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. El Al Demands $100 Million Compensation from the Israeli Government

El Al Israel Airlines has rejected the Ministry of Finance's offer of a $50 million balloon loan and is demanding compensation as part of a streamlining plan. In a letter to the Ministry of Finance director general, the El Al CEO said El Al demands immediate compensation of $100 million for damage caused to El Al due to decisions by the state, as was done for other industries in the economy. The letter details El Al's recovery plan, including selling 35% of its planes and reducing its fleet from 45 to 29 planes, due to a 30%-60% cut in activities, compared with before the COVID pandemic. Reducing the fleet would lead to, "adjusting the workforce to commercial activities, and this measure of cutting the fleet will have major repercussions on the size of the company's work force."

In addition, El Al said that it has agreed arrangements on new financing for its planes. The CEO also explained that the postponement of the public offering to raise $105 million, at the end of July, was done following the recommendations of the underwriters. He detailed the assistance granted by governments worldwide to airlines such as in Europe and also presented measurements for the recovery of the airline's activities. He estimates the assistance to El Al at $9.5 million per aircraft and claims that El Al's rivals overseas received at least 50% more assistance, per aircraft on average.

El Al urges the government to adopt the green passport for aviation, which would allow it to compete and remain stable over time, and to allow overseas tourists into Israel. (Globes 22.09)

2. ISRAEL MARKET & BUSINESS NEWS

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2.1. Transmit Security Adds Investors in its $543 Million Series A Funding Round

Transmit Security announced that Citi Ventures and the Growth Equity business within Goldman Sachs Asset Management (Goldman Sachs) have joined the company’s most recent $543 million Series A funding round, setting a new record in investment history as the largest Series A investment in cybersecurity. The Series A round was led by Insight Partners and General Atlantic with additional investment from Cyberstarts, Geodesic, SYN Ventures, Vintage and Artisanal Ventures. Previously bootstrapped, Transmit Security’s Series A funding round brings the company’s pre-money valuation to $2.2 billion. Transmit Security will use the funding to increase the company's global reach, expand its operations, and accelerate the company’s mission to help the world go passwordless.

Transmit Security provides the first natively passwordless identity and risk management solution to the world’s largest enterprises. With Transmit Security, organizations can deliver advanced identity solutions that improve the user experience, enhance security, and satisfy compliance requirements at a fraction of the time and cost of traditional identity solutions.

Tel Aviv's Transmit Security is on a mission to transform the identity experience market by ushering in a new era of passwordless authentication. From onboarding to authentication to smart authorization for both customers and workforce across every channel, our technology reduces all forms of identity attrition and saves enterprises substantial costs. Around the world, large enterprises are standardizing on Transmit Security to introduce innovative digital identity journeys. Customers include six of the seven largest financial institutions in the U.S, two of the largest merchants in the U.S., and many financial organizations, merchants and online service providers in Europe, Asia and Latin America. (Transmit Security 14.09)

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2.2. Energean Selects Halliburton for Offshore Israel Drilling Campaign

Halliburton Company was awarded an integrated services contract to execute a three to five well drilling and completions campaign for Energean, an independent E&P company focused on developing resources in the Mediterranean and the North Sea. The work follows a successful four well offshore drilling campaign that Halliburton previously executed in the Karish and Karish North gas fields.

Halliburton will collaborate with Energean to economically and safely deliver exploration, appraisal and development wells offshore Israel. The contract is for three firm and two optional wells to deliver all services including project management, directional drilling, drill bits, drilling fluids, cementing, solids control, wireline, slickline, completions, production enhancement and subsea services.

Key technologies deployed include the StrataXaminer wireline logging solution that helps operators acquire more accurate well data and better evaluate production potential, the 7 3/8” Dash electrohydraulic subsea safety system and iCruise Intelligent Rotary Steerable System to deliver faster and more accurate wells. (Halliburton 14.09)

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2.3. USSOCOM to Receive Robotican Indoor Unmanned Reconnaissance Drone Systems

Robotican has successfully delivered its first indoor UAS to the USSOCOM for operational evaluation. The Gallo is an unmanned reconnaissance system that enables rapid, live situational-awareness and forward observation in confined spaces, such subterranean environments or inside buildings. The Gallo is the first hybrid unmanned platform that has both land robot and aerial drone capabilities. Combining these two disciplines provides an effective tool for a diverse variety of indoor operations.

The Gallo's MESH communication enables the simultaneous operation of three Gallo's from the same control unit, relaying communication in indoor, communication-denied environments. The Gallo is suitable for military missions, as well as for search and rescue missions in locations of risk. Following delivery, a training course was held that included system operation and mission execution many operational scenarios, such as urban warfare, tunnels, urban and rural warfare, and indoor-mission training.

Omer's Robotican specializes in autonomous robotics and drones for challenging operational needs. Since 2013, the company has supplied unique and creative robots and drones. Our products are the result of our in-house, multidisciplinary and professional team, abundant with autonomous drone experience. (Robotican 17.09)

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2.4. Sproutt Raises $26 Million for Life Insurance that Rewards 'Hidden Healthy' Behaviors

Sproutt announced a $26 million Series B round led by MoreTech Ventures with investment from Harel Group, The Raptor Group and Falcon Edge Capital, alongside existing investors. The funds will be used to further bring Sproutt's health-incentivizing instant-issue life insurance policies direct to customers and agents. In addition, the funds will be used to roll out a new predictive life insurance product, developed from hundreds of thousands of data points gathered from Sproutt's rapidly growing customer base.

Unlike the traditional life insurance industry which primarily penalizes individuals for negative elements of their lifestyles, Sproutt's policies are also taking into account the positive elements of each individuals' lifestyle. Sproutt's Quality of Life Index (QLI) assesses behaviors that reflect healthy living – movement, sleep, emotional health, nutrition and overall lifestyle balance – to personalize the policy for each customer based on their individual QL score. The higher the customer's QL score, the lower their risk. This allows customers with high QL scores to get personalized life insurance policies that reward them for the healthy behaviors in their lifestyle. All this in a simple 15 minute digital process.

Tel Aviv's Sproutt is a new kind of life insurance company that uncovers and rewards the 'hidden' healthy behaviors in everyone. Using AI technology, Sproutt's Quality of Life Index (QLI) assesses behaviors that reflect healthy living – movement, sleep, emotional health, nutrition, and overall lifestyle balance – to personalize life insurance policies for each customer. Sproutt sells its policies direct-to-consumers as well as through agents and brokers via its Agent Portal. Sproutt's business operations are based in New York with an R&D center in Tel Aviv. (Sproutt 14.09)

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2.5. Lightricks Raises $130 Million Ahead of M&A Plans

Lightricks now has $130 million in new funding to further grow its business. The company's newly announced Series D round includes $100 million in primary and $30 million in secondary funding, and now values the company at $1.8 billion. To date, Lightricks has raised $335 million. The new round was co-led by New York-based VC firm Insight Partners and Hanaco Venture Capital and includes new investors Migdal Insurance, Altshuler Shaham and Shavit Capital. Existing investors Goldman Sachs Asset Management, Claltech, Harel Insurance and Finance, and Greycroft, also participated. The company's last round of funding was its pre-pandemic raise of $135 million, which minted the company as a unicorn.

Based in Jerusalem, Lightricks has been best known for its photo-editing app Facetune, which puts Photoshop-like retouching tools into the hands of consumers. The app quickly gained traction as online influencers tweaked their Instagram photos to look more polished, perfected and blemish-free. This growth wasn't without controversy, however, as some argued how image-editing apps like Facetune took airbrushing too far, contributing to body image issues that now, Facebook's internal research indicates, could have a negative effect on teenagers' mental health.

The company benefitted from COVID-19 lockdowns, as well, as more people participated online and creators, as a group, became more well-established as a way for brands to reach consumers. During peak lockdowns, the company saw a 90% increase in usage across its apps in the U.S. Meanwhile, downloads for its popular Videoleap video editing apps jumped 70% since the start of the pandemic, as TikTok adoption also grew. (Lightricks 20.09)

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2.6. Datagen Builds Momentum to Power the Next Big Leap in Computer Vision Systems

Datagen announced strong momentum on the heels of its March 2021 public launch, when the company raised over $18 million from TLV Partners and Viola Ventures. Datagen continues to make forays into the enterprise market, now working with a number of Fortune 100 companies in augmented/virtual reality, robotics, and automotive, including the majority of the top U.S. tech giants. With 60% of the data used for the development of AI and analytics projects expected to be synthetically generated by 2024 according to Gartner, Datagen is at the forefront of the artificial intelligence 2.0 revolution. The company's innovation and rapid growth have attracted Israel's top computer vision, artificial intelligence and cloud innovators to bolster its executive leadership team and round out its advisory board.

Datagen builds on Israel's rich legacy of bringing computer vision innovation to the market. According to Crunchbase, there are more than 680 artificial intelligence companies in Israel that have collectively raised $4.5 billion. This growth explosion over the last few years is due largely in part to the high concentration of engineers and Israel's world-renowned universities. These academic institutions provide access to talent and cutting-edge new technology development in the space. In the last two months, Datagen has hired more than 20 employees and plans to bring on additional team members across sales and marketing, software and DevOps, and product departments.

Tel Aviv's Datagen is leading the AI revolution by generating photo-realistic data to train computer vision systems, with expertise in human-object Interaction. They developed a data-centric technology that delivers visual data with unmatched domain coverage and fully-controlled object variance. Using their platform, companies generate high-fidelity 3D data with associated ground truth, in a seamless and scalable way. Datagen customers include Fortune 100 companies across a variety of industries. Founded in 2018, Datagen is led by recognized AI experts and is backed by AI industry luminaries. (Datagen 22.09)

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2.7. Sternum Raises $27 Million in Series B Funding led by Spark Capital

Sternum completed of its $27 million Series B funding round led by Spark Capital, with the participation of existing investors Square Peg capital, the Hinrich Foundation, the European VC firm btov, and other private investors, which represents a total of $37 million raised to date. This is believed to be one of the largest amounts ever raised by a female-founded and led security and analytics firm, not limited to the IoT sector.

Sternum works in a fundamentally different way than any other autonomous IoT technologies. It recognizes that while IoT devices are brilliantly engineered – from tiny pacemakers to railway sensors – they are purpose-built for a single use, and hence are low on internal resources. So they are smart but not intelligent.

Those inherent limitations are transcended by Sternum, as it can embed its patented, code-free technology and software sensors inside all devices, enabling them to instantly become self-securing, while simultaneously collecting intimate data at runtime execution, and processing it in their intelligent cloud platform. This proprietary approach yields active-mitigation and prevention; data analytics; software and security alerts; quality and performance root-cause analysis; user behaviors, enabling new business models for IoT vendors and more. Sternum plans to use its new funding for R&D – to advance its already successful and scalable platform – and to grow its team overall as it ramps up global go-to-market efforts.

Tel Aviv's Sternum is the only code-free, device-resident IoT security, observation, and data-harvesting company. The Company's transformational, patented software can be embedded into any IoT device, no matter the underlying code, manufacturer, or year of production, and is actionable whether the device is connected or not. This self-sustaining, unified platform brings intelligence to otherwise non-communicative edge devices, enabling them to autonomously protect themselves without connectivity and generate real-time data; processing happens in the Sternum cloud platform when available. (Sternum 23.09)

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2.8. Blue White Robotics Gets $37 Million in Series B Funding to Revolutionize Farming

Blue White Robotics announced $37 million in Series B funding, led by New York-based global private equity and venture capital firm Insight Partners. Entrée Capital co-led this Series B after having seeded Blue White Robotics and participated in its Series A round. They are joined by Clal Insurance, Jesselson Family Office, Peregrine VC and Regah Ventures who also made significant contributions in this round.

With the trust of their market-leading clients and partners, they will use this new funding to increase the rapid adoption of these technologies, drive new US sales, and attract key talent for their all-star international team.

Blue White Robotics creates a cohesive experience across farming operations year-round from sprays and harvesting to disking and seeding. By retrofitting existing infrastructure with intelligent autonomous algorithms, the robot tractors improve farm productivity, precision and worker safety. Additionally, the Blue White Robotics platform collects and distributes data that creates new services to increase yields and reduce inputs for the growing autonomous operation. The autonomous farming technology company now enjoys $50 million of investment since its inception in 2017.

Tel Aviv's Blue White Robotics heralds the revolution in agriculture with our autonomous farm platform, creating an easily adopted system for Robots-as-a-Service (RaaS). They believe that solving the biggest issues facing agriculture - diminishing labor resources, increasing climate uncertainty, and climbing costs - can be solved through a combination of software and hardware that compliments existing farming infrastructure. This network of interconnected technologies allows for an increase in precision, safety and productivity. (Blue White Robotics 23.09)

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2.9. Panorays Closes $42 Million Series B Funding to Revolutionize Third-Party Security

Panorays has closed a $42 million Series B funding round led by Greenfield Partners with participation from existing investors Aleph and Oak HC/FT as well as new investors BlueRed Partners (Singapore), Greenspring Associates (which was recently acquired by StepStone Group) and Moneta VC. The investment will support the company's growth as the global standard in transforming third-party security risk management, and the fastest and easiest way for companies to do business together. Panorays intends to use the funds to expand in the U.S. and internationally, as well as innovate and develop additional advanced tools to streamline security between organizations and their vendors.

Panorays offers an automated, comprehensive and easy-to-use third-party security platform that manages the whole process from inherent to residual risk, remediation and ongoing monitoring. Unlike other solution providers, Panorays combines automated, dynamic security questionnaires with external attack surface assessments and business context to provide organizations with a rapid, accurate view of supplier cyber risk. It is the only such platform that automates, accelerates and scales customers' third-party security evaluation and management process, enabling easy collaboration and communication between companies and suppliers, resulting in efficient and effective risk remediation in alignment with a company's security policies and risk appetite.

Tel Aviv's Panorays is a rapidly growing provider of third-party security risk management software, offered as a SaaS-based platform. The company serves enterprise and mid-market customers primarily in North America, the UK and the EU, and has been adopted by leading banking, insurance, financial services and healthcare organizations, among others. (Panorays 23.09)

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2.10. LG Acquires Israeli Automotive Cybersecurity Startup Cybellum

On 23 September, LG Electronics announced it had acquired Israeli automotive cybersecurity startup Cybellum. The South Korean electronics maker signed a deal with the startup to acquire 63.9% of its shares. LG will also acquire additional shares of Cybellum by the year's end, with the amount to be finalized then. LG has also signed an additional contract, worth $20 million, with the startup for future equity that will see the funds be converted to more shares from the end of 2022 to the first half of 2023.

