

**The FORTNIGHTLY**

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

**13 March 2024**

**3 Adar Bet 5784**

**3 Ramadan 1445**

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

*If you would like to learn more about any of the items mentioned in the Fortnightly, please contact me at* [*seth@atid-edi.com*](mailto:seth@atid-edi.com) *and we will do what we can to assist you.*

**TABLE OF CONTENTS**

[1. ISRAEL GOVERNMENT ACTIONS & STATEMENTS](#_Toc161135661)

[1.1. Israel-Guatemala Free Trade Pact Comes Into Force](#_Toc161135662)

[2. ISRAEL MARKET & BUSINESS NEWS](#_Toc161135663)

[2.1. Energean Signs $2 Billion Gas Contract with Eshkol Power Station](#_Toc161135664)

[2.2. Exodigo Closes $105 Million Series A Round to Lead Underground Mapping Revolution](#_Toc161135665)

[2.3. Octopus Deploy Acquires Codefresh to Make One Trusted Platform](#_Toc161135666)

[2.4. Stratasys Acquires Arevo’s Portfolio, Strengthening its Additive Manufacturing](#_Toc161135667)

[2.5. Similarweb Acquires Admetricks to Expand Ad Intelligence Offering](#_Toc161135668)

[2.6. Healthee Secures $32 Million Series A Funding](#_Toc161135669)

[2.7. Shake Shack Opens its First Israel Eatery in Tel Aviv](#_Toc161135670)

[2.8. Team8 Raises $500 Million for Cyber, Data, AI, Fintech & Digital Health Startups](#_Toc161135671)

[2.9. Dataloop AI Launches a Marketplace to Drastically Enhance AI Development Processes](#_Toc161135672)

[2.10. University of Chicago Collaborates with MDClone to Improve Healthcare Data](#_Toc161135673)

[2.11. Nayax Enters Definitive Agreement to Acquire Brazil's VMtecnologia](#_Toc161135674)

[2.12. Fijoya Raises 8.3 Million in Seed Funding for an AI-Powered Platform](#_Toc161135675)

[2.13. Sweet Security Raises $33 Million Series A for a New Era for Cloud Security](#_Toc161135676)

[2.14. Claroty Secures $100 Million in Strategic Growth Financing](#_Toc161135677)

[2.15. CrowdStrike to Acquire Flow Security to Expand Its Cloud Security Leadership](#_Toc161135678)

[3. REGIONAL PRIVATE SECTOR NEWS](#_Toc161135679)

[3.1. MENA Startups Raised $88.7 Million in February 2024](#_Toc161135680)

[3.2. Bahrain’s Arcapita Launches $500 Million Logistics Fund in Saudi Arabia](#_Toc161135681)

[3.3. Abu Dhabi Home Sales Surge 83% on Influx of Digital Nomads & Expats](#_Toc161135682)

[3.4. Fiera Capital Expands with New Office in Abu Dhabi](#_Toc161135683)

[3.5. Zeroe Secures $2.2 Million to Catalyze Decarbonization](#_Toc161135684)

[3.6. Ruder Finn Acquires UAE's Atteline, Expanding its Middle East and Global Footprint](#_Toc161135685)

[3.7. E-commerce Startup Salla Raises $130 Million pre-IPO Round](#_Toc161135686)

[3.8. Sprinklr Announces Local Data Hosting Solution in Saudi Arabia with Google Cloud](#_Toc161135687)

[3.9. Indian Tech Firm Zoho to Invest $133 Million in Saudi Arabia](#_Toc161135688)

[3.10. Buildnow's “Build Now Pay Later” Solution Secures $9.4 Million in Seed Funding](#_Toc161135689)

[3.11. PIF- Backed Ceer to Develop $1.3 Billion EV Manufacturing Facility in Saudi Arabia](#_Toc161135690)

[3.12. KACST Signs 3 Partnerships to Establish AI Center & Localize Semiconductor Industry](#_Toc161135691)

[3.13. Egypt's MoneyHash Closes $4.5 Million Seed Round](#_Toc161135692)

[4. CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS](#_Toc161135693)

[4.1. Aqaba Distributes 60,000 Paper Bags Under Plastic-Free Campaign](#_Toc161135694)

[4.2. Egypt’s Suez Canal Zone Gets Busy for Green Hydrogen](#_Toc161135695)

[5. ARAB STATE DEVELOPMENTS](#_Toc161135696)

[5.1. Jordan's Consumer Price Index Surges by 1.76% in 2024](#_Toc161135697)

[5.2. Iraq Attracts Wave of Saudi and Gulf Investments for the First Time](#_Toc161135698)

[►►Arabian Gulf](#_Toc161135699)

[5.3. Bahrain's Golden License Attracts $2.4 Billion in Investment](#_Toc161135700)

[5.4. Bahrain Receives Lockheed Martin’s F-16 Block 70 Fighter Jets](#_Toc161135701)

[5.5. Qatar Strengthens its Position in the Global Gas Industry](#_Toc161135702)

[5.6. UAE's Recent Macro Figures Indicate a Solid Performance in 2023](#_Toc161135703)

[5.7. DMCC Announces 25% Annual Growth in New Chinese Member Companies](#_Toc161135704)

[5.8. Oman to Invest $31 Billion in its Tourism Sector by 2040](#_Toc161135705)

[5.9. Saudi Arabia's Real GDP Shrank in 2023 Due to Oil Production Cuts](#_Toc161135706)

[5.10. Saudi Arabia Officially Launches FIFA 2034 World Cup Bid](#_Toc161135707)

[5.11. Saudi Arabia Looking to Attract $80 Billion in Private Investments in Tourism Push](#_Toc161135708)

[5.12. Saudi Attracts $888 Million in Investments Via Tech Event Leap](#_Toc161135709)

[►►North Africa](#_Toc161135710)

[5.13. Egypt's Annual Inflation Jumps to 35.7% in February](#_Toc161135711)

[5.14. After Floating Currency, Egypt Secures an IMF Megadeal](#_Toc161135712)

[5.15. Egypt Set on Doubling the Size of the Suez Canal](#_Toc161135713)

[5.16. China Wants to Establish a New Industrial Zone on the Mediterranean](#_Toc161135714)

[5.17. Morocco’s Foreign Investment Influx Reaches 5-Year High in January 2024](#_Toc161135715)

[5.18. Moroccan Phosphate Exports Rise by 17% in January 2024, Totaling over $615 Million](#_Toc161135716)

[6. TURKISH, CYPRIOT & GREEK DEVELOPMENTS](#_Toc161135717)

[6.1. Turkey's Annual Inflation Surges to a 15 Month High of 67%](#_Toc161135718)

[6.2. Turkey's February Exports Hit Record High of $21.1 Billion](#_Toc161135719)

[6.3. Cypriot Inflation Rises 1.8% in February](#_Toc161135720)

[6.4. Greece's Central Bank Expects Growth to Accelerate in 2024 and 2025](#_Toc161135721)

[7. GENERAL NEWS AND INTEREST](#_Toc161135722)

[\*ISRAEL:](#_Toc161135723)

[7.1. Two Israeli Pizzerias Make Prestigious 50 Top Pizza List](#_Toc161135724)

[\*REGIONAL:](#_Toc161135725)

[7.2. Greece Legalizes Same-Sex Marriage](#_Toc161135726)

[8. ISRAEL LIFE SCIENCE NEWS](#_Toc161135727)

[8.1. Nanox & Beilinson Study Capabilities of Nanox.ARC for Detection of Chest Diseases](#_Toc161135728)

[8.2. BioLineRx Gets U.S. Patent for Manufacturing BL-8040](#_Toc161135729)

[8.3. RedHill's Opaganib Under Evaluation by BARDA and NIH Countermeasures Programs](#_Toc161135730)

[8.4. AgPlenus Milestone in Collaboration with Corteva to Develop Novel Herbicides](#_Toc161135731)

[9. ISRAEL PRODUCT & TECHNOLOGY NEWS](#_Toc161135732)

[9.1. Silynxcom Unveils Groundbreaking Headset for Military Dogs](#_Toc161135733)

