

**The FORTNIGHTLY**

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

**1 February 2023**

**10 Shvat 5783**

**10 Rajab 1444**

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. BIRD Foundation to Invest $8.4 Million in 9 New Projects

During its meeting in December 2022, held in Tel Aviv, the Board of Governors of the [Israel-U.S. Binational Industrial Research and Development (BIRD) Foundation](http://www.birdf.com) approved $8.4 million in funding for nine new projects between U.S. and Israeli companies. In addition to the grants from BIRD, the projects will access private-sector funding, boosting the total value of all projects to $20 million.

The BIRD Foundation promotes collaborations between U.S. and Israeli companies in various technological sectors for joint product development. In addition to providing conditional grants of up to $1.5 million per project, the Foundation assists by working with companies to identify potential strategic partners and facilitate introductions. The submitted projects are reviewed by evaluators appointed by the National Institute of Standards and Technology (NIST) of the U.S. Department of Commerce and the Israel Innovation Authority.

The projects approved include:

* Amarel Embedded Solutions (AES) (Yokneam, Israel) and Setco Sales Company (Cincinnati, OH) will develop a smart spindle platform optimizing CNC machines.
* Apeiro Motion (Zur Igal, Israel) and Hellbender (Pittsburgh, PA) will develop an Indoor/Outdoor Robotic Navigation System.
* CASTOR Technologies (Tel Aviv, Israel) and Siemens Corporation Technology (Charlotte, NC) will develop an automatic CO2 emission calculation to identify environmental benefits by using Additive Manufacturing.
* Cielo Inertial Solutions (Jerusalem, Israel) and Guinn Partners (Austin, TX,) will develop an inertial sensor solution designed to fulfill NewSpace requirements.
* EyeControl (Tel Aviv, Israel) and Beth Israel Deaconess Medical Center (Boston, MA) will test the efficacy of the EyeControl-Pro platform in reducing ICU delirium by enabling bi-directional communication between patients, medical teams, and families.
* Kadimastem (Ness Ziona, Israel), and iTolerance (Miami, FL) will develop a regenerative technology to potentially cure type 1 diabetes without the need for chronic immuno-suppression.
* New Phase (Petah Tikva, Israel) and Ultraflex Power Technologies (Ronkonkoma, NY) will develop the NextGen RF machine for activation of cancer treatment nanoparticles to treat metastatic solid tumors by electromagnetic hyperthermia in stage 4 patients.
* Tevel (Gadera, Israel) and Vinergy (Bakersfield, CA) will develop a clean-energy autonomous harvesting system.
* Xerient Pharma (Petach Tikva, Israel), and Accuray (Madison, WI), will develop a treatment that combines novel gastrointestinal radio-protectant with precision radiotherapy to increase the effectiveness of treating pancreatic cancer.

The nine projects approved by the Board of Governors are in addition to over 1000 projects which the BIRD Foundation has approved for funding during its 45-year history. To date, BIRD's total investment in joint projects is over $370 million, helping to generate direct and indirect sales of more than $10 billion. The deadline for submission of Executive Summaries for the next BIRD cycle is 1 March 2023. Approval of projects will take place in June 2023. (BIRD Foundation 19.01)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Coho AI Raises $8.5 Million in Seed Funding to Help Leverage Companies' SaaS Data

Tel Aviv's [Coho AI](https://coho.ai/) has secured $8.5 million in Seed funding. The round was led by Eight Roads, TechAviv, and a group of angel investors, including company co-founders and others. The round will help its growth on behalf of B2B SaaS companies who want to “lift the hood” on their customer usage data.

Coho AI helps companies that have reached product-market fit evolve into product insight-driven businesses by showing companies that a product-led growth methodology can be applied to a wide range of SaaS companies all in different stages of a customer lifecycle. Its platform helps visualize, analyze, prioritize, and act on real-life triggers to help companies leverage the data collected by SaaS products and identify growth opportunities. (Coho AI 12.01)

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* 1. aiOla Raises $25 Million to Interface Natural Language to AI Solutions

Herzliya's [aiOla](https://www.aiola.com/) announced that it has secured $25 million in funding led by New Era with the participation of Hamilton Lane and other investors. The Israeli startup has developed state-of-the-art voice and image recognition combined with advanced AI models to digitize, automate and streamline inspection processes. It aims to dramatically reduce operational costs, increase production time, automate trend reporting, and minimize downtime. aiOla, which has raised a total of $33 million to date, employs 55 people. (aiOla 18.01)

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* 1. TeraSky Announces Significant Investment from Abry Partners

TeraSky announced a significant investment from Boston-based Abry Partners. The investment is intended to deepen TeraSky's Israel presence and accelerate the company's global market expansion in the USA and Europe. This is Abry Partners' first investment in Israel and a vote of confidence in the Israel-based solution provider.

From multi-cloud and platform engineering to comprehensive managed services and cost optimization, and much more, TeraSky helps companies achieve and future-proof their goals through technology. Founded in 2010, TeraSky employs a team of over 130 people and has offices in Israel, USA, Central Europe and the UK and maintains a reputation across the world as a professional services provider of the highest caliber. The investment will assist TeraSky in further strengthening its existing leadership position and expanding its engagement and exposure in key global markets.

Tel Aviv's [TeraSky](http://www.terasky.com) crafts masterful solutions for companies anywhere on the digitalization spectrum, from conventional businesses undergoing digital transformations to born-to-the-cloud startups facing the challenges of expansion and scale. Partnering with the world's leading technology providers, our elite team of forward-thinkers and competent doers designs and builds application and data infrastructures in clouds and data centers. (TeraSky 23.01)

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* 1. PayEm Raises $20 Million in Equity Funding and $200 Million in Credit

PayEm, which develops a platform for spend and procurement management, announced that it has raised $20 million in equity funding from Mitsubishi Financial Group, Collaborative Fund and others, as well as $200 million in credit financing from Viola Credit. PayEm raised the money through a SAFE agreement that gives the investors the right to acquire equity in the company at a future date depending on the company’s valuation at that time.

PayEm raised a $20 million Series A led by Glilot+, the early growth fund of Glilot Capital Partners, in September 2021. The company, which has developed a platform that automates finance processes from request to reconciliation, allowing global organizations the ability to manage non-payroll spend as needed, also received $7 million in Seed funding a few months earlier led by Pitango First and NFX with participation by LocalGlobe and Fresh Fund.

Tel Aviv's [PayEm](https://www.payem.co/) was founded in 2019 and also has offices in San Francisco. PayEm’s procurement and spend management platform offers smart procurement solutions, AP automation, expanse reimbursement and smart credit cards. PayEm focuses on mid-market companies that are struggling to balance between improving their financial oversight while enabling employees to do their work easier and faster, providing them the tools to request and execute their spend. (PayEm 26.01)

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* 1. Pearl's Second Opinion Cleared for Sale in Israel

Los Angeles, California's Pearl, a leader in AI solutions for efficiency, accuracy and consistency in dental care, has received clearance from Israel’s Ministry of Health, Medical Technology, Information and Research Division, for Second Opinion, its comprehensive AI-powered real-time pathology detection aid for dentists. This marks the latest in the solution’s series of international clearances, including CE-marking in Europe, MDEL for use in Canada, and TGA/MEDSAFE clearance in Australia and New Zealand. It is the US-based dental company’s second licensing in the Middle East following UAE clearance in 2021. Second Opinion, which received FDA clearance in March of last year, helps dentists by automatically detecting a broad range of dental conditions in bitewing, periapical and panoramic radiographs of permanent teeth in patients 12 and older.

Second Opinion applies computer vision technologies to detect a wide array of pathologies, existing restorations, and natural anatomy in dental radiographs. The system analyzes radiographs in real time, allowing dentists to display, review, add or reject the system’s detections while conducting exams. Dental professionals using Second Opinion AI read x-rays 37% more accurately, leading to more effective treatment decisions and higher satisfaction and trust among patients. (Pearl 31.01)

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* 1. Sentra Raises $30 Million Series A to Lead the Data-Centric Approach to Cloud Security

Sentra has raised a $30 million dollar Series A round to revolutionize the way cloud first enterprises secure their data. This brings Sentra’s total funding to $53 million, with backing from Standard Industries, Munich Re Ventures, Moore Capital, Xerox, INT3, Bessemer Venture Partners and Zeev Ventures to help enterprises securely leverage their data to enable growth.

Sentra's team built a revolutionary new data security platform that’s impressing security leaders on a daily basis. Within minutes of seeing the platform, security leaders grasp the value Sentra is providing - securing the most important corporate asset (data) while simultaneously breaking down silos between security, engineering and data teams.

Tel Aviv's [Sentra](https://sentra.io)’s DSPM solution enables organizations to gain full visibility and control of data while protecting against sensitive data breaches across the entire public cloud stack. Sentra provides automatic data discovery, classification, monitoring, and protection for cloud-first organizations - Sentra finds all the sensitive data and understands who has access to it, how it is being used, and what its data security posture is. (Sentra 31.01)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Venture Debt Funding in MENA Crosses $260 Million in 2022

Venture debt aggregated $260 million across 18 deals in the Middle East and North Africa region last year, a new report has revealed. The first mega-deal for venture debt in the MENA region was closed by UAE-based fintech startup Tabby last year, contributing 39 % to total venture debt funding, a report by UAE-based investment banking platform Shuaa Capital and data platform MAGNiTT. The report maps growth in venture debt funding across MENA over the past five years.

Venture debt is a type of debt funding that is received by early-stage companies and startups and is used as a complementary method to equity venture financing. According to the 2022 MENA Venture Debt Investment Report, the top five venture debt deals accounted for $275 million. Average deal size in 2022 declined to $14.4 million from $26.6 million in 2021.

Venture debt funding was concentrated in four countries across the MENA region – namely UAE, Saudi Arabia, Egypt and Jordan. The UAE was the most funded market through venture debt, constituting over 50 % of the number of deals and value reported for the MENA region between 2018 and 2022. Saudi Arabia ranked second in funding, accounting for 29 %.

Fintech secured the highest share of venture debt deals between 2018 and 2022, raising 61% of total funding. Furthermore, fintech, transport & logistics and e-commerce remain the industries of choice, while agriculture came in the top three, following a $50 million venture debt deal closed by Pure Harvest Smart Farms in which SHUAA Capital and Shorooq Partners were investors. The number of investors also increased to 26, with the share of international (non-MENA) investors growing from 20 % in 2021 to 47 % in 2022. (Various 26.01)

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* 1. UAE’s Nümi Raises $20 Million from Venom Ventures Fund

After obtaining a formal license to issue utility tokens from the Abu Dhabi Global Market (ADGM), Venom became the first blockchain to fall under the jurisdiction of a regulatory body. Located in the ADGM, Venom will have a leg up on the competition in any future ventures it undertakes, as the ADGM is a veritable paradise for investors and financial service organizations.

Venom Foundation announced the launch of its first venture fund, Venom Ventures fund, focused on investing in top-tier blockchain projects and Web3 DApps, priming it to become a leading supporter of next-generation digital technologies. In fact, the Venom Ventures Fund (VVF) has just been unveiled. The formation of this fund was a collaborative effort with Iceberg Capital, a fast-growing alternative asset management company that provides diversified investment management platforms, including direct and private equity, venture capital, technology, and virtual assets.

The fund, integrated into the Venom blockchain and managed by a group of industry heavyweights and blockchain specialists, invests up to $1 billion in innovative Web3 start-ups out of ADGM. The Venture team consists of seasoned experts from both the traditional and blockchain industries. They are both traders and venture capitalists, and they hail from prestigious financial institutions like Blackrock and Iceberg Capital. [Nümi](https://www.numi.net/) is set to debut on VR headsets by the end of the year, followed by PCs and mobile devices in 2024. (Nümi 12.01)

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* 1. Flyby Raises $1 Million in Seed Funding

Dubai-based smart delivery startup and digital OOH company [Flyby](https://flyby.global/) has raised $1 million in the seed funding round. FHS Capital based in Silicon Valley, California, and VN2 Capital of London participated in the round. The company will utilize the funds to launch a fleet of smart delivery boxes in Dubai, scale up, and develop its technology. Due to the funds the startup has emerged quite well.

The startup’s technology has the potential to facilitate location-based advertising, with geo-fencing capability. The boxes have the ability to track rider behavior and address road safety challenges. The startup is working with industry regulators to ensure compliance with safety and data standards and guidelines. Flyby is expected to be seen on the streets of Dubai in Q1/23. The OOH market in MENA is expected to touch $54 billion by 2026.

Flyby has an embedded UV lighting system that sanitizes the contents of the box on each delivery. The boxes also have embedded sensors with telemetry data, including GPS position, acceleration and speed. The smart delivery boxes can also double up as mobile advertising spaces for use by fleet operators and restaurants. The boxes, which comprise high-contrast digital outdoor LED displays, are connected through a cloud-interface, said the note. The interface allows advertisers to book ad spaces directly. It also allows per-minute advertising and scales from a single bike to a fleet of thousand bikes. (Flyby 17.01)

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* 1. Terra Raises Pre-Seed Investment

[Terra Tech](https://www.terratech.ae/), MENA's first B2B micro-mobility tech startup will introduce its fleet of electric motorbikes with a swap and drive operations model for the region’s growing business landscape, while considering environmental impact. Advised by the global law firm Latham & Watkins, the startup’s extensive sector expertise and business acumen aided in successfully securing pre-seed investment funding from a global network of Saudi, American and British angel investors that share the same vision enabling the firm to progress forward.

For the past five years and especially after the pandemic, the UAE and the wider region have experienced exponential growth in the food delivery market and increased the demand for commercial two-wheelers. Recently, more and more businesses are recognizing the importance of environmental awareness and sustainability and are using electric bikes in their fleets. Having developed an energy-efficient motorbike combined with a first-of-its-kind swap and drive subscription model in the region, Terra is piloting in the UAE, engaging with leading private enterprises contributing to the country’s thriving economy.

Combined with corporate bike rentals, Terra’s Smart Swapping Stations will be set up across the country allowing drivers to book and switch bike batteries through the platform’s mobile application. The solution enables companies to diligently decrease their carbon footprint with reduced carbon dioxide (C02) emissions. At the same time, time efficiency, cost/overhead reduction, driver tracking, and limitless range improve operational efficiency. The electric motorbike fleets are just the start. Terra has plans to build an electric ecosystem that will connect communities and empower electric mobility across the UAE. Further expansion across the Middle East and onwards globally is part of its growth strategy. (Terra 16.01)

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* 1. UAE’s One Moto Raises $150 Million to Expand to UK

Dubai's [One Moto](https://one-moto.com/), an electric mobility and last-mile delivery startup, has raised $150 million from an undisclosed investor in the UK. The funding will be used to expand the company’s footprint in the country and lead decarbonization efforts for the last-mile delivery industry. According to the investment agreement, One Moto will offer finance to fleet operators to expand an electric delivery fleet from just £3 per day. The startup’s goal is to electrify all last-mile vehicles in the UK by 2026, reducing 168,000 tonnes of CO2 each year and dropping 50% production of harmful pollutants as a result of petrol vehicles.