Cybellum's current management team will continue to run the company independently and work with its existing automobile and component partners. According to LG, the importance of security in the automotive industry has become more important as more vehicles connect to networks. Due to this, cybersecurity has become an important barometer for the quality of a vehicle's life cycle, along with design, development and driving capabilities, the company said.

Through Cybellum's solutions, LG will look to beef up the security systems on its automotive offerings in the areas of infotainment and telematics, the company said, to preempt security regulations in various countries and become a reliable partner to automobile manufacturers. LG currently offers various software and components for vehicles. Its affiliate LG Display also supplies display panels to automobile companies.

Tel Aviv's Cybellum enables automotive OEMs and their suppliers to continuously manage their cyber security risks, such as automate vulnerability assessment and management from development to post-production and gain visibility and control over your software component supply chain. They also centralize cyber security management via a CSMS for the automotive industry and accelerate compliance with automotive cyber security standards and regulations (e.g. WP.29 and ISO 21434) and organizational security policies. (LG Electronics 23.09)

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2.11. Optimove Raises $75 Million to Help Brands Deliver AI-Mapped Customer Journeys

Optimove announced a $75 million investment led by global growth investor Summit Partners. The financing will support continued investment in strategic hiring and M&A, expansion of the company's Customer Relationship Management (CRM) Marketing platform, and further acceleration of Optimove's rapid growth.

Optimove's SaaS technology combines a Customer Data Platform (CDP) with a Multichannel Marketing Hub (MMH) designed to uniquely empower brands to deliver personalized marketing campaigns to connect and engage with existing customers. Unlike more traditional solutions that rely on common, rule-based orchestration, Optimove places customer data at its core, layering advanced AI-based campaign orchestration on top. This helps its users manage large-scale CRM marketing frameworks, personalizing thousands of campaigns to hundreds of segments and reaching each end consumer with the optimal message and promotion across email, mobile and other channels. The company's solutions help customers achieve and attribute measurable improvement in key metrics such as churn, reactivation, conversion, and lifetime value per each customer, campaign, set of campaigns and across the entire customer base.

Headquartered in Tel Aviv and operating from offices in New York and London, Optimove was bootstrapped for its first five years and has scaled quickly, while maintaining healthy profit margins, since its founding in 2012. This new capital positions Optimove to further accelerate its growth and expand its global footprint. Today, the company's CRM Marketing platform sends more than 23 billion optimized messages through email, mobile, ad platforms and other channels, to over 3 billion customers every year. Optimove serves more than 500 brands – including BetMGM, Papa John's, Staples, Varsity Tutors and others across e-commerce, gaming, retail, QSR, telecommunications, and financial services – and integrates with leading technology platforms, such as Snowflake, Shopify, Salesforce Commerce Cloud, alongside leading execution channels, including Facebook, Google Ads, Criteo and Attentive. (Optimove 27.09)

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2.12. Appwrite Raises $10 Million to Build Open Source Alternative to Google's Firebase

Appwrite raised $10 million in a seed round led by Bessemer Venture Partners and Flybridge with participation of Ibex Investors and Seedcamp. Appwrite is one of the fastest growing open source projects on GitHub today with over 10,000 stars, more than 30,000 developers joining the Appwrite community in just the last four months and more than 250 code contributors around the globe.

Because Appwrite is designed to be self-hosted, developers can host the service on any cloud provider or infrastructure. Appwrite is focused on security and privacy so developers can own their data and maintain autonomy in their development. Appwrite features include various authentication methods, a realtime database, storage, cloud functions, geo/localization APIs together with a fully featured dashboard and various access controls to ensure privacy and security.

Tel Aviv's Appwrite is an end-to-end Backend-as-a-Service (BaaS) platform for web, mobile, native or backend apps packaged as a set of Docker microservices. Appwrite abstracts the complexity and repetitiveness required to build a modern backend API from scratch and allows developers to build secure applications faster. It includes a realtime database, a suite of authentication methods, storage and file management, image manipulation, serverless functions and more. (Appwrite 28.09)

3. REGIONAL PRIVATE SECTOR NEWS

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3.1. Russo's New York Pizzeria Opens Sixth Dubai Location

Russo's New York Pizzeria, the only authentic New York-style, Italian restaurant and pizzeria franchise concept, is set to open its sixth location in Dubai in October. The restaurant will feature the restaurant's updated casual dining layout that includes an open-kitchen concept and pizza chef station for guests to watch Russo's chefs prepare their hand-tossed pizzas and homemade meals fresh from scratch. The new design also allows the convenience for guests to choose take-out or delivery. The restaurant in Nakheel Mall at Center of Palm - Al Hilali - The Palm Jumeirah - Dubai – UAE was also opened during a time when the world was seeing a struggling restaurant industry due to COVID, showcasing how Russo New York Pizzeria performs with capturing additional sales with promotions for delivery.

Following the family mantra "If it isn't fresh, don't serve it!" Russo's delivers an expansive menu that blends generations of family recipes with fresh, seasonal ingredients and authentic Italian imports like Pecorino Romano cheese from Emilia Romagna, Italy; aged-balsamic vinegar from a centuries-old vineyard in Italy; and extra virgin olive oil from Partanna, Italy.

New gourmet pizza and pasta menu items include the Truffle Mushroom pizza, Spicy Chicken Alfredo, Homemade Lasagna, and a great selection of gluten free and vegan menu items. Chef Anthony has perfected the Dubai menu to adapt to Middle East favorites and will feature fresh, local seafood, Halal meats, risotto and saffron, truffle mushroom soup, eggplant dishes, gnocchi pasta and Mediterranean-influenced dips and spreads. Russo's New York Pizzeria is looking to increase growth internationally, specifically in the Middle East, Europe and Asia. (Russo 16.09)

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3.2. Zbooni Raises $9.5 Million in Series A Round

Dubai's communications for commerce solutions provider Zbooni has successfully closed its Series A funding round at $9.5 million. The round began with an initial $5 million closing and has now incorporated a second tranche of $4.5 million, priced to reflect the continued growth and business momentum. The recently closed round includes a combination of new and existing investors March Holding, California-based Enterprise Fund, and initial investor Chalhoub Group.

Founded in 2016, Zbooni offers in-class tools and technology for businesses to capitalize on the increasing prevalence of social and conversational commerce. The UAE-based startup provides an avenue through its mobile seller app and intricate solutions through its web-based tools for merchants to efficiently connect with leads and make sales in a seamless customer experience.

This latest investment further fuels Zbooni's growth, as it creates a unique balance between Saas and E-commerce. Zbooni has been observing strong customer traction on its mobile seller app and web-based tools and is further developing its proprietary commerce technology. The footprint of the company has expanded in 2021, with new hires and the opening of additional regional offices. The funding will be used to bring in talent, expand into new markets and serve the needs of different customer segments, as well as to further develop its proprietary technology and platforms. (Zbooni 28.09)

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3.3. Saudi-Based FinTech CashIn closes $1.6 Million Seed Round

The Saudi-based FinTech and digital POS provider CashIn has successfully raised $1.6 million in its latest funding round. The Seed round was led by key investors in the region including BIM Ventures and a number of angel investors.

Founded in 2021, Riyadh's CashIn set forth to provide digital payment solutions, virtual points of sale and a multitude of payment features helping retailers and service providers receive payments and manage sales in a fully integrated platform. The startup not only aims to digitize offline sales operations, but it also aims to give retailers a regulated structure for government-approved E-commerce transactions.

CashIn has built relationships with a number of government sectors such as ZATCA to become one of the first providers of electronic solutions that comply with the requirements of E-invoicing (FATOORAH). Additionally, the Saudi-based startup has been growing its network by partnering with banks and key stakeholders to provide optimized invoicing and financing solutions for its users. This most recent fundraise is a prime opportunity for the Saudi-based FinTech to access and lead the market with a fully-fledged digital payment solution and E-invoicing. (CashIn 19.09)

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3.4. Dopay Raises $18 Million in a Series A Round

Dopay has secured $18 million in funding in a series A round led by UK VC firm Force Over Mass Capital, Dutch development bank FMO and NN Group. African investor Mbuyu Capital and Nordic fund Alder Tree Investments also participated in the round.

The funding will help the digital payments firm develop its existing business in Egypt and offer new financial services to its platform. They will serve a rapidly growing number of Egyptian businesses, from SMEs to major corporations, and their employees. The company is ready to aggressively grow their solutions, leveraging and cross-selling opportunities, as they increase Dopay’s range of services and partners across MENA. The company is coming off a pre-series A funding round five years ago during which it raised $2.4 million from Techstars Ventures and Force Over Mass Capital.

Cairo's Dopay is the fintech innovator driving financial inclusion by making access to cashless payment solutions simple, secure, and super-fast. The Dopay platform enables businesses of any size to open personal accounts for their employees, contractors, and other beneficiaries in seconds. Staff can be paid instantly, including weekends and holidays. Each account provides a prepaid debit card, enabling 24/7 access to funds. Enrolled businesses benefit from a secure and cashless payroll, with simple-to-use interfaces and fully auditable transparency. Personal account users enjoy instant, secure access to mainstream banking facilities, no matter how much they earn. (Dopay 17.09)

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3.5. Capiter Raises $33 Million to Expand B2B e-Commerce Platform Across MENA

Cairo-based B2B e-commerce startup Capiter raised a $33 million Series A round, co-led by Quona Capital and MSA Capital. Other participating investors include Savola, Shorooq Partners, Foundation Ventures, Accion Venture Lab and Derayah Ventures.

Many of the manufacturers in Egypt today do not have the right infrastructure of the supply chain in place to reach merchants. Using machine learning, Capiter says it helps these manufacturers gain critical insights into the markets they serve, the products they sell and how they fair with competition.

For merchants, Capiter addresses three problems. The first is the inconvenience merchants have to deal with engaging several suppliers to find the right product. The second is transparency, which involves some back and forth between merchants and manufacturers on pricing. The third is that merchants often have little or no access to working capital to get the right product and the right time.

With Capiter, merchants can order products from FMCGs and wholesalers while the company delivers them. Capiter also provides fair pricing and matching techniques that showcases a wide range of inventory for merchants. Then it provides working capital to them to buy more products even when they are strapped for cash. Capiter partners with local banks in Egypt and the Central Bank to perform this.

Cairo's Capiter is a B2B marketplace that brings FMCGs, wholesalers & merchants to the same platform, enabling merchants to order their products through the eCommerce platform and receive credit facilities. Capiter 13.09)

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3.6. Egypt's Sotech Raises $1 Million Pre-Seed Round

The Egypt-based Healthech and IoT solutions startup Sotech has successfully raised $1 million in its latest Pre-Seed funding round led by Innlife investments and key corporate investor Al Raya Kuwaiti.

Founded in 2020 during the pandemic, the Egypt-based startup specializes in smart IoT, trackable OOH advertising, and data gathering. By providing fully integrated Tech & Hardware couple with an integrated set of software and tracking platforms, Sotech is bridging the worlds of offline advertising with online campaigning. Through a seamless app, Sotech helps clinics understand the volume, flow, and demographic of its visitors, the data is also linked to an advertiser dashboard helping advertisers monitor their in-clinic Ad performance.

The Egypt-based startup currently operates in the Cairo medical field with over 200 clinics and is expanding by almost 60 more each month. Sotech offers a venue management system for hospitals & clinics that engages with the visitor as soon as they enter, and follows their entire journey through multiple display touchpoints. The fully Tech-integrated system not only helps clinics manage their business but also tracks data that could connect to a third party advertiser who can then retarget visitors based on their in-clinic activity, all analyzed via the smart hardware on location.

The startup plans to utilize its newly acquired funds to fuel its scaling operations into 500 venues and expand its market beyond Egypt tapping into Mecca and Medina as well. By creating a consolidated network for the millions of data sets collected across the country, Sotech has high hopes of utilizing its technology to avoid, track, and contain infectious diseases. (Sotech 16.09)

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3.7. Cartona Raises $4.5 Million in a Pre-Series A Round

Cairo's Cartona, the Egypt-based B2B platform connecting retailers to manufacturers and wholesalers, has successfully raised $4.5 million in its latest funding round. The Pre-Series A round was led by Global Ventures, with participation from Kepple Africa Ventures, T5 Ventures, and a group of key angel investors.

Founded in August 2020, Cartona launched its B2B e-commerce marketplace focusing on solving the supply-chain and operational challenges for the fast-moving consumer goods industry (FMCG) by digitizing the traditional, predominantly offline trade market in Egypt. The Company offers an asset-light marketplace that enables grocery retailers to order their store needs digitally from a curated network of sellers.

Cartona is designed to eliminate inefficiencies across the value chain, by providing enhanced visibility through real-time price comparisons and ETAs, while allowing FMCGs and suppliers to optimize their go-to-market execution via data and analytics. Since its launch, Cartona has aggregated over 30,000 users in Cairo and Alexandria alone. It has processed over 400,000 delivered orders with an annualized gross merchandise value of $63 million. Cartona works with 100 FMCG companies, 1,000 distributors, and wholesalers, offering consumers over 10,000 products listed on its platform including dry, fresh, and frozen food. The Egypt-based team plans to utilize its newly acquired funds to further develop its Tech Stak, launch new products and expand geographically across Egypt. (Cartona 21.09)

4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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4.1. NIS 500 Million Expansion of Eilat Desalination Plant Underway

Mekorot - Israel National Water Co. has begun work on one of its largest projects for the coming years - expansion of the water desalination plant on the Red Sea known as Sabha. The installation is located north of Eilat. As part of the project, new water pipelines will be constructed. The project as a whole will cost about NIS 500 million.

Israel currently has five large desalination plants on its Mediterranean coast. Four of them are privately owned. The fifth is owned by Mekorot, but is in the process of being privatized. These installations provide about 80% of the potable water used by Israeli households. A tender is currently taking place for the construction of an additional desalination plant in the Western Galilee. Besides these, Mekorot has a number of desalination plants in outlying areas, one of them being Sabha in Eilat, a plant that supplies 18 million cubic meters of water annually. The water mainly serves Eilat and surrounding settlements, including tourism projects, and industry and agriculture in the southern Arava.

