Total number of core financial modules in use) × 100	Measures the proportion of the financial system that is equipped to handle sustainability-tagged data across modules (e.g., accounting, budgeting, procurement).
7	Dashboard Reporting Frequency	(Number of times the climate finance dashboard is updated and shared annually)	Tracks how regularly sustainability-related financial data is synthesized and made available to internal leadership for decision-making.
8	Staff Training Completion Rate on Sustainability System Features	(Number of users who completed the green tagging system training / Total number of relevant system users) × 100	Evaluates the preparedness of staff to use new sustainability tagging and reporting features.

7.



Sustainable Tax

7. Sustainable Tax

The transition to a sustainable economy requires an integrated approach across all financial mechanisms, including taxation. As part of the UAE's commitment to sustainability and climate action, the Tax Policy Sector plays a pivotal role in shaping policies that encourage green practices, reduce environmental impact, and ensure fiscal responsibility.

The Sustainable Tax Framework provides a structured framework for integrating sustainability considerations into the UAE's taxation system, covering key areas such as green taxation frameworks, sustainability-linked tax incentives, and transparency in green tax policies. By aligning with both national priorities and international best practices, the framework aims to enhance the effectiveness of tax policies in driving sustainable economic growth while ensuring environmental accountability.

7.1. Scope

This Sustainable Taxation Framework provides a structured approach to integrating sustainability considerations into tax operations across federal entities in the State. It is based on Federal Law No. (157) of 2025 amending certain provisions of the Value Added Tax Law issued by Federal Law No. (67) of 2016. The framework defines the scope of sustainability-related taxes and exemption mechanisms, in addition to sustainability reporting requirements applicable to the responsibilities of the Tax Policy Sector.

7.1.1 Scope of Application

This framework applies to the following key areas within the Tax Policy Sector:

- **Tax Policy Development:** Integrating sustainability principles into the design of corporate tax, VAT, excise tax, and other tax-related policies.
- **Tax Incentive Structures:** Establishing frameworks for green tax incentives, including rebates, deductions, and credits for environmentally friendly business practices. (Incentives to be considered in the context of the UAE economy and tax costs to be compared with expected benefits/revenue streams).
- **Regulatory Compliance and Reporting:** Enhancing transparency in tax-related sustainability disclosures, ensuring alignment with UAE national policies and international sustainability frameworks.
- **Government and Private Sector Engagement:** Encouraging collaboration between Federal Tax Authority (FTA), businesses, and associated federal entities in implementing sustainability-driven tax policies.

7.1.2 Exclusions and Limitations

While this framework provides a comprehensive framework for integrating sustainability into taxation, certain exclusions and limitations apply:

- **Non-Fiscal Environmental Policies:** The framework does not cover environmental policies that fall outside the tax domain, such as regulatory bans or direct environmental mandates unrelated to taxation.
- **Financial Instruments and Investment Taxation:** Sustainability considerations related to financial instruments and investment taxation are to be addressed under separate frameworks within the Ministry of Finance.
- **International Tax Treaties:** The framework does not modify or override existing tax treaties between the UAE and other jurisdictions but encourages alignment with global best practices.
- **Sector-Specific Taxation Policies:** Industry-specific tax considerations may require tailored sustainability frameworks beyond the general framework presented here. (The relevant industries to be considered while determining the scope of the taxes and focus should be on efficient tax collection apart from sustainability).

For clarification purposes, the content included under the 'Sustainable Taxation' section serves as a general guiding framework intended to support the study and integration of sustainability considerations into the future development of tax policies. It does not, in itself, result in the imposition of new taxes, the granting of tax incentives, or the creation of tax obligations or rights, except as provided under the relevant approved laws, regulations, and policies.

7.2. Target Audience

The Sustainable Tax Framework is designed for key stakeholders responsible for integrating sustainability considerations into tax operations at the UAE Ministry of Finance (MoF). It serves as a framework for embedding climate-related taxation and relief mechanisms, ESG considerations, and sustainable practices into decision-making and public tax framework.

7.2.1 Internal Stakeholders

These MoF Departments play a critical role in the execution and governance of sustainability practices within tax functions along with the Tax Department:

- **Government Budget and Revenue Sector, UAE Ministry of Finance:** Responsible for managing budgetary requirements for green tax incentives and revenue collection to support sustainability initiatives.
- **Strategy and Future Department, UAE Ministry of Finance:** Support in aligning green tax policies with national sustainability and climate action strategies.

7.2.2 External Stakeholders

These institutions engage with the Tax Department on financial sustainability-related matters and contribute to the UAE's broader climate and ESG integration efforts:

- **Federal Tax Authority:** Responsible for enforcing green tax legislations and policies while providing oversight on green taxation initiatives.
- **Carbon Pricing Policy Committee:** Responsible for studies on carbon taxation frameworks and advice on fiscal policy adjustments.
- **Federal Government Entities:** Includes federal entities such as the Ministry of Climate Change and Environment (MOCCAE), Ministry of Energy and Infrastructure (MOEI), and Ministry of Industry and Advanced Technology (MOIAT) that overlook sectors primarily impacted by green taxation policies.
- **Local Government Finance Departments:** Includes the respective finance departments of federal agencies and ministries that operate in alignment with the UAE Ministry of Finance's Tax function protocols and operational guidelines.
- **Regulatory and Policymaking Bodies:** Includes entities such as the UAE Sustainable Finance Working Group (SFWG) and financial regulators responsible for developing and overseeing compliance with climate-related financial policies and sustainability initiatives.
- **Businesses & Corporations:** Engage with sustainability-linked tax incentives and comply with green taxation regulations.
- **Financial Institutions & Investors:** Facilitate investment in sustainable projects through tax incentives.
- **International Organization:** Coordination with prominent international organizations such as the OECD, IMF, and World Bank that offer resources and guidance on best practices and key priorities for establishing an effective national taxation regime.

7.3. Application Mechanism

This section presents the Sustainability Frameworks for the Tax Policy Sector, organized into two main areas: 1. Sustainability Impact Assessment; and 2. Tax Department Frameworks.

- The Sustainability Impact Assessment section primarily covers the key assessments (Environmental and Social) to be utilized for effective tax related decision making.
- The Sustainable Framework section primarily covers key sustainability aspects to be directly integrated into tax processes such as “Sustainable Taxation Mechanisms” and “Sustainable Tax Incentives and Benefits”.

The following table establishes the structure of the 3 sections and sub-sections including - “Sustainability Impact Assessment”, “Sustainable Taxation Mechanisms”, and “Sustainable Tax Incentives and Benefits”:

S No.	Focus Area	Coverage
1	Objective	Defines the importance of the respective framework within taxation processes
2	Applicable Standards and Frameworks	Key globally recognized frameworks referred to drafting the sub-sections
3	Recommended action steps	Step by step guidance defining the approach on conducting and executing the respective framework along with the role of respective stakeholders involved
4	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking

Additional information specific to each section is also included to ensure clarity and alignment with Ministry of Finance’s sustainability goals.

7.3.1 Sustainability Impact Assessment

The following recommendations shall be implemented by the Tax function at the UAE Ministry of Finance in collaboration with Federal Entities (primarily FTA, MOCCA, MOEI and MOIAT) and other relevant entities, to support with data gathering, scope and boundary setting, and mapping of relevant stakeholders.

The Sustainable Impact Assessment (SIA) serves as a critical tool within the Sustainable Tax Framework, enabling the Tax Department to evaluate the environmental, social, and economic implications of proposed policies. By systematically assessing the sustainability impacts of taxation measures, the SIA ensures that fiscal decisions not only support revenue generation but also contribute meaningfully to the UAE’s broader sustainability objectives, including climate resilience, social equity, and economic diversification.

Integrating SIA into the tax policy development process strengthens transparency, promotes evidence-based decision-making, and aligns taxation strategies with the UAE’s commitments under the Net Zero 2050 initiative and Vision 2030. This approach reinforces the role of the Tax Department in fostering responsible and future-ready fiscal governance that balances national development with long-term sustainable outcomes.

The following section defines a structured framework for conducting SIA in context of the Tax Department:

Objective:

- To provide a structured framework for evaluating the economic, social, and environmental effects of tax policies under consideration. This framework enables the UAE Ministry of Finance (MoF) to assess, optimize, and mitigate impacts, ensuring tax policies contribute to sustainability goals while aligning with OECD's Guidance on Sustainability Impact Assessment. By systematically evaluating tax policy proposals, the SIA approach helps decision-makers identify trade-offs, maximize benefits, and mitigate adverse effects while ensuring alignment with national sustainability objectives.

Applicable standards and frameworks²¹:

1 OECD's Guidance on Sustainability Impact Assessment

Recommended action steps:

1 Screening the proposed tax policy:

- **Define the policy proposal:** Clearly outline the tax policy under consideration (e.g., carbon taxation, VAT exemptions for sustainable goods, R&D tax incentives for green innovation).
- **Assess the need for an SIA:**
 - » Conduct a relevance analysis to determine if a full impact assessment is necessary.
 - » Identify whether the policy has potential cross-cutting sustainability implications across economic, social, and environmental dimensions.
 - » If conflicting impacts exist across two or more dimensions, an SIA is strongly recommended.
- **Sample considerations for screening:**
 - » Will the tax policy promote economic growth while reducing environmental degradation?
 - » Could the policy disproportionately affect low-income groups or certain industries?
 - » Does the policy align with existing national climate and sustainability targets?

²¹ The OECD's Guidance on Sustainability Impact Assessment: Provides a structured approach for policymakers and organizations to evaluate the economic, environmental, and social impacts of policies, projects, and regulations. It offers methodologies for assessing sustainability risks and opportunities, ensuring that decision-making aligns with long-term sustainable development goals. The guidance helps governments integrate sustainability considerations into policy design, fostering resilient and inclusive growth.

2 Scoping the assessment:

- Determine the appropriate level of analysis based on policy significance, expected impact scale, and data availability.
- Identify key sustainability dimensions for assessment, ensuring a balance across economic, social, and environmental impacts.
- Establish assessment criteria and indicators to measure potential effects, drawing from stakeholder input and global best practices.
- Key scoping areas include:

S No.	Scoping Category	Scoping Considerations
1	Procedural	Who will conduct the SIA? What financial and human resources are available? Who are the key decision-makers?
2	Substantive	What are the tax policy's objectives? Who will be impacted? Are there any unintended consequences?
3	Methodological	What data sources are available? What tools will be used? How will impact be monitored and evaluated?

- Stakeholder engagement is essential in this phase. Government agencies, industry representatives, environmental organizations, and community groups should be consulted to ensure an inclusive approach.

3 Selecting tools & methodologies:

- Choose methodologies based on available resources, complexity of the tax policy, and the depth of assessment required.
- Assessment tools should align with key policy questions, such as:
 - » What are the economic costs and benefits?
 - » What social equity impacts are expected?
 - » How will the policy influence environmental indicators like emissions reductions or resource efficiency?

S No.	Sample Tool Types	Purpose
1	Participatory Tools	Gather stakeholder insights (Delphi surveys, focus groups, workshops)
2	Scenario Tools	Model alternative policy futures and their potential sustainability impacts
3	Multi-Criteria Analysis	Evaluate trade-offs between economic, social, and environmental factors
4	Cost-Benefit Analysis	Compare financial feasibility versus expected sustainability benefits
5	Accounting Tools	Integrate sustainability metrics into fiscal analysis (e.g., ecological footprint, carbon accounting)
6	Modelling Tools	Simulate policy effects on economic growth, emissions, and social well-being

Best practice: A combination of qualitative and quantitative methods ensures a well-rounded assessment.

4 Stakeholder participation:

- Ensure broad representation from key stakeholders including key internal and external stakeholders such as federal entities , FTA along with private sector and civil society representatives
- Select appropriate engagement methods:
 - » Formal consultations: Public hearings, expert advisory groups
 - » Digital participation: Web-based surveys, virtual workshops
 - » Sector-specific dialogues: Roundtable discussions for high-impact industries

5 Analysing economic, environmental, and social impacts:

- Use impact indicators to assess expected outcomes of the tax policy.
- Apply the Capital Approach to categorize impacts across financial, natural, social, and human capital.

- **Sample Impact Evaluation Areas:**

S No.	Impact Category	Sample Assessment Considerations
1	Environmental	Reductions in emissions, resource conservation, improvements in sustainability performance
2	Social	Impacts on employment, income distribution, affordability of goods and services
3	Economic	Effect on business costs, government revenue, trade competitiveness, and foreign direct investment

Utilize data-driven methods for accuracy, including econometric models, policy simulations, and sustainability benchmarks.

6 Identifying synergies, conflicts, and trade-offs:

- Compare anticipated benefits and risks across all three dimensions (Impact Categories).
- Identify possible conflicts, such as:
 - » Develop alternative approaches to mitigate negative impacts while maintaining policy effectiveness
 - » A tax that incentivizes green investment but increases compliance costs for businesses
 - » Carbon pricing mechanisms that disproportionately affect energy-intensive industries
 - » Explore alternative approaches to minimize negative impacts while maintaining policy effectiveness

7 Proposing mitigation measures:

- Develop strategies to counterbalance negative effects while maximizing sustainability gains.
- Apply the Mitigation Hierarchy:
 - » Avoid negative consequences by adjusting policy design
 - » Reduce unintended impacts through gradual implementation
 - » Offset impacts via compensatory programs (e.g., subsidies for affected industries, social safety nets)
 - » Use scenario modelling to assess different mitigation strategies and their effectiveness.

8 Proposing mitigation measures:

- Findings should be clear, actionable, and data-backed, covering:
 - » Trade-offs and synergies between different sustainability dimensions
 - » Alternative policy recommendations that optimize economic, social, and environmental outcomes
 - » Scenarios for implementation with risk mitigation strategies
 - » Utilize visual aids (charts, dashboards, policy briefs) for clarity

Key criteria and technical requirements

1 Key Performance Indicators (KPIs)²²:

S No.	Recommended KPI	Formula	Relevant Details
1	Sustainability Integration Rate (%)	% of tax policies assessed with SIA prior to adoption	Measures MoF's adoption of sustainability-focused tax evaluations
2	Mitigation Success Rate (%)	% of identified risks effectively addressed	Evaluates effectiveness of risk management measures

2 Recommended timelines for execution

S No.	Execution phase	Timeline	Recommended Actions	Strategic Relevance
1	Foundational	2026 - 2027	i. Pilot Sustainability Impact Assessments (SIA) on select upcoming tax proposals ii. Build internal capacity within MoF and FTA policy teams on SIA methodologies and stakeholder engagement.	Establishes institutional foundation and stakeholder familiarity with SIA tools in a controlled, low risk setting.

²² List of Recommended KPIs is in alignment with OECD's Guidance

S No.	Execution phase	Timeline	Recommended Actions	Strategic Relevance
2	Operationalization	2027 - 2029	iii. Expand SIA to all new tax policies with potential ESG impacts. iv. Standardize methodologies and publish impact summaries. v. Strengthen data systems and integrate into fiscal planning.	Embeds SIA into the tax policymaking cycle and promotes consistency, transparency, and accountability in alignment with UAE Vision 2030.
3	Institutionalization	2029 - 2031	vi. Mandate SIA for all major reforms. vii. Align SIA with national ESG disclosures and green budgeting tools. viii. Monitor KPIs for sustainability integration and risk mitigation.	Reinforces the role of the Tax Department in future-proofing fiscal policies and meeting Net Zero 2050 and green economy targets.

7.3.2 Tax Department

This section presents the Sustainability Framework for the Tax Policy Sector, organized into two main areas:



i) Green Taxation Mechanisms



ii) Sustainable Tax Incentives & Benefits

Each area is dedicated to embedding sustainability within the Ministry of Finance's (MoF) mandates and operations.



Green Taxation Mechanisms

The following recommendations shall be implemented by the Tax function at the UAE Ministry of Finance in collaboration with key internal departments (including the Budgets and Revenue), Federal Entities (primarily FTA, MOCCA, MOEI and MOIAT) and other relevant entities, to support with data gathering, scope and boundary setting, and mapping of relevant stakeholders.

The “Green Taxation Mechanisms” section of the framework **primarily focuses on Carbon Tax and Emissions Trading System (ETS)-based taxation options**, given the current maturity of the taxation regime and their near-term feasibility. However, it also **acknowledges the availability of additional green taxation mechanisms**—such as excise duties on high-emission products, levies on resource extraction, and incentives for sustainable consumption—that may be considered as the fiscal framework evolves.



Carbon Tax Framework



Objective

To establish a streamlined and easy-to-implement carbon tax framework aimed at reducing greenhouse gas (GHG) emissions while guiding the Ministry of Finance (MoF) through the complexities of carbon tax policy. This framework is designed to align with overarching national policy objectives and adhere to international best practices, ensuring a smooth transition towards a more sustainable economy.



Applicable standards and frameworks²³:

- World Bank Group's Carbon Tax Guide
- IMF's Tax Policy and Climate Change
- UN Handbook on Carbon Taxation for Developing Countries



Recommended action steps:



1 Foundational considerations:

- **Determine policy objectives (in alignment with the Ministry of Climate Change and Environment {MOCCAE}):**
 - » **Establish specific objectives that MoF aims to achieve with the carbon tax. These objectives will help inform decision making around designing the tax in a way that best meets these objectives.**
 - Based on the guidance from the World Bank Group's Carbon Tax Guide, the objectives could broadly cover themes like:
 - **GHG emission mitigation:** Target specific emission reduction trajectories
 - **Revenue raising:** Ensure financial sustainability of the policy
 - **Promoting green development:** Drive investments in low-carbon technologies
 - When multiple objectives exist, prioritize and align them for effective decision-making.

²³ World Bank Group's Carbon Tax Guide: The World Bank Group's Carbon Tax Guide serves as a comprehensive resource for policymakers considering the implementation of carbon taxation as a climate mitigation tool. It provides an overview of different carbon tax designs, policy considerations, and practical implementation challenges. The guide aims to help governments understand how carbon pricing can drive emissions reductions while supporting economic growth and fiscal objectives.

IMF's Tax Policy and Climate Change: The IMF's Tax Policy and Climate Change report explores the role of fiscal policy in addressing climate change, emphasizing the importance of carbon pricing, energy taxation, and other fiscal instruments. It highlights how well-designed tax policies can reduce greenhouse gas emissions, promote sustainable development, and ensure economic resilience while minimizing adverse social impacts. The report provides recommendations for governments to integrate climate considerations into tax policies effectively.

The UN Handbook on Carbon Taxation for Developing Countries is a practical and policy-focused guide developed by the United Nations Committee of Experts on International Cooperation in Tax Matters and its Subcommittee on Environmental Taxation Issues. It responds directly to requests from developing nations for clear, actionable guidance on the design and administration of carbon taxes

- **Understand the national context:**

- » **Analyse emissions data:** Collect data to assess the GHG emissions profile of the UAE.
- » **Identify key emitting sectors:** Pinpoint sectors where a carbon tax would be most impactful.
- » **Assess public and industry support:** Gather stakeholder feedback through:
 - Surveys, public consultations, and industry engagements.
 - Government and ministerial discussions.
- » **Address potential resistance:** Develop strategies to mitigate opposition through:
 - Transparent communication and awareness campaigns.
 - Policy incentives and phased implementation.
- » **Evaluate administrative capabilities:** Assess whether MoF and relevant entities have the technical and institutional capacity to implement and monitor the tax effectively.

- **Define principles for tax design evaluation:**

- » Utilize recognized frameworks such as the FASTER Principles²⁴ for Successful Carbon Pricing (World Bank). These cover:
 - **Fairness:** Equitable burden-sharing among industries
 - **Alignment:** Consistency with national and international climate policies
 - **Stability:** Predictable price signals for investors and businesses
 - **Transparency:** Clear tax regulations and reporting mechanisms
 - **Efficiency:** Cost-effectiveness in tax administration
 - **Reliability:** Ensuring environmental integrity and real emissions reductions

- **Support decision-making with economic models:**

- » Identify key policy questions regarding the impact of a carbon tax, such as:
 - How will industries respond to different tax levels?
 - What will be the impact on existing tax mechanisms?
 - What economic impacts will the tax have on businesses and households?
 - How might carbon leakage occur, and what mitigation measures are needed?
- » Based on availability of data and resources, identify and employ the most appropriate economic modelling tools to obtain a comprehensive picture of potential effects, or the specific issues considered.
- » If necessary, MoF shall establish a task force to execute the economic impact analysis.

²⁴ [The FASTER Principles for Successful Carbon Pricing](#)

2 Carbon tax design:

- **Define the tax base:**

- » Determine which fuels, sectors, and entities will be subject to the carbon tax.
- » Below are two major kinds of carbon tax mechanisms:
- » **Taxes on fossil fuels** (most common, require minimal additional administration, generally do not require MRV of emissions; for example - upstream and midstream taxes on the production, import, and sale of fossil fuels).
- » **Taxes on direct emissions** (may require more administration and additional capacities for MRV, may allow for targeting a broader scope of emissions; these could apply to electricity generation, industrial processes, waste disposal, and so on).
- » **Hybrid approach:** Elements of both taxes on fossil fuels and on direct emissions can also be applied to ensure the broadest possible coverage of emissions.
- » This could potentially include applying a direct tax to emissions of large installations and an upstream tax on fuel used by dispersed sources such as vehicles and buildings.

