



The FORTNIGHTLY

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

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Written & Edited by Seth J. Vogelmann*

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1. ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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1.1. Israel's Knesset Swears in New Government Led by Prime Minister Naftali Bennett

On 13 June, following a stormy debate, the Knesset voted by 60-59 (with one abstention from the Ra'am party), to confirm Yamina chairman Naftali Bennett as Israel's 13th Prime Minister in Israel's 36th government. Naftali Bennett put together an anti-Netanyahu bloc with centrist Yair Lapid, who would serve second as prime minister in a rotation deal, and includes right-wing and left-wing groups as well as Arab-Israeli lawmakers.

World leaders extended their congratulations to Israel's new Prime Minister Naftali Bennett, following the Knesset vote that ended Likud leader Benjamin Netanyahu's 12-year run as prime minister. (Various 13.06)

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1.2. Israel Bans Sale of Fur to Fashion Industry, First Country to Do So

Israel has banned the sale of fur to the fashion industry on Wednesday, becoming the first country in the world to do so. Environmental Protection Minister Gila Gamliel signs an amendment banning the sale of fur to the fashion industry. The ban is set to take effect in six months.

The decision was welcomed by the animal rights NGO Animals Now, who praised it as a "historic milestone" that will "save countless animals from the hell of the fur industry." The animal rights organization PETA also hailed the move as a "historic victory," writing on Twitter that it "will protect countless foxes, minks, rabbits, and other animals from being violently killed for their skin."

Last October, when the plans were first announced by Gamliel, it was made clear that future permits for the fur trade would still be given out, but only in certain cases. These permits are issued by the Nature and Parks Authority, but these new criteria would limit them to being given out only in cases of "scientific research, education, for instruction and religious purposes and tradition."

The latter category has the potential to be particularly contentious due to the role fur plays in the traditions of Haredi Jews, who often wear fur hats called *shtraimels*, though it is possible that they will get an exception. (JP 10.06)

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1.3. Finance Minister Liberman Says Israel Will Join OECD Digital Economy Taxation Plan

Minister of Finance Avigdor Liberman has announced his first major move. At a meeting of top Ministry of Finance officials, Liberman announced that after consultation with the professionals in the ministry, he had approved in principle Israel's accession to the emerging digital economy taxation plan, in advance of the approval of the plan by a special committee of the OECD on 30 June.

The plan calls for a change in the existing system of corporate taxation in such a way as to enable countries to collect more tax from international companies that sell products and services to their citizens. The aim of the plan is to update taxation legislation to deal with the digital economy and the phenomenon of companies that report their profits in countries with low tax rates, irrespective of the countries in which they made their profits. The plan will affect technology companies like Facebook, Apple, Amazon and Google.

The OECD plan for taxation of the digital economy has two parts. The first (Pillar 1) concerns taxation of giant international corporations by the countries to whose citizens these companies provide services or products. Under the emerging plan, it will be possible to tax part of a corporation's profits even if it has no physical presence in the country concerned. Pillar 2 of the plan seeks to prevent tax planning designed to

divert profits to tax havens, and to end the "race to the bottom" in tax rates. The plan calls for a minimum rate of corporate taxation. The G7 group of industrialized nations announced at the beginning of this month that it had agreed a minimum rate of 15%.

As for a carbon tax, according to the Ministry of Environmental Protection, 92% of the 35 countries in the OECD operate a carbon pricing mechanism, the exceptions being Turkey and Australia and some states in the US. For years, the OECD has recommended to the Israeli government that it should consider pricing carbon through the duty on fuels, which would cover 80% of greenhouse gas emissions. The Bank of Israel also recently came to the conclusion that a carbon tax was the most effective policy for reducing greenhouse gas emissions. In the background is the fear that the EU will impose duties on imports from countries that do not practice carbon pricing, which could hit Israeli exports to Europe, Israel's largest export market. (Globes 22.06)

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1.4. Israel Interception Tests Employing an Airborne Laser System are Successful

The Directorate of Defense R&D in the Ministry of Defense (MoD), together with Haifa's [Elbit Systems](#) and the IAF, has successfully intercepted several UAVs using an airborne High-Power Laser Weapon System (HPL-WS). The UAVs were intercepted at various ranges and flight altitudes.

The test series was conducted under the leadership of the Directorate of Defense R&D in the Israel Ministry of Defense. During this series, a High-Power Laser system was installed on an aircraft and was tested in a number of scenarios. It successfully intercepted and destroyed all of the UAVs that were launched throughout the test. The ability to intercept and destroy airborne threats in the air is groundbreaking and offers a strategic change in the air defense capabilities of the State of Israel. This game-changing series was conducted in a testing field in the center of Israel, in close cooperation with the IAF and the "Yanot" unit.

Israel is among the first countries in the world to achieve and demonstrate such capabilities employing an airborne, High-Power Laser system. This test series is the first phase in a multi-year program led by the Directorate of Defense R&D and Elbit Systems to develop a laser system against a variety of long-range threats.

This method of airborne interception has many advantages, including a low cost per interception, the ability to effectively intercept long-range threats at high altitudes regardless of weather conditions, and the ability to defend vast areas. The airborne, High-Power Laser System will complement Israel's multi-tier missile defense array, which include the Iron Dome, David's Sling and Arrow missile interceptor systems. This system will increase the effectiveness of air defense against existing and future threats in the region. (Elbit Systems 21.06)

2. ISRAEL MARKET & BUSINESS NEWS

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2.1. Noveto Closes \$10 Million Bridge to Further Lead \$20 Million A Round

Petah Tikva's [Noveto Systems](#) announced the successful completion of a bridge of \$10 million from renowned technology investors Adit Ventures, a firm that has invested in some of the world's leading disruptive companies, with exits in GoPro, Spotify, Palantir and Lyft. The current bridge investment is made as part of the company's Series A fundraising to be further led by Adit Ventures to raise an additional \$20 million by year-end. This follows previous fundraising rounds during which the company has generated close to \$25 Million with the consistent support of the Brecht – Jammer family office and SAIC Fund.

The funds will support rapid expansion, with plans to triple the headcount over the next year. Along with opening a US office, the talent hires will help accelerate the delivery of Noveto's revolutionary first product.

The device prototype, capable of beaming pockets of sound outside the listener's ears without the need for speakers or headphones and with minimal disturbance to people nearby, first debuted in November 2020, receiving global media acclaim. The investment follows Noveto's successful Kickstarter pre-sales campaign in February 2021, with backers from across the world pledging over \$225k within only two weeks.

The device is smart assistant compatible, seamlessly connecting to your smart home network. Featuring a depth camera, AI-based built-in face tracking, voice recognition, advanced microphones, and sensors, the device enables a simple and intuitive personalized experience - a benchmark for the future of smart living. The desktop device comes alive with the backing of engineering partner Foxconn, the biggest consumer electronics manufacturer globally. (Noveto Systems 10.06)

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2.2. Komodor Launches with \$25 Million to Redefine Kubernetes Troubleshooting

Komodor announced a \$21 million Series A funding round led by Accel, with follow-up angel investments from Jason Warner, CTO of GitHub; Sri Viswanath, CTO of Atlassian; Danny Grander, Co-Founder of Snyk; Tomer Levy, CEO of Logz.io; Amir Jerbi, Co-Founder of Aqua Security and others. The company previously raised \$4Million in seed funding from NFX Capital, Pitango First, and OldSlip Group.

Komodor is the first platform to streamline Kubernetes troubleshooting by offering a unified view of all events across the entire Kubernetes stack, providing developers, operations, and on-call teams with the context and the actionable insights they need to solve issues efficiently and independently. To achieve this Komodor automatically constructs a coherent view of relevant deploys, configuration changes, dependencies, metrics, and past incidents. It also seamlessly integrates data from cloud providers, source controls, CI/CD tools, databases, underlying infrastructure, monitoring tools, and incident response platforms.

Tel Aviv's [Komodor](#) is a Kubernetes-native platform that empowers developers and on-call teams to troubleshoot efficiently and independently. By providing a centralized view of all code, configurations, and 3rd-party app changes across the entire Kubernetes stack, Komodor offers contextual insights that help developers easily detect root causes, rapidly solve issues, and innovate with confidence. (Komodor 10.06)

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2.3. Glassbox Raises a \$100 Million IPO to Accelerate Innovation and Expand Market Reach

Glassbox announced the successful completion of its initial public offering on the Tel Aviv Stock Exchange. The company has a post listing valuation close to half a billion U.S. dollars.

Glassbox is poised to capitalize on two synergistic trends in the market -- the accelerated adoption of digital business channels driven by the COVID-19 pandemic and growing validation of the business performance benefits of strong customer experiences. The company is already supporting over one trillion web and mobile customer journeys annually for the world's best known brands across numerous industries, including four out of ten of the world's largest banks (by market cap), the world's largest hotel chain, and some of the world's largest retail, travel and healthcare providers. With new funding, Glassbox will expand its global presence and reach -- both organically and through acquisition -- beyond its current customer base, while continuing to add new talent and invest in continued technology innovation for its SaaS (software-as-a-service) platform.

Petah Tikva's [Glassbox](#) empowers organizations to create frictionless digital journeys for their customers. Their digital experience analytics platform works real time across mobile apps and the web to accelerate loyalty and growth. Through AI-driven visualization and analytics tools, Glassbox enables teams to prioritize customer experience and digital product enhancements from a single collaborative system. Teams from across the organization, from IT and product management to marketing and compliance, can understand user struggles, visualize the customer journey, and optimize every step. Hundreds of

enterprises across multiple industries have chosen Glassbox for easy, secure, and private cloud-based deployments. (Glassbox 10.06)

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2.4. Aquarius Engines Signs MOU on \$1 Billion Factory in UAE

Aquarius Engines signed a memorandum of understanding (MOU) with energy company Kampac International PLC (KIP) on setting up a joint factory in the United Arab Emirates to manufacture products for the automotive industry based on the technology developed by Aquarius Engines. The factory will be constructed and run by a company formed by the two sides, Aquarius Automotive Middle East.

Under the MOU, KIP will raise \$1-1.2 billion for setting up the project, to be invested in the company to be formed, against an allocation of shares to be agreed between the parties. KIP has also been given an option to buy 10% of the shares in Aquarius Engines itself, at a company valuation of \$5 billion, within 14 months of the MOU being signed. KIP is an international company incorporated in the UK with an energy arm located in Dubai. The company is active in oil and gas exploration and in mining. It operates in Dubai, the UK, Ghana, Nigeria, and Congo.

The MOU with KIP is an important milestone in Aquarius's preparations for substantial activity in the global vehicle industry. The collaboration represents a further vote of confidence in our groundbreaking technology, and we believe that KIP's capabilities and business ties will help us to advance and consolidate our capabilities in the automotive world."

Rosh HaAyin's [Aquarius](#) presents a comprehensive power solution that integrates software and hardware, providing a complete response to backup and emergency needs around the globe. Thanks to its remarkably small size, at just 100kg (the engine itself being only 10.5kg), the generator can be transported via regular vehicles or carried by two people – no more cranes or helicopters, and vastly reduced logistics costs. Unlike regular generators that require maintenance every 200-400 hours, the oil-free Aquarius Generator only needs to be serviced once every 1,000 hours, with IoT predictive maintenance ensuring no downtime when you need it most. (Aquarius Engines 13.06)

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2.5. mce Signs Strategic Engagement with Amdocs

mce Systems entered into a strategic engagement with Amdocs, a leading provider of software and services to communications and media companies. Amdocs has selected mce to join the global Amdocs Partners Program of over 160 vendors across all areas of the Amdocs portfolio. The collaboration between the two companies will include the integration of mce solutions with Amdocs' offering and the creation of joint offers for key telco players around the world. Recently the mce Digital Transformation Mobile Care solutions were presented at the Amdocs Partners summit by mce's Chief Commercial Officer as a first step towards global promotion.

Tel Aviv's [mce Systems](#) is a software solution and integration provider, specializing digital services solutions for mobile operators. mce enable device lifecycle management, device value optimization, cost reduction and the generation of new business for operators worldwide delivering Omni-channel capability across web, call-center, retail, on-device and reverse/forward logistic channels. (mce 11.06)

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2.6. Airovation Technologies Raises ESG-focused Investment from Yozma Group Korea

Airovation Technologies has raised investment from the Yozma Group Korea. The Yozma Group Korea plans to drive ESG-focused investment strategy through the investment as Airovation Technologies expands its air purification technology into carbon capture and utilization (CCU) technology, a key

technology in the carbon-neutral era. The Yozma Group Korea focus on discovering innovative startups that will lead the post-pandemic and the Fourth Industrial Revolution through the strategy.

Airovation Technologies (formerly Salamandra Zone) is an air purification solution startup utilizing the Hebrew University of Jerusalem's superoxide radical technology to eliminate ultrafine dust, microbiological pathogens, and hazardous gases and to convert them into clean air. Airovation Technologies was matured with a patented technology that stabilizes and controls superoxide radical, the most powerful oxidizer in nature, based on over a decade of research at Hebrew University of Jerusalem. Hebrew University of Jerusalem was established by world renowned scientist Albert Einstein and produced eight Nobel laureates. Unlike the physical method of conventional HEPA filter, Airovation Technologies' air purification applies advanced chemical technology, software, and compatible engineering to efficiently eliminate noxious gasses and airborne viruses.

Nes Ziona's [Airovation Technologies](#) is an innovative Air-Tech company that provides original, patented air purification and carbon capture solutions. Based on over 10 years of R&D at The Hebrew University of Jerusalem, the core technology can efficiently and economically capture and convert CO2 into valuable mineral end-products and oxygen. The key technological breakthrough is the in-situ generation of superoxide radical, the strongest oxidizer in nature. Airovation develops solutions for indoor air treatment as well as industrial carbon capture. (Airovation Technologies 14.06)

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2.7. Boston Limited & Iguazio Partner to Operationalize AI for the Enterprise

Iguazio announced a strategic partnership with London's Boston Limited, an NVIDIA Elite Partner and leading provider of high-performance, mission critical server and storage solutions. The partnership enables both companies to extend their offerings to enterprises across industries looking to bring data science into real life applications, and accelerate their path to production.

Boston Limited is the only NVIDIA elite partner in North Europe to hold Deep Learning, GPU virtualization, HPC and Professional Virtualization competencies, and they offer services globally. Iguazio is one of the first partners in the NVIDIA DGX-Ready Software partner program, allowing enterprises to industrialize AI development workflow and realize the benefits of MLOps on NVIDIA DGX systems.

Herzliya's [Iguazio's](#) Data Science Platform enables enterprises to develop, deploy and manage AI applications at scale. With Iguazio, enterprises can run AI models in real time, deploy them anywhere (multi-cloud, on-prem or edge), and bring to life their most ambitious AI-driven strategies. Enterprises spanning a wide range of verticals, including financial services, manufacturing, smart mobility and telecoms use Iguazio to automate MLOps and create business impact through a multitude of real-time use cases such as fraud prevention, self-healing networks and location-based recommendations. (Iguazio 15.06)

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2.8. Duda Raises \$50 Million for Its B2B Website Building Platform

Duda has raised \$50 million in Series D financing, led by Claridge IL as well as existing investors Susquehanna Growth Equity and Vintage Investment Partners. This is Duda's largest financing round to date and brings the total raised by the company to \$100 million.

Duda is the leading website development platform created specifically for web professionals that build websites for small business customers. For agencies and freelancers, the platform allows for easier collaboration with clients through the entire web design process — from content collection through design, revisions, approval, and launch. Duda is also a trusted partner for vertical SaaS platforms that are looking to scale by integrating Duda's white-label website builder into their core offering, expanding their value to customers in tandem with growing their recurring revenue.

The platform speeds the development of rock-solid websites that convert increased traffic into increased sales. Web pros use Duda to create business and ecommerce websites that are fast, scalable, integrated, and easy to master for their clients. SaaS platforms have the option to extend and customize Duda's solution, so they can use Duda's robust set of APIs to create thousands of sites that are automatically prepopulated with their customers' content. Duda stays on the cutting edge with ongoing updates, tools, and rapid response to changes in search engine ranking algorithms — including the most recent Core Web Vitals update from Google.

Tel Aviv's [Duda](#)'s mission is to make web design quick, easy, scalable and painless. It's the leading website development platform created specifically for the people and companies that earn their living building and supporting websites. Since launching in 2010, one million sites have been published on the white-label Duda platform, and over 17,000 web professionals trust it enough to put their own name on it. Duda has raised more than \$100 million in funding to date. (Duda 15.06)

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2.9. HEARTLAND to Purchase 10.1% of Israeli TERMINAL X

The FOX group announced an agreement between HEARTLAND and TERMINAL X. Upon the completion of the public offering, HEARTLAND will hold around 10.1% of TERMINAL X's equity. HEARTLAND A/S is the investment arm of Danish businessman, Mr. Anders Holch Povlsen, and owner of significant holdings in a variety of industries, including fashion brands and leading fashion e-commerce platforms such as the British fashion site ASOS and the German fashion sites Zalando and About You.

The announcement about the partnership came while TERMINAL X announced that it considered an IPO in the Tel Aviv stock exchange. In the investor presentation released to the public, the company presented exceptional growth over the past three years, as well as impressive operational data and growth engines for the future.

TERMINAL X, is a multi-brand online company, owned by the FOX group, and became, in just three years, the Israeli leading site in its field. The site offers the Israeli audience more than 160 leading international brands such as Nike, Mango, American Eagle, as well as leading local brands and a private label of TERMINAL X. TERMINAL X was the first site in Israel to offer one business day delivery, a unique customer experience through advanced technological and logistical capabilities, a fully automated robotic warehouse and a deep understanding in the field of fashion.

[The FOX group](#) is the leading and biggest retail group in Israel. The group holds a big and varied portfolio of 20 international and domestic brands, among them, Nike, Foot Locker, Mango, American Eagle, Billabong and more, side by side with its home brands such as FOX, FOX Home, Laline, Shilav and more. The group operates around 800 stores in Israel and in the world and employs 8,500 employees. The company has been listed in the stock exchange since 2002 and recently completed public offering and listing the shares of its subsidiary Retailors that operates the Nike, Foot Locker and Dream Sport networks. (The FOX Group 15.06)

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2.10. Meron Capital Closed its \$50 Million Meron II Fund

Tel Aviv's Meron Capital announced the closing of Meron II, its second \$50 million fund to invest in early-stage deep-technology software startups led by Israeli entrepreneurs. The new fund will target 18-20 pre-seed and seed investments in startups that are building software-based solutions for enterprise, cybersecurity, digital health, fintech, DevOps and more.

Meron Capital launched its inaugural fund in 2017 and has invested in 16 startups to date. Four have already made successful exits; AIOps startup Loom Systems was acquired by ServiceNow, API integration platform Reshuffle was acquired by Twitter, digital health company Clear Genetics was purchased by

Invitae and IoT startup Axonize was acquired by Planon. In addition, 10 more have so far raised further financing with startups Immunai, Solugen and Armory alone disclosing combined investments in excess of \$300 million to date.