[9.2. AudioCodes Voca CIC Wins Best Microsoft Contact Center Award](#_Toc161135734)

[9.3. StoreDot's Battery Technology Offers EV Owners a Winterproof Charging Experience](#_Toc161135735)

[9.4. Deepdub First-Ever AI Dubbing Technology with Precise Control of Characters' Accents](#_Toc161135736)

[9.5. REE Automotive Selected by Airbus UpNext](#_Toc161135737)

[9.6. Safran Selects Gilat for Strategic, Multimillion-Dollar In-Flight Connectivity Program](#_Toc161135738)

[9.7. IONIX Enhances ASM Platform with Exposure Validation for Exploitability Testing](#_Toc161135739)

[9.8. Stratasys' New GrabCAD Packages Reduces Costs for Additive Manufacturing](#_Toc161135740)

[10. ISRAEL ECONOMIC STATISTICS](#_Toc161135741)

[10.1. Israel's Foreign Exchange Reserves Continue to Increase](#_Toc161135742)

[10.2. Israel's Fiscal Deficit Widens to Over NIS 100 Billion](#_Toc161135743)

[10.3. Israel Raises $8 Billion in Overseas Bonds](#_Toc161135744)

[10.4. Israel's Average Wage Rises Moderately in 2023](#_Toc161135745)

[10.5. Israeli Startups Raised $300 Million in February](#_Toc161135746)

[10.6. Survey Finds Israel Tech Investors Undeterred By War](#_Toc161135747)

[11. IN DEPTH](#_Toc161135748)

[11.1. ISRAEL: Israeli Gas Field Near Lebanon Starts Production](#_Toc161135749)

[11.2. IRAQ: Staff Concluding Statement of the 2024 IMF Article IV Mission](#_Toc161135750)

[11.3. EGYPT: IMF & Egypt Reach Staff Level Agreement on EFF Arrangement](#_Toc161135751)

[11.4. EGYPT: The IMF & UAE Swoop in to Ease Egypt’s Economic Crisis](#_Toc161135752)

[11.5. EGYPT: Moody's Changes Outlook on Egypt to Positive, Affirms Caa1 Ratings](#_Toc161135753)

ISRAEL GOVERNMENT ACTIONS & STATEMENTS

[Back to Table of Contents](#TOC)

* 1. Israel-Guatemala Free Trade Pact Comes Into Force

The free trade agreement between Israel and Guatemala came into force on 29 February after being signed by Minister of Finance Smotrich. Guatemala will reduce customs duties on Israeli food and agricultural products, with a full exemption for plants, olive oil and matzah, and reduced duties on seeds, nuts, nut products, halva and wine. Guatemala will cancel or gradually reduce duties on Israeli industrial products such as drugs, cosmetics, plastics, ceramics, glass, jewelry and diamonds, iron and steel, electronic machines & components and medical equipment.

For its part, Israel is reducing duties and opening up to imports of products from Guatemala, among them agricultural products such as meat, flowers and decorative plants, nuts and vegetables. Duties have been abolished altogether on bananas, spices, forest fruits and halva, and on industrial products including plastic and rubber products, ceramics, electronic machines and components, and jewelry.

Guatemala thus joins the list of Latin American countries that have free trade agreements with Israel: Mexico, the Mercosur countries (Brazil, Argentina, Uruguay and Paraguay), Panama and Colombia. Even beforehand, Guatemala was for years one country most friendly to Israel, and it was one of the first to move its embassy to Jerusalem.

Guatemala has the largest economy in Central America in terms of population - 17 million - and GDP - $95 billion in 2022 according to the World Bank, with average annual growth over the past decade of 3.5%. On the other hand, the country has a high rate of poverty (55.2%) and a black economy estimated to be 49% of GDP, with a high rate of emigration and extensive dependence on transfer payments. (Globes 29.02)

ISRAEL MARKET & BUSINESS NEWS

[Back to Table of Contents](#TOC)

* 1. Energean Signs $2 Billion Gas Contract with Eshkol Power Station

Energean announced on 29 February that it had signed a new agreement for the sale of gas in an initial quantity of 0.6 BCM annually to the Eshkol power station, with the quantity rising to 1 BCM from 2032. The Eshkol power station was bought by Dalia Energy from the Israel Electric Corporation for NIS 9 billion after an auction that became the subject of a prolonged court proceeding. Dalia Energy will take over the power station in June this year.

The contract with Energean is for fifteen years for a total of up to 12 BCM, and is worth up to $2 billion. Energean will supply gas to all the former Israel Electric Corporation power stations that have been privatized: Ramat Hovav, Alon Tavor, Hagit Mizrach and Eshkol. Energean has also announced that the first gas has successfully been produced from the Karish North well, bringing the number of wells operated by Energean’s floating platform to four. (Globes 29.02)

[Back to Table of Contents](#TOC)

* 1. Exodigo Closes $105 Million Series A Round to Lead Underground Mapping Revolution

Tel Aviv's [Exodigo](https://www.exodigo.com), the artificial intelligence (AI) innovator modernizing underground mapping, announced the close of a $105 million Series A round, converting $30 million previously secured in SAFEs, for a total of $118 million in funding since its launch in 2022. Greenfield Partners and existing investor Zeev Ventures co-led the Series A with participation from existing investors SquarePeg, 10D VC, JIBE and National Grid Partners. Exodigo continues to lead a complete reinvention of underground mapping and plans to use the new capital to further build out its global team, accelerate the development of a self-service product line, and support its expansion into new markets.

With more than 20 million miles of buried pipelines, cables and wires, the Common Ground Alliance (CGA) estimates more than $30 billion in costs due to hundreds of thousands of utility strikes each year across the United States alone and Exodigo calculates that companies spend more than $100B each year on unnecessary, and heavy-equipment-dependent, excavation and exploratory drilling. Meanwhile, the built environment constitutes almost half of annual global CO2 emissions, making solving the underground both an economic and environmental priority. Already helping dozens of customers around the world make capital projects safer, greener and more efficient, Exodigo has changed how and when companies seek out subsurface intelligence. Exodigo customers, including AECOM, Colas Rail, GRDF, HNTB, Houston METRO, HS2, Israel Electric Corporation, LA Metro, National Grid, PG&E, SEPTA, Tel Aviv Metro and VINCI, can now accelerate and de-risk their entire project lifecycle – avoiding unneeded emissions, risks, delays and budget overruns.

Exodigo provides the only complete, accurate picture of what lies beneath the surface to mitigate financial, environmental, and safety-related risks. Combining multiple types of powerful sensors, 3D imaging, cloud computing simulations and a proprietary AI platform, Exodigo fuses massive amounts of data into one, easy-to-read map so companies can see risks and assets underground. In fact, Exodigo typically locates 20-30% more utility lines than premium locators and reduces preliminary digging/drilling by up to 90%, so construction teams only excavate where necessary. (Exodigo 27.02)

[Back to Table of Contents](#TOC)

* 1. Octopus Deploy Acquires Codefresh to Make One Trusted Platform

Brisbane, Australia's Octopus Deploy, the industry standard for Continuous Delivery (CD), announced the acquisition of Tel Aviv's [Codefresh](https://codefresh.io). Codefresh, founded in 2014, is an Argo maintainer and leader in Kubernetes CD, GitOps and CI. The acquisition marks a significant milestone as Octopus strengthens its support for Kubernetes and its commitment to providing the most powerful best-of-breed Continuous Delivery platform for virtual machines and cloud-native enterprise-scale applications.

The combined business positions Octopus Deploy as one of the largest privately held companies in the DevOps ecosystem. Focused exclusively on best-of-breed CD, it has more than 4,000 customers, over 270 employees and over $60,000,000 in annual revenue. Octopus is profitable and has a history of sustainable, profitable growth, a feat unmatched by any other private CI/CD vendor.