One Moto plans to deploy up to 30,000 EVs across the UK in H1/23. According to the startup, replacing traditional fleet vehicles will take time as it involves support from several service sectors such as Battery As A Service, allowing drivers to work undisturbed, and SaaS Fintech solutions, providing a data rich AI backed cloud system to optimize fleet and rider management. One Moto is joining forces with AVIS, and is currently in talks to build the first EV manufacturing facility in the UAE.

Founded in 2019, One Moto is an electric vehicle company that focuses on food service and last-mile delivery. While the startup is headquartered in the UK, it has global HQ in UAE with presence in China, Sri Lanka, Ethiopia and Nepal. (One Moto 17.01)

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* 1. UAE’s Hotdesk Acquires Spain-Based YADO

UAE’s workspace booking platform [Hotdesk](https://hotdesk.io/) has acquired the Spanish co-working app YADO. Founded in 2019, Hotdesk provides instant access to co-working spaces at the click of a button. YADO, the Barcelona-born app, charts co-working spaces across major cities in Spain.

Hotdesk will infuse YADO’s Spanish DNA and hyper-local approach to be able to offer increased opportunities for those looking to work in a co-working environment around Spain and other Spanish-speaking markets. Hotdesk is looking to build its presence from the East into the West. The acquisition of YADO will enable Hotdesk to further increase its footprint in key markets across the globe, and double down on its core proposition of providing hyper-local experiences for its users. (Hotdesk 24.01)

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* 1. Tabby Raises $58 Million in a Series C Funding Round

[Tabby](https://tabby.ai/en-AE), a Dubai-based shopping and financial services app, has raised $58 million from Sequoia Capital India, STV, PayPal Ventures, Mubadala Investment Capital, Arbor Ventures, and Endeavor Catalyst in a Series C round, which values the company at $660 million. The new investment will be used to expand Tabby's product line into next-gen consumer financial services, such as products that support day-to-day spending like food and travel.

With operations in Saudi Arabia, UAE, Egypt and Kuwait, Tabby offers flexible payments online and in stores for over 10,000 brands, including nine out of the 10 largest retail groups in the MENA region, to over three million active shoppers. Tabby's business model is sustainable, because it charges retail partners so they can bring their customers an unparalleled shopping experience. Tabby offers flexible payments online and in stores for over 10,000 brands.

Tabby also offers its users is in allowing them to split their purchases into interest-free payments and with no hidden fees. Arab explains that with credit penetration in the MENA region being significantly lower than in other developed markets, there's a real gap and opportunity for Tabby from a demand perspective. (Entrepreneur Middle East 23.01)

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* 1. UAE-Based Fintech Startup Alaan Raises $4.5 Million

UAE-based spend management platform [Alaan](https://www.alaanpay.com/) has raised $4.5 million in a pre-series A funding from Presight Capital, Y Combinator and angel investors. Coupled with the $2.5 million seed round it raised last year, Alaan has now received a total of $7 million in funding to date. The new investment will be used to grow its UAE operations, expand across the GCC, as well as to enhance its product, including adding automated invoice payments to domestic and international suppliers and other features.

Since August 2022, Alaan has on-boarded more than 100 businesses in the UAE with a combined total of over 5,000 employees, and crossed double-digit millions in payment volume within three months of its launch and averaged a monthly growth of 500% in 2022. Since the last financing round, the startup has introduced a number of product innovations, including artificial intelligence-powered workflow automation for managing spend and seamless accounting sync.

Alaan's platform allows businesses to instantly issue physical and virtual cards for managing all their business expenses, including e-commerce transactions, software-as-a-service (SaaS) subscriptions, vendor payments, government services, or in-store purchases. These cards can be set up with daily or monthly spend limits, and can also be locked to be used only with specific merchants such as fuel stations. The platform thus eliminates the need for expense reports and petty cash, and automates bookkeeping tasks via seamless integration with leading accounting solution providers such as Xero, QuickBooks, and Microsoft Dynamics. (Entrepreneur Middle East 19.01)

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* 1. Matbakhi Raises $2.3 Million in a Pre-Seed Round

Riyadh-based food-tech company [Matbakhi](https://www.ordermatbakhi.com/) has raised $2.3 million in a pre-seed round led by Bugshan Investment Company and various angel investors. Founded in October 2022, Matbakhi collaborates with local Saudi chefs to democratize access to carefully curated F&B concepts.

While big aspirations are announced for the Saudi Arabian hospitality sector until 2030, many challenges are impacting hotel F&B profitability, hindering the quality of service and offerings rendered to hotel guests. By acting as the F&B supplier to the hotel, Matbakhi invigorates its menus, improves its customer experience, and ultimately increases its profitability.

As of January 2023, the startup is operating in 5 locations in Riyadh with 4 brands; with plans to expand its coverage in Riyadh and enter the Eastern Region by the end of 2023, while growing its portfolio to 20 brands. The founders will be using this funding to establish the Hotel Cloud Kitchen model in Saudi while demonstrating the power of its innovative brand incubator. The company aims to become profitable by Q1 2024, by focusing on growth in Riyadh and the Eastern region during 2023. (Matbakhi 23.01)

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* 1. Eni & Sonatrach Sign Agreements to Boost Decarbonization & Energy Security

Italian multinational energy company Eni signed two agreements with Algeria’s state-owned oil firm Sonatrach designed to achieve emissions reduction targets more rapidly and strengthen energy security. The companies will identify prospects for greenhouse gas and methane emissions reduction, as well as initiatives in fields spanning energy efficiency, renewable energy, green hydrogen and carbon capture and storage. Eni and Sonatrach will also undertake studies to see how Algeria’s energy export to Europe could be improved.

Italy and Algeria have signed an agreement to study and possibly construct a pipeline that could transport hydrogen, ammonia and gas from North Africa to Europe. The agreement could even feature an electricity connection, the outlet adds. Algeria — already a major gas exporter — could become a global leader in energy production. Before the Russia-Ukraine war, Italy imported 95% of its gas supply — with some 40% coming from Russia — and is now looking to Algeria as an increasingly important partner in helping to reduce this dependence. (Various 24.01)

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* 1. Whirlpool Partners with Arcelik in Europe But Quits the Middle East & Africa

U.S. home appliances maker Whirlpool is merging its European business into a new company controlled by Turkey's Arcelik, reducing its exposure to a market where it had warned attractive profit margins could be some way off. Whirlpool also said it had agreed to sell its Middle Eastern and African businesses to Arcelik, which the Turkish firm said was for $21.65 million in cash. The moves come after Whirlpool launched a review of its Europe, Middle East and Africa operations in April 2022 and said it planned to focus on higher margin businesses.

Global firms have been cutting their European operations due to sluggish growth and high energy costs. Turkish exporters, meanwhile, have gained a competitive edge from a plunge in the country's lira currency to record lows, making goods produced in Turkey cheaper to overseas buyers.

The new company will include Arcelik's European units such as major domestic appliances, small domestic appliances and consumer electronics. Whirlpool will own 25% and Arcelik will own 75%, the U.S.-based company said on Tuesday. The combined entity is expected to have annual sales of 6 billion euros and is likely to have more than 20,000 employees across multiple European countries. Whirlpool will retain ownership of its EMEA KitchenAid unit. (Reuters 17.01)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. UAE to Set Up First Food-Grade Plastic Recycling Facility

A 12,000 tonnes per annum polyethylene terephthalate (PET) recycling plant has been earmarked for Abu Dhabi. In line with the UAE’s efforts to reduce plastic pollution and boost trade through the export of recycled materials, the plant will recycle PET, a plastic material that is used in food packaging, such as plastic water bottles. The 40,000 square meter facility in Abu Dhabi could create 100 jobs and avoid the emission of 18,000 metric tonnes of CO2 annually at full operating capacity.

The MoU to study the feasibility of the project, which involves Repeet, BEEAH Group and Agthia, was signed in the presence of members of the Ministry of Industry and Advanced Technology (MoIAT), at Abu Dhabi Sustainability Week (ADSW). This partnership comes in line with MoIAT’s recent ministerial decree regulating the trade of recycled plastic water bottles.

It aims to facilitate the manufacturing of water bottles using recycled plastic in line with top public health and food safety standards. With time, more local water bottling companies are expected to embrace this circular economy journey and introduce more and more recycled plastic to produce their packaging. This is projected to reduce avoid 50,000 metric tonnes of CO2 emissions, enhance the national in-country value by Dhs150m annually, and create more than 1,000 jobs, reported WAM.

In the frame of the project under study, Repeet would operate the recycling plant, while BEEAH Group would supply a seven-year feedstock of plastics. Meanwhile, Agthia would provide a seven-year offtake for products. The feedstock will be post-consumed PET bottle bales while the offtakes will be food-grade recycled PET resin. (GB 20.01)

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* 1. ADNOC & TAQA Reveal E2GO to Provide EV Charging Points Across UAE

ADNOC Distribution, the UAE’s largest fuel distributor and convenience store retailer, has agreed with Abu Dhabi National Energy Company (TAQA), one of the largest listed integrated utility companies in the EMEA region, to work together to establish a mobility joint venture, E2GO, to build and operate electric vehicle (EV) infrastructure in Abu Dhabi and the wider UAE. An agreement to pave the way for creating the joint venture was signed by the CEO of ADNOC Distribution and the Group CEO and MD of TAQA during the Abu Dhabi Sustainability Week (ADSW 2023).

Demand for EVs in the UAE market has witnessed a steady rise over the past years and is projected to see a compound annual growth rate (CAGR) of 30% between 2022 and 2028 according to the global electric mobility readiness index published in 2022.

E2GO comes at an opportune time in the development of the UAE’s EV market, with an expected 70,000 charging points considered to be required in Abu Dhabi by 2030 to meet growing EV demand. To support this demand, an investment of up to $200 million of CAPEX will be needed for this critical infrastructure.

Backed by two Abu Dhabi national energy champions, E2GO aims to become the principal provider of EV charging points and associated infrastructure across the Emirate of Abu Dhabi. The partnership will include a network of fast chargers at key locations, featuring associated solutions such as parking and tolling services, in addition to related digital platforms to facilitate EV charging, which will enhance customer service and unlock new revenue streams. The project aligns with the UAE’s Net Zero by 2050 objectives by contributing to a reduction in emissions from transport.

The partnership between ADNOC and TAQA envisages both parties entering into detailed joint venture arrangements as well as the completion of necessary transaction requirements, including obtaining any relevant third-party and regulatory approvals. The name E2GO (pronounced E to Go), embodies innovation and harnessing the power of technology to pioneer modern sustainable mobility solutions. (ADNOC 22.01)

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* 1. Masdar to Develop 5GW of Renewable Energy Projects for Africa's Clean Energy

Abu Dhabi's Masdar has demonstrated its commitment to helping African nations in their clean energy transition by signing agreements at Abu Dhabi Sustainability Week (ADSW) 2023 with three countries – Angola, Uganda and Zambia – to develop renewable energy projects with a combined capacity of up to 5 gigawatts (GW).

The agreements were signed under the umbrella of the Etihad 7 initiative, a UAE-led initiative that aims to raise public- and private-sector funds to invest in the development of Africa's renewable energy sector. Etihad 7 was launched at ADSW 2022 by HE Sheikh Shakhboot Nahyan Al Nahyan, Minister of State in the UAE Ministry of Foreign Affairs and International Cooperation (MoFAIC) with the aim of achieving 20 GW capacity to supply 100 million people across the continent with clean electricity by 2035.

Last August, Masdar also signed an agreement with TANESCO, the sole provider of electricity in Tanzania, to develop renewable energy projects with a total capacity of up to 2 GW, also under the umbrella of the Etihad 7 program. The two parties are in the process of finalizing the establishment of a joint venture company to advance this strategic collaboration.

[Masdar](http://www.masdar.ae) has already established a considerable presence in Africa, having formed its Infinity Power Holding joint venture with Egypt's Infinity to target opportunities on the continent. In November, Masdar, Infinity Power and Hassan Allam Utilities signed an agreement with the Government of Egypt to develop a 10 GW onshore wind project – one of the largest wind farms in the world. The three companies are also cooperating on the development of green hydrogen projects in Egypt, targeting a combined electrolyzer capacity of 4 GW by 2030, and an output of up to 480,000 tonnes of green hydrogen per year. Masdar also has projects in Mauritania, Morocco and the Seychelles. (Masdar 20.01)

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* 1. Algerian “Water Police” Activated to Mitigate the Effects of Water Stress

After launching programs to exploit non-conventional water from desalination and wastewater treatment, the Algerian government is activating the “water police” to mitigate the effects of water stress in the country, notably the overexploitation of ground and surface water, and wastage. This decision was recently announced by the President of the Algerian Republic Tebboune.

The “water police”, instituted within the framework of law n֯ 05-12 August 2005 relating to water in Algeria, will therefore control the fields of use of water resources in all areas of activity, particularly agriculture, which consumes nearly 70% of available resources. Thus, in accordance with Article 161 of this law, the agents of the ‘water police’ will have access to the works and installations exploited for the use of the public hydraulic domain. The same article specifies that these agents may also require the owner or operator of these works and installations to put them into operation in order to carry out useful verifications and demand the communication of all documents necessary for the accomplishment of their mission.

According to law n֯ 05-12 August 2005 relating to water in Algeria, the agents of the “water police” will also be empowered to conduct, after research, observation and investigation, infringements committed by means of a report recording the facts and the statements of their authors. In this context, they will benefit from the assistance of the Algerian army. (Afrik21 24.01)

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* 1. Clean-Seas Acquires Majority stake in Morocco's Ecosynergie

Clean-Seas — a subsidiary of US-headquartered investment firm Clean Vision Corporation — is acquiring 51% of Morocco-based Ecosynergie Group (ESG) in a $6.5 million transaction. The acquisition agreement, which is expected to close in Q1/23, comes after the two companies signed a “binding term sheet” in April 2022 to jointly develop a commercial scale pyrolysis facility. Pyrolysis can be used to convert plastic waste into liquid oil by heating the plastic at temperatures ranging from 300–900°C, without oxygen, so that it breaks down. The hydrocarbon liquids produced through this process can then be used for energy or converted back into new plastics.

Clean-Seas is investing $6.5 million in cash in the acquisition, with $2 million to be paid upon closing and the remaining $4.5 million to be paid within 10 months of closing. Clean-Seas will acquire ESG’s current assets, which include two existing pyrolysis plants with a daily capacity of 10 tons each, other pyrolysis equipment and technology, five hectares of land, and licenses to operate pyrolysis facilities.