Meron II has already invested in four companies; LendAI, operating in the market of mortgage lending, where Meron was joined by Israel's third-largest bank, Sorbet, the first PTO clearinghouse, in a deal they closed together with Viola, Firebase, a Fintech startup in which top angels have invested, and Laminar, the first Data Protection platform for cloud-native applications, where they invested alongside TLV Partners and Insight Partners. (Meron Capital 15.06)

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2.11. BLEND Acquires GM Voices to Expand its End-to-End Platform for all Localization Needs

Tel Aviv's BLEND, the leading AI-powered multi-market enabler, announced its acquisition of Atlanta-based GM Voices, a global leader in professionally-recorded voice, audio localization and Voice Branding solutions. The rapid rise of social audio and voice-based communications, valued in billions, generates demand for multilingual voice localization among global brands. This acquisition allows BLEND to expand its offering and cater to all localization verticals and markets.

BLEND's first acquisition is part of the company's strategy to offer enterprise-grade, technology-based localization services with a one-stop-shop approach. The company announced a Series B funding round and its new brand in March 2021. BLEND, formerly known as OneHourTranslation, was founded in 2008 and has over 120 employees, 25,000 linguistic experts and eight offices around the world. The company offers managed localization services to enterprises as well as a self-service, on-demand localization platform.

Most well-known for recording the original Siri and other famed virtual assistants and smart speakers, GM Voices is a leading provider of voice recording and localization services for IVR/telephony, AI, eLearning, explainer and marketing videos, podcasts, subtitling, dubbing and more. With thousands of voice actors in more than 100 languages and dialects, the company provides clients a consistent voice for any application.

Tel Aviv's [BLEND](#) is a leading AI-powered localization company founded in 2008. As an end-to-end multi-market enabler, BLEND empowers global brands to establish a native presence in fundamentally different markets, worldwide. BLEND's strength lies in the power of its AI-driven technology stack, its team diversity, and the strength of its global linguist and voice talent community. (BLEND 15.06)

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2.12. Axonius Launches New Unit to Accelerate Growth Through Innovation

Axonius launched a new business unit focused on innovation and growth avenues beyond the existing core solution already used by hundreds of companies worldwide. AxoniusX will explore new market opportunities and applications of Axonius technology, and then build and bring to market industry-leading solutions that deliver new value for customers and fuel company expansion as it drives toward an initial public offering.

The announcement comes just a few months after Axonius announced a \$100 million funding round, cementing its status as a cybersecurity unicorn at a \$1.2 billion valuation. After doubling its staff during the pandemic and achieving triple-digit annual recurring revenue growth in 2020, Axonius continues its rapid-growth trajectory, expanding globally and maintaining its commitment to product innovation.

Tel Aviv's [Axonius](#) is the cybersecurity asset management platform that gives organizations a comprehensive asset inventory, uncovers security solution coverage gaps, and automatically validates and enforces security policies. By seamlessly integrating with over 300 security and management solutions, Axonius is deployed in minutes, improving cyber hygiene immediately. Covering millions of devices for

customers like The New York Times, Schneider Electric, AB InBev, Landmark Health, AppsFlyer, and many more, Axonius was named the Most Innovative Startup of 2019 at the prestigious RSAC Innovation Sandbox, was named to the CNBC 2019 Upstart 100 list, and was one of the 20 Rising Stars on the Forbes 2019 Cloud 100 list. (Axonius 16.06)

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2.13. REWE Group & Viola Growth Investments in Trigo Pass \$100 Million

Trigo announced an investment from German retail giant REWE Group, and Viola Growth, a top Israeli tech investment firm. The new investments take Trigo's total fundraising to over \$100 million. Trigo is also announcing its new partnership with REWE Group to deliver a "grab-and-go" shopping experience to REWE customers in a new store in downtown Cologne.

REWE, Germany's second largest grocery retailer with 3,700 stores, is the second major European grocer to both open frictionless stores with Trigo and invest in the startup, following Tesco PLC's similar moves in 2020. REWE is the first grocery retailer in Germany to implement a checkout-free experience under real conditions. This builds on Trigo's ongoing work with Tesco PLC, the largest grocery retailer in the UK, and Shufersal, Israel's largest supermarket chain.

Tel Aviv's [Trigo](#) is a computer vision startup leveraging world class AI and algorithmics experts to build an advanced retail automation platform which identifies customers' shopping items with exceptional levels of accuracy, creating an entirely seamless checkout process. Trigo works closely with retailers to convert their existing stores while maintaining their unique character and layout and leveraging their physical grocery scale to roll out next-generation offerings securely. Trigo offers grocery retailers a range of additional solutions powered by its 3D engine model called StoreOS™, including predictive inventory management, pricing optimization, security and fraud prevention, planogram compliance, and event-driven marketing. (Trigo 16.06)

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2.14. Bringg Completes \$100 Million Series-E Investment Round

Ituran Location and Control announced that its successful early-stage mobility technology holding, Bringg, completed a series-E investment round of \$100 million. Following the round, Ituran's undiluted holdings are 17.2%. The round is being led by Insight Capital, a new investor, and included participation from several of its existing investors. The funding will be used to meet the increasing global customer and market demand by quickly scaling Bringg's platform through M&A and by growing its ecosystem of strategic and technology partners. The investment sets Bringg's valuation at \$1 billion, making it the first and only unicorn in last-mile delivery and fulfillment cloud technology.

Tel Aviv's [Bringg](#) helps enterprises scale up and optimize their logistics operations with the leading data-led delivery and fulfillment cloud platform. Using Bringg, retailers and logistics providers can rapidly enable innovative delivery and fulfillment models that maximize the customer experience, optimize logistics operations and scale business channels for growth. Some of the world's best-known brands in more than 50 countries use Bringg's platform to deliver the perfect last mile experience at peak efficiency across multiple delivery models.

Azur's [Ituran](#) is a leader in the emerging mobility technology field, providing value-added location-based services, including a full suite of services for the connected-car. Ituran offers Stolen Vehicle Recovery, fleet management as well as mobile asset location, management & control services for vehicles, cargo and personal security for the retail, insurance industry and car manufacturers. (Ituran 16.06)

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2.15. Vianai to Double Israel Team, After Raising \$140 Million

Palo Alto's human-centered AI platform and products company Vianai is to double the team in its Israel development center, after announcing that it had raised \$140 million in a Series B financing from SoftBank Vision Fund 2 and other industry leaders. Vianai will also use the new capital to accelerate the delivery of its human-centered AI platform and products to enterprises worldwide.

Vianai's office in Herzliya Pituach is Vianai's only development center and the company is set to double its team there in the coming months from 10 to 20.

Vianai believes that AI's true potential originates from the ability to put humans at the center of technological solutions. Vianai's human-centered AI approach amplifies human judgment and thus empowers experts with AI tools to deliver powerful business value. Vianai has already delivered successful business outcomes to many leading enterprises. (Globes 16.06)

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2.16. Transmit Security Raises \$543 Million in Series A Funding to Rid the World of Passwords

Transmit Security has raised \$543 million in Series A funding, bringing the company's pre-money valuation to \$2.2 billion, and marking the largest Series A funding round in cybersecurity history and one of the highest valuations for a bootstrapped company. The funding round was led by Insight Partners and General Atlantic, with additional investment from Cyberstarts, Geodesic, SYN Ventures, Vintage, and Artisanal Ventures. Transmit Security will use the funding to increase the company's reach and expand its primary business functions, investing in key global areas in order to grow the organization, ultimately enabling the company to accelerate its mission to help the world go passwordless.

Using biometric authentication, Transmit Security provides the first natively passwordless identity and risk management solution to the largest brands in the world. Transmit Security's mission is to enable organizations to deliver advanced identity use cases that improve the user experience, enhance security, and satisfy compliance requirements at a fraction of the time and cost of traditional identity solutions.

Tel Aviv's [Transmit Security](#) is on a mission to transform the identity experience market by ushering in a new era of passwordless authentication. From onboarding to authentication to smart authorization for both customers and workforce across every channel, our technology reduces all forms of identity attrition and saves enterprises substantial costs. Around the world, large enterprises are standardizing on Transmit Security to introduce innovative digital identity journeys. (Transmit Security 22.06)

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2.17. Ping Identity Acquires SecuredTouch to Accelerate Identity Fraud Capabilities

Denver, Colorado's Ping Identity Holding Corp., the Intelligent Identity solution for the enterprise, has acquired SecuredTouch. By leveraging behavioral biometrics, artificial intelligence, machine learning, and deep learning, SecuredTouch provides identity, risk and fraud teams unparalleled early visibility into potential malicious activity happening across digital properties. Through sophisticated bot detection and account takeover protection, companies can leverage SecuredTouch to provide a more secure and seamless experience for their customers.

As SecuredTouch is integrated with the broader PingOne Cloud Platform, enterprise customers will have access to advanced signals, data, and intelligence to gain a greater understanding of fraudster behavior, and step up authentication when needed to stop malicious activity and reduce fraud loss. Customers will be able to deploy SecuredTouch as a stand-alone solution or as part of the broader Ping One Cloud Platform.

Founded in 2015, Tel Aviv's [SecuredTouch](#) is an industry leader in bot attack prevention, identity risk and fraud intelligence. SecuredTouch helps organizations address multiple fraud use cases with one platform, including account takeover, bot detection, payment fraud and more. By operating continuously and without customer friction, SecuredTouch provides customers the ability to reduce fraud losses, catch risky behavior on critical digital assets, and increase security all while improving user experience. (Ping 20.06)

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2.18. DataRails Extends Series A Funding Round with an Additional \$25 Million

DataRails has raised \$25 million in a Series A extension, doubling the company's valuation. This funding comes on the heels of DataRails raising \$18.5 million in April 2021, bringing the round total to \$43.5 million, with participation from existing investors including Zeev Ventures, Vertex Ventures Israel and Innovation Endeavors and joined by Vintage Investment Partners. The additional investment will be used to manage the company's rapid expansion, which has doubled in valuation and of its customer base within four months.

Though 72% of small businesses have accelerated their digitization rates to address COVID-19 challenges, CFO's are still wasting 30-40% of their time on manual financial data analysis and are hesitant to adopt change. DataRails is pioneering the evolution in financial reporting for SMEs and bridging the digital gap by providing the first real truly accessible upgrade to FP&A since Excel was introduced. Its cloud-based platform automates the process of consolidating, analyzing, and reporting financial data without changing the way users work. With DataRails, FP&A analysts and finance professionals can conduct advanced investigations into their data to extract formerly unattainable insights and enjoy a 360-degree view of all unified organizational data all while continuing to work in Excel as they're used to, freeing up employees' time to focus on more important business tasks.

Founded in 2015, Tel Aviv's [DataRails](#) is the leading provider of next generation financial reporting for SMEs. The cloud-based platform automates the process of consolidating and analyzing financial data and generates reports without changing the way users work. With DataRails, SMEs can conduct advanced investigations into their data to extract formerly unattainable insights and enjoy a 360-degree view of all unified organizational data, freeing up employees' time to focus on more important business tasks. (DataRails 21.06)

3. REGIONAL PRIVATE SECTOR NEWS

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3.1. HUB71 & Adio to Grant AED 10 Million to Startups in Outliers Program

Hub71, Abu Dhabi's global tech ecosystem, and the Abu Dhabi Investment Office (ADIO) have partnered to support early-stage tech startups in growing their teams and scaling their businesses with purpose to generate societal impact. The partnership complements Hub71's new program, 'The Outliers', enabling startups from around the world to collaborate with leading corporations and government agencies in Abu Dhabi to solve their operational challenges. Startups worldwide have until Thursday, July 1 to apply for the program.

Hub71's partnership with ADIO, under its Innovation Program, reinforces the emirate's commitment to sustaining a robust, competitive environment for startups to gain access to capital, commercial activities and incentives from both the public and private sectors. Hub71 and ADIO hosted a Demo Day for existing Hub71 startups to pitch for cash grants, provided by ADIO, aimed at accelerating their growth. Following a rigorous screening process run by an investment committee comprising members from Hub71 and ADIO, 10 startups were selected to receive grants worth more than AED 10 million (\$2.7 million) to accelerate the development of their innovative solutions.

Doubling down on accelerating access to capital and to enhance Abu Dhabi's thriving market for startups, The Outliers is an annual initiative led by Hub71 in partnership with key corporate and government partners

designed to solve their operational challenges. The program aims to promote a culture of innovation within organizations that are seeking to collaborate with startups and invest in the pioneering ideas of founders to optimize business processes and drive efficiencies. This year, Mastercard, Etihad Airways, Thales, ADCB, Mashreq Bank and the Department of Health Abu Dhabi have each set problem statements and will engage directly with entrepreneurs to develop proof of concepts (POCs) that have strong potential to commercialize and go-to-market. Successful startups will gain access to up to AED 100,000 (\$27,000) worth of funding for POCs, other benefits, in addition to partnership contracts and the chance to join Hub71's vibrant community to benefit from its incentives, value-add programs and global partners. (Hub71 09.06)

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3.2. UAE-Based Valeo Secures \$3 Million Seed Investment

Valeo has closed a \$3 million Seed funding from multiple investors including Global Founders Capital, Global Ventures, Nuwa Capital, and FJ Labs. Valeo Wellbeing is a personalized health tracking and guided wellbeing app that gives its users control over their health. Users can schedule at-home wellbeing tests, get impactful advice based on their results and connect with certified wellbeing coaches from around the world. The Valeo App allows users to have easy-access to their wellbeing data enabling them to better understand their bodies. Valeo Wellbeing Coaches provide personalized lifestyle, nutrition, and movement guidance to set users on the right track to optimal health.

Valeo Wellbeing will use the funds to scale the platform and introduce new wellbeing products in the UAE market.

Dubai's [Valeo](#) allows you to optimize your health by empowering you to take control of your health using a personalized mobile health tracker. Schedule your at-home blood tests, receive the results analyzed in simple terms and connect with top-notch wellbeing coaches ready to provide you with the customized support you need to feel your absolute best. (Valeo 15.06)

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3.3. UAE Medical Device Market to Exceed AED5.6 Billion by 2025

Fitch Solutions, the content partners of Arab Health 2021, has estimated that the UAE's medical device market will reach AED5.6 billion by 2025, with an annual compound growth rate (CAGR) of 4.4% from 2020-2025. According to the Q2/21 Fitch Solutions United Arab Emirates Medical Device report, the market will benefit from an overall strong economic performance over the next five years. Key market drivers, including population growth, changing epidemiology, a growing medical tourism industry, healthcare infrastructure developments, expanding health insurance, digital transformation, and new technologies, will underpin growth.

The medical device market includes any product used in healthcare for the diagnosis, prevention, monitoring or treatment of illness or handicap, other than drugs such as consumables, diagnostic imaging, dental products, orthopedic & prosthetic products, and patient aids. (WAM 14.06)

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3.4. UAE-Based Global Ventures Invests in Nexford University

Washington, DC's Nexford University, a next-generation online university, closed a \$10.8 million Pre-Series A funding round, led by UAE-based venture capital firm Global Ventures, with participation from Future Africa's new thematic fund focused on education, angel investors, family offices and VCs from 10 countries including the US, UK, France, Dubai, Switzerland, Qatar, Nigeria, Egypt and Saudi Arabia.

Launched in 2019, Nexford is a tech-enabled online university, which was founded on two beliefs: a lack of education is the root cause of most world challenges; and people should be able to access economic

opportunities irrespective of physical location. As internet connectivity increases worldwide, the only barrier to accessing economic opportunity should be skills. The right skills should provide access to this talent grid.

Nexford will use proceeds to fuel its regional expansion plans particularly in Asia, continue building products to deliver skills employers are looking for, and expand its B2B offerings. With employer funded education already accounting for a large percentage of Nexford's revenue, the university aims to expand its offering to meet rising needs for re-skilling and up-skilling in a post pandemic workplace.

Dubai's [Global Ventures](#) is an international venture capital firm, investing in founders and ideas across emerging markets. They back global-minded founders that are leading growth-stage companies and using technology to transform emerging markets and the world. (Global Ventures 10.06)

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3.5. Mama ME Secures Seed Investment

Mama ME, a UAE based social impact app for moms to connect, has received a Seed investment from Flat6Labs Bahrain. Established in 2020 during the COVID-19 pandemic, Mama ME realized there wasn't a single free to use app that helped support Moms to connect safely, ask questions about motherhood and establish connections with neighbors to arrange playdates and coffee mornings. The women only platform supports pregnant women and moms to find like-minded women nearby, be part of a wider community and ask questions and talk about experiences through the motherhood journey and find crucial support for their mental health.

Mama ME will use its newly received investment to further develop its technology to provide more services for its users and expand its reach across the MENA region.

Dubai's [Mama ME](#) is a mobile app in MENA that connects mums and mums to be to find local mum friends and build their mama tribe! Mamas are connected based on their location, interests and age of their children so all mamas feel supported and confident throughout their motherhood journey. (Mama ME 14.06)

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3.6. iSchool Secures \$160,000 in Seed Investment

iSchool has raised a \$160,000 seed investment from EdVentures, the venture capital arm of Egypt's Nahdet Misr Publishing Group. Founded in 2018, iSchool aims to help young students to learn and create careers in software development, artificial intelligence, big data, robotics, IoT, and multimedia. The startup offers a parallel STEAM-based education journey to children from 6-18 years old.

The startup plans to use the investment to develop an online platform to widen its EdTech services in Egypt and expand to other MENA countries.

Cairo's [iSchool](#) offers a parallel STEAM-based education journey to kids aging between 6-18 years old. The journey includes learning objectives, milestones, projects, activities, certificates, and competitions all customized to fit the students' age range. (iSchool 13.06)

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3.7. Fatura Secures a \$3 Million Pre-Series A investment

Cairo's Fatura has secured a \$3 million Pre-Series A fundraiser, co-led by Sawari Ventures and Arzan VC, with participation from Egypt Ventures, EFG-EV, The Cairo Angels, and Khwarizmi Ventures. Fatura, which launched operations in 2019, connects wholesalers and manufacturers with retailers in different industries, and has been operating in the FMCG industry and it is currently piloting in other industries.

This investment will gear Fatura to extend its services beyond e-commerce and digital lending to optimize the exchange of goods, money and information in the B2B context while focusing on convenience and the different users' experience.

Fatura is a B2B e-commerce platform linking fast moving consumer goods (FMCG) wholesalers to retailers. Fatura is an easy to use mobile application and gives its users access to a wide network of pre-vetted wholesalers. Through technology, it enables wholesalers offload their underutilized assets. Consequently, it helps in correcting supply side inefficiencies for all their stakeholders from wholesalers, manufacturers, and retailers. Fatura also provides a solution to plug the sector's data gap by making market intelligence reports available to FMCGs. (Fatura 14.06)

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3.8. PayTabs Egypt Wins "Best E-Payment Solution" Award

PayTabs Egypt received the prestigious "Best E-Payment Solution" award at the 'Leaders in Fintech Awards 2021' presented by Entrepreneur Middle East. The event turned out to be a phenomenal evening, one which paid tribute to entrepreneurs and corporations shaping the future of the fintech industry. The 'invitation only' event, held at Sofitel Dubai the Obelisk, rewarded innovative fintech solutions, digital banks, e-governmental services, insurtech solutions, instrumental e-payment solutions, instalment plan platforms and other remarkable uses of cutting-edge technology. The event was attended by the leaders of the region's fintech sector, visionaries, CEOs and founders of accomplished and innovative global brands.