The current work on the Sabha plant is designed to expand output by more than 50% to up to 30 million cubic meters a year. The project and associated works on land and at sea were approved in January 2021 as a national infrastructure plan, and are expected to take five years to complete. (Globes 26.09)

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4.2. Egypt's Bahr al Baqr Water Treatment Plant Becomes Guinness Record Holder

Regional Director for the Guinness World Records in the Middle East and North Africa region said Egypt's new Bahr al Baqr wastewater treatment plant has received a Guinness World Records' certificate for being the largest water plant in the world with a capacity of 64.8 cubic meters per second along with the use of ozone in the wastewater treatment process.

The plant was inspected by Guinness World Records team of judges over a period of one year during which data were exchanged to review the plant's competitiveness with similar projects.

The cost of this massive project is LE20 billion, and its daily capacity is 5.6 million cubic meters to be used in the reclamation of 400 acres in Sinai. Considered one of Egypt's most important projects, the plant treats more than 2 billion cubic meters of wastewater per year which will be used to irrigate 1,400 sq. km of land in Sinai. It is located east of the Nile Delta in the town of Bahr al-Baqr, about 35 km south of Port Said. The project is set to improve water security, provide jobs, support communities and reduce pollution for decades to come.

The plant comprises the pumping building of the water intake – rapid mixing basins – slow mixing basins – sedimentation basins – filters with discs – ozone basins – chloride tanks, treated water, sludge condensing basins – mechanical drying buildings – solar units for sludge drying and an administrative area which includes (headquarter building – employers building – mosque – generators – workshops – chemicals – chloride – ozone) – interior roads networks and landscaping. (Egypt Gazette 28.09)

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4.3. Morocco to Establish Its First Floating Photovoltaic Power Plant

Morocco is to install its first floating photovoltaic power plant in the coming weeks in the Sidi Slimane province. The plant will be the first of its kind in Africa, and will be executed by Energy Handle, a firm specializing in renewable and green energy, using the new technology of photovoltaics. The plant is projected to produce an output of 360 KW in its first phase, with an annual production of around 644 MWh annually, using 800 panels.

Floating photovoltaic panels can also improve energy output by using the water they float off for cooling in the summer months. (MWN 26.09)

5. ARAB STATE DEVELOPMENTS

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5.1. Lebanon's Inflation Rate Reached 123.4% YOY in July 2021

According to the Central Administration of Statistics (CAS), Lebanon's Consumer Price Index (CPI) soared from 112.4% in July 2020 to reach a dramatic level of 123.43% in July 2021. The average inflation rate by July 2021 reached 130.71%, higher than the average inflation rate of 84.27% in year 2020. Accordingly, all sub-components of Lebanon's consumer price index (CPI) increased over the studied period.

In turn, the cost of Housing and utilities, inclusive of water, electricity, gas and other fuels (grasping 28.4% of the CPI) added a yearly 40.93% by July 2021, where Owner-occupied rental costs increased by 4.77% year-on-year (YOY) while the average prices of water, electricity, gas and other fuels increased by 111.29% YOY. Looking at the prices of Food and non-alcoholic beverages (20% of CPI), it surged by 248.13% yearly. In turn, the average prices of Transportation (13.1% of the CPI), Health (7.7% of the CPI) and Restaurant and Hotels (2.8% of CPI) all recorded hikes of an annual 252.63%, 177.38% and 245.77%, respectively, by July 2021. The costs of Clothing and Footwear (5.2% of CPI) surged by 184.20% by July 2021, and the prices of Communication (4.5% of the CPI) increased by 33.61%. 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 178.99%, 113.68% and 115.20%, respectively, by July 2021.

The IIF report on 16 September shows two possible scenarios for Lebanon. A positive scenario depicts the new cabinet implementing economic reforms prior to the IMF financial support agreement by end of year. As such, eliminating subsidies on essential goods will be followed by inflationary pressures; but average inflation expected to decline from 140% in 2021 to 114% in 2022. (CAS 21.09)

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5.2. Total Number of Lebanon's Registered New Cars Slumped by 44% in August

The Association of Car Importers in Lebanon (AIA) announced that as a result of the dramatic Beirut Port Explosion on August 2020 and due to the COVID-19 lockdown, the damages that importers of new cars incurred in their properties are estimated at tens of millions of dollars.

Overall, the market has been facing increasing challenges in the last two years mainly resulting from a severe reduction in purchasing power of customers as well as ceasing loans from the Lebanese banks. As a result, passenger cars dropped by 44.32% yearly to 2,677 by August 2021. By August 2021, European Cars took the highest share of 32.55% of total cars; with Renault and Mercedes recording 16.87% each. Second, Japanese cars accounted for 32.16% with Toyota owning 47.56% among them. Moreover, Korean cars came third, measuring 16.86% of the total. (BLOM 19.09)

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5.3. Bahrain to Double VAT as Economy Recovers from Pandemic

Bahrain will double value-added tax to 10% in an effort to boost revenues and curb one of the Gulf's widest budget deficits as the economy begins to recover from the pandemic, according to an official close to the government. The Gulf country decided to raise VAT following a comprehensive spending and revenue review, as the government looks for ways to rebalance its finances without undermining an economy in recovery mode. Bahrain is under fiscal strain despite a $10 billion bailout package pledged by its wealthier neighbors in 2018. Last year, it said it was putting some of its reform efforts on hold to focus on helping the economy cope with the double shock of Covid-19 and a fall in oil prices. (Various 27.09)

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5.4. Dubai's External Trade Surged by 31% to AED722 Billion in First Half

Dubai's non-oil external trade surged 31% in the first half of 2021 to reach AED722.3 billion from AED550.6 billion in the corresponding period in 2020. Exports grew 45% year on year (YoY) in H1 2021 to AED109.8 billion from AED75.8 billion, which supports the goal of the 10 x 10 program (one of the nation's 'Projects of the 50' initiatives) to increase the UAE's exports to 10 global markets by 10% annually. Imports rose by 29.3% YoY to AED414 billion from AED320 billion. Re-exports grew 28.3% YoY to AED198.6 from AED154.79.

China maintained its position as Dubai's biggest trading partner in H1/21 with AED86.7 billion worth of trade compared to AED66.3 billion in H1 2020, up 30.7% YoY. Trade with India grew 74.5% YoY to AED67.1 billion from AED38.5 billion. Trade with the USA amounted to AED32 billion up 1% YoY from AED31.7. Saudi Arabia came fourth with AED30.5 billion up 26% YoY from AED24.1 billion, followed by Switzerland with AED24.8 up 2.3% YoY from AED 24.2 billion.

The total share of the five biggest trade partners in H1 2020 amounted to AED241.21 billion compared to AED185.06 billion in H1 2020, up 30.34%. Gold topped the list of commodities in Dubai's H1 external trade at AED138.8 billion (19.2% of Dubai trade), followed by telecoms at AED94 billion (13%). Diamonds came third in the list at AED57.3 billion (8%), followed by jewelry at AED34.1 billion (4.7%) and vehicle trade at AED28 billion (4%).

Direct trade in H1/21 totaled AED445.6 billion, up 39.5%, while trade through free zones reached AED272 billion, up 19.8%. Customs warehouse trade weighed in at AED4.5 billion, up 8.1%. Airborne trade accounted for AED364.8 billion, jumping 46.15% from AED249.6 billion in H1 2020. Sea trade reached AED247.5 billion, up 16.7% compared to AED212.18 billion, while land trade touched AED110 billion, up 23.7% compared to AED88.8 billion. (WAM 26.09)

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5.5. Egyptian Remittances Hit Record High in FY2020/21

Remittances sent to Egypt hit a record high in FY2020/21, growing more than 13% to $31.4 billion compared to $27.8 billion the previous fiscal year, according to central bank figures. Inflows rose almost 30% to $8.1 billion in Q4, up from $6.2 billion in the same period last year.

Remittances shrugged off COVID lockdowns and the global oil price crash to rise 7% to $29.2 billion during 2020. In the second quarter — during which the initial wave of COVID coincided with a historic slump in the price of oil — inflows slipped 10% y-o-y, only to rebound immediately the following quarter, reaching a multi-year high of more than $8 billion. Many analysts had issued more apocalyptic forecasts for Egyptian remittances, which rely heavily on expats living in Gulf economies that were hit hard by the oil crash and months of lockdown.

Egypt was one of the top five remittance destinations in 2020, according to Ripple. Egyptian central bank data put the value of remittances last year at $29.6 billion, up 10% from 2019 in spite of the disruption caused by the pandemic and the turmoil in the energy markets. (BoE 17.09)

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5.6. Egypt's Central Bank Approves Smartphone Contactless Payments

The Central Bank of Egypt (CBE) announced that it has approved the issuance of licenses for smartphone contactless payments. The decision was made based on the strategy put forth by Egypt's National Council of Payments that aims to lessen the usage of cash and support the financial inclusion policy. The measure will allow merchants to receive payments from debit and credit cards directly on their smartphones without resorting to other external implements using an application that will be linked to the merchant's banking account. The CBE said that this new technique will contribute to covering small merchants and boosting daily order payments.

The institution also ratified regulations on contactless payments a few months ago in response to the COVID-19 crisis and the increasing need to adopt safer payment methods. The CBE explained that these regulations come within the framework of the bank's efforts to support and encourage the use of different means and channels of electronic payment in an attempt to shift towards a less cash-dependent economy and to achieve financial inclusion.

Under these regulations, the CBE set the maximum amount of each "tap & go" transaction (i.e., without entering a PIN) at EGP 300, allowing the CBE governor to amend the maximum amount for tap & go transactions at their discretion. The regulations also recommended that point of sale (POS) terminals accepting such types of cards have a dual interface. The regulations also place the responsibility on banks to set measures that will ensure that transactions by customers are not mistakenly duplicated by merchants' POS terminals. (CBE 26.09)

6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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6.1. Turkey Remains 'Not Free' in Freedom House 2021 Internet Report

Freedom House has designated Turkey as "not free" in its annual " Freedom on the Net" report for 2021, which evaluates the level of internet freedom in 70 countries around the world. Turkey registered a decline in internet freedom for a third year in a row, according to the report, sliding one point since last year to score 34 out of 100. The report highlighted the blocking of hundreds of websites in the country, with some cases under a new social media law, the removal of content deemed critical of President Erdoğan's ruling Justice and Development Party (AKP) from websites and social media platforms and the harassment of online activists, journalists, and social media users, both physically and online, for their social media posts.

The Turkish government has intensified a crackdown on Internet freedom following the failed coup attempt of July 2016, after which it moved to block numerous news and citizen journalism websites, particularly those that are critical of the government. Last year, the government passed a controversial social media law, that makes foreign social media sites more accountable by requiring them to appoint a local representative to address authorities' concerns, among other measures, including streamlining the way courts can order news reports to be blocked or removed from websites without a hearing – and increased penalties for non-compliance.

More than 408,494 websites were inaccessible in Turkey as of July 2020, up from about 40,000 in 2013, Freedom House said, citing the Free Expression Association, a civil society initiative that lists blocked websites in the country. Turkey scored 15 out of 25 in obstacles to access, 10 out of 35 in limits on content and nine out of 40 in violations of user rights according to the report, which ranked China as the worst environment for internet freedom for the seventh year in a row. (Freedom House 21.09)

7. GENERAL NEWS AND INTEREST

***REGIONAL:**

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7.1. Jordan's Switch to Summer Time Moved a Month Earlier to February

The Jordanian Cabinet decided to switch to summer time (daylight savings time) from midnight of the last Thursday of February, instead of the last Friday of March, every year. However, the Council of Ministers kept the switch to winter time on the last Friday of October every year.

Under a circular issued by the Prime Minister and Minister of Defense, clocks are set back one hour to mark the start of winter time on the last Friday of October every year. Clocks are set forward one hour at midnight on the last Thursday of February every year to mark the start of summer time. This is applied to utilize the longer daylight hours to save energy. (JT 23.09)

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7.2. Moroccan Students Flock to Chinese Universities

The Foreign Universities Scholarships and Admissions Assistant Agency (FUSAAA) has submitted over 500 scholarship applications to enable Moroccan students to study in China during the session of September 2021, according to the director of the agency. Based in Rabat, FUSAAA is the official online portal for international students to apply for Chinese universities.

FUSAAA's mission is to identify programs that meet the criteria of students, to guide them through the registration process, and to assist them in obtaining a scholarship that will allow them to finance their studies, their accommodation, and possibly their entire stay in China. According to the agency, the cost of living in China is cheaper than in other developed countries, making it an attractive destination for Moroccan students, considering one Chinese yuan (RMB) is worth MAD 1.38 ($0.15). The cost of renting in medium-sized cities in China is 46% lower than in Casablanca. The prices of restaurants in an average city in China are 11.70% lower than those of Casablanca.

Since 2017, the FUSAAA has been providing assistance to Moroccan students to pursue their studies in China, through its many partnerships with Chinese universities. China offers four types of scholarships. These include scholarships granted either by the Chinese government, one of the Chinese provinces, one of the Chinese cities or local universities. (MWN 20.09)

8. ISRAEL LIFE SCIENCE NEWS

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8.1. DouxMatok & Hi-Food Partner to Deliver Nutritional Sugar Reduced Solutions

DouxMatok (Israel/USA) and Hi-Food (Italy), two food-tech pioneers leading the development of innovative ingredients, announced a partnership to deliver a complete end-to-end nutritional solution for food manufacturers. DouxMatok's first-of-its-kind sugar-based sugar reduction solution, Incredo® Sugar, alongside Hi-Food's semi-solid fiber of natural origin, Meltec®, will allow food brands to address sugar reduction in food products without compromising on taste, texture, sweetness or nutrition.

Incredo Sugar, which officially launched last year and is now commercially available in the U.S., enables up to 50% sugar reduction in food products. The ingredient allows room for nutritional ingredients such as fibers and plant-based proteins, creating a natural fit for a joint effort with Hi-Food's Meltec, an innovative semi-solid ingredient similar to syrup that is based on vegetable fibers of natural origin.

The collaborative effort between DouxMatok and Hi-Food addresses one of the most common challenges of existing solutions on the market — maintaining sweetness and other sugar functionalities while avoiding the aftertastes often associated with sugar substitute bulking solutions and addressing other missing sugar functionalities. Research and application development teams at both companies have been working together for over a year to test Incredo® Sugar and Meltec® in combination as pillars to full nutritional solutions in various applications.

