

**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. Israel, Egypt & UAE Summit in Response to Iranian Threat

On 21 March, Israeli Prime Minister Bennett paid an unannounced visit to Egypt, where he met with Egyptian President el-Sisi and United Arab Emirates Crown Prince Mohammed bin Zayed al-Nahyan.

Officially, the meeting was planned to mark the renewal of flights between Sharm el-Sheikh and Ben-Gurion International Airport. However, according to the Egyptian president’s office, the three leaders discussed “global developments” — an apparent reference to the war in Ukraine — and their effects on energy, market stability and food security as well as several other regional and international issues. The Emirati News Agency said that the leaders discussed strengthening relations between the countries and the importance of cooperation and dialogue to achieving growth and stability in the region. Pundits say the real reason for it was all three sides' anger at the US over the progression of the nuclear talks with Iran and the Biden administration's willingness to remove Iran's Revolutionary Guards Corps from its list of terrorist organizations.

The summit was convened as part of an effort to forge a coalition that would stand together against Iran. The report also said Israel was interested in convincing the UAE and Saudi Arabia to boost their oil production to offset Russian oil. Israel is also interested in helping assist Egypt in finding alternative sources of wheat amid the Russia-Ukraine conflict. Al-Nahyan said he met with el-Sisi to discuss bilateral relations and regional and international developments, adding that Egypt and the UAE would maintain coordination and consult with each other on new global challenges as well as work together to secure their countries' interests in the region. (Various 22.03)

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* 1. Foreign Ministers' Summit in Israel Focuses on a Myriad of Concerns

In an unprecedented event for Israel, on 26/27 March the Jewish state hosted a two day international summit at Kibbutz Sde Boker in the Negev, between US Secretary State Blinken, the foreign ministers of the United Arab Emirates, Bahrain and Egypt, and Israel's Foreign Minister and Prime Minister-designate Lapid.

The Negev Summit was being touted as a show of force against Iran. After witnessing a series of worrying developments, the diplomats are rushing to Israel to try to shift US policy before they are forced to fend for themselves against a nuclear Iran. The summit is primarily an indication of the countries’ sense of urgency in light of several processes coming together and turning into a multi-dimensional threat of Iran and its proxies. The network, led by Iran’s Revolutionary Guard Corps, has become more aggressive and shown dangerous new capabilities in recent weeks. The aim of the Negev Summit for the Abraham Accords nations and Egypt is to do what they can to get the US to end their support for Iran. They understand that there is no other power they can rely on to provide weapons, military and intelligence support, and deterrence against their common enemy.

The second threat facing the countries gathering in Sde Boker is economic. The pandemic and the war in Ukraine have made the economic situation in many Arab countries precarious. Grain prices are rising, especially wheat, as Ukraine and Russia fight. The two countries — both in the world’s top five producers — provide close to 80% of Egypt’s wheat. Cairo and other countries also face spiraling oil and natural gas prices. The value of the Egyptian pound continues to drop while the country faces double-digit inflation.

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* 1. Singapore to Open an Embassy in Israel

On 21 March, Israeli Foreign Minister Lapid met with his Singaporean counterpart Balakrishnan, who informed Lapid that the government intends to officially open an embassy in Israel. The two states first established diplomatic relations in 1965, and though Israel opened its embassy in Singapore in 1968, the Southeast Asian nation sufficed with setting up an honorary consulate in Tel Aviv.

Lapid welcomed the news of establishing an official embassy and explained that the announcement reflects the strong bilateral ties shared by Israel and Singapore. Israel and Singapore already cooperate in a number of areas, including in technology, trade, investment - and the city-state's foreign ministry said that establishing an official embassy will "strengthen" these partnerships. Balakrishnan additionally signed a MoU with Israel's Technology Minister Farkash-Hacohen to pave the way for cooperation between the two states in the field of artificial intelligence. (ILH 22.03)

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* 1. Israel Approves a Five-Year Development Plan for Bedouin Villages

On 14 March, Jerusalem passed a five-year plan for the social and economic development of the Bedouin community for 2022-2026 at the inclusive cost of NIS5.2 billion ($1.61 billion) for the entire period. This is the budgetary portion of the Bedouin community in the five-year plan for the Arab sector, which continues the five-year-plan passed in 2017 that ended in 2021, for which the government had budgeted NIS3 billion ($930 million) for the Bedouin community.

Instead of approving development budgets for the Bedouin community inside the framework of one plan for the whole Arab-Israeli sector, the government opted for taking two separate decisions. The reason was the unique needs of the Bedouin community, because of the enormous gaps between it and the rest of the Arab community. The new plan was formulated in cooperation between the relevant government ministries, headed by the Welfare Ministry that oversees the Authority for the Development and Settlement of the Bedouin in the Negev and Bedouin local authorities. (Al-Monitor 22.03)

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* 1. Israel & Morocco to Cooperate on Civilian Aerospace Projects

Israel and Morocco signed an agreement on 23 March to cooperate in civilian aerospace projects as the two countries push for closer economic ties after resuming their diplomatic relationship last year. Moroccan Industry Minister Mezzour said the agreement would cover potential projects in innovation and airplane maintenance and transformation after a signing ceremony in Rabat with Israeli Aerospace Industries. In November, Israel and Morocco signed a defense pact covering intelligence and cooperation in military industries and procurement. Israeli media reported that Morocco wants to buy Israeli-made drones and other arms. IAI's current agreement with Morocco was purely civilian.

Moroccan aerospace exports rose by 22% last year to the pre-pandemic level of $1.6 billion, as manufacturers diversified into high-tech engine areas. Morocco's government has encouraged investment in the country by aerospace suppliers in recent years, hoping to match its success in car manufacturing, creating hubs to shorten supply chains and share expertise. (ILH 24.03)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Otonomo, Henshin & wefox Collaborate to Empower Fleet Insurance Innovations

Otonomo Technologies and Henshin Group, the mobility and energy tech company that developed MOVENS, the open source platform designed to be the IoT hub for Smart Cities, and wefox, Europe's largest digital insurer, announced the formation of a strategic relationship. The immediate aim is to generate rich, actionable vehicle data sets to drive innovation and create additional value for enterprises providing insurance, rental and leasing services to fleet vehicle operators. wefox also announced it will be the first to market with new insurance products powered by the joint platform.

The synergy between Otonomo's mobility intelligence platform, MOVENS technology and wefox's Mobility HUB platform will expand data to create new business use cases. Importantly, Otonomo’s mobility intelligence platform overcomes the current challenges limiting telematics-based insurance programs. Otonomo mitigates today’s requirements for expensive in-vehicle hardware and software devices and installation and the associated overhead of managing deep and domain-specific knowledge regarding data security and privacy responsibilities for telematics devices and data.

Initially, the collaboration will promote the development of new fleet vehicle insurance market scenarios by wefox, such as Pay-As-You-Drive (PAYD), Pay-How-You-Drive (PHYD), and Pay-As-You-Go (PAYG). It is also expected to foster the foundation of a next-generation insurance platform based on cloud Edge AI architectures. This technology helps ensure data can be collected and decisions made offline even when vehicles are operating in areas with poor or unreliable connectivity, solving a problem with today’s cloud systems. wefox strives to disrupt the fleet and automobile insurance industry by adopting the embedded technology of various manufacturers through the emerging data ecosystem.

Herzliya's [Otonomo](http://www.otonomo.io) fuels a data ecosystem of OEMs, fleets, and more than 100 service providers spanning the transportation, mobility and automotive industries. Their platform securely ingests more than 4 billion data points per day globally from over 50 million vehicles licensed on the platform and massive amounts of mobility demand data from multimodal sources, then reshapes and enriches it, to accelerate time to market for new services that improve the mobility and transportation experience. (Otonomo 17.03)

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* 1. Compete Raises $15 Million in Series A Funding to Help Talent Competition

Compete has raised $15 million in Series A funding within eight months of its $2.5 million seed round. The funding will drive Compete’s US and UK expansion and bolster its global teams. Investment firm Tiger Global led the Series A funding with participation from existing investors Aleph and Vine Ventures, following Compete’s exponential growth over a short period. In less than a year, the company increased its paid customer base by 800%, doubled its headcount and hired a team of executives where four out of six are female leaders. Its growth reinforces the belief investors have in the HR tech firm that empowers corporate customers to gain a vital edge in recruiting and retaining top talent.

Built by HR professionals, Compete has become a trusted partner for hundreds of leading tech companies, including Ocrolus, Monday.com, Appsflyer, Fiverr and Lemonade. It provides immediate insights into complete compensation package data and enables organizations to develop more effective workforce management strategies. Compete empowers leaders with analysis on over 50 types of benefits, real-time benchmarking data, advanced analytics, and tailored insights to support hiring decisions, identify risks, improve retention and develop informed compensation policies.

Founded in 2020, Ramat Gan's [Compete](https://www.competewith.com/) gives an unfair advantage with immediate insights into complete compensation package data, including parental leave, work from home policies and health benefits. An easy-to-use SaaS solution, Compete provides real-time data and instant analysis with advanced filtering capabilities perfectly tailored for tech companies. (Compete 15.03)

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* 1. Cymulate & NYU Partner on Cybersecurity Program for Online MS Students

Cymulate announced a partnership between Cymulate's eCademy and New York University's Tandon School of Engineering and their Master of Science in Cybersecurity Cyber Fellows program for online students. Students will earn Continuous Security Validation certification, completing courses on building an effective offensive security program and an understanding of hands-on offensive security.

The course will allow students to become experts on managing a company's security posture by obtaining a Continuous Security Validation Pro badge. This learning path provides a fundamental understanding of how to build an effective offensive enterprise security strategy. In addition, the learning path will cover the fundamentals of Continuous Security Validation (CSV) that are needed to optimize an organization's cybersecurity posture.

Tel Aviv's [Cymulate](http://www.cymulate.com) SaaS-based Extended Security Posture Management (XSPM) deploys within an hour, enabling security professionals to continuously challenge, validate and optimize their cyber-security posture end-to-end, across the MITRE ATT&CK framework. The platform provides out-of-the-box, expert and threat intelligence led risk assessments that are simple to deploy and use for all maturity levels, and constantly updated. It also provides an open framework to create and automate red and purple teaming by generating penetration scenarios and advanced attack campaigns tailored to their unique environments and security policies. (Cymulate 17.03)

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* 1. PepsiCo & N-Drip to Provide Water-Saving Benefits to Farmers

PepsiCo and N-Drip announced a partnership to help farmers around the world adopt game-changing technology in water efficiency across 25,000 acres by 2025. A replacement for flood or trench irrigation, Israeli-headquartered N-Drip's high-efficiency irrigation system is powered by gravity and harnesses the water-saving benefits of high-pressure drip irrigation, but with low energy, operating and maintenance demands - making it more accessible to all types of farmers and nearly all types of crops. Farmers using N-Drip routinely achieve significant water savings, see larger crop yields, and reduce the need for expensive fertilizers. In addition, by converting from flood irrigation to N-Drip's drip irrigation system, carbon (CO2) emissions can be reduced by as much as 83% and methane emissions by as much as 78%i.

As a global beverage and convenient foods company, PepsiCo sources over 25 crops across 60 countries and is an active leader in the scaling and adoption of regenerative farming practices under its pep+ (PepsiCo Positive) transformation. Leveraging its reach and network of farmers across its agricultural footprint, PepsiCo aims to scale N-Drip's technology to help improve farmer livelihoods with higher yields, reduced water consumption and reduced CO2 emissions. This effort will contribute to PepsiCo's pep+ Positive Agriculture goals of improving direct agricultural supply chain water use efficiency by 15% by 2025 in areas of high-water-risk, spreading regenerative agriculture practices across 7 million acres of farmland.

The partnership was sourced by PepsiCo Labs, PepsiCo's technology venturing arm, which works to identify and embed breakthrough technology start-ups into PepsiCo's operations to help solve complex, real-world problems and meet business goals at a global scale.

Kfar Saba's [N-Drip](http://www.ndrip.com) is privately held. The company has raised $40 million to date from a mix of strategic and financial investors in the U.S. and Israel. Currently doing business in 17 countries, N-Drip's three main business hubs are Australia, India and the southwestern United States. With more than 70 current employees engaged in sales, R&D, manufacturing, and engineering, among other functions, the company has experienced growth in staff, distribution, and revenue in each quarter since it began deploying the gravity-powered irrigation methodology in 2019. (PepsiCo 16.03)

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* 1. Datagen Secures $50 Million in Series B Funding Led by Scale Venture Partners

Datagen closed a $50 million in Series B financing led by new investor Scale Venture Partners, with participation from existing investors TLV Partners, Viola Ventures and Spider Capital. This latest round of funding brings Datagen’s total financing to over $70 million. The additional funds will help Datagen to continue to bolster its leadership position in the nascent computer vision (CV) space. As one of the fastest growing fields within AI, computer vision is becoming a fully-fledged, market-tested industry in need of a proper infrastructure stack to help supercharge the development of AI and its most imminent applications.

A key element of Datagen’s success is its unique focus on CV teams. By providing a self-service platform for CV teams, Datagen makes it easy for those responsible for developing and testing AI products to obtain and use synthetic data. Datagen’s unique offering makes it easy for CV engineers to engage and adopt synthetic data by running Data Generation Units (DGUs) by the hour to produce the data their AI needs. For the first time, buying synthetic data is as easy as buying cloud computing resources.

Founded in 2018, [Datagen](http://www.datagen.tech) is leading the AI revolution by generating synthetic data to train computer vision systems, with expertise in creating data for human-centric computer vision applications. They developed a self-serve synthetic data generation technology that delivers visual data with unmatched domain coverage and high-variance. Using their platform, CV teams generate high-fidelity 3D data with associated ground truth, in a seamless and scalable way. Datagen customers include Fortune 100 companies across a variety of industries including AR/VR, Security, Automotive, Robotics and more. (Datagen 23.03)

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* 1. Elbit Systems to Supply Ammunition for Swedish Leopard Tanks

Elbit Systems has secured a contract to supply ammunition for the Swedish Armed Forces’ Leopard main battle tanks (MBTs). The nearly $27 million contract was awarded by the Swedish Defence Material Administration. As agreed, Elbit Systems will deliver M339 120mm ammunition and data setting units for the Leopard tanks.

The M339 is a high-accuracy, multi-purpose 120mm tank ammunition, suitable for all NATO 120mm smooth bore gun MBTs. According to Elbit Systems, the ammunition will boost the firepower of Leopard MBTs, and will enable them to strike different types of targets. The company will conduct the contract works over a period of ten months.

Haifa's Elbit Systems is associated with several defense, homeland security, and commercial programs globally. The company is active in the areas of aerospace, land and naval systems, munitions, C4ISR, unmanned systems, electronics, and communications systems, among others. (Army Technology 22.03)

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* 1. D-ID Closes $25 Million Funding Round, Bringing Total Funding to $48 Million

D-ID announced a $25 million Series B round, led by investment firm Macquarie Capital, with significant investments from Pitango, AXA Venture Partners, OurCrowd, OIF, Maverick and Marubeni. This new infusion brings D-ID's total funding to $48 million. The proceeds from this round, from investors across three continents, will allow D-ID to double the number of experts on its world-class deep-learning and computer vision teams, broadening the scope and reach of its pioneering technology as it continues to produce products that transform the digital-human interface. The round will also enable D-ID to expand and support the company's sales and marketing teams in the United States, APAC and EMEA.

This new round of funding comes on the heels of a whirlwind of success for D-ID. In early March, the company was named by Fast Company as one of the Most Innovative Companies of 2022 in EMEA. In February, D-ID won best use of AI in the Digiday Marketing and Advertising Awards Europe, and in January, the company's proprietary Live Portrait technology was named a finalist for the prestigious SXSW Innovation Award.

[D-ID](http://www.d-id.com) is a Tel Aviv-based Creative Reality startup specializing in patented video reenactment technology using AI and deep learning. D-ID's products range from animating still photos, to facilitating high-quality video productions and creating viral user experiences. With funding from tier 1 VCs, D-ID aims to radically disrupt the time, hassle and costs involved in video production, allowing for the creation of highly personalized media using AI, specifically in e-learning, corporate training, marcoms, AI assistants, history and the Metaverse. (D-ID 22.03)

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* 1. Kooply Gets $18 Million Seed Funding for its Mobile Gaming Development Platform

Kooply, a stealth-mode game platform enabling creative expression through mobile games and experiences, announced $18 million in seed funding co-led by TPY Capital and Microsoft’s venture fund M12, as well as Playtika. Additional investors include U.S.-based Aleph Venture Partners, Entrée Capital, Glilot Capital Partners and Samsung Next. The capital will be used to further grow the team and bring Kooply’s product to market.

While the company is not currently sharing full details of its product, Kooply’s vision revolves around building a game creation platform that brings together players, creators and developers in a mobile-centric community. With a reimagined approach to game development, distribution and monetization, Kooply will allow creators to build the games they desire and reach the audience they deserve.

Founded in 2021, Tel Aviv's [Kooply](http://www.kooply.com) is a stealth-mode startup with the mission of bringing together players, creators and developers in a mobile-centric community. Addressing industry challenges like game development, art, monetization and distribution from an entirely new perspective, Kooply allows creators to build the games they desire with help from a community of gamers and developers. (Kooply 29.03)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Disney+ Sets 8 June as Launch Date for MENA

Disney+, the streaming service from The Walt Disney Company,‎ has confirmed launch dates for the 42 countries and 11 new territories set to launch this summer.‎ The streaming service will launch in Egypt and across 15 other MENA markets (incl. Algeria, Iraq, Israel, Lebanon, Kuwait, Morocco, Oman, Saudi Arabia and the UAE) on 8 June. Pricing in Egypt has also been announced at EGP 49.99 per month or EGP 498.99 for an annual subscription.‎

Users will have access to high-quality viewing, up to four concurrent streams, unlimited downloads on ‎up to ten devices, and the ability to set up to seven different profiles, including the ability for parents to set Kids Profiles that have an easy-to-navigate child-friendly interface to access age-appropriate content.‎

Disney+ is the dedicated streaming home for movies and shows from Disney, Pixar, Marvel, Star Wars,‎ and National Geographic, along with The Simpsons and much more. In select international markets, it also includes the new general entertainment content brand, Star. The flagship direct-to-consumer streaming service from The Walt Disney Company, Disney+ is part of the Disney Media & ‎Entertainment Distribution segment. (Disney+ 29.03)

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* 1. Jordan-Based InvoiceQ Raises its First Funds

Amman-based FinTech and e-invoicing service provider [InvoiceQ](https://www.invoiceq.com/) has successfully raised $190,000 in its latest funding round. After taking part in the first wave of the Ahli FinTech Seed Accelerator program, the FinTech raised its funds from AHLI FINTECH, the financial technology and innovation incubator, accelerator, venture-studio arm, and wholly-owned subsidiary of Jordan Ahli Bank, which is also doubling down on its investment with an additional $250,000 follow-on investment in InvoiceQ’s current seed-round, alongside other participating investors.

The InvoiceQ platform is designed to simplify, centralize, and enhance the entire invoice lifecycle. From issuance/receipt to collection/payment, the solution offers three standard subscriptions designed for freelancers and startups, SMEs and large enterprises, as well as offering the option to customize the InvoiceQ experience based on the modules and features the business may need. Existing enterprise solutions, such as ERPs, can be easily integrated with the InvoiceQ platform via its API integration gateway, significantly reducing the cost and time for businesses to deploy digital invoicing.

