

Italian Firm Nudges Egypt Towards Renewable Goals

An Italian firm has signed on to build what will become the first gigawatt-scale solar PV market in the MENA region in Egypt, according to local media reports, putting the country on its way towards its renewable and broader energy production goals.

The deal will consist of a \$200 million agreement to help build two 50 MW PV plants in the city of Benban, providing electricity to about 50,000 homes and creating an estimated 1,000 jobs. The [agreement](#) was the subject of a Memorandum of Understanding between Italy's Building Energy firm and the New & Renewable Energy Authority in Egypt.

The project would not only help Egypt's effort to curb overreliance on costly and occasionally unstable foreign producers, but it would also put them on track to reach their goal of producing 20 percent of the country's electricity from renewable resources by 2020.

"We are delighted to announce the kick-off of our first two projects in Egypt. The country is blessed with world-class solar and wind resources and has established an extremely well-managed programme under which it aims to produce at least 20 per cent of its total power from renewable sources by 2020," said Cornelius Matthes, Building Energy's managing director for the region, according to Albawaba Business.

Egypt's energy sector has always faced a particularly difficult number of challenges, especially in the years since the collapse of the government of Hosni Mubarak in 2011. With his exit, the country suddenly faced widespread shortages of oil and natural gas, the latter

of which Egypt actually used to export to both Jordan and Israel. With security and political stability an issue, tourism dwindled and with it, vital revenues that could be used to pay the increasing cost of energy imports. Without that revenue, the country's foreign debt to energy providers steadily grew to a daunting \$6 billion. Taken together, these events put tremendous strain on an energy sector that was not particularly stable to begin with. In recent years, the country's successive governments have pursued a number of energy diversification reforms, including promoting domestic production and striking up new trade agreements to meet growing domestic demand. However, as recent events have shown, Cairo does not appear content to settle for just traditional energy options.

While solar development in a sun belt country like Egypt may sound like a slam-dunk, challenges abound, as seen in turbulent cases in other Mediterranean states. However, Cairo will come to the table with more history to learn from and lessons already learned.