The companies have developed product prototypes across a range of applications, including cakes, cookies, chocolate, candy, protein bars, energy bars, snacks and more. The unique combination of these ingredients also provides an added sustainability value for the food industry as a whole, helping to reduce the environmental impact of overconsumption of sugar, and at the same time exploiting the use of high-quality raw materials from well controlled legumes and cereals supply chains. Products utilizing DouxMatok and Hi-Food's full nutritional solution are expected to launch in early 2022.

Petah Tikva's DouxMatok is pioneering the development of efficient nutrition and flavor delivery technologies of food products. Patented through 24 granted patents, its sugar reduction solution, Incredo® Sugar, maximizes the efficiency of sugar delivery to the sweet taste receptors and enhances the perception of sweetness, enabling substantial sugar reduction without compromising taste, mouthfeel or texture. Independent consumer and expert sensory panel tests have confirmed that, when using Incredo® Sugar, it is possible to reduce 30%-50% of the sugar levels in a wide range of food and snack products while retaining consumer preferences. (DouxMatok 14.09)

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8.2. Else Nutrition Expands Line of Plant-Based Nutrition With Two New Fruit Flavors

Else Nutrition announced the upcoming launch of two new flavors of its Complete Nutrition Shakes for Kids - Banana Chia and Mango Chia - giving parents even more sustainable, clean label, whole food based options to consider. Made primarily from whole, clean ingredients, including organic almonds, buckwheat and tapioca, which account for 95% of all Else Nutrition products, Else Complete Nutrition Shakes for Kids are packed with nutrients, free from dairy, soy and gluten and 50% lower in sugar than other options on the market.

The two new flavors, which will join the existing Vanilla and Chocolate options, were carefully curated by Else Nutrition's team of scientists and developers, who selected banana, mango and chia seeds due to their naturally sweet tastes and health benefits. Chia seeds, which were consumed thousands of years ago by the Mayas and Aztecs, are known for extensive health-promoting properties such as hypoglycemic, antimicrobial and immunostimulatory effects, delivering a sufficient dose of antioxidants, protein, fiber, prebiotics, calcium and magnesium. Additionally, bananas and mangos are good sources of potassium, fiber and many other vitamins and minerals. In fact, both new flavors will deliver 20% of the recommended daily value of fiber for children aged 2 years and older, which is important for healthy digestion and constipation prevention.

Else's Plant-Powered Complete Nutrition Shakes for Kids can be given to kids two and older as a milk alternative, served alongside meals and even mixed into recipes like smoothies, pancakes, oatmeal and more. Free from common allergens like gluten, dairy and soy, as well as corn syrup, artificial ingredients and preservatives, yet packed with protein, carbs, healthy fats and more than 20 essential nutrients kids need to support their growth, the entire Else line is nutrient and vitamin dense to help fill in nutritional gaps without compromise.

Tel Aviv's Else Nutrition GH is 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 won the "2017 Best Health and Diet Solutions" award at the Global Food Innovation Summit in Milan. The holding company, Else Nutrition Holdings Inc., is a publicly traded company, listed as TSX Venture Exchange under the trading symbol BABY and is quoted on the US OTC Markets QX board under the trading symbol BABYF and on the Frankfurt Exchange under the symbol 0YL. Else Nutrition 21.09)

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8.3. Trigone Pharma & 4C Biomed Develop Novel Treatment for High-Grade Bladder Cancer

Trigone Pharma and 4C Biomed announced a strategic collaboration agreement to advance novel intravesical immunotherapy, which is delivered directly into the bladder, for the treatment of high-grade non-muscle invasive bladder cancer (HG-NMIBC). The approach involves the local delivery of 4C Biomed's first-in-class monoclonal antibody that targets HVEM (TNFRSF14) - a novel Immunotherapy, using Trigone's proprietary technology to increase dwell time - which has been shown to significantly improve the effectiveness of bladder targeted therapies.

Ra'anana's Trigone Pharma is dedicated to developing novel therapies for bladder disease with unmet medical needs. Trigone Pharma develops and commercializes novel therapeutics to treat patients suffering from interstitial cystitis/bladder pain syndrome (IC/BPS), bladder cancer (NMIBC), and other related bladder conditions. The company is working on several programs for bladder cancer, some of which in collaborations based on innovative molecules.

Netanya's 4C Biomed group is a privately held, pre-clinical stage Immuno-Oncology R&D start-up. Its main objective is to identify targets and develop novel and potent drugs aimed at harnessing a patient's own immune system to fight cancer. 4C Biomed has established a superior and systematic discovery platform that is exceptionally efficient at highlighting targets for drug development, enabling the creation of an experimentally-derived data bank of potential targets. 4C Biomed has a broad and diversified pipeline of validated targets at different development stages and a PCT patent application for its lead anti-4CB1. (Trigone Pharma 19.09)

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8.4. FDA Clears the MeMed BV® Test and MeMed Key® Platform

MeMed announced that the U.S. FDA granted 510(k) clearance for use of the MeMed BV® test on the point-of-need platform MeMed Key® to help healthcare providers distinguish between bacterial and viral infections. The technology has been cleared for both children and adults.

The novelty of MeMed's technology is that it decodes the body's immune response to infection, the 'host response', rather than focusing on detecting the presence of a microbe. This allows robust diagnosis when the infection site is inaccessible or unknown, even when the pathogen is undetectable using conventional tests, or when the cause of infection are emerging new pathogens. It enables better informed antibiotic treatment decisions, an essential tool in the fight against resistant bacteria.

Tirat HaCarmel's MeMed's mission is to translate the immune system's complex signals into simple insights that transform the way diseases are diagnosed and treated, profoundly benefiting patients and society. MeMed BV® is a first-of-its-kind immune-based protein signature test, developed and validated over the course of decade-long collaborations with leading academic and commercial partners. It provides physicians with an indispensable tool to help distinguish between bacterial and viral infections across multiple pathogens, even if the infection site is inaccessible or unknown. MeMed Key® is a pioneering technology platform, enabling highly sensitive measurements of multiple proteins, within minutes, at the point of need. It opens the way to quantification of a vast array of human proteins in healthy and disease states, where and when it actually matters. (MeMed 20.09)

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8.5. Save Foods Successfully Completes Lemon Pilot Tests in Spain

Save Foods successfully completed a series of lemon treatment pilot tests in Spain, with a leading post-harvest service provider. The pilots, which are part of the Company's strategy targeting the EU as a prime market, were designed to evaluate the efficacy of Save Foods' products in controlling some of the main post-harvest plant diseases as well as reducing the use of fungicides which leave residue, such as Imazalil. The tests were specifically designed to meet the anticipated increase in EU regulatory restrictions with respect to the allowable levels of residual fungicide.

The Provider that participated in the pilot indicated to Save Foods that preliminary results met the established milestones. As a result, the Company and Provider are discussing plans for a commercial-grade validation test to take place in the upcoming harvest season.

Tel Aviv's Save Foods is an innovative, dynamic company addressing two of the most significant challenges in the agrifood tech industry: food waste & loss and food safety. Save Foods is dedicated to delivering integrated solutions for improved safety, freshness and quality, every step of the way from field to fork. Collaborating closely with its customers, Save Foods develops new solutions that benefit the entire supply chain and improve the safety and quality of life of both the workers and the consumers alike. Save Foods' initial applications are in post-harvest treatments in fruit and vegetable packing houses processing citrus, avocado, pears, bell peppers and mangos. (Save Foods 22.09)

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8.6. Aviv Scientific Raises $40 Million to Create Database of the Aging Process

Today world leader in research and clinical treatment of age-related cognitive and functional decline to maximize human performance, Aviv Scientific, announced the closing of $40 million in an oversubscribed Series B funding round. Led by Israel's largest public medical services conglomerate, Danel; and Deep Insight Fund; the country's most successful high-tech angels and entrepreneurs; international longevity and health span optimization focused investors; the Series B fundraise will accelerate the global rollout of its network of medical clinics and the development of the Aviv Aging Database. For the first time, in depth comprehensive OMICS data detailing the aging process in healthy adults will be captured, expediting the development of therapeutics and approaches to notably extend health span, and ultimately lifespan, in humans.

Based on an exclusive partnership with the world's largest hyperbaric medicine and research facility, the Sagol Center at Shamir Medical Center in Israel, the Aviv Medical Program was developed over the past decade, combining unique protocols of Hyperbaric Oxygen Therapy (HBOT) with a proprietary personalized program of cognitive and physical training. More than 1,000 people worldwide have already been treated according to Aviv's progressive twelve-week program, currently offered in Florida and Dubai at Aviv Clinics.

Composed of longitudinal and comprehensive phenotype and genotype of normal and pathological adults, Aviv is currently developing an in-depth high dimensional OMICS database. Information, including neuro-cognitive, physiologic, biomarkers and genetic evaluations is collected using designated comprehensive assessments at specific time points along with continuous monitoring through wearables and home-based applications. By obtaining a one-of-a-kind multi-OMICS tagged database with clinical information, Aviv will be able to draw useful insights of aging, management, pharmacogenomics and preventive medicine to ultimately underpin and promote the development of health span extension therapeutics.

Aviv intends to use the Series B funding to rapidly expand its global clinic footprint in the United States, Europe and Asia; grow its in-depth high dimensional OMICS database; bolster its technology and accelerate its medical research program. (Aviv 23.09)

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8.7. Scopio Labs Launches Full-Field Peripheral Blood Smear Application

Scopio Labs announced the commercial launch of its FDA-cleared and CE-approved Full-Field Peripheral Blood Smear (FF-PBS) Application on the X100 platform. The application's commercialization is an important step in the company's plan to transform hematology and introduce a new line of digital solutions for cell morphology analysis that enable earlier detection, diagnosis and treatment for improved patient outcomes.

Scopio Labs' FF-PBS application is the first end-to-end digital solution on the market that offers full-field imaging and an AI-powered Decision Support System (DSS) with true remote capabilities. This unique approach streamlines labs' and clinicians' workflows and optimizes the blood smear analysis process. Scopio's breakthrough imaging platform uses computational photography to provide unprecedented images of vast numbers of cells. Lab practitioners therefore have a full-field view of all regions of interest on the slide at 100X magnification, including the feathered edge. For lab teams and hematopathologists, this means they can see the scan in full context or can zoom in to the smallest details, both of which are vital for confident clinical decision-making.

Founded in 2015, Tel Aviv's Scopio Labs is transforming the process of cell morphology analysis, offering a suite of fully digital diagnostic applications and platforms that drastically enhance clinical workflows and enable faster, earlier, and more accurate detection and diagnosis of disease, thus expediting patients' access to life-saving treatments. The company is pioneering full-field digital morphology solutions, solving the tradeoff between field-of-view and resolution to enable labs to assess and analyze cell morphology at unprecedented scale and depth. The company's combination of high-resolution imaging and an AI-powered decision support system enables labs to make the diagnosis process more efficient and consistent across the continuum of care. (Scopio Labs 27.09)

9. ISRAEL PRODUCT & TECHNOLOGY NEWS

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9.1. Mer Chooses Driivz to Power Transnational EV Charging Infrastructure

Driivz announced that Mer is now standardizing on Driivz for all its electric vehicle charging infrastructure operations including the Nordic region and advancing to a full rollout. This decision follows a successful deployment of the Driivz platform for transnational EV charging operations management in the UK and Germany.

The Driivz platform is helping companies all over the world to quickly adopt electric vehicle charging to diversify their businesses and create new revenue streams, while reducing TCO, streamlining front- and back-office operations and ensuring smart energy management. The Mer Group is the multinational EV charging business owned by Statkraft, Europe’s largest producer of renewable energy. Mer operates in Norway, Sweden, UK and Germany within both public charging network and charging solutions for private homes, multi homes, fleets, business and local authorities.

After a long evaluation process confirmed its capabilities, Mer selected Driivz as the industry’s most scalable, complete and mature EV charging management platform. The solution also provides multicurrency, multi-language support with full internal roaming within Europe on standards-compliant networks. Self-healing capability ensures high levels of uptime at charging points and operational excellence.

Tel Aviv's Driivz is the leading global software supplier to EV operators and service providers, accelerating the plug-in EV industry's dynamic and continuous transformation. The company's intelligent, cloud-based platform spans EV charging operations, energy management, advanced billing capabilities and driver self-service tools. Driivz's platform manages tens of thousands of EV chargers in North America, Europe, and APAC, used by more than 800,000 EV drivers. (Driivz 15.09)

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9.2. Guardicore & Fortinet Simplify Zero Trust Segmentation in Dynamic Hybrid Environments

Guardicore announced a new technology integration as part of its Fabric-Ready technology alliance partnership with Fortinet, allowing security teams to simplify Zero Trust architecture enforcement while driving innovation in dynamic hybrid environments.

The powerful combination of the Guardicore Centra security platform and Fortinet's Fabric Connector technology allows organizations to synchronize the enforcement of granular segmentation policies with operational changes across hybrid environments. The integration also enables customers to apply policy-based firewall controls using east-west traffic inspection, leveraging unified labeling and asset management solutions for internal applications. This ensures consistent access controls are applied to both north-south traffic at the environment perimeter, in addition to internal traffic moving laterally. The result is a unified and consistent security layer that's always up to date.

Tel Aviv's Guardicore is the segmentation company simplifying Zero Trust enforcement. Their software-only approach is decoupled from the physical network, providing a faster alternative to firewalls. Built for the agile enterprise, Guardicore offers greater security and visibility in the cloud, data-center and endpoint. (Guardicore 15.09)

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9.3. Driivz & Hubject Join Forces to Deliver Seamless Plug & Charge EV Experience

Driivz announced a collaboration with Berlin, Germany's Hubject, the world's largest eRoaming provider, to deliver a seamless Plug & Charge EV experience based on ISO 15118. The impetus for this collaboration came from Mer, a leading European EV charging company providing innovative and sustainable solutions, who recently chose Driivz to power its global EV charging infrastructure and will be the first to benefit from this collaboration. Hubject will serve as the Certificate Authority, providing private/public key pairs to secure and validate the digital communication underlying the instant authorization, payment and charging transaction.