- **Determine the tax rate:**

- » Set the initial carbon tax rate based on:
 - Emission reduction targets
 - Revenue generation
 - Social cost of carbon
- » Economic modelling can be conducted to determine the rate that will help achieve the specific objectives.
- » The best recommended practice is to start with relatively low rates and increase it over time. This helps gain acceptance and provides time for industries and consumers to adapt their behavior to the price signal.

- **Assess the risks of carbon tax:**

- » During the carbon tax design process, the potential risks of a carbon tax need to be considered. These risks could include:
 - **Carbon leakage:** Industries may relocate to avoid taxation
 - **Distributional effects:** Impacts on low-income households and small businesses
 - Based on World Bank and IMF guidance, the relevance of leakage and distributional risks will depend, among other things, on the emissions the carbon tax is applied to such as:
 - In the case of carbon taxes on transport and residential energy use, distributional concerns will usually be more relevant.
 - For taxes on heavy industry, carbon leakage will tend to be more relevant.

- » It is **recommended that a formal risk register be implemented** to assist with the identification and management of key risks such as carbon leakage, compliance gaps, and regulatory challenges.
- » Identify whether significant risks of leakage or negative distributional impacts exist:
 - Economic modelling can be conducted as an overall guide to predict potential leakage or distributional impacts, though they may be subject to uncertainty.
- **Mitigation of risks:**
 - » Consider which mitigation measures are effective:
 - Measures that exempt or reduce the amount of carbon tax paid by certain entities essentially eliminate or reduce the price signal, making it highly detrimental to the environmental effectiveness of the tax.
 - Linking support measures to other factors such as outputs or the adoption of clean technologies are often more environmentally effective approaches.
 - » Define strict eligibility criteria to mitigation instruments to avoid applying them too broadly:
 - Based on the World Bank and IMF guidance, the most used measures are ones that reduce tax contributions through exemptions, rebates, and offsets, or subsidies such as:
 - Tax rebates for affected industries adopting green technologies
 - Subsidies for low-carbon alternatives
 - Direct financial support for vulnerable communities
 - Although a few may be potentially environmentally detrimental, these measures can be applied to address both leakage and distributional concerns.
- **Ensure oversight and compliance:**
 - » Determine whether required roles for the administration of the carbon tax can be carried out with existing capacities or if new roles and capacities are needed.
 - The right institutional arrangements depend on the scope of the tax, how it is designed, and the existing legal and administrative context.
 - The level of administration of the tax will also depend upon the kind of tax that is implemented:
 - For upstream taxes, emissions are typically estimated based on fuel sales, avoiding the need for specific MRV.
 - Downstream taxes on direct emissions will require the development of systems for the accurate MRV of emissions.
 - Linking support measures to other factors such as outputs or the adoption of clean technologies are often more environmentally effective approaches.
 - » Define the roles and responsibilities of federal agencies involved in enforcement including the Federal Tax Authority (FTA).
 - » Establish clear compliance mechanisms including audit procedures and penalties for non-payment while utilizing the existing revenue collection frameworks to streamline administration.

- **Embed Anti-Avoidance Measures:**

- » Introduce legislative provisions to detect, prevent, and penalize carbon tax fraud, evasion, and avoidance practices (drawing lessons from international cases in emissions trading fraud).
- » Define clear anti-avoidance rules such as
 - Prohibitions on artificial transactions designed to reduce liability.
 - Strong verification requirements for tax exemptions, rebates, and offsets.
 - Randomized and risk-based audits to identify fraudulent activity.
 - Ensure coordination between MoF, the Federal Tax Authority (FTA), and law enforcement to investigate and prosecute fraudulent schemes.
 - Establish reporting hotlines and whistleblower protections to support fraud detection.

- **Key criteria and technical requirements:**

1. Key Performance Indicators (KPIs)²⁵:

S No.	Recommended KPI	Formula	Relevant Details
1	% Reduction in GHG Emissions Attributable to Carbon Tax Implementation	$\{(Emissions\ baseline - Emissions\ post-tax) / Emissions\ baseline\} \times 100$	Measured in tons of CO2 equivalent reductions annually
2	Revenue Generated from Carbon Tax (AED)	-	Total tax revenue collected per year
3	Tax Coverage Ratio (%)	% of total national emissions covered by tax (measured annually)	Ensures broad sectoral application of tax
4	Industry Adaptation Rate (%)	% of taxed industries transitioning to low-carbon alternatives	Tracks the effectiveness of carbon pricing in driving green investments
5	Leakage Mitigation Effectiveness	Change in production or output of key industries post-tax implementation	Assesses whether carbon leakage occurs due to taxation
6	Fraud Detection & Prevention Effectiveness	Number of detected fraud cases prosecuted ÷ total suspected cases (%)	Tracks effectiveness of anti-avoidance and fraud-prevention mechanisms

²⁵ List of Recommended KPIs is in alignment with World Bank and IMF Guidance

2. Recommended timelines for execution:

S No.	Execution Phase	Timeline	Recommended Actions	Strategic Relevance
1	Feasibility & Design	2027 - 2029	Conduct emissions/economic modelling. Identify high-impact sectors and define tax objectives. Assess administrative readiness. Benchmark international fraud/avoidance cases (esp. from EU ETS) and design draft anti-avoidance provisions.	Establishes foundational readiness without disrupting tax competitiveness and builds safeguards into design from the outset.
2	Design Finalization & Piloting	2029 - 2032	Finalize tax rate and scope. Pilot in sectors such as power or heavy industry. Launch awareness and compliance frameworks. Test anti-avoidance mechanisms (audits, verification protocols) during pilot phase.	Builds real-world feedback before full implementation and validates fraud-prevention systems.
3	Full-scale Implementation	2032 - 2035	Expand carbon tax to all target sectors. Adjust rates based on emissions targets and feedback. Track KPIs (revenue, emissions reductions, compliance). Enforce and continuously refine anti-avoidance rules, with inter-agency coordination.	Delivers long-term revenue and climate mitigation outcomes while safeguarding integrity of the tax system.



Emissions Trading Scheme (ETS) Framework



Objective

The objective of the Emissions Trading Scheme (ETS) is to establish a market-based mechanism that effectively reduces greenhouse gas (GHG) emissions while supporting a smooth transition to a low-carbon economy. The framework ensures that emissions reductions align with national policy goals and global best practices.



Applicable standards and frameworks²⁶

- **World Bank Group's Emissions Trading in Practice: A Handbook on Design and Implementation**
- **UN Handbook on Carbon Taxation for Developing Countries**
- **Keystones of ETS design - initial high-level decisions:** Before implementing an ETS, several foundational decisions must be made:
 - **Defining scope:** Identify sectors, entities, and points of regulation for emissions trading.
 - **Setting the cap:** Establish the initial emissions cap and determine how it evolves over time.
 - **Allocation & market stability:** Develop allocation mechanisms and market stabilization tools.
 - **Pilot vs. full implementation:** Decide whether to launch the ETS in phases or implement it at full scale.



Recommended action steps:



1 Define the scope:

- Define the scope of the ETS, i.e. the geographic area, sectors, emissions sources, and GHGs for which allowances will have to be surrendered, as well as which entities will have to surrender them.
 - » Based on the World Bank guidance, there is a great diversity across existing ETSs in terms of scope, suggesting there is no single approach that is considered right. Given below are a few general observations globally:
 - Almost all the ETS systems cover at least the power and industrial sectors
 - All systems cover carbon dioxide; many cover up to seven gases
- Choose the points of regulation, and choose the entities to regulate, considering whether to set thresholds.
 - Generally, a broader system coverage (scope) is desirable as it increases the range of low-cost mitigation options, allowing emissions reductions to be achieved at the least cost. However, a broader system may impose greater regulatory burdens on small emitters. Thus, using thresholds to exclude small emitters can be helpful.
 - A phased approach can also be useful to allow time to build the capacity to include smaller or more complex sectors.

26 World Bank Group's Emissions Trading in Practice: A Handbook on Design and Implementation: The World Bank Group's Emissions Trading in Practice Handbook provides a detailed guide for policymakers on designing and implementing emissions trading systems (ETS). It outlines key design elements, best practices, and case studies from existing ETS programs worldwide. The handbook serves as a practical resource to help governments and stakeholders develop market-based mechanisms for reducing greenhouse gas emissions efficiently while supporting economic and environmental objectives.

The UN Handbook on Carbon Taxation for Developing Countries is a practical and policy-focused guide developed by the United Nations Committee of Experts on International Cooperation in Tax Matters and its Subcommittee on Environmental Taxation Issues. It responds directly to requests from developing nations for clear, actionable guidance on the design and administration of carbon taxes

2 Set the cap:

- Create a robust foundation of data to determine the cap:
 - » Setting the cap requires assessment of the nation's historical emissions, its projected emissions (which depend on both anticipated improvements in emissions intensity and projected economic growth and development), and mitigation opportunities and costs. It should reflect consideration of how other current or planned policies could influence ETS outcomes.
 - Cap setting will benefit from early data collection and greater reliance on historical data.
- Determine the level and the type of cap:
 - » Broadly, there are two kinds of caps:
 - Absolute caps set targets for each compliance period in tons of emissions reductions, although flexibility can be provided by banking provisions, allowance reserves, offset credits, linking, and periodic reviews that may result in cap adjustments.
 - Intensity (-based) caps prescribe the number of allowances to be issued per measure of output (e.g., GDP or kilowatt-hour of electricity), which allows them to adjust automatically to fluctuations in economic output but provides less certainty over emissions outcomes.
 - Generally, ETS with absolute caps are more common.
 - » Choose time periods for cap setting and provide a long-term cap trajectory.
 - To support effective market operation and build confidence and support among market participants, a long-term cap trajectory should be combined with transparent, rules-based processes for possible modifications to the cap and advance notice of future changes.

3 Distribute allowances:

- Determine how the MoF and/or the other entities that the MoF is collaborating with are going to distribute allowances, and match allocation methods to policy objectives.
 - » Generally, allowances can be distributed through free allocation, auctioning, or some combination of the two, as well as award allowances for removals.
 - » The objectives of allocation (e.g., managing the transition into the ETS, preserving incentives for cost-effective abatement) should be transparently stated upfront, and subsequent decisions on allocation design issues should be explained and justified by reference to these objectives, as allocation decisions can become highly contentious and a key focus of stakeholder attention and political discussion.
 - » The objectives of allocation and allocation design features can be expected to evolve over time
- Define eligibility and method for free allocation and balance with auctions over time.
- Define treatment of entrants, closures, and removals (activities that remove CO₂).

4 Consider the use of offsets:

- Determine whether to accept offsets from uncovered sources and sectors within and/or outside the jurisdiction.
- Choose eligible sectors, gases, and activities.
 - » Offsets can come from a variety of sources: entities from uncovered sectors within the jurisdiction (e.g., depending on the system, transport, forestry, or agriculture); uncovered entities outside the jurisdiction's borders; and early (pre-ETS) reductions.
- Decide on limits on the use of offsets.
 - » There is a concern that extensive use of offsets and the reduction in abatement in the capped sectors increases the risk of the locking in of emissions-intensive infrastructure.
 - » Establish a system for monitoring, reporting, verification (MRV), and governance.
 - The quality of MRV of offsets needs to match that of the ETS to ensure environmental equivalence of offsets and allowances.
 - This can be challenging because, unlike ETS allowances issued in relation to a cap, offsets are credited relative to business-as-usual (BAU) (referring to the projected level of emissions that would occur without any intervention or additional measures), using benchmarks or counterfactual baselines.
 - Unless this is done carefully, without conservative assumptions and rigorous monitoring and reporting, there is a risk that at least some offset activities may not be additional to BAU (projects may not provide genuine emission reductions) and result in emissions shifts rather than reductions.

5 Consider the use of offsets:

- Set rules for banking (carrying over) allowances.
 - » Based on the World Bank guidance, one of the attractions of an ETS is that it can provide some flexibility for entities as to when they wish to reduce emissions. This flexibility in timing must be balanced against the certainty of achieving reductions.
 - » Key policy decisions in this regard include setting the length of reporting and compliance periods and enabling participants to bank (carry over) or borrow allowances across compliance periods.
- Set rules for borrowing allowances and early allocation.
 - » Borrowing is effectively equivalent to longer compliance periods, which can offer companies greater flexibility around the timing of investments in emissions abatement, potentially lowering costs significantly. However, excessively long compliance periods can create incentives to delay action and investment in reducing emissions, which might increase costs.
 - » With borrowing, regulators may find it difficult to monitor the creditworthiness of the borrowers.
 - » Set the length of reporting and compliance periods.
 - Limiting compliance periods, typically to 1-3 years, ensures early mitigation and market activity, which may be important to demonstrate early progress toward emissions reduction targets.

6 Address price predictability and cost containment:

- Establish the rationale for, and risks associated with, market intervention.
- Choose whether to intervene to address low prices, high prices, or both.
 - » Based on World Bank guidance, it may be hard to predict longer-term ETS prices accurately, because they depend on several factors, including variations in economic activity, volatility and variability in fuel markets, etc.
 - » Persistently low prices in an ETS could arise because mitigation turns out to be easier than expected, among other reasons. There is also a possibility of high prices.
 - » ETS design can reduce this potential volatility and uncertainty about prices. Design options can vary according to whether they adjust the quantity of allowances or place constraints on the price, and the extent of discretion they give policy makers.
- Choose the appropriate instrument for market intervention.
 - » There is growing recognition that appropriate market management approaches can help sustain prices to promote investment and maintain auction revenue, control costs, and ensure mitigation is consistent with long-term goals.
 - » Based on the World Bank guidance, a range of different approaches are being trialed: allowance reserves are becoming a more common tool to contain costs and manage prices while limiting emissions; and introducing a price floor at auction can help secure the value of mitigation investments by ETS participants and offsets providers.

7 Ensure compliance and oversight:

- Identify the regulated entities.
 - » It can be useful to start implementing effective systems for MRV of GHG emissions early in the process of ETS development to support later compliance assessment. This includes legal and administrative considerations around identification of regulated entities and development of detailed methodologies and guidance for emissions monitoring.
- Manage emissions reporting by regulated entities.
 - » An initial stand-alone period of MRV or a pilot phase can enable capacity building before implementing a full-scale ETS.
 - » It can be costly to monitor emissions with high levels of accuracy and precision; lower-cost approaches such as using default emissions factors can provide unbiased estimates for predictable sources of emissions.
 - » Emissions reporting can use existing data collection activities for energy production, fuel characteristics, energy use, industrial output, and transport.
- Approve and manage the performance of verifiers.
 - » Depending on the strength of existing auditing systems, government regulators may need to play a stronger role in verification during the initial phase while third-party verifiers are building their own capacities to fulfil new functions.

- Establish and oversee the ETS registry.
 - » Making emissions data transparent strengthens market oversight, but data management systems must protect confidential and commercially sensitive information.
- Design and implement the penalty and enforcement approach.
 - » When problems with compliance arise, the ETS regulator and the government should respond quickly to safeguard the integrity and liquidity of the market and maintain the trust and confidence of market participants.
 - » In some systems, the reputational implications of noncompliance, especially when reinforced by public disclosure of ETS performance, have proven to be a strong
- Regulate and oversee the market for ETS emissions units.
- Introducing Anti-Avoidance and Fraud-Prevention Rules:
 - » Mandate legislative safeguards to address risks such as VAT carousel fraud, market manipulation, fake offsets, and double counting.
 - » Require robust KYC (Know Your Customer) checks for registry account holders.
 - » Implement real-time transaction monitoring and anomaly detection in the ETS registry.
 - » Define clear penalties for fraudulent allowance trades or offset submissions.
 - » Coordinate with the Federal Tax Authority, financial regulators, and law enforcement to detect and prosecute fraudulent activity.
 - » Provide whistleblower channels for market participants to report suspicious activity

8 Engage stakeholders, communicate, and build capacities:

- Map stakeholders and respective positions, interests, and concerns.
- Coordinate across departments for a transparent decision-making process and to avoid policy misalignment.
 - » Government decision making on an ETS can be facilitated by strong executive and ministerial leadership, the clear allocation of responsibilities across departments, and the designation of interdepartmental working groups.
- Design an engagement strategy for consultation of stakeholder groups specifying format, timeline, and objectives.
 - » Where possible, engagement should start at the beginning of ETS planning and continue throughout the process of design, authorization, and implementation.
 - » Using stakeholder expertise will improve ETS design and help gain trust, understanding, and acceptance. Cultivating ETS champions can help broaden support for an ETS.
- Design a communication strategy that resonates with local and immediate public concerns.
- Identify and address ETS capacity-building needs.

9 Consider linking the ETS (if required):

Linking occurs when an ETS allows regulated entities to use units (allowances or credits) issued under another jurisdiction's system as valid currency for compliance, with or without restrictions. Linking broadens flexibility as to where emissions reductions can occur and so takes advantage of a broader array of abatement opportunities, thereby lowering the aggregate costs of meeting emissions targets. It can also improve market liquidity; help address leakage and competitiveness concerns and facilitate international cooperation on climate policy. Linking can also, however, incur risks. It reduces jurisdictions' control over domestic prices and mitigation effort (including the potential loss of local co-benefits) and limits their autonomy over ETS design features. It also holds the potential for financial transfers out of the jurisdiction.

- Determine linking objectives and strategy.
 - » Jurisdictions should prepare early for linking, but link strategically and only when suitable.
 - » While full linkage may bring greater economic benefits, restricted linking (typically allowing only a certain percentage or number of foreign units to be used for compliance or restricting trades to only one direction) may be easier to design and control and may help address some of the potential disadvantages associated with linking.
 - » Another form of restricted linking would be to assign different values to units deriving from different systems. This could reward more advanced systems and provide less advanced systems with an “on-ramp” toward more fully participating in a linked system.
- Identify linkage partners (jurisdictions that connect their ETSs).
- Determine the type of link.
- Align key program design features.
 - » Key design features need to be harmonized to ensure environmental integrity and price stability when linking; additional design features may need to be harmonized for political reasons. This harmonization will take time and may be phased in
- Form and govern the link.

10 Implement, evaluate, and improve:

- Decide on the timing and process of implementation of ETS.
 - » Based on World Bank guidance, every ETS has required an extensive preparatory phase to collect data and develop technical regulations, frameworks, and institutions. Relying on existing institutions where possible can control costs.
 - » Gradual introduction of an ETS can help in general as it allows for 'learning by doing,' but there is also a risk of leaving negative public perceptions if they encounter difficulties, and not all lessons may be applicable once the ETS is fully launched.
 - » Key options are launching an ETS pilot and phasing of sector coverage, ambition, and the degree of government intervention in the market.
- Decide on the process and scope for reviews.
 - » Providing a predictable review process and schedule can reduce policy uncertainty, a major barrier to low-emissions investment.
- Evaluate the ETS to support review.

11 Key criteria and technical requirements:

1. Key Performance Indicators (KPIs)²⁷

S No.	Recommended KPI	Formula	Relevant Details
1	Reduction in Greenhouse Gas (GHG) Emissions (%)	-	Measured in tons of CO2 equivalent reductions annually
2	Compliance Rate (%)	% of regulated entities meeting ETS obligations	Measures effectiveness of enforcement mechanisms
3	Allowance Prices (AED)	-	Tracks market stability and cost of compliance
4	Revenue Generated from Allowance Auctions (AED)	-	Assesses ETS financial performance and reinvestment potential
5	Market Liquidity	Volume of traded allowances	Indicates efficiency and maturity of the ETS
6	Offset Utilization Rate (%)	% of compliance achieved through offsets	Ensures offsets do not undermine ETS objectives

²⁷ List of Recommended KPIs is in alignment with World Bank Guidance

S No.	Recommended KPI	Formula	Relevant Details
7	Linkage Effectiveness (if required)	Trade volume between linked markets	Evaluates benefits of cross-border cooperation
8	Fraud Detection & Market Integrity	Number of fraud cases detected ÷ total trades (%)	Tracks robustness of anti-avoidance measures and registry oversight

2. Recommended timelines for execution:

S No.	Execution Phase	Timeline	Recommended Actions	Strategic Relevance
1	System Design & Capacity Building	2027 - 2030	• Define scope, cap, and MRV protocols. • Establish registry, governance, and stakeholder groups. • Train regulated entities. • Add design of fraud-prevention protocols, registry safeguards, and legal anti-avoidance clauses.	Builds technical infrastructure for market-based emissions reduction.
2	Pilot Implementation	2030 - 2033	• Launch ETS in high-emission sectors. • Allocate allowances and monitor compliance. • Adjust design based on market behavior. • Stress-test registry security and anti-fraud controls.	Facilitates early testing of market dynamics and readiness.
3	Full Rollout & Linking	2033 - 2038	• Expand ETS scope. • Explore international linking. • Institutionalize performance review cycles. • Continuous monitoring, cross-border fraud safeguards (especially if linking).	Positions UAE as a regional carbon market leader and supports global cooperation.



Sustainable Tax Incentives and Benefits



Objective:

To establish a structured framework that encourages businesses and individuals to adopt environmentally friendly and socially responsible practices through fiscal policies. These incentives aim to accelerate the transition to a sustainable economy by promoting green investment, reducing carbon emissions, and supporting innovation in sustainable technologies, all while aligning with international best practices.