Throughout the accelerator program, AHLI FINTECH worked closely with the dynamic InvoiceQ founding team, to accelerate their customer and product development journey, and build a scalable and sustainable business model to launch their platform. By Q1/21, the startup launched their minimum viable product (MVP) with a variety of businesses in Jordan, ranging from large corporates to startups and small businesses, including both, sellers and buyers. By the end of that year, the company was officially listed by the Zakat Customs and Tax Authority (ZATCA) in Saudi Arabia as a qualified e-invoicing service provider and have since been successful in scaling their business in the Kingdom. (InvoiceQ 23.03)

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* 1. Tier Mobility Launches e-Bikes in the Middle East

Germany's Tier Mobility has launched its first fleet of e-bikes in the Middle East, staring in Bahrain. The e-bikes are now available across Diyar Al Muharraq, a complex of seven artificial islands. The Berlin-based company’s team have worked closely with Diyar Al Muharraq to ensure that the e-bikes were introduced into the best locations in the community.

The Tier e-bike is currently present in several European countries, including Germany, Great Britain, France, Norway, the Netherlands, Sweden and Switzerland, and will soon be available across the GCC. Each e-bike is also equipped with a practical basket for easy commuting.

Earlier this year, Tier Mobility expanded its fleet in Bahrain following a deal with real-estate developer Diyar Al Muharraq. The e-scooters are made available in various locations across the town, allowing residents to readily access them to assist their first-last mile journeys. Tier launched its services in Bahrain over six months ago and has since seen an increase in the demand of shared micro-mobility services. As future plans, the German company is looking to also bring its latest generation of e-bikes to Manama shortly to further increase the offering to the residents of the city. (Tier Mobility 18.03)

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* 1. Atrium Health Announces Global Partnership with Qatar Rehabilitation Institute

Charlotte, North Carolina's Atrium Health Carolinas Rehabilitation and Qatar Rehabilitation Institute (QRI) have entered into a partnership aimed at improving quality of care and outcomes for patients receiving rehabilitation services worldwide. The multiyear collaboration will include the sharing of expertise and data between Carolinas Rehabilitation and QRI and will be a cornerstone of the Atrium Health rehabilitation service line's effort to expand its global presence.

The collaboration will proceed in three phases, the first of which will focus on enhancing QRI's clinical rehabilitation programs. During the second and third phases, Carolinas Rehabilitation clinicians and staff members will provide virtual and on-site consultation and assessments aimed at preparing QRI to apply for accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF). The highly sought-after CARF accreditation helps rehabilitation service providers meet international standards for quality, assuring patients and their families that they are receiving the best available care.

As part of the collaboration, Carolinas Rehabilitation will work closely with QRI on clinical pathway development and quality improvement. Doha, Qatar-based QRI will join Carolinas Rehabilitation's Patient Safety Organization and contribute to the Exchanged Quality Data for Rehabilitation (EQUADRSM) network, which was founded by Carolinas Rehabilitation and is on a mission to improve the quality of services provided to rehabilitation patients before, during and after their time in the hospital. During the initial phases of the partnership, QRI will consult with Carolinas Rehabilitation on some of its most complex cases as it works towards its own certification. (Atrium Health 17.03)

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* 1. Hub71 Leads Dhs1.5 Billion in Investments for Abu Dhabi Startups

[Hub71](https://www.hub71.com/), Abu Dhabi’s global tech ecosystem, stated that its startup community has raised Dhs1.5 billion in funding since its creation and secured Dhs30 million in 2021 through more than 20 corporate transactions. The company’s businesses have a combined worth of Dhs5.87 billion and almost 1,000 jobs have been generated since its establishment in 2019.

Following Hub71’s 191% startup growth in 2020, Abu Dhabi has emerged stronger as a technological and innovative economy characterized by progress. Entrepreneurship will be a key cornerstone of a sustainable economy and will continue to attract long-term investment, international partnerships and companies exceeding the one-billion-dollar valuation mark. Hub71’s community includes startups from 25 nations across 18 diverse sectors, ranging from fintech, robotics, artificial intelligence and big data to health tech, agtech and cybersecurity.

As part of its mission to build a community of globally enduring tech companies and position Abu Dhabi as a leading tech hub, the company has connected founders with investors and funds and contributed Dhs36 million through its various initiatives to ease the startup journey in Abu Dhabi. Hub71 startups concluded 32 funding rounds, including a Dhs154m Series-A round for Trella, and Dhs110m Series-B rounds for BitOasis, the cryptocurrency platform, and Securrency, the blockchain-based financial infrastructure firm, to support their development across the UAE and the region. (Hub71 24.03)

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* 1. Eikonikos Raises $2 Million in Pre-Seed Funding

Dubai's Eikonikos, an open-world metaverse startup, has raised $2 million in pre-seed funding round by angel investors. The company aims to create an open metaverse platform that is owned by Web3 followers, developers, and a growing community of players. Nearly a dozen investors, including blockchain players, participated in the round. The current pre-seed fundraising round would help the company extend its ecosystem, bringing more fans into the digital realm.

The announcement comes a day after the Dubai Government introduced new legislation for the digital asset sector, joining other global hubs to bring the nascent sector under their regulatory purview. The company is currently in the process of issuing digital assets for investment as it gears up for commercial launch in May 2022, when its valuation will jump.

Meanwhile, in addition to introducing Virtual Assets Law, Dubai Government also announced the creation of a new regulator in charge of digital assets. The newly formed Virtual Assets Regulatory Authority (VARA) will oversee the industry in all emirate’s unique development and free zones, except the Dubai International Financial Centre, which has its own independent regulatory and judicial system. The project’s primary design envisions Eikonikos as a fully functional DAO (decentralized autonomous organization) led by the community and focused on providing high-quality experiences. (Eikonikos 17.03)

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* 1. COFE APP Acquires Saudi Arabia's Kaffeen

Dubai's [COFE App](https://www.cofeapp.com/) recently acquired Dammam's Kaffeen (Bean Creator IT), a popular online coffee ordering platform from KSA. Coming after the Sippy acquisition in January this year, the acquisition of Kaffeen is a result of an extensive study of the e-commerce market, its direction and the impact of the pandemic on consumer behavior.

Founded in 2018, Kaffeen focused on easing the ordering and payment process for instore customers, enabling them to shorten the distance between them and their daily cup through counter pickup services. Much like COFE’s own ethos that believes in helping people spend more time with their coffee instead of waiting for it, Kaffeen since its inception has succeeded in creating a loyal fan-following amongst coffee-lovers in the Saudi Kingdom. With Convenience through e-commerce being one of the top trends to come out of the pandemic, according to KPMG’s Coffee in 2021 report ‘Prepare for Takeoff’ - consumers appreciate the need for convenience given health concerns and social distancing standards.

With pickup already being a key element in the bouquet of services COFE offers, it was only natural for the brand to combine forces with Kaffeen, reaching out to an even larger audience base. The acquisition will further facilitate COFE’s ambitious growth strategy, as the startup continues to expand its presence in the region. The acquisition of Kaffeen and Sippy Beans in the first quarter of 2022 are strong indicators that COFE is looking to strengthen its reach within the region, before proceeding to expand first to Egypt and then overseas later this year. (COFE APP 17.03)

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* 1. Baskin-Robbins Starts Scooping from its 1,000th Shop in the Region

Canton, Massachusetts' headquartered Baskin-Robbins, the world's largest chain of ice cream specialty shops, and Middle East master licensee Galadari Ice Cream Company officially opened the doors to its 1,000th store in the region at Dubai Hills Mall on 10 March. The brand marked this historic milestone with a ribbon cutting celebration at Dubai Hills Mall and public ice cream party at Ain Dubai, the world's largest observation wheel, which featured free ice cream for the first 1,000 guests, games and prizes.

The number one specialty ice cream brand in the UAE and Saudi Arabia, Baskin-Robbins is beloved by guests of all ages across the region. The brand scoops happiness in the form of cups, cones, sundaes, beverages, and cakes in a wide variety of flavors, from regional bestsellers like Pralines N' Cream and Cotton Candy, to innovative creations like the new Toffee Date Pudding sundae. Striving to offer a seamless ice cream experience that delights every time, Baskin-Robbins delicious treats are available to enjoy in-shop, at home, and via delivery, as well as at the nearest supermarket.

Dubai's Galadari Food and Beverage Division is a flagship company within the Galadari Brothers Group and the world's largest Baskin-Robbins franchisee with 1,000 stores worldwide. Galadari F&B is the master franchisee for the Baskin-Robbins® brand in the MENA Region, as well as the master franchisee for Baskin Robbins® in Australia as part of a joint venture with Inspire Brands. Galadari F&B was the first company to introduce an international ice cream brand in the region and today has the largest store network in the Quick Service Restaurants (QSR) industry in the Gulf Region. (Baskin-Robbins 17.03)

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* 1. Dragos Announces Opening of a Dubai Office

Dragos of Hanover, Maryland, a cybersecurity for industrial control systems (ICS) and operational technology (OT) environments company, announced the opening of its UAE office in Dubai. The announcement closely follows its expansion in both the UAE and the Saudi Arabia in November 2021. The company’s focus on protecting the industrial sector in the region supports UAE initiatives such as ‘Operation 300 billion’, which calls for the sector’s GDP contribution to leap from $36 billion to $82 billion, or Dhs300 billion, by 2031.

Included in the new office, located in the Dubai Internet City Innovation Hub, is space for the company’s array of local OT cybersecurity talent, including incident response, penetration, and threat intelligence professionals. Also included is a training center to upskill talent for OT cybersecurity readiness. In parallel, the company has partnered with key government entities to provide training and threat intelligence and is building a future-ready ecosystem with OEM manufacturers and channel resellers. (Dragos 24.03)

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* 1. Altibbi Raises $44 Million in Series B Funding

UAE-based and MENA-servicing Health Tech and digital consultations platform Altibbi has successfully raised $44 million in its latest funding round. The oversubscribed Series B brought together a number of strategic and financial investors led by Foundation Holdings, Hikma Ventures and existing investors Global Ventures and DASH Ventures. Raising more than $50 million in funds since its inception in 2011, Altibbi’s diverse shareholder base also includes high-profile investors Endeavor Catalyst, Middle East Venture Partners and Al Rashed, among others.

Founded in 2011, Dubai's [Altibbi](https://altibbi.com/) has set forth to become the digital health provider for the MENA region, using AI technologies and seamless digital interfaces to fulfill the healthcare needs of its users as well as provide them with on-demand teleconsultations. The Health Tech startup hosts over two million pages of content and has published six peer-reviewed scientific papers in the last year alone. It has conducted 4.5 million telehealth consultations to date, has 20 million unique visitors a month to its platform, and offers its 24/7 telehealth services across seven regional countries - with over 1,500 active certified doctors on the platform.

Altibbi is positioned as the largest AI-based digital health provider in the Arab world with an unrivaled scale and innovation. Altibbi’s AI engine, created by their leading team of data scientists, engineers, and clinicians, also provides a unique capability for a comprehensive patient solution. The new funds will be used to expand the platform’s offering into online pharmacy and diagnostics collection to establish the region's first end-to-end fully integrated primary care offering, providing high quality, affordable, accessible value-based healthcare in accordance with Saudi Vision 2030 and Egypt’s Ministry of Health and Population. Digital healthcare innovations are key for supporting Saudi Vision 2030 and the Company will also increase its investments in machine learning to further support doctors in providing more precise diagnostics, referrals, and prescriptions. (Altibbi 28.03)

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* 1. AI-Powered FinTech FlapKap Raises $1.2 Million

UAE-based [FlapKap](https://www.flapkap.com/), the tech startup set to disrupt e-commerce and SaaS growth in the MEA region, announces its launch and successful completion of a $1.2 million funding round, led by A15, one of the most prominent backers of early-stage start-ups in the region.

FlapKap is the first company of its type in the Middle East. Its primary value propositions are twofold: first, it offers online businesses AI-based insight to help them optimize their advertising spend and maximize profits. Then, it offers these businesses revenue-based flexible payment terms, on that advertising spend, to ensure sustainable growth without cash constraints. Currently operating in the UAE and Egypt, FlapKap will soon launch in Saudi Arabia. The company also expects wider MEA expansion and rapid merchant acquisition. (FlapKap 22.03)

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* 1. Jumio Accelerates Digital Transformation in Middle East with KYX Platform

Palo Alto, California's Jumio, the leading provider of AI-powered end-to-end identity orchestration, eKYC and AML solutions, announced the launch of a Dubai based Middle Eastern solutions portfolio and its first sales leader for the Middle East, Turkey and North Africa (METNA) region. This expansion builds on Jumio’s long-standing presence in the Middle East and its ongoing commitment to revolutionize banking for a growing number of customers in the region.

With the Jumio KYX Platform, businesses from banking and financial services to government, healthcare and travel sectors can tap into services that accelerate digital transformation without sacrificing security and convenience. The KYX Platform leverages AI, biometrics, machine learning and certified liveness detection to help enterprises rapidly convert customers, stop fraudsters and maintain KYC and AML compliance. The key features and advantages of the platform extend an organization’s ability to monitor customer behavior from the initial point of account creation through the full lifecycle of customer interactions.

A recent forecast from the International Data Corporation states that digital transformation efforts in the Middle East, Turkey and Africa are set to top $58 billion in 2025, accounting for 40% of all information communication technology (ICT) investments made that year. Additionally, McKinsey & Company found that 83% of payments practitioners operating in the Middle East and Africa believe digitizing the customer journey is the most important way to remain relevant in an evolving market. (Jumio 21.03)

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* 1. Papa John’s to Open 7 New Restaurants Across the UAE at ENOC Service Stations

Papa John’s International, the world's third-largest pizza delivery company, continues to expand its global presence opening new restaurants across the UAE. PJP Investment Group, a leading business conglomerate and the master franchisee for Papa John’s in the region, has signed an agreement with ENOC Group to open seven outlets at their existing and upcoming service stations in the UAE over the next three months.

According to a report by Statista.com, the fast-food service sector in UAE is expected to grow at 5.8% per year to $4.51 billion in 2022. Additionally, the global restaurant and food service industry which is currently worth $34.25 billion is estimated to grow to $56.3 billion by 2027.

With the addition of these seven new restaurants, Papa John’s will now have over 70 outlets in the UAE. Papa John's has a wide global presence, with over 5,500 locations around the world in 49 countries and territories. In recent years, Papa John’s has entered 13 new countries, including Saudi Arabia, Spain, Portugal, Germany, Cambodia, Pakistan, France, Tunisia, Iraq, Morocco, Kazakhstan and Poland. (GN 18.03)

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* 1. UAE’s Carasti Raises $2 Million in a Bridge Financing Round

The UAE-based Tech startup and car subscription service [Carasti](https://carasti.com/home?country=AE&lang=en) has successfully raised $2 million in its latest funding round. The Bridge round recorded participation from Net Ventures and Rua Growth. Carasti launched operations in Riyadh, Saudi Arabia in March 2022, allowing customers to subscribe to new and used cars for between 1 and 24 months for an all-inclusive subscription fee. Launching with a Ramadan offer of 50% off the first-month subscription for new Saudi subscribers, Carasti customers can gain access to a fleet of brand new and used cars that suit any lifestyle or budget for only a fixed monthly fee; meaning they face no down payments, no loans and no depreciation that typically come with buying a car. Carasti handles everything from vehicle registration, maintenance and servicing costs, roadside assistance, insurance and delivery.

With an ever-growing younger population and fast-growing female driver segment, the car rental and leasing market in Saudi Arabia is anticipated to grow to $2.5billion by 2026 based on a recent Mordor Intelligence report, and Carasti is well placed to become a market leader in the Kingdom. Carasti’s all-inclusive subscriptions are priced as little as SAR 1,799 per month, which covers every cost typically associated with car ownership and maintenance giving ultimate peace of mind to its customers. (Carasti 22.03)

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* 1. justclean Secures $6 Million in Funding Led by the Gulf Investment Corporation

Dubai's [justclean](http://www.justclean.com/), a cleaning marketplace platform, secured $6 million in a funding round led by the Gulf Investment Corporation (GIC) and regional investors. The capital boost will enable the company to accelerate its expansion goals to spread its cleaning services throughout the Gulf Cooperation Council (GCC).

GIC’s investment in justclean is a further testament to its interest in home-grown startups and its growing investment portfolio in the digital economy space, a statement said. Regarding its portfolio of technology startups, GIC looks to identify leaders in the GCC technology space and support them on their journey to becoming regional champions. The Al Enezi brothers, who developed the justclean concept in 2016, believe there is further scope to develop the technology and an expanded suite of services beyond purely laundry and car wash services, which will ensure that the company becomes the go-to-app for the cleaning industry globally, not just in the GCC.

The Gulf region’s $3 billion cleaning industry is driven mostly by independent service providers. justclean was among the first to digitize the service, consolidating offline operators into a simple to use platform that now includes some of the biggest cleaning companies in the region and a massive user base that will grow further as the company introduces enhanced services and enters new markets. (justclean 17.03)

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* 1. SPIDERS Closes $1.4 Million Pre-Seed Financing Round

[SPIDERS](https://spiders.sa/), the Saudi micro-mobility rentals company has closed a $1.4 million pre-seed investment round led by Watheeq Capital. SPIDERS, founded in early 2021, has been able to expand in vital areas in Jeddah and Riyadh cities in more than 16 different locations serving thousands of rides. SPIDERS is on a mission to enable people to move around in an easy, affordable, and eco-friendly way. This mission comes in line with one of the objectives of the Kingdom’s Vision 2030 in both the Quality-of-Life Program and the transportation mandates.

Entrepreneurs have shown a lot of interest in micro-mobility in Saudi Arabia lately. Many micro-mobility startups have surfaced in the past few years including the likes of scooter sharing startups Gazal and Dabeeb with the former raising $2 million in SEED funding last year. There is a challenge of traffic overcrowding in Saudi Arabia with more than 400,000 cars being imported annually. This huge number poses a challenge to the infrastructure that needs to accommodate the rising number of cars. Micro-mobility can help in dealing with congestion, knowing that 60% of car trips are less than 8 kilometers in major cities according to a study by McKinsey, which applies to a great extent to Saudi Arabia’s major cities that are home to millions of people living and working in them. SPIDERS provides shared electric micro-mobility services that allow people to rent vehicles via Android and iOS applications. These vehicles are powered by electric batteries, getting users to a maximum speed of 20-25km/h. To use the service, users need to locate a nearby scooter, use a QR code to unlock the scooter, then head to their destination. There is an activation fee to unlock SPIDERS’ Scooter of SAR 1 per minute with no registration fees. The company comes with an innovative approach that the public can use and park the scooters in any location. (SPIDERS 28.03)

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* 1. Saudi Digital Loan Broker Arib Raises $2.3 Million

Saudi Arabia's Arib successfully raised $2.3 million in its latest funding round. The seed round was led by Merak Capital, an investment firm focused on technology companies and licensed by the Capital Market Authority of Saudi Arabia, with participation from angel investors.

Founded in 2019, Riyadh's [Arib](http://www.aribksa.com) has developed its first product, “Syaaraat,” an all-in-one platform that provides consumers with auto financing options from different banks and financing companies. The platform helps people choose the best auto financing options pertaining to their credit profile quickly and easily while increasing sales, lowering costs, and offering access to new clients for banks and car dealerships.