Driivz' advanced EV charging management end-to-end platform is certified to support ISO 15118. It is an international standard that defines the communications protocol between the charging station and the electric vehicle. The protocol enables Plug & Charge, where the EV driver plugs the vehicle into the charge point. Then, using the ISO 15118 interface, the EV identifies itself to the charging station, allowing for instant authorization and the initiation of charging. The Plug & Charge standard allows drivers to plug in at a public station and start charging without any need to swipe a credit card or tap a touchscreen. This is necessary for the industry to become a mass market, when charging becomes as easy and seamless as possible.

Tel Aviv's Driivz is the leading global software supplier to EV operators and service providers, accelerating the plug-in EV industry's dynamic and continuous transformation. The company's intelligent, cloud-based platform spans EV charging operations, energy management, advanced billing capabilities and driver self-service tools. (Driivz 21.09)

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9.4. ironSource Partners with Vodafone

ironSource announced a partnership with Vodafone, which will be integrating the ironSource Aura solution suite on its Android devices across Europe, including in the UK, Germany, Spain and Italy. Aura is designed to empower carriers to build long-lasting relationships with their customers and to improve the device experience by providing valuable content and services at the moment of device setup and throughout the lifecycle of the device. Through Aura, carriers are given the flexibility to promote their owned and operated content and services in a dynamic and seamless way.

Customers actively download content on the very day their device is turned on for the first time, so it's particularly crucial for carriers to create an optimized onboarding experience during this high engagement touchpoint. By offering a dynamic setup experience, Aura enables Vodafone customers to customize their devices with content that fits their needs and interests.

Tel Aviv's ironSource is a leading business platform for the App Economy. App developers use ironSource's platform to turn their apps into successful, scalable businesses, leveraging a comprehensive set of software solutions which help them grow and engage users, monetize content, and analyze and optimize business performance to drive more overall growth. The ironSource platform also empowers telecom operators to create a richer device experience, incorporating relevant app and service recommendations to engage users throughout the lifecycle of the device. (ironSource 23.09)

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9.5. Allegro DVT & Beamr Have World's First Content-Adaptive Silicon IP Video Encoder

Grenoble, France's Allegro DVT, the leading provider of video processing silicon IPs, and Beamr announced an integrated solution that combines Beamr's CABR silicon IP with Allegro's video encoding IP to create the world's first content-adaptive silicon IP encoder. Using the integrated solution, ASIC vendors can now create high-performance, low latency video encoding chips that significantly reduce video bitrate without compromising quality.

Allegro DVT's E2xx family of silicon proven IPs is a highly optimized video encoding solution targeted at ASIC implementations in a wide range of process node technologies down to 3nm. It provides support for mainstream image and video formats including JPEG, H.264, HEVC, VP9 and AV1, at up to 8K resolutions.

Beamr's patented, Emmy® award-winning CABR engine enables reducing the bitrate of video streams encoded by any standard video encoder, including the latest AV1 codec, by up to 50% without compromising perceptual quality. The reduced-bitrate streams remain fully standards-compliant, and can be decoded by any standard video decoder.

Tel Aviv's Beamr is a technology innovator in HEVC and H.264 video technologies. Hollywood studios, MSO's and some of the world's largest OTT streaming services use Beamr's content adaptive technology to guarantee the highest video quality at the lowest bitrates. (Allegro DVT 23.09)

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9.6. REE & Hino Win European Product Design Award for Top Design for Society

REE Automotive announced that with its partner, Japan's Hino Motors, they are the winners in the European Product Design Award in the "Design for Society" category. Amos Boaz, lead designer for REE, and Yamaguchi Seiichi, lead designer for HINO, will share the award.

The next-generation commercial mobility solution to be jointly developed by Hino, Toyota's truck arm, and REE will be comprised of a modular EV platform 'Powered by REE' that will carry a customized Mobility Service Module on top that can carry passengers, goods, and deliver services – all enhanced with data. The Mobility Service Module can be easily detached from the EV platform and once detached can serve as an independent, stand-alone unit, making services and goods easily accessible to society. This will not only be applied toward Mobility-as-a-Service (MaaS) and delivery segments but this modular design could also offer solutions for completely new applications.

Hino and REE next-generation electric commercial mobility solutions will be geared to improve quality of life on a global scale by lowering carbon emissions, minimizing strain on infrastructure, reducing congestion, and allowing companies to allocate resources better. The specialized EV chassis that will be jointly developed by Hino and REE will leverage proprietary REEcorner technology, which packs critical vehicle components into a single system positioned between the wheel and the chassis. The solution will have a low-floor, full-flat design that flexibly meets customer needs and supports autonomous driving. Hardware prototypes of the solution are expected by FY 2022.

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. (REE Automotive 23.09)

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9.7. Cymulate Expands End-to-End Security Posture Validation Capabilities

Cymulate announced the launch of two new solutions to enable businesses to validate their security technologies and policies. Attack Surface Management (ASM) discovers exploitable external assets, and Vulnerability Prioritization Technology (VPT) that integrates with vulnerability scanners to reduce risk exposure time on internal assets. These new offerings empower security teams to efficiently prioritize vulnerabilities and mitigation steps, ensuring shorter time to remediation.

In order to simulate a full-scale attack, a company needs to go back to the reconnaissance stage, and look for all the organization's weaknesses and vulnerabilities. Cymulate's platform maps these, finds the weaknesses, and gathers all the initial intelligence information about the organization. ASM and VPT immediately improves Vulnerability Management programs through these identified exploitable assets and integrates with the VM platform to contextually prioritize the discovered vulnerabilities. By demonstrating in real-time which exploits can or cannot circumvent the cyber security controls, Cymulate reduces the overwhelming vulnerability scan results, down to an actionable, prioritized and manageable list.

Rishon LeZion's Cymulate Continuous Security Validation platform enables companies to challenge, assess, and optimize their cyber-security posture against the evolving threat landscape, simply and continuously. The platform provides out-of-the-box, expert, and threat intelligence led RISK assessments that are simple to use for all skill levels, and constantly updated. It also provides an open framework for ethical hackers to create and automate red and purple team exercises, and security assurance programs tailored to their unique environment and security policies. (Cymulate 23.09)

10. ISRAEL ECONOMIC STATISTICS

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10.1. Israeli Exports Increase by 24% Following Impressive Economic Recovery

Israeli exports of goods and services rose 24% in the first half of 2021 to $67.6 billion compared to the same period in 2020, the Economy and Industry Ministry said. Exports grew 11% in the first quarter and an "unprecedented" 38% in the second quarter. Exports for the full year are forecast to reach $135 billion, a 20% increase from 2020. That would achieve an objective the ministry had previously set for 2020, but missed due to the global economic crisis. Despite the fact that trade was depressed in the second quarter of 2020, the level of growth is still quite impressive, given that the tourism services export market has not yet returned to normal due to travel restrictions, the ministry said.

Export of services grew by 30% in the first half of 2021, while goods exports rose 18%. Exports of services exceeded exports of goods for the first time ever, accounting for 51.4% of Israel's total exports, compared with 48.6% for exports of goods, due largely to increased hi-tech service exports. Exports of software and computing services and scientific R&D services, which constitute the core of Israeli's hi-tech industry, grew by 29% and 48%, respectively. Exports of diamonds rose 111%, reversing a trend in recent years, with 40% of diamonds sold to European markets, 33% to American markets, and about 25% to Asian markets. (Various 28.09)

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10.2. Tel Aviv Dips to 7th Place in Global Startup Ecosystem Report

Tel Aviv slipped to seventh place in the Startup Genome's Global Startup Ecosystem Report (GSER) for 2021. The report is an annual one on global startup ecosystems and subsector trends published since 2012. Last year, Tel Aviv and Jerusalem ranked together in sixth place in the report. In 2019, Tel Aviv also ranked in sixth place.

This year's report, like last year's, reflects the impact of COVID-19 on the global startup economy, but ecosystems have continued to thrive despite new variants in the ongoing pandemic. Ninety-one ecosystems created unicorns in 2020 and although US companies dominated, China, Canada, India, Germany, Israel, the UK and France produced between 7 and 10 unicorns in the first half of 2021, according to Crunchbase, the report says.

Though it dropped to 7th place, Tel Aviv continued strong among the top 30 global startup ecosystems, placing in the top tier among success factors such as performance, funding, experience, connectedness, and market reach. Tel Aviv earned high marks in funding and market reach as it continues its impressive year, breaking funding records in the first three months of the year alone, more than any country in Europe.

The report calls Tel Aviv "one of the leading cities in the world for innovation and technology." In a more in-depth look at the "beating heart of the Startup Nation," Tel Aviv is said to boast one startup for every 154 residents, the world's highest ratio. The high-tech capital of Israel is home to "creative and experienced talent, a mix of local and international investors, and 2,750 startups." The city also hosts 115 foreign R&D centers and a "vast range" of multinational companies using the city as a base for innovation. Giants like Google, Microsoft, Amazon, Facebook, Apple, Ford, Nike, and many more have offices in Tel Aviv and benefit from the country's high expenditure on R&D, the second-highest rate of R&D spend per capita on the world. (NoCamels 22.09)

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10.3. Unemployment in Israel Remains Above pre-COVID Levels

Current broad unemployment of 7.8% is the more than double the 3.4% rate of unemployment that there was in Israel at the end of 2019. Unemployment in Israel in the second half of August rose from 5.3% to 5.6%, the Central Bureau of Statistics reported. At the same time, broad unemployment, which includes those on unpaid leave, fell from 8.1% to 7.8%. These figures are not contradictory but reflect a trend whereby people on unpaid leave (temporarily unemployed) are either returning to work or becoming permanently unemployed. Current broad unemployment of 7.8% is the more than double the 3.4% rate of unemployment that there was in Israel at the end of 2019, before the COVID pandemic struck. (CBS 26.09)

11. IN DEPTH

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11.1. ISRAEL: Sisi-Bennett Meeting Opens New Chapter in Israel-Egypt Ties

Al-Monitor reported on 19 September that on 13 September, Egyptian President Abdel Fattah al-Sisi met with Israeli Prime Minister Naftali Bennett in the Egyptian city of Sharm el-Sheikh. This was the first public visit by an Israeli prime minister to Egypt in over a decade. Former Israeli Prime Minister Benjamin Netanyahu had met the late Egyptian President Hosni Mubarak in 2011. Since then, Netanyahu had not visited Cairo officially again — but Sisi recently invited Bennett to visit Egypt.

Egyptian and Israeli officials and analysts believe Bennett's visit is a reflection of more public rapprochement between the two countries, which might pave the way for reviving the Middle East peace process. The Egyptian presidency published a video from the meeting in which the two leaders smiled and greeted each other. The Israeli flag was placed behind Bennett as he sat across from Sisi for a photo op.

Former Egyptian assistant foreign minister Rakha Hassan told Al-Monitor that the meeting was a "great service by the Egyptians" to Bennett as it strengthened his political power in Israel. He referred to Netanyahu's request to visit Egypt, which was never answered. The two leaders discussed ways to boost bilateral relations in various fields, as well as the latest regional developments, especially the Palestinian cause, Egyptian presidential spokesman Bassam Radi said in a statement on Facebook. "Egypt supports all efforts to achieve a comprehensive peace in the Middle East, based on the two-state solution," Sisi said during the meeting.

Sisi later said that he spoke with Bennett with "utmost honesty and courage," adding, "Egypt always strives for peace, stability, development, and reconstruction, and steering clear of any form of conflicts." Bennett, for his part, said that he had an "important and very good meeting" with Sisi, in which the two leaders "laid the foundation for deep ties moving forward." He added, "After more than four decades, the peace agreement between Israel and Egypt continues to serve as a cornerstone in Middle East security and stability."

Bennett also praised the significant role that Egypt plays in maintaining security in the Gaza Strip, as well as in helping secure the release of Israeli civilians and the bodies of two Israeli soldiers held by Hamas. Egypt signed a peace treaty with Israel in 1979 after decades of conflict, and the two countries maintain full diplomatic relations. Yet their ties are still seen as a "cold peace."

Tarek Fahmy, a lecturer at Nasser Higher Military Academy, and an expert in Israeli affairs told Al-Monitor that the visit is a pivotal development in Egyptian-Israeli relations. Nimrod Goren, president and founder of Mitvim, the Israeli Institute for Regional Foreign Policies, told Al-Monitor that the meeting between the Egyptian and Israeli leaders showed that under the new Israeli government, relations between the two countries are likely to strengthen, and perhaps also be expanded to include new aspects of economic and civilian cooperation.

Prior to the meeting, Israeli Minister of Transport Merav Michaeli announced that the Egyptian state-owned EgyptAir will start operating direct flights between Cairo and Tel Aviv in early October; there will be four direct flights per week between Ben Gurion Airport and Cairo Airport.

On 13 September, Israel restored full operations at the Taba crossing with Sinai, an entry point for Israeli tourists, while lifting restrictions imposed during the pandemic. In a tweet, Israeli ambassador to Cairo Amira Oron described Bennett's visit as historic, considering it an important step in expanding mutual trade between Israel and Egypt. "Recent steps [taken by Israel] are indications for positive progress," Goren said. "The fact that the meeting took place in Egypt and that it was made public conveyed a positive [message] to the Israeli political system and the general public. It also reflected the regional legitimacy that Bennett is receiving as a leader, despite leading a right-wing party and despite initial concern in the Arab world about him being Israel's prime minister." However, Hassan said that the meeting was more about the recent Egyptian moves on the Palestinian side than bilateral cooperation between Cairo and Tel Aviv.

On 20 May, Egypt mediated between Israel and Hamas for a cease-fire after an 11-day conflict between the two parties in the Gaza Strip. It is also engaged in efforts to rebuild Gaza and is mediating between Israel and Hamas on a long-term cease-fire and a prisoner exchange. Hassan added, "The meeting also came to test Israel's position on resuming negotiations based on the two-state solution, as Cairo believes that the current circumstances require speeding up the resolution of the Palestinian cause." But Cairo's priority now is to reach a permanent cease-fire between Hamas and Israel, and initiate the reconstruction process in Gaza before winter, he noted.

For his part, Fahmy said, "Egypt did Bennett a favor by hosting him, making him and his government more popular in Israel, to urge him to engage in real negotiations with the Palestinians." He added that Egypt believes Bennett's government is strong and working with it is an important opportunity to resume mediation efforts.

