

**The FORTNIGHTLY**

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

**19 July 2023**

**1 Av 5783**

**1 Muharram 1445**

**Written & Edited by Seth J. Vogelman\***

**TABLE OF CONTENTS**

[1. ISRAEL GOVERNMENT ACTIONS & STATEMENTS](#_Toc140599810)

[1.1. Liberian President Promises Embassy in Israel in Meeting with Foreign Minister](#_Toc140599811)

[1.2. Israel & US Working on a Land Bridge to Connect the GCC to Israel’s Ports](#_Toc140599812)

[1.3. IIA to Invest $30 Million in R&D Center for Bio-Devices Based on Bio-Chips](#_Toc140599813)

[2. ISRAEL MARKET & BUSINESS NEWS](#_Toc140599814)

[2.1. Wenrix Raises $15 Million to Predict Optimal Timing for Purchasing Flight Tickets](#_Toc140599815)

[2.2. IAI Acquires HELA Systems to Provide Full Product Support for ELTA Systems in India](#_Toc140599816)

[2.3. Tel Aviv University to Improve Canada’s Earthquake Warning System](#_Toc140599817)

[2.4. Galooli & Oztron to Provide End-to-End Energy Efficiency Solutions to Australia](#_Toc140599818)

[2.5. PenLink Acquires Cobwebs to Expand its Digital Investigative Platform](#_Toc140599819)

[2.6. Honeywell Buys Israel's SCADAfence](#_Toc140599820)

[2.7. SAVVY Exits Stealth with $30 Million in Funding](#_Toc140599821)

[2.8. Sienna VC is Raising $250 Million to Invest in Israeli Startups](#_Toc140599822)

[2.9. HyperGuest Closes Series A Round, Raising $23 Million](#_Toc140599823)

[2.10. TLV Partners Launches $250 Million Early-Stage Israeli Startups Fund V](#_Toc140599824)

[3. REGIONAL PRIVATE SECTOR NEWS](#_Toc140599825)

[3.1. UAE Breaks Foreign Direct Investment Record as Saudi Arabia Sees a 59% Drop](#_Toc140599826)

[3.2. Mubadala is Acquiring a Stake in CoolIT with US Private Equity Firm KKR](#_Toc140599827)

[3.3. Agthia Group Launches $54 Million CVC Fund for Foodtech Startups](#_Toc140599828)

[3.4. US Hedge Fund Verition Sets Up Office in DIFC](#_Toc140599829)

[3.5. alfii Raises $2.5 Million Pre-Seed Round for its Fintech-Powered HR Platform](#_Toc140599830)

[3.6. UAE's Ryse Energy Acquires Colorado's Primus Wind Power](#_Toc140599831)

[3.7. Saudi Public Investment Fund Reports $11 Billion Loss for 2022](#_Toc140599832)

[3.8. Kaso Raises a $10.5 Million Seed Round](#_Toc140599833)

[3.9. NOMU Group Raises $5 Million Seed Round to Expand Product Offering](#_Toc140599834)

[3.10. Masroofi Secures $1.5 Million for Innovative Children’s Electronic Payment Services](#_Toc140599835)

[3.11. Egypt's Menthum Raises Pre-Seed Funding](#_Toc140599836)

[3.12. 500 Global & ITIDA Scale Up Program in Egypt to Support Pre-Series A Startups](#_Toc140599837)

[4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS](#_Toc140599838)

[4.1. Eco Wave Power Completes Jaffa Port Wave Energy Station Project](#_Toc140599839)

[4.2. Trina Solar Signs Israel's Largest Module and Tracker Deal](#_Toc140599840)

[4.3. MENA Solar Conference to Focus on Six Innovative Research Areas](#_Toc140599841)

[4.4. UAE Sets Target to Achieve 40% Cut in Carbon Emissions by 2030](#_Toc140599842)

[4.5. UAE Establishes Investment Ministry to Set EV and Green Policies](#_Toc140599843)

[4.6. Oman Launches Green Mobility Plan to Reach Net Zero by 2050](#_Toc140599844)

[4.7. More Solar Power on the Way for Morocco](#_Toc140599845)

[5. ARAB STATE DEVELOPMENTS](#_Toc140599846)

[5.1. Jordanian Cabinet Approves 2022-2024 National Water Strategy](#_Toc140599847)

[5.2. Bahrain Secured a Record $1.95 Billion in FDI Inflows in 2022](#_Toc140599848)

[5.3. Qatar Investment Authority Buys 5% of Washington Sports Owner](#_Toc140599849)

[5.4. UAE & Japan Sign 23 Agreements and MoUs During Business Forum](#_Toc140599850)

[5.5. Riyadh Receives Duwaiheen Nuclear Advisory Bids](#_Toc140599851)

[►►North Africa](#_Toc140599852)

[5.6. Egyptian Inflation Returns to Near Record After April’s Brief Respite](#_Toc140599853)

[5.7. Egypt Grants Land to Norway’s Scatec for $5 Billion Wind Power Plant](#_Toc140599854)

[5.8. Egypt Overtakes Nigeria in Start-Up Capital as Africa Tech Funding Slows](#_Toc140599855)

[5.9. Tunisia's Threat of Default Looms Large Unless Public Spending Curtailed](#_Toc140599856)

[5.10. Inflation to Plunge Below 2% in 2024 as Morocco’s Economy Bounces Back](#_Toc140599857)

[5.11. Morocco's Agricultural Independence to Get Boost from Green Ammonia Plant](#_Toc140599858)

[5.12. Morocco Attracts 1.4 Million Tourists in June](#_Toc140599859)

[5.13. Algeria Ready to Deliver e-Commerce Growth](#_Toc140599860)

[6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS](#_Toc140599861)

[6.1. Turkish Annual Inflation Eases to 38% in June](#_Toc140599862)

[6.2. Türkiye's Unemployment Rate at Lowest Level Since 2014](#_Toc140599863)

[6.3. Turkish Automotive Exports Surpass $3 Billion in June](#_Toc140599864)

[6.4. Nicosia Squeezes into IMD Smart City Index](#_Toc140599865)

[6.5. Cyprus Sees Tourism Soar by 22.7% in June](#_Toc140599866)

[6.6. Greece's Primary Budget Surplus Stood at €2.16 Billion at End of June](#_Toc140599867)

[6.7. Greece's Latest Bond Issue Garners €3.5 Billion](#_Toc140599868)

[6.8. Greece's Workforce is Shrinking](#_Toc140599869)

[7. GENERAL NEWS AND INTEREST](#_Toc140599870)

[\*ISRAEL:](#_Toc140599871)

[7.1. World Jewry Marks the Three Weeks' Mourning Period](#_Toc140599872)

[7.2. ‎Tisha B'Av to be Observed on 26/27 July‎](#_Toc140599873)

[7.3. Tel Aviv University Ranked First in Israel by QS World University Ranking](#_Toc140599874)

[\*REGIONAL:](#_Toc140599875)

[7.4. Islamic New Year 1445 Marked on 18 July 2023](#_Toc140599876)

[7.5. Jordan's Population Reached 11.302 Million at the End of 2022](#_Toc140599877)

[8. ISRAEL LIFE SCIENCE NEWS](#_Toc140599878)

[8.1. ImPact Biotech Receives FDA Designation for Padeliporfin VTP in Pancreatic Cancer](#_Toc140599879)

[8.2. Israel's Sheba Medical Center to Develop Booster Vaccines Against COVID-19](#_Toc140599880)

[8.3. Append Medical Raises $4.35 Million in Initial Closing of Extended Series A Round](#_Toc140599881)

[8.4. MediWound Positive Study Results for the Treatment of Basal Cell Carcinoma](#_Toc140599882)

[8.5. SimpliiGood Introduces Nutritionally Dense Plant-Based Chicken Nuggets](#_Toc140599883)

[8.6. Simploud Electronic Notebook Reimagines How Life Science Manages Data](#_Toc140599884)

[8.7. Madrid Selects Essence SmartCare for Remote Care Technologies for Senior Citizens](#_Toc140599885)

[8.8. NIH Gives $4.2 Million for Development of Pluri’s PLX-R18 for Radiation Syndrome](#_Toc140599886)

[8.9. IRIS & AEYE Health Announce Partnership to Provide AI Screening to Market](#_Toc140599887)

[9. ISRAEL PRODUCT & TECHNOLOGY NEWS](#_Toc140599888)

[9.1. Buildots Unveils New AI-Assisted Tools to Battle Construction Delays](#_Toc140599889)

[9.2. Addionics Wins UK Research and Innovation SME Credit Competition](#_Toc140599890)

[9.3. Deepdub GO - a Generative AI Studio Platform for Video & Audio Localization](#_Toc140599891)

[9.4. Silicom Launches Edge AI Product Line and Partnership with Hailo](#_Toc140599892)

[9.5. Elbit Systems Awarded $114 Million Contract for Long-Range Patrol Aircraft](#_Toc140599893)

[9.6. Vueron Chooses Cognata to Advance LiDAR Perception Software for ADAS & AV](#_Toc140599894)

[9.7. vHive Groundbreaking Turnkey Solution for the Wind Turbine Inspection](#_Toc140599895)

[9.8. OX Security Named a 2023 Gartner Cool Vendor for Security Practices](#_Toc140599896)

[9.9. RADCOM Launches a Virtual Drive Test Solution for the 5G Mobility Experience](#_Toc140599897)

[9.10. Laminar New Data Security Platform Solutions for Multi-Cloud and SaaS](#_Toc140599898)

[9.11. Anecdotes' New Analysis Engine Unlocks Configurable Deep Data Analysis Capabilities](#_Toc140599899)

[9.12. Melodea's Sustainable Barrier Coating Boosts Food Packaging Recyclability](#_Toc140599900)

[9.13. Incredibuild Granted US Patent for Game-Changing Build Cache Technology](#_Toc140599901)

[9.14. AU10TIX App Minimizes In-Person and Point of Sale ID Fraud Risk](#_Toc140599902)

[9.15. XTEND & ModalAI Revolutionize Advanced Human and Machine Collaboration](#_Toc140599903)

[10. ISRAEL ECONOMIC STATISTICS](#_Toc140599904)

[10.1. Israel's June Inflation Level Far Lower than Expected](#_Toc140599905)

[10.2. Israel's Gas Reserves Grew by 40% Over the Past Decade](#_Toc140599906)

[10.3. Israel's Fiscal Deficit Widened at the End of June](#_Toc140599907)

[10.4. Average Salary in Israel Rises by 5.3%](#_Toc140599908)

[10.5. Tourism to Israel Remains 13% Below Pre-COVID Levels](#_Toc140599909)

[10.6. Number of Arab Israeli Women Graduates Doubles in a Decade](#_Toc140599910)

[10.7. Israel's Foreign Currency Reserves Climb Back Above $200 Billion](#_Toc140599911)

[11. IN DEPTH](#_Toc140599912)

[11.1. MENA Startups Raised $35.6 Million in June, Pushing Half Year Total to $1.6 Billion](#_Toc140599913)

[11.2. IRAQ: Iraq’s Power Problem - Persistent Financial & Technical Challenges](#_Toc140599914)

[11.3. ARABIAN GULF: Smart and Sustainable - The Gulf Goes All in on Tech Cities](#_Toc140599915)

[11.4. BAHRAIN: IMF Concluded 2023 Article IV Consultation with the Kingdom of Bahrain](#_Toc140599916)

[11.5. EGYPT: Egypt Is Missing its IMF Loan Program Targets](#_Toc140599917)

[11.6. TURKEY: As Turkey Grapples with Deficit, Erdogan Pins His Hopes on Gulf Funds](#_Toc140599918)

ISRAEL GOVERNMENT ACTIONS & STATEMENTS

[Back to Table of Contents](#TOC)

* 1. Liberian President Promises Embassy in Israel in Meeting with Foreign Minister

On 4 July, Israeli Foreign Minister Eli Cohen met the Liberian President George Weah and Liberia’s top envoy, in Jerusalem. The West African representatives expressed their intention to open an embassy in Israel. The Liberian president was on a diplomatic mission to promote economic, energy and agricultural cooperation between the two countries. During the visit, the subject of opening an embassy in Israel was brought up, albeit no date was specified.

In June 2022, a delegation of Liberian ministers announced their intention to open an official office in Jerusalem. Although Liberia is a small country of five million inhabitants, it is an important ally of Israel on the international stage, which has regularly sided with Israel at both the UN and the African Union in recent years. (i24 07.07)

[Back to Table of Contents](#TOC)

* 1. Israel & US Working on a Land Bridge to Connect the GCC to Israel’s Ports

Various press reports note that the Foreign Ministry of Israel has revealed an intricate plan to connect the country with the UAE, Saudi Arabia and Jordan via a land bridge. This bold initiative aims to boost the region’s transport infrastructure while simultaneously providing substantial cost savings. Current plans are for the new highway to begin in the UAE, transit via KSA and Jordan, and end at Israel’s Mediterranean ports. Later expansions could see the route extended to Bahrain and Oman. The corridor would be based on existing road infrastructure, but will require some upgrades and additional constructions at certain points.

Although trucks leaving the UAE can access the Israeli port of Haifa via the Allenby Bridge, the current bureaucratic process is cumbersome, involving lengthy wait times and driver changes. The initiative looks to replace this procedure with a streamlined process that allows shipments to transit borders without changes to trucks or drivers. Participating countries will have to agree on standardizations to trucks and truck drivers’ licenses to ensure smooth passage of shipments at border crossings.

The planned corridor targets freight moving from the East to Europe and could reduce shipping times by between two to three days and slash costs by 20%, according to an Israeli foreign ministry and US government study cited by the report. The initiative could get off the ground even before Israel and KSA establish formal political ties, because of the benefits it offers to the countries involved. (Various 09.07)

[Back to Table of Contents](#TOC)

* 1. IIA to Invest $30 Million in R&D Center for Bio-Devices Based on Bio-Chips

The [Israel Innovation Authority](https://innovationisrael.org.il/en/) announced an approximately $30 million tender for the establishment of a center that will provide research and development infrastructure for bio-devices based on bio-chips. The tender, which is part of the National Bio-Convergence Program, is directed at companies dedicated to developing key service infrastructure for companies that develop bio-devices such as environmental diagnostic sensors, smart implants, lab-on-chip and organ-on-chip technologies.

Bio-chips are revolutionary micro-devices that combine biology, engineering and micro-technology. These miniature chips integrate multiple laboratory functions onto a single platform, enabling efficient analysis of biological samples with minimal volumes. Bio-convergence represents the integration of biology and life sciences with engineering and software technologies. This rapidly expanding field holds immense promise across various sectors, including medicine, environment, climate, energy, agriculture, food, and security, to name a few. (IIA 12.07)

ISRAEL MARKET & BUSINESS NEWS

[Back to Table of Contents](#TOC)

* 1. Wenrix Raises $15 Million to Predict Optimal Timing for Purchasing Flight Tickets

Tel Aviv's [Wenrix](https://www.wenrix.com/) has raised $15 million in Series B funding led by Insight Partners. This is Wenrix's third funding round since its establishment in 2017. The company has raised $23 million to date. Wenrix currently captures approximately $30 billion in flight ticket sales annually through its connected customers. It has 50 employees, the majority of whom are involved in research and development.

Wenrix's algorithms are based on big data and deep learning models that predict the optimal timing for purchasing flight tickets at their lowest price. The company signed a strategic agreement approximately a year a half ago with the Trip.com Group, one of the world's two largest travel groups, which included development and implementation of a new product line for companies in the group, including Skyscanner, Ctrip, MakeMyTrip and Qunar. (Wenrix 29.06)

[Back to Table of Contents](#TOC)

* 1. IAI Acquires HELA Systems to Provide Full Product Support for ELTA Systems in India

[IAI](https://www.iai.co.il/) has signed a deal to acquire HELA Systems, an Indian subsidiary of ELTA Systems. IAI’s investment in Aerospace Services India is a strong demonstration of IAI's support for the Indian government’s Atmanirbhar Bharat (Make in India) vision. The current deal also shows IAI’s commitment to its strong partnership with India’s DRDO in developing and supporting advanced systems for India’s Armed Forces.

HELA will provide full Maintenance, Repair and Overhaul product support for ELTA Systems, as well as testing and technical services including annual maintenance contracts and supply of spares to Indian defense customers. The company has a large facility in Hyderabad’s fast-growing industrial belt. HELA’s management and technical team comprise radio frequency and microwave specialists, familiar with cutting-edge technologies and working on futuristic military applications. In addition, they are well-versed with the relevant industry standards to serve India’s armed services as well as India’s other defense organizations.

IAI’s state-of-the-art systems and technologies have been in operational use in India’s three military arms and with other government agencies. ELTA Systems is one of Israel’s leading defense electronics companies with wide-ranging expertise in Intelligence, Electronic Warfare, Surveillance and Target Acquisition. (IAI 09.07)

[Back to Table of Contents](#TOC)

* 1. Tel Aviv University to Improve Canada’s Earthquake Warning System

Tel Aviv University in Israel received funding from Canada’s National Resources Ministry to develop software to improve the North American country’s early warning systems for earthquakes. The Canadian systems already in place had also been developed by TAU in collaboration with the Israeli company SeismicAI, which holds an exclusive license for the technology deployed worldwide. The objective of this new project is to improve the performance of the existing system in coastal and border regions exposed to high seismic risks. It is expected to provide more comprehensive coverage and earlier warnings, giving people in at-risk regions more time to take protective action. Starting next year, residents of Canadian regions at risk will be able to receive an alert informing them that an earthquake has occurred and that they must take immediate measures to protect themselves. Approximately 5,000 earthquakes occur each year in Canada. (i24 10.07)

[Back to Table of Contents](#TOC)

* 1. Galooli & Oztron to Provide End-to-End Energy Efficiency Solutions to Australia

Galooli and Perth's Oztron Energy, an Australian provider of microgrid and renewable energy projects, today announced a partnership to provide end-to-end energy efficiency solutions. The partnership will combine Galooli's expertise in energy asset monitoring and management with Oztron Energy's experience in microgrid and renewable energy projects to offer customers a comprehensive suite of solutions for improving energy efficiency and reducing costs.

Galooli's SaaS harvests and analyzes metadata from energy assets to provide operational insight and energy service orchestration that reduces energy usage and operational costs while providing valuable predictive intelligence to improve asset efficiency and lifecycles. Oztron Energy's team of engineers has over 20 years of experience in designing, installing, and maintaining microgrid and renewable energy projects of all sizes.

Tel Aviv's [Galooli](http://www.galooli.com) Energy Management Software as a Service (SaaS) provides real-time analytics and orchestration of remote energy assets to reduce operational costs, improve lifecycle management, track carbon footprint reductions, and provide a seamless evolution to leveraging renewable energy assets. By harvesting and analyzing metadata from disparate energy assets, Galooli's cloud software synchronizes assets for maximum energy efficiency, identifies anomalies and produces actionable insights to help predict and manage service changes. (Galooli 11.07)

[Back to Table of Contents](#TOC)

* 1. PenLink Acquires Cobwebs to Expand its Digital Investigative Platform

Lincoln, Nebraska's PenLink acquired Cobwebs Technologies to provide mission-critical digital intelligence for modern investigations. The acquisition of Cobwebs, through capital investment partner, Spire Capital, will add industry-leading open-source intelligence capabilities to the PenLink digital investigation platform to support investigators, analysts, and prosecutors.

PenLink and Cobwebs Technologies will leverage their extensive network of digital intelligence to enhance the analytical capabilities of their investigation solutions. By integrating these solutions, investigators will be able to quickly identify leads and make critical connections across social media, location data, financial records, LPR data and phone records. Through the acquisition, PenLink will combine each company’s technologies into a unique, end-to-end platform, while remaining headquartered in the United States.

