

**The FORTNIGHTLY**

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

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Bank of Israel Monetary Committee Decides to Reduce Interest Rate

The Bank of Israel's Monetary Committee decided on 1 January to reduce the interest rate by 0.25% to 4.5%. In view of the war, the Monetary Committee’s policy is focusing on stabilizing the markets and reducing uncertainty, alongside price stability and supporting economic activity. The interest rate path will be determined in accordance with the continued convergence of inflation to its target, continued stability in the financial markets, economic activity, and fiscal policy. This is the first interest rate cut in Israel since March 2020 at the start of the COVID pandemic.

The Committee recognized that the war is having significant economic consequences, both on real economic activity and on the financial markets. There is a great amount of uncertainty with regard to the expected severity and duration of the war, which is in turn affecting the extent of the impact on activity.

The pace of inflation continues to decline and an analysis of the inflation dynamic, measured both quarterly and semiannually, also shows that the pace of inflation is moderating. Inflation expectations from various sources are that inflation will enter the target range in the first quarter of the year.

The Bank of Israel Research Department published its staff forecast, and in its estimation, GDP will grow by 2% in both 2023 and 2024, and by 5% in 2025. Due to the war, the forecast features an especially high level of uncertainty, including with regard to decisions that the government will need to make regarding how the budget will deal with the defense and civilian needs arising from the war. (BoI 01.01)

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* 1. Israel's Government Unveils NIS 9 Billion Aid Package for Army Reservists

Minister of Finance Smotrich and Minister of Defense Gallant have presented a financial assistance plan for those serving in the army reserves with an annual cost of NIS 9 billion. The plan has been presented even before clear sources have been found for the revised 2024 state budget, work on which is currently being held up over disagreements between Smotrich and his senior officials in the Ministry of Finance on the required spending cuts.

The plan includes continued monthly grants of NIS 1,400 for combat soldiers and NIS 800 for non-combatants and a daily payment of NIS 133 for those serving over 60 days, as well as a one-time 'household payment' for assistance in paying municipal taxes and other expenses totaling NIS 2,500 for combat soldiers serving over 45 days.

The self-employed serving in the reserves or with a partner serving in the reserves will receive enlarged compensation. They will receive grants equivalent to those Gaza border residents who have been evacuated from their homes and will receive full compensation for their lost profits. This will be not only for their period in the reserves, but also for six months after their reserve duty in order to allow their business to recover. In addition, NIS 1 billion will be allocated to a state-guaranteed loan fund for the self-employed.

The plan also includes aid for the family. Smotrich and Gallant have promised a monthly grant of NIS 2,500 for combat soldiers and NIS 1,500 for non-combatants for parents of children up to the age of 14, a voucher worth between NIS 1,500 and NIS 4,500 for a family vacation and a NIS 4,500 grant as an alternative to unemployment pay for a partner of a reservist unable to work in order to look after children. The package also includes extending maternity leave through a compensation fund for those serving in the reserves and their families. (Globes 27.12)

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* 1. Intel Confirms an Additional $15 Billion Investment in its Kiryat Gat Fab

On 25 December, Intel Israel announced that it will invest a further $15 billion in its new manufacturing facility in Kiryat Gat, over and above the investment of $10 billion announced in 2019. The company has thus confirmed the announcement of the investment six months ago by the Israeli government.

Intel says that the agreement with the government is for investment totaling $25 billion for the upgrading and expansion of the Kiryat Gat fab. Under the agreement, the government will award Intel a grant of $3.2 billion over several years, in accordance with certain milestones, presumably targets for employment reciprocal investment in Israeli companies and contractors. Israel has undertaken to buy products and services from Israeli companies to the tune of $60 billion over the next decade. This is the highest grant that the Israeli government has ever awarded a private-sector company. It is estimated to cover 12.8% of the total costs of construction and upgrade of the fab.

The new fab, construction of which has already begun, is expected to start production within four to five years. It will use a ultra-violet lithography production process unique to Intel. Intel opened its first center in Israel in Haifa in 1974, employing five people. Today, it is the largest private-sector employer in the country, with some 12,000 employees. Intel says that the investment in the new fab will bring its aggregate investment in Israel in its 50 years of operating in the country to some $50 billion. (Intel 25.12)

ISRAEL MARKET & BUSINESS NEWS

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* 1. ScaleOps Raises $15 Million in Series A to Automate Cloud Resource Management

Tel Aviv's [ScaleOps](https://www.scaleops.co/), a startup specializing in cloud resource management, has raised $15 million in Series A funding. The company also revealed that it previously raised $6.5 million in seed funding. ScaleOps’ platform helps companies fully automate their production environments, achieving up to 80% cloud cost savings and delivering better-running applications, according to the startup. ScaleOps’ fully-automated platform continuously optimizes and manages cloud-native resources during runtime. The platform is installed on any cloud provider, on-premises and in air-gapped environments.

ScaleOps, which employs 30 people, including 25 in Israel, currently automatically manages the production environments of industry leaders like Wiz, PayU, Orca Security, At-Bay, RTL, OutBrain, Salt Security, Noname Security, and dozens more. (ScaleOps 19.12)

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* 1. Salvador Secures $6 Million in Funding to Enhance Cyber Resilience

Rehovot's [Salvador Technologies](https://www.salvador-tech.com/), an OT/ICS data recovery firm, raised $6 million in funding. The company’s platform safeguards against downtime-related losses as well as ensures comprehensive operational recovery and uninterrupted continuity within a 30-second timeframe. Spearheaded by Pico Venture Partners, this funding round saw continued support from steadfast investors including Pitango VC and Sarona Partners, underscoring their pivotal role in influencing the company’s trajectory.

Salvador's expanding customer base includes multi-national manufacturing corporations in the chemical, food, automotive and aerospace industries as well as critical infrastructure organizations, such as national maritime ports, healthcare centers, water and energy providers in multiple geographies.

Salvador Technologies has built its cyber-attack recovery platform with its patented security failover technology to prevent downtime damage and ensure ongoing operational continuity for operational technology (OT) and industrial control systems (ICS). With the average downtime period after a cyber-attack being up to three weeks and leading to the majority of direct and indirect damages, the company’s platform bypasses standard recovery protocols and allows critical infrastructure operators and industrial enterprises to recover from attacks and any malfunction within 30 seconds. (Salvador 16.12)

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* 1. OurCrowd's First Close of Israel Resilience Fund to Support Israel’s Tech Sector

Jerusalem's [OurCrowd](http://www.ourcrowd.com), a leading global digital investment platform, announced the first close of its $50 million Israel Resilience Fund, with more than $13 million in capital commitments, and approved the first 8 investments from the fund. OurCrowd will waive all management fees and carried interest as a contribution to Israel’s current wartime emergency. The fund becomes one of the fastest-closing venture funds ever to go from conception to closure and 8 actual investments.

The Israel Resilience Fund aims to focus on 50+ startups directly affected by the crisis, or developing critical solutions related to the security situation, including environmental impact, emergency medicine, food security, cybersecurity, media monitoring, reconstruction and other verticals. The fund has an Advisory Board of global tech and investment leaders. Numerous companies have applied to the fund. Eight were selected to receive investments this month. Half of the companies selected in this first round are not currently included in OurCrowd’s portfolio.

The Israel Resilience Fund will strive to catalyze co-investments from other OurCrowd funds, VCs and investors in OurCrowd’s global network, as well as potentially from government matching programs aimed at supporting the economy during the crisis. (OurCrowd 20.12)

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* 1. Top Ten Israeli Companies Traded on Wall Street are Worth a Combined $130 Billion

Israeli companies listed in New York had a banner year in 2023, particularly for the ten largest ones. At the end of the year, they were worth over $130 billion, almost 30% more than their aggregate value at the end of 2022, an additional $28 billion. The stocks of most of these companies boast double-digit returns for this year, and some have outperformed the S&P 500 Index, which has risen by 23.8%, and the NASDAQ Composite Index, which has risen by 43.2%.

All these companies save one (Teva) belong to the hi-technology sector. Contrary to most forecasts, 2023 was a very good year for the NASDAQ Composite Index and for the technology companies traded on the NASDAQ exchange, including the Israeli ones.

Among the ten companies with the highest market caps, SentinelOne has the best return. The share price of the cybersecurity company has climbed 89% this year, and the company has added $4 billion to its market cap. The Israeli company with the highest market cap is Mobileye Global at $34.6 billion. The company was floated (for the second time) on NASDAQ in October 2022 at a valuation of $16.7 billion.

Three of the ten largest Israeli companies on Wall Street deal in cybersecurity: Check Point, Cyberark and SentinelOne. The largest and oldest is Check Point, which is currently traded at an all-time high, and has a market cap of $17.8 billion. The 2023 returns of the leading ten Israeli companies traded in New York:

* SentinelOne - 89%
* CyberArk - 68%
* Wix - 60%
* Monday.com - 55%
* Nasdaq Composite Index - 44.3%
* Elbit Systems - 33%
* Mobileye - 23%
* Check Point - 21%
* Teva - 15%
* Nice Systems - 4%
* Amdocs - -2% (Globes 26.12)

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* 1. MediWound Gets DoD Funding to Advance NexoBrid Development for the U.S. Army

MediWound announced that the U.S. Department of Defense (DoD), through the Medical Technology Enterprise Consortium (MTEC), has awarded MediWound an additional $6.7 million in non-dilutive funding to develop NexoBrid as a non-surgical solution for field-care burn treatment for the U.S. Army. The $14.4 million project budget will advance the development and production of a new, temperature-stable formulation of NexoBrid, positioning it as the first-line non-surgical solution for treating severe burn injuries in pre-hospital settings.

The MTEC Research Project Award was granted by the DoD’s U.S. Army Medical Research and Development Command (USAMRDC) and funded by the Defense Health Agency through MTEC, a biomedical technology consortium working to advance innovative medical solutions to keep military personnel healthy and fully operational. In alignment with this mission, it's vital to have field solutions for severe burn treatments that are both easy-to-use and effective. Such solutions should be applicable immediately post-injury and demand minimal preparation and training.

Yavne's [MediWound](http://www.mediwound.com) is the global 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’s first drug, NexoBrid®, is an FDA-approved orphan biologic for eschar removal in severe burns that can replace surgical interventions and minimize associated costs and complications. Utilizing the same core biotherapeutic enzymatic platform technology, MediWound has developed a strong R&D pipeline including the Company’s lead drug under development, EscharEx. (MediWound 28.12)

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* 1. UserWay Agrees to be Acquired by Digital Accessibility Leader Level Access

UserWay, a pioneer in accessibility AI technologies, and Arlington, Virginia's Level Access, a leading provider of digital accessibility solutions, have signed a definitive agreement for Level Access to acquire UserWay in an all-cash transaction for a consideration of $98.7 million. Upon closing of the transaction, the combined teams will help more organizations to launch and sustain successful digital accessibility programs. Level Access’ decades of full-service digital accessibility expertise and UserWay’s technology innovation will bridge the digital disability divide for more people online.

Upon closing of the transaction, UserWay will become a privately-held company wholly owned by Level Access and the company’s shares will no longer be listed on TASE or on any public stock exchange. The business will continue to operate under the UserWay name and brand.

Tel Aviv's [UserWay](https://userway.org/) is a full-service provider of advanced digital accessibility software solutions. UserWay is trusted by millions of websites globally to improve accessibility and usability for people with disabilities. The company's Al-powered technologies help websites, apps, and digital documents more readily achieve compliance with accessibility regulations, such as the ADA, Section 508, AODA and the EAA, as well as internationally recognized standards such as WCAG 2.2, and EN 301 549. (UserWay 31.12)

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* 1. The Five Biggest Acquisitions of 2023 in Israeli Tech

Cybersecurity startups completely dominated the list of the most lucrative M&As involving Israeli startups this past year, with Talon Cyber Security leading the way after being acquired by Palo Alto Networks in a deal valued at $625 million

Completing an M&A is complicated in the best of times, not to mention when the macroeconomic situation is as complex as it was this past year. Valuations are almost always a sticking point when it comes to acquisition deals, and that was as true as ever with so much uncertainty shrouding the future of the tech sector. Nevertheless, there were plenty of deals involving Israeli companies that were closed over the past year, including some especially lucrative ones.

