The FORTNIGHTLY

A Review of Middle East Regional Economic & Cultural News & Developments

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1. ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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1.1. New Government Approves Massive Budget Cuts to Make Way for New Ministries

On 31 May, the Israeli cabinet approved massive, across-the-board budget cuts in all ministries to accommodate the creation of 11 new bureaus as part of to the 35th government. The largest in the country's history, the new national-unity government includes 34 ministers and 18 deputy ministers. The 1.5% cut will also apply to major ministries, including Defense, Foreign Affairs, Education and Health ministries. It aims to create 340 positions in the new ministries – a move costing NIS 108 million ($30.8 million).

The budget cuts include taking about $2.7 million from the Prime Minister's Office; $2.5 million from the Finance Ministry and $371,000 from the Interior Ministry. Some $2.4 million will be cut from the Justice Ministry; $3.3 million from the Foreign Ministry; $4 million from the Defense Ministry and $2.8 million from the Education Ministry's budget.

In addition, the Welfare Ministry's funding will be reduced by NIS 3.6 million ($1 million); NIS 4.3 million ($1.2 million) will be cut from the Health Ministry; the Agriculture Ministry will see a NIS 5.5 ($1.6 million) cut, and NIS 3.7 million ($1.1 million) will be taken from the Transportation Ministry. The size of the new government has been widely criticized for its having been established during the coronavirus crisis, which has left over a million Israelis unemployed. (Israel Hayom 01.06)

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1.2. Netanyahu Government Approves $85 Million Stimulus Package for Tourism Sector

The Netanyahu government announced a stimulus package on 1 June for Israel’s ailing tourism sector to help hotels reopen and function without the income they normally receive from hosting foreign tourists. The aid package will total NIS 300 million ($85 million), the Finance Ministry announced.

The tourism industry, which employs some 80,000 people and contributes some 3% to the GNP, has been gutted by COBID-19, with hotels and tourist sites and air travel slowed down to a trickle as foreign citizens are still largely banned from entering the country. The aid is meant to help hotels function in the coming months for Israeli vacationers, as tourists aren’t likely to be allowed in anytime soon.

Israeli officials have in recent weeks debated allowing in travelers from five countries — Greece, Cyprus, the Seychelles, Georgia and Montenegro. Talks are also underway with Austria about adding it to the list. The plan, which has not yet received final approval, would have a pilot stage over the summer during which officials would carefully track the effects of an open-border policy from the five nations, all of which have a very low rate of infection for the virus causing the COVID-19 pandemic. (ToI 03.06)

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1.3. Government to Commit to Purchasing El Al Shares in a Public Offering

The Ministry of Finance, as reported by Globes, has proposed that El Al Israel Airlines receive a $250 million loan instead of the $400 million it is asking for. The remaining $150 would be raised in an offering on the Tel Aviv Stock Exchange with the State committing to buy any shares not purchased by the public. The Borovitz family, which currently has a controlling stake in the airline, is not expected to participate in the offering, and their stake will be diluted. This could result in the government gaining control of El Al, 15 years after completion of the privatization of the airline. El Al is considering the offer.

El Al notified the Tel Aviv Stock Exchange that shares bought by the state will be deposited with a trustee, whose role and powers would be set by the state until the offering and sale the shares and the way the sale. Any such arrangement would be subject to agreement by El Al, the cabinet and the Knesset Finance Committee. In addition, El Al and its employees would need to sign a collective labor agreement that would include the required streamlining. (Globes 07.06)

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1.4. Consumer Product Tax Cuts to Become Permanent

Prime Minister Netanyahu and Minister of Finance Katz have decided to abolish a series of duties and purchase taxes on certain products, at an annual budget cost of NIS 1.45 billion. In effect, the move anchors in legislation tax cuts made under previous Finance Minister Kahlon's "Family Net" program.

The Ministry of Finance said that abolition of the customs duties had already been priced into the budget deficit forecast, such that the deficit for 2020 (which is at a level not seen in decades) will not grow as a result of it. The abolition of customs duties and purchase tax will apply to mobile telephones, clothing and footwear, baby products, electronic entertainment equipment (television, screens, loudspeakers, etc.), domestic electrical products, toys and games, perfumes and more. The Ministry of Finance added that the decision to abolish the taxes permanently was made after the prime minister and the minister of finance were presented with an effectiveness study that showed that the temporary abolition of the duties and purchase taxes led to a substantial, sustained fall in prices to the consumer of the products in question, including in comparison with other countries. (Globes 08.06)

2. ISRAEL MARKET & BUSINESS NEWS

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2.1. TASE Records Double-Digit Growth in All Key Parameters in First Quarter

The Tel-Aviv Stock Exchange announced its financial results for the first quarter ended 31 March 2020. The revenue in Q1/20 totaled NIS 81.2 million, compared to NIS 64.6 million in the corresponding quarter last year – a 26% increase. The revenue from trading and clearing rose by 49% due to the significant increase in trading volumes on TASE following the coronavirus outbreak. Revenue increased across the board, with the higher share trading volumes accounting for 24% of the increase in the revenue from trading and clearing. The revenue from trading and clearing was also boosted by the higher trading volumes of mutual funds (8%) and the increased trading in derivatives, corporate bonds and government bonds (6% each). It should be noted that the rate of effective commissions collected, other than in relation to derivatives, was lower in comparison to the corresponding quarter last year, this as a result of the increase in the volume of the transactions that are affected by the application of a maximum commission.

The revenue from listing fees and levies grew by 11% due to the 5% increase in revenue from listing fees and the 6% increase in annual levies from companies as a result of the joining of new companies and from adding new services. The revenue from Clearing House services increased by 16%, primarily due to the intensified activities of Clearing House members on the backdrop of the coronavirus outbreak.

The revenue from data distribution and connectivity services remained unchanged - the decrease in data distribution activities that ensued from efficiency measures taken by data distributors was offset by an increase in revenue from private customers and in revenue from new connectivity services launched in 2019.

TASE's expenses in the first quarter of 2020 totaled NIS 63.6 million, an increase of 3% compared to expenses of NIS 61.7 million in the corresponding quarter last year. Most of the increase was due to a 8.5% rise in employee benefits, and was partly offset by the launching of marketing campaigns during the coronavirus crisis, which aired at the beginning of the second quarter and were partly paid for at the end of the first quarter. TASE's net profit in the first quarter of 2020 amounted to NIS 10.2 million, a 89% increase compared to a net profit of NIS 5.4 million in the corresponding quarter last year. The increase in net profit was due mainly to higher revenue from trading and clearing services, as above, which was partly offset by the transition to financing expenses of NIS 4.4 million in the quarter, compared to financing income in the corresponding quarter in 2019. Cash flows from operating activities in the first quarter of 2020 amounted to NIS 46.6 million, a 88% increase compared to the corresponding quarter in 2019. (TASE 26.05)

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2.2. Fiverr Launches Follow-On Offering

Fiverr International announced the commencement of an underwritten public offering of $100,000,000 of ordinary shares pursuant to a registration statement on Form F-1 filed with the Securities and Exchange Commission. Fiverr also intends to grant the underwriters a 30-day option to purchase up to an additional 15% of the ordinary shares sold in the offering at the public offering price, less underwriting commissions.

J.P. Morgan Securities LLC is acting as lead book-running manager for the proposed offering of ordinary shares. BofA Securities, Citigroup Global Markets and UBS Securities are also acting as book-running managers for the proposed offering. The proposed offering of ordinary shares will be made only by means of a prospectus.

Jerusalem's Fiverr's mission is to change how the world works together. The Fiverr platform connects businesses of all sizes with skilled freelancers offering digital services in more than 300 categories, across 8 verticals including graphic design, digital marketing, programming, video and animation. In 2019, over 2.4 million customers bought a wide range of services from freelancers working in over 160 countries. (Fiverr 26.05)

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2.3. Litigation Funder Validity Finance Expands to Israel and Opens Tel Aviv Office

Validity Finance has opened its first international office, in Tel Aviv, becoming the first U.S.-based funder to open an office in Israel. Validity's new Israel office marks the company's fourth location, alongside U.S. offices in New York, Chicago and Houston. A frontier for entrepreneurship, Israel leads the globe in per capita R&D spending, with a record number of startups, access to venture capital and more companies listed on the NASDAQ than China. Validity expects to invest in outbound cases on behalf of Israeli companies involving a range of contractual disputes, patent infringement, and other matters resolved in U.S. courts or international arbitration. Validity, like many other companies, has been operating remotely since mid-March. It has seen a significant increase in new case leads since then. These leads arise from law firms looking to stabilize their operations and a large number of clients in newfound need of capital for continued litigation.

Validity is a commercial litigation finance company that provides businesses, law firms and individuals with non-recourse financing for a wide variety of commercial disputes. Validity was founded in 2018 with $250 million in committed, one of the largest first-round capital raises in the U.S. market. The firm announced an additional $50 million in capital in 2019. Validity believes that capital and legal expertise combine to help solve legal problems on behalf of clients. (Validity Finance 02.06)

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2.4. Watchful Raises $3 Million to Give Companies Intelligence on Their Competitors

On 3 June, Watchful left stealth and announced $3 million in seed funding for the world's first product strategy intelligence solution. The seed round was led by Vertex Ventures Israel and included prominent Israeli angel investors. Watchful's platform is already being used by some of the world's biggest consumer mobile apps to give them an information edge.

Watchful is the first product strategy intelligence solution, giving leading companies detailed internal information about their competitors' applications to enable them to make informed product decisions. Using a combination of techniques borrowed from cybersecurity, including differential analysis and AI-powered recognition tools, Watchful uncovers hidden features buried inside the app's code, A/B tests, upcoming changes to the app's design, internal user flows and even performance information like startup times and battery usage. The platform also provides this same information about a company's own app, giving large enterprises visibility into what other teams are developing and allowing benchmarking with competitors.

Tel Aviv's Watchful is the first and only intelligence solution solely focused on revealing your competitors' product strategy. Their solutions help automate and amplify competitive research, producing impactful insights that enable product teams to accelerate deliveries, reduce costs and fuel growth. Fortune 500 companies trust Watchful to drive better decision-making and to keep them ahead of their markets. (Watchful 03.06)

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2.5. 1touch.io Secures $14 Million Series A Round for its Security Platform

1touch.io secured a $14 million Series A round from leading investors, including National Grid Partners (NGP) and Jerusalem Venture Partners (JVP). Additional investors include, Connecticut Innovations, Mindset Ventures, and Ocean Azul Partners. 1touch.io will use the investment to increase the company's RD and field presence.

Inventa, 1touch.io's flagship solution, leverages network analytics, machine learning, and artificial intelligence to continuously and accurately catalog a company's customer data in near real-time. This includes structured and unstructured data, data at rest and data in motion, known data, and, most importantly, unknown data. Inventa also connects to a plethora of data sources, central filesystems, databases, NoSQL and SaaS solutions, and Amazon S3 buckets, helping solve one of today's greatest cloud security challenges.

Beer Sheva's 1touch.io is a U.S. headquartered and Israeli-based technology company providing automated real-time discovery, mapping, and tracking of personal data flow. Its founders have 20 years of experience developing successful networking and security technologies and bringing them to market. 1touch.io combines proven, cutting-edge technology from the fields of unique personal data discovery and dynamic network element discovery that is leveraged in some of the most demanding environments in the world. (1touch.io 03.06)

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2.6. National Instruments to Acquire OptimalPlus

Austin, Texas' National Instruments Corporation, the provider of a software-defined platform that accelerates the development and performance of automated test and automated measurement systems, has entered into a definitive agreement to acquire OptimalPlus. The acquisition will expand NI's enterprise software capabilities to provide customers with business-critical insights through advanced product analytics across their product development flow and supply chain.

NI and OptimalPlus serve highly complementary positions in the semiconductor, automotive and electronics industries. NI test systems are used in semiconductor manufacturing with OptimalPlus serving as a leading supplier of semiconductor manufacturing data analytics. Similarly, the NI automotive and electronics production test offerings are complementary to OptimalPlus' growing automotive and electronics analytics business. Combining the strength of NI's software-centric approach with OptimalPlus' enterprise-level analytics software is expected to dramatically increase the value of test and manufacturing data, enabling product insights that will improve quality, efficiency and time to market for both NI and OptimalPlus customers.

The acquisition is subject to customary closing conditions, including regulatory approval. The transaction is valued at $365 million and expected to close in early Q3/20. Due to the highly complementary nature of the companies, there will be minimal cost synergies from this transaction. NI plans to fund the transaction through a combination of cash on hand and debt.

Holon's OptimalPlus develops analytic solutions based on its big data platform technology which combines machine-learning with a global data infrastructure to provide real-time product analytics and to extract insights from data across the entire supply chain. Serving tier-1 suppliers and OEMs, in the market of semiconductor, automotive and electronic industries. The company provides technology to enhance key manufacturing metrics such as yield and efficiency, improve product quality and reliability and provide full supply chain visibility. (NATI 02.06)

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2.7. SuperCom Awarded 5 Year National Electronic Monitoring Contract in Latvia

SuperCom was awarded a new 5-year contract with the national government of Latvia to deploy its enhanced PureSecurity Electronic Monitoring (EM) Suite, including both RF House Arrest and GPS tracking. The nationwide program with the Ministry of Justice is set to cover all cases nationwide requiring electronic monitoring of offenders using both RF House Arrest and GPS Tracking solutions. SuperCom will deploy its enhanced PureSecurity product suite introducing many enhancements and new capabilities which have been developed over the past years.

The award was won through a formal government-led bid process, including three companies, in which SuperCom was awarded the highest number of points for the quality portion of the RFP, including technology and solution, in addition to the overall highest score. The project will be billed at a monthly lease rate and is expected to start generating steady-state recurring revenues within a few months from project launch.

Since 1988, Tel Aviv's SuperCom has been a global provider of traditional and digital identity solutions, providing advanced safety, identification and security solutions to governments and organizations, both private and public, throughout the world. Through its proprietary e-government platforms and innovative solutions for traditional and biometrics enrollment, personalization, issuance and border control services, SuperCom has inspired governments and national agencies to design and issue secure Multi-ID documents and robust digital identity solutions to its citizens and visitors. (SuperCom 04.06)

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2.8. SaverOne Raises NIS 26 Million in Tel Aviv IPO

SaverOne has raised NIS 26 million at a valuation of NIS 87 million before money in a Tel Aviv Stock Exchange IPO. Demand for the offering, which was led by Rosario Underwriting Services and Discount Capital Underwriting, amounted to NIS 36 million. The offering closed at NIS 16.4 per share.

Petah Tikva's SaverOne has developed a system that it says represents a unique solution to the problem of distraction when driving from use of mobile telephones. The system takes over the driver's telephone and prevents use of dangerous applications. SaverOne targets the car rather than the driver, and can assure that a vehicle equipped with Saver1, will not have Texting While Driving accidents. SaverOne enables additional growth engine by providing synchronized vehicle and mobile parameters from the vehicle and the mobile, creating an on-line "Enhanced Big Data" platform. (SaverOne 07.06)

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2.9. Zoominfo Raises $935 Million on NASDAQ

The largest tech IPO on NASDAQ in 2020 so far was completed on 4 June as Zoominfo (ZI) raised $935 million at a company valuation of $8 billion. Not only did the company raise slightly more than planned, initially pricing its share in the $19-20 range, the company's share price rose 62% on its first day of trading from $21 to $34, giving a market cap of $13 billion. In 2017, Zoominfo was acquired by US private equity firm Great Hill Partners for $240 million. Last year Zoominfo was acquired by its major rival Discover.org for $800 million.

Zoominfo has developed a market intelligence platform for sales and marketing teams. The company's go-to-market intelligence platform delivers comprehensive and high-quality intelligence and analytics on 14 million companies, including advanced attributes, technologies used by companies, intent signals, and decision-maker contact information. Zominfo's software, insights, and data enable over 15,000 companies to sell and market more effectively and efficiently. The company operates on a subscription software as-a-service (SaaS) business model.

J.P. Morgan and Morgan Stanley acted as the joint lead book-running managers for the offering. Barclays and Credit Suisse are also acting as joint book-running managers of the offering, as are BofA Securities, Deutsche Bank Securities, RBC Capital Markets, UBS Investment Bank, and Wells Fargo Securities. Canaccord Genuity, JMP Securities, Mizuho Securities, Piper Sandler, Raymond James, Stifel, SunTrust Robinson Humphrey, and Roberts & Ryan are acting as co-managers of the offering.

Ra'anana's ZoomInfo is a leading go-to-market intelligence platform for sales and marketing teams. Its go-to-market intelligence platform delivers comprehensive and high-quality intelligence and analytics on approximately 14 million companies, including advanced attributes, technologies used by companies, intent signals, and decision-maker contact information. (Zoominfo 05.06)

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2.10. El Al Extends Passenger Flight Suspensions until 30 June

El Al Israel Airlines has reportedly notified the Tel Aviv Stock exchange that it is extending the suspension of passenger flights until 30 June. The carrier suspended passenger flights in March after Israel closed its border to combat the spread of the COVID-19 pandemic. At the same time, the airline's employees have been informed that their unpaid leave has been extended until the end of July, making it unlikely that there will be any passenger flights next month either.

El Al says it will continue to operate cargo flights, manly between China, Israel and Western Europe as well as occasional 'rescue flights.' El Al has flown rescue flights bringing passengers home from as far afield as Latin America and Australia. More recently, El Al has been operating an average of three passenger flights each week from London and Paris as well as passenger flights from Hong Kong, Bangkok, New York, Houston and Los Angeles. (Globes 08.06)

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2.11. Upstream Expands Series B Funding

Upstream Security has secured an expansion of its Series B funding with an investment by Salesforce Ventures. The undisclosed amount is in addition to $30 million previously invested by Alliance Venture Capital (Renault, Nissan, Mitsubishi), Hyundai, Nationwide Insurance, Volvo Group, and others. Upstream offers specialized cloud-based data services for connected cars, including cybersecurity, quality enhancement, and data monetization opportunities. Salesforce offers its leading CRM platform to automotive OEMs, dealers, suppliers, and mobility services. The partnership between the two companies will bring real-time end-to-end data-driven solutions to the automotive sector.

This new partnership with Salesforce Ventures will enable the digital transformation of smart mobility players by producing an end-to-end automotive data service, beyond cyber capabilities, that will allow additional players in the automotive ecosystem to both understand the connected car data and enact real-time actions based on the insights found within that data.

