

**The FORTNIGHTLY**

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

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Jerusalem Unveils a Plan to Reduce the Cost of Living

Prime Minister Bennett, Minister of Finance Liberman and Minister of Economy Barbivai presented the Israeli government's plan on 9 February to attempt to reduce the cost of living. The plan includes a NIS 230 income tax cut each month for all employees with children aged 6-12, and cuts in excise for imports of flour, olive oil, eggs, meat, fish, furniture and kitchen equipment. The government will also pay the recent electricity rate hike for employees on low salaries and subsidize afternoon school for working parents.

Other measures include planned reductions in the gasoline tax and significant cuts to import taxes on meat, fruit, vegetables and dairy products.

Reports also said Prime Minister Bennett had surprised Finance Ministry officials with his direct involvement in a recent internal ministry deliberation on the cost of living, with Bennett showing up to the meeting unannounced. Some senior ministry officials are opposed to major policy changes, citing the recent decisions by some food producers to either delay or cancel planned price hikes. However, both Finance Minister Liberman and Prime Minister Bennett have vowed to intervene to curb cost of living increases. (Various 09.02)

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* 1. Prime Minister Bennett Pays First Official Israeli Visit to Bahrain

Israeli Prime Minister Bennett landed in Bahrain on 14 February on a two day visit to discuss strengthening regional diplomacy in his first visit to the Gulf state. PM Bennett held meetings with Bahrain’s Crown Prince and Prime Minister Salman bin Hamad in what is the first visit by an Israeli prime minister to the Gulf state.

The sides discussed the importance of peace, advancement of diplomatic and economic issues, with an emphasis on technology and innovation. The Israeli prime minister previously met his Bahraini counterpart, Crown Prince Salman at the UN Climate Change Conference held in November in Glasgow. At that time, the regent invited the prime minister for his first official visit to the country.

Israel and Bahrain agreed to normalize ties in 2020 as part of the Abraham Accords, a series of regional agreements which also saw Israel establish relations with the UAE, Morocco and Sudan. In September 2020, Israeli Foreign Minister Lapid made the first official visit to Bahrain by an Israeli cabinet member since the states normalized ties. Israeli Defense Minister Gantz also visited Bahrain this month to sign a major security co-operation agreement. In addition, Gantz met King Hamad to discuss the agreement.

The economic framework agreement has focused on strengthening bilateral trade in the private sector and setting standards for a smooth exchange of goods and services, as well as creating a joint economic committee. It also envisioned co-operation on research and development, particularly in the tech sector. More exchanges to improve business ties followed, including a 40-member business delegation from Bahrain visiting Israel in December 2020. The Israeli Ministry of Trade said at the time that potential bilateral trade could be worth hundreds of millions of dollars in the coming years. (Various 15.02)

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* 1. UAE MPs Make First Visit to the Knesset

For the first time since the signing of the Abraham Accords, members of the United Arab Emirates Federal National Council visited the Knesset in Jerusalem. The top-level delegation included Dr. Ali Al Nuaimi, chair of the Defense, Interior and Foreign Affairs Committee for the council. The delegation met several lawmakers, including co-chair of the Lobby for Promoting the Abraham Accords, Ruth Wasserman Lande of the Blue and White party. She said the exchange of knowledge that took place on Monday "will contribute to the parties' understanding of regional challenges such as the Iranian arms race, terrorism and more."

Al Nuaimi said "It is very important to look at the relationship as part of broader prospects – not only for security. We want to be an agent of change for the whole region." He added that "we want to have full engagement in all sectors with you. To promote peace, security and stability, there is no way back from the Abraham Accords. No repeating of history. We want to create history. We want to engage with you in all sectors, in all speed." Before heading to the Knesset, the UAE delegation visited the Yad Vashem World Holocaust Remembrance Center in Jerusalem. (ILH 08.02)

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* 1. Israel Launches a $70 Million Plan to Enhance Arab Israeli Tech Workforce

Israel recently launched a $70 million program to promote entrepreneurship in Arab Israeli communities, with the goal to better integrate the Arab workforce in Israel's booming tech industry. Outlined by the Israel Innovation Authority (IIA), the goal of the program is to better integrate the Arab Israeli workforce in local booming tech industry.

While 20% of Israel's population is Arab, they only make up 3.5% of workers in the tech sector, according to Tsofen, an organization that promotes tech activity in Arab Israeli cities. The IIA is also looking to create new "innovation centers in Israel's Arab communities," sites for entrepreneurs to pitch ideas and consult with others alike. Part of such programs will include investors clubs to encourage more pre-seed funding for Arab Israeli startups and boost the presence of investors in such communities. (ILH 08.02)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Intel to Acquire Tower Semiconductor for $5.4 Billion

Intel Corporation and Tower Semiconductor announced on 15 February a definitive agreement under which Intel will acquire Tower for $53 per share in cash, representing a total enterprise value of approximately $5.4 billion. The acquisition significantly advances Intel’s IDM 2.0 strategy as the company further expands its manufacturing capacity, global footprint and technology portfolio to address unprecedented industry demand.

As a key part of its IDM 2.0 strategy, Intel established Intel Foundry Services (IFS) in March 2021 to help meet the growing global demand for semiconductor manufacturing capacity and to become a major provider of U.S.- and Europe-based foundry capacity to serve customers globally. IFS currently offers leading-edge process and packaging technology, committed capacity in the U.S. and Europe and other geographies in the future, and a broad intellectual property (IP) portfolio.

Tower’s expertise in specialty technologies, such as radio frequency (RF), power, silicon-germanium (SiGe) and industrial sensors, extensive IP and electronic design automation (EDA) partnerships and established foundry footprint will provide broad coverage to both Intel and Tower’s customers globally. Tower serves high-growth markets such as mobile, automotive and power.

Intel is the only leading-edge player with both research and development and manufacturing in the U.S., including recently announced capacity expansions in Arizona and New Mexico, as well as plans to build a new mega-site in Ohio. Tower’s technology and manufacturing footprint is highly complementary to Intel's IFS capabilities in leading-edge processes, allowing the combined company to provide broader offerings to customers at scale. With the addition of Tower, Intel is strongly positioned to bring more value to customers across the nearly $100 billion addressable foundry market.

Migdal HaEmek's [Tower Semiconductor](http://www.towersemi.com), the leading foundry of high-value analog semiconductor solutions, provides technology and manufacturing platforms for integrated circuits (ICs) in growing markets such as consumer, industrial, automotive, mobile, infrastructure, medical, and aerospace and defense. Tower Semiconductor owns two manufacturing facilities in Israel (150mm and 200mm), two in the U.S. (200mm), three facilities in Japan (two 200mm and one 300mm) which it owns through its 51% holdings in TPSCo and is sharing a 300mm manufacturing facility being established in Italy with ST Microelectronics. (Intel 15.02)

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* 1. Pecan AI Raises $66 Million to Advance AI Automation in Predictive Analytics

Pecan AI has raised $66 million in a Series C round, led by New York-based global private equity and venture capital firm Insight Partners, with participation from GV (formerly Google Ventures) and existing investors S-Capital, GGV Capital, Dell Technologies Capital, Mindset Ventures and Vintage Investment Partners. In the last 12 months alone, Pecan has raised over $100 million. The funding will be used to scale Pecan’s global footprint and accelerate research and development of the industry’s only low-code predictive modeling and data science platform.

Sitting at the nexus of AI and data analytics, Pecan’s low-code predictive modeling and data science platform empowers business intelligence (BI) analysts to predict revenue-impacting risks and outcomes. Users can turn massive amounts of raw transactional data into accurate predictions of critical key performance indicators that directly impact revenue and profitability. Over the last year, Pecan has once again more than tripled its annual recurring revenue. This growth is fueled by accelerating customer adoption with midmarket and enterprise companies across fintech, insurance, retail, consumer packaged goods, mobile apps, and consumer services. These companies chose Pecan to unlock transformational improvements in customer acquisition, customer retention and lifetime value, demand forecasting, supply-chain optimization, resource allocation, and pricing and packaging.

Ramat Gan's [Pecan](http://www.pecan.ai) helps business intelligence, operations, and revenue teams predict mission-critical outcomes. As the world’s only low-code predictive analytics and data science platform, Pecan enables companies to harness the full power of AI and predictive modeling without requiring any data scientists on staff. With Pecan’s platform, companies turn hindsight into foresight by generating highly accurate predictions and recommendations that improve customer lifetime value, retention, conversion rates, demand forecasting, and other revenue-driving KPIs. Founded in 2018, Pecan’s predictions impact billions of dollars in revenue for fintech, insurance, retail, consumer packaged goods, mobile apps, and consumer services companies of all sizes. (Pecan AL 02.02)

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* 1. Agritask Raises $26 Million in Series B Funding

Agritask has secured a $26 million funding round led by Liechtenstein Group and joined by Bridges Israel impact investment fund and Smart Agro Fund, as well as existing investors including The Insuresilience Investment Fund. The company will use the funding to accelerate development of innovative products, scale up sales and marketing operations worldwide, and attract and onboard key talent to join its international team.

Founded in 2010, Agritask's SaaS Agronomic Intelligence (AgI) platform drives transparency, insights, and better decision making across the agri-food value chain, focusing primarily on the Food & Beverage and Agricultural Insurance industries. Over the past two years, Agritask has seen significant growth and adoption by world-leading Food & Beverage companies. Brands such as Starbucks and Heineken use Agritask to minimize risk and better predict supply chains, optimize farming operations, and ensure sustainable farming and sourcing practices.

Agritask has also partnered with leading ag-insurance companies including SCOR, Zurich, and MAPFRE to extend their portfolios of insurance products. With Agritask, clients within the agri-food ecosystem have been able to provide hundreds of thousands of small-scale farms in developing countries access to technology, farming best practices, and agriculture insurance products that improve their livelihoods.

Tel Aviv's [Agritask](https://start.agritask.com/%E2%80%8E) is an open SaaS Agronomic Intelligence (AgI) Platform, powering solutions for the Food & Beverage industry and the wider agri-food ecosystem. Their solutions are successfully deployed in over 35 countries, providing crucial agronomic insights to optimize operations across the food value chain and ensure sustainable farming and sourcing practices. (Agritask 03.02)

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* 1. El Al Signs Agreement to Acquire Arkia

El Al Israel Airlines has notified the Tel Aviv Stock Exchange (TASE) that it has signed a non-binding MoU to buy all the shares of Arkia Israeli Airlines in exchange for an allocation of 10% of its own equity. Options could bring the share allocation up to 14%. The agreement must be approved by Arkia's employees, who have a 30% stake in the company, and the Israel Competition Authority. The deal values Arkia, which will become a subsidiary of El Al, at between NIS 85-120 million. The deal stipulates that Arkia will continue operating as a separate brand with its own separate staff, probably as the low-cost arm of El Al. (El Al 03.02)

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* 1. Maris-Tech Closes $17.8 Million IPO with Simultaneous Exercise of the Over-Allotment

Maris-Tech announced the closing of its initial public offering, and the simultaneous closing of a portion of the over-allotment option, for aggregate gross proceeds to the Company of approximately $17.8 million, before deducting underwriting discounts and commissions and offering expenses. The Company issued 3,690,477 common units at a public offering price per common unit of $4.20 and 10,000 pre-funded units at a public offering price per pre-funded unit of $4.199 in the offering and 65,247 ordinary shares, 543,571 common warrants and 478,324 pre-funded warrants to purchase one ordinary share pursuant to the exercise of the over-allotment option. The ordinary shares and warrants began trading on the Nasdaq Capital Market under the ticker symbols, “MTEK” and “MTEKW”, respectively, on 2 February 2022.

Rehovot's [Maris-Tech](https://www.maris-tech.com/%E2%80%8E) is a B2B provider of intelligent video transmission technology, founded by veterans of the Israel technology sector with extensive electrical engineering and imaging experience. Their products are designed to meet the growing demands of commercial and tactical applications, delivering high-performance, compact, low power and low latency solutions to companies worldwide, including leading electro-optical payload, RF datalink and unmanned platform manufacturers as well as defense, HLS and communication companies. (Maris Tech 04.02)

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* 1. Driivz Acquired by Vontier to Accelerate its e-Mobility Strategy

Driivz announced its acquisition by Raleigh, North Carolina's Vontier Corporation, a global industrial technology company focused on transportation and mobility solutions. The acquisition accelerates Vontier’s strategy to provide smart, sustainable mobility solutions. Driivz’s white-label solutions allow utilities, gas and oil companies, automakers, and EV charging service providers to deliver a set of advanced, yet easy-to-use solutions to players in the ecosystem such as fleets, hosts, municipalities, commercial and industrial buildings and MDUs. Driivz will continue to run as an independent company, a wholly owned subsidiary of Vontier.

Vontier believes the next decade could bring the most significant changes to global mobility since the invention of the automobile. Clean, efficient fueling technology is no longer optional, so the acquisition of Driivz accelerates Vontier's portfolio diversification and e-mobility strategies toward long-term secular growth drivers and positions us well to capitalize on the global EV Charging Infrastructure (EVCI) market opportunities. Driivz provides Vontier with market leading technologies within the highest growth, most profitable network management software market segment.

Hod HaSharon's [Driivz](http://www.driivz.com) 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 08.02)

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* 1. NICE Partners with Etisalat Digital to Bring the CXone Cloud Platform to the UAE

NICE announced a partnership with Etisalat Digital to drive the availability of the CXone platform in the UAE. The collaboration provides Etisalat customers with a clear, seamless path to the cloud with CXone while enabling frictionless digital self-service and agent-assisted customer experiences. With CXone, Etisalat Digital is uniquely positioned to advise and empower organizations to transform their business via effective, engaging customer communications now and into the future.

Etisalat Digital chose to collaborate with NICE following a comprehensive review of Contact Center as a Service (CCaaS) providers that revealed CXone as the leading CX platform with a proven ability to drive digital transformation well into the future. Capabilities such as easy migration to the cloud, the ability to rapidly innovate and offer cutting-edge features, flexibility to scale as needed, easy management of remote agents working from any location as well as multiple contact centers drove the decision for the collaboration. As part of this alliance, Etisalat Digital will drive strategic investments in building managed services practice around NICE CXone - a first of its kind in the region.

With Ra'anana's [NICE](http://www.nice.com), it’s never been easier for organizations of all sizes around the globe to create extraordinary customer experiences while meeting key business metrics. Featuring the world’s #1 cloud native customer experience platform, CXone, NICE is a worldwide leader in AI-powered self-service and agent-assisted CX software for the contact center – and beyond. (NICE 09.02)

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* 1. Deepdub Raises $20 Million in Series A Funding to Bring AI-Based Dubbing Global

Deepdub has raised $20 million in Series A funding led by New York-based global venture capital and private equity firm Insight Partners, with participation from existing investors Booster Ventures and Stardom Ventures and new investors Swift VC. The funds will be used to expand the global reach of the company's sales and delivery teams, bolster the Tel Aviv based R&D team with additional researchers and developers, and further enhance the company's deep learning-based localization platform.

The current round of funding follows a year of explosive growth and momentum. Since their public launch Deepdub inked a multi-series partnership with Topic.com to bring their catalog of foreign TV shows into English and became the first-ever company to dub an entire feature-length film into Latin American Spanish utilizing AI voices. The company is already working with multiple Hollywood studios on various projects.

Tel Aviv's [Deepdub](https://deepdub.ai) aims to bridge the language barrier and cultural gap of entertainment experiences to international audiences across TV, Film, Advertising, Gaming and e-learning. They provide high-quality localization service of entertainment content using deep learning and AI algorithms. Deepdub plugs into the post-production process of content owners and takes complete ownership of all of their localization needs. (Deepdub 10.02)

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* 1. Legit Security Emerges from Stealth and Raises $30 Million

Israeli cybersecurity company Legit Security came out of stealth mode and announced the completion of a $30 million Series A financing round led by Bessemer Venture Partners and TCV. Seed funding was previously provided by CyberStarts.

The company will use the funds to expand its engineering team in Israel and expand its marketing and sales network in the US where it has offices in Austin and Palo Alto.

[Legit Security](https://www.legitsecurity.com/) is a cyber security company offering a SaaS-based solution that secures an organization’s software supply chain to prevent sensitive data leaks and insecure software releases. Legit provides enterprise security leaders with the visibility and contextual information they need to minimize risk, and provides software development and DevOps leaders with tools to ensure their teams and build processes adhere to best practices. (Legit Security 10.02)

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* 1. Tricentis Acquires AI-based SaaS Test Automation Platform Testim

Austin, Texas's Tricentis, an industry leader in test automation for modern cloud and enterprise applications, announced the acquisition of Testim, an AI-based SaaS test automation platform. Tel Aviv's [Testim](https://www.testim.io/) extends Tricentis’ own AI-powered continuous testing platform, and will help the company further simplify test automation, enabling organizations to create resilient end-to-end tests quickly and easily.

Testim will expand and strengthen the existing Tricentis SaaS offerings for customers who want to adopt cloud-based testing capabilities with flexible consumption models. Tricentis customers have the flexibility to choose the products and services that best fits their needs, either self-hosted with an annual subscription model or SaaS with consumption-based pricing. A common data model and cross-product integrations allow customers to mix and match product capabilities specifically to suit their requirements.

Testim introduced its AI-based testing in 2014 to accelerate application delivery by shortening the time it takes to author tests and automatically improving tests, troubleshooting tests, and handling test diagnostics. As development teams iterate and the application evolves, Testim uses self-healing algorithms to keep the tests stable and the automation resilient. Additionally, Testim is open and flexible to integrate with the tools and workflows of software teams, including CICD and collaboration tools. (Tricentis 09.02)

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* 1. PYYPL Raises $11 Million in a Series A Funding Round

Abu Dhabi's [Pyypl](https://www.pyypl.com/) announced it has raised $ 11 million in Series A financing with participation from a diverse group of international family offices and HNWI’s. Backed by investors from Europe, North America, Asia, and the Middle East - the funding round was over-subscribed. This follows significant investment in previous rounds from Global Ventures, a UAE-based, international venture capital firm.

Pyypl was awarded a prestigious “2021 Global Visionary” award by Ripple, and recently became the first-ever company in the Middle East to deploy a “Blockchain On-Demand Liquidity” solution for its customer cross-border transfers, in partnership with Ripple. Earlier in 2021, Visa and Pyypl announced the Middle East and Africa Strategic Partnership Agreement, further positioning Pyypl as a leader in the region’s FinTech sector.

With connections to numerous global financial institutions facilitating cross-border money transfers, Pyypl’s solutions cover many key remittance corridors in the region, and the company is excited about expanding its availability of essential financial services including remittance products to further the Middle East and African markets in 2022. Pyypl’s card services have been used by its rapidly expanding customer base at thousands of merchants globally, in over a hundred different currencies, by customers from over a hundred nationalities. The FinTech will invest its newly acquired funds into continuing its rapid growth in its core GCC markets and expand further in Africa – particularly Kenya and Mozambique. (Pyypl 11.02)

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* 1. UAE’s Aster & Novartis Sign MoU to Advance Digital Transformation & Clinical Research

UAE-based Aster DM Healthcare has signed a Memorandum of Understanding (MoU) with Novartis, the global pharmaceutical company. The MoU will enable Aster to access Novartis’ advanced therapy platforms and data science to further strengthen treatment outcomes for patients in the UAE and beyond, a statement said. The collaboration focused on digital transformation and clinical research will aim to identify current gaps in patient care and introduce extensive medical programs using innovative data platforms and data syndicated designs. This is in alignment with Aster’s long-term plan to integrate clinical research and digital transformation into its operations in UAE and beyond which will have a significant impact on the clinical outcome delivery for patients,

As a part of the collaboration, Novartis will enable data generation, ideation, and impactful decision making for Aster DM Healthcare’s clinical research program. The organizations have plans to initiate a series of workshops, trainings, and educational activities, which will assist Aster to commence its activities on clinical research. The digital transformation initiatives will also separately work on boosting the digital healthcare strategy of Aster for its market in the UAE and beyond, whereas Novartis will provide its expertise and share best practices. (GB 01.02)

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* 1. Corporate Spending Disruptor Pluto Raises a $6 Million Seed Round

Corporate spend management startup [Pluto](https://www.plutocard.io/) came out of stealth and announced a seed round of $6 million, led by GFC, with participation from Adapt VC, Soma Capital, Graph Ventures, and OldSlip group. The startup, which is focused on the Middle East, also caught the attention of renowned fintech investors from Silicon Valley and MENA. Among angel investors that joined the round are founders from companies such as Plaid, Airbase, and Ramp. Notable MENA founders like Abdulmajeed Alsukhan and Turki bin Zarah of Tamara as well as Hosam Arab of Tabby also contributed capital to this round.