Herzliya's [Cobwebs Technologies](https://www.cobwebs.com) is a worldwide leader in web intelligence. Their innovative solutions are tailored to the operational needs of national security agencies and the private sector, identifying threats. Cobwebs solutions were designed by intelligence and security experts as vital tools for seamless access to data from all web layers: open, deep, and dark web. (PenLink 11.07)

[Back to Table of Contents](#TOC)

* 1. Honeywell Buys Israel's SCADAfence

Honeywell announced that it has agreed to buy Israeli cybersecurity company SCADAfence. No financial details were disclosed. The SCADAfence product portfolio will integrate into the Honeywell Forge Cybersecurity+ suite within Honeywell Connected Enterprise, Honeywell's fast-growing software arm with strategic focus on digitalization, sustainability and OT cybersecurity SaaS offerings and solutions. This integration will enable Honeywell to provide an end-to-end enterprise OT cybersecurity solution to site managers, operations management and CISOs seeking enterprise security management and situational awareness.

Ramat Gan's [SCADAfence](http://www.scadafence.com/) will expand Honeywell's Cybersecurity Center of Excellence in Tel Aviv. The transaction is expected to close in H2/23, subject to customary closing conditions, including receipt of certain regulatory approvals. SCADAfence provides cybersecurity solutions for operational technology (OT) and Internet of Things (IoT) for monitoring large-scale networks and has proven capabilities in asset discovery, threat detection and security governance which are key to industrial and buildings management cybersecurity programs. (SCADAfence 11.07)

[Back to Table of Contents](#TOC)

* 1. SAVVY Exits Stealth with $30 Million in Funding

SAVVY exited stealth and raised a total of $30 million. Canaan led the most recent Series A funding round with key investors Cyberstarts and Lightspeed. Cyberstarts also led the initial seed round with Lightspeed.

SAVVY’s Workforce Security Automation platform addresses human error by empowering SecOps with complete visibility and security automation playbooks for orchestrating SaaS incident response before an unsecure action takes place. By implementing just-in-time guardrails directly into the user workspace as a pop-up security copilot, the platform provides real-time alerts and suggestive guidance to improve user decision-making. SAVVY is already deployed by Fortune 500 companies in the hospitality and consumer goods industries, with over 100,000 active users.

Ramat Gan's [SAVVY](https://www.savvy.security/%E2%80%8E) reports real-time actionable insights and metrics to security teams, enabling them to identify high-risk areas and user risk profiling to pinpoint which roles and teams require more support. The platform recommends steps for risk mitigation and tracks improvement over time. (Security Savvy 11.07)

[Back to Table of Contents](#TOC)

* 1. Sienna VC is Raising $250 Million to Invest in Israeli Startups

The European venture capital fund [Sienna VC](https://www.sienna-im.com/services/venture-capital/) is raising $250 million to invest in Israeli technology companies. The fund will focus on early-stage startup companies. Unlike other European funds, Sienna VC will utilize the new fund to exclusively invest in Israeli companies. To date, the fund has reached an initial closing of $100 million and has already made three significant investments. It is in advanced negotiations to finalize the raising of additional funds in the coming months.

Belgian holding company Groupe Bruxelles Lambert (GBL), one of Europe's largest and leading companies in its field, is the main investor in the fund. The fund plans to invest between $5-15 million in each funding round. Areas of focus include AI, cybersecurity, fintech, digital health, foodtech, agritech and more.

Sienna VC aims to be the bridge that opens doors for Israeli companies on the European continent. Sienna is focused on investments that generate significant social value, stating that they will not invest in companies that do not align with their values. The fund considers Environmental, Social, and Governance (ESG) factors a necessary component of their investments. Sienna has already closed three investments in Israel (Hourly.io, DouxMatok and SupPlant), and is working on two new opportunities. (Various 13.07)

[Back to Table of Contents](#TOC)

* 1. HyperGuest Closes Series A Round, Raising $23 Million

HyperGuest successfully closed a $23 million Series A funding round. The round was led by Lightspeed Venture Partners and included Viola Ventures and new investor Thayer Ventures, a San Francisco venture capital firm specialized in technology for the travel and accommodation industry. The investment will fuel the company's accelerated growth and further enhance its innovative solutions for hoteliers and travel providers. The significant investment is a testament to HyperGuest's disruptive technology and business model, and its commitment to transforming the way hotels connect and transact with their business partners.

HyperGuest's platform offers a unique and seamless solution that enables hotels and suppliers to directly connect with travel distributors, including Online Travel Agencies, Agents Consortia, Tour Operators, Destination Management Companies, Travel Management Companies, Closed User Groups, Bedbanks, Global Distribution Systems and more. By providing real-time connectivity, HyperGuest empowers hoteliers to optimize their inventory distribution, streamline operations and increase revenues and margins. The company plans to further expand its global footprint, invest in product development, and enhance its technology infrastructure. Additionally, HyperGuest aims to scale its sales and marketing efforts to drive customer acquisition and increase market penetration.

Ramat Gan's [HyperGuest](http://www.hyperguest.com) is a leading technology platform that revolutionizes the hospitality industry by providing a direct and seamless connection between hotels, suppliers and travel distributors. With real-time connectivity, HyperGuest empowers hoteliers to optimize inventory distribution, streamline operations and increase revenue. The company's innovative solution enables hoteliers and travel providers to take control of their connectivity and drive more direct bookings. (HyperGuest 10.07)

[Back to Table of Contents](#TOC)

* 1. TLV Partners Launches $250 Million Early-Stage Israeli Startups Fund V

Israel-based venture capital firm TLV Partners announces a milestone of $1 billion in assets under management (AUM) alongside the introduction of its $250 million Fund V. The fund signifies TLV Partners' ongoing dedication to nurturing early-stage startups founded by outstanding Israeli entrepreneurs, focusing on sectors such as developer tools, AI, cybersecurity, fintech, biotech and more.

Positioned to make roughly 25 Seed and Series A investments, Fund V anticipates initial contributions of between $4-8 million. With the capability to back subsequent rounds, it could invest as much as $20 million per company. The firm boasts a portfolio featuring some of Israel's standout enterprises, including Aqua Security, Next Insurance, Aidoc, Run:ai, Silverfort, Quantum Machines, Unit, Immunai, Deepcure, Buildots, Zencity, Firebolt, Mesh, Laminar, Oligo Security, and Port.

TLV Partners has earned the backing of distinguished American institutions, comprising leading University Endowments, Fund of Funds and other strong US investment entities that have bolstered the firm since its inaugural fund eight years ago. (TLV Partners 17.067)

REGIONAL PRIVATE SECTOR NEWS

[Back to Table of Contents](#TOC)

* 1. UAE Breaks Foreign Direct Investment Record as Saudi Arabia Sees a 59% Drop

While Saudi Arabia’s foreign direct investment (FDI) inflow fell 59% last year to nearly $7.9 billion, the United Arab Emirates recorded its highest FDI inflow ever of nearly $23 billion in 2022, according to a United Nations report released on 5 July. Israel and the UAE led the Middle East and North Africa (MENA) for the highest FDI inflow — the purchasing of assets in another country — and placed 15th and 16th globally, respectively, according to the United Nations Conference on Trade and Development's (UNCTAD) 2023 World Investment Report. Here are the top 10 MENA countries with the highest FDI inflows in 2022, according to UNCTAD:

1. Israel - $27.76 billion

2. UAE - $22.73 billion

3. Turkey - $12.88 billion

4. Egypt - $11.40 billion

5. Saudi Arabia - $7.87 billion

6. Oman - $3.72 billion

7. Morocco - $2.14 billion

8. Bahrain - $1.95 billion

9. Iran - $1.50 billion

10. Jordan - $1.37 billion

For two years in a row, the United States and China held first and second spots on the list. The US received $285 billion in 2022 (falling more than $100 billion from 2021) and China received $189 billion in FDI inflows. Singapore rose one spot to third place in 2022 with $141 billion in FDI inflows, overtaking Hong Kong in fourth receiving $118 billion. In 15th place, Israel received about $28 billion in FDI inflows, while the UAE followed with some $23 billion, a 10% increase for the Arabian Gulf nation from 2021. (UNCTAD 06.07)

[Back to Table of Contents](#TOC)

* 1. Mubadala is Acquiring a Stake in CoolIT with US Private Equity Firm KKR

UAE sovereign fund Mubadala Investment Company and US private equity firm KKR have jointly acquired Calgary-based liquid cooling provider CoolIT Systems. KKR first announced its acquisition plans in May to support CoolIT’s expansion plans in the global data center market. The financial value and the post-acquisition share structure were not disclosed.

CoolIT has developed and patented a new technology called DLC that uses warm liquid rather than cold air to dissipate heat from computer and server components. The company’s patented coolant is designed to reduce operating costs and carbon emissions of data centers and digital infrastructure. By the end of 2021, the tech reduced energy consumption by over 1.1 billion kWh, saving some 780,000 metric tons of CO2 from being released to the atmosphere. This is equivalent to emissions released from around 168,000 cars in one year. (CoolIT 05.07)

[Back to Table of Contents](#TOC)

* 1. Agthia Group Launches $54 Million CVC Fund for Foodtech Startups

Abu Dhabi's [Agthia Group PJSC](https://www.agthia.com/), a diversified food and beverage company, announced the launch of Agthia Ventures, a corporate venture capital fund designed to expand Agthia’s innovation capabilities and create mutual value with startups as the company continues to drive profitable growth in both new and existing markets. Funded by Agthia and its parent company ADQ, an Abu Dhabi-based investment and holding company, Agthia Ventures will be managed together with Touchdown Ventures, a global leader in establishing and operating bespoke CVC programs for blue-chip corporates, with over 100 completed venture investments to date.

Agthia Ventures will build on Agthia’s four decades of experience, creating a program to help the best and brightest entrepreneurs in food and related industries scale their operations and accelerate their product development and market adoption, through access to Agthia’s extensive industry knowledge, diverse distribution networks, technological infrastructure, research, development and marketing capabilities, and established customer relationships. Utilizing Touchdown’s extensive network of startups, venture capital relationships, incubators, and accelerators, Agthia Ventures is well-placed to identify attractive early-stage, seed, and growth investment opportunities, within relevant and target geographies.

The fund is stage-agnostic and will invest primarily in companies with clear product-market fit that are demonstrating revenue growth. Investments will focus on brands, categories and solutions across Agthia’s portfolio that are both complementary and adjacent to its business model, such as in snacks and beverages, value chain technology and ingredient technology. Target investment interests include premium and “better for you” snacks and beverages, functional water and hydration, alternative proteins, sustainability solutions in farming and packaging, e-commerce solutions for the food and beverage industry, and other capability enhancements relevant to Agthia’s value chain. (Agthia Group 12.07)

* 1. US Hedge Fund Verition Sets Up Office in DIFC

Greenwich, Connecticut Hedge Fund Verition has opened an office in Dubai International Financial Centre (DIFC) as it eyes global expansion. The fund has 400 employees globally and manages $7.3 billion in assets under management. The hedge fund said that it had chosen Dubai for its potential to contract global investment talent. It has been licensed by the Dubai Financial Services Authority (DFSA) to manage assets and conduct other financial services activities. The Dubai office joins its existing locations in Connecticut, New York, London, Singapore, and Hong Kong. (Zawya 06.07)

[Back to Table of Contents](#TOC)

* 1. alfii Raises $2.5 Million Pre-Seed Round for its Fintech-Powered HR Platform

alfii announced a pre-seed funding of $2.5 million to expand its team and continue building out its fintech powered HR automation platform. The round was led by Preface Ventures, a U.S.-based venture capital firm that focuses on infrastructure enterprise companies. Kayan Ventures, UAE-based Aditum Ventures and Wayfinders, along with a collection of local and regional angel investors also participated in the round.

With sights set on creating the region’s most robust and comprehensive solution for HR and payroll, the company will use the funding to continue developing and enhancing its fintech-powered software platform. The near-term focus is continuing to build out an innovative suite of payroll features that provide clients with smarter, faster ways to manage payroll and salary disbursements, drastically simplifying a process that is typically tedious and time-consuming for HR owners. The startup will also invest heavily in engineering and product talent, building out a best-in-class team as it looks to expand the product feature set and optimize the user experience.

Launched in Dubai in November 2022, Dubai's [Alfii](http://www.alfii.co)’s mission is to be the most comprehensive fintech-powered people platform that helps companies thrive by taking care of their people. The product focuses on core HR processes with an easy way to onboard and pay employees, designed with a simple and highly intuitive interface to make it a great user experience for both employers and employees. (alfii 06.07)

[Back to Table of Contents](#TOC)

* 1. UAE's Ryse Energy Acquires Colorado's Primus Wind Power

Ryse Energy, a renewables company based in Abu Dhabi's Masdar City, has acquired Lakewood, Colorado turbine maker Primus Wind Power. The acquisition opens up the door for Ryse Energy to opportunities in North America and fast-tracks American manufactured Ryse Energy wind turbines.

Ryse Energy provides wind and solar as standalone technologies, offering either grid-connected or off-grid options with energy storage. The acquisition adds Primus Wind Power's AIR turbines to Ryse Energy small turbine portfolio and unlocks strategic synergies. It didn't disclose the financial terms of the acquisition.

In April 2023, Ryse Energy raised $15 million in a funding round led by RWE Energy Transition Investments, an investment vehicle of RWE Supply & Trading GmbH, the energy trading arm of the Germany-based global renewable energy company RWE. (Zawya 12.07)

[Back to Table of Contents](#TOC)

* 1. Saudi Public Investment Fund Reports $11 Billion Loss for 2022

Saudi Arabia’s Public Investment Fund (PIF) lost $11 billion on investment activities in 2022, compared to a profit of $19 billion the year before, the sovereign wealth fund reported. Despite rapidly expanding its global investment spending in recent years, plummeting global stock and bond prices combined with the implications of the Russia-Ukraine war on the global economy have affected the Saudi wealth fund’s holdings. The PIF evolved from a mainly domestic-focused holding company to a global one in 2016 and has been investing heavily in foreign projects ever since.

The fund currently owns 79 companies — including megaproject NEOM, the Saudi Stock Exchange and new airline Riyadh Air — and has seen its total assets rise to about $778 billion in 2022 from $676 billion the year before, according to data published by the wealth fund’s accounts and acquired by Bloomberg. Ongoing major deals include a possible merger between the Saudi wealth fund’s LIV Golf league and the United States’ PGA Tour. In the US, the fund manages a $35.6 billion portfolio that includes stakes in firms such as Lucid Group, Activision Blizzard and Uber Technologies, according to regulatory filings for Q1/23. (Al-Monitor 12.07)

[Back to Table of Contents](#TOC)

* 1. Kaso Raises a $10.5 Million Seed Round

Riyadh's [Kaso](https://www.kaso.ai/) has raised $10.5 million in a new seed funding round and launched a FinTech platform that it will use to boost its operations in the Middle East food and beverage procurement market. The business-to-business company aims to scale up its restaurant supply management tools to enhance the services that are being used by its 5,000-plus partners in the UAE and Saudi Arabia. The goal is to achieve a gross merchandise value of $1 billion in 12 months.

Dubai-based Spade Ventures, Saudi Arabia's Hala Ventures and Seedra Ventures, Oman-based Cyfr Capital, Jersey's BY Venture Partners, San Francisco's Pioneer Fund and Singapore's Vulpes Ventures participated in the funding round. Other participants include regional family offices and other strategic investors from Saudi Arabia, as well as previous investors Global Founders Capital, from Germany, and Singapore's MSA Novo, both of which led Kaso's initial $2.1 million seed round in 2021.

Kaso's goal is to revolutionize the F&B supply chain, one of the world's oldest industries, and steer its operations away from traditional methods to a more streamlined and technology-backed ecosystem. Digitalizing the relationship between restaurants and suppliers can improve efficiency and transparency in the food supply chain, as well as reduce food waste in the region. The company launched its FinTech platform to tackle such inefficiencies. (Kaso 12.07)

[Back to Table of Contents](#TOC)

* 1. NOMU Group Raises $5 Million Seed Round to Expand Product Offering

Riyadh's NOMU successfully closed its first round of financing after the establishment of [Nomu Group](https://www.nomu.group/). The seed round raised $5 million from leading investors, including DIV Capital, Shurfah, Core Vision, Purity for Information Technology and prominent family offices in KSA such as Altoukhi Family Office and Bakr Family Office, along with angel investors. The funds raised will be used to expand NOMU's B2B HORECA offering, with a specific focus on restaurants and financing solutions. NOMU plans to develop a Software-as-a-Service (SaaS) solution and an AI assistant procurement officer chatbot.

Since its inception in 2022, NOMU has experienced rapid expansion and currently operates in Saudi Arabia, Egypt, Tunisia and Morocco. The company has aggressive plans to expand into 50 cities/towns by 2025. Remarkably, NOMU has already proven a positive cashflow business model, recorded 10x revenue growth within 12 months and gross margins are above healthy sustainable levels. NOMU has also established strategic international partnerships with industry giants such as Savola and Procter & Gamble.

NOMU's successful seed funding round marks a significant milestone in the company's journey to transform the F&B supply chain. With its financial backing, partnerships, efficient centralized OPEX and leadership, NOMU is poised to reshape the industry and drive innovation throughout the region. (NOMU 04.07)

[Back to Table of Contents](#TOC)

* 1. Masroofi Secures $1.5 Million for Innovative Children’s Electronic Payment Services

Cairo's [Masroofi](https://masroofi.net/), a financial technology startup, recently closed a financing round of $1.5 million from undisclosed investors. Masroofi focuses on electronic payment services for children, aiming to provide new and advanced solutions with areas for growth. The founders sought external investment, which will support the company’s expansion and operational activities.

The decision of investors to invest in Masroofi can be attributed to several key factors. The unique nature of the project itself played a significant role. Masroofi identified a market gap by targeting the segment of 20 million children between the ages of 5 and 15. This demographic has substantial needs and expenses, making it an attractive market opportunity.

One key offering from Masroofi is a bank card system. Each account provides three cards, a unique feature not yet available in Egypt. The company partnered with the Arab Bank to issue these cards and also signed an agreement with Visa, demonstrating their swift and decisive steps in establishing strong partnerships. Masroofi’s ambition is to reach 2 million children nationwide within the next five years. (Masroofi 05.07)

[Back to Table of Contents](#TOC)

* 1. Egypt's Menthum Raises Pre-Seed Funding

Egyptian VC Acasia Ventures completed an investment in [Menthum](https://www.menthum.com/), joining a pre-seed round that included A15 and a number of prominent angel investors. Menthum is a B2B and B2C digital savings platform that provides individuals and companies a way to invest in safe treasury bills (T-bills) through a money market fund. Licensed and regulated by Egypt’s Financial Regulatory Authority (FRA), Menthum has launched the first digital money market fund in the country, partnering with a leading investment manager.

Traditional money market funds are usually highly inaccessible to Egyptians due to the friction associated with traditional channels. Menthum re-invented the money market fund with its technology and innovative process flow, making it simple and accessible for all. With high returns, instant liquidity coupled with a user-friendly mobile application, Menthum has positioned the safe money market fund as a superior alternative to traditional bank accounts for both individuals and corporates.