By integrating Codefresh’s expertise and technology, Octopus now provides the industry’s most comprehensive Continuous Delivery solution for organizations operating at scale. The seamless integration of powerful CD, CI and GitOps capabilities in a single platform addresses the long-standing challenge faced by enterprises seeking a unified solution for their CD pipelines. (Octopus Deploy 27.02)

[Back to Table of Contents](#TOC)

* 1. Stratasys Acquires Arevo’s Portfolio, Strengthening its Additive Manufacturing

Stratasys has acquired Arevo’s technology portfolio, including its Intellectual Property (IP) estate. Previously based in Silicon Valley, Arevo ceased operations in 2023. The acquisition of the IP estate includes multiple foundational patents in carbon fiber printing, Z-strength improvement achieved by localized laser melting and roller compaction, in-situ and AI build monitoring, and hardware design. Adoption of this technology in Stratasys FDM print systems enables Stratasys to extend its addressable manufacturing applications for its customers.

Stratasys will be able to accelerate usage of FDM printing applications by eliminating customer adoption barriers associated with requirements for higher performing parts including strength and isotropy, more reliable and consistent builds, and improved system throughput for better parts economics. This acquisition of assets reflects Stratasys’ clear strategy to create practical value for its customers by investing in innovation, through both organic R&D as well as the acquisition of technology and IP. The 2,600 total granted and pending patents in its portfolio differentiates Stratasys from the rest of the industry.

Rehovot's [Stratasys](http://www.stratasys.com) is leading the global shift to additive manufacturing with innovative 3D printing solutions for industries such as aerospace, automotive, consumer products and healthcare. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions deliver competitive advantages at every stage in the product value chain. The world’s leading organizations turn to Stratasys to transform product design, bring agility to manufacturing and supply chains, and improve patient care. (Stratasys 04.03)

[Back to Table of Contents](#TOC)

* 1. Similarweb Acquires Admetricks to Expand Ad Intelligence Offering

Similarweb announced the acquisition of Admetricks, the creator of powerful ad intelligence software that is slated to form the core of the new Similarweb Ad Intelligence product. Founded in 2012 in Santiago, Chile and best known for empowering brands to advertise more effectively in Latin America, Admetricks will advance Similarweb’s mission of providing the most comprehensive data, analytics, and optimization tools for digital marketing and advertising. Admetricks supports multimillion-dollar ad campaigns, as well as diverse clients with significant growth potential.

Admetricks’ software-as-a-service products include Admetricks Ad Intelligence, which provides estimates of competitor ad spending and results, and Admetricks Media Planner, which assists with planning and budgeting for media campaigns. Clients include many global brands in the automotive, banking, telecommunications, and retail industries, as well as advertising and marketing agencies, publishers, broadcasters, and digital media companies. Admetricks will continue to operate as Admetricks, a Similarweb company. Financial terms of the acquisition were not disclosed.

Givatayim's [Similarweb](https://www.similarweb.com/) powers businesses to win their market with leading Digital Data. Similarweb reveals what is happening online and provides businesses with the essential digital data & analytics needed to build strategy, optimize customer acquisition, and increase monetization. (Similarweb 04.03)

[Back to Table of Contents](#TOC)

* 1. Healthee Secures $32 Million Series A Funding

Healthee announced the successful completion of its Series A funding round, co-led by Fin Capital, Glilot Capital Partners and Group11, with strategic partner TriNet also participating. Focused on enhancing care outcomes and reducing overhead for employers and employees alike, Healthee’s comprehensive platform provides personalized, instant, and uncomplicated answers to coverage, treatment, and benefits questions, end-to-end Open Enrollment support and tailored preventive care suggestions.

The $32 million in funding will facilitate the strategic scaling of operations, accelerate product development, and support expansion initiatives, underscoring the company’s unwavering commitment to redefine the healthcare landscape through innovative, AI-driven technology solutions. Fin Capital, Glilot, and Group11, bring a wealth of knowledge and resources to the table. Their partnership as co-leaders in this funding round underscores the strength and vision of Healthee’s business model, to enable employers to manage health costs effectively, thereby elevating the overall employee experience.

Tel Aviv's [Healthee](http://www.healthee.co), a pioneering health tech company, is dedicated to reshaping the way employees interact with their healthcare. Harnessing the dynamic fusion of innovation and cutting-edge AI technology, Healthee strives to empower individuals in making informed decisions about their well-being, ultimately enhancing care outcomes and reducing overhead for all parties. (Healthee 04.03)

[Back to Table of Contents](#TOC)

* 1. Shake Shack Opens its First Israel Eatery in Tel Aviv

US burger chain Shake Shack opened its first branch in Israel on 27 February with a long line of customers queuing outside the doors of the Tel Aviv eatery to purchase the fast-food chain’s smashed patties served on squishy potato buns and crinkle-cut fries. The menu features some of the signature Shake Shack servings, including the Angus beef Shack cheeseburger, hot dog and crinkle-cut fries, as well as beer, wine, hand-spun milkshakes and Shack ice cream, but is more limited compared to offerings at branches in the US and other locations. This branch does not meet kosher dietary requirements, but does offer the vegetarian Shroom Portobello mushroom-based burger option.

The burger chain introduced a few Tel Aviv specials, such as a pistachio shake and cocktail drinks, including Sabra Sunset and Arak Lemonade. In terms of pricing, the Shack single cheeseburger in Tel Aviv sells for NIS 39 ($10.81), and the double burger for NIS 51 ($14.13) compared with $8.37 and $11.42 respectively in New York.

Back in April, the New York-based chain announced plans to open at least 15 branches across Israel over the next decade. Shake Shack signed an agreement with Harel Wizel, CEO of Israeli fashion and retail store chain group Fox Ltd., and restaurant group operator Yarzin Sella to establish and operate the burger restaurants in Israel. (ToI 27.02)

[Back to Table of Contents](#TOC)

* 1. Team8 Raises $500 Million for Cyber, Data, AI, Fintech & Digital Health Startups

Team8 announced the closing of new funds totaling $500 million, bringing its total assets under management (AUM) to well over the $1 billion mark. Since launching in 2014, the Team8 model has innovated and extended the traditional venture capital approach by taking a more aligned and operationally intensive approach to investing. Over the past decade, Team8 has earned strong endorsements from top-tier LPs, corporate investors, and leadership teams at some of the largest companies in the world.

To date, Team8 has built 20 companies, invested in an additional 21, and achieved eight exits (including the recent cyber exits of Dig and Talon for a total amount of approx. $1 billion combined). In addition, it has expanded its focus beyond its original scope of cybersecurity to encompass fintech, data infrastructure, AI, and digital health.

The latest additions - the fifth, sixth, and seventh funds - showcase Team8’s expanding commitment to fostering groundbreaking developments in several high-impact sectors. These funds will fuel the creation and growth of over 30 startups in areas critical to technological advancement and societal progress.

Tel Aviv's [Team8](https://team8.vc/) is a global Venture-Creation and Venture Capital Fund that creates and invests in companies focusing on Cybersecurity, Data & AI, Fintech, and Digital Health. Team8’s signature Venture-Creation model is designed to identify meaningful problems, create theses on potential solutions, and build and invest in innovative companies that tackle these challenges. (Team8 05.03)

[Back to Table of Contents](#TOC)

* 1. Dataloop AI Launches a Marketplace to Drastically Enhance AI Development Processes

Dataloop AI announced the launch of its Marketplace. The Marketplace is transforming AI application development with its intuitive platform, streamlining processes, and accelerating workflow efficiency for AI teams, resulting in more efficient AI application building.

Dataloop's Marketplace offers extensive support for teams at various stages of AI application development, from initial research to full-scale production. Data and AI teams benefit from robust tools and resources that enhance their workflow efficiency and agility so that they can build powerful AI pipelines faster than ever before. They can manage their data more effectively by leveraging AI models to accelerate the annotation processes, allowing for rapid adjustments and model changes. Additionally, the solution automates tasks like data prep, labeling and prioritizes data quality over quantity. The Marketplace provides access to a range of popular LLM, GenAI and multi-modality Foundation models, allowing teams to choose their use case and then adopt, fine-tune, and implement existing models or develop their own in minutes.

