



# Gulf-Egypt Cooperation on Egypt's Energy and Industry Transition

Gulf Capital and Influence in Egypt's Clean Energy and Industrial Transformation

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## Abbreviations

ADQ	Abu Dhabi Developmental Holding
MASDAR	Abu Dhabi Future Energy Company
EETC	Egyptian Electricity Transmission Company
EU	European Union
GSU	Global South Utilities
GCC	Gulf Cooperation Council
IFC	International Finance Corporation
IMC	Industrial Modernisation Centre
LNG	Liquified Natural Gas
MOU	Memorandum of Understanding
MASEN	Moroccan Agency for Sustainable Energy
NREA	New and Renewable Energy Authority
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
PIF	Public Investment Fund
SEC	Saudi Electricity Company
SWF	Sovereign Wealth Funds
SCZONE	Suez Canal Economic Zone
TSFE	The Sovereign Fund of Egypt
UAE	United Arab Emirates
USA	United States of America

# Part 1: Gulf countries' engagement on clean energy and tech in Egypt

## Bilateral and regional geopolitical dynamics

The Arab Gulf states and Egypt's partnership is rooted in economic and security needs. The Gulf Cooperation Council and Egypt refer to this relationship as a driver for "further growth and stability".<sup>i</sup>

Egypt has a significant military weight and strategic positioning at the crossroads of the Middle East, Africa, and Europe, and major regional crises. Thus, Egypt's stability has historically been considered critical in supporting and restoring regional stability and security. The country's foreign policy was developed around its role as a regional guarantor of stability.<sup>ii</sup>

This role has also been important for the Gulf states, considering Egypt's location at the Mediterranean, Red Sea, and Nile Basin which render its stability vital to Gulf security. It also aligns with Gulf priority of countering Islamist extremism and Iranian influence in the region,<sup>iii</sup> and navigating a multipolar world by balancing international ties.<sup>iv</sup> Consequently, efforts have been made by the GCC to ensure Egypt's relative stability, especially during times of crises and fragility.

Egypt's domestic economy has been fragile, facing rising population, unsustainable energy demand draining resources, and foreign currency reserve shortages. This has created a structural dependency on external capital and aid.

Gulf states, specifically Saudi Arabia, the UAE, and Kuwait, have frequently stepped up as financial supporters of Egypt by injecting liquidity, providing capital for infrastructure investments, and extending deposits to the Central Bank of Egypt. Yet, Egypt has also been keen on diversifying its funding sources by developing integrated national financing frameworks<sup>v</sup> and strengthening relationship with international players such as the European Union (EU), the United States of America (USA), China, and Russia, in addition to Gulf states.

On the broader GCC level, a political consultation mechanism with Egypt was kickstarted in December 2021 in Riyadh. The consultation led to the signature of a memorandum of understanding (MOU) between the GCC General Secretariat and Egypt in February 2022, aiming to strengthen political and strategic relations between the two parties. Since then, several bilateral committees and engagements have taken place between Egypt and each of the six GCC states; Saudi Arabia, United Arab Emirates, Qatar, Kuwait, Oman, and Bahrain.

In March 2024, the Joint Action Plan for the period 2024-2028 between the GCC and Egypt for the period 2024-2028 was approved, acting as a blueprint for cooperation between the parties in different areas of mutual interest.<sup>vi</sup>

## Drivers of the Gulf's engagement in North Africa

The Gulf support has not singled out Egypt, but has also extended to other North African countries, specifically, Morocco. to the primary drivers for Gulf's engagement in Egypt, and the broader North Africa are geopolitical and security objectives, as stated in the previous section. Several additional drivers have influenced Gulf's financial support and investments in North Africa, including economic diversification goals, access to markets and diplomacy and strategic influence.

The stability of Egypt is a vital for Gulf security due to the first's location. For Gulf states, maintaining a strong partnership with Egypt safeguards critical maritime and trade routes, and supports the Gulf's regional agenda. This includes countering Islamist extremism, curbing Iranian influence, and reinforcing strategic autonomy amid shifting global power dynamics. Thus, Egypt functions as both a security buffer and a geopolitical ally that helps the Gulf navigate an increasingly multipolar landscape and offer foreign investments to Gulf's economy.

Gulf states' strategic goal of diversifying their economies away from hydrocarbons has been a key driver for seeking opportunities in North African countries; Egypt and Morocco. Pressure to grow the non-oil and gas economies have led to Gulf states investing abroad in large infrastructure, including renewables, green hydrogen, petrochemicals, and agro-industrial projects. Egypt and North Africa have both managed to develop multiple large-scale bankable projects, with significant returns on investments, attracting Gulf financiers and developers.

The Gulf and Egypt's economies display parallel market dynamics and business cultures, where state-private sector relations are often shaped by networks of patronage and policy alignment. This structural resemblance allows Gulf investors to navigate Egypt's business environment with relative ease, leveraging familiar institutional logics.

Egypt, meanwhile, offers what Gulf economies increasingly seek as they diversify beyond hydrocarbons: a large domestic market capable of absorbing consumer goods and services, and an entry point for regional expansion. Its geographic proximity and established trade corridors with the Gulf further enhance investment flows, lowering logistical barriers and strengthening cross-border capital movement.<sup>vii</sup>

The bilateral ties between each of the GCC states and North African counterparts have therefore supported mutual objectives: 1) the Gulf's economic diversification and 2) North Africa's drive to diversify their energy mix, grow their clean energy industries, and ease fiscal pressures.