Within six months of the acquisition, ESG’s pyrolysis plants’ capacity will grow to 120 tons per day. This increase will come from two new plants, each of which will have a daily production capacity of 50 tons, with one due to be installed and operational in 2Q 2023 and the other due to be operational by the end ofQ3/23. The aim is to grow ESG’s plastic waste processing capacity to reach 350 tons daily or more within two years. After the acquisition closes, ESG will be renamed Clean-Seas Morocco. (Clean Vision 25.01)

ARAB STATE DEVELOPMENTS

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* 1. Lebanon's Currency Hits an All-Time-Low as Gridlock Continues

The lowest recorded exchange rate of the Lebanese pound to the dollar in Lebanon reached 50,000 pounds on 19 January. Meanwhile, the Lebanese Parliament failed in its 11th attempt to elect a president, leaving citizens feeling even more hopeless.

The Lebanese pound has lost more than 90% of its value since the economic crisis in 2019 when the pound was at 1,500 against the dollar. Since then, the prices of basic goods have skyrocketed leading to gas and medicinal shortages. A World Bank report described Lebanon as a sinking ship and accused the country’s leadership of inadequate responses to the challenges the nation is facing.

Changes in the exchange rate effect a large portion of the population that still relies on salaries in the local currency. Most salaries have not been adjusted to inflation, meaning people have lost the means to access basic necessities. Most Lebanese have lost the bulk of their savings and cannot access their own money due to illegal capital controls by the banks.

The Lebanese pound has lost more than 97% of its value as the financial system has collapsed. Observers blame decades of corruption and mismanagement of public funds. Various politicians have been accused of abusing of their political status to get away with sketchy financial practices. Many Lebanese are left jobless, families unable to pay for their children's schools and patients without health care. The collapse has caused an emigration wave. Facing a political deadlock and an economic collapse, the Lebanese presidency has been empty since 31 October. The caretaker government seems to have no political will to conduct the reforms needed to bring in the assistance promised by the IMF and the international community. (Al-Monitor 19.01)

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* 1. Jordan is Intensifying Efforts to Expand its Nuclear Energy Production

Jordan’s Atomic Energy Commission (JAEC) is looking into building small nuclear reactors for electricity production and water desalination. The commission is seeking $8.45 million in funding to begin manufacturing industrial components for the nuclear reactors. The country already has a Korea-built nuclear reactor, which was inaugurated in 2016, to produce isotopes for medical purposes.

Jordan is looking to develop four nuclear energy projects, with one IAEA-certified project being developed in partnership with Jordan University of Science and Technology and establishing an agency for nuclear energy research. Meanwhile, JAEC plans to issue a $7 million tender before the end of 2023 to import nuclear fuel shipments for a three-year period.

Jordan has enough uranium deposits to produce 42k tons of yellowcake (partially refined uranium) in six years, meaning that Jordan has enough uranium to cover the country’s domestic needs with leftover ore to export regionally to Saudi Arabia and the UAE. The commission is currently in talks with a number of unnamed Canadian companies and the Turkish Atomic Energy Authority for investments to develop commercial yellowcake factories. (Various 25.01)

►►Arabian Gulf

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* 1. QatarEnergy Joins Lebanon Gas Exploration Group

QatarEnergy, Qatar's state-owned oil and gas company, will participate in oil and gas exploration off the coast of Lebanon. The company will join France’s TotalEnergies and Italy’s Eni in exploring two offshore blocks. QatarEnergy will have a 30% stake in the enterprise, while TotalEnergies and Eni will each have 35%. The arrangement had been in talks since October. In November, Israel approved QatarEnergy’s participation in the plans.

Israel has been pumping natural gas from the eastern Mediterranean Sea for years. However, Lebanon claimed part of Israel’s exploration area as its own maritime territory. Following US-brokered negotiations, Israel and Lebanon reached an agreement on the border last October. Lebanon immediately told TotalEnergies to start gas exploration after the deal. Eni later joined TotalEnergies in the consortium. Last month, TotalEnergies and Eni released a rough timeline of their Lebanese gas exploration plans. The two firms said they hope to begin drilling in 2023.

The Lebanese economic crisis is showing no signs of dissipating and has been marked by fuel and electricity shortages since it began in 2019. Lebanon securing its own natural gas supply could help alleviate people’s suffering. Still, it will take years for Lebanon to start pumping gas. Corruption and governance issues could also plague the energy exploration efforts. QatarEnergy’s participation in the consortium also demonstrates Qatar’s continued interest in helping Lebanon. (Al-Monitor 26.01)

►►North Africa

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* 1. Egyptian Tourism Revenues Projected to Hit Record High in 2023

Egypt’s tourism revenues will rise almost 20% in 2023 as more people visit the country on the back of a weaker EGP and the easing of COVID-era travel curbs. Fitch Solutions forecasts revenues to reach a record high $13.6 billion this year, up 17.7% from 2022. The research firm expects as many as 11.6 million tourists to visit the country, up 46% from last year.

Tourists brought more than $4.9 billion into the country in H1/22, up from $3.1 billion in the same period a year earlier, according to the most recently available central bank data. This came on the back of a surge in tourist numbers, which rose more than 85% to 4.9 million during the six-month period. The strong outlook for the industry comes on the back of the weaker value of the EGP and favorable market dynamics. Pundits project revenues to increase to between $13.5 billion and $14 billion in FY 2023-2024. The EGP has tumbled against both the $ and the EUR since March 2021, making Egypt a significantly cheaper holiday destination for some foreign tourists.

Egypt's Tourism Ministry wants to attract as many as 30 million tourists to the country by 2028, more than double the number that visited the country in the year before the pandemic. The government plans to launch a new tourism strategy later this quarter to bring more people to the country. (Enterprise 20.01)

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* 1. Morocco’s Consumer Prices Soared by 6.6% in 2022

Triggered by the price shocks in the food and energy commodities, Morocco's Consumer Price Index (CPI) rose by an annual average of 6.6% at the end of 2022. According to new data from the country's Higher Commission for Planning (HCP), the dramatic rise in CPI –an index that tracks the average price of a basket of food and services– echoes the 5.8% annual rise in the country’s inflation rate. Food prices increased significantly throughout 2022, with prices increasing by an average of 11%, while non-food commodities rose by 3.9% compared to the previous year. Transport prices equally rose by 12% over the same period.

In a report published earlier this month, HCP predicted that inflationary pressures in Morocco would ease in 2023, slowing down to the recommended level of under 2% compared to 5% in 2022. Governments around the world have been told to be cautiously optimistic about 2023, with many experts still reckoning that the world may be edging towards a second global recession as Europe faces the prospects of an energy crisis. (MWN 20.01)

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* 1. Morocco’s Casablanca is World’s Third Cheapest City for International Education

Recent research by the International School Database revealed that the Moroccan city of Casablanca is the third cheapest city in the world for international education in 2022, with an average cost of $4,067 per year. The cost of international education in the Moroccan city saw a 14.1% year-to-year drop compared to $4,735 in 2021.

International school fees in Casablanca ranged from a minimum of $1,570 to a maximum of $11,734 in 2022, indicated the report. In addition, Casablanca ranked as the second cheapest city in Africa, while the capital of Kenya, Nairobi, is the most expensive city on the continent when it comes to international schooling. Nairobi is followed by Ethiopia's Addis Ababa, South Africa’s Johannesburg and Uganda’s Kampala. Meanwhile, Cape Town came at the bottom of the ranking as the cheapest city in Africa.

In regard to the prices of international schooling in the Middle East, the Dubai Metropolitan Area, which consists of Dubai, Ajman, and Sharjah, remains the most expensive in the region. Meanwhile, Qatar’s Doha ranked as the second most expensive city in the Middle East, followed by Oman’s Muscat, the UAE’s capital Abu Dhabi, and Kuwait city. On the international level, New York remains the most expensive city in the world for international schooling, with an average yearly cost of $43,100. (MWN 17.01)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Turkey's 2022 Trade Gap Hits Record on Costlier Energy in War

Turkey's trade deficit swelled to a record of more than $109 billion in 2022, official data showed, as fallout from Russia’s invasion of Ukraine drove up energy-import costs. The government has been endorsing an economic program, unveiled in 2021, aimed at eventually shifting from chronic deficits to a current account surplus through more robust exports and low interest rates. That goal was complicated by a surge in oil and gas prices in the first half of last year and by a depreciation in the Turkish lira.

The overall foreign trade deficit surged 137% year-over-year to $109.54 billion in 2022, according to Turkish Statistical Institute (TurkStat) data, up from $46.2 billion a year ago. It surged from a previous peak of $106 billion registered in 2011. The December gap increased by 42% from a year earlier to $9.7 billion, the data showed.

Russia’s invasion last year initially sent oil and gas prices surging, impacting Turkey, which imports virtually all of its energy needs. On the other hand, the lira weakened some 44% against the U.S. dollar in 2021 and nearly 30% in 2022 but remained stable in the last quarter. Energy imports shot up by more than 90% to $96.55 billion in 2022, according to the data. Energy imports were up 14% in December. In 2022, exports rose 12.9% to $254.1 billion and imports jumped 34% to $363.7 billion. (Daily Sabah 31.01)

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* 1. Greece Cuts Back Energy Bill Subsidies Citing Fall in Gas Prices

Greece has reduced the subsidies extended to consumers grappling with high energy costs to €95 million ($102.9 million) in February from €840 million in January, the energy minister said, citing a fall in gas prices. Athens has spent around €8.2 billion so far to help households and businesses pay their electricity, gas and heating fuel bills which soared last year following a spike in energy prices in the wake of the Ukraine war. Gas prices have retreated since mid-December amid unusually warm weather and full EU gas storage.

Greek Energy Minister Skrekas attributed the fall in gas prices to a cap agreed by EU countries in December to avoid the record-high prices Europe faced last year after Russia slashed gas deliveries. The policy was agreed following a drawn-out debate between more than 15 pro-cap countries, including Greece, and will come into effect on 15 February if benchmark Title Transfer Facility (TTF) gas hub prices spike.

The EU Agency for the Cooperation of Energy Regulators (ACER) said last month that the cap had so far not caused any fallout in energy markets. As part of the measures announced on 31 January, for consumers using up to 500 kilowatt hours of electricity per month – which accounts for about 90% of Greek households – the subsidy will reach €40 per megawatt hour, down from €330 in February. (eKathimerini 31.01)

GENERAL NEWS AND INTEREST

\*REGIONAL:

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* 1. Ramadan 2023 in UAE Fasting Hours & Likely Eid Al Fitr Dates Revealed

UAE residents this Ramadan will have moderate spring temperatures and fasting hours that could last for 14 hours during the Holy Month. The Emirates Astronomy Society, said that the new crescent for Ramadan would be born at 21:23 on Tuesday, 21 March – which is after sunset – and that the next day it would be 10 degrees above the western horizon and set after 50 minutes.

This is why the first day of the month of Ramadan for the Hijri Year 1444 will likely start on Thursday, 23 March 2023 and Friday, 21 April is the expected first day of Eid Al Fitr. The new crescent for the month of Shawwal will be born on Thursday, 20 April at 8:13 and will be 4 degrees above the western horizon at sunset, which makes the next day the first day of Shawwal.

Fasting hours at the beginning of the Holy Month, from dawn to dusk, will be around 13 and half hours and will reach 14 hours and 13 minutes towards the end of the month. During Ramadan, Muslims fast from sunrise (Fajr) to sunset (Maghreb). There are two main meals during the month – Suhoor, taken before sunrise, and Iftar, the day's first meal after sunset. Fasting is one of the five pillars of Islam, and it's an obligatory practice for all Muslims who can carry out the fast. In addition to abstaining from food and drink during the fasting hours, Ramadan is also a month of disciplining oneself, reflecting and creating positive spiritual habits. Restaurants in the UAE are open during Ramadan, but eating and drinking in public are not permitted. Ramadan is usually either 29 or 30 days, and a moon-sighting committee determines the start and end of the month. Working hours during the holy month are reduced, and school days are shorter. (Various 23.01)

ISRAEL LIFE SCIENCE NEWS

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* 1. Quris-AI & MBZUAI Launch World-Class Bio-AI Center in Abu-Dhabi

Israel's Quris-AI and the UAE's [Mohamed bin Zayed University of Artificial Intelligence (MBZUAI)](http://www.mbzuai.ac.ae) signed an agreement during Abu Dhabi Sustainability Week (ADSW) to develop a world-class Bio-AI center in Abu Dhabi. The state-of-the-art facility will support the development of personalized medications, tailored specifically to the diverse populations of the MENA region.

The collaboration will establish a center of excellence in Bio-AI in Abu Dhabi, which will accelerate the development of safer, and more highly personalized medications. MBZUAI provides expertise in the development of predictive AI models, while incentivizing sought-after AI graduates to stay in the UAE as they begin their careers. Quris-AI is also establishing its subsidiary, Quris-UAE, in Abu Dhabi.

Currently, around 90% of clinical trials for new medications end in failure, but Quris’ proprietary ‘patient-on-a-chip’ technology promises to reduce failure by predicting which drugs are most likely to work in humans. The Quris system rapidly performs test interactions using predictive AI technologies that simulate genetically diverse patients, eliminating the need for animal testing and avoiding the risk and cost associated with failed clinical trials.

Tel Aviv's [Quris](https://www.quris.ai/), the world’s first Bio-AI clinical-prediction platform, ensures the safety and efficacy of new drugs. Revolutionizing the drug development process, the company is pioneering clinical trials on chips – testing thousands of novel drug candidates on hundreds of miniaturized “patients-on-a-chip”. Its fully automated, self-training AI platform accurately predicts clinical safety and efficacy for novel drugs faster and more cost effectively than ever before – all while minimizing animal testing. (Quris Technologies 18.01)

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* 1. Chief Rabbi of Israel Affirms Aleph Farms’ Cultivated Steak is Kosher

Aleph Farms announced that Israel's Chief Rabbi, David Baruch Lau, has ruled its cultivated steak to be kosher, which means permitted for consumption by Jews under religious law. This ruling, coming from the leader of the Chief Rabbinate — a bellwether rabbinic council for religious certifications in Judaism — opens the door for Aleph Farms to receive a kosher certificate ahead of its market launch later this year.

This ruling indicates an openness among religious authorities to certify cultivated meat products as appropriate to consume and paves the way forward as Aleph Farms works to get kosher certification for its production facility in Rehovot and its individual products. Aleph Farms is also in contact with Muslim, Hindu and other religious authorities to certify its products as a viable dietary option for groups that have different religious practices.

Aleph Farms is working closely with regulatory agencies around the world as it prepares for the commercial launch of its first product, a cultivated thin-cut beef steak. The company also plans to produce different cuts of steak as well as cultivated collagen through additional proprietary capabilities. In all cases, Aleph Farms’ products are produced from starter cells that come from a fertilized egg, which was sourced from a premium Black Angus cow named Lucy – she lives on a breeding farm in California. From a one-time collection of Lucy’s fertilized egg, Aleph Farms can grow thousands of tons of cultivated meat without engineering or immortalizing cells, avoiding slaughter and acting as part of an inclusive solution for sustainable and secure food systems.

