



## **The FORTNIGHTLY**

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

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## 1. ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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### 1.1. Israel Signs Deal With Jordan for Agricultural Imports During Sabbatical Year

On 17 August, Israel and Jordan signed an agreement to prioritize agricultural imports during the upcoming shmita (sabbatical year) beginning in September. The agreement was signed during a meeting at the Allenby Bridge border crossing between Israeli Agriculture Minister Forer and his Jordanian counterpart al-Majali, in the presence of the Israeli and Jordanian ambassadors.

The sides agreed that Israel would import Jordanian produce during the biblical sabbatical year, which takes place every seven years of the agricultural cycle. Shmita is mandated by the Torah and is observed in Judaism. Israeli farmers must leave their land fallow and cease all agricultural activity for the year in order to be certified kosher. Purchasing agricultural produce from Arab neighbors is one solution for obtaining fruits and vegetables to feed Israel's observant Jewish population.

The ministers also discussed boosting agricultural cooperation between the two countries. Ties between Israel and Jordan have been warming since Israel's new government was sworn in on 13 June. (ILH 18.08)

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## 1.2. Bank of Israel Moves to Curb Construction Credit Spree

As bank credit to the construction and real estate sector booms, the Bank of Israel is requiring tighter controls and higher loss provisions. Against the background of a sharp rise in credit to businesses in H1/21, particularly to the construction and real estate sector, the Bank of Israel Banking Supervision Department has warned the banks about the rise in credit risk in this sector, and is requiring an increase in credit loss provisions.

At stake is not mortgage lending, but credit for construction and real estate, which mainly affects contractors. Total credit extended by Israel's five major banks rose by NIS 66 billion, or 8%, in the first half of this year. The Banking Supervision Department points out that more than half of this rise (54%) is attributable to the construction and real estate sector, credit to which rose by 12% in the period.

The Banking Supervision Department warns that the rise in credit has been accompanied by an increased appetite for credit risk and relaxations in loan terms. The continuation of this trend could lead to excessive risk that is not consistent with the standards of credit expected from banking corporations and to deterioration in the quality of the credit portfolio. The Banking Supervision Department seeks once a quarter to monitor new credit deals, with the banks marking credit to the construction and real estate sector considered high risk. It is also requiring the bank to review the need for restrictions in order to minimize risk. (BoI 23.08)

## 2. ISRAEL MARKET & BUSINESS NEWS

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### 2.1. Azerbaijan Investment Company Signs with OurCrowd for Joint Investments in Startups

OurCrowd has signed a memorandum of understanding with the Azerbaijan Investment Company (AIC) to promote strategic cooperation in the field of investment by the Government of Azerbaijan in OurCrowd's portfolio. The agreement makes OurCrowd the first Israeli business entity to sign an agreement with Azerbaijan since Azerbaijan opened its Trade and Tourism Offices in Israel.

In the initial phase, subject to successful entry into full scale agreement between AIC and OurCrowd, AIC will invest in 10-15 startups from the OurCrowd portfolio, especially in companies producing technologies and innovations which have significant potential to encourage growth for the Azerbaijan economy, with a specific focus on the fields of energy, health, agtech and foodtech, education and more. Moving forward, the two sides are expected to examine ways to encourage startups that have received investments to establish a presence in Azerbaijan, further expanding the cooperation. OurCrowd foresees that other potential partners based in Azerbaijan, in both the private and public sectors, will join the move and make additional investments.

Since its inception in 2013, Jerusalem's [OurCrowd](#) has raised \$1.8 billion in investment committed across 250 portfolio companies and 27 funds, recording 46 exits, as well as the NASDAQ launches of Beyond Meat and Lemonade, and a number of high profile acquisitions including, Jump Bike by Uber, Briefcam by Canon, Argus by Continental, Crosswise by Oracle, Replay by Intel, Corephotonics by Samsung, and CyberX by Microsoft. (OurCrowd 05.08)

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### 2.2. Rafael & RAD Bynet Prepare to Train Israel's Periphery in AI Skills

[Rafael Advanced Combat Systems](#) and [RAD Bynet Communications](#) have entered a new cooperation agreement that includes initiating an educational-employment project that will help young people in the country's northern region to be trained in AI and big data technologies. The project will be led by Kaleidoo, which belongs to Bynet Communications, and will last one year for recent veterans of the IDF.

The program plans to offer comprehensive and practical training so that its graduates can integrate easily into Israel's tech sector, which is currently undergoing a talent shortage. Taking place at Kaleidoo's development center in Bar-Lev Park in Galilee, Rafael and Bynet hope to promote Israel's periphery and encourage young people to strive for jobs they otherwise would not have the opportunity to pursue.

The initiative is intended to address three major challenges currently facing the Israeli economy: a shortage of high-tech workforce, especially in special and leading professions such as AI and big data; maintaining a security-technological advantage as demonstrated in the recent Operation Guardian of the Walls, and the acute need to close the digital gap between the periphery and the center. This project mobilizes the leading companies in Israel alongside the support of governmental institutions and offers a holistic solution - from training to employment, to ensure the future of families in the geographical periphery of Israel.

Rafael designs, develops, and manufactures high-tech defense systems and provides its systems to the Israeli Defense Force and foreign customers around the world. The RAD-Bynet Group grew out of Bynet Data Communications and today has more than 4,500 employees at 18 global branches. (Bynet 18.08)

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### **2.3. Reali Raises \$100 Million for its Real Estate Fintech Platform**

Tel Aviv's [Reali](#) announced on 18 August the completion of a \$100 million Series B led by Zeev Ventures with participation from Akkadian Ventures, Signia Ventures, and others. The real estate and fintech company also announced that it is raising another \$75 million in equity and \$25 million in venture debt. The latest round took Reali's total funding to \$140 million, with Oren Zeev's Zeev Ventures also leading previous rounds. Among the company's other investors are the likes of legendary NFL player Joe Montana, who invested in Reali through his Liquid2 fund, and Dovi Frances.

Using Reali, customers can buy and sell in one coordinated transaction, eliminating resale contingencies, moving twice, and paying two mortgages at once. Since its launch in October 2016, Reali has dramatically evolved and expanded its market offerings. In 2020 alone, the company has experienced more than 7x year-over-year growth, 2x year-over-year customer growth, and increased the average revenue per user (ARPU) 3x. (Reali 18.08)

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### **2.4. Circles Raises \$8 Million for an Online Group Support Platform**

Circles has raised a new \$8 million seed funding round to expand its one-of-a-kind emotional support platform. Circles is built on the core principle that in order to overcome life's challenges, such as the loss of a loved one, parenting or divorce, you need to be heard and supported by people who actually understand what you're going through.

Despite growing global understanding that mental wellness is a critical part of overall health, there are few options outside of expensive psychotherapy for people seeking support. Circles provides an alternative solution for anyone to receive and provide emotional support based on shared life experiences. Research has shown that developing meaningful connections in group settings is key to overcoming life's obstacles, such as divorce and separation or cancer.

By leveraging proprietary technology and the expertise of an experienced leadership team that specializes in mental wellbeing, the unique Circles platform enables meaningful connections and establishes supportive communities that are led by professional facilitators and built on mutual care. The platform matches groups of 6-8 people who are facing similar issues in their lives in intimate and private emotional support sessions where they can be understood in a way never before possible online. By surrounding users with safe, structured communities, Circles enables people to share freely in order to feel better together.

Tel Aviv's [Circles](#) is a revolutionary emotional support platform that ensures no one has to overcome life's challenges alone. Circles enables people to be heard, understood and supported by others who are going through the same issues in their lives, such as the loss of a loved one, parenting issues or divorce. By connecting users in safe, intimate and private groups led by professional facilitators, Circles helps people heal. (Circles 17.08)

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## **2.5. Hunters Raises a \$30 Million Round to Lead the XDR Market**

Hunters announced a \$30 million Series B round led by Bessemer Venture Partners, with participation from existing investors YL Ventures, Blumberg Capital, Microsoft's Venture Fund M12 and U.S. Venture Partners (USVP). The new funding brings the total investment to \$50.4 million. The previous financing round also included Okta Ventures and Snowflake as strategic investors.

Companies targeted by complex security threats select Hunters XDR for its proven ability to accelerate threat detection, investigation and incident response. Among them are recognized brands in the financial services, technology, retail, manufacturing and media industries.

Tel Aviv's [Hunters'](#) XDR is a purpose-built, turn-key data and security platform powering effective detection and rapid response to security incidents. Ideal for security operations teams working to contain technology sprawl, adapt to cloud-scale and extend the value of the existing data streams, the Hunters Open XDR is adopted as a modern SIEM replacement by the world's largest enterprises. Hunters is backed by leading VCs and strategic investors including Bessemer Venture Partners, U.S. Venture Partners (USVP), Microsoft M12, YL Ventures, Blumberg Capital, Snowflake and Okta. Hunters was recognized as SC Media 2021 Trust Award Finalist for Best Threat Detection Technology, Gold winner in the Cybersecurity Excellence Awards, Gold winner in The Globe Awards Cyber Security Global Excellence Awards, Winner of CISO Choice Awards: Security Analytics and Security Operations and is a SINET16 finalist. (Hunters 24.08)

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## **2.6. VisIC Raises \$35 Million to Promote GaN Semiconductors in Electric Transportation**

VisIC Technologies has completed a \$35 million funding round to support the strong demand coming from a rising number of automotive clients, with the funding round led by GoldenSand Capital and HG Semiconductors through Fast Semi Corporation. SuZhou industrial partner joined the investment round as a co-investor with an additional \$10 million.

Ness Ziona's [VisIC Technologies](#) is a world leader in GaN electronics for xEV applications, focused on high-power automotive solutions. Its efficient and scalable products are based on deep technological knowledge of gallium-nitride and decades of experience. VisIC is committed to providing a step function improvement in terms of size and cost of energy conversion systems and is dedicated to high-quality customer support at all development phases. VisIC offers high power transistor products based upon compound semiconductor Gallium Nitride (GaN) material aiming to provide products for cost-effective and high-performance automotive inverter systems. (VisIC Technologies 25.08)

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## **2.7. SuperCom Wins and Launches a New Project in California**

SuperCom announced that through its fully-owned subsidiary, Leaders in Community Alternatives (LCA), it has won a new project in California to provide Juvenile Programming and Rehabilitative Services for out-of-custody juvenile programming. This project supports those reentering the community from periods of incarceration by providing evidence-based and individualized services that contribute to a reduction in recidivism.

This new project is valued at up to \$240,000 per year, starting with an initial evaluation term of one year. After the first year, the government agency will consider expanding the project with a longer-term scope. The project has already launched and is currently servicing clients in this county.

Since 1988, Tel Aviv's [SuperCom](#) has been a global provider of traditional and digital identity solutions, providing advanced safety, identification and security solutions to governments and organizations, both private and public, throughout the world. Through its e-Government solutions for traditional and biometrics enrollment, personalization, issuance and border control services, SuperCom has inspired governments and national agencies to design and issue secure Multi-ID documents and robust digital identity solutions to its citizens and visitors. SuperCom offers a unique all-in-one field-proven RFID & mobile technology and product suite, accompanied by advanced complementary services for various industries including healthcare and homecare, security and safety, community public safety, law enforcement, electronic monitoring, livestock monitoring and building & access automation. (SuperCom 24.08)

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## **2.8. Upstream Security Raises \$62 Million in its Series C Financing Round**

Upstream Security successfully closed a \$62 million investment as part of round C funding, thereby completing a total of \$105 million investment since its founding. This latest investment, which was led by Mitsui Sumitomo Insurance (MSI), a subsidiary of MS&AD Insurance Group Holdings, was joined by new investors I.D.I. Insurance, 57 Stars' NextGen Mobility Fund and La Maison Partners. These parties join Upstream's existing investors Gllot Capital, Salesforce venture, Volvo Group Venture Capital, Nationwide, Delek US, and others.

The new investment will boost Upstream's growth and reinforce its leadership in the connected vehicle cybersecurity market, while expanding its offering to current and future customers in the areas of data analytics, insurance telematics, predictive analytics, and business intelligence. In addition, the company will continue to invest in identifying, attracting, recruiting, and maintaining top talent.

Herzliya's [Upstream Security](#) offers a cloud-based cybersecurity and data analytics platform purpose-built for connected vehicles and smart mobility services. The Upstream Platform fuses machine learning, data normalization, and digital twin profiling technologies to detect anomalies in real-time using existing automotive data feeds. Coupled with AutoThreat Intelligence, the first automotive cybersecurity threat intelligence feed, Upstream provides unparalleled cybersecurity and data-driven insights, readily available and seamlessly integrated into the customer's environment and broader vehicle security operations center (VSOC). (Upstream 24.08)

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## **2.9. REE Automotive Awarded \$17 Million in Funding from the UK Government**

REE Automotive announced that its REEcorner technology was awarded \$17 million funding from the UK government as part of a \$57 million investment, coordinated through the Advanced Propulsion Centre (APC). The investment is in line with the UK government's ambition to accelerate the shift to zero-emission vehicles and de-carbonize the UK's transport networks. The award funding follows an intensive vetting and selection process from which REE's project and three other transformational projects were selected amongst dozens of companies. Together, the 4 projects could save nearly 32m tons of carbon emissions, which is equivalent to the lifetime tailpipe emissions of 1.3m cars. The investment will help drive energy-saving technology across a wide range of vehicles and propel forward a green economy recovery.

The UK funds will allow REE to facilitate commercial production of its breakthrough REEcorner technology and ultra-modular electric vehicle platforms, including engineering design, validation, verification and testing and product homologation.

Tel Aviv's [REE](#) is an automotive technology leader creating the cornerstone for tomorrow's zero-emission vehicles. REE's mission is to empower global mobility companies to build any size or shape of electric or autonomous vehicle – from class 1 through class 6 – for any application and any target market. Their revolutionary, award-winning REEcorner technology packs traditional vehicle drive components (steering, braking, suspension, powertrain and control) into the arch of the wheel, allowing for the industry's flattest EV platform. Unrestricted by legacy thinking, REE is a truly horizontal player, with technology applicable to the widest range of target markets and applications. Fully scalable and completely modular, REE offers multiple customer benefits including complete vehicle design freedom, more space and volume with the smallest footprint, lower TCO, faster development times, ADAS compatibility, reduced maintenance and global safety standard compliance. (REE 19.08)

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## **2.10. IAI to Establish a Boeing 777-300ER Conversion Site in Abu Dhabi**

Israel Aerospace Industries' (IAI) Aviation Group has signed an agreement with Etihad Engineering to establish a passenger-to-freighter conversion site for Boeing 777-300ER aircraft. The new conversion center, which will operate as the company's maintenance center in Abu Dhabi, will supply a solution for the global rise in demand for cargo jets of this model. The conversion center in Abu Dhabi is an addition to other global cargo conversion sites that IAI operates, besides its existing conversion lines at the company's campus at Ben Gurion International Airport.

Etihad Engineering is the largest commercial aircraft maintenance, repair and overhaul (MRO) services provider in the Middle East, and the center in Abu Dhabi will be the largest and most advanced in the Middle East to be certified by the UAE Civil Aviation Authority, the US's Federal Aviation Administration, and the European Aviation Safety Agency. At the conversion center, passenger planes will be converted to cargo configuration, and maintenance, renovation and overhaul services will be supplied.

Israel Aerospace Industries' Aviation Group, the home of aviation in Israel, unites all activity in aircraft piloted by humans: maintenance (MRO), business jets, converting passenger jets to cargo configuration, hangars and aviation arrays, aircraft upgrading and more. With knowledge and accumulated experience in aviation spanning almost 70 years of the company's existence, excellent human capital and groundbreaking technologies, the group is in line with the world's leading aviation companies. Among its clients are some of the world's leading companies, like Amazon, DHL, Lockheed Martin, Boeing, Gulf Stream and more. (IAI 25.08)

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## **2.11. Hippo Opens an Innovation & Growth Center in Israel**

Palo Alto, California's Hippo, the home insurance group that created a new standard of care and protection for homeowners, announced the expansion of its technology, product and marketing operations by opening its first international office in Tel Aviv, a global technology hub. The new office will be a center for innovation for the company, focused on the development of talent and technologies to fuel the products and services across Hippo's business, delivering a transformative home insurance experience to its customers.

Hippo's Israel-based team will focus on fueling the growth and innovation behind the home protection company with leadership that spans product developers and designers, engineers, machine learning experts, data scientists, and digital marketers. Hiring is ongoing and Hippo is seeking innovative, creative, ambitious problem-solvers with a curious, global mindset. Hippo offers a customer-first approach to homeownership with intuitive and proactive protection that combines the power of technology with a human touch. (Hippo 26.08)

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## **2.12. Tritium Partners with Solcon for Electric Vehicle Fast Charging Infrastructure**

Brisbane, Australia's Tritium, a global developer and manufacturer of direct current (DC) fast chargers for electric vehicles, announced a strategic partnership with Solcon Industries, a dynamic power electronics company with more than 40 years of experience developing and manufacturing industrial electronic systems. With the partnership, Solcon Industries becomes an official channel partner and service provider of Tritium's range of fast charging technology to help meet the growing demand for EV charging infrastructure in Israel and the Palestinian Authority.