Menthum devised an easy-to-use mobile application and a customer-centric approach. Individuals sign up on the Menthum mobile app using their mobile number and scan their National ID, the app fetches the ID data automatically. After the Menthum team completes the KYC review process, the account is activated. The customers can add money to their Menthum account by transferring money from their account from any bank in Egypt. Customers can withdraw money any time from Menthum and transfer it back to their bank account, without any lock-in period. Money in a Menthum account is invested in a safe money market fund with returns that are almost twice as high as those of a typical savings bank account. (Menthum 10.07)

[Back to Table of Contents](#TOC)

* 1. 500 Global & ITIDA Scale Up Program in Egypt to Support Pre-Series A Startups

California's [500 Global](https://500.co/) and The Egyptian Information Technology Industry Development Agency (ITIDA), launched a 500 Global first batch of the Scale Up program in Egypt. The Scale Up program focuses on strategies and experimentation methodologies to accelerate growth for Pre-Series A startups in Egypt. The 500 Global Scale Up Program in Egypt is a 7-week hybrid program designed to empower startups in Egypt at Pre-Series A or Series A stages. The curriculum and activities use proven strategies to amplify market presence and scale businesses through personalized mentorship, growth-focused customer-expansion frameworks and ways to streamline operations. (500 Global 12.07)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Eco Wave Power Completes Jaffa Port Wave Energy Station Project

Eco Wave Power Global announced that its landmark EWP-EDF One wave energy power station in the Port of Jaffa, Israel, has received the final grant funding from the Israeli Ministry of Energy, marking the official completion of the project. The wave energy project, executed in collaboration with EDF Renewables IL, and with co-funding from the Israeli Ministry of Energy, which recognized the Eco Wave Power's technology as a "Pioneering Technology", is set to be Israel's first onshore wave energy power station, officially connected to the national electrical grid.

The EWP-EDF One power station has an installed capacity of 100 KW and is made up of 10 floaters along the Port of Jaffa's pre-existing breakwater. Each floater connects to Eco Wave Power's patented energy conversion unit, which is located on land, enabling easy access for operation and maintenance. The next step is to officially connect the EWP-EDF One power station to Israel's energy grid. The Company is waiting for the last technical approval from the Israeli Electric Company, and anticipates an official "plugging in" ceremony in the coming months.

Tel Aviv's [Eco Wave Power](http://www.ecowavepower.com) is a leading onshore wave energy technology company that developed a patented, smart and cost-efficient technology for turning ocean and sea waves into green electricity. Eco Wave Power's mission is to assist in the fight against climate change by enabling commercial power production from the ocean and sea waves. The Company is finalizing the construction of its grid connected project in Israel, with co-investment from the Israeli Energy Ministry. (EWPG 11.07)

[Back to Table of Contents](#TOC)

* 1. Trina Solar Signs Israel's Largest Module and Tracker Deal

China's leading PV and smart energy total solution provider Trina Solar has signed a contract with Israeli developer [Teralight](https://www.teralight.co.il/) to provide 150 MW worth of solar modules and trackers, the largest such deal in Israel. The modules and trackers are for a solar farm, known as the Ta'anakh project, which Teralight is developing in northern Israel's Jezreel Valley. The Ta'anakh project, once completed by June 2024, will be 250 MW. The 150 MW deal with Trina Solar is the project's first-phase.

The tracker being supplied will be the TrinaTracker multi drive 2P Vanguard tracker. This project will be one of the first in the world to receive this uniquely integrated solution of large form factor Trina bifacial modules and intelligent single axis 2P tracker. Teralight is an established solar farm developer that is publicly listed on the Tel Aviv Stock Exchange, Israel's public stock exchange. (Trina Solar 09.07)

[Back to Table of Contents](#TOC)

* 1. MENA Solar Conference to Focus on Six Innovative Research Areas

Dubai Electricity and Water Authority (DEWA) has announced that the MENA Solar Conference ([MENA-SC](https://www.dewa.gov.ae/en/about-us/media-publications/latest-news/2023/05/the-first-mena-solar-conference)) which is scheduled from 15 to 18 November 2023, will discuss six innovative research areas. Prominent experts, specialists and researchers worldwide will highlight the latest developments, technologies and scientific research in solar power. The four-day scientific and technical conference at the Dubai World Trade Centre, will discuss various scientific research in the solar energy sector that will accelerate the transition towards renewable and clean energy. The MENA-SC focuses on six research areas in solar power. These include:

1. Unconventional and New Concepts for Future Technologies: Explores the new concepts and materials involved in developing the internal structure of solar cells and increasing their efficiency. It also covers developing unique materials with distinctive properties to absorb more sunlight. It also discusses innovative ways and new concepts to increase the efficiency of solar cells as well as the use of satellite applications in the solar photovoltaic and concentrated solar power technologies.

2. Silicon Photovoltaic Materials and Devices: The use of silicon in solar panels and the best methods and materials to develop the manufacturing of silicon photovoltaic solar panels. This aims to increase their efficiency to produce more energy.

3. Perovskite and Organic Materials: Discusses the latest developments in using perovskite and organic materials to manufacture highly efficient new solar cells.

4. PV Module and System Reliability in MENA region: Testing photovoltaic solar panels to ensure their reliability and suitability for the climate and atmosphere of the Middle East and North Africa region, in addition to accelerated testing methods of PV panels and cleaning technologies.

5. Solar Resource for PV and Forecasting: Discusses the latest technologies to assess and predict solar radiation to develop and test solar technologies by measuring the various factors that can affect sunlight, such as weather, dust, and different times of day, to manage resources more efficiently.

6. Power Electronics and Grid Integration: Explores the design, modelling and control of power converters and the grid support functionalities for distribution system operations. Focuses on modern technologies to enhance the efficiency and reliability of these systems and other renewable energy sources. (WAM 08.07)

[Back to Table of Contents](#TOC)

* 1. UAE Sets Target to Achieve 40% Cut in Carbon Emissions by 2030

Following the UAE Cabinet’s approval of the third update of the country’s second Nationally Determined Contributions (NDC) under the Paris Agreement, the Ministry of Climate Change and Environment (MOCCAE) has announced a comprehensive roadmap to achieve 40% emission reduction by 2030. This move marks a nationwide emissions reduction commitment with clear targets set for all sectors. This will bring the public and private sector together to accelerate the UAE’s journey to net zero emissions by 2050.

Despite being officially classified as a developing country, the UAE has taken a further step in its commitment and is following the model of developed countries for its third update of its second NDC by using fixed level and base year targets. Accordingly, net greenhouse gas emissions will be reduced from an expected 208 MtCO2e, as announced in the updated second NDC in 2022 to 182 MtCO2e by 2030. This marks an absolute emissions reduction of 19% compared to the 2019 base year level. The UAE’s voluntary and proactive new approach ensures that its emission reduction goals are transparent and easier to track, resulting in beneficial outcomes that align directly with the UN Sustainable Development Goals.

The new update also reflects the UAE’s commitment to the outcomes of Paris Agreement’s goal of limiting global warming to below 2 degrees while pursing all measures to limit it to well below 1.5 degree by end of this century. The UAE plans to triple its investments in renewable energy in the coming seven years and establish a specialized national research and development center for the hydrogen sector. (GB 12.07)

[Back to Table of Contents](#TOC)

* 1. UAE Establishes Investment Ministry to Set EV and Green Policies

On 3 July, the UAE established a new Ministry of Investment and several sustainable policies for electric vehicles (EV) and autonomous vehicles, in addition to approving a long-awaited hydrogen energy strategy for the country ahead of hosting the COP28 UN climate summit in Dubai at the end of the year. The UAE economy is forecast to grow by 4.2% this year. Despite the Russian invasion of Ukraine and COVID-19, higher oil prices, the development of non-oil sectors and economic reform are contributing factors to this growth.

After the cabinet meeting, the UAE, which relies on oil exports for about 30% of its GDP, is setting lofty goals ahead of the COP28 UN climate conference set to take place in Dubai this November. The updated UAE National Energy Strategy, which aims to triple the contribution of renewable energy over the next 7 years, and invest AED150 to AED 200 billion ($40.84 to $54.46 billion) during the same period to meet the country’s growing demand for energy. (Al-Monitor 05.07)

[Back to Table of Contents](#TOC)

* 1. Oman Launches Green Mobility Plan to Reach Net Zero by 2050

Oman plans to fully decarbonize its mobility sector by 2050 through an ambitious three-phase plan by the country’s Transport, Communications, and Information Technology Ministry (MTCIT). The green mobility plan’s first phase would promote the use of EVs in the country through several initiatives, including setting up electric charging stations. Some 145 charging stations will be accessible by the end of the year and a further 250 stations would be operational by 2040. The short-term plan will also include utilizing hydrogen cells for heavy long-distance trucks and promoting the use of biofuels.

The second phase would see the government promote the use of public transport by increasing bus routes and carpool lanes for passenger vehicles and buses. Establishing a link between public transportation to the planned Muscat Metro will also commence after the necessary infrastructure is in place. Other aspects of the second phase include using sustainable aviation fuel, establishing a regional green fuel maritime center, adding hydrogen fueling stations to existing gas stations, and slashing port emissions.

Finally the long-term plan and final phase will see a full transition to environmentally friendly and self-driving vehicles. Passenger vehicles account for c. 60% of emissions from the country’s transport sector in 2021. The sector itself accounts for 18% of total carbon dioxide emissions in the country. Emissions are expected to grow by 41% by 2050 on the back of population growth. (Enterprise 06.07)

[Back to Table of Contents](#TOC)

* 1. More Solar Power on the Way for Morocco

Six consortia have been pre-qualified to establish the 400 MW solar plant Noor Midelt II in the Atlas Mountains, Moroccan renewable energy agency Masen said. Among the companies in the six pre-qualified consortiums: Spain’s Cobra Servicios, Comunicaciones y Energia, Iberdrola, France's EDF Renewables, Italy's Enel Green Power, Belgium's International Power and Saudi Arabia's Acwa Power.

Noor Midelt II is part of the Morocco’s second concentrated solar power (CSP) technology complex, which consists of two solar plants combining thermosolar and PV technology to produce 800 MW of renewable energy with a storage capacity of five hours. In 2019, Masen awarded a consortium led by EDF Renewables and Masdar the first phase of the project. The first phase is still not completed due to disagreements over concentrated solar power (CSP) technologies. Morocco has been pushing to position itself as a hub for renewable energy due to its major solar and wind capabilities. Morocco aims to have 50-52% of its energy come from renewables by 2030, up from the current 38%. (Enterprise 11.07)

ARAB STATE DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Jordanian Cabinet Approves 2022-2024 National Water Strategy

On 9 July, the Jordanian government approved the National Water Strategy for 2022-2024, which followed an extensive study of the Kingdom's water conditions and the marked scarcity in Jordan's limited water sources, amid increasing demand. The strategy features a future planning vision to advance the Kingdom's water sector and address all related challenges to ensure a "safe and sustainable" water supply and "high-quality" services for citizens, in line with requirements of sustainable economic development. To implement the strategy, the Cabinet instructed Ministry of Water and Irrigation to complete the necessary procedures to develop detailed programs, under performance indicators set for this purpose, in coordination with all relevant authorities. (Petra 09.07)

►►Arabian Gulf

[Back to Table of Contents](#TOC)

* 1. Bahrain Secured a Record $1.95 Billion in FDI Inflows in 2022

Securing a new record, Bahrain's Foreign Direct Investment (FDI) inflows increased by $1.95 billion in 2022 while global FDI fell by 12%, according to the latest World Investment Report by the UN Conference of Trade and Development (UNCTAD). Bahrain has made progress in diversifying its economy, growing opportunities for local and international businesses and maintaining steady investor confidence, as well as consistently increasing the Kingdom's FDI inflows.

While economic diversification efforts have long been underway in Bahrain, the Economic Recovery Plan (ERP) formed in 2021 embraced a focused development plan with an overarching aim of enhancing Bahrain's competitiveness on an international level by reprioritizing the economy and underscoring strategies across high value sectors. To ensure the Kingdom remains an attractive destination for investment, Bahrain has recently launched the Golden License as well as continues to maintain an ongoing commitment to streamline commercial procedures on a regulatory front, further boosting Bahrain's business-friendly environment. (BEDB 06.07)

[Back to Table of Contents](#TOC)

* 1. Qatar Investment Authority Buys 5% of Washington Sports Owner

The Qatar Investment Authority (QIA) has taken a 5% stake in the company that owns Washington’s professional hockey and basketball teams, which includes the National Basketball Association (NBA)'s Washington Wizards. It marks the first investment by a sovereign wealth fund in a US sport and the latest move by a Gulf state to take part ownership in a sports franchise.

The sovereign wealth fund is paying $200 million for a 5% stake in Monumental Sports & Entertainment (MSE), in a deal that values the company — which also owns WNBA’s Washington Mystics and the National Hockey League’s Washington Capitals — at $4.05 billion.

Qatar and other Gulf states, flush with oil and energy revenues, have been increasing their investments in sports in recent years. Qatar hosted the 2022 FIFA World Cup and Qatar’s Sheikh Al Thani is interested in buying the Manchester United soccer club. The Gulf state also acquired French soccer club Paris Saint-Germain in 2011 through its Qatar Sports Investments fund. (Al-Monitor 11.07)

[Back to Table of Contents](#TOC)

* 1. UAE & Japan Sign 23 Agreements and MoUs During Business Forum

The UAE and Japan signed 23 agreements and memoranda of understanding (MoUs) during the UAE-Japan Business Forum, held on 17 July. The agreements aim to bolster economic, trade and investment ties between the two countries in the fields of energy, industry, advanced technology, artificial intelligence, space, health, transport, environmental conservation and circular economy.

The Emirati and Japanese delegations discussed the cooperation in establishing and enabling more partnerships in new economy sectors considered drivers of sustainable development in the two countries. Non-oil bilateral trade between the two countries was valued at $14.7 billion in 2022, a 10% increase compared to 2021. In 2022, re-exports totaled Dhs3.4 billion, non-oil exports amounted to Dhs6.5 billion and imports reached Dhs44.1 billion. Cars topped the list of top five commodities re-exported to Japan in 2022, with a value of Dhs1.3 billion, followed by car devices and supplies valued at Dhs417 million, then tires valued at Dhs274 million. Jewelry and ornaments amounted to Dhs150 million, followed by precious metal scraps at Dhs105 million. (GB 18.07)

[Back to Table of Contents](#TOC)

* 1. Riyadh Receives Duwaiheen Nuclear Advisory Bids

The Saudi Power Procurement Company (SPPC) has received bids for the financial, legal and technical consultancy contracts to prepare and review project agreements related to the procurement of electricity from Saudi Arabia’s first nuclear power plant. The scope extends to signing a power purchase agreement (PPA) with the project company for the planned Duwaiheen nuclear power plant, provisionally called Duwaiheen Nuclear Energy Company. Saudi Arabia plans to build a large-scale nuclear power plant facility as part of its energy diversification agenda. The current status of the main contract to implement the kingdom's first nuclear plant project is unclear.

The kingdom’s first planned nuclear power plant is expected to be procured using a traditional design-and-build model. In September 2016, MEED reported that Saudi Arabia was carrying out technical and economic feasibility studies for the first reactors, and was also looking at possible locations for the kingdom’s first nuclear project, a 2.8GW facility. MEED reported the following year that KA-Care had received requests for information from US firm Westinghouse, France’s EDF and Russia’s Rosatom. It is understood South Korea’s Kepco and a Chinese nuclear power company had also responded to the request for qualifications for the main contract.

Riyadh plans to develop nuclear power through a three-pronged strategy. The majority of the nuclear power capacity will be developed through conventional, large-scale nuclear facilities, such as the one being tendered. The kingdom also plans to develop atomic energy through a series of smaller, system-integrated modular advanced reactor technology (Smart) nuclear power plants in partnership with South Korea. The third pillar of Saudi Arabia’s nuclear energy program will involve mining uranium resources to fuel the plants, as highlighted earlier this year by the energy minister. (MEED 14.07)

►►North Africa

[Back to Table of Contents](#TOC)

* 1. Egyptian Inflation Returns to Near Record After April’s Brief Respite

Egypt's annual urban inflation rose to 32.7% y-o-y in May from 30.6% the month before, according to figures released by state statistics agency CAPMAS. The May reading marks a return to the near record high inflation recorded in March before price hikes briefly cooled in April. Inflation is now once again at its highest since July 2017, when it hit an all-time high of nearly 33%.

Food and beverage prices — the largest component of the basket of goods and services used to calculate inflation — accelerated to 60.0% y-o-y in May from 54.7% the month before, approaching the territory of the all-time high of 62.9% recorded in March. The Central Bank of Egypt (CBE) has not yet released last month’s figures on core inflation, which is often seen as a superior measure of price growth because it strips out volatile items such as food and fuel. Monthly inflation also rose to 2.7% in May — up from 1.7% the month before and matching the figure in March.

With the chance of further currency depreciation, inflation could rise as high as 37% in Q3/23 if the EGP weakens further against the USD. The USD-EGP rate has remained at 30.90 since the middle of March and some analysts now aren’t expecting any movement until at least September. (CAPMAS 09.07)

[Back to Table of Contents](#TOC)

* 1. Egypt Grants Land to Norway’s Scatec for $5 Billion Wind Power Plant

Egypt’s Ministry of Electricity & Renewable Energy signed a $5 billion agreement with Norwegian renewable energy company Scatec to develop a 5 GW wind power plant. The project, which will be realized in Egypt’s West Sohag, aims to contribute to Egypt’s goal of increasing its renewable energy capacity by becoming one of the biggest wind stations in the world. Norway’s investment will play a crucial role in helping Egypt achieve its goal of having renewable energy account for 42% of its overall energy usage by 2030.

The wind power station project in West Sohag is expected to create around 8,000 job opportunities during the construction phase, providing a significant boost to employment in the region. An additional 300 permanent job opportunities will be available once the station is operational.

Egypt’s agreement with Scatec marks another milestone in its plans to boost its wind farm sector. The government recently penned agreements with Emirati-owned Masdar and Saudi-owned ACWA Power to develop two separate ten-gigawatt wind farms. Currently, Egypt’s largest wind farm is the 545 MW facility in Zafarana located in the Red Sea Governorate. (Various 06.07)

[Back to Table of Contents](#TOC)

* 1. Egypt Overtakes Nigeria in Start-Up Capital as Africa Tech Funding Slows

Egypt led in the total equity funding raised by start-ups in Africa from June 2022 to June 2023, toppling Nigeria - the continent's largest economy. Entrepreneurs raised $540 million; although this was a 25% decrease from the $710 million raised the previous year, it was the smallest decline among the big four African countries that raised the most financing.

During the funding heatwave' between June 2021 and June 2022, the Big Four - Nigeria, Kenya, South Africa and Egypt - jointly raised $4.6 billion. This fell to $1.7 billion in the funding slump between June 2022 to July 2023. The fintech sector continued to attract most equity funding, though at a slower pace. The biggest jump by far was recorded in Algeria from $30 million to $150 million, attributable to a single deal - YASSIR's investment in November 2022. (Zawya 13.07)

[Back to Table of Contents](#TOC)

* 1. Tunisia's Threat of Default Looms Large Unless Public Spending Curtailed

With large debt repayments due soon, Tunisia is facing the threat of sovereign default unless the government agrees to devalue the currency and embark on a large fiscal consolidation, meeting the conditions of a prospective IMF deal, Capital Economics said. Unless President [Kais] Saied and his government shift tack soon, Tunisia will struggle to get its IMF deal approved and, in turn, fail to unlock other funds being put on the table by the EU and possibly the Gulf. Without these funds, the threat of a disorderly sovereign default will grow – upcoming large sovereign Eurobond repayments in Q4/23 and Q1/24 could prove to be crunch points.