This investment will enable Arib to meet the requirement set by SAMA to finalize the licensing process as well as expand Arib’s portfolio of services to encompass different types of loans, including personal loans, home loans and credit cards. Arib will also use this funding to streamline its operations and technology infrastructure. (Arib 21.03)

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* 1. DailyMealz Raises $5 Million in Pre-Series A Funding Round

Saudi Arabia-based healthy food delivery app [DailyMealz](https://dailymealz.com/) has raised $5 million in its pre-Series A round, with a strategic investment from Saudi Airlines Catering and participation from Hala Ventures, MLM investment company, VEDA holding, Seedra Ventures and key strategic angel investors.

Founded in 2017, Dailymealz enables individuals to order food using weekly and monthly subscriptions through its app for iOS and Android. The KSA-based startup partners with different restaurants and cloud kitchens to offer their food as part of its meal plans. The users can choose different types of subscriptions including healthy, diet, Keto and fast food, in a few taps to receive the meals to their offices or homes without having to place an order every time they need it. The food is delivered by its own network of freelance drivers

Dailymealz has built in-house fleet management technology to ensure maximum utilization of drivers who deliver multiple orders on every trip. The grouped deliveries result in much better economics for Dailymealz when compared with traditional food delivery players who offer on-demand delivery. The KSA-based F&B startup will be utilizing its newly acquired funds for to support its growth efforts, by introducing new products and expanding geographically. (DailyMealz 29.03)

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* 1. US' Astute Imaging Acquires Egypt's DilenyTech

Kirkland, Washington's Astute Imaging, an imaging-guided therapy provider, announced its acquisition of Cairo's [DilenyTech](https://www.dilenytech.com), a Health Tech and AI-powered deep technology screening provider. The acquisition will enable Astute Imaging to leverage the power of AI to improve its current offering, expand services and develop innovative solutions in the medical imaging domain.

Dileny Technologies is a startup that develops and deploys innovative AI technologies to empower radiology workflow. It focuses on medical imaging analysis applications, breast cancer risk assessment, and structured reporting for several medical applications. This acquisition comes as a big step for the Cairo-based startup as it merges with Astute.

Astute Imaging is planning to launch an AI-powered tracking application for the aorta to provide proactive patient-centric services for providers. Astute Imaging is planning to enable its imaging core lab and procedure planning services with AI to allow seamless workflow and device tracking. This acquisition will help Astute expedite the introduction of AI into its cloud-based platform for image-guided therapy and workflow automation. (Astute Imaging 16.03)

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* 1. Global Ventures’ New $85 Million Fintech Fund - Nclude

Three of Egypt’s state-owned banks are investing in a new $85 million fintech fund launched by Dubai-based VC Global Ventures. The fund, dubbed “Nclude,” will invest in Egyptian startups specializing in fintech and working to accelerate financial inclusion. Banque Misr is acting as an anchor investor in Nclude, while NBE and Banque du Caire are on board as strategic investors. NBE has contributed $30 million to the fund while Banque du Caire put in $25 million. e-Finance Investment Group has made a $10 million commitment to the fund, 30% of which will be deployed this year with the remainder to be invested quarterly over the next four years. Egyptian Banks Company (EBC) also made undisclosed investments to the fund.

Set up by the state and Egyptian banks back in the 1990s, EBC is the OG Egyptian payments firm — it runs the 123 ATM network and serves as the automated clearing house for electronic fund transfers between banks, among other duties. Nclude will also be supported by global ventures builder Shipyard Technology Ventures, the statement said without providing further details.

Nclude will target early- and growth-stage fintech startups based in Egypt, as well as regional firms looking to expand into Egypt. The fund will invest 90% of its capital into existing startups through seed, series A and series B rounds, and the remainder towards co-creation and venture building activities. Nclude is expecting further investment from “prominent regional and international investors. Global Ventures is no stranger to the Egyptian startup scene, having deployed millions in local firms including Sympl, Paymob, Yodawy, Thndr, Minly and Elmenus. (Nclude 21.03)

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* 1. Lucky Raises $25 Million in a Series A Round

The Egypt-based FinTech exploring the world of cashback and credit offers to empower a larger segment of the population with easy and consumable access to credit, [Lucky](https://thelucky.app/) has secured $25 million in its Series A round to continue its expansion and increase its credit capabilities.

Founded in Egypt in 2018, Lucky has grown rapidly since its inception and has the largest merchant network in Egypt. The Company’s mission is to revolutionize how MENA’s population shops, pays, and saves by designing a seamless app that offers credit products, discount offers and cashback rewards. Lucky brings seamless financial flexibility and increased spending power to MENA, where many consumers have not traditionally had access to credit.

Lucky has aggregated over 8 million registered users and connects them to a growing range of easy-to-use credit products, discounts, and cashback rewards, which can be used in person and virtually with over twenty thousand local and global brands. The company has seen 250% year-on-year growth in gross merchandise value, with great feedback, including an App Store award from apple for best apps in Egypt. Proceeds of this funding will be used to increase market leadership and build out Lucky’s credit capabilities as customers become more educated and experienced using credit. (Lucky 21.03)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. UAE’s Masdar Announces Start of Construction for Solar PV Plant in Azerbaijan

UAE-based renewable energy company Masdar announced the formal start of construction for its 230 MW Garadagh solar PV plant in Azerbaijan. The plant is the country’s first foreign investment-based independent solar power project. In addition, Masdar signed four agreements related to the development of additional clean energy projects across the country. The Abu Dhabi based company had signed agreements to develop the Garadagh project, situated 9 km. northwest of Alat, in April of last year, with the plant expected to start commercial operation in 2023.

The project will help to generate half a billion kilowatt-hours of electricity annually, adequate to meet the needs of over 110,000 houses, reducing emissions by more than 200,000 tons a year. The Abu Dhabi Fund for Development (ADFD) is a finance partner for the project.

Looking to diversify its economy and reduce greenhouse gas emissions, Azerbaijan is targeting increasing the proportion of its installed power capacity coming from renewable sources to 30% by 2030. Azerbaijan has an estimated solar energy potential of 23,040 MW, according to the International Renewable Energy Agency (IRENA). (Masdar 16.03)

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* 1. Saudi Arabia to Start Building Green Hydrogen Plant in NEOM

Saudi Arabia will start construction of a green hydrogen plant as soon as this month as it pushes ahead with plans to export the fuel in about four years. The kingdom is on track sell carbon-free hydrogen from a $5 billion project in NEOM by 2026. Engineers have finished flattening the site in north-western Saudi Arabia and US-based Air Products & Chemicals will soon begin building the facility. There will probably be demand from companies from Asia to the US for the exports. Hydrogen is seen as pivotal for the transition to cleaner forms of energy.

Saudi Arabia wants to be the world’s biggest exporter of hydrogen. The fuel only emits water vapor when burned, making it less polluting than oil, natural gas and coal. The technology for producing it on a mass-scale is still unproven, but the market could be worth $700 billion annually by 2050 if manufacturers can bring down costs. Riyadh believes demand for oil will remain high for decades and is spending billions of dollars to increase its crude-production capacity. Yet Crown Prince Mohammed bin Salman aims to diversify the economy and hydrogen is an important part of his strategy. (Bloomberg 18.03)

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* 1. Egypt was the 27th Most-Polluted Country in the World in 2021

Egypt was the 27th most-polluted country in the world last year out of 117 countries surveyed, with an annual reading of small and hazardous airborne particles known as PM2.5 standing at 29.1, according to data compiled by IQAir, a Swiss pollution technology company that monitors air quality. The survey was meant to find how many cities met World Health Organization (WHO) air quality standards last year, mitigating both climate change and health risks to residents. The WHO recommends that average annual PM2.5 readings should not exceed 5 micrograms per cubic meter (µg/m³).

New Cairo’s PM2.5 was found to be at 29.1 µg/m³ in 2021, exceeding WHO’s recommendation by 5-7 times and putting the Egyptian city in the higher range of pollution, ranking #502 out of the 6,475 cities in the report. This is also up more than 67% compared to just two years ago, with 2019’s PM2.5 reading at 18 µg/m³.

However, the vast majority of cities exceeded the recommended levels, with only 3.4% of all cities surveyed meeting the WHO’s standard during the year. For the air quality rankings for capital cities, India’s New Delhi took the first spot with 85 µg/m³, followed by Bangladesh’s Dhaka (78.1 µg/m³) and Chad’s N'Djamena (77.6 µg/m³). The Arab world follows not too far behind, with Oman’s Muscat coming in at #5, Bahrain’s Manama at #7, Iraq’s Baghdad at #8, Qatar’s Doha at #13 and UAE’s Abu Dhabi at #18. (Various 22.03)

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* 1. Intro Group to Invest EGP 1 Billion in Waste Management this Year

Cairo's Intro Sustainable Resources (IRS) is looking to invest some EGP 1 billion in waste recycling this year. Established in 2020, Intro Sustainable Resources (ISR) is a developer and operator of projects in the fields of environment and sustainability. Its projects are in the sectors of renewable energy generation, power distribution, energy efficiency, waste to energy and waste management solutions, water treatment and desalination.

IRS is to receive $5.3 million from the European Bank for Reconstruction and Development to finance projects including combined heat and power plants, renewable energy generation, electricity distribution and waste management. The $5.3 million funding will finance around a quarter of the total project cost — $18.7 million — which will include two combined heat and power plants. IRS has set aside EGP 500 million for acquisitions this year, including in Egypt, Africa and the Arabian Gulf. (Ent 21.03)

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* 1. German Financed Solar Power Plant Enters Into Service in Tunisia

The Tozeur II solar power plant of was recently inaugurated in south-western Tunisia. The ceremony took place in the presence of officials of the German Development Agency (KfW), the financial partner of the project. The German development agency is the financial partner of the project with a loan of €11.5 million.

Of this funding, only €8 million were finally used for the construction of the plant. The rest of the money should, according to KfW, support the establishment of a battery storage system to optimize the production of the solar power plant of Tozeur II. The facility, which has a capacity of 10 MW, was built by the Steg following the Tozeur I which has the same capacity.

The two solar power plants were built under the Tunisian Solar Plan (PST). Implemented by successive governments in Tunisia since 2012, this program aims at the large-scale development of renewable energy. The PST is also consistent with Tunisia’s climate commitments. At the 2021 Glasgow Conference on Climate Change (COP26), Tunisia committed to reducing its greenhouse gas emissions by 46% by 2030, compared to 2010.

In line with this commitment contained in its nationally determined contributions (NDCs) updated in 2021, the North African country wants, through the TSP, to produce 1,860 MW of clean energy by 2023 and 3,815 MW by 2030. Currently, Tunisia depends on gas for 97% of its electricity production, according to the National Agency for Energy Management (ANME). Tunis also relies on independent power producers (IPP) to achieve its Tunisian Solar Plan. (Afrik21 14.03)

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* 1. In Casablanca, 5 Plants Will Recycle Wastewater for Irrigation

New plants will soon treat wastewater in Casablanca, Morocco. Each of the five plants will recycle 1,314 m3 of wastewater per day for watering green spaces in the city. The project aims to preserve conventional water resources that are running out. In addition to the drought, this decrease in conventional water resources stems from inappropriate use, particularly for watering green spaces and washing roads. These practices, now prohibited by the Moroccan government, have opened the way to other alternatives.

Each treatment plant will have a capacity of 1,314 m3 per day (6,570 m3 for all the facilities). Rabat’s goal is to provide 100 million m3 of treated wastewater to Moroccans per year by 2027. By 2050, this capacity should increase to nearly 340 million m3 per year, representing a treatment rate of 80% in the country. The construction of the new wastewater plants will require an investment of some €18 million. A call for tenders will be launched shortly for the implementation of the “Reuse” project. The company selected at the end of the process will have until 2023 to deliver the treatment plants. (Afrik 21 15.03)

ARAB STATE DEVELOPMENTS

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* 1. Lebanon’s Inflation Rate Accelerates to 214.6% by February 2022

According to the Central Administration of Statistics (CAS), Lebanon's monthly Consumer Price Index (CPI) jumped from 155.4% in February 2021 to 214.59% in February 2022. The cost of Housing and utilities, inclusive of water, electricity, gas and other fuels (28.4% of the CPI) added a yearly 95.61% by February 2022, where Owner-occupied rental costs increased by 3.94% year-on-year (YOY) while the average prices of water, electricity, gas, and other fuels soared by 372.30% YOY. Looking at the prices of Food and non-alcoholic beverages (20% of CPI), it surged by 396% yearly. In turn, the average prices of Transportation (13.1% of the CPI), Health (7.7% of the CPI) and Restaurant and Hotels (2.8% of CPI) all recorded hikes of an annual 510.28%, 413.40% and 448.61%, respectively, by February 2022. Costs of Clothing and Footwear (5.2% of CPI) surged by 183.92% by February 2022, and the prices of Communication (4.5% of the CPI) increased by 22.10%. Prices of Furnishings and household equipment (3.8% of CPI), Alcoholic beverages and tobacco (1.4% of CPI), and Recreation, amusement, and culture (2.4% of the CPI) increased by 214.84%, 251.76%, and 160.32%, respectively, by February 2022.

The 2021 inflation surge in Lebanon has been attributed to the sharp devaluation of the national currency in addition to the global supply chain crisis caused by the pandemic. However, absence of reform policies to mutate the situation as well as unexpected high energy costs due to the Russian invasion of Ukraine will have a substantial impact on the socio-economic activity and expected inflation in 2022, making the latter depend on geopolitics developments corrective measures by the Government. (CAS 28.03)

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* 1. Lebanon’s Fiscal Balance Recorded a Surplus for the 5th Month in a Row

According to Ministry of Finance (MoF) latest figures, Lebanon’s fiscal balance (cash basis) decreased by 116.64% from last year to register a surplus of $421.80M by August 2021 for the 5th month in a row. This reflects the extent contractionary policy taken by the State by decreased government spending and also increased taxes as would be seen in the State budget of 2022.

Government revenues (including treasuries) added 33.44% on yearly basis to stand at $8,198.72M by August 2021. On the counterpart, total expenditures (including treasuries) retreated yearly by 10.39% to $7,776.92M by August 2021. It is worth noting that the primary balance which excludes debt service posted a surplus of $1,509.71M, compared to a deficit of $861.30M during the same period last year. Fiscal revenues recorded a yearly increase by 41.46% to stand at $7,622.57M. Tax revenues (constituting 80.68% of total revenues) added an annual 35.25% to $6,208.23M by August 2021. Revenues from VAT (29.50% of total tax receipts) added 120.79% y-o-y to $1,778.52M. As for Non-tax revenues (16.28% of total revenues), they increased from $798.34M by August 2020 to $1,414.34M by August 2021. Meanwhile, “Telecom revenues” added annually 206.58% to stand at $610.10M by the same period.

On the expenditures’ side, transfers to Electricity du Liban (EDL) (8% of general expenditure) decreased by 26.55% to reach $463.78M. Moreover, total debt servicing (including the interest payments and principal repayment) reached $1,240.12M by August 2021, down by a yearly 11.32% such that interest payments alone retreated by 11.21% y-o-y to 1,162.23M. Interest payments on domestic debt slumped by 2.91% y-o-y to $1,134.55M. Meanwhile, interest payments on foreign debt registered a year-on-year significant drop by 80.28% to $27.68M. Treasury transactions (including revenues and spending that are of temporary nature) posted a surplus of $152.21M by August 2021 compared to last year’s deficit of $275.17M. (MoF 21.03)

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* 1. Jordan's Unemployment Rate Stands at 23.3% in Fourth Quarter of 2021

About 23.3% of working-age Jordanians were unemployed in the fourth quarter of 2021, according to official figures. Despite a marginal 0.1% increase of from the figure reported in the third quarter of the year, the unemployment rate dropped by 1.4% from the same period of 2020, the Department of Statistics (DoS) said.

Unemployment among males in the reporting period stood at 21.4% against 30.7% for females, dropping by 1.2 and 2.1%, respectively, compared with the same period in 2020. But when compared with the third quarter figures of 2021, the data indicate that male unemployment inched up by 0.2% while the number of unemployed females slightly declined by 0.1%.

Also, unemployment surged among university degree holders (calculated by dividing the number of unemployed individuals holding a bachelor's degree and higher by the number of unemployed persons holding the same qualification), reaching 27.2% compared to other educational levels. The figures indicated that 52.4% of the total unemployed were holders of secondary school certificates or higher and that 47% of the total unemployed had educational qualifications below high school. (Petra 21.03)

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* 1. New Saudi Rail Line Reaching Jordan Border to Open Soon

A new Saudi Arabian railway track reaching the Jordanian border will open in the coming days, enhancing the movement of passengers, goods and vehicles between the two countries, Saudi Minister of Transport and Logistics Al-Jasser announced on 28 March. He told a meeting organized by the Jordan Chamber of Commerce that Riyadh seeks to facilitate trade and transport, especially with Jordan, which has deep relations with the Saudi Kingdom.

The minister said that Jordan and Saudi Arabia are eager to follow up on operational and legislative challenges, referring to legislative amendments in his country to raise the operational level according to international standards in terms of safety, quality and environment. Saudi Arabia is one of Jordan's key trading partners, with a trade volume of about JOD4 billion. The meeting tackled ways to enhance bilateral cooperation and trade barriers related to land, sea and railway transport. (Petra 28.03)

►►Arabian Gulf

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* 1. UAE e-Commerce Market Valued at Over $5 Billion in 2021

Total e-commerce in the UAE reached just over $5 billion in 2021 and is projected to cross $8 billion by 2025, according to a new report launched by EZDubai, the e-commerce zone located in Dubai South and Euromonitor International. The report found that more consumers in the UAE made online purchases across all categories during 2021 compared to 2020, with an average 75% of respondents typically purchasing online. The fastest-growing sectors by industry from 2021-2025 will be homewares and home furnishings, food & beverage and media products.

Countries in the Middle East are expected to grow their e-commerce business owing to high GDP per capita and internet penetration rates. The UAE and Qatar are in the strongest position, with GDP per capita above $40,000 and internet penetration above 90%. In 2021, the total market size of e-commerce in the MENA region was estimated at $31.7 billion. The MENA region is expected to see e-commerce growth of over $18 billion in absolute value terms over 2021-2025 reaching over $49 billion by 2025.

While the MENA is mostly a cash-based economy, after the pandemic, consumers shifted quickly to adopt credit and debit cards. The report noted that in the UAE, credit and debit cards are the preferred method of payment.

UAE consumers purchase from cross-border retailers to access a wider range of products or search for lower prices or higher quality products not offered locally. The leading countries which UAE consumers purchase from include the USA, India and China and are often related to apparel and footwear as well as beauty and personal care. Foreign e-commerce (UAE consumers purchasing outside of the country) is rising fast, from 23% of total e-commerce sales in 2019 to 26% in 2021 and it is expected to rise to 32% by 2025. The UAE retail e-commerce market reached $3.9 billion in 2020, a 53% year-on-year increase, according to a report from Dubai Chamber of Commerce and Industry. Also, e-commerce accounted for an 8% share of the retail market in 2020.