Second, North African countries provide market access due to their geographic location at the proximity of European and African markets, and their free trade agreements with the EU. Lastly, the Gulf's clean energy investments abroad are instruments of influence and soft power, first within host countries, and second within the global energy markets, maintaining the Gulf's strategic positioning in a post-oil world.

Although Gulf investments have targeted several North African countries, Egypt remains a primary target due to its scale, political role, and capacity for large-scale projects.

## Engagement toolbox

Gulf engagement in Egypt combines financial stabilisation programs (deposits, direct investments), industrial co-development (zones, hydrogen hubs, solar manufacturing), and strategic partnerships (sovereign wealth funds (SWFs), trilateral agreements). This engagement toolbox balances state-to-state political leverage with commercial expansion by Gulf investors and developers.

Gulf states are transitioning from aid and non-conditional support, to “strategic investment diplomacy”. As such, Gulf financing is increasingly strategic and comes with its own form of conditionality; less focused on aid and bureaucratic processes, and more emphasizing formal governance and reform measures, Gulf conditions tend to revolve around political alignment, commercial access, and reciprocal investment privileges.

Typically, funding is tied to ensuring stability and policy alignment with Gulf interests, including regional diplomacy, energy cooperation, and security coordination. Economically, it often entails preferential treatment for Gulf firms, for example, regulatory fast-tracking for Gulf-backed ventures.

In other cases, Gulf partners expect reciprocity in investment opportunities, such as Egyptian stakes in Gulf industrial or sovereign projects.

The following matrix categorises this toolbox into five main pillars: 1) financial transfers, 2) sovereign wealth funds’ investments, 3) project development, 4) cooperation agreements, and 5) instruments to involve Gulf businesses. The matrix highlights the mechanisms in use and shows examples of implementation.

Figure 1: Gulf- Egypt engagement matrix

Category	Examples
<b>1. Financial Transfers and Sovereign Support</b>	<ul style="list-style-type: none"> <li>- Saudi Arabia: USD 5 bn deposit in 2022; total deposits exceeding USD 10 bn by 2021.</li> <li>- UAE: USD 5.7 bn deposited in Egypt’s central bank (as of 2021).</li> <li>- Kuwait: USD 4 bn deposited (as of 2021).</li> <li>- Qatar: USD 5 bn investment deal in 2022; discussions on USD 7.5 bn partnership in 2025.</li> </ul>

	<ul style="list-style-type: none"> <li>- UAE Abu Dhabi Developmental Holding (ADQ): USD 35 bn Ras Al Hekma Peninsula mega-development in 2024.</li> <li>- By 2023–24, Arab investment in Egypt neared USD 40 bn; UAE represented 95% (USD 37.5 bn).</li> </ul>
<b>2. Sovereign Wealth Funds’ Investments and State-Backed Vehicles</b>	<ul style="list-style-type: none"> <li>- Saudi Arabia Public Investment Fund (PIF): Active across renewables and industrial projects; co-invests with Egypt’s The Sovereign Fund of Egypt (TSFE).</li> <li>- Abu Dhabi Developmental Holding (ADQ): Financing Ras Al Hekma, manufacturing ventures.</li> <li>- Joint ventures with TSFE: ACWA Power &amp; Masdar developing wind and solar projects.</li> </ul>
<b>3. Project Development and Private Sector Expansion</b>	<ul style="list-style-type: none"> <li>- Masdar &amp; Hassan Allam: 4 GW green hydrogen by 2030 (Suez Canal Economic Zone (SCZone)).</li> <li>- Alfanar (Saudi): USD 3.5 bn hydrogen-to-ammonia project.</li> <li>- ACWA Power (Saudi): USD 10 bn commitment, targeting 50% market share by 2026; 1.85 GW portfolio in solar &amp; wind.</li> <li>- AMEA Power (UAE): 1 GW hydrogen project + 500 MW Ain Sokhna project (USD 800 m).</li> <li>- August 2025: UAE, Bahrain, Egypt consortium developing USD 220 m solar panel and storage facility.</li> <li>- Ras Shukeir Green Industrial Zone (2025): Green hydrogen hub, sukuk-backed by GCC SWFs.</li> </ul>
<b>4. Trade, Investment, and Cooperation Agreements</b>	<ul style="list-style-type: none"> <li>- Qatar–Egypt (2022): Liquefied Natural Gas (LNG) supply, joint energy infrastructure, renewable energy cooperation.</li> <li>- UAE–Egypt (2024): Deals for ~6 GW solar, 2 GW storage, industrial investments.</li> <li>- Saudi–Egypt (2024–25): Cooperation on energy efficiency, new 1.96 GW wind &amp; solar, 2 GW Hurghada wind project Power Purchase Agreement (PPA).</li> </ul>