Herzliya's Upstream Security is a cloud-based data platform purpose-built for connected vehicles and smart mobility services. Upstream's platform fuses machine learning, data normalization and digital twin profiling technologies to detect anomalies in real-time using existing automotive data feeds. The result is unparalleled cybersecurity, quality assurance, and predictive maintenance insights, readily available and seamlessly integrated into the customer cloud. (Upstream Security 09.06)

3. REGIONAL PRIVATE SECTOR NEWS

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3.1. Andersen Global Expands Presence in Qatar

Andersen Global announced its collaboration with Doha-based tax firm MS Partner, adding depth to the organization's presence in Qatar and expanding its global platform. MS Partner was founded in 2018 and includes two Partners and more than 10 professionals that specialize in providing tax services to a variety of international clients including individuals and companies – both private and public.

San Francisco based Andersen Global is an international association of legally separate, independent member firms comprised of tax and legal professionals around the world. Established in 2013 by U.S. member firm Andersen Tax LLC, Andersen Global now has more than 5,000 professionals worldwide and a presence in over 172 locations through its member firms and collaborating firms. (Andersen Global 02.06)

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3.2. Facilio Launches REbuild to Help Real Estate Owners Restart Property Operations

Facilio, an AI-driven property operations and maintenance platform, announced the launch of REbuild, a ready-to-deploy operations toolkit that helps real estate owners respond to the operational challenges posed in the post-pandemic recovery phase. REbuild is in line with Facilio's mission to provide robust tech solutions that help the industry adopt a flexible and agile operating model. The new operational toolkit enables real estate owners and operators to generate quick wins by remotely controlling building operations, automating maintenance processes, and restoring tenant confidence. REbuild also includes a knowledge-sharing video series, a community resource that can be streamed on-demand, featuring practical insights, case studies, and best practices from industry peers, globally. REbuild helps organizations streamline the logistics of restarting property operations across a portfolio and manage cost and workforce while putting occupant and visitor health first.

Dubai's Facilio offers an enterprise platform for data-driven property operations & maintenance (O&M). With over 60m sq. ft. managed globally, Facilio is a property operations cloud platform and a suite of SaaS applications allows real estate owners to aggregate building data, optimize performance, and control portfolio operations -- all from one place. (Facilio 27.05)

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3.3. ThreatConnect Expands Presence to the Gulf Cooperation Council (GCC)

Arlington, Virginia's ThreatConnect, provider of the industry's only intelligence-driven security operations solutions, has entered into a strategic partnership with Spire Solutions, a leading and value added disruptive distributor to the Gulf Cooperative Council (GCC) and the greater Middle East. Under the terms of the agreement, Spire Solutions will offer the full suite of ThreatConnect's security operations solutions which include its award-winning Threat Intelligence Platform (TIP) and industry-best Security Orchestration Automation and Response (SOAR) Platform. These offerings further expand Spire Solutions' ability to help clients assess and mitigate cyber risk. Demand for ThreatConnect is surging in the GCC and Middle East and this relationship extends the company's ability to serve this market demand.

With this agreement, ThreatConnect will integrate into Spire's extensive portfolio of cyber threat intelligence services and technologies, and specialized solutions that bridge the gap between the cyber and kinetic worlds. With more than 12 years in the industry, Spire has served global technology partners and customers with the most comprehensive suite of security solutions in the GCC and Middle East. The partnership expands ThreatConnect's ability to support the needs of clients in the region by providing dedicated local assets at Spire's offices to manage all aspects of client engagement. (ThreatConnect 01.06)

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3.4. DHL & Tabby Partner to Offer Online Retailers a Simpler Alternative to Cash on Delivery

DHL Express, the world's leading international express services provider, has partnered with Tabby to provide DHL's customers with payment solutions that address the region's dependence on cash. DHL's e-commerce customers can now provide a simpler and viable alternative to Cash on Delivery (COD) to their customers in the UAE by offering Tabby's "Pay Later" option on their website. This will allow shoppers to instantly checkout, without having to provide a credit card when they make a purchase, thereby addressing the main concerns customers consider when choosing COD for online purchases. Shoppers will also have the option to pay in multiple installments.

Dubai's Tabby provides consumers across the UAE and Saudi Arabia with the flexibility to pay for their online and offline purchases either in a deferred single payment or in multiple installments. Tabby's proprietary decision engine allows customers to check out without the need to enter their credit or debit card details when making a purchase and thus Tabby intends to become a serious alternative to cash-on-delivery (COD).

The synergistic partnership between DHL and Tabby is an ideal solution for this issue, and will help optimize delivery management, creating satisfied customers who generate repeat business. For retailers, this translates to bigger baskets and bigger conversions, predictable and consistent cash flows, and deeper insights on their customers. (Tabby 03.06)

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3.5. Japan's New Frontier Capital Management Expands into MENA

New Frontier Capital Management Hong Kong, the strategic partner of Mizuho Securities' private equity fund business, has joined forces with Blue Apple Partners to establish the Blue Apple New Frontier Healthcare Fund. With a target size of up to $300 million, it will invest in the medical and healthcare sector in the Middle East and North Africa (MENA). New Frontier Capital Management will become the first Japanese GP to enter the Middle East in the medical and healthcare sector.

Blue Apple Partners is a healthcare management and investment company based in Abu Dhabi. It has a track record in the development, management, and turnaround of healthcare assets in the Middle East. Opportunities sponsored and managed by Blue Apple have attracted institutional investors like Saudi Aramco and Investcorp. The fund will focus on hospitals, medical infrastructure, medical systems, health tech, and health promotion.

In addition to fundraising from global investors including Japanese corporations, the fund will leverage the global information network related to the fund businesses of New Frontier Capital Management. It will establish a business development desk within the fund management company to collect medical and healthcare-related corporate information in the MENA region. The business development desk will then provide the information to prospective Japanese and global corporations who wish to enter the MENA market or establish partnerships with local hospitals or corporations, enabling the fund to generate synergies from a Japan angle or a global angle. (LaingBuisson 02.06)

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3.6. Tabby Secures $7 Million in Funding

Dubai's Tabby, a fintech startup that provides consumers across the UAE and Saudi Arabia with the flexibility to pay for their online and offline purchases either in a deferred single payment or in multiple installments has raised $7 million in funding. The round was led by Raed Ventures. This news comes over 6 months after they raised their Seed round last November.

Launched in 2019 with an initial $2 million in seed funding, Tabby's mission is to empower consumers to easily buy what they want, when they want, while remaining in control of their finances. Tabby helps retailers across the UAE and KSA boost their sales by offering their customers flexible payment solutions. Tabby's Pay Later option offers an alternative to cash on delivery (COD) by allowing customers to purchase products online using only their mobile phone number and email address and requires no pre-registration or credit card to use. Tabby's Pay in Installments option gives customers the flexibility to pay for their purchases in multiple, interest-free installments without requiring a credit card.

Tabby provides a timely and much needed financial product to help customers better manage their spending by splitting their purchases into multiple, zero-interest installments while shopping at their favorite retail stores. This innovative payment solution will empower consumer spending, increase customer loyalty, and open up retailers to new customers across the region. Tabby also marks this chapter of growth by signing an agreement with Apparel Group, one of the largest retail groups in the Middle East to offer its solution on 6thStreet, Tommy Hilfiger, Aldo and the rest of Apparel Group's online portfolio. (Tabby 08.06)

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3.7. Wahed Closes $25 Million Strategic Funding Round to Expand in MENA

Wahed Invest, a robo-advisory service that provides efficient, reliable and accessible Shari'ah compliant investment platform to investors has raised a $25 million strategic funding round led by Saudi Aramco Entrepreneurship Ventures (Wa'ed Ventures) and BECO Capital. The round included participation from Cue Ball Capital, Dubai Cultiv8, members of notable family offices in the GCC. The funds will be used to fuel the company's ambitious global expansion, namely in developing the company's subsidiary in Saudi Arabia into its MENA headquarter. The news comes almost one year after they raised their bridge round in September 2019.

Founded in 2015, Dubai based Wahed is the world's leading robo-advisory service aimed toward Muslim investors with a Sharia-compliant online investment platform which will give clients the opportunity to seek advice on securities or investment scheme through direct access to an automated online platform (or application). Wahed was recently awarded the first Robo-Advisory experimental permit by the Saudi Arabian financial regulator, the Capital Markets Authority (CMA), to launch its platform in the Kingdom of Saudi Arabia.

Wahed has tapped into the rising demand for Islamic and ethical investments, a sector that merges Sharia law and modern investment theory. It has created an easy to use global platform that combines Sharia-compliant and ethical investment, with free portfolio recommendation and no hidden fees. Available online and through a mobile app, the Wahed platform is accessible in the US, UK, and Malaysia. Users can begin investing with as little as $100 and have access to an investment portfolio that is compliant with Islamic investing norms. (Wahed 08.06)

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3.8. KSA & UAE Food & Beverage Market to Surpass $80 Billion in 2020

Frost & Sullivan's recent analysis, 2020 Outlook of the KSA and UAE F&B Market, finds that the food and beverage (F&B) market in the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE) will register steady growth throughout 2020. The overall expenditure on F&B in the UAE is estimated to increase by 6.9% year-on-year (YoY), reaching $37 billion in 2020 from $34.6 billion in 2019; the KSA is likely to witness 5.4% annual growth, which translates to $50.6 billion over the same timeframe, totaling over $80 billion for both markets. It also discusses food consumption habits and preferences for all meals, highlighting the different habits across weekdays and weekends.

Rising health awareness, product differentiation, and convenience of online food platforms are key factors to drive the F&B market in the KSA and UAE. Additionally, cereals continue to be the most consumed food item in both nations, followed by value-added dairy products, fruits and vegetables, and meat-based products. Focusing on alternatives (such as organic, whole-wheat, and gluten-free products) and fortified foods, the majority of F&B market leaders are achieving higher margins and revenues through innovation and constantly creating variety. (Frost & Sullivan 03.06)

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3.9. Vezeeta Extends its Telehealth Solution to Saudi Telecom

Egypt's Vezeeta, Middle East and Africa's leading digital healthcare platform has partnered with the Kingdom's leading provider of telecommunication services, Saudi Telecom Company (STC), to extend free telehealth services to the company's workforce.

In line with the guidelines set by the Saudi Ministry of Health that underline the use of digital solutions to transform the delivery of healthcare and enhancement of patient care, this partnership emphasizes on promoting the use of teleconsultations to facilitate access to remote healthcare services. Using Vezeeta's app and website, STC employees stand to benefit from the seamless access to medical care, without having to physically visit a hospital or clinic, by digitally booking free appointments with the top doctors in the Kingdom, via phone calls, videos and schedule 'Home Visits' at special rates. This partnership also reiterates Vezeeta's mission and responsibility as a health-tech leader to support the efforts of the local government in combatting the spread of Covid-19 in the region, and ensure the health and safety of the local communities.

Since kicking off the telehealth solution across the country in March, Vezeeta's daily telehealth enquiries nearly doubled in the span of one month by 2.5X, attesting the power of remote healthcare and its critical need in the midst of a pandemic. Vezeeta's digital healthcare platform enables over 2 million patients in the Kingdom to search for a top-rated healthcare provider in their city, make instantaneous bookings and rate and review their healthcare experience. (Vezeeta 03.06)

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3.10. French Investment Giant Natixis Opens an Office in Saudi Arabia

French multinational financial service giant Natixis announced it would open a corporate and investment banking office in Saudi Arabia on 31 May. Natixis is one of the world's largest asset managers, with nearly $1 billion in assets under management. Natixis said it aims to expand its clientele to include family offices through the establishment of the office in the Kingdom, and deepen its existing relationships with various corporates, sovereign wealth funds and financial institutions.

The company joins US investment firm BlackRock, which opened an office in the Kingdom in September last year. BlackRock said earlier in May that Saudi Arabia represents an attractive, resilient investment while the global economy scrambles in the face of the coronavirus pandemic.

In light of the coronavirus pandemic, the Kingdom has moved to shelter its economy from the severe global economic downturn caused by the virus. In total, Saudi Arabia has planned more than $32 billion in economic stimulus, equal to around 4% of the Kingdom's GDP, to combat the coronavirus. While these steps may have served to blunt the edge of the coronavirus recession, the Kingdom's Minister of Finance al-Jadaan warned earlier that more "painful" steps for the economy are ahead. (Al Arabiya 31.05)

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3.11. Jahez Successfully Closes a $36 Million Series A Funding Round

Jahez International announced the successful closing of its Series A round of funding, led by Impact46, marking the largest VC deal of its kind in Saudi Arabia so far this year. A SAR 137 million transaction entailing primary and secondary shares, all funded by private investors. The deal signals strong investors' interest in investing in growth-stage VC companies.

Riyadh's [Jahez](#) operates a food delivery platform offering a full logistics solution with its own proprietary delivery capabilities. Saudi Arabia witnessed an unprecedented leapfrog in its online food delivery market for the past few years, reaching some SAR4.4billion in 2019. Saudi customers' expectations also increased, keeping the bar high on quality of service and making the challenge more interesting for platforms.

Founded in 2016, Jahez is a Saudi startup utilizing technology to streamline its online food delivery management software, the system can integrate any merchant with its proprietary remote onboarding mobile application. The platform automates the inbound order flow through a single point, given by Jahez, and provides last-mile delivery service as well. A pillar to the model's success is the partnership approach towards stakeholders.

Jahez has demonstrated their ability to rise above the competition and create long-term relationships with its stakeholders (restaurants, couriers, and end users' "customers") through an innovative business model. The startup has a team of 180 people, who are spread across major urban cities like Riyadh, Jeddah, Dammam, and other 19 cities. The company will use the fresh funds to support further development of information technology, new products & services, and solidify its position in Saudi Arabia. The success story of Jahez carries with it national pride, a Saudi company launched by Saudi management and staff with more than 90% of Saudization. The round was led by Impact46's Growth VC Fund, supporting later-stage technology startups and aiming to play a role in boosting their growth, unlocking new milestones, and expanding reach for startups looking to scale. (Jahez 03.06)

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3.12. Online Business Booms in UAE with a 300% Rise in Consumer Demand

As the coronavirus pandemic looms, online businesses are booming in the UAE. The country's e-commerce sector was issued the highest number of licenses – 196 - in May 2020, according to data from the National Economic Register, while the first five months of the year saw a 300% rise in consumer demand for e-commerce services. In comparison, the same report revealed 120 licenses were issued to general trade businesses, 115 to project management services, and 97 for building painting activities.

Moreover, sectors issued the highest number of licenses included construction, with 55 licenses issued, repair and maintenance of extensions and electrical installations, with 40 licenses issued, dessert preparations (39 licenses), cold and hot drink sellers (36 licenses), and snack stalls and new restaurants (33 licenses). The total number of licenses issued in the UAE in the same month amounted to 764, but is expected to increase, particularly in the e-commerce sector. (WAM 08.06)

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3.13. Egyptian Ride-Hailing App Dubci Launches Services

On 1 June, the new Egyptian ride-hailing app Dubci had a soft launch, offering customers a 20% discount for downloading the app. The company is positioning itself as the cheapest ride-hailing app in Egypt. In May, Dubci and Move It, another local riding-hailing company, said that they had signed a strategic alliance partnership, comparing it with the partnership of Careem and Uber. Dubci and Move It said their partnership aimed to serve Egyptian citizens "during this critical time."

Dubci announced its initial launch in July 2019 in Cairo, Giza, Hurghada and Sharm El-Sheikh, but did not launch its app, instead working to recruit drivers and car owners first. In May, Uber laid off 40% of its Cairo office as part of its global layoffs amid the coronavirus crisis. Prior to the pandemic, Egypt was one of the top-ten markets for Uber globally. (Ahram Online 02.06)

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3.14. Shezlong Raises Investment to Expand Its Operations to Help Mental Health

Cairo's Shezlong, an online mental health platform, has raised a new investment to expand its services in the Middle East and North Africa region as well as Arabic speaking population globally, and to introduce new products that focus on mental health including Texting-Base Therapy and Corporate Wellness programs. The new investment came from AAIC – a Singapore based investor who is focused on the healthcare sector in Africa, GCC based Mohamed El Khamissy – Chairman of MK Capital and an investor in a number of health & wellness and sports entities across the Middle East, Europe, and the US, and Khaled Ismail, Chairman of HIMangel, the leading angel fund in Egypt, which has focused on health-tech and is one of Shezlong's early investors.

Founded in 2014, Shezlong allows patients to connect with licensed therapists through video visits online. It offers free assessments in order to assess the patients' mental health and to detect any psychological problems. In addition, Shezlong uses cognitive behavioral therapy, which teaches individuals how to manage stress and anxiety and provides them with relaxation techniques such as deep breathing and positive self-talk that individuals currently need especially under the Covid-19 situation and the anxiety it created due to uncertainty and social distancing.

The platform, which currently hosts over 500 consultants, has attracted ten thousand cases from several countries including Egypt, Saudi Arabia, the UAE, Qatar, Germany and the US. It also has about 100,000+ registered users who follow up frequently with their therapists. (Shezlong 07.06)

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3.15. Stantec to Lead Major Wastewater Development Program in Egypt

The Egyptian Holding Company for Water and Wastewater (HCWW) has selected a consortium led by Edmonton, Alberta's Stantec to improve access to sanitation services through wastewater infrastructure for communities in the Fayoum governorate in Egypt. Stantec will act as the Project Implementation Support and Contract Supervision Consultant to manage the large-scale construction program to expand wastewater treatment, water reuse capabilities and the system sewerage network.

The governorate of Fayoum is in a rural, developing region about 90 km. (55 miles) southwest of Cairo. The area is in close proximity to Lake Qarun - the third largest lake in Egypt and one of the most important tourist attractions in the country. In lesser populated areas of the region, coverage of sanitation services is low, and more than half of the communities are not connected to a centralized wastewater network. This lack of access results in raw sewage being discharged directly to the agricultural drains and Lake Qarun, which is the area's main freshwater resource, causing significant environmental, economic and social harm.

The Fayoum Wastewater Expansion program, with a value of €456.5 million, is financed by the European Bank for Reconstruction and Development (EBRD) and co-financed by the European Investment Bank (EIB), the European Union's Neighbourhood Investment Facility, and the Egyptian government. Stantec will be responsible for design services related to network infrastructure and wastewater treatment plants (WWTPs), procurement support, project implementation support, development of a training plan, capacity building, contract management, and construction supervision services. Establishing system implementation and ongoing support to the HCWW and Fayoum Company for Water and Wastewater (FWWC) is key to this partnership. (Stantec 03.06)

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3.16. Greek E-Supermarket Sales Continue to Grow

According to data presented by the Convert Group, Greek online supermarket sales showed an annual growth rate of 180% for 1 - 24 May. Although the growth rate may not be as high as in March (307%), this market continues to grow at a breathtaking pace. Before the onset of the pandemic in Greece, the expansion rates of online supermarkets in the country were far lower. From 35% last December and 29% in January the growth rate rose to 62% in February.