Applicable standards and frameworks²⁸

- OECD Green Growth and Taxation Framework
- IMF Tax Policy and Climate Change Framework
- Tax Incentives Principles (IMF, OECD, UN, World Bank Group)



Types of Sustainable Tax Incentives:

Sustainable tax incentives can be broadly categorized into direct tax incentives and indirect tax benefits:



1 Direct tax incentives:

These incentives directly reduce the tax liabilities of businesses and individuals engaging in sustainable practices

S No.	Type of Incentive	Description	Examples
1	Green Investment Tax Credits	Tax deductions or credits for investments in renewable energy, energy-efficient infrastructure, and circular economy projects	Investment tax credits for solar panels, wind farms, and energy-efficient machinery

28 The OECD Green Growth and Taxation Framework: Outlines how tax policy can support green growth by promoting environmental sustainability while fostering economic development. It provides guidance on designing tax instruments—such as carbon taxes, energy taxation, and incentives for sustainable investments—that encourage resource efficiency and low-carbon transitions. The framework helps policymakers integrate environmental considerations into tax systems, ensuring that fiscal policies contribute to climate and sustainability objectives.

IMF's Tax Policy and Climate Change: The IMF's Tax Policy and Climate Change report explores the role of fiscal policy in addressing climate change, emphasizing the importance of carbon pricing, energy taxation, and other fiscal instruments. It highlights how well-designed tax policies can reduce greenhouse gas emissions, promote sustainable development, and ensure economic resilience while minimizing adverse social impacts. The report provides recommendations for governments to integrate climate considerations into tax policies effectively.

Tax Incentives Principles: These high-level, aspirational principles, issued jointly by the IMF, OECD, UN, and World Bank through the Platform for Collaboration on Tax (PCT), offer developing countries guidance on the **design, implementation, and governance of tax incentives**. They aim to help countries balance the potential benefits of tax incentives—like attracting investment or fostering innovation—against risks such as **revenue loss, economic distortions, and governance challenges**.

S No.	Type of Incentive	Description	Examples
2	R&D Tax Incentives for Sustainability	Tax rebates or deductions for companies investing in research & development of sustainable technologies	Tax credits for carbon capture technology, biofuels, and sustainable packaging research
3	Depreciation Benefits for Green Assets	Accelerated depreciation for assets with environmental benefits, allowing faster tax write-offs	Accelerated depreciation for electric vehicle fleets and green building infrastructure
4	Carbon Tax Rebates (following OECD Pillar Two (P2) recommendations)	Refundable tax credits for companies reducing their carbon footprint	Rebates for companies reducing emissions through energy efficiency improvements

2 Indirect tax incentives:

These incentives work by lowering indirect taxes to make sustainable choices more financially viable

S No.	Type of Incentive	Description	Examples
1	Reduced VAT for Green Products	Lower VAT rates on energy-efficient products and services	Reduced VAT for electric vehicles, solar panels, and eco-friendly appliances
2	Reduced VAT for electric vehicles, solar panels, and eco-friendly appliances	Exemptions from excise duties for environmentally friendly products	Excise tax exemptions for biodegradable plastics and low-emission fuels
3	Import Duty Reductions for Green Technologies	Lower import duties on technologies that reduce environmental impact	Reduced import duties on carbon capture equipment and recycling technology

✓ Recommended action steps:

① Identify eligible sectors and activities:

- Target industries that contribute to sustainability goals, such as:
 - » Renewable energy (solar, wind, hydrogen, etc.)
 - » Energy-efficient manufacturing and industrial processes
 - » Waste management and recycling
 - » Sustainable agriculture and food production
 - » Electric mobility and public transportation
- Align eligibility criteria with UAE's Net Zero by 2050 Strategy and Circular Economy Policy 2031.

② Establishing clear eligibility criteria:

- Define qualifying activities and investments to ensure incentives are directed toward genuine sustainability efforts.
- Criteria may include:
 - » Reduction in carbon footprint (e.g., projects reducing emissions by at least 20%)
 - » Use of certified sustainable materials (e.g., LEED-certified buildings, eco-labelled products)
 - » Contribution to national sustainability goals (e.g., renewable energy targets)

③ Structuring the incentive mechanism:

- Determine the incentive structure:
 - » Fixed tax credits (e.g., 30% tax credit for investments in renewable energy projects)
 - » Variable tax rebates (e.g., rebates based on emission reductions achieved)
 - » Depreciation benefits (e.g., accelerated depreciation for electric vehicle fleets)
- Ensure the administrative process is simple and accessible to encourage widespread adoption.

④ Ensuring transparency and compliance:

- Require businesses to report on sustainability impacts to claim incentives.
- Establish third-party verification for large-scale tax incentives to prevent misuse.
- Implement audits and performance reviews to assess the effectiveness of the incentives.

5 Monitoring and evaluating policy effectiveness

- Develop a framework for periodic review of tax incentives to measure their impact on sustainability objectives:
- KPIs should include:
 - » GHG emissions reductions achieved through incentivized projects
 - » Number of businesses adopting sustainable practices due to tax incentives
 - » Revenue impact vs. environmental benefits of tax incentives

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs):

S No.	Recommended KPI	Formula	Relevant Details
1	Reduction in Greenhouse Gas (GHG) Emissions (%)	% decrease in emissions from businesses using incentives	Measures environmental impact of tax incentives
2	Tax Incentive Utilization Rate (%)	% of eligible businesses claiming sustainability tax incentives	Assesses policy effectiveness and adoption rate
3	Job Creation in Green Sectors (#)	Number of jobs created due to tax-supported green projects	Measures social benefits of tax incentives
4	Compliance Rate (%)	% of tax incentive recipients meeting sustainability criteria	Ensures accountability and effectiveness of tax policies

2 Recommended timelines for execution:

S No.	Execution Phase	Timeline	Recommended Actions	Strategic Relevance
1	Framework Development & Pilots	2026 - 2027	• Identify eligible sectors and design pilot incentives. • Define sustainability-linked eligibility criteria. • Coordinate with MoCCA and FTA.	Ensures focused, cost-effective rollout of tax-based incentives with maximum policy clarity.
2	Implementation & Roll-out	2027 - 2030	• Launch tax incentives across green sectors (EVs, renewables, recycling). • Establish compliance and audit processes. • Monitor uptake and environmental outcomes.	Facilitates early testing of market dynamics and readiness.

S No.	Execution Phase	Timeline	Recommended Actions	Strategic Relevance
3	Expansion & Evaluation	2030 - 2032	- Extend incentives to emerging green sectors (hydrogen, sustainable aviation). - Institutionalize periodic evaluations. - Integrate performance metrics into fiscal dashboards.	Optimizes fiscal efficiency and impact through adaptive policy cycles.

7.4. Consolidated List of KPIs

S No.	Recommended KPI	Formula	Relevant Details
Sustainable Impact Assessment (SIA) Framework KPIs			
1	Sustainability Integration Rate (%)	% of tax policies assessed with SIA prior to adoption	Measures MoF's adoption of sustainability-focused tax evaluations
2	Mitigation Success Rate (%)	% of identified risks effectively addressed	Evaluates effectiveness of risk management measures
Carbon Tax Framework KPIs			
3	% Reduction in GHG Emissions Attributable to Carbon Tax Implementation	$\{(Emissions\ baseline - Emissions\ post-tax) / Emissions\ baseline\} \times 100$	Measured in tons of CO2 equivalent reductions annually
4	Revenue Generated from Carbon Tax (AED)	-	Total tax revenue collected per year
5	Tax Coverage Ratio (%)	% of total national emissions covered by tax (measured annually)	Ensures broad sectoral application of tax
6	Industry Adaptation Rate (%)	% of taxed industries transitioning to low-carbon alternatives	Tracks the effectiveness of carbon pricing in driving green investments
7	Leakage Mitigation Effectiveness	Change in production or output of key industries post-tax implementation	Assesses whether carbon leakage occurs due to taxation

S No.	Recommended KPI	Formula	Relevant Details
8	Fraud Detection & Prevention Effectiveness	Number of detected fraud cases prosecuted ÷ total suspected cases (%)	Tracks effectiveness of anti-avoidance and fraud-prevention mechanisms
*Recommended	Adherence to Carbon Tax Design Principles	(Number of Principles Fully Addressed / Total Number of Applicable Principles) × 100	Measures the alignment with FASTER principles
ETS Framework KPIs			
9	Reduction in Greenhouse Gas (GHG) Emissions (%)	-	Measured in tons of CO2 equivalent reductions annually
10	Compliance Rate (%)	% of regulated entities meeting ETS obligations	Measures effectiveness of enforcement mechanisms
11	Allowance Prices (AED)	-	Tracks market stability and cost of compliance
12	Revenue Generated from Allowance Auctions (AED)	-	Assesses ETS financial performance and reinvestment potential
13	Market Liquidity	Volume of traded allowances	Indicates efficiency and maturity of the ETS
14	Offset Utilization Rate (%)	% of compliance achieved through offsets	Ensures offsets do not undermine ETS objectives
15	Linkage Effectiveness (if required)	Trade volume between linked markets	Evaluates benefits of cross-border cooperation
16	Fraud Detection & Market Integrity	Number of fraud cases detected ÷ total trades (%)	Tracks robustness of anti-avoidance measures and registry oversight
Sustainable Tax Incentives & Benefits KPIs			
17	Reduction in Greenhouse Gas (GHG) Emissions (%)	% decrease in emissions from businesses using incentives	Measures environmental impact of tax incentives
18	Tax Incentive Utilization Rate (%)	% of eligible businesses claiming sustainability tax incentives	Assesses policy effectiveness and adoption rate

S No.	Recommended KPI	Formula	Relevant Details
19	Job Creation in Green Sectors (#)	Number of jobs created due to tax-supported green projects	Measures social benefits of tax incentives
20	Compliance Rate (%)	% of tax incentive recipients meeting sustainability criteria	Ensures accountability and effectiveness of tax policies
*Recommended	Adherence to Sustainable Tax Incentives Principles	(Number of Principles Fully Addressed / Total Number of Applicable Principles) × 100	Measures the alignment with “Tax Incentives Principles” by the Platform for Collaboration on Tax (IMF, OECD, UN, World Bank)

8.



Sustainable Revenue

8. Sustainable Revenue

The UAE Ministry of Finance plays a pivotal role in maintaining the fiscal stability, economic competitiveness, and long-term sustainability of the nation's public finances. As global economic systems evolve under the pressures of climate change, technological disruption, and shifting societal needs, there is an increasing imperative to ensure that revenue management practices are not only efficient and compliant, but also resilient, inclusive, and future-ready.

The Revenue Department tasked with policy development, forecasting, collection oversight, and revenue development has already made significant strides in modernizing revenue systems. Initiatives such as the Cashless Government Strategy, the FARES forecasting platform, and legal enhancements to debt recovery demonstrate a commitment to digital transformation and operational efficiency. However, sustainability in public revenue requires going beyond digital upgrades to integrate social equity, adaptive capacity, and forward-looking policy mechanisms into every aspect of the revenue cycle.

The sustainable revenue framework provides a structured framework to guide the Revenue Department in embedding sustainability principles into its core mandates. The framework highlights areas where equity, resilience, and adaptability can be further enhanced, with the aim of future-proofing the UAE's revenue ecosystem.

8.1. Scope

This section defines the boundaries of the Sustainable Revenue Framework in terms of its application across the functions and responsibilities of the Revenue Department. It clarifies where the framework applies, the activities and decisions it covers, and any exclusions or limitations to its implementation.

8.1.1 Scope of Application

The Sustainable Revenue Framework applies to all key functions carried out by the Revenue Department within the UAE Ministry of Finance, particularly where there is an opportunity to integrate environmental, social, or resilience-oriented considerations into revenue-related decision-making and operations.

- **Policy and Procedure Development:** Formulation, review, and evaluation of revenue-related policies and procedural frameworks, especially where these influence social or sectoral outcomes.
- **Revenue Cycle Management:** Processes related to defining revenue cycles, setting targets, and designing revenue sharing or allocation mechanisms across sectors and levels of government.

- **Revenue Development and Proposals:** Activities associated with identifying new revenue opportunities, recommending service fee structures, or managing franchise-related revenues.
- **Revenue Collection and Legal Proceedings:** Development and oversight of revenue collection frameworks, coordination with collection partners, handling grievances, and managing debt enforcement and recovery.

8.1.2 Exclusions and Limitations

While the Sustainable Revenue Framework seeks to embed sustainability principles across all revenue-related functions, it does not override or duplicate existing legal, regulatory, or financial controls. Specific limitations include:

- The framework does not prescribe tax or tariff policy, which may fall under separate authorities or fiscal instruments not managed by the Revenue Department.
- The framework does not serve as a substitute for financial reporting, auditing, or compliance regulations, although it may support those functions indirectly through improved practices.
- The implementation of the recommendations in the framework may be subject to budgetary, legal, or technological constraints, especially where cross-ministerial coordination is required.
- The framework focuses on strategic and operational alignment with sustainability goals, rather than direct environmental or social program delivery, which remains the mandate of sectoral ministries (e.g., MOCCA, MOEI).

8.2. Target Audience

The Sustainable Revenue Framework is designed to provide practical direction and policy alignment for stakeholders involved in the planning, management, and oversight of federal revenue functions. It ensures that sustainability considerations are well-integrated across internal processes, intergovernmental coordination, and external service relationships.

8.2.1 Internal Stakeholders

The following MoF departments within the UAE Ministry of Finance and the broader federal government play supporting or consultative roles in implementing the framework:

- **Macro Fiscal Policy Department, UAE Ministry of Finance:** Responsible for alignment with macroeconomic and fiscal sustainability strategies.
- **Government Budget Department, UAE Ministry of Finance:** Support in ensuring consistency with green budgeting and social inclusion frameworks.
- **Internal Audit Office and Legal Affairs Department, UAE Ministry of Finance:** Support with review of compliance and contractual implications of new revenue procedures or mitigation mechanisms.
- **Information Technology Department, UAE Ministry of Finance:** Support particularly in managing the FARES forecasting system and digital payment platforms to enable data-driven decision-making.

8.2.2 External Stakeholders

The implementation of a sustainable revenue framework also depends on collaboration with a range of external entities:

- **Commercial Banks and Payment Providers:** Responsible for enabling cashless, transparent, and efficient revenue collection systems.
- **Federal and Local Government Entities:** Especially those involved in joint fee structures, revenue sharing, or sector-specific collections.
- **Ministry of Economy and Tourism (MOE):** Provide support for coordinating sectoral shifts and economic development plans.
- **Ministry of Human Resources and Emiratization (MOHRE):** Support for revenue-related implications of labor policies.
- **Ministry of Climate Change and Environment (MOCCA):** Engage where revenue structures intersect with environmental goals or carbon pricing discussions.
- **Ministry of Justice (MOJ):** Support with review of compliance and contractual implications of new revenue procedures or mitigation mechanisms.
- **Private Sector Concessionaires or Franchise Operators:** Engage where relevant, under service-based revenue models.

8.3. Application Mechanism

The Sustainable framework section primarily covers key sustainability aspects to be directly integrated into revenue management processes such as “Equitable Revenue Collection and Debt Recovery” and “Resilience and Sustainability of Government Revenue Streams”.

8.3.1 Revenue Department

This section presents the Sustainability Frameworks for the Government Revenue Department, organized into two main areas: 1. Equitable Revenue Collection and Debt Recovery; and 2. Resilience and Sustainability of Government Revenue Streams. Each area is dedicated to embedding sustainability within the Ministry of Finance’s (MoF) mandates and operations.

The following table establishes the structure of both “Equitable Revenue Collection and Debt Recovery” and “Resilience and Sustainability of Government Revenue Streams” sub-sections:

S No.	Focus Area	Coverage
a.	Objective	Defines the importance of the respective framework within revenue processes
b.	Applicable Standards and Frameworks	Key globally recognized frameworks referred to draft the sub-sections
c.	Recommended action steps	Step by step guidance defining the approach on conducting and executing the respective framework along with the role of respective stakeholders involved
d.	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking

Additional information specific to each section is also included to ensure clarity and alignment with Ministry of Finance’s sustainability goals.



Equitable Revenue Collection Debt Recovery in Line with Approved Procedures



Objective

This section aims to promote social fairness by introducing structured relief options for those facing financial hardship, enable adaptive and inclusive collection practices during economic stress, strengthen trust and compliance through clear eligibility and dispute resolution mechanisms, and align debt recovery operations with the UAE's broader commitments to social sustainability, inclusive growth, and good governance.

- ✓ **Applicable standards and frameworks²⁹:**
 - i. UN Sustainable Development Goals (SDGs) - Target 10.4 Adopt Fiscal and Social Policies that Promote Equality**

- ✓ **Recommended action steps:**

The following **recommendations shall be implemented by the Ministry of Finance**, to support effective and informed revenue management.

- 1 **Define and operationalize financial hardship criteria:**
 - Develop hardship criteria using data grounded in objective, verifiable indicators such as income thresholds, temporary unemployment, business revenue decline, or documented economic shocks.
 - » For example, a business showing a 30% drop in turnover over the last two quarters, or an individual registered in a social support program could automatically qualify for a review. These criteria should be adaptable to different types of revenue (e.g., franchise fees, service payments) and coordinated with national databases where available.
 - » Additionally, enabling individuals to apply for hardship consideration through an online self-declaration form, which is later verified against tax and income records shall be recommended. A model could leverage existing tools like FARES to auto-flag accounts based on delayed payment patterns or economic vulnerability indicators.
 - Once the criteria are established, MoF shall embed them into a standardized screening tool, made accessible through all revenue collection interfaces including those operated by commercial banks and service partners.

29 Target 10.4 of the UN Sustainable Development Goals: Calls on countries to adopt fiscal, wage, and social protection policies that progressively achieve greater equality. It emphasizes the role of equitable public finance and inclusive economic planning in reducing income disparities and promoting social cohesion, particularly through taxation, public spending, and social safety nets that benefit marginalized and vulnerable populations.

2 Introduce tiered repayment options:

- For eligible individuals or businesses, offering structured repayment plans can ease financial pressure while preserving the integrity of revenue collection. A tiered approach is recommended:
 - » **Tier 1:** Standard short-term instalment plans (e.g., 3-6 months)
 - » **Tier 2:** Income-based repayment models, where individuals pay a fixed percentage (e.g., 10%) of monthly earnings
 - » **Tier 3:** Deferred payment schedules that provide a grace period before collections begin (e.g., 3-month deferral followed by 9-month ramp-up)
- It is recommended to implement an approach where taxpayers facing financial distress can log into the Ministry of Finance's digital portals and access a set of pre-approved repayment options tailored to their status, with the system automatically suggesting suitable plans based on their account profile and payment history. To ensure successful implementation, these options shall be:
 - » Built into the MoF and commercial bank collection systems
 - » Supported by automated alerts and reminders (e.g., SMS, email)
 - » Monitored in real time through the FARES system
- Additionally, policies shall clarify that entering into a repayment agreement pauses further legal action, incentivizing voluntary compliance.

3 Update internal SOPs and legal instruments:

- Repayment flexibility and relief mechanisms shall be backed by a strong procedural and legal foundation. This requires revising MoF's internal Standard Operating Procedures (SOPs), contracts, and collection guidelines to ensure that these tools are:
 - » Legally permissible
 - » Operationally consistent
 - » Clear to both government staff and external partners
- The SOPs shall include a step-by-step workflow for hardship screening, repayment agreement negotiation, and follow-up monitoring. Similarly, contract templates and debt enforcement notices shall be updated to reflect clauses that allow for temporary deferral, instalment arrangements, and termination of action upon plan compliance.
- Legal validation shall be sought from the Ministry of Justice or MoF legal affairs department, ensuring that such flexibility does not limit enforceability or open risk exposure.

4 Establish a grievance redressal and appeals mechanism:

- A sustainable and fair collection system must also allow for transparent resolution of disputes or hardship claims. The Ministry of Finance shall establish an internal Grievance and Appeals Committee, responsible for reviewing cases where:
 - » A debtor contests a liability or penalty
 - » A hardship application is denied and appealed
 - » A flexible repayment request needs escalation
- The process shall follow defined timelines (e.g., decision within 10 working days), and outcomes shall be communicated in writing through both digital and official channels.
- This committee shall consist of cross-functional representatives from legal, revenue operations, and legal affairs. Case decisions shall be logged in a central database to ensure consistency, transparency, and data availability for future policy refinement.
- To increase accessibility, MoF can allow multi-channel grievance submissions, including web forms, email, or call centre support.

5 Monitor performance and continuous improvement:

- The implementation of relief and flexibility measures shall be actively monitored through a performance dashboard integrated into the MoF's operational systems. This dashboard could track:
 - » Number and percentage of hardship applications received and approved
 - » Repayment plan adherence rates and amounts recovered
 - » Grievances resolved within SLA
 - » Sector-wise or demographic breakdown of hardship incidence
- These insights shall be reviewed on a quarterly basis and shared with relevant stakeholders, including MoF leadership and federal oversight bodies.
 - » If uptake is low, MoF can adjust eligibility thresholds or simplify application procedures.
 - » If non-compliance is high, automated reminders or stricter follow-ups may be introduced.
 - » Periodic surveys or feedback forms can also provide insight into debtor experience and areas for improvement.