Having recently entered the Egyptian market, backed by EFG Hermes, PayTabs Egypt has established a strong presence and reputation within a short time frame. Its forte has been to assist small and medium businesses achieve seamless and secure transactions online. A multitude of formidable partnerships and collaborations with leading Egyptian brands as well as reliance on PayTabs PT version 2.0, the global payment processing platform, has enabled PayTabs Egypt to forge ahead of peers in the local payments space.

Cairo's [PayTabs](#) is an award winning, B2B, payments solutions powerhouse. Having processed the first live payment gateway transaction in June 2014, today PayTabs processes transactions in multiple currencies, safely and securely. Using API plugins, PayTabs facilitates seamless B2B ecommerce solutions for SME's across 49 industries to 'plug and play' payment features on to their websites. PayTabs prides itself on offering electronic invoicing services enabling businesses to enjoy paperless invoicing, pay by QR code or social media payment links. In April 2021, PayTabs launched PT Touch, the first soft POS solution in the MENA market to transform smart phones into merchant point of sale (POS) terminals. (PayTabs 14.06)

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3.9. Egypt's Flat6Labs Closes its \$20 Million Jordan Fund

Cairo-headquartered startup accelerator Flat6Labs has reached a \$7.4 million first close on a \$20 million seed fund targeting companies in Jordan. The Jordan Seed Fund will invest in early-stage startups in ICT, software solutions, education, healthcare, digital content, manufacturing, renewable energy, agriculture, big data and fintech. Limited partners in the first close include the International Finance Corporation, Jordan's Innovative Startups and SMEs Fund, Beyond Capital, Bank Al-Etihad, and GMS Ventures and Investments.

The fund will make investments of JOD 50,000 (\$70,500) and could also do follow-on rounds worth as much as JOD 120,000. It's looking to make 12-16 investments per year for the next five years. Flat6Labs has assets under management of more than \$85 million and has made investments in more than 320 companies. (Flat6Labs 16.06)

4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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4.1. Klabin Partners with SOSA & CNI to Enhance Sustainable Innovation

Tel Aviv's [SOSA](#), the global open innovation company, announced a partnership with Klabin, Brazil's largest producer and exporter of packaging paper, the only company in the country to offer one-stop shop solutions in hardwood, softwood and fluff pulp, and the leader in the corrugated board packaging and industrial bags markets. The partnership will involve Klabin partnering with SOSA and CNI, the National Confederation of Industry – Brazil, in order to accelerate and diversify their bio-based products towards a renewable future.

Klabin has been broadening its renewable strategy, emphasizing innovation, and advanced technology as an important driver for sustainable business growth alongside promoting a circular bioeconomy. Since then, the focus on developing sustainable products which are competitive and economically viable in Klabin's industry has intensified — particularly with regards to research, development, and innovation. In doing so, Klabin strives to find natural and biodegradable solutions to meet the demands of today's progressively-conscious consumption.

Considering the dynamic nature of the paper and pulp industry, SOSA's innovation program for Klabin will be tailored to address Klabin's unique sustainability challenges, both in Brazil and Latam. SOSA will operate a 4-month corporate challenge program for Klabin through CNI, where Klabin's cross-functional business units will immerse themselves in open innovation activities, exposing them to cutting edge startups in their industry from across the globe. (SOSA 14.06)

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4.2. Jordan to Build Red Sea Desalination Plant to Combat Drinking Water Shortage

On 13 June, the Jordan said it plans to construct a Red Sea desalination plant operating within five years, to provide the mostly-desert and drought-hit kingdom with critical drinking water. The cost of the project is estimated at around \$1 billion, according to the Water and Irrigation Ministry. The plant will be built in the Gulf of Aqaba, in southern Jordan. The plant is expected to produce 250-300 million cubic meters of potable water per year, and should be ready for operation in 2025 or 2026. The desalinated water will be piped from Aqaba to the rest of the country.

Jordan is one of the world's most water-deficient countries and experts say the country, home to 10 million people, is now in the grip of one of the most severe droughts in its history. Thirteen international consortia have put in bids and the government will chose five of them by July. Desalinating water is a major drain of energy and the companies must suggest how to run the plant in Jordan, which does not have major oil reserves. The Ministry noted that Jordan needs about 1.3 billion cubic meters of water per year. Since the 1994 Israel-Jordan peace deal, Israel has provided Jordan annually with tens of millions of cubic meters of Jordan River water per year. (AFP 13.06)

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4.3. Egypt's Waste Management Act Regulations Await Cabinet Review

The draft executive regulations of the Waste Management Act have been passed to cabinet for review after the Environment Ministry finished drafting the bill which would set up a new state agency responsible for waste management, according to Environment Minister Yasmine Fouad. The regulations should be approved within the next 6-8 weeks.

The new legislation, approved by the House last summer and ratified by President Abdel Fattah El Sisi later in October, will set up a new authority that will be handed regulatory oversight over the country's waste management sector. It also includes investment incentives as well as other measures to encourage

garbage collectors, small companies, private contractors, and recycling centers to join the formal economy. (Ent 15.06)

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4.4. US Will Increase Funding of Egypt's Solar Efforts

The US will step up funding to Egypt to accelerate our shift away from fossil fuels towards renewable energy, US climate envoy John Kerry told reporters following his meeting with Foreign Minister Sameh Shoukry in Cairo on 16 June. Egypt is “blessed to be the number one country in the world” to use solar energy, Kerry said, adding that going all in on renewables would be a boon for job creation. Kerry also met with Prime Minister Moustafa Madbouly and Environment Minister Yasmine Fouad during his visit.

Egypt already has one of the world’s largest solar facilities in the 1.65 GW Benban solar park, which helped the country to produce 3.65 GWh of solar energy in FY2019-2020. Cairo is in talks with investors to launch new solar and wind projects that will generate some 2 GW of combined power.

But the country is still heavily reliant on hydrocarbons to meet its energy needs. Renewable sources only accounted for 3.4% of the country’s energy mix in 2019. Electricity produced from natural gas alone is estimated to account for 70-75% of Egypt's energy mix in the latter half of the previous decade. Any new funding would help the Egyptian government meet its targets for renewables, including increasing the supply of electricity generated from renewable sources to 20% by 2022 and 42% by 2035, with the private sector expected to deliver most of this capacity. (Ent 17.06)

5. ARAB STATE DEVELOPMENTS

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5.1. Lebanon’s Annual Fiscal Deficit Down by 54% to \$2.71 Billion in December 2020

According to Ministry of Finance (MoF) latest figures, Lebanon’s fiscal deficit (cash basis) stood at \$2.71B by the year 2020, down from last year’s \$5.83B. In detail, the substantial deficit is attributed to the annual 8.02% drop in government revenues (including treasuries) which fell to \$10.17B by December 2020. On the counterpart, total expenditures (including treasuries) retreated yearly by 23.75% to \$12.88B by end of year 2020. It is worth noting that the primary balance which excludes debt service posted a deficit of \$255.63M, compared to a surplus of \$433.58M during the same period last year. Fiscal revenues recorded a yearly drop by 13.88% to stand at \$9.07B. Tax revenues (constituting 76.54% of total revenues) retreated by an annual 16.44% to \$6.94B by year 2020. Revenues from VAT (17.80% of total tax receipts) dropped by 42.79% y-o-y to \$1,24B. The drop in “VAT revenues” is most probably attributed to the deterioration of Lebanese purchasing power with the decrease in value of Lebanese pound, which obligated Lebanese people to rationalize their spending. Important to note, the revenues from Real Estate registration fees soared annually by 109.53% from \$348.42M in year 2019 to \$730.03M by in year 2020. This upsurge can be attributed to the increase in real estate transactions by the time depositors activity reflected the continuous migration of their deposits out of the banking sector towards real estate. As for Non-tax revenues (23.46% of total revenues), they dropped from \$2.22B by year of 2019 to \$2.13B by end of year 2020. Meanwhile, “Telecom revenues” (constituting 47.33% of total non-tax revenues) added yearly 6.44% to reach \$1.08B by December 2020. On the expenditures’ side, transfers to Electricity du Liban (EDL) (9.9% of general expenditure) slid by 38.59% to reach \$924.36M. Moreover, total debt servicing (including the interest payments and principal repayment) reached \$2.06B by December 2020, down by a yearly 62.87% such that interest payments alone retreated by 63.84% y-o-y to \$1.93B. In details, interest payments on domestic debt slumped by 44.57% y-o-y to \$1.78B. Meanwhile, interest payments on foreign debt registered a year-on-year significant drop by 92.77% to \$154.72M. In its turn, the treasury transactions (includes revenues and spending that are of temporary nature) posted a deficit of \$392.88M compared to a deficit \$719.79M by December 2019. (MoF 16.06)

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5.2. Jordan's Unemployment Rate Reaches 25%

Jordan's unemployment rate soared to 25% during the first quarter of 2021, rising by 5.7% compared with the same period in 2020, the Department of Statistics (DoS) said on 21 June. In its quarterly report on the unemployment rate in the Kingdom, DoS said that the rate among males during the January-March period of 2021 went up by 6.1 points to 24.2%, while the rate among females increased by 4.2% to 28.5% compared with the same period of 2020. The unemployment rate among university degree holders (unemployed individuals holding a bachelor's or higher degree divided by the workforce of the same academic qualification), also went up to 27.8% compared with other educational levels. The results also indicated that 51% of unemployed people hold a secondary education certificate or a higher qualification, while 29% of jobless people were those with less than secondary educational qualifications.

The unemployment rate also differed according to gender, as the rate of unemployed males who hold a bachelor's degree and higher reached 25.1%, which increased to 29.6% among females who hold at least a bachelor's degree. The results also indicated that 70.1% of the total workforce of females hold a bachelor's degree or higher, compared with 24.8% among males. (DoS 21.06)

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5.3. Amman Set to Launch Mega-Projects with Focus on Rail Sector

Jordanian Prime Minister, Dr. Bisher Khasawneh visited the King Hussein Bin Talal Development Area (KHBTDA) in Mafrq governorate. Speaking at a meeting with a group of investors, ministers and the governorate's officials, Khasawneh said the government is set to launch major projects, especially in the railway field, adding that "many parties have expressed interest in investing in these enterprises." The premier stressed that the government will seek to "remove obstacles and facilitate procedures for investment."

To push action to achieve the future projects, Khasawneh said directives were given to Deputy Prime Minister and Minister of Local Administration to visit KHBTDA in Mafrq during the next few days heading a ministerial and technical delegation to follow up on the issues discussed meeting and find "possible" solutions to the challenges and difficulties facing investments. The PM added that the gov't is on the stage of launching many major projects, including those in the railway sector, which would link Aqaba governorate to Madona, a key development area east of Amman, within a logistical network that covers KHBTDA, which is located in a strategic center between four neighboring countries.

The railway connection project is set to begin, and the government has more than initial contact with interested parties to implement this enterprise in its first phase before it extends to a regional level, the premier said. The gov't, he said, will complete the bidding processes required to start this project and link it to the broader infrastructure, including KHBTDA. (Petra 10.06)

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5.4. World Bank Approves \$500 Million Inclusive Recovery Program for Jordan

On 10 June, the World Bank Group's (WBG) Board of Executive Directors approved a \$500 million program to catalyze public and private investment in Jordan for a green and inclusive recovery from the COVID-19 pandemic. The program is expected to help Jordan accelerate its recovery and create more jobs by capitalizing on the economy's potential, especially its green growth opportunities, and to strengthen the government's accountability mechanisms for delivery. The Asian Infrastructure Investment Bank (AIIB) is also preparing an additional \$250 million in financing to support the program.

The Inclusive, Transparent and Climate Responsive Investments Program-for-Results (PforR) is part of the \$1.1 billion recently announced by the WBG in combined loans and grant financing support from the WBG and international partners to support Jordan in responding to the pandemic and promoting an early, climate-resilient, and inclusive recovery.

Climate risks due to water scarcity, rising temperatures, and extreme weather present new opportunities for Jordan to become more resource-efficient and more competitive. Investing in greening of infrastructure and services creates jobs and economic value. Jordan's Nationally Determined Contributions (NDC) under the Paris Agreement on climate change provides a platform to identify opportunities that also benefit the society. The program also helps Jordan to include gender-informed assessments in investment design and policy formulation. This is important as less than 15% of Jordanian women in the country were in the labor force in 2019, one of the lowest rates in the world, marking an enormous untapped potential for the economy and society. (WB 10.06)

►► Arabian Gulf

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5.5. Abu Dhabi Ranked Most Livable City in GCC by Global Livability Index

Abu Dhabi has been ranked the most livable city in the GCC for the second year in a row, according to the Global Liveability Index 2021, issued by The Economist Intelligence Unit (The EIU) – the research and analysis division of Economist Group. The UAE capital moved up seven places in the 2021 global quality of life ranking. The new ranking is a result of the government's continued social and economic development and successful response to the challenges of the pandemic, particularly in the health sector, which saw Abu Dhabi record the best response to COVID-19 in the world earlier this year.

The index surveys the 140 most livable cities in the world according to 30 factors. It measures the world's best cities to live in, based on the level of luxury and comfort of living in each city, according to a set of criteria and determinants, which are stability, quality of healthcare, culture and environment, quality of education and infrastructure. Each city receives a score for each criterion, according to the Economist Intelligence Unit's classification.

Abu Dhabi retained the top spot in the Arab world, followed by Dubai, as the best city to live in the Middle East, despite the global challenges imposed by the pandemic that affected the ranking of cities in terms of quality of life in these cities, resulting in a decline in the ranking of some European cities which are included in the index. (WAM 14.06)

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5.6. Saudi Arabia Drastically Reduces Poultry Imports

Over the past two months, the Saudi Food and Drug Authority (SFDA) added several new measures that will have serious repercussions on the Saudi imported poultry meat market over the next few months. On 5 May, SFDA suspended 11 Brazilian poultry plants from exporting to Saudi Arabia, which accounts for 60% of Brazil's total chicken meat exports to the Saudi market. Meanwhile, in early June, SFDA suspended poultry imports from France and Ukraine. Currently, it remains unclear how Saudi Arabia will meet poultry consumption since it relies heavily on imports.

Unfortunately, U.S. poultry exports to Saudi Arabia shut down in May 2018, when SFDA implemented a ban on the use of all sorts of immobilizations in the poultry slaughtering process. In the aftermath of the Brazilian poultry meat and products ban against exporting facilities, FAS/Riyadh has been receiving a significant number of calls from Saudi poultry meat and product importers seeking active U.S. poultry suppliers. Despite the interest, U.S. poultry exporters will not be able to meet demand as long as the Kingdom enforces its drastic ban against stunning in the poultry slaughtering process. (USDA 17.06)

►► North Africa

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5.7. Egypt Passes FY2021/22 Budget Increasing Health & Education Spending

Egypt's House of Representatives has voted to increase spending on health and education in the coming fiscal year as it passed the FY2021-2022 state budget in a plenary session on 14 June. MPs signed off on EGP 4.56 billion of additional spending, including another EGP 2 billion to purchase medicine, EGP 1 billion to fund medical treatment and EGP 500 million to fund wage hikes for kindergarten and primary school teachers. This brings total spending on education to EGP 388.1 billion and total health spend to EGP 275.6 billion,

Cairo expects the budget deficit to narrow to 6.7% of GDP, from an expected 7.7% in the current fiscal year. It will then fall again to 6.2% in FY2022-2023. Government spending will grow by 14% the government expects to spend a total of EGP 1.84 trillion in FY2021/22, up 14% from its EGP 1.61 trillion projected spend this year.

Revenues are forecast to rise 22% to reach EGP 1.36 trillion during the year. This will be driven by an 18% rise in tax collection, which will bring in EGP 983 billion compared to an expected EGP 830 billion in the current fiscal year. Almost a third of the government's total expenditure will go towards servicing debt, rising more than 2% to EGP 579 billion. The budget now goes to President Abdel Fattah El Sisi for review and he is expected to sign it into law before the start of the state's new fiscal year on 1 July. (Ent 15.06)

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5.8. Egypt's Annual Headline Inflation Rises to 4.8% in May

CAPMAS announced that Egypt's Inflation rose in May, thanks to a spike in food prices, an unfavorable base effect and skyrocketing global commodities. Annual headline rate accelerated to 4.8% in May from 4.1% in April, while the overall rate in urban and rural areas rose to 4.9% last month from 4.4% a month earlier. May's inflation reading was the highest this year, with the acceleration being the quickest since it hit 5.4% in December 2020. But inflation slowed down m-o-m: Urban prices rose 0.7% during the month, compared to an increase of 0.9% during April.

A sub-gauge measuring food prices in urban areas was up 1.7% over last year and 1.5% over April. Other goods and services including education, health, and utilities also rose nationwide on an annual basis but remained largely unchanged from April.

Inflationary pressures have been muted since the start of the year, shrugging off the global commodities boom that began late last year and hit everything from food to energy to key metals, but took a while to filter through here at home. Annual urban headline inflation unexpectedly slowed to 4.1% in April, after having held steady at 4.5% in March from February and even dropped in January to its lowest level since September 2020. (Ent 10.06)

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5.9. How France is Working to be Egypt's Leading Trading Partner

President El Sisi signed a little under €4 billion worth of bilateral agreements with French Finance Minister Le Maire. The agreements most notably cover transportation, but also in social security and development. These agreements represent a breakthrough in the economic relationship between the two countries, Le Maire said, adding that both sides have been working hard towards the agreements over the past six months.

The French government will be providing Egypt with €2 billion in credit facilities that will go towards developing the Cairo Metro Line 6. Le Maire emphasized that France was willing to provide the facility under "attractive terms" to fund work on the metro line by French companies, in a bid to encourage active participation by French companies on the project. An agreement was signed with Transport Minister Kamel El Wazir that would see Egypt develop a six month roadmap to disburse funding for the Cairo Metro Line 6 and upgrades to Cairo Metro Line 1.

The French Development Agency (AFD) will be providing Egypt with €1 billion in loans that cover railway, energy, wastewater treatment, and food security. These include funding to upgrade railway lines running from Aswan to the Delta. The funding will be provided over the course of four years from 2021 to 2025. (Ent 13.06)

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5.10. World Bank Expects Morocco's GDP to Reach 4.6% Growth in 2021

Morocco's gross domestic product (GDP) is expected to reach a growth of 4.6% in 2021, according to projections by the World Bank. In its "World Economic Outlook" for the MENA region, the World Bank said that Morocco's GDP growth will be due to "several factors, including reduced drought-related problems, continued accommodative policies, and the easing of restrictions on internal travel."

Compared to the 2019-2020 season, Morocco witnessed in 2021 a good winter season with remarkable rainfalls. The heavy rainfalls increased the country's water reserves and helped its agriculture season. The Ministry of Agriculture said earlier this year that the rainfall has a "positive impact" on the agriculture season. The rainfall also improved the environment for plant growth and facilitated maintenance work for farmers. The downpours also significantly improved dams' reservoirs, helping their filling rate reach 50%.