In a separate study carried out last year, Sitecore said that that since the pandemic, 89% of customers in the UAE and 91% of customers in the Middle East and North Africa became digital converts and intend to continue buying everything online. The research, conducted by YouGov MENA, surveyed more than 650 IT decision-makers across 12 countries in the Gulf Cooperation Council, the Levant, and Egypt. (EZDubai 15.03)

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* 1. Unit 2 of UAE's Barakah Nuclear Energy Plant Starts Commercial Operations

The Emirates Nuclear Energy Corporation (ENEC) has announced the start of commercial operations of Unit 2 of the Barakah nuclear energy plant. The commencement of operations will add 1,400 MW of zero-carbon emission electricity to the national grid, bringing the total produced by Units 1 and 2 to 2,800MW. It also takes ENEC and its subsidiaries to the halfway mark of its commitment to supply up to a quarter of the country’s electricity needs.

Unit 2 of the plant joins Unit 1, which began commercial operations in April 2021. Meanwhile, Units 3 and 4 are in the final stages of commissioning, with the construction of Unit 3 already complete and undergoing operational readiness preparations. Meanwhile, Unit 4 is in the final stages of construction completion.

In September of last year, Unit 2 of the Barakah nuclear energy plant was connected to the UAE’s transmission grid. The Barakah Plant will produce up to 25% of the UAE’s electricity needs when fully operational and will prevent over 22.4 million tons of carbon emissions annually, equivalent to the emissions of 4.8 million cars. By 2025, the plant will generate more than 85% of Abu Dhabi’s clean electricity making it the biggest contributor to reducing the emirate’s carbon emissions by 50% by the middle of the decade. The Barakah nuclear energy plant, which is located in the Al Dhafra region of Abu Dhabi, is one of the largest nuclear energy plants in the world, with four APR-1400 units. The development of the plant as a whole is now more than 96% complete. (GB 25.03)

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* 1. Saudi Arabia’s Real GDP Grows by 3.2% in 2021

Saudi Arabia's General Authority for Statistics (GASTAT) announced that its real gross domestic product (GDP) for 2021 grew by 3.2%. The growth resulted from the economy recovering from the COVID-19 pandemic through the growth of non-oil activities by 6.1%, while government activities grew by 1.5%, and oil activities expanded by 0.2%.

The kingdom’s real GDP grew by 6.7% in Q4/21 compared to Q4/20 and 1.6% compared to Q3/21. The growth was attributed in large part to the high increase in oil activities (10.9% year-on-year). Non-oil activities also increased 5.1%, while government activities expanded by 2.4%.

Saudi Arabia is working to diversify its economy away from oil dependence per the Vision 2030 initiative. To this end, the Saudi sovereign wealth fund has invested in an array of sectors, including futuristic technology, sports and more. While Saudi’s non-oil exports are growing, much of the promised direct foreign investment has yet to come, and the kingdom’s foreign reserves have decreased dramatically. (Various 20.03)

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* 1. Crown Prince Mohammed bin Salman Launches Saudi's National Development Fund

Saudi Crown Prince and Deputy Prime Minister Mohammed bin Salman launched the National Development Fund (NDF)’s strategy, which aims to make the fund a key enabler for the economic and social objectives of the Saudi Vision 2030, Saudi Press Agency reported. The NDF’s strategy activates the kingdom’s development objectives by securing liquidity for development funds and banks, in addition to enabling it to achieve a sustainable business model portfolio, as well as mobilizing the private sector to enhance its role in development finance. Furthermore, NDF’s strategy aims to launch initiatives to improve performance and transparency, increase efficiency, as well as develop internal capabilities required to meet its objectives long-term development finance.

The NDF oversees the financing activities carried out by its development funds and banks. The fund has injected more than SAR690 billion through its affiliates since inception, becoming one of the largest development finance funds in terms of the ratio of assets to GDP in G20 economies, with assets amounting to SAR496 billion. (Various 20.03)

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* 1. Saudi Arabia Resumes Visa on Arrival for US & EU Travelers

Saudi Arabia removed another coronavirus-related travel measure, allowing travelers from the United States, the United Kingdom and the Schengen area in Europe to receive a 12 month visa on arrival upon entering the kingdom. The measure applies to travelers flying to Saudi Arabia via one of its national airlines — Saudia, Flynas or Flyadeal — the official Saudi Press Agency reported. This rule had been suspended due to the COVID-19 pandemic.

In 2019, Saudi Arabia eased its entry requirements significantly with the purpose of making the kingdom as easily accessible as other tourist spots in the region, such as Dubai. Saudi authorities allowed citizens of the United States, the European Union, China, Japan and other economic powers to enter without a visa. However, Saudi Arabia closed its borders in 2020 in response to the coronavirus.

The kingdom gradually eased restrictions throughout 2021, first resuming international flights and then allowing vaccinated citizens to travel abroad. However, they instituted more travel bans in December due to the emergence of the Omicron variant. On 6 March, Saudi Arabia removed its vaccination, quarantine and testing requirements to enter, and also scrapped the red list of banned countries.

The visa on arrival for holders of American and European visas allows citizens of third countries to enter Saudi Arabia more easily, since they have already been approved for travel to the United States and the EU. This decision comes as Saudi Arabia seeks to boost tourism. In February, Emirates airlines signed an agreement with the Saudi Tourism Authority to boost tourism to the kingdom. (Al-Monitor 25.03)

►►North Africa

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* 1. Egypt's Cabinet Approves Austerity Budget, Reducing GDP Forecast

Egypt has revised downwards its GDP forecast for FY 2022-2023, according to figures in the draft budget that was approved by ministers on 22 March. The government sees the economy growing by 5.5% in the coming fiscal year, down from the 5.7% figure that was forecast before the Ukraine conflict shook global commodity markets and hit state finances. Prime Minister Madbouly had directed the Finance Ministry to restructure the FY 2022-2023 budget to “reassess priorities” amid rising basic commodity and oil prices on the back of the Russia-Ukraine war. The revised budget will prioritize social protection programs to help support the populations most affected by fallout from Russia’s war in Ukraine. But the Finance Ministry will also need to be disciplined in its spending and should enact austerity measures if necessary, Madbouly said. Each ministry will review its spending in light of current events, he added.

The government expects to spend an additional EGP 15 billion this fiscal year due to heightened wheat prices, while oil prices are now in the triple figures — far above the $65 price assumed in the state budget. The government is still targeting a 6.1% budget deficit at the end of 2022-2023. This was the preliminary figure announced by the Finance Ministry earlier this year, but just three days ago Minister Maait said that the target had been revised to 6.3%. The deficit is expected to narrow to 6.9% at the end of the current fiscal year.

The government plans to focus spending on strengthening the social safety net, education, and healthcare, as well as supporting manufacturers and exporters. Public investments in 2022-2023 will rise by 15.2% from the previous year, down slightly from the previous 16.2% target. (Ent 23.03)

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* 1. Egypt Raises Interest Rates for the First Time Since 2017

The Central Bank of Egypt raised several interest rates by 1% on 21 March, citing “global inflationary pressures” as the reason for the rate hike. They specifically mentioned the COVID-19 pandemic, the “Russia-Ukraine conflict,” global supply chain disruptions and rising prices of commodities internationally. Many economists feel higher interest rates lower inflation by discouraging spending. The Central Bank is maintaining its 7% inflation target for the fourth quarter of 2022.

The Russian invasion of Ukraine has also led to price increases for several commodities and has particularly threatened Egypt’s wheat supply, causing big price increases and government intervention.

Last month, inflation in Egypt rose above 7% — the highest level in 30 months. It surpassed the Central Bank’s target for the end of 2022, the state-owned news outlet Al-Ahram reported. The rate hike by the Central Bank of Egypt also follows the recent US Federal Reserve raising interest rates in response to inflation. The US monetary institution’s interest rate decisions tend to have a ripple effect on monetary policy around the world, though the Central Bank did not mention the Fed in its statement. The Saudi and Qatari central banks raised some of their rates in response to the Federal Reserve decision. (CBE 21.03)

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* 1. Egypt Institutes Price Controls for Bread

On 22 March, the Egyptian government fixed the price of bread, with Prime Minister Madbouly declaring that the price of 1 kg. is EGP 11.5 ($0.63). The regulation applies to nonsubsidized bakeries, the state-owned news outlet Al-Ahram reported. Violators could face fines between $5,500 and $275,000 if caught.

Egypt’s wheat supply has been significantly affected by the Russian invasion of Ukraine. Before the war, Egypt received around 80% of its wheat from the two countries, and prices have since skyrocketed. Egypt is one of the biggest wheat importers in the world. The conflict has prompted the Egyptian government to seek imports from other countries, including the United States. They have also granted wheat farmers incentives to increase their quantities. Some wheat shipments from Ukraine and Russia to Egypt managed to ship last week and were scheduled to arrive within days. The price controls will remain in effect until further notice, according to Al-Ahram. (Al-Monitor 22.03)

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* 1. Cairo Downgrades its FY 2021-2022 GDP Forecast

The Egyptian government has lowered its growth outlook for FY 2021-2022 to 5.7% from 6.4% due to the economic impact of the war in Ukraine, Planning Minister El Said told Bloomberg Asharq on 28 March. The Planning Ministry had previously raised its full-year projection to 6.2-6.5% last month on the back of strong Q2 figures that beat expectations. The war changed everything. The government now sees the economy growing at a 5.5% rate in FY 2022-2023 in its newly-revised draft budget, down from the 5.7% figure that was forecast before the conflict. Prime Minister Madbouly has directed the Finance Ministry to restructure the draft budget and cut back on spending as rising food and energy prices increase pressure on state finances.

The government’s privatization plans have also been scaled back. The government aims to offer shares in four or five companies this year, according to El Said. The companies are in the energy, financial and insurance sectors, she said. The government had originally aimed to sell shares in as many as 10 firms in 2022, but the deteriorating global market conditions caused by the conflict have forced it to rethink its plans.

The government’s privatization drive made a successful comeback late last year with the IPO of state fintech player e-Finance and a secondary offering of Abu Qir Fertilizers. Until e-Finance went live on the EGX in October, the privatization program had only seen one secondary sale since launching at the beginning of 2018. The state also plans to offer to strategic investors' stakes in military-owned companies including bottled-water maker Safi and filling station operator Wataniya. (Ent 29.03)

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* 1. World Bank Pledges $180 Million for Moroccan Irrigation in the Face of Drought

Morocco will benefit from new funding to strengthen water management in the agricultural sector. The World Bank plans to approve a $180 million loan to the Kingdom before the end of March 2022. The funds are intended for the implementation of the Resilience and Sustainability of Irrigation Water (REDI) project. Presented in January 2022, the project aims to strengthen irrigation and drainage services, and improve access to advisory services and irrigation technologies in the regions of Tadla, Casablanca-Settat and Souss-Massa.

According to the United Nations (UN), Morocco is already considered to be under water stress with only 500 m3 of fresh water per capita per year, compared to 2,500 m3 in 1960, and the situation is expected to worsen. Thus, the Moroccan Ministry of Agriculture, Maritime Fisheries, Rural Development and Water and Forests, which will implement the project, plans to strengthen water governance in the project’s beneficiary regions with World Bank funding.

Within this framework, Redi will support the creation of a pilot platform for tradable water allocation that will cover 98,000 hectares belonging to 20,000 farmers in the Tadla perimeter, a region located in central Morocco. It will support the implementation of the Chtouka groundwater contract in the Casablanca-Settat region to improve sustainable groundwater management, including the establishment of a commission of key stakeholders and the recruitment of a private operator to monitor and control groundwater withdrawals by farmers. To strengthen water governance, the project also plans to design, develop and implement digital water management and agri-informatics tools, including two observatories for monitoring and evaluating the impacts of modernization at the plot and off-plot levels, one at the Tadla perimeter and the other at the Office régional de mise en valeur agricole (ORMVA) in Morocco. (Afrik21 22.03)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Egypt-Cyprus Electrical Link Costs €1 Billion

Cypriot Energy Minister Pilides said the cost of the EuroAfrica interconnector project costs €2.5 billion, including €1.5 billion to connect Crete with Cyprus and €1 billion to connect the island with Egypt. She said the current period is witnessing discussions and completing technical studies related to the project. During the next few months, there will be developments regarding the project. Pilides said the electrical interconnector between Egypt and Cyprus contributes to the delivery of Egyptian electricity to Europe. The goal is to connect Africa with Europe through this connection and cooperate with Greece and Israel to create a connection between Asia and Europe.

Last year, Egypt signed two memoranda of understanding (MoUs) with Cyprus and Greece to start studies on establishing a tripartite electrical interconnection with a total capacity of 2,000 MW and it was agreed to assign advisory tasks to a private company. Egypt is looking to consolidate its role as a regional energy center in the eastern Mediterranean in light of its capabilities and enhance cooperation with Cyprus. Pilides said Cypriot companies are interested in investing in Egypt, including petroleum, renewable energy, hydrogen, and information technology. (fm 29.03)

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* 1. Greece to Pump €1.1 Billion More to Curb Energy Prices

The Greek government is taking another step towards financial abyss by announcing a new package of financial measures aimed at strengthening households and businesses hit by runaway energy prices. The total package amounts to €1.1 billion and covers handouts to specific groups of consumers covering the whole range of fuels including electricity, gas and transport. However, despite the necessity, it is deemed as going against budgetary discipline and is expected to stifle economic growth.

Since the start of the year, the country has found itself in the grip of an unprecedented avalanche of high energy prices which soon lead into indiscriminate increases in food and goods prices, which in turn gave rise to strong inflationary pressures. This latest government step will affect 3.2 million people and comes on top of €2.5 billion already disbursed as subsidies since last September when the government took the bold step to directly subsidize electricity and gas prices at the consumer level in a desperate effort to avoid a slump in consumption and a dent to economic growth. Following the announcement of this latest financial support package to counter energy prices, the government will by the end of April have spent some €3.6 billion in subsidies over a six month period.

Despite the generous subsidies, energy prices at consumer level have risen steadily over the last six months as a result of international price increases. Euro area annual inflation in February hovered at around 5.9%, while energy inflation in the EU moved much higher at 28.7%, and in Greece annual inflation in February reached 6.3%. (FM 20.03)

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* 1. EU Fund Supports Early Repayment of Greek Bailout Loans to IMF

Greece’s European Union bailout lenders have approved a plan for the country to repay outstanding loans to the International Monetary Fund two years ahead of schedule. The bloc’s bailout fund, the European Stability Mechanism (ESM), said that the outstanding loans worth €1.86 billion ($2 billion) could be settled early, waiving its own requirement for early IMF repayments to be made in parallel with those made to European lenders.

Three successive bailouts totaling some €260 billion ($285 billion) between 2010 and 2018 helped Greece avoid bankruptcy and keep the shared euro currency despite tough budget austerity measures causing a surge in unemployment and poverty. Despite exiting the bailouts four years ago, Greece remains under an enhanced surveillance program created by European lenders to monitor spending, an arrangement due to end later this year. The ESM also approved the early Greek repayment of €2.65 billion ($2.91 billion) in loans that were made before the European bailout fund was formally established. (Various 28.03)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Israel Joins the Quantum Computing Club

In a project reported on 22 March, a Weizmann Institute of Science team succeeded in building a quantum computer – one of about 30 such machines in the world, and one of less than 10 to rely on an advanced technology known as ion traps. Quantum computers promise to reach computational complexity that is unthinkable using even the most powerful classical computers. This level of ability is known as the “quantum advantage.” It should bring about a slew of applications, from designing unbreakable codes and predicting market fluctuations to accelerating the development of new drugs, materials and artificial intelligence systems. That’s because in contrast to today’s computers, which are limited by the boundaries of classical physics, quantum computers obey an entirely different set of laws – those of quantum mechanics, which rule the microscopic world. In our familiar world, humans, cats or even bits, the basic units of information in classical computing, can only be in one place at a time. In contrast, quantum bits, known as qubits, can be simultaneously present in more than one position or state, which enables them to conduct multiple calculations in parallel, opening the door to vast computing power.

In the past decade, commercial companies such as Google, Amazon and IBM joined the race to build a quantum computer, while the United States, China and the European Union initiated massively funded strategic programs to advance the field. Despite this expansion of research, substantial challenges remain. One of the greatest obstacles is the extreme sensitivity of quantum computers to environmental noise, which stands in the way of building large, complex systems.

The Weizmann computer is a five-qubit machine, roughly the level achieved by IBM’s version when the company first started offering quantum computing as a cloud service. WeizQC, which is currently being built in the lab, is scheduled to work with 64 qubits. It is expected to demonstrate the quantum advantage, which until now has only been achieved by computers built in two labs: at Google and at the University of Science and Technology of China. (WI 22.03)

\*REGIONAL:

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* 1. Dates for Ramadan and Eid Al Fitr 2022 in UAE

In the UAE, the holy month of Ramadan will begin on Saturday, 2 April 2022, according to the Emirates Astronomical Society. Ramadan in 1433 Hijri Year is expected to last for 30 days and Eid Al Fitr will fall on Monday, 2 May 2022.

The city of Khor Fakkan in the emirate of Sharjah, specifically at Shark Island near Khor Fakkan Port, which is the easternmost point of the country, will precede the capital, Abu Dhabi, by about eight minutes for the start of fasting and breakfast. Meanwhile, in Al Ghuwaifat and Al Sila, the westernmost points of the country, fasting and breakfast will begin approximately 12 minutes later than the capital. Therefore, the time difference will be 20 minutes, in which Khor Fakkan will be ahead of Ghuwaifat for the start of fasting at dawn and breakfast at sunset.

The official working hours for federal government employees during Ramadan is from 9:00-14.30 from Monday-Thursday, and from 9:00-12:00 on Fridays. They can additionally avail of flexible hours and remote working options on Fridays, provided that there is no interruption in services provided by the respective departments. A maximum of 40% of government employees of each entity will be allowed to work remotely on Fridays. Private sector employees meanwhile will be able to avail of a reduction of two hours daily during Ramadan. (WAM 21.03)

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* 1. Qassim Science Center Hosts Robotic & Artificial Intelligence Festival

Curious people of all ages came out in groves to get a glimpse into the world's most advanced and newest technologies at Riyadh, Saudi Arabia's Robotic and Artificial Intelligence Festival that took place during a two-part event series earlier this year at the newly unveiled The Qassim Science Center. The festival series was sponsored by the Ministry of Information and Technology, as a part of the ministry's strategic program to advance the nation's tech sector forward, called Think Tech. Advanced technologies delighted over 15,000 visitors in the town of Unaizah, Saudi Arabia where the public initiative was open to the community for free entry. Festival visitors also received full access to the science museum that features seven expansive galleries covering a variety of STEM topics from Islamic Civilization and Medicine to emerging technologies.

Most festival visitors witnessed inventions for the first time, challenging guests to rethink the way we may one day go about our daily lives. Festival seekers were greeted by a host robot who encouraged fluid conversation in Arabic, speaking on a variety of topics from tourism, health and pop culture. Families, couples, and school groups from around the region of Qassim were encouraged to explore and immerse themselves throughout the 600 square meter event space. The festival offered a series of half-hour workshops relating to various technologies, beyond those featured in the zones, from IoT, blockchain and quantum computing. The venue also provided groups with a leisure area where food trucks, pop-up coffee shops and lounge space could accommodate festival goers.