<b>5. Instruments to Involve Gulf Businesses</b>	<ul style="list-style-type: none"> <li>- Equity stakes: Gulf firms partnering with TSFE &amp; Egyptian state entities.</li> <li>- Concessional financing &amp; sukuk: e.g., Ras Shukeir Zone sukuk backed by GCC SWFs.</li> <li>- PPPs: ACWA Power and Masdar BOO models in solar and wind projects.</li> <li>- Industrial zones: East Port Said, Ras Shukeir, Ras Al Hekma developments.</li> <li>- Technology transfer &amp; training: Energy efficiency &amp; renewables agreements include standards &amp; capacity building.</li> </ul>
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### 1. Financial transfers and sovereign support

Financial deposits and direct state-to-state investment remain the Gulf's most immediate and visible tools in Egypt. Saudi Arabia, the UAE, Kuwait, and Qatar have repeatedly stepped in with large deposits to Egypt's central bank, providing crucial liquidity at times of foreign currency shortage. Mega-deals, such as Abu Dhabi Developmental Holding's \$35 billion Ras Al Hekma development, showcase how liquidity injections are tied to long-term real estate, infrastructure, and industrial projects, marking a shift from short-term bailouts that the Gulf states have been historically known for, to structural economic positions.

### 2. Sovereign wealth funds and state-backed vehicles

Investments by SWFs are a central component of Gulf states' engagement. Saudi Arabia's PIF and the UAE's ADQ are strategic investors shaping Egypt's renewable and industrial trajectory. The SWFs have been co-investing projects alongside TSFE, and injecting Gulf capital into Egypt's state-owned assets and national development strategies. The UAE has had the largest acquisitions record in Egypt through the Abu Dhabi Sovereign Fund.

### 3. Project development and private sector expansion

The Gulf's clean energy champions, such as the UAE's Masdar, Saudi Arabia's ACWA Power, UAE-based AMEA Power, and Saudi Alfanar, serve as vehicles for exporting Gulf expertise, technology, and capital to Egypt. Their portfolios in renewables and green hydrogen highlight a strategic positioning within Egypt's decarbonisation plans. The large scale of their projects showcases the Gulf's ambition and Egypt's bankability. These firms, often backed by their home governments, are shaping Egypt's role as a hub for green hydrogen and renewables generation and manufacturing.

### 4. Trade, investment, and cooperation agreements

Formal cooperation frameworks and bilateral agreements provide the political backing for Gulf engagement. These agreements link energy, industrial, and trade policies into cohesive supply-chain frameworks, positioning Egypt as both a production hub and an export gateway to Europe and Africa. These structured agreements also highlight Gulf states' systemic economic partnerships, rather than one-off projects, leveraging Egypt's geographic and market advantages.

### 5. Instruments to involve Gulf businesses

Gulf governments have been creating long-term operational presence in Egypt through equity stakes in Egyptian state-owned enterprises, sukuk-backed financing for industrial zones, and public-private partnerships in renewable projects. The establishment of special industrial zones such as East Port Said and Ras Shukeir lowers barriers for Gulf businesses. These instruments ensure that Gulf firms are key stakeholders shaping Egypt's industrial and clean energy industries.

In general, Gulf governments are setting the path to cooperation, through ongoing cooperation platforms and targeted investment missions which often include signature of memorandums of understanding, and cooperation agreements. During such missions, government officials are accompanied by executives from Gulf-backed private companies. The Gulf sovereign wealth funds often hold stakes in these private sector companies. Ownership in private sector companies is targeted at 3 main sectors: industrial sector and specifically energy-intensive and high-tech industries i.e. petrochemicals, iron and steel and aluminum, infrastructure such as telecom, water and retail and financial sector. Yet, the financial investment decision depends on the private sector's assessment of the market prospects and financial revenues.

### What's attractive and unattractive in the Gulf's investment offer

For the Egyptian government, Gulf engagement is attractive primarily due to the speed, scale, and flexibility of Gulf financing. Deposits into the Central Bank by Saudi Arabia, the UAE, and Kuwait provide short-term foreign currency relief, while sovereign wealth fund investments in projects signal long-term commitments.

Egyptian authorities see Gulf investment as a critical enabler of growth, specifically in clean energy, and industrial manufacturing. Partnerships with Gulf clean energy developers such as ACWA Power and Masdar are attractive due to these companies' expertise and track record in delivering large-scale renewable projects at a quick pace, and competitive rates. These companies also typically hire local contractors and bring financing as well as technology transfer and capacity building.

Thus, on the citizens' level, Gulf partnerships with Egypt are viewed favourably as they create job opportunities, improve infrastructure, and stabilise the economy. Yet, some perceive that the benefits are concentrated among political and business elites.<sup>viii</sup>

The government is cautious about heavy dependence on external factors and financing. Gulf deposits and direct investments expose Egypt to political leverage. Additionally, acquisition of

state assets by Gulf sovereign wealth funds has strengthened Gulf's political influence and regional leadership.<sup>ix</sup>

## Fossils vs clean energy, and Chinese involvement

Gulf's investments in Egypt have favoured clean energy over fossil fuels. Between 2012 and 2017, Gulf aid in the form of petroleum and petroleum products to Egypt totaled \$6.4 billion with the bulk of it being in 2013 totaling around \$4.32 billion. After 2017, Gulf countries have shown little interest in petroleum related projects in Egypt, aside from the fertiliser industry.<sup>x</sup>

There is often some Chinese involvement within Gulf investments either through Chinese suppliers, financiers, or developers, or even stakes' acquisition in major clean energy developers,

Within Egypt, China is a major technology supplier and engineering, contracting, and procurement (EPC) firm to Gulf developers such as ACWA Power or Masdar. The latter often source solar panels, wind turbines, and transmission equipment from Chinese firms such as LONGi or Jinko, given their cost competitiveness and rapid delivery capacity. Chinese EPCs are also subcontracted for large-scale projects financed by Gulf capital, effectively linking Gulf money with Chinese manufacturing and engineering. Examples to that are as ACWA Power and Power China collaboration in the 1.1 GW Suez Wind Energy project, and Amea and China Energy Engineering Cooperation engagement in a 1GW solar PV.