The reservoirs of the main dams in Morocco reached nearly 8.04 billion cubic meters (m3) on 6 March. Dam reserves had previously accumulated 7.38 billion cubic meters, representing a fill rate of 47.4%.

The GDP growth forecast is also attributed to the easing of restrictions imposed on internal movements or travel, the World Bank said. Morocco has been gradually easing its COVID-19 restrictions in the past six months after strict measures following the outbreak of COVID-19 in March 2020. Should the current configuration continue, the World Bank projects Morocco's economy to record a 3.4% growth in 2022. (WB 10.06)

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5.11. Morocco Reports \$1.3 Billion Loss in Tourism Revenues in April

COVID-19 restrictions cost Morocco's tourism sector MAD 12.3 billion or nearly \$1.3 billion in the first four months in 2021, says a new report by the country's Directorate of Financial Studies and Forecasts (DEPF). The DEPF report indicates that the trend of decline in tourism revenues continued at the end of April. The decline represented a drop of 65.7% or MAD 12.3 billion after a decline of 18.1% a year ago. While the number of arrivals decreased at the end of the first two months this year by 81.5%, the decrease was remarkable among both foreign tourists and Moroccans residing abroad. Overnight stays at hotels and hostels also decreased by 78.1%.

The DEPF shared similar statistics throughout 2020 and earlier this year, attributing Morocco's declining tourism revenues to the persistence of the COVID-19 economic crisis. In April, the DEPF said Morocco's tourism figures dropped by 65% in January and February compared to an increase of 14.9% during the same period in 2020. The industry continued to suffer heavy blows due to movement restrictions and the closure of borders.

Despite the gradual easing of COVID-19 restrictions, Morocco's general state of emergency, which was initially declared in March 2020, is still in order. The measure is set to expire on 10 July, although many expect the government to yet again extend it. Meanwhile, government officials and health experts have justified Morocco's cautious approach by warning that further laxity could lead to the deterioration of the epidemiological situation across the North African country. (MWN 22.06)

6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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6.1. Cypriot Unemployment Reaches 8.6% in First Quarter

Unemployment in the first quarter reached 8.6% of the labor force, data released by the Cyprus Statistical Service (Cystat) show. The labor force amounted to 453,638 persons or 62.2% of the population (men 69%, women 55.9%) from 449,861 (62.5%) in the same quarter of last year. Those employed were 414,668, the employment rate 56.8% (men 62.9%, women 51.2%) compared with 417,057 persons (57.9%) in the corresponding quarter of 2020.

The unemployed reached 38,970, a rate of 8.6% of the labor force (men 8.8%, women 8.3%) compared to 32,803 (7.3%) in the same period of last year. Youth unemployment (15-24) amounted to 19.5% of the labor force from 14.5% in the same quarter of 2020.

Some 42.4% of the unemployed searched for a job for less than 6 months, 25.3% for 6-11 months, whereas 32.3% were long-term unemployed. The corresponding rates for Q1/20 were 57.9%, 13.9% and 28.2%. The biggest share of employment was registered in the Services sector with 77.3%, followed by Manufacturing 19.3% and Agriculture with 3.4%. Part-time employment was 12.3% of the total (50,983) from 11.4% in the same quarter of last year. (Cystat 11.06)

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6.2. Recovery Plan Will Add 7% to Cyprus GDP

Cyprus' recovery and resilience plan to make the economy socially and environmentally sustainable will increase GDP growth by 7% over the five-year implementation, the Finance Ministry said. Concerning GDP, it is estimated that from 10.6% today, the productivity contribution will increase to 23.5%, while employment will rise from 13.2% to 29.3%. It's expected that formal adoption of the Cyprus plan by the European Commission will mobilize public resources of €1.23 billion, some €230 million concerns financing through the issuance of loans, while the first disbursement will be made within the third quarter.

Most of the expenditures will be made between 2022-2025, the highest expenditure from 2004. The EU will monitor the project via six-month progress reports evaluated based on milestones and targets. The main pillars of the Plan are the transition to the green economy and the digital transformation, mobilizing of public and private funds.

Referring to Next Generation EU, Paschalides said according to assessments; effective implementation could increase Europe's GDP by 2% per year and create 2 million jobs. He said every available amount for the Plan has a multiplier effect on the economy and prosperity. (fm 15.06)

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6.3. Greece & Egypt Expand Cooperation in Energy and Security

Greece and Egypt agreed to grow their cooperation in fields including energy and security, following a meeting between Greek Prime Minister Kyriakos Mitsotakis and Egyptian President Abdel Fattah Sisi in Cairo on 21 June. The pair exchanged views on regional developments and the need to strengthen trilateral cooperation between Greece, Cyprus and Egypt. PM Mitsotakis pointed to the new environment and energy agreement signed between the two countries, calling it a step that helps both countries' prosperity.

In August, Egypt and Greece signed an agreement designating an exclusive economic zone in the eastern Mediterranean, in an area containing promising oil and natural gas reserves, which Turkey also lays claim to. Turkey reacted strongly to the maritime zone agreement, saying it violated the continental shelf of Turkey and Libya, and thereby was "null and void".

In April, Greece and Egypt signed a program for bilateral military cooperation following a meeting between officials from the Hellenic National Defence General Staff and their Egyptian counterparts. The agreement covers a broad range of military activities that will take place in both Greece and Egypt, focusing mainly on joint exercises and training involving all three branches of their armed forces. (Katherimerini 21.06)

7. GENERAL NEWS AND INTEREST

***ISRAEL:**

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7.1. 17th of Tammuz Fast Observed on 27 June, Begins the Three Weeks Mourning Period

The Jewish fast day of the 17th of Tammuz will be observed this year from sunup to evening on Sunday, 27 June. The fast day itself commemorates five tragedies: 1. Moses descended from meeting G-d and receiving the Torah on Mount Sinai, saw the Jews celebrating with the Golden Calf and broke the two tablets G-d had given him. 2. The daily offering, which had been brought regularly in Temple in Jerusalem, was halted during the Babylonian siege before the Temple was destroyed. 3. The Romans breached the walls of Jerusalem, prior to destroying the second Temple, in 70 CE. 4. A Greek or Roman official named Apostemos held a public burning of the Torah. 5. Idols were set up in the Temple itself; it is not clear what year this happened. The 17th of Tammuz is the second of the four fasts commemorating the destruction of the Temple and the Jewish exile.

In later years this day continued to be a dark one for Jews. In 1391, more than 4,000 Jews were killed in Toledo and Jaen, Spain and in 1559 the Jewish Quarter of Prague was burned and looted. The Kovno ghetto was liquidated on this day in 1944 and in 1970 Libya ordered the confiscation of Jewish property.

The 17th of Tammuz also marks the beginning of the "Three Weeks," which ends with the fast of the 9th of Av. Some customs of mourning, which commemorate the destruction of Jerusalem, are observed from the start of the Three Weeks. Jewish mourning customs restricts the extent to which one may take a haircut, shave or listen to music, though communities and individuals vary their levels of observance of these customs. No Jewish marriages or other major celebrations are allowed during the Three Weeks, since the joy of such an event would conflict with the expected mood of mourning during this time. The Three Weeks can be thought of as having a variety of increasing levels of mourning. Some restrictions begin on the 17th of Tammuz, some from the beginning of the month of Av, and some only come into effect the week in which Tisha B'Av occurs.

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7.2. Israel Tech Industry Pioneer Uzia Galil Passes Away

Uzia Galil, one of the founding fathers of Israel's technology industry, passed away on 9 June at the age of 96. Galil was born in Bucharest in 1925 and immigrated to Mandatory Palestine at the age of 16, after his education in Romania was ended by the introduction of race laws against Jews. After reaching Israel, he completed his studies in electrical engineering at the Technion in 1947. When the State of Israel was re-born he was drafted into the Israel Navy and served in it until 1957. He later headed the electronics department in the Physics Faculty at the Technion.

At the beginning of the 1960s, Galil founded Elron, described as the first Israeli startup, as a tiny laboratory in his home on the Carmel. It began by assembling an electronic device for measuring radiation. In 1962, he received investment of \$160,000 for it from the Rockefeller and Recanati families. In 1972, Elron became the first technology company to be floated on the Tel Aviv Stock Exchange. Dozens of companies that were trailblazers for Israel's technology sector grew out of Elron, such as Elbit, Elscint, Orbotech and Given Imaging.

Galil ran Elron for 38 years, and was president of Elbit for its first twelve years. He was also the visionary behind the Matam technology park in Haifa, designed to take advantage of proximity to the Technion. The park was constructed in 1968 by Elron and the Haifa municipality.

Two months ago, the Haifa municipality held a ceremony in honor of Galil at the retirement home he lived in and named an industrial park in the city after him, in recognition of his contribution to Haifa over many years. Uzia Galil was one of the pioneers of Israel's technology and defense industries. Uzia Galil represents a supreme example of leadership and ground-breaking technological innovation. (Various 10.06)

***REGIONAL:**

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7.3. Iraq's Current Population Stands at 40 Million

The current population of Iraq is 40,150,000, according to the Ministry of Planning's latest census figures. The Ministry spokesman said that the country sees a population rise from last year, but not the same increase a decade ago. However, it remained high, compared to other countries. The Planning Ministry told a seminar on development that 68% of the population are under 30 years of age, with children under 15 accounting for 40%, while the elderly population of over 65 dropped 3%. (Petra 14.06)

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7.4. CIRA to Open Egypt's First Applied Tech University Next Year

Cairo for Investment and Real Estate Development (CIRA) will establish Egypt's first applied tech university by the start of the 2022/23 academic year, after signing a management consulting agreement yesterday with Saxony International School (SIS), a German private sector education provider.

The university will be founded at CIRA's Badr University before being expanded to more locations nationwide, and will initially offer diplomas and bachelor's degrees in logistics, tourism, medical and industrial manufacturing. Graduates can then sit the Meister exam — a German vocational qualification that allows holders to study at German applied sciences universities.

CIRA will receive finance from National Bank of Egypt's investment arm Al Ahly Capital Holdings and undisclosed international investors. CIRA is already working with SIS to open a school in Sixth of October: The SIS school based in O West is expected to be ready for the 2021-2022 academic year. Switzerland's Business and Hotel Management School is also involved with Badr, which agreed last year to offer hospitality management training and degrees at the university.

Founded in 1993, [Cairo for Investment and Real Estate Development \(CIRA\)](#) is the largest integrated provider of educational services in the Egyptian private sector. CIRA operates 21 schools with 26.5K students for the academic year 2019/2020 and owns Badr University in Cairo (BUC) with a total student body of 10.3K in 13 different faculties. With the majority of the Group's schools operating under its own 'Futures' brand, CIRA caters predominantly to the fragmented middle-income segment, offering premium curriculum at affordable pricing. (CIRA 16.06)

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7.5. Study Reveals 25% Increase in Moroccans Studying in the US

Data collected by Erudera.com showed a 25% increase in Moroccan students studying in US higher education institutions since the 2010-2011 school year. The report stated that 1,201 Moroccan students studied in the US in 2010 as opposed to the 1,499 Moroccan students that studied in the US during the

2019/20 school year. The data did not account for the effects of COVID-19 on the number of Moroccan students studying in the US.

Despite the 25% increase in Moroccan students studying in the US' higher education institutions in the decade-long timeframe, the number of Moroccan students in the US peaked in the 2016-2017 school year at 1,634. In addition, the US hosted the most Moroccan students since the 1950s in 2001 with 2,102 Moroccans studying in US colleges and universities that year.

The number of Moroccan students pursuing a non-degree program increased from 80 to 130 during 2019, thus marking a 63% increase, whereas the number of Moroccan students participating in optional practical training increased from 205 to 260 that year. (MWN 16.06)

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7.6. Cyprus Elects First Woman Speaker of the House

Cyprus elected its first woman Speaker of the House since independence in 1960, following MPs election of ruling DISY's Annita Demetriou to the post, the second-highest office in the country. Demetriou, who is also the youngest speaker to be elected at the age of 35, garnered 25 votes in the second round of voting. The vote took place as the newly elected MPs took their seats for the House's first plenary, following the elections a number of weeks ago.

As no candidate could garner the necessary 29 plus votes in the first round, MPs went through a second round, where the House Speaker can be elected with just 22 votes. Demetriou said MPs were tasked with restoring parliament's credibility after the 'golden passports' corruption scandal. (fm 10.06)

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7.7. Most Young Greek Adults Live With Their Parents

Two-thirds of Greeks aged 18-34 live with their parents, according to Eurostat data, which puts Greece in sixth place among 35 European countries. More specifically, according to a recent survey by the European statistical office, drawing on data mostly from 2019, close to 50% of people aged between 18 and 34 in European Union countries live with their parents.

The corresponding share in Greece and Italy is 69.4% – up 8.7% since 2011. Scandinavian and Northern European countries are on the lowest rungs of the ladder, with the corresponding rate in Denmark at 17.2% and Finland at 19.5%.

In Central and Northern Europe, it is taken for granted that when the child turns 18, it marks the coming of age. The mentality in Greece is very different as there are very traditional images of societal roles. The lifestyle of living alone because one is independent is not that highly rated, she added, noting that the prevailing mentality is that parents are responsible for their children until they get married – regardless of the age of the "child" in question. The financial and coronavirus crises were pivotal and intensified pre-existing trends. (InTime 15.06)

8. ISRAEL LIFE SCIENCE NEWS

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8.1. MigVax's Subunit Oral COVID-19 Vaccine Trial Demonstrates Effectivity as a Booster

MigVax announced promising results from preclinical tests that demonstrated the effectivity of its MigVax-101 subunit oral vaccine as a booster for previously vaccinated persons. In the trial, tests carried out on rats demonstrated that the MigVax-101 subunit oral vaccine, when administered in a boost format following an injected S1 protein, elicited markedly higher neutralizing antibody titers than rats receiving an oral

placebo booster. In addition, similar to a third booster injection, it elicited more effective neutralizing antibodies.

MigVax currently seeks the financing necessary for it to launch Phase 1 & 2 clinical trials, which, if successful, it believes would lead to commercial availability 9-12 months after the trials begin. For the full results of the preclinical test, please refer here. As an oral vaccine, Mig-Vax-101 offers significant potential advantages over today's first-generation injected vaccines.

MigVax-101 is a novel oral subunit vaccine that utilizes a chimeric protein to generate three kinds of simultaneous immunological responses: mucosal, blood-based, and cell-mediated immunity. This triple-armed approach provides comprehensive protection against infection by activating all arms of the immune system, allowing for the effective eradication of the invading virus. Its epitopes were designed using computational chemistry of immunogenic epitopes in IBV, MERS, SARS-COV and SAS-COV-2, focusing on neutralizing antibodies and promoting an immune response.

Kiryat Shmona's [MigVax](#) develops a novel COVID-19 vaccine. MigVax, an affiliate of The Migal Galilee Research Institute. The Migal Galilee Research Institute has previously developed a vaccine against infectious bronchitis virus, a coronavirus strain which causes bronchial disease affecting poultry. The effectiveness of the poultry vaccine has been proven in animal trials carried out at Israel's Veterinary institute. MigVax is using the methods learned from the existing vaccine to develop a new oral subunit human vaccine against COVID-19. (MigVax 10.06)

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8.2. Nuvo Group Receives FDA Clearance for Remote Monitoring of Uterine Activity

Nuvo Group announced that it has received clearance from the U.S. FDA to add a new uterine activity module that provides capability for remote monitoring of uterine activity (UA). With this clearance, INVU can provide a reliable, passive alternative to existing methods of UA measurement. INVU uses only external sensors, allowing it to be used without any invasive component or the need for an in-hospital or in-clinic procedure. INVU's UA module was tested extensively in a clinical study with 80 patients, in which the INVU UA was recorded simultaneously with and compared to the intrauterine pressure catheter (IUPC), the current gold standard of care.

This clearance, which supplements INVU's previous FDA clearance for remote monitoring of fetal and maternal heart rates (FHR and MHR), expands the clinical utility of the platform to enable antepartum fetal surveillance, such as non-stress tests (NSTs), to be performed non-invasively and remotely. INVU will now enable providers to recognize uterine contractions in women who are being monitored at home by passively capturing a granular and unique set of physiological measures from both mother and baby to derive FHR/MHR/UA, the measurements needed to perform NSTs. Designed to provide mother-centric care, INVU can offer NSTs to women—even those who may be prescribed such tests multiple times a week—in the comfort of their homes, all under the guidance of a physician.

Tel Aviv's [Nuvo Group](#) is committed to serving providers and expectant mothers by advancing pregnancy care with new technology, tools and practices. The INVU platform combines proprietary hardware for data collection, innovative cloud-based software for computational power and AI tools to optimize the pregnancy care experience on a global scale. (Nuvo Group 10.06)

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8.3. Four Israeli Hospitals in Newsweek's Smart Hospitals Ranking

Four Israeli hospitals have been listed in the rankings of Newsweek's The World's Best Smart Hospitals. Sheba Medical Center at Tel HaShomer was ranked 13, Sourasky (Ichilov) Medical Center in Tel Aviv was ranked 84, Hadassah Hospital Ein Kerem, Jerusalem was ranked 196 and Rabin (Beilinson Hospital) in Petah Tikva was ranked 215.

The ranking was compiled by Newsweek together with data firm Statista and is based on a survey in which physicians and digital health experts worldwide were asked to rank hospitals according to five criteria: robotic surgery, digital imaging, artificial intelligence, telemedicine, and electronic medicine. In-depth interviews on the matter were conducted with 13,000 experts before the data was interpreted.

Newsweek noted that the pandemic has accelerated a trend that has been years in the making. Information technology and other tools that make hospitals "smarter" have already become a big differentiator in most health care markets. It's no wonder that the market for smart-hospital technology is expected to reach \$35 billion in 2021 and balloon to \$83 billion by 2026. (Globes 10.06)

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8.4. Pulsionmore Raises \$40 Million in TASE IPO

Pulsionmore has raised \$40 million in a TASE IPO at a company valuation of \$190 million, before money. All the money raised by the company, which saw demand boosted by the flourishing of the remote medicine sector in the wake of the COVID pandemic, will go to the company, with no element of an offer to sell by existing shareholders. As far as is known, investors included a range of leading Israeli institutional investors including three large insurance companies, two large provident funds and one major hedge fund. Among shareholders are Fujifilm, a leading ultrasound manufacturer, and leading physicians in the field.

The company, which was founded in 2015, has no revenue, but an agreement with the Clalit Health Fund enabled it to report an orders backlog of NIS 2.5 million for delivery in the first half of this year, and a backlog of NIS 15.7 million for delivery in the second half of the year. At present the company has no other customers. In its last financing round in March 2020, completed just before the spread of the Covid-19 pandemic, the company raised \$30 million.