The festival was curated and organized by Knowliom. Riyadh's [Knowliom](http://www.knowliom.com) is a privately held company and member of All Group, a conglomerate of event-centric companies dedicated to enhancing the quality of life and elevating entertainment experiences around the region. Knowliom provides museum operation solutions, edutainment as well as learning and cultural based programming to its clients. Working on a variety of projects, from art exhibitions, science museums to heritage festivals, Knowliom's team blends together its deep understanding of the local market with its broad perspective of international learning standards to deliver fun, interactive and meaningful experiences to festival, museum and programming guests. (Knowliom 18.03)

ISRAEL LIFE SCIENCE NEWS

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* 1. Aleph Farms Aims to Replace the Whole Cow as an Alternative to Cattle Farming

Aleph Farms announced it is expanding its product line to include a unique platform for cell-cultured collagen production. The company’s highly differentiated, integrated strategy to develop a complete alternative to animals in intensive animal farming is a testament to its inclusive vision to supplement sustainable, but less productive, livestock agriculture practices.

Conventional collagen is produced by boiling and processing cow’s hides and bones, and is widely used in a range of industries. Aleph Farms' cultivated collagen offers attributes of natural animal-based collagen that are unmatched by plant or fermented recombinant-based alternatives.

Aleph Frontiers is a division of Aleph Farms’ research center focused on the development of new technologies and products for eventual commercialization. As the first product to emerge from the company’s newly revealed incubator, and following 18 months of research by an expert team in stealth mode, Aleph’s collagen is now moving to full product development stage and should launch in 2024. This announcement follows the company’s expansion to its new cultured-beef steaks pilot production plant. Both platforms largely share similar inputs and equipment and present operational and cost-reduction synergies.

Co-founded in 2017, Rehovot's [Aleph Farms](http://www.aleph-farms.com) grows cultivated beef steaks, from non-genetically engineered cells, that are not immortalized, isolated from a living cow, without slaughtering the animal and with a significantly reduced impact to the environment. The company’s vision is to provide unconditional nutrition for anyone, anytime, anywhere. (Aleph Farms 16.03)

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* 1. SciSparc Announces Positive Results from Psychedelic-Based Pre-Clinical Trial

SciSparc announced positive results from a pre-clinical trial as part of its ongoing collaboration agreement with Clearmind Medicine. Results showed a significant dose dependent effect for the MEAI treatment in reducing alcohol consumption of the treated animals, with additional significant effect for the CannAmide treatment at the lower sub-effective MEAI dose.

Results showed that alcohol consumption was significantly reduced following treatment with MEAI at a dose of 40 mg/kg and at higher doses (p<0.01) compared to consumption before treatment. Alcohol consumption was significantly reduced following dual treatment with 25 mg/kg CannAmide in addition to MEAI at a dose of 20 mg/kg and compared to consumption before treatment. The mice were provided with 20% alcohol solution, for 24 hours, three times a week, for 7 weeks, and were treated everyday with MEAI or MEAI/CannAmide during the last two weeks of alcohol treatment. The alcohol consumption was measured by weighing the alcohol bottles before and after; water consumption was measured similarly in parallel.

Tel Aviv's [SciSparc](https://scisparc.com/) is a specialty clinical-stage pharmaceutical company led by an experienced team of senior executives and scientists. Their focus is on creating and enhancing a portfolio of technologies and assets based on cannabinoid pharmaceuticals. With this focus, the Company is currently engaged in the following drug development programs based on THC and/or non-psychoactive cannabidiol (CBD): SCI-110 for the treatment of Tourette syndrome, for the treatment of obstructive sleep apnea and Alzheimer's disease and agitation; SCI-160 for the treatment of pain; and SCI-210 for the treatment of autism spectrum disorder and status epilepticus. (SciSparc 17.03)

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* 1. More Foods is Creating the Next Generation of Meat Alternatives

Tel Aviv's [More Foods](https://www.more-foods.co) is launching an innovative and unique product in the alternative protein market, which is expected to reach $140 billion by 2029. The company creates 'meaty' textured products with a unique and juicy bite that provide a similar feel to that associated with dark meats.

Whether a person considers themselves a full carnivore or an occasional vegetarian, there is no doubt many have considered reducing meat consumption. Recent research has shown that more than 40% of the population worldwide is looking to decrease meat consumption, according to: Euromonitor. The company's patent pending technology allows it to use cast-away fragments of seeds produced while making pumpkin seed oil and sunflower seed oil. The company actively works on incorporating other under-utilized ingredients from the food industry to make alternative protein foods.

Based in Tel Aviv, the company was founded in 2020 by Leonardo Marcovitz who stopped eating animal meat when he realized the industry's horrible consequences for both animals and the environment. He then became hyper focused on producing products that would make it easier for people to replace animal meat in their meals without compromising on taste and nutritional values. There are a variety of forward-looking restaurants/chains based in Israel that have started pilots serving More Food's products. Just to mention a few, these include Mexican food (Mexicana), Mediterranean (Pita Basta), hip coffee shop (Butti), Bistro (Bernard) and others. Later this year, the company plans to enter the EU market as well. (More Foods 17.03)

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* 1. HELM AG Invests in CropX, a Leader in Digital Precision Agriculture

Hamburg, Germany's HELM AG and CropX announced a strategic partnership, tackling the field of data-driven farming while expanding the HELM portfolio of digital state-of-the-art farming solutions.

In 2017 HELM started its journey in digital farming by introducing SKYFLD. SKYFLD is HELM's first Software-as-a-Service product and helps farmers cultivate their fields in a more sustainable manner enabling the targeted application of fertilizer and crop protection products - based on ESA satellite imagery. Partnering with CropX now is a great opportunity to round up HELM's activities in the field of cutting-edge agro analytics. The new collaboration complements their portfolio in the most meaningful way and is a valuable step towards digital solutions in modern agriculture. While SKYFLD provides farmers with valid aerial data of their fields, CropX is a highly competent partner for additional soil data analysis in CropX. HELM will promote CropX as a preferred partner to its customers as of autumn 2022.

Since 2017, Netanya's [CropX](https://cropx.com) has been helping farmers everywhere grow more with less - less water, less fertilizer, less chemicals and less stress. Its technologies and cloud-based platform offer advanced farm intelligence to farmers in over 50 countries, across all the arable continents, on over 75 crop types. With experienced teams of agronomists, data scientists, and engineers, CropX is committed to improving and simplifying digital tools for profitable and sustainable farm management. (HELM AG 17.03)

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* 1. Plant-Based Fish Startup Plantish Raises Largest Seed Round in Alt Seafood History

Alt seafood pioneer Plantish, which uses plant proteins to create premium, whole-cut fish, has raised $12.45 million in seed funding, the largest seed round to date in the burgeoning alternative seafood market. The round was led by State Of Mind Ventures, with participation from Pitango Health Tech, Unovis Capital, TechAviv Founder Partners, SmartAgro, E2JDJ, Alumillioni Ventures, and OurCrowd. The company had previously raised $2 million in pre-seed funding in June 2021, from TechAviv Founder Partners, a venture fund backed by top industry veterans, and angel investors including Chef José Andrés and Nuseir Yassin from Nas Daily.

Founded in mid-2021, Plantish's mission is to save the oceans through production of plant-based, whole-cut fish fillets that are similar in taste, texture, and nutrition to conventional fish. Over 70% of conventional fish is consumed globally in whole-cut form, either as whole fish or fillets (Statista Fish & Seafood Report, 2021). However, the alternative seafood sector primarily consists of minced fish options, such as fish fingers and fried fish, due to the technical complexities of whole-cut production.

Plantish has overcome this by developing a versatile, patent-pending additive manufacturing technology designed to produce plant-based fish alternatives. By deconstructing salmon to understand its different components, the team of experts is able to create plant-based connective tissue and muscle tissue, and uses this in their technology to create Plantish, one super-fine layer at a time.

Their first product is Plantish salmon™, which mimics cooked salmon in taste, texture, appearance and structure, whilst also having the same nutritional values as its conventional counterpart, with high protein and Omega-3 content. Plantish's current prototype can be prepared and cooked in all the methods that conventional salmon is prepared. Plantish will be launching Plantish salmon in pop-up locations at the end of the year, and will be officially launching their product nation-wide in restaurants by 2024.

Rehovot's [Plantish](http://www.plantish.com) is made up of foodie scientists on a mission to create boneless fish whole-cuts made entirely out of plants! With their innovative technology, Plantish is making fish fillets that are delicious, nutritious and sustainable. Their first product, Plantish Salmon, is packed with protein, Omega-3 and healthy fats, and free of mercury and antibiotics. (Plantish 16.03)

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* 1. Simplivia Healthcare Unveils its Closed System Drug-Transfer Device Portfolio

Simplivia Healthcare announced the upcoming launch of Chemfort, its newest closed system transfer device (CSTD). Chemfort reduces the risk of exposure for healthcare professionals when preparing and administering hazardous drugs. The Chemfort CSTD portfolio of products suits any protocol and is compatible with all known hazardous drugs. Chemfort is backed up by peer-reviewed articles that demonstrate the efficacy of Simplivia's Toxi-Guard, air cleaning technology, and its user-friendly design.

Simplivia introduce for the first time the Chemfort Closed Administration portfolio, which is designed for use by nurses when administering hazardous drugs. This portfolio provides simple, complete integration to nurses' workflow. Tested with real hazardous drugs, the addition of the Chemfort Closed Administration portfolio enables a complete vial to vein solution to ensure the medical professional safety while maintaining sterility throughout the entire process.

Kiryat Shemona's [Simplivia Healthcare](http://www.simplivia.com) is dedicated to developing and manufacturing high-quality medical solutions for drug delivery to ensure the safety of healthcare professionals. Simplivia's Tevadaptor and Chemfort products are approved by the world's leading regulatory bodies. In the US, Simplivia products are distributed by B. Braun under the brand OnGuard. (Simplivia Healthcare 16.03)

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* 1. MeMed Technology Quickly Distinguishes Bacterial & Viral Infections

Brooklyn, NY's Maimonides Medical Center announced a landmark agreement with MeMed, an Israel-based medical technology firm, for the adoption of MeMed BV, a new, FDA-approved, cutting-edge test that distinguishes whether a patient is suffering from a bacterial or viral infection within 15 minutes.

The MeMed BV test analyzes the body’s immune response to infection rather than focusing on detecting the presence of a pathogen, yielding reliable results within 15 minutes. In turn, this enables rapid diagnosis despite having an unknown or inaccessible infection site, or when the cause of infection is an emerging new pathogen. The test results will help inform antibiotic treatment decisions and improve clinical outcomes.

Tirat HaCarmel's [MeMed](http://www.me-med.com)'s aims to translate the immune system's complex signals into simple insights that transform the way diseases are diagnosed and treated, benefiting patients and society. (MeMed 22.03)

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* 1. Pluristem Releases PLX-R18 Hematology Phase I Study Results

Pluristem Therapeutics announced positive final results from its innovative hematology Phase I study to evaluate the safety and exploratory efficacy of intramuscular injections of PLX-R18 in subjects with incomplete hematopoietic recovery following HCT. Incomplete hematopoietic recovery, or poor graft function (PGF), is a life-threatening complication for patients undergoing HCT. Current standard-of-care treatments do not result in satisfactory blood counts in some or all blood cell lineages. Consequently, patients are vulnerable to bleeding and recurrent infections, and require repeated costly transfusions of blood products, which only provide short-term benefits.

PLX-R18 cell therapy was previously granted an orphan drug designation by the FDA for the treatment of graft failure and incomplete hematopoietic recovery following HCT and for ARS. The final results of the Phase I study reinforce the preclinical results of studies conducted under the FDA’s Animal Rule, in collaboration with the U.S. National Institutes of Health (NIH) and the U.S. Department of Defense (DOD), in which PLX-R18 was found to be effective in supporting the recovery of bone marrow failure resulting from ARS. In addition, the FDA previously cleared Pluristem’s IND application for PLX-R18 in the treatment of ARS. The IND allows Pluristem to treat victims who may have been acutely exposed to high dose radiation due to a nuclear attack or accident.

Haifa's [Pluristem](https://www.pluristem.com/) is pushing the boundaries of science and engineering to produce cell-based products for various industries on a global scale. The Company’s cell manufacturing platform is a patented and validated 3D cell expansion system, which is uniquely precise, cost-effective, and consistent from batch to batch. Pluristem currently operates in the regenerative medicine and food tech sectors and aims to establish partnerships that leverage the Company’s cell-based technology platform for additional applications. (Pluristem 23.03)

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* 1. Philips & Nuvo Group Extend Prenatal Care Delivery Starting in Rural Colorado

Royal Philips, headquartered in the Netherlands and a global leader in health technology, and Nuvo Group announced a collaboration to develop a more inclusive pregnancy care experience from the prenatal stage through labor and delivery. Through the collaboration, Philips will support Nuvo in facilitating remote fetal monitoring pilot programs that focus on increasing access and adherence to prescribed care in remote areas, beginning with a pilot program in rural Colorado.

More than half (54%) of the counties in the USA offer very limited or no access to maternity care. Within these counties, more than 2.2 million women of childbearing age live in full maternity care deserts, which have no hospital offering obstetric care, no birth center, and no obstetric provider. Following the recent White House call to action for organizations to help improve health outcomes for parents and infants, Philips and Nuvo will collaborate to pilot Nuvo’s INVU pregnancy monitoring system as part of an integrated solution for rural care providers and their patients in the USA.

The USA continues to experience acute staffing shortages in medical care – a challenge common in rural areas long before the COVID-19 pandemic. This initiative has the potential to help ease the burden on providers by shifting a portion of care to the home setting. Providers will be able to prescribe INVU to expectant mothers, who will wear the sensor band during virtual visits with their physicians. During these visits, a live reading allows the expectant mother to access simplified data and insights via the paired INVU app, while the provider receives NST readings comparable to deeper fetal surveillance that OB/GYNs are accustomed to receiving during in-office procedures.

Based in Tel Aviv, Israel, [Nuvo Group](http://www.nuvocares.com) is committed to reinventing pregnancy care for the 21st century through new technology, tools, and practices for providers and expectant mothers, including the INVU by Nuvo platform, an FDA-cleared, prescription initiated remote pregnancy monitoring and management system. The INVU sensor band enables the delivery of remote non-stress tests and maternal & fetal heart rate monitoring today while pioneering new data-driven personalized pathways that Nuvo believes will help improve health outcomes for all women in the future. (Royal Philips 22.03)

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* 1. OptraHEALTH & Beilinson Hospital Announce GeneFAX Pilot for Genetic Counseling

San Jose, California's OptraHEALTH in partnership with Gamidor Diagnostics (Israel) is starting a research project with Beilinson Hospital, part of the Clalit Health and Tel Aviv University. The Raphael Recanati Genetics Institute at Beilinson Hospital aims to assess the improvement in the quality of care at scale for the patient population in Israel.

The use of technology is inevitable in genetic testing given the increasing number of genetic tests and volume of data. OptraHEALTHs GeneFAX brings better engagement, experience and conversationality to genetics at unprecedented levels. Beilinson Hospital will conduct a research study for its patients undergoing genetic counseling and education, an important aspect for patients to make informed decisions. As part of this study, Beilinson Hospital will send GeneFAX virtual assistants to patients and assess the quality, time, and scale of genetic counseling sessions using GeneFAX. Gamidor Diagnostics is supporting the pilot in the region as the adoption of genetic testing services powered by technology is gaining wider adoption.

Petah Tikva's [Gamidor Diagnostics](https://gamidor.co.il/en/‎) is a medical diagnostic company that provides systems, reagents and services to clinical and research laboratories in hospitals, health management systems, academic research institutes and the general public in Israel. Gamidor represents world leading diagnostic companies and provides high-quality, trusted solutions to the customers. (OptraHEALTH 24.03)

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* 1. Wanda Fish Technologies Enters Collaboration with Tufts University

Wanda Fish Technologies has signed two agreements with Tufts University to advance the company's goals in the emerging field of cultivated fish. Under a licensing agreement, Wanda Fish gains exclusive rights to certain intellectual property in fish cell cultivation developed by a Tufts researcher. Additionally, a two-year sponsored research agreement with the university supports Kaplan's research into cellular agriculture-based production of fish tissue. Taken together, the moves will significantly propel Wanda Fish's strategies for producing sustainable, tasty, cultivated fish fillets.

Producing seafood from fish cells is a niche within the alt protein scene that is rapidly gaining ground in the collective quest to address the challenges of the seafood industry. Wanda Fish was formed last year with financial and technical support from the Israeli Innovation Authority (IIA) and in conjunction with the Kitchen FoodTech Hub. Wanda Fish already secured $3 million in its pre-seed funding round led by The Strauss Group's, The Kitchen FoodTech Hub. It has also gained investments from Peregrine Ventures, Pico Partners, CPT Capital, and MOREVC.

Ness Ziona's [Wanda Fish](http://www.wandafish.com) is an innovative FoodTech company with a platform that produces a wide variety of delicious fish fillets using sustainable cell-cultivation practices. Their GMO-free platform allows us to grow thick fish fillets including muscle and fat along with its long- touted beneficial properties of omegas 3’s and protein. They grow a range of fish varieties imbued with the taste, texture and mouthfeel of real fish. (Wanda Fish 23.03)

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* 1. FDA Clears the Biobeat Remote Patient Monitoring Platform for Additional Vital Signs

Biobeat's wearable remote patient monitoring device have received 510(k) clearance from the U.S. FDA to monitor respiratory rate and body temperature in addition to cuffless blood pressure, blood oxygen saturation and pulse rate. Biobeat's wireless wrist and chest monitoring devices, the first-ever to receive FDA clearance for cuffless blood pressure monitoring from PPG only, can support health teams by transmitting real-time patient data.

Biobeat's medical grade wearable monitors utilize proprietary non-invasive reflective photoplethysmography monitoring technology to automatically and continuously track multiple vital signs and health parameters. The wireless solutions connect to a cloud-based patient management system to provide medical staff with real-time data and alerts, enabling early identification of clinical deterioration. The management platform includes an integrated automated, customizable early warning score system and incorporates advanced health-AI-based algorithms that analyze aggregated patient data to identify deterioration more accurately and provide predictive analytics. Biobeat's hospital and long-term care monitoring solutions are currently used in dozens of medical centers and facilities across the globe.

Founded in 2016, Petah Tikva's [Biobeat](https://www.bio-beat.com) is a med-tech company with unique health-AI capabilities in the patient monitoring space. The company's remote patient monitoring (RPM) health-AI platform includes a disposable short-term chest-monitor and a long-term wrist-monitor, both of which utilize a photoplethysmography-based (PPG) sensor to continuously provide accurate patient readings of 13 health parameters, including cuffless blood pressure, pulse rate, respiratory rate, blood oxygen saturation, temperature, stroke volume, cardiac output, one lead ECG (only chest-monitor) and more. (Biobeat 27.03)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Gilat's Steerable Antenna Achieves Breakthrough During Airbus Flight Tests

Gilat Satellite Networks announced a breakthrough in electronically steerable antenna (ESA) technology for in-flight connectivity (IFC) with the conclusion of flight tests conducted by Airbus Defence and Space, marking the successful completion of the final phase of the five-year Clean Sky 2 IFC ESA project. Connectivity was demonstrated on Spacecom’s AMOS-17 advanced digital Ka band satellite.

Gilat's ESA technology, operating with Gilat's SkyEdge II-c platform and Taurus aero MODMAN, is proven to be at the forefront of the next-generation of the ESA IFC market. Gilat’s ESA is a flat antenna that is fully-integrated and validated on the Airbus C295 Flight Test Bed 2, an in-flight demonstrator of the European Clean Sky 2 research and innovation program, part of the EC Horizon 2020 initiative.