The average online shopping order value per customer remains high, at €96, against €86 before the pandemic. At one point the average basket's value soared to €123, while the number of visitors to e-supermarkets also took off. Estimates put the average number of daily visits to online grocers this month at 136,000, against 71,000 in the pre-Covid-19 period.

Nielsen found that 22% of Greek e-store buyers are totally new customers who started doing their shopping online during the lockdown. Crucially, they continue to buy basic commodities from online supermarkets even after the lifting of most restrictions: 42% purchase personal care products, 28% household items, 24% packaged food and 19% drinks.

Such has been the shift in the habits of consumers over the last few weeks that although supermarkets saw an increase of €400 million year-on-year for a total turnover of more than €1.5 billion, according to IRI Hellas data, the bricks-and-mortar stores of the same chains recorded 82.4 million fewer visits by consumers in the last three months, per the calculations of the Research Institute of Retail Consumer Goods (IELKA). (Various 27.05)

4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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4.1. Israel Unveils NIS 80 Billion Plan to Boost Solar Energy & Raise Production by 30%

On 2 June, the Energy Ministry Steinitz unveiled an NIS 80 billion ($22.8 billion) plan to increase the use of solar power over the next decade, as Israel's population and energy demand are set to surge. Though awash with sunlight, at the end of last year Israel was producing just 5% of its electricity from solar energy. About 64% came from natural gas and the rest from coal. Energy Minister Steinitz said the new target is to outpace rising demand and have solar power production grow to 30% by 2030, or about 16,000 megawatts. That is roughly the same as total energy production today.

At peak hours, more than 80% of Israel's electricity will be generated by the sun, according to the plan. The Energy Ministry aims to completely phase out coal by 2026. Steinitz said most of the money will go into solar energy facilities to be built by the private sector. Other costs include upgrading the national grid and investing in energy storage. This program will cut air pollution by 93% in comparison with 2015.

Under the plan, sunlight will be the source of 90% of the power produced from renewable sources, while other sources such as wind, water, and biomass will supply the remaining 10%. Still, a goal of 30% of power production from renewable energy sources is fairly conservative compared to similar goals set by other members of the OECD, some of which have gone so far as to set a goal of 100%. Steinitz said that reaching 26% of its power production capacity from solar energy will put Israel among the leading countries in the world for solar power production. (Israel Hayom 03.06)

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4.2. ChemSec & Clearya to Help Shoppers Avoid Toxic Chemicals in Daily Products

The COVID-19 outbreak and social distancing practices adopted in many countries are affecting the way people shop. In response to the COVID-19 crisis, Göteborg, Sweden's ChemSec, the International

Chemical Secretariat, and Clearya are partnering in helping online shoppers avoid toxic chemicals in daily products.

This new collaboration adds the ChemSec SIN List to Clearya, which makes important ingredient safety information available to consumers' right as they browse potentially unsafe products at major online shops. Clearya browser extension is available on the Chrome Web Store for computers, and on the Apple App Store for iPhone, and Google Play for Android.

Tel Aviv's Clearya is a free web browser extension and a mobile app that helps people reduce exposure to toxic chemicals, while shopping online for cosmetics, personal care, cleaning products and baby care products. Clearya works by automatically analyzing the product ingredient lists at major online shops, and notifying the shoppers if any of the ingredients matches a known toxicant, according to authoritative regulatory or scientific sources. (ChemSec 26.05)

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4.3. UAE Reports Cleaner Air with 30% Reduction in Nitrogen Dioxide

The United Arab Emirates reported a noticeable drop in air pollutant levels between February and April, recording a 30% decline in the levels of nitrogen dioxide due to transport restrictions during the coronavirus lockdown it imposed. The UAE imposed traffic restrictions when it shut down public transport and restricted public movement during the course of the country's national sterilization program which began near the end of March.

According to the ministry's readings, air quality in the UAE saw a noticeable improvement compared to levels in 2019. Last year, the country experienced 81% green days – days when the concentration of air pollutants is low and air quality is good – compared to 71% in 2018.

Earlier this month, authorities said air quality in Abu Dhabi had improved during the government-imposed restrictions on movement and traffic aimed at slowing the spread of the coronavirus pandemic, according to the emirate's Environment Agency. (Al Arabiya 28.05)

5. ARAB STATE DEVELOPMENTS

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5.1. Lebanon's Inflation Rate Surged to 10.7% in February 2020

According to the Central Administration of Statistics (CAS), the monthly inflation rate in Lebanon surged to 11.4% in February 2020, up from 3.15% in Feb. 2019. The ensuing inflation rate in the first two months of 2020 surged to 10.7%, up from 3.16% recorded by February 2019. All sub-components of Lebanon's consumer price index (CPI) recorded substantial upticks in the first 2 months of the year. In details, the average costs of Housing and utilities, inclusive of water, electricity, gas and other fuels (composing 28.4% of CPI) climbed by 3.5% year-on-year (YOY) by February 2020. In fact, Owner-occupied rental costs (composing 13.6% of Housing and utilities) rose by an annual 2.7% while the average prices of water, electricity, gas, and other fuels (11.8% of Housing & utilities) recorded a substantial increase of 4.4%YOY, over the same period. In addition, average prices of Food and non-alcoholic beverages (20% of CPI) surged by 17.1% by February 2020. As for the average price of Transportation (13.1% of the CPI), it rose by 18% despite the annual 3.95% drop in the average international oil prices to $59.77/barrel by February 2020. Moreover, the average costs of Education (grasping 6.6% of CPI) rose by 4%YOY while average prices of Clothing and Footwear (5.2% of CPI) surged by 27.5%YOY by February 2020. In addition, the average costs of Health (7.7% of the CPI) increased by a marginal 0.6%YOY over the same period. The inflation rate is expected to rise further in the upcoming months (March April and May). In fact, the Lebanese pound accelerated its depreciation and reached unprecedented levels against the dollar during this period. However, worth mentioning that on 27 May 2020, the central bank issued two separate Circulars, Nos. 556 and 557, providing commercial banks with foreign currency to finance the imports of raw material for industry and the imports of basic food and the raw material for the agro-food industry. These measures are expected to put a lid on the rise of related prices, especially those of food products. (CAS 08.06)

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5.2. Lebanon's Fiscal Deficit Up by 76% to $1.16 Billion in February 2020

According to the latest figures by the Ministry of Finance (MoF), Lebanon's fiscal deficit (cash basis) stood at $1.16B by Feb. 2020, up from last year's $657.84M. The substantial deficit is attributed to the annual 6.84% drop in government revenues (including treasuries) which fell to $1.68B by February 2020. Total expenditures (including treasuries) added a yearly 15.27% to $2.84B in the first two months of the year. The primary balance, which excludes debt service, posted a deficit of $537.61M, compared to a deficit of $88.97M during the same period last year. Fiscal revenues recorded a yearly downtick of 6.56% to stand at $1.58B. Tax revenues (constituting 84.14% of total revenues) retreated by an annual 8.10% to $1.33B by February 2020. Revenues from VAT (20.94% of total tax receipts) dropped by 39.97% y-o-y to $278M. The drop in VAT revenues is most probably attributed to the low growth environment and the ensuing reduction in spending since the beginning of the year. Customs' revenues (9.59% of tax receipts) dropped by 37.89% year-on-year (y-o-y) to $127.31M. As for non-tax revenues (15.86% of total revenues), they rose from $244M by February 2019 to $250.25M by February 2020. Telecom revenues (constituting 26.51% of total non-tax revenues) shrunk yearly by 20.24% to reach $66.33M by February 2020.

On the expenditures' side, total government spending rose by a yearly 18.18% to hit $2.69B by February 2020. Transfers to Electricity du Liban (EDL) (9.4% of general expenditure) slid by 21.81% to reach $195M which followed the 3.95% annual decline in average oil prices to $59.77/barrel by February 2020. Moreover, total debt servicing (including the interest payments and principal repayment) reached $619.67M by February 2020, up by a yearly 8.93% such that interest payments alone increased by 9.44% y-o-y to $596.44M. Interest payments on domestic debt rose by 12.09% y-o-y to $482.56 M. This goes with the substantial 12.96% increase registered in the total debt denominated in Lebanese pounds, which hit $58.17B over the same period.

Interest payments on foreign debt recorded year-on-year a downtick by 0.54% to $113.87M. The gross public debt in foreign currency rose by 0.95%YOY to $34B by February 2020. Treasury transactions (includes revenues and spending that are of temporary nature) posted a deficit of $44.97M, compared to $70.23M by February. The fiscal deficit is expected to rise further in the upcoming months (March April and May). Pundits believe the impact of Lebanon's coronavirus lockdown will be fully materialized in Q2/20. (MoF 09.06)

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5.3. Reform Remains a Major Hurdle for Lebanon to Receive IMF Aid

Currently in the throngs of an unprecedented economic crisis, Lebanon again is faced with a choice – make reforms or likely receive no international aid. But for years, the country has failed to undertake overall – including in its ailing electricity sector that still leaves some Lebanese with just six hours of power a day and its judicial system that is rife with corruption. This time, like the last time Lebanon asked for help, aid is unlikely to come to fruition without serious reform.

In 2018, $11 billion was pledged by international donors at the French-organized CEDRE conference on the condition of major reforms that are yet to be implemented. Now, as inflation continues to rise and the economy sinks deeper into recession after defaulting on its Eurobond debt in March, Lebanon has asked the IMF for $10 billion, and it intends to cash in on the billions pledged in France as well.

The government, led by Prime Minister Diab, endorsed a rescue plan in late April designed to attract foreign aid to pull the country out of its financial and economic crisis. Opposition political figure Samir Geagea said Lebanon has scant chance of securing IMF aid as the government fails to enact required reforms. From the IMF's perspective, failure to make progress has hindered Lebanon's position in talks. Underlying structural and technical problems though, is the issue of political will, which has bedeviled another area of government reform: the judicial system. A fair and independent judiciary was among the main demands of the nationwide protests that started on 17 October. Despite protests in favor of a law to curb judicial corruption, parliament in recent sessions declined to consider the law. Like all institutions in Lebanon, the judiciary system is riddled with corruption and sectarian complexities. The Lebanese Supreme Judicial Council presented judicial reforms in early March that sought to improve the judiciary, but because of political disputes, the legislation has not passed. (Al Arabiya 29.05)

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5.4. Lebanon's Trade Deficit Declines by 50.7% in First Quarter

In Q1/20, Lebanon's trade deficit totaled $2 billion, narrowing from the $4.09B registered in the same period last year. Total imported goods retreated by 40.8% year-on-year (YOY) to $2.93B by March 2020. This may be attributed to the national foreign currency shortage and negative growth, as the country grapples with an ongoing economic and financial crisis while the BDL covers the imports of essential goods. Meanwhile, Lebanon's total exports added 6.8% YOY to $914M by March 2020.

In term of value, the Mineral products grasped the lion's share of total imported goods with a stake of 34.11%. Products of the chemical or allied industries ranked second, composing 12.28% of the total while Pearls, precious stones and metals and Vegetable Products grasped the respective shares of 9.13% and 7.52%, respectively.

In details, Lebanon imported $999.83 million worth of Mineral Products, compared to a value of $1.6B in the same period last year. The net weight of imported mineral fuels, oils and their products decreased since last year and witnessed a yearly drop from 2,648,191 tons by March 2019 to reach 1,818,270 tons by March 2020. In turn, the values of Products of the chemical or allied industries and Vegetable Products recorded yearly drops of 30.63% and 28.43% to settle at $359.85M and $220.46M respectively. However, the value of Pearls, precious stones and metals witnessed a yearly increase by 14.18% to settle at $267.54M in Q1/20. By March, the top three import sources were Greece, Italy and Turkey grasping the respective shares of 9.49%, 7.86% and 7.69% of the total value of imports.

On the Exports front, Lebanon's top exported products were Pearls, precious stones and metals grasping a share of 40.85% of the total. Prepared foodstuffs, beverages & tobacco and Base metals &articles of base metal followed, with each grasping a share of 11.05% and 9.43%, respectively, of the total. The value of Pearls, precious stones and metals climbed yearly by 35.55% to $373.34M in Q1/20. Meanwhile, the value of Prepared foodstuffs, beverages & tobacco witnessed a yearly downtick of 2.24% to reach $100.97M by March 2020. As for the value of Base metals &articles of base metal, it added an annual increase of 12.15% to $86.16M. The top three export destinations by March 2020 were Switzerland, UAE and KSA with the respective shares of 29.23%, 14.37% and 6.60%. (BdL 01.06)

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5.5. Kuwait Doesn't Want to be an Expat-Majority Nation Anymore

Kuwait's prime minister has said the country's expatriate population should be more than halved to 30% of the total, as the coronavirus pandemic and a slump in oil prices send shudders through Gulf economies. Foreigners account for nearly 3.4 million of Kuwait's 4.8 million people and Sheikh Sabah Al-Khalid Al-Sabah said they have a future challenge to redress this imbalance. The comments follow a renewed push by lawmakers to reduce the number of overseas workers, particularly unskilled labor, with the economy under intense strain. Kuwaiti MPs are proposing a quota system as well as replacing all expatriate government employees, estimated at 100,000, with Kuwaitis. Critics of the approach point out that small pools of citizens will make replacing many foreign workers difficult, especially in occupations Kuwaitis are reluctant to take up, and will lower overall consumption.

As countries in the Gulf rolled out tens of billions of dollars' worth of stimulus measures geared toward helping companies and banks survive the slowdown triggered by COVID-19 and cheaper oil, most initiatives targeted business owners rather than employees. Kuwait has one of the region's smallest stimulus packages. Still, top lender National Bank of Kuwait SAK predicts the country's budget shortfall will reach 40% of GDP in the fiscal year that started 1 April, the most since the 1991 Gulf War and its aftermath. Most Arabian Gulf states are expected to run deficits of 15-25% of economic output, leading to a build-up of debt, dwindling reserves, and tough choices. (NDTV 04.06)

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5.6. Oman to Set Up Investment Authority to Manage State Assets

Oman is setting up the Oman Investment Authority to own and manage most of the country's sovereign wealth fund and finance ministry assets, following a decree from the sultanate's ruler. The decree, issued by Sultan Haitham bin Tariq al-Said, will allow the new authority to own all public assets except the Petroleum Development Oman company and government stakes in international institutions. The investment authority will also replace sovereign wealth funds in the country's official documents, the decree said.

Oman's largest sovereign fund, the State General Reserve Fund, has assets of around $14 billion dollars while its second-largest fund, Oman Investment Fund, has around $3.4 billion. Oman is being hit hard by the coronavirus pandemic and low oil prices. Oman is emerging as an increasingly vulnerable spot in the region in light of its mounting debt and could experience a 5.3% economic contraction this year while its deficit could widen to 16.1% from 9.4% in 2019. Oman Investment Authority board members will be appointed by Sultan Haitham; all employees of the sultanate's two sovereign funds would transfer to the new entity. (Reuters 04.06)

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5.7. Saudi Arabia Announces $13.3 Billion Stimulus Boost for its Banking Sector

Saudi Arabia will pump SAR 50 billion ($13.3 billion) into the banking system to help manage the fallout from the coronavirus pandemic and the drop in oil prices. The move by the Saudi Arabian Monetary Authority (SAMA) will support financial stability and boost credit facilities to the private sector, it said on 1 June. The program is aimed at helping banks amend and restructure loans without additional fees and support private sector employment. Hit simultaneously by lower crude prices and coronavirus shutdowns, Saudi Arabia's non-oil economy is expected to contract for the first time in over 30 years. The central bank had previously unveiled a SAR 50 billion program to help mostly small private businesses in the country.

In March, the regulator urged banks to put in place a lending program for at least six months to "assist in maintaining employment levels," according to a document sent by the regulator to lenders and seen by Bloomberg. Finance Minister Al Jadaan said that the government had also transferred SAR 150 billion from SAMA's foreign reserves to the Public Investment Fund, the kingdom's sovereign wealth fund, in March and April to help it finance a buying spree of assets in international markets that had dropped in value as a result of recent turmoil.

Saudi Arabia's fiscal deficit this year is set to widen to nearly 13% of gross domestic product, according to the IMF. Gross official reserves are set to drop to around $456 billion this year, continuing the trend into 2021, when they're estimated at just over $409 billion, IMF projections show. At the end of April, the central bank's net foreign assets stood at $443 billion. The kingdom could borrow SAR 220 billion this year, about SAR 100 billion more than it forecast before the coronavirus outbreak, while keeping its drawdown from reserves at up to SAR 120 billion. (Bloomberg 01.06)

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5.8. Egypt's GDP Ends Current Fiscal Year with 2.5% Growth

Egypt's GDP growth is expected to record 2.5% this fiscal year, which ends on 31 June, according to revised forecasts from Spain-based FocusEconomics. The research firm expects growth to rebound in FY2020-2021 to 3.7%, suggesting a faster recovery from COVID-19 than the one the Madbouly government is currently forecasting. Going forward, forecasts from both the government and FocusEconomics Consensus Forecast panelists point to a clear economic deterioration, most notably from March, when Egyptian authorities began imposing containment measures, and beyond April, which was the first full month with measures in place.

FocusEconomics is more optimistic about the next fiscal year than the government is. State planners expect the economy to expand by 4% this fiscal year and are pricing in a sharper slowdown FY2020-2021 which could see the economy growing at only 2% if the pandemic continues into December. Either way, there is a consensus that the recovery will begin in the second half of the year. (FocusEconomics 01.06)

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5.9. Egypt Closes Record $5 Billion Eurobond Issue

Egypt sold $5 billion in Eurobonds in its largest-ever international issuance, the Finance Ministry announced on 31 May. The issuance, which went to market on 21 May and was 4.4x oversubscribed, having attracted bids for around $22 billion worth of bonds. The three-tranche issuance was split into $1.25 billion in four-year bonds at a yield of 5.75%, $1.75 billion in 12-year bonds at 7.625%, and $2 billion in 30-year bonds at 8.875%. Proceeds will be set aside to cover the state's financing needs in FY 2020-2021, which are forecast to come at EGP 988 billion (c. $62.3 billion), as well as ramp up spending needed to combat the covid-19 outbreak.