Omer's [Pulsionmore's](#) product is for home use by pregnant women. It is meant to reduce the need to visit hospital emergency departments when fetal movements cease to be felt or there is some other reason to fear for the condition of the fetus. The patient receives guidance via her mobile telephone on how to scan the belly area and sends the scan to a doctor who interprets it immediately. There is a limit on the number of scans that can be carried out in a day or over the length of the pregnancy, in order not to overwhelm the doctors. (Pulsionmore 10.06)

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8.5. SupPlant Raises \$10 Million to Boost Development of Sensor-Less Irrigation System

Afula's [SupPlant](#) has raised \$10 million to accelerate its sensor-less irrigation API product. The round was co-led by Boresight Capital, Menomadin Foundation, Smart-Agro Fund and Mivtah Shamir and brings SupPlants' total funding to date to more than \$19 million.

SupPlant's technology, which until now was a hardware-software solution, experienced growth of 1,200% in 2020, is widely used in Mexico, South Africa, Argentina and Australia. With the new product developed, SupPlant will be providing as much of the benefits of SupPlant's autonomous irrigation technology as possible - without requiring the investments in infrastructure required by the full system.

SupPlant's technology is designed for the world's 450 million small growers, as 76% of farmers grow crops on less than 2 hectares. By September 2021, the sensor-less technology will be implemented by 500,000 farmers in Kenya. In 2022, SupPlant aims that over 2 million smallholders in Africa and India will be utilizing its new technology.

SupPlant uses agronomic algorithms, artificial intelligence, and cloud-based technology to measure the stress of the plant and monitor water content and plant and fruit growth patterns. This data is then combined with real-time and forecasted climatic data and projected plant growth patterns. All this info is uploaded

every 10 minutes to an algorithm in the cloud, which provides simple, precise irrigation recommendations to farmers based on the integration of all this data. SupPlant's database holds the combined expertise of 31 crops across 14 countries, covering growing conditions from dry arid regions of the Middle East to tropical conditions in central America. SupPlant's vision is that this system will be integrated into every irrigation command given on earth. (SubPlant 13.06)

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8.6. CCI & DiA Deliver Comprehensive AI-Based Cardiovascular Imaging Solutions

Calgary, Alberta's Circle Cardiovascular Imaging and DiA Imaging Analysis announced a multi-year partnership that leverages the companies' synergies in cardiac AI and data analytics. As a global leader in cardiovascular imaging reading and reporting for Cardiac MR and Cardiac CT, Circle CVI has now expanded its rich product offering to a complete cardiovascular imaging portfolio, with the addition of DiA's FDA-cleared and CE-marked LVivo™ Toolbox - a line of innovative AI-based cardiac ultrasound solutions. This collaboration will deliver expanded state-of-the-art multi-modality imaging solutions to Circle CVI's customers, while providing new opportunities for physicians, patients, and hospitals worldwide.

Circle CVI will offer its customers DiA's LVivo Toolbox, as set of cardiac ultrasound AI solutions which will include LVivo Seamless™ – a unique system that runs "behind the scenes," automatically selecting the optimal cardiac ultrasound views and generating automated quantifications and indications of both left and right ventricles. The system then immediately extracts these results to the echo reports. The solutions of both companies are vendor-neutral, running on any scanner, and they can easily integrate into hospital and enterprise sites, with deployments that work with any IT infrastructure.

Beer Sheva's [DiA Imaging Analysis](#) is a leading provider of AI-powered ultrasound analysis solutions that make the use and analysis of ultrasound images smarter, faster and more accessible to all. The company's FDA-cleared and CE-marked LVivo™ product line for automated cardiac and abdominal analysis enables clinicians with various levels of ultrasound experience to use and analyze ultrasound images on their ultrasound devices or healthcare IT systems with increased speed, efficiency and accuracy. (DiA 14.06)

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8.7. DeepOptics Debuts First-Ever Adaptive Focus Sunglasses

DeepOptics launched its new product, 32°N (pronounced 32 North), the first and only adaptive focus sunglasses, on Kickstarter. 32°N sunglasses enable a number of different prescriptions with a single pair of glasses. 32°N can dynamically correct for reading while serving as functional sunglasses. The glasses mimic natural human vision, allowing users to seamlessly switch between "reading mode" for near vision and "scenic mode" for far distances. 32°N addresses the needs of people experiencing presbyopia, the age-related reduction in near vision, instead of having to switch between sunglasses and reading glasses and without the difficult compromises of progressive lenses and bifocals.

32°N sunglasses feature pixelated liquid crystal (LC) layers that are split into tiny pixels, capable of rotation at every point of the panel. When the user swipes, they activate the tiny processor embedded in the glasses' temple. The processor calculates the user's personal data and sends that data to form the desired lens prescription. Millions of tiny pixels inside the lens change their electrical state according to the new data to form the lens and bring the close object into focus. Completely silent, and without any extra weight or moving parts, DeepOptics' LC lens enables an unlimited number of dynamic, high-quality lenses that can be changed at any moment. Similar to mobile phones or Bluetooth earbuds, each full charge of 32°N lasts for a full day. Unlike competing solutions, 32°N doesn't require any adaptation period.

Petah Tikva's [DeepOptics](#) is the inventor and pioneer of novel electronic lenses technology, with a mission to transform the world of vision correction and lead it to the era of dynamic optics. The company has developed a cutting-edge liquid-crystal (LC) based lenses technology, addressing the growing need for dynamic vision correction, primarily in the markets of progressive eyeglasses and augmented reality and

virtual reality (AR/VR) headsets. Its fully transparent, ultra-low-power LC lenses allow the fast and seamless change of optical prescriptions during use. (DeepOptics 15.06)

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8.8. RSIP Vision Surgical Workflow Technology for Robotic Assisted Surgeries

RSIP Vision announced its new surgical workflow analysis technology, which can intelligently identify each separate stage of a surgical procedure and label them accordingly throughout the duration of the procedure. This real-time identification plays a vital part in planning, enhancing and educating others on future surgical procedures and post-op assessments. The module will serve as a foundational building block for a wide range of AI-based surgical assistance applications to come from the industry-leading company.

Traditionally, RAS procedures are continuously recorded, culminating in an enormous mountain of data that is highly inefficient and/or exploitable. This new active recognition tool leverages state-of-the-art AI algorithms to proactively solve for this problem. Armed with this tool, surgeons can be confident that each step of their procedure, from preparation to dissection, packaging, coagulation and final retraction (etc.) is being monitored, captured, reviewed and stored to allow procedural analysis and further train other surgeons on even the most complicated pathologies.

Jerusalem's [RSIP Vision](#) is driving innovation in medical imaging through advanced AI and computer vision solutions. Their multidisciplinary team of 50+ algorithm experts, computer science engineers, physicists, radiologists, echo specialists and in-house medical annotation teams continue to provide innovative and effective solutions, as well as research and customized algorithm development to medical device companies to give them an edge over their competition. They develop practical AI modules that ensure precision, reduce time to market, cut costs, and allow core R&D teams to focus on key initiatives while we provide custom-built solutions to fit their growing needs. (RSIP Vision 15.06)

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8.9. MDClone Awarded as Technology Pioneer by World Economic Forum

MDClone was selected among hundreds of candidates as one of the World Economic Forum's "Technology Pioneers." Founded in Israel in 2016, MDClone is dramatically improving the healthcare data space with its self-service analytics environment enabling users to access, organize, explore, and share healthcare data and discoveries while maintaining patient privacy.

The MDClone ADAMS Platform provides health systems and life science organizations the ability to accelerate research, improve operations and quality, and drive innovation. Healthcare workers can explore data freely to discover trends, improve quality, drive revenue, reduce costs, and implement change. In addition, through synthetic data capabilities, users are able to share insights across organizations or to external parties in a secure fashion.

The World Economic Forum's Technology Pioneers are early to growth-stage companies from around the world that are involved in the use of new technologies and innovation that are poised to have a significant impact on business and society.

Beer Sheva's [MDClone](#) offers an innovative, self-service data analytics environment powering exploration, discovery, and collaboration throughout the healthcare ecosystems, cross-institutionally, and globally. The powerful underlying infrastructure of the MDClone ADAMS Platform allows users to overcome common barriers in healthcare in order to organize, access and protect the privacy of patient data while accelerating research, improving operations and quality, and driving innovation to deliver better patient outcomes. (MDClone 15.06)

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8.10. PlantArcBio & Bioceres to Develop Improved Biomass & Drought Tolerant Alfalfa

PlantArcBio announced a new collaboration agreement with Bioceres Crop Solutions Corp., a fully-integrated global provider of crop productivity solutions designed to enable the transition of agriculture towards carbon neutrality, for the development of improved biomass & drought tolerant Alfalfa, leveraging PlantArcBio's identified genes and Bioceres expertise in development of drought tolerant crops.

In this collaboration, PlantArcBio has granted Bioceres the exclusive licensing rights to its leading biomass & drought resistance genes for Alfalfa worldwide; those genes were discovered by PlantArcBio in soil samples taken from the Dead Sea and have already proven their impact on biomass increase and drought resistance in several crops to date. Bioceres will develop Alfalfa varieties incorporating those traits and will commercialize them through its global leading presence. The agreement is contingent upon the successful incorporation of the genetic traits.

Givat Hen's [PlantArcBio](#) is a leading biotechnology company for the improvement of crop yield and plant performance aiming to increase stability and security in the global food market. Using its own unique and highly innovative Direct In Plant (DIP) gene discovery platform, the company works to improve seed traits for both conventional and biotech applications. PlantArcBio focuses on four key market segments: yield and abiotic stresses (environmental stresses); insect resistance; herbicide tolerance and disease control. (PlantArcBio 16.06)

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8.11. KAHR Announces \$46.5 Million Financing to Advance Immunotherapeutic Pipeline

KAHR announced the first closing of an investment round raising \$46.5 million. The financing was led by aMoon with participation from new investors BVF Partners, DAFNA Capital Management, Peregrine Ventures, Shavit Capital and the Cancer Focus Fund. Existing investors also participated in this financing, including Flerie Invest AB, Oriella Limited (CBG, chaired by Vincent Tchenguiz), Pavilion Capital, Hadasi Bio Holdings Ltd (HBL) and Mirae Asset.

Proceeds from the financing will be used to advance clinical development of the Company's lead product candidate, DSP107, a first-in-class CD47x41BB targeting fusion protein for the treatment of solid and blood cancers, through multiple Phase 1/2 studies as well as the development of its preclinical pipeline including DSP502, a TIGITxPD1 fusion protein, and DSP216, a LILRB2xSIRPa fusion protein, through IND-enabling studies.

Jerusalem's [KAHR](#) is developing the next generation of immuno-oncology drug candidates for the treatment of multiple types of cancer. These smart immune-recruitment cancer drugs that activate a targeted immune response by converting cancer camouflage into beacons for the immune system to attack. The Company's lead product candidate, DSP107 is a first-in-class CD47x41BB targeting compound that simultaneously binds cancer cells and immune cells, linking them together for maximal activation of the immune system against the tumor. DSP107 is designed to weaken the tumor's defenses on one hand, and activate an effective, local response of both innate and adaptive immunity on the other hand. Specifically, DSP107 binds to and inhibits CD47, an immune checkpoint protein overexpressed in many cancer types that enables the tumor to evade immune recognition and attack. Simultaneously, DSP107 binds 41BB on T-cells, stimulating their activation. These activities lead to targeted immune activation through both macrophage and T-cell mediated tumor destruction. (KAHR 16.06)

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8.12. Entera Bio Receives Foundational Patent for its Oral PTH

Entera Bio announced the European Patent Office has granted a patent titled "Methods and Compositions for Oral Administration of Proteins" to Entera. The patent addresses Entera's oral PTH formulations currently in advanced clinical stages for osteoporosis and hypoparathyroidism.

This granted patent comes in addition to numerous issued patents in strategic countries including the USA, China, Japan, Australia, New Zealand and Israel. Entera has fortified its leadership position in the oral delivery of proteins and looks forward to reporting the full 6 month BMD results from their Phase 2 study, as planned this Q2/2021 and potentially initiating a pivotal Phase 3 study with their oral PTH for the treatment of osteoporosis next year.

Jerusalem's [Entera](#) is a leader in the development of orally delivered large molecule therapeutics for use in areas with significant unmet medical need where adoption of injectable therapies is limited due to cost, convenience and compliance challenges for patients. The Company's proprietary, oral drug delivery technology is designed to address the technical challenges of poor absorption, high variability, and the inability to deliver large molecules to the targeted location in the body through the use of a synthetic absorption enhancer to facilitate the absorption of large molecules, and protease inhibitors to prevent enzymatic degradation and support delivery to targeted tissues. (Entera Bio 17.06)

9. ISRAEL PRODUCT & TECHNOLOGY NEWS

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9.1. Tier-1 Mobile Operator in APAC Selects Allot to Protect their 5G Network from Attacks

Allot announced that a Tier-1 mobile operator in APAC has selected the Allot 5G NetProtect solution to provide end-to-end User Plane Protection (UPP) against DDoS and botnet attacks on their 5G network. Allot 5G NetProtect secures the 5G user plane from DDoS and bot attacks. It is a cloud native solution designed to meet requirements derived from 5G network scale, latency, and expanded threat landscape. Allot 5G NetProtect employs a multi-layer threat prevention strategy that detects and blocks the latest and most evasive DDoS and botnet attacks that are initiated from within and from outside the network, assuring network Quality of Experience (QoE). It uses machine learning artificial intelligence to automatically detect and block zero-day attacks and is built upon an industry-leading inline network intelligence engine with field-proven, ultra-low latency, 5G-scale performance.

Hod HaSharon's [Allot](#) is a leading provider of innovative network intelligence and security solutions that empower communications service providers (CSPs) and enterprises worldwide to enhance the value they bring to their customers. With over 20 years of proven success, our solutions turn network, application, usage and security data into actionable intelligence that make our customers' networks smarter and their users more secure. (Allot 09.06)

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9.2. MySize Partners with Bitrix, a Leading Content Management System in Russia

MySize announced a partnership with Bitrix, Russia's largest eStore platform. MySize's AI-driven sizing solution and personal fit recommendations will be made available to e-commerce sellers on the Bitrix platform, bringing highly accurate footwear and apparel sizing to millions of online shoppers.

Bitrix is Russia's market leader in content management systems (CMS) for e-commerce businesses, serving an estimated 71% of the industry. Russia-based online retailers use Bitrix, and millions of customers who shop on their sites have potential access to MySize's online sizing solution. The solution has been proven to reduce returns by as much as 50%, and increase average order value by as much as 30%.

Users of the MySize app, which leverages sensors already built into customers' smartphones, can instantly obtain highly accurate clothing sizes in any brand's apparel. While browsing online, customers can find out exactly which size of an item is the ideal fit for them from the comfort of their homes, without the need for a visit to a brick-and-mortar store. The app gives customers a perfect shopping experience free of dressing

rooms and check-out lines while providing peace of mind around fit equivalent to physically trying on a product.

Airport City's [My Size](#) has developed a unique measurement technology based on sophisticated algorithms and cutting-edge technology with broad applications, including the apparel, e-commerce, DIY, shipping, and parcel delivery industries. This proprietary measurement technology is driven by several algorithms that are able to calculate and record measurements in a variety of novel ways. (MySize 10.06)

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9.3. Qmarkets & HeroX Join to Deliver Comprehensive Open Innovation Solution

Qmarkets announced its partnership with Vancouver, British Columbia's HeroX, a leading platform for crowdsourced idea competitions. This partnership gives users of Qmarkets' Q-open solution the ability to tap into a global community of solvers, while allowing HeroX customers to benefit from Qmarkets' cutting-edge idea evaluation, incubation, and implementation features.

This partnership represents not just a commitment of cooperation between Qmarkets and HeroX, but also a technical API integration between the two platforms. This seamless integration will empower moderators on the Qmarkets system to easily publish idea challenges on the HeroX site, while also enabling HeroX users to submit ideas and solutions directly to the client. Broadly referred to as "open innovation," both platforms allow companies to increase the number of ideas and solutions that they receive from problem solvers around the world, which will ultimately increase their ROI.

As an established leader in the idea and innovation management landscape, Rosh HaAyin's [Qmarkets](#) has developed a reputation over the last 10 years for delivering the most comprehensive crowdsourcing software solutions in the world. Recognized by leading analysts such as Gartner, Forrester, and Info-tech, Qmarkets offers unmatched technical and design flexibility to their extensive list of leading global clients, including Nestle, Ford, Lufthansa, Ab InBev, Philip Morris International, UniCredit and more. (HeroX, Qmarkets 10.06)

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9.4. FiberinMotion Solution Connects First Driverless Transit Line in Thailand

RADWIN announced that Krungthep Thanakom, on behalf of the Bangkok Metropolitan Administration in Thailand, has approved RADWIN's FiberinMotion wireless mobility solution for the Bangkok Gold Line. RADWIN's train-to-ground solution provides critical broadband connectivity that ensures service continuity at high speeds and in challenging environments to best support the Gold Line Real-Time CCTV and PA systems.

The Gold Line in Bangkok is the first, fully automated, Mass Rapid Transit (MRT) system. Network design, installation and integration for the complete communication system was provided by AMR Asia Public Company Limited. AMR Asia specializes in communication, computing, networking, and IT solutions for railway applications. The first phase of the project connects Krung Thonburi to Khlong San. The Gold Line is planned to reach Prajadhipok Road and to connect with the Purple Line during the second phase of deployment.

Tel Aviv's [RADWIN](#) is the global provider of broadband wireless solutions that deliver blazing-fast broadband with unparalleled reliability. Incorporating cutting-edge technologies and complying with some of the strictest railway communication standards, RADWIN's offering enables full automation of diverse transportation applications. Deployed in over 170 countries, RADWIN's solutions power applications including backhaul, access, private network connectivity, and broadband on the move for rail and metro trains. (RADWIN 10.06)

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9.5. MultiPoint Group Answers Market Demand with MSP Cloud Offering

MultiPoint Group launched a new offering of MSP cloud solutions to set a clear path for professional service suppliers to become Managed Service Providers (MSP). The latest offering is built to answer software services need to adapt to new market trends and thrive in the cloud age. MultiPoint's MSP offering consists of solutions that MSP can supply and manage through the cloud, including Anti-Malware, Mail protection and archiving, Backup, Remote Monitoring, Auditing, Access Management, and more.

The new offering follows an aggressive expansion year for Multipoint Group. The group launched UAE office promoting vendors through its channels across the MEA area, added a global sourcing service of IT talent, and signed a strategic agreement with Ingecom to expand opportunities in the EU area. Multipoint Group also partnered with key Cyber and IT management vendors.

Kfar Saba's [Multipoint Group](#) is a distributor of information security and IT management solutions that support Cyber Strong strategy. With its channel ecosystem, support and outsourcing services, it brings organizations in the EMAE area cyber solutions with high added value. Multipoint Group, established in 2009 and has offices in UAE, Greece, Israel, Cyprus, Romania and Serbia. (MSP 10.06)

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9.6. Gilat to Supply Satellite Communication Equipment for Military Usage

Gilat Satellite Networks announced that it was awarded a contract to supply satellite communication equipment for military usage. Gilat was chosen as the sole provider to address most advanced present and future defense connectivity requirements.

Today's net-centric warfare and the digital transformation have increased the importance of satellite-based communication solutions in the battlefield. Gilat's advanced technology exhibits superior performance and efficiency, thus meeting defense long-term requirements.