✓ **Key criteria and technical requirements:**

① **Key Performance Indicators (KPIs):**

S No.	Recommended KPI	Formula	Relevant Details
1	% of hardship applicants approved	(Number of approved hardship applications / Total number of hardship applications submitted) × 100	Share of total eligible cases successfully granted relief
2	% of total debt collected via repayment plans	(Total amount collected through repayment plans / Total amount eligible for repayment plans) × 100	Indicates effectiveness of flexible arrangements
3	% of grievances resolved within SLA	(Number of grievances resolved within SLA timeframe / Total number of grievances received) × 100	Measures responsiveness and fairness
4	% deviation in collection rates post-implementation	[(Collection rate before - Collection rate after) / Collection rate before] × 100	Tracks financial impact of relief policies

→\$← Resilience and Sustainability of Government Revenue Streams



Objective

This section aims to help the Ministry of Finance ensure that federal revenue streams remain stable, future-oriented, and responsive to structural economic changes by enabling early identification of shifts impacting revenue sustainability, institutionalizing scenario testing and long-term forecasting, supporting the development of adaptive and diversified revenue models aligned with green, digital, and circular economy trends, and reinforcing the Ministry's role as a strategic advisor in mitigating fiscal risks tied to emerging sectors and macroeconomic volatility.

✓ **Applicable standards and frameworks³⁰:**

i. IMF Fiscal Transparency Code (Pillar IV)

✓ **Recommended action steps:**

The following **recommendations shall be implemented by the Ministry of Finance**, to support effective and informed revenue management.

30 The IMF Fiscal Transparency Code (Pillar IV): Focuses on enhancing the governance, accountability, and long-term sustainability of resource-related revenues, particularly in economies where public finances are significantly linked to natural resource sectors. While the UAE is actively transitioning toward economic diversification, this pillar offers relevant guidance for the transparent and resilient management of revenues tied to hydrocarbons and other finite resources. It emphasizes the need for robust forecasting, volatility mitigation, and disclosure practices, aligning closely with the Revenue Department's efforts to build a more future-proof, risk-informed revenue system in the face of decarbonization and structural shifts in the global economy.

1 Institutionalize sectoral shift monitoring and revenue risk identification:

- To prepare for structural changes in the economy, the Revenue Department shall introduce a dedicated workstream for sectoral analysis, focusing on industries experiencing rapid transformation or decline. This would include sectors affected by:
 - » Green transition (e.g., energy subsidies, carbon pricing, EV adoption)
 - » Digitalization (e.g., platform economy, AI-driven services)
 - » Automation and labor shifts
 - » Global trade volatility and supply chain realignment
- In collaboration with key federal entities such as Ministry of Climate Change and Environment, Ministry of Economy, and Ministry of Energy and Infrastructure along with other sectoral regulators, the Revenue Department shall regularly (recommended quarterly) compile data on emerging risks and opportunities.
- Identify revenue types at risk due to climate goals or digital substitution.

2 Expand and deepen scenario testing through FARES:

- The FARES platform already provides the MoF with powerful forecasting capabilities. This functionality should now be extended to model structural revenue vulnerabilities and long-term sustainability scenarios, apart from near-term cash flows.
- It is recommended to develop tailored scenario sets, such as:
 - » Oil price volatility + green policy acceleration
 - » Rapid automation displacing SMEs
 - » Digital economy growth with declining traditional licensing revenues
 - » Climate shocks reducing franchise revenues in infrastructure sectors
- Moreover, it is also recommended to integrate macro trends from national strategies like Net Zero 2050 and the Green Agenda as default FARES scenario variables
- Each scenario shall be linked to implications for revenue composition, allowing the Revenue Department to explore:
 - » Revenue at risk (e.g., % exposed to climate or digital transition)
 - » Alternative revenue options (e.g., digital fees, usage-based models)
 - » Adaptive policies (e.g., dynamic pricing models, sector-specific risk buffers)

3 Design adaptive and future aligned revenue models:

- In response to identified risks and gaps, the Revenue Department shall explore and pilot next-generation revenue models that are more aligned with a sustainable and digitized economy. Examples include:
 - » Use-based or behavioral revenue models, such as congestion pricing, eco-fees, or green franchise premiums
 - » Dynamic service fee structures, responsive to economic cycles or sustainability performance
 - » Revenue-sharing frameworks with emirates or local entities based on shared sustainability outcomes (e.g., waste reduction, EV adoption)
 - » Voluntary environmental compliance fees or “green contribution” models, tied to public service co-financing.
- The Revenue Department shall start by identifying 1-2 pilot areas (e.g., EV charging networks, smart parking services) and design a revenue model that incorporates environmental performance, service efficiency, and user fairness.

4 Embed resilience into revenue policy review and development:

- As the Revenue Department reviews or proposes policies related to revenue, service fees, or collection mechanisms, it shall institutionalize a “resilience check” to ensure each measure is:
 - » **Diversified** (not overly dependent on a volatile base)
 - » **Responsive to macroeconomic shifts**
 - » **Aligned with long-term sustainability goals.**
- The Revenue Department shall adopt a standardized Revenue Resilience Screening Template, which asks policy developers questions like:
 - » How would this revenue stream perform under a Net Zero scenario?
 - » Is the payer base concentrated in one vulnerable sector?
 - » Could the revenue be automated or digitized in the future?
 - » Does the fee or structure discourage sustainable behavior?
- The template shall be used internally or shared with other federal entities submitting new revenue proposals for cross-evaluation.

5 Report on emerging fiscal sustainability risks:

- The Revenue Department shall prepare annual or biennial risk briefs summarizing revenue vulnerabilities, supported by FARES outputs and sector intelligence. These reports shall:
 - » Flag at-risk revenue sources (e.g., carbon-based franchises, outdated licensing)
 - » Recommend diversification pathways
 - » Propose mitigation strategies (e.g., digitization, green pricing reforms).
- The “Revenue Sustainability Risk Brief” shall be shared with internal departments including the Government Budget Department for effective fiscal planning.

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs)³¹:

S No.	Recommended KPI	Formula	Relevant Details
1	% of major revenue streams assessed under sectoral risk framework	$(\text{Number of major revenue streams assessed using sectoral risk framework} / \text{Total number of identified major revenue streams}) \times 100$	Measures integration of risk planning
2	% of new revenue proposals screened for resilience	$(\text{Number of new revenue proposals reviewed using resilience screening template} / \text{Total number of new revenue proposals submitted}) \times 100$	Assesses integration in policy development
3	Revenue exposure to high-risk sectors	$(\text{Total revenue from high-risk sectors} / \text{Total federal revenue}) \times 100$	Quantifies vulnerability to disruption
4	Number of new adaptive revenue models tested or proposed	-	Tracking Innovation and Diversification

³¹ List of Recommended KPIs is in alignment with IMF Guidance

8.4. Consolidated List of KPIs

S No.	Recommended KPI	Formula	Relevant Details
Equitable Revenue Collection and Debt Recovery			
1	% of hardship applicants approved	(Number of approved hardship applications / Total number of hardship applications submitted) × 100	Share of total eligible cases successfully granted relief
2	% of total debt collected via repayment plans	(Total amount collected through repayment plans / Total amount eligible for repayment plans) × 100	Indicates effectiveness of flexible arrangements
3	% of grievances resolved within SLA	(Number of grievances resolved within SLA timeframe / Total number of grievances received) × 100	Measures responsiveness and fairness
4	% deviation in collection rates post-implementation	[(Collection rate before - Collection rate after) / Collection rate before] × 100	Tracks financial impact of relief policies
Resilience and Sustainability of Government Revenue Streams			
5	% of major revenue streams assessed under sectoral risk framework	(Number of major revenue streams assessed using sectoral risk framework / Total number of identified major revenue streams) × 100	Measures integration of risk planning
6	% of new revenue proposals screened for resilience	(Number of new revenue proposals reviewed using resilience screening template / Total number of new revenue proposals submitted) × 100	Assesses integration in policy development
7	Revenue exposure to high-risk sectors	(Total revenue from high-risk sectors / Total federal revenue) × 100	Quantifies vulnerability to disruption
8	# of new adaptive revenue models piloted or proposed	-	Tracks innovation and diversification

9.



Sustainable Assets Guideline

9. Sustainable Assets

The United Arab Emirates (UAE), guided by its visionary leadership, has established itself as a global leader in sustainable development. National strategies such as the UAE Net Zero by 2050 Strategic Initiative, the UAE Green Agenda 2030, and the UAE Centennial 2071 Vision highlight the country's ambition to build a climate-resilient, environmentally responsible, and socially inclusive future.

Achieving these ambitions requires embedding sustainability principles across all sectors - including the way public assets are planned, managed, and utilized. Sustainable asset management thus serves as a key enabler, ensuring that federal assets contribute not only to financial efficiency but also to the UAE's broader goals of environmental stewardship and long-term socio-economic progress.

Within this context, the Ministry of Finance (MoF), as the custodian of national resources and public finances, plays a pivotal role in translating these ambitions into practice through the management of federal assets. The Concerned Assets Organizational Unit in the federal entities carries the responsibility of ensuring that public assets - both movable (e.g., ICT equipment, vehicles, furniture, machinery) and immovable (e.g., land, buildings, infrastructure, heritage properties) - are managed in a way that maximizes financial efficiency, enhances environmental sustainability, and generates lasting social value.

Traditionally, asset management has focused on financial efficiency and compliance with accounting standards. However, the challenges of climate change, urbanization, and resource scarcity require a paradigm shift. Assets must now be managed with a whole-life perspective, accounting for their environmental footprint, contribution to community well-being, and resilience to climate and technological disruptions.

This Sustainability Framework for Assets provides a practical, step-by-step framework to support MoF and all federal entities in:

- Integrating sustainability principles into the entire asset lifecycle (acquisition, operation, maintenance, and disposal).
- Embedding environmental, social, and economic sustainability criteria into asset policies, procedures, and performance monitoring.
- Ensuring the equitable, accessible, and community-oriented utilization of government assets.
- Aligning all asset management practices with the UAE's national sustainability priorities and internationally recognized standards.

9.1. Scope:

9.1.1 Scope of Application

This framework applies to all federal public assets under the oversight of the UAE Ministry of Finance (MoF) and its entities, covering both movable and immovable asset categories. It governs their management across the entire life cycle from planning and acquisition to operation, maintenance, utilization, repurposing, and disposal

1 Asset Categories Covered

- **Movable Assets**
 - » ICT equipment (computers, servers, networking devices)
 - » Vehicles and transportation assets
 - » Furniture and fixtures
 - » Machinery and equipment
- **Immovable Assets**
 - » Lands and plots owned or managed by MoF
 - » Buildings (offices, schools, hospitals, warehouses, etc.)
 - » Infrastructure assets (roads, bridges, utilities)
 - » Heritage and cultural properties

2 Assets Lifecycle Stages Covered

- **Planning & Acquisition** - demand management, sustainable procurement, design specifications, lifecycle cost and risk assessments.
- **Operations & Preventive Maintenance** - monitoring, energy and resource efficiency, preventive maintenance planning, performance optimization.
- **Utilization & Occupancy** - equitable access, stakeholder inclusion, Social Impact Assessments (SIA).
- **Repurposing & Adaptive Reuse** - systematic identification and conversion of underutilized or dormant assets into community value.
- **End-of-Life Disposal** - refurbish, reuse, resale/donation, recycling, or safe disposal in line with circular economy principles.

9.1.2 Exclusions and Limitations

To ensure clarity and avoid overlapping, this framework does not cover the following areas:

- **Financial Instruments and Capital Market Tools:** Green bonds, carbon trading, or sustainability-linked financial instruments are excluded, as these fall under separate MoF financial frameworks.
- **Non-Asset Environmental or Regulatory Policies:** Broader environmental regulations (e.g., emission standards, pollution caps) not directly linked to asset management are outside the scope.
- **International Treaties and Agreements:** This framework does not alter or override existing bilateral or multilateral treaties related to property, taxation, or international investments.
- **Sector-Specific Asset Policies:** Policies unique to specialized sectors (e.g., defense, nuclear, aviation assets) are excluded unless explicitly governed by MoF Government Assets Department.
- **Private Sector Assets:** Privately owned assets are excluded, except where MoF manages or regulates them through leasing or contractual arrangements.

9.2. Target Audience

The successful implementation of this framework requires coordinated efforts across multiple entities and stakeholders. This chapter identifies the custodian (primary owner), the internal MoF stakeholders, and the external stakeholders who will support, regulate, or benefit from sustainable asset management practices.

9.2.1 Internal Stakeholders

The following MoF departments and units will play a central role in supporting the Government Assets department in implementing these frameworks:

- **Government Budget Department:**
 - » Allocates budgetary resources for sustainable acquisition, retrofitting, maintenance, and repurposing of assets.
 - » Ensures green budgeting principles are reflected in asset-related expenditures.
- **Government Revenue Department:** Supports financial oversight and revenue alignment for asset utilization and leasing contracts.

- **Public Procurement Department:**
 - » Embeds sustainability specifications and supplier evaluation criteria in procurement processes for movable and immovable assets.
 - » Ensure contracts include sustainability performance clauses.
- **Government Strategy and Future Department:**
 - » Aligns asset strategies with national visions (e.g., Net Zero 2050, Green Agenda 2030).
 - » Provides foresight analysis on future asset demands and risks.
- **Government Digital Services / IT Department:**
 - » Supports integration of sustainability data into Federal government asset management systems.
 - » Enables smart monitoring (IoT, dashboards, analytics) for assets.
 - » Alignment with sustainability and circular economy standards while managing the ICT assets throughout all stages of its life cycle
- **Legal Affairs and Compliance Department:**
 - » Ensures asset-related policies, leases, and contracts are legally compliant and sustainability-linked.
 - » Provides oversight on grievance redressal and dispute resolution in leasing and asset utilization.

9.2.2 External Stakeholders

External actors will provide regulation, technical expertise, and collaboration opportunities:

- **Federal Entities:**
 - » Asset Management Units in federal Entities such as the Ministry of Energy and Infrastructure (MOEI) Ministry of Climate Change and Environment (MOCCAE),
 - » Municipal Authorities, etc. responsible for implementing the framework within their respective asset portfolios.
- **Community & End-Users:**
 - » Tenants and public users of MoF-managed assets.
 - » Local communities & NGOs for consultation on accessibility, repurposing, & equitable utilization.

9.3. Application Mechanism

This section presents the Sustainability Frameworks for the Concerned Assets Organizational Unit in the federal entities, organized into three thematic areas that reflect the department's mandates:

- Sustainable Lifecycle asset Management (Movable & Immovable)
- Equitable and Accessible of Government Asset Utilization
- Repurposing of Underutilized Assets for Social Value

Each area is designed to embed environmental, social, and economic, sustainability pillars into the management of federal assets.

The following table establishes the structure of the 3 sub-sections including - "Sustainable Lifecycle asset Management (Movable & Immovable)", "Equitable and Accessible of Government Asset Utilization", and "Repurposing of Underutilized Assets for Social Value":

S No.	Focus Area	Coverage
1	Objective	Defines the importance of the respective framework within asset management processes
2	Applicable Standards and Frameworks	Key globally recognized frameworks referred to drafting the sub-sections (e.g., ISO 55001, ISO 59004, ISO 15686-5, RICS, UN DESA, UN-Habitat, IFC PS4 ³² , UAE Green Building Regulations, Estidama, etc.).
3	Recommended action steps	Step by step framework defining the approach on conducting and executing the respective framework along with the role of respective stakeholders involved
4	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking

Additional information specific to each section is also included to ensure clarity and alignment with Ministry of Finance's sustainability goals.

³² IFC Performance Standard 4 (PS4) - requires companies to assess and manage risks from their operations that may impact community health, safety, and security by implementing control measures, managing private security responsibly, and engaging with communities and public authorities.

9.3.1 Assets Department



Sustainable Lifecycle Asset Management



Movable Assets



Objective:

To ensure all movable assets such as vehicles, IT equipment, office furniture, and machinery are acquired, used, maintained, and disposed of in a way that maximizes financial efficiency, minimizes environmental impact, and extends useful life. Movable assets have shorter lifespans and higher replacement rates than immovable assets, which makes responsible lifecycle management critical to reducing government costs and advancing the UAE's circular economy and Net Zero 2050 goals.



Applicable standards and frameworks³³:

- **ISO 55001 (Asset Management Systems):** Provides principles for systematic management of assets throughout their lifecycle.
- **ISO 59004 (Circular Economy):** Provides guidelines to implement or improve circular economy practices more effectively.
- **ISO 15686-5 (Life Cycle Costing):** Guides on how to assess total ownership costs of assets.
- **UNEP Sustainable Public Procurement Guidelines:** Promote sustainable criteria in asset acquisition.

33 ISO 55001 (Asset Management Systems): ISO 55001 specifies the requirements for establishing, implementing, maintaining, and improving an asset management system. Together, they provide a structured approach for organizations to manage the lifecycle of physical and intangible assets systematically, optimizing performance, cost, and risk to achieve organizational objectives.

ISO 59004 (Circular Economy): ISO 59004:2024 sets out the principles, framework, and common terminology for implementing a circular economy, guiding organizations and policymakers in designing strategies, business models, and systems that maximize resource efficiency, minimize waste, and create long-term environmental, social, and economic value.

ISO 15686-5 (Life Cycle Costing): Part of the ISO 15686 series on service life planning for buildings and constructed assets, ISO 15686-5 provides guidance on applying Life Cycle Costing (LCC) to assess the total cost of asset ownership over its entire life – including acquisition, operation, maintenance, replacement, and end-of-life disposal. It helps decision-makers compare alternatives based on long-term financial implications rather than just initial costs.

UNEP Sustainable Public Procurement Guidelines: Issued by the UN Environment Programme, these guidelines offer governments and public entities a framework to integrate environmental, social, and economic sustainability criteria into procurement processes. They outline principles, strategies, and practical steps to implement Sustainable Public Procurement (SPP) encouraging resource efficiency, reduced environmental impact, fair labor practices, and market transformation toward sustainable goods and services.



Recommended action steps:



Sustainable Acquisition of Movable Assets (In alignment with the MoF Procurement and IT/Digital Services Departments Sustainability Guidelines)

- Before procuring new vehicles, IT equipment, or furniture, perform a demand analysis:
 - » Can an existing asset be refurbished, upgraded, or shared instead of buying new?
 - » Is there a more sustainable alternative (e.g., hybrid/electric vehicles, energy-efficient IT)?
- Conduct a Lifecycle Cost Analysis (LCCA) to compare alternatives, considering not just upfront cost, but energy/fuel use, maintenance, and disposal.
 - » **Example:** A hybrid sedan may cost 15% more upfront, but fuel and maintenance savings over 6 years can exceed the premium, making it the financially and environmentally optimal choice.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)



Responsible Use and Monitoring

- **Establish usage policies to reduce waste and inefficiency of key movable asset types:**
 - » **Vehicles:** Optimize fleet routes, encourage carpooling, and use telematics to monitor fuel efficiency.
 - » **IT:** Adopt power management settings, enable device-sharing policies, and ensure secure reuse of older equipment.
 - » **Furniture:** Encourage multi-use modular furniture that extends functional life.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)

3 Preventive Maintenance

- Move away from reactive “repair when broken” practices by introducing preventive maintenance schedules for all key movable asset types.
 - » **Vehicles:** Regular oil changes, tire checks, and emissions testing.
 - » **IT:** Scheduled software updates, system checks, and hardware servicing.
 - » **Machinery:** Lubrication, calibration, and part replacement.
- Preventive maintenance should be tracked in asset management systems, ensuring timely alerts and recording of service history.
 - » **Example:** Routine fleet maintenance can extend average vehicle life from 3 to 5 years, reducing replacement needs
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution))

4 Sustainable Disposal and Circular Practices

- At the end of useful life, ensure assets are disposed of sustainably through resale, recycling, or certified e-waste processors.
- **Example pathways:**
 - » **Vehicles:** Auction resale or dismantling by approved recyclers.
 - » **IT:** Refurbish for schools/NGOs or recycle through certified e-waste vendors.
 - » **Furniture:** Refurbish for community use or donate to NGOs.
- **Responsibility:**
 - » MoF Government Assets Department (vendor approval/oversight)
 - » Federal entities (execution)
 - » Local municipalities and approved recyclers (support in execution)

5 Financial Efficiency Considerations

- Financial efficiency is the outcome of applying the lifecycle practices already described in subsections i-iv. Each stage of the asset lifecycle should therefore be measured not only for operational effectiveness but also for its cost implications.
- Example pathways:
 - » **At the acquisition stage** (see subsection i), every purchase must be supported by a Lifecycle Cost Analysis (LCCA) that demonstrates best value for money over the full lifecycle, not just the lowest upfront cost.
 - » **At the operation stage** (see subsection ii), data such as fuel efficiency of vehicles or energy consumption of IT equipment should be tracked and translated into annual cost impacts (e.g., cost per km driven, cost per device-hour). This ensures inefficiencies are visible and financially accounted for.
 - » **At the maintenance stage** (see subsection iii), preventive maintenance should be reported in terms of cost savings compared to historical repair costs.
 - » **At the disposal stage** (see subsection iv), proceeds from resale, refurbishment, or recycling must be recorded as offsets against acquisition costs, reducing the effective lifecycle cost of assets.
- **Responsibility:**
 - » Entities responsible for each subsection (i-iv) should effectively quantify, monitor, and log financial costs and benefits as highlighted above for reporting and documentation purposes.