The partnership follows a 24 July Israeli Ministry of Foreign Affairs announcement of the country's plans to reach zero carbon emissions by 2050, calling for a 96% reduction in greenhouse gas emissions in transportation and an 85% reduction in the electricity sector.

[Solcon Industries](#) is a power electronics company that has designed, developed, and manufactured industrial electronic systems installed in more than 76 countries worldwide. As a global industry leader in power Electronics and motor control, Solcon provides solutions in the toughest environments across all industries. Solcon's field-developed design criteria ensure long-term product reliability and provide future-proof innovative solutions. This approach has allowed the company to serve Global partners for more than 42 years. (Tritium 26.08)

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## **2.13. Check Point Software Technologies Acquires Avanan**

Check Point Software Technologies, a leading provider of cyber security solutions to corporate enterprises and governments globally, announced the acquisition of Avanan, the fastest growing cloud email security company. Avanan technology provides the highest level of security for emails and SaaS collaboration suites. Avanan will integrate into the Check Point Infinity consolidated architecture to deliver the world's most secure email security offering. Utilizing patented technology designed and built for cloud email environments, this will be the only unified solution in the market to protect remote workforce from malicious files, URLs and Phishing across email, collaboration suites, web, network, and endpoint.

Check Point Software entered into a definitive agreement to acquire Avanan and the transaction is expected to close imminently. The integration of Avanan technology into the Check Point Infinity architecture is set to deliver the highest level of security to remote workforces worldwide, providing the only unified solution that will protect from malicious files, URLs and phishing across email, collaborations apps, web, network, and endpoint.

Tel Aviv's [Avanan](#) has defined the cutting edge of email security with its patented inline protection and innovative machine learning since its founding in 2015. Avanan is committed to continuous innovation and to define the future of email and collaboration security. Over 5,000 customers use Avanan technology. Industry reviews like Gartner, position Avanan a leader in email security. (Check Point 30.08)

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## **2.14. Synaptics to Acquire DSP Group, Expanding Leadership in Low Power AI Technology**

San Jose, California's Synaptics Incorporated and DSP Group signed a definitive agreement, unanimously approved by the boards of directors of both companies, whereby Synaptics acquires DSP Group, a leading global provider of voice and wireless chipset solutions for converged communications, at \$22.00 per share in an all-cash transaction. The combination is anticipated to generate annual run rate synergies of \$30 million for the new entity to be realized within 12 months of closing and is immediately accretive to Synaptics' non-GAAP earnings. The transaction is expected to be financed through a combination of cash on hand and a fully committed, incremental debt financing arrangement with a projected close by the end of calendar year 2021, subject to DSP Group shareholder approval and customary closing conditions.

DSP Group has leadership positions across multiple markets in the Internet of Audio Things (IoAT) with significant growth opportunities in low power SmartVoice, unified communications & collaboration, and wireless IoT devices. Most of these solutions are quite relevant to Synaptics' existing customer base, furthering the strategy of cross-selling portfolio devices.

Herzliya's [DSP Group](#) is a global leader in wireless chipsets for a wide range of smart-enabled devices. The company was founded in 1987 on the principles of experience, insight and continuous advancement which enable the company to consistently deliver next-generation solutions in the areas of voice, audio, video and data connectivity. DSP Group, an expert in voice processing, invests heavily in innovation for the smart future and designs leading-edge semiconductor technology that is enabling our customers to develop a new wave of products that bring enhanced user experiences through innovation. (Synaptics 30.08)

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## **2.15. OwnBackup Acquires California's RevCult**

Israel's OwnBackup announced the acquisition of RevCult, a California-based software company that provides Salesforce security and governance solutions, often known as SaaS Security Posture Management (SSPM). SSPM helps organizations more easily secure data that is growing in volume, velocity and variety by continuously scanning for and eliminating configuration mistakes and mismanaged permissions, which are the top causes of cloud security failures.

The announcement is OwnBackup's latest step toward growing their world-class data protection platform and empowering customers to own and protect their data on any cloud platform. The RevCult acquisition follows the recent purchases of Nimmetry, a SaaS data management company, as well as Merlinx, a top cybersecurity firm based in Tel Aviv. This August, OwnBackup announced a \$240 million Series E at a \$3.35 billion valuation. These actions tell a compelling story of the growing need for SaaS data protection and OwnBackup's position as the clear leader in the category.

Tel Aviv's [OwnBackup](#), the leading cloud-to-cloud data protection platform, provides secure, automated, daily backups and rapid data restore tools of SaaS and PaaS data. Helping nearly 4,000 businesses worldwide safeguard critical cloud data, OwnBackup covers data loss and corruption caused by human errors, malicious intent, integration errors, and rogue applications. (OwnBackup 31.08)

## **3. REGIONAL PRIVATE SECTOR NEWS**

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### **3.1. Hala Raises \$5 Million in Series A Funding**

Abu Dhabi-based InsurTech company [Hala](#) has successfully closed its Series A round at \$5 million. The round was led by Entrée Capital, with participation from Mubadala Investment Company, EQ2 Ventures, Global Founders Capital, 500 Startups and Hambro Perks Oryx Fund.

Launched in 2018, Hala set forth on a mission to reconcile payments between motor insurance companies in the UAE using blockchain. In the last quarter of 2020, Hala switched gears and shifted efforts to revolutionize and disrupt the Insurtech industry by making insurance lovable, affordable, and accessible.

Having dealt with insurance difficulties from a user experience, the founders understood and mapped out the frustrations in the industry including its lack of digitization and transparency, and most importantly insurance retailers' rigid and apathetic approaches. They launched Hala, currently serving thousands of users in a user-centric approach. (Hala 28.08)

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### **3.2. UAE FinTech Startup Sarwa Raises \$15 Million**

The UAE-based FinTech startup and investment management platform Sarwa has successfully raised \$15 million in its latest funding round. The Series B round was led by Mubadala with the participation of 500 Startups, Kuwait Projects Company, Shorooq Partners, Middle East Venture Partners, DIFC, Hambro Perks Oryx Fund, HALA Ventures and Vision Ventures.

Launched in 2018, Abu Dhabi's [Sarwa](#) is an investment and personal finance platform connecting the GCC market to international stock exchanges and cryptocurrencies. Sarwa is set to revolutionize how young professionals grow their wealth by introducing smart, simple, and affordable digital investing to the region.

Since its launch, Sarwa has accumulated 40,000 users engaging with the platform to invest in stocks and build their own portfolios. In 2020, the FinTech startup experienced a surge of new investors in light of the turbulent financial landscape, yet investors realized more than 33% average year-on-year returns for a balanced portfolio. Sarwa is the second UAE-based FinTech startup to raise a multimillion funding round just this month, continuing the steady growth of funding in FinTech across the UAE and MENA. (Sarwa 09.08)

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### **3.3. Tabby Raises \$50 Million in a Series B Funding Round**

Dubai's [Tabby](#) has raised \$50 million in a Series B round led by Global Founders Capital and STV with participation from Delivery Hero, and CCVA. Existing investors Arbor Ventures, Mubadala Investment Capital, Raed Ventures, Global Ventures, MSA Capital, VentureSouq, Outliers VC, JIMCO, and HOF also participated in the round. The funding round values the company at \$300 million. This comes one month after Tabby raised \$50 million in debt financing bringing tabby's total funding to over \$130 million in less than two years.

Launched in 2019, the FinTech firm's goal is to make shopping more rewarding by empowering people with the freedom to get what they want and pay flexibly. Tabby integrates with retailers to allow their customers to shop at their online and physical stores with interest-free installments. The startup has garnered over 400,000 active shoppers on their platform with 3,000 daily downloads making it one of the highest-ranked shopping apps in the markets it operates.

The funding will help the company further service the growing demand for its BNPL products as customer usage continues to soar, especially in Saudi Arabia, tabby's largest market. Tabby is also utilizing its newly acquired funds to further develop Tabby's product portfolio and expand into new markets. (WAYA 04.08)

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### **3.4. Dubai's E-Commerce Free-Zone Begins Commercial Operations**

The first and leading dedicated e-commerce free zone in the Middle East, Africa, and South Asia region has begun commercial operations signaling an exciting new chapter for global e-commerce and trade. The free zone provides seamless solutions to establish businesses and integrated services to drive the growth of licensed e-commerce companies. Companies can also benefit from unique service packages provided by global partners in the logistics, information technology and other sectors.

[Dubai CommerCity](#) has succeeded in leasing 30% of its facilities within a period of two months in the first part of the development phase of the free zone, which extends over an area of 2.1 million square feet and backed by an investment of AED 3.2 billion. The free zone is beneficial for local, regional, and international businesses. The purpose-built development is set to accelerate the already significant rise seen in e-commerce business setups and online retail in Dubai and across the UAE. It is uniquely designed to drive forward regional and international e-commerce businesses.

It has commenced the operation of its customs office, available to provide ongoing support around the clock. Dubai CommerCity provides e-commerce strategy consulting, guidance on e-commerce regulations in the region and end-to-end logistics solutions inclusive of warehousing and last-mile delivery. Organizations can also gain access to complete e-commerce platform solutions, digital marketing services, and other support services, including photo studios, call centers and more. Dubai CommerCity will be unveiling new office buildings in October 2022 and will also be launching Phase 2 of its Logistics Cluster during the same month. (WAYA 04.08)

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### **3.5. Udrive Raises \$5 Million and Targets 500% Growth by July 2022**

With the UAE's economy opening up and mobility once again on an uptick post-pandemic, Dubai's [Udrive](#) is accelerating its growth. It is doubling its fleet size over the next 3 months and targeting 500% revenue growth in the next 12 months as it looks to continue disrupting the transportation market in the GCC. This follows a round of investment led by prominent regional business leaders and three venture capitalists who backed two of the region's most recent "unicorn" tech companies.

Founded in 2016, Udrive was the first to fractionalize mobility by introducing the rent-by-the-minute concept to the region, giving consumers the benefit of paying only for what they use. The company scaled quickly by focusing on the large segment (60%) of the market, made up of a digitally-savvy driving age population that neither wants to own a vehicle outright nor wants to lock up their income in a depreciating asset.

Over the last four years, the company has empowered over a quarter of a million UAE citizens, residents and visitors to complete over 1.4 million trips, delivering estimated savings of approximately 25%, compared to traditional mobility alternatives. The startup raised \$1.3 million in December 2020 to grow within the UAE. The company intends to utilize the new funding to further enhance the data analytics capabilities of its platform, with a focus on elevating customer experiences. This includes providing customers a greater degree of transparency into their trips and consequently a better understanding of pricing models and potentially lower fees. Udrive is also expanding across the Middle East, North Africa, and Turkey (MENAT) over the next six months as it looks to capitalize on the demand for fractionalized mobility in these markets. (WAYA 27.07)

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### **3.6. Clinicy Raises a Seven-Figure Round**

The Saudi-based HealthTech startup and healthcare management platform Clinicy has successfully raised seven figures in a Pre-Series A round led by Mad'a Investment Company. Founded in 2017, Clinicy provides a healthcare management system for bookings, appointments and patient engagement, increasing efficiency and elevating the clinical experiences. This recent funding round follows Clinicy's successful integration with medical institutions in a seamless and synergetic process.

Since its launch, Clinicy has identified three critical pain points: missed appointments (no-show), high administrative operating costs, and lack of reach and communication with patients. The startup set out to provide innovative solutions through seamless booking automation and a user-centric digital platform, elevating user engagement on one end, and reducing daily operations remarkably on the other.

Riyadh's [Clinicy](#) plans to utilize its newly acquired funds to further develop its platform and expand its partner network following a successful integration with clinics across Saudi Arabia. So far, Clinicy has managed to reduce 'no-show' rates by up to 40% with 61% of patient interactions fully automated via the Clinicy communication tool. (Clinicy 22.08)

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### **3.7. Saudi Arabia's Syarah Raises \$20 Million in a Series B Round**

Riyadh's on-demand automotive marketplace, Syarah, has successfully raised \$20 million in its latest funding round. The Series B investment round was co-led by Impact 46 and Elm company with the participation of Budget (United International Transportation Co.), Vision Ventures, and angel investor Yousef Al-Rashidi, the founder of Haraj.

Founded in 2015, [Syarah](#) provides a unique hassle-free solution for online car shopping, in addition to its full support and quality assurance operations. Through their online platform, users can choose from a wide selection of cars, book on-demand, and have them delivered straight to their homes. With the high demand for online car buying, Syarah has expanded its offering by selling used cars as well in 2019, along with complementary inspection and guarantee servicing.

Syarah provides its users with a wide selection of more than 2,300 new and used cars available on-demand. Syarah's warehouse represents a milestone in its development efforts, aiming to increase its stock to more than 1,000 vetted and reconditioned used cars available to collect on the platform. The Saudi-based startup plans to utilize its newly acquired funds to broaden its offering, providing further complementary services and strengthening its operations by establishing its own distribution centers in Saudi Arabia, as well as to expand to new markets across the region. (Syarah 30.08)

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### **3.8. Content Marketing Platform Flicron Crowdfunds \$1.7 Million**

The Saudi-based micro-influencer content marketing platform Flicron has successfully raised \$1.7 million in a recent crowdfunding campaign. The equity crowdfunding round was led through Manfaa Capital.

Flicron has been seamlessly connecting brands with micro-influencers that can create content for and around their products and services. Since its launch, the content platform has experienced phenomenal growth, connecting 9,000+ micro-influencers with 400+ small, medium, and large businesses. Elevating brand conversations and creating opportunities for unique organic content, Flicron is filling a market gap and will further expand to providing analysis of influencer profiles to increase compatibility.

Launched in 2018, Riyadh's [Flicron](#) is Saudi's First Micro-Influencers Marketplace that enables brands to reach thousands of digital influencers instantly. They've built Flicron to help brand owners with their efforts in simplifying influencers marketing campaigns process, improving campaign management capabilities while enabling brands to focus on campaign objectives. Flicron's user generate content are proven to be seven times more engaging than traditional advertising. (Flicron 26.08)

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### **3.9. Mabaat Secures \$2.4 Million in Seed Funding**

Jeddah's [Mabaat](#), an innovative tech operator platform focused on disrupting the short-term rental market, has successfully secured \$2.4 million in a recent fundraising. The Seed round was led by Derayah Ventures with participation from SEEDRA Ventures.

Founded in October 2019, Mabaat's unique digital platform onboards properties and manages them on behalf of their owners, with offerings ranging from mid to high-end private homes and compounds distributed across key markets in the Saudi Kingdom. Mabaat provides a unique level of transparency and efficiency to property partners and guests through real-time information, streamlining vital operations like booking and payment, sterilization and cleaning schedules, property maintenance updates, and much more.

Funding in Saudi Arabia witnessed a record-breaking growth in the first half of the year. However, what's most interesting is the nature and dynamic of VC funding in KSA. Over 66% of investors in Saudi-based

startups were also Saudi-based, showing healthy self-sufficiency. As well, Saudi investors seem to be as interested in big rounds as they are in early-stage ones. Even though slightly less than in H1/20, funding rounds sized \$3 million or less accounted for 73% of all deals in H1/21. (Mabaat 18.08)

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### **3.10. Oda Raises an Undisclosed First Round**

Riyadh's e-commerce fulfillment and logistics provider [oda](#) has successfully raised an undisclosed amount in its first fundraise. The Pre-Seed funding round was led by key angel investors and comes as a platform launcher for the startup.

Founded in 2019, oda, a brand owned by Express Transportation, manages the technical and operational process for last-mile delivery services for several brands, moving from e-commerce to quick commerce experience. The Saudi-based startup presents a fully integrated e-commerce platform equipped with technologies streamlining delivery & same-day shipping, content marketing services, and seller support operations. oda is working to initially launch its services in Riyadh and will expand the scope of its operations to include the rest of the Kingdom's regions, in order to expand to other GCC countries by 2022.

Oda has consolidated E-commerce, FinTech and Shipment solutions into the platform seamlessly, helping brands, SME's, and individuals digitize their commerce swiftly. On the platform, sellers can list and manage their products, open their virtual stores, and get paid through an embedded gateway. oda plans to utilize its newly acquired funds in order to develop its services in the field of e-commerce and logistics to a competitive level commensurate with the latest technical and operational solutions in managing electronic stores projects, related to warehousing, fulfillment, and express delivery on the same day. (oda 22.08)

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### **3.11. Odiggo Raises \$2.2 Million in a Seed Round**

Cairo's [Odiggo](#) has successfully raised \$2.2 million in its latest funding round as part of Y combinator's YC Summer Batch. The Seed round included the participation of Y Combinator, 500 Startups, and Plug and Play Ventures. Regional VCs like Seedra Ventures, LoftyInc Capital, and Essa Al-Saleh (CEO of Volta-Tucks) also took part.

Launched in 2019, the company operates a marketplace that connects car owners with service providers around them who can solve their problems on-demand, from servicing and repair to washing and maintenance. In doing so, Odiggo is bridging a market need while increasing third-party exposure and sales. A commission-based model is used and Odiggo charges the car suppliers 20% commission on every transaction.