Founded this year, Dubai's Pluto plans to help businesses in MENA digitize cash spend while eliminating the use of employees’ personal cards, by enabling businesses to instantly issue unlimited smart corporate cards with spend controls that can be connected to existing business bank accounts. Despite the popularity of similar solutions in other parts of the world, Pluto’s team is amongst the first to bring corporate spend management of this kind to the Middle East. The product will be first launched in the UAE and Saudi Arabia.

Pluto is growing quickly, with customers in the pipeline without any marketing efforts. Pluto is also taking advantage of remote work, with its team already encompassing three different countries — UAE, Canada and the US. Pluto’s team is planning to spend their capital on rapidly expanding the team in the UAE and North America to bring the product to market within a few months. (Pluto 03.02)

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* 1. Saudi Pharmacy Chain Seeks $1.3 Billion IPO – the Largest Since Aramco

Al Nahdi Medical Co., Saudi Arabia’s largest pharmacy retail chain, is planning a $1.3 billion IPO in the next few months in what could be the largest listing in the kingdom since Saudi Aramco went public in 2019. Al Nahdi Medical Co. has appointed the local unit of HSBC Holdings and the investment banking arm of Saudi National Bank to manage the sale of a 30% stake on the Saudi stock market. The company is considering seeking a valuation of around SAR16 billion ($4.3 billion) in the IPO and talks are ongoing and yet to be finalized. The firm, half owned by Jeddah-based investment firm Sedco Holding, received regulatory approval for the listing in December.

ACWA Power International’s $1.2 billion IPO last year was the largest since Aramco raised almost $30 billion in the world’s biggest ever stock offering.

Founded in 1986, Al Nahdi has a network of pharmacies with 1,151 outlets across 144 cities. It also has another pharmacy in the UAE. Sedco is the investment firm of the Bin Mahfouz family, one of the country’s biggest merchants that was behind the establishment of Saudi Arabia’s biggest bank. A successful listing of Al Nahdi would represent a rare IPO by a pharmacy chain and would rank it among the largest in the industry. (GB 03.02)

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* 1. Saudi-Based Nana Raises $50 Million in Latest Round

Riyadh-based Q-commerce startup [Nana](https://www.nana.sa/en) successfully raised $50 million in its latest funding round led by FIM Partners and STV. The latest funding round, which brings their total fundraise up to $80 million to date, also observed participation from new and existing investors including Quencia Capital, Faith Capital, Jahez – the food delivery company which recently went public on Nomu Saudi Stock Exchange, Sunbulah Group, and other strategic investors alongside participation from initial investors including MEVP and Impact46.

Founded in 2016, Nana had launched on a mission to provide households with a convenient solution to fulfill their grocery needs online, through a network of micro fulfillment centers or Dark Stores fully stocked with up to 2,000 SKU’s. NanaExpress ensures that all daily grocery needs are delivered straight to customers’ doorsteps within 15 mins. This infamous business model has been disrupting traditional grocery stores, and for Nana it supports the founders’ vision of elevating the e-grocery industry both locally and regionally, contributing to its rapid growth within Online Groceries to claim a market leader position with 18% market share.

With a drive and sights on elevating the e-grocery industry in the Kingdom and the Region, Nana will mobilize the investment round proceeds to solidify and establish its operations and presence regionally with a target of 150+ Dark Stores by 2022, most are in Saudi to cover all the main cities within the Kingdom. (Nana 03.02)

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* 1. Tamawal Raises a $1.1 Million Pre-Seed Financing Round

Saudi-based FinTech and Digital Financing Broker [Tamawal](https://www.tamawal.sa/) successfully raised $1.1 million in its latest funding round. The Pre-Seed round was led by MRK with participation from 500 Falcons and Angel Investors in Saudi Arabia. Founded in early 2020, Tamawal is a marketplace for personalized loans that works as Digital Broker to provide customers with instantly approved tailor-made financing products from regulated banks and financing companies in Saudi Arabia.

In addition, Tamawal provides an access to the Digital Financing Brokerage through its Tamawal as a Service (TaaS) technology to enable businesses to provide instantly approved loans to their customers to sell more products.

Currently, Tamawal is working with the Saudi Central Bank to complete the regulatory requirements for the Digital Financing Brokerage license to release its innovative fintech solution to the Saudi Market. With these newly acquired funds, the Saudi-based FinTech will be able to support the launch of its services. Tamawal's goal in closing this round is to complete the regulatory requirements of the Saudi Central Bank for the Digital Brokerage license, since Tamawal was one of the earliest contributors to shaping up the regulatory framework for financial support activities. (Tamawal 07.02)

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* 1. SiFi Closes a Pre-Seed Round Led by Khwarizmi Ventures

Saudi Arabia's [SiFi](https://www.sifi.app/) has raised an undisclosed amount in its latest fundraising. The Pre-Seed funding round was led by Khwarizmi Ventures (KV), with participation from Breyer Capital (BC) and other angel investors, to launch its products and services.

SiFi was founded in 2021 and is currently in its pre-launch stage. The FinTech startup set forth to manage corporate spending by designing intricate and automated financial solutions that include issuing corporate cards which will control and identify corporate spending by any team member in the company. The CaaS (Cards-as-a-service) proposition not only decentralizes and speeds up the corporate spending process, but also provides opportunities for automation, and creates a safer alternative to personal and company credit/debit card usage.

SiFi aims to empower companies from startups and SMEs to government and large enterprises to manage their expenses with better visibility and savings. It offers a Financial Management Solution to issue virtual and physical corporate cards with built-in rules, manage spending, automate expense reporting, and reconcile accounting automatically through built-in integration capabilities with major accounting systems. The company will be able to channel its newly acquired funds in supporting the launches of its services and further exploring new market possibilities. (SiFi 07.02)

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* 1. Australia's Avass Signs MoU to Make Electric Vehicles in Saudi Arabia

Melbourne, Australia's Avass Group recently signed an agreement with Saudi Arabia to jointly manufacture electric vehicles and lithium batteries. The Group has endorsed a MoU with HRH Prince Abdulaziz Bin Abdullah Bin Saud Bin Abdulaziz Al Saud, signed in Riyadh on 19 December. The agreement bolsters Avass Group’s plans to mass manufacture Full Electric Buses and Lithium Batteries in Saudi. The partnership stems from the consideration of strategic advantage that Saudi Arabia has due to its location at a central point between both Asia and Europe.

Given the increasing consumer awareness of environmental protection and in view of recent development trends of the electric vehicle industry, Avass Group is targeting the huge potential in global electric vehicle market.

Avass has established its legacy through its commitment to deliver a vast array of research and development technology throughout its locations in Australia, India, Singapore, Indonesia and Saudi Arabia. The partnership with Saudi Arabia will be an extension of the Group’s pursuit of cutting-edge technologies to transform the world by creating a clean energy ecosystem. In 2019, when Avass became a subsidiary of the DFT Group Pty Ltd, it strengthened its commitment to continuing technology development by producing a vast array of electric vehicles, components, and lithium-ion batteries. The Avass Touring Bus holds the Guinness World Record for an Electric Bus travelling more than 1,000 km on a single charge, and Avass is also the first Australian Electric Vehicle manufacturer to obtain a World Manufacturer ID (WMI). (Avass 06.02)

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* 1. SOKNA Raises a $1 Million Seed Round

SOKNA, the Egypt-based company offering end-to-end funeral services to honor the deceased and ease the process for their families, has closed a $1 million seed round with participation from leading regional and international funds. The investors include the Silicon Valley-based Mentors Fund, SBX Capital, ACE & Company, and Kabnoury Ventures, in addition to a cohort of highly strategic angel investors and senior executives from tech giants Google, Facebook, and Twitter, and other prominent angel investors.

Since launching in late 2020, the company has enjoyed a rapid expansion - growing threefold in the past year alone. To date, SOKNA has operational partnerships with 20 hospitals and corporates in Greater Cairo alone, has amassed more than 70 partner vendors, and has performed more than 2,500 funerals. The company staffing has expanded accordingly, with 50+ full-time employees providing a full array of professional funerary services from end-to-end.

SOKNA’s services include support in releasing burial permits and paperwork, body preparation, cemetery set-up, transportation, hall and condolences service bookings, obituaries, personalized *sadaqa* giveaways, and post-loss support. SOKNA is also playing an active role in shifting the culture regarding the willingness to discuss death. The company launched a Pre-Planning Program where people can make logistical decisions early on to guarantee more peace of mind for themselves or their loved ones when the time comes. Additionally, SOKNA has secured several corporate agreements for employers to support their employees during times of loss by sponsoring, subsidizing, or getting discounted rates for the services as part of their employee benefits. Giving back to the community, SOKNA has created an ecosystem for everyone involved in the traditional death management services, allowing practitioners more training, more job opportunities, and higher motivation as they work with a team that has a solid vision and purpose. The company also donates any and all gratuities that customers insist on paying to the Children Cancer Hospital in Egypt, 57357.

Cairo's [SOKNA](https://www.sokna.com/%E2%80%8E) is Egypt’s first end-to-end funeral service dedicated to providing the deceased with care and respect at the completion of their life’s journey. From the moment of loss, SOKNA looks after every logistic with expertise and compassion; allowing family members the peace of mind to focus on what matters most: honoring the lives of their loved ones. (SOKNA 08.02)

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* 1. Investment Platform Thndr Raises $20 Million in a Series A Round

Egypt-based FinTech and digital investment platform [Thndr](https://thndr.app/%E2%80%8E) has successfully raised an exceptional $20 million in its latest funding round. The Series A round was co-led by Tiger Global, BECO Capital and Prosus Ventures, in addition to participation from Base Capital, firstminute and existing investors Endure Capital, 4DX Ventures, Raba Partnerships and JIMCO.

Launched in late 2020, Thndr is filling the gap between the availability of large savings amounts aggregated in MENA and the minimal to no participation in the stock exchange markets by transforming the traditionally outdated, slow, and non-user-friendly process of opening and managing investment accounts in the region. The company is making it easy to invest in stocks, bonds, and funds in the region through its mobile-based and low-commission digital stock brokerage.

The Egypt based company has designed a digital, multi-language app, educating and empowering investors to make their own investment decisions and take a stake in their own economies. In doing so, the startup is not only empowering individuals to take part in a lucrative global financial market but is reshaping stock investments to become an instant & easy-to-enter market. Thndr has grown assets under custody rapidly – 29x during 2021 – and monthly traded values up are by similar levels. Thndr also accounted for 36% of all new registrations in the local Egyptian exchanges during 2021. The new funding will go towards product development and expanding Thndr’s presence across MENA. (Thndr 09.02)

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* 1. Takery Cloud Hubs Lands Pre-Seed Funding

Takery Cloud Hubs, an Egypt-based cloud hub startup, has raised an undisclosed amount in a pre-seed funding round. The funding will be used to expand the company’s cloud branches, grow its team and develop its technology. Including this first round, the company is looking to secure up to $3 million in 2022.

Takery is Egypt’s first company specialized in establishing and managing cloud hubs. The company offers fast-food chains and fast-moving consumer goods companies the digital infrastructure to grow their footprints, either by entering new markets altogether or expanding geographically. Takery is looking to bring new international and Gulf brands into the Egyptian market. (Ent 14.02)

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* 1. Egyptian Importers Are Going to Need Letters of Credit Starting in March

Documentary collection from exporters will no longer be accepted by banks to facilitate the import of goods into Egypt from the beginning of March, according to recent a decision by the Central Bank of Egypt. Copies of letters sent to banks, dated 12 February and circulating widely in the domestic press and on social media, show that the CBE has instructed banks to begin only accepting letters of credit to facilitate the purchase of imports.

Importers are not happy. In a joint letter to Prime Minister Madbouly, the heads of the Federation of Egyptian Chamber of Commerce (FEDCOC), Federation of Egyptian Industries, and Egyptian Businessmen’s Association called for the move to be reversed. They said the decision would exacerbate existing supply chain issues and increase production costs, causing the price of goods to rise in the local market and damaging the competitiveness of Egyptian exports. The new rule also presents a “direct threat to citizens' health and safety,” they said, as it would delay urgent pharma shipments and increase the cost of medical supplies. The organizations added that the decision did not take into account SMEs who are unable to take out credit lines to cover the cost of shipments, and said an exemption granted to foreign companies was unfair. The decision could see the price of goods rise 15-20%, said a member of FEDCOC’s importers division. The new rule would increase costs and cause confusion for importers, while prices are already rising due to global inflation.

Importers previously had the option of inward documentary collection. That’s a process through which importers and exporters exchange information (via their banks) about who’s buying what. The bank would take a fee for releasing money from an importer’s account against documents that included a commercial invoice, a certificate of origin, a bill of lading, etc.

Letters of credit are now a bit more complicated — and offer more protection to the exporter. The importer’s bank will still ask for plenty of documentation to take on a transaction, but they’re also entering into a contract that requires them to pay the exporter if the importer defaults for whatever reason. Industry wisdom is that L/Cs make bogus invoices and dodgy practices a bit more difficult to pull off because banks dig deeper. L/Cs tend to start when the buyer’s bank provides the seller’s bank the assurance that the money will flow on receipt of the shipment. (Ent 15.02)

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* 1. Tunisia's InstaDeep Secures $100 Million in Series B Funding Round

Tunisia-founded enterprise artificial intelligence (AI) startup [InstaDeep](https://www.instadeep.com/) has raised a $100 million Series B funding round to further develop its tech, grow its team and accelerate the launch of disruptive AI products across various sectors. Founded in Tunisia in 2014 but now headquartered in London, InstaDeep delivers AI products and solutions for the enterprise sector. It also has offices in Paris, Tunis, Lagos, Cape Town and Dubai.

Powered by high-performance computing and outstanding research and development breakthroughs, InstaDeep utilizes deep reinforcement learning and other advanced machine learning techniques to create AI systems that can optimize decision-making processes in real-life industrial environments. Disrupt Africa reported in May 2019 InstaDeep had raised $7 million in Series A funding, buts its Series B suggests significant development since, with the company banking $100 million in a round led by Alpha Intelligence Capital together with CDIB. Other investors in the round include BioNTech, Chimera Abu Dhabi, Deutsche Bahn’s DB Digital Ventures, Google, G42 and Synergie.

InstaDeep will use the funding to advance its high-performance computing infrastructure optimized for Decision-Making AI, continue to hire elite talent, and accelerate the launch of disruptive AI products across multiple industries – including biotech, logistics, transportation and electronics manufacturing. The firm will also expand its global presence into the United States. (InstaDeep 25.01)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. World Bank Group Report Sounds Alarm on High Pollution in MENA

According to a report by the World Bank Group, the Middle East and North Africa (MENA) are among the world’s most polluted countries, albeit if a green economy policy is adopted, these challenges can turn into opportunities in the region. The report, titled “Blue Skies, Blue Seas Air Pollution, Marine Plastics and Coastal Erosion in the Middle East and North Africa”, highlights the main development challenges and opportunities the region faces as it strives to meet the evolving needs of its people.

Air pollution levels in the MENA’s largest cities are among the highest in the world, with the average urban resident breathing in air that exceeds the level of pollutants considered safe by the WHO by more than 10 times, the report said. Moreover, air pollution causes around 270,000 deaths a year, higher than traffic accident-related deaths, diabetes, malaria TB, HIV/AIDS and acute hepatitis combined.

The average resident in the MENA region contributes more than 6 kg. of plastic waste to the sea. To address marine plastic pollution, the report recommended improving solid waste management, creating reliable market structures for recycling markets and increased collaboration with the private sector for plastic alternatives, while also reducing fossil fuel subsidies, which artificially reduce the price of plastics.

The report noted that the economic costs of air pollution in the MENA region are immense, around $141 billion per year. The average MENA resident is ill at least 60 days in their lifetime due to exposure to elevated air pollution levels,” the report indicated.

Among other environmental shortfalls, the MENA region has been the world’s slowest region in decoupling economic growth from air pollutants, and it has yet to decouple economic growth from carbon emissions. (WB 07.02)

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* 1. Ecoppia Announces Another Project With Actis In India

Ecoppia announced another project of 150MW with Sprng Energy, a company owned by the global leading investment platform Actis. Ecoppia robots will be deployed at Sprng Solar’s Ananthapuram project in Andhra Pradesh in Q2 2022.

Actis had initially engaged with Ecoppia back in 2017, installing the fully autonomous robots at 4 different solar sites of its platform-‘Ostro Energy’. Since then, in the last 5 years, Ecoppia’s unparalleled product performance has ensured that all subsequent greenfield solar projects developed by Actis platforms in India, has Ecoppia as their exclusive robotic cleaning solution provider. Ecoppia’s unmatched reliability and proven effectiveness in soiling removal, is one of the many reasons, Actis’ assets are viewed as technologically superior, low risk and of a high quality.

With over 16GW of agreements, Tel Aviv's [Ecoppia](http://www.ecoppia.com) is a pioneer and world leader in robotic solutions for photovoltaic solar. Ecoppia’s cloud-based, water-free, autonomous robotic solutions remove soil from solar panels daily, leveraging sophisticated technology and advanced Business Intelligence capabilities. Remotely managed and controlled, the Ecoppia platform allows solar sites to maintain peak performance with minimal costs and human intervention. Ecoppia’s proprietary algorithms and robotic solutions make day-to-day O&M at solar sites safer, more efficient and more reliable. (Ecoppia 09.02)

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* 1. Dubai to Reduce Almost a Third of its Carbon Emissions by 2030

Dubai’s Supreme Council of Energy has approved updated plans to reduce carbon emissions in the emirate by 30% by the end of 2030. The decision was passed on 6 February during the 68th meeting of the council chaired by Sheikh Ahmed bin Saeed Al Maktoum and attended by vice chairman of the council, Saeed Mohammed Al Tayer as well.

The Council has begun evaluating carbon emissions for the next 10 years, in collaboration with the relevant organizations in Dubai to come up with the required measures to reduce emissions. A roadmap will then define the way to achieve carbon neutrality by 2050.

At the meeting, the council also reviewed the recent launch of the DEWA-SAT 1 nanosatellite in collaboration with NanoAvionics. DEWA-SAT 1 was launched on a SpaceX Falcon 9 rocket from Cape Canaveral Space Launch Complex in Florida in January. DEWA therefore became the world’s first utility to use a nanosatellite to improve the maintenance and planning of electricity and water networks.

The council also discussed the implementation stage for Resolution number 6 of 2021 issued by the Executive Council of Dubai to regulate district cooling services in Dubai. It approved the regulatory framework for cooling service providers and customers to ensure the effectiveness of permit issuance and billing. The Dubai Clean Energy Strategy 2050 and the Dubai Net Zero Carbon Emissions Strategy aims to obtain 100% of Dubai’s total power capacity from clean energy sources by 2050. (Various 07.02)

ARAB STATE DEVELOPMENTS

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* 1. Jordanian Inflation Rises by 2.4% in January

Jordan's Consumer Price Index (CPI), a measure of inflation, rose by 2.46% in January of 2022, reaching 103.71 points against 101.22 points in the same period of last year, according to official figures released on 10 February. In its monthly report, the Department of Statistics (DoS) said that the main commodity groups, which contributed to this increase, were transport by 1.12%, vegetables, dried & canned legumes by 0.42%, meat and poultry by 0.22%, fuel and lighting by 0.19% and culture and entertainment by 0.13%.