In May, Egyptian Foreign Minister Sameh Shoukry hinted that Cairo might host a negotiation round between the Israelis and Palestinians in the future. Meanwhile, Fahmy stressed that Cairo is still reconsidering hosting the negotiation round, "but the action it took today is important," in reference to the meeting.

Goren noted that launching an Israeli-Palestinian peace process in the traditional format of direct negotiations toward a final-status agreement does not seem to be feasible at the moment. "However, Egypt could play an important role in deepening and expanding Israeli-Palestinian engagement, including via promoting practical cooperation between the sides and hosting a regional summit to which Bennett and Abbas will be invited," Goren said. "Egypt should continue advocating for the two-state solution — also together with other international actors, working for intra-Palestinian unity, and mediating to reduce tensions in Gaza."

Goren went on to say, "Toward the 20th anniversary of the Arab Peace Initiative in early 2022, it [Egypt] could also work with Saudi Arabia to present a revised version of the initiative, which will bring it [the initiative] up-to-date with regional developments that took place over the last two decades."

However, Hassan said that Bennett will not recognize the establishment of a Palestinian state, as he believes that it poses a great danger to Israel. So negotiations may resume just to ease the punitive measures against the Palestinian people without resolving the essence of the conflict, he added. Hassan pointed out that the US administration's position remains a decisive factor in this issue, as Cairo is also relying on US pressure on Israel to dissuade it from its hardline positions. Hassan pointed out that Sisi and US President Joe Biden could meet on the sidelines of the UN General Assembly meetings this month, and the issue may be raised at that time. (Al-Monitor 19.09)

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11.2. ISRAEL: Israeli Classrooms More Crowded Than OECD Average

On 19 September, the Times of Israel noted that Israeli classrooms are among the most crowded among OECD countries, and the country's teachers are getting paid less than average, according to an annual review of education in the economic organization' member nations. However, Israeli schoolchildren receive more hours of tutoring and the country is one of just a handful where over half the population gets some form of post-secondary education.

The 2021 Education at a Glance report found that Israeli schools had an average of 26.3 students per classroom, compared to the OECD average of 21.1. Elementary schools in Israel had 26.8 students, with the OECD average being 21.1, putting the country in 35th place out of 38 ranked countries. In middle schools, there were 28.1 students in Israeli classrooms, compared to 23.3 in the OECD. The ratio of teachers to students in elementary and middle schools in Israel was 15.1 and 12.9, respectively, close to the OECD averages of 14.5 and 13.1. "Smaller classes are often seen as beneficial because they allow teachers to focus more on the needs of individual students and reduce the amount of class time needed to deal with disruptions," the OECD noted in the report.

However, the OECD said, Israel has managed to reduce the number of students in classes over time even as the student population has grown. Israel's general population increase is among the highest for all OECD countries. Between 2010 and 2019 the number of children aged 6-17 in Israel increased by 20.1% compared to an average of just 0.5% for the OECD. From 2018 to 2021, the number of students in Israel increased by 1.9% while the OECD average went up by nearly 0%.

Israeli elementary and middle school teachers earn less than their peers, when their salaries are compared using a purchasing power scale that converts earnings in all countries to US dollars. Elementary school teachers earn $41,952 per year in Israel compared to $45,687 for the OECD average. Middle school teachers earn $44,754 compared to $47,988, while high school teachers earn $47,706 compared to $51,749. Preschool teachers fared better than the OECD average, earning $50,605 compared to $40,707.

In contrast, school principals in Israel earn more than the OECD average. Elementary and high school teachers earn $73,483 and $83,049, respectively, compared to an OECD average of $68,794 and $79,033. However, middle school principals earn less, with $71,852 compared to an average of $74,419 in the OECD. Teachers' salaries "influence decisions to enroll in teacher education, to become a teacher after graduation, to return to the teaching profession after a career interruption and whether to remain a teacher," the OECD said.

The number of students per class was especially relevant during the coronavirus outbreak, when each infected student would send all of their classmates into quarantine. The coronavirus outbreak hit Israel especially hard, with high schools closed for an average of 76 days in 2020 compared to an average of 70 for the rest of the OECD, according to the report. In middle schools, there was an average of 93 closure days compared to only 65 for the other countries. Israel's elementary schools were closed for 52 days compared to an average of 58 for the OECD, while kindergartens were closed for 36 days compared to 43 for the rest of the OECD.

On the plus side, Israel dedicates proportionately more of its GDP to education than other countries. In 2018 it was 6.1%, third on the OECD list, behind Norway and Iceland.

On average, elementary school students learn 214 days a year compared to an OECD average of 186, middle schoolers learn 205 days compared to 184 for the OECD, and high schools study 194 days compared to the OECD average of 182. Israel has had one of the highest average hours of teaching in elementary schools, with 938 hours per year compared to 807 for other countries. In middle schools, students study 989 hours compared to 923 for the rest of the OECD.

Post-high school education in Israel is among the most widespread among OECD nations. In 2020, 50.1% of Israelis had some form of higher education compared to 38.6% for the OECD average. It put Israel among just six countries in the OECD in which over half the population has a post-high school education, the others being Canada, the US, Luxembourg, South Korea and Japan.

Israel also had one of the highest gaps between men and women who achieve tertiary education. That year there were 20.9% more women than men who studied after high school, the fourth-largest gap in the OECD. Overall, the figures were similar to the last OECD education report published in 2020, which also found classrooms were overcrowded and teachers were earning less than their OECD peers. (ToI 19.09)

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11.3. LEBANON: New Government is First Step Toward Long-Delayed Reforms

On 14 September 2021, Moody's commented on the formation of a new government of Lebanon led by Najib Mikati, by saying that the "formation of a functioning government is only a first step toward arresting the country's economic collapse, restructuring its public and financial-sector debt, and implementing a more sustainable growth model geared toward domestic production". Moody's added that the "likely starting point for the new government is the comprehensive financial recovery plan outlined by the outgoing Diab government in April 2020, which estimated aggregate system-wide financial losses of $69 billion, a share of 30% was allocated to the government's balance sheet and the BdL, respectively, with the remaining 40% accruing to the banking system. These losses and additional losses accrued since then, support their C rating, implying expected bondholder losses of over 65%".

Moody's concluded that the "country's track record of missed reform opportunities amid partisan deadlock, despite external support commitments, raises execution risk regarding the new government's economic turnaround efforts. In light of these challenges, a higher rating would be contingent on Lebanon's debt dynamics evolving in a way that suggests greater debt sustainability, supported by a return to economic growth, relative price stability and sustained primary surpluses".

On the other hand, Bank of America on 14 September 2021 commented that the "formation of a new government after 13 months of institutional vacuum offers an opportunity to stabilize the economy and initiate talks with international lenders. However, the poor reform track record, potentially approaching elections, and continued influence of the political class likely make material economic reforms unlikely for now. This is likely to cap asset price upside".

The statement added that the "complex socio-political setup may continue to block major reform efforts. The potentially approaching elections could become a focus of the Cabinet from late2021. This would leave little room to negotiate a comprehensive IMF program given the apparent continued lack of domestic consensus on it. Political change post-elections could improve reform momentum. On the other hand, a delay to elections may portend continued broad economic policy inaction". The statement concluded that the forthcoming Ministerial declaration and subsequent parliamentary vote of confidence are likely to shape economic priorities. We expect a focus on economic stabilization near-term, ration card management, approaching international and regional donors, and a mandate to restart IMF talks". (Moody's 14.09)

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11.4. BAHRAIN: Bahrain Seeks to Reboot its Fiscal Balance Program

On 28 September 2021, Fitch Ratings announced that a reboot of Bahrain's Fiscal Balance Programme (FBP), including a rise in the VAT rate, could improve the trajectory of the country's public finances. Fitch believes that progress with other fiscal measures would be necessary, in addition to the VAT increase, to bring the budget deficit to balance, based on our current oil price assumptions.

Bahrain's government plans to raise the VAT rate to 10%, from 5%, from January 2022, alongside other measures. We estimate that such a VAT hike could raise an additional 1.5%-2% of GDP in revenue.

Fitch's latest forecasts, which do not assume any VAT hike, see the budget deficit falling to 7.9% of GDP in 2021, from 16.8% in 2020. (Our 2021 figure is equivalent to around 6% under the Ministry of Finance's measure, which excludes some extra-budgetary spending.)

Bahrain launched its FBP at end-2018, targeting a balanced budget in 2022 – a target we now expect to be reached further out. The initial FBP projected government debt/GDP without the FBP would rise to 106% of GDP, but would decline to 82% in 2022 with the reforms. It assumed an average oil price of $60/barrel (bbl). Initial steps at the start of 2019 included the introduction of VAT and a voluntary retirement scheme.

However, the COVID-19 pandemic blew the FBP off course, disrupting activity and pushing down oil prices. Fitch expects general government debt/GDP to stand at around 125% of GDP in 2021 (including borrowing from the central bank worth around 14% of GDP that the government does not include in its own debt number). We project the debt ratio to rise further in 2022-2023.

The 2021-2022 budget included some reforms, such as reducing electricity and water subsidies and trimming operating expenses like administration and procurement costs. Spending in H1/21 has been restrained, falling by 4% yoy. The rebound in oil prices has meanwhile helped to lift budget revenue by 23% yoy in H1/21.

Nonetheless, we forecast deficits to remain around 8% of GDP over the next few years, assuming oil prices fall back in 2022-2023 (to $54/bbl on average, from our forecast average of $63/bbl in 2021) and that the government implements some planned reforms. This implies government debt/GDP would continue to rise. We estimate that Bahrain's fiscal break-even oil price remains over $90/bbl.

If VAT is raised to 10% and oil averages $60/bbl, we estimate that Bahrain would generate a small primary surplus in 2023, putting debt/GDP on a mild downward path, although it would remain well above the median for 'B' rated sovereigns (65% in 2020), even excluding borrowing from the central bank.

The original FBP paved the way for a commitment from Bahrain's Gulf partners (Saudi Arabia, Kuwait and the UAE) to provide $10 billion in support loans over 2019-2023. We believe a VAT increase would help to ensure ongoing support from the current financial package, while a broader reboot of the FBP would facilitate further Gulf Cooperation Council (GCC) support beyond 2023, in line with our assumptions when we affirmed Bahrain's Long-Term Foreign-Currency Issuer Default Rating at 'B+', with a Stable Outlook, in April 2021.

Fitch believes that Bahrain, which faces a substantial amortization schedule, will require further GCC support over the medium term, as external liquidity remains very tight and debt and debt-service metrics are weak. This support is likely to remain contingent in part on Bahrain enacting further fiscal reforms, given that Gulf creditors are themselves facing fiscal challenges and implementing reforms, with Saudi Arabia for example raising its VAT rate to 15% last year. (Fitch 28.09)

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11.5. EGYPT: Egypt Promotes Medical Tourism Within Africa

Al-Monitor reported on 19 September that Egypt hopes to use its improving health sector to promote medical tourism, encouraging citizens of other African nations to visit Egypt for treatment. This topic was discussed at a 2 September meeting between Dr. Ahmed El-Sobky, President of the General Authority for Health Care, and Ambassador Mohamed Khalil, the Secretary-General of the Egyptian Agency for Partnership for Development (EAPD). Established in 2014, the EAPD is the first South-South cooperation institution in Egypt to share technical expertise with African countries.

The EAPD is supporting medical tourism through the initiative "We take care of you in Egypt," which was launched in September 2020 by the General Authority for Health Care. The initiative provides high-quality medical services for tourists within the hospitals of the comprehensive health insurance system. So far, this initiative has attracted visitors from six countries: Zambia, Nigeria, Yemen, Sudan, Libya and the Philippines.

Dr. Abdelaty Elmannaee, CEO of the non-governmental organization Egyptian Foundation of Medical and Environmental Tourism, praised the state's efforts. In recent years, he told Al-Monitor, Egypt has "started to deeply improve Egyptian-African relations in many domains, including the medical realm." Most Africans in need of treatment visit Jordan, Turkey, Tunisia, and a number of European countries, he said, even though Egypt is closer. But now Egypt is on the right track in this field, which has the potential to be very lucrative. "Egypt now has the ingredients that make it a leader in the health tourism industry," he said. "It has a variety of medical cadres in all specialties and cheaper prices compared to Europe, in addition to its high-standard hospitals."

In 2017, Egypt ranked 28th in the world for medical tourism, and third in the Arab world. But in recent years, a number of initiatives have been taken to support the sector. In February 2017, Egypt launched the "Tour n' Cure" medical tourism initiative, which brings hepatitis C patients from all over the world to Egypt for treatment and tourism. This was followed by the approval of a draft law on medical tourism to ensure coordination between the Ministry of Tourism and the Ministry of Health in December 2018.

In 2019, Egypt declared that it would provide hepatitis C testing and free treatment for one million people in 14 African countries in cooperation with the World Health Organization. In June 2021, Egypt and South Sudan discussed a project to fight malaria, the leading cause of death in South Sudan, with funds from the EAPD. Another project funded by EAPD will establish a new heart facility in Rwanda before the end of the year. In the same context, Minister of Health Hala Zayed announced on 22 August that a specialized obstetrics and gynecology hospital will be built in Djibouti, in addition to a nursing school and ambulance unit. Dr. Elmannaee, who is an urologist and infertility surgeon, criticized the low participation of the private sector in promoting medical tourism. Five months ago, Dr. Elmannaee established a clinic in Sudan covering different specialists and "I hope that many physicians will do the same," he said. (Al-Monitor 17.09)

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11.6. EGYPT: Egypt Develops Ambitious Projects to Meet Growing Water Needs

On 21 September, Al-Monitor reported that Egypt is currently working on maximizing all its water resources to meet the growing domestic needs amid the stalled negotiations over a major dam. Minister of Irrigation Mohamed Abdel-Aty confirmed his country's efforts to achieve maximum water use efficiency in light of the long-standing dispute with Ethiopia over the controversial Grand Ethiopian Renaissance Dam (GERD).

Abdel-Aty unveiled a four-point plan to cope with the water crisis: rationing water use, improving water quality, providing additional water sources and creating a suitable climate for optimal water management. The government has drafted a $50 billion water resources strategy that extends until 2050 and may climb to $100 billion. He also announced a national plan for water resources until 2037.