Clean Sky is the largest European research program developing innovative, cutting-edge technology aimed at reducing CO2, gas emissions and noise levels produced by aircraft. Funded by the EU’s Horizon 2020 program, Clean Sky contributes to strengthening European aero-industry collaboration, global leadership and competitiveness.

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, their 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 17.03)

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* 1. Cymbio to Help Merchants Connect with Retailers and Reach New Customers

Cymbio announced its partnership with BigCommerce, a leading Open SaaS ecommerce platform for fast-growing and established brands. The partnership has been developed to power BigCommerce's merchants in expanding digital sales channels. The only way to currently support an open ecosystem is to support the merchant in their needs and provide solutions to help them grow their business. In today's market, there is no such thing as separate advertising and marketplace channels. They are all merging, and the ability to syndicate quality merchant catalog data to these channels is more important than ever.

Merchants can easily access hundreds of retailers to increase their digital presence by automating all marketplace and drop-ship operations from beginning-to-end, creating the potential for endless growth opportunities. Seamlessly connecting with new retail channels has increasingly become important for growth, and Cymbio provides this opportunity to expand digital sales channels fast.

Tel Aviv's [Cymbio](https://cym.bio)'s digital commerce enablement platform provides brands a robust, centralized platform to manage marketplaces, drop ship, boutiques, retail set-up, onboarding, and daily management of all operational needs. Cymbio enables digital sales growth for brands with the world's first brand-centric drop ship and marketplace automation platform and acts as the technology bridge between brands such as New Balance, Authentic Brands Group, Steve Madden, Marchesa, Camper, Micro Kickboard, and thousands of retailers, marketplaces, department stores, and boutiques (such as Nordstrom, Kohl's, Macy's, Farfetch, Urban Outfitters, Kroger, Walmart, Zappos). (Cymbio Digital 16.03)

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* 1. Silicom Wins Edge Networking Design Award from US Communications Service Provider

Silicom has secured a major design win from an existing client, a US communication service provider, for customized high-runner edge networking products to be deployed in a network-wide infrastructure upgrade project that it is carrying out for one of its customers. To date, Silicom has delivered approximately $3 million in equipment for the project's first phase, and, in recognition of its excellent performance, has recently received second-phase purchase orders totaling $3 million to be delivered during 2022. The customer forecasts that the total value of the design win will be approximately $15 million.

Kfar Saba's [Silicom](http://www.silicom.co.il) is an industry-leading provider of high-performance networking and data infrastructure solutions. Designed primarily to improve performance and efficiency in Cloud and Data Center environments, Silicom's solutions increase throughput, decrease latency and boost the performance of servers and networking appliances, the infrastructure backbone that enables advanced Cloud architectures and leading technologies like NFV, SD-WAN and Cyber Security. Their innovative solutions for high-density networking, high-speed fabric switching, offloading and acceleration, which utilize a range of cutting-edge silicon technologies as well as FPGA-based solutions, are ideal for scaling-up and scaling-out cloud infrastructures. (Silicom 16.03)

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* 1. Ermetic Releases Open Source Tool to Troubleshoot AccessDenied Errors on AWS

Ermetic released a free open source tool for managing AccessDenied Events in Amazon Web Services (AWS) that automates time consuming cloud access policy troubleshooting and correction. Access Undenied on AWS analyzes AWS CloudTrail AccessDenied events, scans the environment to identify and explain the reasons for the events, and offers actionable least-privilege remediation suggestions.

Access Undenied on AWS addresses some of the peskiest Access Denied challenges encountered by DevOps and security teams on a daily basis, including:

* Some AccessDenied messages still do not provide details. Among the services for which some, or even many, messages are lacking in detail are: S3, IAM, STS, CloudWatch, EFS, DynamoDB, Redshift, Opensearch and ACM.
* When the reason for AccessDenied is an explicit deny, users can have difficulty tracking down the specific policy and statement that generated the explicit deny. Specifically, when the reason is an explicit deny in a service control policy (SCP), it is difficult to find and assess every single policy in the organization that applies to the account.
* Meanwhile, when the problem is a missing allow statement, it can still be challenging to create the least-privilege policy that allows the desired access without granting excessive permissions.

Tel Aviv's [Ermetic](https://ermetic.com) helps prevent breaches by reducing the attack surface of cloud infrastructure and enforcing least privilege at scale in the most complex environments. The Ermetic SaaS platform provides comprehensive cloud security for AWS, Azure and GCP that spans both cloud infrastructure entitlements management (CIEM) and cloud security posture management (CSPM). Ermetic has received funding from Accel, Forgepoint, Glilot Capital Partners, Norwest Venture Partners, Qumra and Target Global. (Ermetic 24.03)

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* 1. Classiq Collaborates With NVIDIA to Accelerate the Path to Quantum Advantage

Classiq announced a collaboration with NVIDIA to bring large-scale quantum circuits to customers. Now, businesses and other organizations can prepare for and explore the benefits of larger quantum circuits before the hardware is available.

To create and debug the next generation of quantum algorithms, customers need to simulate larger and more sophisticated quantum circuits. Classiq and NVIDIA are addressing this need from two complementary directions. The Classiq platform synthesizes quantum circuits from high-level functional models, and reduces these circuits to the lowest possible qubit and gate count. NVIDIA accelerates the simulation of certain larger-scale quantum circuits with the NVIDIA cuQuantum software development kit, thus expanding the practical limits of quantum simulation. Now, customers can create and simulate more comprehensive circuits and get a head start on the journey to extract true business value from quantum computing applications.

Quantum is disrupting computing and Tel Aviv's [Classiq](http://www.classiq.io)’s Quantum Algorithm Design platform is the best way to develop quantum software. Forward-thinking companies use their platform to solve real-world problems with quantum circuits that could not be created otherwise. Their patented breakthrough technology automatically transforms high-level functional models into optimized quantum circuits for a wide range of back-end systems, turning months into minutes of work and making it possible to harness the true power of today’s and tomorrow’s computers. (Classiq 24.03)

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* 1. Foretellix & NVIDIA Deliver End-to-End Solution for ADAS/AV Development

Pairing NVIDIA's simulation tools with the Foretellix validation platform creates a best-in-class solution that reduces development costs and helps AV makers get to market faster, and improve the safety of ADAS and AV. The combined power of NVIDIA's DRIVE Sim, a virtual simulator, and Foretellix's Foretify verification and validation platform can deliver a scalable and effective solution that can expose bugs, edge cases, and unknowns more efficiently and faster.

The combined solution is based on Foretify's ability to generate and orchestrate a massive number of meaningful tests. The tests are then propelled into DRIVE Sim, where a physically realistic simulation of the test is conducted and challenges the instructions that the ADAS/AV stack provides to meet the situation in the tests. Foretify orchestrates the tests and is able to dynamically control them to ensure that the test is conducted as planned. The results of the tests, including KPIs, are sent back to Foretify for analysis and optimization, allowing development teams to run these tests regressions again until a safe, successful result is achieved.

Ramat Gan's [Foretellix](https://www.foretellix.com)'s verification platform Foretify uses proven coverage-driven methodologies to conduct the verification of ADAS and AV. Foretify is able to generate the myriad of tests required to cover all the relevant scenarios that automated driving systems may encounter in the real world. Scenarios are defined using ASAM OpenSCENARIO 2.0, a human-readable scenario description language adopted recently as an industry standard. Foretellix also provides off-the-shelf test and verification packages, called V-Suites for ADAS functions, L3 ALKS regulation, L4 Highway driving, and Mining that help their customers to get their testing program up and running in no time. (Foretellix 24.03)

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* 1. SuperCom Awarded Croatia's First National Electronic Monitoring Project

SuperCom was awarded by the Ministry of Justice and Administration of Croatia the first full-scale electronic monitoring contract in the country and will deploy SuperCom's PureSecurity Electronic Monitoring (EM) Suite. This project heralds Croatia joining a long line of countries choosing SuperCom's EM solutions and further expands SuperCom's footprint in Europe. Through its innovative and proven technology and services, SuperCom aims to help Croatia improve public safety efficacy, reduce prison overcrowding, and lower recidivism. The project will include the PureSecurity RF monitoring solution, providing continuous tracking of offenders in house arrest. The project is set to cover all EM offender programs within Croatia for a duration of five years.

The award was won through a formal competitive bid process, against other EM vendors with an established EU presence. SuperCom expects to deploy the initial order and generate revenues shortly after the project launch. This award will go through the customary standstill waiting period before contract signing is approved and the project is launched. SuperCom management expects to provide further information on such in follow-up announcements.

Since 1988, Tel Aviv's [SuperCom](http://www.supercom.com) has been a global provider of traditional and digital identity solutions, providing advanced safety, identification and security solutions to governments and organizations, both private and public, throughout the world. SuperCom's PureSecurity Suite is a best-of-breed electronic monitoring and tracking platform, which contains a comprehensive set of innovative features, including smartphone integration, secure communication, advanced security, anti-tamper mechanisms, fingerprint biometrics, voice communication, unique touch screens and extended battery life. (SuperCom 23.03)

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* 1. Rezilion Integrates with GitLab to Reduce Vulnerability Backlog by 70%

Rezilion announced an integration with San Francisco's GitLab, the DevOps Platform, which enhances developers' ability to release secure software products faster. Deployed in minutes, this native integration with GitLab CI eliminates an organization's vulnerability backlog by 70% and reduces remediation from months to days while addressing 100% of exploitable risk.

Driven by digital transformation, product organizations are innovating faster and pushing large quantities of code daily. In the past, DevSecOps teams were not equipped with critically-needed automation tools to detect, prioritize, and address security risks. GitLab surfaces potential vulnerabilities within the CI pipeline yet developers may spend time patching vulnerabilities that don't pose an actual risk. By using Rezilion in GitLab CI, customers can understand which vulnerabilities are loaded to memory and executed in runtime. This ability means they can focus on true risks instead of focusing on vulnerabilities that are not exploitable.

Beer Sheva's [Rezilion](https://www.rezilion.com) is an automated software attack surface management platform that allows organizations to effortlessly reduce and mitigate software vulnerabilities from dev to prod and across cloud workloads, applications, and IoT devices. Rezilion eliminates more than 70% of the manual work security and engineering teams have to do, harmonizing previously oppositional efforts, and empowering organizations to innovate faster. (Rezilion 23.03)

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* 1. Senstar Symphony Sensor Fusion Engine Wins Security Industry Award

Senstar Corp. a Senstar Technologies' subsidiary, announced its Senstar Symphony Sensor Fusion Engine has been awarded a Security Industry Association (SIA) New Products & Solutions Award. Senstar's newest ground-breaking technology won in the Intrusion Detection and Prevention Solutions (Physical) – Wired category, recognizing technologies used to detect and/or prevent unauthorized entry into a secure area, indoor or out.

The Senstar Symphony Sensor Fusion Engine is a breakthrough technology that synthesizes data from separate systems to generate actionable information. More than just simple Boolean logic integration, the sensor fusion engine accesses low-level data to intelligently characterize potential risks. Data synthesis enables the system to achieve levels of performance that exceed those of individual sensors.

The Senstar Symphony Sensor Fusion Engine is part of the Senstar Symphony Common Operating Platform – a modular solution for security management and data intelligence. In addition to being an open, highly scalable video management system with built-in video analytics, it includes full-featured access control and perimeter intrusion detection modules.

With innovative perimeter intrusion detection systems (including fence sensors, buried sensors, and above-ground sensors), intelligent video management, video analytics, and access control, Ramat Gan's [Senstar](https://senstar.com) offers a comprehensive suite of proven, integrated solutions that reduce complexity, improve performance, and unify support. For 40 years, Senstar has been safeguarding people, places, and property for organizations around the world, with a special focus in utilities, logistics, corrections, and energy markets. (Senstar Technologies 28.03)

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* 1. Stratasys & Lockheed Martin Qualify Material for Space & Aviation End-Use Parts

Stratasys is providing the public with baseline material qualification data for Antero 840CN03 filament material in collaboration with Lockheed Martin and Metropolitan State University of Denver. The release of this qualification data allows those in the industry to use the material for additively manufactured aerospace parts, such as those on the Orion spacecraft, using Stratasys production-grade 3D printers.

Designed for space-ready performance, Antero 840CN03 is a blended and functionalized PEKK-based high-performance, ESD thermoplastic composite material developed specifically for production-grade Stratasys FDM 3D printers that meets ESD performance and NASA outgassing requirements while also exceeding the flame, smoke, and toxicity (FST) characteristics required for aviation applications.

MSU Denver is educating and training the manufacturing workforce of the future using additive and subtractive manufacturing that can reduce costs and increase application capabilities. Stratasys and Lockheed Martin previously worked together to collect and release material characteristics data. Most recently in 2018, as members of America Makes, the companies released allowable data for SABIC ULTEM 9085 resin printed on a Stratasys Fortus 900mc 3D printer. By continuing to publicly release material qualification data, the companies hope to enable further adoption of additive manufacturing in aerospace applications and use-cases.

Rehovot's [Stratasys](http://www.stratasys.com) is leading the global shift to additive manufacturing with innovative 3D printing solutions for industries such as aerospace, automotive, consumer products and healthcare. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions deliver competitive advantages at every stage in the product value chain. The world’s leading organizations turn to Stratasys to transform product design, bring agility to manufacturing and supply chains, and improve patient care. (Stratasys 29.03)

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* 1. Cyera Launches from Stealth with $60 Million for Cloud Data Security Risks

Cyera launched from stealth with $60 million in funding to lead the data-first revolution in cloud security. The financing, which comes just ten months after Cyera's formation, was led by Sequoia Capital, alongside Accel and Cyberstarts. Cyera is a cloud-native data security platform which instantly and automatically discovers all of a company's data, across clouds and data stores, and then determines which of that data is sensitive and where it's most at risk, empowering teams to remediate issues. Taking the guesswork out of growing and protecting organizations' single greatest asset, Cyera provides a continuous factual and complete recall of all their data. It is enabling a new Data Reality.

Tel Aviv's [Cyera](http://www.cyera.io) gives organizations instant Data Reality, taking the guesswork out of cloud data security. Now security teams have a complete, current and correct picture of their data reality across all clouds and data stores. Running out-of-band and without agents, Cyera instantly provides companies a strong baseline for all security, risk management, and compliance efforts and ensures the entire organization operates with the same policies and guardrails. Backed by leading investors including Sequoia, Accel, and Cyberstarts, Cyera is defining the way companies do cloud data security. (Cyera 29.03)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's Consumer Price Index Increases by 0.7% in February

The Central Bureau of Statistics announced on 15 March that Israel's Consumer Price Index rose by 0.7%. Since the beginning of the year, the CPI has increased by 0.9%, and over the past 12 months by 3.5%.

Significant price increases included produce (5.3%), transport (1.9%), household expenses (1.1%) and foods (0.6%). Prominent price decreases included clothing (3.2%). Housing prices increased by 2.1% in February. A comparison of transaction prices between December 2021 to January 2022 and December 2020 to January 2019 showed a 13.0% increase. The Price Index of Input in Residential Building increased by 0.5% in February, by 1.3 since the beginning of the year, and by 6.1% in the past 12 months. A significant price increase included the petrol industry (17.1%). (CBS 15.03)

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* 1. Unemployment Rate in Israel Increases to 4%

The Central Bureau of Statistics announced that Israel's unemployment rate rose to 4% in the second half of February, up from 3.8% in the first half of the month. Despite the rise, unemployment is still very low in historical terms coupled with the fact that the number of job vacancies is continuing to rise in the post-COVID era.

At the same time, the unemployment rate under the broad definition also rose to 5.8% in the second half of February from 5.5% in the first half of the month. The broad definition of unemployment includes 23,100 people on unpaid leave and those who have ceased to work because they were dismissed or because their place of work shut down following the outbreak of the pandemic in March 2020. In terms of participation in the workforce in Israel of the working age population, this figure fell to 61.4% in the second half of February from 61.9% in the first half of the month. (CBS 21.03)

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* 1. Israel's Composite State of the Economy Index for February 2022 Declined by 0.08%

The Bank of Israel's Composite State of the Economy Index declined slightly by 0.08% in February, further to the effects of the fifth (Omicron) wave of the COVID-19 pandemic in December 2021 and January 2022. These changes differ markedly from the increases recorded in October and November 2021, prior to the start of the fifth wave.

The Index was positively affected by increases in the Industrial Production Index (January), the retail trade revenue index (January), services exports (December), employee posts (December), and building starts (December). The job vacancy rate in February remained at a record high that reflects employers’ continued desire to expand their operations following the reopening of the economy. In contrast, the import of consumer goods (February), the import of production inputs (February), and goods exports (February), declined and had a negative effect on the Index.

In view of the uniqueness of the crisis and the resulting measurement difficulties, the changes in the Index should not be used as an indicator of the precise intensity of changes in economic activity. (BoI 23.03)

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* 1. Building Starts in Israel Reach a 26 Year High

The Central Bureau of Statistics announced that there were 63,300 building starts in Israel during 2021, the highest figure since 1995. Some 48.4% of building starts were in Tel Aviv and the central region, 24.8% in the Tel Aviv District, with 8% or 5,052 buildings starts in the Tel Aviv - Yafo Municipality, the most of any Israeli city.

The city with the second most building starts last year was Ashkelon with 3,743, up 17.4% from 2020 and in third place was Jerusalem with 3,175 building starts, up 31.6% from 2020. In fourth place was Rishon LeZion with 2,692 building starts in 2021, down 0.7% from 2020, and in fifth place was Bat Yam with 2,105 building starts, up 380.6% since 2020, followed by Bnei Brak and Ramat Gan with 1,954 and 1,785 building starts, up 483.3% and down 32.2% respectively.

A significant proportion of the record number of starts was in Q4/21 when there were 19,000 building starts, the biggest quarterly number since the huge immigration from the former Soviet Union in the early 1990s. During that same fourth quarter, despite the huge supply, housing prices rose 5.2%. Some 20.2% or 12,760 building starts in 2021 were part of the Israeli government's target price (Mekhir Lemishtaken) program. (CBS 20.03)

IN DEPTH

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* 1. MIDDLE EAST: Politics, War and Eastern Mediterranean Gas

In the latest issue of the Moshe Dayan Center's [Tel Aviv Notes](https://dayan.org/journal/tel-aviv-notes-contemporary-middle-east-analysis) on 24 March, Joshua Krasna examined several significant developments regarding Eastern Mediterranean gas from the past two months.