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs):

S No.	KPI	What it Measures	Formula	Measurement of Variables	Source of Data	Reference / Typical Targets
1	Total Cost of Ownership (TCO) per Asset	Lifecycle cost effectiveness of assets	(Acquisition Cost + O&M Costs + Disposal Cost - Resale Value) ÷ Number of Assets	Costs from finance records, O&M from maintenance logs, resale value from disposal records	Finance system, maintenance logs, procurement records	Benchmark by asset class; aim for year-on-year reduction

S No.	KPI	What it Measures	Formula	Measurement of Variables	Source of Data	Reference / Typical Targets
2	Preventive Maintenance Compliance	Proactive maintenance implementation	$(\text{Number of Preventive Maintenance Tasks Completed} \div \text{Number Scheduled}) \times 100$	Track scheduled tasks vs completed	Maintenance logs, CMMS (Computerized Maintenance Management System)	≥95% compliance
3	Energy Efficiency of Assets	Energy intensity of asset operations	$\text{Energy Consumed per Asset} \div \text{Output (e.g., hrs used, distance travelled, users served)}$	Energy Consumed: fuel/ electricity bills or telematics. Output: usage logs.	Fleet telematics, utility bills, ICT monitoring tools	Targets depend on asset type, e.g., <7L/100km for vehicles
4	GHG Emissions per Asset	Climate impact of asset use	$(\text{Fuel/Energy Consumed} \times \text{Emission Factor}) \div \text{Asset Output}$	Fuel/Energy Consumed: fuel logs/electricity bills. Emission Factor: IPCC/ UAE GHG factors.	Fleet records, energy invoices, sustainability reporting	Year-on-year reduction; align with UAE Net Zero targets
5	Recycling Rate	Extent of reuse, refurbishment, or recycling	$(\text{Number of Assets Reused/ Refurbished/ Recycled} \div \text{Total Disposed Assets}) \times 100$	Track disposal method.	Disposal records, recycling vendor certificates	>70% of assets disposed via circular means
6	Average Asset Age vs Useful Life	Renewal and modernization efficiency	$(\text{Average Age of Assets} \div \text{Average Useful Life}) \times 100$	Age: time since purchase. Useful Life: defined per asset class.	Asset register, procurement database	50-70% of useful life (balanced portfolio)
7	Cost Savings from Sustainable Procurement	Financial savings from eco-efficient purchases	$(\text{Baseline Cost} - \text{Sustainable Asset Cost}) \div \text{Baseline Cost} \times 100$	Baseline: conventional asset price. Sustainable: green-certified purchase price & operating cost.	Procurement records, vendor quotes, TCO analysis	5-15% lifecycle cost savings

S No.	KPI	What it Measures	Formula	Measurement of Variables	Source of Data	Reference / Typical Targets
8	Employee Satisfaction with Assets	User experience & productivity	% of employees rating assets “satisfactory” or higher in surveys	Conduct structured user surveys annually.	HR surveys, feedback portals	≥85% satisfaction
9	Compliance with Disposal & E-waste Standards	Adherence to legal & environmental norms	$\left(\frac{\text{Assets Disposed in Compliance}}{\text{Total Disposed Assets}} \right) \times 100$	Verify against UAE e-waste, hazardous waste, and federal disposal standards	Compliance reports, disposal vendor certificates	100% compliance

2 Execution Guidance for Key Assessments

• Life-Cycle Cost Analysis (LCCA) for Movable Assets

- » **List all expected costs:** purchase price, fuel/energy, maintenance, insurance, disposal.
- » Apply a discount rate (e.g., 5%) to calculate total Net Present Value (NPV).
- » **Compare options:** choose the lowest NPV that also meets sustainability standards.
- » **Example:** LCCA may show that a fleet of EVs saves AED 2M over 7 years compared to petrol vehicles, despite higher upfront cost.

• Preventive Maintenance Planning

- » Define standard schedules for each asset type (monthly, quarterly, annual).
- » Record schedules in digital asset management systems.
- » Track compliance rates and measure avoided breakdown costs.

• Sustainable Disposal Process

- » Record disposal requests in the asset management system.
- » Select approved vendors (e.g., licensed e-waste firms, vehicle recyclers).
- » Ensure disposal certificates and recycling percentages are documented.
- » Monitor and report on the destination of materials sold for recycling, specifying how and where they were repurposed, remanufactured, or reused.



Immovable Assets



Objective

To ensure immovable assets such as government buildings, schools, hospitals, and other public infrastructure are planned, built, operated, maintained, and eventually decommissioned in a way that delivers maximum long-term value, resilience, and sustainability. Immovable assets have long lifespans and high operating costs, making lifecycle management critical for reducing fiscal burdens, lowering carbon emissions, and ensuring that these assets remain safe, efficient, and adaptable for future generations.



Applicable standards and frameworks³⁴:

- **ISO 55001 (Asset Management Systems):** Framework for structured lifecycle management of large, long-lived assets.
- **ISO 59004 (Circular Economy):** Provides guidelines to implement or improve circular economy practices more effectively.
- **ISO 15686-5 (Service Life Planning - Life Cycle Costing):** Provides methods to estimate lifecycle costs for buildings and infrastructure.
- **ISO 20887 (Design for Adaptability & Disassembly):** Ensures new buildings and retrofits are adaptable and recyclable at end-of-life.

34 ISO 55001 (Asset Management Systems): ISO 55001 specifies the requirements for establishing, implementing, maintaining, and improving an asset management system. Together, they provide a structured approach for organizations to manage the lifecycle of physical and intangible assets systematically, optimizing performance, cost, and risk to achieve organizational objectives.

ISO 59004 (Circular Economy): ISO 59004:2024 sets out the principles, framework, and common terminology for implementing a circular economy, guiding organizations and policymakers in designing strategies, business models, and systems that maximize resource efficiency, minimize waste, and create long-term environmental, social, and economic value.

ISO 15686-5 (Life Cycle Costing): Part of the ISO 15686 series on service life planning for buildings and constructed assets, ISO 15686-5 provides guidance on applying Life Cycle Costing (LCC) to assess the total cost of asset ownership over its entire life – including acquisition, operation, maintenance, replacement, and end-of-life disposal. It helps decision-makers compare alternatives based on long-term financial implications rather than just initial costs.

ISO 20887 (Design for Adaptability & Disassembly): ISO 20887 provides principles and requirements for designing buildings and civil engineering works to be adaptable, flexible, and capable of disassembly or deconstruction at the end of their service life. It emphasizes minimizing waste, enabling reuse of components, and facilitating efficient maintenance or retrofitting over time thereby reducing environmental impact and extending asset value.

Estidama Pearl Rating System (UAE): Developed by Abu Dhabi Urban Planning Council, focuses on sustainable design, construction, and operation suited to the UAE's climate and culture.

Dubai Green Building Regulations: Mandates minimum green building requirements for new buildings and retrofits in Dubai to improve energy efficiency, water conservation, and indoor environmental quality.

LEED (Leadership in Energy and Environmental Design): A widely used global green building certification system developed by the U.S. Green Building Council, covering design, construction, operation, and maintenance.

BREEAM (Building Research Establishment Environmental Assessment Method): UK-based assessment and certification system evaluating sustainability performance of buildings and infrastructure at various stages.

UN DESA Infrastructure Asset Management Guidelines: Developed by the United Nations Department of Economic and Social Affairs (UN DESA), these guidelines provide governments – especially at national and local levels with practical approaches to plan, operate, and maintain public infrastructure assets for greater resilience, sustainability, and service delivery. They integrate social, environmental, and economic dimensions of asset management to help countries optimize infrastructure investment, extend asset lifespans, and align with the Sustainable Development Goals (SDGs).

- **Estidama Pearl Rating System / Dubai Green Building Regulations / LEED / BREEAM:** Sustainability frameworks for building design, operation, and retrofits.
- **UN DESA Infrastructure Asset Management Guidelines:** Guidance on managing public infrastructure for resilience and sustainability.



Recommended action steps:



1 Integrate Sustainability at the Planning and Design Stage

- Require lifecycle cost analysis (LCCA) for all new construction and major renovations.
- Ensure designs comply with green building standards (Estidama, Pearl 2+, LEED).
- Apply ISO 20887 principles so buildings can be adapted, extended, or dismantled with minimal waste.
- **Example:** Buildings designed to international green building standards (e.g., LEED, BREEAM, Estidama) typically achieve 20-30% lower energy consumption over their lifecycle compared to conventional designs
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)
 - » Local municipalities (support in execution).



2 Sustainable Construction and Commissioning

- Mandate contractors to follow sustainable procurement (ISO 20400) prioritizing low-carbon materials, local suppliers, and waste minimization.
- Require waste diversion targets (e.g., 70-80% of construction and demolition waste recycled).
- Conduct commissioning and retro-commissioning to ensure systems (HVAC, lighting, water) operate at intended efficiency from day one.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Contractors and Supervising Authorities (execution)
 - » Local Municipalities (waste management support).

3 Operational Efficiency and Monitoring

- Conduct energy and water audits every 3 years for all federal buildings.
- Implement Building Management Systems (BMS) or equivalent asset management systems for continuous monitoring of HVAC, lighting, and utilities.
- **Conduct benchmarking:** compare building performance against UAE and international standards.
- **Example:** Retrofitting with LED lighting and high-efficiency HVAC systems can deliver 15-25% reductions in annual building energy use, with payback periods of 3-5 years.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)
 - » Ministry of Energy & Infrastructure (audit support)

4 Preventive and Predictive Maintenance

- Develop and implement preventive maintenance schedules (roof inspections, HVAC servicing, structural checks).
- Use predictive analytics (e.g., vibration sensors, energy load monitoring) for critical infrastructure to prevent costly breakdowns.
- Record all maintenance in asset management systems to ensure traceability and optimize future budgets.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)

5 Sustainable Decommissioning and Repurposing

- At end-of-life, assess whether assets can be repurposed (detailed under the “Repurposing of Underutilized Assets for Social Value” section) or deconstructed for material recovery instead of demolished.
- Document recovery of key materials (steel, concrete, glass) and track recycling rates.
- **Example:** Deconstruction approaches, as opposed to demolition, enable the recovery of 60-90% of building materials (steel, concrete, glass, timber), significantly reducing lifecycle emissions and waste.

- **Responsibility:**

- » MoF Government Assets Department (vendor approval/oversight)
- » Federal entities (execution)
- » Local municipalities and certified recyclers (support in execution)

6 Financial Efficiency Considerations

- Financial efficiency is the result of embedding lifecycle practices described in subsections i-v into every financial decision. Each stage of an immovable asset lifecycle should therefore be linked to cost accountability and measurable savings.
- Example pathways:
 - » **At the planning and design stage** (see subsection i), Lifecycle Cost Analysis (LCCA) should not only guide design choices but also be used to compare long-term financial impacts of different building options.
 - » **At the construction stage** (see subsection ii), waste diversion and the use of low-carbon, durable materials should be tied to cost savings from reduced material purchases and lower waste disposal fees.
 - » **At the operation stage (see subsection iii)**, results from energy and water audits must be translated into financial savings (e.g., reduced utility bills, payback periods of retrofit measures).
 - » **At the maintenance stage** (see subsection iv), preventive and predictive maintenance should be documented as cost avoidance, showing how early interventions reduce the need for expensive replacements or emergency repairs.
 - » **At the decommissioning stage** (see subsection v), resale and material recovery revenues should be recorded as financial offsets, reducing net decommissioning costs.
- **Responsibility:**
 - » Entities responsible for each subsection (i-v) should effectively quantify, monitor, and log financial costs and benefits as highlighted above for reporting and documentation purposes.

✓ **Key criteria and technical requirements:**

① **Key Performance Indicators (KPIs):**

S No.	KPI	What it Measures	Formula	Measurement of Variables	Source of Data	Reference / Typical Targets
1	Energy Use Intensity (EUI)	Energy efficiency of buildings	Total Annual Energy Consumption (kWh) ÷ Gross Floor Area (m ²)	Energy from meters/bills; GFA from plans	Utility bills, BMS	<150 kWh/m ² /yr (offices); <250 (hospitals)
2	Water Use Intensity (WUI)	Efficiency of water consumption	Total Annual Water Consumption (m ³) ÷ Gross Floor Area (m ²)	Metered water use; GFA from plans	Utility bills, FM logs	<0.5 m ³ /m ² /yr (schools); <1.0 (hospitals)
3	Green Building Compliance Rate	Share of assets meeting sustainability certification standards	(Certified Buildings ÷ Total Buildings) × 100	Certifications count (Estidama, LEED, WELL)	MoF records, UAE GBC	≥80% by 2030
4	Carbon Intensity of Buildings	GHG footprint of building operations	(GHG Emissions ÷ Gross Floor Area)	Energy/water × emission factors	Utility bills, MOCCA factors	Aligned to UAE Net Zero targets
5	Sustainable De-commissioning Rate	Environmentally responsible disposal of buildings	(Sustainably Decommissioned Assets ÷ Total Decommissioned) × 100	% materials recycled/reused	Contractor reports, waste manifests	>90% diversion from landfill
6	Preventive Maintenance Compliance	Proactive upkeep of assets	(Completed Preventive Tasks ÷ Scheduled Tasks) × 100	Track work orders	CMMS, FM logs	≥95% compliance
7	Lifecycle Cost per m²	Cost efficiency across asset lifecycle	(Acquisition + O&M + Retrofit + Decommissioning - Residual Value) ÷ GFA	Costs from finance + GFA from plans	Finance systems, FM logs	≤10% reduction in 5 years

S No.	KPI	What it Measures	Formula	Measurement of Variables	Source of Data	Reference / Typical Targets
8	Return on Investment (ROI) for Assets	Financial performance of buildings relative to cost	$(\text{Net Financial Benefit from Asset} \div \text{Total Lifecycle Cost}) \times 100$	Net Benefit: revenue (if applicable), cost savings from efficiency, avoided costs; Lifecycle Cost: acquisition + O&M + disposal	Finance records, utility savings, FM reports	Positive ROI across lifecycle; benchmark by asset type

2 Execution Guidance for Key Assessments

- **Lifecycle Cost Analysis (LCCA) for Buildings/Infrastructure**
 - » **List all cost categories:** acquisition, construction, operation (energy, water, staff), maintenance, disposal.
 - » Apply Net Present Value (NPV) over the expected lifespan (20-50 years).
 - » Compare multiple design options (e.g., conventional vs. green building design).
 - » Select the option with lowest NPV and highest sustainability compliance.
- **Energy and Water Audit**
 - » Engage certified auditors every 3 years.
 - » Measure consumption and compare against baselines and benchmarks.
 - » Identify top 3 interventions with payback <5 years (e.g., lighting retrofits, insulation, low-flow fixtures).
 - » Report audit outcomes to MoF for funding and prioritization.
- **Decommissioning and Material Recovery**
 - » Assess the asset's condition and potential for reuse.
 - » Develop a deconstruction plan focusing on material recovery (≥70% target).
 - » Engage certified recycling vendors.
 - » Document material quantities reused or recycled.



Equitable and Accessible Government Asset Utilization



Objective

The purpose of this framework is to ensure that government assets - whether buildings, vehicles, IT systems, or shared facilities are utilized in ways that are fair, inclusive, and socially beneficial. This means that assets should not only deliver functional and financial value, but also provide equitable access for all citizens, including people of determination, vulnerable groups, and communities in need. The framework emphasizes that accessibility and fairness are not optional features but integral components of sustainable asset management.



Applicable standards and frameworks³⁵:

- **UNEP Social Value Toolkit:** for measuring social benefits and community impact.
- **IFC Performance Standard 4 (Community Health, Safety and Security):** ensuring assets do not negatively impact local communities.
- **OECD Guidelines on Social Impact Assessment (SIA):** systematic evaluation of social consequences of asset management decisions.
- **UN CRPD (Convention on the Rights of Persons with Disabilities):** guiding accessibility in public assets.

35 UNEP Social Value Toolkit: Developed by the UN Environment Programme, this toolkit helps organizations and governments measure, evaluate, and communicate the social value and benefits of their projects and investments. It provides methods to capture community impacts, stakeholder well-being, and broader social outcomes beyond purely financial metrics, enabling more holistic decision-making.

IFC Performance Standard 4 (Community Health, Safety and Security): Issued by the International Finance Corporation, Performance Standard 4 outlines requirements for organizations to protect the health, safety, and security of communities affected by their operations or assets. It covers risk assessment, emergency preparedness, stakeholder engagement, and responsible security arrangements to prevent or mitigate negative impacts on local populations.

OECD Guidelines on Social Impact Assessment (SIA): These guidelines provide a structured approach to assessing and managing the social consequences of policies, programs, and projects. They help organizations evaluate how asset management decisions affect people and communities – including equity, livelihoods, and cultural considerations and identify mitigation or enhancement measures.

UN CRPD (Convention on the Rights of Persons with Disabilities): An international human rights treaty adopted by the United Nations, the CRPD obliges signatory states to promote, protect, and ensure the full and equal enjoyment of all human rights by persons with disabilities. For public assets, it guides governments to ensure accessibility, inclusivity, and non-discrimination in infrastructure, services, and decision-making processes.

ISO 26000 (Social Responsibility): ISO 26000 is a global guidance standard that helps organizations integrate social responsibility into their values, strategy, and operations. It covers areas such as human rights, labor practices, the environment, fair operating practices, consumer issues, and community development supporting more ethical and sustainable decision-making.

ISO 21542 (Accessibility in the Built Environment): ISO 21542 provides technical requirements and recommendations to design and construct buildings and facilities accessible to persons with disabilities and all users regardless of age or ability. It covers elements such as entrances, circulation routes, sanitary facilities, signage, and emergency egress to ensure inclusivity.

WCAG (Web Content Accessibility Guidelines): Developed by the W3C (World Wide Web Consortium), WCAG offers internationally recognized standards to make digital content more accessible to people with disabilities. It focuses on four principles perceivable, operable, understandable, and robust and provides success criteria for websites, apps, and digital assets to ensure usability by all users.

- **ISO 26000:** Social Responsibility framework.
- **ISO 21542:** for accessibility in the built environment.
- **WCAG (Web Content Accessibility Guidelines):** for IT and digital asset accessibility



Recommended action steps:



1 Conduct Social Impact Assessments (SIA) for Key Assets:

Social Impact Assessments are critical for identifying how an asset may affect different social groups. For example, a new government office may bring jobs and services but could also increase traffic or reduce access for vulnerable populations.

- **Execution Pathway**
 - » **Baseline Mapping:** List the community groups or stakeholders who will be affected (e.g., employees, citizens using government services, vulnerable groups).
 - » **Identify Impact Areas:** Access (physical and digital), affordability, safety, cultural considerations, and potential displacement.
 - » **Engage Stakeholders:** Hold short workshops or surveys with affected groups to capture feedback.
 - » **Develop Mitigation Measures:** Example - If a new government office is being built, ensure ramps, signage in multiple languages, and women-friendly facilities are included.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)



2 Ensure Universal Accessibility of Assets:

Incorporate accessibility requirements (physical and digital) into asset policies and projects.

- **Execution Pathway**
 - » **For immovable assets (buildings, infrastructure):** ensure ramps, elevators, tactile paving for the visually impaired, accessible toilets, and clear signage.
 - » **For movable assets (vehicles, IT systems):** ensure a percentage of government vehicles are disability-friendly (wheelchair lifts), and IT systems include screen-reader compatibility.

- **Use global standards such as ISO 21542:** Building Accessibility and WCAG (Web Content Accessibility Guidelines) for IT.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)
 - » Local municipalities and service providers (support in execution)

3 Promote Fair and Transparent Utilization of Assets:

Ensure assets are distributed and used in a way that benefits the broadest public interest, not just specific departments or groups.

- **Execution Pathway**
 - » Track utilization data of shared assets (e.g., government training centers, fleets, IT systems).
 - » Identify underutilized assets and open them for community or cross-departmental use. (detailed under the “Repurposing of Underutilized Assets for Social Value” section)
 - **Example:** A training hall in a federal building could be shared with other government entities for workshops, avoiding duplication of facilities.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight/set utilization benchmarks)
 - » Federal entities (execution)

4 Embed Safety and Community Protection in Asset Use:

Ensure that assets do not pose risks to community health and safety.

- **Execution Pathway**
 - » **For buildings:** conduct annual safety audits (fire, structural, occupational health).
 - » **For vehicles:** ensure compliance with road safety and emissions standards.
 - » **For IT systems:** ensure cyber-security to protect citizen data.
 - » Establish grievance redressal mechanisms where communities can report safety or access issues.
- **Responsibility:**
 - » MoF Government Assets Department (policy/oversight)
 - » Federal entities (execution)
 - » Local municipalities and internal MoF departments e.g., IT (support in execution)

✓ **Key criteria and technical requirements:**

1 **Key Performance Indicators (KPIs):**

S No.	Recommended KPI	What it Measures	Formula	How to Measure	Data Required	Reference / Typical Targets
1	% of Assets with Completed SIAs	Integration of social considerations into asset projects	$(\text{Assets with completed SIAs} \div \text{Total eligible projects}) \times 100$	Track approved SIA reports against asset portfolio	Asset registry, SIA reports	≥75% of assets with SIA
2	Accessibility Compliance Rate	Extent to which assets meet UAE accessibility standards (universal design, ADA-equivalent)	$(\text{No. of Assets Fully Accessible} \div \text{Total Assets}) \times 100$	Accessible: compliant with UAE Accessibility Code (ramps, lifts, signage, IT accessibility features) Compare ISO 21542/WCAG or UAE accessibility codes.	Facility audits, ICT system audits, Asset registry, transport audits	100% compliance for public-facing assets
3	Equitable Utilization Index	Whether access/use is equitably distributed across demographics	$(\text{Usage by Target Groups} \div \text{Total Usage}) \times 100$	Target Groups: people of determination, women, elderly, low-income/vulnerable	User data from HR, facility booking systems, surveys	≥15-20% usage by target groups (depending on population share)
4	Affordability & Access Score	Affordability of government asset-related services for citizens	% of services delivered free/at subsidized rates to vulnerable groups	Track fees/charges vs exemptions/subsidies	Finance records, service delivery data	100% essential services free or subsidized for vulnerable groups
5	Citizen Satisfaction with Asset Accessibility	Perception of fairness, inclusivity, and benefit from assets	% of citizens rating access to government assets as "satisfactory" or higher	Annual citizen/user satisfaction surveys, focus groups	HR surveys, public polls, service feedback	≥85% satisfaction



Repurposing of Underutilized Assets for Community Value



Objective

To maximize the social, environmental, and economic value of government assets by identifying underutilized or vacant assets and repurposing them for broader community benefit. This ensures that public investments deliver ongoing value, reduce waste, and contribute to national sustainability priorities such as circular economy, social inclusiveness, and climate resilience.