Abdel-Aty said his ministry has also launched major national projects to rehabilitate canals, shift to modern irrigation systems and expand smart irrigation applications. Other major projects will expand the reuse of agricultural drainage water and protect against floods, both inland and along coasts. In this context, Mohamed Ghanem, the official spokesman for the Ministry of Water Resources and Irrigation, told Al-Monitor by phone that the ministry has prepared for worst-case scenarios by managing a strong system for each drop of water. "Priority is for the canals and drains rehabilitation and lining projects," he said, which will ensure water is delivered through the full length of every canal and reduce wastage.

The second part of the plan, he said, is the maintenance and construction of 92 water mixing and lifting stations that operate with high efficiency and discharge water in a timely manner, especially during peak demand. Another plan aims to push farmers toward modern irrigation systems in desert lands, and then in other lands. "Work is underway to equip 4 million acres with water-saving drip and sprinkler irrigation systems as an alternative to flood irrigation," Ghanem said. "Agriculture consumes the largest proportion of the Nile's water."

Egypt's population has increased in the last 10 years by approximately 25 million people, Ghanem said, and "based on this indicator, we face many challenges when it comes to water resources. This is in addition to external variables affecting water resources and the impact of climate change." All the nation's water management projects are operating in parallel, Ghanem said, to mitigate shocks in different sectors. But the "second filling of the GERD will undermine water resources in Egypt, which rejects Ethiopia's unilateral move," he added. "Egypt and Sudan are definitely effected. Ethiopia did not generate energy last year. It will most probably fail to do so this year as well; but still, it seeks to impose a fait accompli, something Cairo rejects."

Abdel-Aty had explained in televised statements in May the impact on Egypt of the second filling of the GERD, which is being built on the Blue Nile, the main tributary of the Nile River. He indicated that any amount of water stored in the Ethiopian dam will be deducted from Egypt's historic water quota, possibly creating a drought. He argued that since Egypt's water flow from Ethiopia is about 50 billion cubic meters, Ethiopia's intention to store 10 billion cubic meters would mean a 20% reduction to Egypt in one year. This would be a shock similar to climate changes, floods or droughts. In times of shocks, the infrastructure's ability to mitigate their effects is put to the test, he added.

Gamal Bayoumi, former assistant minister of foreign affairs, argued that the Ethiopian position is a political position and not a technical one. "Ethiopia is using the GERD as a cover to hide many of its internal problems," he said. "… Ethiopia does not need the river's water because 99.5% of its lands are flooded with rainwater, and that is why it does not have an irrigation system at all."

Bayoumi told Al-Monitor, “Egypt and Sudan’s objections boil down to the fact that the decision to raise the dam’s wall without justification will create a huge water block with a weight that the loam soil cannot tolerate. There is a high possibility that the dam will collapse, drowning Sudan and harming Egypt.”

According to the designs, water only passes through the turbine holes, Bayoumi noted, and if the turbines stop for any reason, water will stop flowing. “This is why Egypt requested finding additional holes for water to flow in case the turbines stop working. Ethiopia rejected this request.” He explained that Egypt offered to build the dam in exchange for buying the electricity it produces and linking it to the networks of African and Arab countries, which Ethiopia also rejected.

In his speech before an ordinary session of the Council of the Arab League on 9 September, Egypt’s Minister of Foreign Affairs Sameh Shoukry reiterated the position of Egypt and Sudan on the GERD. He asserted that the solution lies in a binding agreement that preserves Ethiopia’s right to development without affecting the water rights of Egypt and Sudan.

On 15 September, the UN Security Council called on Egypt, Sudan and Ethiopia to resume the AU-sponsored negotiations on the GERD. The council further invited observers who would be acceptable by the three parties to take part in the negotiations. Egypt welcomed the statement, but Ethiopia denounced the statement called it “a regretful move that the council pronounces itself over an issue that is outside of its mandate.” Ethiopian Foreign Ministry spokesman Dina Mufti said, “Ethiopia is committed to continuing the tripartite talks at any time and is willing to use water in a fair way.” He added, “The Nile Basin should be a source of cooperation, not of conflict.” Al Monitor 21.09)

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11.7. MOROCCO: Another Morocco-Algeria Rupture Jeopardizes Gulf Outreach

Anna L. Jacobs posted on 14 September in the Arab Gulf Studies Institute in Washington that Gulf actors will be paying close attention to the dispute to make sure it does not transition to more direct conflict that could further jeopardize regional stability and strategic Europe-Mediterranean-Africa market linkages.

On 24 August, Algeria cut diplomatic ties with Morocco citing “hostile actions.” Algeria’s foreign minister, Ramtane Lamamra, charged that Morocco had spied on Algerian leaders through Pegasus spyware and backed the separatist Movement for the Self-Determination of Kabylia, which supports independence for the Kabylia region in Algeria. The Algerian government claims that Morocco supports “terrorist groups” that started deadly wildfires in the country, without offering evidence. These accusations came after several jabs between the diplomatic corps of both countries, each claiming the other country supports separatists and terrorist groups. While there has been some troop movement along the Morocco-Algeria border, it is highly unlikely that the two regional powerhouses would risk direct confrontation. But accidents can happen when tensions are running high.

Tensions between Morocco and Algeria rose in 2020 when fighting re-erupted in the disputed Western Sahara region, which Morocco claims sovereignty over and where Algeria supports the Polisario independence movement. This friction intensified when Morocco announced an agreement to normalize relations with Israel, and former President Donald J. Trump announced the United States’ formal recognition of Moroccan sovereignty over Western Sahara.

The Morocco-Algeria rupture hurts Europe-Africa connectivity and regional economic cooperation in the Mediterranean. It could also lead to greater levels of regional instability. Gulf interests in the Maghreb are shaped primarily by a desire for political influence, stability, security, investment and greater connectivity with European and African markets. More broadly, North African countries are a key economic gateway to strategic markets as well as a site of great power and regional competition for political and economic influence.

Morocco-Algeria Tensions and Weak Regional Cooperation

Morocco-Algeria tensions primarily stem from a weak and distrustful bilateral relationship and regional competition, but they can be intensified by wider conflict and competition dynamics in the region. The two countries espouse contrasting foreign policies regarding regional questions. For example, Morocco's decision to follow the United Arab Emirates and Bahrain and agree to normalize relations with Israel in 2020 was wholeheartedly denounced by Algeria, a long-time advocate for the Palestinian cause. Algeria is fiercely anti-interventionist, a legacy from its traumatic experience with French colonialism and the war for independence, while Morocco prides itself on higher levels of foreign investment, tourism and openness to the West. Algeria has immense oil and gas wealth, while Morocco has needed to pursue intensive economic diversification initiatives to maintain even moderate growth levels. Both countries rank high on military power rankings in Africa, but Algeria's defense budget is twice that of Morocco's and is ranked as the second-largest military power in Africa, after Egypt.

This severing of ties is not terribly surprising given Morocco and Algeria's long history of tension, but this is a new low in already limited bilateral relations. The two North African neighbors have a long history of rivalry going back decades over border disputes, different foreign policies and priorities, and battles over regional primacy. After both countries gained independence from the French, they fought a war over land disputes in 1963, known as the Sand War, and were in conflict over the Western Sahara region until the new Algerian President Chadli Bendjedid began a process of reconciliation with Morocco that led to the reestablishment of diplomatic relations in 1988. In 1989, the Arab Maghreb Union was formed among Morocco, Algeria, Tunisia, Mauritania and Libya, which aimed to further regional cooperation. The United Nations officially brokered a cease-fire that ended fighting over Western Sahara in 1991. This was supposed to be followed by a referendum for self-determination in the disputed region that has yet to take place. Hence, political talks and simmering tensions are ongoing. While these points of friction and distrust have remained entrenched, diplomatic relations have remained intact between the two countries since they were reestablished in 1988. The land borders between Morocco and Algeria have been closed since 1994 after French-born Algerians organized terrorist attacks in Morocco. Algeria was deep in the midst of a war between an extremist Islamist insurgency and the Algerian army throughout the 1990s, and Morocco was concerned about the spillover effects of this violence.

One of the many consequences of the Morocco-Algeria rupture in August is the impact it has had on intra-Maghreb cooperation, Europe-Africa connectivity and economic cooperation in the Mediterranean. The Maghreb region is already characterized by extremely low levels of economic integration and regional trade. Most of Morocco, Algeria and Tunisia's economic partners are European countries, the United States and China, rather than each other. However, there are rare examples of regional cooperation under threat. For example, Algeria is an oil and gas giant, supplying much of Europe's natural gas through the Maghreb-Europe pipeline that connects Algeria and Spain and runs through Morocco, which receives some of the gas exports as well. The Algerian energy minister has suggested Algeria could cut off gas supplies to Morocco. Moroccan analyst Intissar Fakir argued that the agreement over the Maghreb-Europe pipeline "has weathered previous diplomatic crises. However, this time, its future is more uncertain." This could signal greater market instability ahead and dissuade foreign investors in the region looking to profit from greater regional economic integration and connectivity to Europe and Africa.

Morocco – Arabian Gulf Ties

Morocco has much stronger ties to the Gulf Arab states than Algeria. In 2011, the Gulf Cooperation Council even reportedly invited Morocco and Jordan to apply for membership, in an attempt to rally behind Sunni monarchs across the region facing mass popular protest. Morocco's economic and diplomatic relations with the UAE have especially grown since 2011. The UAE is the leading Gulf investor in Morocco and second-highest source of foreign direct investment after France. The deepening Morocco-UAE relationship likely helped convince Morocco's king to follow the Emirati lead and join the agreement to normalize relations with Israel in late 2020. Prior to this, Morocco demonstrated its commitment to Gulf partners at various critical moments. The kingdom participated in the Saudi-led military coalition in Yemen (though it eventually left) and broke off relations with Iran in 2018 to align itself more closely with the Trump administration and key Gulf allies.

Prior to Morocco's agreement with Israel, the UAE and Bahrain also declared their intention to open consulates in the disputed Western Sahara territory, in a diplomatic show of support for Moroccan sovereignty over the region. Interestingly, however, Morocco, as well as Algeria and Tunisia, remained officially neutral and did not follow suit when Saudi Arabia, the UAE, Bahrain and Egypt began a boycott of Qatar in 2017. Morocco, along with Iran and Turkey, sent food shipments to Qatar to help mitigate the immediate food shortages stemming from the blockade. Nonetheless, Morocco's move to normalize relations with Israel helped shore up its relationship with Gulf states, specifically the UAE and Bahrain.

Algeria – Arabian Gulf Ties

While Algeria is more isolationist than its neighbor to the West, that does not mean Algeria has not been a significant regional player. Algeria is, as noted, very rich in oil and gas and a member of OPEC. It has a long history of supporting regional mediation efforts, most recently in Libya, and taking leadership roles in regional organizations like the African Union. The country fiercely rejects foreign influence in its own domestic politics as well as in other countries' affairs. This has often put Algeria at odds with Gulf actors. For example, Algeria has resisted Gulf support for military operations in the Sahel region, notably the French-led G-5 Sahel Joint Task Force. Algeria rejected the Saudi-Qatari push to remove Syria from the Arab League and has maintained relations with Damascus throughout the conflict in Syria. Algeria also pushed back strongly against the Saudi-led military intervention in Yemen. Algeria is one of the few countries that officially recognizes the Houthis. Algeria has historically supported Iran's right to develop nuclear technology. Algeria-Iran ties are growing and officials on both sides have expressed a desire for a deeper bilateral relationship after a rocky history. Algeria severed ties with the Islamic Republic in 1993, accusing it of supporting the Islamic Salvation Front in Algeria's civil conflict. The two countries reestablished ties in 2000, and economic, diplomatic and notably military and defense cooperation has improved since.

Algeria has been especially critical of Gulf intervention in Libya, including the support of some Gulf states for the 2011 NATO campaign and subsequent overthrow of long-time Libyan dictator Muammar al-Qaddafi, and thereafter, the financial and often times direct military support for various factions in the Libyan conflict. Maghreb expert Haim Malik argued that Algeria was especially hostile to early Qatari support for anti-Qaddafi rebels and some Islamist-affiliated political actors later on, as well as the UAE's support for the eastern-based General Khalifa Hifter, who led an invasion of Tripoli to overthrow the U.N.-recognized Government of National Accord in April 2019. The high level of foreign and Gulf intervention in the affairs of their neighbor has provoked fears among the Algerian leadership of greater regional instability. Early and unheeded Algerian warnings about the dangerous political vacuum that would develop in Libya if Qaddafi were forcibly removed proved prescient.

Algeria-Gulf economic ties are minimal compared to those of Morocco and Tunisia, but as Algeria looks to embark on economic diversification efforts and the development of nonhydrocarbon markets, it is seeking to attract greater foreign investment. Algeria's top investors are China, Singapore, Spain and Turkey. Nonetheless, Gulf states still jockey for influence in Algeria due to its vast resource wealth, strategic location in the southern Mediterranean and access to African and European markets. Just after Abdelmadjid Tebboune was elected in December 2019, the new president hosted foreign ministers from Saudi Arabia and the UAE. Soon after, Qatar's emir visited Algiers in February 2020, which was swiftly followed by invitations for the Algerian president to visit Riyadh and Abu Dhabi.

Beyond this, the UAE's DP World operates ports in Algeria, while Qatar has two major investments in the country – the Qatari telecommunications provider Ooredoo operates there and Qatar funds a 4.2 million ton per year steel complex in the eastern Jijel province. In 2016, Saudi Arabia promised $10 billion worth of new investment in Algeria. During Saudi Crown Prince Mohammed bin Salman's visit to Algeria in 2018, the two countries agreed to a set of investment projects to begin in 2019, including a pharmaceutical industry project valued at $10 million, a paper plant worth $20 million and a juice production project, but these projects seem to have stalled as Algeria became engulfed in a mass protest movement in early 2019, and long-time President Abdelaziz Bouteflika was forced to resign. The political and economic paralysis in Algeria has limited the ability for major investment projects to be realized. Algeria does maintain business councils with Gulf states, including Saudi Arabia, Qatar and the UAE, to promote bilateral commerce and investments. Groups like the Algeria-Saudi Investment Company financed around $22 million toward building malls, hotels, supermarkets and manufacturing centers between 2008 and 2017.