The ministry is on the lookout for cheaper ways to service debt. It said earlier in May that it will limit the number of bids it accepts in EGP-denominated bond sales until the end of FY2019-2020 to both reduce borrowing costs while continuing to diversify funding sources to keep up with its debt control targets. Egypt sold $2 billion in Eurobonds during its last international issuance in November.

The issuance is the latest move by the government to find new sources of funding to cover revenue shortfalls caused by the covid-19 pandemic. Egypt earlier this month secured a $2.8 billion rapid financing instrument from the IMF, and is reportedly hoping to acquire an additional $5 billion from the fund in the form of a stand-by arrangement. (Enterprise 31.05)

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5.10. IMF Reaches Staff-Level Agreement on a Stand-By Arrangement with Egypt

In response to a request from the Egyptian authorities, an International Monetary Fund (IMF) mission held virtual meetings from 19 May to 5 June with the Egyptian authorities to discuss IMF financial support for the authorities' policy plans to ensure macroeconomic stability and a strong economic recovery.

At the end of the virtual discussions, the IMF announced that the Egyptian authorities and the IMF team reached staff-level agreement on economic policies that could be supported by a 12-month Stand-By Arrangement (SBA). The SBA, with requested access of SDR 3.8 billion (equivalent to around $5.2 billion), supports the authorities' efforts to maintain macroeconomic stability amid the COVID-19 shock while continuing to advance key structural reforms. This will safeguard the gains achieved by Egypt over the past three years and put the country on strong footing for sustained recovery as well as higher and more inclusive growth and job creation over the medium term. The SBA will also aim to support health and social spending, improve fiscal transparency, and advance further reforms to spur private-sector-led growth and job creation. The arrangement is also expected to catalyze additional bilateral and multilateral financial support. This agreement is subject to approval by the IMF's Executive Board, which is expected to consider Egypt's request in the coming weeks. (IMF 05.06)

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5.11. Egypt's GDP Declined by EGP 130 Billion Due to COVID-19

Egyptian Finance Minister Mohamed Ma'it said the coronavirus crisis has resulted in the decline of the GDP by EGP 130 billion and the targeted growth rate during the current fiscal year from 6% to 4%. Ma'it pointed out that the total tax and non-tax revenues decreased by EGP 124 billion due to the economic repercussions of the coronavirus. About EGP 63 billion out of EGP 100 billion had been spent to support the health sector and the most affected sectors since the beginning of the pandemic outbreak.

Earlier, President Abdel Fattah El Sisi directed officials to allocate EGP 100 billion within the framework of a comprehensive strategy to fight the virus. Some EGP 11 billion had been allocated to support the state's health sector and meet its needs against the pandemic, the minister stated. Moreover, a total of EGP 400 million had been allocated to fund the appointment of 7,000 teaching assistants at the faculties of medicine to work at the university hospitals nationwide.

The minister said that the industry sector was backed by EGP 16.6 billion. In addition, EGP 3 billion had been allocated to support the Export Development Fund from April to June, as well as EGP 5 billion for supporting the tourism and aviation sectors. The General Authority for Supply Commodities (GASC) received EGP 6 billion to import additional quantities of wheat. A sum of EGP 3 billion had been allocated for the irregular labor and EGP 450 million for the Education Ministry to hold exams along with taking the precautionary measures. (MENA 08.06)

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5.12. Egyptian Tourism Industry Expected to Lose Some 73% of Revenue in 2020

Under a best-case scenario with the ongoing pandemic, Egypt's tourism industry is expected to lose out on some 73% of its revenue in 2020, according to a report from the National Planning Institute. The most sanguine scenario would entail a recovery beginning in Q3/20, with flights resuming by mid-June or early July. The persistence of the pandemic would still put a damper on leisure travel, however, and would result in the country's tourism industry closing out the year with $3.45 billion in revenues. Under a less optimistic scenario, normal life and travel would fully resume by Q4/20, which would give Egypt 25% of its regular tourist arrival and income. This scenario assumes a total of 750,000 tourist arrivals and $3.1 billion in revenues throughout the year. The final (and worst-case) scenario, which assumes the virus continues to spread aggressively until December and travel restrictions remain in place until the end of the year. This would result in a 100% y-o-y drop in Egypt's tourist arrival figures from April until December. (Enterprise 01.06)

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5.13. Egyptian Cabinet Waives EGP 5.3 Billion in Natural Gas Arrears

Egypt's cabinet waived EGP 5.3 billion worth of natural gas arrears owed by factories in support of local industries and preserving investments. The Cabinet approved the proposal submitted by the Ministry of Petroleum and Mineral Resources for waiving the natural gas-overdue bills of public and private sector factories. This decision came after some factories halted operations due to their accumulated debts. The proposal also included the exemption of penalties for exceeding contractual quantities of natural gas outlined in the original agreement. The exempted amount is estimated at around EGP 5.3 billion.

It should be noted that the ministry previously reduced the price of natural gas for factories to reach $4.5 per million British thermal units (mmBtu). This is in addition to scheduling debts of natural gas for periods of up to five years, to encourage and support the local industry. (EOB 04.06)

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5.14. Fitch Ratings Says Morocco Among 4 MENA Economies Hardest Hit by COVID-19

According to Fitch Ratings, Morocco is among four of the fourteen Middle East and North Africa (MENA) countries that have recently taken a hard hit to public and external finances and growth. In addition to Morocco, Fitch also lists Iraq, Jordan, and Oman as being seriously shaken by increasing debt. Although Morocco has been praised for its proactive and strategic response to curbing the spread of COVID-19, the country has not been spared from accumulating debt in the process.

In April, the World Bank published a report on Morocco's economic situation, noting the impact of the global pandemic and that demands for external financing have increased. Morocco already faced challenges reducing the country's debt which doubled since 2009, reaching MAD 750.12 billion ($78 billion) in 2019. President of the Court of Auditors Driss Jettou pointed out that meeting the country's goal of reducing debt levels to 60% of GDP by 2021 "would be difficult to achieve." The World Bank has assisted Morocco by restructuring a $275 million Disaster Risk Management Development Policy Loan with a Catastrophic Deferred Drawdown Option.

While the UN organization and Fitch Ratings both note the benefits of lower international oil and butane gas prices, they expect worsening budget deficits and government debt trajectories will continue a downward trend and industries that support Morocco's GDP are at risk. Fitch Ratings reports that tourism accounts for 10-20% of GDP across MENA's non-oil economies. Tourism is one of the driving sectors of Morocco's economy, accounting for 11% of the country's GDP. Since the onset of the pandemic, 87% of Morocco's hotels have closed, while the National Tourism Confederation (CNT) estimates a near 40% drop in expected industry revenue between 2020 and 2022. The loss could amount to over $13.85 billion in tourism revenue over the course of two years and amid concerning unemployment rates.

Additionally, the lockdown's direct impact on net remittances, accounting for 4% to 7% of GDP across Lebanon, Tunisia, Morocco, Jordan and Egypt, is taking its toll. (MWN 06.06)

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5.15. Morocco's Economic Growth Slowed to 2.5% in 2019

Morocco recorded a setback in its economic growth, estimating a 2.5% increase in 2019 compared to 3.1% in 2018. A new report from the High Commission for Planning (HCP) showed on 6 June that the net growth slowed down in 2019 due to two main factors. One is a 5.8% decline in volume of added value in the agriculture sector after an increase of 3.7% in 2018. The other is a 3.8% increase in the added value of non-agricultural activity, compared to 2.9% in 2018.

The growth rate of gross domestic product (GDP) rose from 3.1% in 2018 to 3.5% in 2019 due to a 2% increase in net taxes of subsidies on products, compared to 4.6% in 2018. The GDP at current prices increased by 3.9% in 2019 after 4.3% in 2018. The GDP generated an increase in the general price level of 1.3%, compared to 1.1% the previous year. The country's domestic demand increased by 1.8% in volume last year after seeing a 4% increase in 2018, contributing to national economic growth by 2.0% compared to 4.4%.

Household consumption expenditure also increased by 1.8% instead of 3.4% in 2018 with a contribution to growth with 1%% instead of 2%. Spending of public institutions recorded a growth rate of 4.7% in 2019 instead of 2.7% a year earlier, with a contribution to growth of 0.9% instead of 0.5%. Gross investment registered a marked slowdown in its growth, moving from 5.8% in 2018 to 0.1% in 2019.

Foreign trade in goods and services was beneficial to the country's growth, standing at 0.5% instead of -1.2% in 2018. Exports of goods and services recorded an increase of 5.5% compared to 6% a year earlier, with a contribution to growth of 2.1% instead of 2.2%. Imports of goods and services, however, slowed to 3.3% after slowing to 7.4% the previous year, with a negative contribution of -1.6% in 2019 instead of -3.5% in 2018.

The HCP shows that gross national disposable income increased only 3.6% in 2019 after 3.1% in 2018 to stand at MAD 1.203 billion (approximately $120 billion). This is the result of a 3.9% increase in the country's 2019 GDP compared to 4.3% the previous year, and a 1.5% decrease in the rate of increase in net income received from the rest of the world compared to a rate decrease of 16.9% in 2018. National reserves stabilized at 27.8% of the GDP, with a 3.5% increase in national final consumption in value instead of 4.4% recorded a year earlier. Gross investment (GFCF and inventory change) represented 32.2% of GDP compared to 33.4% a year earlier, the HCP concluded. (MWN 08.06)

6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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6.1. Turkey's Inflation Unexpectedly Accelerates in May

Turkey's annual inflation accelerated to 11.4% in May, straying away from the central bank's year-end forecast. The consumer price inflation rate climbed from 10.9% in April, the Turkish Statistical Institute announced. Turkey's central bank has slashed interest rates over the past 10 months to help stimulate economic growth, leaving the benchmark rate at 8.25% compared with 24% previously. At the same time, it has lowered its estimate for inflation this year to 7.4%, giving it more room for rate cuts and other monetary easing.

Inflation in May was led by an increase in the price of food, housing, alcohol and tobacco, with the cost of the latter two items increasing by a combined 21% after the government hiked taxes. Food and non-alcoholic beverage prices rose by 12.9% and housing by 14.5%. The cost of miscellaneous goods and services increased by an annual 20.9%. On a monthly basis, consumer prices across the economy increased by 1.36% compared with April. Producer price inflation slowed to an annual 5.5% in May from 6.7% in April, the institute said. Prices rose 1.54% month-on-month. (Ahval 03.06)

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6.2. Moody's Sees Big Rise in Turkey's Problem Loans, Slashes Economy Forecast

Moody's predicted a large increase in problem loans for Turkish banks and slashed its predictions for economic activity in the country. Banks with high exposure to small and medium-sized enterprises, along with the tourism and transportation industries, will be particularly affected, the ratings agency said in a report. Problem loans will increase considerably in 2020, from 5% of loans in 2019. Risk aversion among international investors will translate into constrained market access for Turkish banks, partly offset by lower loan demand.

Turkey is seeking to boost lending by state-run banks under control of the country's wealth fund, while punishing non-government banks who fail to meet lending goals. Meanwhile, the central bank has slashed interest rates to 8.25%, below annual inflation of 10.9%, from 24% in July last year, in an effort to stimulate economic activity. Moody' said the measures will not prevent economic contraction this year. It said that Turkey's economy would probably shrink by 5% this year, in line with a forecast by the International Monetary Fund. It had previously predicted a contraction of 1.4%.

The ratings agency said lower lending volumes for banks and higher provisions for loan-losses would pressure profitability, while there would be additional capital strain caused by currency depreciation. Ankara has extended a program of Treasury guarantees on loans by banks to the business world. The measures are a continuation of steps made after a currency crisis in 2018, which sent the economy spiraling into a recession.

The lira hit an all-time low of 7.269 per dollar early in May, beating a low set during the currency crisis. It has since recovered to trade at around 6.8 per dollar, but is still down 13% against the dollar this year. The lira had traded at 4.59 per dollar in July 2018, just before the currency crisis struck. Banks in the country will also suffer from capital raising constraints this year, Moody's said. (Ahval 02.06)

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6.3. Cyprus Public Debt Jumps to 113% of GDP

Cyprus general government debt spiked to 113% of GDP (€24.56 billion) in April, reflecting the borrowing spree the Finance Ministry mounted to mitigate the impact of the coronavirus outbreak. Cyprus' debt bloated to 113% of GDP in April from 95.5% at the end of 2019, official data shows. The Finance Ministry began 2020 with a European bond issue of €1.75 billion to repay the remainder of an IMF loan secured during the 2013 financial crisis and to boost its cash reserves. Initial ministry estimates said strong growth rates coupled with strict public financial management, the debt would decline to 91% at end-2020.

However, the declining trajectory came to an abrupt halt due to the COVID-19 health emergency triggering a two-month lockdown. This prompted the government to launch two fiscal packages to support the economy and preserve jobs. Nicosia issued bonds amounting to €3 billion in early April, a double EMTN trade of €1.725 million and a €1.25 billion domestic bond to further boost its cash reserves, as state income took a significant hit due to lockdown measures. The Finance Ministry aims to cover both its fiscal and financing needs for 2020, despite an expected deficit of over €1 billion this year.

Cash reserves aim to cover Cyprus' financing needs for the next nine months on a rolling basis, according to the Public Debt Management Office strategy. According to Finance Ministry projections, as stipulated in the Stability Programme submitted to the European Commission, GDP will decline by 7% in 2020 due to the COVID-19 fallout. Public debt is expected to be 117% of GDP by end-2020. However, the upward trend is expected to be contained as the economy will rebound next year with 6% growth which should push public debt down to 103% in 2021. (fm 03.06)

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6.4. Cyprus to Feel COVID- 19 Lockdown Impact in Second Quarter

Cyprus will suffer one of its deepest economic contractions due to COVID-19 lockdown measures, but the easing of restrictions will enable a short, sharp, shock. This is according to a complex basket of economic indicators, as compiled by the University of Cyprus from local and international data.

The Cyprus Composite Leading Economic Index (CCLEI) compiled in cooperation with Hellenic Bank, showed one of its most significant year-over-year (YoY) reductions in April (7.6%) reaching a level of 104.4 (based on the latest data), said the monthly UCY report. This was almost double the fall recorded in the previous month's report. Within the domestic economic environment, preliminary estimates suggest significant negative YoY growth rates in March and April 2020 for both the volume of retail sales and electricity production.

Among the restrictive measures taken, the ban on entry into Cyprus resulted in zero tourist arrivals and, consequently, no income from tourism. Nevertheless, with the lifting of measures and the gradual transition to normalcy, the Economic Sentiment Indicator in the euro area, which recorded its strongest monthly decline in April 2020, appears to show some signs of improvement in May, the authors of the CCLEI said.

The "closing" of the Cyprus economy led to one of the most important negative year-over-year pressures of the CCLEI Index in April, which is expected to be particularly noticeable in the second quarter of 2020. However, this significant impact will begin to weaken with the gradual lifting of restrictive measures, as shown by the flash estimate of the index in May. The flash estimate is constructed based on the euro area Economic Sentiment Indicator (ESI), the Brent crude price and the high frequency data of the volume of electricity production for May, while its other components are estimated by the ERC based on the latest available information in a series of various indicators. (fm 01.06)

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6.5. Greece to Allow More EU-Origin Flights Starting on 15 June

Greece will allow flights from additional EU destinations, including France, to land without strict quarantine rules from 15 June, when Greek airports are to ease coronavirus lockdown restrictions, a government official said. However, flights from regions badly hit by the virus – in France and other EU countries – will be still be subject to a quarantine of at least a week.

For France, the quarantine measures will apply to flights from the Ile-de-France region in and around Paris. For Italy, airports in the northern regions of Emilia Romagna, Lombardy, Piemonte and Veneto are considered high-risk. The same holds for Spanish airports in Castile and Leon, Castilla-La Mancha, Catalonia and Madrid, all hit hard by the coronavirus.

The Greek foreign ministry said they had drawn upon the recommendations of the EU Aviation Safety Agency (EASA) to determine which EU airports are still high-risk. From June 15 to 30, flights will only be allowed into Athens and Thessaloniki. Other regional and island airports will open on 1 July. Greece also announced 29 countries as safe points of departure, including over a dozen EU countries but Britain, France, Italy and Spain were not among them owing to the spread of the pandemic there.

Since 4 May, Greece has progressively opened tourism-related businesses following a lockdown imposed in March to stave off an economic contraction that could reach 13% of output this year. Year-round hotels are to resume operations on 1 June, followed by seasonal hotels on 15 June. (AFP 30.05)

7. GENERAL NEWS AND INTEREST

***ISRAEL:**

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7.1. Israel Institutes New Restrictions Over Rise in COVID-19 Infection Rate

The special Knesset taskforce dealing with the coronavirus pandemic has announced a halt to the easing of restrictions due to the recent spike in cases in Israel. At the end of the meeting on 8 June, during which the ministers got a briefing from experts, the forum announced that apart from the planned opening of wedding halls and other venues for limited private events and celebrations, the remaining restrictions would stand, putting on hold the full reopening of the Israeli economy and its transit system. Following the meeting, Prime Minister Netanyahu said: "We have sat down with experts, who showed us that that there is a very sharp increase in incidence levels, and the infection rate means cases may be doubling every 10 days. We may already be at this rate and I hope that this is not the case."

The ministers also agreed to move forward on a watered-down version of a bill that would grant the Shin Bet security agency access to cellular location data and other information on Israeli citizens to help monitor carriers and limit community spread in the future. They also decided to move forward all other aspects of the emergency powers granted in the wake of the coronavirus, extending current emergency powers for 45 days to give more time for the Knesset to conduct an in-depth review.

Health Ministry officials on 7 June reported 111 new confirmed cases. For the first time in five weeks, meanwhile, there has been an increase in the number of patients on ventilators -- from 21 to 23. The overall number of deaths in Israel due to the coronavirus now stands at 298 after two more people died from the disease over the recent weekend. Altogether 78 schools have closed their doors, out of around 5,000 schools throughout the country, the number of students in quarantine is 15,489 and the number of teachers in quarantine is 2,107. Education Minister Yoav Gallant said the ministry's safety policies would remain unchanged, meaning that any school with a confirmed case of the coronavirus will be shut down. (Israel Hayom 08.06)

***REGIONAL:**

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7.2. PSUT Becomes First Jordanian University to Obtain AACSB Accreditation

Amman's Princess Sumaya University for Technology has obtained accreditation from the Association to Advance Collegiate Schools of Business (AACSB), which is seen as the highest reference granting accreditation to business schools around the world. Upon receiving this recognition, PSUT joins 5% of the world's universities to hold this accreditation and only 2% of universities outside the US. All of PSUT's schools have become internationally accredited, read the statement.