However, the prices of several commodities slightly dropped including health-related commodities by 0.08%, beverages and refreshments by 0.04%, rentals by 0.02%, and condiments, food enhancers and other foodstuffs by 0.02%.

Comparing inflation in January of 2022 to December of last year, the DoS indicated that the CPI went to reach 103.71 points in January compared to 103.54 in December. (Petra 10.02)

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* 1. US State Department Approves $4.21 Billion F-16 Aircraft Sale to Jordan

The US State Department has approved a potential foreign military sale (FMS) of F-16 fighter jets and related equipment to Jordan. The possible sale is estimated to cost around $4.21 billion. Following the approval, the Defense Security Cooperation Agency (DSCA) has notified US Congress regarding the move. The Government of Jordan previously placed a request for 12 F-16 C Block 70 aircraft and four F-16 D Block 70 aircraft.

The proposal also included 21 F100-GE-129D engines or F100-PW229EEP engines; 21 Improved Programmable Display Generators; radars; associated weapon systems and technologies among others. The potential sale will also include technical and logistics support services. Lockheed Martin, Greenville, South Carolina, will be the principal contractor.

The addition of the new F-16s will bolster the Jordanian fighter aircraft fleet and will enable it to combat current and future threats. The procurement will also help in maintaining interoperability with US and coalition forces. (Airforce Technology 04.02)

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* 1. Egypt Plans to Export Gas to Lebanon by End of February

On 31 January, Egypt’s Minister of Petroleum and Mineral Resources El-Molla set the date for exporting gas to Lebanon at the end of February or mid-March at the latest. Molla added that work is underway to fix the technical malfunction in the Arab Gas Pipeline in northern Lebanon. All items have been agreed upon with the concerned parties, Molla said, and all that remains is to translate the agreement into contracts that align with the rules and regulations of each country.

On 8 September 2021, the energy ministers of Egypt, Lebanon, Jordan and Syria agreed during a meeting in Amman to provide natural gas and electricity to Lebanon via Jordan and Syria. The plan, which came as part of a US-backed World Bank proposal to help ease Lebanon’s energy crisis, would also benefit Syria, which would keep some of the gas that will pass through its territory. The plan, however, would violate the 2019 Caesar Syria Civilian Protection Act, which levies US sanctions on entities who support the regime of Syrian President Bashar al-Assad in several sectors, including energy.

For months, the Lebanese fuel shortage has impacted various sectors, including hospitals, bakeries, communications, and food industries. Daily power outages have worsened an economic crisis that has been classified by the World Bank as one of the three most severe crises since 1850. Under the September deal, Lebanon would receive 60 million to 65 million cubic feet of Egyptian gas per day for at least 10 years. Egypt itself is capable of exporting gas to Lebanon and other countries for at least 25 years without impacting local consumption. Egyptian production of natural gas is estimated at about 7.2 billion cubic feet per day, while its average domestic consumption is about 5.8 billion cubic feet. Under the plan, Egyptian gas would be pumped to Lebanon via the Arab Gas Pipeline from north Sinai through Jordan, to the Jordanian-Syrian border, then to the city of Homs, to finally reach the Deir Ammar area in Lebanon. The total length of the line is 1,200 km. (Al-Monitor 10.02)

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* 1. UAE-Bahraini Nanosatellite Light-1 Launched from the International Space Station

The UAE-Bahraini Light-1 CubeSat was successfully launched into orbit from the International Space Station, in cooperation with the Japan Aerospace Exploration Agency (JAXA). Light-1 CubeSat is a collaboration initiative of the UAE Space Agency, Bahrain’s National Space Science Agency, Khalifa University of Science and Technology, and New York University (NYU) Abu Dhabi. JAXA coordinated the launch from the Tsukuba Space Centre (TKSC) in Japan, and the event was broadcast live on social media channels. It was also live-streamed on Bahrain’s NSSA National TV and JAXA.

The Light-1 CubeSat represents the region’s first scientific mission to monitor and study Terrestrial Gamma-ray Flashes (TGFs) from thunderstorms and lightning. Data gathered from the Light-1 CubeSat, which aims to leverage space science to support sustainable economic growth, will be shared globally to support scientific analysis and encourage cooperation with research centers around the world.

The team that worked on the design and development of Light-1 bus consists of 22 university students from Khalifa University including nine Bahrainis, 10 Emiratis and three international students, advised by the Yahsat Space Lab.

The impact of high-energy gamma-ray emissions on atmosphere, air traffic and human health, especially flight crews, will be studied by Light-1. These rays can penetrate aircraft structures and therefore the data of Light-1 will improve understanding related to radiation exposure. Light-1’s gamma-ray detection system RAAD, designed and assembled with a unique layout, and making use of state-of-the-art detection devices, is competitive with bigger satellites and can make an impactful contribution to the comprehension of TGFs. Thanks to its innovative technology, the Light-1 nanosatellite might become a pathfinder of future and larger missions targeting gamma rays. (WAM 03.02)

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* 1. UAE’s F&B Trade Crosses $20 Billion from January-September 2021

The food and beverage trade in the UAE crossed $20 billion in the first nine months of 2021, according to a new analysis from Dubai Chamber of Commerce. Imports accounted for the largest share of the UAE’s F&B trade during January-September 2021 period, amounting to $12.8 billion. Exports accounted for $4.1 billion while re-exports amounted to $3.3 billion. Moreover, from 2011 to 2020, the UAE’s F&B imports, exports and re-exports grew at a CAGR of 0.6%, 7.5% and 6%, respectively.

India was the UAE’s top F&B trading partner in the first nine months of 2021. India accounted for 12% of the UAE’s total F&B trade value. It was followed by the US (7%) Brazil (6%) Australia (5%), Canada (5%) and Saudi Arabia (5%). Imported fruits and nuts accounted for the largest proportion of the UAE’s imports at 13%, followed by meat (11%) dairy products (10%) and oilseeds (7%).

Ten markets accounted for about 66% of the UAE’s total F&B exports from January-September 2021, with Saudi Arabia ranking first in this category with a share of 17%, followed by Oman (9%), Kuwait (8%) and China (5%).

In the first three quarters of 2021, the top 10 product groups accounted for around 76% of UAE’s F&B imports from the world. Fruits and nuts took the largest share of 13%, followed by meat (11%), dairy (10%), oil seeds (7%), cereals (7%) and other edible food products (6%). (GB 15.02)

* 1. Abu Dhabi’s ADNOC Discovers New Natural Gas Resources Offshore

On 3 February, the Abu Dhabi National Oil Company (ADNOC) announced it has discovered natural gas reserves offshore of Abu Dhabi. Interim results from the first exploration well in the emirate’s Offshore Block 2 Exploration Concession indicate the discovery of between 1.5–2 trillion standard cubic feet of raw gas. Offshore Block 2 covers an area of 4,033 square kilometers northwest of Abu Dhabi. The discovery in the block was enabled by new information from the world’s largest combined onshore and offshore three-dimensional mega seismic survey, which is currently underway in the emirate.

The discovery is the first from Abu Dhabi’s offshore exploration concessions. A consortium led by Eni and PTT Exploration and Production Public Company were awarded the exploration rights for Offshore Block 2 in 2019, as part of ADNOC’s debut competitive block bid round. This follows the discovery of up to 1 billion barrels of oil equivalent in Onshore Block 4 Exploration Concession announced in December.

ADNOC launched Abu Dhabi’s first and second competitive block bid rounds in 2018 and 2019 respectively, offering a set of major onshore and offshore blocks to international companies, on behalf of the Abu Dhabi government. Based on existing data from detailed petroleum system studies, seismic surveys, exploration and appraisal wells data, estimates suggest the blocks hold billions of barrels of oil and multiple TSCF of natural gas. (GB 03.02)

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* 1. Dubai Received 7.28 Million Overnight Visitors During 2021

Dubai hosted 7.28 million international overnight visitors between January and December 2021, representing a 32% year-over-year growth. International visitation to the city crossed 3.4 million in the fourth quarter of last year, achieving 74% of the total pre-pandemic tourist arrivals in Q4/19, according to Dubai’s Department of Economy and Tourism (DET)’s data.

India was the top source market with 910,000 visitors, marking a 5.3% year-on-year growth, followed by 491,000 travelers from Saudi Arabia (22.8% increase) while Russia and the United Kingdom contributed 444,000 visitors (50.3% rise) and 420,000 visitors (7.1% surge) respectively.

The MENA and GCC markets collectively contributed to 26% of the total visitor volume. Western Europe accounted for 22% of total visitors in 2021, with visitation led by UK, followed by France, Germany, Italy and Netherlands. South Asia contributed 18% of the international visitation with Russia, CIS and Eastern Europe together making a 15% contribution.

Hotel occupancy in Q4/21 stood at over 81.4%, compared to 80.7% during Q4/19. Overall, average occupancy levels reached 67% in 2021 compared to 54% recorded during the previous year.

By the end of 2021, Dubai’s visitors and residents could choose from a total of 755 hotel establishments and 137,950 rooms, compared to 711 hotels establishments that were open with 126,947 rooms at the end of 2020. Guests also spent longer in hotels across the emirate last year, with average length of stay reaching 4.6 nights (up from 4.2 nights in 2020), while the total of 31.47 million occupied room nights represented 53.7% growth compared to 2020, and approximately 98% of the occupied room nights of 2019. (GB 04.02)

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* 1. New UAE Labor Law for Private Sector Goes Into Effect

The UAE’s new labor law for private sector employees, believed to be the most comprehensive reforms to date on the subject, has gone into effect starting 2 February. It addresses several issues including flexible work conditions, salary and employment contract structures, leave, recruitment costs, end-of-service benefits, and workplace harassment, among others. It comes a few weeks after UAE President Sheikh Khalifa bin Zayed Al Nahyan issued the Federal Decree – Law No. 33 of 2021 in November amending the existing labor laws. With the new law, the Federal Law No. 8 of 1980 on Regulation Labor Relations has now expired.

The UAE’ Ministry of Human Resources and Emiratisation (MoHRE) has revealed the number of registered private sector workers totaled 4,903,612 at the end of 2021, with employment highest in the 30-34 age group, followed by the 35-39 and 25-29 age brackets. The number of private sector facilities registered with the ministry at the end of 2021, excluding companies in free zones, amounted to 373,966, an increase of 22,999 compared to 2020. According to statistics, the construction sector leads in terms of the number of workers, amounting to 1,301,359, followed by the trade sector.

The new law’s amendments stipulate employers may not use any means of force against workers or use threats of penalty to make them work against their will. The law also prohibits sexual harassment, bullying or any verbal, physical or psychological violence against workers by their superiors or colleagues and any type of discrimination based on race, color, sex, religion, nationality or disability.

In an effort to introduce gender parity in pay, the amendments aim to ensure women’s equality and prohibit any discrimination against them, ensuring women receive the same wage as men for the same work or for a job of equal value. Moreover, the law introduces new work models including full-time, part-time, temporary and flexible work models. It also allows employers to hire those whose work contracts have expired, but who are still in the country, through easy and flexible procedures. The term of fixed employment contracts must not exceed three years, which could be extended or renewed for similar or shorter periods any number of times. The law regulates the duties of employers, such as providing adequate housing, means of prevention, and capacity and skills development training.

From 2 February, MoHRE will also issue 12 types of work permits. These work permit types include a student training and employment permit, which allows establishments registered with the ministry to train or employ a student in the country who has reached the age of 15, according to specific controls and conditions that guarantee an appropriate training and working environment, and a work permit for citizens and children from GCC countries that allows establishments registered with the ministry to employ citizens or people from the GCC. A work permit can also be granted to Golden Visa holders upon the request of an entity registered with the ministry to employ a worker who holds this visa. (GB 02.02)

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* 1. Saudi Arabia’s Economic Growth Stays Near Decade High as Oil Powers Rebound

Saudi Arabia’s economy expanded 6.8% in Q4/21, maintaining the fastest pace of annual growth in almost a decade as high oil prices boost the kingdom’s income and drive its recovery from the shock of the pandemic.

Non-oil gross domestic product, the engine of job creation, gained 5% while the oil economy grew 10.8%, according to preliminary estimates released by the General Authority for Statistics on 10 February. Growth for the full year of 2021 was 3.3%, slightly better than Saudi officials’ predictions of 2.9% growth.

The figures suggest that the Omicron COVID-19 variant had a relatively limited economic impact in the world’s largest crude exporter, at least until January. The oil market helped, with Brent crude prices averaging nearly $80 a barrel in the fourth quarter.

Still, growth in the non-oil private sector lost momentum in the first month of this year as virus cases surged, with a Purchasing Managers’ Index compiled by IHS Markit falling from 53.9 in December to 53.2 in January. Authorities have kept the economy largely open through the latest wave of the pandemic, mandating vaccine booster shots while continuing a series of major events. Consumer spending in December was 1.8% higher than the same month two years ago, before the pandemic. (GB 11.02)

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* 1. Saudi Arabia to Invest Billions in Metaverse & Blockchain Technology

Saudi Arabia announced plans to invest over $6.4 billion, including a $1 billion investment in the NEOM Tech & Digital Company. NEOM plans to launch its own metaverse, referring to the 3D digital world where users can interact with one another. Saudi Arabia made the announcement at the LEAP technology forum that is currently being held in the capital Riyadh. The event includes lectures on a range of technologies, including artificial intelligence, 5G internet and more.

Saudi Arabia’s state-owned oil company Aramco will also invest $1 billion in its venture capital fund Prosperity7 Ventures. The firm will invest in companies with a focus on futuristic technology, including those working on blockchains, according to the agency. This is a type of technology that encrypts information that is stored digitally.

Saudi Arabia is working to reduce its dependence on oil. Though oil prices are high at the moment, demand for fossil fuels is declining around the world as people and governments look to cleaner forms of renewable energy. Saudi Arabia has long depended on oil sales for revenue. Crown Prince Mohammed bin Salman is particularly interested in diversifying the economy towards new technologies via his Vision 2030 initiative.

The country has had some success in its diversification efforts. Saudi Arabia reported an increase in non-oil exports at the end of 2021 and has also increased its mineral production capacity. In terms of investment, Saudi Arabia’s Public Investment Fund has invested billions in startups in Silicon Valley, although it has been criticized for its lack of transparency. (Al-Monitor 01.02)

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* 1. Saudi Arabia Unveils $1.1 Billion Program for Digital Content & Media Production

Saudi Arabia revealed Ignite, a new program for digital content creation and media production, which aims to triple the kingdom’s digital content market size in gaming, audio, video and advertising. The program is backed by a $1.1 billion investment and will include incentives such as financial support for local, regional and international companies and startups; infrastructure development; talent development programs and improved policy and regulations to enable the sector to grow rapidly.

The announcement was made by the Digital Content Council, who said that the initiative will transform the kingdom into a leading digital entertainment and media production hub. Training courses will be available across three sectors – gaming, films and digital ads, to upskill over 4,400 participants in the next three years. The move will ensure the country is developing the skillsets required by the industry as well as giving the local youth requisite skills. The program will also supplement the film fund, which will be allocated to the infrastructure, development, production and distribution of locally produced movies, and another fund which will focus on gaming to develop games and build the required infrastructure such as game studios.

To further attract local and international partners to Ignite, Saudi Arabia will also enhance intellectual property protection measures. International and local partners will be able to benefit from an investor’s ‘one stop shop’ that will streamline the process for investment into the Saudi digital content economy. (GB 03.02)

►►North Africa

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* 1. Egypt's Annual Urban Inflation Highest in Almost 2.5 Years in January

Egypt's annual urban inflation hit its highest level in almost two and a half years in January due to rising food prices and an unfavorable base effect, according to figures released on 10 February by CAPMAS. Urban inflation rose to 7.3% last month from 5.9% in December, recording its highest rate since August 2019. On a monthly basis, consumer prices went up by 0.9%.

Food and beverage costs (which make up the largest component of the basket of goods used to measure prices) rose at their quickest pace in 32 months, fueling the increase in the headline rate. Prices were up 12.4% y-o-y, up from 8.4% in December, mainly due to rising oil, vegetable and meat prices.

Annual core inflation continued to accelerate, hitting 6.3% from 6% in December, according to the CBE, its fastest expansion since June 2019. Core inflation removes volatile items such as food and fuel. Despite reaching its highest level in two and a half years, the annual rate remains within the CBE’s target range of 7% (±2%) by Q4/22. Housing and utility prices rose by 4.7% y-o-y, driven by higher energy costs, while transport costs rose 4.9%. Clothing and footwear prices rose 3.4% y-o-y. (CAPMAS 13.02)

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* 1. Egypt Sees Record Quarter for Exports & Imports

Egypt’s balance of payments recorded an overall surplus of $311.4 million in Q1/21-22 (which ended in September 2021), compared to a deficit of $69.2 million during Q1/20-21 (ending September 2020), due to strong tourism, the Suez Canal and remittances receipts. Egypt’s current account deficit continued to increase in Q1/21-22 on the back of higher import costs. The deficit increased by 43% to $4 billion during the quarter versus $2.8 billion a year ago as the amount spent on non-oil imports increased due to greater imports of medical supplies to combat COVID-19 and the rising cost of wheat and raw production materials, according to the CBE. Higher oil prices were also a factor.

Quarterly, exports had their best quarter in at least 18 years, with export revenues coming in at $8.9 billion during the three-month period. Tourism revenues jumped hit $2.8 billion (+60% from Q4/20-21 and up 250% from the same quarter the previous year). Suez Canal + remittance revenues were both up

Imports came in at $19.9 billion, up 34% from the same quarter a year ago (when activity was depressed thanks to the pandemic), but up only fractionally from $19.6 billion spent the previous quarter. This was due to global oil prices, as well as imports of wheat, vaccines and other medical products for pushing the import bill up.

FDI inflows are yet to recover fully from the COVID-induced downturn, rising 4% to $1.7 billion from a year ago. Investment in the non-oil sector rose almost 30% but the oil sector — which is responsible for almost half of Egypt’s FDI — saw net outflows of $489 million. (Ent 03.02)

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* 1. Egypt Raises Fuel Prices

On 4 February, the Egyptian government raised the prices of several types of vehicle fuel. The per liter price of 80-octane gasoline rose from 7 to 7.25 Egyptian pounds, 92-octane gasoline rose from 8.25 to 8.50 pounds and 95-octane gasoline rose from 9.25 to 9.50 pounds. The price of diesel fuel remains 6.75 pounds per liter, the Ministry of Petroleum and Mineral Resources said. One US dollar is roughly equal to 16 Egyptian pounds.

Fuel prices in Egypt are set by the government. The state has raised prices at least five times under President al-Sisi, who took power in 2014. Though this increase was small, the government raised prices 30% in mid-2019. The price of 92-octane gasoline was 8 Egyptian pounds ($0.50) per liter at the time. A major reason for the price increases is that Egypt has been lifting fuel subsidies as part of loan conditions set by the International Monetary Fund.

This price increase follows global oil prices last month hitting their highest price since 2014. The rise came after the Organization of the Petroleum Exporting Countries (OPEC) and Russia coordinated on global oil supplies. Saudi Arabia and Russia spearheaded efforts in 2020 and 2021 to cut supplies in an effort to bring prices back up after they plunged at the start of the COVID-19 pandemic.