Petah Tikva's [Gilat Satellite Networks](#) is a leading global provider of satellite-based broadband communications. With 30 years of experience, Gilat designs and manufactures cutting-edge ground segment equipment, and provide comprehensive solutions and end-to-end services, powered by their innovative technology. Delivering high value competitive solutions, our portfolio comprises of a cloud based VSAT network platform, high-speed modems, high performance on-the-move antennas and high efficiency, high power Solid State Amplifiers (SSPA) and Block Upconverters (BUC). (Gilat 10.06)

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9.7. Foresight Expands Presence in the Autonomous Agricultural Equipment Market

Foresight Autonomous Holdings announced the sale of a prototype of its QuadSight® four-camera vision system to a leading global manufacturer of agricultural and construction equipment. The manufacturer will evaluate Foresight's stereo capabilities for use in agricultural machinery. This is a first prototype sale to the agricultural equipment market, which is already deploying stereo technology for autonomous driving and automatic operations to increase productivity and efficiencies for higher yields. Foresight's advanced thermal stereoscopic capabilities are designed to bring added value to precision agriculture and automated navigation, covering planting, harvesting and loading crops for shipment, especially in adverse weather and low-visibility conditions where other sensors are challenged.

According to a 2021 market report and forecast by Fact.MR, the agriculture industry has always been a major contributor to the economy and an early adopter of leading technologies. Agricultural equipment manufacturers are investing heavily in new technologies in order to increase automation of various operations and autonomous driving. According to the same report, the current global autonomous farm equipment market is currently estimated at \$742.5 million and is projected to reach \$1.89 billion by 2031.

Nes Ziona's [Foresight Autonomous Holdings](#) is a technology company developing smart multi-spectral vision software solutions and cellular-based applications. 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" accident-prevention solutions. (Foresight 09.06)

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9.8. CyberArk Advances Industry-Leading Identity Security Platform

CyberArk announced major advancements to the CyberArk Identity Security Platform to help secure high-risk access and broaden protection across cloud and hybrid environments. Global organizations of all sizes can benefit from CyberArk's comprehensive, flexible set of cloud-delivered products and shared services to achieve an unmatched Zero Trust-based approach to protecting human and machine identities.

Centered on privileged access management, the CyberArk Identity Security Platform provides customers with a unified and holistic approach to securing access for any user, across any type of application or system, from anywhere, using any device.

New Software-as-a-Service (SaaS) offerings introduced today include CyberArk Dynamic Privileged Access: Drastically reduces risk of standing access by provisioning just-in-time access to hybrid and cloud workloads, starting with Windows and Linux Virtual Machines. Dynamic Privileged Access also includes full audit capabilities, providing insight into exactly who accessed what and when. Only CyberArk secures both standing and dynamic access across hybrid and multi-cloud environments while enforcing least privilege controls.

The CyberArk Identity Security Platform's new cloud-native shared services are available to customers running CyberArk software on-premises, in their own clouds, or managed by CyberArk. As part of its Identity Security Platform, CyberArk also introduced Conjur Cloud, a SaaS-based version of its Conjur secrets management solution. Conjur simplifies securing secrets used by software development pipelines and across entire application portfolios.

Petah Tikva's [CyberArk](#) is the global leader in Identity Security. Centered on privileged access management, CyberArk provides the most comprehensive security offering for any identity – human or machine – across business applications, distributed workforces, hybrid cloud workloads and throughout the DevOps lifecycle. (CyberArk 08.06)

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9.9. AutoBrains Revolutionary AI is Central to Leading Supplier's ADAS and AV Growth Strategy

Tel Aviv's [AutoBrains](#) announced that its revolutionary unsupervised AI technology is at the center of leading Tier 1 supplier Continental's growth strategy in the advanced driver assistance system (ADAS) and autonomous vehicle (AV) market. AutoBrains is the creator of a novel AI for the automotive industry capable of overcoming the hardest challenges where current systems are plagued by barriers and will establish a faster technology trajectory for ADAS and AV systems. Unsupervised AI operates in a fundamentally different way from traditional deep learning systems currently used in ADAS and is based on multi-disciplinary research and development that allows the system to independently learn, process, and interpret relevant data from the car's surroundings in real time, leading to perception that operates much in the same way as a human brain.

AutoBrains revolutionary unsupervised AI technology is at the center of Continental's growth strategy in ADAS and AV. Key to the disruptive technology's advantages over traditional deep learning is its massively reduced reliance on expensive and often error-prone manually labelled training data sets. The unsupervised AI system successfully interprets and navigates unusual driving scenarios and edge cases where traditional supervised learning systems are least reliable. This increases driving safety and helps accelerate the adoption of ADAS and vehicles capable of higher levels of autonomy. Reduced reliance on

stored data also means AutoBrains' system requires roughly ten times less computing power than currently available systems and can be produced at lower cost, increasing accessibility of ADAS across market segments at a time when regulations are requiring more driver assistance capabilities for passenger and commercial vehicles.

AutoBrains emerged out of AI tech company, Cortica, after identifying the potential of the unsupervised learning technology to vastly improve AI for automotive. Following a period with Continental's Business Unit ADAS and co-pace "The Startup Program of Continental", in 2019, AutoBrains was formally spun off to focus exclusively on building unsupervised AI for autos. (AutoBrains 11.06)

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9.10. CoreTigo's IO-Link Wireless Communication Excels Packaging Machine Solutions

Packaging Machinery professionals use IO-Link Wireless to drive machine flexibility, adaptivity and capacity to new levels. Designed for industrial automation, the cable-grade reliable and scalable communications protocol and complementary products prove to be a necessity for Packaging in the Industry 4.0 era.

Belgium's Cloostermans utilizes IO-Link Wireless to answer demands coming in from their customers for handling a variety of designs, minimizing changeover time, reducing maintenance costs and keeping machine operation in constant motion. German Machine Builder PROTION incorporates it directly into their products, as IO-Link Wireless is vendor agnostic, hence being able to work with sensors and actuators such as vacuum pumps and grippers from different manufacturers and accommodate all simultaneously.

Netanya's [CoreTigo](#) is unbinding the industrial space by providing high-performance IO-Link Wireless communication solutions for machine builders, system integrators and industrial equipment manufacturers. CoreTigo's products enable the design and retrofit of machines and production lines that were not possible before. These solutions increase flexibility, adaptivity and modularity, resulting in cost effectiveness, increased productivity and downtime reduction. (CoreTigo 14.06)

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9.11. Stratasys New PolyJet 3D Printing Solutions for Superior Design

Stratasys announced two new PolyJet™ 3D printers, the Stratasys J35™ Pro and the Stratasys J55™ Prime, along with new software solutions for research and packaging prototyping. Stratasys has accelerated its pace of innovation using PolyJet technology as designers and engineers work to bring new and better products to market faster and more efficiently. The J35 Pro represents the first multi-material 3D printer for the desktop from Stratasys, while the J55 Prime extends the value of the J55 3D printer to include a new set of versatile materials providing tactile, textual, and sensory capabilities in addition to full color.

The J35 Pro 3D printer accommodates everything from concept modeling to high-fidelity, realistic, fully functioning models. This new all-in-one, multi-material desktop 3D printer is ideal for the engineering and design office setting. With the J35 Pro, users have the option to combine a variety of materials, including Vero™ UltraClear, which can be printed simultaneously giving engineers and designers the versatility to produce parts that match their exact needs.

The J55 Prime builds on the technology of the Stratasys J55™ 3D printer introduced in 2020. This new system goes beyond full-color printing with new materials that enable tactile, textual, and sensory capabilities. In addition to the existing highly realistic visual models, the printer utilizes multiple materials that cater to design, functional and biocompatible prototyping

Rehovot's [Stratasys](#) is leading the global shift to additive manufacturing with innovative 3D printing solutions for industries such as aerospace, automotive, consumer products and healthcare. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions

deliver competitive advantages at every stage in the product value chain. The world's leading organizations turn to Stratasys to transform product design, bring agility to manufacturing and supply chains, and improve patient care. (Stratasys 15.06)

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9.12. Pcsys Rebrands as Pentera & Unveils RansomwareReady Automated Attack Module

Pentera (formerly Pcsys), the leader in automated security validation, today unveiled RansomwareReady — a new module of the Pentera platform that emulates the world's most destructive ransomware strains. Pentera provides security teams complete visibility of the most severe vulnerabilities that adversaries and ransomware exploit to compromise critical assets and disrupt business operations.

With this release, Pentera disrupts traditional approaches to vulnerability management by showing CISOs exactly how attackers and ransomware threats will exploit their network and infrastructure. Pentera is the only platform that safely automates real adversary tactics and techniques inside of the network. This fast tracks a CISO's ability to identify and prioritize the critical weaknesses across security programs that create systemic risk and that adversaries exploit to shut down business operations.

The Pentera platform automates real-time penetration tests at scale, safely performing the actions a malicious adversary would — reconnaissance, sniffing, spoofing, cracking, (harmless) malware injection, file-less exploitation, post-exploitation, lateral movement and privilege escalation — all the way to data exfiltration. Pentera gives security teams a complete attack operation view to provide a true assessment of their resiliency against real attacks, focusing on remediation that matters.

Petah Tikva's [Pentera](#) is the category leader for Automated Security Validation, allowing every organization to test with ease the integrity of all cybersecurity layers, unfolding true, current security exposures at any moment, at any scale. Thousands of security professionals and service providers around the world use Pentera to guide remediation and close security gaps before they are exploited. (Pentera 16.06)

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9.13. RADA Teams Up with BeyondMinds on Advanced AI Solutions for Tactical Radars

RADA Electronic Industries and BeyondMinds have executed a Letter of Intent to establish strategic teaming to develop and productize advanced AI and deep learning (DL) solutions for RADA's tactical radars. RADA has defined AI as a core capability, and has recently assembled a core group, which along with BeyondMinds' cutting-edge AI models and unique solutions, is expected to maintain and enhance RADA's leadership in the market of tactical radars for the maneuver force. Solutions will focus on increased accuracy, advanced target classification and dynamic adaptation of radar performance to the ever-changing operational environment. A definitive agreement is due by end of July 2021.

Netanya's [RADA](#) is a global defense technology company focused on proprietary radar solutions and legacy avionics systems. The Company is a leader in mini-tactical radars, serving attractive, high-growth markets, including critical infrastructure protection, border surveillance, active military protection and counter-drone applications.

Founded in 2018, Tel Aviv's [BeyondMinds](#) has developed a production-grade AI platform which enables the acceleration of AI adoption in diverse verticals including BFSI, manufacturing, government and military. BeyondMinds' AI platform overcomes the massive failure rate of AI adoption, enabling enterprises a fast, easy, and reliable path to AI impact. (RADA 21.06)

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9.14. Similarweb Launches Shopper Intelligence to Understand Digital Consumer Behavior

Tel Aviv's [Similarweb](#) announced the launch of its first solution focused exclusively on the e-commerce landscape, Shopper Intelligence. Initially offered with limited availability earlier this year, Shopper Intelligence is now widely available across seven countries, expanding Similarweb's addressable market.

Whereas traditional approaches to market research can only offer limited insight into e-commerce activity, Shopper Intelligence analyzes consumer shopping behavior across desktop and mobile web, and provides a comprehensive solution for understanding the entire digital customer journey. Similarweb's robust retail algorithm, paired with Similarweb's unique combination of digital intelligence sources, gives Shopper Intelligence users powerful visibility into e-commerce traffic, behavior, and sales activity.

Shopper Intelligence will estimate digital consumer behavior across both eCommerce marketplaces and first-party shopping websites. At launch, the solution is focused on Amazon and enables brands and retailers to uncover browsing and purchase behaviors on the retail giant. (Similarweb 22.06)

10. ISRAEL ECONOMIC STATISTICS

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10.1. Israel's CPI Rises by 0.4% in May

Israel's Consumer Price Index (CPI) rose by 0.4% in May 2021, the Central Bureau of Statistics announced. This level is below the pundits' consensus of 0.5%. This was the second consecutive month that the CPI was below their expectations. Since the start of 2021, the CPI has risen 1.5% and over the past 12 months, the CPI has also risen 1.5%.

There were significant price rises in May in fresh fruit (13.7%) clothing (2.4%), and culture and entertainment (1.9%) and significant price falls in fresh vegetables (2.2%). The housing prices index, which is separate from the CPI, continued to rise in the period March-April, in comparison with February-March, climbing by 1%. Housing prices have risen 5.6% over the past 12 months.

During March-April compared with February-March, housing prices in Jerusalem rose 1.6%, in Tel Aviv prices rose 1.4%, in Haifa prices rose 1.2%, in the north prices rose 1.2%, in Central Israel prices rose 0.9%, and in the south prices fell 0.6%. (CBS 15.06)

11. IN DEPTH

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11.1. ISRAEL: Wave of IPOs Creates New Israeli Tech Tycoons

[Globes](#) observed that the growing wave of Israeli tech company IPOs on Wall Street has generated billions of dollars 'on paper' for a range of entrepreneurs at these companies, as well as for individual investors who believed in those companies in their early stages.

Globes found that following the IPOs of six Israeli tech companies on Wall Street in 2020 and 2021, 15 entrepreneurs and individual investors from Israel hold shares worth a combined \$5 billion, and the list is only expected to lengthen in the coming months. Since the start of 2021, four Israeli tech companies have held IPOs on Wall Street, while others have filed prospectuses ahead of future flotations - all of the companies worth billions of dollars.

The most recent of these IPOs was last week when work operating system company monday.com raised \$574 million, which is likely to grow by an additional \$57.4 million, if the underwriters exercise their options within 30 days at the IPO price. monday.com's IPO was completed at a company valuation of \$6.8 billion and the share price subsequently rose 22%, giving a market cap of \$8.3 billion. The company's cofounders

and co-CEOs have much to smile about - Roy Mann's shares are now worth \$1.1 billion and Eran Zinman's shares are worth \$436 million.

One of the early investors in Monday.com was Wix.com. Wix CEO Avishai Abrahami invested privately back in 2012 and now finds himself with shares worth \$294 million. Abrahami continues to hold Wix shares worth \$492 million. Another private investor in Monday.com is Entrée Capital cofounder and managing partner Aviad Eyal who holds shares worth \$140 million, while Entrée Capital itself has shares worth \$910 million. As far as is known, Entrée Capital and Eyal together invested just \$13 million in Monday.com, and have earned astonishing returns on their investment.

Three Global-E Founders Worth \$900 Million

Monday.com reached Wall Street a month after international e-commerce platform Global-E and web behavior and traffic analytics company SimilarWeb. Over the past month, Global-E's share price has jumped 86% and its three founders CEO Amir Schlachet, COO Shahar Tamari and CRO Nir Debbi each hold shares worth about \$300 million.

SimilarWeb's share price has slipped slightly since the IPO and the company is 'only' worth \$1.6 billion but CEO and founder Or Ofer still holds shares worth \$124 million, having sold shares worth \$11 million. Serial entrepreneur Yossi Vardi, who invested in SimilarWeb's seed financing round in 2007 and increased his stake in subsequent financing rounds, has shares in the company worth \$84.5 million.

The largest-ever IPO of an Israeli company took place in January 2021 when gaming company Playtika held its flotation. Playtika is controlled by a Chinese company, which bought it in 2016 from an American company, which in turn had bought it from founder and CEO Robert Antokol in 2010. Playtika went public at a valuation of \$11.1 billion and today is worth slightly less at \$10.6 billion. Antokol currently has shares worth \$258 million.

Lemonade's Founders Have Shares Worth \$650 Million

Last year there were only two major IPOs by Israeli tech companies - digital insurance company Lemonade in July 2020 at \$29 per share and) automatic software updating company JFrog in September 2020 at \$44 per share.

Lemonade's share price soared to \$183 at its peak but has since fallen back to \$106, giving it a market cap of \$6.5 billion. Cofounders CEO Daniel Schreiber and CTO Shai Wininger hold shares worth \$287 million and \$359 million respectively.

Schreiber sold shares for \$49.5 million several months ago, as part of a secondary offering at a price \$165 per share. Wininger, who was also a cofounder of freelance platform Fiverr, which held its IPO in 2019, currently holds shares in Fiverr worth \$346 million, although he is no longer a party-at-interest in that company.

JFrog's share price is currently \$47.3, slightly above its IPO price, giving it a market cap of \$4.4 billion. The company's three cofounders have sold shares worth \$63 million while JFrog CEO Shlomi Ben Haim still has shares worth \$242 million, Chief Data Scientist Fred Simon has shares worth \$266 million and CTO Yoav Landman has shares worth \$345 million.

Israeli tech companies expected to conduct Wall Street IPOs in the coming months, having filed prospectuses with the US SEC, include cybersecurity company SentinelOne, which has yet to report an expected valuation, but could be one of Israel's largest-ever IPOs with founder and CEO Tomer Weingarten holding a 4% stake. Digital adoption SaaS company WalkMe is planning an IPO at a company valuation of \$2.5 billion, which would give cofounders CEO Dan Adika, and president Rephael Sweary stakes worth more than \$60 million each.

SPAC Mergers Worth \$40 Billion Await

Alongside these IPOs, a long list of Israeli tech companies with a combined value of \$40 billion have agreed to go public on Wall Street through a merger with a special purpose acquisition company (SPAC), a blank check company, which raises money and then seeks a promising tech company to merge with.

Among the SPAC mergers due to be completed in the coming few weeks are: app monetization company ironSource at a company valuation of \$11.1 billion and content recommendation company Taboola, at a company valuation of \$2.6 billion. ironSource founder and CEO Tomer Ben-Zeev has a stake of between 5.7% and 7.3%, while other founders Tamir Karmi and Arnon Harish each have stakes of 2.1%-2.7%. Taboola founder and CEO Adam Singolda has a 6%-6.6% stake. (Globes 14.06)

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11.2. SAUDI ARABIA: The Saudi Drive to Lead the Green Revolution in the Middle East

Kim Noach and Yoel Guzansky wrote in [INSS](#) Insight on 9 June that in recent months, Saudi Arabia has joined the green wave, and has worked to position itself as a leader of the renewable energy revolution. What lies behind this new Saudi approach (hint: not only environmental concerns) – and how might Israel benefit from this?

Saudi Arabia, which alongside the United States is ranked first in greenhouse gas emissions per capita, has launched an ambitious initiative for itself and for the Middle East, integrated into the kingdom's 2030 Vision: producing 50% of its energy needs from renewable energy by 2030. The motives for the initiative are economic and political, and not purely environmental – namely, a desire to score points with the current US administration, which has placed environmental issues high on its agenda. Israel should consider avenues for cooperation with Saudi Arabia on environmental issues, with an emphasis on energy aspects, as this may be a basis for deepening ties between the two countries.

On 27 March 2021, Saudi Crown Prince Mohammad bin Salman announced the Saudi and Middle East Green Initiatives, including the Middle East Green Initiative, in a drive to spearhead a comprehensive Saudi environmental process in the Middle East. Intended is a regional roadmap, designed to help achieve goals defined by the international community in the fight against global warming, based mainly on reducing greenhouse gas emissions. The initiative fits in with the 2030 Vision, which bin Salman announced in 2016, as the environmental struggle involves reducing oil consumption and transitioning toward renewable energies.