Rehovot's [Aleph Farms](http://www.aleph-farms.com) grows cultivated beef steaks from cells that are isolated from a living cow and not immortalized or genetically modified, avoiding slaughter and achieving reduced environmental impact. The company was co-founded in 2017 by Didier Toubia, The Kitchen Hub by Strauss Group and Professor Shulamit Levenberg of the Technion - Israel Institute of Technology. (Aleph Farms 19.01)

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* 1. Evigence Raises $18 Million for Food Freshness Tech that Extends Shelf Life by 20%

Evigence, a company that produces sensors and couples them with data analytics to monitor perishable food freshness in real time, has secured $18 million in a Series B round. The round was led by Chicago-based foodtech and beverage investor Cleveland Avenue, with participation from previous investors Planet Capital and Landa Ventures. The funding follows a $10 million Series A raise back in 2018 from its previous investors along with Food Retail Ventures.

With the new financing, Evigence will develop commercial deployments and partnerships in the US and Europe. It will also advance the startup’s digital platform and data collection and analytics services to create a seamless process for food service providers and retailers to collect their data, according to the company.

It probably comes as no surprise that at least one-third of all food produced is wasted, with a significant portion of that happening at home. A misunderstanding of the sell-by dates or best-before dates that are stamped on goods to give the consumer an idea of an item’s safety period for consumption, causes 20% of food loss at home, according to the FDA. That’s about $32 billion each year in the US alone.

Yokneam's [Evigence](https://evigence.com/) first started out serving the health industry by deploying sensors to monitor the cold chain for pharmaceutical products. To solve these issues, Evigence has developed what it calls a “Freshness Management System” that can be applied at an individual unit level — be it a single food product or, as you’ll read below, a group of products as they’re being packaged. Thereafter, the sensors can be digitally scanned throughout the supply chain but are also eye readable. This enables anyone to monitor the aggregate temperature the product absorbs over time from when it was packed giving an indication of its freshness level. Evigence users, usually food service providers, retailers, and food brands can use these data to gauge the remaining shelf life of that specific product and ultimately use it to optimize the use of that product. (Evigence 17.01)

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* 1. Casterra Agreement to Cultivate its Castor Varieties at Commercial Scale

Rehovot's Casterra Ag, the integrated castor cultivation solution company and a subsidiary of Evogene, has entered into an agreement with one of the world's leading energy companies, whereby Casterra will provide its unique castor varieties and its broad know-how in cultivation of castor at a commercial scale for biofuel production. Under the framework of the agreement, the initial focus is the purchase agreement of castor seed varieties from Casterra for growing castor in specific African territories and the provision of technical support. The agreement also allows for the potential for long-term cooperation in castor cultivation between this customer and Casterra, with the potential for expansion into additional territories on the African continent.

Casterra's mission is to provide the most genetically advanced castor bean seed varieties, tailored to humanity's eco-friendly energy needs of today, with a complete comprehensive ag-service solution to castor cultivators and manufacturers. Based on Evogene's plant genomic capabilities via its GeneRator AI tech-engine, Casterra has developed proprietary castor seed varieties that enable a high-yield and high-quality crop, with oil-rich content that lend themselves well to efficient and industrialized cultivation methods (mechanized harvesting process).

[Casterra](http://www.casterra.com) develops and commercializes high-yielding castor bean seeds as a cost-competitive, sustainable, second-generation feedstock for the growing biofuel market. It has built its castor genetic assets based on a broad collection of over 300 castor lines from over 40 different geographic and climatic regions. As part of its development process, Casterra applies advanced breeding methods utilizing Evogene's Generator AI tech-engine, enabling the use of cutting-edge plant genomics tools and agro-technique expertise to enable efficient and sustainable industrial-scale production of the castor bean. (Casterra Ag 19.01)

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* 1. CytoReason Licenses Its IBD Disease Model to Sanofi in Multimillion Dollar Deal

CytoReason, a leader and pioneer in computational disease modeling, today announced an expansion of its collaboration with Sanofi. The multiyear collaboration will further fuel Sanofi’s target discovery efforts via CytoReason’s AI platform in the field of inflammatory bowel disease (IBD), to identify patient subtypes and pair them with IBD targets. In 2021, Cytoreason announced the initiation of a project with Sanofi utilizing cell-centered models to suggest mechanistic insights for asthma endotypes.

Under the terms of the expanded agreement, Sanofi will pay CytoReason an undisclosed multimillion dollar amount. Sanofi has previously applied Cytoreason’s cell-centered model to better understand asthma patient subtypes.

Tel Aviv's [CytoReason](http://www.cytoreason.com) is a leading technology company developing computational disease models. The company collects proprietary data from pharmaceutical companies and uses it to simulate human diseases – tissue by tissue and cell by cell. With CytoReason's massive database and AI-led platform, pharma and biotech companies can identify new opportunities, shorten trial phases, reduce development costs, and increase the likelihood of drug approval. To date, five of the world's top ten pharma companies use CytoReason's technology. (CytoReason 23.01)

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* 1. Sofwave Gains Market Approval for SUPERB Wrinkle Reduction in Mexico

Sofwave Medical announced market approval for Sofwave’s SUPERB Technology in Mexico. Approval was granted by Mexico’s Food and Drug Administration, the Federal Commission for the Protection from Sanitary Risks (COFEPRIS), a division of the Mexico’s Ministry of Health. The Company has regulatory submissions pending in other large markets including the People’s Republic of China and Japan. Additionally, Sofwave has also recently received U.S. FDA clearance to expand SUPERB’s treatment indications to be used for the short-term improvement in the appearance of cellulite.

Sofwave’s state-of-the-art SUPERB™ (Synchronous Ultrasound Parallel Beam) Technology addresses the growing demand for non-invasive treatments that deliver noticeable wrinkle reduction. The device’s seven cooled transducers are directly coupled to the epidermis, creating a unique 3D array of volumetric thermal zones that deliver parallel energy simultaneously, heating precisely at the right depth in the mid-dermis to improve the overall appearance. A single Sofwave treatment improved facial wrinkles in a fast 30 to 45 minute non-invasive treatment with no interruption to a patient’s daily routine or post-treatment discomfort.

Yokneam's [Sofwave Medical](http://www.sofwave.com) has implemented an innovative approach to wrinkle, lifting and cellulite treatment using proprietary breakthrough technology. SUPERB, Synchronous Ultrasound Parallel Beam technology is FDA-cleared to improve facial lines and wrinkles, lifting the eyebrow and lifting lax submental tissue (beneath the chin) and neck tissue and the short term improvement in the appearance of cellulite providing physicians with smart yet simple, effective, and safe aesthetic solutions for their patients. (SofWave Medical 23.01)

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* 1. PolyPid Provides Update for D-PLEX for Prevention of Surgical Site Infections

PolyPid provided a positive regulatory update for D-PLEX100 for the prevention of abdominal colorectal surgical site infections (SSIs). Following a recent type D meeting communication with the U.S. FDA on the SHIELD I Phase 3 data, the Company now has clarity regarding the regulatory pathway toward a potential New Drug Application (NDA) submission.

PolyPid provided to the FDA currently available data from the SHIELD I study evaluating D-PLEX100 for the prevention of abdominal colorectal SSIs. Based on the data, particularly the 54% reduction observed in the primary endpoint in complex surgeries in a pre-specified subgroup analysis of patients with large incisions (>20 cm) (p=0.0032, n=423) compared to standard of care, the FDA acknowledged that the SHIELD I results may provide supportive evidence on this population and recommended that the Company conduct an additional study to support a potential NDA submission.

D-PLEX100, PolyPid’s lead product candidate, is designed to provide local prolonged and controlled anti-bacterial activity directly at the surgical site to prevent SSIs. Following the administration of D-PLEX100 into the surgical site, the PLEX (Polymer-Lipid Encapsulation matriX) technology pairs with Active Pharmaceutical Ingredients, enabling a prolonged and continuous release of the broad-spectrum antibiotic doxycycline, resulting in high local concentration of the drug for a period of 30 days for the prevention of SSIs, with additional potential to prevent SSIs caused by antibiotic-resistant bacteria at the surgical site.

Petah Tikva's [PolyPid](http://www.polypid.com) is a late-stage biopharma company aiming to improve surgical outcomes. Through locally administered, controlled, prolonged-release therapeutics, PolyPid’s proprietary PLEX (Polymer-Lipid Encapsulation matriX) technology pairs with Active Pharmaceutical Ingredients (APIs), enabling precise delivery of drugs at optimal release rates over durations ranging from several days to months. PolyPid’s lead product candidate D-PLEX100 is in Phase 3 clinical trials for the prevention of soft tissue abdominal surgical site infections. (PolyPid 24.01)

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* 1. Grace Breeding Shows Superior Growth Results in Brazilian Corn

Grace Breeding announced positive results from a study of its proprietary bio-fertilizer, “NFT”, an environmentally friendly alternative to urea, the typical component in synthetic fertilizer, conducted under a research and development collaboration with the University of Londrina (UEL), based in Paraná State, Brazil. The findings from this study are important since Grace Breeding’s NFT would allow farmers to significantly reduce their dependence on synthetic fertilizer that is harmful to the environment, as well as provide them with an alternative that is more economically viable.

Corn is of particular concern, since it requires high amounts of nitrogen-based fertilizer to produce, even more than soybeans, driving end prices high. Specifically, during production, the corn plant removes large amounts of nitrogen (N), requiring the use of urea, a nitrogen fertilizer. However, the use of urea creates massive emissions of carbon dioxide (CO2) in the atmosphere (also known as “carbon emissions”) as a bio-product of the fertilization process, which causes environmental damage of the earth’s protective ozone layer. Grace Breeding’s NFT is able to reduce the amounts of urea necessary for the corn growth process because it has properties that stimulate the metabolic process of plant growth and it also results in reduced use of water for growth as well.

Rehovot's [Grace Breeding](https://gracebreeding.com/) is an AgClimateTech company focused on developing products that are biologically based and provide efficient and natural solutions for farmers and distributors. Grace Breeding aims to disrupt crop and animal agriculture – including, soil microbiome, crop fertilization and climate stress relief – by offering innovative products and solutions that reduce the environmental damage caused by synthetic fertilizers. (Grace Breeding 25.01)

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* 1. Can-Fite's Namodenoson Significantly Inhibits Pancreatic Cancer in Preclinical Studies

Can-Fite BioPharma announced that its anti-cancer drug Namodenoson significantly inhibits the growth of pancreatic carcinoma as a stand-alone treatment. In combination with the leading chemotherapy used in pancreatic cancer, gemcitabine, Namodenoson demonstrated a significant additive effect. These pre-clinical studies were conducted on advanced pancreatic carcinoma patient cells. Namodenoson’s molecular mechanism of action in pancreatic cancer involves the regulation of the NF-κB /IκB /STAT3-mediated pathway.

Namodenoson is currently being evaluated in a pivotal Phase III study in advanced liver cancer and has completely cleared cancer in an advanced liver cancer patient who remains cancer-free 6 years after starting treatment. Based on these findings, Can-Fite has filed a patent application that covers the use of Namodenoson for the treatment of pancreatic cancer.

Petah Tikva's [Can-Fite BioPharma](http://www.can-fite.com) is an advanced clinical stage drug development company with a platform technology that is designed to address multi-billion dollar markets in the treatment of cancer, liver and inflammatory disease. The Company's lead drug candidate, Piclidenoson recently reported topline results in a Phase III trial for psoriasis. Can-Fite's liver drug, Namodenoson, is being evaluated in a Phase IIb trial for the treatment of non-alcoholic steatohepatitis (NASH), and enrollment is expected to commence in a Phase III trial for hepatocellular carcinoma (HCC), the most common form of liver cancer. (Can-Fite BioPharma 24.01)

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* 1. Steakholder Foods Achieves 50X Yield in Cell Production Using a Filtration System

Steakholder Foods has developed a process that has achieved 50 times more growth in cell production yield than previously. This breakthrough process uses a filtering system integrated with the company's growth method and is expected to result in greater outputs. Achieving a high growth yield with minimal use of growth media is an industry-wide goal, due to the current high cost of growth media. Steakholder Foods is working to optimize its growth methodologies, creating more scalable solutions that will enable cell production at an industrial scale while lowering production costs.

The filtering system maximizes the usage of growth media by enabling the separation of cells from the media, continuously removing the used media, and replacing it with fresh media. The removed media can then be refreshed and reused to enable circular solutions. The implementation of the filtering system has proved highly successful for Steakholder Foods, sustainably boosting its cell yields, and enabling the production of greater quantities of cultivated meat, relative to the number of materials used.

[Steakholder Foods](https://steakholderfoods.com) is an international deep-tech food company at the forefront of the cultured meat revolution. The company initiated activities in 2019 and maintains facilities in Rehovot, Israel and Antwerp, Belgium and has recently expanded activities to the US. The company is developing a slaughter-free solution for producing a variety of beef, chicken, pork and seafood products — both as raw materials and whole cuts — as an alternative to industrialized farming and fishing. (Steakholder Foods 25.01)

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* 1. Pigmentum Raises $6 Million for Cow Free Milk & Cheese Made From Lettuce

[Pigmentum](https://www.pigmentum.co.il/‎) is jumping into the no-cow milk space, saying its gene-modified plant-based technology is able to create milk proteins from lettuce that are just like the real thing and can be used to make cheese. Founded in 2018, the startup announced it has raised $6 million from a seed round led by a group of investors that includes Kibbutz Yotvata, Israeli venture capital firm Arkin Holdings, American and Israeli family offices, and other private investors. Existing investors such as Israeli food company Tnuva, local beverage company Tempo, and Israeli VC company OurCrowd also participated in the round.

Based in Kiryat Shmona, Pigmentum says its technology can recreate nature-identical, animal-free versions of milk proteins for the production of dairy duplicates. The startup has developed a mechanism to genetically modify the components of plants using lettuce as a host which is then, irrigated or sprayed with a special fertilizer. Once the crop is harvested, the lettuce is squeezed to yield a juice that is mixed with natural ingredients for taste and smell to mimic a milk-like drink.

What’s different from the flurry of non-dairy milk alternatives such as soy, almond, oat and coconut available on the market, is that the startup’s genetically modified lettuce can produce casein, the protein found in milk that is needed to make cheese. Cow’s milk contains a number of proteins, 80% of which are casein proteins, found in the curds. The startup has developed a platform to genetically modify lettuce grown in greenhouses, by adding a special fertilizer component to the irrigation system that it says can not only yield milk protein but “turns plants into factories that produce valuable components that are in short supply in the industry or that require a replacement such as: flavors, colors and proteins for the food, cosmetics and life sciences industries.”

For now, Pigmentum said it plans to focus on the production of plant-based casein that creates milk curding and is a key element in the production of cheese. The funds raised in the seed round will go toward expanding its R&D team, building a customized laboratory with a focus on the production of functional milk proteins for the milk and cheese substitute market and launching a market pilot. (Pigmentum 25.01)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. Circle K Chooses Driivz to Power EV Charging Growth in Europe & North America

Driivz announced that convenience store and energy station chain Circle K has migrated its network of more than 600 public EV charging stations in Europe and North America onto the Driivz platform. The Driivz solution includes integrated software modules for EV charging operations optimization, asset management, user and driver management, EV billing and analytics. The solution also includes Driivz smart energy management solution for monitoring, managing and optimizing energy consumption across multi-charger sites, campuses, fleet depots and home charging.