Below are listed the five largest acquisitions of Israeli startups during 2023. Some notable deals that just missed out were the purchase of cyber startup Ermetic for $265 million by Tenable, Cisco acquiring Lightspin for $200-250 million, and Rubrik buying cloud security startup Laminar for $200-250 million.

1. Talon Cyber Security - Acquired for $625 million by Palo Alto Networks

2. Perimeter 81 - Acquired for $490 million by Check Point

3. Axis Security - Acquired for an estimated $400 million by Hewlett Packard Enterprise

4. Bionic - Acquired for an estimated $350 million by CrowdStrike

5. Dig Security - Acquired for $315 million by Palo Alto Networks (CTech 28.12)

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* 1. Ben & Jerry's Israel Plans New Production Site after Parting with Uniliver

After parting ways with Ben & Jerry's global brand and receiving special approval to independently sell the brand's products in Israel, Ben & Jerry’s Israel CEO Zinger is establishing a new factory in Kiryat Gat, planned to span over 3.5 acres with an investment of NIS 130 million. The current factory, located in Be'er Tuvia, has been operational for 20 years, reaching its full production capacity. The new and larger facility will enable Zinger to realize his vision and introduce additional products to the Israeli market.

Zinger wants to expand the brand into other ice cream products, with the aim of increasing its market share in the ice cream industry, which currently stands at 12%. Ben & Jerry's holds 49% of the ice cream pint market in Israel. Overall, 60% of the ice cream market in the country consists of ice cream bars and popsicles.

Unilever’s board yielded to anti-Israel pressure and demanded to stop selling the brand's products in Judea and Samaria. Zinger opted to fight the parent company’s decision and subsequently, Unilever — in an unusual move — decided to sell Zinger the right to independently use the brand in Israel, allowing him to continue marketing the ice cream wherever he wanted. (Ynet 31.12)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Lebanon’s Fundbot Raises a $1.5 Million Seed Round

Beirut's [Fundbot](https://www.fundbot.co/), a FinTech startup that automates corporate lending and payments between banks, buyers and sellers, announced that it has raised a $1.5 million seed-funding round from MENA-based VC Hambro Perks Oryx Fund, with additional support from Aditum Investment Management Limited, Flat6Labs, Middle East Venture Partners (MEVP) and PlusVC. The company targets significant expansion in the MENA region, initially in the UAE and Saudi Arabia, and later into Oman, Bahrain, and Egypt.

Created to address cash flow problems for startups, Fundbot offers a fully automated, end-to-end embedded solution that enhances the efficiency of supply chain finance and helps banks, FinTechs, and B2B marketplaces embed and rapidly launch financial services.

With Fundbot, banks, telcos, FinTechs, and marketplaces can streamline and optimize workflows, reducing the need for manual intervention and minimizing the risk of errors. Fundbot can also enable these businesses to create new revenue streams by delivering faster, more efficient finance. Fundbot’s benefits to SMEs include gaining access to swift and flexible financing options, significantly enhancing purchasing power, and allowing smaller businesses to seize opportunities, address unexpected expenses, or capitalize on market trends. For these organizations, Fundbot brings improved cash flow management, reduced administrative overhead, and real-time visibility of financial transactions, leading to more informed decisions. (Fundbot 14.12)

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* 1. DIFC Innovation Hub Concludes 'Investor Day' With Over $600 Million in Funding

DIFC Innovation Hub, home to the first and largest financial technology accelerator in the Middle East, Africa and South Asia (MEASA) region, concluded its annual flagship Investor Day, with over 500 people attending the event, including key figures from the investor community and finalists of the ninth edition of the FinTech Accelerator Program and the seventh edition of AccelerateHer.

The event served as a ‘graduation day’ for 19 start-ups from the FinTech Accelerator Program – with a record-breaking 20+ proof-of-concepts created – and 10 women financial services professionals from AccelerateHer who showcased their business plans and enhanced skillset, having been mentored by some of the region’s leading banks and insurance companies.

This year, AccelerateHer participants received endorsement and mentorship from Dubai Islamic Bank, whereas the FinTech Accelerator Program was supported by Abu Dhabi Islamic Bank (ADIB), Abu Dhabi National Insurance Company (ADNIC), Emirates NBD, Emirates Post Group (EPG), HSBC, Mauritius Commercial Bank (MCB), Visa and Zurich. (WAM 19.12)

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* 1. Sukooni Provides a Local Approach to Mental Healthcare

A UAE startup building a psychotherapy platform, Sukooni is a grassroots platform is aimed at battling stigmas around mental health and expanding access to relevant resources. The founder was inspired by the experience of friends who struggled to seek help in the UAE at the heart of the pandemic. Instead, they sought out therapists from elsewhere. From there, an unmet need for culturally sensitive care was identified. In the UAE, there’s an average of 0.75 mental health professionals for every 100,000 people, while in the US there are 31 per 100,000.

Through its grassroots platform, Sukooni works chiefly to elevate the user experience by augmenting the human-to-human experience utilizing data analytics and machine learning to enhance therapeutic outcomes while catering to the unique challenges and nuances of its target audience in the UAE and wider Mena region. To attract therapists to join Sukooni, offers them competitive compensation, scheduling tools, flexible working hours, and access to its technology tools.

As it gears up for its platform launch next year in Q1, the startup’s current challenge is navigating the complex regulatory and compliance framework in the UAE. To further improve the platform’s capabilities and offerings, the startup is actively exploring funding opportunities. Its main challenge lies in showcasing a sustainable, scalable business model to investors and adapting it to healthcare regulations.

Dubai's [Sukooni](https://www.sukooni.com/%E2%80%8E) is a pioneering force in mental health care transformation within the MENA region. Their mission is to revolutionize mental healthcare services by providing personalized, culturally sensitive, and easily accessible support to address the growing demand and unique challenges faced by the region's communities. Their innovative platform utilizes advanced tools like AI-driven therapy support, personalized treatment recommendations, and secure telehealth solutions to empower licensed mental health professionals in delivering exceptional care tailored to individual needs. (Sukooni 21.12)

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* 1. Tabby Secures $700 Million in Financing from J.P. Morgan

UAE-founded fintech unicorn [Tabby](https://tabby.ai/en-AE), which is now based in Saudi Arabia, has secured $700 million in debt financing from J.P. Morgan to fund its expansion. The shopping and financial services app has also extended its Series D financing to $250 million, with participation from Hassana Investment Company, US-based Soros Capital Management and Saudi Venture Capital (SVC).

The financing from J.P. Morgan represents the largest asset-backed facility obtained by a fintech company in the Middle East and North Africa (MENA) region, the company said. It also enables Tabby to access more capital to fund its expansion.

The buy now, pay later (BNPL) platform serves 10 million consumers and 30,000 retailers across the UAE, Saudi Arabia and Kuwait. The company has recently upsized its debt facility to $350 million after closing a new financing round led by San Francisco-based Partners for Growth (PFG), along with Atalaya Capital Management and CoVenture. (Zawya 22.12)

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* 1. UAE’s Zeroe Raises a $2.2 million Seed Round

Dubai's [Zeroe](https://zeroe.io/), an AI-enabled enterprise SaaS platform, announced the close of its series seed funding round. The oversubscribed round raised $2.2 million in new capital to fuel the company’s next phase of growth. This investment accelerates the company’s mission to facilitate decarbonization and the transition to net zero, building on the successful launch of its platform to enterprise customers in the UAE.

Zeroe’s SaaS platform allows companies to comprehensively measure emissions and report on decarbonization performance to a wide variety of stakeholders. As regulators, customers and capital all increase, so does the pressure organizations face to measure and reduce their emissions. Zeroe provides enterprises with the tools needed to not only understand and reduce their carbon footprint but also to align with sustainable finance frameworks, which are key to accessing the capital critical to this transition.

Zeroe is on a mission to decarbonize enterprises by offering an AI-powered carbon management platform that supports organizations on the journey to net zero. Zeroe empowers organizations to make data-driven decisions, achieve their sustainability goals, and create long-term shareholder value. Zeroe was selected to be part of DIFC's Fintech Accelerator for 2023, a signatory to Abu Dhabi Global Market's Sustainable Finance Declaration, and a founding member of the Carbon Accounting Alliance. (Zeroe 21.12)

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* 1. UAE Hosts Over 2,000 Food and Beverage Manufacturing Companies

The UAE hosts over 2,000 food and beverage manufacturing companies, generating $7.63 billion in annual revenue, constituting 25% of the country's manufacturing GDP, and ranks second only to the oil and gas industry. This was announced by UAE Food Beverage Business Group (FB Group) in its Annual UAE Food Industry Report for 2023, offering a detailed look into the thriving landscape of the food and beverage sector across the country. For the first time, the report brings analysis of consumer preferences, the changing retail landscape and demand in each food segment on the backdrop of ever-evolving inflation rates and price fluctuations in the Middle East and African markets.

The report also underscores the urban trade universe's strong growth, emphasizing key trends shaping the industry, the increasing importance of affordability in consumer brand choices. Notably, the snacking and bakery categories are leading growth, surpassing overall sector expansion. Despite price hikes, consumer preferences lean towards indulgent categories, indicating sustained demand for premium products. The report also highlights the dynamic growth of smaller players within the industry, outpacing market leaders.

The report encompasses insights from the Nielsen retail survey reflecting shifts in consumer spending patterns and consumption behavior. The findings were categorized into 7 FB baskets, with Ambient Food, Snacking and Bakery outpacing the overall FB market growth rate, with the bakery category growing over 50%. The snacking category, chocolates, and biscuits are exhibiting robust growth and chocolates are leading at a 20% growth rate, driven by popular brands. Meanwhile, the beverage segment saw remarkable growth in the UAE, with the sports drinks segment leading at 15%, despite an overall increase in soft drink prices by 134%, a trend being that small players in the beverage market are outperforming industry leaders. The ambient food category has seen the much-anticipated recovery post-pandemic, with sub-segments such as eggs, cooking oil and desserts growing at 18%, 30%, and 21%, respectively, with all categories seeing price growth.

The survey further found that the dairy segment is growing at a rate of 16% due to increasing awareness among customers of the importance of balance and a healthy diet. Meanwhile, the frozen food category, while experiencing slower overall growth, saw Frozen Meat as a standout, growing at 18%, outpacing the segment, driven primarily by price upgrades. Finally, the Baby Food industry faces a paradox as inflation boosts topline growth through increased product prices, yet consumption declines due to a preference for mother feed and homemade alternatives, coupled with decreasing birth rates, necessitating industry adaptation to evolving market conditions. The report also cites the decline in baby food and infant formula, the growth of organic baby food brands, and the increasing importance of affordability in consumer brand choices. (WAM 28.12)

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* 1. Saudi Arabia’s Pd7 Raises $1 Million to Fuel Expansion

Mecca based sports start-up [Pala De 7](https://palade7.com/) (Pd7) has secured a SAR 3,750,000 investment from Grintafy, AlTahan and Shaghaf Investments. The venture is poised to introduce an innovative platform exclusively tailored for padel enthusiasts across the Middle East, starting in the KSA, with a user-centric platform, offering seamless field registration, easy booking, and an enhanced user experience with the help of AI technology for game matching.

The investment is dedicated to expanding 'Pd7' nationwide, introducing advanced technology to streamline pre-booking, gameplay, and post-booking experiences. Grintafy led the funding as it strives towards diversification into new sports beyond football, continuing to build the sports tech ecosystem in the region. This strategic step marks Grintafy's evolution in the sports industry, aligned with Saudi Arabia's Vision 2030 and the Ministry of Sports’ vision. The Pd7 platform will be enhanced by the advanced technology of Grintafy. Pd7 is set to launch in early 2024 and will be available to download on both iOS and Android platforms. (Pd7 14.12)

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* 1. Re-Commerce Marketplace Soum Gets $18 Million to Expand Regionally

Riyadh's [Soum](https://info.soum.sa/english/), founded in in 2021, is now seeking expansion to other MENA countries, beginning with the UAE. The plans are driven by its recent $18 million Series A funding. The round was led by Saudi’s Jahez Group with participation from New York-based Isometry Capital alongside existing investors Khwarizmi Ventures, AlRajhi Partners and Outliers Venture Capital. It follows $4 million in seed funding in 2021. Beyond expansion, the startup, whose top listings are electronics, is also increasing the categories it covers by including products like automobiles and collectibles.