Princess Sumaya added that the AACSB accreditation, which is considered one of the most difficult certificates of quality to obtain in the world, confirms the durability and weight of the school's academic programs and their outputs at the university. Such programs help graduates to compete at the global level. The school had received several visits by accreditation officials in order to ensure that standards are applied and achieved. Accreditation will have a "positive impact" on the school's students and graduates, as they will hold degrees that carry global recognition, he noted.

In 2013, PSUT obtained the American ABET accreditation for the specializations of Electronic Engineering, Computer Engineering, Communications Engineering, Computer Science and Electrical Power & Energy Engineering, making it the first Jordanian university to obtain this accreditation for these programs. (JT 03.06)

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7.3. Egypt, Sudan & Ethiopia Resume Nile Dam Talks on 9 June

On 9 June, Sudan, Egypt and Ethiopia resumed negotiations over the filling of a controversial mega-dam Addis Ababa is building over the Nile. The irrigation and water ministers from the three Nile basin countries will meet via videoconference, Sudan announced.

Planned as Africa's largest hydroelectric installation, the Grand Ethiopian Renaissance Dam on the Blue Nile has been a source of tension with Egypt ever since Ethiopia broke ground on the project in 2011. Following nine years of stalled negotiations, the United States and the World Bank sponsored talks from November 2019 aimed at reaching an agreement between the three riparian states.

In May, Egypt announced it was re-entering talks over the filling of the dam's 74 billion cubic meter reservoir, in order "to reach a fair, balanced and comprehensive agreement." Earlier in May, Sudan had rejected an Ethiopian proposal to sign an initial agreement greenlighting the filling of the reservoir, citing outstanding "legal and technical problems." Both Khartoum and Cairo fear the 145-metre-high dam will threaten their essential water supplies once the reservoir starts being filled in July as planned by Addis Ababa.

But while Egypt worries about its share of the Nile, upon which it depends for most of its water, Sudan hopes the dam could provide much-needed electricity and help regulate flooding. The 6,600-kilometer-long (3,900-mile) Nile is a lifeline supplying both water and electricity to the 10 countries it traverses. Its main tributaries, the White and Blue Niles, converge in the Sudanese capital Khartoum before flowing north through Egypt to drain into the Mediterranean Sea. (Various 09.06)

8. ISRAEL LIFE SCIENCE NEWS

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8.1. Nucleix's Methylation-Based Assay Detects a Broad Array of Early Cancers

Nucleix presented data from ongoing research using a blood-based methylation assay for cancer detection at the 2020 American Society of Clinical Oncology (ASCO) Virtual Scientific Program. The six-marker assay serves as an initial component of Nucleix's screening tests generating significant signal in early cancers and leveraging existing, low-cost PCR technology.

Rehovot's Nucleix is a liquid biopsy company revolutionizing cancer treatment with earlier disease detection, at a time when intervention can bring the greatest impact for patients. Leveraging PCR-based epigenetics, our pioneering testing approach uses methylation-based identification for early-stage and recurring cancer detection. Their non-invasive EpiCheck platform delivers highly accurate and sensitive results, all while providing a seamless testing option for patients and the healthcare system. They are building an EpiCheck franchise, beginning with the Bladder EpiCheck testing kit marketed in Europe for bladder cancer recurrence. (Nucleix 26.05)

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8.2. Saturas Closes a $3 Million Investment for Its Precision Irrigation Management System

Saturas announced the close of a first tranche of $3 million for the continued development of its precision irrigation management system. Former investors in Saturas, Gefen Capital and Hubei Forbon Technology Co. participated in this round, alongside the Trendlines Agrifood Fund which is a new investor.

Founded in 2013 in the Trendlines Group's Agrifood incubator, Saturas has developed an advanced decision support system for precision irrigation based on its miniature stem-water potential (SWP) sensor. In the same way as vital signs in the human body are measured directly body tissues, so water stress is most accurately measured in the plant's tissues and is well-documented scientifically as the best indication of accurate irrigation. Precise irrigation not only influences water conservation, but also quantity and quality of fruit. With Saturas' system, farmers obtain continuous and reliable information remotely from the field without the need to make frequent trips to check the field manually. (Saturas 27.05)

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8.3. BioLineRx Announces $9 Million Registered Direct Offering

BioLineRx has entered into definitive agreements with several healthcare-focused, institutional and accredited investors for the purchase and sale of 5,142,859 of the Company's American Depositary Shares (ADSs), at a purchase price of $1.75 per ADS, in a registered direct offering. BioLineRx has also agreed to issue and sell to the investors, in a concurrent private placement, unregistered warrants to purchase up to an aggregate of 5,142,859 ADSs. Each ADS represents fifteen (15) ordinary shares, par value NIS 0.10 per share, of BioLineRx. The offering is expected to close on or about May 28, 2020, subject to satisfaction of customary closing conditions. H.C. Wainwright & Co. is acting as the exclusive placement agent for the offering.

Modi'in's BioLineRx is a late clinical-stage biopharmaceutical company focused on oncology. The Company's business model is to in-license novel compounds, develop them through clinical stages, and then partner with pharmaceutical companies for further clinical development and/or commercialization.

The Company's lead program, motixafortide (BL-8040), is a cancer therapy platform currently being evaluated in a Phase 2a study for the treatment of pancreatic cancer in combination with KEYTRUDA® and chemotherapy under a collaboration agreement with MSD. BioLineRx is developing a second oncology program, AGI-134, an immunotherapy treatment for multiple solid tumors that is currently being investigated in a Phase 1/2a study. (BioLineRx 26.05)

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8.4. SMART Medical Systems Receives FDA Clearance for Its G-EYE Colonoscope

SMART Medical Systems announced that the FDA issued 510(k) clearance for its flagship product, the G-EYE® Colonoscope. The G-EYE® colonoscope is a standard colonoscope which SMART remanufactures by installing its proprietary G-EYE® balloon on the distal bending section of the colonoscope. During colonoscopy, the G-EYE® colonoscope is inserted in the standard technique, with the balloon deflated. Once the colon is intubated and prior to withdrawal, the balloon is inflated to engage the colon lumen. Withdrawal of the G-EYE® Colonoscope through the colon with the balloon moderately inflated centralizes the image of the colon lumen, flattens colonic folds and reduces the amount of bowel slippage, thereby assisting in controlling the colonoscope's field of view and positioning. In published clinical studies comparing adenoma detection rate of G-EYE® colonoscopy to that of standard colonoscopy, G-EYE® colonoscopy demonstrated substantial increase in the detection of cancerous polyps which are the precursors of colon cancer.

Under the current FDA clearance, the G-EYE® colonoscope will be available based on selected 510(k) cleared colonoscopes of OLYMPUS (8 models) and PENTAX Medical (3 models). SMART is currently preparing its 510(k) submission for the FUJIFILM brand.

Ra'anana's [SMART Medical Systems](#) is a pioneer in the development and manufacture of innovative medical devices in the field of gastro-intestinal (GI) endoscopy. SMART's unique approach is to use available brand name endoscopes and address key challenges in contemporary endoscopy. SMART's CE Marked and FDA cleared NaviAid™ product family is commercially distributed in key global markets. With its new partnership with FUJIFILM adding to its already existing alliance with PENTAX Medical, SMART's G-EYE® colonoscopy solution is currently adopted by two of the three industry leaders in GI endoscopy imaging. (SMART Medical Systems 26.05)

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8.5. Greeneye Technology Announces $7 Million Seed Funding Round Led by JVP

Greeneye Technology has closed a seed funding round of $7 million, led by JVP. Participation in this round also included Syngenta Ventures, the largest crop chemical producer in the world. Other major investors include 2B Angels, One Way venture, Panache Ventures Techstars, and Hyperplane Venture Capital.

Greeneye will use the investment to advance product research and development while expanding its strategic partnerships with sprayer manufacturers and other stakeholders. The company aims to commercialize its technology after a series of field trials with farmers and multinational cooperation contracted in 2020. The funds will also help to deepen the technology's analytics capabilities and expand to additional spraying applications.

Founded in 2017, Tel Aviv's [Greeneye](#) is developing a platform using artificial intelligence to accurately detect and spray weeds in real-time. To date, farmers worldwide still spray their fields uniformly using a chemical-intensive treatment, without distinguishing between the crop, the bare soil and the weeds. This market failure results not only in a significant economic loss to the farmers, but also causes material environmental damage and accelerates the development of herbicide-resistant weeds. Greeneye's selective spraying (SSP) system can easily integrate into any agricultural sprayer, by retrofitting existing sprayers or through working in collaboration with sprayer manufacturers to deliver plant-level variable-rate spraying. In addition to the significant savings that Greeneye's precision spraying technology offer to farmers, it also maps the entire field with cameras at a plant level resolution, offering a robust, and affordable scouting solution. (Greeneye Technology 26.05)

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8.6. VeganNation Collaboration Takes Plant-Based Food Supply to the Next Level

VeganNation announced an app update that introduced radical new features including the company's B2B and B2C VeganPay digital payments solution, localized marketplaces and a new communities section. VeganNation intends to fully unite the global vegan community with its emerging technology platform at the heart of the world's first vegan ecosystem. The company aims to leverage the best technological and financial available to effect a digital transformation to advance the global plant-based and sustainable value chain.

Pivotal to the development of VeganPay is VeganNation's technology partnership with Stripe. Closely-coupled integration with Stripe's robust and secure economic infrastructure makes VeganPay a fully functioning digital wallet for conscious consumers and helps small businesses both financially and technologically. VeganNation's alignment with a payment-solution provider of this magnitude and market penetration immediately establishes VeganPay as a trusted payment solution for every vegan business, manufacturer, organization and individual.

Along with the VeganPay digital wallet comes VeganNation's new marketplace with a focus on local trade of goods and services. With every VeganPay transaction, users will receive VeganCoin (VeganNation's community-governed digital currency) incentives through the apps loyalty program which connects businesses and customers.

Jerusalem's VeganNation rolled out its new features last week, and the latest version of the app is available immediately for both iOS and Android devices. The VeganNation ecosystem unites individuals, businesses and organizations to discover, share and trade goods and services based on vegan values and lifestyles. Empowered by its VeganCoin currency, VeganNation is leading the vegan community with a sophisticated technology platform that enables a robust vegan economy to flourish. (VeganNation 26.05)

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8.7. MeMed Approved for Test that can Greatly Reduce Antibiotics Prescriptions

MeMed Diagnostics, which developed a test that can identify whether an infection was caused by a virus or bacteria thus significantly reducing the use of antibiotics for treatment, has received regulatory approval to put its rapid test, which can provide results within 15 minutes, on the Israeli and European market.

The test MeMed developed is able to precisely determine whether infection in patients with fever symptoms is bacterial or viral and provides doctors with important information about the type of treatment they should administer. Identifying the source of the infection is an important tool for the treating physician, helping them decide whether antibiotics are needed or not. Rather than testing a sample of the infection, MeMed tests the immune system's response. This allows the test to be performed by a simple blood test, without having to reach the source of infection whose location can be difficult to reach or unknown. The first generation of the test offered results within two hours and required a laboratory technician. The second generation, named MeMed Key provides results in just 15 minutes and can be used at any point of care, including small and remote clinics.

MeMed has already raised $100 million Foxconn, Horizon Ventures and China's largest insurance company Ping An Global Voyager. It has also received about $30 million in grants from the European Union and the U.S. military. MeMed is concurrently working on the development of a variety of new tests that are based on the same principle of testing the immune system's response.

Tirat HaCarmel's MeMed Diagnostics has developed and validated an immune-based protein signature called MeMed BV for distinguishing between bacterial and viral infections, a powerful tool in the fight against resistant strains of bacteria. An ELISA format of MeMed BV called ImmunoXpert is cleared for use in the EU (CE-IVD), Switzerland, and Israel and is currently in pilot distribution in these areas. MeMed is also developing MeMed Key, a platform that paves the way for measuring multiple proteins and signatures, both conventional and innovative, with central lab precision at the point of care. MeMed Key will measure MeMed BV within minutes. (MeMed 02.06)

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8.8. OurCrowd Launches $100 Million Pandemic Innovation Fund

OurCrowd launched its Pandemic Innovation Fund. The Fund plans to raise $100 million for investment in urgent technological solutions for the medical, business, educational and social needs triggered by global pandemics and other health emergencies. OurCrowd's Pandemic Innovation Fund will focus on the following investment sectors:

- Prevention & Containment – Vaccines, Testing, Personal protection, etc.
- Treatment & Healing – Therapeutics, Diagnostics, Remote monitoring, Digital health, etc.
- Continuity & Disruption Mitigation – Remote working, Distance learning, Robotic process automation, Home exercise, Cybersecurity, etc.

The Fund will both invest in new startups and select relevant companies already included in OurCrowd's existing portfolio. OurCrowd's portfolio already has more than 20 companies actively working to mitigate the coronavirus crisis and its effects, some of which will be candidates for follow-on investment from the Pandemic Investment Fund.

Jerusalem's OurCrowd is a global venture investing platform that empowers institutions and individuals to invest and engage in emerging companies. The most active venture investor in Israel, OurCrowd vets and selects companies, invests its capital, and provides its global network with unparalleled access to co-invest and contribute connections, talent and deal flow. OurCrowd builds value for its portfolio companies throughout their lifecycles, providing mentorship, recruiting industry advisors, navigating follow-on rounds and creating growth opportunities through its network of multinational partnerships. (OurCrowd 02.06)

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8.9. Apollo Integrates Zebra Medical Vision's AI for COVID-19 Detection and Tracking

Zebra Medical Vision has partnered with Chennai, India-based Apollo Hospitals Group to deploy its software to assist Apollo Hospitals' doctors with efficient and accurate diagnoses of COVID-19, by leveraging the company's AI1 platform. In March 2019, Zebra-Med announced a collaboration with the Apollo Hospitals chain, deploying AI-based tools at scale across India, supported by India-Israel Industrial R&D and Technological Innovation Fund. Following the deployment of the intracranial hemorrhage, the AI COVID-19 solution will enable future collaboration on additional medical findings, such as tuberculosis (TB).

A year later, Zebra-Med's solution, based on a machine learning algorithm that analyzes computed tomography (CT) scans, could help relieve the burden on health systems globally, through earlier diagnoses and more effective triage. Currently, India has more than 190,000 confirmed COVID-19 cases and more than 5,000 deaths.

While laboratory testing has served as the first line of diagnostics during the coronavirus crisis, these tests have limited accuracy and do not indicate the state of disease progression. Zebra-Med's software offers a faster alternative for detection of COVID-19 when PCR testing is unavailable or delayed, monitoring patients with COVID-19, as decision support for the allocation of ER, ICU resources and quantifies the disease burden and its progression. The AI solution for COVID-19 leverages Zebra-Med's GGO (Ground-Glass Opacities) patented algorithm, which is a dominant imaging feature of COVID-19 pneumonia and modified it to include consolidations and provide an automated indication and quantification of suspected COVID-19 findings on standard chest CTs, both contrast and non-contrast, by measuring the percentage of affected lung-burden volume relative to the entire lung volume, segmentation of the suspected findings and classification.

Kibbutz Shefayim's Zebra Medical Vision's imaging analytics platform allows healthcare institutions to identify patients at risk of disease and offer improved, preventative treatment pathways, to improve patient care. Zebra Medical Vision has raised $52 million in funding to date, and was named a Fast Company Top-5 AI and Machine Learning company. (Zebra Medical 01.06)

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8.10. Evogene Participates in CRISPR-IL Consortium to Provide AI for Genome-Editing

Evogene announced its participation in the CRISPR-IL consortium. The goal is to develop "Go-Genome", an artificial intelligence (AI) based, end-to-end system for genome-editing to be used in multi-species for pharma, agriculture, and aquaculture. The CRISPR-IL consortium has been approved for 1.5 years by the Israeli Innovation Authority and may be extended to an additional 1.5 years. The consortium's total budget (for the first period) is approximately $10 million, partially funded by a grant from the Israeli Innovation Authority. CRISPR-IL participants include leading companies, medical institutions, and academic institutions.

The CRISPR-IL consortium intends to develop an artificial intelligence-based system, "Go-Genome", providing users improved genome-editing workflows. The system aims to provide end-to-end solutions, from user interface to an accurate measurement tool. The system is expected to include the computational design of on-target DNA modification, with minimal accidental, off-target modifications, improve modification efficiency and provide an accurate measuring tool to ensure the desired modification was made. This system intends be designed to be effective in multi-species, including human, plant, and certain animal DNA applicable to market segments in pharma, agriculture and aquaculture.

Evogene's work in the consortium is expected to include the broadening of its artificial intelligence capabilities that are expected to extend the range of its GENErator AI solution (part of Evogene's CPB platform). Evogene's GENErator AI solution already includes computational capabilities directing "which" edit should be made to achieve a specific trait; and the capabilities developed within the framework of the consortium aim to improve "how" these edits are made.

Rehovot's Evogene is a leading computational biology company targeting to revolutionize product development for life-science based industries, including human health, agriculture, and industrial applications. Incorporating a deep understanding of biology and leveraging Big Data and Artificial Intelligence, Evogene established its unique technology, the Computational Predictive Biology (CPB) platform. (Evogene 03.06)

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8.11. Yemoja Opens Sustainable Microalgae Production Plant

Yemoja has opened the doors of its new plant dedicated to the production of high value microalgae. The facility hailed the new tight ship of microalgae cultivation located within the historic mountains of the scenic Upper Galilee region of Israel, is now fully operational. Yemoja already has brought production up to speed to meet the new volume of orders emanating predominantly from the global nutraceutical and cosmeceutical sectors.

Yemoja cultivates microalgae customized to fit functional food, nutraceutical or cosmetic applications. The company utilizes a unique, facility housing high-precision, fast-track photo-bioreactor technology, setting a new gold standard for microalgae production and sustainability. Indoor cultivation operates in a next-gen, closed, contaminant-free system that maintains absolute control of key parameters such as temperature, pH, light, and CO_2 emissions with capabilities to produce a broad spectrum of pure algae and in a very tightly controlled environment.

Yemoja operates a small batch production line structured in a visually intriguing arrangement of vertical luminescent columns known as illis. Each ille is allocated a specific algae species, is completely closed off and isolated from other units to prevent any cross contamination. This facilitates the simultaneous and continuous production of a variety of algae-derived products that can meet the specific requests of customers, maintaining their individualized control irrespective of batch volume.