Since its launch, the Egypt-based startup has served over 50,000 car owners across three markets — Egypt, the UAE and Saudi Arabia. The company also works directly with over 300 merchants. It claims merchant numbers have grown 40% month-on-month while its user base has increased 200% since the start of the pandemic. After raising a couple of seed rounds before, this investment is surely a course changer for the team. A key to Odiggo's success is its multidisciplinary approach, especially when looking at marketing opportunities. Odiggo currently taps into a mix of data sources, through their integrated dashboard, including car metrics and internal software, which it will use to understand and provide the optimal set of offerings. (Odiggo 23.08)

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### **3.12. CEQUENS Unveils Verify - Digital Security & Two-Factor Authentication Solution**

CEQUENS announced the launch of its new product Verify, which offers verification solutions such as two-factor authentication to companies looking to protect user identities and online accounts. Verify joins a

comprehensive product suite of communication solutions and brings CEQUENS closer to implementing an omnichannel approach in business communication.

Amid rapid cloud migrations, more industries are growing aware of the importance of Two-factor authentication. Verify facilitates the adoption of different verification methods such as SMS one-time passwords, voice one-time passwords, and application soft tokens. CEQUENS offers Verify as part of its award-winning Communication Platform – the multichannel solution built to foster connections between businesses and their customer base worldwide. Through multichannel integrations and a set of capable APIs, Verify presents different industries with verification experiences via SMS, Voice, or Email.

Born in the digital era, Cairo's [CEQUENS](#) was founded in response to the increasing challenges facing enterprise communication. They began as an SMS aggregator and gradually crafted a path toward omnichannel CPaaS solutions. For 10 years, their innovation has empowered thousands of businesses create and deliver communication experiences fine-tuned to their industries. Their cloud-based, PCI/DSS compliant Communication Platform is the award-winning, end-to-end solution helping businesses realize their full potential and go digital. (CEQUENS 24.08)

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### **3.13. Krispy Kreme Enters the Egyptian Market with its First Shop in Cairo**

Charlotte, North Carolina's Krispy Kreme has opened the global doughnut brand's first location in Egypt with its franchise partner Americana Group. Krispy Kreme's iconic Hot Light is now beaming in Cairo, signaling to guests that delicious, hot Original Glazed® doughnuts are available to enjoy fresh off the line. The Hot Light Theater shop, which can produce over 100 dozen doughnuts per hour, will be a destination for residents and visitors, while simultaneously serving as a production hub in Krispy Kreme's omnichannel strategy to distribute and deliver fresh doughnuts daily to customers via multiple points of access.

Americana, an independently owned and operated franchise partner of Krispy Kreme, currently operates more than 200 Krispy Kreme shops in five countries, including UAE, KSA and Kuwait, and has partnered with Krispy Kreme to delight customers since 2007.

With the shop's opening on 19 August in New Cairo's Arabella Plaza, Egypt became the 31st country where fans can enjoy Krispy Kreme doughnuts.

Kuwait's Americana Group is one of the largest restaurants, food manufacturing, and distributing companies in MENA and CIS countries. It is comprised of two divisions. The Group operates 2,000 restaurants in 13 markets across the Middle East, North Africa and CIS, as well as 25 food production sites across the region. (Krispy Kreme 30.08)

## **4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS**

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### **4.1. Stratasys Spearheading Sustainability for 3D Printing Industry**

Stratasys announced its commitment to lead 3D printing with an ESG-focused offering, establishing its 'Stratasys Sustainability' function and appointing a Vice President of Sustainability. Stratasys said a commitment to a circular economy, climate action, and social impact is paramount to building on its 30+ years of leadership in polymer 3D printing.

To advance its commitment to sustainability, Stratasys joined the Additive Manufacturer Green Trade Association (AMGTA) as a Founding Member. The AMGTA is a new global trade organization launched in November 2019. The AMGTA is a non-commercial, unaffiliated organization open to any additive manufacturer or industry stakeholder that meets certain criteria related to sustainability of production or

process. Part of the AMGTA's mission is to commission research that highlights the sustainable uses of additive manufacturing.

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 17.08)

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#### **4.2. Egypt Announces Plan to Address Climate Change Following Heat Wave**

[AI-Monitor](#) reported on 23 August that Egypt was hit by a severe heat wave in early August caused by climate change, according to the Egyptian Meteorological Authority, thus prompting the Egyptian Ministry of Environment to announce that the state has adopted a 15-year strategic plan to address climate change.

In May 2019, the Egyptian government established the National Council for Climate Change to address climate change and to devise relevant public policies. In December 2020, the Supreme Committee of the National Council for Climate Change held its first meeting, headed by Egyptian Prime Minister Mustafa Madbouly, who called on the council to prepare a general strategy to confront climate change, and to present the general framework of the strategy to the committee at its next meeting.

On 1 August, in conjunction with the heat wave that swept through Egypt, the Supreme Committee of the National Council for Climate Change held its second meeting during which Fouad presented the outline and objectives of the national strategy for climate change. Fouad said, "The plan ensures the achievement of low emissions development in various sectors, the increase of renewable and alternative energy sources, and preservation of natural resources and green spaces."

The Egyptian moves related to climate change were not limited to internal plans, but also extended abroad, as Egypt concluded several protocols and agreements with international organizations and developed countries. In October 2020, the World Bank approved a \$200 million project for Egypt to improve air quality, combat climate change and reduce emissions of air pollutants and global warming. Egypt also agreed in September 2020 to join the Cyprus initiative aimed at coordinating joint climate action in the Middle East and eastern Mediterranean regions, and discuss ways to establish a regional organization concerned with climate change that includes a number of countries in the region with similar climate challenges. (AI-Monitor 23.08)

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#### **4.3. Egypt Takes Another Step Towards Green Hydrogen Ambitions**

On 24 August, Siemens Energy and state-owned Egyptian Electricity Holding Company (EEHC) signed a MoU to jointly build up the green hydrogen industry in Egypt, potentially growing and further diversifying exports of renewable energy. Siemens is already studying a pilot project to produce green hydrogen in Egypt as an alternative source of power (with an eye to eventually exporting) under a letter of intent signed earlier this year between the two parties, which had proposed the generation of green hydrogen from renewable electricity sources with an output of more than 100 MW.

Siemens Energy is no stranger to high-profile energy projects in Egypt. It played a key role in getting the world's three largest combined-cycle power plants off the ground a few years back, putting an end to the rolling blackouts that roiled the nation. It is involved in everything from the new administrative capital's national electricity control center and an upcoming 500 MW wind power plant.

The green hydrogen push is part of a broader drive to position Egypt as the region's premier energy hub. The state's drive began when it brought Siemens on board to help end rolling blackouts that plagued the nation thanks to decades of under-investment in power generation infrastructure. In the period since, Egypt has sped up natural gas drilling, as well as exports over the past years, with plans to further grow the sector to be helped by the Damietta LNG plant coming online in February after eight years of being idle and an agreement earlier this year to build a pipeline connecting Israel's offshore Leviathan gas field to Egypt's liquefaction plants to help Israel ramp up Europe exports. Egypt led the creation of the Eastern Mediterranean Gas Forum (EMGF) last year, established to create a "regional gas market" and act as a market platform for natgas producers. On the renewables front, Egypt has seen its solar energy production rise 306% y-o-y to 3.6k GWh in FY2019-2020 due to contributions from Aswan's Benban solar power park, which came online in December 2019. (Ent 25.08)

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#### **4.4. Cairo to Remove 300 Old Microbuses From the Roads Monthly**

Cairo plans to deliver some 300 natgas-powered minibuses each month starting August as part of the state's plan to replace old vehicles with new models that have dual-fuel engines, Finance Minister Maaait announced. The first dual-fuel minibus is now on the road after being delivered to its owner under the natgas transition scheme.

The government aims to put 15,000 minibuses with new dual-fuel engines on the road during the first year of its multi-year natgas transition program. The ministry is providing minibus owners with support of 25% of the new vehicle's total value — at a maximum of EGP 65,000 — to help them cover the down payment. The remainder is being paid over seven to 10 years in installments subsidized rates under a financing program backed by the Central Bank of Egypt. In early June, the ministry expanded the scheme to include owners of 20+ year-old minibuses in the first phase starting last July.

The government has already delivered 4,120 vehicles including passenger cars and taxis since April, with EGP 92.8 million in incentives having been paid out. This is more than double the 1,700 dual-fuel passenger cars delivered as at late June, with EGP 46.5 million worth of paid incentives. In FY2021-2022, the government plans to extend additional incentives worth EGP 2 billion to encourage car owners to take part in the state's natgas transition plan.

This year, Cairo began rolling out a plan that aims to have 450,000 cars outfitted with dual-fuel engines by 2024. The scheme is also expected to be extended to tuk-tuks. In parallel, the government is working to boost the country's natgas refueling infrastructure and plans to have 1,000 natural gas filling stations set up nationwide by the end of this year. (Ent 22.08)

### **5. ARAB STATE DEVELOPMENTS**

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#### **5.1. Lebanon's Inflation Rate Reached 100.64% YOY in June 2021**

According to Lebanon's Central Administration of Statistics (CAS), monthly the Consumer Price Index (CPI) soared from 89.7% in June 2020 to reach a dramatic level of 100.64% in June 2021. The average inflation rate by June 2021 reached 131.92%, higher than the average inflation rate of 84.27% in 2020. Accordingly, all sub-components of Lebanon's consumer price index (CPI) increased over the studied period.

The cost of Housing and utilities, inclusive of water, electricity, gas and other fuels (grasping 28.4% of the CPI) added a yearly 38.02% by June 2021, where Owner-occupied rental costs increased by 4.17% year-on-year (YOY) while the average prices of water, electricity, gas and other fuels increased by 102.87% YOY.

The prices of Food and non-alcoholic beverages (20% of CPI) surged by 221.80% yearly. The average price of Transportation (13.1% of the CPI), Health (7.7% of the CPI) and Education (6.6% of CPI) all recorded hikes of an annual 195.44%, 21.44% and 100.53%, respectively, by June 2021. The costs of Clothing and Footwear (5.2% of CPI) surged by 172.08% by June 2021, and the prices of Communication (4.5% of the CPI) increased by 34.60%. Prices of Furnishings and household equipment (3.8% of CPI), Alcoholic beverages and tobacco (1.4% of CPI), and Recreation, amusement, and culture (2.4% of the CPI) increased by 194.01%, 180.21%, and 108.63%, respectively, by June 2021. (BLOM 22.08)

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## **5.2. Lebanon's Trade Deficit Hits \$2.63 Billion in March 2021**

As of March 2021, Lebanon's trade deficit totaled \$2.63B, going from the \$2.02B registered in the same period last year. Total imported goods declined only by 18.9% year-on-year (YOY) to \$3.33B; while Lebanon's total exports significantly retreated by 31.44% YOY to \$698.61M in March 2021.

The Mineral products grasped the lion's share of total imported goods with a stake of 25.63%. Products of the chemical or allied industries ranked second, composing 14.77% of the total while Pearls, precious stones and metals and Vegetable Products grasped the respective shares of 8.26% and 9.04%, respectively. Compared to March 2020, the value of imported Mineral products slumped from \$999.84M to \$853.25M by March 2021. The imported volume of mineral products (mostly oil) decreased by 14.66% YOY. This may be attributed to the deterioration of the Lebanese purchasing power, due to the catastrophic depreciation of the national currency against the dollar.

In February, the top four import destinations were Greece, Turkey, China and UAE grasping the respective shares of 12.84%, 7.68%, 6.20% and 5.62% of the total value of imports. On the Exports front, Lebanon's top exported products were Pearls, precious stones and metals grasping a share of 25.43% of the total. Prepared foodstuffs, beverages & tobacco and Base metals & articles of base metal followed, with each grasping a share of 13.67% and 12.68%, respectively, of the total. The top three export destinations in March 2021 were UAE, Saudi Arabia and USA with the respective shares of 20.12%, 7.29% and 6.56%. (Blom 26.08)

### **►► Arabian Gulf**

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## **5.3. UAE Starts Up Second Reactor in Boost to Nuclear Energy Ambitions**

On 27 August, the Emirates Nuclear Energy Corporation (ENEC) announced that its subsidiary, Nawah Energy Company, has successfully started up Unit 2 of the Barakah Nuclear Energy Plant, located in the Al Dhafra Region of Abu Dhabi. The milestone comes a year after the start-up of Unit 1 and within five months of the launch of commercial operations. Testing has been undertaken with the continued oversight of the UAE's independent nuclear regulator, Federal Authority for Nuclear Regulation (FANR), prior to the receipt of the operating license.

The start-up phase is the first time the unit has produced heat through nuclear fission. The heat is used to create steam, turning a turbine to generate electricity. In the coming months, Unit 2 will be connected to the national electricity grid. When fully operational, the four units of the plant will produce 5.6 gigawatts of electricity while preventing the release of more than 21 million tons of carbon emissions every year, equivalent to removing 3.2 million cars off the roads annually, and equivalent to those emissions from charging 7.3 billion smartphones daily. (Various 30.08)

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#### 5.4. UAE Health Insurance Market Forecast for 2021-2026

On 20 August, the "UAE Health Insurance Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2021-2026" report was added to [ResearchAndMarkets.com](https://www.researchandmarkets.com)'s offering. The UAE health insurance market reached a value of \$6.6 Billion in 2020 and is expected to exhibit strong growth during 2021-2026. The UAE has a wide-ranging, government-funded and rapidly evolving private healthcare sector delivering high standard of health care to the population. The health insurance policies are an integral part of the healthcare infrastructure as they cover the cost associated with medical and surgical expenses of the policyholders.

The costs incurred during the treatment of the patient are either fully paid by the insurance company in advance or indirectly through reimbursement, depending upon pre-decided terms and conditions. An effective health insurance plan includes services such as diagnosis and treatment for illnesses and conditions, psychiatric care, rehabilitation, therapy, emergency transportation, in-patient management, maternity, dental care, etc. AXA Gulf Insurance, Abu Dhabi National Insurance Company (ADNIC), Emirates Insurance Company, Oman Insurance Company, etc. are among the key health insurance providers in the UAE.

With a population of around 9.6 million, the UAE is among the GCC region's fastest growing economy. Moreover, the government is also playing a major role in increasing the penetration of health insurance in the region. In Abu Dhabi and Dubai, the government provides health insurance for all its citizens. Similarly, the government of Ajman provides all its employees with health insurance. Both Abu Dhabi and Dubai also mandate employers to provide health insurance coverage to their employees. Moreover, due to the country's increasing economic diversification and continued inward migration, the per capita expenditure on health care services have increased. Other factors such as increasing occurrences of lifestyle diseases and rising costs of medical treatments are also driving the market positively. (R&M 20.08)

#### ►► North Africa

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#### 5.5. Egypt Gets Almost \$2.8 Billion of IMF's Record SDR Allocation

The International Monetary Fund (IMF) announced the disbursement of almost \$650 billion in new special drawing rights (SDRs) — the largest allocation in its history — to all 190 member countries, in a “significant shot in the arm” to emerging and low-income nations to support the global recovery from the pandemic.

The latest allocation brings the total value of SDRs Egypt had received so far from the IMF to some \$4 billion. The country had received as much as \$1.1 billion in SDRs — allocated in proportion to members' existing quotas in the fund, with Egypt's amounting to 0.43% — in August 2009 as part of a general allocation of \$250 billion geared towards providing liquidity to the global economic system. The IMF's latest largest-ever distribution of monetary reserves — which Barclays had previously said would particularly benefit Egypt — will provide additional liquidity for global economies, supplement their FX reserves, and reduce their reliance on more expensive domestic or external debt.

The IMF thinks Egypt's economy has been “resilient” in the face of the pandemic and has performed better than expected despite the pandemic. Containment measures, supported by the authorities' effective crisis management, and strong implementation of their policy program helped mitigate the effects of the crisis. The IMF had raised its outlook for Egypt's growth to 2.8% from 2% following the completion of its first review of the program in January. Fiscal policy for the upcoming fiscal year “appropriately targets a gradual consolidation to balance needed support for the economic recovery while safeguarding fiscal sustainability.” (IMF 25.08)

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## **5.6. Egypt is Aiming for 6% Inflation in FY2021-2022**

The Egyptian government is targeting a 6% inflation rate in FY2021-2022, down from 13.3% in 2018-2019, under its medium-term fiscal plans, Planning Minister Hala El Said announced. The headline rate is currently approaching the lower band of the CBE's target range, after inflation inched up to 5.4% last month from 4.9% in June — its highest since the start of the year and the first time since January 2020 that inflation has risen into the CBE's target range, which currently stands at 7% ( $\pm 2\%$ ) on average by Q4/22.

Inflationary pressures have been largely muted since the start of 2021, shrugging off the global commodities boom, which took a while to filter through domestically. The cycle began to catch up in May, leading to a spike in food prices and a 70 basis points increase in the annual rate. Before that, inflation unexpectedly slowed to 4.1% in April, after having held steady at 4.5% in March from February, dropping last January to its lowest level since September 2020.