Soum manages the entire process from listing to delivery. Deliveries are supported by third-party logistics partners. To list products, sellers are required to send images of their items for pre-approval. The startup also processes and holds payments until buyers confirm receipt, as a precautionary measure for fraud.

Most goods take three to four days to deliver and users have 24 hours to initiate returns, if products are unsatisfactory. It has plans to extend the return period to a week or even a month for some products. The startup makes money through commissions for every item sold. The charge is based on a range of factors including supply and demand. (Soum 02.12)

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* 1. Saudi Arabia's Hakbah Raises $5.1 Million in a Series A Round

Hakbah announced a successful $5.1 million Series A fundraising. The funding round was led by VentureSouq, the MENA-based venture capital firm with a global portfolio. Also participating were new investors M-Capital and Bunat Ventures and existing investors Global Ventures and Aditum Investment Management Ltd.

Riyadh's [Hakbah](https://hakbah.sa/?lang=en) is one of MENA’s fastest-growing startups and operates in KSA’s $216 billion savings market. The company has recorded an 18x increase in total savings under management and a 4x increase in revenue this year, struck several blue-chip partnerships with the likes of Flynas, the national low-cost airline in Saudi Arabia, and has a customer base of over 500,000 users (of which 70% are between 21 and 35 years old). Proceeds from the funding round will be used for further product development, with a strong focus on machine learning and further developing the company’s savings engine.

Hakbah’s social savings platform, which strengthens financial inclusion and fully integrates with any banking system in less than a week - includes the digitization of traditional group savings (Jameya) with the purpose of spending on financial needs. Popular in over 60 countries worldwide, savings groups are a popular and traditional savings behavior. Hakbah’s users prioritize total needs over time and share the pool of money - which is rotated amongst them. This elevates traditional savings behavior, allows saving for purpose and increases financial literacy. The company also anticipates entering two regional markets in the near future, either via partnership or a strategic alliance. (Hakbah 20.12)

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* 1. Riyadh Airports Company Selects Cognizant to Help Enhance its Digital Transformation

Riyadh Airports Company (RAC) has appointed Teaneck, New Jersey's Cognizant to enhance the capabilities of RAC's Enterprise Resource Planning (ERP) and business processes automation capabilities. The collaboration aims to revolutionize digital capabilities in the domains of finance, human resources, procurement, and planning, ultimately enhancing the traveler experience.

As RAC plays such an important role in shaping Saudi Arabia's global image and is a key player in the country's plans for the Saudi Vision 2030, Cognizant will help to improve RAC's digital transformation by implementing cutting-edge automation and enterprise applications. This collaboration marks a significant step in RAC's quest for efficiency, excellence, and seamless consumer satisfaction.

In the initial phase, Cognizant will leverage the SAP Appian framework to establish a robust process automation for airport operations. SAP has established a global standard for enterprise ERP software; and by complementing existing SAP and Appian programs. Cognizant will assist RAC in enhancing its back-office functions to streamline operations and elevate traveler satisfaction.

Saudi Arabia anticipates welcoming over 100 million visitors by 2030, and an important aspect of RAC's strategy is the integration of smarter processes and advanced automation to reinforce its position as the busiest airport in the country. (Cognizant 27.12)

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* 1. Egypt's iSchool to Relocate to Ireland After Raising $4.5 Million

Cairo's [iSchool](https://www.ischooltech.com/%E2%80%8E), an Egyptian-based edtech company is to relocate its headquarters to Ireland and create a number of news jobs locally after securing $4.5 million in investment in a funding round led by VentureWave Capital. The company has developed an online coding platform for students aged 6 to 18. It is live in more than 10 countries and the platform has been used to help train thousands of students in live coding classes across artificial intelligence, data science, game development and VR/AR.

Overall, iSchool has more than 26,000 live learners, and it has delivered over 1 million training hours, with more than 10 million lines of code have been written by its students.

VentureWave Capital, which led the investment, is a Dublin-based fund. It is best known for its €100 million Impact Ireland fund, which invests in Irish “tech for good” companies. In addition to VentureWave, other investors in iSchool include OneStop Capital UK, Webit Investment Network, and Oraseya Capital the Venture Capital arm of Dubai Integrated Economic Zones Authority. The company intends to use the financing to add its expansion into six additional countries in the MENA region, and for the roll-out of its gamified online classroom app service throughout Sub-Saharan Africa. (iSchool 20.12)

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* 1. Hard Rock International Breaks Ground on Hard Rock Hotel & Casino Athens

Hard Rock International celebrated the groundbreaking of the luxury resort and Casino in the heart of the Athens Rivera. The groundbreaking event featured a commemorative shovel celebration at the historical Hellinikon Airport. The ceremony to follow was conducted at the Hellinikon Experience Center and included the Hard Rock International executives, GEK TERNA Group executives, Greek government officials, political dignitaries and local community leaders.

Hard Rock Hotel & Casino Athens will be the first integrated resort of its kind in continental Europe and will serve as an economic driver for entertainment and tourism in the city of Athens. Expected to open in 2027, the resort will be a unique destination, combining an upscale hotel, a world-class gaming floor, a premier meeting and convention space, a state-of-the-art entertainment venue, internationally renowned food and beverage, luxurious Rock Spa® and Pool Complex, and a high-end retail promenade.

The €1.5 billion construction project is a state-of-the-art facility projected to generate 3,000 construction jobs and 3,000 permanent jobs that will not only stimulate the local economy of Athens, but will also have an immediate positive impact on Greece's economy as well. (HRI 22.12)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Barakah Nuclear Plant a Step Closer to Supplying 25% of the UAE’s Power

Work on the fourth unit of the UAE’s Barakah Nuclear Energy Plant has been completed, bringing the facility one step closer to generating 25% of the country’s electricity needs for the next 60 years. The Emirates Nuclear Energy Corporation (ENEC) announced that Nawah Energy Company has completed the process of loading fuel assemblies into Unit 4 of the Barakah Nuclear Energy Plant, after it met all national regulations and the highest international standards.

The Federal Authority for Nuclear Regulation (FANR), the UAE’s independent nuclear regulator, also recently issued an operating license for Unit 4 to Nawah. The Barakah Nuclear Energy Plant is located approximately 53 km west-southwest of the city of Ruwais. Construction of the plant commenced in July 2012, following the receipt of a construction license from the Federal Authority for Nuclear Regulation (FANR) and a No Objection Certificate from Abu Dhabi’s environmental regulator, the Environment Agency – Abu Dhabi (EAD).

The Barakah plant is an important part of the UAE’s efforts to diversify its energy sources, and will provide clean and efficient energy to homes, businesses and government facilities while reducing the nation’s carbon footprint. When fully operational, the Barakah Nuclear Energy Plant is expected to prevent up to 22 million tons of carbon emissions every year, equivalent to removing 4.8 million cars from the roads.

Currently, there are three commercially operating units at Barakah, which have all been switched on over the last three consecutive years. These three units alone are already generating more than 30TWh of zero-emission electricity every year. Unit 4 will raise the Barakah Plant’s total clean electricity generation capacity to 5.6GW, delivering more than 40TWh of clean electricity per year, once commercial operations begin. (ENEC 20.12)

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* 1. Saudi’s ACWA Power Signs $4 Billion Green Hydrogen Deal with Egypt

Saudi Arabia's ACWA Power has formalized a framework agreement with Egyptian state-owned entities for the establishment of a green hydrogen project within the Suez Canal Economic Zone (SCZONE). The agreement, succeeding an initial Memorandum of Understanding (MOU) from December 2022, delineates plans for the inaugural phase of a green hydrogen project. This phase, driven by wind and solar plants, aims to produce 600,000 tonnes annually of green ammonia, representing an investment exceeding $4 billion. The subsequent phase is anticipated to possess a potential capacity of 2 million tonnes annually.

The signatories to the agreement include ACWA Power, The Sovereign Fund of Egypt (TSFE), the Suez Canal Economic Zone (SCZone), the Egyptian Electricity Transmission Company (EETC), and the New and Renewable Energy Authority (NREA).

With this recent venture, ACWA Power’s portfolio in Egypt expands to a total of 5 assets, comprising projects in various stages from operation to advanced development, all centered around renewable energy. Collectively, these projects contribute to a substantial power generation capacity of 1.4 GW.

ACWA Power is leading a consortium responsible for developing the world’s inaugural utility-scale green hydrogen plant in the northwest region of Saudi Arabia. The NEOM Green Hydrogen Project — a collaboration between ACWA Power, Air Products, and NEOM — targets an annual production capacity of 1.2 million tonnes of green ammonia. (GB 21.12)

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* 1. AfDB Supports Tunisia's Reuse of Treated Wastewater with a €82 Million Loan

The African Development Bank (AfDB) is supporting Tunisia in the management of wastewater. The pan-African financial institution is granting €81.9 million to the Project to Improve the Quality of Treated Wastewater for Greater Resilience to Climate Change (PAQEE-RCC), on which work is due to start in 2024. Aware that improving the quality of treated wastewater requires more efficient effluent treatment and compliance with current reuse standards, the Tunisian government plans to modernize 19 wastewater treatment plants as part of the PAQEE-RCC project.

The wastewater treated by these plants is used to irrigate 3,000 hectares of farmland in Tunisia. Improving the quality of the treated effluent will be beneficial for the soil and crops. The PAQEE-RCC project will make an active contribution to food security in Tunisia, increasing production of olives, dates and other fruits, and fodder for animal, dairy and meat production, against a backdrop of drought and scarcity of water resources, and inflation in food prices on the international market.

According to the AfDB, 670,000 people will be affected by the PAQEE-RCC project between now and 2028. The initiative will also create around 200 temporary direct jobs (20% of which will be for women), 50 permanent direct jobs (30% of which will be for women) and 1,000 indirect jobs (35% of which will be for women). (Afrik 21 31.12)

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* 1. Morocco Receives $500 Million from the World Bank to Mitigate Climate Risks

The World Bank has approved a $500 million loan to Morocco aimed at enhancing institutional frameworks for disaster and climate risk management, in efforts to create insurance mechanisms that protect farmers impacted by climate change, especially droughts, according to a press release. The loan marks the second of three operations under the government's Strengthening Human Capital for a Resilient Morocco reform program, an initiative which works on mitigating health risks and poverty in precarious communities, partially through improving climate resilience and management.

Morocco has been facing a dangerous drought for years: 2023 marked the fifth consecutive year Morocco has been facing an intense drought, driven and exacerbated by climate change. Morocco saw its reservoir capacity drop to 23.55% this year (3.8 billion cubic meters), down from 29.8% (4.88 billion cubic meters) in 2022. (WB 25.12)

ARAB STATE DEVELOPMENTS

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* 1. Robust GCC Tourism Growth Defies Slowdown in Wider MENA Region

Tourism in the GCC has maintained robust growth in 2023, led by the UAE and Saudi Arabia, despite regional tensions. Regional conflict caused a ripple effect in the MENA region, triggering a slowdown in tourism for several neighboring countries, especially Israel, Egypt, Jordan and Lebanon. Yet it has been different for the GCC, with Dubai, Abu Dhabi, Riyadh and Jeddah maintaining their growth trajectories.

New data released by the Dubai Department of Economy and Tourism (DET) indicated a positive industry performance, with tourism sector growth in 2023 outperforming pre-pandemic results across travel and hospitality. Dubai welcomed a record 13.9 million visitors from January to October, compared to 13.5 million during the corresponding period in 2019. In the first 10 months of the year, the GCC and MENA regions accounted for 29% of international inbound tourism to Dubai, with Western Europe contributing 19%, and visitors from South Asia totaling 18%.

Average hotel occupancy between January and October this year reached 76%, up from 74% during the same period in 2019. The achievement is particularly notable as Dubai has also recorded increases of 13% and 22% in hotel establishment and room capacity, respectively, since 2019.