Even small price increases can affect Egyptians. The monthly average income in Egypt is 6,000 Egyptian pounds ($380) per month. Vehicles can typically hold 45 to 65 liters of gas, meaning it could cost 400 Egyptian pounds ($25) to fill a car in the country. (Al-Monitor 04.02)

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* 1. Suez Canal Authority to set up a EGP 2 Billion Investment Fund

The Suez Canal Authority (SCA) will establish a EGP 2 billion fund in March to finance its economic activities. The fund was approved by the cabinet in late January. The funds will contribute to the sustainable economic development of the SCA by supporting its economic and investment activities. This includes setting up companies, and making investments in securities and fixed and movable assets.

The money will also be used to backstop the authority’s finances during emergencies. The 6% fee hike introduced on 1 February will increase canal revenues by more than $400 million above the authority’s target. The SCA said last month that it expects revenues to rise 11% to $7 billion this year, which now may be surpassed due to the fee increase applied to all ships except LNG carriers and cruise liners. The legal amendments allowing the creation of the fund will head to the House of Representatives for discussion. (Ent 03.02)

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* 1. Morocco’s Trade Deficit Increased by 25% Compared to 2020

Morocco's trade deficit stood at MAD 199.74 billion ($21.30 billion) at the end of December 2021, up 25% compared to the year 2020, according to the Office Foreign Exchanges.

Imports to Morocco climbed by 24.5% in 2021 compared to the end of 2020 and 7.3% in 2019; the coverage rate stabilizing at 62.1%. Reasons behind the increase in imports of consumer goods included the rise in imports of finished consumer products (+29.7%), energy products (+25.76), half-products (+22.10) and capital goods (+13.75). The increase in imports of finished consumer products of MAD 28.19 billion ($3.01 billion) was mainly due to the increase in purchases of foreign-produced passenger vehicles (+46.5%) and the rise in demand for medicines and pharmaceutical products (+68.4%) amid the COVID-19 crisis.

At the end of December 2021, exports of goods totaled MAD 326.90 billion ($34.97 billion), up from MAD 263.08 billion ($28.15 billion) the previous year, a rise of 24.3%.

Meanwhile, the North African country’s exports witnessed an increase. The volume of Morocco’s phosphate exports progressed at a year-over-year increase of 57.1%, amounting to MAD 29.02 billion ($7.5 billion). For its part, imports of energy products increased by 51.6%, recording a MAD 25.76 billion increase. This increase is founded on a hike in supplies of gas oils and fuel oils of MAD 12.65 billion. Morocco’s robust automotive industry contributed 15.9% of the total volume of exports at the end of November, with a MAD 11.5 billion ($1.23 billion) increase in MAD 83.78 billion ($8.96 billion) in sales volume. Morocco’s sales of textiles and leather increased by 21.6% in 2021, while the agriculture and agribusiness sector grew by 9.2%. (MWN 03.02)

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* 1. Finland & Morocco Expand Bilateral Cooperation in Renewable Energy

Morocco and Finland have agreed on an MoU to advance economic and technical bilateral cooperation in the energy sector, particularly renewable energy. The MoU was signed by Morocco’s Minister of Energy Transition and Sustainable Development Benali and Finland’s Ambassador to Morocco Hyvönen during a virtual event in Rabat on 9 February.

The MoU aims to promote the integration of Finnish companies into the Moroccan market and reinforce contacts between companies, universities and research organizations, as well as promote closer commercial and investment links between the countries. Additionally, the agreement calls for bilateral cooperation in research and development, energy technology, energy efficiency, waste and water treatment, water, wind and solar energy, information and communication technology, and the hydrogen economy.

The new cooperation reflects Finland’s growing interest in the North African kingdom. In 2019, the Nordic country established the Team Finland network in Rabat and Business Finland office in Casablanca to assist Finnish companies wishing to enter the Moroccan market and promote the North African country back home. The inauguration of the Team Finland network in Rabat and Business Finland office in Casablanca results from several diplomatic visits and meetings between the two countries' leaderships organized over the past years. (MWN 10.02)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Turkish Inflation Surges to Two-Decade High of 48.7%

Turkey’s consumer price inflation rate jumped to an annual 48.7% in January, the highest level since April 2002, after lax monetary policy led to a slump in the lira, pushing up living costs. The CPI climbed from 36.1% in December, the Turkish Statistics Institute said, and prices rose by 11.1% month-on-month.

Prices in Turkey are surging after the central bank, acting on the orders of President Erdoğan, cut interest rates between September and December to spur economic growth, and global energy prices spiked. The rate cuts sparked an exodus of capital from the lira, which lost 44% of its value against the dollar last year.

Turkey's inflation rate is the highest in major emerging market countries after crisis-hit Argentina, where price increases stand at an annual 50.9%. Argentina signed a $50 billion rescue deal with the International Monetary Fund in 2018. Erdoğan has ruled out IMF money and says Turkey's economy is strong. Despite Turkey's galloping inflation, the next move in interest rates is likely to be down rather than up, as the government pursues a "new economic model" of low interest rates and a weak lira.

Transport prices rose by 68.9% and the price of food and non-alcoholic drinks by 55.6%. Annual producer price inflation jumped to 93.5% from 79.9% in December. Prices gained by a monthly 10.5%.

To help stem the lira's losses, the central bank has intervened heavily in the currency markets and Erdoğan announced a scheme in late December linking some Turkish lira bank deposits to the dollar. The lira has dropped by 2% against the dollar so far this year. (TurkStat 03.02)

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* 1. Turkey's Trade Deficit Triples in Sign of Trouble for Erdoğan’s Economic Plans

Turkey's trade deficit more than tripled in January, signaling that President Erdoğan's plans to create a current account surplus for the nation’s economy may be undermined by growth in imports. The trade deficit widened to $10.4 billion from $3.06 billion in January 2021, as imports climbed by an annual 55.2% to $21 billion, driven by purchases of energy products, the Trade Ministry said on 2 February, citing preliminary data. Exports rose by 17.3% to $17.6 billion.

Erdoğan has made export growth and a surplus for the current account – the widest measure of the flow of capital and goods in and out of the country - a centerpiece of his government’s economic program, which has also focused on driving down interest rates at the expense of inflation. Inflation in Turkey jumped to 36.1% in December, the highest level since 2002.

The January trade gap occurred even after the lira slumped by 44% against the dollar last year, rendering Turkish exports more attractive in terms of price. The trade balance for January worsened partly due to a surge in global energy costs - Turkey imports nearly all the oil and natural gas that it consumes. Rising energy prices and unexpectedly harsh winter conditions had led to an increase in imports. In December, the trade deficit increased by an annual 49.3% to $6.79 billion as imports grew by 29.9% and exports by 24.9%. (Ahval 02.02)

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* 1. Turkey & Ukraine Sign a Free Trade Agreement

On 3 February, Turkey and Ukraine signed a free trade agreement in Kyiv. Turkish President Erdogan visited the Ukrainian capital for the 10th High-Level Strategic Council with Ukraine. The two states are targeting $10 billion in bilateral trade volume. In 2021, bilateral trade jumped 59% in value to $7.4 billion.

Turkey and Ukraine have had good relations for some time. Turkey sold Ukraine its Bayraktar TBT 2 combat drone in 2018. Last year, Ukraine used the drone for the first time in its war with Russian-backed separatists in the east. A Ukrainian commander recently told Al-Monitor that the Turkish drones have boosted the military's confidence amid the ongoing conflict. Ukrainian President Zelensky has also been urging Ukrainians to vacation in Turkey. Turkey was the top foreign investor in Ukraine in 2020, investing $400 million there.

Erdogan’s visit comes at a crucial time for Ukraine. Russia has been amassing its troops on the eastern border for weeks. Some in Ukraine fear an invasion may be imminent, though the Kremlin denies it. Russia is opposed to Ukraine joining the North Atlantic Treaty Organization (NATO). Negotiations are ongoing, but the United States has so far refused to back down on Ukraine eventually joining NATO. Amid the recent tensions, Turkish officials have worked to reassure Russia, for example reaffirming Turkey’s commitment to security in the Black Sea. (Al-Monitor 02.02)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Six Israeli Restaurants Ranked Among Top 50 Eateries in the Middle East

The Times of Israel reported that In the first-ever list of its kind, six Israeli restaurants have been ranked among the top 50 best dining establishments in the Middle East and North Africa. The highest-ranked Israeli venue was OCD Restaurant, which was third overall on the top 50 list released on 7 February, by the website theworlds50best.com. This is the first time they have ranked the region. OCD exclusively serves tasting menus that draw “inspiration from the local culture, raw materials and history.

The other Israeli restaurants on the list were George & John (9), HaBasta (14), Animar (17), Pescado (24) and Milgo & Milbar (40). With the exception of Pescado, a fish restaurant in the southern coastal city of Ashdod, all the Israeli eateries included on the list are in Tel Aviv.

The top restaurant on the list, which is sponsored by San Pellegrino and Acqua Panna, was 3 Fils in Dubai. The highest-ranked restaurant worldwide was Noma in Copenhagen, Denmark. (ToI 08.02)

\*REGIONAL:

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* 1. Vatican Opens an Embassy in the UAE

Venezuelan Archbishop Edgar Peña Parra, substitute of the Secretariat of State at the Vatican, inaugurated the new Apostolic Nunciature in Abu Dhabi on 4 February. The new Apostolic Nunciature comes 15 years after the two countries established diplomatic relations. Archbishop Parra said the inauguration of the Vatican Embassy in Abu Dhabi coincides with the third anniversary of the signing of the Human Fraternity Document by Pope Francis, head of the Catholic Church, and Grand Imam of Al Azhar, Dr Ahmed el-Tayeb.

A high-level delegation representing the Vatican were present at the embassy opening. It included Bishop Paul Hinder, Apostolic Vicar for Southern Arabia and Monsignor Kryspin Dubiel, Chargé d’Affaires of the Apostolic Nunciature. Meanwhile, Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation, received Archbishop Parra the following day at the Expo 2020 Dubai. At the Holy See Pavilion at Expo 2020 Dubai, precious manuscripts more than 1,000 years old from the Vatican’s archives are on display.

The two sides discussed bilateral relations and joint cooperation between the two countries and ways to promote the values of tolerance and coexistence and to spread the principles of the Human Fraternity Document.

In a landmark visit, Pope Francis visited the UAE in 2019. As part of the ongoing diplomatic engagements between the two countries, last year, the UAE’s Ministry of Education signed an MoU with the Congregation for Catholic Education at the Holy See, Vatican, to strengthen their cooperation in education. It reportedly aims to ensure the protection of human rights, enhance solidarity and respect for other cultures, as well as promote the planning of student exchange programs between educational institutions. (Various 07.02)

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* 1. Morocco to Celebrate 1st Day of Ramadan on 3 April

Several astronomers have forecast that the first day of the holy month of Ramadan will fall on Sunday, 3 April in Morocco. Ramadan is predicted to last 29 days for the fifth year in a row in Morocco. The first day of Eid Al Fitr, the feast marking the end of Ramadan, is predicted for 2 May.

Ramadan is also a time when Muslims engage in meditation through prayers, including Taraweeh (extra evening prayers). Taraweeh are usually performed at mosques following al Isha (night) prayer. Chewing gums or taking any medication are also prohibited from dawn to sunset during Ramadan. Only people with chronic medical diseases or illnesses that urge them to take the pills are exempted from fasting, while children are encouraged to begin fasting once they reach puberty.

In 2020, Morocco’s citizens and residents experienced a total lockdown and a night curfew. In 2021, Morocco announced a curfew that spanned from 20:00h to 06:00 forcing people to perform Taraweeh prayers at home. As the curfew forced businesses such as restaurants and cafes to shut their doors by 19:30, it also sparked a backlash among cafe and restaurant owners who pointed out that Ramadan activities usually start in the evening as the majority of Moroccans fast during the day. It remains to be seen whether Moroccan authorities will announce similar Ramadan measures this year. (MWN 14.02)

ISRAEL LIFE SCIENCE NEWS

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* 1. Greeneye’s Precision Spraying System to On-Farm Field Trials

Tel Aviv's [Greeneye Technology](https://greeneye.ag/), the pioneer of AI precision ag spraying technology, and California's Farmers Business Network, a global farmer-to-farmer network and agtech company, announced their agreement to test Greeneye’s groundbreaking precision spraying system in FBILLION’s 2022 On-Farm Field Trials Program. FBILLION will conduct field trials in the Midwest throughout the 2022 growing season to test the efficacy of applying tailor-made herbicide programs using Greeneye’s precision spraying system across a range of geographies and field conditions.

The FBILLION field trials will support Greeneye’s commercial launch in the U.S. this spring, where it is contracted to work with farmers in the Midwest before increasing availability to other states in 2023. The Israeli company, which recently closed a $22 million funding round including investment from Syngenta and AGCO, is leading the charge to drive mainstream adoption of precision spraying by solving previous barriers including cost, accuracy and speed of delivery. It has developed proprietary AI-enabled technology that can detect and spray weeds amongst crops (green on green) with 95.7% accuracy at commercial travel speed. Furthermore, the system can be retrofitted onto any brand and size of commercial sprayer, removing the need for farmers to invest in new machines. In earlier field trials, the Greeneye system was proven to reduce herbicide use by 78% and costs by more than 50% on average compared to traditional broadcast spraying.

In addition to the precision application of chemicals, Greeneye’s system collects and analyzes high-resolution data from the field, providing users with valuable insights on weed populations, crop stand count, diseases and more. Farmers can use these insights to introduce more effective herbicide programs that are not affordable when sprayed on a broadcast basis. Combined with the system’s ability to identify weeds down to a species level, this provides a clear path to tackling the growing threat to global food production posed by herbicide-resistant weeds. (Greeneye Technology 02.02)

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* 1. NRGene & Philoseed Major Milestone in Developing ToBRFV High Resistance Tomatoes

NRGene and Philoseed announced a major milestone in the development of high resistant tomato varieties to overcome the tomato brown rugose fruit virus – ToBRFV. This advance encompasses the discovery of a unique region in the tomato genome, essential to the tomatoes’ resistance to the virus. The companies are in the process of patent protection of this previously unreported genomic region.

The highly contagious tomato virus has been spreading rapidly in Europe, Asia, Africa, and in parts of Mexico and the US, threatening the tomato industry worldwide. In an effort to combat the virus, NRGene and Philoseed partnered in November 2020 to develop varieties resistant to ToBRFV, leveraging NRGene’s predictive computational abilities and Philoseed's unique resistance source and breeding expertise.

This discovery of a unique tomato genomic region is another step forward towards complete resistance solution. It will facilitate the development of DNA markers and seeds of ToBRFV high resistance (HR) tomato varieties and is expected to be completed by the end of 2022. NRGene is currently offering immediate access to the discovered genomic region and DNA markers, and has already signed several commercial contracts, commercializing ToBRFV HR trait with Israeli, European and US companies.

Ness Ziona's [NRGene](http://www.nrgene.com) is a Genomics company that provides turnkey solutions. Relying on a vast proprietary database and AI-based technologies, they provide the largest seed and food companies in the world with the computational tools they need to maximize their crop yield, significantly saving them time and cost. Moshav Yashresh's [Philoseed](http://www.philoseed.com) is a tomato breeding company with vast experience in tomato seeds and produce marketing and was established by a group of senior experts from Israel’s leading seed companies. Philoseed integrates tomato seed state-of-the-art know-how in breeding, agro-technology, and production. Their goal is to lead the global seed industry in the breeding of novel superior tomato varieties. (NRGene 02.02)

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* 1. Texas Medical Technology invests in Olive Diagnostics Toilet-mounted Urinalysis Device

Houston's Texas Medical Technology, a leading manufacturer and distributor of medical supplies and equipment, announced a substantial investment in Jerusalem's [Olive Diagnostics](https://www.olive.earth/%E2%80%8E), a med-tech company transforming at-home urinalysis testing with a passive, continuous home monitoring system mounted on a toilet. Olive’s KG device is a hands-free, non-invasive, artificial intelligence (AI)-based device that provides remote 24/7 diagnostics by detecting urine’s molecular composition.

Texas Medical Technology’s investment in Olive Diagnostics will support the company's mission to help people and businesses sustain a safer, healthier lifestyle. Olive’s KG device, mounted on any toilet, serves as the first hands-free digital urinalysis tool in the world. The company’s cloud-based AI system calculates molecule concentrations in the user’s urine, utilizing proprietary algorithms to analyze and track collected data, alerting the user of any changes or anomalies.

The diagnostic tool combines the best in biochemical and spectroscopy research with the latest in biomedical science, AI and data analytics. Clinical trials at Hadassah Ein Kerem in Jerusalem, run and analyzed by third party Technostat, confirmed the Olive system’s ability to effectively detect protein in urine in over 900 samples, proving more effective than traditional urine sticks. The diagnostic tool is currently utilized by four assisted living facilities in Europe.

The partnership between Texas Medical Technology and Olive Diagnostics is part of a wider commitment towards building MetaHealth, a virtual platform akin to the Metaverse, which will ultimately allow decision makers to execute the needs of healthcare networks through an avatar. This Metaverse for health will become pivotal in the future to change, enhance, and possibly transform health care. (TMT 01.02)

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* 1. Rafael and Curesponse to Collaborate on Precision Oncology Platform

Rehovot's [Curesponse](http://www.curesponse.com) and Haifa's [Rafael](https://www.rafael.co.il) are collaborating on integrating Artificial Intelligence capabilities in precision oncology platform. This collaboration combines Rafael's vast array of combat-proven AI and Machine Learning capabilities with Curesponse's cutting-edge, personalized oncology technologies in the fields of Drug Response, the Tumor Microenvironment (TME) and Molecular Biology to bring a unique, accurate and combined Genomic-Functional drug sensitivity platform to cancer patients.

For over a decade, a scientific team at Israel's Weizmann Institute of Sciences has published significant research in leading scientific journals on tumor microenvironment interactions. These findings led to the development of the cResponse platform, designed to provide critical and actionable information for clinicians and patients.

Curesponse is a cancer precision medicine company whose platform, cResponse, accurately and timely predicts a patient's response to cancer treatment. cResponse allows for rapid genomic sequencing combined with a 3D functional assay which preserves the Tumor Microenvironment. Results are empirical, based on the actual response of the tumor tissue, rather than statistical probabilities provided by genomics and bioinformatics.

Rafael Advanced Defense Systems has pioneered advances in defense, cyber and security solutions for air, land, sea and space. Rafael's innovations are based on extensive operational experience and understanding of evolving combat requirements. It enables the rapid development of effective solutions for complex battlespace challenges. (Curesponse 04.02)

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* 1. Israeli Research Could Allow People Suffering from Paralysis to Walk Again

People suffering from chronic paralysis may soon be able to walk again thanks to spinal cord implants created in groundbreaking research at Tel Aviv University. A peer-reviewed paper by a research team in Israel in the journal Advanced Science described an experimental approach for repairing spinal cord injuries. Researchers at Tel Aviv University attempted to repair the spinal cords in injured mice using adult human cells that had been engineered to behave like embryonic stem cells, which can develop into any type of cell in the body.

The animals' spinal cords had formed scar tissue, which has impeded any benefit of such cells in earlier studies. The researchers first allowed the stem cells to flourish in a special test tube environment, only transplanting them into the mice after the cells had matured into a small network of nerve cells and after the scar tissue had been surgically removed. They reported achieving an 80% success rate in restoring movement and sensation to the paralyzed mice. All the recently paralyzed mice tested were able to regain their ability to walk within three months, while 12 of the 15 mice with chronic paralysis showed marked improvement in their ability to walk six weeks after receiving the implant.