Egypt wants to reduce the unemployment rate to 7.3% by the end of FY21/22, down from the 9.6% recorded in the preceding year. The government looks set to achieve that target, with the unemployment rate coming in at 7.3% in Q2/21. Though rates improved just 0.1% from the preceding quarter, this is still a huge improvement from Q2/20, when the partial lockdown of the economy saw unemployment rise to a two-year high of 9.6%. (Ent 22.08)

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## **5.7. Egypt's Cotton Production Forecast to Increase by More Than 30%**

Cotton production in Egypt is expected to increase by more than 30% y-o-y to reach 280,000 bales in the 2021-2022 marketing year — which runs from July to June — according to a report by the US agriculture department's Foreign Agricultural Service (FAS). The targets have been revised up from an earlier April forecast by FAS that predicted 16% annual growth to reach 250,000 bales in the current marketing year.

The growth would come on the back of a projected 20% y-o-y increase in harvested area to 85,000 hectares, as higher demand in 2021 incentivized farmers to keep planting through June after the end of the traditional season. But despite the jump, production still isn't expected to rebound to the 305,000 bales it recorded in the 2019/20 market year. (Various 25.08)

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## **5.8. Suez Canal Revenues Are Up**

Suez Canal revenues rose almost 11.2% y-o-y to \$3.88 billion from January to August, compared with the preceding year, when revenues came in at \$3.49 billion, the Suez Canal Authority (SCA) announced. Suez Canal revenues hit a record \$5.84 billion in FY2020-2021, up slightly from \$5.72 billion the year before, despite the Ever Given crisis that blocked the canal for almost a week in March. Almost 9,800 ships crossed the canal during H1/21, compared to 9,500 ships last year. The SCA has been making an effort to boost traffic through the canal, slashing transit fees for LNG tankers at the end of 2020 and some container ships at the beginning of July, and freezing transit fees for all ships at 2020 rates. (SCA 19.08)

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## **5.9. Egypt Prepares for High Speed National Train System**

Egypt's National Authority for Tunnels is due to sign a contract within the coming days with a Siemens-led consortium that also includes Orascom Construction and Arab Contractors to build a \$23 billion high-speed electric rail network. The agreement — approved by the Cabinet in June — would see the three companies design, install and commission the rail system — which could span a massive network of up to 1,700 kilometers, with the project's first 460 km phase connecting Ain Sokhna to Alamein via the new capital. The consortium signed a MoU with the authority earlier this year.

Siemens will be responsible for all things electrico-mechanical, including installing the signaling system, power infrastructure and a control center, as well as producing 34 passenger and 10 goods carriages for the project's first phase. Together, the three companies will be responsible for the design, installation, and commissioning of the rail system.

The project's first 460 km phase will connect Ain Sokhna to Alamein via the new capital. The second phase is expected to connect Alamein to Marsa Matrouh, the third Hurgada, Safaga, Qena and Luxor, while the fourth should run from Sixth of October further west. The entire network was initially expected to span nearly 1,000 km, though Transport Minister Kamel El Wazir later said on the airwaves that it would span 1,750 km in total. (Ent 31.08)

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### **5.10. Egypt's Unemployment Steady on Quarterly Basis in Second Quarter**

Egypt's unemployment rate was largely flat in Q2/21 at 7.3%, improving just 0.1% from the preceding quarter, according to official figures released by CAPMAS. This is a huge improvement from Q2/20, during which the jobless count rose to a two-year high due to the COVID-19 pandemic. The unemployment rate hit 9.6% between April and June last year as the partial lockdown of the economy took its toll on the job market.

Egypt had fewer unemployed in Q2/21 — and fewer people in the workforce. The labor force participation rate — which looks at those between the ages of 15 and 64 — fell to 41.9% from 42.2% in Q1/21. The size of the workforce fell to 29.1 million, down from almost 29.3 million in the previous quarter. CAPMAS suggests the declines were the result of COVID-19, likely meaning factors at play here include government support to people who lost their jobs during COVID, measures in place to curb COVID-19 and subdued economic growth thanks to the pandemic.

The unemployment rate among women — which is consistently recorded as much higher than that among men — came in at its lowest in over a year at 15%, down 0.9% quarterly and 1.2% yearly. This could mean that many working moms left the workforce to stay home and look after kids. Unemployment among men stood at 5.7% in the second quarter, up from 5.6% in the first quarter, its highest since Q3/20 — though still well below its Q2/20 peak of 8.5%. Youth unemployment came in at 68.4%, up more than 8% from 60% in April-June last year. (CAPMAS 16.08)

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### **5.11. Morocco's Tourism Revenues Dropped by 58.1% as of June**

Morocco's Department of Studies and Financial Forecasts (DEPF) announced that tourism revenues dropped by 58.1 % at the end of June to stand at MAD 8.8 billion (or \$978 million). Tourism revenues experienced a slight increase in June, accounting for 15.2%. The increase is due to the gradual reopening of borders from mid-June and the launch of the Marhaba 2021 operation. The Marhaba operation welcomes members of the Moroccan diaspora during the summer season.

DEPF announced that the decline in revenues eased to -10.5% in the second quarter of 2021, after -68.8% in the first quarter and -77.4% in the previous year. Tourist arrivals stood at 71,225 for the months of April and May against 1,710 in the same period last year. Overnight stays in classified establishments reached 690,400. Arrivals and overnight stays dropped by 74.5% and 55.7%, respectively at the end of the first five months in 2021.

Morocco's tourism sector continues to experience heavy impacts due to COVID-19. Health professionals registered over 9,000 cases per day recently, causing concerns among citizens and government officials. In response, the government released new measures, including the ban of weddings and gatherings. Restaurants, cafes, and other public spaces are also urged to work at half capacity and shut down at 21:00h

as part of the night curfew. The measures are part of Morocco's continued state of emergency, enabling officials and security services to take proactive measures to tackle issues related to the epidemiological situation. Morocco's state of emergency has been in effect since March 2020. (MWN 24.08)

## 6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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### 6.1. Turkey's Foreign Trade Deficit Widens at Fastest Pace in Seven Months

Turkey posted a foreign trade deficit of \$4.28 billion in July, led by an increase in imports of intermediate goods. The trade gap widened by 51.3% from July last year, growing at the fastest pace since November, data published by the Turkish Statistical Institute on Tuesday showed. Imports rose by an annual 16.8% to \$20.7 billion, outpacing an advance of 10.2% in exports to \$16.4 billion.

Turkey is seeking to narrow its trade gap with the rest of the world by increasing exports. The shortfall widened the current account deficit to more than 5% of GDP last year, exerting downward pressure on the value of the lira. The currency has dropped to successive record lows against the dollar and euro over the past two years.

The widening of the foreign trade deficit in July pared an overall decrease in the trade gap so far this year. The deficit has shrunk by an annual 4.7% to \$25.5 billion in the first seven months. It had fallen by 11.4% to \$21.2 billion in the first half of 2021. Imports of intermediate goods in July climbed by an annual 25.7% to \$16.1 billion. Purchases of consumption goods from abroad fell by 14.6% to \$1.84 billion. (TSI 31.08)

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### 6.2. Greece's Electric Car Proliferation Still at a Very Low Level

Greece seem to be falling behind in efforts to get more electric vehicles on the streets, with the cost of purchase, compared to hybrid cars, being the main obstacle. According to a recent survey by the European Automobile Manufacturers Association (ACEA), countries, like Greece, with a market share of less than 3% in electric vehicles, have an average per capita income of less than €17,000. Tellingly, 73% of electric vehicles are located in five countries (Sweden, the Netherlands, Finland, Denmark and Germany) with the highest per capita income.

Greece is also burdened by infrastructure shortages. Automotive industry experts cite a direct correlation between the penetration rate of electric vehicles and the number of chargers that each country has to offer. According to ACEA data, there are 275 charging points in Greece, which corresponds to only 0.1% of all chargers in Europe. (eKathimerini 30.08)

## 7. GENERAL NEWS AND INTEREST

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### 7.1. Rosh Hashanah – the Jewish New Year

Rosh Hashanah, commonly known as the Jewish New Year, is celebrated on the first and second days of the Hebrew month of Tishrei. This year that date falls on the afternoon of 6 September and continues until the evening of 8 September. In Hebrew, Rosh Hashanah literally means "first of the year." The name Rosh Hashanah is not used in the Bible to discuss this holiday. The Bible refers to the holiday as *Yom Ha-Zikaron* (the day of remembrance) or *Yom Truah* (the day of the sounding of the *shofar*). The holiday is instituted in Leviticus 23:24 - 25. The shofar is a ram's horn; the sounding of the *shofar* in the synagogue is one of the most important observances of this holiday. The Bible gives no specific reason for this practice,

though one that has been suggested is that the shofar's sound is a call to repentance. No work is permitted on Rosh Hashanah. Much of the day is spent in synagogue, where the regular daily liturgy is somewhat expanded. In fact, there is a special prayer book called the *machzor* used for Rosh Hashanah and Yom Kippur because of the extensive liturgical changes for these holidays. Religious services for the holiday focus on the concept of G-d's sovereignty. One popular observance during this holiday is eating apples dipped in honey, reflecting the wish for a sweet new year.

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## **7.2. Fast of Gedaliya Marked on 9 September**

The Fast of Gedaliya (or *Tzom Gedaliya*, falling on 3 Tishrei), follows Rosh Hashanah. This year it is observed on 9 September. It marks the assassination of Gedaliya ben Achikam and the exile of the small Jewish community that remained in Israel after the Destruction. When Nebuchadnezzar King of Babylonia, destroyed the Temple in Jerusalem in 586 BCE and exiled the Jewish people to Babylonia, he allowed an impoverished remnant to remain in the land and appointed Gedaliah Ben Achikam as their Governor. Many Jews who had fled to Moab, Ammon, Edom, and other neighboring lands returned to the land of Judea, tended the vineyards given to them by the king of Babylonia and enjoyed a new respite after their earlier oppression. However, political machinations led Yishmael Ben Netaniah, to assassinate Gedaliah. Yishmael murdered Gedaliah, together with most of the Jews who had joined him and numbers of Babylonians whom the Babylonian King had left with Gedaliah. The remaining Jews feared the vengeance of the Babylonian King and fled to Egypt. The surviving remnant of Jews was thus dispersed and the land remained desolate, until the Jewish polity was re-established in some 70 years' time. The fast is observed from daybreak until the stars appear in the evening.

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## **7.3. Israeli & Moroccan Universities Sign a Collaboration Agreement**

The Hebrew University of Jerusalem and Ben Gurion University of the Negev signed historic agreements with Morocco's Mohammed VI Polytechnic University for the promotion of academic and technological cooperation in mid-August. The collaboration between the institutions will focus on joint research and collaborative degrees, innovation, and the exchange of publications and academic materials.

Ben-Gurion University and Mohammed VI Polytechnic University in Morocco held talks on collaborating on sustainability projects, in addition to launching student and faculty exchange programs. Israel and Morocco normalized diplomatic ties last year as part of the Abraham Accords, brokered under the administration of former US President Trump. (ILH 22.08)

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## **7.4. Israel Will Now Allow Gay Men to Donate Blood**

Israel has ended a restriction on blood donation that effectively prohibited gay men from donating blood. Until now, Israel had prohibited any man who had had same-sex relations over the past 12 months from giving blood. The wording on the blood donation form will be changed to asking whether prospective donors have had "high risk sexual relations with a new partner or partners" during the past three months. The change follows similar ones in the United States last year and in the United Kingdom earlier this year. It was spearheaded by Israeli Health Minister Nitzan Horowitz, who is the first gay man in the position. (JTA 22.08)

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## **7.5. Kibbutz Harvests Previously Extinct Dates Eaten in Judea 2000 Years Ago**

Researchers recently harvested the second crop of dates grown on palm trees from 2,000-year-old seeds retrieved from archaeological excavations in the region, the [Arava Institute for Environmental Studies](#) in Kibbutz Ketura announced. After one of the trees bore fruit for the first time last September, this year's harvest has increased. Some of the dates will be available for visitors to buy and taste a staple of the ancient Judeans' diet. The special fruits resemble modern species of dates and have a very sweet taste, similar to honey, according to people who have tasted them.

The ancient palm grove at Ketura has a few trees. The most senior, which researchers have named Methuselah – the oldest man who ever lived, according to the Bible – was planted in 2005 from a seed found in Masada in the 1960s during excavations led by archaeologist Yigal Yadin. Over the following years, the researchers decided to replicate the experiment, planting another 32 seeds from various excavations. About six of them eventually germinated, mostly from Masada or Qumran, another iconic site, where the world renowned Dead Sea Scrolls were unearthed. While Methuselah was found to be a male tree, some of the new palms turned out to be female, allowing pollination. (JP 24.08)

## **8. ISRAEL LIFE SCIENCE NEWS**

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### **8.1. cbdMD Signs Exclusive Agreement to Enter Israeli Market with IM Cannabis Corp.**

Charlotte, N.C.'s cbdMD, one of the leading and most highly trusted CBD companies, announced the signing of a binding letter of intent with IM Cannabis Corp., a multi-country operator in the medical and adult-use recreational cannabis sector with operations in Israel, Germany and Canada. Terms of the agreement will grant IMC an exclusive right to import, sell, distribute and market cbdMD's products in Israel, subject to the execution of a definitive agreement, legalization of CBD for non-medical purposes in Israel, cbdMD's products meeting all regulatory requirements for the import, sale, distribution and marketing of CBD products in Israel and meeting the minimum quantity sales targets.

IMC is an MCO in the medical and adult-use recreational cannabis sector, headquartered in Israel and with operations in Israel, Germany and Canada. Over the past decade, the Company believes that the IMC brand has become synonymous with quality and consistency in the Israeli medical cannabis market. The Company has also expanded its business to the retail sector with acquisitions of medical cannabis retail pharmacies and online platforms, distribution centers and logistics hubs enabling safe delivery of medical cannabis and control over the entire value chain, from seed to patients. (cbdMD 09.08)

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### **8.2. Tel Aviv University Researchers 3D-Bioprint an Entire Active Tumor**

Researchers at Tel Aviv University successfully 3D-bioprinted an entire active and viable glioblastoma brain tumor using human tissues, which included a complex system of blood vessel-like tubes through which blood cells and drugs can flow, simulating a real tumor. The research will help healthcare professionals more quickly diagnose patients, help facilitate faster treatments, and assist pharmaceutical companies to more accurately develop and test drugs to treat future cases.

The 3D-bioprinted models are based on samples taken directly from patients from operating rooms at the neurosurgery department at Sourasky Medical Center. Glioblastoma is a particularly aggressive disease, partially because it is unpredictable. Such tumors can remain dormant in some patients for years. The team was able to grow the tumors artificially in a lab, where they discovered that they all grew and spread at the same rate.

However, in the 3D-bioprinted tumor's spread and development was similar to what doctors see in patients or animals. After successfully printing the 3D tumor, the team demonstrated that unlike cancer cells growing

on petri dishes, the 3D-bioprinted model has the potential to be more effective for rapid, robust, prediction of a treatment that could be personalized per patient.

The study was funded by the Morris Kahn Foundation, the European Research Council, the Israel Cancer Research Fund, the Israel Cancer Association, the Israel Science Foundation and Check Point Software Technologies. (TAU 18.08)

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### **8.3. Tarsier Pharma Raises Capital to Execute Phase-3 Clinical Trial**

Tarsier Pharma announced it raised capital to execute a phase-3 clinical trial of its TRS01 program in the US and Europe. Strategic and new investors alongside existing investors participated in this transaction. Following a successful End of Phase II meeting with the FDA, the Company obtained all necessary regulatory approvals to execute phase 3 and has recruited leading uveitis experts as principal investigators. Tarsier plans to enroll the first patient in Q4/21.

Tarsier's technology, TRS, is a novel immunomodulator molecule that showed, in a dose-ranging, randomized, double-masked phase III trial in the target indication, a prompt and statistically significant improvement in signs and symptoms of uveitis.

Zichron Yaakov's [Tarsier Pharma](#) is a late clinical stage pharmaceutical company, phase-3 ready, focused on the discovery, development, and commercialization of first-in-class pharmaceutical therapies to treat ocular blinding diseases. TRS is a breakthrough proprietary technology platform, based on a new bio-inspired chemical entity, with novel mechanism of action and demonstrated safety and efficacy in a rare debilitating and blinding indication. (Tarsier Pharma 24.08)

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### **8.4. Ibex' Galen Gastric AI-powered Solution for Gastrointestinal Cancer Diagnostics**

Ibex Medical Analytics and KSM, the Research and Innovation Center of Maccabi Healthcare Services, Israel's leading HMO, announced the deployment of Galen™ Gastric at Maccabi's pathology institute, making it the first laboratory in the world to use AI for detecting cancer in the gastrointestinal (GI) tract.

Ibex transforms cancer diagnosis by harnessing Strong AI and Machine Learning technology at an unprecedented scale. Ibex's Galen platform helps pathologists improve the quality of cancer diagnosis, implement real-time quality control, reduce turnaround time and boost productivity, and has demonstrated outstanding accuracy and utility in clinical studies.