Saudi Arabia’s tourism sector has also seen robust gains in the first six months of the year, with the total number of tourists reaching 53.6 million in H1/23, inclusive of overnight visitors for all purposes. This includes 39 million domestic tourists and 14.6 million international visitors. (Zawya 22.12)

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* 1. Jordan's Gross Domestic Product Rises by 2.7% in Third Quarter

Jordan's Gross Domestic Product (GDP) at current and constant market prices exhibited a 2.7% growth in Q3/23 compared to the corresponding period last year, as reported by the Department of Statistics' (DoS). The GDP at constant market prices also saw a 2.7% increase during the January-September period of the current year in comparison to the same period last year.

As for sectoral estimates, preliminary data disclosed that all economic sectors experienced growth during this timeframe, according to the DoS. The report highlighted the hotels and restaurants sector as the top performer, achieving a growth rate of 6.3%, contributing 0.11% to the overall growth rate. Following closely was the transportation, storage, and communications sector at 5.3%, contributing 0.44%, trailed by the agriculture, hunting, forestry, and fishing sector with a growth rate of 5.1% and a contribution of 0.20%. The manufacturing industries sector also played a role with a growth rate of 3.9%, contributing 0.73% to the overall achieved growth rate. (Petra 31.12)

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* 1. Jordan’s Industrial Sector Dominates Employment Landscape

Jordan's industry and manufacturing sector, the largest employer of the national workforce, is contributing to positive employment growth, according to a World Bank report. The report emphasized that generating employment remains a significant challenge, as economic growth has not translated into substantial gains in labor market outcomes. The Jordanian industrial sector employs over 250,000 workers, with Jordanians comprising over 90% of the workforce.

Positive employment growth was only seen in tourism, manufacturing and agriculture, although the latter is a small employing sector. Promising high-productivity sectors are witnessing faster employment growth, but their share in total employment remains low, according to the report. Over the past five years, the report highlighted that faster GDP growth in sectors does not necessarily reflect on employment growth, even for those sectors already absorbing a large number of labor.

Labor force participation is on a downward trend, reaching 33% in Q2/23, with female labor force participation rates still among the lowest globally, declining further to 13.8% in Q2/23. Meanwhile, the labor force participation for men, at 53%, is also low by global and regional standards, highlighting the need to increase participation for both men and women and narrow the gap between them to accelerate growth. Despite low participation, unemployment rates remain high, slightly declining to 22.3% in Q2/23 compared with 22.6% in the previous year. (JT 24.12)

►►Arabian Gulf

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* 1. GCC & South Korea Sign Free Trade Accord

The Gulf Cooperation Council (GCC) signed a free trade agreement with South Korea on 28 December, its second trade deal this year, as the six-member bloc intensifies efforts to boost investment ties with major economic partners in Asia. South Korea will remove tariffs on almost 90% of all items, including liquefied natural gas (LNG), and other petroleum products, while the Gulf states will scrap tariffs on 76.4% of traded products and 4% of traded goods.

The FTA will also cover trade in goods, services, government procurement, as well as cooperation among small and medium-sized enterprises (SMEs), customs procedures, intellectual property, among others.

The GCC has signed few FTAs due to the complications of navigating competing priorities within the bloc, and talks such as those with China, which began in 2004, can take years. Trade talks have, however, gathered momentum as Gulf states seek to diversify their economies and develop new sources of income.

Trade between the Gulf and South Korea jumped to $78 billion from $50 billion between 2021 and 2022, while the bloc’s trade with emerging Asia, which includes China, surged to $516 billion last year from $383 billion in 2021. The GCC-South Korea talks, which began in 2007, were put on hold for almost 13 years before being revived last year. (Various 28.12)

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* 1. Bahrain Sees 2.45% Growth in Third Quarter of 2023

Bahrain’s real GDP increased by 2.45% at constant prices and 1.09% at current prices in Q3/23, showcasing a robust economic performance compared to the same period in 2022. This growth is primarily attributed to an expansion in the country’s non-oil sector, which recorded a substantial 4.48% increase at constant prices and a 4.81% rise at current prices on an annual basis. The GDP at constant prices for this sector reached BD 3,387.82 million during Q3/23, a notable climb from BD 3,306.71 million in the corresponding period of 2022.

A detailed report further highlighted the pivotal role particularly played by financial corporations, emerging as one of the largest contributors to real GDP, accounting for a significant 18.08%. Following closely, the manufacturing industry demonstrated its strength with a substantial contribution of 13.85%.

The national accounts estimates indicate that the non-oil sectors that witnessed the highest annual growth. Notably, the hotel and restaurants activity took the lead with an impressive growth rate of 9.36%, underscoring the Kingdom’s growing prowess in the hospitality sector. Following closely, financial corporations displayed robust growth with an 8.36% increase at constant prices. (BNA 26.12)

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* 1. CBUAE Raises Economic Growth Outlook to 5.7% for 2024

The Central Bank of the UAE (CBUAE) said it expects the country’s GDP to grow by 5.7 % in 2024, compared to its previous projection of 4.3 %. The central bank forecasted a 4.7 % non-oil GDP growth in 2024 compared to 5.9 % this year while oil GDP is expected to expand by 8.1 % in 2024.

The UAE economy grew by 3.8% year-on-year (YoY) in Q2/23, compared to 8 % recorded during the same period a year ago, aligning similarly with the first quarter of the current year. The CBUAE said the non-oil GDP growth accelerated to 7.3 % YoY in the second quarter of the current year, up from 4.5 % YoY in the previous quarter and 6.4 % YoY compared to the same period last year.

Regarding the non-oil sectors of the economy, the latest data from the CBUAE shows significant expansions in financial services, insurance, construction, wholesale, and retail trade, leading to an adjustment in the expected growth rate for 2023 and 2024 to 5.9 % and 4.7 %, respectively. CBUAE said that the unified financial surplus during the first half of the current year amounted to Dhs47.4 billion or 5.2 % of the GDP, compared to a surplus of 13.4 % during the same period in 2022.

Government revenues reached Dhs246.9 billion, constituting 26.4 % of the GDP on an annual basis during the first half of 2023. Meanwhile, total expenditures amounted to Dhs199.5 billion, accounting for 21.3 % of the GDP on an annual basis. The improvement in working conditions was propelled by a sharp rise in both business activity and new orders, particularly in new export orders, growing at the fastest pace in over four years. (GB 22.12)

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* 1. UAE Ranks First Among Arab Economies in Competitiveness

The United Arab Emirates has cemented its position as the most economically competitive nation in the Arab world, securing the top spot in the latest Arab Economic Competitiveness Index released by the Arab Monetary Fund (AMF). This dominant performance, highlighted in the seventh edition of the AMF's Arab Economic Competitiveness Report, underscores the UAE's sustained progress across crucial sectors, including its robust overall economy, increasingly attractive investment environment, and growing allure.

The report further highlighted that the UAE secured the top position in the government financial sector index, ranking first in the deficit/surplus to GDP ratio and second in the tax burden index. Additionally, the report mentioned that the UAE came in first place among Arab countries in terms of investment environment and attractiveness, topping the economic freedom index due to its advanced standing in all sub-indices.

The UAE also topped the infrastructure sector index, leading in mobile phone subscriptions and the percentage of the population with access to electricity, while ranking second in the share of air transport and shipping to total global transport and shipping. In terms of institutional and good governance sectors, the UAE came out on top among Arab countries, achieving an advanced ranking in both the administrative corruption and government efficiency indices. (WAM 22.12)

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* 1. UAE Concludes CEPA Negotiations with Congo-Brazzaville

The UAE has completed bilateral trade negotiations with Congo-Brazzaville, the second Comprehensive Economic Partnership Agreement (CEPA) agreement with an African state in a week. Earlier, talks were completed for a CEPA deal with Mauritius, its first with an African country.

The CEPA agreement with Congo-Brazzaville will reduce or remove unnecessary trade barriers, facilitate investments, open market access to services exports, and create more opportunities for businesses to forge new partnerships. The trade deal builds on the growing bilateral cooperation between the UAE and Congo-Brazzaville, which saw non-oil trade surging by 134% to reach $2.1 billion in the first half of 2023 compared to the same period a year ago.

It follows the signing of three strategic agreements between the two earlier this year including a double taxation avoidance agreement, an investment promotion and protection agreement, and an air transport agreement. Congo-Brazzaville is the 12th largest trading partner of the UAE among non-Arab African countries, with the UAE ranking eighth-largest export market for Congo-Brazzaville and 13th largest import market. The UAE accounts for about 72% of Congo-Brazzaville’s non-oil trade with Arab countries. The total value of non-oil trade between the UAE and Congo-Brazzaville reached approximately $2.2 billion in 2022, a 5% increase compared to 2021 and a growth of 29% compared to 2020. (WAM 29.12)

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* 1. Abu Dhabi Marks Non-Oil GDP Growth of 7.7% in Third Quarter

Abu Dhabi’s non-oil GDP has grown by 7.7% in Q3 and 8.6% in first nine months of 2023, compared to the same period in 2022, according to the Statistics Centre Abu Dhabi (SCAD). Preliminary estimates released by SCAD reveal that most of non-oil activities have sustained growth rates, contributing 52.8% to the overall economy. The emirate's economy reached its highest quarterly value at AED290.5 billion, posing a growth of one% in real gross domestic product during Q3/23 compared to the same quarter the previous year, despite the decline in oil prices.

The statistical results showed a 2.8% growth in real GDP over the first nine months of 2023 compared to the same period last year and a robust 8.6% expansion in non-oil activities during the same timeframe. Manufacturing activities, which is a leading non-oil activity, reached a value of AED26.3 billion, contributing over 17% to the non-oil GDP and 9% to the overall GDP in the third quarter of 2023. Construction activity achieved a growth rate of 14.3% during the third quarter of 2023 compared to the same period in 2022. The value of construction activity reached AED25 billion, contributing more than 16.3% to the non-oil GDP and 8.6% to the total economy during the third quarter of 2023. (Zawya 29.12)

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* 1. Saudi Arabia's Exports Fell by 17% in October Due to Lower Oil Sales

Saudi Arabia's total exports, including both oil and non-oil exports, fell 17% year-on-year (YoY) in October 2023 to 104 billion riyals ($27.7 billion) from SAR 126 billion, dragged by lower oil exports. Oil exports fell by SAR 18.4 billion, or 18%, in the same period to SAR 82.3 billion, according to data issued by the General Authority for Statistics. The share of oil exports in total exports fell from 79.7% in October 2022 to 78.9% in October 2023. However, compared to the previous month, oil exports edged higher by SAR 15 million.

The kingdom's crude oil exports in October hit their highest level in four months. Crude exports rose 9.6% rose to 6.30 million barrels per day (bpd) from September, while the country's crude oil production fell slightly to 8.94 million bpd, according to data from the Joint Organizations Data Initiative (JODI).

In November, Saudi Arabia, a key member of OPEC+, confirmed it would continue with its additional voluntary cut of 1 million bpd translating into a production of around 9 million bpd for December. Meanwhile, non-oil exports (including re-exports) decreased by 14% YoY to SAR 22 billion from SAR 25.6 billion in October 2022. Total merchandise imports rose by 12% or SAR 7.6 billion in October to SAR 73.9 billion versus SAR 66.3 billion in October 2022, giving the country a positive trade balance of SAR 30 billion; down from SAR 41 million in the previous month. (GAS 26.12)

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* 1. Saudi Arabia’s New Regional Headquarters Mandate Goes Into Effect

Saudi Arabia‘s deadline for foreign firms to establish their regional headquarters in the kingdom or lose out on hundreds of billions of dollars in government contracts went into effect on 1 January, as did several exceptions to the rule. The exceptions include contracts below SAR 1 million ($266,681), contracts executed outside of the kingdom, deals with companies that are the sole providers of their service or commodity, and emergencies that can only be addressed by a foreign company without regional headquarters.

Companies without regional headquarters can still compete for government tenders, but government agencies will only be able to approve them if they are technically superior and 25% cheaper than the next best offer, or if there are no competing offers. The Saudi cabinet announced its approval of contracting regulations recently, but did not release details at the time. It did not specify what how many contracts below SAR 1 million a foreign firm could sign with the same government agency.