Both sides' involvement is often a form of complementary collaboration, with different roles across the value chain. The Gulf seeks to brand itself as the regional leader in clean energy financing and project development, while China aims to deepen its industrial and technological footprint through Belt and Road channels.

## Key focus areas for current and planned future clean cooperation

Based on collected projects' data from publicly available sources and recent investment announcements from the two top Gulf partners of Egypt -Saudi Arabia and the UAE-, Gulf- Egypt cooperation in clean energy and industry covers a wide range of the clean energy value chain from power grids, green hydrogen, renewables, manufacturing, and industrial zones. The following overview highlights the key focus areas shaping this partnership.

### 1. Cross-border grid interconnection

A key landmark of the Gulf- Egypt cooperation is the large-scale Saudi-Egypt electricity interconnector. Designed as a 1,350 km, 500 kV line with 3 GW capacity, the project will enable two-way power flows and is expected to be fully operational in 2026. This interconnection reflects a broader interest in linking grids across the Gulf states and the broader MENA region to enhance energy security, manage peak demand, and facilitate renewable energy grid integration. For Egypt, it strengthens integration into regional power markets, supports grid stability, and positions the country as a transit hub between the Gulf and Mediterranean electricity networks.<sup>xi</sup>

## 2. Green hydrogen and clean fuels

Hydrogen is a flagship area of Gulf- Egypt cooperation. Multiple Gulf-backed projects are planned in the SCZone and Ain Sokhna, including Abu Dhabi Future Energy Company (Masdar) and Hassan Allam's 4 GW hydrogen plants by 2030, Saudi-based Alfanar's \$3.5 billion hydrogen-to-ammonia plant, and Dubai-based AMEA Power's 1 GW green hydrogen initiative. These projects align Egypt's ambition to become a global hydrogen export hub<sup>xii</sup> with the Gulf's goal of securing leadership in low-carbon fuel.<sup>xiii</sup>

## 3. Renewable energy, storage, and manufacturing

Gulf entities have played a major role in shaping Egypt's solar and wind sectors. Saudi-backed ACWA Power has committed \$10 billion for the Egypt's renewable market, with a portfolio already exceeding 1.8 GW. Similar agreements with UAE partners include solar and storage projects across Dakhla Oasis, Benban, Lake Nasser, and Naga Hammadi, totaling more than 6 GW of new capacity. Up to 2 GW battery storage systems are also in development, ensuring grid flexibility and resilience. The localisation of clean energy supply chains is also shaping up in Egypt with Gulf support. UAE- and Bahrain- backed firms are investing \$220 m in a solar panel and storage production facility. UAE-Egypt MOUs envision two additional solar manufacturing plants with a combined 4 GW annual output. These ventures aim to localise value chains, reduce import dependency, and integrate Egypt into Gulf-led regional clean energy supply networks.<sup>xiv</sup>

## 4. Industrial zones and green industry

Industrial cooperation complements the clean energy agenda. Egypt and the UAE have launched a 20 sq. km industrial zone in East Port Said to attract investments in renewable manufacturing and advanced technologies. Additionally, Ras Shukeir is being transformed into a green industrial hub with Gulf sovereign wealth fund support through sukuk financing. These projects link industrial decarbonization with job creation, technology transfer, and export diversification.<sup>xv</sup>

## 5. Efficiency, standards, and capacity building

In addition to large- scale infrastructure projects, Gulf- Egypt cooperation extends into energy efficiency and institutional strengthening. Egypt and Saudi Arabia are implementing a joint program to establish efficiency standards, technical regulations, and energy service companies. The program also targets investing in workforce training and awareness campaigns. These initiatives highlight how Gulf- Egypt cooperation is evolving toward a more comprehensive, strategic approach that addresses regulatory frameworks and builds long-term institutional capacity.<sup>xvi</sup>

## Part 2: Examples of Gulf-Egypt clean cooperation

The Gulf's clean energy investments in Egypt have accelerated project development, improved electricity access, and positioned Egypt as a regional hub for renewables. Gulf's investments have created trust in the industry in Egypt, and mobilised further financing. These projects have also secured some level of local content development.

Egypt has set local content targets within its 2024-2030 Economic Strategy. As part of this strategy, manufacturing industries are expected to increase their local content to 60-80% by 2030. In other sectors such as automotive, mining and renewable energy, incentives -such as specific customs treatment, operating cost subsidies (including land-related expenses), workforce training support and tax incentives- are granted to companies that meet a 50% local content requirement.