The researchers said they aim to launch human trials within a few years. Efforts to use such stem cells to help the spine repair itself and restore the function of organs and limbs have yet to produce an approved treatment in humans. (ILH 08.02)

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* 1. Sensifree & Cleveland Clinic to Develop Non-Invasive Blood Pressure Monitor

Sensifree announced the launch of a joint development program supported by the BIRD Foundation, with Cleveland Clinic. Sensifree will develop the next generation of a device for non-invasive monitoring of blood pressure and other hemodynamic parameters. The product is intended for professional use and is expected to improve quality of care, patient safety and medical outcome of hospitalized patients. Cleveland Clinic will test and clinically validate the device.

Kfar Saba's [Sensifree](http://www.sensifree.com) is a medical device company developing products based on its patent pending, proprietary technology for advanced hemodynamic monitoring. The Company's first product, a continuous, non-invasive blood pressure (cNIBP) monitor, is designed for use in hospital's critical care settings. cNIBP monitoring would allow to identify episodes of low BP, which is a major risk factor in the development of post-surgical complications and mortality. (Sensifree 08.02)

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* 1. MedHub Completes Multi-Center Validation Study & Raises $1 Million in New Financing

MedHub has successfully secured $1 million bringing the total sum raised to $4.2 million. In addition, MedHub completed its pivotal validation study, intended to support the Company's FDA application. The study yielded outstanding results, with data showing, amongst others, that AutocathFFR's accuracy exceeds 90%, as compared to invasive FFR procedures. Carried out at multiple centers, the study evaluated more than 300 patients. It demonstrated the system's clinical predictive value across a full range of coronary physiology, including complex lesion assessment in bifurcations and calcified lesions. The study also demonstrated that the AutocathFFR™ system could perform non-invasive, objective, multi-vessel, physiologic measurements to support PCI decision-making. MedHub has submitted a 510(k) premarket notification to the U.S. FDA for regulatory clearance of its AutocathFFR™.

MedHub's AutocathFFR is the only 2D angio-based FFR capable of transforming routine x-ray coronary angiography into objective and comprehensive physiological information, including automatic stenosis detection and anatomical structure identification to help physicians optimize decision making, including whether a stent is needed. The MedHub AutocathFFR System is a non-invasive diagnostic solution designed for use in real-time, during routine coronary angiography and offline post-procedure, to determine whether a complete procedure is deemed to be a necessity.

Based in Tel Aviv, [MedHub](http://www.MedHub-AI.com) provides the world's most efficient and user-friendly image-based FFR system, built on revolutionary AI technology. The MedHub AutocathFFR is commercially available and has already been implemented in 4 large hospitals. MedHub's vision is to streamline and improve cardiac catheterization procedures by eliminating costly, invasive supplementary procedures and replacing them with image-based software. (MedHub 08.02)

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* 1. OneStep Partners with Kinomatic to Enhance Physical Therapy for Surgery Patients

OneStep announced a partnership with California's Kinomatic, a leader in smart surgery. OneStep's physical therapy app will be available for pre-op and post-op recovery programs to all patients using Kinomatic's VR solution. Kinomatic patients will be accompanied online by a dedicated physical therapist and will receive personalized regimens, and objective, quantifiable, 24/7 feedback through OneStep's motion-sensing app, empowering them on their path to recovery.

OneStep's innovative technology harnesses the ever-present power of the smartphone to analyze gait in a natural setting, bringing immediate, easy-to-understand, around-the-clock feedback directly to patients and their physical therapists – turning the smartphone into an accessible, state-of-the-art alternative to lab-based gait analysis. OneStep's licensed physical therapists regularly meet with patients online to establish a personal recovery plan which is continuously adapted to the patient's demonstrated progress and ultimately, ensures patients get back to the life they love.

Founded in 2019, Tel Aviv's [OneStep](https://www.onestep.co/) is on a mission to redesign physical therapy, making it convenient, innovative, and exceptionally effective for anyone with a smartphone. The company's science-based technology can turn any smartphone into a clinical-grade gait lab, offering immediate gait detection and comprehensive real-time analysis for physical therapists and patients. The app provides access to experienced physical therapists, a personalized recovery plan, and instant feedback, enabling patients to stay engaged and measure improvement in real-time with a state-of-the-art physical therapy platform in their pocket. (OneStep 08.02)

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* 1. MeaTech Reveals Promising Results with Muscle Stem-Cell Differentiation

MeaTech 3D revealed significant improvement in its differentiation process from stem cells to muscle fibers. The company has succeeded in accelerating the formation of real living muscle fibers and enhancing their quality to mirror key characteristics of farm-raised meat. These results show the process in which bovine stem cells were isolated, proliferated in the lab, and differentiated into matured muscle cells with improved muscle fiber density, thickness and length. Based on these improvements, MeaTech has filed a provisional patent application with the USPTO.

The professionalism and capabilities of a small, elite, and goal-oriented technological team are enabling MeaTech to achieve significant and groundbreaking achievements efficiently and quickly, giving the company a clear competitive advantage in an industry that is on a secure path to changing our lives and the way we consume meat.

[MeaTech](https://meatech3d.com) is an international food technology company at the forefront of the cultured meat revolution. The company is listed on the Nasdaq Capital Market under the ticker "MITC". MeaTech initiated activities in 2019 and maintains facilities in Ness Ziona, Israel and Antwerp, Belgium. The company believes cultivated meat technologies hold significant potential to improve meat production, simplify the meat supply chain, and offer consumers a range of new product offerings. (MeaTech 3D 08.02)

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* 1. Vensica Closes $19 Million Round with Investment from Strategic Partner Merz

Vensica Therapeutics has closed a $19 million investment round. Vensica executed a strategic collaboration agreement with Merz Therapeutics in 2021 and the Merz Group is participating in Vensica's financing with up to $3 million, bringing the total round to up to $19 million. The round was led by Israel Biotech Fund (IBF) with the participation of Laborie, Lew Pell, Agriline and The Trendlines Group.

Frankfurt, Germany's Merz Therapeutics, a business of the Merz Group, is a leader in the field of neurotoxins. Vensica has exclusively licensed Merz's botulinum neurotoxin A (Xeomin®) for needle-free use in urological procedures.

Vensica is unlocking the potential of neurotoxins in urology by developing minimally invasive solutions using the unique properties of therapeutic ultrasound to deliver botulinum toxin A to the bladder. Vensica's needle-free drug delivery platform is intended for the treatment of urological indications including overactive bladder, neurogenic bladder, and interstitial cystitis. Today's gold standard treatment requires needle injections of the neurotoxin into the bladder wall. Vensica's needle-free platform is expected to enable a far superior patient experience resolving needle-associated issues including pain, and urinary retention, making a generally more complicated procedure easier. Vensica's platform is anticipated to facilitate more efficacious treatment through more uniform delivery of the neurotoxin to the bladder wall.

Founded in 2015, Netanya's [Vensica](https://vensica.com/) is developing a unique platform for drug delivery for several urinary bladder indications, based on a proprietary ultrasound-assisted drug delivery system. (Vensica Therapeutics 07.02)

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* 1. BASF Venture Capital & Orbia Ventures Invest in FortePhest

BASF Venture Capital GmbH (BVC) and Orbia Ventures announced their Series-B investment in FortePhest. Founded in 2017, FortePhest is developing a new technology to combat herbicide-resistant weeds and invasive plants. Inspired and informed by natural plant processes, the company supports crop protection on a global scale by implementing this technology. BASF Venture Capital and Orbia Ventures are joined by Sherpa InnoVentures, SIBF II and other investors for this funding round. Funding parties have agreed not to disclose the financial details of the investment.

The new technology aims to solve one of the most important challenges currently facing crop protection. As more than 250 weeds and invasive plant species are resistant to over 150 herbicides in use at present, innovative solutions are needed to meet the sustenance needs of a growing world population. FortePhest has pioneered the development of several classes of herbicides with a new mode of action to inhibit the growth of weeds, with no harm to high-value corn, wheat, and other important crops. FortePhest is developing proprietary herbicides (H-Forte) which disrupt the homeostasis of free amino acids in plant cells and selectively target a weed’s meristems, stopping developments of shoots and roots.

Founded in 2017, Ness Ziona's [FortePhest](http://www.fortephest.com) is a biotechnology company focused on crop protection. The Company is developing innovative products to control both regular weeds and weeds which are resistant to herbicides. This is done by exploring novel Mechanisms of Action (MOA) discovered in plants. Inspired by natural plant protectors, our technology is intended to provide potent, environmentally friendly, and sustainable solutions to improve crop productivity. Their technology is based on research of teams of scientists from Cornell University, The Weizmann Institute of Science and the Hebrew University of Jerusalem. (BVC 10.02)

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* 1. CytoReason & Pfizer Leverage Machine Learning in Drug Development

CytoReason announced the extension of its collaboration agreement with Pfizer. CytoReason has established itself as a global leader in computational modeling of human diseases. The company's multidisciplinary team of 65 leading biologists, bio-informaticians and data engineers has developed a technology that enables pharma and biotech companies to speed up drug R&D and bring novel therapies to the patients who most need them.

Since launching the collaboration in 2019, Pfizer has used CytoReason's models in Pfizer's research to enhance the understanding of the immune system in pursuit of developing innovative drugs. CytoReason's platform has provided Pfizer with multiple insights in a number of R&D programs across over 20 diseases.

Tel Aviv's [CytoReason](http://www.cytoreason.com) is a leading technology company developing computational disease models. The company collects proprietary data from pharmaceutical companies and uses it to simulate human diseases – tissue by tissue, cell by cell. With CytoReason's massive database and AI-led platform, pharma and biotech companies can identify new opportunities, shorten trial phases, reduce development costs, and increase the likelihood of approval. To date, five of the world's top ten pharma companies use CytoReason's technology. (CytoReason 10.02)

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* 1. Wilk Receives U.S. Patent for Cell-Based Milk Production Methods & Systems

Wilk has been awarded patent approval for Methods and Systems for in-Vitro Milk Production from the U.S. Patent and Trademark Office, making the company an exclusive patent holder for research methods and technologies for cultured milk and breastmilk production. Wilk is developing industrial processes for producing both human and animal milk from milk-producing mammary cells. Its technology enables the sustainable and cost-effective manufacture of real cultured milk – with all its components and ingredients – in such a way that reduces greenhouse emissions, preserves natural resources and improves the overall quality of animal life.

The patent covers the methods and systems required for these processes. Resulting benefits will include, for the first time, the ability to produce real milk without the need for animals, real breastmilk from human mammary cells, and the systems and processes that simplify the separation of milk components from the cultured cells in a manner that will maximize efficiency.

The patent provides the required long-term protection and reinforcement of the Wilk's intellectual property and IP protection systems. The company is submitting additional applications for patent approvals, including one for increasing the Production of Milk in a Cultured System. Details of this request focus on methods for growing cells in a culture and overcoming the factors that currently limit the level of secretion to facilitate the increased production of essential milk components.

Rehovot's [Wilk](https://www.wilkismilk.com/%E2%80%8E) operates at the crossroads of Biotech and FoodTech, developing technologies for producing cultured human breast and animal milk. Having launched operations in 2020, the company is introducing laboratory production processes that replicate the milk-producing cells of humans and other mammals to create 100% real milk and milk components in laboratory settings. Wilk (formerly BioMilk) is publicly traded on the Tel Aviv Stock Exchange under the ticker symbol "WILK." (Wilk 10.02)

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* 1. Scopio Raises $50 Million to Take a Deeper Look into our Blood Cells

Scopio Labs announced a $50 million investment for its end-to-end hardware and software platform for digitizing, quantifying and analyzing hematology and other digital cytology samples. The Series C round included OurCrowd, Aurum Ventures, Mizrahi-Tefahot Bank Invest and Ilex Medical, with the participation of strategic investors operating in the field and existing investors.

Scopio has created a full end-to-end workflow to digitize and analyze blood samples. Scopio's custom-designed "X100" digital slide-scanning device uses computational photography to produce ultra-high-resolution images of entire sample slides. The full digitized slide can then be explored, scrolled and zoomed at 100X magnification to get ultra-sharp views of individual cells, visible in the full context of the sample. Once scanned, Scopio images can be accessed anywhere, freeing hematopathologists and clinicians from the lab and the microscope so they can review and collaborate wherever they are.

With high-quality digital images of slides now available for the first time, Scopio has also developed AI-based decision-support solutions to analyze them. The company's FDA-cleared and CE-marked Full-Field Peripheral Blood Smear (Full-Field PBS) Application supports detection, pre-classification and quantification for blood cells. More AI solutions are under development, including for bone marrow aspirates (BMA).

Founded in 2015, Tel Aviv's [Scopio Labs](http://scopiolabs.com/) is transforming 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, expediting patients' access to life-saving treatments. Solving the tradeoff between field-of-view and resolution, Scopio enables 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 makes the diagnosis process more efficient and consistent across the continuum of care. (Scopio Labs 09.02)

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* 1. Mon4t Sets up a US Subsidiary

Binyamina's [Montfort Brain Monitor (Mon4t)](https://mon4t.com/), that provides remote neurological evaluation by using smartphone technology and AI, announced the opening of its US based operations in New York City, NY. Mon4t's FDA-approved solution leverages smartphone technology and AI to conduct remote, digital neurological monitoring and tests for patients with neurological disorders, such as Parkinson's disease, psychiatric disorders (like schizophrenia), as well as for patients with Long-COVID19 symptoms (the latter may present symptoms similar to neurological conditions).

Like other Israeli digital health companies, Mon4t has seen a dramatic change and global interest in the last couple years, as part of the Telehealth revolution. According to McKinsey, the market grew x38 since the beginning of the pandemic, while the tele-neurology market potential in the US alone is over $50 billion.

Mon4t's smartphone application monitors neurological symptoms such as gait, tremor, reaction time and memory, in real time and remotely. The FDA-cleared Mon4t solution uses existing smartphone sensors to perform neurological tests for patients who suffer from a variety of neurological conditions. (Mon4t 04.02)

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* 1. Tel Aviv & Dubai Hold Joint Online Seminar and Partner on Women’s Health

Sheba Medical Center in Tel Hashomer and Medcare Women & Children Hospital in Dubai hosted a first-ever joint educational online seminar on 3 February to enhance learning on women’s care. The event, which attracted medical professionals from across the region, was focused on Polycystic Ovary Syndrome.

Since the signing of the Abraham Accords in September 2020, Sheba has been stepping up collaborations in both the United Arab Emirates and Bahrain, with a special focus on medical education.

Last April, Sheba signed an agreement with Al Tadawi Healthcare group to provide treatment to diabetics in Dubai through the hospital’s “Sheba BEYOND” telemedicine program. The hospital also signed a deal with the UAE’s APEX National Investment to promote a range of health-care solutions in the region. (JNS 04.02)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Gilat Announces Launch of SkyEdge IV, Next Generation SATCOM Ground System

Gilat Satellite Networks announced the launch of SkyEdge IV, a next generation satellite communication ground system, aiming to capture a leading position of the multibillion-dollar emerging VHTS market opportunity. SkyEdge IV will increase operational efficiencies due to scalable software centricity and provides VSAT backward compatibility to preserve SkyEdge II-c customer investment.

SkyEdge IV was built to lead the revolutionary Elastix-Era of satellite communication, where multi-orbit constellations and very high throughput satellites (VHTS) answer the demand for ubiquitous connectivity for fixed and mobility sites anywhere, answering the promise of the cloud, 5G and IoT. Gilat's SkyEdge IV is a multi-orbit, multi-service platform built to work in harmony with software defined satellites and support cloud software defined network (SDN) centric infrastructure. The platform is equipped with Elastix-TotalNMS to orchestrate network management for a unified network. Furthermore, SkyEdge IV includes Aquarius, a family of ultra-high-performance VSATs reaching over 2Gbps total throughput. An Elastix-Access Scheme simultaneously supports any application, even in the most demanding and dynamic conditions. In addition, SkyEdge IV maintains backward compatibility to Gilat's renowned SkyEdge II-c VSATs.

Petah Tikva's [Gilat Satellite Networks](http://www.gilat.com) is a leading global provider of satellite-based broadband communications. With 30 years of experience, they design and manufacture cutting-edge ground segment equipment, and provide comprehensive solutions and end-to-end services, powered by their innovative technology. Delivering high value competitive solutions, our portfolio comprises of a cloud based VSAT network platform, high-speed modems, high performance on-the-move antennas and high efficiency, high power Solid State Amplifiers (SSPA) and Block Upconverters (BUC). (Gilat 02.02)

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* 1. ironSource Helps Developers Maximize Revenue in Mobile Apps & Games

ironSource launched App Analytics. Designed specifically for apps and games, App Analytics further empowers developers with essential insights on user engagement and live operations support to drive growth and revenue. With the addition of App Analytics, the ironSource platform effectively creates the industry’s first one-stop-shop for developers to better monetize, scale their user base, and access complete app data for optimization - all in one place.

App Analytics offers deep insights into the inner workings of an entire app or game, with data on user behavior, playtime and progression. App Analytics will also offer live ops software, allowing developers to manage their A/B testing and remotely configure their app without the need to release a new version. With this product, app developers can gauge the impact of changes to their app’s inner workings, from app design to in-game mechanics and in-app monetization. Additionally, anyone working on the app can instantly gain greater visibility - from the CEO to the product manager to the game designer - with access to the information they need to decide where to invest resources to maximize revenue, user retention, and growth.

Tel Aviv's [ironSource](http://www.is.com) 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 03.02)

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* 1. MySize Launches FirstLook Smart Mirror Omnichannel Solution for Retailers

MySize announced the availability of its FirstLook Smart Mirror, an interactive, mirror-like touch display that provides shoppers in physical stores with an enhanced, online shopping experience and contactless checkout. In partnership with GK Software (previously announced in November 2021) MySize has already integrated the MySizeID solution to coud4retail by GK Software, and now lunched the MySizeID FirstLook Smart Mirror provides an interactive, mirror-like touch display that allows brands to provide in-store customers with an enhanced, online shopping experience, contactless checkout and get the recommended size. GK Software has more than 359,000 installations in over 65 countries, as a major player in the international market for retail solutions.

The MySizeID FirstLook Smart Mirror seamlessly fits into any retail environment, whether in the fitting rooms (version with no camera) or other high-traffic, strategic locations. Shoppers scan a barcode in-store and receive a size recommendation for the specific apparel item, via their MySizeID profile. Selected items are brought to specific POS locations within the store (SmartMirror kiosk, Checkout point, fitting room etc.), for a seamless, hassle-free checkout.

Airport City's [MySize](http://www.mysizeid.com) is the developer of a unique sensor-based measurement technology and the owner of several patented algorithms that capture and calculate measurements in different ways. The Company's technology is one of a kind in its agility, fitting our algorithm to different markets and verticals. MySize has developed a unique measurement technology based on sophisticated algorithms and cutting-edge technology with broad applications, including the apparel, e-commerce, DIY, shipping, and parcel delivery industries. This proprietary measurement technology is driven by several algorithms that are able to calculate and record measurements in a variety of novel ways. (MySize 03.02)

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* 1. Sternum’s Solution Beats BotenaGo Malware Targeting Millions of Devices

Sternum revealed a successful live-fire test of its smart device security platform against BotenaGo malware. Sternum’s unique solution, which looks out for generic fingerprints of an attempted attack to protect the device’s runtime integrity, kept an unpatched device protected in multiple attacks utilizing an exploit from the virus’s arsenal.

Botnet malware seeks out vulnerabilities in millions of IoT devices and uses those to deploy malicious payloads, granting the hacker control over affected targets. BotenaGo, the new addition to this malware class, first came up on radars in November 2021 as a sleek and dangerous virus, packing 33 vulnerabilities tailored to infect millions of routers. Sternum pitted the malware against its unique IoT security solution in a live-fire trial on an off-the-shelf vulnerable device. First, the company’s team used a command injection exploit from the virus’s arsenal to infect an unpatched and unprotected Zyxel NAS326 cloud storage device. To confirm the successful attack, the security experts switched the light indicators on the device’s front on and off through the malware.