Galen Gastric is an integrated diagnostics and quality control solution that supports pathologists in the detection of gastric cancer, dysplasia, H. pylori and other important clinical findings. The solution is an addition to Galen Prostate and Galen Breast that have already been deployed at Maccabi Healthcare Services, as well as other labs worldwide, where they are used in everyday clinical practice. With this deployment, Maccabi becomes the only health system in the world to use AI for multi-tissue cancer detection on breast, prostate and gastric biopsies, supporting their pathologists with improved accuracy, quality control and efficiency.

Tel Aviv's [Ibex](#) pioneers AI-powered cancer diagnostics in pathology. Ibex empowers physicians to provide every patient with an accurate, timely and personalized cancer diagnosis by developing clinical-grade AI algorithms and digital workflows that help detect and grade cancer in biopsies. Their Galen™ platform is the first-ever AI-powered integrated diagnostics solution in pathology and used in routine clinical practice worldwide, supporting pathologists and providers in improving the quality and accuracy of diagnosis, implementing comprehensive quality control, reducing turnaround times and boosting productivity with more efficient workflows. Ibex's Artificial Intelligence technology is built on Deep Learning algorithms trained by a team of pathologists, data scientists and software engineers. (Ibex Medical Analytics 24.08)

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## **8.5. Nutritional Growth Solutions Launches Grow Daily Boys 10+ Nutritional Shake**

Nutritional Growth Solutions introduced its "Grow Daily Boys 10+" protein drink powder supporting growth and development in boys 10 and older. Launching in the US, the new line contains a patented mixture of macronutrients designed to boost an adolescent's growing body and increase muscle mass.

Grow Daily Boys 10+ was formulated with the specific nutritional needs of boys 10 and older in mind. The unique blend incorporates higher levels of macro- and micronutrients needed to support the physical development of young males entering pre-teen and teenage years. Each serving of Grow Daily Boys 10+ contains 18g high-quality whey protein, healthful lipids and complex carbohydrates, plus micronutrients scientifically proven to be related to growth. These include zinc, calcium, iron, and vitamins A, D and C. The new line is available in three flavors: Chocolate, Vanilla, and "Plain" (a neutral base) flavor. Grow Daily Boys 10+ Plain is versatile, crafted to be added to milkshakes, fruit smoothies, yogurt or other delicious recipes.

[Nutritional Growth Solutions](#) is a global nutritional health company focused on the well-being of children. NGS develops, produces and markets clinically tested nutritional supplement formulas for children following 20 years of medical research into pediatric nutrition at Schneider Children's Medical Centre, Israel's largest pediatric hospital. (NGS 23.08)

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## **8.6. BioHarvest Sciences Unveils New Groundbreaking Cannabis Trichome Structure**

BioHarvest Sciences unveiled a new, groundbreaking "Amalgamated Trichomes Coral Structure" (ATCS) that will revolutionize the production of Cannabis. BioHarvest has successfully grown multiple trichomes in coral-shaped clusters where they are attached together in a natural structure. This structure protects the trichomes from the shear forces and guarantees much-needed mechanical stability during the growth process.

The trichomes (the natural cannabinoids micro-factories of the Cannabis plant) grow on the surface of the Cannabis flower or leaf and have a shape of a tiny mushroom with glandular heads. They are individually and mechanically attached to the surface through a fragile stalk. BioHarvest is the first company in the world to successfully and naturally grow trichomes together, forming a coral-shaped structure that protects them from the shear forces applied by the fluid motion inside the bioreactors. This structure guarantees the much-needed mechanical stability during the growth process within the bioreactor. They call this uniquely shaped structure "Amalgamated Trichomes Coral Structure" (ATCS), and it allows the Company to quickly scale up Cannabis production in advance of wide scale commercialization in H1/22.

Based in Rehovot and Vancouver BC, [BioHarvest Sciences](#) is the developer and exclusive owner of the proprietary and patent-protected BioFarming technology. It is the first and only industrial-scale plant cell technology capable of producing the active plant ingredients without the necessity to grow the plant itself. The Company's technology is non-GMO and has already been validated by VINIA®, the red grapes cells functional food/dietary supplement produced and sold by BioHarvest Sciences Inc. The Company plans to generate significant revenue within the global nutraceutical ingredients and dietary supplements market with VINIA and other Super Fruit Nutraceutical products. Further, by adapting this technology to the Cannabis plant, and building adequate production capacity, BioHarvest Sciences' objective is to become a leading supplier of Cannabis for both medicinal and legal recreational purposes. (BioHarvest Sciences 19.08)

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## 8.7. Inspira Reaches Important Milestone as it Completed a Pump Bench Study

Inspira Technologies has successfully completed a pump bench study as the company progresses closer towards the manufacturing phase. Inspira Technologies is developing an early extracorporeal respiratory support system, the ART device, which functions as an "external lung". The ART device is intended to allow patients to remain awake during treatment, while potentially preventing the use of highly invasive, risky and costly mechanical ventilation systems. The pump is a key component of any extracorporeal oxygenation system. This component includes a motor and a pump head. It pumps the patient's blood outside of the body through the extracorporeal oxygenation system, allowing the lungs to rest. The bench study is an important milestone in the selection of the ART device's pump.

Inspira's proprietary ART device pump was compared to other leading centrifugal pumps. All pumps are designed to minimize the amount of damage to blood (hemolysis) during operation. The study, which was conducted in the Company's labs, was performed according to international standard practice for assessment of hemolysis in continuous flow blood pumps. In this study, the hemolysis of centrifugal pumps was investigated in vitro by comparing various scenarios of operation.

Ra'anana's [Inspira Technologies](#) is an innovative medical technology company in the respiratory treatment arena. The Company has developed an early extracorporeal respiratory support system, the ART device, which it believes will elevate and stabilize patient oxygen saturation levels. The Company's ART technology potentially allows patients to remain awake during treatment while minimizing the use of the highly invasive, risky, and costly mechanical ventilation systems that require medically induced coma. The Company's product has not yet been tested or used in humans and has not been approved by the U.S. FDA. (Inspira Technologies 18.08)

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## 8.8. Yemoja & MIGAL Institute Major Study of Microalgae for Inflammatory Bowel Disease

Yemoja is joining the MIGAL Galilee Research institute to spearhead an extensive, four-year research initiative to identify algae-sourced compounds with the potential to help manage inflammation and Inflammatory Bowel Disease (IBD). Select beneficial algae will be developed into functional foods as well as nutraceutical and pharmaceutical applications.

The initiative, titled 'Algae4IBD,' was launched in June and has been awarded a grant of €7.5 million from the EU funding arm, Horizon 2020, which is dedicated to supporting game-changing research and innovation projects. Yemoja is one of a 21-member consortium composed of marine science experts, research institutes, universities, hospitals and IBD centers, and algae cultivation companies. The campaign is being led by Dr. Dorit Avni, a senior researcher for MIGAL.

The initiative follows promising research conducted by MIGAL institute. Under this partnership, Yemoja will be responsible for cultivating multiple strains of known and novel microalgae to be screened for their potential anti-IBD properties. Several hundred strains will be screened before advancing to clinical trials. The microalgae candidates will be supplied by Yemoja, in conjunction with other global algae companies. Yemoja's high-precision indoor cultivation platform enables the company to manipulate environmental parameters such as light, temperature, and pH to achieve high concentrations of the desired bioactive compounds, and enhance yields without the threat of contamination. It involves a small-batch production line of vertical luminescent columns. Each one is isolated and allocated a specific algae species.

Tel Hai's [Yemoja](#) was founded in 2017 by a team of marine biology and biotech experts with a shared vision of leveraging novel engineering methods to provide the commercial algae space with a prodigious range of high-value microalgae species that can be tailored to a full spectrum of applications, including cosmeceuticals and nutraceuticals. (Yemoja 30.08)

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## 8.9. Else Nutrition Receives Good Housekeeping's Parenting Award for 2021

Else Nutrition has received Good Housekeeping's Parenting Award for 2021 for its Plant-Based Completed Nutrition for Toddlers product. Else Toddler Nutrition was selected in the fan favorite category for Balanced Baby Nutrition. The selection is conducted by a panel of scientists, editors, and parents, evaluating hundreds of products impacting U.S. families and children.

Tel Aviv's [Else Nutrition](#) is an Israel-based food and nutrition company focused on developing innovative, clean and plant-based food and nutrition products for infants, toddlers, children, and adults. Its revolutionary, plant-based, non-soy, formula is a clean-ingredient alternative to dairy-based formula. (Else Nutrition 31.08)

## 9. ISRAEL PRODUCT & TECHNOLOGY NEWS

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### 9.1. Varada Version 3.0 Adds Elastic Scaling to Indexing for Big Data Analytics

Varada unveiled version 3.0 of its data analytics platform, now delivering a powerful and cost-effective alternative to offerings like Snowflake, Redshift, Athena, Preso, Trino and BigQuery for at-scale big data analytics users who rely on the power of indexing to extract insights from massive, unstructured data sets. The new version marries the power of cloud elasticity and the query power of indexing for big data analytics, giving data teams the ability to scale analytics workloads rapidly and meet fluctuating demand. It delivers a dramatic increase in cost performance and cluster elasticity as compared to the previous version. In addition, version 3.0 eliminates the need to keep high-performance and expensive SSD NVMe (Solid-State Drive Nonvolatile Memory Express) compute instances idling when the cluster is not in use.

This third iteration of the Varada platform marks the latest step in a journey that began last December with version 1.0, in which adaptive indexing chooses the optimal index for each data set to deliver 10x-100x faster performance compared to other data lake query engines. The platform used pre-defined materialization to enable indexing. This past spring, version 2.0 eliminated the need for materialization and added a dynamic, smart observability layer that automatically decides which data to index and when to index, making it easy to use and giving users a dramatic improvement in TCO (Total Cost of Ownership).

Ramat Gan's [Varada](#)'s mission is to enable data practitioners to go beyond the traditional limitations imposed by data infrastructure and instead zero in on the data and answers they need - with complete control over performance, cost and flexibility. In Varada's world of big data, every query can find its optimal plan, with no prior preparation and no bottlenecks, providing consistent performance at a petabyte scale. Varada has been recognized in the Cool Vendors in Data Management report by Gartner. (Varada 04.08)

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### 9.2. Silverfort Partners with IDSA to Build Awareness for Identity-based Zero Trust

Silverfort has joined the Identity Defined Security Alliance (IDSA), a nonprofit that provides vendor-neutral resources to help organizations reduce the risk of a breach by combining identity and security strategies. Silverfort will work with the IDSA on initiatives to inform organizations on the latest security threats and present best practices for implementing an identity-based Zero Trust framework across modern hybrid and multi-cloud infrastructures.

The IDSA is a group of identity and security vendors, solution providers, and practitioners that acts as an independent source of thought leadership, expertise, and practical guidance on identity centric approaches to security for technology professionals.

Tel Aviv's [Silverfort](#) has created a Unified Identity Protection Platform that consolidates security controls across corporate networks and cloud environments to block identity-based attacks. Using innovative

agentless and proxyless technology, Silverfort seamlessly integrates with all existing IAM solutions extending their coverage to assets that cannot otherwise be protected including homegrown/legacy applications, IT infrastructure, file systems, command-line tools, machine-to-machine access, and more. It continuously monitors all access by users and service accounts across both cloud and on-premise environments, analyzes risk in real-time using an AI-based engine, and enforces adaptive authentication and access policies. (Silverfort 09.08)

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### **9.3. Perimeter 81 Named as a 2021 Leader in Zero Trust Network Access**

Perimeter 81 announced that the independent research firm, Forrester, cited the company as a leader in The Forrester New Wave: Zero Trust Network Access Report, Q3 2021. Forrester gave Perimeter 81 the highest marks possible in the nonweb and legacy apps, client support, product vision and planned enhancements criteria.

Forrester found that “Perimeter 81’s ZTNA management is intuitive and modern. Its ability to handle nonweb applications like VoIP is a major differentiator in this field.” In addition, they noted that Perimeter 81 is the best fit for smaller enterprises that need ZTNA as a service, quickly. [Its] self-service portal allows smaller organizations to sign up quickly and onboard dozens of applications in less than a month. In addition, Forrester noted that “Perimeter 81 reference customers are among the most enthusiastic of those included in this evaluation. They extol the vendor relationship, support, and dedication to improving the product quickly.”

Founded in 2018, Tel Aviv's [Perimeter 81](#) simplifies cybersecurity and secure network access for the post-Covid hybrid workforce by transforming multiple outdated, complex, hardware-based network security technologies into a single, easy-to-use, cloud-based Secure Access Service Edge (SASE) platform. Their clients include SMBs to Fortune 500 businesses and industry leaders across a wide range of sectors. In August 2020, the company raised a Series B round of \$40 million, led by Insight Partners, with the participation of Toba Capital and Spring Ventures (SPRG:TLV), to continue to simplify and modernize the way businesses consume cyber and network security. (Perimeter 81 24.08)

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### **9.4. Guardicore Centra Mitigates Ransomware with Software-Based Segmentation**

Guardicore announced visibility and segmentation features in the Guardicore Centra platform that enable security teams to stop ransomware and lateral movement. Guardicore’s unique software-based approach enables security teams to segment the network faster than any other solution on the market, creating silos between servers, applications, operating systems, and cloud instances to prevent, detect and remediate ransomware attacks.

Guardicore Centra enables security teams to protect against lateral movement in ransomware attacks with software-based segmentation. Enterprises gain a single, scalable platform with real-time threat detection and response capabilities to detect lateral movement and minimize dwell time throughout the entire cyberattack kill chain. The platform’s industry-leading visibility and segmentation capabilities enable security teams to isolate critical applications faster, block lateral movement, and reduce the time required to resolve an incident.

Tel Aviv's [Guardicore](#) delivers easy-to-use Zero Trust network segmentation to security practitioners across the globe. Our mission is to minimize the effects of high-impact breaches, like ransomware, while protecting the critical assets at the heart of your network. We shut down adversarial lateral movement, fast. From bare metal to virtual machines and containers, Guardicore has you covered across your endpoints, data centers and the cloud. Their software-based platform helps you become more secure to enable your organization’s digital transformation. (Guardicore 23.08)

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## 9.5. Lightrun Brings Live Production Code Observability to Node.js Applications

Lightrun announced support for JavaScript's most popular back-end run-time, Node.js. Lightrun becomes the first observability platform to offer granular code-level observability into running Javascript applications and their external dependencies.

With the release, Lightrun is supporting Node.js, the Webstorm IDE, and popular JavaScript web application frameworks like Express, Koa and more. Lightrun allows deep Node.js code-level inspection capabilities directly within WebStorm and IntelliJ IDEs, giving JavaScript developers the ability to examine not only their running code on Node.js, but also running code for any other third party software package running on their Node.js applications.

[Lightrun](#) is a Tel Aviv-based startup that is transforming the developer experience, by bringing an innovative developer-native observability platform that empowers dev teams to take full ownership of their code, from development to production. The company is the first to bring "shift left" observability, giving developers deeper insights into running applications by allowing them to insert logs, metrics and traces during runtime. Boasting the richest set of observability pillar tools for observing applications directly from within the IDE, Lightrun simplifies every aspect of incident resolution. Lightrun is ISO-27001 certified and is proud to have some of the most innovative technology companies in the world as customers, including Taboola, Sisense, Tufin and more. (Lightrun 18.08)

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## 9.6. Uhnder Leverages proteanTecs' Universal Chip Telemetry for Deep-Data Monitoring

proteanTecs announced that Austin, Texas' Uhnder, a pioneer in digital imaging radar sensors for ADAS and next-generation mobility applications, has selected the company's Universal Chip Telemetry (UCT) monitoring solution to provide actionable insights and predictive data about the performance, quality, and reliability of its radar-on-chip, through all product development and usage cycles.

proteanTecs provides deep data based on Universal Chip Telemetry (UCT), introducing visibility from within. Their cloud-based analytics platform applies machine learning algorithms to measurements extracted from on-chip monitors, strategically placed during design to provide a high coverage, high resolution picture of the system's health and performance throughout its lifecycle. Chip manufacturers and Tier1s can reduce DPPM (defect parts per million), optimize system performance, and manage reliability margins. Once deployed in the field, OEMs can perform data-driven OTA updates, ECU fault diagnostics, and predictive maintenance, with alerts on faults before failures.

Founded in 2017, Haifa's [proteanTecs](#) develops revolutionary Universal Chip Telemetry (UCT) for electronic systems throughout their entire lifecycle, increasing their performance and reliability. By applying machine learning to novel data created by on-chip UCT Agents, proteanTecs provides meaningful insights and visibility unattainable until today, leading to new levels of quality, reliability and scale. (proteanTecs 24.08)

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## 9.7. Noveto's Proprietary New Chip Set to Drive its SmartBeaming Technology

Noveto is the first company to successfully develop SmartBeaming technology, which dynamically beams audio to outside the user's ears, creating a first of its kind immersive 3D stereo experience, without the need for headphones and without disturbing people around you. Noveto's flagship product, available from December 2021 with further details to be announced shortly, is the first to use the ground-breaking technology. The product resembles a small speaker but makes no sound. Instead, ultrasonic waves are sent towards the user using a built-in 3D camera to locate their position in real time, at which point the

waves converge into small pockets of sound around their ears. At these energy points the ultrasonic waves emit normal acoustic waves that can be heard by the user. If they move their head, the sound pockets follow, allowing them to hear sound.