Foreign companies had rushed to prepare for the deadline. Tax incentives, including a 30-year exemption for corporate income tax, were announced than less than a month ahead of the deadline. In November, Saudi investment minister Khalid Al-Falih said that 180 companies had agreed to establish their regional headquarters in Riyadh. (Various 02.01)

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* 1. Unemployment for Saudi Arabia Rises Slightly to 8.6% in Third Quarter

Unemployment for Saudi citizens rose slightly to 8.6% in the third quarter, up from 8.3% in the previous quarter, but still lower than the 9.9% recorded in the same period a year ago. The overall unemployment rate - which includes foreign nationals - reached 5.1%, up from 4.9% in the second quarter, data from the General Authority for Statistics showed. Foreign nationals make up just over 40% of the total population according to the latest census, the majority of whom need an employment contract to live in the country.

Unemployment remains relatively high among Saudis aged 15 to 24, at 13.6% for males and 25.3% for females, with total youth unemployment at 17.4%, up from 17% in the previous quarter, the data showed. Total Saudi unemployment for citizens between the ages of 24 and 54 was 7.9%, a small rise from 7.5% in the previous quarter.

More than 60% of Saudi citizens are under the age of thirty, and job creation has been a key tenet of Crown Prince Mohammed Bin Salman's Vision 2030 program, which seeks to stimulate the economy and diversify it away from oil. As part of the drive to decrease the historic dependence on expatriate labor, the government has implemented a "Saudization" program where companies are required to employ certain quotas of Saudi nationals. The overall labor market participation rate for Saudi citizens decreased slightly to 51.6% from 51.7% in Q2, and fell from 52.5% in Q3 of 2023. Unemployment for Saudi women increased to 16.3%, up from 15.7% in Q2, though still lower the previous year's 20.5% in Q3. (GAS 28.12)

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* 1. Aramco Digital & Intel Unveil Plans Saudi's First Open Wireless Access Center

Saudi Arabia’s communications infrastructure is set to receive a boost as Aramco Digital Co. and Intel announced plans to establish the Kingdom’s first open wireless access network development center. The proposed center aims to drive innovation, promote technological advancement, and contribute to Saudi Arabia’s digital transformation landscape. In this collaboration, Aramco Digital Co., a subsidiary of Saudi Arabian Oil Co., will join forces with Intel to accelerate the development and implementation of open wireless access network technologies, reinforcing the Kingdom’s commitment to establishing a robust and resilient communications infrastructure.

This partnership holds the potential to propel Saudi Arabia further in its digitization journey, as outlined in the Kingdom’s Vision 2030. The development center is expected to foster collaboration between Aramco Digital and Intel engineers, researchers and industry experts. The report added that the innovation center will also contribute to the development of local talents by providing training and practical experience in the field of open wireless access network technology.

In January 2023, the energy giant launched Aramco Digital Co. to propel the Kingdom’s growth in the technological sector. At that time, Saudi Aramco announced a commitment of $510 million to the company over the next three years, aiming to drive innovation across the Kingdom and grow the digital economy through a network of partnerships, projects and joint ventures. (AN 25.12)

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* 1. State Department Approves $1 Billion in Blanket Order Training for Saudi Arabia

The US State Department has made a determination approving a possible Foreign Military Sale to Saudi Arabia of Blanket Order Training and related equipment for an estimated cost of $1 billion. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale.

Saudi Arabia requested a continuation of a blanket order training program inside and outside of the Kingdom that includes, but is not limited to, flight training; technical training; professional military education; specialized training; Mobile Training Teams (MTTs); Technical Assistance Field Team (TAFT); Extended Training Service Specialists (ETSS); and English language training. These blanket order training cases will cover all relevant types of training offered by or contracted through the U.S. Air Force or Department of Defense Agencies (DOD). This training for the Royal Saudi Air Force (RSAF) and other Saudi forces will include such subjects as civilian casualty avoidance; the laws of armed conflicts; human rights; command and control; and targeting via MTTs and/or broader Programs of Instruction (POIs). Program management; trainers, simulators; travel; billeting; and medical support may also be included. The estimated total cost is $1 billion.

The proposed sale will improve Saudi Arabia’s capability to meet current and future threats and increase its interoperability with the U.S. through comprehensive U.S. Air Force training. The training will assist Saudi Arabia by fostering a climate of security in the region through the improved proficiency of the Royal Saudi Air Force. The State Department feels the proposed sale of this equipment and support will not alter the basic military balance in the region. (State 22.12)

►►North Africa

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* 1. Egypt Raises $800 Million from Hotels in Divestment Drive

Egypt’s sovereign wealth fund has signed an $800 million deal to sell a stake in seven prominent hotels to Talaat Moustafa Group (TMG) in its drive to raise funds and foreign currency, Prime Minister Madbouly said. Revenues from selling stakes in state assets have reached $5.6 billion so far, said Madbouly, whose government is grappling with a long-running shortage of foreign currency and a rising debt burden. He provided no breakdown of the revenues. The stake sales, which some expect to accelerate after a presidential election earlier this month, are seen as crucial to Egypt’s chances of easing prolonged pressure on the Egyptian pound, attracting badly needed dollars, and launching economic reforms under an IMF loan program.

The program to offload assets has stumbled in the past, and the state and military retain a dominant position in the economy. Under the deal for the portfolio of hotels, TMG acquired a 39 % stake with the right to raise the share to 51%. Under the deal, an international investor will buy a minority $882.5 million stake in TMG’s hospitality company ICON, which in turn is buying the $800 million stake in the state-owned group that owns the seven hotels. The hotels, among Egypt’s grandest, include the Cataract in Aswan, the Winter Palace in Luxor, the Mena House in Cairo and the Cecil in Alexandria, all built in the late 19th or early 20th centuries.

The Egyptian government, along with the International Finance Corporation, has conducted preliminary studies on the divestment of 50 companies, with priority given to specific sectors such as airports and telecommunications. A $3 billion financial package reached with the IMF a year ago faltered after Egypt failed to let its currency float freely or make progress on the sale of state assets. The IMF has delayed disbursements of about $700 million due in 2023. (Various 21.12)

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* 1. Egypt to Launch Second Phase of National Strategy for AI

Egypt is in discussions on the second phase of the National Strategy for Artificial Intelligence, the Minister of Communications and Information Technology and the National Council for Artificial Intelligence’s Chairman, announced in during a meeting they held recently. The Minister explained that the second phase of the strategy aims to improve the national artificial intelligence index by implementing several initiatives across 6 sectors: governance, environment, information infrastructure, data, human resources and technology.

The first phase of the strategy will end in May 2024 and it aims to use artificial intelligence technologies to support the achievement of Egypt’s sustainable development goals. The duration of the second phase of the strategy is 3 years. The second phase of the strategy adopted a number of priority initiatives within these axes, which are enhancing the scope of investment, raising the level of public awareness of artificial intelligence, attracting investments for data centers, enabling the management of the stages of the local data life cycle, developing capabilities in the field of artificial intelligence and building a technological platform based on the development of big data technology.

Earlier this month, a recent report from the Cabinet’s Information and Decision Support Center (IDSC) revealed that the artificial intelligence market in medical imaging reached $4 million in Egypt in 2022. The report projects significant growth at a compound annual rate of 36.9% from 2022 to 2030, expecting the market to hit $52 million. (ET 25.12)

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* 1. For the First Time Morocco Dispenses Welfare Benefits

Nearly a million low-income Moroccan families are due to receive government aid, authorities announced recently, launching the kingdom's first and much-awaited social benefits program. Beneficiaries will receive a direct monthly payment starting at 500 dirhams ($50), Prime Minister Akhannouch told a government meeting, according to an official statement. The first payments under the new scheme were made on 28 December.

The government said in late October that the aid to families was expected to cost Morocco MAD 25 billion through 2024. The launch comes a decade after the program was proposed, and as part of an overhaul of social services announced in 2020 by King Mohammed VI. The king's agenda also introduced in 2021 basic health coverage for all Moroccans.

Once reserved only for civil servants and private sector employees, the health care scheme provided coverage for 3.8 million self-employed Moroccans and their families. It also provided free healthcare to about 10 million low-income Moroccans, paid for by the state. The reforms are rolled out at a time of economic slowdown and deepening inequalities in Morocco, a country of 36 million people.

According to the latest estimates by the central bank, Morocco's economy will end 2023 with a growth rate of 2.7% and 6.1% inflation. Government aid so far has been indirect, with the state subsidizing some goods but not offering payments to low-income people. (AFP 27.12)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Greek Budget Records €5.826 billion Primary Surplus from January to November

The Greek state budget recorded a primary surplus of €5.826 billion in the January-November period this year, up from a budget target for a surplus of €3.771 billion and a primary deficit of €1.091 billion recorded in the same period last year. Net revenue amounted to €59.162 billion in the 11 months, up €195 million from targets, while regular budget revenue was €65.430 billion, up €328 million or 0.5% from targets.

More specifically, tax revenue was €56.040 billion, up 0.8% from targets, reflecting a €131 million increase in VAT proceeds, a €6 million decline in special consumption taxes, a €22 million decline in property tax revenue and a €183 million increase in income tax revenue. Tax returns totaled €6.267 billion, up €133 million from targets, while Public Investment Program revenue was €2.954 billion, down €340 million from targets.

Budget spending totaled €60.194 billion, down €1.774 billion from targets, while regular budget spending was €1.270 billion lower than targets. In November, budget revenue was €5.285 billion, up €193 million from monthly targets, while regular budget revenue was €6 billion, up €326 million from monthly targets. (AMNA 27.12)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Exposure to Polluted Air in Israel Some 3.5 Times Over Global Target Levels

Israelis’ exposure to air pollution improved between 2015 and 2022, but was still substantially higher than World Health Organization targets adopted by Israel’s Environmental Protection Ministry, according to an air quality review included for the first time in a Central Bureau of Statistics’ quality of life index. The review looked at the presence of fine particulate matter — particles that are 2.5 microns or less in diameter — with the target represented by the figure of 100. The desired value for the index is 100 or below.

The Israel index showed the national average stood at 340 in 2022 — down from 419 in 2015, but still nearly three and half times higher than desirable. The cities worst affected were Petah Tikva and Hadera in the center (scored at just under 400), followed, in an equal position, by Bnei Brak, Rishon LeZion, Netanya, and Kfar Saba (all 375). Those least affected were Jerusalem and nearby Beit Shemesh (just under 300) and Ashkelon. (ToI 28.12)

ISRAEL LIFE SCIENCE NEWS

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* 1. ImPact Biotech Receives FDA Clearance of IND Application for Pancreatic Cancer

ImPact Biotech announced that their Investigational New Drug (IND) application for Padeliporfin VTP has been cleared by the U.S. FDA to begin a Phase 1 study in patients with unresectable pancreatic adenocarcinoma (PDAC).

The Phase 1 study is a two-part, multi-center, non-randomized, open-label clinical trial designed to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics and preliminary efficacy of Padeliporfin VTP therapy in patients with Stage 3, locally advanced and unresectable PDAC. Padeliporfin VTP (Vascular Targeted Photodynamic) therapy is a minimally invasive oncology platform for the treatment of solid tumors. It offers surgery-like efficacy combined with healthy-tissue or organ preservation. VTP comprises the intravenous delivery of an inactive drug, Padeliporfin. Upon light activation, the drug rapidly triggers the constriction of the blood supply in the illuminated area only, resulting in targeted tumor necrosis that activates anti-tumor immunity which in-turn enhances cancer cell eradication.

Ness Ziona's [ImPact Biotech](http://www.impactbiotech.com) is an advanced clinical-stage oncology company focused on the development and commercialization of Padeliporfin Vascular Targeted Photodynamic (VTP) therapy, a minimally invasive drug-device combination for selective ablation of unresectable solid tumors. The novel VTP platform delivers non-thermal laser light via optical fibers to locally activate Padeliporfin in the tumor microenvironment. (ImPact Biotech 20.12)

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* 1. IR-MED Awarded Most Innovative Non-Invasive Diagnostics Technology Developer Award

IR-MED has been awarded the “Most Innovative Non-Invasive Diagnostics Technology Developer 2023 – Israel” by UK-based Corporate Vision Magazine for the company’s PressureSafe device and technology platform. Corporate Vision’s Small Business Awards aim to be a beacon of light for businesses that make an incredible contribution to their clients and customers by shaping their industries and bringing something unique to the market.