Herzliya's [Dataloop AI](https://dataloop.ai/) is an enterprise-grade, end-to-end AI application development solution provider that assists AI and data teams throughout the entire journey, from research to full-scale production. The company's Marketplace streamlines AI production and boosts AI/ML applications by seamlessly integrating data, LLMs, foundation models, and human intelligence into a unified, agile workflow, facilitating efficient and scalable AI application production. The company employs 80 individuals and operates remotely across the US, EU and UAE. (Dataloop 05.03)

[Back to Table of Contents](#TOC)

* 1. University of Chicago Collaborates with MDClone to Improve Healthcare Data

MDClone has partnered with the University of Chicago and UChicago Medicine to establish an ADAMS Center, a unified data-driven epicenter for innovation, research, and quality improvement projects for the health system. ADAMS represents the innovation process of Ask, Discover, Act, Measure, and then Share, focused on generating quicker insights at scale by fostering synergy among teams. When the ADAMS Center is fully established at Chicago Medicine by fall 2024, collaborators across the UChicago Medicine health system will have the benefit of the learnings and knowledge of other ADAMS Centers in MDClone's Global Network to ultimately:

The ADAMS Center will enable the UChicago Medicine health system to accelerate research, evaluate and improve care delivery, and seek new innovative partnerships by making data available faster with self-service tools as well as safer by providing synthetic data when appropriate to clinicians, trainees and administrators. The data will be collected from a broad array of clinical, financial and health information systems. MDClone is able to convert the data into reliable synthetic data to protect sensitive health information.

Beer Sheva's [MDClone](https://www.mdclone.com/) offers self-service data exploration environment powering discovery and collaboration throughout healthcare ecosystems. The powerful underlying workflow and synthetic infrastructure of the MDClone ADAMS Platform allows users to overcome common barriers in healthcare in order to organize, access, and protect the privacy of patient data while accelerating research, improving operations and quality, and driving innovation to deliver better patient outcomes. (MDClone 05.03)

[Back to Table of Contents](#TOC)

* 1. Nayax Enters Definitive Agreement to Acquire Brazil's VMtecnologia

Nayax announced a definitive agreement to acquire VMtecnologia, a leading technology provider for the automated self-service industry in Brazil. This strategic acquisition marks a significant step in Nayax's expansion into the Latin American market, bolstering its global footprint.

The acquisition of VMtecnologia will extend Nayax's comprehensive service offerings across Brazil as well as serves as a key milestone in fulfilling the company's international expansion growth strategy. By entering the Latin American market with a strong and immediate market presence, Nayax is poised to leverage VMtecnologia's established footprint, serving over 2,400 retailers in diverse industries across all 27 states in Brazil and more than 466 cities. This strategic move significantly enhances Nayax's global presence and its ability to offer advanced automated self-service solutions.

Herzliya's [Nayax](http://www.nayax.com) is a global commerce enablement, payments and loyalty platform designed to help merchants scale their business. Nayax offers a complete solution including localized cashless payment acceptance, management suite and loyalty tools, enabling merchants to conduct commerce anywhere, at any time. With foundations and global leadership in serving unattended retail, Nayax has transformed into a comprehensive solution focused on our customers' growth across multiple channels. (Nayax 06.03)

[Back to Table of Contents](#TOC)

* 1. Fijoya Raises 8.3 Million in Seed Funding for an AI-Powered Platform

Fijoya announced an $8.3 million funding round led by the Venture-Creation fund of Team8. Operating at the intersection of fintech and healthcare, Fijoya offers employers a simplified, convenient, and cost-efficient way to offer more flexible health benefits.

Given the breadth of employer-sponsored healthcare, Fijoya will initially focus on challenges in the $32 billion point solution vendor market. Employers offer point solutions to expand their health benefits package in a way that will boost employee satisfaction and attract new talent. Amid a growing constellation of point solutions, HR and Benefits teams are overwhelmed by heavy administrative workload, costly flat payment models across disparate vendors and ongoing employee demand for more diverse benefits packages.

Tel Aviv's [Fijoya](http://www.fijoya.io) is positioned at the intersection of fintech and healthcare, offering an end-to-end platform for employer-sponsored health and wellness services. Fijoya’s AI-driven recommendation engine enhances the discovery and selection of personalized health benefits by matching employees with the precise health services they need from thousands of options available in the platform. The platform enables seamless payment through embedded, on-demand employer-funded digital cards, eliminating the need for receipts or reimbursements. (Fijoya 07.03)

[Back to Table of Contents](#TOC)

* 1. Sweet Security Raises $33 Million Series A for a New Era for Cloud Security

Sweet Security announced a $33 million Series A funding round. The round was led by Evolution Equity Partners, joined by Munich Re Ventures and Glilot Capital Partners. Capitalizing on its strong market traction, Sweet, which leverages deep runtime analysis to better identify and address cloud risks, will use the funding to scale up its operations in the U.S. and expand its platform. Sweet is also unveiling enhancements to its unified runtime platform, adding first-to-market capabilities for runtime posture enhancement and runtime non-human identity management.

In August 2023, Sweet launched the first unified runtime security platform for the cloud. Its patent-pending eBPF-based technology identifies critical anomalies across applications, networks, and non-human identities. It provides deep and actionable insights about who, where and what is happening. From detection and response to vulnerability management, posture enhancement and non-human identity management (NHI), Sweet’s innovative technology identifies risks that matter, instead of creating a backlog of noisy alerts from passive API scans.

Tel Aviv's [Sweet](http://sweet.security) offers the first comprehensive runtime security suite for the cloud. Sweet's solution shifts cloud security right, enabling security teams to strategically address cloud risks as they unfold. Sweet's novel approach analyzes behavioral baseline anomalies, generating vital insights on incidents, vulnerabilities, posture, and non-human identities. (Sweet Security 06.03)

[Back to Table of Contents](#TOC)

* 1. Claroty Secures $100 Million in Strategic Growth Financing

Claroty has secured $100 million in strategic growth financing. Participants include lead equity investor Delta-v Capital, as well as AB Private Credit Investors at AllianceBernstein, Standard Investments, Toshiba Digital Solutions, SE Ventures, Rockwell Automation and Silicon Valley Bank, a division of First Citizens Bank. Combined with Claroty’s existing $635 million in funding to date, this new financing further establishes the company’s leadership position in the critical infrastructure cybersecurity market.

The funds will be used to scale Claroty’s platform approach to cyber-physical systems (CPS) protection across key verticals including the public sector and heavily regulated critical infrastructure industries, expand in emerging regions across the Americas, EMEA, and Asia-Pacific, fuel research and development for core and adjacent technologies including secure remote access, and double down on new and existing strategic partnerships.

Tel Aviv's [Claroty](https://claroty.com) empowers organizations to secure cyber-physical systems across industrial, healthcare, commercial and public sector environments: the Extended Internet of Things (XIoT). The company’s unified platform integrates with customers’ existing infrastructure to provide a full range of controls for visibility, risk and vulnerability management, threat detection, and secure remote access. Backed by the world’s largest investment firms and industrial automation vendors, Claroty is deployed by hundreds of organizations at thousands of sites globally. (Claroty 06.03)

[Back to Table of Contents](#TOC)

* 1. CrowdStrike to Acquire Flow Security to Expand Its Cloud Security Leadership

Austin, Texas' CrowdStrike has agreed to acquire Tel Aviv's [Flow Security](https://www.flowsecurity.com/), the industry’s first and only cloud data runtime security solution. With this acquisition, CrowdStrike is setting the standard for modern cloud security with comprehensive real-time data protection spanning endpoint and cloud environments, delivering the only cloud data protection platform that secures data in all states, both at rest and in motion.

With the acquisition of Flow Security, the CrowdStrike Falcon platform is poised to become the industry’s most comprehensive data security platform. Following the closing of the acquisition, CrowdStrike plans to fully deliver native Flow Security DSPM capabilities in Falcon Cloud Security as part of the Falcon XDR platform, enabling customers to consolidate cloud point solutions and protect the entire cloud estate. Through this, CrowdStrike will provide visibility into critical cloud data flows, insight into how data interacts with applications, and the ability to detect when sensitive data is at risk or unintentionally leaving an environment.