The acoustic sound waves are generated using Noveto-developed DSP algorithms and are pushed into the air via two custom-designed panels populated by numerous miniature sized ultrasonic speakers. Individually the waves are totally silent, and with the help of the built-in 3D camera and AI based dynamic ear-tracking algorithms, creates the never before achieved magical immersive 3D audio experience without having to wear headphones, and with nearby listeners only hearing a fraction of the sound.

Petah Tikva's [Noveto's](#) Audio Technology and first product is an outcome of years of extensive R&D protected by multiple patent families with over 45 patents (registered and pending). The N1 is scheduled for distribution by the end of 2021 with assistance from Noveto's strategic partner, Foxconn. (Noveto 19.08)

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## **9.8. Spacecom & Get SAT Show Results for Micro Sling Blade Ka-Band ESA on Satellite**

Spacecom and Get SAT announced the successful testing of Get SAT's next generation Micro Sling Blade Ka-Band Satcom-On-The-Move terminal on AMOS-17's advanced, digital Ka-Band. The test was hosted at the SMS Teleport in Rugby, UK. AMOS-17, the most advanced HTS satellite serving Africa, was chosen by Get SAT for testing its newest electronically steered antenna (ESA), bringing together optimal G/T and a high performing satellite terminal that resulted in an unparalleled throughput of 5 MBPS forward and 25 MPBS return rate. This combination of AMOS-17's capabilities and the Get SAT Micro Sling Blade ESA offers superior performance satellite communication, flexible solutions, and competitive advantages for customers in aviation and land-on-the-move markets.

Get SAT's scalable ESA terminal is fully integrated, all-in-one, modem-agnostic solution that includes a built-in Get SAT Micro Modem and GS950 modem (iDirect 950). As an off-the-shelf, end-to-end terminal with industry leading SWaP and no trade-offs, it provides reliable communications at a low-profile to meet a range of governments, defense and first responder applications.

A privately held company located in Rehovot, [Get SAT Communications](#) provides affordable, portable and extremely efficient antenna and terminals that offer high-data-rate communications for ground, air and maritime applications. Get SAT provides services for government and military use, enterprises, first responders, nongovernmental organizations (NGOs) and humanitarian groups.

Ramat Gan's [Spacecom](#) is a satellite communication service provider and proprietary owner-operator of the AMOS satellite fleet. AMOS-17, its most recent addition, is a fully digital and advanced High Throughput Satellite (HTS) expanding Spacecom's reach over Africa, Middle East and Asia. Since 1992, the company has been innovating, serving as a partner to customers, providing satellite connectivity, network optimization technologies, consultation, and tailored solutions to suit its partners' specific needs to drive business growth. (Get SAT 18.08)

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## **9.9. Novosense Selects Tower for their Magnetic Sensor for Automotive On-board Chargers**

China's Novosense, a professional supplier of automotive semiconductor solutions in China, and Tower Semiconductor announced the development of hall sensor for the automotive market utilizing Tower's best-in-class 180nm analog platform. The new product will be integrated in an On-Board Charging (OBC) unit in plug-in hybrid and battery-operated electric vehicles, a market expected to reach ~30 million cars worldwide by 2024. The product is already being verified by selected China vehicle manufacturers.

This is the first generation of wide-body 16-pin hall current sensor automotive-grade NSM2011, designed by Novosense. Tower Semiconductor's TS18 platform provides advanced process nodes as well as mature

IPs designed for the automotive market requirements and specifications, allowing a fast and professional development cycle including the verification cycle of vehicle-specification level IC. The TS18 platform benefits from best-in-class analog performance with its low power high efficiency and low noise performance, highly suitable for the automotive and industrial markets.

Migdal HaEmek's [Tower Semiconductor](#) provides technology and manufacturing platforms for integrated circuits (ICs) in growing markets such as consumer, industrial, automotive, mobile, infrastructure, medical and aerospace and defense. Tower Semiconductor focuses on creating positive and sustainable impact on the world through long term partnerships and its advanced and innovative analog technology offering, comprised of a broad range of customizable process platforms such as SiGe, BiCMOS, mixed-signal/CMOS, RF CMOS, CMOS image sensor, non-imaging sensors, integrated power management (BCD and 700V), and MEMS. Tower Semiconductor also provides world-class design enablement for a quick and accurate design cycle as well as process transfer services including development, transfer, and optimization, to IDMs and fabless companies. (Tower Semiconductor 25.08)

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### **9.10. BreezoMeter's Wildfire Tracker Offers the Most Complete View of Fire Movement**

BreezoMeter announced the release of its new wildfire tracking technology. Effective immediately, consumers can get complete visibility into the perimeter of active fires and the quality of the air they're breathing at Breezometer.com. Beginning in Q4/21, these real-time fire updates will be available via the free BreezoMeter app, which provides precision air quality information within 5 meters of a user's location (available now in the Apple App Store and Google Play).

BreezoMeter's Live Wildfire Tracking data is additionally available to brands, governmental authorities and first responders via API, so they can integrate micro-local visualizations into connected experiences, smart devices and command and control systems. BreezoMeter's Wildfire Tracker, paired with its micro-local air quality, issues hourly-updated air quality reports to track moving wildfire smoke, including dedicated PM2.5 visualizations so users know what they're breathing at any given moment.

Haifa's [BreezoMeter](#) improves the health and quality of life for millions of people worldwide, by providing accurate and actionable environmental data and insights. The company transforms live environmental intelligence into actionable insights and delivers them to consumers through mobile apps, smart home IoT devices, cars and other connected experiences. Brands like Apple, L'Oreal and AstraZeneca rely on BreezoMeter to provide real-time air quality data to their customers, so they can make informed decisions about when to go outside, how to best protect themselves, which travel routes to take, and even where to live. (BreezoMeter 26.08)

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### **9.11. Ermetic Unifies Automated Detection & Remediation of Risky Cloud Entitlements**

Ermetic announced a new version of the Ermetic Platform that combines cloud infrastructure entitlement management (CIEM) and cloud security posture management (CSPM) in one unified, identity-first product. Customers can now use Ermetic to automate and centralize the detection and remediation of security risks associated with over privileged identities as well as misconfigurations that can expose cloud assets to data breaches.

The integration of CIEM and CSPM addresses two key elements of cloud security: the detection and visualizing of attack vectors in cloud configuration and access permissions, and full stack visibility into identity entitlements and resource settings to understand and manage cloud risk. The Ermetic Platform combines the following complete set of capabilities in one unified product:

Tel Aviv's [Ermetic](#) helps prevent breaches by reducing the attack surface of cloud infrastructure and enforcing least privilege at scale in the most complex environments. The Ermetic SaaS platform is an

identity-first security solution that provides holistic, multicloud protection using advanced analytics to continuously analyze and remediate risks associated with permissions, configurations and behavior across the full cloud infrastructure stack. (Ermetic 25.08)

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## **9.12. Ethernity Networks Releases New 5G Routing Device**

Ethernity Networks released the programmable UEP-60 Universal Edge Platform 5G router, positioned as an optimal wireless backhaul Indoor/Outdoor Unit. It offers up to 60Gbps of networking capacity and virtually unlimited flexibility in protocol and port configurations. UEP-60 is targeted for network edge infrastructure solutions. It is uniquely designed for 5G networks as a wireless backhaul indoor/outdoor unit with integrated Layer-1 bonding, fronthaul gateway, small cell aggregation, or cell site gateway.

The device utilizes an FPGA SoC for handling the data path and is equipped with a quad-core ARM processor for running the control stack. By combining this control capability with the 1G and 10G ports, UEP-60 is perfectly suited to serve as a switch/router network appliance for aggregation and demarcation of the WAN from LAN networks. Moreover, the FPGA enables full routing functionality and security as add-ons, saving space and cost at the network edge.

Lod's [Ethernity Networks](#) provides innovative, comprehensive networking and security solutions on programmable hardware for accelerating telco/cloud networks. Ethernity's FPGA logic offers complete Carrier Ethernet Switch/Router data plane processing and control software with a rich set of networking features, robust security, and a wide range of virtual function accelerations to optimize telecommunications networks. Ethernity's complete solutions quickly adapt to customers' changing needs, improving time-to-market and facilitating deployment of 5G, edge computing, and NFV. (Ethernity Networks 31.08)

## **10. ISRAEL ECONOMIC STATISTICS**

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### **10.1. Foreign Exchange Reserves at the Bank of Israel in July 2021**

Israel's foreign exchange reserves at the end of July 2021 stood at \$201.694 billion, an increase of \$1.519 billion from their level at the end of the previous month. The reserves represent 49% of GDP. The increase was the result of:

- a. Foreign exchange purchases by the Bank of Israel totaling approximately \$500 million
- b. Private sector transfers of approximately \$8 million
- c. A revaluation that increased the reserves by approximately \$1.115 billion

In contrast, the increase was partly offset by government transfers to abroad totaling approximately \$104 million. (Bol 05.08)

## **11. IN DEPTH**

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### **11.1. LEBANON: Fitch Affirms Lebanon's Long-Term Foreign-Currency IDR at 'RD'**

On 20 August, [Fitch Ratings](#) affirmed Lebanon's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'Restricted Default' (RD) and Long-Term Local-Currency IDR at 'CC'.

#### **Key Rating Drivers**

Lebanon remains in RD on its foreign currency government debt, following the sovereign's failure to pay the principal on the Eurobond that matured on 9 March 2020. The government has stopped servicing its outstanding stock of Eurobonds pending a debt restructuring. The government is servicing its local-currency government debt to private creditors while it decides on the timing and approach to restructuring it.

In April, Lebanon outlined a financial recovery plan (FRP), including an indicative debt restructuring plan, but has not reached agreement with external or domestic bondholders. A number of interlocking factors have been hindering progress, including the need to also restructure the banking sector and the balance sheet of Banque du Liban (BdL, the central bank), domestic disagreement between the newly-resigned government and the financial sector over the restructuring process, failure to secure an IMF deal and now the need for a new government.

Progress with reform and debt restructuring will require greater unity among political and economic elites, the prospects for which remain uncertain. The short-lived government of Hassan Diab resigned on 10 August following the catastrophic blast in the port of Beirut, which provided irrefutable evidence of the country's widespread governance failings. It is unclear when a new government will be formed and whether parliamentary elections due in 2022 will be accelerated. The international community has emphasized the need for Lebanon's political class to show commitment to reforms to unlock external financing. The IMF would likely require some prior actions before agreeing to a funding program. This could precipitate action from the next government given the country's straitened circumstances, but domestic political divisions, challenged vested interests and geopolitical dynamics could equally stymie a way forward.

In the meantime, macroeconomic conditions have deteriorated sharply, with multiple exchange rates, soaring inflation (90% yoy in June) and plunging GDP, exacerbated by the massive damage and disruption caused by the blast. We forecast real GDP to decline by 25% and that nominal GDP in US dollar terms will collapse close to \$20 billion in 2020 from \$55 billion in 2019, the lowest level in at least 15 years. This projection is highly uncertain given the unfolding economic crisis and assumes an average effective exchange rate of LBP5,000 to the US dollar. There are multiple exchange rates currently in operation, ranging from the official LBP1,500 to a parallel rate of around LBP7,000 (which had weakened to LBP9,000).

The government's FRP aims to reduce government debt/GDP to 103% in 2020, from 176% in 2019, with a gradual decline to less than 90% by 2026. The plan did not specify the extent of potential nominal haircuts on external and domestic debt (or changes to maturities and coupons). Haircuts of 70% and 43%, respectively, would fit roughly with the government numbers, but the underlying macroeconomic assumptions will need updating. For example, the plan assumes an exchange rate of LBP3,500 to the US dollar.

In the FRP, the government tentatively quantified the net losses that BdL and the banking sector are facing at LBP154 trillion (around 150% of GDP) pending a full audit of BdL. The BdL figure stems from accumulated annual losses, haircuts to its holdings of government debt and the impact of devaluation. The hit to the banking sector comes from restructuring of government debt (LBP securities and Eurobonds), impaired assets with BdL and impaired claims on the private sector. Among a raft of proposed measures, there would be a full bail-in of existing capital at banks, further capital injections required from shareholders and some bail-ins of large depositors. The financial sector has pushed back against the above and suggested an alternative plan.

The core immediate problem remains the negative foreign currency position at BdL and the consequences of this for banks and depositors. Banks' foreign-currency deposit liabilities total \$114 billion and although banks' foreign-currency assets at BdL are approximately \$80 billion, these are not available to them because BdL's foreign currency reserves are only \$26 billion as of June (excluded gold valued at \$16 billion). Rebalancing the US dollar shortfall implies large losses. The disagreement is how to manage this painful process and distribute the losses.

On 9 August, the IMF made clear the key reforms Lebanon needs to show commitment to in order to secure a program, which in turn would unlock other external financing including from the World Bank and repurposing of the \$11 billion of funds agreed at the CEDRE donor conference. These reforms include the restructuring of government debt and the financial sector, legislation to formalize capital controls, "upfront steps" to tackle losses at state-owned enterprises (notably the electricity company) and an expanded social safety net. The IMF would require some prior actions before agreeing to a program with Lebanon as it needs confidence about debt sustainability before lending to a country.

### **Rating Sensitivities**

The main factors that could, individually or collectively, lead to positive rating action/upgrade are:

-Once Lebanon reaches an agreement with bondholders on restructuring its long-term foreign currency debt and completes that restructuring process (for example, by issuing new bonds to replace the existing stock of bonds), Fitch will assign ratings based on a forward-looking analysis of the sovereign's willingness and capacity to honor its new foreign currency debt obligations.

The main factors that could, individually or collectively, lead to negative rating action/downgrade:

-The Long-Term Local-Currency IDR would be downgraded to 'C' if the government formally announces plans to restructure its Lebanese pound-denominated debt or directly to 'RD' if the government defaults on the Lebanese pound debt before any restructuring announcement.

### **Best/Worst Case Rating Scenario**

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. (Fitch 20.08)

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## **11.2. JORDAN: IMF Expects Jordan's Economy to Grow By 2% in 2021**

On 24 August, the [IMF](#) announced that Jordan's economy is projected to grow by 2% in 2021 with a near-full economic reopening this summer, slightly lowering its previous forecast of 2.5%. In a report following the conclusion of the Second Review Under the Extended Arrangement Under the Extended Fund Facility, the IMF said the Jordanian authorities have successfully maintained macroeconomic stability, notably by meeting all key fiscal and reserve targets and made very strong progress on a large number of critical structural reforms.

Early success in containing the spread of COVID-19 has been challenged by two subsequent waves of the pandemic, the IMF said, adding that timely and effective fiscal and monetary policy responses helped contain the contraction in activity to 1.6% in 2020, shallower than the 3% expected at the first review. Still, it indicated, unemployment has surged to a record 25% in Q4/20, with youth unemployment at 55%. The impact on fiscal and external balances has been significant, with public debt reaching 88% of GDP at the end of 2020.

Nonetheless, despite the challenges from new virus variants and weaker tourism prospects, macroeconomic stability has been maintained, thanks to the authorities' proactive policy stance, the IMF affirmed.

All quantitative performance criteria (QPCs) were met, and most indicative targets (ITs) have also been met. Progress on structural benchmarks (SBs) due for this review has been strong, including on streamlining the granting of tax incentives and closing tax loopholes. Regular information on COVID-related spending is being published, and an IMF Fiscal Transparency Evaluation was recently undertaken, the IMF report read. In light of the weaker outlook for 2021, the report said that the IMF staff supports the authorities' request for modification of the end-June 2021 QPCs to allow adequate space to protect the recovery, expand the social safety net, and address high unemployment.

The pandemic has significantly increased Jordan's external financing needs (by about \$1.1 billion in 2021–22), mainly due to weaker tourism and services receipts, underscoring the criticality of continued donor financing, including to support Syrian refugees. Moreover, Jordan's vaccination program, one of the first in the world to cover refugees, has recently accelerated.

"Monetary policy has been appropriately accommodative since the onset of the pandemic while supporting the peg. Moving forward, monetary policy needs to remain flexible and data driven, balancing the need to entrench the recovery and maintain monetary and financial stability. While the financial sector remains sound, continued vigilance is warranted given that it will likely take time for the full effects of the pandemic to be reflected in banks' asset quality," the report said. (Petra 25.08)

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### **11.3. JORDAN: Environmentalists Object to Copper Mine in Jordanian Nature Reserve**

On 26 August, Osama Al Sharif reported in [Al-Monitor](#) that Jordan's government has decided to carve out a third of the country's largest nature reserve to mine it for copper, though past studies had found the project unfeasible.

Jordanian conservationists and environmental activists are up in arms over a government decision to move the boundaries of one of Jordan's most diverse nature reserves in order to carry out copper mining in a region known to be rich in copper and magnesium ore deposits. The controversy started when the Ministry of Energy announced on 20 August that it plans to expropriate about 106 square kilometers of the Dana Nature Reserve in southern Jordan — one-third of the total area of the reserve — for copper mining. It cited previous studies that concluded that there are roughly 45 million tons of copper deposits within the reserve's boundaries.