Tel Hai's Yemoja was founded three years ago by a team of marine biology and biotech experts with a shared vision of leveraging novel engineering methods to provide the commercial algae space with a prodigious range of high-value microalgae species that can be tailored to a full spectrum of applications, including cosmeceuticals and nutraceuticals. (Yemoja 03.06)

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8.12. Prilenia Therapeutics Raises $62.5 Million to Fund Late Stage Trials in HD and ALS

Prilenia Therapeutics has raised $62.5M in a Series A financing round to launch the Company's planned HD and ALS late-stage clinical trials. The funding round was led by Forbion and included new investors, Morningside Venture Investments and Sectoral Asset Management. Existing investors Talisman Capital Partners and Genworks 2 also participated in the round. The Series A financing brings the total capital invested in Prilenia Therapeutics since its foundation in September 2018 to $84.5 million.

The proceeds will fund two late-stage trials, which could lead to the registration of pridopidine for the treatment of HD and ALS. Pridopidine is a highly selective sigma-1 receptor (S1R) agonist. It is shown to maintain functional capacity in early HD patients, as measured by the Total Functional Capacity (TFC) score. Furthermore, it was recently selected from an international competition of over 30 potential therapeutics for inclusion in the first ever ALS platform trial, led by the Healey Center for ALS at Massachusetts General Hospital. The trials – Phase 3 trial in HD and the platform trial in ALS - are expected to commence in H2/20.

Herzliya's Prilenia is a clinical stage biotech startup founded in 2018 with the purpose of improving the lives of patients and their families by developing treatments for neurodegenerative and neurodevelopmental disorders. (Prilenia 03.06)

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8.13. Foresight to Enable Mass Screening to Detect COVID-19 Symptoms

Foresight Autonomous Holdings has started developing a mass screening solution for the detection of COVID-19 symptoms based on visible-light and thermal cameras. In addition, the Company has submitted a patent application to the U.S. Patent and Trademark Office for a system and method for detection of people infected with the COVID-19 virus.

Based on the Company's extensive knowledge using FLIR thermal cameras, artificial intelligence (AI) and advanced algorithms, the system is designed to rapidly and accurately detect some of the main symptoms associated with the COVID-19 virus. Foresight's expertise in automotive vision systems and advanced algorithms will be applied to detect symptoms of COVID-19 including cough and signs of fatigue, in addition to high body temperature, thus increasing the likelihood of accurate detection and potentially eliminating false positive results. These symptoms can be identified by using the Company's intellectual property that combines both visible-light and thermal cameras.

Ness Ziona's Foresight Autonomous Holdings, founded in 2015, is a technology company engaged in the design, development and commercialization of sensors systems for the automotive industry. Through the Company's wholly owned subsidiaries, Foresight Automotive and Eye-Net Mobile, Foresight develops both "in-line-of sight" vision systems and "beyond-line-of-sight" cellular-based applications. Foresight's vision sensor is a four-camera system based on 3D video analysis, advanced algorithms for image processing, and sensor fusion. (Foresight 05.06)

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8.14. SK Telecom Invests an Additional $20 Million in Nanox

Nano-X Imaging announced that Seoul, South Korea's SK Telecom, one of Nanox's current shareholders, will increase its stake in the Company with an additional $20 million equity investment. This transaction follows the initial $5 million investment made by SK Telecom a year ago. In addition, the Company and SK Telecom are entering into a joint collaboration aiming to increase accessibility to medical imaging for all socio-economic communities by deploying 2,500 Nanox Systems integrating the Company's MsaaS (medical screening as a service) model in South Korea and Vietnam. Such deployment, subject to obtaining regulatory clearances, intends to democratize medical imaging and promote preventive healthcare through a significant increase of system availability in these markets.

In addition, the Company announces its intent to establish a wholly-owned Korean subsidiary that will focus on scaling up production of the Nanox X-ray source semiconductor while leveraging SK Telecom's deep expertise in the area of semiconductors.

Neve Ilan's Nanox is developing a commercial-grade digital X-ray source designed to be used in real-world medical imaging applications. Nanox believes that its novel technology could significantly reduce the costs of medical imaging systems and plans to seek collaborations with world- leading healthcare organizations and companies to provide affordable, early detection imaging service for all. (Nanox 04.06)

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8.15. Alpha Tau Medical Completes New $26 Million Funding Round

Alpha Tau Medical announced the closing of a Series B equity financing of $26 million. Investors in the round included a mix of existing investors from previous rounds, such as Shavit Capital, Medison Ventures, and OurCrowd, who continue to demonstrate support for the clinical development of Alpha DaRT, as well as a number of new private and family office investors primarily from Israel and North America.

During the last year, Alpha Tau successfully completed its first-in-human clinical trial of Alpha DaRT with squamous cell carcinoma patients from Italy and Israel. The impressive results from this study, published in the prestigious International Journal of Radiation Oncology, Biology, Physics were subsequently applauded in this recent editorial in the same journal. The Company is now conducting clinical trials in multiple clinical indications across the world, including its first US trial at Memorial Sloan Kettering Cancer Center in New York, a pancreatic cancer trial at CHUM in Montreal, and trials at three academic institutions in Japan. The Company is also establishing new global manufacturing facilities in Israel and elsewhere, and is in the middle of a process for CE marking for its first indication. These activities and others will be supported by the proceeds of this financing.

Founded in 2016, Jerusalem's Alpha Tau Medical is a medical device company that focuses on research, development, and commercialization of the Alpha DaRT for treatment of solid tumors. (Alpha Tau Medical 04.06)

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8.16. VasQ External Support Awarded Breakthrough Device Designation by the FDA

The FDA has designated Laminate Medical's VasQ External Support for the creation of arteriovenous fistulas (AVF) in hemodialysis patients as a Breakthrough Device. The FDA Breakthrough Device Program is intended to provide patients and doctors timely access to medical devices that are more effective than the current standard of care for life-threatening or irreversibly debilitating diseases or conditions. The designation is also considered by the Centers for Medicare and Medicaid Services as substantiation of clinical improvement in their consideration for providing additional reimbursement for new technologies. The designation was based in part on the breadth of clinical evidence collected so far for VasQ that consistently demonstrates improvement over the standard of care for creating functional AVFs for hemodialysis treatment. AVFs are the preferred option by physicians for hemodialysis patients to enable effective treatment because of their long-term benefits. However, AVFs have the lowest probability of actually becoming usable for hemodialysis in the short-term and have reported success rates as low as 40% at one-year in a large, prospective study. However, AVFs created with the VasQ External support have consistently reported over several clinical studies success rates as high as 86% or better by 6 months2-5.

VasQ is currently in a U.S. IDE pivotal clinical study that is expected to have completed follow-up for its primary endpoints by August 2020 and will be evaluated by the FDA through the de Novo Pathway. As of February 4, 2020, the single-arm study has prospectively enrolled its entire 144 male and female patient cohort from 15 sites across the U.S.. Both current and pre-dialysis patients referred for fistula creation where included in the study for either a brachiocephalic or radiocephalic fistulas with VasQ. The patients will be followed for two years with the primary efficacy endpoint of unassisted primary patency to be analyzed at six months. The FDA will consider the results from the study as well as the breadth of clinical evidence collected from use of the device around the world in its decision to grant U.S. market clearance.

Tel Aviv's Laminate Medical Technologies is dedicated to making better fistulas for hemodialysis patients. Founded in 2012, Laminate plans to build upon the success of VasQ with additional devices currently in development to address the challenges faced by AVF patients. (Laminate 07.06)

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8.17. C2i Genomics Raises $12 Million in Series A Funding

C2i Genomics raised $12 million in Series A financing. The round was led by Casdin Capital and joined by additional new investors including NFX Capital, The Mark Foundation for Cancer Research and other investors. The company intends to use the funds for the development and clinical validation of its personalized, real-time solution for monitoring recurrence and treatment response for various types of solid cancers. C2i Genomics' ultra-sensitive liquid biopsy assay will allow physicians to monitor patient treatment response and detect treatment failure or disease recurrence months and potentially years earlier than current monitoring methods.

NYC-based C2i Genomics is the first company to offer post-surgery monitoring of cancer recurrence and progression by analyzing subtle changes in the pattern of the tumor’s DNA. Their liquid biopsy Whole Genome assay and cancer burden score will equip oncologists with vital timely information months to years before current monitoring methods are able to. C2i has an R&D center in Haifa, Israel. (C2i Genomics 09.06)

9. ISRAEL PRODUCT & TECHNOLOGY NEWS

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9.1. Sixgill Feeds Unmatched Threat Intelligence Into Splunk Platform

Sixgill announced that users of Splunk, the Data-for-Everything platform, will have access to Sixgill's Darkfeed, the company's automated stream of indicators of compromise. By leveraging Darkfeed in Splunk's analytics-driven SIEM, enterprises gain contextual and actionable insights in real-time to enhance security and proactively protect against threats.

For users of the Splunk Enterprise Security Platform, the integration leverages Sixgill's power to supercharge threat research and incident response with access to real-time threat intelligence. Using Darkfeed, security teams receive early warnings of new malware threats, hunt for malicious indicators of compromise on corporate networks, better understand trends in the criminal underground and block items that threaten their organizations.

Darkfeed is an intelligence stream of malicious indicators of compromise (IOCs). It notifies customers whenever one of the indicators, including domains, URLs, hashes, and IP addresses, is mentioned on the dark web. Darkfeed relies on Sixgill's vast collection of deep and dark web sources, and it provides unique and advanced warnings about new cyberthreats. It is automated, meaning that IOCs are extracted and delivered in real-time, and it is actionable, meaning that its consumers will be able to receive and block items that threaten their organizations.

Yokneam Elite's Sixgill's fully automated threat intelligence solution helps organizations protect their critical assets, reduce fraud and data breaches, protect their brand and minimize attack surface. Sixgill's investigative portal empowers security teams with contextual and actionable alerts as well as the ability to conduct real-time investigations. Rich intelligence feeds such as Darkfeed harness Sixgill's unmatched intelligence collection capabilities and deliver real-time intel into organizations' existing security systems to help proactively block threats. (Sixgill 27.05)

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9.2. Shufersal Chooses PenTera to Validate Network Security Controls in Time of Pandemic

Pcysys announced that Shufersal, Israel's leading retail company, has chosen Pcysys' Automated Penetration Testing Platform, PenTera, to continuously test its security controls. Requiring no agents or pre-installations, the PenTera platform uses algorithms to scan and ethically penetrate the local or remote network with the latest ethical hacking techniques. PenTera prioritizes remediation efforts by weighing each vulnerability as part of the complete attack vector, focusing on the breachable vulnerabilities that take part in the "kill-chain." By aligning with the MITRE ATT&CK framework, the platform provides the enterprise infrastructure with a consistently high standard of security testing.

Petah Tikva's Pcysys delivers PenTera, the automated network penetration-testing platform, that assesses and reduces cybersecurity risk. The platform runs on the Cloud or on-site to identify, analyze and focus remediation efforts on breachable vulnerabilities. Hundreds of security professionals and service providers around the world use PenTera to perform continuous machine-based penetration tests that improve their immunity against cyber attacks across their organization networks. (Pcysys 27.05)

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9.3. cnvrg.io New Streaming Endpoints for Real-time Machine Learning Applications

cnvrg.io announced its streaming endpoints solution, a new capability for deploying ML models to production with Apache Kafka in one click. cnvrg.io is the first ML platform to enable one click streaming endpoint deployment for large-scale and real-time predictions with high throughput and low latency. Deployed models will be tracked with advanced model management and model monitoring solutions including alerts, retraining, A/B testing and canary rollout, autoscaling and more.

This new capability allows engineers to support and predict millions of samples in a real-time environment. This architecture is ideal for time sensitive or event-based predictions, recommender systems, and large-scale applications that require high throughput, low latency and fault tolerant environments. The new cnvrg.io release extends the market footprint and enhances the prior announcements of NVIDIA DGX-Ready partnership and Red Hat unified control plane.

Jerusalem's cnvrg.io is an AI OS, transforming the way enterprises manage, scale and accelerate AI and data science development from research to production. The code-first platform is built by data scientists, for data scientists and offers unrivaled flexibility to run on-premise or cloud. (cnvrg.io 26.05)

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9.4. Allot Launches BusinessSecure to Protect Business Customers from Cyberattacks

Hod HaSharon's Allot, a leading global provider of innovative network intelligence and security-as-a-service (SECaaS) solutions for communication service providers (CSPs) and enterprises, launched Allot

BusinessSecure, a new solution that CSPs can offer their SMB and Enterprise customers to protect them from emerging cybersecurity threats, including malware, phishing, ransomware and crypto-mining, while increasing revenue.

Allot BusinessSecure is the newest member of the Allot Secure family of unified cybersecurity solutions, the world's leading network-based security as a service solution, used by over 23 million consumer and business subscribers. Allot Secure also includes solutions for a unified experience on devices that are on mobile networks (NetworkSecure), fixed home networks (HomeSecure), public Wi-Fi networks (EndpointSecure), and for IoT devices (IoTSecure).

Using Machine Learning technology and network visibility tools, Allot BusinessSecure automatically identifies all devices in the network and applies a customizable security policy to protect them and the network. The solution offers a network-based antivirus service that requires no security expertise and needs no installation on business or employee devices. In addition, Allot BusinessSecure hardens the customer premises equipment (CPE) to further protect against many types of vulnerabilities. BusinessSecure is available immediately. (Allot 26.05)

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9.5. Infinidat De-risks Storage Infrastructure with New Offerings for NVMe over Fabrics

Infinidat announced new offerings that reduce storage infrastructure costs, mitigate the risks of technology failures and deficits, and add an extensible NVMe over Fabrics option. These offerings and functional enhancements will provide new and existing customers more flexibility in managing their high-end storage infrastructure while lowering the cost and risk associated with meeting enterprise service level objectives.

New business offerings include free data migrations for new customers. Companies seeking to upgrade, rationalize, or consolidate their storage infrastructure no longer have to let migration costs and risks or skills shortages hold them back. By removing the uncertainties that normally accompany migrations, new customers can at least double their capacity relative to All Flash Array solutions without increasing budgets.

Infinidat also announced that with the release of InfiniBox software V5.6, NVMe/TCP is now generally available. Infinidat chose NVMe/TCP as its first generally available NVMe protocol because customers are already delighted with the InfiniBox performance over Fibre Channel SANs, and NVMe/TCP allows prospects and customers to leverage their existing investments in Ethernet. Additionally, a growing number of next-generation data centers are being built exclusively on Ethernet network infrastructure and NVMe/TCP is compatible with visions of a software-defined data center (SDDC). Infinidat's support of NVMe over Fabrics will expand to include FC and RoCE as customer demands dictate. By adding support for NVMe over Fabrics, Infinidat is helping customers significantly improve/reduce latency, without incurring significant costs.

Founded in 2011, Herzliya Pituah's Infinidat helps customers empower data-driven competitive advantage. Infinidat's software-focused architecture, an evolution and revolution in data management design over 30 years in the making, solves the conflicting requirements of bigger, faster, less expensive storage. Infinidat technology simultaneously delivers sub-millisecond latency, 100% data availability, and multi-petabyte capacity with a significantly lower total cost of ownership than incumbent storage technologies. (Infinidat 27.05)

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9.6. Infinera Leverages Tower Semiconductor SiGe Technology in Optical Engine

Tower Semiconductor announced Sunnydale, California's Infinera's selection of Tower's high performance Terabit SiGe BiCMOS platform for use in Infinera's industry-leading 800G sixth-generation Infinite Capacity Engine (ICE6). ICE6 provides 800 gigabits per second single wavelength with unparalleled performance providing significant cost, power, and fiber capacity advantages to network operators, enabling them to cost-effectively address the relentless bandwidth demand on their networks.

Tower Semiconductor's advanced Terabit SiGe BiCMOS platform (SBC18) is optimized for high-speed networking applications providing transistors with speeds exceeding 300GHz and is a workhorse for industry leaders designing high-performance telecom and datacom optical networks with speeds of 100Gbps, 400Gbps and now 800Gbps. This SiGe platform is also tailored to deliver the highest performance for high-frequency wireless communications such as automotive radar, satellite communications and 5G for both sub-6GHz and mm-wave bands.

Migdal HaEmek's Tower Semiconductor, the leader in high-value analog semiconductor foundry solutions, provides technology and manufacturing platforms for integrated circuits (ICs) in growing markets such as consumer, industrial, automotive, mobile, infrastructure, medical and aerospace and defense. Tower Semiconductor focuses on creating positive and sustainable impact on the world through long term partnerships and its advanced and innovative analog technology offering, comprised of a broad range of customizable process platforms such as SiGe, BiCMOS, mixed-signal/CMOS, RF CMOS, CMOS image sensor, non-imaging sensors, integrated power management (BCD and 700V), and MEMS. (Tower Semiconductor 27.05)

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9.7. Capgemini & Otonomo to Bring Privacy-Compliant Connected Car Services to Life

Berlin, Germany's Capgemini and Otonomo announced that they're working together to help clients in Germany build new products and services based on car data. This collaboration allows automotive OEMS as well as application and service providers from various industries, to bring privacy-compliant, end-to-end solutions based on car data to life. Services range from ideation and business models through to platform integrations and as-a-service models.

The Otonomo Platform today aggregates more than two billion data points per day from 20 million global connected vehicles, enabling use cases such as personalized on-road experiences for drivers, data-driven decisions for vehicle manufacturers and fleet operators, as well as smart data-based products and services for the consumer. The collaboration between Otonomo and Capgemini will enable clients to increase data utilization leveraging Capgemini's deep technology and industry expertise, including Capgemini Invent's proven track record in digital transformation and connected products and services, along with Otonomo's leading automotive data services platform. The collaboration complements Capgemini's Intelligent Industry vision and enables the transformation of automotive companies towards mobility providers.

The Otonomo Platform securely ingests automotive OEM data, then reshapes, aggregates enriches and protects it so companies can use the data to develop a host of apps and services for fleets, smart cities, and individual consumers. For personal use cases requiring individual consumer consent for GDPR compliance, Otonomo offers an end-to-end consent management process including usage-based insurance (UBI), predictive maintenance, and concierge services such as on-demand fueling, electric vehicle (EV) services, in-vehicle package delivery, and on-demand car wash.