PressureSafe, an innovative non-invasive medical device that uses infrared optical spectroscopy and AI, is designed to effectively detect early-stage pressure injuries for all skin tones. Pressure injuries cost the U.S. healthcare system $26.8 billion and lead to 60,000 deaths annually. PressureSafe was found to be 96% accurate in detecting pressure injuries based on interim results from a multicenter study. The skin-color agnostic device effectively addresses equity in healthcare by using infrared light to detect biomarker changes below the skin’s surface. PressureSafe is expected to launch in the U.S. in H1/24, subject to regulatory approval.

Rosh Pina's [IR-MED](https://www.ir-medical.com/) is developing a noninvasive spectrographic analysis technology platform, allowing healthcare professions to detect, measure and monitor, in real time, different molecules in the blood, in human tissue, and in body fluids without invasive procedures. PressureSafe, the first product under development, is a handheld optical monitoring device that is being developed to support early detection of pressure injuries (PI) to the skin and underlying tissue, regardless of skin tone as it calibrates personally to each patient’s skin. (IR-Med 21.12)

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* 1. Nitrousink Controlled Trial for the Reduction of Greenhouse Gas Emissions

Save Foods announced that its majority-owned subsidiary, Nitrousink, a research and development company using technologies developed at the Volcani Institute, commenced a controlled trial to examine its solution for the reduction of greenhouse gas emissions, with a specific focus on nitrous oxide (N2O), a potent greenhouse gas and contributor to ozone depletion.

The controlled trial is taking place under greenhouse conditions and aims to investigate several options to optimize the effectiveness of Nitrousink's solution in reducing the greenhouse gas N2O emissions during wheat growth. Nitrousink will then evaluate the performance of its solution in microplot fields featuring various soil types, along with different dosages and formulations. Moreover, Nitrousink intends to discover and identify additional microorganisms with the capacity to decrease N2O emissions. Save Foods previously announced entering the carbon credit and greenhouse gas emissions markets following its acquisition of a majority stake (60%) in the newly formed Nitrousink.

Tel Aviv's [Save Foods](https://savefoods.co/%E2%80%8E) is an innovative agri-food tech company that through its three operational arms delivers integrated solutions for improved safety, quality, and sustainability every step of the way from field to fork. Save Foods focuses on post-harvest treatments in fruit and vegetables to control and prevent pathogen contamination, significantly reduce the use of hazardous chemicals, and prolong fresh produce’s shelf life. Nitrousink contributes to tackling greenhouse gas emissions, offering a pioneering solution to mitigate N2O (nitrous oxide) emissions, a potent greenhouse gas with 265 times the global warming impact of carbon dioxide. (Save Foods 21.12)

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* 1. Pluri & Bar-Ilan to Develop PLX Cells for the Treatment of Cocaine Addiction

Pluri signed an agreement assigning the joint patent rights to develop Pluri’s PLX cells in the treatment of cocaine addiction, to [BIRAD–Research & Development Company](https://birad.biz/), the commercial arm of Bar-Ilan University. Under the agreement, Bar-Ilan University via BIRAD will receive the right to further develop and commercialize PLX cells as a cocaine anti-addiction product, and Pluri is entitled to 20% revenue sharing from future sales of the product for anti-addiction. The agreement stems from a collaboration between Pluri and Bar-Ilan University researchers that presented compelling findings. Data from the studies were published in the peer-reviewed journal Pharmaceutics.

The studies evaluated PLX-PAD cells’ efficacy in treating cocaine addiction in animal models. Findings demonstrate that PLX-PAD cells reduced cocaine-seeking behavior by migrating to specific mesolimbic regions of the brain and restoring neurogenesis, significantly increased neurogenesis and decreased cocaine cravings during withdrawal.

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 well-being and sustainability. The Company’s 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 21.12)

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* 1. Gilead & Compugen Agree to License Novel Pre-Clinical Immunotherapy Program

Foster City, California's Gilead Sciences announced an agreement with Compugen to exclusively license its potential first-in-class, pre-clinical antibody program against IL-18 binding protein, including the COM503 drug candidate. Compugen utilizes its broadly applicable predictive computational discovery capabilities to identify new drug targets and biological pathways for developing novel cancer immunotherapies. COM503 is a potential first-in-class, high affinity antibody which blocks the interaction between IL-18 binding protein and IL-18, thereby releasing natural IL-18 in the tumor microenvironment and inhibiting cancer growth.

Under the terms of the agreement, Compugen will be responsible for the ongoing pre-clinical development and the future Phase 1 study of COM503. Thereafter, Gilead will have the sole right to develop and commercialize COM503. Gilead will make Compugen an upfront payment of $60 million and $30 million in a near term milestone payment subject to IND clearance of COM503 expected in 2024. Compugen will also be eligible to receive up to an additional $758 million in future development, regulatory and commercial milestone payments, with a total deal value of $848 million. Compugen will also be eligible to receive single-digit to low double-digit tiered royalties on worldwide net sales.

Holon's [Compugen](v) is a clinical-stage therapeutic discovery and development company utilizing its broadly applicable predictive computational discovery capabilities to identify new drug targets and biological pathways for developing cancer immunotherapies. Compugen has developed two proprietary product candidates: COM701, a potential first-in-class anti-PVRIG antibody and COM902, a potential best-in-class antibody targeting TIGIT for the treatment of solid tumors. (Gilead 19.12)

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* 1. Can-Fite’s Reports New Data on Namodenoson Anti-Obesity Effect

Can-Fite BioPharma reported new data on Namodenoson’s anti-obesity mechanism of action. New data demonstrate that treatment of fat cells (3T3-L1 adipocytes) with Namodenoson leads to modulation of proteins that increase adiponectin level. Adiponectin is a regulator of fat production in the cells, resulting in the inhibition of fat levels. Furthermore, Namodenoson reduced body weight in an experimental animal model of obesity induced by a high fat diet. In a Phase IIa NASH study, in patients treated with Namodenoson, a 2.1% weight loss was observed after 3 months of treatment (Safadi at Al) and a significant decrease in serum adiponectin levels was found.

Petah Tikva's [Can-Fite BioPharma](http://www.canfite.com) is an advanced clinical stage drug development company with a platform technology that is designed to address multi-billion dollar markets in the treatment of cancer, liver and inflammatory disease. Can-Fite's cancer and liver drug, Namodenoson, is being evaluated in a Phase IIb trial for the treatment of steatotic liver disease (SLD), a Phase III pivotal trial for hepatocellular carcinoma (HCC), and the Company is planning a Phase IIa study in pancreatic cancer. Namodenoson has been granted Orphan Drug Designation in the U.S. and Europe and Fast Track Designation as a second line treatment for HCC by the U.S. FDA. (Can-Fite 20.12)

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* 1. Shaare Zedek Arieli Innovation Hub – SHAAR Established in Jerusalem

Shaare Zedek Medical Center (SZMC), Jerusalem's largest multi-disciplinary medical center, and Arieli Capital, a global multifaceted investment firm, announced the creation of the [Shaare Zedek Arieli Innovation Hub, SHAAR](http://www.shaarhealth.com). This landmark center is set to become a cornerstone hub for healthcare innovation.

Shaare Zedek Scientific (SZS), the research and innovation arm of SZMC, and Arieli are leading the new SHAAR Hub, which was launched with support from the Jerusalem Development Authority (JDA). SHAAR, located within the Shaare Zedek Medical Center, combines SZMC's medical expertise and world-class facilities with Arieli's investment experience and track record of fostering innovation and growth platforms.

SHAAR's mission is to build a gateway between innovation and capital, creating an environment where cutting-edge medical research, pioneering projects, and forward-thinking startups can thrive through strategic financial and professional support, leading co-working space and a collaborative community. The hub facilitates advanced innovation programs and access to investment and funding opportunities, providing startups and medical projects with the resources needed to turn visionary healthcare ideas into impactful solutions. (Arieli Capital 19.12)

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* 1. FDA Approves Sofwave's SUPERB Technology for Skin Laxity on the Upper Arm

Sofwave Medical announced clearance by the U.S. FDA for the Company’s 510(k) premarket notification submission for the improvement of the appearance of skin laxity on the upper arms and paves the way for Sofwave to further expand into additional treatment indications.

According to the American Society of Plastic Surgeons, 2022 Procedural Statistics Release, 2019-2022, brachioplasty (surgical arm lift) procedures grew 25%. Sofwave’s SUPERB platform introduces a viable FDA-cleared, non-invasive alternative to improve the appearance of skin laxity on the upper arms without the associated risks and recovery time of conventional surgery, laser-based body contouring, and other minimally invasive procedures.

In the U.S., Sofwave’s technology is currently cleared for use as a non-invasive aesthetic treatment to improve facial lines and wrinkles, lift the eyebrow, and lift lax submental (beneath the chin) and neck tissue; which can also affect the appearance of lax tissue in the submental and neck regions for subjects aged 22 and older. The Sofwave system is also cleared for short-term improvement in the appearance of cellulite and for the treatment of acne scars.

Yokneam Illit's [Sofwave Medical](https://sofwave.com/) has implemented an innovative approach to wrinkle reduction lifting and cellulite using its proprietary breakthrough technology. SUPERB™, Synchronous Ultrasound Parallel Beam technology is FDA-cleared to improve facial lines and wrinkles, lifting the eyebrow and lifting lax submental tissue (beneath the chin), neck tissue and arm, as well as the short-term improvement in the appearance of cellulite and treatment of acne scars, providing physicians with smart yet simple, effective, and safe aesthetic solutions for their patients. (SofWave Medical 26.12)

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* 1. Nectin Therapeutics Advances Ongoing Clinical Trial & Expands Sites to Israel

Nectin Therapeutics has progressed its Phase 1 clinical trial of NTX1088 to include a combination therapy arm with the immune-oncology drug KEYTRUDA (pembrolizumab), MSD's anti-PD-1 therapy and expanded the trial to four additional global sites to include Sheba Medical Center, Hadassah Medical Center, Ochsner Health, and City of Hope along with flagship site, MD Anderson Cancer Center.

NTX1088 is Nectin's First-in-Class lead candidate – a highly potent monoclonal antibody directed against PVR (CD155), a transmembrane protein expressed on cancer cells and associated with resistance to PD1 and PDL1 immune checkpoint inhibitors. PVR blockade by NTX1088 is the first and only therapeutic approach aimed at restoring the antitumor immune activity of DNAM1 (CD226). DNAM1 is a cell surface glycoprotein, central to the function of T and NK cells that is degraded by PVR on tumor cells. Restoring the expression and activation of DNAM1 by blocking PVR results in increased antitumor activity from T and NK cells. PVR blockade by NTX1088 further stimulates an antitumor immune response by preventing the suppressing signaling of several immune checkpoint receptors, including TIGIT and CD96. NTX1088 is currently being clinically evaluated as a monotherapy and in combination with KEYTRUDA (pembrolizumab).

Jerusalem's [Nectin Therapeutics](https://www.nectintx.com/) is a clinical stage biotechnology company devoted to transforming the lives of cancer patients by leveraging unique insights into the nectin pathways to develop the next generation of immune oncology (IO) therapies. The company's differentiated therapies have the potential to set new standards for efficacy and patient response rates across various difficult-to-treat cancers. Nectin's technology addresses major escape mechanisms of current IO therapies through a diverse pipeline of novel monoclonal antibodies and antibody-drug-conjugates (ADC). (Nectin Therapeutics 26.12)

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* 1. Steakholder Foods Launches Industry-First 3D Printed Eel

Steakholder Foods announced the launch of the world's first plant-based, 3D-printed eel. This breakthrough highlights Steakholder Foods' remarkable capability to accurately replicate the complex texture of eel, achieved through precision layering and a unique combination of materials in Steakholder Foods' proprietary 3D printing technology. The Company's eel is currently based on plant materials and is expected to include cultivated eel cells in the future, as economies of scale allow price-competitive cell development.