It said in a statement that mining the area would create 3,500 new jobs with an initial investment of JOD 200 million (\$280 million). It added that it had signed a memorandum of understanding with a local mining company in 2016 but the company had withdrawn because the reserve's administration had prevented its employees from entering it numerous times.

The reserve, established in 1989 and renamed the Dana Biosphere Reserve in 1993, covers a rugged landscape along the Great Rift Valley that includes a series of mountain ridges, plateaus and desert plains. According to UNESCO, the reserve encompasses four different biogeographic zones: Mediterranean, Irano-Turanian and Saharo Arabian as well as the Sudanian Penetration Zone, and is home to endangered species. It is under consideration by UNESCO for inclusion into the World Network of Biosphere Reserves and experts warn that resetting the boundaries of the reserve and allowing mining would prompt the reevaluation of the application and could lead to rejection.

The reserve is run by the Royal Society for the Conservation of Nature (RSCN), which was quick to reject the government decision and refuted the Energy Ministry's claims about the feasibility of copper mining in the region. RSCN Chair Khalid Irani told Al-Monitor that the government had not consulted the society about redrawing the reserve's borders and described the decision as "a black day" for the kingdom. He said society is looking into legal ways to oppose the decision. "Mining activities will harm the unique ecosystems of the biosphere," Irani said, adding that the reserve employs 85 local Jordanians, indirectly supporting 200 families and provides almost JOD 2.37 million (\$3.3 million) annually to the local community. He contested the government's legal authority to change the boundaries of the reserve.

Irani said that mining activities will have dire consequences for the biodiversity of the reserve. "The area boasts breathtaking scenery due to its varied terrain, geological diversity that ranges from limestone to granite and biological diversity that includes hundreds of plants and dozens of reptiles and mammals, some of which are rare or endangered." He added, "Thousands of migratory birds pass through the reserve every year."

Ali Al-Swarieh, a former head of the Energy Minerals Regulatory Commission, told a local news site on 21 August that in one area of the nature reserve, studies have estimated the value of copper ore at \$4 billion.

Jordan's economy has suffered because of the COVID-19 pandemic. The country's main natural resources are phosphates and potash.

Former economic minister and environmentalist Yusuf Mansour rebutted the government's claims. He told Al-Monitor that there are doubts about the feasibility of copper mining. "According to recent figures the cost of extracting one kilogram of copper is \$4.40, which means \$4,400 per ton, not to mention the mining company's profit margin and market fluctuations," he said. "This means that over 20 years the annual return would be around \$30 million and not billions as claimed. There is definitely an exaggeration in the government's figures," he added. Instead, Mansour said that it would be much better to invest in the reserve as an ecotourism destination. "Dana is unique and it would be much better to invest in it to attract tourists, which would create a sustainable economy," he added.

Irani said that local and foreign companies had explored the region from the 1960s into the 1990s and that the Natural Resources Authority conceded in 1996 that copper mining was not feasible and relinquished its license to administer the area for ecotourism to the RSCN. "The government made local and international commitments to protect this area, so why is it changing its position now?" he asked. He said the RSCN rejected a government offer to replace the land with another plot to be added to the reserve. "The reserve is unique in all of its areas and any expropriation will upset the delicate natural balance there," he said. (Al-Monitor 26.08)

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#### **11.4. UAE: The Social Contract and Post-Oil Dilemma in Saudi Arabia and the UAE**

Mira Al-Hussein and Eman Alhussein posted in [Sada](#) on 5 August that measures taken by Saudi Arabia and the UAE to diversify their economies are beginning to undermine pre-existing social contracts that hinge on the paterfamilias figure of the ruler, the tribal care of the state, and the preservation of cultural norms and citizen privileges.

Lately, Gulf analysts have been paying closer attention to two long-time Arab Gulf allies - Saudi Arabia and the United Arab Emirates - as they began to forge seemingly divergent courses in pursuing their own regional and domestic interests.

The first sign of a decoupling emerged in late 2019 with the UAE's announcement of its intended withdrawal from Yemen - a move that some analysts and observers described as an act of abandonment by an ally. In February 2021, Saudi Arabia announced its intention to forbid any business transactions to foreign companies not headquartered in the Kingdom by 2024 - a move that directly applied to the UAE. Although official reactions were restrained, a culmination of decisions deemed detrimental to both sides resulted in an unusually public disagreement between the two, which surfaced at an OPEC+ meeting in June 2021.

Saudi and Emirati citizens immediately took to social media to support their countries' official stance. The instinctive reaction of citizens was in stark contrast to the speculative circumstances in the wake of the Qatar blockade in 2017, which had prompted the public prosecutor in the UAE to issue a stern warning that any sympathies expressed towards Qatar would be criminalized. In the OPEC+ incident, however, the steering of public opinion was not necessary. Citizens' understanding of the welfare state on which they

have long depended was the main reason to support the economic interests of their nations. This moment posed the question of whether or not constituents, who were long prepared to forego political participation in exchange for economic privileges, that are now diminishing, could infringe on the age-old understanding that the political domain is the exclusive prerogative of government.

With declining oil revenues, however, both Saudi Arabia and the UAE have had to look at diversifying their economies by making their conservative and hierarchical states attractive to foreign investors - an uneasy compromise that is threatening the viability of existing social contracts.

### **The Case of Saudi Arabia**

Saudi Arabia's "Vision 2030," a roadmap for a post-oil economy, entails introducing vast social changes to make the Kingdom more appealing to tourists and international businesses. The Kingdom, looking to emulate Dubai and create an international hub for business and tourism, saw potential appeal in the country's vast geography and access to the Red Sea. Thus, it allocated \$810 billion to develop the tourism sector in the coming years. The sector is expected to generate three million jobs, two-thirds of which will be given to expatriates.

To increase the number of expats who live and work in the Kingdom from 30% to 50%, the Saudi government introduced new schemes to allow foreigners permanent residency and access to economic benefits, such as the ability to start a business and invest in and purchase property. Interestingly, however, these new moves prompted members of the Shura Council, a consultative body appointed by the king, to draft a proposal asking for a similar treatment to be granted to children of Saudi women who are married to non-Saudis.

While Saudi Arabia has successfully allowed women to drive in 2018, a decision that was socially contested for years, other changes have been facing resistance. For example, the Kingdom received backlash on Twitter ensued when the Ministry of Islamic Affairs decided to restrict the use of loudspeakers in mosques. The ministry justified the decision as a means to protect children and the elderly as well as to regulate the use of loudspeakers. Interestingly, the recent move to allow shops to remain open during prayer times has been primarily promoted by the Federation of Saudi Chambers, a body that represents the Saudi business community, as a preventive COVID-19 measure. This informal promotion, and the seeming lack of official statements, show how the state is seeking to avoid public debate around the issue of minimizing the role of religion in public spaces. These examples serve as a reminder that religious identity remains strong despite the kingdom's increasing emphasis on the youth and its pursuit of "moderate Islam."

Austerity measures, especially the tripling of the value-added tax to 15% in 2020, have added another dimension to the changing reality of Saudis today. In an attempt to ease the budget deficit, the Kingdom accelerated the push toward privatizing 16 key sectors, including healthcare and education, which would help raise \$55 billion over the next four years. Saudi officials have downplayed the potential effects of privatization on Saudi citizens. However, the scarcity of information about this change has left Saudis fearful about job security which they have long enjoyed as mostly public sector employees. These developments are clear indications of a social contract under pressure in the Kingdom.

### **The Case of the UAE**

Among Gulf Arab states, the UAE played an early and influential role in promoting citizenship and national identity in the Gulf. This project began with modest steps in the mid-2000s, with the practice of theming each year based on a national symbol (i.e. the late Sheikh Zayed) or a national aspiration (i.e. national identity or tolerance), culminating in a large-scale, multifaceted social engineering program, which included the 2016 introduction of military conscription.

But the rallying cry for "national identity", triggered by the growing demographic imbalance that the official census of 2005 revealed, is confronted by the shifting agenda of the state. The pandemic, along with the imminent end to the oil age, has compelled the UAE to pursue previously unthinkable policies.

Among the boldest of these new policies was the August 2020 announcement that the UAE was normalizing relations with Israel. The orchestrated jubilations that followed, however, took the region by surprise. Emiratis rallied behind their government - not normalization - in a demonstration of loyalty and unquestioning obedience. But the projected image of a unified front was soon ruffled by a series of events that allowed for differing views to surface.

In an unprecedented legal overhaul, which was aimed at ensuring the country remains appealing to expatriates, the UAE decriminalized the consumption of alcohol and cohabitation. Soon after, it announced that it will be extending citizenship to investors and other professional expatriates. The decision was initially met with reticent silence, but Emiratis versed in the art of insinuations were unrestrained in lamenting the atrophy of the Arabic language, and the proudly curated “National Identity”. The decline of Arabic has been a go-to venting corner for Emiratis since the mid-2000s, as it is deemed the least confrontational and apolitical means through which to express frustration with a myriad of issues, such as the demographic imbalance, without ruffling state feathers. With citizenship now extended to non-Arabs and non-Muslims, the convenient Wailing Wall for Emiratis has been re-erected. Not only have Emiratis denounced the loss of Arabic, but the loss of their national identity due what they feel may be an overstretched performance of tolerance.

In a now deleted tweet, a bewildered aliased citizen noted that those invited to naturalize will be able to retain their existing citizenship, while the same is not afforded to Emirati nationals. The post also pondered the culture of political participation to which the newly naturalized citizens are accustomed and how that might impact the UAE.

The recent Israeli attacks against Palestinians, however, sparked much louder condemnations by Emiratis against the UAE’s new and unduly- celebrated ally. Aside from the better-known state-affiliated Twitter handles, Emiratis were not only vocal in their condemnations of Israel, but also in their fierce and unified chastising of their compatriots, whose inapt deployment of the ‘peace and tolerance’ talk outraged many citizens. These wide condemnations revealed that sustaining an image of a unified- front is, in fact, untenable.

It is only natural to expect that Emiratis, emboldened by the recent flurry that created a breathing space for expression, might continue to practice the public holding of opinions, especially if the social contract continues to be undermined by new changes in the configuration of society. An anticipated work-week change will make Saturdays and Sundays the official weekend, while Fridays will mark half-days to allow for the religiously observant to attend Friday prayers - a decision that might carry through despite being unfavorable to a largely conservative citizenry. Judging by the hints from prominent public officials in the form of speculative conversations, it might not be far-fetched to assume that a corporate tax will soon be introduced, followed perhaps by an income tax.

A post-oil UAE will not necessarily spell doom for the state, but social changes that undercut the privileges on which the social contract rests might rouse citizens into an uncomfortable reality as the country braces for more changes to come.

The ramifications of existing grievances and the increasing polarization within Gulf societies following the Arab uprisings as well as the extensive social engineering programs have pitted conservatives against liberals. Arab Gulf States’ ability to redefine their social contracts without turbulence will depend on their tactful avoidance of creating new grievances and on solving existing ones.

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## 11.5. EGYPT: Egypt Touts Climate & Flood Control Initiatives in Africa Outreach

George Mikhail posted on 4 August in [Al-Monitor](#) that Egypt has been investing in a new sector to boost its presence in Africa and the Nile Basin through managing climate change and providing flood and heavy rain forecasts, which are issues many African countries face.

On 16 July, Egyptian Minister of Water Resources and Irrigation Mohamed Abdel Ati inaugurated the Rain and Climate Changes Forecast Center in Kinshasa in the Democratic Republic of the Congo (DRC). The center was funded by an Egyptian grant exceeding \$10 million. Abdel Ati stated during the inauguration ceremony, "The DRC's Rain and Climate Changes Forecast Center is very important for the study of climate change. The center's work will help protect citizens from sudden climatic disasters....The center will capitalize on new information and data collection technology, as it has been equipped with the latest rain forecasting systems. This will enable it to study the effects of climate change on the DRC and to set measures to protect citizens from the sudden risks of climate change."

Deputy Prime Minister and Minister of Environment and Sustainable Development of the DRC Eve Masudi said during the inauguration, "Equipping the forecasting center is the product of joint cooperation between Egypt and the DRC. It is an important tool to support the Congolese government in its functions and the rational management of water resources. The center will contribute to forecasting rain and natural disasters. It will also help us recognize the signs of climate change and play a vital role in directing the agricultural sector through a better understanding of the seasons and managing river water."

Not only did Egypt deploy a center for forecasting rain and climate change in the DRC, but it also trained the Congolese center's staff to use rain and flood forecasting systems, analyze aerial imagery, operate Geographic Information Systems (GIS), apply hydrologic modeling and draft technical reports.

In Juba, South Sudan, Egypt established a central laboratory for water quality analysis. The laboratory is the first of its kind to be established in South Sudan. It aims to reduce water pollution, rehabilitate and renovate the main stations, monitor river levels and follow the behavior of rivers in South Sudan. The center also aims to forecast floods, mitigate their effects and increase water levels.

The Egyptian Space Agency is also planning to launch the African Development Satellite Initiative. The satellite will measure and monitor climate variations. The mission includes a number of African countries, namely Ghana, Nigeria, Kenya, Sudan and Uganda. On 28 July, Egyptian Space Agency CEO Mohammed el-Qousi stated during a press conference, "Egypt is currently leading a number of African countries in the manufacture of the African Development Satellite Initiative, which would measure climate indications for African countries, reduce threats and control emission rates."

Abbas Sharaky, a professor of geology and water resources at Cairo University, told Al-Monitor, "African countries lack the technology and do not have the expertise to forecast rain and climate change." "Egypt has made great strides in the field of climate change and forecasting floods and rain, and it aims to share its expertise with African countries," Sharaky said.

He explained that "protecting the African people, especially residents of the Nile Basin countries, from the danger of unexpected floods consolidates Egypt's influence not only on the political front but also on the popular one. This is a crisis that thousands of victims are constantly paying for across African countries." Sharaky pointed out that "Egypt is also leading Africa in the climate crisis and making the voice of the continent heard within the international community to increase preparedness for the risks of climate change."

Egypt's Minister of Environment Yasmine Fouad confirmed during a press conference on 16 June, "Egypt has played a prominent role in the climate crisis across the African continent, especially since Africa has not set specific targets when it comes to climate change. This is where Egypt has stepped in." Fouad also revealed that a Climate Change Conference will be held in Egypt in November 2022. "The conference is important for Africa, and Egypt will continue to convey Africa's voice to the world to fight climate change."

Meanwhile, Sharaky added, “Egypt is aware of the major impact of climate change on Africa. It is therefore training African staff on how to predict natural hazards such as floods and torrential rains and manage the climate crisis, which has been a priority on the agenda of the international community.”

Regarding this issue, Medhat Mokhtar, former head of the National Authority for Remote Sensing and Space Sciences, told Al-Monitor, “Egypt hosts many specialists from African countries. It trains them on capitalizing on space sciences and the capabilities available in the Egyptian Space Agency, especially in the field of forecasting climate change. This falls within the African Development Satellite Initiative.”

On 25 July, the Egyptian Space Agency hosted leaders and representatives of different African space agencies as part of the African Development Satellite Initiative. Mokhtar pointed out that “Egypt will be home to the headquarters of the African Space Agency, which brings together many African countries. It will be the launch site for many satellites specialized in monitoring climate change, variations, floods and rain.”

In February 2019, Egypt won the bid to host the African Space Agency at the meeting of African foreign ministers during the African Union's Executive Council session in Addis Ababa. “Many African countries have asked Egypt to participate and cooperate in the field of space exploration and the launch of satellites to help fight climate change, anticipate risk and prepare for potential incidents,” Mokhtar said. (Al-Monitor 04.08)

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## **11.6. SAUDI ARABIA: Saudi Security Increasing Challenges Alongside Strategic Limitations**

Yoel Guzansky & Tomer Barak published in [INSS](#) on 24 August that the Saudi kingdom is encircled: threats to Saudi Arabia are growing, emerging on all fronts – land, sea, air, and the cyber realm. Overall, there is one single source for these threats: Iran and its proxies in the region. How can the leading Gulf state confront the numerous challenges before it, and can – and should – Israel assist it?

In recent years the threats facing Saudi Arabia have intensified, and they have seen significant changes. A noticeable increase in kinetic threats (scope and precision) and in cyber threats to strategic assets is evident, and in particular Riyadh faces a threat to the functional continuity of its oil facilities and freedom of navigation. These looming threats are ominous for the Saudi economy and damage the kingdom's standing; should they intensify further, security could be undermined, and in extreme scenarios, national stability and the stability of the royal house itself. This trend has four main sources: Saudi Arabia's adversaries are winning the arms race and are capable of attacking it more easily than in the past; Iran has displayed increasing audacity in its actions in the region, exposing the weakness of the Gulf and American deterrence; there has been a regression in the willingness of Riyadh's traditional supporters – the United States, Pakistan, and Arab countries – to guarantee its security; and an assertive policy by Riyadh has generated increased criticism. All these enhance the potential threat in the domestic arena, at the borders, and from across the borders.