However, the local development of other factors such as technology transfer and private-sector mobilisation, remains limited. Many projects have relied heavily on Gulf capital and contractors, creating a model of financial dependency. This is linked to deeper structural woes and the scale of these projects.

Cooperation within water, food, and energy nexus is taking place, yet on a limited scale. Both ACWA Power and Masdar are involved in renewable energy projects that fall within the NWFE program aiming at adding 10 GW of renewable energy capacity by 2028.<sup>xvii</sup>

Details examples of cooperation, along with impact, are listed hereafter.

### United Arab Emirates- Egypt clean energy cooperation

#### *Outlining energy and trade cooperation*

The United Arab Emirates is Egypt's largest investor. During 2023-2024, UAE investments in the construction sector in Egypt alone totaled \$37.5 billion, 95% of Arab total investments in Egypt.<sup>xviii</sup> In the energy sector, UAE-backed Masdar is one of Egypt's major renewable energy development partners.

#### *Delivery on the ground vs. political or commercial agreements*

Masdar is a key partner, with projects including the 250 MW West Bakr wind farm, solar PV plants in Farafra and the Red Sea, and a 200 MW wind farm developed with Infinity Power. Masdar has also purchased 180 MW of the 1.8 GW Benban solar farm. Several projects are operational such as West Bakr and Benban, while others remain under development. The 200 MW Infinity project has reached financial close, while the 10 GW wind farm is still at an early stage following land allocation. Beyond this, large MOUs have been signed for projects such as a 900 MW solar project in Dakhla Oasis, a 300 MW plant in Benban with storage, a 3 GW floating PV plant in Lake Nasser, and a 2 GW solar plant in Naga Hammadi. These agreements demonstrate ambition, though much remains at the MoU or planning phase.

### ***Local content***

Many of the projects involve partnerships with Egyptian entities, Infinity Power, Hassan Allam Utilities, and the Industrial Modernisation Centre, in coordination with the Egyptian Electricity Transmission Company (EETC), representing an evident case of local integration. Additionally, MUUs for 2GW of solar panel and solar cell manufacturing facilities in a partnership between Global South Utilities (GSU) and Egypt's Industrial Modernisation Centre (IMC) highlight industrial localisation. However, the extent of local content across larger-scale projects, such as the 10 GW wind farm, is not yet defined, as the land allocation agreement was signed recently in 2024. The bulk of the supply chains remain dominated by external providers, especially China.

### ***Benefits to stakeholders in Egypt and the Gulf***

For Egypt, UAE cooperation provides large-scale renewable capacity, industrial investment, and the potential to localise clean-tech manufacturing. These benefits support Egypt's energy transition and reduce reliance on imports. For the UAE, the partnership strengthens Masdar's global renewable portfolio and advances diversification goals. The mutual gain dimension is evident where Egyptian firms (e.g., Infinity, Hassan Allam) are integrated into consortia, which expands their role in international value chains while giving Emirati companies local market credibility. However, Egypt faces risks of over-dependence on Gulf financing and limited trickle-down benefits if some agreements remain unimplemented.

### ***Mobilisation of the private sector from the Gulf and Egypt***

The UAE's engagement has mobilised major Gulf private and semi-private developers, with Masdar and AMEA Power leading in projects. Egyptian private participation is also visible as previously stated. Yet, the private sector participation seems to be limited to large local companies, mostly due to the requirement of large infrastructure development.

## **Saudi Arabia- Egypt clean energy cooperation**

### ***Outlining energy and trade cooperation***

Saudi Arabia is among the top 5 investment partners of Egypt. Energy cooperation between Saudi Arabia and Egypt has deepened over the past decade, evolving from conventional energy ties into a wide-ranging partnership that spans renewables, grid interconnection, and industrial investments. A landmark project is the previously mentioned Saudi Arabia- Egypt Power Interconnector, a strategic project set to exchange 3 GW of electricity between the two countries, detailed in the section hereafter. Additionally, a growing portfolio of renewable projects has positioned Saudi champion, ACWA Power, as key stakeholder in Egypt's energy transition.

### ***Delivery on the ground vs. political or commercial agreements***

ACWA Power announced its intention to invest \$10 billion to secure a 50 percent share of Egypt's renewable energy market by 2026. By 2023, its portfolio had reached 1.85 GW, including three

solar plants totalling 120 MW in Benban, 200 MW Kom Ombo solar plant, and the 1.1 GW Suez wind farm, one of the largest globally. Additional projects, such as the planned 10 GW Sohag wind initiative, highlight ambition though remain in early stages. NOMAC, ACWA's operation and maintenance (O&M) subsidiary, is already managing solar assets at Benban and Kom Ombo, showing active involvement post-project development.

Saudi-based Alfanar signed a \$3.5 billion MOU with Egypt in 2022 for a hydrogen-to-ammonia project; which remains at the announcement stage at the time of writing, with no publicly available updates. In February 2025, Egypt and Saudi Arabia agreed on an executive plan for cooperation on energy efficiency, including technical standards, capacity building, and establishing a joint entity with Tarshid for renewable energy efficiency projects, alongside five new wind and solar projects totaling 1.96 GW and a PPA for a 2 GW wind project in Hurghada on the Red Sea. These agreements show a mix of operational projects, early-stage ventures, and projects remaining at the agreement stage.