Circle K selected Driivz after a formal competitive evaluation process. Support for cross-border payments, multiple currencies and tariffs, complex reconciliations and international roaming were essential requirements for Circle K’s business in both Europe and North America. Among the key deciding factors were Driivz’s maturity on core charging services, the flexibility of their platform, the competence of their people and their vision of the future.

Hod HaSharon's [Driivz](http://www.driivz.com) is a leading global software supplier to EV charging operators and service providers, accelerating the plug-in EV industry's dynamic and continuous transformation. The company's intelligent, cloud-based platform spans EV charging operations, energy management, advanced billing capabilities and driver self-service tools. Driivz's team of EV experts serve customers in more than 30 countries, including global industry players such as Shell, Volvo Group, EVgo, Centrica, Circle K, ElaadNL, ESB, Mer and eMobility Power. (Driivz 18.01)

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* 1. Satori Streamlines Secure Data Access for MongoDB

Satori it is adding support for MongoDB, a scalable and flexible NoSQL document database used for high-volume data storage and processing. MongoDB has more than 37,000 customers in over 100 countries, and the MongoDB database platform has been downloaded over 300 million times. MongoDB users can now take advantage of Satori's data security platform to reduce risk, improve productivity, and ensure compliance.

Through just-in-time self-service access workflows, users can remove the risk associated with over privileged access to sensitive customer data stored within MongoDB Community, Enterprise, or Atlas servers. Companies can boost productivity by eliminating the overhead on DevOps teams by integrating with any Security Assertion Markup Language (SAML) identity provider and managing access by automatically enforcing policies. Satori also makes compliance easier to achieve by providing a centralized, rich and searchable query audit log to demonstrate that access to data is on a need-to-know basis.

Satori for MongoDB is available for Satori customers. Satori already offers full relational database support for Snowflake, Amazon Redshift, Amazon Athena, MySQL, MariaDB, CockroachDB, Azure SQL, and others. Satori plans to further expand support for other NoSQL databases.

Rehovot's [Satori](https://satoricyber.com/) is revolutionizing data security. Its data security platform seamlessly integrates into any environment to automate access controls and deliver complete data-flow visibility utilizing activity-based discovery and classification. The platform provides context-aware and granular data access and privacy policies across all enterprise data flows, data access and data stores. With Satori, organizations and their data teams can confidently ensure that data security, privacy and compliance are in place – enabling data-driven innovation and competitive advantage. (Satori 19.01)

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* 1. Otonomo Selected by Iteris to Support Traffic Intelligence Solutions

Otonomo Technologies and Texas' Iteris, the world’s trusted technology ecosystem for smart mobility infrastructure management, announced a multi-year agreement to integrate connected vehicle data available through the Otonomo Smart Mobility Data Platform into Iteris’ ClearMobility Platform. This additional data source will help Iteris unlock new mobility insights from its multiple sources of traffic intelligence, advance its digital mobility infrastructure solutions for the public sector and commercial enterprise customers, and deliver on its mission of creating a future of smarter and connected transportation.

With its ClearMobility Platform, Iteris’ capabilities include cloud-based mobility applications, safety intelligence and alerts, performance analytics, cellular vehicle-to-everything (C-V2X) solutions, advanced intersection detection, AI-enabled object classification, mobility contextual awareness, travel time and congestion information, corridor management, and transportation planning and operations. The Otonomo Smart Mobility Data Platform provides easy access to a range of proprietary and patented mobility data solutions that power our customers’ products and services—from curated, high-quality, multi-layered connected vehicle data, standardized and blurred to remove identifiers, to VIN-specific data compliant with data privacy regulations.

Herzliya's [Otonomo](https://otonomo.io/), the platform powering the mobility economy, is igniting a new generation of mobility experiences and services and is making mobility more accessible, equitable, sustainable and safe. With Otonomo, over 100 providers in the transportation, mobility, insurance, and automotive industries are finally able to harness mobility data and insights and transform them into strategic assets and market advantages. (Otonomo 19.01)

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* 1. IAI Unveils POINT BLANK – a Hand-Launched Electro-Optical Guided Missile

[IAI](https://www.iai.co.il/) has unveiled its POINT BLANK electro-optically guided missile that can be carried in a soldier’s backpack. The system answers the battlefield requirement to provide tactical units ranging in size from small tactical teams to battalion level, with an independent and organic capability to increase their lethality. POINT BLANK allows these units to attack a variety of targets in real time with great precision and high lethality, without the need for support. The missile is hand-launched, operated by a single soldier, and can take off from and land vertically back to, the soldier’s hand.

IAI, as prime contractor, was competitively awarded a multi-million-dollar contract by the Irregular Warfare Technical Support Directorate (IWTSD) of the US Department of Defense (DoD) to rapidly develop and deliver “ROC-X” a version of the POINT BLANK system that meets specific US DoD requirements for the purpose of increasing the organic precision strike lethality and survivability of small tactical teams. IAI will provide the first prototypes and training to DoD for Operational Testing & Evaluation in FY 23.

POINT BLANK weighs about 15 lbs. and is about 3 ft. long. The missile can fly at altitudes above 1,500 ft., at a maximum speed of 178 mph (186 kph) and can hover or loiter in the air while the target’s nature and exact position is confirmed prior to attack. Thanks to IAI’s advanced manufacturing technologies, the missile can carry electro-optical systems to validate and collect surveillance information in real time, and it is also being developed to be equipped with a warhead to destroy the target.

IAI is both a national and world center of excellence in the fields of offensive missiles, air defense, radars, satellites, remotely controlled platforms, civil aviation, and cyber, supplying end-to-end solutions for use on land, in the air, at sea, and in space. (IAI 22.01)

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* 1. SaverOne System Installed on Food Delivery Trucks of Israel's Leading Supermarket

SaverOne announced that Shufersal, Israel's leading retail food chain, has installed the SaverOne system on part of its fleet of large food delivery trucks, which handle food delivery between its logistic centers. In the first phase which is a trial phase, the installation of the SaverOne System was completed on a group of 19 large delivery trucks out of the Shufersal truck fleet of 150. Furthermore, there is significant potential for further installations beyond this fleet, as Shufersal operates a further fleet of a few hundred smaller trucks for the delivery of food to the home.

SaverOne's system is installed in vehicles to provide a solution to the problem of driver distraction, as a result of drivers using distracting applications on the mobile phone while driving, in a way that endangers their safety and the safety of their passengers. This phenomenon is considered one of the main causes of road accidents in the world. SaverOne's technology specifically recognizes the driver area in the vehicle and prevents the driver from accessing distracting applications such as messaging, while allowing others (e.g. navigation), without user intervention or consent, creating a safer driving environment.

[SaverOne](https://saver.one/‎) is a technology company engaged in the design, development and commercialization of OEM and aftermarket solutions and technologies, to lower the risk of, and prevent, vehicle accidents. SaverOne's initial line of products is a suite of solutions that saves lives by preventing car accidents resulting from distraction from the use of mobile phones while driving. SaverOne is also developing a sensor system for early location and direction detection under all visibility conditions of vulnerable road users (VRU) through their cellphone footprint. (SaverOne 19.01)

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* 1. Skyhawk Security Platform Detects Cloud Infrastructure Threats at Runtime

Skyhawk Security released its Synthesis Security Platform. The platform provides unique Cloud Threat Detection and Response (CDR) capabilities, across multi-cloud environments.

The platform is far ahead of other security products whose focus is identifying numerous static cloud security misconfigurations. Skyhawk Synthesis goes beyond this, using ML to identify correlated sequences of high-priority runtime events and pinpointing exactly when least resistance paths have been exploited to compromise cloud infrastructure. Even when cloud architecture is 100% compliant and configured 100% correctly, these environments can still be breached. Skyhawk Security not only improves security posture but allows SOC teams to zero in on events that pose a real threat to their organization.

Skyhawk Synthesis provides a comprehensive platform that, in addition to CDR, also includes Cloud Infrastructure Entitlement Management (CIEM), Identity Threat Detection and Response (ITDR), and advanced Cloud Security Posture Management (CSPM). Skyhawk considers CSPM to be a baseline capability, and for that reason, it is now available for free. The freemium CSPM solution includes complete posture management and hardening, compliance reports, and governance enforcement for up to 1,000 assets.

Tel Aviv's [Skyhawk Security](https://skyhawk.security) is the originator of Cloud Threat Detection and Response (CDR), helping hundreds of users map and remediate sophisticated threats to cloud infrastructure in minutes. Led by a team of cyber security and cloud professionals who built the original CSPM category, Skyhawk Security evolves cloud security posture management far beyond scanning and static configuration analysis. Instead, using advanced ML sequencing of context-based behaviors, Skyhawk provides CDR within a ‘Runtime Hub’. Sequences are constantly evaluated and flagged as actual alerts, or re-alerts, once the risk threshold has been reached, eliminating alert fatigue. (Skyhawk Security 24.01)

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* 1. Leading Singapore Law Enforcement Agency Awards Cellebrite a $14 Million Agreement

Cellebrite announced a five-year agreement with a national police agency in Singapore, which will use Cellebrite’s collect & review solution, Premium, to help lawfully expedite collection of digital evidence. The 5-year contract creates a strong partnership between the customer and Cellebrite, enabling us to be a closely integrated partner, both in the areas of knowledge and competencies development, and in the technology space associated with top-tiered digital investigations and intelligence.

This engagement is also notable due to Cellebrite equipping the agency with the most advanced extraction solution and direct and immediate access to Cellebrite’s Advanced Services team

Petah Tikva's [Cellebrite](https://twitter.com/Cellebrite)’s mission is to enable its customers to protect and save lives, accelerate justice, and preserve privacy in communities around the world. They are a global leader in Digital Intelligence solutions for the public and private sectors, empowering organizations in mastering the complexities of legally sanctioned digital investigations by streamlining intelligence processes. Trusted by thousands of leading agencies and companies worldwide, Cellebrite’s Digital Intelligence platform and solutions transform how customers collect, review, analyze and manage data in legally sanctioned investigations. (Cellebrite 23.01)

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* 1. Rookout Announces Unlimited Custom Metrics that Connect Code to Business Value

Rookout announced “Live Metrics” that enable developers to quickly connect their code to business value. While traditional Application Performance Monitoring (APM) solutions require predefined dashboards and charge for each custom metric a company requests, Rookout’s Dynamic Observability platform allows developers to collect any metric they want on-demand and for no additional cost.

Unlike traditional monitoring tools and APMs, which tend to focus too much on metrics like system health and SLAs, Rookout is built from the ground up for developers who care more about the actual code and business logic of their applications. Dynamic instrumentation is made possible via bytecode manipulation, typically seen in cybersecurity but uncommon amongst developer tooling. This enables developers to find the data they need instantly and deliver it anywhere in order to understand and advance their software.

Rookout is also the first platform to offer visualizations for custom metrics in the same view as the code, reducing the friction involved with context switching and troubleshooting. This means that developers no longer have to comb through lines of code in their IDE and then switch over to a completely different monitoring tool in order to search for the relevant dashboards (the problem is even worse if no helpful dashboard exists).

Tel Aviv's [Rookout](https://www.rookout.com/) is a developer-first observability platform that provides an unparalleled ability to collect any piece of data, from the deepest levels of live code, on-demand. This empowers engineers to find the data they need instantly and deliver it anywhere, in order to understand and advance their software. With Rookout, software teams save hours of work and reduce debugging and logging time by 80% — with zero friction, overhead, or risk. (Rookout 25.01)

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* 1. Ermetic Enables Organizations to Protect Cloud Workloads from Breaches

Ermetic has extended its Cloud Native Application Protection Platform (CNAPP) with cloud workload protection capabilities that enable customers to detect, prevent and remediate security risks in virtual machines, containers and serverless functions. Using context that spans infrastructure configurations, network, access entitlements and other settings, Ermetic identifies and prioritizes threats on AWS, GCP and Microsoft Azure that require immediate attention. This full stack approach automates cloud workload protection against breaches, while allowing organizations to satisfy compliance requirements and implement industry best practices.

Ermetic uses an agentless approach to efficiently scan workloads - including virtual machines, container images, runtime containers and serverless functions - for critical risks. The platform enables organizations to secure their cloud and maintain compliance by detecting vulnerabilities, exposed secrets, sensitive data, malware and misconfigurations. Stand-alone Cloud Workload Protection solutions can generate a large volume of alerts. In isolation, determining which are most serious and need immediate attention is manually intensive and time consuming. In contrast, Ermetic puts workload risks in context, automatically prioritizing and facilitating remediation.

Tel Aviv's [Ermetic](https://ermetic.com) reveals and prioritizes security gaps in AWS, Azure and GCP and enables organizations to remediate them immediately. The Ermetic cloud native application protection platform (CNAPP) uses an identity-first approach to unify and automate cloud infrastructure entitlement management (CIEM), cloud security posture management (CSPM), cloud workload protection and IaC security posture management. It unifies full asset discovery, deep risk analysis, runtime threat detection and compliance reporting, combined with pinpoint visualization and step-by-step guidance. (Ermetic 25.01)

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* 1. Wing Security Disrupts SaaS Security Market with Free Application Discovery

Wing Security announced its non-intrusive discovery engine is now completely free, without time limitations or hidden fees. While many organizations offer SaaS discovery capabilities, few provide security teams with a means to mitigate the issues they find, leaving customers just as exposed as they were before. Wing is committed to changing this - not only making discovery free but also delivering innovative and automated mitigation capabilities, proven to improve protection efforts significantly.

In one simple step, organizations are seamlessly onboarded so that Wing can quickly identify their SaaS implementations. In addition, Wing Security provides companies with a detailed view of their SaaS layer, including security score, potential vulnerability insights, compliance information and detailed user data, for the first 100 SaaS applications. Paying Wing customers gain even greater detail into a wider variety of applications, automatic issue mitigation, and SaaS data security.

Since launching in March 2022, Wing has provided holistic SaaS security to its customers through full visibility, automatic detection and remediation, permission management and a dashboard of SaaS applications.

Headquartered in Tel Aviv, [Wing Security](https://wing.security/) is the world’s only holistic SaaS Security platform. Its mission is to provide comprehensive, accessible, and simple SaaS security for organizations of any size, anywhere. By utilizing non-intrusive discovery, Wing provides effective SaaS security governance for App2App interconnectivity, data sharing, permissions, new apps being used, as well as uncovering user inconsistencies. (Wing Security 25.01)

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* 1. OTORIO Releases Microsoft DCOM Hardening Toolkit for OT Systems

OTORIO launched an open source Microsoft Distributed Component Object Model (DCOM) Hardening Toolkit to protect OT systems against potential issues related to an upcoming Microsoft patch. The standalone open source toolkit can be accessed by all organizations to detect and supply temporary workarounds for weak DCOM authentication applications. OTORIO RAM2 users also automatically have access to a new alert in the Safe Active Query that allows detection across the entire network.