**The Dash for Gas in the Eastern Mediterranean.**

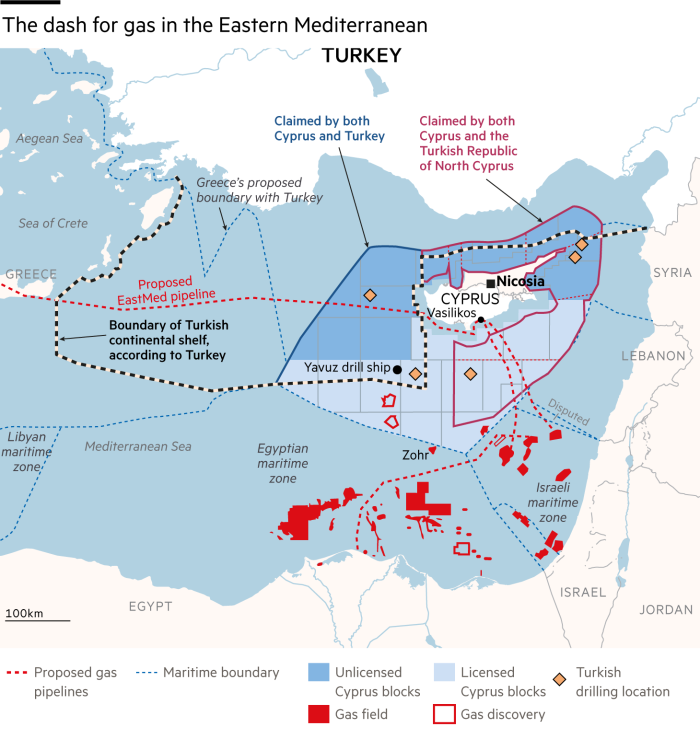
In the past two months, there have been several significant, interlocking developments regarding Eastern Mediterranean gas. In January, the Biden Administration withdrew American support for the Israeli-Cypriot-Greek EastMed gas pipeline. In February, U.S. officials shuttled between Israel and Lebanon for another round of talks to resolve the question of the maritime border and the exclusive rights to exploit gas in their disputed waters. Most importantly, the Russian aggression against Ukraine, which began in late February, has transformed the long-discussed European need to reduce its dependence on Russian gas (and oil) into an urgent priority. It has also exposed the disconnect between optimistic policies that anticipated an imminent shift to renewable resources and the reality that the developed world will, in the short- to medium-term, remain dependent on fossil fuels. Confronted with this new reality, does Europe's need to rapidly diversify its sources of energy increase the strategic value of Eastern Mediterranean gas? Can the Eastern Mediterranean contribute meaningfully to reducing Europe's dependence on Russian gas?

**The U.S. Withdraws Support for the EastMed Gas Pipeline**

In January 2022, the Biden Administration stated, in a “non-paper” and background briefings, that it no longer supported EastMed. The agreement on this project was signed in January 2020 by the governments of Israel, Greece, and Cyprus, and supported by the Trump Administration. The EastMed gas pipeline aimed to connect Israeli and Cypriot offshore gas fields to Greece and Italy, from where it would be shipped to the rest of Europe, providing a steady supply of non-Russian gas. It would have been the world’s longest (1,900 kilometers) and deepest underwater pipeline, providing 9-12 billion cubic meters - bcm - yearly in its first stage (and 20 bcm in later stages). The pipeline was projected to cost €6 billion, which reflected the project's ambitious scope.

Since its inception, questions have abounded regarding the pipeline’s technical and economic feasibility: the price of gas in Europe in January 2020 was $3.6/metric million British thermal unit (mmbtu), while the viability point for the pipeline is estimated at $8-11/mmbtu. Potential investors were also deterred by geopolitical risk due to possible vulnerability to terrorist disruption, as well as Ankara’s opposition to it. In addition, E.U. policies prioritizing renewable energy resources raise questions about the viability of a long-term infrastructure project based on what some have referred-to as transitional fossil fuel, which would take 15-20 years to reach the break-even point. The EastMed project does, however, have enormous symbolic and political significance in concretizing the close strategic ties between Israel, Greece and Cyprus that have emerged over the past decade. The European Commission financed a feasibility study of the pipeline, and included EastMed on its list of projects of common interest in November 2021; the final investment decision is expected to be made by the end of this year.

In January’s “non-paper,” U.S. State Department Senior Advisor for Energy Security Amos Hochstein reportedly explained the decision to withdraw support for the project by referring to the Administration’s decision to no longer support long-term “non-green” energy projects, the EastMed's lack of the commercial viability and the regional tensions the project creates. At the same time that it withdrew support for the EastMed, U.S. officials stressed that it still strongly supports integration of electricity grids (that can be fed by both gas and renewable energy sources) in the sub-region, like the undersea cables planned between Greece, Cyprus and Israel, between Egypt and Crete, and between Cyprus and Egypt.



**EastMed Pipeline Project Map**

Israeli (and reportedly, some American) officials were surprised by the content and especially the timing of the American non-paper. The U.S. State Department does not appear to have adequately consulted with Cyprus, Greece and Israel before the new policy was announced. The three countries’ concerns were strengthened by the broadcast in January of a documentary by Turkish state media channel TRT , in which Hochstein, who at the time was outside of government, attacked the pipeline as “obsolete,” “too complicated, too expensive and too late in the arch of history,” not commercially feasible, and “totally driven by politics.” Turkey's president Erdoğan, who was clearly pleased with the American decision to withdraw support for the pipeline, said that it proved that Eastern Mediterranean gas could only be exported through Turkey.

Officials and commentators in Cyprus, Greece and Israel see the policy change as an attempt by Washington to improve atmospherics with Turkey. Turkey, for its part, opposes any development of Eastern Mediterranean gas that excludes it from the equation. This is especially the case for Cypriot gas, to which Turkey lays at least a partial claim of ownership. The gas exploration issue has also rekindled longstanding Turkish-Greek disputes over maritime boundaries. The American decision can also be seen as the Biden Administration's desire to make a sharp break with a policy supported by the Trump Administration, and to stress (at a relatively low political cost) the new Administration’s commitment to decarbonization and energy transition. It is worth noting that the U.S. government and American private sector are not directly involved in the pipeline project. The feasibility study was financed by the E.U., and it is a joint venture between Greek utility DEPA and Italy’s Edison. However, as a former American official noted: “American support always effects a good housekeeping seal … When you have American buy-in, it’s easier for banks to provide financing for more countries to be interested. In that sense, what the U.S. says is important.” Critics of the U.S. decision argue that by hindering greater interconnections within the wider European energy market, it could potentially reinforce European dependency on Russian gas imports in the medium and long term. It also reduces the export potential of Israeli gas fields operated mainly by Chevron, a U.S. company.

**Cautious Optimism on Lebanon-Israel Border Gas Dispute**

Roughly contemporaneously with these events, Biden's envoy, Hochstein, visited Israel and Lebanon (8-10 February) in an attempt to restart indirect talks to demarcate their maritime border. This issue is of utmost importance to Lebanon, since the lack of clear borders is deterring companies from exploring for gas in its southernmost parcels, which are close to proven gas deposits on the Israeli side. Four rounds of “proximity” talks were held at the UN base in Naqoura since October 2020, with direct formal interaction conducted through the American mediator. These talks stalled in November 2020, when Lebanon presented an amended stance, which fixed its border farther south than discussed in previous negotiations (which were based on a map registered with the United Nations by Lebanon), adding another 1,400 sq. km. to the 860 sq. km. disputed area. The new claim covers part of the Israeli Karish-North deposit, licensed by the Greek company Energean.

The U.S. has not released details of Hochstein’s mediating proposals. According to Arab press sources quoting “well-informed Lebanese sources with knowledge of the negotiations,” the U.S. has proposed a “resource swap” that would divide offshore reserves in the disputed areas equitably between the two countries, without demarcating the border geographically. Other reports speak of a “zig-zag” line through the disputed area which will enable each side to fully exploit deposits, or say that energy companies granted rights by the parties will be allowed to start work in the disputed areas, with an international mediator determining the royalties due to each side, and overseeing the transfer of funds and gas from an escrow account. Hochstein expressed optimism regarding the success of his shuttle diplomacy and said gaps are narrowing. He reportedly gave his Lebanese interlocutors a deadline of 4-6 weeks to respond to his proposal. Lebanese Foreign Minister Abdallah Bouhabib said after the visit that Hochstein brought “positive proposals that can be built upon,” and that Lebanon’s President Michel Aoun had asked for them to be delivered in writing so the country can formally respond. In March, Aoun and Prime Minister Najib Mikati formed an eight-member committee to examine the offer.

**Egypt as an Eastern Mediterranean Gas Hub**

As the chances for the EastMed pipeline have faded, Egypt has stepped into the spotlight. It is the most logical and economically viable export hub for Eastern Mediterranean gas, including to Europe. Egypt possesses the greatest reserves of gas in the Eastern Mediterranean, thanks to the discovery of the massive Zohr offshore field in 2015. It also possesses the only existing gas liquefaction plants in the sub-region, at Damietta (reopened in February 2021 after an eight-year hiatus) and Idku. Egypt has transformed itself from a net importer to a net exporter of gas (starting in 2018). In 2021, it exported a record 6.98 million tons (9.7 bcm) of liquefied natural gas (LNG), with 69% going to Asia and 31% going to Europe, including Turkey. Production this year is expected to rise to 7.5 million tons (11 bcm); Egypt has enough gas liquefaction capacity to produce a total of 12.5 million tons of LNG (17.5 bcm) annually. This would represent approximately 5% of the current import needs of the E.U. (though currently Egypt sells about 60% of LNG through long-term contracts, mostly with Asia, Turkey and Kuwait, with only 40% available for immediate delivery to Europe). However, Egypt’s ability to reach its export capacity depends on continued ability to maintain an adequate surplus, given its fluctuating domestic demand. In the past, the Egyptian government has lowered export levels and used its gas for domestic consumption to stabilize prices at home, which has spooked some foreign investors.

Egypt enjoys close ties to the E.U., is close to European markets and has smaller exporters – Israel and Cyprus – as neighbors, who lack liquefaction facilities. This has encouraged the latter to conclude agreements on exporting their surplus gas production to Egypt for liquefaction and re-export to Europe. The following developments have reinforced Egypt's role as the primary hub for Eastern Mediterranean gas:

* In September 2018, Egypt and Cyprus signed an agreement for a pipeline, to be completed in 2024-2025, connecting Cyprus’ Aphrodite gas field to Damietta and Idku.
* In February 2021, Israel and Egypt agreed to develop an offshore pipeline to connect Israel’s Leviathan gas platform to the Egyptian liquefaction facilities. This agreement is in addition to the land pipeline already carrying 5 bcm of gas annually from Ashkelon to El Arish in Egypt; there is also a plan to add another land pipeline from Israel. In 2022, Israel is expected to export an additional 2.5-3 bcm to Egypt via Jordan (through the Arab Gas Pipeline - AGP); the amount could rise to 4 bcm in subsequent years. Energean is also considering the use of the AGP to export to Egypt once it begins pumping from its Karish fields near the Lebanese marine border. In addition, Egypt and Greece have recently discussed the possibility of creating a pipeline from Egypt to Crete (which would face many fewer technical challenges than the deep-water EastMed).

**Europe’s Gas Crisis**

Europe, encouraged strongly by Washington, has been searching for ways to decrease its dependence on Russian gas. The E.U. uses 392 bcm of gas a year, of which 339 are imported (258 by pipeline and 81 as liquefied natural gas). Russia supplies 159 bcm, or 40%, of Europe's natural gas. Even before the war in Ukraine started in February, Europe had suffered from high gas prices and gas shortages due to reduced investment and production worldwide, low levels of storage in Europe, long-range contracts in Asia by the major non-Russian producers, and shortages of shipping. On 7 March 2022, the European price of natural gas hit €260 per megawatt hour (mwH) due to the Ukraine crisis, as opposed to 15 €/mwH one year before and €116/mwH in October 2021.

The EU's overly ambitious decarbonization strategies have also contributed to Europe's dependence on Russian gas. The E.U. aimed at decreasing the gas share in its energy basket by 25% by 2030, with the goal of reducing it to zero by 2050. This led to underinvestment in fossil-fuel exploration, production, and infrastructure. EU buyers also avoided long-term gas contracts, anticipating a widespread transition to renewable sources of energy. The fundamental tension between meeting emissions reduction targets and, at the same time, reducing dependence on Russian gas in the short to medium term has now become clear.

In recent years, the EU has increasingly turned to liquefied natural gas (LNG) as an alternative to piped gas and long-term delivery contracts with Russia. Both the lack of interest in long-term fossil-fuel investment, and the desire to diversify out of pipelines, which provide 80% of European gas imports and which lock the consumer into a long-term relationship with the producer, have led the E.U. in recent years to increase its capacity to import LNG. Still, LNG still won’t be able to replace the volume of piped Russian gas in the near future; an attempt to forego Russian gas imports would lead to a shortage of gas in Europe, high prices, and lower growth (or increased use of coal and oil, foiling climate change targets). The E.U. has access to more than 200 bcm per year of regasification capacity, including the possibility to bring in gas via U.K. LNG terminals. However, the lack of intra-E.U. pipeline delivery network means that while LNG terminals in Spain are only 45% utilized, and they cannot easily supply northern and central Europe (Germany currently doesn’t have a single LNG terminal). Greece is developing two new LNG import terminals with regasification capabilities in addition to the one already existing. Italy is also expanding its LNG infrastructure.

Mediterranean gas (including from Algeria, a major supplier to Spain and Italy) will not be able, by itself, to ameliorate the shortages in Europe and to eliminate the over-dependence on piped Russian gas. Even in the most optimistic scenarios, Egyptian and trans-shipped Israeli gas could only provide some 10+ bcm in the short term. In order to approach these levels, Europe would need to rapidly expand its liquefaction capabilities, the connection of Israeli and Cypriot gas fields to them, and/or implement trans-Mediterranean pipeline plans, all of which will take years. However, on 8 March, the European Commission released a new strategy to reduce reliance on Russian gas by two-thirds within a year, and phase it out by 2030, by diversifying gas suppliers. The International Energy Agency (IEA) has, for its part, suggested, in its 10 point plan to reduce the E.U.’s reliance on Russian natural gas by one third to one half in the current year, increasing gas imports from non-Russian sources by some 30 bcm (20 of them LNG). In such a short time, every little bit helps. Eastern Mediterranean gas could provide some of this volume (Egypt, Turkey and Israel are all mentioned in the EC document). Over the longer term, the recent painful reminder of the ability of geopolitical developments to quickly and dramatically affect commodity supply and price may lead European gas-consuming states and firms to view more favorably long-term LNG contracts with the three Eastern Mediterranean producers, even though they may be more expensive than spot buying, and to reexamine their assessment of the feasibility of some infrastructure projects.

**Conclusion**

With the anticipated improvement of Israeli ties to Turkey in the aftermath of Israeli President Herzog’s visit to Ankara, a pipeline to Turkey – which possesses an extensive gas transport infrastructure and is dependent on Russian gas for 45% of its consumption – may seem possible. It is certainly desired by Turkey. However, strategic and economic considerations vis-à-vis the Hellenic allies (it is hard to visualize Cyprus and Turkey cooperating) would seem to rule this out in the near term, as would anticipated Israeli wariness of undertaking long-term commitments to Turkey (such as a pipeline) in the early stages of their rapprochement. Instead, Israeli LNG sales to Turkey would be “bundled in” with Egyptian shipments, since Israel is currently dependent on Egypt for liquefaction.

Eastern Mediterranean gas is extremely significant – a "game changer” – for those states in or adjacent to whose waters it has been found. Israel, which was dependent in its first sixty years on semi-clandestine sources of oil to fuel its economic miracle, has become energy self-sufficient. Its gas surplus has enabled the creation of a fundamental and long-term tie with Jordan and Egypt, adding a “warm” under layer to an often “cold peace.” Egypt has also attained energy self-sufficiency, and the gas industry will cement its position as the Eastern Mediterranean hub. Gas has also created a wider interweaving of Egyptian, Israeli, Cypriot and Greek infrastructures and interests, which is one of the most notable geopolitical developments in the Mediterranean/Levant region in the past half century. Exports (and transshipment in the case of Greece) – especially of LNG – to Europe may become quite economically significant for these states, and even encourage additional infrastructure development of feeder pipelines and new liquefaction facilities. However, the marginality of Eastern Mediterranean gas resources in the greater global and European economy and geography of energy, as well as the long-term trend away from fossil-fuels in Europe, means that the significance and effect of Eastern Mediterranean gas will be limited primarily to those states, and perhaps Turkey and Lebanon in the future.

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* 1. ISRAEL: IMF Executive Board Concludes 2022 Article IV Consultation with Israel

On 21 March, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the Article IV consultation with Israel.

**Israel’s economy has weathered the pandemic exceptionally well.** The Bank of Israel’s (BOI) monetary and prudential measures provided liquidity, kept credit flowing, and prevented undue tightening of financial conditions. Fiscal measures supported households, businesses, and the public health system. Israel’s world-leading vaccination campaign boosted confidence and helped mitigate the impact of the pandemic in the face of new, virulent variants. Banks’ solid capital, liquidity, and asset quality also allowed them to support the economy.

**After a mild downturn in 2020, real GDP exceeded its pre-pandemic level reaching growth of 8.2% in 2021.** Consumption and the high-tech sector led the recovery. The 2021 fiscal deficit—4.3% of GDP—was significantly smaller than expected due to buoyant tax revenues, and public debt declined to 69% of GDP. The current account reached a surplus of 4.6% of GDP, driven by exports of high-tech services. Unemployment declined to near pre-pandemic levels, and job vacancies are high across all sectors. Thus far, the war in Ukraine has had a limited impact on Israel’s economy given its low direct exposure to Ukraine and Russia. Nonetheless, the economic outlook is subject to significant uncertainty.

**Executive Board Assessment**

**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. The external position is assessed as moderately stronger than the level implied by medium‑term fundamentals and desirable policies. The policy mix should remain agile in the face of high growth and still significant uncertainty.

**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. Refocusing medium-term policy on reducing public debt and rebuilding pre-pandemic buffers is also appropriate. However, the authorities’ planned expenditure restraint may be challenging to implement given Israel’s already low civil spending, and a review of public spending efficiency would therefore be useful. There is scope to increase tax revenues by broadening the tax base and making the tax system more progressive. This would also support a needed increase in growth-enhancing spending.

**The fiscal framework should be strengthened.** A review of the framework should assess the appropriateness of the fiscal rules, the necessary size of fiscal buffers, the ability to face exceptional events, and the potential usefulness of establishing an independent fiscal council.

**Inflation pressures have risen, calling for commencing data-driven monetary policy tightening.** Inflation has exceeded the BOI’s target range despite appreciation of the shekel, which continues to restrain price growth. Signs of underlying inflationary pressures are strong, and inflation expectations have increased quickly in line with CPI. The conditions are in place for the BoI to start raising the policy rate gradually. Foreign exchange purchases should taper off, allowing the shekel’s value to be determined by market forces, without precluding future purchases should appreciation pressures threaten to move inflation or inflation expectations below the target band.

**Emerging risks in the financial system need to be addressed.** Housing risks stress the need to advance structural measures to ease housing supply. Further tightening of macroprudential measures could help stem banks’ exposures to housing market risks and prevent potentially unsustainable borrowing. While Israel’s financial regulatory architecture has served the economy well, the establishment of a committee to review it is welcome in view of the push for greater competition and financial innovation.

**Well-targeted structural reforms could foster productivity, labor reallocation and inclusiveness.** Active labor market policies should seek to expand vocational training and improve its quality. A greater adaptation of the different education streams will be needed to help align student qualifications with labor market needs. Continued efforts to reduce trade barriers and red tape would promote efficient resource allocation, investment, and innovation. Accelerating digital and physical Infrastructure would improve job accessibility.