In October 2022, the Tunisian government had signed a staff-level agreement with the IMF to receive a $1.9 billion loan. However, an IMF executive board approval might not be inked anytime soon given the Tunisian President Saied’s reluctance to embark on economic structural reforms including cuts to public spending and depreciation of the Dinar. In April the government dismissed the terms of the assistance package as unacceptable “diktats”, and this dealt a serious blow to Tunisia’s bonds in international markets and the country’s credit rating. In June, Fitch Ratings downgraded Tunisia's long-term foreign sovereign credit rating further to CCC- from CCC+.

The North African country has proven quite vulnerable to consecutive global economic shocks including the 2020m pandemic and the Russian war on Ukraine. The government debt has reached nearly 80% of the GDP with short term debt accounting for 150% of total foreign reserves. (Zawya 07.07)

[Back to Table of Contents](#TOC)

* 1. Inflation to Plunge Below 2% in 2024 as Morocco’s Economy Bounces Back

After almost three years of breaking records, inflation in Morocco is set to weather in 2024 returning to the recommended below 2% level, according to projections from the Higher Commission of Planning (HCP). HCP data indicated that inflation is set to average 1.8% in 2024, down from 2.8% in 2023. For the second quarter of 2023, the growth rate of consumer prices, although still high, would have slightly decelerated for the first time in six consecutive quarters of continuous increase, growing at a 7.1% year-on-year rate, compared to a 9.1% rise in the previous quarter.

The shift in trend is driven by a significant decline in non-food prices by over 50%. Non-food products are expected to grow at a 1.4% rate, compared to the 3.5% rise in the first quarter. Food prices are also set to grow at a slower rate in the second quarter of 2023, dropping from 17% to 15%.

Domestic demand is expected to make a positive contribution to GDP growth in Morocco in 2024, amounting to 3.1% instead of the estimated one point in 2023. The recovery in domestic demand is due to increased household consumption, which is projected to rise by 1.6%, contributing 1% to economic growth. Improved agricultural income and the sustained trend in external transfers are all factors contributing to the recovery in domestic demand.

Overall, national consumption is projected to grow by 2%, indicating a higher growth rate compared to 2023, and contributing 1.7% to economic growth in 2024. In addition, the expected improvement in the agricultural campaign and reduced demand for live animals should reduce imports. (HCP 12.07)

[Back to Table of Contents](#TOC)

* 1. Morocco's Agricultural Independence to Get Boost from Green Ammonia Plant

Moroccan state-owned phosphates company OCP plans to invest $7 billion in a new ammonia plant using green hydrogen produced from renewable fuel, and experts say the project will be crucial in helping the North African country achieve agricultural self-sufficiency. OCP is a major player in the ammonia market and uses the compound to make fertilizers by generating ammonium phosphate. The company holds 31% of the global market share for phosphates and produces 37.6 million of phosphate rock a year. Last year, OCP's turnover was $11.28 billion, with much of the money being made from exports.

The state-run company is also one of the world’s largest importers of ammonia, spending $2 billion on it last year after the Russian invasion of Ukraine increased global prices, which have since settled as the market stabilized. Ammonia is a key ingredient in nitrate fertilizers, and before the war against Ukraine began, a quarter of the world’s nitrate fertilizers were imported from Russia. After the invasion and when Russia was slapped with international sanctions, OCP had to look for alternative sources for fertilizer compounds. It struck a deal to buy ammonia from North America this year to offset supply problems.

The $7 billion investment in the planned ammonia plant, part of Morocco's strategy to reduce its reliance on fertilizer and energy imports. The facility is being built in Tarfaya in southern Morocco to increase the domestic supply of ammonia but also to export it to other countries. The plant will produce 200,000 tonnes of ammonia a year by 2026, increasing to 1 million tonnes by 2027 and 3 million tonnes by 2032. It will allow OCP to achieve greater production efficiency at low carbon emissions. (Al-Monitor 09.07)

[Back to Table of Contents](#TOC)

* 1. Morocco Attracts 1.4 Million Tourists in June

Morocco’s tourist arrivals reached 6.5 million within the first six months of 2023, with June accounting for 1.4 million visitors, indicate new data from the country’s Ministry of Tourism. The number represents 21% compared to 2019 statistics, the ministry said, adding that the upward trajectory in the tourism sector is confirmed with the figures for the month of June.

Several markets contributed to the positive performance, noted the ministry, detailing that Spain contributed to an increase in tourism arrivals by 79% compared to 2019, followed by the UK (23%), Portugal (16%), and Israel (96%). The ministry also recalled the contribution of tourism in Morocco to Morocco’s economy, stressing that the sector generated $4.19 billion in foreign currency travel receipts at the end of May this year. The number represents an increase of 42%” compared to the same period of 2019.

Among the measures are the signing of numerous partnerships with tour operators and online travel agencies to secure 2.8 million visitors during the summer season alone. (MWN 10.07)

[Back to Table of Contents](#TOC)

* 1. Algeria Ready to Deliver e-Commerce Growth

A new strategic partnership has African e-commerce giant Jumia expanding in a market where signs increasingly point to growth potential: Algeria. In July 2023, Jumia revealed it was collaborating with the Algerian delivery company Nord et Ouest Express to create 50 new collection points across the country of 45 million people. The move arrives as Algeria is forecasted to be the fastest growing e-commerce market in the Middle East and North Africa (MENA) in the coming years, potentially more than doubling in size to reach a market value of $4.5 billion by 2026. That’s positioning companies and startups alike to pursue untapped opportunities in a country long billed as a “closed economy.” )Al-Monitor 15.07)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Turkish Annual Inflation Eases to 38% in June

Türkiye’s annual inflation rate slowed further from 39.59% in May to 38.2% in June, the Turkish Statistical Institute (TÜİK) has said. This marked the lowest annual inflation rate in 18 months. Consumer prices advanced 3.92% in June from May, when the monthly inflation was 0.04%, pushed down by a temporary offer of free gas to households.

Prices increased by 19.77% compared with the end of 2022, TÜİK data showed. The government takes the six-month inflation into account when it decides about an increase in civil servants’ salaries and pensions. Food and non-alcoholic beverage prices rose by 3% month-on-month, for an annualized increase of 53.9%.

Housing prices were up 2.99% last month from May, while transport costs increased by 7.96%. The monthly increase in clothing and health services prices were 1.45% and 1.2%, respectively. Restaurant and hotel prices rose by 4.3% month-on-month. (TUIK 04.07)

[Back to Table of Contents](#TOC)

* 1. Türkiye's Unemployment Rate at Lowest Level Since 2014

Türkiye's unemployment rate decreased to 9.5% in May, the lowest level since March 2014, with a 0.5% decrease from April. The nation's unemployment rate fell by 193,000 people to 3.3 million in May on a monthly basis, official figures from the Turkish Statistical Institute (TÜİK). The unemployment rate for men was 7.7%, while 13% for women in May. The number of employed persons increased by 63,000 to 31,716,000 persons in May 2023 compared to the previous month.

The employment rate was 48.5% without any change. In addition, this rate was 66.0% for men and 31.4% for women. The youth unemployment rate, for the 15-24 age group, was 17%, down 1.6% month-on-month in May. (TUIK 11.07)

[Back to Table of Contents](#TOC)

* 1. Turkish Automotive Exports Surpass $3 Billion in June

The Turkish automotive industry’s exports grew by 9% year-on-year in June to more than $3 billion, according to the Automotive Industry Exporters’ Association (OİB). For a third time this year, monthly exports were above the $3 billion mark. The share of the automotive sector in Türkiye’s export revenues was 16.7% in June, making it the largest exporting industry. Passenger car exports grew 12% to $984 million, while bus, minibus and midibus exports were up 45% to $205 million.

Passenger car shipments to France, Spain and Poland grew by 18%, 112% and 34%, respectively, but exports to Italy and the U.K. fell by 2% and 28%. The automotive supplier industry’s export revenues remained unchanged from June last year to stand at $1.19 billion. France was the top export market for local carmakers. The industry’s total exports to France amounted to $400 million in June, rising 10% from a year ago. Exports to Germany were down 4% to $388 million. The U.K.’s imports from the Turkish automotive industry stood at $284 million, unchanged from June last year. Exports to Israel and Russia increased by 129% and 82% to $81.2 million and $81.6 million, respectively. The EU’s share in the industry’s exports was nearly 68% or more than $2 billion in June.

In the January-June period, the industry’s export revenues amounted to $17.3 billion, rising 13.7% from the first half of last year. Local revenues from passenger car exports increased by 19% in H1/23 to $5.45 billion, while the suppliers' export revenues exhibited an annual increase of 11% to $7.2 billion. The monthly average export revenue of the automotive sector was $2.9 billion this year, OİB said. (OIB 08.07)

[Back to Table of Contents](#TOC)

* 1. Nicosia Squeezes into IMD Smart City Index

Nicosia was included for the first time in the smart cities index report but scored low marks ranking 117 from 141 competitors, according to the [IMD Smart City Index 2023](https://imd.cld.bz/IMD-Smart-City-Index-Report-20231/28/). Cyprus’ divided capital received a CC grade for the Structures pillar and a C for Technologies. From a list of 15 indicators of priority areas, the biggest was road congestion (67.2%), followed by affordable housing (51.3%) and corruption, security both has 45.4%. Cypriots were least worried about social mobility 8.4% and basic amenities 11.8%. Nicosia Municipality said that notable points from the research include the high priority given to road congestion.

In the Structures pillar of the Health & Safety category, 69.5% of citizens consider the coverage of sanitation needs in the poorest areas significant, and 47.1% consider recycling services important. Public safety follows at 48.3%. Only 13% said traffic congestion is not a problem in the Mobility sector, and 15.3% thought public transportation satisfactory.

Zurich was one of six cities classed as “super-champions”, having shown continuous improvement or year-upon-year stability. Produced by the Smart City Observatory, the index seeks to discover how technology enables cities to achieve a higher quality of life for their inhabitants. For Nicosia, life expectancy was 81.2%, and just 15.1% said air pollution was a priority. (FM 11.07)

[Back to Table of Contents](#TOC)

* 1. Cyprus Sees Tourism Soar by 22.7% in June

In a significant boost to Cyprus’ tourism sector, the country experienced a 22.7% surge in tourism arrivals in June 2023 compared to the same month last year. The Statistical Service of Cyprus released the latest data, revealing that a total of 456,985 visitors flocked to the island in June, easily surpassing the 372,324 arrivals recorded in June 2022. The upward trend in tourism continued in the first half of 2023, with a remarkable 32.1% increase in total arrivals from January to June compared to the same period in 2022. The numbers rose from 1,221,382 to 1,613,690 arrivals.

Leading the way in June, the UK remained the top source of tourism, accounting for 34.8% (159,061) of total arrivals. Israel followed with 10.2% (46,402) of visitors, Poland with 6.6% (30,293), Sweden with 5% (22,724), and Greece with 4.5% (20,722).

Holidaying continued to be the main purpose for visiting Cyprus in June, some 81.7% of total visits. Another 12.6% visited friends and relatives, and 5.5% arrived for business-related reasons. A year earlier 82% had visited for holidays, 10.9% were visiting friends or relatives, and 7% arrived for business. (FM18.07)

[Back to Table of Contents](#TOC)

* 1. Greece's Primary Budget Surplus Stood at €2.16 Billion at End of June

The Greek state budget recorded a primary surplus of €2.166 billion in the January-June 2023 period, up from a budget target for a surplus of €415 million and a primary deficit of €3.425 billion in the same period last year, the Finance Ministry said on 17 July. A report on provisional budget execution data said the general government balance showed a deficit of €2.467 billion in the six-month period, against a budget target for a deficit of €4.265 billion and a deficit of €6.548 billion in the same period last year.

Net revenue was €30.87 billion, 4.1% above the target, reflecting higher tax revenue and the collection of €603 million from ANFAs. Tax revenue was €27.3 billion, 8.9% higher than the target, tax returns totaled €3.39 billion, €586 million above the target, while Public Investment Program (PIP) revenue was €2.183 billion, €502 million below the target. Budget spending in January-June was €33.337 billion, €596 million below the target, but €530 million more than the same period last year due to higher interest payments. Regular budget spending was €654 million below the target.

In June, net revenue was €4.62 billion, €1.746 billion below the monthly target, with tax revenue up 7.9% to €4.436 billion. Tax returns totaled €682 million, €127 million higher than the target and PIP revenue was just €231 million in June, €744 million below the target. (eKathimerini 18.07)

[Back to Table of Contents](#TOC)

* 1. Greece's Latest Bond Issue Garners €3.5 Billion

Greece’s first post-election market foray was crowned with success with the issuance of the new 15 year bond garnering strong demand from investors, who priced in the country’s upcoming upgrade to investment grade. In conjunction with the parallel exchange of two bonds maturing in the next two years, Greece remained consistent with its commitment to continued market presence while accelerating the government’s plan to ease short-term financing needs and rapidly reduce Greek debt, sending a message of confidence to the markets and also to the rating agencies.

Therefore, in just one week, with these two moves and in combination with the announcement by Prime Minister Mitsotakis for the early repayment of the two installments of the bilateral loans of the first bailout, planned for mid-December, Greece achieved a very important hat trick. The yield on the new 15-year bond stood at 4.45%, against an original guidance for 4.5%, and the coupon at 4.35%, while bids amounted to €13.4 billion, from which Greece drew €3.5 billion.

The Public Debt Management Agency also proceeded with an exchange of the bond maturing in April 2024, with a yield of 3.45% amounting to €2.5 billion (the 5-year bond from February 2019), and the bond maturing in February 2025, with a 3.375% yield of €3 billion (of the 7-year from February 2018), priced at 100.15. The repayment of part of the two bonds essentially pre-reduces the debt, lightening the country’s financing needs for the next two years. (Various 12.07)

[Back to Table of Contents](#TOC)

* 1. Greece's Workforce is Shrinking

Greek unemployment returned this May to the level of 10.8%, a similar rate to that of May 2004. The latest available Hellenic Statistical Authority data show that the number of unemployed in Greece was 506,000, while in May 2004 they had numbered 517,000, which is roughly on the same level.

What is not similar is the number of employees. With unemployment at 10.6% in May 2004, the country then counted 4.37 million employed people. Today, with a corresponding unemployment rate, it counts 4.19 million people with jobs. Consequently, 190,000 workers are missing from the labor market. The phenomenon is attributed to the shrinking of the country’s population, as well as to the brain drain.

The country’s labor force has today shrunk to 4.7 million, from the 5 million it was before the country entered the bailout process in the early 2010s. Even if the target to reduce unemployment below 8% (a historic low) is met, the country will not reach – without a substantial change in the composition of the population – the number of workers it entered the streamlining effort, i.e. close to 4.6 million. (eKathimerini 17.07)

GENERAL NEWS AND INTEREST

\*ISRAEL:

[Back to Table of Contents](#TOC)

* 1. World Jewry Marks the Three Weeks' Mourning Period

The Jewish mourning period known as “Three Weeks” began on 6 July and ends with the fast of the 9th of Av. Some customs of mourning, which commemorate the destruction of Jerusalem, are observed from the start of the Three Weeks. Jewish mourning customs restricts the extent to which one may take a haircut, shave or listen to music, though communities and individuals vary their levels of observance of these customs. No Jewish marriages or other major celebrations are allowed during the Three Weeks, since the joy of such an event would conflict with the expected mood of mourning during this time. The Three Weeks has a variety of increasing levels of mourning. Some restrictions begin on the 17th of Tammuz, some from the beginning of the month of Av, and some only come into effect the week in which Tisha B'Av occurs.

[Back to Table of Contents](#TOC)

* 1. ‎Tisha B'Av to be Observed on 26/27 July‎

Tish'a B'Av for Hebrew Year 5783 begins at sundown on Wednesday, 26 July 2023 and ends at nightfall on Thursday, 27 July 2023. Tisha B'Av (or the Ninth of Av) is an annual fast day in Judaism, named for the ninth day (*tisha*) ‎of the month of Av in the Hebrew calendar. Tisha B'Av is the culmination of a three week period ‎of increasing mourning, beginning with the fast of the 17th of Tammuz. The fast ‎commemorates the destruction of both the First Temple and Second Temple in Judaism’s ‎holiest site, Jerusalem, which occurred about 656 years apart, but on the same Hebrew ‎calendar date. Accordingly, the day has been called the "saddest day in Jewish history". ‎While the day recalls general tragedies which have befallen the Jewish people over the ages, ‎the day focuses on commemoration of five events: the destruction of the two ancient Temples in ‎Jerusalem, the sin of the ten spies sent by Moses, who spoke disparagingly about the Land of ‎Israel, the razing of Jerusalem following the siege of Jerusalem in 70 CE and the failure of the Bar ‎Kokhba revolt against the Roman Empire.‎

The fast lasts about 25 hours, beginning at sunset on the eve of Tisha B'Av and ending at ‎nightfall the next day. In addition to the prohibitions against eating or drinking, observant Jews ‎also observe prohibitions against washing or bathing, applying creams or oils, wearing leather ‎shoes, or having marital relations. In addition, mourning customs similar to those applicable to ‎the *shiva* period immediately following the death of a close relative are traditionally followed for ‎at least part of the day, including sitting on low stools, refraining from work and not greeting ‎others. The Book of Lamentations (Eicha) is traditionally read, followed by the *kinnot*, a series ‎of liturgical lamentations. ‎

[Back to Table of Contents](#TOC)

* 1. Tel Aviv University Ranked First in Israel by QS World University Ranking

Tel Aviv University was ranked first in Israel in the prestigious QS World University Ranking, TAU announced on 2 July. Tel Aviv University is the largest university in the country with over 30,000 students. The QS World University Ranking includes 1,500 universities from around the world.

According to QS, the results draw on the analysis of 17.5 million academic papers and the expert opinions of over 240,000 academic faculty and employers. For the 2024 ranking, QS introduced three new metrics: Sustainability, Employment Outcomes and International Research Network.

TAU is ranked at the 215th place, first among Israeli schools. The Hebrew University of Jerusalem, the second in the country after TAU, is ranked at the 251th spot. TAU climbed several dozen positions in the 2024 ranking. In 2023, it was in the 260th place. The top three universities in the world ranking are MIT, Cambridge and Oxford. (JP 02.07)

\*REGIONAL:

[Back to Table of Contents](#TOC)

* 1. Islamic New Year 1445 Marked on 18 July 2023

According to the Gregorian calendar, the Islamic new year was celebrated on the evening of 18 July 2023. Muslims all around the world will observe the 1st of Muharram 1445 AH with the individual traditions of their countries.

This new year is celebrated to mark the journey of Prophet Muhammad from Mecca to Medina. Additionally, it is important among the Muslim community, as on the day the first Islamic state was established. The day helps Muslims to understand more about their origin and how the community was consolidated as one. However, the 10th day of the month, known as Ashura, is mourned by Muslims in the remembrance of the martyrdom of Prophet Muhammad’s grandson, Hussain Ibn Ali.

The Islamic calendar is based on the lunar cycle, so the dates of Muharram vary each year in the Gregorian calendar. Muharram is the first month of the Islamic year and its precise start depends on the sighting of the moon.

For UAE Federal authorities, this year the public holiday will begin on Friday, 21 July and create a three-day weekend to Sunday 23 July.

[Back to Table of Contents](#TOC)

* 1. Jordan's Population Reached 11.302 Million at the End of 2022

Jordan's population reached 11.302 million people by the end of 2022, according to the Department of Statistics (DoS). Key to Jordan's population growth is the advancement in healthcare services over the past decades; by the end of last year, there were 22.8 doctors per 10,000 citizens, with 3,063 people per pharmacy and 706 people per bed. As a result, mortality rates have declined and life expectancy has increased to 73.3 for both genders by 2022. Based on the current population growth rate of 2.2%, it would take approximately 31.5 years for the population to double.