Steakholder Foods' unique printing process enables it to significantly reduce the amount of ingredients used in its 3D printed product relative to typical plant-based alternatives, potentially positioning Steakholder Foods' plant-based, 3D-printed eel at the forefront of the industry.

Rehovot's [Steakholder Foods](https://steakholderfoods.com) is an international deep-tech food company at the forefront of the 3D printing meat and cultured meat revolution. The company-initiated activities in 2019 and is listed on the NASDAQ Capital Market under the ticker "STKH." The company is developing a plant based printed products and slaughter-free solution for producing cellular agriculture meat products, such as beef and seafood, by offering manufacturers the ability to produce meat products that aims to closely mimic the taste, texture, and appearance of traditional meat. (Steakholder Foods 27.12)

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* 1. CollPlant Begins Trials with Commercial Size, Regenerative Breast Implants

CollPlant Biotechnologies announced its initiation of a pre-clinical trial to evaluate commercial-size, 3D-bioprinted, regenerative breast implants. Currently, there are no commercial products that allow regeneration of soft tissues such as the breast.

In the U.S. alone, hundreds of thousands of people each year experience adverse events that range from autoimmune symptoms to the very serious breast implant-associated anaplastic large cell lymphoma (BIA-ALCL). CollPlant's breast implants, comprised of the Company's proprietary plant-derived rhCollagen and other biomaterials, are expected to regenerate breast tissue without eliciting immune response and therefore may provide a revolutionary alternative for aesthetic and reconstructive procedures, including postmastectomy for cancer patients.

In January 2023, CollPlant announced positive results from its first large-animal study, which demonstrated progressive stages of tissue regeneration after three months, as highlighted by the formation of maturing connective tissue and neovascular networks within the implants, with no adverse events reported.

Rehovot's [CollPlant](http://www.collplant.com) is a regenerative and aesthetic medicine company focused on 3D bioprinting of tissues and organs, and medical aesthetics. The Company's products are based on its rhCollagen (recombinant human collagen) produced with CollPlant's proprietary plant based genetic engineering technology. (CollPlant 02.01)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. ParaZero Completes Drone Safety Project with a Fortune 500 Automotive Manufacturer

ParaZero Technologies completed its safety solution development for a Fortune 500 leading global automotive manufacturer’s proprietary drone program. In line with the project's completion, ParaZero has received full payment for the development of a first of its kind development custom variant their innovative SafeAir drone safety system.

This project involved development and testing of a custom groundbreaking ParaZero SafeAir system designed to meet challenging requirements and specifications to meet the Fortune 500 automotive manufacturer's proprietary aircraft from the design stage, ensuring optimized and seamless integration, at unique flight envelope and characteristics. The successful completion of this project reinforces ParaZero’s reputation as a provider of advanced safety solutions across various aerial platforms, including multirotor, single rotor, fixed-wing, VTOL, manned and unmanned and urban air mobility vehicles, and its abilities to develop custom product variants to meet unique requirements and standards per the Fortune 500 automotive and UAS manufacturer.

Kiryat Ono's [ParaZero](https://parazero.com‎) is a developer of autonomous parachute safety systems for commercial drone and urban air mobility (UAM) aircraft. Started in 2014 by a passionate group of aviation professionals and drone industry veterans, ParaZero designs smart, autonomous parachute safety systems designed to enable safe flight operations overpopulated areas and beyond-visual-line-of-sight (BVLOS). ParaZero 20.12)

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* 1. Israel’s StemRad Signs Contract to Shield US troops from Gamma Radiation

Founded in 2011, Tel Aviv's [StemRad](https://stemrad.com/), a developer radiation protection suits for space explorers, emergency responders, defense forces, nuclear industry workers and medical personnel, has secured a $4.5 million contract with the US Department of Defense for the acquisition of its radiation protection shields for the US National Guard. As part of the contract, the Israeli-American company will provide 630 of its protective 360 Gamma belts to soldiers and airmen tasked with responding in cases of domestic radiological incidents, such as dirty bombs, terrorist or military attacks, or accidents that can include a nuclear reactor meltdown. In addition, StemRad will provide onsite training at the National Guard Consequence Management Support Center in Lexington, Kentucky.

StemRad’s technology doesn’t try to protect the whole body, but aims to selectively protect organs with exceptional sensitivity to radiation, like bone marrow in the hip and in the vertebrae, and the gastrointestinal system. Fifty percent of the body’s bone marrow is located in the groin and midsection areas — the parts StemRad suits protects, ensuring that workers and first responders are protected against the effects of radiation sickness but are able to maintain freedom of movement needed to assist others.

Aside from the DoD, StemRad had a contract with the Negev Nuclear Research Center in Dimona, along with the US Capitol Police and several fire stations in the US and in Japan. Commercial customers include two nuclear power reactors in Florida. StemRad’s technology has also been tested in space. NASA’s uncrewed Artemis I space mission launched its debut flight, aboard which were dummies wearing the company’s AstroRad, an anti-radiation suit co-developed with US defense giant Lockheed Martin to protect vital organs from gamma radiation. (StemRad 21.12)

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* 1. Cognata Redefines Sensor Suite Selection Processes

Cognata announced its collaboration with Microsoft to drive the Automated Driving Perception Hub (ADPH) global program, running on Microsoft Azure, and AMD EPYC processors and Radeon GPUs, to allow automotive customers to virtually and efficiently evaluate ADAS/AV sensors through digital twin-based sensor simulation. Cognata's Automated Driving Perception Hub allows sensors to be evaluated versus a common set of industry-standard scenarios, and their performance is quickly and easily analyzed.

Sensor selection is pivotal in steering the automotive industry toward reliable and safe autonomous vehicles and ADAS systems. Cognata's ADPH platform incorporates highly accurate sensor modeling, manufacturer approved, with a wide spectrum of sensors such as RGB cameras with varying lens distortions, Point-cloud (LiDAR) systems, as well as Thermal cameras (IR), all integrated with a DNN-based photorealistic layer, ensuring sensor performance precision.

With Microsoft's support, Cognata is accelerating the digital transformation on Azure's global cloud, services, and computing capabilities to accelerate ADAS/AV development, verification, and validation. Cognata's digital twin-based simulation requires powerful computing and graphics resources to run and scale. These advanced workloads and features are accelerated by AMD high-performance CPU and GPU technologies, enabling streamlined execution.

Rehovot's [Cognata](http://www.cognata.com) provides cutting-edge autonomous driving technologies with its end-to-end solutions for autonomous platforms. Other than an advanced engine creating a photorealistic simulation platform, Cognata offers the know-how of the market offerings, product integration, and a comprehensive V&V walkthrough, end-to-end. Working with autonomous vehicle makers, Cognata accelerates the autonomous and ADAS engineering capabilities, and brings the unique power and expertise of artificial intelligence and computer vision, taking off years of the development process. (Cognata 21.12)

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* 1. Stratasys Wins Coveted 3D Printing Industry Award

Stratasys earned a prestigious 3D Printing Industry Award, winning the Medical, Dental or Healthcare Application category. The company’s PolyJet-basedJ5 DentaJet, J5 MediJet and J850 Digital Anatomy 3D Printers won over a field of nine competitors for its substantial market growth. Stratasys also received honorable mention in the Company of the Year (Enterprise) category, while its Stratasys Neo450 series received honorable mention within Enterprise 3D Printer of the Year (Polymers). Results were revealed on 30 November at the annual 3D Printing Industry Awards ceremony in London.

The 3D Printing Industry Award specifically recognizes the importance of Stratasys’ growing portfolio of innovative 3D printers, designed to solve complex problems for both dental and medical professionals. They comprise the professional-grade DentaJet series of multi-material 3D printers, which deliver higher accuracy to dental applications while improving overall production efficiencies and streamlining workflows.

Rehovot's [Stratasys](http://www.stratasys.com) is leading the shift to additive manufacturing with 3D printing solutions for industries such as aerospace, automotive, consumer products, healthcare, fashion and education. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions deliver competitive advantages at every stage in the product value chain. (Stratasys 20.12)

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* 1. LeddarVision Parking for Automated Parking and Parking Assist Applications

LeddarTech announced the launch of LeddarVision Parking (LVP-H), its latest fusion and perception software stack for automated parking and parking assist. The LVP-H features an innovative 4V4R sensor configuration, marking a significant advancement in automotive technology. This comprehensive fusion and perception software stack and human-machine interface (HMI) visualization application programming interface (API) is purpose-built to enhance the parking experience, particularly for premium ADAS L2/L2+ automated parking and parking assist applications such as intelligent parking assist (IPA), remote parking assist (RPA) and maneuver assist (MA).

A global software company founded in 2007 and headquartered in Québec City with additional R&D centers in Montréal, Toronto and Tel Aviv, Israel, [LeddarTech](http://www.LeddarTech.com) develops and provides comprehensive AI-based low-level sensor fusion and perception software solutions that enable the deployment of ADAS, autonomous driving (AD) and parking applications. (LeddarTech 20.12)

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* 1. Charging Robotics Targets Automated Parking Market for EV Wireless Charging Solution

Fuel Doctor announced that its wholly owned subsidiary Charging Robotics is currently piloting its unique wireless charging solution to meet the growing demand for electric vehicle (EV) charging in automated parking systems. In August 2023, the company announced it started a pilot project with an automatic car park provider in Israel to evaluate Charging Robotics' wireless charging system for electric vehicles. For that purpose, in November 2023, the company secured funding from the Israel Innovation Authority to fund the pilot project. The total approved budget for this project is approximately $445,000, of which the Israel Innovation Authority will finance 50%.

Omer's [Charging Robotics](https://www.chargingrobotics.com) is developing various automatic wireless charging solutions such as robotic and stationary charging systems for electric vehicles. Robotic solutions are intended to offer the driver the ability to initiate charging by use of a simple smartphone app so that an autonomous robot will navigate under the vehicle and charge it. (Fuel Doctor 26.12)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's Population Stands at 9.84 Million on Eve of 2024

The Central Bureau of Statistics announced on 31 December that Israel's population grew by 1.9% over the past year, totaling some 9.842 million. Of this number, 7.208 million (73.2%) of Israel's citizens are Jewish, 2.080 million (21.1%) are Arabs and 554,000 (5.7%) classified as others, including Russian-speaking immigrants who are not Jewish.

The 1.9% growth in the population during 2023 was lower than the 2.2% growth in 2022, mainly due to decreased immigration. Nevertheless, 72% of population growth was attributable to births and 28% due to immigration.

During the year 179,000 babies were born and 45,000 immigrants came to Israel, 75% of them from Russia and Ukraine. Some 49,500 Israelis died during 2023, including 2,500 Israelis who had been living abroad for more than a year. (CBS 31.12)

IN DEPTH

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* 1. ISRAEL: Preliminary Summary of the Israeli Tech Sector in 2023

Israeli tech fundraising in 2023 totaled $6.9 billion in 392 deals. In Q4/2023, Israeli companies raised $1.45 billion in 75 deals during the ongoing war against Hamas in Gaze.

The analysis has been updated to 26 December. The figures provide a glimpse of the fundraising activity in the Israeli tech ecosystem during 2023 and a closer look at Q4/2023. The full [Israeli Tech Review](http://www.ivc-online.com) is expected to be published in January 2024.

The figures for Q4/2023 are similar to the range of fundraising activity in 2018-2019. Although we witnessed a stabilization trend in Q2 and Q3/2023, the fundraising activity in Q4/2023 decreased by 15%, and the number of deals decreased by 16% compared to Q3/2023.

**LeumiTech CEO, Maya Eisen-Zafrir:** "We continue to see in the 3rd quarter’s data the first signs of stabilization in the amount and scope of capital raising, which bring us to the levels of 2018-19. Although there is still a decrease in initial investments (early rounds) - it is more moderate compared to what we saw in previous quarters. In addition, we recognize a stabilization in the rate of follow-on investments, an indication that the companies are beginning to adjust their value to the new interest rate environment."

The fundraising activity in 2023 is similar to the long-term pattern we found in 2018-2019. The data reflects a 44% decrease in the number of deals and a 56% drop in the amount of raised capital compared to 2022.