Applicable standards and frameworks³⁶:

- **UN-Habitat Adaptive Reuse Guidelines (2016):** Guidance on converting underutilized assets into socially beneficial spaces.
- **World Economic Forum (WEF) Adaptive Reuse of Assets Policy (2024):** Principles for circular economy and cost efficiency.
- **ISO 59004 (Circular Economy):** Provides guidelines to implement or improve circular economy practices more effectively.
- **ISO 20887:2020 (Design for Disassembly and Adaptability):** Design for adaptability, reuse, and deconstruction.

36 UN-Habitat Adaptive Reuse Guidelines: Issued by UN-Habitat, these guidelines provide governments and urban planners with practical approaches to repurpose or transform underutilized, vacant, or obsolete public and private assets into socially beneficial spaces. They emphasize community engagement, sustainable design, and inclusive redevelopment to maximize social, environmental, and economic value.

World Economic Forum (WEF) Adaptive Reuse of Assets Policy (2024): Developed by the WEF, this policy framework outlines principles and best practices for adaptive reuse of assets within a circular economy context. It focuses on extending asset lifecycles, reducing embodied carbon, enhancing cost efficiency, and fostering innovation in repurposing buildings, infrastructure, and public spaces to meet evolving social and economic needs.

ISO 59004 (Circular Economy): ISO 59004:2024 sets out the principles, framework, and common terminology for implementing a circular economy, guiding organizations and policymakers in designing strategies, business models, and systems that maximize resource efficiency, minimize waste, and create long-term environmental, social, and economic value.

ISO 20887 (Design for Adaptability & Disassembly): ISO 20887 provides principles and requirements for designing buildings and civil engineering works to be adaptable, flexible, and capable of disassembly or deconstruction at the end of their service life. It emphasizes minimizing waste, enabling reuse of components, and facilitating efficient maintenance or retrofitting over time thereby reducing environmental impact and extending asset value.



Recommended action steps:



1 Asset Inventory and Utilization Assessment:

Identify underutilized or vacant assets within the MoF portfolio.

- **Execution Pathway**

- » Develop an inventory database of all MoF-managed assets (movable and immovable).
- » Use **asset utilization ratios** (e.g., % occupancy, % usage hours per week) to detect low-performing assets.
- » Classify assets as: Fully Utilized, Partially Utilized, or Vacant.
 - **Example:** A government office with less than 30% occupancy over a year should be flagged for review.

- **Responsibility:**

- » MoF Government Assets Department (policy/oversight/set utilization benchmarks)
- » Federal entities (provide usage data)



2 Feasibility and Community Needs Analysis:

Determine the best alternative use for underutilized assets based on community demand and financial viability.

- **Execution Pathway**

- » **Conduct a community needs survey** (schools, housing, innovation hubs, green spaces, public gyms/libraries).
- » Perform a financial feasibility assessment (basic cost-benefit analysis comparing reuse vs. disposal).
- » **Conduct an environmental assessment:** identify carbon savings if repurposed instead of demolishing/replacing.
 - **Example:** Converting a vacant warehouse into a co-working and training hub may cost less than 40% of building a new facility and reduce material waste.

- **Responsibility:**

- » MoF Government Assets Department (policy/oversight/approvals)
- » Federal entities (execution)
- » Local municipalities (support in execution)

3 Policy Integration and Planning:

Incorporate adaptive reuse into official MoF asset management policies.

- **Execution Pathway**

- » Develop reuse criteria (e.g., minimum expected occupancy/utilization rates, return on investment).
- » Include sustainability requirements (energy retrofits, material reuse targets).
- » Ensure cultural/heritage protection for historic buildings while adapting them for new uses.
- » Integrate funding supports mechanisms (e.g., partnerships, public-private collaborations).

- **Responsibility:**

- » MoF Government Assets Department (policy/oversight/integration)
- » Strategy & Future Department (support in alignment with national goals).

4 Design, Implementation, and Community Engagement:

Convert underutilized assets into community serving spaces with stakeholder input.

- **Execution Pathway**

- » Engage architects and engineers to redesign assets with adaptive reuse principles (ISO 20887).
- » Implement green retrofitting (solar panels, efficient HVAC, water-saving systems).
- » Involve communities through consultations to ensure designs meet real needs.
- » **Example:** Vacant federal land could be repurposed into a community park with low-maintenance native plants.

- **Responsibility:**

- » MoF Government Assets Department (policy/oversight)
- » Contractors and municipal authorities (execution)
- » Communities and NGOs (consultation)

5 Monitoring and Continuous Improvement:

Track outcomes and refine the reuse program.

• Execution Pathway

- » Maintain a reuse performance dashboard with KPIs.
- » Conduct annual reviews on utilization, financial savings, and social benefits.
- » Document lessons learned for scaling reuse projects across other assets.

• Responsibility:

- » MoF Government Assets Department (reporting/performance monitoring)
- » Federal entities (data provision)

✓ Key criteria and technical requirements:

1 Key Performance Indicators (KPIs):

S No.	Recommended KPI	What it Measures	Formula	How to Measure	Data Required	Reference / Typical Targets
1	Asset Utilization Rate (immovable assets)	Effective use of building space	$(\text{Occupied Area} \div \text{Total Usable Area}) \times 100$ OR $(\text{Actual Usage Hours} \div \text{Available Hours}) \times 100$	Space audits, occupancy sensors, booking systems	FM records, HR/space data	75-85% for office space; 85-90% for classrooms/hospitals
2	Asset Utilization Rate (movable assets)	Efficiency of asset use vs idle time	$(\text{Total Hours Asset in Productive Use} \div \text{Total Available Hours}) \times 100$	Productive Use Hours: operational hours logged. Available Hours: total time asset is in inventory and operational.	Asset management system, usage logs, fleet management software	>80% utilization for vehicles & machinery; >70% for ICT equipment
3	Vacant Asset Rate	Share of government assets not actively in use	$(\text{No. of Vacant/Idle Assets} \div \text{Total Assets}) \times 100$	Vacant: >6 months unused, or <20% utilization	Asset register, occupancy audits, usage logs	<5% vacancy rate

S No.	Recommended KPI	What it Measures	Formula	How to Measure	Data Required	Reference / Typical Targets
4	Repurposing Rate	Proportion of underutilized assets repurposed for community or public benefit	$\left(\frac{\text{No. of Repurposed Assets}}{\text{Total Identified Underutilized Assets}} \right) \times 100$	Track underutilized assets and repurposed projects	MoF asset database, ministry reports	≥50% within 3 years
5	Community Benefit Utilization	Extent to which repurposed assets are used by community / vulnerable groups	$\left(\frac{\text{Community Hours of Use}}{\text{Total Available Hours of Repurposed Assets}} \right) \times 100$	Community Hours: bookings by NGOs, social programs, public services	Booking systems, community usage logs	≥30-40% community utilization
6	Economic Value Recovered	Financial savings or revenue generated from repurposing	$\left(\frac{\text{Revenue} + \text{Cost Savings from Repurposing}}{\text{Total Repurposing Investment}} \right) \times 100$	Revenue: leases, events, partnerships; Cost Savings: avoided demolition/new builds	Finance records, MoF reports	ROI ≥100% over lifecycle

9.4. Consolidated List of KPIs

S No.	Recommended KPI	Formula	Relevant Details
Sustainable Life Cycle Management of Assets - Movable Assets			
1	Total Cost of Ownership (TCO) per Asset	Lifecycle cost effectiveness of assets	$(\text{Acquisition Cost} + \text{O\&M Costs} + \text{Disposal Cost} - \text{Resale Value}) \div \text{Number of Assets}$
2	Preventive Maintenance Compliance	Proactive maintenance implementation	$(\text{Number of Preventive Maintenance Tasks Completed} \div \text{Number Scheduled}) \times 100$
3	Energy Efficiency of Assets	Energy intensity of asset operations	$\text{Energy Consumed per Asset} \div \text{Output (e.g., hrs used, distance travelled, users served)}$
4	GHG Emissions per Asset	Climate impact of asset use	$(\text{Fuel/Energy Consumed} \times \text{Emission Factor}) \div \text{Asset Output}$
5	Asset Circularity Rate	Extent of reuse, refurbishment, or recycling	$(\text{Number of Assets Reused/Refurbished/Recycled} \div \text{Total Disposed Assets}) \times 100$
6	Average Asset Age vs Useful Life	Renewal and modernization efficiency	$(\text{Average Age of Assets} \div \text{Average Useful Life}) \times 100$
7	Cost Savings from Sustainable Procurement	Financial savings from eco-efficient purchases	$(\text{Baseline Cost} - \text{Sustainable Asset Cost}) \div \text{Baseline Cost} \times 100$
8	Employee Satisfaction with Assets	User experience & productivity	% of employees rating assets “satisfactory” or higher in surveys
9	Compliance with Disposal & E-waste Standards	Adherence to legal & environmental norms	$(\text{Assets Disposed in Compliance} \div \text{Total Disposed Assets}) \times 100$
Sustainable Life Cycle Management of Assets - Immovable Assets			
10	Energy Use Intensity (EUI)	Energy efficiency of buildings	$\text{Total Annual Energy Consumption (kWh)} \div \text{Gross Floor Area (m}^2\text{)}$
11	Water Use Intensity (WUI)	Efficiency of water consumption	$\text{Total Annual Water Consumption (m}^3\text{)} \div \text{Gross Floor Area (m}^2\text{)}$
12	Green Building Compliance Rate	Share of assets meeting sustainability certification standards	$(\text{Certified Buildings} \div \text{Total Buildings}) \times 100$
13	Carbon Intensity of Buildings	GHG footprint of building operations	$(\text{GHG Emissions} \div \text{Gross Floor Area})$

S No.	Recommended KPI	Formula	Relevant Details
14	Sustainable Decommissioning Rate	Environmentally responsible disposal of buildings	$(\text{Sustainably Decommissioned Assets} \div \text{Total Decommissioned}) \times 100$
15	Preventive Maintenance Compliance	Proactive upkeep of assets	$(\text{Completed Preventive Tasks} \div \text{Scheduled Tasks}) \times 100$
16	Lifecycle Cost per m²	Cost efficiency across asset lifecycle	$(\text{Acquisition} + \text{O\&M} + \text{Retrofit} + \text{Decommissioning} - \text{Residual Value}) \div \text{GFA}$
17	Return on Investment (ROI) for Assets	Financial performance of buildings relative to cost	$(\text{Net Financial Benefit from Asset} \div \text{Total Lifecycle Cost}) \times 100$

S No.	Recommended KPI	Formula	Relevant Details
Equitable and Accessible Government Asset Utilization			
1	% of Assets with Completed SIAs	Integration of social considerations into asset projects	$(\text{Assets with completed SIAs} \div \text{Total eligible projects}) \times 100$
2	Accessibility Compliance Rate	Extent to which assets meet UAE accessibility standards (universal design, ADA-equivalent)	$(\text{No. of Assets Fully Accessible} \div \text{Total Assets}) \times 100$
3	Equitable Utilization Index	Whether access/use is equitably distributed across demographics	$(\text{Usage by Target Groups} \div \text{Total Usage}) \times 100$
4	Affordability & Access Score	Affordability of government asset-related services for citizens	% of services delivered free/at subsidized rates to vulnerable groups
5	Citizen Satisfaction with Asset Accessibility	Perception of fairness, inclusivity, and benefit from assets	% of citizens rating access to government assets as “satisfactory” or higher

S No.	Recommended KPI	Formula	Relevant Details
Repurposing of Underutilized Assets for Community Value			
1	Asset Utilization Rate (immovable assets)	Effective use of building space	$(\text{Occupied Area} \div \text{Total Usable Area}) \times 100$ OR $(\text{Actual Usage Hours} \div \text{Available Hours}) \times 100$
2	Asset Utilization Rate (movable assets)	Efficiency of asset use vs idle time	$(\text{Total Hours Asset in Productive Use} \div \text{Total Available Hours}) \times 100$
3	Vacant Asset Rate	Share of government assets not actively in use	$(\text{No. of Vacant/Idle Assets} \div \text{Total Assets}) \times 100$
4	Repurposing Rate	Proportion of underutilized assets repurposed for community or public benefit	$(\text{No. of Repurposed Assets} \div \text{Total Identified Underutilized Assets}) \times 100$
5	Community Benefit Utilization	Extent to which repurposed assets are used by community/vulnerable groups	$(\text{Community Hours of Use} \div \text{Total Available Hours of Repurposed Assets}) \times 100$

9.5. Annexures

9.5.1 Annex A - Demand Assessment Checklist (Movable & Immovable Assets)

Purpose: To ensure every new procurement request is justified and alternatives (reuse/refurbish/share) are explored before approval:

S No.	Question	Yes / No	Notes / Comments	Verified By
1	Is there an existing asset in MoF or another federal entity that can meet the need?			
2	Can the existing assets be refurbished, repaired, or upgraded to meet requirements?			
3	Can the requirement be met by leasing or sharing instead of purchasing?			
4	Is the requested asset right-sized (not over-specified for the actual need)?			
5	Has the sustainability impact been assessed (energy, water, carbon, disposal)?			
6	If ICT: Is cloud/virtualization an alternative instead of new physical devices?			
7	If space (immovable): Can underutilized buildings/floors be repurposed first?			

Required Attachments:

- Inventory report from Asset management system.
- Utilization logs.
- Refurbish cost estimate.

9.5.2 Annex B - Life-Cycle Cost Analysis (LCCA) Workbook Structure

Purpose: To evaluate and compare total costs of ownership for different asset or project options.

S No.	Field	Description
1	Option Name	Alternative being compared
2	Study Period (years)	Time horizon for analysis (20-30 years typical for buildings)
3	Discount Rate (%)	MoF-approved rate for NPV calculations
4	Capital Cost (AED)	Upfront purchase and installation cost
5	Annual Energy/Water Cost (AED)	Estimated cost of utilities per year
6	Annual O&M Cost (AED)	Routine maintenance, repairs, servicing
7	Major Overhaul/Replacement Costs (AED)	Cost and year of expected replacements
8	Residual Value / Disposal Cost (AED)	Value recovered or disposal cost at end of life
9	Net Present Value (AED)	NPV of total lifecycle cost
10	Recommendation	Select option with lowest NPV and sustainability alignment

Outputs Required:

- NPV comparison chart.
- Sensitivity analysis ($\pm 20\%$ energy price, $\pm 10\%$ capex, $\pm 2\%$ discount rate).
- Final recommendation Note.

9.5.3 Annex C - Preventive Maintenance (PM) Planning Template

Purpose: To standardize preventive maintenance scheduling across asset categories.

S No.	Asset Category	OEM Reference	Frequency	Task List	Tools/ Parts Needed	Responsible Person	Record in asset management systems (Yes /No)
1							
2							

9.5.4 Annex D - Commissioning & Retro-Commissioning Plan Template

Purpose: To standardize testing and performance verification of building systems.

S No.	System	Design Intent / Performance Target	Tests Required	Acceptance Criteria	Responsible Party	Documentation
1						
2						

9.5.5 Annex E - Social Impact Assessment (SIA) Template

Purpose: To systematically identify, measure, and manage the social impacts of new or repurposed assets.

S No.	Field	Guidance for Completion
1	Project Name	Enter the name of the asset/project
2	Asset Type	Movable / Immovable
3	Project Scope	New build, refurbishment, repurposing, or disposal
4	Stakeholder Groups	Identify affected groups (employees, community, NGOs, marginalized groups)
5	Baseline Data	Collect demographics, existing services, vulnerabilities
6	Positive Impacts	Expected benefits
7	Negative Impacts	Potential risks
8	Mitigation Measures	Steps to reduce negatives
9	Enhancement Measures	Steps to increase positives
10	Consultation Summary	Record engagement process
11	Final Recommendations	Decision and justification

9.5.6 Annex F - Stakeholder Engagement Log

Purpose: Ensure all consultations and feedback are systematically recorded.

S No.	Engagement Type	Date	Stakeholder Group	No. of Participants	Key Issues Raised	Actions Agreed	Responsible Person	Status (Open / Closed)
1								
2								

9.5.7 Annex G - Value Optimization Scorecard

Purpose: The Value Optimization Scorecard provides a structured method to assess whether an asset acquisition, refurbishment, operation, or repurposing delivers long-term value for money while aligning with environmental and social sustainability goals. The scorecard must be completed and submitted for all major asset-related decisions before approval.

S No.	Criteria Area	Description	Scoring Approach	Data Required	Score (1-5)	Weight (%)	Weighted Score
1	Lifecycle Cost Efficiency	Evaluates total cost of ownership (acquisition, operation, maintenance, and disposal) using ISO 15686-5 LCCA.	1 = No LCCA; 3 = Partial LCCA; 5 = Full LCCA with sensitivity analysis.	LCCA workbook, procurement cost data, O&M budgets.			
2	Return on Investment (ROI)	Measures net benefits (savings + revenues) relative to total costs over asset lifecycle.	1 = ROI <0%; 3 = ROI 0-10%; 5 = ROI >15%.	LCCA data; financial projections; revenue records.			
3	Carbon-Adjusted Cost of Ownership	Assesses total financial exposure when carbon pricing or shadow carbon cost is applied to lifecycle emissions.	1 = No carbon cost included; 3 = Carbon partially considered; 5 = Full WLCA integrated with carbon price.	WLCA data; UAE shadow carbon price; LCCA results.			

S No.	Criteria Area	Description	Scoring Approach	Data Required	Score (1-5)	Weight (%)	Weighted Score
4	Resource Efficiency Savings	Tracks cost savings from reduced energy, water, and material use.	1 = <5% savings; 3 = 5-15% savings; 5 = >20% savings.	Energy/ water bills; efficiency monitoring system data.			
5	Preventive Maintenance Impact	Evaluates the avoided repair/ replacement costs through proactive maintenance.	1 = No PM plan; 3 = PM plan exists but partial coverage; 5 = ≥90% assets under PM with >10% cost savings.	Asset management system maintenance logs; financial records.			
6	Alignment with National/ESG Standards	Degree of compliance with IPSASB SRS, MoF Financial Sustainability Guide, ISO 55000, UAE Net Zero 2050.	1 = No compliance; 3 = Partial compliance; 5 = Full compliance & verified by independent audit.	Compliance reports; external assurance statements.			
-	Overall Weighted Score	Aggregated score to determine if project/asset meets minimum threshold (e.g., ≥70%).	$\sum (\text{Score} \times \text{Weight}) \div 5$	-	Result: —	100%	—

10.



Sustainable Digital Services (IT) Guideline

10. Sustainable Digital Services (IT)

The Digital Services (IT) function is committed to embedding sustainability into its digital operations, aligning with the Ministry of Finance's broader environmental goals and the UAE's vision for a sustainable future. By prioritizing energy efficiency, reducing carbon emissions, and optimizing resource use, the IT function aims to minimize environmental impact while delivering innovative, secure, and robust digital services.

Ministry of Finance's sustainable digital pathway emphasizes adopting renewable energy, leveraging advanced technologies such as AI and cloud computing, and implementing eco-friendly practices across all IT operations. Guided by a commitment to ecological responsibility, the function integrates sustainability into its core strategies, ensuring that digital transformation supports environmental stewardship and sets a benchmark for sustainable governance.

10.1. Scope

The Sustainability Framework for the Digital Services (IT) function outlines the boundaries and extent of practices designed to achieve ecological, social, and economic sustainability within the function's digital operations. The framework aligns with national and international standards, support the UAE's sustainability initiatives, and foster environmentally responsible digital transformation.

The framework applies to the design, development, and management of IT infrastructure (including data centers, cloud services, and digital platforms), sustainable IT procurement and supplier evaluation aligned with environmental and social standards, digital skills enhancement to promote sustainability within the wider community, and monitoring, reporting, and continuous improvement mechanisms for energy efficiency, emissions reduction, and e-waste management.