CrowdStrike, a global cybersecurity leader, has redefined modern security with the world’s most advanced cloud-native platform for protecting critical areas of enterprise risk – endpoints and cloud workloads, identity and data. (CrowdStrike 06.03)

REGIONAL PRIVATE SECTOR NEWS

[Back to Table of Contents](#TOC)

* 1. MENA Startups Raised $88.7 Million in February 2024

Startups in the Middle East and North Africa (MENA) region raised $88.7 million across 37 deals, a modest growth of just 2% month-on-month in terms of deal value. Compared to the same period last year, the amount invested in February this year has fallen by 88%.

The UAE remained at the top of the MENA ecosystem in terms of investment, with its startups raising $65.6 million across 22 deals, half of which went to the Flare Network. Saudi Arabia’s startups raised the second highest amount with $16.3 million across seven transactions, while only two Egyptian startups raised $4.6 million. Web3 providers are the market's rising stars this month, having raised $39 million in three rounds, led by Flare Network's $35 million.

In March, foodtech performed well in terms of funding amount, securing $21 million in two deals, with $12 million committed to The Cloud's Series B round. In comparison, five fintech startups raised $6.9 million, while logistics startups received $5.4 million.

Investment in Seed stage startups continues to dominate, with 11 startups in the Seed stage raising $25.5 million in total. About $55 million went to the business-to-consumer (B2C) sector through 16 transactions, while $18.4 million was provided to 17 startups working in the business-to-business (B2B) domain. As usual, male-led businesses have dominated the industry, accounting for over 55% of all transaction value, while 44.6% went to mixed-gender founders, and female-led startups raised only 0.2% of the total value.

Last month COTU Ventures, an early-stage venture capital firm based in the UAE, launched a $54 million inaugural fund, while the Lebanese female-led VC Globivest has completed the second close of its first fund. Egypt's Sawari Ventures also announced plans to launch a $150 million fund to support Egyptian businesses, with no timetable set. (Wamda 04.03)

[Back to Table of Contents](#TOC)

* 1. Bahrain’s Arcapita Launches $500 Million Logistics Fund in Saudi Arabia

Bahrain’s Arcapita Capital Company, a subsidiary of Arcapita Group Holdings Limited, announced the closing of KSA Logistics Fund III for $500 million, with participation from a leading sovereign wealth fund from the GCC region and other major institutional investors.

Arcapita has already deployed a substantial amount of the fund in a sizable portfolio of industrial real estate assets across the manufacturing and warehousing sectors. Over the coming months, the firm expects to execute on a pipeline of further assets situated in strategic locations across Riyadh, Jeddah and the Eastern Province. Arcapita will also take a built-to-suit approach, whereby properties will be developed with long-term off-take arrangements with tenants.

This fund further demonstrates Arcapita’s strategy of bringing the firm’s international expertise in industrial real estate to the Kingdom’s industrial sector and support its ambitions of becoming a global logistics hub. Arcapita Group’s management team has managed more than SAR 24.3 billion ($6.5 billion) in industrial and logistics real estate transactions globally, including over SAR 5.6 billion ($1.5 billion) in the GCC region, over the past 25 years. Furthermore, Arcapita Group has a strong track record of investing in the Kingdom, with nearly SAR 1.5 billion ($400 million) in investments over the past 10 years. (Arcapita 06.03)

[Back to Table of Contents](#TOC)

* 1. Abu Dhabi Home Sales Surge 83% on Influx of Digital Nomads & Expats

The influx of digital nomads and expatriates in Abu Dhabi has led to a surge in property transactions in the UAE capital. A total of 11,200 homes were sold across the emirate in 2023, up by 83% from a year earlier, said British real estate adviser Savills. The increase in demand for villas and flats has been driven by several initiatives by the government, coupled with a growing economy and new project launches.

Abu Dhabi emerged as the fourth-biggest destination for executive nomads in Savills’ Executive Nomad Index last year, just behind Dubai, which ranked first, Malaga and Miami. The emirate is proving particularly popular with Northern European executive nomads. A remote working visa is available, and for those making a longer-term commitment, golden visas are designed to attract property investors and global talent in the creative industries, financial services and start-ups.

The growing demand for homes in Abu Dhabi has led to a spike in new project launches, with more than 8,000 units launched last year. High-end villas and townhouses remained popular last year, with 4,800 units sold, accounting for 43% of total sales in 2023. A lot of buyers opted for off-plan units, which accounted for 84% of all villa and townhouse sales. There was also a preference for waterfront locations among occupants and investors, with leading demand for projects on Saadiyat Island, Yas Island and Al Reem Island. Apartments still emerged as the most popular, accounting for 57% of total transactions. Off-plan units accounted for 69% of the demand. (Zawya 01.03)

[Back to Table of Contents](#TOC)

* 1. Fiera Capital Expands with New Office in Abu Dhabi

Montréal, Québec's Fiera Capital, a leading independent asset management firm, announced the opening of its first office in the UAE to implement its new regionalized distribution model. This new office represents the first step in the Company's growth plans across the Gulf Cooperation Council region, which includes six countries – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. Based in Abu Dhabi, the company's office in the Middle East adds to a growing global footprint spanning four continents.

Fiera Capital is an investor in the Gulf region, both in its active positioning across its Emerging Markets and Frontier Markets strategies, in addition to the Company's dedicated Middle East and North Africa (MENA) mandate. The Company's Abu Dhabi office is its self-described "foundation" in MENA, with the expectation being to grow its presence and team in the region over time.

Priority asset classes for Fiera Capital's Middle East initiatives include global and MENA-specific equities, as well as real assets including real estate, infrastructure, natural capital and indirect exposure through private credit instruments. (Fiera Capital Corporation 29.02)

[Back to Table of Contents](#TOC)

* 1. Zeroe Secures $2.2 Million to Catalyze Decarbonization

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. The round was led by the Indonesian investor Owen Rahadiyan providing access to key Southeast Asian growth markets. 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.

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, 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](https://zeroe.io/) is on a mission to decarbonize enterprise 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 08.03)

[Back to Table of Contents](#TOC)

* 1. Ruder Finn Acquires UAE's Atteline, Expanding its Middle East and Global Footprint

Leading global communications agency Ruder Finn announced the acquisition of Atteline, a UAE agency headquartered in Dubai, which will be Ruder Finn’s new hub in the Middle East. This acquisition builds on the momentum of Ruder Finn expanding its global strategic footprint with investments in healthcare, enterprise technology, RF TechLab, reputation management, crisis communications, social and digital in the last year. By developing a new hub in Dubai, Ruder Finn aims to meet the growing demand for public relations, marketing communications, digital, and corporate reputation in this region.

Ruder Finn is one of the world’s largest independent global communications agencies. Founded in 1948, Ruder Finn provides clients with bold communications strategies based on a global perspective and localized market knowledge that redefine leadership, reimagine the marketplace, and rethink customer experiences. The agency is organized around five core areas of expertise—Healthcare, Technology, Commerce, Leadership and Workplace—with AI-powered creative hub RF Studio 53 and tech incubator RF TechLab providing cutting-edge predictive analytics, breakthrough creative, and customer-focused digital engagement. (Ruder Finn 27.02)

[Back to Table of Contents](#TOC)

* 1. E-commerce Startup Salla Raises $130 Million pre-IPO Round

Homegrown tech startup, Mecca, Saudi Arabia's [Salla](https://apps.salla.sa/en) raised $130 million in a pre-IPO investment round led by Bahrain-based alternative asset manager Investcorp and others. The round saw participation from PIF company Sanabil Investment and Riyadh-based venture capital firm STV, which is an existing shareholder in the startup. Investcorp made the investment in Salla through its $500 million Saudi Pre-IPO Growth Fund, which provides funds for pre-IPO companies in Saudi Arabia. Investcorp declined to disclose information about the startup’s valuation of a timeline for the potential listing.