OTORIO's DCOM Hardening Toolkit enables users to quickly discover whether their networks include unsecured DCOM that will be rendered inoperable by the new patch. It then provides remediation instructions to make sure that organizations maintain full control of their OT devices. OTORIO's RAM2 collects and analyzes multiple data sources present in the OT environment, such as supervisory control and data acquisition (SCADA), programmable logic controllers (PLC), distributed control systems (DCS), historian databases, engineering systems, and more. It then enriches this analysis with operational context, vulnerabilities, and exposures to assess security posture and identify and prioritize OT security threats.

Tel Aviv's [OTORIO](http://www.OTORIO.com) delivers proactive, orchestrated, and industrial-native OT cyber solutions. Effectively protecting industrial digitalization, OTORIO combines innovative technology, deep research, and proven real-world OT cybersecurity expertise. (OTORIO 25.01)

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* 1. Elbit Wins $48 Million Contract to Supply Mobile Communication Shelters to Sweden

Elbit Systems was awarded a contract valued at approximately $48 million by the Swedish Defense Materiel Administration (FMV) to supply Technical High Mobility Shelters (THMS) to the Swedish Army. The contract will be performed over a period of 3 years and includes options for further extensions. Under the contract, Elbit Systems Sweden will manufacture and deliver tactical communication shelters, leveraging Elbit Systems’ experience delivering customized communication shelters to armed forces around the world.

Elbit Systems’ THMS are deployable on a range of tracked and wheeled platforms and will provide mobile communication platforms for the Swedish Armed Forces as part of the Swedish Army’s new command and control infrastructure.

Haifa's [Elbit Systems](https://elbitsystems.com/‎) is an international high technology company engaged in a wide range of defense, homeland security and commercial programs throughout the world. The company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance (C4ISR), unmanned aircraft systems, advanced electro-optics, electro-optic space systems, EW suites, signal intelligence systems, data links and communications systems, radios, cyber-based systems and munitions. (Elbit Systems 24.01)

ISRAEL ECONOMIC STATISTICS

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* 1. UAE-Israel Trade More Than Doubles in 2022

Bilateral trade between the UAE and Israel more than doubled last year with the Emirates becoming among the top 20 trading partners of Israel. Trade jumped 109.7% to $2.56 billion in 2022 as compared to $1.22 billion in the previous year, excluding software trade. The UAE is now Israel's 16th largest trading partner out of 126 countries.

Trade between the two countries has been growing since the signing of the Abraham Accord in September 2020, especially after the signing of the Comprehensive Economic Partnership Agreement (CEPA) last year. The Agreement provides unprecedented economic benefits for both parties by lowering or eliminating tariffs on more than 96% of tariff lines and 99% value of trade, enhancing market access for exporters, attracting new investment and creating opportunities in key industries, including energy, environment and digital trade. The two countries aim to cross $10 billion in bilateral trade in the coming years. Tourism has also flourished between the two countries as more than 150,000 Israeli tourists visited the UAE in the last 10 months of 2022. (KT 23.01)

IN DEPTH

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* 1. ISRAEL: Israel Approves $33 Million for Quantum Computing Consortium

Danny Zaken wrote on 18 January in [Al-Monitor](https://www.al-monitor.com) that Israeli scientists, entrepreneurs and senior officials gathered in a panel last week to examine where Israel stands in the global race for quantum computing. The meeting came one week after Israel’s Innovation Authority announced it was establishing a consortium to develop the hardware and software necessary for quantum computing in Israel. This consortium initiative is part of a larger government program announced almost five years ago by Prime Minister Benjamin Netanyahu, with the ambitious goal of making Israel one of the world leaders in the field.

The new consortium will enjoy a $33.6 million budget, the highest allotted by the Innovation Authority to any project, and consist of five Israeli companies: Elta Systems (which is part of Israeli Aircraft Industries), Quantum Art, Classic, Kedma and Rafael. They will have the support of groups of academics from the Hebrew University, Bar-Ilan, the Technion and the Weizmann Institute.

According to the conditions set by the Innovation Authority, the consortium will develop systems that will include all the components for quantum computing, such as a quantum processor, oversight and control systems, a fully automated environment and a program to reduce noise. With the goal of bypassing other international competitors, the authority instructed that the quantum processor itself utilize ion entrapment and superconductivity technologies.

Quantum computers are not intended to replace traditional computers. Rather, this technology should provide solutions to the kinds of calculations that classic computers have difficulty solving. This is important, for instance, in the development of new drugs, optimization with multiple variables and encryption. It is especially important strategically, for the development of new defense and space technologies.

In August 2020, the United States launched a billion-dollar quantum technology development plan to get ahead of other superpowers. According to 2022 reports, France, Germany and India have also each committed to spending similar sums in coming years. China has not released numbers, but experts believe it will invest up to $15 billion into quantum computing in the coming few years.

According to a BCC Research 2022 report, the annual growth rate of the global quantum computing technologies market exceeds 30%. The report predicts significant general growth in the market, from $390.7 million in 2021 to $1.6 billion in 2026. Currently, the leading countries investing in the development of quantum technologies are China, the United States, Canada and the UK, followed by France and Germany.

In global investment terms, Israel still lags behind. The Israeli Quantum Machines company, established in 2018, raised $75 million in four years. Israel's Classiq, which specializes in tools for quantum software development, raised $48 million since it was established in 2020. Like these two companies, most Israeli quantum companies are still at the startup phase.

In the Middle East race for “quantum superiority,” apart from Israel, the three other major players are Saudi Arabia, the UAE and Qatar. Turkey is also invested, but to a lesser degree.

The Saudis and Emiratis have each partnered with academic centers in the West for advancing quantum computing research. Israeli authorities, on the other hand, are working with local universities and local high-tech companies for two reasons: Israel’s already existing know-how in the domain and the sensitivity and strategic implications of this issue. That being said, Israel would like to cooperate with the United States in this domain. The strategic dialogue launched September 2022 between them was designed, among other things, to bring down the walls preventing cooperation, especially in quantum computing and artificial intelligence.

The Israeli market underwent a shift in 2022. Until February last year, the government had been focused on quantum applications. Israel’s Rafael, for instance, was working with the Israeli security establishment on a variety of quantum sensor issues. Then Israel's strategy changed to advancing the development of the first Israeli-made quantum computer.

One of the important breakthroughs in the field of quantum computing was reached by a group of researchers in Israel’s Weizmann Institute. Ten months ago, this group, headed by Professor Roee Ozeri, presented what it described as “Israel’s first quantum computer,” which it called WeizQC. According to the Weizmann institute, it is one of only 30 quantum computers around the world, and one of the only to use the ion entrapment method. Commenting on Israel’s advancement, Ozeri said, “I don't think the gaps with the world are very big. Israel today is in a place that is close to the forefront of global technology.” (Al-Monitor 18.01)

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* 1. LEBANON: What Drove the Two-Digit Trade Deficit in Lebanon in 2022?

The Lebanese economy is highly reliant on international trade with larger importations generally driven by the notable strength of private consumption and relative lack of local industries in light of the open policy adopted by the Lebanese government that encouraged greater trade flows. While economists disagree on the simple question whether sustained trade deficits are good or bad for the country, and attribute a larger trade deficit to an economic expansion; surprisingly, Lebanon has been suffering from historically large trade deficits under continuing distressed economic situation.

Nevertheless, the collapse of the economy, particularly between years 2019 and 2021, has narrowed the Lebanese trade deficit as most of citizens struggled to afford basic needs. Lebanon’s trade deficit tightened from $17.02B in 2018 to $15.50B in 2019 down to $7.75B in 2020. Crucially, however, 2021’s and 2022’s trade deficits have gradually increased compared to years before and readjusted to levels used to be in 2019 to stand at $9.75B in 2021 and $15.55B in 2022. Several reasons drove the downtrend, most likely: the sharp deterioration of the national currency, interruption of major conduits for trade and relations with Gulf and neighboring countries, and most importantly insecurity that hampers regional trade. Despite this higher deficit in trade balance in 2022, the balance of payment deficit was only $3.2B by November 2022 which indicates that the trade deficit has been financed from the market.

Focusing on the substantial increase in 2022 trade deficit, import levels have jumped from $11.31B in 2020 and $13.64B in 2021 to $19.04 by the end of 2022, close to the 2019’ total imports that amounted to $19.24B. In fact, selected import products are keys for 2022 exports enlargement; and fuel imports have typically been a crucial product for Lebanon, while tourism sector improvement and readjustment of Lebanese purchasing power during 2022 contributed to the two-digit trade deficit in 2022.

Top four imported products that grasped the biggest shares of total importation for year of 2022 were “Mineral fuels, mineral oils and products of their” with a stake of 28.64%, “Vehicles other than railway or tramway” with a share of 9.81%. “Natural or cultured pearls, precious or semi-precious” stood at 8.83%, while “Electrical machinery and equipment and parts” took the share of 8.59%.

In more details, “mineral fuels, mineral oils and products of their” recorded a 44.16% more expensive import bill in 2022, from $3.79B in 2021 to $5.46B in 2022. However, in terms of weights and quantities, Lebanon imported 16.96% less mineral fuels and oils in 2022 that totaled 5,140,989 tons compared to 6,191,191 tons in 2021 and 7,801,975 tons in 2020 and a high of 11,795,218 tons in 2019. It can be observed that the downtrend of fuel importation in term of weights in 2019 and 2021 while lockdowns were imposed during the pandemic, as the Lebanese economy contracted the most and global crude oil prices dropped to the lowest levels during peaks of COVID-19. In 2022, value increased as average crude oil prices jumped from $41.47/barrels in 2020 and $68.17/barrels in 2021 to a high of $94.53/barrels in 2022. But the reduction in tonnage, besides the higher prices, could be due to reduced smuggling to Syria as subsidies on fuel were removed by BDL in September 2021.

“Vehicles other than railway or tramway importation bills witnessed a fast deterioration for the past 5 years, from a high of $1.83B in 2017 to $1.60B in 2018 and $1.11B in 2019 and a low of $431.29M in 2020. The drop in Vehicles importation could be attributed to the decreased number of loans and facilities granted by banks for individuals as well as to a weaker private consumption, not to mention the rapid deterioration of the economic situation in the country and the pandemic later. However, the trend reversed gradually during 2021 and continued during 2022 to register a 75.4% yearly increase by the end of 2022 totaled $1.86B. The breakdown of Customs data revealed that the first half of the year had the largest vehicles importations with July holding the largest monthly imported vehicles totaled $211.47M while the numbers dropped to end the year with a 67.60% decrease on a monthly basis by December. The reason behind this trend could be the market reaction towards the awaited announcement of the Ministry of Finance regarding the adjustment of the foreign exchange rates on taxes and fees collected by the Customs Administration on imported goods and merchandise, on the basis of LBP 15,000 per US dollar.

Furthermore, “Natural or cultured pearls, precious of semi-precious” witnessed an important increase by 35.83% in term of values and 75.90% in term of quantity by the end of 2022 after 2 years of suffering despite worldwide prices hit the highest levels. Moreover, “Electrical machinery and equipment” observed a remarkable upsurge of 160.80% in term of value and almost 173.50% in term of quantity to stand at $1.63B for 253.6M tons against $627.65M for only 92.7M tons in 2021. The increase and numbers were the highest during the last 7 years and it certainly attributed to the suppliers’ intention to hoard stocks before the application of the customs rate of 15,000 LBP/$on imported products.

Overall, Lebanon’s lack of value added, and large export led industries hold back a growth in exports that would remarkably narrow the deficit. Lebanon’s large external imbalances will definitely take time to improve given the current economic structure. Hence, despite the relative diversification of export goods, exportation in general remains feeble which indicates a failing and underdeveloped economy that revolves around the service sector. Private consumption is a key in Lebanon’s growth driver and a major reason for imports consistently exceeding exports, while Lebanese leaders failed to improve public expenditures and implement a reasonable budget. In this context, it is important to highlight the recommendations presented by the IMF’s January 2023 report on Lebanon regarding the utilization of the market exchange rate in the entire tax system instead of using the 15,000 LBP exchange rates. The report revealed that “adopting a lower rate than the Sayrafa at least or any preset value in absolute amount for tax purposed is highly recommended against, in the strongest possible terms.

Consequently, Lebanon received a moderate score of 49.6 out of 100 on Trade and Investment Risk Index conducted by Fitch Solutions, which ranks it in the 11th place out of 18 MENA markets and 95th out of 201 markets globally. Weak domestic manufacturing sector and a total reliance on imported goods and fuel will certainly keep the trade deficit wider. Without structural reforms, political stability and regional security, Lebanon will continue to suffer, and investor’s confidence will remain weak. (Bank Audi 22.01)

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* 1. KUWAIT: Fitch Affirms Kuwait at 'AA-'; Outlook Stable

On 18 January 2023, [Fitch Ratings](http://www.fitchratings.com/) affirmed Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA-' with a Stable Outlook.

**Key Rating Drivers**

**Credit Fundamentals:** Kuwait's key credit strengths are its exceptionally strong fiscal and external balance sheets, while key weaknesses include frequent institutional gridlock and political constraints on reforms that would address fiscal and structural challenges stemming from heavy oil dependence, a generous welfare state and a large public sector. Governance indicators are well below the 'AA' median. There has been a lack of meaningful underlying fiscal adjustment to recent oil price shocks and the outlook for reforms remains weak.

**Exceptionally Strong Balance Sheet:** Kuwait's fiscal and external balance sheets remain among the strongest of Fitch-rated sovereigns, despite severe oil price swings since 2014. We forecast Kuwait's sovereign net foreign asset position will average 470% of GDP in 2022-2024, the highest among all Fitch-rated sovereigns and more than 10x the 'AA' median. The bulk of the foreign assets are held in the Future Generations Fund (FGF), managed by the Kuwait Investment Authority (KIA), which also manages the assets of the General Reserve Fund (GRF), the government's treasury account.

Gross government debt/GDP is low and we expect it to fall below 10% of GDP in the fiscal year ending March 2023 (FY22) against an 'AA' median of 49%. However, assuming the passage of a debt law, limited fiscal reform and lower oil prices, we forecast government debt will double to 20% of GDP in FY24 and rise further in subsequent years.

**Political Constraints Will Persist:** Kuwait held an election for the national assembly in September 2022, the ninth general election in 16 years. A government was formed in mid-October. The frequency of elections reflects ongoing friction between the national assembly and the government. The new government and parliament could allow for some policy advances. However, political divisions are likely to persist, as are populist demands from parliament, preventing reform of fiscal rigidities.

**Structural Fiscal Challenge:** More than 70% of government spending consists of sticky current spending, including salaries and subsidies, and about 80% of Kuwaiti nationals are employed in the public sector. The fiscal break-even oil price (excluding investment income) will remain high (at around $80/bbl) and the non-oil primary deficit/non-oil GDP is extremely weak at more than 80%, significantly worse than regional peers.