In addition to emphasizing the reduced mortality rates, the report showed that the crude death rate declined by 72.7% between 1952 and 2013, while infant mortality dropped from around 122 per 1,000 live births during the 1952-1955 periods to 17 per 1,000 live births in 2017-2018. The report also revealed that social and economic changes have led to a decrease in total fertility rates, as the number of children per female of childbearing age (15-49 years old) dropped from 5.6 in 1990 to 2.7 in 2017-2018.

This shift is reflected in the increase in the average age of first marriage for females, which reached 27.5 in 2022, which has impacted fertility rates in early adulthood. Factors such as women’s increasing pursuit of higher education and growing workforce participation, which reached 13.9% in 2022, have played a significant role in the fertility rate decline.

The 2015 General Census of Population and Housing revealed that minors (under 15 years old) constituted 34.3% of the total population, while the working-age population (15-64 years old) accounted for 62%. The percentage of older adults (65 years and above) was 3.7%. The age dependency ratio was 61.4 in 2022.

Between the 2004 and 2015 censuses, the average household size in Jordan decreased by 11%, from 5.4 individuals to 4.8 individuals, respectively. Based on the current population growth rate of 2.2%, it would take approximately 31.5 years for the population to double. In terms of education, Jordan has made notable progress in reducing the rate of illiteracy from 16.7% in 1991 to 4.9% in 2022. A further, 42.4% of Jordanians attained secondary education or higher last year. (JT 13.07)

ISRAEL LIFE SCIENCE NEWS

[Back to Table of Contents](#TOC)

* 1. ImPact Biotech Receives FDA Designation for Padeliporfin VTP in Pancreatic Cancer

ImPact Biotech was granted Orphan Drug Designation (ODD) for Padeliporfin Vascular Targeted Photodynamic therapy (VTP) by the U.S. FDA for the treatment of patients with locally advanced pancreatic cancer. The Investigational New Drug (IND) application, allowing initiation of the Phase 1 clinical trial of Padeliporfin VTP in patients with locally advanced pancreatic ductal adenocarcinoma, will be submitted later this year and is expected to begin enrollment this year. Padeliporfin VTP has also previously received Fast Track designation and Orphan Drug Designation from the FDA for the treatment of adult patients with low-grade UTUC.

ImPact Biotech is focusing on the development of Padeliporfin VTP as a minimally invasive oncology platform for the treatment of solid tumors, with the potential to offer surgery-like efficacy, combined with healthy-tissue or organ preservation in solid tumors for high-risk surgical patients with unmet needs – either because surgery is not the preferred clinical option, or the risk of surgery is too high.

Nes Ziona's [ImPact Biotech](http://www.impactbiotech.com) is an Israeli biotech organization focused on the development of a minimally invasive novel oncology platform to treat a range of solid tumors with Padeliporfin VTP (Vascular Targeted Photodynamic therapy). ImPact Biotech is implementing a bold strategy concentrating on a range of solid tumors with a high medical need such as UTUC, NSCLC and Pancreatic cancer. (ImPact Biotech 05.07)

[Back to Table of Contents](#TOC)

* 1. Israel's Sheba Medical Center to Develop Booster Vaccines Against COVID-19

Israel's Sheba Medical Center's research institute (SPRI) is part of a JV to develop booster shots to protect patients against several coronavirus variants. SPRI has teamed with the US' National Institutes of Health (NIH) Vaccine Research Center, the Walter Reed Army Institute of Research, and the pharmaceutical company Sanofi. The announcement came after a meeting with the U.S. FDA's Vaccine Selection Committee, with a goal of providing a long-term solution to COVID-19. In the future, the research model will also be applied to other viruses, including influenza, with the aim of preventing future pandemics.

SPRI focuses on multi-disciplinary, multi-faceted collaborative research, and the translation of global infectious disease research into clinical products for rapid deployment in the event of future epidemics and pandemics. (SPRI 06.07)

[Back to Table of Contents](#TOC)

* 1. Append Medical Raises $4.35 Million in Initial Closing of Extended Series A Round

Append Medical has raised $4.35 million as part of an extended series A Round. Investors include participants from the first tranche of the A round as well as new investors, Shoni Health Ventures and ALIVE Israel HealthTech Fund. This funding will be used to support the company's first-in-human trials of Appligator.

Append's Appligator is in development to be a next generation, left atrial appendage (LAA) Elimination System designed to completely close the LAA without metal implants or sealings, eliminate leaking, and as a result help reduce the risk of stroke for Atrial Fibrillation (AF) patients, a major clinical issue and a rapidly growing multi-billion dollar market.

Or Yehuda's [Append Medical](http://www.appendmedical.com) system is designed to prevent blood clot leakage by achieving complete LAA closure thus reducing the risk of stroke in patients with non-valvular atrial fibrillation. Its unique design may allow it to mitigate device-related thromboembolism risk by leaving minimal foreign material at the closure site. The procedure itself is intended to be simple, fast and requiring less pre-procedure planning. (Append Medical 06.07)

[Back to Table of Contents](#TOC)

* 1. MediWound Positive Study Results for the Treatment of Basal Cell Carcinoma

MediWound announced positive data from its Phase I/II study to evaluate the safety and efficacy of MW005 in the treatment of low-risk Basal Cell Carcinoma (BCC). The data show MW005 to be safe and well-tolerated, with patients achieving complete clinical and histological clearance of their target lesions.

The Phase I/II study is an open-label, multi-centered, randomized clinical trial designed to evaluate the safety and efficacy of MW005 in patients with BCC. All of the patients enrolled in the study had histologically confirmed superficial or nodular BCC. Enrolled patients received seven topical applications of MW005 once every other day for fourteen days. Eight weeks following the last treatment, all patients underwent a complete excisional biopsy. The excised specimen was subjected to an independent histological clearance examination. The study’s endpoints include safety and tolerability measurements, as well as efficacy assessments, as measured by the proportion of patients who reach clinically and histologically confirmed complete clearance. Results showed MW005 to be safe and well-tolerated, with a high level of patient compliance.

Yavne's [MediWound](http://www.mediwound.com) is a leader in next-generation enzymatic therapeutics focused on non-surgical tissue repair. Specializing in the development, production and commercialization of solutions that seek to replace existing standards of care, the Company is committed to providing rapid and effective biologics that improve patient experiences and outcomes, while reducing costs and unnecessary surgeries. (MediWound 10.07)

[Back to Table of Contents](#TOC)

* 1. SimpliiGood Introduces Nutritionally Dense Plant-Based Chicken Nuggets

SimpliiGood by AlgaeCore Technologies unveiled a breaded chicken cutlet analog composed primarily of the nutritious microalgae spirulina. The plant-based version of a breaded cut of chicken not only takes on the appearance, flavor, and structure of real chicken breast but also possesses a naturally dense nutritional profile that could outpace that of real chicken. This could solve one of the greatest hurdles of the alt-protein movement.

Catering to the growing field of "meatless meat," the novel cut is composed of 80% pure, fresh, minimally processed spirulina microalgae, to which is added prebiotic fibers. The new adaptation offers health and environmentally conscious consumers a highly nutritious, clean-label, alternative to chicken nuggets and brings a new point of versatility to the way the highly concentrated nutrition of microalgae can be consumed. It will also be instrumental in edging the industry closer to satisfying the palate's craving for a meaty "umami" experience and heightening the enjoyment of plant-based alternatives.

Ra'anana's [SimpliiGood](http://www.simpliigood.com) is a vertically integrated company that cultivates its spirulina in green house ponds within the sun-drenched southern desert region of Israel. It is currently ramping up its capacity to produce 250 tons of spirulina per year, with a harvest every 24 hours, making it a highly commercially viable plant-based protein source. SimpliiGood recently joined forces with international plant nutrition giant Haifa Group in a move to further bolster its supply chain, leveraging their ready-to-use nutrient mixtures for wider commercial production. This move will help ensure security and price stability for the reliable consistent supply of its raw material and boost time-to-market of its microalgae innovations. (SimpliiGood 11.07)

[Back to Table of Contents](#TOC)

* 1. Simploud Electronic Notebook Reimagines How Life Science Manages Data

Simploud released the Electronic Notebook (EN), a robust, flexible, and user-friendly solution for managing data, coordinating workflows and facilitating collaborative projects. The new solution expands the benefits of ELN beyond the lab, offering a versatile tool for other functions within life science companies.

The EN is the newest addition to the Simploud platform, which includes the first high-flexibility, low implementation Quality Management System (QMS) and a cutting-edge Laboratory Information Management System (LIMS). The solutions can be used individually, but when used together create a unified platform for life science companies. Some of the key features of the EN include Interactive Notebook, Dynamic Hierarchy, Collaboration and Communication, Compliance and Security and Reporting and Analytics

Tel Aviv's [Simploud](http://www.simploud.com/) is an end-to-end platform for life sciences companies, including eQMS, LIMS and EN solutions. Simploud solutions are customizable for the specific and ever-changing needs of customers, at the cost and implementation time of non-tailored solutions. The Simploud platform is used by companies in life sciences and other industries worldwide. (Simploud 11.07)

[Back to Table of Contents](#TOC)

* 1. Madrid Selects Essence SmartCare for Remote Care Technologies for Senior Citizens

Essence SmartCare announced a strategic agreement with the Community of Madrid, a governmental region in Spain serving Madrid and the surrounding cities, to upgrade remote care services for senior citizens and disabled individuals across the region. The contract was awarded to Essence SmartCare, together with its local branch in Madrid, Essence Interactive Center, by the Madrid Community, after a comprehensive evaluation of the company and its advanced products and cloud services.

Essence SmartCare will bring remote care solutions and capabilities to the majority of the region's vulnerable population. The joint initiative will establish a cohesive infrastructure for care, replacing current analogue systems used for home telecare services with Essence's digital platform. Advanced devices, sensors and services provide information to create a remote care management platform, significantly expanding the possibilities of traditional 'red button' telecare. The new AI-enabled system aims to increase the safety of the elderly by mobilizing the necessary resources tailored to their individual requirements.

Herzliya's [Essence SmartCare](http://www.essencesmartcare.com), part of the Essence Group, develops advanced health and remote monitoring platforms for market-leading healthcare and senior care providers, enabling smart preventive care and emergency response so seniors can live life to the fullest – with total peace of mind. Essence SmartCare helps position companies as progressive, forward-thinking and in touch with the need to enable elderly and vulnerable people to lead more independent and safer lives. (Essence SmartCare 11.07)

[Back to Table of Contents](#TOC)

* 1. NIH Gives $4.2 Million for Development of Pluri’s PLX-R18 for Radiation Syndrome

Pluri signed a three year $4.2 million contract with the U.S. National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH). Pluri will collaborate with the U.S. Department of Defense’s Armed Forces Radiobiology Research Institute (AFRRI)/Uniformed Services University of Health Sciences (USUHS) in Maryland, USA to further advance the development of its PLX-R18 cell therapy as a potential novel treatment for Hematopoietic Acute Radiation Syndrome (H-ARS). H-ARS is a deadly disease that can result from nuclear disasters and radiation exposure.

This contract supports Pluri’s goal to achieve marketing approval for PLX-R18 with the U.S. FDA, which could qualify the product to be purchased for the U.S. Strategic National Stockpile as a medical countermeasure for exposure to radiation. The FDA previously cleared an Investigational New Drug (IND) application for PLX-R18 for the treatment of ARS in the case of nuclear events and granted it Orphan Drug Designation.

Haifa's [Pluri](http://www.pluri-biotech.com) is pushing the boundaries of science and engineering to create cell-based products for commercial use and is pioneering a biotech revolution that promotes global wellbeing and sustainability. The Company’s cGMP-grade technology platform, a patented and validated state-of-the-art 3D cell expansion system, advances novel cell-based solutions for a range of initiatives — from medicine and climate change to food scarcity, animal cruelty and beyond. (Pluri 11.07)

[Back to Table of Contents](#TOC)

* 1. IRIS & AEYE Health Announce Partnership to Provide AI Screening to Market

Pensacola, Florida's Intelligent Retinal Imaging Systems (IRIS), a leader in retinal screening technology, announced a partnership with AEYE Health. Under the agreement, IRIS will license AEYE Diagnostic Screening (AEYE-DS) from AEYE Health, which is an FDA-cleared AI technology that seamlessly integrates with the IRIS Solution.

This partnership allows IRIS customers to use AEYE-DS for the autonomous detection of diabetic retinopathy alongside the IRIS Solution and receive an instantaneous result using only one image per eye. In an FDA clinical study (clearance K221183) for the detection of more-than-mild diabetic retinopathy, the AEYE-DS was found to have 93% sensitivity and over 91.4% specificity using one image per eye captured by the Topcon NW400 fundus camera.

Tel Aviv's [AEYE Health](http://www.aeyehealth.com) is a digital health company that provides fully autonomous, AI-based diagnostic screening solutions for retinal imaging with best-in-class clinical results and superior usability including single-image-per-eye screening. The company aims to make diagnostic screening practical, accurate and accessible. AEYE Health enables point-of-care screening for diabetic retinopathy to ensure that diabetics are regularly screened for diabetic retinopathy. (AEYE Health 11.07)

ISRAEL PRODUCT & TECHNOLOGY NEWS

[Back to Table of Contents](#TOC)

* 1. Buildots Unveils New AI-Assisted Tools to Battle Construction Delays

Buildots announced the launch of Plan Tracker, a new suite of tools that enables managers to accurately plan and track weekly activities and milestones using project-specific data. The system monitors the progress of plans and measures effectiveness, facilitating continuous improvement in performance and adapting to changing realities on the ground in order to avoid construction delays.

The Plan Tracker suite, designed to be seamlessly integrated into existing management processes, comprises two new tools: 'Workplan' and 'Targets', both of which are driven by real-world site progress data and advanced AI algorithms. 'Workplan' allows project managers to break down project plans into smaller tasks, set realistic due dates for each, share the plan with the respective trades, compare actual progress against plans, and use the system-provided feedback to continuously improve performance.

Tel Aviv's [Buildots](http://www.buildots.com) is an award-winning global technology leader leveraging the power of AI and computer vision to modernize the construction industry. Buildots uses hardhat-mounted cameras to capture imaging of every detail of an ongoing project. The data is then analyzed using AI models to transform random visual data into highly accurate, actionable insights that are correlated with the project's designs and schedule. The platform is helping transform construction management, enhance resource efficiency, save management time, and avoid costly errors on construction projects worldwide. (Buildots 06.07)

[Back to Table of Contents](#TOC)

* 1. Addionics Wins UK Research and Innovation SME Credit Competition

Addionics was named a winner of the prestigious SME Credit Competition, part of the UK Research and Innovation (UKRI) funded Faraday Battery Challenge (FBC). From a wide range of applicants with innovative battery technologies, Addionics stood out from the rest due to its proven impact on battery performance and its readiness for widespread commercialization.

Addionics' Smart 3D Current Collectors are laying the foundation for the next generation of batteries, delivering superior energy density, higher power, faster charging times, and a longer lifespan compared to traditional batteries - all at a lower cost. By revolutionizing the physical structure of batteries, Addionics significantly improves the performance of any battery regardless of its chemistry. Already in advanced testing with major OEMs and automakers across North America and Europe, the company's cost effective drop-in solution seamlessly integrates into existing production facilities, allowing battery manufacturers and automakers to increase production capacity while reducing manufacturing costs.

Tel Aviv's [Addionics](http://www.addionics.com) is a battery technology company providing Smart 3D Current Collectors for the next generation of batteries. While other battery companies focus on improving the chemical composition of batteries, Addionics has revolutionized the physical structure of the battery, significantly improving the performance of any battery regardless of its chemistry. Addionics' low-cost drop-in solution seamlessly integrates into existing production facilities, allowing battery manufacturers and automakers to increase production capacity while reducing manufacturing costs. (Addionics 06.07)

[Back to Table of Contents](#TOC)

* 1. Deepdub GO - a Generative AI Studio Platform for Video & Audio Localization

Deepdub announced the launch of Deepdub GO, a new AI-powered audio-video localization and creation platform for businesses, advertising agencies, online learning platforms, and content creators. Deepdub initially developed its proprietary AI technology for the entertainment industry and has collaborated with Hollywood studios on dozens of film and television projects, including shows that are currently streaming on Hulu and Amazon Prime. With the launch of Deepdub GO, the company is now bringing high-quality and scalable video localization to a wide range of industries for the first time.

The new Deepdub Go platform delivers unparalleled voice quality and emotional resonance. It's equipped with human-like sound, first-of-its-kind emotion-prompting and voice-guiding technology, and a robust composer for high-quality voice cloning. The professional platform's capabilities extend to editing voice characteristics, languages, and translations, in addition to other powerful editing features such as controlling duration and word count for lip-sync adjustment. In addition to cloning the original voice, users can choose from thousands of platform voices across 65 languages to match any style.

Tel Aviv's [Deepdub](https://deepdub.ai) aims to bridge the language barrier and cultural gap of entertainment experiences for international audiences across TV, Film, Advertising, Gaming and e-learning. They provide a high-quality, end-to-end localization service for the entertainment industry, using deep learning and AI algorithms. Deepdub's team consists of technology entrepreneurs, engineers, and scientists, as well as dubbing and post-production specialists with extensive industry experience. (Deepdub 06.07)

[Back to Table of Contents](#TOC)

* 1. Silicom Launches Edge AI Product Line and Partnership with Hailo

Silicom announced the first in a new line of Edge AI products, the first fruit of a new partnership that it has formed with Hailo, a leading Artificial Intelligence (AI) chipmaker. The new product line integrates Hailo's AI-accelerators into Silicom's existing Edge platforms, thereby solving performance challenges for Edge AI use cases. As a result, Silicom's products will be able to offer visual processing and AI inference at the edge at a uniquely attractive price/performance ratio.

Tel Aviv's [Hailo](https://hailo.ai/), an AI-focused chipmaker, is developing specialized AI processors that enable data center-class performance on edge devices. Hailo's processors are the product of a rethinking of traditional computer architecture, enabling smart devices to perform sophisticated deep learning tasks such as object detection and segmentation in real-time, with minimal power consumption, size, and cost.

Kfar Saba's [Silicom](http://www.silicom.co.il) is an industry-leading provider of high-performance networking and data infrastructure solutions. Designed primarily to improve performance and efficiency in Cloud and Data Center environments, Silicom's solutions increase throughput, decrease latency and boost the performance of servers and networking appliances. (Silicom 06.07)

[Back to Table of Contents](#TOC)

* 1. Elbit Systems Awarded $114 Million Contract for Long-Range Patrol Aircraft

Elbit Systems announced that it was awarded a contract worth approximately $114 million with an Asian-Pacific country to supply two long-range patrol aircraft (LRPA) equipped with an advanced and comprehensive mission suite. The contract will be carried out over a period of five years. The two LRPA aircraft will be based on new ATR 72-600 and Elbit Systems will integrate in each aircraft a mission suite that includes a Mission Management System, Electro-Optics, Radar, SIGINT, Communication and more.

Haifa's [Elbit Systems](https://elbitsystems.com) is an international 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, 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 10.07)

[Back to Table of Contents](#TOC)

* 1. Vueron Chooses Cognata to Advance LiDAR Perception Software for ADAS & AV

Korea's Vueron, a leading LiDAR perception software provider, has chosen Cognata, a renowned ADAS and AV simulation software provider, as its trusted simulation partner to accelerate advancements in LiDAR perception software for autonomous driving systems.