10.1.1 Scope of Application

- **Digital Infrastructure**

- » Data Centers: Servers, racks, cooling systems, power distribution units (PDUs), and uninterruptible power supplies (UPS).
- » Cloud and Hybrid Computing: Cloud-hosted platforms (e.g., IaaS, PaaS, SaaS), virtual machines, and on-premises hybrid configurations.
- » Networking and Storage Equipment: Routers, switches, firewalls, and backup systems.
- » End-user Computing Devices: Laptops, desktops, handheld devices (mobiles, tablets), printers, scanners, and Multifunctional Devices (MFDs).
- » IT Peripherals and Accessories: Keyboards, mouse, monitors, external displays, projectors, power adaptors, external storage devices, webcams, microphones, and headsets.

- **Operations and Processes** (Key IT function mandates under the scope of the framework)
 - » Preparing strategies and operational plans for digital development.
 - » Developing standards, frameworks, policies, and procedures for systems and digital solutions.
 - » Identifying and providing infrastructure, networks, software, devices, systems, and applications.
 - » Developing digital solutions and applications.
 - » Assessing risks related to technology, information, and data (including disaster recovery systems).
 - » Providing tools, technical solutions, and knowledge for business intelligence and data analysis.
- **Governance and Compliance**
 - » Refer the Overall Sustainability Governance Framework for Details
- **Stakeholder Engagement**
 - » Potential collaboration with educational institutions, corporate and international consortiums/agencies, solution providers, and federal and local entities to drive sustainable digital services (IT) practices.
 - » Support for citizens and businesses through inclusive and accessible digital services (IT).
- **Alignment with National and Global Sustainability Goals**
 - » Support for the UAE Green Agenda, Vision 2031, and Net Zero 2050 objectives.
 - » Contribution to broader national efforts on energy transition, carbon neutrality, and environmental stewardship.

10.2. Target Audience

The Digital Services (IT) Sustainability Framework are designed to engage and provide actionable frameworks for a diverse group of stakeholders and entities, both internal and external to the Ministry of Finance, ensuring holistic adoption and alignment with sustainability goals.

10.2.1 Internal Stakeholders

- **Ministry of Finance Procurement Department and Business IT Committee (BIC):** Oversees supplier evaluation, vendor selection, and ensures alignment of procurement practices with sustainability objective.
- **Executive Leadership and Management:** Provides strategic direction and ensures alignment of IT sustainability initiatives with the Ministry's broader environmental and governance goals.
- **Ministry of Finance Internal Audit, Finance & Accounting, and Legal Departments:** Tracks financial implications, ensuring cost-effective implementation and adherence to sustainability regulations and standards.

10.2.2 External Stakeholders

- **Citizens and Businesses:**
 - » End-users of the Ministry's digital services, who benefit from accessible, efficient, and sustainable IT solutions.
- **Technology Vendors and Solution Providers:**
 - » Partners providing IT infrastructure, cloud services, and AI-driven solutions, expected to comply with the Ministry's sustainability standards and certifications (e.g., Energy Star, EPEAT).
- **Federal and Local Government Entities:**
 - » Key federal entities that coordinate in preparing strategies and operational plans related to digital development in the Ministry of Finance, such as the Telecommunications and Digital Government Regulatory Authority (TDRA) and Ministry of Climate Change and Environment (MOCCAE).
 - The Telecommunications and Digital Government Regulatory Authority is responsible for defining sustainability standards related to information and communication technologies and cloud computing, in accordance with its mandate.
 - The Ministry of Climate Change and Environment is responsible for sustainability standards related to carbon emissions, electronic waste, and recycling, as per the ministry's jurisdiction.
 - » Collaborative stakeholders sharing data, services, and expertise to achieve aligned national sustainability objectives (e.g., MOEI, MOIAT, MOE, MOCCAE).

- **Regulatory Bodies:**
 - » Organizations ensuring compliance with UAE and international sustainability frameworks, such as the UAE Cyber Security Council and NCEMA.
- **Educational and Training Institutions:**
 - » Partners providing digital skills enhancement and sustainability training for IT personnel and end-users.
- **Renewable Energy and Sustainability Partners:**
 - » Providers of renewable energy solutions, certifications, and sustainable infrastructure to support the Ministry's green IT initiatives.
- **E-waste Recycling and Management Entities:**
 - » Certified organizations managing the Ministry's electronic waste recycling and disposal in line with environmental regulations.

10.3. Application Mechanism

10.3.1 Concept Note

- **Green/Sustainable IT³⁷** Green IT or Sustainable IT involves the design, production, utilization, and disposal of computers, chips, technology components, and peripherals in ways that minimize environmental harm. This includes reducing carbon emissions and energy consumption across manufacturers, data centers, and end-users. It also emphasizes the use of sustainably sourced raw materials, responsible e-waste management, and the promotion of sustainability through renewable resources.

10.3.2 Digital Services (IT) Department

- The following section outlines the Sustainability Framework for the Digital Services (IT) function, structured into three primary dimensions: Environment, Social, and Economic, complemented by a fourth section on Governance (aligned with the overarching governance framework developed separately). Each dimension focuses on integrating sustainability into the Ministry of Finance's (MOF) mandates and operations.

³⁷ Green/Sustainability IT Definition: IBM

The following table establishes the structure of all the sub-sections:

S No.	Focus Area	Coverage
1	Objective	Defines the importance of the respective framework within Digital Services (IT) processes
2	Applicable Standards and Frameworks	Key globally recognized frameworks referred to draft the sub-sections
3	Recommended action steps	Step by step guidance defining the approach on conducting and executing the respective framework along with the role of respective stakeholders involved
4	Key Criteria and Technical Requirements	Key KPIs that shall be required for effective monitoring and progress tracking

Additional information specific to each section is also included to ensure clarity and alignment with Ministry of Finance's sustainability goals.

Environmental:

- **Energy Management:**

Objective: To establish a comprehensive energy management framework within the Digital Services (IT) function, aimed at enhancing energy optimization, reducing energy consumption, and promoting sustainable practices in alignment with national and international standards.

- **Applicable standards and frameworks³⁸:**

1. **ISO 50001: Energy Management**
2. **ASHRAE 90.4: Energy Standard for Data Centres**

- **Energy management and efficiency framework (recommended action steps):**

1. **Implementing an energy management framework:**

- » **Implement ISO 50001:**

- Develop an IT Energy Management System (EMS) and policy based on ISO 50001 to establish a commitment and structured approach for improving energy performance.
- Define clear energy management objectives, targets, and energy performance indicators (KPIs) for data centres and IT assets.
- Assign roles and responsibilities for energy management, ensuring top management involvement and support.

- » **Conduct energy audits:**

- Monthly assess energy consumption across all IT infrastructure.
- Identify energy usage patterns and inefficiencies to establish baseline energy consumption metrics.

³⁸ ISO 50001 and ASHRAE 90.4 are pivotal frameworks for advancing energy efficiency and sustainability in facilities and data centers. While ISO 50001 provides a comprehensive approach to energy management systems to drive continual improvement, ASHRAE 90.4 focuses on technical standards to optimize mechanical and electrical systems in data centers. Together, they serve as critical tools for organizations aiming to achieve operational excellence, energy conservation, and environmental stewardship.

» **Establish Energy Performance Indicators (EnPIs):**

- Set energy performance indicators (EnPIs), such as Power Usage Effectiveness (PUE) and Data Centre Infrastructure Efficiency (DCiE) to assess the energy efficiency of IT assets and data centre operations.
- Monitor energy usage, focusing on the optimization of energy-intensive systems such as cooling, lighting, and IT hardware.

2. Recommendations to improve energy efficiency in IT Infrastructure:

» **Digital Government Enablers:**

- Adopting the Federal Network Cloud Services to host government digital services, systems, and applications to maximize the benefits of shared sustainable resources within cloud computing.
- Defining the required computing capacity needed to operate applications, ensuring optimal utilization of resources such as processors and storage units.
- Aiming for an optimal utilization rate of computing resources, with a target of 65% server occupancy and 80% data storage utilization at any given time.
- Running systems on the appropriate “Tier” of processors and storage units to ensure optimal resource usage.
- Conducting periodic reviews of systems and applications to identify unused or decommissioned ones, removing them in accordance with established procedures and freeing up computing and storage resources accordingly.

» **Optimize server utilization:**

- Encourage the use of virtualization and cloud optimization to reduce energy consumption associated with underutilized servers. Align this with ISO 50001’s focus on improving energy performance across all systems.

» **Energy-efficient equipment procurement:**

- Follow ASHRAE 90.4 for selecting IT equipment that meets energy efficiency standards such as Energy Star ratings or equivalent.
- Prefer energy-efficient hardware, such as servers, storage, and network devices, that have low idle power consumption based on domestic and international labelling schemes such as ENERGY STAR and EPEAT Ecolabel.

» **Implement power and cooling optimization:**

- Adopt ASHRAE 90.4 standard for cooling and ventilation systems to optimize airflows and reduce cooling energy demand.
- ASHRAE 90.4 suggests operating data centres at optimal temperatures to reduce cooling demand. Establish and maintain temperature levels for IT equipment, typically ranging between 18°C to 27°C (64.4°F to 80.6°F).
- Use free-air cooling systems where feasible and optimize HVAC (Heating, Ventilation, and Air Conditioning) systems for energy efficiency.
- Track Cooling Load Effectiveness (CLE) as a KPI, which measures the effectiveness of the cooling system in terms of energy consumption versus cooling demand.
- Continuously optimize cooling systems by using technologies like variable-speed drives for fans and compressors.

- Implement efficient lighting systems that are automatically controlled via motion sensors and are based on energy-efficient LED technologies.
- Utilizing modern technologies for cooling digital devices, such as liquid cooling.
- Utilize ASHRAE 90.4 to evaluate and report on the maximum mechanical load component (MLC) and electrical load component (ELC) for data centre performance.

• **Key criteria and technical requirements:**

1. Key Performance Indicators (KPIs)³⁹:

S No.	Recommended KPI	Formula	Relevant Details
1	Energy Consumption per Unit of IT Workload (kWh / TB)	Total Energy Consumed (kWh) / Total Volume of Data Processed (Tera Bytes {TB})	Also known as Energy Performance Indicators (EnPI). A key metric that tracks the energy performance of the IT infrastructure and data centers over time.
2	Reduction in Energy Use per Data Center (%)	$\left[\frac{\text{Energy Use (Baseline Period)} - \text{Energy Use (Current Period)}}{\text{Energy Use (Baseline Period)}} \right] \times 100$	
3	Power Usage Effectiveness (PUE) (#)	Total Facility Energy (kWh) / IT Equipment Energy (kWh)	Total Facility Energy is the amount of energy used by the data center, including IT equipment, cooling, lighting, power distribution, and any other supporting systems. IT Equipment Energy is the energy consumed solely by IT equipment, such as servers, storage devices, and network hardware PUE value close to 1.0 is ideal, with the typical range being between 1.1 and 1.3 for high-efficiency data centers.
4	Cooling Load Effectiveness (CLE) (#)	Total Cooling Load required for the Data Center to Maintain the Desired Environmental Conditions (kW) / Energy Consumed by the Cooling System (kW)	A higher CLE value indicates better cooling efficiency. A CLE value of 1 means that the cooling system is perfectly efficient, with no excess energy consumption for the cooling load

³⁹ List of Recommended KPIs is in alignment with ISO 50001 and ASHRAE 90.4 Standards

S No.	Recommended KPI	Formula	Relevant Details
5	Annual Energy Cost (AEC) (AED)	Total energy cost incurred by the data center or IT infrastructure annually	Energy consumed by both IT equipment and the associated infrastructure like cooling and lighting systems
6	Mechanical Load Component (MLC) (#)	Mechanical System Energy Consumption (kWh) / IT Equipment Energy Consumption (kWh)	Mechanical System Energy Consumption includes the energy used by cooling systems, pumps, heat rejection fans, and air handling units. IT Equipment Energy Consumption refers to the energy consumed by servers, storage devices, and networking equipment.
7	Electrical Load Component (ELC) (#)	Total Electrical Losses (kWh) / IT Equipment Energy Consumption (kWh)	Total Electrical Losses encompass losses from the incoming electrical service, uninterruptible power supply (UPS) systems, and distribution systems.
8	Carbon Intensity (kgCO₂ / kWh)	Amount of carbon dioxide (CO ₂) emissions produced (kgCO ₂) / Total Energy Consumed by the system (kWh)	-

2. Compliance and reporting requirements:

- **ISO 50001:**

- » Maintain documentation on energy management activities, including energy reviews, KPIs, action plans, and audits.
- » Submit quarterly energy reports to top management and relevant authorities, including data on energy savings and carbon emissions.

- **ASHRAE 90.4 Certification for Data Centres:**

- » Seek ASHRAE 90.4 compliance for data centres to demonstrate adherence to best practices in energy-efficient data centre design and operation.
- » Monitor and report data centre performance against ASHRAE 90.4 benchmarks and recommendations.

- **Emissions Monitoring and Reporting**

The section focuses exclusively on quantifying, managing, and reporting greenhouse gas (GHG) emissions associated with the Ministry of Finance's IT operations. These include on-premises IT infrastructure, cloud services, and end-user devices.

Objective: To establish a structured approach for emissions monitoring, ensure compliance with national and international standards, and support UAE's Net Zero 2050 goals and global best practice.

- **Applicable standards and frameworks⁴⁰:**

1. **ISO 14064 - 1: 2018:** Greenhouse Gases
2. **Greenhouse Gas (GHG) Protocol**

- **Emissions monitoring and reporting framework (recommended action steps):**

1. **Emissions scope definition:**

- » **Scope 1:** Direct emissions from IT-related activities under the Ministry's control (e.g., fuel consumption for backup power generators supporting IT infrastructure).
- » **Scope 2:** Indirect emissions from purchased electricity used to power IT infrastructure, including data centres, offices, and network equipment.
- » **Scope 3:** Indirect emissions from the Ministry's IT supply chain, including manufacturing, transportation, and disposal of IT equipment, as well as emissions from cloud services.

2. **Data collection and methodology:**

- » Utilize real-time energy and water monitoring systems for data centres and office IT infrastructure to measure electricity and water consumption accurately.
- **Potential data sources:** Utility bills for electricity and water consumption value, engagement with energy utility (e.g., DEWA) for grid emissions factor.

⁴⁰ ISO 14064-1:2018 and the Greenhouse Gas (GHG) Protocol serve as cornerstone frameworks for quantifying, managing, and reporting greenhouse gas emissions. By providing structured methodologies for measuring and verifying GHG emissions, these standards enable organizations to align with global climate goals, enhance transparency, and drive sustainable practices.

- » Collect periodic (recommended monthly) data on generator fuel usage (if applicable) and associated emissions factors from manufacturer/supplier.
 - **Potential data sources:** Internal procurement data for fuel usage, engagement with manufacturer/supplier for emissions factor.
- » Gather emissions-related data from IT service providers (e.g., cloud vendors, hardware suppliers) through vendor sustainability reports or disclosures.
 - **Potential data sources:** Potential data sources: Vendor sustainability reports for emissions data (cloud providers, hardware suppliers).
- » If above emission factor data sources are unavailable - Use the latest emissions factors as provided by international bodies like the Intergovernmental Panel on Climate Change (IPCC) or Department of Environment, Food, and Rural Affairs (DEFRA), UK.

3. Emissions calculation:

- » Apply GHG Protocol calculation frameworks, using the following formula:
 - Emissions (tCO₂e) = Activity Data × Emission Factor (**Kindly Refer to Section 7 - 1. Emissions Calculations for Detailed Formula's and Guidance**).
- » Utilize tools like the GHG Protocol's Calculation Spreadsheet to maintain consistency and accuracy.

4. Emissions reporting framework:

- » **Reporting structure:**
 - Develop an annual emissions inventory report, detailing emissions by scope (1, 2, and 3), total emissions, and progress against reduction targets.
 - Integrate emissions data into the Ministry's broader sustainability reporting aligned with GRI Standards.
- » **Reporting frequency:**
 - Quarterly internal updates to monitor progress and implement corrective actions.
 - Annual public disclosures, highlighting emissions trends and initiatives for reduction.

• Key criteria and technical requirements:

1. Key Performance Indicators (KPIs)⁴¹:

S No.	Recommended KPI	Formula	Relevant Details
1	Total GHG Emissions (kgCO₂)	Cumulative Annual Emissions from IT Infrastructure	-
2	Emissions Intensity (kgCO₂ / TB)	Cumulative Annual Emissions from IT Infrastructure (kgCO ₂) / Total Data Processed (TB)	-
3	Renewable Energy Contribution (%)	Total Renewable Energy Consumed to Power IT Infrastructure (kWh) / Total Energy Consumed to Power IT Infrastructure (kWh)	-

⁴¹ List of Recommended KPIs is in alignment with GHG Protocol and ISO 14064

2. Recommendations to reduce emissions from IT operations:**• Energy efficiency adoption:**

- » Enhance IT sustainability by optimizing data centres with energy-efficient designs, targeting a lower PUE, adopting virtualization and certified cloud solutions, and prioritizing the procurement of energy-efficient hardware aligned with recognized standards “as mentioned in the earlier framework section on Energy Efficiency”.

• Renewable energy integration:

- » Transition to renewable energy sources for powering data centres and office IT infrastructure by collaborating with energy providers on PPAs (Power Purchase Agreements) or procuring RECs (Renewable Energy Certificates).
- » Explore the feasibility of on-site solar energy systems to offset emissions.
- » Partner with cloud providers committed to renewable energy adoption and achieving Net Zero emissions.

• Emissions minimization in IT supply chain:

- » Mandate suppliers to meet environmental standards and disclose their emissions profiles.
- » Include provisions in procurement contracts to prioritize low-carbon manufacturing processes.
- » Implement circular economy principles by collaborating with recyclers and utilizing take-back programs to enable effective Extended Producer Responsibility (EPR) mechanism.
 - According to the OECD, Extended Producer Responsibility (EPR) is a policy approach that holds producers accountable for their products throughout their entire lifecycle, including the post-consumer phase.
 - Governments adopting the EPR approach implement various policy tools to transfer the financial and, in some cases, operational responsibilities of waste management and material recovery from public authorities to producers.
- » Encourage IT equipment donation or refurbishment programs.
- » Adopt sustainable digital practices such as implementing smart work models like remote working and paperless operations, alongside fostering user awareness through energy-saving campaigns and incentivizing IT teams to meet emissions reduction goals.

- **E-waste Management / Circular Economy Framework**

The following **recommendations shall be implemented by the Digital Services (IT) function at the UAE Ministry of Finance in collaboration with key internal departments (primarily the Procurement department) along with key external stakeholders including TDRA and MOCCAE**, to support supplier onboarding and validation.

Objective: The Ministry of Finance (MOF) is committed to aligning its IT operations with circular economy principles by emphasizing the sustainable lifecycle management of IT equipment. The framework seeks to promote circular economy practices, shifting from a traditional “use-and-dispose” model to a circular approach that prioritizes the reuse, refurbishment, and recycling of IT assets.

- **Recycling and e-waste disposal framework (recommended action steps):**

- 1. Lifecycle management of IT assets:**

- » **Proactive procurement:**

- Adopt green procurement standards by prioritizing IT equipment with eco-label certifications like Energy Star, EPEAT, or TCO Certified, and include contractual clauses requiring IT vendors to implement take-back programs for end-of-life products.

- » **Asset tracking and inventory:**

- Implement centralized IT Asset Management Systems (ITAMS) to track all equipment from procurement to disposal, ensuring transparency and accountability.
- Monthly assess IT inventory to identify assets suitable for reuse, refurbishment, or recycling.

- 2. E-waste disposal:**

- » **Reuse and refurbishment:**

- Develop an in-house or outsourced refurbishment mechanism or facility to repair and upgrade older IT assets for reuse within Ministry of Finance or donation to external organizations (e.g., schools or non-profits).
- Partner with federal programs like MOCCAE’s “Donate Your Device Campaign” to extend the lifecycle of functional equipment.

- » **Certified recycling:**

- Work with R2- or ISO 14001-certified recycling vendors to ensure environmentally sound e-waste processing.
- Focus on recovering valuable materials (e.g., rare metals and plastics) to reduce the demand for resources that involve direct extraction from nature.

- » **Safe disposal of hazardous components:**

- Follow international best practices for handling hazardous components, such as batteries and mercury, ensuring no harmful substances enter the environment.
- Incorporate certified methods for data destruction, such as NIST 800-88 or physical shredding, to secure sensitive information before recycling.

» **E-waste collection:**

- Organize periodic e-waste collection campaigns across Ministry of Finance offices and encourage employee participation.
- Provide drop-off points for personal e-waste to encourage sustainability in employees' lives beyond the workplace.

3. Circular economy integration:

» **Vendor partnerships:**

- Require IT vendors to offer Extended Producer Responsibility (EPR) services, ensuring they take responsibility for their products' end-of-life management.
- Leverage supplier expertise in refurbishing, recycling, and recovering materials to achieve circularity.

» **Internal circular practices:**

- Develop programs to repurpose older IT equipment for non-critical applications or lower-priority users.
- Set up material recovery mechanisms to segregate components for recycling, such as circuit boards and cables.

» **Knowledge sharing:**

- Partner with entities like TDRA and MOCCAIE to share best practices and technologies for sustainable IT asset management.
- Facilitate training sessions for Ministry of Finance employees to enhance awareness of e-waste management processes and their impact.