### ***Local content***

ACWA's cooperation with the TSFE emphasizes institutional partnership, technology transfer, and job creation, but the bulk of project delivery remains dominated by Gulf developers. Local content is evident in employment opportunities during construction, and some participation of Egyptian utilities, but deeper integration of local supply chains and SMEs remains limited. NOMAC's O&M presence supports knowledge transfer.

### ***Benefits to stakeholders in Egypt and the Gulf***

For Egypt, ACWA Power's projects deliver tangible capacity, lower costs, and reduce dependence on imported fuels. The cooperation with TSFE embeds these ventures in Egypt's institutional framework, supporting economic growth and green jobs. For Saudi Arabia, projects reinforce ACWA Power's global leadership and contribute to Vision 2030's diversification goals. From the Gulf perspective, the scale of involvement secures influence and showcases capabilities, but exposes developers to Egypt's regulatory and macroeconomic risks.

### ***Mobilisation of the private sector from the Gulf and Egypt***

Saudi cooperation has mobilised major Gulf private developers, with ACWA Power and Alfanar as primary actors. Other Gulf firms such as FAS Holding and MOWAH have joined in announced renewable projects, showing wider participation. On the Egyptian side, participation is limited largely to TSFE and large state-linked entities. This reflects strong Gulf private sector mobilisation but weaker Egyptian private sector capacity.

## Saudi Arabia- Egypt clean electricity interconnection

### *Delivery on the ground vs. political or commercial agreements*

In 2012, Egypt and Saudi Arabia signed an agreement to establish a power interconnector between the two countries with an initial capacity of 1.5 GW and a cost of \$1.8 billion. Agreements were signed between the EETC and SEC for the project's infrastructure. The project has since expanded to a planned 3 GW. Contracts have been awarded, and development is underway.

### *Local content*

The interconnector is dominated by international contractors, including Prysmian Group for the 500 kV HVDC submarine and land cable system, and a consortium led by Hitachi ABB Power Grids for the converter stations. While this secures world-class expertise, the participation of Egyptian or Saudi local firms in core delivery appears limited at the current stage, and there is little evidence of significant local manufacturing or SME involvement.

### *Benefits to stakeholders in Egypt and the Gulf*

For Egypt, the interconnector promises enhanced grid reliability, increased capacity to export and import electricity, and deeper integration with Gulf power systems. For Saudi Arabia, it strengthens regional energy leadership and enables electricity trade flexibility, particularly as renewable penetration grows. The project has mutual strategic benefits, supporting Egypt's role as an energy hub and Saudi Arabia's strategy to diversify electricity trade.

### *Mobilisation of the private sector from the Gulf and Egypt*

The project has primarily mobilised state-owned entities, EETC and SEC, along with international technology providers. Gulf private sector mobilisation is limited, as is Egyptian private sector participation. This highlights the interconnector's character as a state-to-state strategic infrastructure project.

## Green hydrogen cooperation: Egypt, Saudi Arabia, and the UAE

### *Outlining energy and trade cooperation*

Egypt is collaborating with both Saudi Arabia and the UAE for the development of several green hydrogen projects.

### *Delivery on the ground vs. political or commercial agreements*

Saudi Arabia's Alfanar signed an MOU with Egypt to build a green hydrogen project, is expected to produce 500,000 tonnes of green ammonia.<sup>xx</sup> ACWA Power signed an agreement in January 2024 with TSFE, the SCZone, EETC, and the New and Renewable Energy Authority (NREA) to develop a \$4 billion green hydrogen project in the SCZone.<sup>xxi</sup> Masdar and Hassan Allam Utilities signed MOUs with Egyptian government institutes to develop 4 GW of green hydrogen plants by

2030,<sup>xxii</sup> while a Masdar-led consortium including Hassan Allam Utilities and Infinity Power signed a framework agreement for a 2 GW project in the SCZone.<sup>xxiii</sup> UAE's AMEA Power also signed a framework agreement to develop a 1,000 MW hydrogen project,<sup>xxiv</sup> alongside earlier announcements for a 500 MW plant in Ain Sokhna valued at \$800million,<sup>xxv</sup> and a 390,000 tonnes/year green ammonia facility.<sup>xxvi</sup> While some projects, such as the Masdar- Infinity 200 MW wind farm, have reached financial close, the majority of these hydrogen projects remain in the MoU or framework stage, illustrating the gap between ambition and delivery.

### ***Local content***

Most of the hydrogen agreements involve partnerships with Egyptian public institutions, such as TSFE, the NREA, EETC, and the SCZone Authority. These partnerships reflect a local focus. However, details on technology transfer or integration of Egyptian firms remain unavailable. For example, AMEA Power's agreements in Ain Sokhna and Masdar's large-scale MOUs include Egyptian entities, but no explicit commitments have been made on local sourcing or industrial capacity-building.

### ***Benefits to stakeholders in Egypt and the Gulf***

For Egypt, the benefit lies in positioning the country as a future hub for green fuels with export potential to Europe and beyond. The involvement of sovereign and state-owned entities provides credibility and the prospect of jobs and industrial development. Yet, there is absence of clear timelines in green hydrogen; which mainly mirrors global trends and difficulties reaching financial close in the industry. For Gulf countries, these projects support diversification goals, while also projecting global leadership in hydrogen. The mutual benefit dimension is most evident in projects that tie Gulf capital and expertise to Egypt's geographic advantage and abundant renewable resources, but there remains a risk that that some MOUs do not materialise, especially in green hydrogen and ammonia.