**The CEO of Leumitech, Mia Eisen-Tzafrir:** "Following global trends in the tech market, the year 2023 reflects a return to the levels of investment and volumes of activity we saw in 2018 and 2019 - before the peak years of relative anomalies in 2020-2022. The difficult events and the fighting of the challenging global macro environment in the last few months have raised the challenge for Israeli high-tech in its global environment. The fourth quarter data show a relatively moderate decrease of 15% and a clear increase in the investment figures in the Seed stages, which are an indication of the high durability of the Israeli high-tech industry and an important reminder of the role this sector in the Israeli economy has especially these days".

**According to Ben Klein, CEO of IVC:** "The year 2023 was challenging for the Israeli economy in general, and local high-tech in particular. The results of the entire year, especially the fourth quarter, support an optimistic approach towards the local industry. Despite the complexity, foreign investors' participation level is a clear sign of the attractiveness of Israeli high-tech companies, even in difficult times".

In 2023, seed rounds continued the upward trend that had started in Q2/2023. The seed fundraising amounted to $220 million, relatively high compared to the past few year's figures. The number of seed rounds decreased compared to previous quarters in 2023 but aligned with the ranges in seed rounds in 2015-2019.

It appears that the war in Gaza did not alienate the foreign investors (an entity owned by a foreigner whose headquarters office is not in Israel), and their participation in funding Israeli tech companies increased at a relative rate, following the trend from the beginning of the year, compared to a sharper decrease in the scope of participation of local investors in transactions in Q4/2023. The presence of foreign investors is a significant indication of the availability of funds for investments.

**About the Israeli Tech Review**

The quarterly report reviews all Israeli high-tech activity: capital raising, mergers and acquisitions, and activity in the public capital market. The report analyzes the past year, leading trends, estimates of capital raising, and insights. This report is based on data from the IVC and summarizes the activity of Israeli tech companies or those with Israeli affiliation in 2015-2023. The number of deals and scope may change throughout the reporting year due to real-time data updates.

**About IVC Research Center**

IVC operates the comprehensive database [www.ivc-online.com](https://www.ivc-online.com/), which contains information on over 9,350 high-tech companies by technological sector and stage of development, hundreds of Israeli and foreign venture capital and private equity funds, investment companies, angels, technology incubators, accelerators, multinational corporations, and more. (IVC 28.12)

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* 1. ISRAEL: The Israel-Hamas War & Averting Another Lost Economic Decade

Tomer Fadlon and Esteban Klor posted in [INSS Insight](https://www.inss.org.il) on 27 December about how the war in Gaza may affect the Israeli economy, and how might the damage be contained.

The war between Israel and Hamas is expected to have a significant negative impact on the Israeli economy. Estimates place the direct cost of the conflict (armament and mobilization of the reserves) and the indirect costs (population evacuation, reconstruction of the western Negev, interruptions to the manufacturing process and reduced aggregate demand) at around NIS 200 billion. If these predictions are accurate, Israel would experience a 10% drop in GDP in Q4/23 and won’t experience any GDP per capita growth for the year. In order to minimize the future potential damage to the economy, the government must take responsibility and cut the budgets intended for certain sectors and divert those funds into the war effort. The State of Israel must not repeat the mistakes of the post-war handling of the economy following the Yom Kippur War, which economically led to a “lost decade.”

One of the main goals of global terrorism is to disrupt the population’s daily routine and damage the economy of the target country. Nonetheless, despite the many rounds of fighting with Hamas in the Gaza Strip since the days of the second intifada, major security incidents have not caused significant damage to the Israeli economy. The current war in Gaza is changing this pattern, given the intensity of the combat, the massive mobilization of forces, and the war that has been ongoing for almost 12 weeks. While Israel is busy fighting with varying degrees of intensity on several fronts, the economic front is especially active on two levels. First is the issue of direct military expenses. This is primarily in the context of procuring armaments and mobilizing reserve forces. The second issue is the indirect cost of the war, including the future expense of reconstructing the communities in the western Negev, which compounds the cost of evacuating civilians from that area and from communities adjacent to the border with Lebanon. There will also be a general decline in consumption as a result of changing consumer behavior during wartime, which has an especially harsh impact on the business sector.

To analyze the economic front, it is important to understand the economic conditions that existed before the war broke out on 7 October. Despite widespread disruptions to the Israeli economy since the government of Prime Minister Netanyahu unveiled its proposed judicial overhaul in January 2023, the main indices that attest to the macroeconomic robustness of a given country suggested that the Israeli economy was performing relatively well before the war started. The country’s debt-to-GDP ratio shrank by 7.1% in 2022, reaching almost 61% – the same level as before the COVID-19 pandemic. The unemployment rate was just 3.5%, with inflation at 3.8%. The Bank of Israel held foreign currency reserves exceeding $200 billion. The significant drop in foreign investment in Israeli hi-tech during the first three quarters of the year contributed to a devaluation of the shekel and an exchange rate of NIS 3.85 to the US dollar. Nonetheless, the projected growth rate for the Israeli economy was positive compared to other developed nations – around 3%, which translates to around 1% in per capita growth.

Notwithstanding this positive starting point, the war in Gaza represents a macroeconomic shock that will reverberate for many years to come. This impact is expected to continue even if the IDF fights a high-intensity war on one front only, for the following reasons:

* The use of ammunition: In order to achieve the goals of the war, the IDF is using greater firepower than ever before, which requires massive quantities of munitions. The intensity of the conflict also means that Israel uses more Iron Dome interceptor missiles than ever before, and also, for the first time, uses the Arrow 3 missile defense system. As of early December, some 11,000 rockets and missiles were fired at Israel from the various fronts.
* The mobilization of nearly 350,000 reservist soldiers reduces the Israeli workforce by around 7%. This has a dual effect: not only does it divert human resources that are hard to replace from businesses and companies, but the state also has to pay the salaries of these reservists.
* The evacuation of 125,000 Israelis from their homes means that the state has to subsidize housing and living costs for those evacuated.
* Compensation to people whose property is damaged by rocket fire at Israel.
* Financial assistance for workers and businesses adversely affected by the war, from unemployment benefits to compensation for loss of income due to the fighting.
* A decrease in state income, both because of lower revenue from income tax and also because of the halt of foreign direct investment.

In effect, the shock to the macroeconomic system is already reflected in disruptions to aggregate supply and demand. On the demand side, there has been a nationwide drop in credit card spending. In cities that were evacuated, like Kiryat Shmona and Sderot, for example, there was an 80% decline in credit card spending in the first week of November, while in cities like Ra'anana and Tel Aviv there was a 20% decrease. Differences also emerge in the various sectors affected. In the first weeks of the war, for example, there was a 40% increase in spending at grocery stores and supermarkets, while in the entertainment and leisure sectors there was barely any activity at all during October. On the supply side, there were difficulties in the production of various goods and the supply of services, since many employees were called up for reserve duty and many foreign workers left the country. In addition, thousands of Palestinian workers from Judea & Samaria were denied entry into Israel. All of this has created problems in supplying certain goods – problems that have been exacerbated by import issues, in part because of the attacks by Houthi forces in Yemen against maritime traffic in the Red Sea.

It is assessed that as a result, there will be a 10% decrease in GDP in Q4/23 and that annual growth will drop to around 2% for the year (which would translate into zero per capita growth). Similarly, the increase in public expenditure is likely to lead to a deficit of over 5% in the state budget, which will increase the debt-to-product ratio by the end of the year to 64%. Therefore, the initial estimate for a year of combat at the levels of intensity that is currently underway on various fronts – taking into account security expenditure, loss of state income, compensation, and reconstruction – is around NIS 200 billion. One-time assistance in the amount of $14 billion from the United States will help Israel deal with the steep cost of the war and the security expenses that will pile up in the coming years, but will only cover around a quarter of the total cost of the war.

Despite these bleak figures, credit card use has increased since the sixth week of the war and the various stock indices and the dollar-shekel exchange rate are no longer falling at the sharp rate noted in the first week of the war. The Tel Aviv 125 index has regained the level it was at the day before the war broke out, and the dollar-shekel exchange rate ($1=3.60 shekels) is currently lower than the level on the eve of the war. It seems that two factors prevented greater harm to the Israeli exchanges and the currency rate. The first was the maturity exhibited by the Israeli public. During the first month of the COVID-19 pandemic, more than a quarter of Israeli mutual funds were redeemed. Many people learned the lesson, and were not so quick to do the same this time, despite the severity of the situation. The second factor was the Bank of Israel’s massive intervention in the foreign currency market, which created a sense of trust in the public. Governor of the Bank of Israel Prof. Amir Yaron announced that the Bank of Israel would allocate $30 billion to stabilize the Israeli currency. In practice, it has used less than $10 billion thus far, but the very fact that the Governor made the Bank’s intentions abundantly clear was highly significant. Similarly, Israel’s CDS value (credit default swap – a kind of insurance policy against insolvency) dropped from 143 points at the start of the war to 110 points, which is indicative of a degree of relative moderation.

More than two months into the war, it can be said that the Israeli economy has once again proved its resilience when confronted with a major challenge. The COVID-19 pandemic caused global macroeconomic upheaval, from which the Israeli economy emerged more strengthened than other countries that also went through the crisis. The domestic crisis over the judicial overhaul harmed investments in Israel, but even 10 months into that nationwide crisis the Israeli economy was still performing well. Thus far, it appears that the Israeli economy is once again managing to stand firm in the face of an unprecedented challenge. There is no guarantee, however, that this will remain the case. On the contrary – it is possible that the Israeli economy will not meet its challenges during 2024, which will have a direct impact on the combat.

The new state budget for 2023, which is currently debated in the Knesset, is NIS 510 billion, an increase of NIS 30 billion over the previous budget. This increase is earmarked for the military campaign and includes payment for reservists and other civilian wartime expenses, including housing for those forced to evacuate. There is no argument over the need to increase expenditure, since beyond routine wartime costs, the state must provide adequate compensation for all those affected by the war. This is an essential element in Israel’s social resilience. That said, it is clear that the primary funding for massive government expenditure will come from increased national debt, which will increase the deficit in coming years – especially given the high level of interest Israel will have to pay in light of the current interest climate. In addition, the government is unwilling to make tough decisions that would entail reducing budgetary allocations to various sectors of the Israeli population and to the many superfluous ministries, instead channeling those funds to the war efforts. The reallocation of funds cannot cover all of the money needed, but fiscal responsibility displayed by these necessary measures is important to Israel for domestic reasons, and particularly for foreign audiences – especially the credit rating agencies.

Currently, given that the three largest credit rating agencies – Moody’s, Fitch, and Standard & Poor’s – have already placed Israel’s credit rating on negative watch, the government must display fiscal responsibility. If these agencies do not see that Israel enacts significant cuts given the circumstances, and instead continues to make unreasonable allocations with a sense of “business as usual,” prioritizing coalition considerations over the national interest, they will downgrade the country’s credit rating. This development could have ramifications for the Israeli economy and also impact negatively on the war effort. The Israeli public would feel it in its pockets, which could lead to a reduction in public support for the war. Moreover, as was the case during the second intifada (2000-2005), war efforts require tough decisions and painful cuts – which Benjamin Netanyahu was responsible for when he was finance minister. The Israeli economy and the war effort itself would benefit if similarly tough decisions were taken today, rather than waiting until next year, when the price will be even steeper.

Looking at the Israeli economy from a broader, longer-term standpoint, as a direct and immediate consequence of the current war, we will likely see a combination of a challenging security environment, higher defense spending, a negative impact on personal consumption, and a decline in foreign direct investment. All of these could be harbingers of another “lost decade” for the Israeli economy, as occurred in the immediate aftermath of the Yom Kippur War until the implementation of the economic stabilization plan in 1985. In order to avoid this negative scenario and to minimize the future damage to the Israeli economy, the government must show utmost responsibility as soon as possible. In other words, on the strategic level, the State of Israel was surprised on the morning of 7 October just as it was surprised half a century earlier on Yom Kippur in 1973. On the economic front, the correct economic measures now could prevent a repeat of the postbellum “lost decade.” (INSS 27.12)

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