Founded in 2016, Salla provides a SaaS solution that allows users to set up their e-commerce stores in Arabic to sell and deliver products to customers. It has enabled $7 billion in sales through its services with over 80,000 active merchants on the platform since 2020. (Enterprise 05.03)

[Back to Table of Contents](#TOC)

* 1. Sprinklr Announces Local Data Hosting Solution in Saudi Arabia with Google Cloud

Sprinklr, the unified customer experience management (Unified-CXM) platform for modern enterprises, announced its continued expansion in the Middle Eastern market with the launch of a local data hosting solution for the Sprinklr platform in Saudi Arabia (KSA), hosted on the Google Cloud. Customers now have the option to host data in Saudi Arabia through Sprinklr’s hosting services provider. Sprinklr also provides hosting solutions in the US on Google Cloud. By hosting data in Saudi Arabia, Sprinklr will enable customer compliance with security, privacy, and governance regulations in the region.

Sprinklr continues to expand rapidly across key growth markets in the Middle East, Africa, and Asia-Pacific. With a local data hosting solution, customers in Saudi Arabia can now more easily tap into the benefits of Sprinklr’s AI-powered platform, including Sprinklr AI+ with generative AI capabilities for customer service, insights, social media management, and marketing that is built with enterprise-level governance, security, and data privacy.

New York's [Sprinklr](http://www.Sprinklr.com) is a leading enterprise software company for all customer-facing functions. With advanced AI, Sprinklr's unified customer experience management (Unified-CXM) platform helps companies deliver human experiences to every customer, every time, across any modern channel. (Sprinklr 11.03)

[Back to Table of Contents](#TOC)

* 1. Indian Tech Firm Zoho to Invest $133 Million in Saudi Arabia

Zoho Corporation, an Indian global technology company, said it will invest around half a billion Saudi riyals ($133 million) that will help meet the goals of Saudi Vision 2030. The investment will go to digital infrastructure development and strategic partnerships with government entities in Saudi Arabia. The company made the announcement as it opened its first two Middle East data centers in the kingdom. The data centers, located in Jeddah and Riyadh, are now fully operational.

Headquartered in Chennai, India, Zoho offers cloud-based business applications. It is the parent company of tech brands ManageEngine, Zoho.com, TrainerCentrel and Qntrl. Through ManageEngine, the company has helped manage and optimize the IT infrastructure of 2,000 Saudi organizations in government and private sectors. (Zawya 05.03)

[Back to Table of Contents](#TOC)

* 1. Buildnow's “Build Now Pay Later” Solution Secures $9.4 Million in Seed Funding

Buildnow - MENA’s first “Build Now Pay Later” solution - has raised $9.4 million in seed funding. The round was co-led by Raed Ventures and Khwarizmi Ventures. The round also saw participation by international VC’s and key local angels including Abdulla Elyas (Co-Founder of Careem).

Buildnow was launched in April 2022. Using its credit management platform and extensive supply chain network, Buildnow digitally captures data points such as financials, legal standing and market reputation of the buyer to better assess credit risk. This enables Buildnow to supply materials on credit terms tailored for the buyer while paying cash upfront to the SME suppliers.

Riyadh's [Buildnow](https://www.buildnow.sa) has already supplied over 50,000 tonnes of raw materials, facilitating business between 250+ SMEs. Having grown 6X in 2023 alone, Buildnow is setting their sights on explosive growth. With the new funding, Buildnow is preparing to enable the entire construction SME supply chain to capture otherwise lost opportunities and supercharge their growth. (Buildnow 07.03)

[Back to Table of Contents](#TOC)

* 1. PIF- Backed Ceer to Develop $1.3 Billion EV Manufacturing Facility in Saudi Arabia

Ceer, the Saudi Arabia electric vehicle (EV) brand and original equipment manufacturer (OEM), will develop a $1.3 billion manufacturing facility in the kingdom’s King Abdullah Economic City. The contract for the Ceer Electric Vehicle Manufacturing Complex has been awarded to Saudi company Modern Building Leaders (MBL), which has been tasked to build a facility, spanning over one million square meters. Ceer, a joint venture between Saudi’s sovereign-backed Public Investment Fund (PIF) and Taiwanese multinational electronics contract manufacturer, was launched in 2022 as part of the kingdom’s Vision 2030 masterplan to push for carbon emission reduction and sustainable development. (Zawya 08.03)

[Back to Table of Contents](#TOC)

* 1. KACST Signs 3 Partnerships to Establish AI Center & Localize Semiconductor Industry

On 11 March, the King Abdulaziz City for Science and Technology (KACST), as part of the LEAP 2024 technological conference, signed three strategic partnerships to establish a center of excellence in artificial intelligence (AI) technologies and develop the semiconductor industry in the Kingdom of Saudi Arabia.

The KACST partnership in the field of localizing emerging technologies included SenseTime Middle East and Africa for information systems technology. Together, they aim to establish a joint center of excellence for generative and general AI to conduct research activities, develop projects, train human capabilities, provide solutions for both public and private sectors, conduct market research and development of products, and design training programs in the AI field.

In the field of localizing the semiconductor industry, KACST signed a strategic partnership with CDT International Limited. Their collaboration aims to develop the semiconductor industry in the Kingdom by establishing a joint vision and action plan to support the objectives of the Saudi Semiconductors Program (SSP). This includes enhancing the Kingdom's capabilities in semiconductor manufacturing, training human resources in electronic chip design and localization, providing electronic chip design programs for Saudi universities' staff, attracting funding for research and development, and supporting collaboration between industries and sectors. (RD 07.03)

[Back to Table of Contents](#TOC)

* 1. Egypt's MoneyHash Closes $4.5 Million Seed Round

MoneyHash has successfully raised $4.5 million in a seed funding round. The round was co-led by COTU Ventures and Sukna Ventures, with participation from RZM Investment, Dubai Future District Fund, VentureFriends, and a group of strategic investors and operators. The new funds will primarily be used to expand the business team and growth capabilities while maintaining technological progress.

Despite the significant slowdown in market activity, this investment illustrates the market’s confidence in MoneyHash and its potential for continued growth and market leadership. MoneyHash's proprietary payment orchestration platform and end-to-end payment operating system have garnered acclaim for their innovative approach to streamlining payment processes, making it the top choice for businesses seeking efficient and scalable payment infrastructure. This funding will enable MoneyHash to further invest in its technology and expand its business growth initiatives across the region.

Egypt's [MoneyHash](https://moneyhash.io/) offers a comprehensive payment operating system as a service to address the various technological and product challenges faced by enterprise merchants. MoneyHash's product includes a unified API to integrate pay-in and pay-out rails, a fully customizable checkout experience, transaction routing capabilities with fraud and failure rate optimizers, and a centralized transaction reporting hub. This is complemented by tools enabling various use cases, such as virtual wallets, subscription management and payment links. (MoneyHash 27.02)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Aqaba Distributes 60,000 Paper Bags Under Plastic-Free Campaign

Jordan's Environment Directorate at the Aqaba Special Economic Zone Authority (ASEZA) implemented a campaign to distribute paper bags under the slogan "Towards a plastic-free Aqaba" in the stone bakeries of Aqaba city, in cooperation with the Red Sea Plastic Free Project.

The Director of the Environment Directorate at ASEZA explained that the campaign, in its various stages, aimed to raise environmental awareness and educate the local community and visitors to Aqaba city about the harmful effects of plastic bags on human health and the environment, especially the marine environment. It also aimed to encourage the conscious community to reduce the use of plastic bags in stone bakeries and commercial complexes and to gradually adopt environmentally friendly paper bags as a sustainable alternative in the tourist city of Aqaba and raise awareness of their importance.

This is the last phase of the subsidized distribution campaign for stone bakeries, which was done by distributing 60,000 paper bags out of a total of 100,000 and 5,000 cloth bags. After that, the legislation and regulations governing the ban on the use of plastic bags in stone bakeries and commercial complexes in Aqaba City will be activated. (Petra 11.03)

[Back to Table of Contents](#TOC)

* 1. Egypt’s Suez Canal Zone Gets Busy for Green Hydrogen

Egypt has signed seven MoUs with international and local companies to develop green hydrogen and renewable energy projects worth $41 billion in the Suez Canal Economic Zone over the next ten years.