The green initiative includes the largest forestry project in the world, which will increase vegetation within Saudi Arabia (commitment to plant 10 billion trees and thereby contributing 1% to the global goal of planting trees) and in its neighboring countries (another commitment to plant 40 billion trees across the Middle East, which will contribute 5% of the global target). The green initiative also includes a commitment to reduce the country's carbon emissions, fight pollution and soil erosion, preserve marine life, and increase the percentage of protected areas in the country.

Particularly ambitious is bin Salman's statement that by 2030, 50% of the kingdom's energy consumption will be from renewable energy (according to the International Energy Agency, in 2018 less than 0.05% of Saudi Arabia's electricity supply came from renewable energy). On 8 April, the Crown Prince held an opening ceremony at the SAKAKA solar power plant, where he also announced seven new solar projects. In tandem, the Saudi Public Investment Fund has launched the Sudair Solar Energy project in Sudair Industrial City, one of the country's largest solar parks. The total capacity of all projects is 3.67 gigawatts, expected to supply energy to more than 600,000 households in a way that according to the Saudi Ministry of Energy will reduce greenhouse gas emissions by more than 7 million metric tons. These developments are intended to accelerate the transition to green energies within the framework of the 2030 Vision and to position Saudi Arabia as a global hub for conventional and renewable energy. According to bin Salman, who links the green initiative to his overall philosophy of modernization, these climate-friendly actions will

lead to economic diversity and improve competition, stimulate innovation, and create millions of quality jobs in the kingdom, a critical issue for the younger generation, challenged by major unemployment.

Indeed, it is clear that questions of unemployment and economic (and therefore political) stability are related to Saudi Arabia's green motivation to divert the resources freed up from saved energy toward necessary structural reforms in the economy. The coronavirus pandemic intensified economic pressures on the kingdom and once again illustrated the intensity and extent of its dependence on the global oil market. Striving for the production of green sources of income that are not dependent on oil requires extensive resources, which compete with the resources needed today in order to temper the decline in the population's standard of living. Saudi Arabia estimates that a move to reduce the use of polluting fuels will save the kingdom about \$200 billion in the next decade, which in turn can be channeled to economic reforms. Bin Salman seems to understand that he must take risks in the field of internal stability in the short and medium term in favor of the long term. The risk stems from the threat to the population's extravagant lifestyle and living conditions under the "contract" between the ruler and his citizens, which is the basis of the monarchical order.

Saudi Arabia is particularly sensitive to the effects of global warming and is trapped in a vicious circle of climatic conditions: as temperatures rise, so does the demand for electricity for air conditioning, which in turn requires the burning of fossil fuels that contribute to global warming. The same is true when it comes to desalination. The shortage of drinking water, which is increasing in the face of population growth and rising temperatures, means that Saudi Arabia already has the largest desalination plants in the world – which increase the country's energy consumption and greenhouse gas emissions. According to the World Bank, Saudi Arabia ranks first in greenhouse gas emissions per capita, alongside the United States. Although the kingdom has faced environmental challenges for decades, including rising temperatures, water shortages, and pollution, the solutions it proposed so far have been financial, such as the purchase of extensive agricultural land in South America and Africa to grow crops or expensive agricultural subsidies in the kingdom itself. Thus the question is how far the kingdom will proceed in implementing the green initiative, especially as a country marked by a culture of waste, among the highest in the world.

However, in Saudi Arabia there is a growing understanding that reducing the use of conventional energy sources is inevitable in light of the new global environmental initiatives that are expected to dictate market forces. Researchers suggest that the change will be rapid and total, as the exponential growth phase tends to continue until the new technology accounts for about 75% of its ultimate size in the global market. The areas that will be able to prepare themselves for change will benefit from the move, while those lagging behind can expect significant economic losses. After years of increased national oil consumption, the Saudi Minister of Energy (whose title until September 2019 was Minister of Oil), declared in March that Saudi Arabia intends to reduce its consumption of liquid hydrocarbons (oil and natural gas). On the one hand this will help reduce its greenhouse gas emissions, and on the other hand it will allow it to maintain its position as a hydrocarbon exporter: a reduction in domestic consumption will increase Aramco's long-term available capacity, until the world is fully weaned from oil.

In this way, Saudi Arabia will be able to make full use of its profits from polluting energies and at the same time finance and develop its renewable energy economy. Saudi Arabia, as well as the United Arab Emirates, understands that with the gradual withdrawal of oil comes the opportunity to be one of the leaders in the renewable energy market, and even hold a significant share of this market in the world, if it invests most of its resources in such a move.

It is likely no coincidence that the Saudi green initiative was announced early in the Biden administration, which unlike its predecessor has emphasized its commitment to climate issues. Relations between Riyadh and Washington are at a sensitive stage of "recalibration": while the Trump administration enjoyed intimate relations with Saudi Arabia, the Biden administration has assumed a more principled, working stance that will promote American interests, but not ignore values such as human rights and environmental issues. At the International Climate Summit organized by the US President on Earth Day (22-23 April) with the participation of world leaders, King Salman declared that Saudi Arabia will host the Green Initiative Forum this year as well as a summit meeting for the Middle East Green Initiative.

While the King and Crown Prince stressed the importance of regional cooperation in the field, it is clear that Saudi Arabia aims to lead the process and not join other initiatives. For example, in April 2021, representatives from all the Gulf states and other Arab countries met in Abu Dhabi for a regional dialogue on climate issues, with the participation of the United States Special Presidential Envoy for Climate, John Kerry, though without the participation of a representative of Saudi Arabia, which had announced its own green initiative only a few days earlier. Among the Gulf states, the UAE is considered a leader in green initiatives, developing solutions and other renewable technologies, especially solar energy, nuclear energy, and green cities like Masdar. The United Arab Emirates is also home to the headquarters of the International Renewable Energy Agency (IRENA) and has set itself the goal of having 30% of its energy needs green by 2030. The lack of a Saudi representative in environmental initiatives from the Emirates raises questions about possible future competition in the Gulf around the transition to renewable energies.

Conclusions and Implications for Israel

The green initiative launched by Saudi Arabia is highly ambitious and seeks to position it as a leader in the environmental struggle in the Middle East. Some scientists and diplomats consider this move unfounded, and question the ability of Saudi Arabia, a country whose economy is oil-based, to meet the Green Initiative goals. Even the Saudi leadership lacks unanimity on the matter. In early June, Minister of Energy Abdulaziz bin Salman, brother of MBS, spoke out against the International Energy Agency report presenting a roadmap for the transition to renewable energy by 2050, claiming it was disconnected from reality – or as he put it, “a sequel of [the movie] La Land.” This sharp rhetoric hints at possible rivalry within the leadership regarding the proposed environmental policy.

However, the competitive element in the region can certainly encourage the strong desire and seriousness to realize ambitious goals. Many support the initiative and emphasize the importance of reducing gas emissions in Saudi Arabia, along with investment in atmospheric carbon dioxide absorption programs, such as the Saudi industry's forestry project, designed to help deal with carbon emissions. However, the promises of many states under the Paris Accord have not yet been realized, and Saudi Arabia is no exception. Thus, even if its intentions are good and ambitions are far-reaching, they should be taken with a grain of salt.

It seems that environmental cooperation will be a major issue in the international arena in the coming years, especially under the Biden administration. The normalization between Israel and various countries in the Middle East offers opportunities for fostering cooperation in environmental areas as well, with an emphasis on energy. In addition, environmental collaborations could form a central element in a framework for creating relations with regional players with whom Israel has not yet established relations. (INSS 09.06)

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11.3. SAUDI ARABIA: A Sharp V-Shaped Macro Recovery Outlook for the Kingdom

On 17 June, the Group Research Department of [Bank Audi](#) issued its annual report on the state of the Saudi Arabian economy.

2020 Was a Very Challenging Year for the Kingdom

The year 2020 has been a noticeably challenging year for Saudi Arabia amid Pandemic spillovers and low oil prices for most of the year. Real GDP growth is assumed to have reported its first contraction in almost three years, registering -4.1% in 2020. It is yet worth mentioning that real non-oil GDP growth rebounded in the second half of 2020 and high-frequency indicators suggest the recovery has continued in 2021. The unemployment rate for Saudi nationals increased to 15.4% in the second quarter of 2020 before declining to 12.6% in the fourth quarter of the year.

Noticeable current account deficit in 2020 likely to shift to a surplus in next two years

Following the twin shocks of coronavirus pandemic and the lower oil prices amid the global downward demand since end of January 2020 urging the cut in oil production implied by the OPEC agreement, Saudi Arabia witnessed in 2020 net deterioration in its external position. In fact, the current account balance of 2020 witnessed a deficit for \$19.6 billion, against a surplus of \$38.2 billion in 2019. It is worth noting that the current account is forecasted to shift back from a deficit of 2.8% of GDP in 2020 to a surplus of 3-4% of GDP in the next two years as per the IMF, as oil and non-oil merchandise exports are expected to pick-up globally, accompanied by gradual resumption of religious tourism receipts and higher domestic capital spending.

Widening budget deficit during pandemic despite commitment to fiscal consolidation

Fiscal performance in Saudi Arabia took a blow from the Coronavirus crisis and lower global oil demand and prices over 2020. The budget balance dipped further into negative territory amid significant contractions in total revenues despite a series of initiatives introduced over the year, while expenditures increased mildly amid spending efficiency. The Saudi fiscal deficit widened from SR 132.6 billion (\$35.5 billion) in 2019 to SR 293.9 billion (\$78.4 billion) in 2020, and reached 11.3% of GDP in 2020, up from 4.5% in 2019. Looking forward, the VAT rate increase, an oil price rebound, the expiration of Coronavirus-related spending and the government's continued efforts to improve spending efficiency and achieve fiscal discipline are expected to help narrowing the fiscal deficit in 2021. Within this context, the IMF projects the fiscal deficit to decline to 4.2% of GDP in 2021, lower than the budget forecast of 4.9%.

Rising inflationary pressures following tripled VAT, FX reserves on the decline

The first four months of the year 2021 were underpinned by rising inflationary pressures following a tripled VAT starting July 2020, and further contractions in the Saudi Central Bank's FX reserves amid widening fiscal deficit, while key policy rates remained unchanged since March 2020 as the Saudi Central Bank continued to track US Federal Reserve monetary policy easing due to the peg. In details, consumer prices in Saudi Arabia grew by 5.3% on average during the first four months of 2021 when compared to the same period of the previous year, mainly reflecting tripled VAT to 15% starting July 2020.

Significant growth in banking activity, supported by buoyant lending growth

Saudi Arabia's commercial banking sector remains on a solid footing. The sector has performed well in the past few years, supported by the growth in net profit and growth in banking activity. Measured by total assets of operating banks, banking activity grew by 13.2% in 2020 and by a further 3.5% in the first four months of the year 2021. The government's initiatives to expand home ownership has generated a surge in mortgage lending, supporting loan growth through a difficult 2020, with lending growth reporting a high of 14.3% in 2020 and a further 6.7% in the first four months of 2021. The government's ambitious economic diversification plans will create significant lending opportunities to new sectors over the coming years, albeit these will take some time to materialize. On the negative side, non-performing loans are expected to increase due to the effects of COVID-19 (though not to levels that would be any cause for alarm).

A sharp V-shaped macro recovery expected amid low base effects

Looking forward, the real economy is set to considerably rebound from its low base of last year, to undergo a sharp V-shaped recovery. Real GDP growth is projected by IMF at 2.1% this year and 4.8% in 2022. Non-oil growth is projected at 3.9% in 2021 and 3.6% in 2022 compared to a contraction of 2.3% in 2020. Real oil GDP growth is projected at 0.5% in 2021 (-6.7% in 2020) given production levels agreed by OPEC+ and 6.8% in 2022 as the OPEC+ agreement is assumed to end as announced. In parallel, inflation is projected at 2.8% in 2021, from a 3.4% level in 2020, as per IMF forecasts. (Bank Audi 17.06)

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11.4. EGYPT: Egypt's Digital Infrastructure - 2020 Growth & Key Trends

As [Enterprise](#) has been noting in recent months, 2020 was a year of rapid digitization. As the pandemic brought new restrictions for millions of people, Egypt saw a sharp rise in the use of digital services, social media, financial technology, and e-commerce platforms. The Digital 2021: Egypt report by Data Reportal, which collects data from the UN, World Bank, Google and more to give Enterprise insight into where Egypt stands in its digital development.

2020 saw exciting new trends, but we have a long way to go: The report found that as of January 2021, Egypt had a mobile penetration rate of 92.7% and an internet penetration rate of 57.3%. In 2020, Egypt saw a 2.9% y-o-y increase in mobile connections and an 8.1% y-o-y increase in internet usage, not surprising, since the lockdown happened, and came in tandem with the CIT Ministry's efforts to boost internet infrastructure at the start of the pandemic. We also see the emergence of things like the smart home devices, which grew in 2020. Other trends were already clearly visible (think e-commerce, social media usage, etc.). That said, the report notes that we still lag behind on key things, such as financial inclusion.

Surprisingly, fixed internet connection speed saw a much more muted increase in 2020, after shooting up 293% y-o-y in 2019. In 2020, the average download speed for fixed internet connections increased 31.5% y-o-y to 34.88 MPS (megabits per second). This came after rising a massive 293% y-o-y in 2019 to 26.52 MPS. While the report was scant on what could have caused this, we can assume lockdown measures had hampered the installation of fiber optic cables, combined with the network overload and demand during the lockdown.

Looking ahead, we know fiber optic cables will remain key to the gov't digitization strategy. Last year, the government announced plans to increase the average internet speed to 40 Mbps in 2021. This year, Telecom Egypt is establishing a new fiber optic connection between the Red Sea and the Mediterranean. As of April, fiber optic connectivity was set to become one of the public utilities required for new construction permits. The rollout of more fiber optic cables nationwide is integral to recently-announced economic and social structural government reforms.

In 2020, the average download speed for mobile internet connections increased 20.9% to 20.42 MPS (megabits per second), Data Reportal tells us. By contrast, the average speed for mobile internet connections in 2019 decreased slightly y-o-y by 0.4% to 16.89 MPS.

In 2020, Egypt's overall score on GSMA Intelligence's Mobile Connectivity Index rose to 55.71 out of 100, compared to 54.24 in 2019. The index measures the performance of 170 countries every year according to key metrics of mobile internet adoption. Though Egypt still ranks in the bottom 50% of the Index, behind the UAE (78.2), Jordan (60.4), Tunisia (60), Morocco (59.9) and Lebanon (59.9), but ahead of Algeria (53.2), Libya (50.9), Iraq (45.5) and Sudan (35.1).

Social media usage in 2020 increased at double the rate of 2019: 2020 saw a 16.7% y-o-y increase in active social media users, compared to a 7.3% y-o-y increase in active social media usage in 2019. As of January 2021, Egypt had a social media penetration rate of 47.4%. The 40% y-t-d increase in internet traffic noted by Orange Egypt's Chief Enterprise Line of Business Officer Hisham Mahran in April 2020 was largely driven by social media.

The consumer goods e-commerce market grew 63.5% y-o-y in 2020, to stand at \$3.27 billion, with an estimated 41.36 million people purchasing consumer goods on the internet as of January 2021. This ties in with Jumia Egypt's reports of soaring pandemic-driven growth.

It's further proof that e-commerce has become a key purchasing habit: Among 16-64 year old internet users, 20.6% make mobile payments, 56.9% pay for digital content, 33.7% pay online for ride-hailing apps, and 41.3% pay online for food delivery every month.

But overall, financial exclusion remains a challenge to the growth of the digital space. Though e-commerce, fintech and digital payments saw sharp growth during the pandemic, their adoption among most Egyptian citizens is low in an absolute sense, Data Reportal shows. Only 3.5% of the population aged 15+ reports paying bills or making purchases online — hardly surprising, given only 32.8% report having an account with a financial institution and only 3.3% have a credit card.

The food delivery market value was up: Food delivery transactions rose 44.1% y-o-y to \$81.10 million, with 3.59 million people using online food delivery services as of January 2021. Market demand was clear when Jumia launched a dedicated food delivery service to fill the gap created by Uber Eats and Glovo's exits.

While ride-hailing was understandably down: Meanwhile, Ride-hailing transactions fell 37.4% y-o-y in 2020 to \$115.1 million, with 1.88 million people using ride-hailing services as of January 2021, according to Data Reportal. Decreased use of shared transport was clear at the start of the pandemic, with ride-hailing startups feeling the hit of the lockdown.

One surprising upshot - smart home device adoption soared in 2020: Egypt's smart home penetration grew 11.1% y-o-y in 2020, compared to 86% y-o-y in 2019. As of January 2021, smart home devices were in 1.6 million homes, up from 280k in January 2020. Smart home device purchases grew 49.4% y-o-y in 2020, compared to a 94% y-o-y increase in 2019. Market value rose to \$133 million in January 2021 from \$94 million in January 2020. (Enterprise 15.06)

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11.5. EGYPT: Egyptian Concerns Grow Amid Ethiopia's Plan to Build Dozens of Dams

Mohamed Saied posted in [Al-Monitor](#) on 9 June that Ethiopia announced a plan to build dozens of additional dams at a time when tensions with Egypt and Sudan over the Grand Ethiopian Renaissance Dam are on the rise due to failure to agree on filling and operating the dam.

Egypt has recently criticized the statements of Ethiopian Prime Minister Abiy Ahmed regarding a plan to build dozens of additional dams in different parts of Ethiopia. The statements come at a time when tensions are on the rise between Egypt and Ethiopia, in addition to Sudan, over a huge hydroelectric dam that Ethiopia is building on the Blue Nile, the main tributary of the Nile River. Egypt and Sudan fear their water share might be affected by the Grand Ethiopian Renaissance Dam (GERD), while Ethiopia claims the project is important for its development.

In a 30 May speech at the inauguration of the first stage of an expressway project in Ethiopia, Ahmed said that his country will build more than 100 small and middle-sized dams across different parts of the country during the new fiscal year. He noted that joint work is the only way to resist any forces opposing Ethiopia, without naming these forces. Ahmed continued that the dams aim at increasing agricultural production three-fold per year, and consequently, ensuring food security. He called on Ethiopians to unite to achieve the developmental programs of the state.

In response, Ahmed Hafez, spokesman for the Egyptian minister of foreign affairs, voiced Egypt's refusal of Ahmed's statements, saying in an official statement on 31 May that they reveal once again Ethiopia's bad intentions as it deals with the Nile River and other international rivers shared with neighboring countries as inland rivers under its sovereignty and serving its own interests. He said, "Ahmed's statements are a continuation of a regrettable approach that disregards the rules of international law."

Hafez noted that Egypt has always recognized the right of all Nile Basin countries to build water projects and exploit the resources of the Nile River to achieve development for its people. But these projects and water facilities must be built in coordination, negotiation and agreement with countries that might be affected by them, mainly the downstream countries, he added. Hafez called on Ethiopia to respect the other riparian states and not harm their interests as per the rules of international law that regulate the use of international rivers.