**Debt Law High on Agenda:** Kuwait has been unable to issue debt since 2017, owing to the lack of an updated debt law. The new government has said that a debt law remains a priority and we assume that it will be agreed during FY23, but a high level of uncertainty remains. The government would still be able to meet its limited debt service obligations in coming years given the assets at its disposal, even if a debt law is not passed. However, the difficulties in passing the law forced the government to rely on stop-gap measures, unusual for Kuwait's rating level, to replenish the liquid assets of the GRF. The government cannot directly access the assets of the FGF without parliamentary approval - this has only happened once, during the invasion of Kuwait by Iraq.

**Budget Surpluses Will Fade:** We forecast a budget surplus of 12.2% of GDP in FY22, due to higher oil prices ($95/bbl) and production. We forecast lower oil revenue in FY23 and FY24, assuming average oil prices of $79/bbl and $61/bbl in those years and broadly stable output levels (around 2.7 million b/d). This will drive a narrowing of the budget surplus to 5.9% of GDP in FY23 and a return to deficit in FY24. Our forecasts assume a marginal decline in nominal government spending to below KD23 billion, helped by an automatic decline in fuel subsidies and spending restraint across some budget lines in the context of lower oil prices.

Fitch's budget calculations include an estimate for investment interest income of the KIA, which is not officially disclosed. Under the government's reporting convention, which excludes investment income, our forecasts would translate into budget deficits/GDP of 2% and close to 10% in FY23 and FY24 respectively. Combined with debt service of less than 1% of GDP, this corresponds to the government's fiscal financing need. In FY24 we assume this will be met via 6% of GDP in net domestic and foreign borrowing and around 4% of GDP in drawdowns from GRF assets. If a debt law is not passed this would imply higher drawdowns from GRF assets.

**Oil Dependence:** Budget outcomes are highly sensitive to changes in oil price and production. A $10/bbl change in our oil price assumption for 2023 would affect the budget by around 4% of GDP, other things equal. A change of 100,000 bbl/day of production affects the budget by around 1.5% of GDP.

**RATING SENSITIVITIES**

Factors that could, individually or collectively, lead to negative rating action/downgrade:

* Structural Features: Signs of greater pressure on GRF liquidity in the absence of a new debt law, legislation permitting access to the FGF or other extraordinary measures to ensure that the government can continue to make good on its payment obligations, including but not limited to debt service.
* Public and External Finances: Significant deterioration in fiscal and external positions, for example, due to a sustained period of low oil prices or an inability to address structural drains on public finances.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

* Structural Features/Public Finances: Evidence that Kuwait's institutions and political system are able to tackle long-term fiscal challenges, for example, through actions to implement a clear deficit reduction plan that is resilient to lower oil prices, as well as adopting a transparent and sustainable government funding strategy.

**Best/Worst Case Rating Scenario**

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. (Fitch 18.01)

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* 1. EGYPT: Egypt Faces Tough Adjustments Amid External Financing Challenges

[Fitch Ratings](http://www.fitchratings.com/) reported on 18 January that the Egyptian pound’s depreciation since the start of the year provides evidence of the authorities’ emerging commitment to exchange-rate flexibility, which, if sustained, should have a positive influence on the sovereign’s credit profile in the longer term. However, large external financing needs and related policy adjustments still represent important risks.

Wide current-account deficits in recent years have been accompanied by outflows of non-resident portfolio investment in domestic government debt. These holdings fell by $18 billion between February and September 2022, to $13 billion, equivalent to around 40% of end-2022 reserves. This has significantly reduced Egypt’s external liquidity buffers, which had previously offset risks associated with high external financing needs.

Further external financing strains, undermining recovery of international reserves and other liquidity buffers, could lead us to downgrade Egypt’s rating, which we affirmed at ‘B+’ in November 2022, revising the Outlook to Negative from Stable. However, Fitch believes sustained exchange-rate flexibility and higher interest rates, alongside an IMF funding package, could play an important role in relieving external liquidity stresses.

Exchange-rate flexibility was key in Egypt’s securing of a $3 billion Extended Fund Facility (EFF) from the IMF, approved in December. The authorities indicate that this enabled Egypt to unlock a $6 billion financing package for the fiscal year ending June 2023 (FY23), including the first $750 million disbursement from the EFF, another $3.75 billion from multilateral sources and $1.5 billion from sukuk bond issuance. The authorities’ plan to cover external financing needs in FY23 also assumes around $12 billion in net FDI and privatization proceeds, supported by various commitments from Gulf sovereigns.

Fitch forecasts Egypt’s external financing needs for FY23 and FY24 will reach at least $19 billion and $22.5 billion, respectively. This excludes bilateral debt obligations of around $8 billion in 2023 and $6 billion in 2024, such as deposits from Gulf sovereigns, which we view as likely to be rolled over. External financing needs include a narrowing but still large current-account deficit of 3.1% of GDP in FY23 and FY24 (or over $13 billion) and external debt maturities of at least $6 billion and $9.5 billion respectively.

We assume that the authorities will be able to secure the external financing outlined in their plan, and consider continuing support from Gulf sovereigns and potential additional $2 billion financing from private placements and bilateral sources currently being negotiated to be supporting factors for Egypt’s external liquidity position. However, the size of targeted net FDI and privatization proceeds in FY23 and FY24 is large and there is a risk that there could be shortfalls or volatility in those and non-resident portfolio investment inflows, particularly if the external adjustment and policy framework fall short of investor expectations or the economy is subject to additional shocks.

In 2016 depreciation helped to boost fiscal revenues while eroding spending in real terms. Our baseline assumption is that a similar dynamic will play out in 2023, but less fiscally beneficial outcomes are possible. In the near term, the weaker exchange rate and higher interest rates will keep government debt/GDP and the interest/revenue ratio at high levels. Both are well above the medians for the ‘B’ rating category. In November, we noted that a failure to resume a path of narrowing the fiscal deficit and reducing government debt/GDP could lead to a rating downgrade.

Another risk is that the economy could be more disrupted by high rates and inflation than we expect, or that social instability could increase, prompting the authorities to dilute fiscal and economic reforms. Such outcomes could add to downward pressure on the rating. (Fitch Ratings 18.01)

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* 1. EGYPT: How Do Egyptian University Students Deal with a Weakened EGP + FX Crunch?

Enterprise reported that for Egyptian students attending university abroad and those who are enrolled at local universities with FX-denominated tuition fees, the recent weakening of the EGP has made it difficult to meet tuition payment requirements. The EGP has lost more than 50% of its value against the dollar since last semester (October) and is down almost 90% since the central bank first devalued the currency last March in the Spring 2022 semester. Students who are studying abroad are also faced with the additional challenge posed by recently-introduced monthly spending limits on foreign expenses using Egyptian debit and credit cards.

Last year, several banks began imposing limits on weekly and monthly FX withdrawals and foreign purchases. At least two banks — CIB and HSBC — later tightened these limits, before the Central Bank of Egypt (CBE) introduced exemptions for FX withdrawal limits for Egyptians who are abroad for educational or medical purposes.

At state-owned Banque Misr, monthly credit card spending limits abroad are set between $100-1,500 (depending on the card tier), while students face relaxed limits, according to a bank representative Enterprise spoke with. The representative declined to specify the exact limits for students. To access the higher spending limits, students need to submit their passports with entry and exit stamps, or otherwise provide proof that they are studying abroad. The National Bank of Egypt has a less structured, case-by-case approach: Students are required to email the bank asking for a specific amount of money, along with other paperwork to prove they are studying abroad and detailing the tuition fees, a representative told us. These requests are then studied and accepted or denied on a case-by-case basis. The bank generally sets a monthly FX withdrawal limit equivalent to EGP 7,000, with 13% in fees and a set EGP 30 fee on each transaction. Card payments are capped at EGP 37,000 per month, with a 10% markup fee.

These limits come as the EGP devaluation has caused tuition and other expenses associated with studying abroad to skyrocket, meaning students are required to more strictly manage their spending and are concerned about maintaining future expenses. Hana Youssef, a management and economics student at the University of Bristol in the UK, began her degree in September — a month before the CBE floated the EGP as it moves towards a “durably flexible” exchange rate. Now, Youssef is much stricter with her spending habits, telling Enterprise that “even a difference of just a few GBP adds up when you convert it back to EGP.” Managing her expenses is critical to stay within monthly limits: “If I spend too much money one week, I max out my monthly FX spending limit, then it’s very difficult to obtain more,” she says. “I’ve had to cut down on my spending to comply with the new credit card limits. Last month after I paid my tuition I had just £200 remaining the entire month,” Mahmoud Fady, a mechanical engineering student at Swansea University in the UK, told us.

**The future is looking uncertain for many of them:** For Fady, who currently lives in on-campus housing, meeting future payments is currently in doubt. He is able to pay his fees by presenting banks with a stamped proof of enrollment letter from his university that clearly indicates tuition fees and a copy of his student visa, but it is unclear whether banks will make FX accessible to him if he moves to off-campus housing. Altogether, he says it is possible that he won’t complete his studies abroad. “Transferring to a university back to Egypt is not out of the question for me. It’s ultimately my parents’ decision but many of my friends are moving back next year,” he explains.

**Things aren’t easy for students at private universities here at home either:** Students at the American University in Cairo (AUC) — which sets its tuition fees in US dollars but allows payments in EGP-equivalent — have seen their fees nearly double since last spring. The effective cost of tuition has jumped despite the fact that AUC did not raise tuition fees since last year, with the rate for Egyptian students remaining unchanged at $667 per credit hour, AUC spokesperson Rehab El Domiati told Enterprise.

**AUC has introduced measures to help alleviate the burden — but some say it’s not enough:** Recently, AUC established a Student Tuition Emergency Fund, which will “provide one-time financial support equivalent to 10% of the spring semester payable tuition for all [Egyptian] students” who pay the full tuition amount by 2 February, according to a letter from the AUC’s President, Ahmad Dallal. Some students have expressed their dissatisfaction with the measure, saying that an identical fund was also established last semester but did not sufficiently mitigate costs. Others claimed in posts on Rate AUC Professors — a popular Facebook group where students typically share their evaluations of courses and professors — that the maximum amount awarded to students through the fund was minimal, and demanded that the university set a fixed exchange rate for tuition payments.

**AUC students were also given the chance to pay tuition in advance at a lower FX rate:** In December, the university allowed students to pay for the following two semesters’ tuition fees at the daily exchange rate at the time. Malak, who began her degree in Fall 2020 — when the EGP stood hovered around the EGP 15 mark — says her parents took that chance, choosing to forfeit interest on a certificate of deposit in favor of hedging against a year of FX fluctuations. “It is unclear whether the university will process the payments made at the December rate or if it will charge us at the current rate and just implement the latest one-time financial support equivalent to 10% for us as well,” she told us.

**Again, the future remains very much unclear:** Some students we spoke with voiced concerns about whether they will be able to cope with the financial burden of the rest of their education. Bassel Rezk, a mechanical engineering student, who enrolled in Fall 2018 needs to take a credit hour overload for his remaining two semesters to graduate in the Fall 2023 semester. “I don’t think I will be able to handle that financially and I’m not sure if the situation will improve by the fall semester.” AUC currently does not have a cap on how much tuition can be raised y-o-y. “This decision is made year-by-year. We cannot project ahead,” El Domiati told us. (Enterprise 23.01)

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* 1. TUNISIA: Moody's Downgrades Ratings to Caa2 with a Negative Outlook

[Moody's Investors Service](http://www.moodys.com/) has downgraded the Government of Tunisia's long-term foreign-currency and local-currency issuer ratings to Caa2 from Caa1 and changed the outlook to negative. This concludes the review for downgrade that was initiated at the time of the 30 September 2022 rating action.

Moody's has also downgraded the Central Bank of Tunisia's senior unsecured debt ratings and senior unsecured shelf rating to Caa2 and (P)Caa2 from Caa1 and (P)Caa1 respectively, and changed the outlook to negative. These ratings were also previously on review for downgrade. The Central Bank of Tunisia is legally responsible for the payments on all of the government's bonds. These debt instruments are issued on behalf of the government.

The downgrade is driven by Moody's assessment that the absence of comprehensive financing to date to meet the government's large funding needs raises default risks to a point no longer commensurate with a Caa1 rating. A new IMF program has yet to be secured, despite reaching staff-level agreement in October 2022, aggravating an already challenging funding position and compounding the pressures on Tunisia's foreign exchange reserve adequacy. Very tight domestic and external funding conditions and the Tunisian government's challenging debt-service profile elevate refinancing risks. Moody's assesses that weak governance and significant social risks in part account for Tunisia reaching such a critical juncture. Residual credit support stems from the Central Bank of Tunisia's remaining foreign exchange reserve buffer, alongside the government's continuing commitment to seeking a new IMF arrangement and a longstanding track record of support from a broad range of international partners.

The negative outlook reflects Moody's view that, barring a timely improvement to external financing prospects, the probability of default may rise beyond what is consistent with a Caa2 rating. Further protracted delays in securing a new IMF program would erode foreign exchange reserves through drawdowns for debt service payments, thereby exacerbating balance of payment risks and the probability of a debt restructuring that would entail losses for private sector creditors. Risks to Tunisia's credit profile will remain skewed to the downside even under any eventual IMF agreement, with financing prospects remaining dependent on timely and sustained reform implementation that will invariably prove challenging in the face of governance weaknesses and acute exposure to social risks. While the government's reform agenda offers a route to redressing Tunisia's large fiscal and external imbalances, implementation is likely to be tested by political, social, and institutional obstacles.

Concurrent to this action, Tunisia's country risk ceilings have been lowered to B2 from B1 for the local-currency ceiling and to Caa1 from B3 for the foreign-currency ceiling. The three-notch gap between the local currency ceiling and the sovereign rating reflects relatively predictable, albeit weakened, institutions; balanced against a broad public sector footprint, external imbalances and a challenging political and social environment which hampers the business environment. The two-notch gap of the foreign-currency ceiling to the local-currency ceiling reflects persistent external imbalances and reliance on foreign inflows which increase firms' exposure to potential transfer and convertibility risks.

**RATINGS RATIONALE**

**Rationale for the Downgrade to Caa2**

The review period was initiated to evaluate the authorities' progress in securing Executive Board approval of a new International Monetary Fund (IMF) program - key to alleviating financing and external vulnerability risks, and ultimately social risks - before the end of 2022; and the likelihood of maintaining sufficient official financing sources in the coming years to avert a balance of payments or fiscal crisis with negative social implications. At the start of the review Moody's assessed that, in the absence of timely agreement on a new IMF program, Tunisia's increasingly elevated government liquidity risks and fragile external position raised the risk of default.

The downgrade is driven by Moody's assessment that the absence of comprehensive financing to date to meet the government's large funding needs raises default risks to a point no longer commensurate with a Caa1 rating. On 14 December 2022, the IMF removed from its agenda an Executive Board meeting on a new $1.9 billion (4.1% of GDP) program for Tunisia that was scheduled for 19 December, having reached Staff-Level agreement in October. Moody's views the program as key for Tunisia in light of its large twin deficits, tight external and domestic liquidity conditions, and a difficult debt-service profile over the next few years. While the Tunisian authorities have signaled their continuing commitment towards securing a program, the successful signing of a new IMF agreement has remained elusive since the previous four-year arrangement was terminated in March 2020.