### ***Mobilisation of the private sector from the Gulf and Egypt***

The hydrogen ambitions shows significant mobilisation of Gulf private sector champions, ACWA Power, Masdar, AMEA Power, and Alfanar, who are leading the projects, often in partnership with Egyptian state entities. However, the participation of Egyptian private developers remains limited.

## Part 3: Examples of Gulf clean cooperation with other countries

### Gulf- Morocco cooperation in clean energy

#### *Outlining the cooperation*

Gulf investments have been vital to the establishment and growth of the clean energy industry in Morocco and placed the latter at the forefront of renewable energy deployment in MENA. Gulf developers, especially Masdar and ACWA Power, have a large footprint in Morocco's renewable energy market. ACWA Power has made a very large contribution with landmark projects such as Noor Ouarzazate solar complex, despite some operational hurdles in the project.

These investments have showcased how Gulf financing and technical expertise have aligned with Morocco's national strategies and ambitious goal to generate 52% of its electricity from renewables by 2030.<sup>xxvii</sup> They have also created a track record for Morocco's project bankability. This cooperation has extended beyond renewable energy generation into transmission, storage, and green hydrogen projects.

#### *Drivers and enablers*

Several factors have contributed to Morocco's attractiveness for Gulf financing, including stability, strong vision and institutions, scale of projects, and strategic location.

One key factor has been political and economic stability and the continuity of policy, which have provided investors with long-term certainty, a key enabler for bankability.

Strong vision and institutions have been other critical factors. Driven by its need to reduce fossil fuel imports and associated hefty import bills, Morocco has developed a solid strategy built on a robust vision to diversify the energy mix. The establishment of The Moroccan Agency for Sustainable Energy (MASEN), previously The Moroccan Agency for Solar Energy, has created a robust framework to attract concessional financing and multilateral development bank support, along with competitive procurement processes. This has given Gulf investors and developers confidence in risk allocation.

Moreover, the scale of Moroccan projects, averaging hundreds of megawatts of solar and wind farms, aligns with Gulf developers' experience in developing and managing large- and mega- scale infrastructure. The project sizes have also enabled economies of scale leading to significant returns on investments while maintaining competitive tariffs.

Morocco's geographic location further increases its attractiveness with abundant solar and wind resources, interconnections to Spain and Portugal, and proximity to EU markets. Gulf investors

have also been able to leverage established partnerships with European financiers and technology providers,<sup>xxviii</sup> reinforcing the credibility and financial structuring of Moroccan deals.<sup>xxix</sup>

### ***Lessons learnt***

The Morocco- Gulf experience demonstrates that large-scale renewable cooperation does not happen in a vacuum and requires foundational measures from the host country's side. These foundations include stability and policy certainty, in addition to solid vision and policy direction combined with strong institutions and bankable project pipelines.

A major lesson is the value of clear procurement processes and blended finance structures, which mitigate risk.

Additionally, successful deployment requires integration with local ecosystems, from ensuring local content and skills development, to localisation and supply chain participation to enhance the sustainability of projects.

Finally, Morocco's role as a bridge to Europe highlights the importance of geography in shaping energy diplomacy. These lessons, although not all of which could be scalable and replicable to other countries, provide a blueprint for other countries seeking to attract investments into clean energy.

## **Gulf- Tunisia cooperation in clean energy**

### ***Outlining the cooperation***

Tunisia's engagement with Gulf states in clean energy has been more modest than in Morocco or Egypt. Gulf actors, particularly ACWA Power and Masdar, have participated in solar and wind tenders years ago. The scale of participation has been minimal compared to Morocco and Egypt, yet it reflects Gulf interest in the broader region and Tunisia' potential.<sup>xxx</sup> Cooperation has extended into early discussions on green hydrogen development, leveraging Tunisia's renewable energy potential and its strategic access to Europe. In 2024, ACWA Power has signed an MOU with Tunisia to explore a project to produce 600,00 tons of green hydrogen for European exports.<sup>xxxi</sup>

### ***Drivers and enablers***

Several factors have made Gulf entities eye a cooperation with Tunisia; specifically abundant renewable resources, grid connections, established international partnerships, and market access.

Tunisia's renewable resources are abundant, offering high solar irradiation levels and strong wind corridors. The country's location, with direct grid connections to Europe, positions it as a future export platform for electricity. Tunisia also benefits from established multilateral frameworks that support bankability, and blended finance. However, Tunisia's fragmented energy landscape has rendered the deployment of renewable energy slow, with limited investor confidence in the market.

### ***Lessons learnt***

In addition to opportunities, the Tunisia- Gulf cooperation highlights some constraints.

A key lesson is that political and regulatory uncertainty can slow the pace of investment, despite abundant while resource base and attractive geographic location. Gulf investments in North Africa have shown that interest remains strong when project frameworks are clear, risks are adequately shared, and international partners, such as European financiers, are involved.