But Algeria's investment climate remains extremely limited in its ability to both attract and successfully implement investment projects, even though the country has attempted to open the investment climate through eliminating rules that required majority Algerian ownership in new businesses. Issues like complicated customs procedures, heavy regulation and bureaucracy, and unclear laws scare off many investors or delay the launching of major projects. In 2020, the World Bank's Doing Business Report ranked Algeria 157 out of 190 in terms of ease of doing business, as compared to Morocco's ranking of 53.

Regional and Great Power Competition in North Africa

North African countries are a key gateway for Europe-Africa trade and connectivity as well as a site of great power and regional competition. Much has been written on Libya's position as a proxy battle among regional powers and a strategic locale for eastern Mediterranean rivalries, but regional competition also manifests, albeit to a much lesser extent, in Morocco, Algeria and Tunisia. Coupled with political battles for influence, many countries are attempting to take advantage of the southern Mediterranean as an entry point to European and African markets. Michel Tanchum emphasized, "The scramble to establish Africa-to-Europe commercial corridors has given rise to a new global engagement with North Africa that is reshaping the basic economic architecture and the geopolitics of the region. With China, Russia, Turkey, and the Arab Gulf states playing increasingly significant roles in the development of these corridors in the southern Mediterranean, the European Union system confronts a pressing strategic challenge to form a coherent and effective policy in North Africa."

As Tanchum highlights, greater numbers of global and regional actors are targeting this area and seeking to challenge traditional European dominance there. Morocco and Algeria are increasingly important Chinese partners, representing strategic locations in the Belt and Road Initiative thanks to their critical port infrastructure and connection to both European and African markets. Algeria is a huge purchaser of Russian arms and has a historical partnership with the former Soviet Union. Gulf states like the UAE and Qatar are looking to take advantage of critical infrastructure and cultivate greater economic influence in the Mediterranean through investments and ports. Turkey is also cultivating better economic and security ties in central North Africa – notably with Algeria and Tunisia – to perhaps complement Turkey's greater security footprint in Libya.

North Africa holds special significance as well for its history of protest, often perceived as threatening to Gulf actors that prioritize stability across the Middle East and North Africa. Gulf states used a variety of soft and hard powers tools to try and exert influence across North Africa in the aftermath of the 2011 Arab Spring protests, particularly in Libya and Tunisia and to a lesser extent Morocco. Algeria was probably the least impacted by these proxy battles given its fierce rejection of foreign interference and oil and gas wealth. Gulf investment is significant in Morocco and Tunisia but much less so in Algeria. This is starting to change, however, as Algeria pursues greater investment outside of the hydrocarbon sector.

Risk of Southern Mediterranean Instability?

Saudi Arabia, the UAE and Qatar all expressed regret over the rupture of diplomatic relations between Morocco and Algeria, expressing support for regional dialogue and cooperation. Given that the decision was Algeria's, a country that is historically hostile to foreign interference and where Gulf influence is among the lowest in North Africa, suggests that Gulf states will not be able to play much of a role in influencing these dynamics. However, Gulf actors will be paying close attention to the dispute to make sure it does not transition to more direct conflict. This could further jeopardize regional stability and the increasingly strategic Europe-Mediterranean-Africa market linkages that are valuable to global powers like Europe and China as well as regional actors like the Gulf states and Turkey.

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11.8. GREECE: Greek Defense Industry in the 21st Century - Hope at Last?

Dr. Spyridon Plakoudas posted on 22 September in BESA Center Perspectives that Greece is not generally considered a country with a burgeoning defense industry, but 2020-21 saw it execute a remarkable turnaround.

To some, the phrase "Greek defense industry" is an oxymoron. One would hardly associate Greece with high-tech weaponry that can be exported abroad, and with good reason. From 2007 to 2012, Greece was the biggest importer of armaments in the EU, according to SIPRI's online data. During the Debt Crisis (2009-18), the country's bankrupt state-owned defense industries became a source of discord between the Troika and Athens.

Yet the Greek defense industry was the star at the DEFEA defense exhibition in July 2021. Not only did Greek defense companies proudly showcase their made-in-Greece high-tech weaponry alongside other established defense exporters (e.g., Israel), but they signed contract after contract. How did the Greek defense industry accomplish this spectacular turnaround?

Ahead of the Debt Crisis, the Greek defense industry was a microcosm of the country's systemic and chronic malaise: it was riddled with corruption, cronyism, a labyrinthine bureaucracy, bankrupt state-owned companies, and overtaxed privately owned enterprises, and there was no academia-industry nexus whatsoever.

Indeed, defense and health were the most fertile grounds for corruption in Greece in the 1990s-2000s. Notably, the only politicians ever arrested and imprisoned on corruption charges during the Debt Crisis were associated with the procurement of weapons. Cronyism also afflicted the oversized state-owned defense companies, which, though bankrupt since the early 2000s, continued to employ thousands of "clients" from the ruling parties and to be administered by "friends" of these parties—all at the expense, of course, of the ailing companies and the national economy.

While the governments supported the virtually bankrupt state-owned companies with "quick fixes" (i.e., state subsidies) every now and then, their privately owned counterparts struggled against over-taxation, indifference, and/or bureaucracy. Far worse, the governments usually inked these multi-billion armaments deals (thanks to corrupt politicians-middlemen) with only negligible industrial offsets. Unlike its neighbors, Israel and Turkey, Greece did not adopt "developmental state theory." Instead, Athens opted for "armaments diplomacy" and thus never achieved self-sufficiency in the military sector.

Years of woe (and debt)

As if all that were not enough, the EU's new legislation and the Troika's austerity during the Debt Crisis added insult to injury. The 2007-08 crash arrived in Greece on a delay but nonetheless devastated its ailing economy for years. Under a strict austerity policy, Athens reduced its defense budget by 30% and, most notably, did not procure any new weaponry or even initiate modernization of aging weapons systems for over a decade. This austerity affected state- and privately owned defense industries, both of which depended on MoD contracts for their development. For several years, less than 10% of the MoD's budget was allocated to the maintenance of critical weapons systems—for example, the Hellenic Air Force.

Even after the end of the Debt Crisis, Greece would not reverse the defense cuts until 2020, after two crises with Turkey (the Evros Crisis in March 2020 and the Cesme Crisis in July 2020). Three years into the Debt Crisis, Greece adopted the European Directive 2009/81/EC, which stipulated the establishment of a joint defense market within the EU and thus the abolishment of the "protection" the defense industry of every EU member state enjoyed. Owing to its problematic situation (due to its small size, numerous debts, and negligible exports), the Greek defense industry was disproportionately affected.

Partly because of pressure from the Troika and partly because of economic pragmatism, successive Greek governments assented to the privatization of bankrupt state-owned defense corporations (ΕΑΣ, ΕΒΟ, ΕΝΑΕ, ΕΑΒ) despite the expected political cost. Though it had been attempted several times, none of these companies had been successfully privatized before the end of the Debt Crisis in 2018, so the difficult situation persisted.

The surprising turnround

Yet, the Greek defense industry executed a *tour de force* in 2020. From a state of decay, the sector emerged into a state of stabilization. Despite fierce (and not entirely fair) competition against the European defense giants, the Greek defense companies (the majority of whom are privately owned) secured almost a third of upcoming programs under the EU's PESCO.

They will participate in five of the 16 projects under the European Defense Industrial Development Program (EDIDP) along with over 180 participants from other EU countries. Those projects are:

- LOTUS (a low visibility drone)
- DECISMAR (an upgraded maritime surveillance system)
- ESC2 (an improved command-and-control system)
- PANDORA (improved cyber-defense)
- SMOTANET (next-generation internal communications)

They will also participate in one of eight research projects in the context of the Preparatory Action on Defense Research (PADR), the PRIVILEGE (encryption of sensitive military data).

In other words, these Greek defense companies not only competed successfully against their far bigger counterparts but also achieved significant industrial synergies with the latter. Synergies in the defense sector can prove invaluable for the Greek defense ecosystem.

In the same year, Greek defense companies inked their biggest deals to date. In fact, four privately owned defense companies (Intracom Defense Electronics, EODH, Theon Sensors, and Skytalis) signed new deals that exceeded €255 million ($330 million). That figure pales in comparison to the export deals of Greece's neighbors, Turkey and Israel, but these Greek companies undoubtedly performed very well when one considers the odds against them. Unfortunately, data for deals of the other privately owned firms for 2020 could not obtained. According to a catalogue of the Hellenic Manufacturers of Defense Materiel Association (ΣΕΚΠΥ), however, exports of other privately owned firms totaled €54.5 million ($78.59 million) in 2019.

The situation at the state-owned companies was nowhere as dynamic, but still far better than in recent years. The ΕΛΒΟ was auctioned to an Israeli consortium after three unfruitful privatization attempts since 2015. The ΕΑΣ recorded zero losses after nearly 17 (!) years and the ΕΑΒ will profit from the deepening cooperation between Abu Dhabi and Athens. The ΕΝΑΕ, Greece's most significant and troubled shipyard, was finally privatized in July 2021 after a years-long effort to be bailed out.

The Greek defense ecosystem currently consists of 80 companies, a 22% increase since last year. Most of these companies undertake military and civilian projects alike. Only half (four state-owned and 35 privately owned) execute solely defense-related contracts. These 39 companies employed 6.268 people in 2019 and their operations' cycle amounted to €318 million ($382 million). These firms can be further categorized as such: 25 small (<€2 million annual turnover), 11 small-to-medium (<€50 million), and three medium (=>€50 million). In an indication of the Greek defense ecosystem's status, not one of these 26 companies exceeds €100 million in annual turnover.

One critical point about the Greek defense ecosystem must be made: the vast majority of these defense industries specialize in new technologies of the Fourth Industrial Revolution (e.g., cyber-defense or drones). In an analogy to a computer, most of these firms produce the software, not the hardware, of the weapons systems. Because Greece intends to upgrade itself into a major hub for digital nomads in the Balkans and the Eastern Mediterranean, the growth of the start-up ecosystem in Greece could have a positive impact on the expansion of the defense industry as well.

The future of the Greek defense industry

The Greek defense ecosystem, after several years of decay, entered a phase of stabilization and cautious development. The Greek defense industries either supplied the Greek Armed Forces with high-tech weapons made in Greece or signed new export deals for their products in the first half of 2021.

The rearmament program of Greece in the face of increasing Turkish aggression (which may exceed €11.5 billion by 2025) will offer the Greek defense industries new MoD contracts and, most importantly, open the door for collaborations between the Greek and foreign defense industries. Such synergies with Western defense giants will only deepen thanks to the participation of the Greek defense ecosystem in a third of the EU's weapons programs.

Such synergies may remedy one of the chronic illnesses of the Greek defense ecosystem: the shortage in funds for R&D. Another problem, the absence of a nexus between the industry and universities, should gradually wane as more and more universities join hands with the industry for MoD projects—most notably, drones.

Another possible benefit could arise from the negotiation of defense agreements with allies, both old and new. For example, the UAE invested in the EAB in the context of the strategic cooperation between Athens and Abu Dhabi. In a similar way, Washington could offer Athens critical offsets for the use of Greek military bases—for example, inclusion of the Greek defense industry in the F-35 manufacturing consortium.

All the above, however, will require the Greek defense industry to construct a sound and coherent strategy. The mammoth rearmament program after the Imia Crisis of 1996, in which billions of dollars were wasted only to fatten the wallets of middlemen and politicians with negligible benefits for the Greek defense industry, stands as a stark reminder.

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11.9. MALTA: IMF Executive Board Concludes 2021 Article IV Consultation with Malta

On 15 September 2021, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Malta.

The COVID-19 pandemic has hit the Maltese economy hard. Tourist arrivals fell sharply, and contact-intensive services were severely affected due to domestic mobility restrictions. As a result, real GDP contracted by 7¾% in 2020, the worst recession in decades. Nonetheless, the authorities' swift and bold policy response helped mitigate the impact, preventing large-scale layoffs, bankruptcies, and credit disintermediation.

As vaccination proceeds and containment measures ease, economic activity is strengthening. Consumer and business confidence have recovered to pre-COVID-19 levels, and signs of labor markets tightening are emerging. Staff expect the economy to grow by around 5¾% in 2021 and 6% in 2022, assuming further progress in global vaccination, an unleashing of pent-up demand for contact-intensive services, and a gradual recovery in international tourist arrivals. Uncertainty is still very high, with risks to the outlook tilted to the downside, including from a global resurgence of the COVID-19 pandemic and a prolonged placement in the Financial Action Task Force (FATF) grey-list. On the upside, recovery from the pandemic could be faster than expected due to swift global vaccination boosting confidence and economic activity.

Executive Board Assessment

Executive Directors commended the authorities for the swift and bold response to the COVID-19 pandemic. Directors noted that growth is expected to gain momentum in the coming months, although uncertainty remains high and downside risks cloud the outlook. They concurred that targeted, coordinated policy support should continue until the recovery firmly takes hold, balancing near-term growth with long-term stability while pursuing structural reforms to strengthen the economy's resilience.

Directors agreed that the pace of unwinding fiscal support should be managed carefully and flexibly. Once the recovery is fully entrenched, efforts should focus on rebuilding buffers gradually and fostering infrastructure investment and economic transformation. Directors encouraged strengthening tax administration, managing contingent liabilities, and ensuring pension system sustainability. They recommended a holistic review of the overall tax system, taking into consideration the global minimum corporate tax proposal. They noted that the planned review of the infrastructure investment and management framework is critical to boosting Malta's capacity to absorb EU funds.

Directors noted that the banking system has proved resilient, but stressed the importance of safeguarding financial stability. They encouraged the authorities to closely monitor banks' financial positions and risk management, continuously analyze vulnerabilities from the corporate and real estate sectors, and enhance data collection.

While noting recent progress in strengthening the AML/CFT framework, Directors called for urgent action to address the remaining deficiencies in the AML/CFT framework and exit the FATF's grey list. They recommended prioritizing the areas of transparency on beneficial ownership information and financial intelligence related to money laundering and tax evasion. Directors also advised the authorities to continuously assess high-risk activities and their impact on correspondent banking relationships.

Directors underscored the importance of advancing structural reforms to foster higher and sustainable growth. They encouraged the authorities to further advance labor market reforms and leverage active labor market policies to facilitate resource reallocation. Completing the corporate insolvency framework reform remains an important priority. Further efforts are also needed to promote stronger and more sustainable tourism, and support digital transformation and decarbonization. Directors welcomed the authorities' commitment to reducing greenhouse gas emissions in line with EU targets. (IMF 17.09)

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