Further efforts are needed meet the authorities’ climate objectives. Options could include larger increases in carbon prices and providing greater regulatory and fiscal support for Israel’s innovative green technologies. (IMF 21.03)

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* 1. ISRAEL: Israel & UAE to Cooperate on Clean Hydroelectricity

[Al-Monitor](https://www.al-monitor.com) reported on 23 March that trade and economic cooperation between Israel and the United Arab Emirates (UAE) has been growing steadily since the signing of the Abraham Accords a year and a half ago. Most of this consists of business cooperation between private firms and companies, but the governments of both countries are planning to bridge the gap with large-scale, government-sponsored projects. One of these already being implemented is an agreement between Israel’s Trans-Israel Pipeline and the Emirati Med-Red company to carry petroleum from the UAE from Eilat to Ashkelon through the Israeli pipeline. This shortens the distance from the Emirates to Europe and spares the need to transport the oil by way of the Suez Canal.

Another energy project was signed earlier this month between Israel’s Electric Company and Energroup, a consortium of energy companies based in Dubai. This is a preliminary agreement to investigate projects to produce hydrogen. The participating firms will cooperate in the practical development of clean energy in the emerging field of hydrogen gas cells and the actual production of hydrogen. The announcement appeared in all major media across the UAE and in the press of other Gulf States, among them Saudi Arabia. It was later confirmed by Israel’s Electric Company.

The Emiratis are especially interested in this aspect of clean energy and have been investing enormous amounts of money into it. Their goal is to become a major international player in this field. The consortium also includes major energy companies from Europe, which will be involved in the various projects. A delegation of senior figures in Israel’s Energy Company recently returned from Dubai, where general manager Ofer Bloch signed a statement of intent with the general manager of Energroup, Murad Dahabi. While the companies did not provide specific data about the financial scope of the deal, they did say that their vision involves heavy investments by the UAE.

Teams will now be created by the Electric Company to discuss various possibilities for future projects with the Emirates. These include the creation of an entire system to manufacture, transport and store electricity. Apparently, the hydrogen will not be produced by the Israeli company, at least in the initial stage. Rather, it will participate in the development of international projects.

Regardless, the ultimate goal is that Israeli power stations will require hydrogen within a decade. The Electric Company is already looking into the repurposing of existing power stations for the mixed use of hydrogen so that it can be integrated into the production of electricity. At the same time, the Electric Company is also working together with the Technion in conducting experts to convert hydrogen to electricity. The technology already exists; there are already power stations around the world based on this clean energy whose only emission is water. There are also refineries in Haifa that make mixed use of hydrogen and other fuels.

The problem now is that the technologies to produce hydrogen are expensive and inefficient. Israeli-Emirati cooperation will focus on improving these technologies. Hydrogen fuel cells are considered a form of green energy that do not emit greenhouse gases. The manufacture of hydrogen consumes vast amounts of energy. Companies and governments around the world are looking for ways to meet targets for the reduction of carbon and greenhouse gas emissions. They are therefore looking for ways to produce hydrogen and hydrogen fuel cells in the cleanest way.

Energy is one of the major fields of interest to the Emiratis. According to a vision statement released by Crown Prince Mohammed bin Zayed, the country must prepare itself for the post-petroleum, post-gas era. During a visit to the Emirates by Israeli President Isaac Herzog, his hosts announced that they had lifted a freeze, put in place last year, on an agreement between the crown prince and former Prime Minister Benjamin Netanyahu to invest $10 billion in Israel. The UAE's Energroup, which also functions as an investment fund focused on renewable energy, is linked to other major investment and sovereign wealth funds in the country. The hydrogen project could be part of the $10 billion Emirati investment in Israeli companies.

The news about de-freezing the $10 billion investment was announced by chairman of the Emirati investment fund ADG Faris Mohammed Al Mazrouei, acting undersecretary of economic development Rashid Abdul Karim al-Balushi and chairman of the UAE Chamber of Commerce and Industry Abdullah Mohamed Al Mazrouei. At the meeting, the Israeli team was informed that the investments will be channeled through the largest investment funds in the Emirates, including ADIA (Abu Dhabi Investment Authority) and the Mubadala Investment Company, but that the first $2 billion to be invested in Israel will come from the ADG (Abu Dhabi Growth Fund). The fund wants to invest $200 million in Israel this year, and a similar amount in Israeli companies in each of the next 10 years.

The Abraham Accords led to energy investments from other states in the Middle East. It even went as far as to produce a preliminary agreement between Israel, Jordan and the UAE to construct a huge solar farm in the Jordanian desert to provide electricity for Israel. Israel would reciprocate by establishing a desalination plant on the Mediterranean coast to make up for the growing water shortage in Jordan.

Furthermore, an agreement was signed at the beginning of March to carry Israeli natural gas extracted from the Leviathan and Tamar gas fields in the Mediterranean to Jordan and from there to Egypt. The gas will be carried in a pipeline crossing Jordan from north to south and would also serve to carry Egyptian gas for use in power stations in Syria and Lebanon.

The Abraham Accords opened the Middle East to a slew of new horizons: economic, energy and technology-based and more. Regional leaders need to prove that they can overcome the bad reputation, conflicts and wars that plague this part of the world. Only this way will they be able to achieve progress that is so necessary. (Al-Monitor 23.03)

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* 1. KUWAIT: IMF Concludes 2021 Article IV Consultation with Kuwait

On 14 March, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the Article IV consultation with Kuwait.

The authorities responded swiftly and decisively to the COVID-19 crisis with social distancing restrictions and fiscal, monetary and financial policy support measures. In 2021, a high rate of vaccination was achieved. An economic recovery is underway, supported by higher oil prices and relaxation of mobility restrictions. Non-oil GDP growth is estimated at 3.4% in 2021 and is projected to rise slightly to 3.5% in 2022, as domestic activity gradually recovers along with the global environment. Oil production is projected to rebound as OPEC+ quotas are relaxed. Overall, GDP is projected to grow around 2.7% over the medium term. Inflation is estimated at 3.4% in 2021 given increases in food prices and costs of travel-related services and is projected to rise to 4.4% in 2022, reflecting the impact of the global supply chain disruptions before declining to 2.4% over the medium term.

The fiscal deficit increased to an estimated 16.6% of GDP in FY 2020/21. In addition to fiscal stimulus in the wake of the COVID-19 crisis, the wider deficit reflects a 13.9% of GDP decline in oil revenues and a slump in economic activity. In the absence of a public debt law to permit borrowing, or legal authority to draw from the Future Generations Fund (FGF), financing was based on drawdown of the liquid assets of the much smaller General Reserve Fund (GRF). In FY 2021/22, the headline fiscal balance is expected to improve to a surplus of 3.7% of GDP, boosted by the rebound in oil revenues, together with spending cuts announced in August 2021 and significantly higher nominal GDP reflecting the impact of higher oil prices on the GDP deflator. Supported by higher oil exports, the 2021 current account surplus is projected to increase to 16.1% of GDP.

Kuwait’s financial sector has weathered the crisis well. Banks are well-capitalized and highly liquid. As of Q3/21, bank capital adequacy ratio stood at 18.6%, well above the required minimum level. Nonperforming loans net of specific provisions remain low, while loan-loss provisioning is high.

Substantial uncertainties surround the outlook, with the balance of risks tilted to the downside. The rapid spread of the new Omicron variant points to renewed global challenges in controlling the pandemic. Delays in fiscal and structural reforms could amplify the risk of pro-cyclical fiscal policies, undermine investor confidence, hinder the progress toward more economic diversification and higher competitiveness, and foster social pressures. Volatility in oil prices would have a significant impact on the outlook and macroeconomic balances. Upside risks to the outlook would come from a stronger rebound in global activity than anticipated, which could also boost oil revenues. A resolution to political gridlock and strong fiscal consolidation could considerably improve investor sentiment.

**Executive Board Assessment:**

Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities for their swift and decisive policy actions and strong vaccination efforts, that helped alleviate the economic and social impacts of the pandemic and laid groundwork for a gradual recovery. Notwithstanding higher oil prices, which are expected to boost fiscal revenues and growth, risks to the outlook remain elevated. Directors emphasized that going forward the authorities will need to focus their efforts on challenges related to heavy reliance on the oil sector and fiscal sustainability.

Directors called for comprehensive fiscal consolidation to reinforce fiscal sustainability and support intergenerational equity. They encouraged the authorities to consider introducing a VAT and excises duties, expanding corporate tax to domestic firms, and implementing a property tax to boost revenues. On the spending side, curtailing the wage bill and consolidating subsidies and social benefits will be of the essence. Directors stressed the importance of passing the new public debt law and establishing a robust medium-term fiscal framework with a clear fiscal anchor to limit pro-cyclicality of policies, enhance fiscal credibility, reduce fiscal risks, and improve the capacity to manage adverse shocks. Strengthening fiscal governance and transparency would significantly improve public financial management.

Directors agreed that the pegged exchange rate regime remains an effective anchor for the economy. They welcomed the banking system’s sound position and commended the Central Bank of Kuwait for prudent regulation and supervision. Given the uncertainties to the outlook, they encouraged continued forward-looking assessment of bank asset quality and accompanying measures to support strong capital and liquidity buffers to safeguard the resilience of the financial system. Directors emphasized that relaxing interest ceilings on commercial loans and enhancing the credit information infrastructure would help improve access to finance, including for SMEs. They encouraged further efforts to strengthen the AML/CFT framework.

Directors emphasized that a comprehensive set of well-sequenced structural reforms, including to the social safety net, labor market, regulatory framework, and business environment, are needed to diversify away from hydrocarbon and promote private sector-led growth. Addressing climate challenges, including through supporting green infrastructure while strengthening energy efficiency standards, would further support these efforts. Forceful implementation of the anti-corruption strategy and action plan will be critical to strengthen governance and improve the business environment.

It is expected that the next Article IV consultation with Kuwait will be held on the standard 12-month cycle. (IMF 28.03)

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* 1. OMAN: Oman's Fiscal Outlook Improves As Oil Prices Surge

Sebastian Castelier reported in [Al-Monitor](https://www.al-monitor.com) on 28 March that Oman's fiscal situation is "very stable and improving,” according to three sources at the sultanate's National Program for Fiscal Balance. Also known as the Tawazun program, it reports to the Ministry of Finance with a dotted line to the country’s ruler. Sustaining public finance has been a race against the clock since 2020, when Sultan Haitham bin Tarek inherited an indebted state from his predecessor, the late Qaboos bin Said Al Said.

Fitch Ratings upgraded Oman's outlook to "stable" from "negative" in December 2021 to reflect improvements in key fiscal metrics. Interestingly, the rating agency pointed out the high correlation between swings in oil prices and the country’s fiscal health. It estimated that higher hydrocarbon revenues, which grew only by a third, “likely accounted for more than half” of budget deficit narrowing in the fiscal year 2021 to nearly five times less than in 2020.

Non-oil revenues are on a steady upward trajectory, too, helped by recovery from the COVID-19 economic fallout — Oman levies a corporate tax on companies — and introducing a 5% value-added tax in April 2021. The tax is expected to provide the government 450 million Omani riyals in 2022, or about 13.5% of its total non-oil revenues. Plans to launch the gulf’s first income tax on high-net-worth individuals is “still on track,” a source at Tawazun said.

Additional relief might be ahead as the 2022 budget is based on a barrel at $50, well below current oil prices. Tawazun sources estimated most of extra oil windfall will be allocated to cutting public debt, estimated in 2021 at 68% of gross domestic product. It would contribute to lower government interest payments that increased, on the back of rising public debt, from approximately 35 million riyals in 2014 to nearly 1 billion in 2020.

“We expect Oman will be able to comfortably meet its debt redemptions this year through a syndicated loan raised earlier in the year and by drawing on its assets in the Petroleum Reserve Fund,” Zahabia Saleem Gupta, associate director at S&P Global Ratings, told Al-Monitor. Funding requirements remain sizable, however. Gupta said external maturities will be around $6.5 billion in 2022, before averaging $3.5 billion between 2023 and 2026.

“If oil prices do fall back and Oman does need to issue new debt, it will have to do so at higher rates," Capital Economics' Middle East economist James Swanston told Al-Monitor. Red-hot inflation figures cornered central banks to depart from the low-interest-rate environment that has prevailed since the 2008 global financial crisis. The US Federal Reserve announced a 0.25% interest rate hike and penciled in six more rate increases in 2022.

**Debt Hideout**

However, Oman’s claims that its fiscal position has improved should be nuanced. In line with other Gulf states, the country removed some expenditures from its budget by transferring part of the responsibility to shoulder indebtedness to state-owned and government-related entities. Energy Development Oman, which pays dividends to the budget, raised $2.5 billion of debt financing in 2021 to finance capital spending on its own.

S&P Global Ratings estimated in a March 2022 report that Gulf Cooperation Council governments’ balance sheets are "sufficiently strong to absorb financial distress in the government-related entities sector without materially worsening their overall fiscal positions," with the exception of Oman. In December 2021, Fitch Ratings wrote, “Government-related entities indebtedness has the highest potential to affect sovereign ratings in Qatar and Oman.”

Oman’s sovereign wealth fund took over all state-owned companies in June 2020. It announced the restructuring of boards of directors to upgrade their performance, indirectly helping to minimize financial risks stored in government-related entities’ balance sheets.

**'Are we spending well?'**

Beyond mere numbers and financial indicators, a systemic shock is underway. “We try to instill some discipline because we tend to have a short memory and want to make sure we do not plan long-term expenditure depending on three months' oil prices,” a Tawazun source said.

The bump in oil revenues risks indeed being relatively short-lived. Besides the long-term energy transition outlook, Oman is set to run out of its crude oil reserves in 25-30 years if production continues at 2019 levels. “It will not be prudent if we just bet everything that oil will always be there and it will always be in demand,” the Tawazun source added. “For you to have financial sustainability, you cannot plan your economy around one volatile commodity.”

In the long term, Oman plans to develop several economic sectors, such as tourism, mining and logistics, to develop jobs for the citizens and new revenue streams for the government. “We want to significantly improve the contribution of logistics into our economy. … We are actually building the sector for the next generation," Abdulrahman Al-Hatmi, CEO of Oman’s national logistics group, ASYAD Group, told Al-Monitor in November 2021.

At the heart of the aggressive push for fiscal discipline is also an effort to lower public expenditures, reduce bureaucracy and minimize improper use of resources, therefore adding up to profits from higher revenues from tax receipts, oil and gas exports and dividends from investments by the country’s sovereign wealth fund, the Oman Investment Authority.

In 2020 alone, Oman trimmed the number of ministers through mergers and consolidations, from 26 to 19 and reduced capital expenditures. It retired all public civil servants who had served for more than 30 years and let go 70% of foreign experts and consultants working in civil and government units, risking the know-how central to achieving diversification.

Oman’s fiscal experience offers valuable takeaways to other GCC states, whose fiscal stability relies heavily on the proceeds from oil and gas exports. “The critical lesson is to set out these plans early and start to implement straightaway rather than doing at on the edge of crisis,” Oxford Economics Middle East' chief economist Scott Livermore told Al-Monitor.

The National Program for Fiscal Balance now works with the Ministry of Education and Ministry of Health as well as dedicated economists to “answer the two big questions: Are we spending enough, and are we spending well?” the Tawazun source said. Austerity does not affect all sectors uniformly, though. Oman still records one of the world's highest rates of defense and security expenditures, expected at 24% of total government spending in 2022.

**Two steps forward, one step back**

Proceeding at full throttle to put public finances on a healthy footing has nonetheless come as a stark reminder that the Gulf’s hereditary monarchs risk political stability by opening the throttle too far. As economic reforms started to hurt Omanis' buying power, hundreds of angry job seekers took to the streets to protest high youth unemployment and corruption.

In Sohar, the epicenter of the 2021 social unrest, Omanis expressed bitterness towards the country’s political elite. “The government knew as early as 25 years ago that unemployment would be an issue. They knew, and they did nothing,” a young Omani graduate told Al-Monitor.

Fissuring socioeconomic stability forced Oman to strengthen its social safety nets and take two steps forward and one step back to chart a path to fiscal sustainability. Sultan Haitham instructed the creation of 32,000 full and part-time government jobs and ordered additional social security payments ahead of Ramadan 2022.

The sharp increase in oil prices bought the country some time to make the pill easier to swallow. The previous decision to phase out residential electricity subsidies by 2025 has been adjourned, and they are now expected to run for 10 years. “We follow closely the issue of cost of living and matters that affect the life of the citizen,” Sultan Haitham bin Tarek said in front of governors and tribal leaders. Days later, the ruler issued a royal order to allocate an additional 200 million riyals ($520 million) to the development budget this year.

“Oman has among the weakest balance sheets in the Gulf so this is likely to prove a precursor to similar moves elsewhere,” wrote Capital Economics’ Swanston. The oil rally might be a bonanza for Gulf petrostates — Saudi Arabia’s Crown Prince Mohammed bin Salman said the tripling of the VAT rate to 15% will only be “temporary,” but S&P Global Ratings warned in 2021: “Higher oil prices derailed GCC governments’ fiscal consolidation plans in the past."

Social resistance faced by the Omani government is emblematic of GCC states’ limited leeway to reform decades-old social contracts. The region was trying to “avoid the inevitable” but needed to act, a Tawazun source said. “I think building a sense of urgency is very critical.” (Al-Monitor 28.03)

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* 1. TUNISIA: Fitch Downgrades Tunisia’s Debt Rating

[Al-Monitor](https://www.al-monitor.com) reported on 18 March that Fitch downgraded Tunisia’s credit rating to CCC, indicating a substantial default risk. The New York-based credit agency said in a press release that the rating reflects “heightened fiscal and external liquidity risks” in the North African country. Fitch’s ratings reflect the ability of an entity to meet its financial commitments, which includes the repayment of debt.

**Why it matters:** Fitch gave several reasons for its bearish outlook on Tunisia. One is that the Tunisian government has so far failed to agree on a new loan program with the International Monetary Fund. The rating agency said a new program is “necessary for access to most official creditors' budget support” following the “political changes of July 2021,” in a reference to President Kais Saied’s power moves last year. In July, Saied sacked the country’s prime minister and suspended parliament following protests against the government, which was led by the Islamist Ennahda party. Ennahda was the largest party in parliament and held the Prime Ministry before the move. Saied’s actions have been widely described as a “coup.”

Saied subsequently continued to consolidate his power. In September, he signed a presidential decree giving himself sweeping executive and legislative powers, which added to the coup fears, Stephen Quillen reported for Al-Monitor that month. The suspension of the parliament remains in effect.

The International Monetary Fund sent a delegation to Tunisia in February to discuss a new funding program. Discussions are ongoing, an IMF official said last month. The previous IMF program ended in 2020. Many financial supporters of Tunisia are tied to IMF agreements, according to Fitch.

Fitch further projects that Tunisia’s central government deficit will reach 8.5% in 2022, up from 7.8% in 2021. The figure is well above Fitch’s 4.6% median for countries with a B credit rating. “We project revenues will recover in 2022 as the economy expands and tax forbearance measures lapse, but this will be largely offset by rising fuel, cooking gas and cereal price subsidies and a growing interest burden,” the release read.

Fitch is not the first credit agency to downgrade Tunisia. Moody’s downgraded Tunisia in October, leading to fears of economic collapse in the country, Mohamed Ali Ltifi wrote for Al-Monitor at the time. Fitch “assumes” Tunisia will reach a new agreement with the IMF by mid-2022. Still, it predicts debt to continue to increase through 2023 and expects delays in payment to creditors. (Al-Monitor 18.03)

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