Another key lesson is that fragmented markets are less attractive and smaller-scale projects do not provide the same economies of scale. Yet, the latter serve in building citizens' trust in clean energy systems, particularly as these systems have faced some backlash and opposition due to chronic weak governance structures within the Tunisian energy systems.

Finally, Tunisia's experience showcases that investment attraction has pre-requisites of efficient reforms, stable governance, and policy clarity in order to enable sustainable cooperation.

## **Gulf- Jordan cooperation in clean energy**

### ***Outlining the cooperation***

Jordan was an early adopter of utility-scale renewable energy within MENA, and remains the Levant's most prominent recipient of Gulf investment in the clean energy industry. Since 2012, Gulf developers and fund, specifically Masdar, ACWA Power, and the Kuwait Development Fund, have developed and scaled up Jordan's renewable energy generation capacity.

ACWA Power has been a leading partner in solar and wind projects, including the Mafraq solar PV plant, one of the first utility-scale solar PV plants in Jordan, and Risha solar PV that have significantly reduced Jordan's reliance on imported fuel. Meanwhile, Masdar, has developed some of the most recent renewable energy projects in Jordan; the 200MW Baynouna solar PV farm and 117MW Tafila windfarm. In 2023, the company signed a MOU with Jordan to develop a 1 GW wind farm.<sup>xxxiii</sup> There are no publicly available updates on the agreement.

Gulf funds have been an indispensable backbone of Jordan's energy diversification strategy. This momentum slowed down after 2019, as Jordan halted renewable energy project development for a significant period due to grid constraints, and was later further exacerbated by dwindling political and financial interests, despite Jordan's ambitious target of generating 50% of electricity from renewable sources by 2030.<sup>xxxiii</sup>

### ***Drivers and enablers***

Between 2012 and 2019, Jordan's political stability and its long-standing policy focus on renewable energy have created a predictable environment for investment. Jordan's limited fiscal space, and strong political will to reduce fossil fuels' import bill have provided a strong economic driver to support the transition to cleaner energy systems. Gulf investors found Jordan's procurement framework, supported by multilateral lenders such as the IFC and European

development banks, to be bankable and clear, mitigating risk. Jordan's location, straddling the Levant and connected to regional grids, has also enhanced its strategic value. For all these reasons, Gulf developers were able to demonstrate success in an early adopted market, which had built trust and catalysed additional rounds of cooperation.

### ***Lessons learnt***

The Jordanian case provides for important lessons. First, Gulf financing can rapidly scale renewables in when there are clear policy direction and legal frameworks, which Jordan adopted back in 2012. Jordan's success in attracting Gulf capital shows that policy certainty is vital.

Moreover, early demonstration projects, averaging 50MW in Jordan, proved critical to building track records and attracting in further capital, suggesting that small- to mid-scale ventures can lay the groundwork for larger projects. Yet, the experience highlights the risks of over-dependence on one pool of fund: when Gulf financing slowed in later years, Jordan's renewable pipeline stalled, underscoring the importance of diversifying sources of investment. Finally, it illustrates the political role in ensuring capital inflows into a MENA market.

## **Part 4: Success-driving factors and lessons**

### **Success-driving factors**

#### **1. Stability and policy certainty**

Gulf investments favour -relatively- politically stable countries with long-term policy certainty to reduce the risks for investors and developers. Egypt's relative political stability has been critical in attracting Gulf investment. Successive governments have reaffirmed commitment to the Integrated Sustainable Energy Strategy 2035, providing continuity and predictability for investors. This policy certainty has reassured Gulf sovereign funds and developers that their large-scale financial commitments are secure.

#### **2. Bankable project structures**

Egypt's renewable framework, backed by competitive tenders, PPAs, and multilateral involvement such as the International Finance Cooperation, has made it possible to mobilise further financing, including Gulf entities. Gulf developers such as ACWA Power and Masdar have consistently delivered cost-competitive renewable energy projects, while maintaining secure return on investments.

#### **3. Scale and speed of Gulf capital**

Gulf states have a significant capacity to mobilise large capital, either through state deposits or sovereign wealth funds. This has provided them with favourable terms and speed of licensing and

permitting within Egypt. For Egypt, this has provided liquidity in crises and financing for large-scale infrastructure.

#### 4. Strategic location and regional integration

Egypt's strategic location and role as a regional stabiliser and as a bridge between Africa, the Gulf, and Europe is central to Gulf engagement and interests.

#### 5. Emerging industrial and supply chain cooperation

Gulf investments are creating clean tech manufacturing and industrial zones in Egypt. These investments support Gulf efforts to diversify and Egypt's ambition to localise supply chains.

## What needs attention

### 1. Structural dependence on Gulf liquidity

Egypt's reliance on Gulf deposits and large sovereign wealth fund acquisitions exposes Egypt to risks and vulnerabilities related to oil price volatility and impact of Gulf economies, as well as political leverage.

### 2. Infrastructure and governance bottlenecks

Grid constraints, slow permitting, especially in moderate-scale project sizes have occasionally delayed projects. These could undermine investor confidence and limit scalability.

### 3. Focus on large-scale models

Gulf-driven projects are concentrated, large-scale and capital-intensive projects but may risk creating 'islands of development' limited to large-scale infrastructure. Smaller scale projects that are distributed across the country and in least-developed areas should also be accounted for from the Egyptian side.

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