In turn, the provision of further material funds from multilateral and bilateral partners remains as yet out of reach. In light of highly constrained access to the international capital markets and limited domestic financing capacity, these funds are critical to meeting the government's annual borrowing needs, which are budgeted at TND24.4 billion (15.5% of Moody's projected GDP) for 2023, remaining in line with the elevated levels of 2020-22. This includes a total of 4.2% of GDP in external principal payments coming due – including a €500 million Eurobond maturing in October - as well as 5.8% of GDP in domestic amortizations. Under the government's 2023 financing plan– which assumes an IMF program in place - TND14.9 billion or 61% of the total funds are expected to come from external sources. At more than 9% of GDP, this is a larger amount than Tunisia has been able to tap externally in recent years, even when it enjoyed international market access.

While the 2023 budget plans for a narrowing of the budget deficit (excluding grants) to 5.2% of GDP from 7.7% of the GDP in the supplementary 2022 finance law, fiscal consolidation relies on new revenue-raising measures and the initiation of gradual subsidy reform, the implementation of which is likely to face political and social resistance amid a weak growth environment and more elevated inflation. Moody's forecasts Tunisia's economic growth to remain subdued at around 1.7% this year as a result of declining economic activity in the euro area - which absorbs around two-thirds of Tunisia's goods exports - and continuing constraints to investment.

Further delays in securing external financing will compound the pressures on Tunisia's foreign exchange reserve adequacy. Foreign exchange reserves have dropped to $7.5 billion as of December 2022, compared to external debt principal repayment needs amounting to $2.1 billion in 2023 alone. Beyond the role of the reserve buffer as a backstop for external debt service payments, preserving external stability has significant implications for Tunisia's public debt dynamics in view of the high share of foreign currency-denominated public debt, equivalent to more than 60% of the total. The external vulnerability indicator (the ratio between the sum of external debt payments due over the next year and non-resident deposits, and foreign exchange reserves) will remain above 200% this year and next, indicating significant exposure to potential balance of payments disruptions to meet upcoming external liabilities.

Residual credit support at the Caa2 level stems from the Central Bank of Tunisia's remaining foreign exchange reserve buffer, which continues to provide a backstop to external debt amortizations due this year, as well as the government's continuing commitment to seeking a new IMF arrangement and a longstanding track record of support from a broad range of international partners. Tunisia retains a level of support from its Western and Gulf partners, driven in large part by geopolitical concerns. However, without access to market financing at affordable costs, the country will remain reliant on a steady and timely flow of sizeable, reform-dependent, official sector financing.

**Rationale for the Negative Outlook**

The negative outlook reflects Moody's view that, barring a timely improvement to external financing prospects, the probability of default may rise beyond what is consistent with a Caa2 rating. Further protracted delays in securing a new IMF program would erode foreign exchange reserves through drawdowns for debt service payments, thereby exacerbating balance of payment risks and the probability of a debt restructuring that would entail losses for private sector creditors.

The negative outlook also reflects the social, political and institutional challenges that constrain prospects for reform implementation, in light of weak governance and acute exposure to social risks. The government's reform agenda, with a focus on containment of the public sector wage bill in real terms, the gradual phasing out of consumption subsidies in favor of more targeted financial transfers, and reform of the loss-making state-owned enterprise sector, offers a route to redressing Tunisia's large fiscal and external imbalances. Some progress has started, through the conclusion in September 2022 of a salary agreement with social partners, as well as fuel and gas price increases implemented over the course of last year. However, further progress is likely to be tested by political, social, and institutional obstacles, even as financing prospects will remain dependent on timely and sustained reform implementation. As such, risks to Tunisia's credit profile will remain skewed to the downside even under any eventual IMF agreement.

Tunisia's institutional framework remains in a state of flux, and the very low turnout recorded in the December 2022 parliamentary election – 11.2% according to the electoral board – is indicative of the country's fragmented political landscape. The delayed IMF Board-level Approval underscores the uncertainty surrounding the degree of consensus among stakeholders and social interest groups on the government's reform agenda.

Moreover, Tunisia's performance under past IMF programs has been mixed: the last IMF arrangement was cancelled in March 2020, earlier than planned, because of the extended parliamentary and presidential election cycle at that time, and with only five out of eight reviews completed. Recurring social tensions over the past decade against a backdrop of weak growth and employment creation, weakening governance and a fragmented political landscape have challenged successive governments' capacity to implement economic reforms and address fiscal imbalances.

**Factors That Could Lead to an Upgrade or Downgrade of the Ratings**

Given the negative outlook, a rating upgrade is unlikely in the near future. The outlook would likely be changed to stable if Moody's concluded with sufficient confidence that progress on structural reforms, anchored by a lasting IMF program, were expected to materially support Tunisia's credit profile through addressing some of the sovereign's structural credit constraints, including those emanating from its weak fiscal and external positions. Relatedly, a durable easing of Tunisia's government liquidity and external vulnerability risks could lead to a higher rating.

Conversely, Tunisia's rating would be downgraded if constraints on the availability and/or cost of funding persist, impairing the government's ability to meet its fiscal needs and debt payment obligations and rendering a debt restructuring increasingly likely. This could happen through further protracted delays in reaching agreement on a new IMF program, or in advancing on the reviews of any eventual arrangement, linked to insufficient progress on reform implementation. Increased external vulnerability risks that result in currency depreciation pressures that keep the debt burden rising higher and for longer than Moody's currently expects would erode debt sustainability and increase the likelihood of a debt restructuring. (Moody's 27.01)

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* 1. MAURITANIA: IMF Executive Board Concludes 2022 Article IV Consultation

The Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the Article IV consultation and approved 42-Month arrangements of SDR 64.40 million (about $ 86.9 million) under the Extended Credit Facility and Extended Fund Facility with the Islamic Republic of Mauritania. The Board approval will allow for SDR 16.10 million ($ 21.7 million) to be made available immediately to Mauritania. The remaining amount will be phased in over the duration of the program, subject to semi-annual review.

Mauritania’s economic reform program supported by the IMF arrangements aims to preserve macroeconomic stability, strengthen the fiscal and monetary policy frameworks, consolidate the foundations for sustainable, inclusive growth, and reduce poverty. The program includes three pillars: (i) improving medium-term budgeting to maintain fiscal sustainability, to gradually reduce debt and to smoothen the volatility of extractive revenues and protect social spending; (ii) strengthening the monetary and foreign exchange policy frameworks and development of the money and foreign exchange markets to gain better control of inflation and to ensure that Mauritania’s economy is more resilient against exogenous shocks; and (iii) structural reforms designed to strengthen governance, transparency and the private sector through an improved business climate and financial inclusion.

Economic growth has accelerated and is expected to reach 5.3% in 2022, driven primarily by the mining sector, agriculture and fisheries. Inflation is expected to stabilize at approximately 11% as a result of the tight monetary policy conducted recently by the Banque Centrale de Mauritanie (BCM).

Following the Executive Board discussion, Mr. Kenji Okamura, Deputy Managing Director and Acting Chair, made the following statement:

“A determined response to the COVID-19 pandemic and sizable international financial support have placed Mauritania on a recovery path. With sound policies, donor support, and favorable iron ore prices, international reserves accumulated, and the fiscal balance ended in a surplus in 2021.”

“However, a confluence of shocks including Russia’s war in Ukraine and regional tensions have reverted the trend accumulation of foreign exchange reserves in 2022 and narrowed the space for policy intervention, while Mauritania still faces significant human and infrastructure development needs. Surging international commodity prices have led to inflationary pressures and food insecurity.”

“The Central Bank of Mauritania has appropriately tightened its monetary stance in 2022 to contain rising inflation. A continued tight monetary policy stance closely coordinated with budget execution is needed to actively manage the banking system’s liquidity and reduce inflation. Careful monitoring of financial sector developments is also needed to strengthen the banking sector resilience to shocks.”

“The authorities’ strategy to preserve infrastructure investment and social spending would help achieve higher and greener growth and need to remain within a disciplined fiscal policy to contain debt. In this context, rebalancing public expenditure away from untargeted current spending and enhancing the efficiency of public investment through better prioritization, implementation and maintenance are needed.”

“Decisive implementation of structural reforms would limit scarring from the COVID-19 pandemic and pave the way for a higher, more inclusive and private sector-led growth. Priorities include improving governance, transparency, the business environment and financial inclusion, and mitigating the challenges posed by climate change.”

“The new 42-month arrangements under the Extended Credit Facility and Extended Fund Facility have a credible policy package to address Mauritania’s challenges. In particular, the program aims to help maintain reserves above the adequacy threshold in preparation for greater exchange rate flexibility, strengthen policy frameworks, and promote sustainable and inclusive growth. The arrangements will also contribute to the development of human capital, poverty reduction, and private sector growth.” (IMF 25.01)

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* 1. TURKEY: Erdogan Picks Historically Charged Date of 14 May for Elections

Nazlan Ertan reported in [Al-Monitor](https://www.al-monitor.com) on 18 January that Turkish President Recep Tayyip Erdogan pointed to 14 May — a month earlier than he had initially indicated — for Turkey’s crucial dual presidential and parliamentary elections, ending months of speculation on the timeline for snap polls.

The polls, called the "most important election of 2023” by Bloomberg Opinion columnist Bobby Ghosh, are one of the biggest challenges to Erdogan and his conservative Justice and Development Party (AKP) in its two decades of power. The outcome of the tight race will determine whether the country moves toward a more secular and liberal course at home and more predictable foreign policy abroad, or remains with Erdogan’s authoritative policies, forceful diplomacy and unorthodox economic policies. “What happens in Turkey doesn’t just stay in Turkey,” Ziya Meral, a senior associate fellow at the Royal United Services Institute for Defense and Security Studies, said. “Turkey may be a middle power, but the great powers have a stake in its election.”

While the country’s dual polls were formally scheduled for 18 June, Ankara’s political and diplomatic circles have been hedging bets on early election dates, weighing in various components of the electoral equation, such as Turks’ economic woes, Erdogan’s newly found international spotlight, the new electoral laws and other factors that would influence electoral turnout, including the Eid break in June. As of late, politicians — from Erdogan’s nationalist ally Devlet Bahceli to main opposition leader Kemal Kilicdaroglu — pointed to mid-May as the date of early elections.

Erdogan signaled the date in a parliamentary speech, which resembled a campaign kickoff. “On 14 May 1950, Adnan Menderes (Turkey’s first prime minister elected under a multiparty system) said ‘Enough, the people will have their say’ and emerged victorious at the ballot box," Erdogan told the AKP group in parliament. "The Turkish people will again put the coup supporters in their place, 73 years after the one-party era ended.”

Menderes’ center-right Democrat Party won a landslide against the Republican People’s Party (CHP), which governed the young republic during 22 years of single-party rule. A decade after his election, he and his top ministers ended up on the gallows for treason in modern Turkey’s first military coup. Erdogan, who often refers to Menderes as his political idol, opened two years ago a giant memorial project on the very island where the putschists jailed and tried the Democratic Party brass before executing Menderes and his ministers of economy and foreign affairs at the nearby island of Imrali.

Erdogan, deposed and briefly jailed when he was mayor of Istanbul in the 1990s, often compares himself to Menderes, reusing buzzwords and concepts the Democrat Party used, such as bringing prosperity to the devout rural people, respect for the religious values of the country and empowering people.

Though Erdogan and his allies insisted throughout last year that elections would take place in June as scheduled, few believed him since this meant that Erdogan could not run a third time as president without a blatant violation of the constitution. While Article 101 of the constitution says that the president cannot run twice, another article opens the door to a third term for a sitting president if the parliament decides to renew both presidential and parliamentary elections during his second term.

But the early polls do not skirt the constitutional debate on Erdogan’s rerun, which was rekindled in the media and parliament mere minutes after his announcement of a date. To call for snap polls, however, the parliament needs a three-fifths majority, i.e., 360 votes in the 600 strong legislature. The People’s Alliance (AKP and its smaller electoral ally Nationalist Movement Party, or MHP) have 335 seats. This means that Erdogan would have to find 25 votes among the opposition, which may be difficult as most parties would not support him. Or, more likely, he would dissolve the parliament, call for elections and still present himself, which is a constitutionally dubious move. Yet Erdogan and his legal team are apt at finding ways around the rules, such as arguing that his first term was before the 2017 constitutional changes and did not count.

“If the government cannot manage to get the snap polls through the parliament with the opposition’s support, Erdogan cannot be a candidate,” said Erkan Bas, the chair of the small but vocal Workers Party of Turkey (TIP). “He knows this is unconstitutional. So does his party and the Supreme Electoral Board. So as much as we would like to sweep him to the sidelines of history in the ballot box, he cannot just disregard the constitution, set whichever date he likes and present himself for a third term.”

The president already presented himself months ago. He declared last month during a trip to his native Black Sea region that he was asking for support “one last time.” Turkey’s centennial celebrations all center around the person of Erdogan to the minutest detail. For example, earlier this year, the AKP’s unofficial anthem of 20 years, “We Walked Those Paths Together,” a song that alluded to the solidarity within the AKP, was changed to a new one dedicated to a singular object of affection, “Just Your Being Here is Enough,” written by pop star Kirac, a self-declared Erdogan-fan.

“The AKP has taken the use of foreign policy as domestic political fodder to unprecedented levels,” Barcin Yinanc, a foreign policy expert, said. “This automatically leads to analyzing Turkey’s foreign policy in the first half of the year through the lens of the coming elections.” Erdogan’s desire to mend fences with the Syrian regime and enable the return of the Syrians under temporary protection in Turkey, his tough line on Nordic expansion on NATO and his continued bickering with Greece — another country on the electoral cycle — are all partly motivated by elections.

On the economic front, which is Erdogan's and the AKP’s Achilles' heel, all critical decisions that bring a band aid to Turks who are choked under high inflation are made by the president rather than the minister responsible. For example, in January, the president announced that he had raised the salaries of civil servants twice, first by 25% and then by an additional 5%.

It is now up to the opposition to name who will be the opposition’s presidential candidate. The Table of Six — a platform that brings together the social democrat Republican People’s Party (CHP) with the right-wing Iyi Party, conservative Felicity Party and two off-shoots of the AKP — has so far refrained from naming a presidential candidate. The CHP — the main opposition party with the most extensive network across Turkey and 134 seats in parliament — pointedly says that its candidate is its lackluster leader Kemal Kilicdaroglu, who, according to many polls, is least likely to defeat Erdogan. But the six parties will have to decide together, some say next month.

The opposition has ducked questions on the candidate, saying their focus is on their joint program. They have pledged a swift return to the parliamentary system, to restore the independence of the central bank and other economic agencies, and freedom of the judiciary. (Al-Monitor 18.01)

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