By selecting Cognata as its simulation provider, Vueron gains access to Cognata's industry-leading ADAS and AV simulation software, enabling them to enhance the testing and validation of their LiDAR perception algorithms and ensuring their reliability and performance in real-world scenarios. This collaboration aims to expedite the development and validation of perception algorithms for autonomous driving systems. Vueron and Cognata are a powerful combination that can be used to accelerate the development and testing of autonomous vehicles.

Ness Ziona's [Cognata](http://www.cognata.com/) is a renowned ADAS and AV simulation software provider. Their advanced simulation platform empowers developers with realistic and scalable testing and validation capabilities for autonomous driving systems. Cognata stands out in the industry for its ability to provide a fast lane to autonomous driving through cutting-edge technology and extensive industry expertise. By leveraging artificial intelligence and computer vision, Cognata shaves off valuable development time, accelerating the engineering capabilities of autonomous and ADAS systems. (Cognata 10.07)

[Back to Table of Contents](#TOC)

* 1. vHive Groundbreaking Turnkey Solution for the Wind Turbine Inspection

vHive announced its innovative turnkey capabilities for the wind turbine industry. Leveraging its patented autonomous data capture technology, vHive enables precise and rapid capture of wind turbines at scale, reducing downtime and improving operational efficiency.

Traditional methods of capturing wind turbine field data such as climbing, ground-based zoom photo capture, and manual drone piloting have been time-consuming and costly. vHive's turnkey solution facilitates scalable and fast inspections without the typical need to repeatedly rotate the blades to inspect each of them independently. By leveraging low-cost, off-the-shelf hardware powered by vHive's autonomous multi-drone technology, downtime is significantly reduced. With drone pilot-independent operations eliminating the need for professional pilots and increased accuracy through AI.

Herzliya's [vHive](http://www.vHive.ai) is a global leader in digital twin software solutions. The company accelerates enterprises' continuous digital transformation, enabling them to make better decisions based on accurate field data, analytics and insights. vHive's leading software solution enables enterprises to deploy autonomous drone hives to digitize their field assets and operations. The company's solution is making an impact in various industries by seeking to dramatically cut operational costs, generate new revenue opportunities and boost employee safety. (vHive 11.07)

[Back to Table of Contents](#TOC)

* 1. OX Security Named a 2023 Gartner Cool Vendor for Security Practices

OX Security has been named a Cool Vendor by Gartner, in the research firm's 2023 Cool Vendors in Platform Engineering for Scaling Application Security Practices report. OX Security was named a Gartner Cool Vendor for making it easier to orchestrate security workflows and provide visibility into the software supply chain.

OX recently launched OX-GPT, the first AppSec ChatGPT integration, which gives developers full transparency with respect to identified risks and customized cut and paste code fixes. Developer adoption of OX-GPT has been rapid, with some users seeing an almost 80% decrease in false positives and a 40% increase in the resolution of critical issues.

Tel Aviv's [OX Security](http://www.ox.security) believes that security should be an integral part of the software development process, not an afterthought. OX security is the first and only platform to scan the entire software supply chain - from code to cloud to code - eliminating any blind spots and delivering complete visibility, context, prioritization of security issues, all in a single pane of glass. Through a combination of best practices from risk management and cybersecurity and a user experience focused on developers, OX makes software supply chain security processes effortless to manage and to adopt. (Ox Security 11.07)

[Back to Table of Contents](#TOC)

* 1. RADCOM Launches a Virtual Drive Test Solution for the 5G Mobility Experience

RADCOM launched its cloud-native RADCOM Virtual Drive Test (VDT) solution as part of the RADCOM ACE platform for 5G to significantly reduce drive test costs, boost the nationwide mobility experience for subscribers and improve 5G service coverage 24/7 based on real user insights. RADCOM VDT is powered by Continual's leading mobility experience analytics, acquired by RADCOM. The solution uses advanced AI to accurately reconstruct subscriber routes (roads, highways, railways) and assign each route segment with quality scores without needing GPS or geographical data. The solution empowers engineering teams with the ability to define and launch virtual drive test 'campaigns' that analyze digital network datasets.

Virtual Drive Test runs on multiple public cloud providers and integrates with their services to ensure cloud and resource efficiency. The solution can run on the operator's own private cloud or as a Software-as-a-Service (SaaS). This allows operators to deploy VDT in the business model that suits their needs. Being part of RADCOM ACE, VDT combines user and control plane data, and Radio Access Network (RAN) call traces and feeds to offer operators a unified solution for 5G mobility experience analytics, E2E subscriber analytics, and advanced troubleshooting.

Tel Aviv's [RADCOM](http://www.radcom.com) is the leading expert in 5G ready cloud-native network intelligence solutions for telecom operators transitioning to 5G. RADCOM Network Intelligence consists of RADCOM Network Visibility, RADCOM Service Assurance, and RADCOM Network Insights. The RADCOM Network Intelligence suite offers intelligent, container-based, on-demand solutions to deliver network analysis from the RAN to the core for 5G assurance. (RADCOM 11.07)

[Back to Table of Contents](#TOC)

* 1. Laminar New Data Security Platform Solutions for Multi-Cloud and SaaS

Laminar announced new data access governance (DAG) and data detection and response (DDR) functions to its Laminar Data Security Platform, making it the first solution on the market to deliver complete identify, protect, detect and respond capabilities for multi-cloud and SaaS data security. Laminar is now the only data security provider to integrate all critical data security functions – data landscape intelligence, data security posture management (DSPM), DAG, DDR and compliance – in a single, integrated platform.

The addition of DAG and DDR to the Laminar Data Security Platform provides benefits to organizations. Data Access Governance (DAG) reduces exposure and minimizes the blast radius from data leaks by controlling user and machine access to sensitive data and ensuring least privilege. Data Detection and Response (DDR) alerts on data breaches and other anomalies as they occur to quickly contain any active threats and minimize the potential damage for businesses.

Tel Aviv's [Laminar](https://laminarsecurity.com) is the leading agile data security platform and provides organizations with the visibility and control they need to achieve data security, governance, and privacy in the cloud. Their cloud-native data security solution continuously discovers and classifies all cloud data, structured and unstructured, across managed and self-hosted data stores, including unknown shadow data, without the data ever leaving your environment. It analyzes access, usage patterns and security posture, and provides actionable, guided remediation for data security risk. (Laminar 12.07)

[Back to Table of Contents](#TOC)

* 1. Anecdotes' New Analysis Engine Unlocks Configurable Deep Data Analysis Capabilities

Anecdotes the launch of its Analysis Engine, empowering its customers to attain proactive GRC monitoring. With the introduction of the new engine, users gain access to robust analysis capabilities that automatically detect gaps in their data and provide deep visibility into their Compliance posture. It offers a library of over 200 pre-defined Analysis Rules based on the CIS Benchmarks and, in line with anecdotes' enterprise-ready approach, allows users to configure their own rules to align with their organization's unique requirements.

Building upon the foundation of the anecdotes Data Infrastructure, the powerful new analysis engine enables organizations to apply rules on automatically collected and standardized Compliance datasets. These rules, either from a pre-defined library or configured by the organization, are used to analyze the organization's GRC data and provide an up-to-date view of the organization's posture, notifying of any gaps and their impact. The ability to perform such granular and customized analysis automatically, means that the organization always has a clear understanding of whether it is meeting its own requirements.

Tel Aviv's [anecdotes](http://www.anecdotes.ai) is the leading technology provider for Compliance leaders. Powered by data, the anecdotes Compliance Operating System (OS) transforms security Compliance from a box-ticking exercise into a powerful driver of growth. With a variety of applications powered by verified data, Compliance leaders, as well as advisory firms and auditors, can turn manual, time-consuming, and siloed tasks into an automated, continuous, and strategic Compliance program. (anecdotes 12.07)

[Back to Table of Contents](#TOC)

* 1. Melodea's Sustainable Barrier Coating Boosts Food Packaging Recyclability

Rehovot's [Melodea](https://melodea.eu/), a leading sustainable barrier coatings producer for packaging, introduces its newest innovation, MelOx NGen. MelOx NGen is a high-performance barrier product specifically engineered to allow for the recyclability of plastic food packaging and beyond. In addition to its excellent eco-profile, the new barrier has proven superior in its key role of maintaining food freshness and substantially reducing plastic waste.

MelOx NGen is a water-based, plant-sourced coating designed to line the inside surface of numerous forms of plastic food packaging such as films, pouches, bags, lidding and blister packs used to house CPG products and is currently being rolled out to the global plastic industry. Approved by FDA and BfR as compatible for food contact, the coating helps protect and extend the shelf-life of foods such as snacks, confectionary, nutrition bars, meats, and dairy products as well as pharmaceuticals.

Melox NGen is a new iteration of Melodea's award-winning bio-based and renewable material MelOx for paper packaging but designed specifically for use on plastic. Used to line packaging as a transparent layer, it offers a sustainable and cost-effective alternative to petroleum-based Ethyl Vinyl Alcohol copolymers; - EVOH which are currently widely used in packaging for its food preservation properties as well met-PET plastic materials commonly used to produce lids. (Melodea 12.07)

[Back to Table of Contents](#TOC)

* 1. Incredibuild Granted US Patent for Game-Changing Build Cache Technology

Incredibuild announced that the US Patent and Trademark Office (USPTO) has issued U.S. patent 11687362 for its innovative Build Cache technology, under the technical title, Storage and Reuse of Computing-Task Outputs Using System-Call Interception. The patent covers Incredibuild's first-of-its-kind Build Cache technology, which empowers software developers and enables build servers to reuse intermediate and final cached artifacts that were already compiled elsewhere in the organization, rather than rebuilding them. Incredibuild's complementary distributed processing technology distributes tasks that need to be re-executed across hundreds of idle CPUs in either the local network or public cloud.

Incredibuild's Build Cache technology requires no familiarity with a specific tool or workload and can thus support countless tools and use cases. This virtualization-based technology acts as a bridge between any process and operating system, tracking all process activities and determining whether cached artifacts can be reused instead of re-executing the task. This universal methodology aligns with Incredibuild's holistic, scalable approach to sharable caching, build acceleration and visualization.

Tel Aviv's [Incredibuild](http://www.incredibuild.com) has created the industry's leading hybrid acceleration platform for C++ and AAA game development processes – compilations, CI/CD builds, and more. Its Virtualized Distributed Processing technology seamlessly recruits idle CPUs across a local network or public cloud to turn every dev host or build server into a supercomputer with hundreds of cores. (Incredibuild 13.07)

[Back to Table of Contents](#TOC)

* 1. AU10TIX App Minimizes In-Person and Point of Sale ID Fraud Risk

AU10TIX launched the AU10TIX App, empowering customer-facing businesses with automated, in-person and point of sale (POS) identity and age verification capabilities. The app enables companies to securely verify IDs in the field within 4-8 seconds, enhancing the customer experience and accelerating sales. AU10TIX's plug-and-play app enables the secure verification of IDs within 4-8 seconds, enhancing the customer experience

The AU10TIX app provides the ability to rapidly verify age and ID documents from around the world. It also incorporates biometric checks and advanced AI and machine learning technology to eliminate identity fraud risk. Each business can define its own process based on its specific needs. The plug-and-play app requires no setup, is user-friendly, and can be customized or branded to meet specific business requirements. Its advanced fraud detection capabilities also ensure compliance with KYC regulations.

[AU10TIX](http://www.AU10TIX.com), a global leader in identity verification and management technology, is on a mission to obliterate fraud and further a more secure and inclusive world. The company provides critical, modular solutions to verify and link physical and digital identities so businesses and their customers can confidently connect. AU10TIX's proprietary technology provides results in less than 8 seconds, enabling businesses to onboard customers faster while preventing fraud. (AU10TIX 13.07)

[Back to Table of Contents](#TOC)

* 1. XTEND & ModalAI Revolutionize Advanced Human and Machine Collaboration

XTEND announced a multi-layered partnership with San Diego's ModalAI, the leading Blue UAS Framework manufacturer of autonomous drone and robotics technology. The partnership will see XTEND make available their award-winning XOS operating system on ModalAI's technology, and XTEND's range of revolutionary human-guided autonomous drones become tightly fused with ModalAI's industry leading VOXL 2 Autonomous AI Autopilot, supercharging both sets of users' ability to complete advanced robotics missions successfully.

Scalable and infinitely flexible, XTEND's Operating System (XOS) provides users with an easily deployable operating system for their drones or robots. Giving any device the ability to connect to and benefit from the extraordinary capabilities of XOS's growing application ecosystem to enable true human and machine collaboration, on the ground, in any scenario. XTEND's XOS app store is open to third-party app developers and enables users to run 3rd party applications on their devices, including applications for multiple mission types, including apps that can control a drone's position and extract data, control payloads - such as robotic claws or advanced gas or cyber detectors, or inspect faulty oil and gas industrial infrastructure.

Tel Aviv's [XTEND](https://www.xtend.me/) provides revolutionary human-guided autonomous machine systems that enable any operator to perform extremely accurate maneuvers and actions, in any environment with minimal training. The company's patented XOS operating system fuses the best of human intelligence and machine autonomy to enhance the operator's abilities, and simultaneously reduce the need for physical confrontation, thereby minimizing casualties and injuries. (XTEND 12.07)

ISRAEL ECONOMIC STATISTICS

[Back to Table of Contents](#TOC)

* 1. Israel's June Inflation Level Far Lower than Expected

Israel’s Consumer Price Index (CPI) reading for June was far lower than expected. The index had been expected to show a rise of 0.2%-0.3%, but instead it was unchanged. The annual rate of inflation fell to 4.2% from 4.5% and is expected to fall even further in the coming months.

Prominent price increases in June included food, which rose by 0.6%, healthcare which rose by 0.4% and education, culture and entertainment, which rose by 0.2%. Prominent price decreases in June include fresh fruit and vegetables, which fell by 4.6%, clothing and footwear, which fell by 3% and furniture and household equipment, which fell by 0.8%.

The Home Price Index shows that in April-May 2023 prices of new and secondhand homes fell by 0.3% in comparison with March-April 2023. In the breakdown by region, prices rose in Jerusalem and were unchanged in the north and Haifa. Housing prices fell by 0.1% in Tel Aviv, fell 1.1% in the center, and 0.5% in the south. The Home Price Index was up 7.6% in April-May 2023 in comparison with April-May 2022. The index of new home prices rose by 8.8% in that period. (CBS 14.07)

[Back to Table of Contents](#TOC)

* 1. Israel's Gas Reserves Grew by 40% Over the Past Decade

Israel's natural gas reserves have grown by 40% over the past decade due to increased drilling and exploration activities, an industry report said, even as production soared. The growth came amid five-fold growth in offshore gas production since the start-up of Israel's first major producing Tamar field in 2013, the report prepared by consultancy BDO for the Israeli Natural Gas Trade Association said. Israel's gas reserves grew from 780 billion cubic meters (bcm) in 2012 to 1,087 bcm at the end of 2022, while 119 bcm was extracted over the same period, the report said.

The growth in reserves was due to several new discoveries, including Energean's Olympus field, which has been renamed Katlan, as well as further exploration activity around hubs including the Chevron operated Leviathan field. The eastern Mediterranean has seen rapid expansion of natural gas production over the past decade, following the discovery of major resources off Israel and Egypt. The gas is supplied to the region via pipelines and in Egypt it is exported via gas liquefaction terminals. (Reuters 22.07)

[Back to Table of Contents](#TOC)

* 1. Israel's Fiscal Deficit Widened at the End of June

The Ministry of Finance's Accountant General Division announced that Israel's fiscal deficit widened to 0.9% of GDP at the end of June 2023, amounting to NIS 15.4 billion over the past 12 months. Israel's fiscal deficit had widened from 0.6% of GDP, or NIS 10.7 billion, in the 12 months ending May 2023, and 0.03%, or NIS 4.9 billion in the 12 months ending April 2023.

In June alone the fiscal deficit amounted to NIS 6.2 billion, compared with a fiscal deficit of NIS 1.5 billion in June 2022. The fiscal surplus since the start of 2023 has withered to just NIS 6.7 billion from NIS 13 billion at the end of May.

State revenues in the first six months of 2023 have fallen 4.5% compared with the corresponding period of last year, when revenues were especially high. State revenues from real estate taxes reflected the problems in the market. Revenue from this sector amounted to NIS 1.1 billion in June 2023, down 56% from NIS 2.5 billion in June 2022. Betterment tax collection fell 52% and real estate purchase tax fell 61% compared with last June. Real estate tax collection hit its lowest level since the start of 2021. At the same time, state expenditure rose by 6.9%, so the widening fiscal deficit was due to a fall in revenues and rise in expenditure. (Globes 09.07)

[Back to Table of Contents](#TOC)

* 1. Average Salary in Israel Rises by 5.3%

The average monthly gross salary of employees in Israel rose by 5.3% in May 2023 to NIS 12,009, compared with May 2022, the Central Bureau of Statistics reported. Almost the entire rise was eroded by inflation, which was 4.6% over the 12 month period. The average monthly gross salary in May fell from NIS 12,622 in April 2023.

In the tech sector, the average salary in April 2023 was NIS 29,219, up 5.4% from April 2022 but down from NIS 31,685 in March 2023. However, due to inflation tech sector salaries were also eroded. The number of salaried positions in the tech sector in April 2023 was up 2.6% from April 2022.

Between May 2022 and May 2023, the number of salaried jobs in the Israeli economy grew by 1.1%, lower than the 2% by which the population grew over that period. The number of jobs rose by 1.3% between April 2023 and March 2023, reflecting the slowdown in the economy. (Globes 05.07)

[Back to Table of Contents](#TOC)

* 1. Tourism to Israel Remains 13% Below Pre-COVID Levels

During H1/23, Israel's incoming tourism figures were 13% below pre-COVID levels seen in 2019, 2023, according to the latest figures from the Central Bureau of Statistics. Some 2.11 million foreign visitors entered Israel in the first six months of 2023, compared with 1.04 million visitors in the first half of 2022, when COVID restrictions were still in force, and the record 2.42 million visitors in 2019, before the pandemic. In June 2023, 355,200 foreign visitors entered Israel including 322,900 tourists who stayed at least one night. This compares with 252,300 foreign visitors in June 2022 and 384,000 in June 2019.

Israel recorded 2.9 million entries into the country in 2022, of which 2.7 million were tourists who stayed at least one night. Restrictions on the entry of foreign tourists into Israel were only fully removed in May 2022 and as a result tourist numbers still have a long way to go to surpass the record 4.9 million entries into Israel in 2019 before the pandemic, including a record 4.5 million tourists who stayed at least one night.

At the same time the number of Israelis traveling abroad exceeds pre-pandemic levels. In the first six months of 2023, Israelis made 4.5 million trips abroad, reports the Central Bureau of Statistics. In June 2023, Israelis made 979,400 trips abroad. (Globes 06.07)

[Back to Table of Contents](#TOC)

* 1. Number of Arab Israeli Women Graduates Doubles in a Decade

According to the Labor Market Report for 2022 released by the Ministry of Labor, Social Affairs and Social Services, over a decade there has been a dramatic rise in the number of Arab Israeli women acquiring higher education, which has translated into greater participation in the labor market.

In 2020, the report states, a quarter of Arab Israeli women aged 30-34 held academic degrees, double the proportion in 2010, when just 13% of Arab Israeli women in this age group held degrees. In the 29-31 age group, the proportion of those with degrees reached 27% in 2020.

The figures are in line with those of the Council for Higher Education in Israel, which also show a substantial rise in the number of female Arab Israeli students. The proportion of women among Arab Israelis studying for a first degree has remained steady in recent years at about 69%, but the proportion of Arabs in the undergraduate student body as a whole has risen from 16% in 2014 to 20% today, almost the same as their proportion in Israel’s population.