The Otonomo Automotive Data Services Platform fuels an ecosystem of OEMs, fleets and more than 100 service providers. Otonomo's neutral platform securely ingests more than 2 billion data points per day from over 20 million global connected vehicles, then reshapes and enriches it, to accelerate time to market for new services that delight drivers. Privacy by design is at the core of our platform, which enables GDPR, CCPA and other privacy-regulation-compliant solutions using both personal and aggregate data. (Capgemini 03.06)

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9.8. Checkmarx Accelerates Vulnerability Remediation for Open Source Code

Checkmarx announced the launch of Checkmarx SCA (CxSCA), the company's new, SaaS-based software composition analysis solution. CxSCA leverages Checkmarx's source code analysis and automation capabilities, empowering security and development teams to easily identify vulnerabilities within open source software that present the greatest risk and enable developers to focus and prioritize remediation efforts accordingly. This reduces time spent from the point of vulnerability detection to remediation and increases developers' overall productivity.

Existing approaches to securing open source within software often produce lengthy vulnerability reports riddled with inaccuracies, making it difficult for developers to understand where best to allocate their time and attention. CxSCA alleviates these challenges with its unique automatic triage capabilities, generating scan results with the greatest possible accuracy and delivering these findings directly to developers. With this insight, development teams can prioritize remediation efforts based on the level of risk presented by found vulnerabilities and accelerate remediation processes to deliver high-quality, more secure software faster. CxSCA can be used independently or as part of the broader Checkmarx Software Security Platform that also includes SAST, IAST, and integrated developer AppSec training and awareness, giving development teams a single, unified approach to managing their application security posture.

Ramat Gan's Checkmarx is the global leader in software security solutions for modern enterprise software development. Checkmarx delivers the industry's most comprehensive Software Security Platform that unifies with DevOps and provides static and interactive application security testing, software composition analysis, and developer AppSec awareness and training programs to reduce and remediate risk from software vulnerabilities. (Checkmarx 02.06)

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9.9. CoreTigo Introduces the TigoBridge to Simplify Retrofit and IIOT Deployments

CoreTigo announced the commercial availability of its latest version of the TigoBridge. The TigoBridge is an IO-Link Wireless component that enables the communication of industrial sensors, actuators and devices without the need for a wired cable connection to a Master or Gateway. TigoBridge is based on the IO-Link Wireless standard, designed specifically for factory automation, and certified to meet the demands of harsh industrial environments. It easily connects in a plug & play manner to both IO-Link and digital I/O devices to establish a standards-based wireless communication. In addition, TigoBridge can wirelessly connect multiple devices in parallel by plugging in to off-the-shelf industrial I/O Hubs with multiple sensors/actuators.

Kadima's CoreTigo is leading the revolution of wireless mission critical communication for the Industrial market. Through the reinvention of existing network and connectivity concepts, their solutions reduce complexity of industrial automation systems, enable flexible access to more valuable data for business intelligence and analytics, drive adaptive manufacturing solutions and increase operational efficiency. CoreTigo's technology is based on the IO-Link Wireless standard and creates a more connected industrial world that is not bound by cables in the most reliable, scalable and cost-effective manner. (CoreTigo 03.06)

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9.10. Valens' VA7000 Automotive Family Delivering Sensor Connectivity

Valens announced the VA7000 family of automotive chipsets, which will deliver ultra-high-speed connectivity with the most resilient physical layer (PHY) for error-free links and high EMI immunity. The VA7000 chipsets will be the first in the industry to implement the MIPI A-PHY SM standard for advanced driver-assistance systems (ADAS) and autonomous driving systems (ADS). MIPI A-PHY, now in its final approval phase, specifies in-vehicle high-speed data transmission over lightweight wiring harnesses for up to 15 meters, with adaptive noise cancellation and retransmission mechanisms to guarantee superior EMC/EMI performance. The MIPI Alliance is a leading standards development organization for interface specifications; its ubiquitous CSI-2 & MIPI DSI-2SM camera and display interfaces are widely implemented for sensor connectivity.

The VA7000 family is a hardware-based solution optimized for asymmetric links with no software stack. It guarantees a high-performing, simplified architecture, leading to a reduction in wire harness complexity and lower total system costs. It also enables the convergence of additional protocols (I2C, GPIOs, clock and frame sync), while guaranteeing near-zero latency to support time-sensitive, high-throughput traffic for advanced computer processing.

Hod HaSharon's Valens Automotive, a division of Valens, was established in 2015 with the singular goal of delivering the world's most advanced audio/video chipset technology to the automotive industry. Valens Automotive chipset technology enables resilient ultra-high-speed in-vehicle connectivity to support the needs of the connected and autonomous car. (Valens 04.06)

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9.11. Otonomo & Fiat Chrysler Collaborate on Increasing Car Data Utilization in the EU

Otonomo announced the signature of an agreement with Fiat Chrysler Automobiles (FCA) to get de-identified, aggregated data from FCA connected vehicles in Europe to deliver new use cases such as advanced mapping, advanced traffic management and planning, and smart city applications to support the decrease of congestion and pollution in urban environments driven by Otonomo's de- identified data. The collaboration has begun with data from selected models located across the European Union and is expected to expand as new makes and models embed connected technologies.

The Otonomo Automotive Data Services Platform ingests automotive data from multiple OEMs, then secures, reshapes, and enriches such data in a de-identified form to meet GDPR provisions, as well as other global privacy requirements, so application and service providers can use it to develop a host of new and innovative offerings. Service providers will have access to crowd data from FCA vehicles including GPS coordinates, acceleration events, vehicle speeds, light status, and engine health indicators through Otonomo's platform, along with data from other automotive manufacturers.

A key function performed by the Otonomo Platform is to offer to OEMs data de-identification and aggregation solutions with different levels of support. The Otonomo Blurring Engine employs a sophisticated combination of blurring techniques that may change depending on the intended use of car data. This increases the value of the data while protecting car owners' privacy.

Herzliya's Otonomo's Automotive Data Services Platform fuels an ecosystem of OEMs, fleets and more than 100 service providers. Their neutral platform securely ingests more than 2.6 billion data points per day from over 20 million global connected vehicles, then reshapes, enriches and de-identifies it, to accelerate time to market for new services that delight drivers. Privacy by design is at the core of our platform, which enables GDPR, CCPA and other privacy-regulation-compliant solutions using both personal and de-identified aggregate data. Use cases include emergency services, mapping, EV management, subscription-based fueling, parking, predictive maintenance, usage-based insurance, media measurement, in-vehicle package delivery, and dozens of smart city services. (Otonomo 09.06)

10. ISRAEL ECONOMIC STATISTICS

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10.1. Corona Crisis Reflected in a 0.3% Decline in State of Economy Index for April 2020

The Bank of Israel's Composite State of the Economy Index for April 2020 declined by 0.33%, following a decrease in March. The coronavirus crisis became markedly more severe in March, and from the middle of that month, a considerable part of economic activity was shut down. The decline of the Index in two consecutive months reflects the sharp decline in economic activity, but in view of the uniqueness of the crisis, the magnitude of the decline in the Index does not provide conclusions regarding the precise strength of the decline in activity in the past two months. The decline in the Index reflects a sharp decline in most of the components, primarily a decrease in consumer goods imports in April, and a sharp decline in services revenue and in industrial production in March. Goods exports, which declined relatively moderately compared to the other indicators, and imports of manufacturing inputs, which increased, moderated the strength of the decline in the Index. The Composite Index for March was revised downward due to the publication of first quarter National Accounts data and based on the accumulation of indicators showing the magnitude of the decrease in activity. (BoI 03.06)

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10.2. Israeli Startups Raised Over $300 Million in May

Globes reported that Israeli startups raised over $300 million in May, according to press releases issued by companies that have completed financing rounds. The figure may be more as some companies prefer to remain in stealth and not to publicize the investments they have received.

After raising a record $8.3 billion in 2019, according to IVC-ZAG, which easily surpassed the record $6.4 billion raised by Israeli tech companies in 2018, and $5.24 billion in 2017, 2020 began strongly with $2.74 billion raised in the first quarter and a further $1 billion raised in May. In some instances, financing rounds by tech companies that facilitate remote working and healthcare and cybersecurity, have been boosted rather than hampered by the COVID-19 crisis.

May's figure was the smallest amount raised by startups since August 2018 and even though startup raising was strong in March and April, it may be that most of that fund raising was achieved before the start of the crisis. It is too early to tell if this is a new trend, especially as one or two companies, completing large financing rounds, can change the picture dramatically. Financing rounds in May were dominated by smaller startups, with no very large financing rounds at all. Cybersecurity company Semperis raised $40 million, Aqua Security raised $30 million and API marketplace company RapidAPI raised $25 million. (Globes 01.06)

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10.3. Foreign Exchange Reserves at the Bank of Israel in May 2020 Increase

Israel’s foreign exchange reserves at the end of May 2020 stood at $142.5 billion, an increase of $8.966 billion from their level at the end of the previous month. The reserves represent 35.5% of GDP. The increase was the result of foreign exchange purchases by the Bank of Israel totaling $2.623 billion and government transfers from abroad totaling approximately $5.149 billion. There was also a revaluation that increased the reserves by approximately $1.688 billion. The increase was partly offset by private sector transfers of approximately $494 million. (BoI 07.06)

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10.4. Israel's Budget Deficit Grows to 6% of the GDP

The Finance Ministry announced on 7 June that Israel's budget deficit grew to 6% of gross domestic product for the 12 month period ending on 31 May 2020. The ministry's report noted that the deficit has continued to grow since the coronavirus crisis took hold in March, rising from 3.1% at the end of February and 4% at the end of March to 4.8% at the end of April.

The total deficit between January and May 2020 came to NIS 46.2 billion ($13.3 billion) compared with just NIS 1 billion ($288 million) in the corresponding period of 2019. As part of the efforts to stop the spread of COVID-19, the government slowed economic activity to 15%, triggering a spike in unemployment, which soared from 4% in the pre-corona economy to 26% by the end of April.

The Finance Ministry said that in May, the budget deficit came to NIS 9 billion ($2.6 billion) compared with NIS 1 billion in May 2019. The government then introduced an unprecedented NIS 80 billion ($23 billion) bailout plan to help the economy recover from the effects of the coronavirus.

The Bank of Israel said it predicts that the budget deficit for 2020 will amount to NIS 150 billion ($43 billion) or 11.5% of the GDP. Domestic capital raising in May totaled NIS 18.2 billion ($5.2 billion) and overseas capital raising in bond issues came to NIS 19.9 billion ($5.7 billion). Government spending in May came to NIS 40.6 billion ($11.7 billion), of which NIS 37.2 billion ($10.7 billion) was government expenditure: NIS 31.3 billion ($9 billion) for civilian spending and NIS 5.9 billion ($1.7 billion) for defense spending. Since the beginning of 2020, government spending has swelled to NIS 172.5 billion ($49.7 billion). (Israel Hayom 07.06)

11. IN DEPTH

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11.1. ISRAEL: East Mediterranean Gas Running Into Technical & Political Challenges

On 27 May, Simon Henderson posted in The Washington Institute that reduced demand caused by the coronavirus and low oil/gas prices has complicated plans for further development of the region's offshore reserves.

When a giant flare lit up the night sky off Israel's coast on 23 May, it was a reminder of the country's natural gas riches and its persistent environmental concerns. Excess gas from a processing platform six miles offshore was ignited in what the government called an "emergency closure." Production from the field that supplies the platform - Leviathan, located deep under the seabed seventy-five miles further west - resumed within a few hours, and the incident was later explained as a false alarm caused by a gas detector failure.

This was the second time a gas flare had to be briefly ignited at the platform since it went into operation at the end of 2019 - apparently a normal procedure in startup facilities. (There have been no such visible dramas from the long-producing Tamar facility thirteen miles off the coast of Ashkelon further south, but only because, for reasons of its design, igniting excess gas would melt the platform.) Leviathan gas began pumping into the Israeli grid this January. Tamar gas already meets domestic demand, so supplies from the newer, larger field are sent through the grid and on to Egypt and Jordan.

At the moment, Egypt is using Leviathan gas strictly for its domestic market. Both Cairo and Jerusalem hope that future volumes can be exported to other foreign markets via liquefied natural gas tankers, but those plans are on hold because selling it in that form is not viable under current international prices. Low prices are also to blame for the pause in plans to expand gas production from Leviathan, which is operated by Noble Energy of Houston. Any attempt to recover oil from reservoirs beneath the gas-bearing strata seems a dream for now.

Under the present circumstances, the key customer is Jordan, which uses Israeli gas to power its electricity generating network. Yet this contract and a smaller arrangement to send Tamar gas to Jordanian industrial facilities at the Dead Sea may be endangered by upcoming political developments. Israel has announced that potential annexation moves in the West Bank could begin as soon as July, prompting sharp warnings from King Abdullah.

In the wider East Mediterranean region, initial French-led exploration for gas off the coast of Beirut earlier this year produced mere traces of hydrocarbons, while further exploration in an area closer to the disputed maritime line between Lebanon and Israel might be delayed indefinitely. In theory, this area has relatively good prospects for discoveries because of its proximity to Tamar and Leviathan. Yet the best prospects are off the coast of Egypt, whose total oil and gas reserves dwarf Israel's (though both still pale in comparison with those of the Persian Gulf countries). Egypt's attractiveness to foreign energy companies has dimmed lately because of low prices and poor domestic demand, but this situation should improve in the summer because of the heavy need for air conditioning and fans.

Across the sea, Turkey has yet to find gas in its claimed offshore areas despite its expansive definition of how far they extend. In a recent call between President Trump and President Erdogan, the Turkish readout reportedly said they had agreed to “continue pursuing stability in the eastern Mediterranean region.” Their main focus in that regard was Libya, where Turkey is backing the internationally recognized government in Tripoli and has agreed to a mutual maritime border between each country’s exclusive economic zone.

Indeed, the Libyan conflict has added yet another dimension to three multifaceted East Mediterranean rivalries: Egypt vs. Turkey, Greece/Cyprus vs. Turkey, and Israel vs. Lebanon. Many of the disputes in question appear intractable but not necessarily insurmountable.

For instance, while Israel enjoys its friendship with Greece and Cyprus, it still has considerable commercial relations with Turkey, despite a public atmosphere of bilateral political tension. One sign of Ankara and Jerusalem’s mutual desire to retain working ties materialized last week, when an Israeli El Al cargo jet flew to Istanbul to pick up coronavirus equipment for delivery to the United States. The airline had halted flights to Turkey in recent years because of a disagreement over security arrangements, though Turkish flights to and from Israel continued (at least until the recent virus lockdown measures).

Overall, the development of East Mediterranean energy resources to the mutual advantage of at least some regional states is a political success story - one attributable in no small measure to American diplomacy. U.S. engagement needs to continue if the current difficulties are to be overcome and more countries are to benefit.

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11.2. ISRAEL: An Overview of Jerusalem’s Changing Demographics

An overview from the Jerusalem Institute for Policy Research's newly released Jerusalem Statistical Yearbook found that about 220,000 Jews currently live in eastern Jerusalem, which in reality lies north, south and east of the city’s old jurisdiction, in areas added to the city in 1967. The proportion of Jews in these areas consists of 39% of the population there. However, since the 2000s, there has been a decline in the proportion of Jews in these territories, which in 1996 stood at 46% and today, decreased to 39%.

At the end of 2018, 919,400 people lived in Jerusalem, twice the population of Tel Aviv. In 2018, 555,800 Jews (62%) and 349,600 Arabs (38%) lived in the city, 96% of whom were Muslims, and 4% Christians. As far as is known, in 2019, the ratio of Arabs to Jews in the city had changed, and the proportion of Jews decreased further to 61% (Jews) versus 39% (Arabs).

According to a population estimate conducted at the Central Bureau of Statistics, the number of ultra-Orthodox in the city in 2018 was approximately 223,500 and constituted about a quarter (24%) of all the ultra-Orthodox in Israel. By comparison, in Bnei Brak, Israel’s largest ultra-Orthodox city, the population was 198,800. The population of Bnei Brak is smaller than the entire ultra-Orthodox population in Jerusalem.

The Arab population in Jerusalem is also considerably larger than the Arab population in the largest cities in Israel, about 350,000 people compared to Nazareth (77,000 people), Rahat (69,000 people) and Umm al-Fahm (55,000 people).

The Jewish population of Jerusalem is diverse and complex in Israeli cities. The latest Central Bureau of Statistics social survey among 20+ year-olds shows that in 2016-2018, 21% of Jews in Jerusalem identified themselves as secular, 24% as traditional (religious and not-so-religious), 20% religious and 36% ultra-Orthodox. Jerusalem’s population constitutes about 10% of Israel’s population. The Jewish population constituted 8% of the Jewish population in Israel, and the Arab population constituted 20% of the Arab population in Israel.

Population Growth

During 2018, Jerusalem's population increased by 18,100 (an increase of 2%). The Jewish population increased by 10,100 (1.8%), and the Arab population increased by 8,100 (2.4%). Examining the data in the last five years shows that the percentage of Arab population growth ranged from 2.4 to 2.7%, while that of the Jewish population was 1.5 – 2.2%.

Birthrate

In 2018, 25,200 babies were born to Jerusalem residents; 16,500 (66%) were born to Jewish families and 8,600 babies (34%) to Arab families. The Jerusalem population has a very high birthrate. In 2018, the birth rate in Jerusalem was 27.7 (births per thousand residents) and was higher than in Israel in general – 20.8.

The birthrate among the Jewish population in Jerusalem – 29.2 (births per thousand residents) was higher than that of the Arab population – 24.9. In Israel, in general, on the other hand, the birth rate of the Jewish population (20.1) was lower than that of the Arab population (23.3).

For many years (1967-2011), the birthrate of the Arab population in Jerusalem was higher than that of the Jewish population, but in 2012 the trend reversed, and for seven years, the birthrate of the Jewish population was higher than that of the Arab population. This is due to both an increase in the proportion of religious and ultra-Orthodox populations in the city, and they have increased their fertility rate. The decline in the birthrate among the Arab population is associated with an increase in the level of education and an increase in the labor force participation of women.

Fertility Rate

In 2018, the general fertility rate (the average number of children a woman is expected to give birth during her lifetime) in Jerusalem was 3.9 and was significantly higher than the fertility rate in Israel (3.1), Tel Aviv (2.0) and Haifa (2.3).

In 2018, the overall fertility rate of Jewish women in Jerusalem was 4.4, and it was higher than the general fertility rate among Arab women in Jerusalem – 3.1. The high fertility rate among Jewish women is mainly influenced by the relatively high general fertility rate among religious and ultra-Orthodox women.

Migration To & From Jerusalem

In 2018, 12,800 new residents moved to Jerusalem from other localities in the country, but meanwhile, 18,800 Jerusalem residents left. This means that Jerusalem's net balance of migration versus emigration was negative and stood at minus 6,000. However, the 2017 balance of migration versus emigration was similar. In those two years, the city's negative migration is the lowest recorded since 2008. In previous years it was already minus 10,000 and minus 9,000. Immigrants to and from Jerusalem are mainly Jewish, with a minority (4%) of Arabs.