Then, Sternum researchers installed the company’s solution on the device, still unpatched, and ran the attack again multiple times. The solution successfully protected the cloud storage unit, striking down the infection attempts. It also automatically collected all the necessary forensics data such as timestamps and IP addresses involved in the attacks, pinpointing the vulnerabilities in the device’s firmware and offering automatic root-cause analysis.

Tel Aviv's [Sternum](https://www.sternumiot.com/%E2%80%8E), the provider of the first universal IoT platform for security and observability offering runtime protection and visibility to IoT devices, was founded in 2018 by 8200 veterans with a profound understanding of both defender and attacker mindsets. With a goal to deliver one unified and powerful platform to all IoT devices across sectors, Sternum set out to build an uncompromising, innovative technology. (Sternum 07.02)

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* 1. RightHear wins Konnect - Volkswagen Startup Challenge for Accessible Services

RightHear won the Konnect - Volkswagen Startup Challenge for Accessible Mobility Services. The award recognizes how RightHear's solution empowers the visually impaired and blind community to lead fully independent lives. In the Startup Challenge, Konnect and Volkswagen Commercial Vehicles screened more than 30 Israeli startups. In the final round 10 of them pitched in front of a team of experts from Konnect and VW Commercial Vehicles in Germany. RightHear won a €25,000 proof-of-concept with VW Commercial Vehicles, for helping people with navigation and orientation challenges better access their environments.

RightHear's technology leverages Bluetooth iBeacons which are strategically installed in public venues to provide "talking signage". Users receive real-time, geo-specific information directly to their smartphones via the RightHear app, helping them navigate their environment confidently and safely. And it's all completely free. RightHear is helping many sectors, including travel, retail, and hospitality to adapt their physical spaces so anyone and everyone - regardless of their challenges - can experience life equally.

Ra'anana's [RightHear](https://www.right-hear.com/) enables visually impaired people orient themselves inside public enclosed buildings such as shopping malls, hospitals, universities, etc. It uses iBeacon technology, a protocol developed by Apple, which identifies a user’s exact location indoors, even if there’s no satellite reception or the GPS component is completely inactive. The app directs them to various places within the building and enables them to call for help whenever needed. In short, it empowers people who otherwise would not be able to go shopping or any other activity on their own to be almost completely independent. (RightHear 08.02)

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* 1. Infinidat Unveils Significant Enhancements to the InfiniGuard Platform

Infinidat announced a new version of InfiniGuard, featuring significant new enhancements to expand cyber resilience with InfiniSafe technology and double system performance for modern data protection, backup, disaster recovery and business continuity. The comprehensive cyber resilience capabilities of InfiniSafe technology improve the ability of an enterprise to combat and protect against ever-increasing cyberattacks and data breaches by uniquely combining immutable snapshots, logical air gapping, fenced/isolated networks and virtually instantaneous data recovery into a single, high-performance platform.

Infinidat has expanded the InfiniGuard platform to include logical local and remote air gapping and fenced/isolated networks uniquely in the same platform. Logical air gapping creates a gap between the source storage and the immutable snapshots, while remote air gapping sends data to a remote InfiniGuard system. The fenced/isolated network provides a safe location to provide forensic analysis of backup datasets to identify a copy of the data that is free from malware or ransomware and can be safely restored. Once a backup dataset without malware or ransomware has been identified, the data can be recovered, regardless of the size of the dataset, in minutes and made fully available to the backup software for restoration.

Herzliya's [Infinidat](http://www.infinidat.com) helps enterprises and service providers empower their data-driven competitive advantage at scale. Infinidat’s software defined storage architecture delivers microsecond latency, 100% availability and scalability with a significantly lower total cost of ownership than competing storage technologies. The company offers an award-winning portfolio of enterprise storage solutions for primary and secondary storage deployments. (Infinidat 09.02)

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* 1. Orca Security Provides Expanded CIEM Capabilities and Multi-Cloud Security Score

Orca Security announced new product capabilities that further simplify cloud security and compliance operations. For the first time, security teams can manage their cloud security configuration, protect workloads, manage infrastructure entitlements, achieve broad regulatory compliance, and benchmark their cloud security from a single agentless multi-cloud platform. Orca Security's context-aware engine unifies the intelligence collected from deep inside the workload with cloud configuration and infrastructure entitlement details to immediately surface risks and their root cause. Further updates to Orca Security include support for over forty compliance frameworks and Orca Security Score – the first-ever benchmark to help organizations compare their multi-cloud security posture to industry peers and across their own business units.

Cloud infrastructure entitlements management (CIEM) is an essential capability within modern cloud security platforms. Orca Security monitors all identities, roles, groups, permissions, and policies deployed in a public cloud environment, and alerts teams when there are violations in identity management best practices, such as the principle of least privilege access. Unlike traditional CIEM solutions, which are limited to cloud-managed identities, Orca Security maps unmanaged identities, such as private SSH keys, cloud provider keys stored in files, environment variables containing secrets, and improperly stored passwords that could be used for lateral movement. By combining CIEM, CSPM, and CWPP capabilities into a single CNAPP platform and data model, Orca Security can flag attack chains containing risky combinations. For example, an infected workload that can assume a high privileged instance role allowing access to a database with PII is prioritized for immediate remediation.

Tel Aviv's [Orca Security](https://orca.security) provides instant-on security and compliance for AWS, Azure, and GCP － without the gaps in coverage, alert fatigue and operational costs of agents or sidecars. Simplify cloud security operations with a single CNAPP platform for workload and data protection, cloud security posture management, vulnerability management, and compliance. Orca Security prioritizes risk based on the severity of the security issue, its accessibility, and business impact. This helps you focus on the critical alerts that matter most. Orca Security is trusted by global innovators, including Databricks, Autodesk, NCR, Gannett and Robinhood. (Orca 10.02)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's Fiscal Deficit Continues to Narrow

Israel had a fiscal deficit of NIS 3.3% of GDP in the past 12 months to the end of January 2022, the Ministry of Finance Accountant General reported on 10 February in its initial estimate. This was a reduction from the 4.5% forecast at the end of December 2021. This is much improved from the 11.7% budget deficit at the end of 2020 and even an improvement on the pre-COVID situation. The budget fiscal deficit was 3.7% at the end of 2019.

There was an NIS 18.5 billion budget surplus in January 2022 due to a dramatic increase in government revenues to NIS 48 billion, up 38.9% from January 2021. Government expenditure in January 2022 was NIS 29.5 billion, down 15.1% from January 2021, when government expenditure was high due to economic assistance during the third lockdown. Without that government assistance, government expenditure rose 4.8% in January 2022. In light of this data, the Israeli government can well afford the NIS 4.4 billion package it unveiled recently to lower the cost of living. (Globes 10.02)

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* 1. Foreign Exchange Reserves at the Bank of Israel in January 2022‎

Israel’s foreign exchange reserves at the end of December 2021 stood at ‎‎$208.75 billion, a decrease of $4.247 billion from their level at the end of ‎the previous month. The level of the reserves relative to GDP was 45.7%.‎

The decrease was the result of: a revaluation ‎ that decreased the reserves by approximately $3.745 billion and private sector transfers of approximately $2,161 million. In contrast, the decrease was partly offset by foreign exchange purchases by the Bank of Israel totaling approximately ‎‎$356 million and government transfers from abroad totaling approximately $1.303 billion. (BoI 07.02)

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* 1. Record New Housing Sales in Israel During 2021

The Central Bureau of Statistics announced on 14 September that over 56,000 new homes were sold in Israel in 2021, up 37% from 2020, a new record. One third of the new homes were in Tel Aviv, Ashkelon, Jerusalem, Bat Yam, Netanya and Modi'in. This is the first major real estate figure summing up 2021, which saw the largest ever number of real estate deals in Israel's history.

In first place in terms of new housing sales was Tel Aviv with 4,111 homes sold, up 35.8% from 2020. Just behind in second place was Ashkelon, where 4,070 new homes were sold last year, up 51.1% from 2020. In third place was Jerusalem 2,848 (up 114.8%), followed by Ramat Gan 2,464 (up 57.7%), Bat Yam 2,057 (up 427.4%), Netanya 1,934 (up 36.3%), Modi'in-Maccabim 1,843 (up 244.5%), Rishon LeZion 1,802 (up 3.4%), Beit Shemesh 1,741 (down 19.5%), Kiryat Ono 1,480 (up 116.1%), and Nahariya 1,477 (up 90.6%). (CBS 14.02)

IN DEPTH

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* 1. ISRAEL: IMF Staff Concluding Statement of the 2022 Virtual Article IV Mission

On 8 February, the [IMF](http://www.imf.org/) issued a concluding statement concerning the preliminary findings of IMF staff at the end of an official staff visit to Israel.

The IMF said that Israel managed the pandemic exceptionally well, with a successful vaccination campaign and timely and effective government and central bank support to the economy. The economy is recovering rapidly, but risks to the outlook remain significant; economic policies will therefore need to remain agile. While the phasing out of pandemic-related measures is timely, targeted fiscal support and monetary easing may still be needed in the event that downside risks materialize.

**The 2022 fiscal stance is appropriate.** In the medium term, revenue reforms are needed to support productivity-enhancing spending and to rebuild fiscal buffers.

**Inflation pressures call for vigilance**; monetary policy should be tightened if these become more salient. Emerging financial sector risks, especially in the housing market, should be carefully managed.

**As the impact of the pandemic is receding, long-standing challenges are re-emerging**. Medium-term policies should seek to address labor market bottlenecks, reduce product market barriers, support infrastructure spending and advance climate objectives.

**Israel managed the pandemic exceptionally well.** Its world-leading vaccination campaign boosted confidence and helped mitigate the impact of the pandemic in the face of new, virulent variants. Government and central bank support were prompt and ample, underpinned by Israel’s strong economic fundamentals. The Bank of Israel’s (BOI) monetary and prudential measures provided liquidity, kept credit flowing, and prevented undue tightening of financial conditions. Fiscal measures (7.6% of GDP in 2020 and 4% of GDP in 2021) supported households, businesses and the public health system.

**After a mild downturn in 2020, the economy recovered quickly in 2021**. Real GDP exceeded its pre-pandemic level, and with growth around 6.5% in 2021, the rebound was stronger than in other advanced economies. The high-tech sector led the recovery and private consumption gained speed. Inflation—while remaining within the BoI’s target range—surged due to global factors and a rebound in domestic demand. The 2021 fiscal deficit was significantly smaller than expected due to buoyant tax revenues on the back of fast-growing domestic and global equity markets and gradual tapering of COVID-related support. Banks’ solid capital, liquidity, and asset quality allowed them to support the economy amidst low household and corporate leverage. Unemployment declined significantly and job vacancies are high across all sectors.

**The economic recovery is projected to solidify in 2022 and over the medium term**. Growth will be supported by strong private consumption, investment, and net exports. With temporary factors winding down, inflation is projected to ease and stay within the BOI’s target band over the medium term. Managing downside risks and longstanding challenges would help secure the recovery. Vaccination efforts have been successful, but new variants could present a threat to economic growth. Geopolitical risks remain and might potentially cause socioeconomic and political disruption. Tightening of global financial conditions could lead to a stock market fall, lower government revenues, and a rise in the cost of capital. Long-standing challenges of fostering increased productivity, labor force participation, and human and physical capital have also resurfaced.

The policy mix should remain agile in the face of high growth and still significant uncertainty.

**Recalibrating Fiscal Policy Priorities**

The planned 2022 fiscal stance is appropriate, and the medium-term fiscal path aims to put debt on a downward path. In 2022, pandemic support should target the most affected sectors and vulnerable population groups. With the expiration of this support, the authorities’ medium-term fiscal policy is refocusing on reducing public debt and rebuilding pre-pandemic buffers. This is appropriate given Israel’s specific needs. However, the planned consolidation relies on future expenditure restraint that may be challenging given Israel’s already low civil spending. In this regard, conducting a review of public spending efficiency would be useful. Moreover, there is scope to increase tax revenues. The tax system could be made more progressive and the tax base could be broadened, including by reducing pension tax exemptions and personal and corporate tax incentives for selected groups.

**Greater fiscal revenues would also support policy priorities to build resilience in the economy.** There is a need for greater spending on active labor market policies, the ongoing reforms of the education system, infrastructure and to support the authorities’ climate goals.

**Israel’s fiscal framework needs to be strengthened.** A review of the fiscal framework should assess the appropriateness of the fiscal rules, the necessary size of fiscal buffers, and the ability to face exceptional events. It should also consider the potential usefulness of establishing an independent fiscal council to strengthen the framework’s effectiveness.

**Keeping an Eye on Inflation**

**Accommodative monetary policy has helped provide continued support to the recovery.** At the outset of the pandemic, with the policy rate already low, the BOI reinforced its policy tools with ample liquidity provision (near 8% of GDP) through government and corporate bond purchases, and programs to incentivize lending to small and medium enterprises. As rising appreciation pressures on the shekel threatened to cause a significant decline in the rate of inflation, possibly to negative rates, in January 2021, the BOI also deployed a sizeable pre-announced program of foreign exchange intervention (6.5% of GDP). Now, amidst fast growth, orderly markets and healthy private sector balance sheets, the recent halting of liquidity support programs has been timely. The program of preannounced foreign exchange purchases has also ended.

**While contained, inflation has risen, calling for vigilance and potential tightening of monetary policy**. Inflation remains within the BOI’s target range and the appreciation of the shekel continues to restrain price growth. Nonetheless, rising service prices, a high rate of capacity utilization, and rising wages in some sectors show incipient signs of underlying inflationary pressures. One- and two-year ahead inflation expectations—while remaining within the target band—have also risen quickly in line with consumer price growth. This calls for continued close monitoring of inflation developments. If underlying upward pressures become more salient, the BOI should be ready to tighten monetary policy. In such a case, foreign exchange purchases should taper off, allowing the shekel to be determined by market forces, without precluding future purchases should appreciation pressures threaten to move inflation or inflation expectations below the target band.

**Stemming Emerging Financial Sector Risks**

**The financial system has navigated the COVID-19 crisis smoothly**. Macroprudential easing, BOI’s additional measures, and solid balance sheets allowed banks to expand credit to the economy, resulting in robust business and mortgage lending growth in 2021. The rapid economic recovery protected banks’ asset quality and boosted their profitability. The unwinding of COVID-19 support measures and the removal of restrictions on bank dividend distribution have thus been timely.

**However, housing prices and affordability are a significant concern**. The rapid rise in housing prices rekindled concerns of price misalignment, stressing the need to advance structural measures to ease housing supply. With the house price‑to‑income and price-to-rent ratios at high levels, the BOI has appropriately reversed the easing of the loan-to-value limit and the capital requirement for housing loans. Further tightening of macroprudential measures—e.g., lowering the debt-service-to-income limit—could help stem banks’ exposures to housing market risks and prevent potentially unsustainable borrowing.

**Israel’s financial regulatory architecture has served the economy well during crises**. A conservative regulatory approach has protected the financial system from excessive risk-taking. However, the push for greater competition and financial innovation will test the agility of this approach. The establishment of a committee to review the financial supervision architecture is thus welcome.

**Addressing Longstanding Productivity Challenges**

Well-targeted structural reforms could improve productivity, foster reallocation in the labor market, and prevent further widening of inequality. Contact-intensive sectors suffered disproportionately large job losses during the pandemic, while the high-tech sector continued expanding, given its adaptability to remote working and greater demand for its products. Skill and knowledge gaps could make labor reallocation across sectors challenging and costly and could affect unevenly the employment and wages of different demographic groups. Policies should focus on facilitating job creation and reallocation, removing product market barriers, and improving infrastructure:

* **Addressing skill gaps**. Active labor market policies should seek to expand vocational training to disadvantaged adults and encourage private support and enhanced quality of training programs. Recent measures to incentivize students to acquire marketable skills are welcome. A greater adaptation of the different education streams will be needed to help align student qualifications with increasingly digitalized-labor market needs. This will require an improvement of the core curriculum of Haredi students, greater Hebrew knowledge among Arab students, greater investment in basic education, and strengthening teacher quality at schools in disadvantaged communities.
* **Furthering product market reforms**. Continued efforts to reduce tariff and non-tariff trade barriers would be key to promote efficient allocation of resources, investment, and innovation. It would also help boost competition and reduce costs of trade, especially for smaller firms.
* **Improving infrastructure.** Infrastructure spending needs to accelerate further if Israel is to close the infrastructure stock gap relative to other OECD countries. Infrastructure improvements are particularly pressing in transportation to ease traffic congestion and improve job accessibility. Upgrading digital infrastructure to expand access to digital networks in poor communities will be key in supporting labor reallocation.

**The authorities have strengthened their commitment to address climate change**. They have made significant progress in developing policies to achieve their targets, including a gradual phase-in of excises on coal and other fuels between 2023–28 and a phase-out of coal energy production by 2025. However, further efforts will be needed. Options include larger increases in carbon prices and providing greater regulatory and fiscal support for Israel’s innovative green technologies. (IMF 08.02)

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* 1. ISRAEL: Financial Stability Report for the Second Half of 2021

On 14 February, the [Bank of Israel](https://www.boi.org.il/en/Pages/Default.aspx) published its Financial Stability Report for H2/21. The Financial Stability Report is published twice a year. In this report, Bank of Israel economists analyze exposure to the main risks to the financial system and assess potential risk scenarios.

The Israeli economy continued to grow in 2021, despite the COVID-19 crisis. It was helped by the vaccination of much of the population, and supported by fiscal and monetary policy. However, according to the Bank of Israel Research Department’s staff forecast, economic activity will reach the level that was expected prior to the crisis only after 2023. The financial conditions in most countries remained accommodative, but investors remain concerned about a slowdown in the pace of recovery, mainly in the emerging markets, and about the continuation of global inflation.

Financial asset prices in Israel continued to increase. Pricing indices show that the gap between financial asset prices and corporate profits is greater than in the past. Home prices in Israel increased during the crisis at a faster pace than rental prices, and the increase even accelerated in recent months. The increase in home prices is an international phenomenon, and the pace of increase in Israel is lower than the OECD average. The likelihood of a decline in home prices in the short term currently seems low, due to the increase in demand and in view of the stable level of building starts and some slowdown in building completions. The increase of land prices in Israel Land Authority tenders may work to raise home prices in the coming years.

Business sector debt increased rapidly in the past 12 months, primarily in the real estate industry. The debt to GDP ratio increased in the past year, but remains lower than in other advanced economies (73.26%). Household debt in Israel is lower than in other countries.

New mortgages taken out in 2021 were historically high, consistent with the high number of transactions in the housing market. In contrast with the rapid growth of outstanding housing debt, non-housing debt increased moderately following a sharp decline in 2020 during the height of the COVID-19 crisis. However, its growth accelerated in recent months. As of the end of November 2021, payment had yet to resume in full on about 9% of mortgages that were deferred, and on 1% of non-housing credit. The quality of total household credit is better than during the pre-crisis period.

Financial entities, led by the banks and insurance companies, maintained stability during the report period, and enjoy strong capital ratios while the market’s assessment of their risk is low. The main risk scenarios to the global economy are focused on the risk of an increase in inflation levels, the risk of a sharp decline in financial asset prices, and the risk of a new significant wave of morbidity due to the COVID-19 virus. (BoI 14.02)

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* 1. ISRAEL: Israel's Minister of Defense Visit to Bahrain Marks Major Advance

Simon Henderson posted in [The Washington Institute for Near East Policy](http://www.washingtoninstitute.org) Alert on 2 February that Israel’s diplomatic efforts in the Arabian Gulf are making further advances. On 2 February, Israeli Defense Minister Gantz flew to Bahrain - significantly, in an Israeli Air Force refueling tanker that received permission to cross Saudi airspace. Greeted by his Bahraini counterpart Abdullah bin Hassan al-Nuaimi, Gantz is also met with King Hamad bin Isa al-Khalifa and his prime minister son, Crown Prince Salman, in addition to visiting the headquarters of the U.S. Fifth Fleet and NAVCENT, the naval headquarters of U.S. Central Command.