The general level of participation in the workforce by Arab Israeli women, which historically has been very low in comparison with women in other sectors, has also risen significantly. According to the Labor Market Report, in 2014, participation in the workforce by Arab Israeli women was just 33%. This compared with a rate of 69% among Haredi (ultra-Orthodox Jewish) women and 78% among non-Haredi Jewish women. By 2022, the rate of participation among Arab Israeli women jumped to 42%. (Globes 05.07)

[Back to Table of Contents](#TOC)

* 1. Israel's Foreign Currency Reserves Climb Back Above $200 Billion

The Bank of Israel announced that Israel’s foreign exchange reserves at the end of June 2023 stood at $201.891 billion, an increase of $2.270 billion from their level at the end of May. The level of the reserves relative to GDP was 38.9%. The increase was the result of a revaluation that increased the reserves by about $2.957 billion. The increase was partly offset by government transfers abroad totaling $660 million and private sector transfers totaling $27 million.

The Bank of Israel has continued in 2023 making no foreign currency purchases, as was also its practice last year, when it purchased only $356 million in foreign currency. But in 2021, the Bank of Israel purchased $35 billion in foreign currency to help exporters, by moderating the strengthening of the shekel. Israel's foreign exchange reserves reached a record $213 billion in December 2021. (BoI 06.07)

IN DEPTH

[Back to Table of Contents](#TOC)

* 1. MENA Startups Raised $35.6 Million in June, Pushing Half Year Total to $1.6 Billion

[**Wamda**](https://www.wamda.com/author/wamda) reported on 2 July that startups in MENA raised $35.6 million in June 2023 across 45 deals, pushing the half year funding total to $1.6 billion. While May was a rebound month for investment in the region, June has been less dazzling, marking a 92% decrease month-on-month. However, if we exclude Tabby’s $350 million debt financing round announced in May, then this monthly decline falls to 62.5%.

Saudi Arabia ranked first in terms of the funding value with $25 million across 12 rounds. UAE was a distant second, with its startups attracting $6 million spread over 20 rounds. Egyptians startups were the third largest recipients of capital thanks to Egypt’s trucking marketplace Trella’s $3.5 million round.

Sector-wise it was fintech that attracted the most number of deals with seven startups raising $3 million, but it was the foodtech space that secured the most funding with just over $20 million raised across four startups, accounting for 56% of the total raised. Other sectors that gained investor attention were logistics, e-sports and mobility.

Late-stage venture capital activity witnessed a major slowdown, as well-capitalized startups continue to be frugal with spending and conserve cash amid a tighter fundraising environment. Seed and pre-Seed rounds were not insulated from the funding crunch. In fact, June’s fundraises were dominated by grants and accelerator funding and it was due to this that nine female-founded startups managed to secure investment, compared to just one in May.

**January to June 2023**

Half year investment (including debt) has dropped by more than 21% from $2 billion in 2022 to a little under $1.6 billion this year. Without debt, this drop is more substantial at 46%, marking a stark slowdown in equity investing in MENA. While investor hesitancy was noticeable in the first quarter of this year, following the consequences of the war in Ukraine, rise in interest rates and decline of economic growth globally, it is in the second quarter that we see the true impact. Quarter-on-quarter investment was down by 56% and deal count fell by 30%. Q2 investments this year were down by a staggering 83% when compared to the same period in 2022.



The growing difficulty in raising investment has pushed more startups to consider taking on debt. The region’s debt investment has risen from $250 million in H1 last year, to $644 million in the same period this year. Part of this is down to the continued growth of BNPL with Tamara in Saudi Arabia and Tabby in the UAE taking on large rounds of debt, making fintech the best-funded part of fintech. Egypt’s MNT-Halan has taken on $140 million in debt from Chimera so far this year.



**Countries Hit Hardest**

In the first half 2023, the number of deals dropped by over 50%, with the biggest drop seen in ‎Egypt, where there was a 70% decline in the number of deals while the value of investments ‎remained steady with a 9% decline. However, Egypt’s investment landscape has been propped ‎up mainly by one startup - MNT-Halan, which raised $150 million in debt last year and a further ‎‎$400 million in both debt and equity this year. Taking out MNT-Halan’s rounds, Egypt ‎witnessed a 90% decline in funding, from the $324 million it managed to raise in H1/22, to just ‎‎$31.8 million in the same period this year. The global economic contraction has hit Egypt hard, ‎crashing its economy into debts that have reached 92% of its gross domestic product (GDP), ‎with the inflation rate standing at 30.7%. Its currency has dropped 40% against the dollar and ‎increasingly, Egyptian-founded startups are seeking better opportunities in Saudi Arabia and ‎elsewhere. In a bid to help improve the climate for startups, the government recently announced ‎a five year tax exemption plan. ‎

In the UAE, deal count dropped by 47%, with funding value falling by 21%. Saudi Arabia’s deal count dropped by 38% but funding value remained steady, dropping by just 8%, down to a rise in pre-Series A funding in the country.

Overall, deal count has dropped across every ecosystem in the region bar Morocco which saw 18 startups raise investment compared to 15 in 2022.



**Funding Stages**

There has been a marked rise in grant funding across the region, particularly in the more nascent ecosystems like Tunisia and Morocco. Series C funding grew from one deal in the first half of last year, to three so far this year namely Tabby’s $58 million round announced earlier in January, Saudi Arabia’s quick commerce startup Nana which raised $133 million from Kingdom Holding and Floward, which was founded in Kuwait but relocated its HQ to Riyadh, raised $156 million. These three deals have managed to push up the proportion of mega rounds, which is ticket sizes in excess of $100 million.

Funding of almost every other stage has fallen this year. The biggest drop however, has been at the pre-Seed and Seed funding stages. In the first six months of last year, 236 startups had raised $366 million at these two stages, compared to just 72 that have managed to raise $122 million between them in 2023.



Perhaps most worrying is the drop in funding in female-founded startups in the region. Last year H1, $1.89 billion was invested in male-founded startups, this year this dropped to $1.56 billion. While in the same period, $48 million was invested in female founded startups in 2022 and dropped to $5.6 million this year, an 88% drop.

On a monthly basis, February stood out as the month that saw the highest amount of funding at $759 million across 47 deals (due to MNT-Halan’s $400 million fundraise), while Mach saw the highest number of deals with 67 due to the graduation of two accelerator programs.

The most active regional investors in the first half of this year were based in Saudi Arabia, participating in 88 deals, followed by the UAE with 45 and Egypt with 44. Moroccan investors also invested in 11 deals, with Maroc Numeric Fund and Azur Innovation Fund being the most prolific. Flat6Labs remains the most active investor in the region with 39 deals, while Sanabil 500 in Saudi Arabia participated in 14 deals in the first half of this year.

The US remained the primary source of global investment for Mena startups. US-based investors backed 38 deals in the six months to June. Investors from Singapore invested in five deals, and UK-based investors participated in four deals.

**Sectors**

On the surface, fintech remains the most active sector attracting almost $660 million in funding across 42 deals. However, more than $560 million of that due to the buy now pay later (BNPL) startups alone. If we take out the six deals in that space, then overall, fintech attracted just over $98 million in the first half of 2023.

MNT-Halan has pushed up investment in the super app sector alongside Qatar’s Snoonu, but it is in the e-commerce and marketplace sectors as well as foodtech where true growth has been realized. More than $198 million was invested in the former, up from $128 million in the same period last year, while in foodtech the jump was more subtle with $172 million in H1/22 to $181 million this year.



On a broader scale, B2C startups bagged the largest chunk of funding at $1.4 billion, while B2B startups attracted the highest number of deals at 113 worth $165.3 million, a dramatic drop compared to the $979 million raised by B2B startup in H1Y22. This can partially be attributed to the fall in valuations and investor desire to focus on startups with more viable and sustainable routes to profitability.

**Exits**

The first half of 2023 saw a total of 24 exits in Mena’s startup ecosystem, down from 34 recorded in the same period last year. A couple of mergers were recorded in the facilities management sector, including Egypt’s Greek Campus’ with MQR and Saudi Arabia’s The Space with Vibes. Also, three global startups were acquired by Mena-based companies, with the most prominent one being that of a US-based game developer Scopely, acquired by PIF-backed-Savvy Games for $4.9 billion. (Wamda 02.07)

[Back to Table of Contents](#TOC)

* 1. IRAQ: Iraq’s Power Problem - Persistent Financial & Technical Challenges

Noam Raydan posted on 17 July in [TWI PolicyWatch](http://www.washingtoninstitute.org) 3758 that diversifying Iraq’s energy supplies won’t mean much if its power infrastructure is not rehabilitated, and the skewed cost-revenue ratio at the Ministry of Electricity is unsustainable.

Amid sizzling summer temperatures, Iraq’s Ministry of Electricity (MoE) announced on 4 July that the power grid had lost 5,000 megawatts (MW) of generating capacity, leading to acute outages. The loss was due to reduced natural gas supplies from Iran, a recurring problem that was later resolved following an energy swap deal between the two countries. Yet even before the loss, the country was generating around 24,000 MW, considerably less than the estimated 34,000 MW needed to meet local demand.

Indeed, Iraq’s power sector has suffered heavy damage over the past few decades due to war and other factors. The supply-demand gap keeps widening as technical and commercial losses persist, exacerbated by financial challenges and high-level corruption. Although the solutions are clear, they cannot be implemented without political support, which has not been forthcoming. Recently, the sector has focused on new gas-capture and power-generation efforts—including projects in the just-signed $27 billion deal with France’s TotalEnergies, which the Biden administration welcomed. Yet if authorities do not couple these projects with serious infrastructure upgrades, the grid will be unable to absorb the new supply, and losses and theft will continue. A proper bill collection system is urgently needed as well to stanch the financial hemorrhage. Unfortunately, ongoing political interference in energy projects threatens to further delay such plans.

**Financial Problems and Waste**

In December 2021, then-minister of finance Ali Allawi observed, “If the power sector doesn’t reform itself in the next 3-5 years, there is a possibility that it will destroy the government’s budget.” He was referring to the financial imbalance at the MoE, which requires billions of dollars in expenditures while its revenues remain negligible. According to the International Monetary Fund, the ministry’s total explicit operational costs in 2019 were $9.3 billion (4% of GDP), while revenues were less than $1 billion. The low revenue can be pinned on rampant theft, lack of a proper bill collection system or other cost-recovery measures, and a dilapidated transmission and distribution network. In all, technical and commercial losses amounted to about 50-60% as of 2019, “among the highest levels in the world.”

Iraqi sources also indicate that the MoE is relying heavily on the government in several respects: to pay for fuel provided by the Oil Ministry, to fund the power it purchases from take-and-pay projects run by independent power producers, and to buy fluctuating Iranian energy supplies. For example, the ministry spent $2.78 billion to purchase Iranian natural gas in 2021 and twice as much the next year, while imported Iranian electricity cost around $1 billion in 2021.

Meanwhile, Iraq wastes enormous amounts of gas via flaring during crude oil production. According to the World Bank, it is the world’s second-largest gas-flaring country after Russia. In May, Prime Minister Mohammed Shia al-Sudani stated that Iraq flares 1,200 million standard cubic feet per day (MMcf/d) of gas while importing 1,000 MMcf/d from Iran, costing the government at least $4 billion per year. Moreover, the emissions from flaring are hazardous for Iraqis living close to giant oil fields, and also contribute to climate change by releasing millions of tons of carbon dioxide and methane into the atmosphere.

Recently, Iraq has accelerated efforts to capture gas partly for use in power plants while also seeking to reduce imports from Iran. These projects include an initiative by the Shell-led Basra Gas Company, as well as the Gas Growth Integrated Project (GGIP), part of the deal that Baghdad recently signed with TotalEnergies. Such projects are welcome news given that Iraq is among the countries most vulnerable to climate change.

Yet if the government does not curb political interference and avoid its habitual contract disagreements during the implementation phase of these projects, they will not help the power sector. According to Wim Zwijnenburg of the Dutch organization PAX, Iraq has taken some steps toward investing in gas capture, but “no international corporation will invest billions in technology if the government is unstable, and with continued security risks and serious corruption problems.” Former Iraqi electricity minister Luay al-Khatteeb summed up all of these problems in comments to the author: “If Iraq continues with this way of dealing with the power sector, it will be hard to fix the electricity sector no matter how much power generation capacity Iraq installs, and no matter how much fuel the government sources.”

**U.S. Sanctions and Waivers**

According to MoE spokesman Ahmed Moussa, Iraq needs 55-60 million cubic meters per day of Iranian gas in the summer but has not been receiving that amount. When supplies dropped sharply on 4 July, the government attributed the reduction to U.S. sanctions that prevent financial transactions with Iran, while Tehran blamed it on technical issues due to a heat wave.

U.S. waivers allowing Iraq to continue importing energy supplies from Iran have been repeatedly renewed since the Trump administration, justified in part by Iraq’s efforts to diversify its energy sources. These efforts include the aforementioned gas capture projects, investments in gas fields, and the overdue project connecting Iraq’s power grid to that of the Gulf Cooperation Council countries.

According to a U.S. source, such waivers are mainly granted to protect the Trade Bank of Iraq (TBI), “since the government pays for Iranian energy supplies by transferring the money to Iranian accounts at TBI.” The frequent reductions in Iranian gas supplies have often been blamed on Washington for freezing Iranian funds at TBI, though technical problems and Iranian domestic demand have sometimes caused supply drops as well. On 9 July, the Coordination Framework—Iraq’s main pro-Iran political alliance—called on Baghdad to demand that the United States unlock the payments. Previously, as part of its effort to pay Iran for energy supplies, Iraq has sometimes requested separate U.S. permission to make certain payments on Tehran’s behalf, relating to money Iran owes other countries or for purposes such as the Hajj pilgrimage and humanitarian transactions. Washington has been willing to unfreeze funds for these purposes—but only if the payments are made in euros (to prevent misuse of U.S. currency) and transferred directly to the creditors.

Ultimately, however, Baghdad is no longer worried about the U.S. waiver issue because it believes Washington will keep providing them for energy purchases. As Moussa told the author, “Once the waivers expire, they are extended because there is still a need for imported gas; in addition to that, the U.S. side today has become convinced about Iraq’s [efforts] to diversify its energy sources.” Indeed, Iraq will continue to rely on Iranian energy imports for years.

Again, though, diversification projects will not benefit the broader electricity sector or ease the ministry’s shaky finances unless Baghdad also upgrades the relevant infrastructure and adopts the proper regulatory framework. For instance, the massive deal with TotalEnergies includes developing a 1 gigawatt solar power plant—a promising announcement on paper. Yet the current grid cannot handle substantial new supplies, and additional challenges may arise. As energy expert Harry Istepanian told the author, “Iraq needs all types of renewables,” but the unpredictability of weather-dependent options could make them unsuitable for the current “fragile” state of Iraq’s grid. In today’s situation, he explained, Iraq loses thousands of megawatts each time Iran restricts its gas supplies, making “under voltage and frequency deviation” major problems in the grid.

**Next Steps**

The White House believes Baghdad’s recently announced diversification projects will “enhance Iraq’s energy security and the reliability of its electricity network” and help the country meet its climate objectives. At the technical, financial, and political levels, however, the country still has a long way to go before even nearing any of these goals. Its power sector is still playing catch-up after years of internal war against the Islamic State—a conflict whose consequences have affected Baghdad’s priorities and put many urgent reforms on the back burner. The sector still lacks a proper billing system, power generation is being increased without proper upgrades to the electrical grid, and corruption and political interference in energy matters continue unabated. The power sector cannot be made reliable without addressing these larger problems, particularly in the challenging summer season.

*Noam Raydan recently joined The Washington Institute as a senior fellow. Previously, she was an independent energy researcher and consultant working in Baghdad and Beirut*. (TWI 17.07)

[Back to Table of Contents](#TOC)

* 1. ARABIAN GULF: Smart and Sustainable - The Gulf Goes All in on Tech Cities

Sussan Saikali observed in [AGSIW](https://agsiw.org/) on 5 July that Saudi and Emirati leaders hope smart cities will be the key to advancing their countries’ global status in smart technology and sustainability while also developing the means to diversify their economies away from oil.

The International Institute for Management Development in Switzerland, in collaboration with the Singapore University of Technology and Design, released the 2023 IMD Smart City Index on 3 April, ranking Abu Dhabi and Dubai the smartest cities in the Middle East. Smart cities use information and communication technology in efforts to enhance operational efficiency, share information with citizens, and improve government services and overall quality of life. The concept of smart cities has been around since the 1970s – the term was coined in the 1990s – but there has been a growing focus on technologically advanced cities in recent years. In the Gulf, smart, sustainability-focused city agendas are being implemented on multiple levels: within existing cities, with the development of sub-cities within cities and with the development of new cities in remote locations.

**Existing Cities Getting Smarter: Abu Dhabi and Dubai**

Abu Dhabi and Dubai, like most cities listed on the IMD Smart City Index, and other cities across the United Arab Emirates, have incorporated Internet of Things technologies, or connected digital technologies, which includes things such as smartwatches and self-driving cars, to improve operational efficiency and quality of life in urban settings. Such projects earned Abu Dhabi the 13th and Dubai the 17th rankings among the top 20 smart cities in the world.

Having launched several programs and initiatives to advance the research and development of 6G wireless networks, which will use higher frequencies to optimize communication between devices and users and the surrounding environment, both cities are well positioned to achieve advanced smart city status in the near future. Advanced smart city status, determined by IMD’s Smart City Index, can cement their place as two of the top smart cities in the world and may even move them up the rankings. The status of being an advanced smart city can also attract foreign direct investment and encourage more global companies to establish headquarters in the emirates, which can in turn strengthen the economy and the emirates’ international reputation. Both cities have been heavily promoting advanced technologies to accelerate their push to develop knowledge-based economies through a variety of initiatives. In Abu Dhabi, projects such as the development of drone deliveries and desalination plants are underway. There has also been a push for the development of digital assets with the launch of the company Zero Two and talks of using AI in the oil and gas industry. Dubai has installed a smart traffic management system to reduce traffic congestion, but the city has bigger plans, such as building the world’s most advanced internet-connected ecosystem, growing Dubai’s tech startup landscape, and pioneering the region’s first-of-its-kind space project.

**Smart, Sustainable and Brand New**

Other smart cities have been built from scratch to be the most sustainable and technologically advanced cities in the world, such as the UAE’s Masdar City and Saudi Arabia’s Neom. These new cities have the same end goal as other smart cities – improving quality of life in urban environments. They also have similar strategies to reach that goal: the use of connected digital technologies to optimize functions that support living in urban environments and sustainable, climate-friendly technologies.

Although newly built cities are made to function like existing smart cities, creating smart cities from the ground up demonstrates a larger commitment to making advancements in technology and sustainability. This strategy, however, has both benefits and drawbacks. It is much harder to build an entirely new city for the sole purpose of creating a smart and sustainable environment than it is to remodel an existing city to fit the same criteria. Attempting this feat also brings about critiques that these projects are simply for prestige. Claiming to construct a new urban environment from an undeveloped desert draws attention, making the country stand out from its global competitors that merely integrate advanced technology into existing environments. However, despite the challenges of building a brand new city, constructing a new urban environment from nothing allows the city to be built specifically for smart technologies without having to remodel or renovate an existing city to accommodate technologies, which can increase the efficiency and strength of smart, sustainable technologies within urban environments.