Paul Sullivan, a professor at the US National Defense University in Washington, told Al-Monitor, “It is clear that Ethiopia wants to have more control over its waters.” Sullivan said that building more dams during these tense times shows further antagonism and aggression, which is the opposite of what should be done to find a peaceful solution with Egypt and Sudan.

The ongoing attempts of the African Union to mediate a deal that would end the ongoing deadlock in the tripartite negotiations and reach a legal, binding agreement on filling and operating the GERD have so far failed. The last round of talks in Kinshasa on 4-5 April did not result in an agreement to resume negotiations. Each party accused the other of obstructing the talks.

Ashok Swain, a professor of peace and conflict research and UNESCO chair of international water cooperation, told Al-Monitor, “No international law bars Ethiopia [from] building new dams upstream.” He said, “Ethiopia can argue that it needs to build the dams to use the Blue Nile water equitably, against Egypt’s and Sudan’s claims over historical use [of the river’s waters].”

Ethiopia is pressuring Egypt and Sudan to include the countries’ historical shares of the Nile water in the topics up for negotiation over the GERD.

Meanwhile, it seems Ethiopia attempted to appease Egypt’s concerns about being affected in case additional dams are built. Dina Mufti, spokesman for the Ethiopian Ministry of Foreign Affairs, said during a press conference on 3 June that his country is committed to the laws of transboundary rivers and asserted that building new dams will not harm neighboring countries, especially the two downstream countries (Egypt and Sudan).

In his statement, Ahmed did not clarify the location of the potential dams and on which rivers they would be built, despite nine large rivers passing through Ethiopia. Mufti said, “Ethiopia has many inland rivers that are not transboundary. We do not see a problem with building 10 or 100 dams [on those inland rivers].” On the timing of Ahmed’s statements, Swain said, “This is pre-election political rhetoric as the elections [in Ethiopia] are scheduled for June 21.”

He added, “While the Ethiopian economy was doing well, the country and its diaspora have [invested a lot] to build the GERD. Building another 100 dams on the upstream needs huge investments. Considering Ethiopia is gradually becoming a pariah state for the West and given that its economy is taking a sharp downward turn and it is engaged in a devastating civil war, the only possible source of funding is China.”

Swain said that given the precarious security situation in the region and the likely strong opposition from the downstream countries, he was not sure how far China would go in funding these dam projects. “These dams are not a reality in the short run, but they bring more mistrust and further complications to negotiation,” he noted.

Ethiopia is planning on filling the GERD during the next rain season in July and August, regardless of whether an agreement with the two downstream countries has been reached. In the past year, Ethiopia went ahead with the first phase of unilaterally filling the dam’s reservoir with a capacity of 4.9 billion cubic meters, which angered Egypt and Sudan. Egypt and Sudan want a binding legal agreement on the filling and operation of the dam, provided it includes an effective and binding mechanism to settle future disputes. But Ethiopia wants an agreement that includes nonbinding guiding principles. Swain said, “[Ahmed] is using the tension over the GERD — besides the Tigray war — to polarize the electorates to win the election.”

It seems Ahmed is trying to settle the elections that have been repeatedly postponed in his favor to remain in his position. Meanwhile, the country in East Africa is plagued with racial and political divisions. In early June, Egyptian media outlets shared an audio recording of Ahmed in which he purportedly said that he would rather die than hand over power. Ethiopia denied the veracity of the recording, and the Ethiopian News Agency accused Egyptian media of being misleading to stir up the public opinion in Ethiopia due to the disagreement over the GERD issue.

Swain added, “[Ahmed's] insistence on not accepting the United Nations, United States and European Union as negotiators, refusing to sign a legally binding agreement and now, boasting about building 100 dams are clear signs of his reluctance to work for a negotiated settlement on the filling process of the GERD.” On the future of tensions between Egypt, Sudan and Ethiopia, Sullivan said, “The best solution is to cool down all sides involved and come to some peaceful and fair compromise. Barring this, anything might happen.” (Al-Monitor 09.06)

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11.6. EGYPT: How Egypt's Higher Education has Grown in the Last Seven Years

[Enterprise](#) published that Egypt's the Higher Education Ministry ran a comparison in early June of the state of higher education in 2021 versus where it was back in 2014.

All the stats are pointing upwards, with more students, universities, faculties, faculty members, published academic papers and university hospitals. Also significant is the fact that public and private sector spending has been growing in tandem. While supply doesn't always keep up with demand — particularly in the outlying governorates — what we see here is robust sector growth on all sides, reflecting both population and GDP growth.

In total, 3 million students are enrolled in Egypt, which is 30.4% higher than the 2.3 million seven years ago. Postgraduate students jumped to 430,000, up 11.7% from 385,000 in 2014.

Some 1,150 students were sent to study abroad in 2021, either via student exchange programs or postgraduate governmental scholarships. This is more than double the number sent in 2014. UNESCO data last year showed that, in total, the number of Egyptians who study overseas has almost quadrupled over the past two decades, growing from 8,800 in 2000 to 34,900 in 2017-2018. The government has made reversing this trend a priority which it is addressing through its internationalization strategy. This includes regulations issued two years ago mandating universities launch new faculties to form academic partnerships with foreign universities that rank higher than Egypt's highest ranking academic institution.

There are 87,000 international students currently enrolled in Egypt's public and private universities, almost quadrupling from 22,000 in 2014. The Supreme Council of Universities announced in 2017 a strategy to increase the total number of foreign students to 200,000. The government is reportedly aiming to increase international students' contribution to the economy to \$700 million, from some \$186 million in 2017.

Egypt currently boasts 36 private universities and technical colleges that offer apprenticeship programs, up 100% from 18 in 2014, with a more diversified portfolio of faculties. The number of faculties in those universities also doubled to a total of 264, compared to 132 in 2014. Private academies rose 9% between 2014 and 2021, reaching a total of 172.

The number of public universities jumped from 23 to 27 between 2014 and 2021, marking a 17.4% increase. These universities boast 494 faculties, increasing by 26% between 2014 and 2021. There are also 188 programs in public universities, up by almost 60% from 118 in 2014. University hospitals also increased by 30%, reaching 115 in total in 2021.

The Education ministry's budget increased 160% between 2014 and 2021, reaching a total of EGP 65 billion, compared to EGP 25 billion six years ago. The government will invest more in the coming fiscal year, with the state public investment plan aiming to complete the construction of three public universities, setting up 12 new non-profit private universities and operating nine digital ones.

Today, there are several faculties and specializations that cater to the workforce of tomorrow. For instance, you can now study motorsports engineering and computer games development at the European Universities in Egypt (EUE); nuclear power stations engineering at the Egyptian Russian University (ERU); and ethical hacking and cyber security at The Knowledge Hub Universities (TKH). The number of faculties

and programs accredited by the National Accreditation and Quality Assurance Authority (NAQAA) jumped 300% to 186 this year, compared to a paltry 46 back in 2014, according to the figures.

Over 126,000 faculty members and teaching assistants are currently working at universities in Egypt, which is almost 19% more than the 106,000 in 2014. The amount of published scientific research papers doubled within six years, reaching 31,700 papers in 2021. The Spain-based SCImago Journal Rank says that the number is even higher, noting over 32,000 published papers in 2020, with Egypt ranking 30th worldwide. Ultimately, Egypt jumped seven ranks since 2014 in terms of number of published and cited scientific papers between 2014 and 2021. The country ranked 37th in 2014, publishing over 15,000 papers.

We can expect more international universities and variety in the types of degrees being offered. On the universities front, four new Canadian universities that had requested to open branches in Egypt as of July 2020 are set to bring in investments reaching EGP 3 billion. Moreover, the ministry has already embedded online learning into some of the new degrees it's offering in partnership with international universities, Mohamed El Shinnawi, an advisor to the Higher Education Minister, previously told us, and we may be seeing full-on online degrees soon, as Egypt is finalizing its online degree regulations. (Ent 20.06)

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11.7. TURKEY: IMF Executive Board Concludes 2021 Article IV Consultation with Turkey

On 27 May 2021, the Executive Board of the [International Monetary Fund \(IMF\)](#) concluded the Article IV consultation with Turkey.

In the years leading up to the COVID-19 pandemic, growth in Turkey became increasingly dependent on externally-funded credit and demand stimulus. This growth was accompanied by large current account deficits, financed mainly by debt, which led in turn to high external financing needs. At the same time, rapid credit growth, led by state-owned banks, and high inflation undermined monetary policy credibility and fueled deposit dollarization. The resulting pressure on the lira contributed to large reserve losses. As a result, Turkey entered the pandemic with lower buffers than most peers.

As in other countries, the human and initial economic toll of the pandemic in Turkey has been severe. Thousands of Turkish lives have been tragically lost and many livelihoods compromised. But while the initial collapse in economic activity was similar to other countries, the recovery has been remarkable, setting Turkey apart from its peers. Large interest rate cuts, rapid credit provision by state-owned banks, administrative and regulatory credit incentives, and extensive liquidity support meant that Turkey was among the few countries to experience positive economic growth in 2020. Employment has partially recovered along with the rebound in economic activity, although labor market conditions remain challenging, particularly among females and the youth. Public debt remains contained, at around 40% of GDP, as direct fiscal support—including to workers and vulnerable households—has been relatively modest, with the central government deficit widening only marginally in 2020. Some fiscal space remains available, albeit somewhat limited by contingent liabilities and potential debt rollover pressures.

But the same policies that buoyed growth also exacerbated pre-existing vulnerabilities, with buffers now lower than before the pandemic. Higher inflation, increased dollarization, and a large shift in the current account position increased pressure on the lira and gave rise to heavy foreign exchange sales, which led in turn to steep reserve declines from already-low levels. A shift towards a firm monetary policy stance since the Fall, focused on reining in inflation, was initially well received but its durability has recently been called into question, with the lira standing nearly 40% below its pre-pandemic level. Gross reserves are well below the recommended adequacy range, and net international reserves are negative once foreign exchange swaps with the central bank are subtracted. Lira depreciation also added to non-financial corporate and bank balance sheet strains.

Amid heightened uncertainty and increased vulnerabilities, GDP growth is expected to be strong this year, but downside risks have increased. Mainly reflecting a large positive carryover from the sharp activity rebound in the second half of 2020, growth should reach about 5¾% this year, before returning to a lower

trend from 2022 onwards. Inflation is expected to remain high, and reserves to decline further. With high external financing needs, sizeable domestic foreign exchange deposits, and low reserve buffers, the economy remains vulnerable to shocks and to changes in sentiment at home and abroad. Domestic risks include a premature relaxation of monetary and credit policies or other policy missteps that further erode credibility and buffers. External risks include interest rate increases in advanced economies and higher global risk aversion that could expose vulnerabilities. Other risks include vaccination delays and adverse geopolitical developments.

Executive Board Assessment

Executive Directors noted that, as in other countries, the COVID-19 pandemic has taken a severe toll on Turkey. But while the initial collapse in economic activity was similar to other countries, the recovery has been exceptional. Directors commended Turkey for this remarkable recovery, which was driven by rapid money growth and credit provision by state-owned banks, and extensive liquidity support, while public debt has remained contained. Directors noted that these policies helped the strong recovery, but also fueled inflation and external imbalances, and exacerbated pre-pandemic vulnerabilities notably low reserves, large external financing needs and dollarization. Going forward, Directors underscored the need to adopt policies to reduce vulnerabilities, mitigate scarring, and improve prospects for durable growth, while also responding to pandemic-related needs in the short term. Directors also strongly commended Turkey for hosting many refugees.

Directors underscored the importance of strongly committing to, and delivering, a firm monetary policy stance to bring inflation towards target. They welcomed the shift in that direction and encouraged a further timely and well-calibrated tightening if inflation expectations increase further. Directors also emphasized the importance of strengthening central bank independence, rebuilding high-quality reserves, further simplifying the operational framework, and improving policy communication.

Noting the relatively tight fiscal targets for 2021, Directors generally saw scope for additional targeted and temporary support in 2021 to help vulnerable sections of society and to minimize scarring. The support should be accompanied by a credible consolidation plan to lower debt over time, to be legislated now and enacted when the recovery is entrenched. At the same time, some Directors saw merit in firm fiscal restraint to reduce persistent imbalances and boost policy credibility. Directors encouraged further steps to strengthen debt management, better monitor quasi-fiscal operations and extra budgetary institutions, and enhance fiscal transparency more broadly.

In the financial sector, Directors called for further reining in and refocusing state-owned bank credit growth, as well as carefully monitoring bank foreign exchange liabilities. They encouraged gradually reversing regulatory flexibility and loan deferrals as the pandemic recedes. Most Directors agreed that, once the pandemic fades, a third-party asset quality review would help in better understanding underlying bank health. Additional reforms to strengthen regulatory, resolution and AML/CFT frameworks would also help financial stability.

Directors called for focused structural reforms to minimize long-term adverse effects of the pandemic. They recommended focusing on female labor force participation and youth employment, increasing labor market flexibility, and ensuring that viable but temporarily insolvent firms are restructured while winding down unviable firms. (IMF 11.06)

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11.8. CYPRUS: IMF Executive Board Concludes 2021 Article IV Consultation

On 16 June, the Executive Board of the International Monetary Fund (IMF) announced it concluded the Article IV consultation with Cyprus and endorsed the staff appraisal without a meeting on 18 May 2021.

The COVID-19 pandemic has interrupted Cyprus's strong economic growth over the past few years. At end-April 2021, Cyprus was in the midst a third wave of new COVID-19 infections, leading to a renewed

lockdown, and the vaccination rate stood near the European average level. Reflecting strict containment measures and the high dependence on tourism services, the economy contracted by 5.1% in 2020 while the current account deficit widened to 11.9% GDP. Weaker demand and declining energy prices led inflation to turn negative. To cushion the impact of the crisis, the authorities rapidly introduced a targeted set of fiscal and financial policy support measures. These crisis-related fiscal measures and the adverse macroeconomic developments led the overall general government fiscal balance to swing to a deficit of 5.7% of GDP in 2020 and public debt to increase to 119% of GDP. These support measures and balance sheet buffers that were built up before the COVID crisis have helped limit loan defaults and job losses, enabling a rapid, albeit uneven, recovery.

GDP is projected to grow by 3% in 2021 as the vaccine rollout gathers pace and international tourism gradually recovers. The current account deficit is expected to narrow moderately. While fiscal support measures are being maintained, with the recovery of the economy, fiscal balances are expected to improve, allowing the public debt ratio to start declining from 2021. However, the outlook remains highly uncertain with risks tilted to the downside, due to the high uncertainty of the path of the pandemic and the pace of vaccine rollout.

Executive Board Assessment

In concluding the Article IV consultation with Cyprus, Executive Directors endorsed the staff's appraisal as follows:

Cyprus has managed the COVID-19 pandemic shock relatively well. Swift implementation of containment measures and high testing rates have kept hospitalization and mortality rates at relatively low levels. Despite the economy's dependence on tourism and the high private and public debt levels, widespread defaults and high unemployment have largely been avoided so far, thanks in part to timely policy support and balance sheet buffers accumulated before the COVID-19 crisis.

The near-term outlook points to a gradual but uneven recovery, with significant risks on the downside. Growth is projected to recover moderately to 3% in 2021 after output fell by 5.1% in 2020. However, the pace of the vaccine rollout and potential new waves of infection are key uncertainties. A weakening of the underlying fiscal position leading to increased risk premia and a larger than expected drop in foreign direct investment inflows due to the termination of the Cyprus Investment Program could further dampen the recovery. Given the large economic exposure to tourism and related sectors, risks of wider bankruptcies and loan repayment difficulties leading to permanent scarring are high if policy support is withdrawn prematurely or if the economic recovery, particularly in the tourism sector, lags.

Policy priorities depend crucially on the evolution of the health and economic crises. Near-term policies should focus on mitigating the impact of the crisis and ensuring rapid distribution of vaccines, and the withdrawal of broad support measures should thus be gradual. As recovery takes hold, policies should shift towards achieving sustainable and inclusive growth, with policies aimed at supporting the efficient reallocation of resources to minimize scarring and enhance growth potential.

In the financial sector, extending targeted support measures and effective resolution of the legacy and potential new NPLs by banks, and increasingly by the CACs, will be crucial for supporting new credit and economic recovery. Targeted credit support measures such as interest subsidy schemes for SMEs and guaranteed loans are needed to incentivize banks to supply much needed credit. Support measures should seek to ensure viability of firms, fully utilizing banks' assessments of the creditworthiness of borrowers. Supervisory guidance that encourages banks to flexibly use capital buffers and continue limiting dividend distributions is welcome, as these will help to address potential new NPLs, provide new credit and deal with legacy NPLs.

NPL resolution and sustainable debt workouts remain key priorities. Close monitoring and transparency for assessing and addressing asset quality should be continued. Timely restructuring of viable businesses is key to preserving production capacity. Continued progress with complementary judicial reforms is needed to improve collateral execution and incentives for debt workouts. A reversal of reforms

to the foreclosure framework should be avoided, as failure to do so would obstruct ongoing NPL resolution and pose risks for financial stability. As the Estia scheme is approaching its conclusion, banks should consider stepping up foreclosure on NPLs of borrowers who did not apply for the scheme, while the authorities should ensure further burden sharing or consider targeted support measures for applicants deemed unviable. Oversight of the CACS should continue to be strengthened. The current proposed expansion of the public AMC, subject to EC state aid approval, should be carefully assessed with respect to its costs and benefits, and its impact on repayment behavior.

Given the high economic uncertainties, a premature withdrawal of fiscal support should be avoided.

With near-term financing risks limited, policies need to cushion the adverse impact of the crisis and mitigate risks of economic scarring. To this end, the fiscal stance in 2021, which includes continued sizeable policy support, is appropriate. Recalibrating fiscal support measures to target viable but vulnerable firms (such as in the tourism sector) would help avoid unnecessary bankruptcies. Measures encouraging equity increases could help address potential solvency problems. Efforts to front-load mature public investment projects and promote private investment through the utilization of the EU's RRF are welcome. Providing transparency and accountability on the use of COVID-19 related spending will be important to build public support.

As the recovery takes hold, the focus should shift to maintaining fiscal sustainability and promoting inclusive, growth-enhancing policies. Efforts should continue to further modernize tax administration, contain the growth of the public wage bill and reorient spending in a more growth-friendly direction, including by improving human capital, facilitating digitalization and transitioning to a green economy. Fiscal risks from the NHS should be contained as it embarks on the first year of the full implementation of the NHS reform.

Structural reforms should support resource reallocation and strengthen growth potential. Labor market policies should gradually transition from preserving jobs toward facilitating efficient labor reallocation such as through active labor market policies and public employment services. Improving digital infrastructure and upgrading digital skills will enhance Cyprus's competitiveness. In addition, implementing climate-friendly policies and facilitating the transition to a green economy such as through greater investment in renewable energy and green taxation, would help meet the 2030 emission targets set in the Cyprus National Energy and Climate Plan.

Priority should be given to mitigating the repercussions of the crisis on inequality. The crisis has had a more adverse impact on young people and women. Policies should seek to enhance female labor participation and job search for young people. Any consideration of a national minimum wage should take due account of the potential impact on competitiveness and youth employment. These priorities will be crucial to ensure a more inclusive and sustainable recovery. (IMF 16.06)

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