Among those who left, what prominently stood out was the proportion of those leaving the city of Jerusalem to settle in the Jerusalem periphery (39% or 7,400 persons) and those who moved to the Tel Aviv suburbs (36% or 6,800). Those leaving are secular, but also there are many religious and ultra-Orthodox who have also left. The neighborhoods in Jerusalem that lost the largest number of residents were: Ramot Alon, Pisgat Ze'ev, Gilo, Geulah, Mea Shearim and Katamon.

The Education System in Jerusalem

In the academic year (2018/2019), there were approximately 286,900 students in the Jerusalem educational system. The number of students in the Hebrew education system was 175,500, of whom 66,500 were enrolled in secular and religious public education and 110,000 in ultra-Orthodox education. In Arab education, there were approximately 110,400 students, 93,000 of whom were in public education and about 17,400 students in private education.

Higher Education

In the year (2018/2019), 37,000 students studied in higher education institutions in Jerusalem, accounting for 16% of all students in Israel. Some 53% of students in Jerusalem studied at the Hebrew University, 32% at seven academic colleges and 15% at four colleges for education. (JCPA 07.06)

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11.3. GCC: The Economic Crisis is a Challenge to the "Contract" between Rulers and Ruled

On 1 June, Yoel Guzansky & Shmuel Even posted in INSS Insight that the current economic crisis in the Arabian Gulf states stems from the consequences of the coronavirus pandemic on both the local and global economies, including the sharp drop in oil prices. This article examines how these states are contending with the crisis. Among the dilemmas facing the regimes: the extent to which the "contract" that guarantees overall welfare to the public can be compromised without upsetting stability; the extent to which employment of foreign workers can be curbed without harming economic performance; and the extent to which currency reserves can be used and the national deficit increased, at the expense of resources needed for the future. The Saudi regime faces additional dilemmas of whether to withdraw from ambitious projects launched by Crown Prince Bin Salman, and whether and how to end the costly war in Yemen. Saudi Arabia's announced VAT hike from 5 to 15% (as of July) signals the expected substantive blow to the public welfare, and signs of public discontent are already evident. The Gulf's economic situation will also have ramifications for Egypt, Jordan and the Palestinians, due to the possible reduction of support and investments by the Gulf states and lower remittances by the foreign workers in the Gulf.

The coronavirus crisis prompted Arab rulers in the Gulf to earmark around $121 billion in assistance packages for their economics: the United Arab Emirates (UAE) allocated $34.3 billion; Saudi Arabia, $32 billion; Qatar, $20.6 billion; Oman, $20.8 billion; Bahrain, $11.4 billion; and Kuwait, $1.5 billion. Among the aims of the Saudi aid, for example, is to help businesses by deferring tax payments and providing exemptions from government tolls and tariffs.

The Gulf states have suffered a sharp reduction in revenues due to the plummeted price of oil and gas in the global market. While OPEC, led by Saudi Arabia, reached agreement with Russia on a joint reduction in oil production in order to temper the dramatic price drop, which was not enough. As of 28 May 2020, the price of oil is $35 per barrel (Brent), compared to $65 per barrel in early January, while under the OPEC+ deal Saudi production is meant to reach around 8.5 million barrels per day (MBPD) in May compared to some 9.7 in January. Of the 8.5 million, some 6 million are intended for export and the rest for internal consumption.

Despite the increase in the price of oil in May, Saudi Arabia needs a price of around $80 per barrel (at a production level close to 10 MBPD) in order to balance its budget: approximately 70% of the Saudi budget is based on oil. Of the smaller countries, Qatar is relatively well-positioned, requiring an oil price of some $40 per barrel in order to balance its budget. By contrast, the less well-off Oman and Bahrain are at greater economic risk. There has been an additional blow to the tourism sector, which is especially severe for Saudi Arabia given the cancellation of the Umrah (the pilgrimage permitted throughout the year) and concern that the annual Hajj pilgrimage, scheduled for July, might also be canceled. Religious tourism is a core source of revenue that is not oil-related, and cancellation of the Umrah and Hajj would be expected to result in some $15 billion in losses.

The Gulf states still have significant assets and currency reserves that will help cover the budget deficits, but the dilemma over drawing on them is significant. Moreover, some of these reserves are invested in assets whose value has declined due to the crisis. The states are also issuing bonds on a large scale in international markets. The scale of bond revenue that Saudi Arabia wants to raise this year is expected to near $60 billion, twice what was originally planned.

Saudi Arabia's budget deficit is expected to deepen this year, reaching – according to the Saudi investment house Jadwa – a record $112 billion. In interviews granted in May 2020, Saudi Finance Minister Mohammed al-Jadaan warned of "tough measures" on what he deemed a long "road ahead." He stressed that this was "the kingdom's most serious crisis in decades," which contrasted with his previous assertions that the kingdom was prepared to cope with the situation. On 10 May, he announced that VAT would be hiked from 5 to 15% as of July 2020, and that the monthly stipend heretofore given civil servants to offset the rise in VAT and gasoline, electricity, and water prices would be canceled. VAT was controversial when it was imposed in 2018, and the sharp hike at this time has already stirred some backlash on social media, including statements of longing for the late King Abdullah. (Contrary to Saudi Arabia, the UAE, whose economy is the second-most important in the Gulf, announced that, for now, there is no plan to raise VAT, which stands at 5%.) Furthermore, the private sector has suffered the harshest blow. To soften it, the Saudi government is paying 60% of the wages of some of the staff in this sector. The bloated public sector, which is considered a traditional base of support for the palace, is expected to be less hard-hit, but there may be no avoiding a wage cut there too, as declared by Oman. Saudi Arabia may also have to cut its high defense spending and make decisions in the political sphere, chiefly, whether to pursue the costly war in Yemen and the embargo on Qatar, which also carries a sizeable price tag.

It is clear to the regimes that use of currency reserves, assets, and bonds for day-to-day needs would be at the expense of the future ability of the Gulf states to develop their economies and make them less dependent on oil. Consequently, in order to limit the recourse to these assets, economic reforms and projects relating to entertainment and tourism will likely be delayed. In Saudi Arabia this applies, inter alia, to the slated creation of Neom, a "city of the future," with a planned investment of $500 billion, and to grandiose tourism and leisure initiatives that are part of the Vision 2030 launched by Bin Salman in the name of transforming the Saudi economy and society.

Though preserving internal stability leads the agendas of the Gulf regimes, and while the publics are accustomed to their respective palaces providing for most of their needs, it appears that cuts in public welfare are inevitable. The announced tripling of VAT in Saudi Arabia reflects this trend. However, if the rulers prove too heavy-handed against their subjects, there will be an increased risk of social unrest. This is a risk that the regimes will try to contain and arrest, including through heightened enforcement and suppression.

Furthermore, the coronavirus pandemic has restored the issue of 30 million migrant workers in the Gulf to the agenda. In four of the six Gulf states, foreign workers outnumber citizens: they constitute 88% of the population in the UAE; 75% in Qatar; 73% in Kuwait; and 51% in Bahrain. The aggravated health and economic situation of many foreign workers led to some publics criticizing the workers themselves, their employers, and the governments for not taking charge of the issue. Several Gulf states have stopped issuing work visas, and in some cases, have begun deporting foreign workers to their countries of origin. Deportations are expected to increase upon the resumption of international flights. The steps that Gulf states are taking are similar to those pursued in the past, and it appears that "labor localization" plans are promoted. Implementing these will require a difficult process of coordination, including public education and training. Approximately half of the Saudi population has a high-school education or less, despite the kingdom's educational spending being among the world's highest. In addition, citizens of Gulf countries will likely not be in a rush to replace the foreign workers.

The economic situation in the Gulf also impacts on Arab countries that are dependent on Gulf trade or on loans and grants from the Gulf, especially Egypt and Jordan, which enjoy remittances from their citizens who work in the Gulf. The Palestinians too are liable to suffer harm. Indeed, the drop in gas revenues may make it hard for the regime in Qatar, the world's biggest exporter of liquefied natural gas, to justify the aid it provides Hamas controlled Gaza to the Qatari public.

The economic crisis that has worsened during the coronavirus crisis demonstrates again the scope of Gulf countries' dependency on the global oil market. Gulf states can exploit the current crisis for the improvement of their economies' performance – by bringing more of their citizens into the workforce and reducing the number of foreign workers, strengthening the private sector, suspending grandiose initiatives, and prioritizing high-yield projects that are not dependent on the oil market. However, the quest for revenue sources that are not oil-dependent will require many resources that are today in competition with resources needed to moderate the reduction in the public's quality of life. It would appear that in the current situation, the regimes – especially Saudi Arabia – will have no choice but to cut back the expansive living conditions of the public, which are predicated on a "contract" with the ruling class, serve as the basis for the Gulf's monarchic power structure, and include "cradle to grave" benefits. In other words, exploiting opportunities that might present themselves as part of the current crisis necessitates imperiling internal security in the short and medium terms for the sake of the long term. (INSS Insight 01.06)

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11.4. QATAR: Bank Audi's Qatar Economic Report for 2020

On 31 May, Bank Audi's Group Research Department released its Qatar Economic Report – 2020.

Bank Audi said that amid the new challenges driven by lower oil prices and the coronavirus pandemic, there has been tepid growth amid sluggishness in hydrocarbon and non-hydrocarbon sectors.

Qatar, the world's largest LNG exporter, has seen tepid growth throughout 2019. This reflects sluggishness in the hydrocarbon and non-hydrocarbon sectors. The hydrocarbon sector has reflected production restraint and phasing of new projects, while the non-HC sector reflects a gradual winding down of a decade-long boom associated with the implementation of large infrastructure projects in preparation for the FIFA 2022 World Cup.

Real GDP growth is estimated to have weakened to 0.1% in 2019, from 1.5% in 2018. This slowdown was driven by weaker construction activity on the back of lower – albeit still very high – government investment expenditure, with different large-scale infrastructure projects nearing completion (e.g. selected stadiums FIFA World Cup).

• Eroded current account surplus cutting balance of payments surplus to half

Within the context of lower hydrocarbon prices, Qatar witnessed a significant drop in its current account surplus by 74.6% over the year 2019, mainly on the back of a tangible contraction in export earnings that has been more significant than that of total imports. As such, the balance of payments surplus was somewhat cut by half, to reach $9.4 billion over the year, mainly due to a tangible contraction in trade surplus despite the continuing net recovery in financial account.

• Fiscal surplus tangibly slashed to 0.9% of GDP

Within the context of lower oil and gas revenues and amid tangible increases in both current expenditures and public sector wage bill, Qatar's fiscal position, remaining in modest surplus, has reported a relative deterioration over the year 2019, as fiscal consolidation measures to contain public spending were somehow put on hold. As such, fiscal surplus recorded a tangible drop of 58.0% in 2019, as a result of a rise in public expenditures that has been more significant than that of public revenues. The fiscal surplus went down significantly from QR 15.1 billion in 2018 ($4.1 billion or 2.2% of GDP) to QR 6.3 billion in 2019 ($1.7 billion or 0.9% of GDP).

• Disinflationary pressures emerge, while FX buffers on the rise

Qatar faced disinflationary pressures and monetary policy easing in 2019 and during the first quarter of the year 2020, while its foreign currency buffers remained on the rise, mainly helped by the launching of jumbo sovereign bond issues. Historical low oil price levels and lockdowns imposed by the Coronavirus outbreak had a substantial knock-on effect on prices across different sectors in Qatar during the first quarter of 2020.

Consumer prices contracted by 8.9% on average during the first quarter of the year relative to the same period of 2019. This followed a shy contraction of 0.8% on average in 2019.

• Healthy banking activity growth lately and adequate buffers facing COVID-19 spillovers

Qatari banks are well equipped to face COVID-19 and its spillovers, benefiting from high capital buffers, healthy liquidity, good asset quality and profitability metrics, even though they are being challenged by rising asset quality concerns and income generation pressures along with swings in credit conditions potentially affecting foreign funding. The latest statistics point to healthy activity growth in 2019 and in the first three months of 2020, with total assets growing by 9.3% last year and by a further 2.5% in this year's first quarter to reach the equivalent of $436.4 billion at end-March 2020.

• Sluggish growth looking forward

The rapid and widening spread of the Coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and financial market turmoil are creating a severe and extensive economic and financial shock. Travel restrictions, including suspension of international passenger flights, closure of non-essential businesses and part of the Industrial Area, and banning all public gatherings, will weigh on key sectors of the non-hydrocarbon economy including manufacturing, retail, logistics, and construction. Within this environment, economic growth is expected to remain well below the historical average this year, falling to -4.3% in 2020 as per IMF forecasts. Downside risks to growth are subject to reduced external demand for energy, including liquefied natural gas and associated liquids, which contributes more than 80% to the country's total merchandise exports. (Bank Audi 31.05)

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11.5. TURKEY: Turkey's Megaprojects Threaten 'Mega' Financial Havoc

Mustafa Sonmez posted in Al-Monitor on 1 June that Turkey's government might be forced to nationalize some megaproject investments, chief among them the new airport in Istanbul, which have hit dire straits under the combined impact of the COVID-19 pandemic and Turkey's existing economic woes.

Turkey's "megaprojects" — a slew of multibillion-dollar infrastructure investments that Ankara has showcased as a hallmark of its economic success — are increasingly turning into a financial quagmire under the combined impact of the COVID-19 crisis and Turkey's underlying economic woes. Istanbul's posh new airport is likely to be first in line in potential nationalizations that Ankara might be forced to consider amid growing uncertainty on whether giant transport investments could survive as profitable ventures.

In Turkey, the economic fallout of the pandemic came atop ongoing fragilities that had already stymied economic growth in the past two years. In its April forecast, the International Monetary Fund projected that the Turkish economy would contract at least 5% this year, while leading indicators suggest the shrinkage could be even worse.

The megaproject investments — public-private partnerships that had flourished from 2011 onward — rested on the assumption that the Turkish economy would continue to grow by at least 5% per year and enjoy continued inflows of foreign funds that would keep foreign exchange rates more or less stable.

Yet such hopes did not materialize. From 2014 onward, the economy began to slow under the impact of global economic fluctuations, interest rate increases and a decline in foreign capital flows to Turkey. Eventually, the growth rate fell to an average of about 1.5% in 2018 and 2019.

The projects, which, along with giant Istanbul Airport, include motorways, bridges, tunnels, 28 medical campuses known as city hospitals and power plants, enjoyed lavish government incentives such as land allocation and loan guarantees as well as long-term service purchase and turnover guarantees for the contractors, which are mostly business groups close to the ruling Justice and Development Party or foreign companies. Most crucially, contract terms, including the companies' rent obligations to the state, the government's guarantees to the companies and service prices, were denominated in hard currency.

The severe deprecation of the Turkish lira in the past several years has gravely exacerbated the liabilities of both the contractors and the government while pushing up service prices for consumers at facilities where such prices were denominated in dollars. The average price of the dollar, which stood at about 3 liras in 2016, increased by an average of 20% per year in ensuing years, reaching 5.7 liras in 2019 and 6.5 liras in the first five months of 2020. Hence, the parties now need larger lira amounts to meet contract obligations denominated in foreign exchange. On the government side, the heavier burden of obligations to companies means a heavier burden on the budget and therefore on taxpayers, which is likely to continue throughout contract terms.

The contract value of public-private partnership projects totals $155 billion today, including $77 billion in investments and $78 billion in rent obligations to the state. The government's leasing, purchasing and turnover guarantees to companies, meanwhile, amount to $142 billion over contract terms that often extend to 25 years.

Under the impact of the economic slowdown since 2018, many facilities were already underperforming in terms of passenger and traffic targets even before the pandemic hit. With their turnovers falling or even drying up due to the coronavirus pandemic, as in the case of Istanbul Airport, contractor companies have plunged into dire straits, struggling to repay loans and meet their obligations vis-a-vis the state as a continued uptick in foreign exchange prices this year has further aggravated their liabilities.

The turnovers of airports plunged to almost zero in the March-May period, while traffic through toll highways, bridges and tunnels significantly decreased. This extraordinary fall in revenues has left contractor companies at risk of defaulting on their debt obligations stemming mostly from foreign loans, in addition to the foreign exchange losses they face due to the spike in hard currency prices. Airport operators have lost their ability to pay their rents to the state, which, to top it off, they are supposed to pay in hard currency.

The government is also under increasing strain. The disruption of services means that it is now saddled with financial burdens resulting from its turnover guarantees to operators. Moreover, Ankara might end up shouldering the foreign loan debts of companies. Contractors in seven megaprojects involving motorways, bridges and tunnels have signed $17.2 billion foreign loan agreements, and the government has offered guarantees to creditors to assume the debt if the borrowers default.

Meanwhile, in the case of city hospitals in particular, the government's dollar-denominated rent obligations have placed heavy foreign exchange losses on the Health Ministry's budget. Rent payments to city hospitals represent the bulk of the government's $142 billion obligations to contractors, totaling $81 billion over the duration terms of contracts.

Ankara's second biggest commitment — $35 billion in electricity purchases — stems from the contract of the Akkuyu nuclear power plant, which the Russians are building in southern Turkey.

Still, Istanbul Airport is the one that presents the worst risk among the megaprojects. The airport was built by five companies known to be close to President Erdogan at an estimated cost of €10.2 billion ($11.4 billion) under a contract signed in 2013. Ever since its inception, the project has been controversial for its economic merits and the environmental damage it caused in a forested area on Istanbul's European side. The airport became operational in April 2019 with an initial capacity to handle 90 million passengers per year. The contractors have assumed an obligation to pay the state €22 billion ($24.5 billion) in rent over 25 years. Amid the COVID-19 pandemic and its far-reaching repercussions on travel and tourism, meeting such hefty rent obligations has become a tall order. Istanbul Airport appears to be first in line in potential nationalizations that Ankara might be forced to consider to rescue some of the megaproject investments.

Other giant projects hit by plunging traffic due to the pandemic include the third suspension bridge over the Bosporus linking Istanbul's European and Asian sides, the underwater Eurasia Tunnel running under the Bosporus and the Osmangazi suspension bridge, which is part of a highway designed to reduce travel time between Istanbul and Turkey's third largest city, Izmir. Whether those investments could live up to contract terms and survive as profitable facilities remains a big question mark. It is no longer a secret that their contractors are in constant contact with Erdogan's palace, pleading for lifesavers. (Al-Monitor 01.06)

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