**A City Within a City: Masdar City**

In 2008, the UAE announced the launch of Masdar City, a smart city project in Abu Dhabi. Masdar City was established with the goal of being the most environmentally sustainable city in the world and to serve as a global model for sustainable urban development. Relying mainly on solar and wind energy, Masdar City is supplied with clean energy from a 10 megawatt solar panel farm built adjacent to the city. The city, designed by architecture firm Foster + Partners and financed by Mubadala, an Emirati sovereign wealth fund, is designed for walking, with natural ventilation and misting systems used to combat the desert heat. The project aims to be home to approximately 40,000 people and 1,500 companies and is planned to be completed in late 2030.

When Masdar City’s completion deadline was pushed from 2016 to 2024, the city received criticism for the slow progress made in its construction. The realization in 2016 that the city was nowhere near completion nor close to zeroing out its greenhouse gas emissions, one of its main goals, made some critics pessimistic about its prospects for success in the future. When, a few years later, the city was still struggling to keep a permanent population, other critics called it a failure. Other skeptics have claimed it is a greenwashing project to cover up the UAE’s carbon emissions and oil production.

Despite these claims, Masdar City has continued to make progress on construction projects, development agreements and other initiatives. In June 2022, Masdar announced plans to build Abu Dhabi’s first net-zero office building in Masdar City Square. In January, Masdar signed a memorandum of understanding with Amazon Web Services to empower startups within the city. In February, the city announced The Link, a 30,000-square-meter development that will host the region’s first net-zero shared working and living facility.

**A New City in a Remote Location: Neom**

With hopes to advance Saudi Arabia’s status in the sustainable technology industry, diversify the economy away from oil, and attract tourists and foreign investors, Saudi Arabia is building Neom, a megaproject intended to make the country stand out from international competitors in the realm of smart city development.

First announced by Saudi Crown Prince Mohammed bin Salman in 2017, the $500 billion project is envisioned as a city fully powered by renewable energy where individuals can live and work. In line with Saudi Arabia’s Vision 2030, Neom plans to become a global leader in water desalination, solar power, wind energy, green hydrogen, smart energy grids and artificial intelligence. ENOWA, a subsidiary of Neom, was created to develop sustainable energy and water systems to help Neom reach its goal of running on 100% renewable energy, which will require up to 40 gigawatts of solar and wind energy capacity. ENOWA is the primary shareholder of an $8.4 billion green hydrogen production plant being built in Neom, a joint venture with ACWA Power and U.S. chemical company Air Products set to be the world’s largest green hydrogen production facility. ENOWA also has plans to produce sustainable water in Neom through desalination plants located in OXAGON, a floating, high-tech industrial city within Neom.

In addition to renewable energy initiatives, Neom recently pledged to allocate 95% of its total area for wildlife preservation and plans to develop a facility that will be home to one of the world’s largest wildlife restoration programs. The program will be open to the public, allowing visitors to learn about Neom’s programs for the development and rehabilitation of vegetation and wildlife.

Sindalah, a luxury island resort, is set to open in early 2024. Other areas of Neom are expected to open in 2025, with construction on remaining neighborhoods continuing until 2030.

Despite the progressive green energy initiatives, Neom has received pushback from various groups, such as the local Huwaitat tribe, which has accused the Saudi government of forcibly displacing its members to build the city. The oil-rich kingdom has also been accused of “greenwashing,” with several critics claiming Saudi Arabia’s environmental projects are only promoted to distract from its human rights issues and continued oil production. Moreover, questions have been raised regarding the practicality and long-term sustainability of Neom as well as its impact on the area’s existing wildlife and ecosystem, leading critics to claim that the project will cause more harm than good.

Although these smart cities are still works in progress, Saudi and Emirati leaders hope the projects across all levels will advance their countries’ global status in smart technology and sustainability while also developing the means to diversify their economies away from oil. Whether it’s building a new city from scratch or incorporating new technologies in an existing urban environment, the growth of advanced technologies can improve the countries’ international position across various industries and allow for continued opportunities to be key global players in the future.

*Sussan Saikali is a research associate at the Arab Gulf States Institute in Washington.* (AGSIW 10.07)

[Back to Table of Contents](#TOC)

* 1. BAHRAIN: IMF Concluded 2023 Article IV Consultation with the Kingdom of Bahrain

On July 5, 2023, the Executive Board of the [International Monetary Fund (IMF)](http://www.imf.org/) concluded the Article IV consultation with The Kingdom of Bahrain.

Bahrain experienced strong growth in 2022, in line with other Gulf Cooperation Council countries. Continued fiscal reform momentum and high oil prices improved fiscal and external balances. The economy grew by 4.9% in 2022, driven by 6.2% growth in non-hydrocarbon GDP while hydrocarbon GDP contracted by 1.4%. Non-hydrocarbon growth was driven by public, financial, and hospitality services and manufacturing. CPI inflation accelerated from -0.6%, on average, in 2021 to 3.6% in 2022. With the economic recovery well under way, ongoing fiscal reforms, and higher oil prices, the state budget deficit declined significantly, narrowing to 1.2% of GDP in 2022, from 6.4% in 2021, while the overall fiscal deficit declined from 11 to 6.1% of GDP. Government debt declined to 117.6% of GDP in 2022 from 127.1% of GDP in 2021. The current account improved markedly and posted its largest surplus in decades, estimated at 15.4% of GDP in 2022, up from 6.6% of GDP surplus in 2021. The banking system remains resilient with ample buffers and has so far withstood the phasing out of COVID measures and tightening financial conditions.

Growth is projected to moderate to 2.7% in 2023, with non-oil GDP growing by 3.3% reflecting fiscal consolidation, higher interest rates, and a base effect from 2022 strong growth. Thereafter, growth is projected to stabilize at around 2.7% over the medium term. Nevertheless, significant uncertainty clouds the forecast, including from oil price volatility, international financial turmoil and ongoing tightening, and a slowdown in global growth.

The authorities remain strongly committed to their fiscal and structural reform agenda as outlined in the Fiscal Balance Program and Economic Recovery Plan with a focus on reducing the fiscal deficit and public debt, while advancing diversification efforts, including by increasing labor market flexibility, further lifting female labor force participation, enhancing economic digital infrastructure, and addressing climate change challenges.

**Executive Board Assessment**

Executive Directors agreed with the thrust of the staff appraisal. They commended Bahrain’s strong post-COVID growth and fiscal performance, supported by successful COVID responses, continued reform momentum, and favorable commodity prices. Noting that growth is projected to moderate and risks remain, Directors emphasized the importance of implementing a medium-term fiscal adjustment plan, safeguarding financial stability, and accelerating structural reforms.

Directors welcomed the authorities’ continued commitment to implementing reforms under the Fiscal Balance Program (FBP), including the progress so far to enhance non-hydrocarbon revenue mobilization and the continued spending restraint. They underscored that implementing the current budget in line with FBP targets and continuing with ambitious reforms in the medium term are critical to ensure fiscal and external sustainability and reduce reliance on oil revenues. Directors also highlighted the importance of embedding fiscal reforms in a credible medium-term fiscal framework. Improving debt and fiscal transparency including by gradually reducing extra-budgetary spending would be important.

Directors agreed that the exchange rate peg continues to serve Bahrain well as a monetary anchor. In this context, they stressed that fiscal consolidation and structural reforms will support the external position, while monetary policy should continue to follow the Fed. Directors emphasized the importance of freezing the government overdraft account at the central bank and developing a plan for its repayment, which will help bolster reserves and thus support the external position and the peg.

Directors welcomed the successful withdrawal of COVID support measures, noting that the banking system remains healthy with ample buffers. They underscored that continued close monitoring of financial stability risks and further strengthening of macroprudential frameworks are warranted, given headwinds from tightening financial conditions. In this context, Directors encouraged further strengthening of the regulatory, supervisory, bank resolution and macroprudential frameworks. They also welcomed Bahrain’s leading role in the fintech agenda and encouraged a careful assessment of the benefits and risks in introducing a central bank digital currency, with Fund CD support.

Directors welcomed Bahrain’s ambitious structural reform agenda. They encouraged the authorities to continue improving labor market flexibility and empowering women and leveraging opportunities from regional integration. Pressing ahead with climate mitigation, through a gradual phasing out of energy subsidies and further investments in renewable energy, would facilitate Bahrain’s climate transition without creating additional fiscal needs or weighing on growth.

It is expected that the next Article IV Consultation with The Kingdom of Bahrain will be held on the standard 12-month cycle. (IMF 11.07)

[Back to Table of Contents](#TOC)

* 1. EGYPT: Egypt Is Missing its IMF Loan Program Targets

Yezid Sayigh posted on 6 July in [Diwan](https://carnegie-mec.org/diwan/%E2%80%8E) that the question, in fact, is what did not happen. Several things; first, the IMF has not yet issued its first staff review of Egypt’s implementation of its new $3 billion loan program (known as an Extended Fund Facility), which was agreed in December 2022. This was expected to be released on, or within three months of, 15 March 2023, but the IMF team has still not indicated when it expects to conclude its review.

Second, the Egyptian government did not raise the $2 billion in foreign currency required to increase Egypt’s net international reserves by $6 billion by the end of June, as agreed with the IMF. Its failure to fulfill this quantitative performance criterion moreover reflects the stalling of the program of public offerings of state-owned companies and facilities announced by Prime Minister Mostafa Madbouly in February, which was the government’s proposed means of generating the needed $2 billion.

Last but not least, Egyptian President Abdel-Fattah al-Sisi and the Central Bank of Egypt have signaled that interest rates will not be raised further, meaning that Cairo might renege on its agreement with the IMF to adopt a fully flexible exchange rate that would allow the Egyptian pound to float freely in currency markets. In response, IMF Managing Director Kristalina Georgieva observed that drawing on foreign exchange reserves to shore up the pound is “like putting water in a bucket that has holes.”

**Why Is It Important?**

The firmness displayed by the IMF is unusual, and has spurred speculation about what lies ahead for Egypt. The statistics paint a grim picture. In April, the IMF projected that the government’s general gross debt (combined domestic and external) would reach 92.9% of Gross Domestic Product (GDP) in 2023, after which it would decline, while Fitch credit rating agency expected it to increase to 96.7% of GDP. The latter seems likely, as the latest figures for external debt show a rise from $162.9 billion in December 2022 to $165.4 billion by March 2023, despite government efforts to reduce demand for foreign currency by blocking certain imports and slowing some construction projects. Credit rating agencies Standard & Poor’s, Moody’s Investors Service, and Fitch all lowered their outlook for Egypt’s “debt affordability and debt-sustainability profile” from stable to negative, amid concerns that the country might default on repaying sovereign debt or at least seek to restructure it.

Egypt has not run out of options, but in the immediate future much hinges on the IMF. There is no fixed deadline for its review of Egypt’s implementation of agreed conditions, as the technical memorandum that forms part of its agreement with Egypt does not set one. The catch for Egypt is that the second tranche of the loan, worth $354 million, cannot be released to it before the review. The delay has already been costly for the country, not because of the amount of money involved, but because of the negative signal it sends to global markets, which has a deterring effect on creditors and investors.

To explain the delay, IMF staff could cite technical reasons to the Fund’s Executive Board, which must approve further payments. Alternatively, they could judge Egypt to have progressed enough on program implementation to justify recommending Board approval for the release of funds. The technical memorandum with Egypt does not set binding deadlines or mandate penalties for non-implementation of agreed benchmarks, and so the loan program is not in imminent danger of being terminated.

**What Are the Implications for the Future?**

There is hope for Egypt in this lack of specificity. On 8 June, the IMF reiterated that its review of the loan program will cover four items: implementation of the state’s divestment strategy (issued in 2022), under which the state will terminate or reduce its ownership of companies in select economic sectors; competitive neutrality to promote a level playing field between the public and private sectors, by ensuring that state-owned companies and economic agencies do not benefit from tax and customs exemptions that are denied to private sector competitors; slowing down large national investment projects, which have generated government debt and drag on foreign exchange reserves; and moving toward a flexible exchange rate, which is seen as key to stimulating exports and reducing trade deficits. The IMF has held firm across the board so far, but there is a definite possibility that it will conclude its review if the Egyptian government allows the pound to float freely, which the IMF has so far made a non-negotiable condition.

And this is where further trouble may arise. With annual headline inflation close to a record-high 32.7% in May, far above the 18.25% deposit interest rate set by the Central Bank of Egypt, both the government and Sisi have pushed back with increasing force against freeing the exchange rate, arguing that the country needs to build up its foreign exchange reserves if it is to manage yet another devaluation of the Egyptian pound, which has already lost 50% of its value against the U.S. dollar since 2022.

It is difficult to see what might break this deadlock. Economist Hani Geneina, formerly Deputy Assistant Governor of the central bank, has mooted the possibility of Egypt’s pulling out of the IMF program or suspending its participation in it. Indeed, the government plans to raise some 49% of its 2023–2024 budget through borrowing, so it badly needs the IMF stamp of approval. Given that debt servicing takes up 56% of the budget, and with the cost of servicing debt now standing at 116% of state revenue, this is a classic case of new debt for old. But, according to a Finance Ministry statement, because each 1% rise in interest rates—which will accompany any further devaluation—translates into an additional 70 billion Egyptian pounds (approximately $2.65 billion at the official exchange rate) of deficit, meeting this IMF demand would risk plunging Egypt into a vicious circle.

The IMF has so far used its leverage effectively and skillfully, but government delivery on agreed benchmarks has been minimal and confined largely to some online procurement reporting. The government has not delivered important first-phase targets such as publishing a comprehensive annual tax expenditure report providing details and estimates of tax exemptions and tax breaks broken down by classification for all state-owned enterprises.

With growing pushback from both government and public in Egypt against devaluation—and against the use of privatization to generate foreign exchange earnings, which some see as merely substituting state-owned monopolies with equally problematic private ones—there is a plausible argument for the IMF to rethink the sequencing of its priorities. A 50% devaluation undertaken by the Egyptian government after the 2016 IMF loan program did not lead to structural reform, nor has the devaluation of the past year, which was of equal magnitude. Indeed, in the midst of a financial crisis driven to a large degree by its upmarket construction projects, new business incentives issued by the government in May 2023 once again privileged the real estate sector.

If there is one thing the IMF would do well to single out as key to effecting transformative change, it is to insist on demanding financial transparency—including for all business and non-commercial activities in the civilian domain by any military agency—as the sine qua non for providing support. The government should also do more to help the most vulnerable people and reduce forms of aid that benefit the rich, as Georgieva herself has suggested. This would almost certainly risk alienating Egypt’s elites, whose support is needed to allow other structural reforms to go through, but it would make a material difference for the country’s poor. (Diwan 06.07)

[Back to Table of Contents](#TOC)

* 1. TURKEY: As Turkey Grapples with Deficit, Erdogan Pins His Hopes on Gulf Funds

Mustafa Sonmez posted on 16 July in [Al-Monitor](https://www.al-monitor.com/%E2%80%8E) that a huge budget deficit is among the main issues that Turkish President Erdogan and his party face after their election victory in May, but not even an extra budget is likely to remedy the government’s financial woes, aggravated by its election-centered policies.

With a budget deficit on course to reach 10% of GDP by year-end, this week the parliament passed a supplementary budget, allowing for additional spending of $42 billion. Though that sum falls short of the needs, the government can ill afford to ask for more because of a legal obligation to equally increase revenues. Instead, the ruling party passed another bill that would allow Erdogan to allocate funds to public entities and expand his borrowing limits in a move that the opposition say is unconstitutional.

Budget deficits are a major factor underlying Turkey’s unruly inflation, which stands at 38.2% after prices rose nearly 4% on a monthly basis in June. The government may be speaking of tackling inflation, but with local elections looming in March 2024, it has been reluctant to go for a full-fledged employment of anti-inflation measures to cool the economy, curb public spending, slow income increases and raise borrowing costs. Signs are growing that such unpopular steps would be considered only after the polls.

As prices continue to rise, Ankara has sought to placate the electorate with pay hikes, vowing to “not let inflation crush the people.” This, however, is a recipe for a vicious cycle that only deepens economic fragilities.

The original 2023 budget envisioned spending $172 billion and a deficit of $25.3 billion. But the government’s election-focused spending resulted in a budget meltdown, exacerbated by the two giant earthquakes that devastated vast southern regions in February. The budget deficit exceeded $10 billion in the first five months of the year, amounting to 40% of the gap that Ankara had projected for the whole year, according to official figures. The disaster, which claimed more than 50,000 lives and destroyed about 650,000 buildings, made the need for a supplementary budget inevitable, especially given the spending required for housing needs. According to the additional budget bill, 44% of the additional funds will go to earthquake-related programs.

The slump of the lira since the May elections has also contributed to the growing budget gap. Under a deposit scheme designed to curb dollarization and encourage lira deposits, the treasury and the central bank have been compensating depositors for the depreciation of the currency in addition to the interests paid by banks. The lira has lost 23% of its value since late May, aggravating the cost of the scheme. The new bill will let the central bank pay all compensations and relieve the budget from the heavy charge of the scheme.

Nevertheless, the government still appears in need of an extra $76 billion to spend by year-end. Under Turkish law, a supplementary budget requires the government to outline equivalent revenues of TL2 trillion and stick to the original budget deficit of TL661 billion. Unable to commit itself to collecting that much revenue despite hiking an array of taxes and fees last week, the government made do with a supplementary budget proposal of TL 1.1 trillion ($42 billion), hoping to bridge the gap through other means. The omnibus bill passed by parliament this week includes provisions authorizing Erdogan to disburse funds to public entities and raising the presidency’s borrowing limits. Accordingly, Erdogan would be able to meet allocations of 794 billion liras ($30 billion) through borrowing. The opposition has raised loud objections to the bill on the grounds that it infringes on the parliament’s budget-making authority. The legislation is likely to end up at the Constitutional Court.

With the bitter pills postponed, inflation is likely to reach 56% by the year-end, according to pundits. In Turkey’s import-reliant economy, rising foreign exchange prices represent a major driver of inflation. As export and tourism revenues fall short of covering imports, the country’s current account deficit widened to nearly $8 billion in May and $60 billion over 12 months.

To cover the gap, Turkey needs to attract foreign funds. But despite the appointment of a new economy chief and a new central bank governor after the elections, Ankara has so far failed to inspire confidence in Western investors and seems to pin hope on the UAE and other wealthy Gulf monarchies. Treasury and Finance Minister Simsek held talks in Saudi Arabia, Qatar and the UAE over the past weeks, paving the way for a visit by Erdogan to those their capitals, as part of a current regional tour that will include all three countries.

Ankara has yet to clarify what economic deals are in the pipe, but according to unnamed officials quoted by Bloomberg lately, the government aims to attract $25 billion in investments from the Gulf through various means, including privatization and acquisitions. But if Turkey limits its efforts to the Gulf, it will have to contend with a growing foreign currency crunch and rising foreign exchange prices in the near future.

The lira remains under pressure amid the foreign currency needs of importers, the country’s short-term external debt liabilities and a trend among locals to flee the lira. The currency's continuing slump means that the cost of import-based materials, chief among them fuel, is constantly rising. Alarmingly, producer prices rose 6.5% on a monthly basis in June, with the annual average over 86.5%. (Al-Monitor 16.07)

**\*\* - Copyright 2022 by Atid, EDI. All rights reserved.**

The **Fortnightly** newsletter is a free service of Atid, EDI. We are a team of economic and trade development consultants, headquartered in Jerusalem, but active throughout the region and beyond. EDI works with an international clientele interested in identifying and researching business opportunities in the region. We also serve as the regional representative offices for a number of U.S. states and bilateral Chambers of Commerce, as well as European clients.

EDI's other services include development of feasibility studies and tailored research reports, as well as identification of potential joint ventures for commercial clients. For more information on how we may better assist you, please visit our Web site at: http:// [www.atid-edi.com](http://www.atid-edi.com).

**\* END \***