• **Key criteria and technical requirements:**

1. Potential mechanisms:

- » **Extended Producer Responsibility (EPR):** Mandate that IT suppliers provide services for collecting, refurbishing, or recycling equipment post-use.
- » **Green Public Procurement Policies:** Prioritize suppliers meeting eco-label certifications and demonstrating circular economy commitments.
- » **Blockchain-Enabled Asset Tracking:** Use blockchain to ensure transparency in the lifecycle management of IT assets, from procurement to recycling.
- » **Digital Monitoring Tools:** Deploy systems to monitor e-waste generation, recycling rates, and emissions reductions associated with IT operations.
- » **Collaborative Recycling Programs:** Establish partnerships with other federal entities and certified recyclers to share resources and streamline e-waste processing.

2. Key Performance Indicators (KPIs):

S No.	Recommended KPI	Formula	Relevant Details
1	E-Waste Diversion Rate (%)	$[\text{Weight of IT Waste Diverted (kg)} / \text{Total IT Waste Generated (kg)}] \times 100$	-
2	Refurbishment and Reuse Rate (%)	$[\text{Number of IT Assets Refurbished and Reused} / \text{Total IT Assets Decommissioned}] \times 100$	-
3	Carbon Emissions Reduction (%)	$\text{CO2 Emissions Avoided (kg)} / \text{Total CO2 Emissions Baseline (kg)}$	CO2 Emissions Avoided: Emissions saved by recycling or recovering materials. Total CO2 Emissions Baseline: Emissions that would have occurred without recycling.
4	Recycling Vendor Compliance (%)	$\text{Number of Certified Vendors (\#)} / \text{Total Number of Recycling Vendors Onboarded (\#)}$	Certified Vendors: Vendors meeting eco-certification or compliance standards.
5	Procurement Circularity (%)	$[\text{Value of Eco Compliant IT Equipment Procured (AED)} / \text{Total Value of IT Equipment Procured (AED)}] \times 100$	-

Social:

• Digital Skills Enhancements and Trainings

The following **recommendations shall be implemented by the Digital Services (IT) function at the UAE Ministry of Finance in collaboration with key internal departments along with key external stakeholders including TDRA and MOCCA**, to support Green IT principles and trainings.

Objective: The primary objective of the Digital Services (IT) Sustainability Framework is to build and strengthen a robust digital skills ecosystem within the Ministry of Finance and across federal entities in the UAE. These objectives include:

- » **Enhancing Digital Literacy:** Promote a culture of continuous learning and digital awareness, ensuring all employees are equipped to operate within a green, tech-savvy, and sustainability-driven environment.
- » **Fostering Sustainability Skills:** Equip staff with the skills needed to effectively manage energy-efficient IT systems and reduce the environmental impact of digital operations.
- » **Enabling Collaborative Knowledge Sharing:** Build partnerships with other federal entities, private organizations, and international peers to share best practices, tools, and frameworks in sustainable digital services.
- » **Supporting National Digital and Sustainability Goals:** Align training and skill development with national initiatives, such as the UAE Green Agenda, Net Zero 2050, and other federal sustainability efforts, contributing to a cohesive national digital transformation.

- **Critical digital skills categories and potential competencies:**

- 1. Sustainable IT management**

- » Competency in energy-efficient technologies, including the optimization of data centres, cloud computing, and AI for sustainability.
- » Understanding of environmental regulations, energy management systems (ISO 50001), and renewable energy integration within IT operations.

- 2. Digital transformation and automation**

- » Proficiency in automating processes and utilizing AI, cloud platforms, and data analytics for operational efficiency, resource conservation, and waste reduction.

- 3. Cybersecurity and digital governance**

- » Expertise in safeguarding IT infrastructure while ensuring that security frameworks and digital governance practices support sustainable IT operations.

- 4. E-waste management and circular economy**

- » Knowledge of best practices in e-waste disposal, recycling, and refurbishing equipment, ensuring compliance with regulations like WEEE (Waste Electrical and Electronic Equipment) and integrating circular economy principles within IT functions.

- 5. Green cloud computing and virtualization**

- » Skills in deploying cloud computing solutions with a focus on sustainability, optimizing server utilization, and reducing the energy footprint of data centres.

- **Potential mechanisms to integrate a recurring skill enhancement framework:**

- 1. Partnerships for knowledge exchange:**

- » Engage with federal entities and international counterparts to foster collaboration in digital and sustainability education. Utilize cross-border programs to transfer knowledge from best practice countries such as the UK, Singapore, and Switzerland.
- » Establish partnerships with technology vendors, cloud providers, and educational institutions to design tailored sustainability and digital skills programs.

- 2. Digital learning platforms:**

- » Develop an integrated Learning Management System (LMS) that provides easy access to sustainability-focused digital training modules, covering topics such as energy management, green IT, and AI for sustainability.
- » Ensure the LMS is regularly updated with new training programs and certifications that focus on emerging sustainable technologies and IT solutions.

- 3. Periodic sustainability workshops and seminars:**

- » Organize quarterly sustainability workshops, seminars, and webinars to increase awareness of green IT practices and digital skills. These sessions should include both internal and external stakeholders and focus on practical applications and case studies.

- 4. Certification and accreditation programs:**

- » Introduce certification programs for staff that highlight competencies in sustainable IT management, energy-efficient practices, and circular economy principles. These certifications can be benchmarked against recognized global standards.

5. Embedding sustainability in performance evaluation:

- » Link sustainability competencies to employee performance evaluations, ensuring that staff are incentivized to enhance their skills in digital sustainability and energy efficiency.
- » Implement upskilling initiatives to equip IT staff with the necessary competencies in emerging sustainable technologies, AI-driven efficiency measures, and green IT practices.

- **Key criteria and technical requirements:**

- 1. **Key Performance Indicators (KPIs):**

S No.	Recommended KPI	Formula	Relevant Details
1	Employees Trained in Sustainability-Focused IT Practices (%)	$\frac{\text{[Number of Employees Trained (\#) / Total Number of Employees]} \times 100$	-
2	Average Training Hours per Employee in Digital Sustainability (Hours / Employee)	$\frac{\text{Total Training Hours (Hours) / Number of Employees Trained (\#)}}$	-
3	Number of Cross-Entity Collaborative Projects on Sustainable Digital Practices (#)	Count of Active Collaboration Projects on Sustainable Digital Practices	Count of Active Projects: Includes ongoing initiatives with external federal entities, industry, or educational institutions.
4	Participation in External Sustainability and Digital Skills Programs (%)	$\frac{\text{[Number of Employees Attending External Programs (\#) / Total Number of Employees in IT function (\#)]} \times 100$	-
5	Employee Satisfaction with Digital Skills and Sustainability Training (%)	$\frac{\text{[Sum of Satisfaction Scores from Surveys (\#) / Total Number of Survey Respondents (\#)]} \times 100$	-

Economic:

Objective: The framework aims to create long-term value by fostering a green IT ecosystem, promoting responsible procurement practices, and enhancing transparency in supplier selection. The guideline provided below are in line with the overarching Sustainable Public Procurement Framework developed separately.

- **Key evaluation areas:**

1. Environmental impact assessment

- » **Energy efficiency:** Suppliers should demonstrate a commitment to energy-efficient operations, including optimized IT hardware and data centre operations. Key aspects to evaluate include:
 - **Power Usage Effectiveness (PUE)** for data centres and other IT infrastructure, with a target for reducing PUE scores over time.
 - **Energy-efficient hardware and software:** Suppliers must provide energy-efficient products that reduce overall energy consumption during their lifecycle. For example, selecting products certified with Energy Star or EPEAT will indicate a commitment to energy efficiency.
 - **Energy use reporting:** Suppliers should disclose detailed energy consumption data, including the use of renewable energy and efforts made to transition towards green energy sources.
- » **Carbon emissions and offsets:** Evaluating suppliers' efforts to reduce carbon emissions and their participation in carbon offset programs is crucial. Evaluation areas include:
 - **Carbon footprint reduction:** Measurement and reduction of carbon emissions during product manufacturing, transportation, and end-of-life processes.
 - **Renewable energy use:** Suppliers who use renewable energy sources (e.g., solar or wind) to power their data centres and facilities shall be preferred.
 - **Carbon offset initiatives:** Suppliers should support or participate in carbon offset programs (such as planting trees, renewable energy projects) to neutralize their carbon emissions.
- » **Waste management and circular economy:** Suppliers should have robust strategies for managing electronic waste (e-waste) and minimizing their contribution to landfills. Areas to evaluate include:
 - **E-Waste recycling:** Suppliers should follow federal or local frameworks for collecting and recycling end-of-life products and offer take-back services for old equipment.
 - **Circular economy practices:** Suppliers that implement refurbishing, reusing, and recycling practices to extend the life of IT equipment and reduce e-waste shall be preferred.
 - **Sustainable packaging:** Suppliers should use minimal or eco-friendly packaging materials for hardware delivery, ensuring all packaging is recyclable or reusable.

2. Social impact assessment

- » **Labour practices:** Suppliers must adhere to fair labour standards that promote human rights and fair working conditions. Key areas include:
 - **Fair wages and working conditions:** Suppliers should demonstrate a commitment to providing safe, fair, and respectful working conditions for all employees, in line with global labour standards such as ISO 26000.
 - **Non-discrimination and diversity:** Suppliers should actively promote diversity and inclusion in their workforce, ensuring that they do not discriminate based on race, gender, or other personal factors.

- » **Community engagement:** Suppliers should contribute to social development by supporting community initiatives and fostering skills development. Evaluation areas include:
 - **Community Programs:** Suppliers should be evaluated on their contributions to local communities through education, skill development programs, and CSR activities.
 - **Partnerships for Sustainable Development:** Suppliers that collaborate with NGOs, educational institutions, or other stakeholders on sustainability initiatives shall be favoured.

- **Key criteria and technical requirements:**

1. Environmental standards and labels

- » **Energy Star:** For products that meet high energy efficiency standards, with a focus on reducing energy consumption in products such as servers, desktops, and data centres.
 - Suppliers are recommended to ensure their IT products meet Energy Star standards, which certify energy-efficient operations and reduced greenhouse gas emissions. Products must achieve Energy Star certification in their relevant category (e.g., computers, servers, monitors).
- » **EPEAT:** This ecolabel assesses electronic products on various sustainability criteria, including energy efficiency, recyclability, and reduction of toxic substances.
 - Suppliers are recommended to achieve a minimum of EPEAT “Silver” certification for products, with a preference for “Gold” certification. EPEAT evaluates product sustainability based on criteria such as energy consumption, the use of toxic-free materials, recyclability, and product longevity.
- » **ISO 14001:** This international standard ensures suppliers have effective environmental management systems in place and are continuously improving their environmental performance.
 - Suppliers are recommended to hold ISO 14001 certification, which demonstrates a comprehensive environmental management system. This ensures that suppliers regularly measure and manage their environmental impact, including energy usage, emissions, and waste disposal.
- » **TCO Certified:** An independent sustainability certification that covers the entire lifecycle of IT products, ensuring they meet rigorous environmental, social, and ethical standards.
 - Suppliers may ensure that their products are TCO Certified, which guarantees compliance with strict criteria across environmental, social, and economic performance.
 - **Environmental standards:** TCO Certified focuses on reducing environmental impact by promoting energy-efficient products, reducing hazardous substances, and ensuring responsible manufacturing practices.
 - **Social responsibility:** In addition to environmental requirements, TCO Certified includes social criteria, such as fair labour practices, ensuring safe working conditions in the supply chain, and addressing human rights issues in manufacturing.
 - **Circular economy practices:** TCO Certified promotes circular economy practices by encouraging manufacturers to design products that can be easily recycled or reused at the end of their life cycle.

2. Social standards and labels

- » **ISO 26001:** An international standard providing guidance on social responsibility, helping organizations operate ethically and transparently while contributing to sustainable development.
 - Suppliers are recommended to comply with ISO 26000, that provides guidance on how organizations can operate in a socially responsible way, including ethical labour practices and community contributions.
- » **SA8000:** This certification ensures that suppliers adhere to ethical labour standards, such as no child labour, fair wages, and safe working conditions.
 - Suppliers are recommended to comply with SA8000 to ensure compliance to social accountability principles, including fair labour conditions, health and safety, and workers' rights.

3. Key Performance Indicators (KPIs):

S No.	Recommended KPI	Formula	Relevant Details
1	Percentage of Suppliers with Certifications (%)	$\frac{\text{Number of Certified Suppliers (\#)}}{\text{Total Number of Suppliers}} \times 100$	Certified Suppliers: Suppliers meeting recognized sustainability standards such as Energy Star, EPEAT, TCO, SA8000 or ISO 14001, 26000.
2	Proportion of IT Contracts with Sustainability Clauses (%)	$\frac{\text{Number of IT Contracts with Sustainability Clauses (\#)}}{\text{Total Number of IT Contracts (\#)}} \times 100$	-
3	Supplier E-Waste Programs Participation (%)	$\frac{\text{Number of Suppliers Offering E-Waste Programs (\#)}}{\text{Total Number of Suppliers (\#)}} \times 100$	Suppliers Offering E-Waste Programs: Vendors providing take-back or recycling services for IT equipment.

10.4. Consolidated List of KPIs

S No.	Recommended KPI	Formula	Relevant Details
1	Energy Consumption per Unit of IT Workload (kWh / TB)	Total Energy Consumed (kWh) / Total Volume of Data Processed (Tera Bytes {TB})	Also known as Energy Performance Indicators (EnPI). A key metric that tracks the energy performance of the IT infrastructure and data centers over time.
2	Reduction in Energy Use per Data Center (%)	$[(\text{Energy Use (Baseline Period)} - \text{Energy Use (Current Period)}) / \text{Energy Use (Baseline Period)}] \times 100$	
3	Power Usage Effectiveness (PUE) (#)	Total Facility Energy (kWh) / IT Equipment Energy (kWh)	Total Facility Energy is the amount of energy used by the data center, including IT equipment, cooling, lighting, power distribution, and any other supporting systems. IT Equipment Energy is the energy consumed solely by IT equipment, such as servers, storage devices, and network hardware PUE value close to 1.0 is ideal, with the typical range being between 1.1 and 1.3 for high-efficiency data centers
4	Cooling Load Effectiveness (CLE) (#)	Total Cooling Load required for the Data Center to Maintain the Desired Environmental Conditions (kW) / Energy Consumed by the Cooling System (kW)	A higher CLE value indicates better cooling efficiency. A CLE value of 1 means that the cooling system is perfectly efficient, with no excess energy consumption for the cooling load
5	Annual Energy Cost (AEC) (AED)	Total energy cost incurred by the data center or IT infrastructure annually	Energy consumed by both IT equipment and the associated infrastructure like cooling and lighting systems

S No.	Recommended KPI	Formula	Relevant Details
6	Mechanical Load Component (MLC)	Mechanical System Energy Consumption (kWh) / IT Equipment Energy Consumption (kWh)	Mechanical System Energy Consumption includes the energy used by cooling systems, pumps, heat rejection fans, and air handling units. IT Equipment Energy Consumption refers to the energy consumed by servers, storage devices, and networking equipment.
7	Electrical Load Component (ELC)	Total Electrical Losses (kWh) / IT Equipment Energy Consumption (kWh)	Total Electrical Losses encompass losses from the incoming electrical service, uninterruptible power supply (UPS) systems, and distribution systems.
8	Carbon Intensity (kgCO₂ / kWh)	Amount of carbon dioxide (CO ₂) emissions produced (kgCO ₂) / Total Energy Consumed by the system (kWh)	-
9	Total GHG Emissions (kgCO₂)	Cumulative Annual Emissions from IT Infrastructure	-
10	Emissions Intensity (kgCO₂ / TB)	Cumulative Annual Emissions from IT Infrastructure (kgCO ₂) / Total Data Processed (TB)	-
11	Renewable Energy Contribution (%)	Total Renewable Energy Consumed to Power IT Infrastructure (kWh) / Total Energy Consumed to Power IT Infrastructure (kWh)	-
12	E-Waste Diversion Rate (%)	[Weight of IT Waste Diverted (kg) / Total IT Waste Generated (kg)] × 100	-
13	Refurbishment and Reuse Rate (%)	[Number of IT Assets Refurbished and Reused / Total IT Assets Decommissioned] × 100	-

S No.	Recommended KPI	Formula	Relevant Details
14	Carbon Emissions Reduction (%)	$\text{CO2 Emissions Avoided (kg)} / \text{Total CO2 Emissions Baseline (kg)}$	CO2 Emissions Avoided: Emissions saved by recycling or recovering materials. Total CO2 Emissions Baseline: Emissions that would have occurred without recycling.
15	Recycling Vendor Compliance (%)	$\text{Number of Certified Vendors (\#)} / \text{Total Number of Recycling Vendors Onboarded (\#)}$	Certified Vendors: Vendors meeting eco-certification or compliance standards.
16	Procurement Circularity (%)	$[\text{Value of Eco Compliant IT Equipment Procured (AED)} / \text{Total Value of IT Equipment Procured (AED)}] \times 100$	-
17	Employees Trained in Sustainability-Focused IT Practices (%)	$[\text{Number of Employees Trained (\#)} / \text{Total Number of Employees}] \times 100$	-
18	Average Training Hours per Employee in Digital Sustainability (Hours / Employee)	$\text{Total Training Hours (Hours)} / \text{Number of Employees Trained (\#)}$	-
19	Number of Cross-Entity Collaborative Projects on Sustainable Digital Practices (#)	Count of Active Collaboration Projects on Sustainable Digital Practices	Count of Active Projects: Includes ongoing initiatives with external federal entities, industry, or educational institutions.
20	Participation in External Sustainability and Digital Skills Programs (%)	$[\text{Number of Employees Attending External Programs (\#)} / \text{Total Number of Employees in IT function (\#)}] \times 100$	-
21	Employee Satisfaction with Digital Skills and Sustainability Training (%)	$[\text{Sum of Satisfaction Scores from Surveys (\#)} / \text{Total Number of Survey Respondents (\#)}] \times 100$	-
22	Percentage of Suppliers with Certifications (%)	$[\text{Number of Certified Suppliers (\#)} / \text{Total Number of Suppliers}] \times 100$	Certified Suppliers: Suppliers meeting recognized sustainability standards such as Energy Star, EPEAT, TCO, SA8000 or ISO 14001, 26000.

S No.	Recommended KPI	Formula	Relevant Details
23	Proportion of IT Contracts with Sustainability Clauses (%)	$\left[\frac{\text{Number of IT Contracts with Sustainability Clauses (\#)}}{\text{Total Number of IT Contracts (\#)}} \times 100 \right]$	-
24	Supplier E-Waste Programs Participation (%)	$\left[\frac{\text{Number of Suppliers Offering E-Waste Programs (\#)}}{\text{Total Number of Suppliers (\#)}} \times 100 \right]$	Suppliers Offering E-Waste Programs: Vendors providing take-back or recycling services for IT equipment.

10.5. Annexures

10.5.1 Recommendations for Emissions Calculations

S No.	Scope of Emissions	Relevant Activity	Relevant Details
1	Scope 1 Emissions (kgCO ₂)	$\sum (\text{Fuel Consumed (liters)} \times \text{Emission Factor (kgCO}_2\text{e/liter)})$	Fuel Consumed: Total fuel used by backup generators (e.g., diesel) Emission Factor: Utilize the Emission Factors provided by GHG Protocol for Stationary Combustion, By Fuel - (Reference)
2	Scope 2 Emissions (kgCO ₂)	$\sum (\text{Electricity Consumed (kWh)} \times \text{Emission Factor (kg CO}_2\text{ e/ kWh)})$	Electricity Consumed: Total electricity consumed in kWh for IT infrastructure (data centers, offices, etc.). Emission Factor: Grid emission factor for the UAE, provided by DEWA, ADDC or relevant authorities.
3	Scope 3 Emissions - Equipment Emissions (kgCO ₂)	$\sum (\text{Number of Units} \times \text{Emission Factor per Unit (kg CO}_2\text{e)})$	Emission Factor per Unit: Can be obtained from manufacturers' lifecycle assessments or environmental product declarations (EPDs).
4	Scope 3 Emissions - Cloud Emissions (kgCO ₂)	$\sum (\text{Data Usage (TB)} \times \text{Emission Factor per TB (kg CO}_2\text{e/TB)})$	Data Usage: Amount of data processed or stored in cloud services. Emission Factor per TB: Provided by the cloud service provider.

5	Scope 3 Emissions - Transportation Emissions (kgCO ₂)	$\sum$ (quantity of fuel consumed (liters) × emission factor for the fuel (e.g., kg CO ₂ e/liter))	Fuel Consumed: The total volume of fuel (in liters) used by vehicles transporting IT equipment. This data can be obtained from logistics providers or estimated based on transportation routes and vehicle efficiency. Emission Factor: The specific CO₂ emission factor for the type of fuel used (e.g., diesel, gasoline) based on reference provided in Scope 1 Emissions
6	Scope 3 Emissions (kgCO ₂)	Equipment Emissions (kgCO ₂) + Cloud Emissions (kgCO ₂) + Transportation Emissions (kgCO ₂)	-

Legal references of the Guide

No.	Law
1	Federal Decree-Law No. (26) of 2019 on Public Finance, as amended
2	Federal Decree-Law No. (11) of 2024 on the Mitigation of Climate Change Impacts: establishes national obligations for emissions reduction and climate adaptation
3	Federal Law No. (12) of 2023 on the Regulation of Public-Private Partnerships (PPPs): governs partnership models, as well as the financing and implementation of projects.
4	Procurement Law No. (11) of 2023 on federal government procurement: enhances transparency and efficiency in government spending