Although Foreign Minister Yair Lapid traveled to Manama last September for the high-profile official opening of the Israeli embassy, Gantz’s visit represents a significant step forward. Building on Israel’s shift into CENTCOM’s area of responsibility, Jerusalem is now closely observing and participating in Washington’s Middle East defense planning. In essence, CENTCOM’s priority role is ensuring the free flow of oil and natural gas from the Arabian Gulf to the rest of the world. The principal perceived threat to that flow is Iran, which in recent days has been judged complicit in a Yemeni Houthi missile and drone attack on the United Arab Emirates.

Interestingly, the Gantz visit gives the perception that Israel’s relations with Bahrain have leapfrogged its ties with the UAE. Yet the increasingly overt cooperation is not without risks. Bahrain’s Sunni Muslim royal family rules a country with an estimated 65-70% Shia population. Politically underrepresented and economically disadvantaged, many of these Shia reportedly look at Iran favorably. For its part, Tehran demanded sovereignty over the island for decades until dropping the formal claim in the 1970s.

Consequently, Gantz’s visit could spur protests among elements of the Shia community and even some Sunnis who oppose links with Israel. Although high-profile displays will probably be deterred by the often heavy hand of local security forces, the U.S. embassy website has long warned the several thousand American service personnel living in Bahrain about potential Shia hostility. For instance, the site includes a map of the island showing red-marked areas where U.S. government employees cannot go and additional yellow areas where they cannot go at night. One red area is in Manama itself, close to NAVCENT headquarters. Relatedly, foreign diplomats counseled Israeli embassy staff last year against shining an image of their national flag on the new building.

It is not clear whether the details of any security pacts signed this week will be revealed in public. Traditionally, Manama has concentrated on internal security, hiring police recruits in Oman and Pakistan who can become eligible for citizenship after their years of service. Bahrain’s Air Force currently operates F-16s, and its naval forces are expanding. Some of its vessels are also participating in the current NAVCENT exercise alongside Israeli ships.

*Simon Henderson is the Baker Fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute*. (TWI 02.02)

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* 1. ISRAEL: Bennett’s Bahrain Visit Further Invigorates Israel-Gulf Diplomacy

Simon Henderson in [the Washington Institute for Near East Policy](http://www.washingtoninstitute.org) Alert of 14 February noted that Prime Minister Bennet's trip to Bahrain reflects the diplomatic competition between Manama and Abu Dhabi, and also suggests that a breakthrough with the Saudis could be close.

Another week, another senior Israeli visit to the Gulf. Earlier, Prime Minister Bennett flew across Saudi Arabia *en route* to Bahrain. The trip was even more historic and diplomatically significant than that of Defense Minister Gantz, who took the same route on 2 February to sign security agreements with the island state and visit the local U.S. Navy headquarters. Manama already opened diplomatic relations with Jerusalem in 2020, so it is unclear what extra level of relations can be achieved with such high-level visits. But given the island’s literal and political connections with Saudi Arabia, Bennett’s move will increase speculation that open, perhaps even formal, Israeli relations with Riyadh are imminent.

In part, Bahrain appears to be playing diplomatic catch-up with the United Arab Emirates, which hosted Bennett in December. The island’s ruler, King Hamad, has advocated friendships between members of different religions for years, and the island has a small, fifty-member indigenous Jewish community with its own synagogue and cemetery. Yet Crown Prince Muhammad bin Zayed of Abu Dhabi, the de facto ruler of the Emirates, has achieved a higher public profile for his country’s progress on Arab-Jewish relations. Additionally, the UAE’s economic relations with Israel appear to be much more developed than Bahrain’s, including many years’ worth of significant trade activity and, more recently, multiple daily airline flights.

Bahrain’s major diplomatic advantage is that it is linked to Saudi Arabia by a causeway, which essentially makes it an integral part of the Saudi economy. Hence, Riyadh has likely permitted and even encouraged Bahrain’s increasing closeness to Israel. Crown Prince Muhammad bin Salman, who oversees most of Saudi Arabia’s day-to-day affairs given the advanced age of his father, King Salman, is known to privately advocate ties with Israel—not just for economic reasons, but also to meet the challenge of Iran.

Israeli diplomatic progress with other Gulf states has been slower. Oman welcomed Binyamin Netanyahu when he was prime minister but is apparently cautious about more such diplomacy because of its geographical proximity to Iran, with which it shares offshore oil and natural gas fields. Qatar has the same problem—the world’s largest offshore gas field lays astride its maritime boundary with Iran. The country also publicly advocates a more pro-Palestinian position than Bahrain or the UAE. Even so, Doha still maintains discreet links with Jerusalem, and social media regularly carries evidence of executive jets flying from Israel to Qatar—albeit after making brief stops in Cyprus or Jordan to avoid being labeled as direct flights. Kuwait has taken the hardest line in favor of the Palestinians, in part reflecting the stronger influence of public opinion in that country.

Most of Bahrain’s population is unlikely to be happy about the uptick in Israeli diplomacy either, though perhaps for a different reason: the perceived economic and political discrimination that the Shia Muslim majority faces from the Sunni rulers who facilitate this outreach. Yet the more significant politics to watch probably lie within the royal family itself. King Hamad supports outreach to Israel based on his personal views about regional and religious affairs; his eldest son Salman, the prime minister and crown prince, endorses such diplomacy as well. Yet Salman may be sidelined by family hardliners, who view him as weak and regard the island’s Shia community as pro-Iranian. Another of the king’s sons, Sheikh Nasser, is increasingly prominent. A rivalry that developed under the king’s late uncle, the long-serving Prime Minister Sheikh Khalifa, appears to have been reconstituted.

The next few weeks could prove to be even more significant. On 22 February, Saudi Arabia celebrates its first Founding Day, an event that may be accompanied by political changes such as elevating the crown prince’s role. Indeed, this new regional diplomacy has many moving parts.

*Simon Henderson is the Baker Fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute.* (TWI 14.02)

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* 1. LEBANON: IMF Staff Concludes Virtual Mission on Lebanon

An [International Monetary Fund (IMF)](http://www.imf.org/) mission conducted virtual discussions from 24 January to 11 February with Lebanese authorities on the framework and policies of an economic reform program that can be supported by the IMF. Engagement with the authorities will continue over the coming weeks. At the end of the discussions, the IMF issued the following statement:

“The unprecedented and complex nature of the Lebanese crisis requires a comprehensive economic and financial reform program to stabilize the economy, address deep-seated challenges, and lay the ground for sustainable and strong growth. Obtaining broad based buy-in for this multi-year program will be fundamental for its timely and decisive implementation. At the same time, strong upfront actions will be necessary to start turning the economy around and rebuilding confidence.

Lebanon’s economic program would need to include targeted and time bound actions across the following five pillars:

1. Fiscal reforms that ensure debt sustainability but also space to invest in social spending and reconstruction efforts.
2. Restructuring of the financial sector to strengthen confidence and support the recovery.
3. Reforming state-owned enterprises and, particularly, the energy sector to provide better services without draining public resources.
4. Strengthening governance, anti-corruption and AML/CFT frameworks to enhance transparency and accountability
5. A credible monetary and exchange rate system.

“During the mission, progress was made in agreeing on these necessary reform areas, although more work is needed to translate them into concrete policies. There is a clearer understanding of the unprecedented size of the financial sector’s losses that would need to be addressed transparently consistent with the hierarchy of claims while protecting small depositors, as already envisaged by the authorities. The 2022 emergency budget presents an opportunity to start addressing the dire fiscal situation while being mindful of the financing constraints.

“It will be important to develop a medium-term fiscal strategy that allows the government to invest in critically-needed social spending to support the people of Lebanon -- and enables reconstruction efforts -- while being consistent with debt sustainability. The authorities’ plans to strengthen competition and start addressing the energy sector problems are a promising start, although careful sequencing and strong implementation are required. Finally, decisive action by the authorities is needed to tackle the deep-seated problem of corruption and strengthening transparency, including by accelerating the launch of the procurement commission and lifting the bank secrecy law or amending it in line with international best practice.

“The IMF team welcomes the open and constructive discussions with the Lebanese authorities, as well as representatives of civil society and the private sector, which have enriched our understanding of the situation. The team will remain closely engaged, and discussions are continuing, to help the authorities formulate a reform program that can address Lebanon’s economic and financial challenges.” (IMF 11.02)

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* 1. IRAQ: Perilous Growth: Bulging Population Endangers Iraq’s Future

Massaab Al-Aloosy reported on 3 February in the [Arab Gulf Studies Institute in Washington](https://agsiw.org) that the Iraqi government’s failure to invest in human capital and reconstruction has left the country unprepared for the current rate of population growth.

The world’s population has been dramatically increasing. However, population increase has ramifications on several aspects of life in most countries. These are particularly severe for fragile states such as Iraq, where mis-governance is particularly acute, trapping vulnerable communities in poverty and adding strains on the environment and infrastructure.

According to Iraq’s Ministry of Planning, the country’s population reached 41 million at the end of 2021, with nearly 70% living in urban areas and 30% in rural areas. In 2020, Iraq’s population grew by 2.5%, which is considerably high by world standards. The Iraqi government will need to prepare for the tremendous increase in the population by providing food security, building infrastructure, and improving the economy – with the weak state of Iraqi governance, these are tasks it doesn’t seem equipped to undertake.

Food insecurity is already a major issue in Iraq, and conditions will only deteriorate with the increase in population. The contribution of agriculture to the gross domestic product of Iraq declined from 9% in 2002 to 3.6% in 2009 mainly due to internal conflict and an increased population flow from rural to urban areas. From 2014 to 2017, Iraq’s agricultural output decreased from about $15 billion to about $7.6 billion largely because of the incursion of the Islamic State in Iraq and the Levant. There has also been a decline in fertile land, particularly in southern Iraq. For instance, in the area surrounding the port town Fao, the arable land diminished from nearly 3 square miles to under 1.5 square miles, contributing to a population decrease from 400,000 to 50,000 over four decades as residents were driven to move to larger cities. According to the United States Agency for International Development, there are 4.1 million Iraqis that need humanitarian assistance, including 920,000 who are food insecure. These numbers will certainly escalate as the population increases. The Iraqi government’s inability to solve current problems suggests they will continue to mount particularly considering the problems with declining agricultural productivity and deteriorating Iraqi economy writ large.

The population growth is adding pressure on an already strained Iraqi economy. The Iraqi economy is very dependent on the oil sector; in 2019 it accounted for 96% of Iraq’s exports, 92% of government revenue and 43% of GDP. Hiring in the public sector has become part of the social contract between the government and society; and the government has bloated the bureaucracy at the expense of supporting the private sector. There are 8 million Iraqis that receive salaries, pensions or other types of social benefits from the state. With Iraq’s high population growth rate, it cannot maintain this economic model. Currently nearly 60% of Iraq’s population is under 25 years old. The youth population, between the ages of 14 and 29, was 7 million in 2015 and is projected to reach 10 million by 2030. This means considerably more young people will enter an already saturated job market, with a bloated public sector and frail private sector. In addition, Iraq’s youth unemployment stands at 36%, and the labor market in Iraq is marked by low levels of skilled labor, a trend that is likely to continue because of the inadequate education system. Without increasing education levels and skills, Iraqi workers will not be able to compete with foreigners for jobs created by foreign direct investment or establish the ground for a vibrant private sector that can compete in the global market.

The population growth will also add more pressure on a dilapidated Iraqi infrastructure. Over the past four decades, war, vicious domestic conflict and international economic sanctions have taken a daunting toll on Iraq’s infrastructure. For example, the health sector has suffered enormously not only during conflict but through lack of funding during periods of relative stability. Baghdad alone needs an estimated 70 new hospitals to cope with the population increase, and the number of hospitals needed will certainly be much higher in other regions. In 2019, the government allocated only 2.5% of its budget to the Ministry of Health and according to data from the World Health Organization, on average, Iraq spent much less on health care per capita than its poorer neighbors. Because of the government’s deficient funding dedicated to the health sector, the number of hospital beds per person declined from 1.9 beds for every 1,000 Iraqis in 1980 to just 1.3 in 2017.

There has also been a lack of investment in the education system. Half of the schools in Iraq are damaged, many operate in multiple shifts and the number of qualified teachers is declining. Moreover, there are millions of school-aged children who are not enrolled in schools. For example, in the governorates of Saladin and Diyala, which have been hit particularly hard by conflict, 90% of children “have been left out of the education system.” Lacking education, these children will be a burden rather than a boon for the state in the future. Further, Iraq’s energy and power infrastructure is in desperate need of investment. The electricity sector “suffers from decades of damage and mismanagement” due to failures from consecutive governments. Most governorates provide only a few hours of electricity per day because the government is unable to “meet demand in parallel with the rising population.”

The Iraqi government’s failure to invest in human capital and reconstruction has left the country unprepared for the current rate of population growth. Compounding the issue is the challenge of building a viable infrastructure, improving education, and diversifying the economy – problems that have been decades in the making. To meet the needs of a growing population, the government will need to face the formidable tasks of liberalizing the economy (relying less on oil), elevating education to global standards and integrating the youth who are entering the labor force. These, and many other, mounting issues will only intensify as a larger population puts even greater pressure on a fragile economy and environment.

*Massaab Al-Aloosy is a researcher focusing on Iraq, Iran and Shia non-state armed groups. He holds a PhD from the Fletcher School at Tufts University and is the author of “The Changing Ideology of Hezbollah,” Palgrave 2020*. (AGSIW 03.02)

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* 1. SAUDI ARABIA: LEAP22 Unveils Over $6.4 Billion in Technology & Startup Investment

Gulf Business reported that Saudi Arabia has announced over $6.4billion in future technologies and entrepreneurship investments. The announcements were made during the opening day of LEAP, the international technology platform, which took place in Riyadh until 3 February.

The investments and initiatives include the launch of Aramco Venture’s Prosperity7 fund with $1billion and a billion-dollar investment from NEOM Tech & Digital Company focusing on future technologies. Prosperity7 provides its portfolio companies with the funding and connections to scale and enter new markets to attain global reach.

Amin Nasser, president and CEO of Saudi Aramco, said: “Prosperity7 will connect the dots through big ideas, top talents and disruptive technologies from around the world as we look beyond the energy value chain to areas like healthcare, education and blockchain, for viable solutions to the world’s most pressing challenges.”

As part of its investment, NEOM announced the launch of XVRS, a digital twin metaverse platform, where virtual reality merges with physical to create immersive mixed-reality experiences. Joseph Bradley, CEO of NEOM Tech & Digital Company, said: “The future will be defined by cognitive meta cities. It is a vision focused on experiences rather than scale. XVRS puts human needs at its core – it is designed to give people more time, space and enhanced safety. M3LD, meanwhile, will place data ownership back in the hands of users and restore trust in the data economy.”

Meanwhile, stc announced MENA HUB, a $1billion investment in submarine cables and data centers infrastructure, which will support the kingdom’s rapidly expanding digital and cloud sector. The company also revealed a new strategic partnership with Huawei Technologies Company, which will see manufacturing facilities for data center equipment and hardware to boost the kingdom’s capacity in the high-tech industry, create local supply chains for technology hardware and increase the adoption of new technologies by Saudi businesses.

LEAP also saw the launch of ‘The Garage: Start-up District’, a combination of physical location, startup incubator, accelerator and more, that will provide startups with grants, investment, marketing and training support, full-service workspaces, in addition to access to deep-tech labs, talent and research networks, among other incentives to empower local and international startups to become the leading technology companies of tomorrow. The Garage aims to launch startups with local and international potential.

Furthermore, J&T Express Group, one of the logistics companies, announced an investment of $2 billion with eWTP Arabia Capital and other partners. The investment will see J&T establish its MENA headquarters in Riyadh and provide sorting centers, auto warehouse systems, air cargo terminals, e-commerce industry parks and other modern industrial facilities and related infrastructure.

President of the General Authority of Civil Aviation (GACA), Abdulaziz Al-Duailej, said: “The logistics infrastructure and facilities that will be established through this partnership will not only accelerate the growth of distribution and cargo in Saudi Arabia but will also leverage our geographic location at the heart of the Middle East and North Africa to make Saudi Arabia into the leading center for advanced logistics services.”

“In the next 10 years, together with eWTP Arabia Capital and other strategic partners, J&T will invest in the most advanced hardware and software equipment in Saudi Arabia, train the most outstanding professional team, build the largest intelligent logistics industrial park in the MENA region, serve the entire regional market, and promote the comprehensive development of the local technology-driven industrial economy,” said Jet Lee, founder and chairman, J&T Express Group.

The Digital Cooperation Organization (DCO), a multinational organization established to enable digital prosperity for all, launched the DCO startup passport to make it quicker, easier and less expensive for startups to do business across borders, opening up potentially lucrative markets with a combined population of more than half a billion people. The startup passport provides expedited entry and support in the markets of eight DCO countries. The initiative will be rolled out initially in Saudi Arabia and Nigeria.

Deema Al-Yahya, secretary-general of the DCO, said: “The startup passport reduces administrative and financial burdens and accelerates corporate registration and other processes for entrepreneurs. Through this passport, they will be able to enter the markets of other DCO member states. This will further our mission of coordinating efforts and sharing expertise to grow the digital economy for the benefit of all nations.”

The DCO also endorsed Elevate50, an initiative launched to support 50,000 small to medium-sized enterprises to sell their products online over the next three years. Supported by the Jordanian e-commerce platform MakanE, Elevate50 is projected to generate 5,000 jobs and specifically target businesses run by women and young people.

“These investments and initiatives are a manifestation of the kingdom’s push toward the growth of the digital economy for the greater good of people, the planet and the prosperity of the MENA region. They mark the next level of growth for the digital economy in Saudi Arabia, the MENA region’s largest technology and digital market,” said Eng Abdullah Alswaha, Saudi Minister of Communications and Information Technology. During his keynote address at LEAP22, the Minister noted that Saudi Arabia is the regional leader for technology talent, with over 318,000 jobs in the technology sector in the kingdom, and with a rate of participation of women in the ICT workforce that has jumped to 28% in recent years.