The MoUs were signed with London-based PASH Global, Switzerland’s Smart Energy, South Korea’s SK ecoplant, Canada-based AmmPower, China’s United Energy Group, and Egypt’s Gila Al Tawakol Electric and Gama Construction. Some $12 billion will be deployed during the pilot phase of the projects, while $29 billion will be invested in the first phases of development.

Renewable energy and especially green hydrogen targets have been central to the economic strategy for President El Sisi’s third term, which outlines plans to turn Egypt into a regional hub for green hydrogen production by 2026 and a global hub by 2030. The country aims to produce 3.2 million tons of green hydrogen per year by 2029 and 9.2 million tons per year by 2040.

Companies that implement green hydrogen projects within five years will receive tax breaks of 33-50% on income and pay no VAT on raw materials, plant and machinery bought for the plants, according to the law ratified by President El Sisi last month. (Enterprise 01.03)

ARAB STATE DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Jordan's Consumer Price Index Surges by 1.76% in 2024

Jordan's Consumer Price Index (CPI) saw a 1.76% increase in the initial two months of this year, reaching 109.87 points compared to 107.97 points during the same period in the previous year. As per the monthly report from the Department of Statistics, notable contributors to this upsurge included the water and sanitation category with a rise of 7.34%, personal effects at 6.44%, union contributions at 5.86%, tobacco and cigarettes at 5.21%, and dried and canned vegetables and legumes at 4.50%.

In February of this year, the general CPI ascended to 110.02 points, compared to 108.32 points in the corresponding month last year, marking a 1.57% increase. The primary drivers behind this escalation were the water and sanitation group, personal belongings, union contributions, tobacco and cigarettes, and rents.

While there was an overall increase, some categories experienced a reduction in their ascent, including the fuel and lighting group by 1.74%, home textiles by 1.25%, culture and entertainment by 0.85%, and beverages and refreshments by 0.62%. (Petra 11.03)

[Back to Table of Contents](#TOC)

* 1. Iraq Attracts Wave of Saudi and Gulf Investments for the First Time

Two decades after the fall of Saddam Hussein's regime in Iraq, the country is now, for the first time, attracting investments from Gulf Cooperation Council countries, including from Saudi Arabia. This is a milestone given past major differences between them over Iraq's relationship with Iran.

Saudi Arabia announced that it has multiple investments in various sectors in Iraq valued at more than $5 billion. The largest share is in the real estate sector in the capital, Baghdad. The United Arab Emirates, which was the first Gulf country to invest in Iraq, recently announced that it would be expanding its investments there. After 20 years of limited investments in Erbil, the capital of Iraq's autonomous Kurdistan region, the UAE said it would be expanding its investments to include large real estate projects in Baghdad. Qatar also officially announced investments in Iraq, without revealing their monetary value. The Qatari government now joins private Qatari investors who entered into large real estate investments in Baghdad.

The Saudi Public Investment Fund, the economic arm of the Saudi government, officially announced the establishment of a new unit for investment in Iraq, with a capital of $3 billion. The fields of investment will include infrastructure, mining, agriculture, real estate development, and financial services. To assist with these investments, the fund established a branch of the Saudi Arab Bank, the Arabi Bank of Iraq. Official figures and statistics indicate that trade between Iraq and Saudi Arabia grew by 50% between 2021 and 2022, totaling $1.5 billion. (JP 29.02)

►►Arabian Gulf

[Back to Table of Contents](#TOC)

* 1. Bahrain's Golden License Attracts $2.4 Billion in Investment

Bahrain reported a total of $2.4 billion in investment stemming from 9 major projects, which are set to generate 3,000 employment opportunities following the introduction of its Golden License in April 2023. The initiative, which delivers white-glove treatment and first-priority allocation on key project milestones such as land allocation, aims to maintain Bahrain's demonstrated ability to attract impactful businesses across industries to contribute to its positive trajectory of sustained economic growth.

The newly awarded large-scale projects span across diverse sectors, including Bahrain Titanium, the first facility of its kind in the region set to be established by Switzerland-based Interlink Metals & Chemicals, the construction of the first greenfield head office of National Bank of Kuwait (NBK) outside of Kuwait, the installation of a data center facility and regional submarine cable by Bahrain-born technology company Beyon, and finally, the vibrant urban waterfront development Bahrain Marina.

From 2002 to 2022, Bahrain's nominal GDP grew from $9.6 billion to $44.4 billion, the equivalent of an average annual rate of 8%, surpassing the global rate of 5.5% (2002). Bahrain also diversified its economic sectors, the non-oil sector accounted for 83.6% of real GDP in Q3/23, where the financial services sector overtook oil as the largest contributor to real GDP, standing at 18.1% in Q3/23. (Bahrain EDB 07.03)

[Back to Table of Contents](#TOC)

* 1. Bahrain Receives Lockheed Martin’s F-16 Block 70 Fighter Jets

In a significant milestone for Bahrain’s military capabilities, Lockheed Martin’s F-16 Block 70 jets landed at Bahrain’s Isa Air Base on 8 March. These fighter jets constitute the first batch of aircraft included in the Royal Bahraini Air Force (RBAF)’s ‘Hamad Falcons’ fleet. Departing from Lockheed Martin’s facilities in Greenville, South Carolina, the arrival of these jets underscores Bahrain’s capabilities within the Gulf Cooperation Council (GCC) as the first member to operate the F-16, and now, integrating the F-16 Block 70 variant into its fleet.

Lockheed Martin has already produced five F-16 Block 70 jets for Bahrain, with an additional 11 in various stages of production and testing. The initial aircraft are currently undergoing flight test missions at Edwards Air Force Base, California, under the supervision of the 416th Flight Test Squadron. The F-16 Block 70 jets are equipped with state-of-the-art features including the APG-83 AESA Radar, advanced avionics, modernized cockpit with new safety systems, and sophisticated weapon platforms.

Moreover, these jets boast additional enhancements such as conformal fuel tanks for extended range, improved performance engine, and an extended structural service life of 12,000 hours. Leveraging advanced technologies, Lockheed Martin anticipates delivering 19-21 jets this year from its production line in Greenville, with potential opportunities for up to 300 additional jets worldwide. (GB 09.03)

[Back to Table of Contents](#TOC)

* 1. Qatar Strengthens its Position in the Global Gas Industry

Over the past few years, Qatar has taken important decisions and essential steps to strengthen its position among the most important influencers in the global gas industry, a role that is expected to increase in the future in light of the trend of many economies in the world, such as China, India and emerging economies, to rely on natural gas as a source of clean fuel.

On 25 February, Qatar announced a new expansion of the North Field, according to which Qatar's production of liquefied natural gas (LNG) will increase from 77 million tonnes per year to 142 million tonnes per year before the end of 2030. QatarEnergy is moving forward with the new expansion project that will increase Qatar's LNG production to 142 million tonnes per year before the end of 2030, representing an increase of almost 85% compared to current production levels.

The project includes six giant production lines, each with a production capacity of eight million tons of LNG annually. Four of these lines are part of the North Field East Expansion project, while the other two are part of the North Field South Expansion project.

Qatar's position in the global gas industry is underscored by the numbers. Projects by QatarEnergy are expected to contribute around 40% of the total new global LNG supplies by 2029. These projects will significantly reduce greenhouse gas emissions through carbon capture and storage techniques, along with the use of solar energy. They aim to reduce the overall carbon intensity by approximately 30% compared to previous-generation project designs. (QT 01.03)

[Back to Table of Contents](#TOC)

* 1. UAE's Recent Macro Figures Indicate a Solid Performance in 2023

The Central Bank of the UAE (CBUAE) and the Federal Competitiveness and Statistics Center released a new bevy of macroeconomic figures for 2023 pointing to signs of growth in the banking system and the economy last year.

Inflation eased last year across the UAE to 1.6%, down from the 4.82% in 2022. The figure falls below the 2.4% inflation figure projected by the CBUAE in its quarterly economic review. Restaurants and hotels saw the biggest jump, up 6.63% in comparison to 2022, while the food and beverages segment jumped 3.84% y-o-y, and housing, water, electricity and fuel.