### **The Geography of the Threats: Saudi Arabia Encircled**

Geographically, Saudi Arabia has a large number of fronts and long and porous borders and as such, the kingdom's security forces must cope simultaneously with a large number of threat areas. Of the kingdom's 4,415 kilometers of borders, in addition to its 2,640 kilometer coastline, few segments allow a strong sense of security. Given that the Persian Gulf is a strategic shipping lane for the kingdom's oil exports *en route* to Asia, and home to its oil and gas reservoirs, the Gulf itself is at least as sensitive if not more so than any point along the land border. Even on Saudi Arabia's borders with friendly Gulf states, there is a constant concern of scenarios that could bring a Shiite, pro-Iranian regime to power without sufficient warning.

**The Iranian threat:** Iran is the main threat for Saudi Arabia, and for many years the two countries have been engaged in conflict in several arenas. Saudi Arabia fights against the Houthis in Yemen, who receive considerable Iranian assistance; Saudi oil facilities and oil tankers have been attacked several times by

Iran and its proxies; frequent cyberattacks are carried out against the kingdom; and there are concerns of subversive Iranian activity among the local Shiite population. In addition, the Iranian presence in Iraq increases the Saudi leadership's sense that for the first time, the kingdom is in effect "encircled" on all sides by Iran. In addition, the Iranian nuclear program and its implications for Iranian freedom of operation in the region are a source of concern. Iran has already proved its willingness to act against Saudi and Gulf interests in the region – attacks on oil tankers, disruption of maritime activity, and the attack against the bottlenecks of Saudi oil production in September 2019 at Abqaiq, and again in March 2021 at Ras Tanura. Mortified, and conscious of their vulnerability and their inferiority to Iran, the Saudis did not directly blame Iran, but they have recognized the need to ensure their security on their own, while understanding that they have few ways of responding to such an attack.

**The threat from Yemen:** During six years of war, the Houthis succeeded in carrying out a large number of border-penetrating operations in Saudi territory, taking captives and embarrassing the Saudi army, which is equipped with the best Western weapons. At the same time, Saudi Arabia has succeeded in maintaining the long border and preventing large-scale ground operations deep into its territory. The main threat from the Yemeni border is an aerial threat, reflected in ongoing high-trajectory fire over the years toward towns and cities in the border region and toward targets in the area that include airports, oil facilities, and symbols of government. From time to time, military, economic, and civilian targets deep in Saudi Arabia are fired on. In the maritime sector near Yemen, the Houthis have proven their ability to strike oil tankers in the Red Sea region and even to attack vessels near the ports of Jeddah and Yanbu.

**The threat from Iraq:** Iraq poses a double threat to Saudi Arabia. First, in Iraq there are many pro-Iranian militias that could turn against Saudi Arabia when given the command. Second, radical Sunni elements, remnants of ISIS, could infiltrate via the long land border and carry out attacks against Saudi targets. The Jordanian border also poses a similar challenge regarding infiltration of hostile elements and weapons into the kingdom.

**The internal arena:** Additional risk factors are located in the kingdom among embittered populations, security forces, and even within the royal family itself. The rapid changes that Crown Prince Mohammed bin Salman has advanced accelerate internal tensions, which increase the risks of subversion and foreign influence within the kingdom.

**Israel:** Israel figures low in Saudi's threat perception, and it appears that Saudi Arabia does not see it as a relevant reference threat for military buildup.

### **Competition over Military Superiority and the Limitations of Saudi Military Capabilities**

The most substantive threat that Saudi Arabia currently faces is a large-scale precision missile and UAV attack that would damage oil facilities and essential infrastructure – desalination facilities and electricity production. The potential threat is relevant in four aspects: a simultaneous attack on several fronts across Saudi territory; proven precision capability, in particular against static strategic facilities of known location; lapses in alerts of sudden attacks; and intelligence and operational penetration.

Iran has the largest arsenal in the Middle East of cruise missiles, surface-to-surface missiles, and unmanned aerial vehicles that cover all of Saudi territory, including strategic facilities on the coast of the Red Sea. Improved precision and range, increases in lethality, and Iran's ability to launch from several arenas (Iran, Iraq, Yemen) all pose a substantial difficulty for Saudi air defense capabilities. In practice, in recent years Saudi Arabia has been attacked from three fronts (albeit not simultaneously), and Iranian precision capabilities were demonstrated in the strikes on the Aramco facilities in Abqaiq. In order to reach this level of precision, Iran needed a target list and high-quality intelligence (prior and in real time). Hence, it seems that within the kingdom's territory, Saudi Arabia is open to Iranian intelligence gathering activity.

Despite the large amount of money invested in Saudi defense systems, in particular the acquisition of the most advanced Western technology (PAC-3 Patriot batteries, THAAD systems), Riyadh has had difficulty coping with heavy barrages and would certainly have difficulty thwarting a simultaneous large-scale attack from several fronts. This raises the question of the kingdom's ability to provide sufficient warning of a

sudden attack, especially if sensitive intelligence information is not transferred by the United States in real time.

Another military weakness is Saudi Arabia's limited naval capabilities. Even though the shipping lanes through the Hormuz and Bab al-Mandab Straits are an essential lifeline for the kingdom, in this arena too it is inferior to Iran. Iran for its part makes extensive use of asymmetric tactics such as a "swarm" of dozens of small and fast vessels that attack suddenly, anti-ship missiles, and massive mining of the Gulf region. In addition, in the Red Sea arena the Houthis make extensive use of naval mines and integrated attacks by unmanned vehicles (UAVs and unmanned surface vehicles). The cooperation between Iran and the Houthis in the naval dimension is also expressed in the presence of Iranian spy ships in the southern Red Sea (previously the Saviz until it was hit, and now the Behshad).

In contrast, the Saudi navy is relatively small and obsolete, and is built to contend with symmetric navies, in particular in the Gulf. At the same time, it is developing capabilities in its eastern maritime front as part of the SNEP2 deal (Saudi Naval Expansion Program; a plan for the modernization of the kingdom's navy valued at over \$20 billion). This military buildup does not match the development of the threats stemming from fast, low-signature vessels. Furthermore, Saudi Arabia's naval capabilities in the Red Sea are significantly lower and with respect to the expansion of the threat from the Houthis and Iran in the naval arena, Saudi Arabia has the weaker hand.

On land, the limitations that the Saudi army confronts include a relatively small number of personnel, built-in mismanagement of resources, a lack of technology infrastructure, and deep gaps in command capabilities. The land army's difficulties have been expressed in dozens of incidents at the border with Yemen and in the losses that it has suffered over the years. These limitations are in stark contrast with the enormous amount of resources that the kingdom invests in its defense.

The kingdom's dependence on oil profits in order to cover most of its expenses also affects its ability to manage a multi-year defense budget and to meet its defense and military buildup objectives. For example, during the four years before Saudi involvement in Yemen began (2015), the kingdom's security expenditure grew by 63%. However, in 2020, for the first time since the outbreak of the war in Yemen, there was a 37% decline in the total amount of investment in security, apparently due to the decline in oil prices and resources demanded by the COVID-19 pandemic. Thus, the kingdom's security expenses were \$57.5 billion in 2020, 10% less than in 2019. Nonetheless, the kingdom remained the largest weapons importer in the world, with about 11% of all of the weapons produced in the world intended for the Saudi market (80% of these weapons came from the United States, 10% from the UK and the rest from other suppliers).

## **The Cyber Dimension**

Not surprisingly, very little official information about cyber threats to the kingdom is made public. At the same time, it appears that Saudi Arabia is one of the countries in the world most frequently targeted by cyberattacks, with Saudi IT infrastructure under regular attacks by hostile elements. Iran is thought to be the source of the majority of the attacks, which focus on electricity, energy, water and desalination infrastructure and symbols of government.

It is evident that Saudi Arabia is investing considerable effort and money in developing tools and doctrines for coping with the increasing threat in the cyber dimension, although it seems that this is Saudi Arabia's soft underbelly. The royal family understands the risks and opportunities inherent in this dimension and is working on developing a cybernetic strategy. However, internal factors challenge this effort, first and foremost, the inherent division within the Saudi government. The relevant powers are divided among many power centers that belong to different ministries and bodies, and this situation makes it difficult to formulate and implement a uniform cyber policy that can address the kingdom's diverse security needs.

A related impediment is the relative technological weakness of Saudi society. This problem, not unique to the cyber issue, reflects the weakness of the kingdom, which still lacks the necessary human and technological infrastructure for advanced capabilities. The information technology industry makes up only

0.4% of Saudi Arabia's GDP, and the kingdom relies mainly on external assistance for civilian needs related to the cybernetic dimension.

### **Consolidating Independent Strategic Capability?**

The Saudi understanding of the substantial military gaps and the depth of the threats that it must cope with, along with the weakened American support and the shortened time to an Iranian military nuclear breakout, could accelerate the Saudi leadership's thinking about advancing independent military nuclear capabilities as a new means of deterrence in the arsenal against Iranian activity.

Saudi Arabia's interest in the nuclear realm is not new, nor is the concern that under certain circumstances and conditions, Riyadh could pursue a military nuclear course. Senior leaders in the kingdom have referred to the issue on more than one occasion and have stated that the kingdom will acquire nuclear capability if Iran does so (Mohammed bin Salman, 2018), and that the kingdom seeks control over all of the components of the nuclear fuel cycle (Abdulaziz bin Salman, 2019).

In addition, while the scientific-technological infrastructure in the nuclear field in Saudi Arabia is limited and it is subject to heavy international pressure, the kingdom has a history of hiding various activities in strategic military fields, in particular in the field of surface-to-surface missiles, and it is not inconceivable that today as well it is concealing activity in the military strategic field. It is doubtful that the international community, including the IAEA, has the ability to identify prohibited activity on a small scale, especially under the conditions that characterize the kingdom. Furthermore, the 2015 nuclear deal did not decrease Saudi Arabia's motivation to acquire nuclear capability, but rather just seems to have temporarily reduced the urgency of the issue. The ongoing erosion of Iran's commitments to the agreement's clauses and the shortening of the breakout time could, once again, spur the Saudi leadership – especially under the influence of Crown Prince Mohammed bin Salman – to move more quickly toward achieving nuclear capability, including through possible "shortcuts," meaning acquiring it "off the shelf" from sources in Pakistan and/or North Korea, for example.

### **United States – Saudi Arabia – China**

Despite the uncertainty that currently surrounds the future of relations between the United States and Saudi Arabia, the assessment is that the Biden administration's policy at the beginning of his term regarding "recalibrating" relations with Saudi Arabia does not aim at a deterioration of relations but rather reflects a desire to shape relations in a configuration that will suit it and enable it to continue the bilateral strategic partnership. In the administration's view, a practical approach by the two sides that takes into account each side's interests is what will enable maintaining the mutual relationship. It is also clear to the administration that its relations with the Saudis have a direct impact on the US ability to fulfill its objectives in the Middle East, including coping with Iran's confrontational activity in the region, ending the war in Yemen and maintaining the stability of the global energy market.

Saudi Arabia recognizes that despite doubts regarding the United States commitment to its security, there is no substitute for the American military presence in the Gulf as a curb on Iranian aggression and there is no substitute for American (and European) military technology.. However, Riyadh is interested in diversifying its sources of support in order not to end up in a position of complete dependence on the United States, in particular systems restricted by the United States for acquisition (such as attack UAVs and offensive cyber capabilities). Therefore, Saudi Arabia is also working to develop relations with competing great powers and weapons suppliers. As it appears increasingly that the US is intent on reducing its involvement in the region, Washington must take into account that its adversaries, including China, will exploit this in order to deepen their involvement. On the other hand, the scope of cooperation between Saudi Arabia and China is a function of the depth of American pressure. As this intensifies, it will become more difficult for the United States partners in the Middle East to deepen their connections with China.

Indeed, in accordance with China's increasing interest in the Gulf, it seems that Washington is not reluctant to place public pressure on countries in the region, because it sees certain aspects of cooperation between them and China as damaging to American national security. Saudi Arabia is aware of the increasing

American sensitivity regarding China, and is interested in avoiding entanglement in a confrontation between the great powers. However, Washington's decision not to provide it with certain technological-military components produced in the US could lead it to acquire them from China. For its part, China is signaling that it would like to strengthen the strategic cooperation with Saudi Arabia – with which it cooperates on the nuclear issue (in this field, it appears that there is more than meets the eye). Similar to Saudi Arabia's interest in China, Riyadh is not hesitant about engaging in military discourse and also acquiring weapons (as long as there is no possible alternative in the Western market) from other problematic actors, including North Korea. It does so out of a lack of alternatives and out of the assessment that even if its actions are discovered, it will be able to recant and smooth things over with the United States, based on the many shared interests.

### **Conclusion: Return to Traditional Modes of Influence**

Until 2015, when it launched Operation Decisive Storm in Yemen, Saudi Arabia refrained from leading significant military actions, and at most it participated in regional coalitions (helping the Gulf Cooperation Council [GCC] stabilize the Bahraini regime in 2011; participating in the international coalition against ISIS). This policy was based on an understanding of the limitations of power, and its ability to rely on the United States and its Arab partners for building coalitions. In addition, Saudi Arabia tried to maintain ongoing contact with potential threat sources, in order to prevent escalation through a combination of diplomacy and especially through its levers of economic influence.

However, the change in the White House's approach, both toward its ally Saudi Arabia and toward its adversary Iran, have accelerated Riyadh's adjustments to its foreign policy – at least externally and out of an intention to signal to the United States the importance of continuing the partnership. The negative consequences of the COVID-19 pandemic on the Saudi economy are also in the background.

The adjustments in Saudi policy have included a willingness to reach a reconciliation agreement with Qatar (January 2021) and a well-publicized offer to the Houthis to sign a generous ceasefire agreement (not implemented in the end), and more recently, a dialogue with Iran. The speech on 28 April 2021 by Saudi Crown Prince and de facto ruler Mohammed bin Salman indicates adjustments in foreign policy toward Iran: "Iran is a neighboring country. All we ask for is to have a good and distinguished relationship with Iran... We want it to prosper and grow as we have Saudi interests in Iran, and they have Iranian interests in Saudi Arabia." This statement is diametrically opposed to previous claims by bin Salman against Iran, who even compared Iran's Supreme Leader to Hitler. These join a renewed conciliatory line towards the regime of Bashar al-Assad in Syria, the warming of relations with Iraq, and a honeymoon with Oman. It seems that in 2021 a certain change took place in the Saudi leadership's publicly declared policy: the assertive-militant line that the kingdom adopted during the previous decade, with the beginning of the regional upheaval, was set aside. The kingdom now seeks to manage conflicts and alleviate tensions, as much as it can, along with continuing its military buildup and effort to maintain relations with Washington under the Biden administration as well.

In the military dimension, in recent years Saudi Arabia has tried on several occasions to produce an independent military response to the security challenges before it, but the response has remained limited, amounting to the acquisition of showcase weapons and leveraging wealth and religious-diplomatic prestige to recruit partners for war. In order to improve capabilities, it must be capable of carrying out significant maneuvers of forces beyond its borders and withstanding attacks against population centers and essential infrastructure via missiles barrages, the disruption of shipping lanes, cyberattacks, or terrorist attacks and internal subversion.

Furthermore, the relatively limited manpower of the Saudi defense forces and doubts regarding their skills, along with significant technological disparities in the sea, air, and cyber realms, as well as the built-in division among various security bodies, place a question mark over Saudi Arabia's ability to wage a large-scale campaign, even in one arena. Moreover, the Saudi sense is that its traditional strategic support is in doubt, given the process of the US withdrawal from the region, the recent disagreements with Pakistan, and the weakness of the GCC in recent years, along with the weakness of the Sunni camp as a whole.

These circumstances fuel concerns that Saudi Arabia can be further challenged such that it will not oppose Iran's regional policy.

Developments in relations between the United States and Saudi Arabia are also expected to influence Israel and especially its interest in continuing the regional normalization trend – deepening the existing agreements with the Gulf states and adding additional countries to the process, first and foremost Saudi Arabia. There is great importance in maintaining the regional diplomatic and military front against Iran, in which Saudi Arabia is an important actor. Hence, Israel has a clear interest that the downgrading of relations between Washington and Riyadh be as minor and reversible as possible. At the same time, Israel is interested in restraining and setting boundaries for the Saudi Crown Prince to prevent diplomatic and military measures that would undermine regional stability and certainly those that are not coordinated with the relevant sides.

Israel must therefore convey to the US administration the possible consequences of the pressure placed on Riyadh and carefully and discreetly advocate on behalf of the Saudis, as overt Israeli identification with the kingdom in general and with bin Salman in particular, who is currently subject to harsh criticism, especially within the Democratic Party, could cause harm to the discourse between Jerusalem and Washington. At the same time, Saudi Arabia's use of its clear comparative advantages should not in itself threaten Israeli interests. Israel has a clear interest in maintaining the kingdom's stability and standing as part of consolidating the pragmatic Sunni camp in the region, which supports peace agreements with it and sees Iran as a threat to regional stability. If the kingdom can keep threats at bay without being seen as conciliatory and without granting Iran and the Shiite axis concessions in return for military quiet – Israel will also benefit. (INSS 24.08)

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