Saudi Arabia is also home to some of the largest investments in cloud technology, with hyper-scale cloud providers including Google, Alibaba, Oracle and SAP investing over $2.5billion in the cloud in the kingdom. Entrepreneurship is also flourishing, with venture capital investment in Saudi Arabia in 2021 exceeding the total for 2019 and 2020 combined. (GB 02.02)

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* 1. EGYPT: Growth Forecast of 5.5% Based on Tourism Recovery & Gas Exports

The World Bank ‎has laid out the drivers for its January prediction that Egypt's economy will grow 5.5% in FY2021/22, ‎pointing to a recovery in the tourism sector and rising gas exports. A gradual return of tourists, ‎continued growth in the technology sector, growth in gas extractives and expansion in the ‎construction and real estate sectors will all support an expansion of aggregate demand, the World Bank wrote in its latest [Egypt Economic Monitor](https://www.worldbank.org/en/country/egypt/publication/egypt-economic-monitor).‎

Egypt is expected to return to its pre-pandemic growth path over ‎the forecast horizon and continue to push ahead with fiscal consolidation, assuming the COVID-19 ‎pandemic continues to abate, the report says. Egypt’s economy delivered 5.6% growth in the year prior ‎to the pandemic but fell to 3.3% in FY2019/20.‎

Cairo needs to continue with structural reforms and ‎attract private investment if it is to maintain the same growth trajectory in the coming years, the report ‎says. Foreign direct investment — which the bank expects to remain below pre-pandemic levels ‎through to 2022-2023 — is unlikely to increase in the non-oil economy unless serious reforms are ‎implemented.‎

The budget deficit is likely to narrow to ‎‎7.2% by the end of the current fiscal year from 7.9% last year, as economic growth and the ‎government’s efforts to digitize tax collection and customs increase revenues. The Finance Ministry ‎currently sees the deficit standing at 6.9% at the end of fiscal year in June, narrowly missing its original ‎‎6.7% target.‎

The current account deficit is expected to narrow gradually as ‎trade, travel and gas exports increase, the report says. Despite increasing the import bill, rising oil ‎prices should have a positive impact on the current account by boosting remittances from Egyptians ‎working in the Gulf. That said, much of these gains will be offset by rising non-oil imports.‎

Debt remains an issue, as elevated debt levels, large rollover needs and tightening global financial ‎conditions could heighten the country’s susceptibility to external financing pressures. ‎Counting in Egypt's favor is that only a small portion of the country’s external debts are short-term, with the ‎bulk of money owed to multilateral lenders with favorable maturity periods. The World Bank expects ‎Egypt’s debt-to-GDP ratio to rise to 93% by the end of June, missing the target set by the government, ‎which wants to get it below 90%. (WB 08.02)

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* 1. EGYPT: Egypt Hands Over Solar Power Plant to Uganda Amid Nile Dam Crisis

On 2 February, Ibrahim Ayyad in [Al-Monitor](https://www.al-monitor.com) noted that the Egyptian government’s efforts to support its African neighbors have been ongoing as part of the promotion of relations with African countries, amid the ongoing crisis with Ethiopia over the Grand Ethiopian Renaissance Dam. Egypt has recently handed over a solar power plant to Uganda as part of cooperation efforts between the two countries. The Egyptian project in Uganda is considered one of the most prominent achievements of the Ugandan government in 2021.

The four-megawatt (MW) project is an important addition to the Egyptian projects in Uganda and will be connected to the national electricity grid so that other areas benefit from the energy generated by the station. The project is a continuation of the Egyptian development projects implemented in Uganda and the African continent, with the goal to advance development in vital fields. Uganda’s Minister of Energy and Mineral Resources Ruth Sentamu stressed in a tweet the importance of the energy sector in the country’s plans for a better future for the citizens and for boosting economic and social development.

Experts who spoke to Al-Monitor agree that Egypt’s efforts to develop relations with African countries and the provision of economic and social support is in Cairo's interest in light of the ongoing crisis with Ethiopia over the latter’s controversial dam on the Blue Nile.

Amira Abdel Halim, expert on African affairs at Al-Ahram Center for Political and Strategic Studies, told Al-Monitor, “Strengthening Egyptian relations with African countries would push these countries to support Cairo in the Grand Ethiopian Renaissance Dam [GERD] crisis.” She said, “The Egyptian support consists mainly of building dams and the transfer of Egyptian expertise via renewable energy projects or assistance in national projects.”

Media reports recently indicated that Addis Ababa has begun testing power generation from the GERD, at a time when Cairo called for resuming negotiations to reach a binding agreement. Commenting on Uganda’s influence in the GERD crisis, Abdel Halim said, “Uganda, Kenya and Ethiopia are among the African countries that have major influence. Ugandan President Yoweri Museveni seeks to play a role in Africa and to find regional partners in order to bring about economic development in his country.”

In April 2021, Uganda announced that it signed with Egypt a military intelligence sharing agreement. Attia Issawy, researcher on African affairs at Al-Ahram Center for Strategic Studies, told Al-Monitor, “The Egyptian support to Uganda would at least help Uganda take a neutral position in the crises in which Egypt is involved.”

Issawy, however, does not expect Uganda to strongly influence the GERD crisis due to the Ethiopian intransigence and rejection of foreign mediation, particularly since Uganda is a signatory to the Entebbe Agreement that seeks a redistribution of the Nile water shares. This is why, he said, Uganda will remain silent in order not to lose the Egyptian support. Issawi noted, “The handover of a solar power plant to Uganda is part of the Egyptian contributions to the resolution of the electricity problem in Uganda,” pointing to other Egyptian projects in Uganda, such as digging wells and building dams.

Egypt's Minister of Irrigation and Water Resources Mohamed Abdel Aty revealed during a visit to Uganda in December 2021 that his country built seven dams in Uganda and dug 75 underground wells as part of Egypt's support to African countries in the water field.

Throughout the past years, the Egyptian government sought to support and assist African countries in several fields as part of its efforts to promote bilateral relations with these countries. In December, Egyptian Minister of Housing, Utilities and Urban Communities Assem al-Jazzar made an inspection visit to Tanzania to follow up on the progress of work at the Julius Nyerere hydropower dam on the Rufiji River, which is being carried out by the joint venture of Egyptian companies, Arab Contractors and El Sewedy Electric Company, at a cost of $2.9 billion.

During his visit, Jazzar stressed that Egyptian President Abdel Fattah al-Sisi gives special attention to the Tanzanian dam project and its completion in the shortest possible time. The minister further explained that the project will include the construction of a 1,025-meter-long (3,363-feet) dam, with a height of 134 meters (440 feet) and a storage capacity of 34 billion cubic meters of water. The hydroelectric power plant will generate electricity of 2,115 MW, he added. Moreover, Cairo is also boosting cooperation in the transportation sector in Africa, and launched in October 2019 a new shipping line from the Ain Sokhna port to Kenya's Mombasa port as part of the Gosour project to boost trade with African countries.

In June 2021, Egyptian Transport Minister Kamel al-Wazir said in a speech at the forum of the heads of African investment promotion agencies, a railway project connecting Egypt and Sudan, “The environmental and technical studies of the project have already been completed, in preparation for the railway line connecting Egypt to eastern Sudan to serve the residential, agricultural and commercial communities.”

In the aviation sector, EgyptAir, the national carrier of Egypt, signed a memorandum of understanding with the government of Ghana on 21 October 2020 to create a Ghanaian national aviation company with joint Egyptian-Ghanaian investment.

In the health sector, Egypt provided medical aid to several African countries recently. The Egyptian Ministry of Foreign Affairs announced in September 2020 sending nearly $4 million in medical aid to 30 African countries, to help contain the coronavirus. In June 2021, a memorandum was signed in Kigali, Rwanda, for the establishment of the Egypt-Rwanda Magdi Yacoub Heart Center, and the Egyptian Foreign Ministry launched in the same month an Egyptian project to combat malaria in South Sudan.

Speaking to Al-Monitor, Rami Zuhdi, former secretary of international relations at the Freedom Party and former head of the department of African affairs at the Nation's Future party, praised the promotion of Egyptian-African relations, saying, “These efforts would strengthen relations between Egypt and African countries at the popular and official levels. These countries have become well aware now that Egypt spares no effort to serve their interests.” (Al-Monitor 02.02)

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* 1. EGYPT: Egypt Signs Major Arms Deal with South Korea

[Al-Monitor](https://www.al-monitor.com) reported on 8 February that Egypt and South Korea announced in early February a $1.66 billion deal to sell K9 self-propelled howitzers to the Egyptian armed forces and to locally manufacture them in the Egyptian military factories. On 1 February, Egyptian Minister of Defense Mohamed Zaki attended the signing ceremony of two military cooperation memoranda of understanding between Egypt and South Korea during his visit to Seoul, in the presence of South Korean Minister of Defense Acquisition Kang Eun-ho. Another contract signed with Hanwha Defense was to jointly manufacture the K9A1 EGY self-propelled howitzer.

The statement continued that the first memorandum is centered on defense industry and logistical support, while the second is related to the principles governing defense cooperation in research and development, without providing any further details.

South Korea’s presidency said that the deal marks the largest ever deal for the export of K9s and serves as an opportunity to recognize the uniqueness of South Korea’s arms system. During the signing ceremony, Zaki stressed the Egyptian army’s keenness to “keep pace with the development of the arms industry so that the military preserves its prominent position among the top world armies, in terms of military strength, trained human capabilities and advanced arms, to continue to assume its historical duties and mission in preserving the homeland’s security and capabilities.”

The deal came in the wake of South Korean President Moon Jae-in’s visit to Cairo on 20 January, where he met with Egyptian President al-Sisi. According to the Egyptian presidency, the two officials discussed “ways to boost military and security cooperation, especially the joint manufacturing and the transfer and localization of technology, in light of Egypt’s pivotal role in the region and its duty to achieving stability, security and combatting terrorism, and given South Korea’s advanced technology and military industry.” Speaking at a press conference in Cairo following his meeting with Sisi, Moon said that his visit to Egypt “is of major importance, given that it is the first visit by a [South] Korean president to Egypt in 16 years.”

Mohamed al-Shahawy, adviser to the Egyptian army's Command and Staff College, told Al-Monitor over the phone, “South Korea’s Hanwha Defense showcased the K9 self-propelled howitzers at the Egypt Defense Expo - EDEX 2021 [which concluded in December]. It has a major firepower and is very accurate.”

Jeff Sung, spokesman for Hanwha Defense, told Akhbar Al-Youm on 1 December that the K9 self-propelled howitzer is one of the most advanced self-propelled artillery systems in the world, has a major fire power and long shooting range, in addition to quick displacement and excellent maneuverability, and it can be set to fire at the enemy after one minute only. Shahawy said, “Egypt is diversifying its arms sources regularly. Previously, it concluded arms deals with the United States and Russia with the aim to boost Egyptian military capabilities.”

The arms deal with South Korea came a few days after the United States approved a $2.56 billion arms deal to sell Egypt 12 C-130J Super Hercules aircraft, air defense radar systems and other equipment. Shahawy added that South Korea has advanced military capabilities at the international level, and striking deals with this country and diversifying arms sources is part of the Egyptian armed forces' strategy to enhance its military capabilities. The Egyptian armed forces are ranked 12th in the world, according to a January Global Firepower report, he added.

South Korea’s Hanwha firm said in a statement in early February that the deal with the Egyptian army allows the self-propelled artillery system to have a presence in Africa for the first time, and makes Egypt the 9th country to have it. Shahawy noted, “Egypt is the gateway to Africa, and the Egyptian cooperation with South Korea would serve as the start of South Korea’s military cooperation and arms deals with African countries.”

Gen. Nasr Salem, former head of the armed forces reconnaissance apparatus and adviser at Nasser Military Academy, told Al-Monitor, “Egypt is diversifying its armed forces weapons’ sources through new deals, in addition to locally manufacturing weapons and military equipment, in order to ensure that the armed forces are powerful at all times, so that we can protect our national security and deter any threat by the enemy.”

He said, “We are surrounded by many threats that require us to boost the Egyptian army’s capabilities. North of the country, there is a conflict over gas fields in the Mediterranean Sea, and a Nile water crisis to the south [with Ethiopia]. In the west, there is instability in Libya; not to mention the constant threats of terrorism. When there are powerful weapons, any person or state would be deterred and prevented from threatening and attacking our interests.”

Mohammad Hassan, a freelance researcher on defense policies, told Al-Monitor, “The recent arms deal between Egypt and South Korea is the largest ever concluded between the two countries. Its importance does not only lie in the purchase of self-propelled howitzers, but also in the transfer of manufacturing technology to the Egyptian military factories, which takes Egypt’s local military manufacturing to another level of self-reliance and of meeting the armed forces’ need for tactical and strategic weapons.”

In a 1 February statement, Kang expressed satisfaction with the military cooperation with Egypt, considering it a major regional power, hoping the two countries would sign more joint military cooperation and coordination deals. Hassan concluded, “The recent arms deals underscore an aspect of Egypt's defensive strategy, which is the diversification of its arms sources so that Egypt’s armed forces are ready to handle all threats with the latest weaponry in the world in order to secure Egyptian and Arab national security.” (Al-Monitor 08.02)

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* 1. MOROCCO: IMF Executive Board Concludes 2021 Article IV Consultations

On 2 February 2022, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the Article IV consultation with Morocco on a lapse of time basis.

Economic activity has recovered most of the ground lost during the severe global recession of 2020. This performance owes to continued fiscal and monetary stimulus, the rebound of exports, buoyant remittances, and the exceptional harvest following two years of drought. After shrinking by 6.3% in 2020, GDP is forecast to have grown by 6.3% in 2021, among the highest in the Middle East and North Africa region. Despite having recovered most of the jobs lost in 2020, the unemployment rate of 11.8% is still above pre-pandemic level, driven by a rebound of the participation rate. Moroccan banks have weathered the crisis well, thanks to the prompt and exceptional support from Bank al-Maghrib.

GDP growth is projected at around 3% in 2022, as agriculture output returns to average levels and non-agricultural activity continues to recover. Recent inflationary pressures have remained manageable and are expected to wane in the medium term, as cost pressures from global supply disruptions are reabsorbed. After the sharp contraction in 2020, the current account deficit is projected to return in 2021 to levels closer to before the pandemic and to stabilize around 3.5% of GDP over the medium term. While this outlook remains subject to uncertainty, with much of the risks depending on the evolution of the pandemic, a fast and effective implementation of structural reforms should increase growth over the medium term.

**Executive Board Assessment**

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

Morocco’s economy is rebounding from the 2020 recession, thanks to the exceptional harvest, the rebound of exports, accommodative monetary and fiscal policy stances, and the continued strength in remittances. After a strong compression in 2020, the current account deficit is returning to levels closer to pre-pandemic, but Morocco has emerged from the crisis with a much stronger international reserve position. Staff expects GDP to grow at around 3% over the next few years, as the effects from the pandemic on potential activity are gradually reabsorbed and to accelerate gradually thereafter under the positive impact of structural reforms. These projections remain subject to a high level of uncertainty, related both to the evolution of the pandemic and the pace of implementation and effectiveness of the reforms.

The faster than expected closure of the output gap and higher government debt ratio would require a tighter fiscal policy stance than currently envisaged. Staff expects the fiscal deficit to fall very slowly over the medium term and the central government debt-to-GDP ratio to stabilize at close to 80%. While public debt remains sustainable, a faster fiscal consolidation process that brings the debt-to-GDP ratio closer to pre-pandemic levels over the medium term would make Morocco less vulnerable to further negative shocks and free more resources for private sector investment. The fiscal policy should be anchored by a credible medium-term macro-fiscal framework and underpinned by a comprehensive reform of the tax system and systematic review of government spending, supplemented by a civil service reform to contain wage bill increase.

Lower fiscal deficits would allow monetary policy to remain accommodative for longer, assuming inflationary pressures will remain manageable. The recent rise in inflation is limited and expected to subside as the imported cost pressures from supply-side bottlenecks and higher commodity prices become less relevant over time. As long as these pressures do not contaminate domestic inflation expectations, BAM has the space for a gradual normalization of monetary policy conditions but should stand ready to tighten its stance if inflationary pressures further accelerate. The recent appreciation of the dirham to the lower end of the exchange rate band offers an opportunity to accelerate the planned transition to an inflation-targeting framework.

Staff welcomes the authorities’ commitment to a new wave of structural reforms. The generalization of the social protection system should remove existing gaps in coverage and quality of health care services and strengthen Morocco’s social safety net. Together with the full implementation of the Unified Social Registry, these reforms should improve inclusiveness and efficiency. Reforming SOEs should reduce their financial burden on the budget and remove distortions that prevent market neutrality and hinder private sector development. Finally, the New Model of Development (NMD) contains several useful recommendations for strengthening the competitiveness of Moroccan firms, improving governance, boosting human capital and building a more inclusive society.

Careful implementation of the reforms will be critical for their success. The reforms already ongoing and those suggested in the New Model of Development report have the potential to yield a stronger, more inclusive, and sustainable growth path for Morocco. Still, given the potentially large financing needs associated with these reforms, the uncertain impact on potential output, and the narrow fiscal space, carefully designing and sequencing are needed, on the basis of an adequate financing plan and within a coherent and stable macroeconomic framework. (IMF 09.02)

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* 1. TURKEY: Turkey Sinks on Corruption Index as Activists Point to Public Tender System

[Al-Monitor](https://www.al-monitor.com) posted on 1 February that when an exiled Turkish mob boss made a series of accusations last year against figures linked to the government, including murder and drug trafficking, his claims captivated the public. But months after posting the first of his online videos, Sedat Peker’s allegations remain to be investigated by any official agency — an indication of the dire state of anti-corruption practices in Turkey, according to experts.

Transparency International, which monitors global corruption, last week reported that Turkey had fallen to 96th of 180 countries in its Corruption Perceptions Index, scoring 38 out of 100 on a scale where a zero score indicates a highly corrupt state. The global average is 43. Turkey’s decline since 2012 — dropping 11 points — shows it is in “significant decline” in combating corruption, Transparency International said.

A country’s score is taken from at least three data sources from a variety of reputable institutions, such as the World Bank and the World Economic Forum. “The most important factor of Turkey’s going down in the index so dramatically is that now there is an environment in Turkey enabling corruption and not punishing such incidents,” Transparency’s Turkey chairperson Oya Ozarslan told Al-Monitor. “There are a couple of contributing factors to this, such as impunity for corruption-related crimes, the distribution of public resources via public tender law in a non-transparent way, shady relations between politics and business, and pressure on the media and civil society to [not] even write about corruption. “There have been so many critical claims and scandals in Turkey over the last couple of years, but the public has been waiting for their investigation in vain."

While petty corruption is believed to be on the decline due to the digitalization of services such as tax payments and real estate transactions, large-scale misconduct is abetted by a lack of legal vigor. According to Ozarslan, “Gaps in the public tender laws … bring vulnerability to grand corruption in areas where politics have a high influence.”

Five Turkish corporations with close government ties are among the world’s top 10 for the level of public tenders they receive, according to the World Bank. The opposition says this “gang of five” has benefited from winning contracts to build many of Turkey’s megaprojects including airports, bridges, hospitals and roads, as well as in other sectors such as energy. They are also said to earn huge profits partly due to preferential tax breaks, leaving the Turkish taxpayer footing the bill. Meanwhile, the media arms of these corporations remain firmly supportive of the government.

The release of the Pandora Papers last year showed one construction giant moving hundreds of millions of dollars through offshore companies. Ronesans Holding, which completed a vast presidential palace in Ankara in 2014 as well as other huge public projects, passed the funds through entities in the name of billionaire owner Erman Ilicak’s mother. Shortly after one firm’s Swiss bank account received $105 million, a similar amount was paid out to an unknown recipient as a “donation.” “The capture of the state in the Western Balkans and Turkey is enriching politicians and their networks at the severe cost of ordinary citizens,” Transparency’s report noted. “It is also eroding public trust in government institutions as they are increasingly being used to serve private interests.”

In other areas, Turkey has attracted international attention for its failure to tackle areas of corruption. Last October, the Financial Action Task Force, established by the G7 advanced economies to protect the global financial system, placed the country on its “grey list” for failing to tackle money laundering and terrorist financing. Although Ankara has moved to address some of these shortcomings, the European Commission warned that a law based on the task force’s recommendations to curb the arms trade could threaten civil society groups.

Transparency has noted the links between corruption and attacks on democratic institutions and freedoms. The Council of Europe’s human rights commissioner two years ago called for the restoration of judicial independence in Turkey and an end to the targeting of human rights activists, lawyers and journalists through legal action. Since then, however, Turkey has come to face sanctions for failing to implement the rulings of the European Court of Human Rights. The independence of institutions such as the courts and police from political control is key to defeating corruption, according to Ozarslan. “Everywhere in the world, you first need the political will to defeat corruption,” she said. “We need to see this in Turkey. There should be a system that does not enable and tolerate corruption, so change is needed.” She added, “Relations between politics and business should be regulated and political financing and political integrity laws should be enacted, which Turkey does not have at the moment. And above all, independency of the judiciary should be guaranteed in order not to have undue political influence over judges and prosecutors.” (Al-Monitor 01.02)

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