Dubai’s annual inflation inched up in January to its highest level since October 2023. Annual inflation rose to 3.60% y-o-y during the month, up slightly from 3.27% in December, while inflation in Abu Dhabi hit 1.4% during the month. The CBUAE expects federal inflation to reach 2.1% in 2024.

Banks handed out AED 1.24 trillion in private sector loans in 2023, up 5.8% y-o-y, according to Central Bank of the UAE data. The commercial and industrial sector accounted for more than half, pooling some AED 822.7 billion in 2023 from banks, marking a 3.1% y-o-y increase, while individuals were granted AED 418 billion, an increase of 11.5% y-o-y. Loans to the public sector climbed 15.5% y-o-y to AED 292.6 billion during the year. They also made more investments last year, with total investments climbing 20.3% y-o-y to AED 634.4 billion, according to the data. Most investments went to maturity securities, which accounted for nearly half of investments at AED 304.8 billion, while debt securities saw AED 264.9 billion in investments. (Enterprise 07.03)

[Back to Table of Contents](#TOC)

* 1. DMCC Announces 25% Annual Growth in New Chinese Member Companies

DMCC – the world’s flagship free zone and Government of Dubai Authority on commodities trade and enterprise – continued its campaign of attracting Chinese businesses to Dubai by hosting three events in Hong Kong and Shanghai as part of its Made for Trade Live roadshow.

The events in Shanghai and Hong Kong came following a 25% year-on-year (YoY) increase in new Chinese member companies setting up in DMCC in 2023, including major industry players Autel Robotics and Hebei Logistics Group Metal Materials, showcasing the continued strength of DMCC’s draw among the Chinese business community. The new figures reveal that DMCC is now home to over 14% of the estimated 6,000 Chinese businesses based in the UAE. There are 852 Chinese companies operating from the DMCC today.

DMCC made two visits to China last year, hosting roadshows in Shanghai, Guangzhou, Chongqing, Shenzhen and Hong Kong to connect with businesses in some of China’s most dynamic markets. DMCC's Made for Trade Live roadshows play an influential role in showcasing Dubai as a prime destination for business. Through the series, DMCC highlights Dubai’s unique value proposition to attracting FDI to the emirate. DMCC now accounts for 11% of Dubai’s annual FDI inflows. (WAM 04.03)

[Back to Table of Contents](#TOC)

* 1. Oman to Invest $31 Billion in its Tourism Sector by 2040

Oman has announced its intention to invest $31billion by 2040 in the sultanate’s tourism sector. In 2023, the sultanate received four million visitors, up from 2.9 million in 2022, a rise of almost 38%, a record-breaking achievement. Of these, 231,000 came from Germany, reflecting a rise of 182% over 2022.

The Ministry of Heritage and Culture is focused on creating an environment conducive to tourism growth. The streamlining of the visa application processes, easing visa restrictions for citizens of over 100 countries and investing in infrastructure and attractions are all part of the process.

Oman’s 2050 Net-Zero target was a priority as were sustainable practices covering hospitality and the preservation of heritage sites and historical monuments. (GB 06.03)

[Back to Table of Contents](#TOC)

* 1. Saudi Arabia's Real GDP Shrank in 2023 Due to Oil Production Cuts

Saudi Arabia's real GDP dipped 0.8% y-o-y in 2023 on the back of a 9% fall in oil activity, according to figures from Gastat. Non-oil activity rose 4.4% y-o-y and government expenditure grew 2.1% y-o-y over the same period. Riyadh had estimated that GDP would rise 0.03% in 2023, with 6% growth in the non-oil sector. The current forecast is for the economy to rebound in 2024 with 4.4% growth.

The Kingdom cut oil production by 500,000 barrels per day in April 2023 in a bid to arrest falling oil prices. That figure became a 1 million bpd voluntary cut by June. Though originally seen ending in December 2023, the government extended the 1 million bpd cut through Q1/24 and now seems poised to continue it through June 2024, maintaining production at 9 million bpd.

Real GDP shrank 4.3% on an annual basis during the fourth quarter of the year, the figures showed. The contraction was driven by a steep 16.2% decline in oil activity, which accounts for c. 40% of GDP (and about 75% of government revenues). Non-oil activity was up 4.2% y-o-y, with government activity also reporting a 3.1% growth on an annual basis. Real GDP was expected to contract by 3.7% y-o-y in Q4/23. The IMF has cut its 2024 growth forecast for the Kingdom to 2.7%, pointing to the combined effects of lower oil prices and production cuts. (Gastat 11.03)

[Back to Table of Contents](#TOC)

* 1. Saudi Arabia Officially Launches FIFA 2034 World Cup Bid

The Saudi Arabia Football Federation (SAFF) officially launched its bid to host the 2034 FIFA World Cup, putting it on a path to become the second Middle Eastern country to host the event after Qatar. Securing the world cup for 2034 could also be a foregone conclusion for the GCC’s biggest economy, as it’s currently the only country in the bidding to host the event.

The big reveal of Saudi Arabia’s World Cup bid also included the unveiling of its new logo. The logo also shapes the country’s outline, with its five colors reflecting the diversity of the nation; Desert Amber, a symbol of warmth and generosity; Oasis Green representing valleys and mountains; Radiance Red drawing inspiration from the Red Sea coral reefs; Rich Lavender celebrating the blossoming wildflowers; and Sunrise Yellow marking an exciting new dawn for the nation,” said SAFF.

The 2034 World Cup will follow the 2030 edition, which will span three continents. The 2030 FIFA World Cup will have most of its games in Spain, Portugal and Morocco. As a result of having Africa, South America and Europe each hosting a 2030 World Cup game, FIFA limited the 2034 hosting to bidders from Asia and Oceania. As Saudi Arabia is currently the only bidder, meaning it’s securing of the World Cup could become a foregone conclusion. (Various 02.03)

[Back to Table of Contents](#TOC)

* 1. Saudi Arabia Looking to Attract $80 Billion in Private Investments in Tourism Push

Saudi Arabia’s tourism push continues as the kingdom looks towards attracting as much as $80 billion in private investments to the burgeoning sector by 2030. Saudi Arabia’s Minister of Tourism Al-Khateeb said the kingdom was looking to share the financial burden as it follows through on its Vision 2030 master plan to attract 150 million tourists in six years. The goal is to raise $60 billion to $80 billion by 2030.

According to the Ministry of Tourism, Saudi Arabia hosted 106 million visitors in 2023, who contributed more than $66.7 billion to the country’s economy. Saudi Arabia is counting on the middle-class population in India and China to boost international tourism numbers and sees the UK as an appealing market,

Earlier, Saudi Arabia launched an initiative to boost private investments in key tourism sites across the kingdom by $11 billion and drive a projected annual increase in the gross domestic product (GDP) of $4 billion by 2030. The Tourism Investment Enabler Program (TIEP) aims to make it easier and more cost-effective to do business in the kingdom’s travel sector for international and local investors, a release stated. Saudi Arabia further expects the initiative to significantly impact the socio-economic landscape, creating 42,000 new room keys and approximately 120,000 job opportunities. (Zawya 06.03)

[Back to Table of Contents](#TOC)

* 1. Saudi Attracts $888 Million in Investments Via Tech Event Leap

Saudi Arabia has attracted $888 million in investment deals through the international technology conference LEAP 24. The investments include venture capital funds and fresh funding for start-ups. They are meant to support innovation and tech entrepreneurship in the region. Among the investments, InvestCorp launched a $500 million fund that will be targeting Saudi businesses that are in their growth stages.

The National Development Fund and the Social Development Bank set up the $40 million Gaming and Esports Investment Fund, managed by Impact46, while Merak Capital established an $80 million fund to back game accelerators in the kingdom. Another fund with $50 million was launched by Saudi Arabia’s Takamol Holdings to support early-stage firms, while two more funds from Plug and Play and X by Unifonic were also announced to support technology start-ups and business software services for young businesses.

As for start-ups, fundraisings scored an aggregate investment of $53.4 million. (Zawya 06.03)

►►North Africa

[Back to Table of Contents](#TOC)

* 1. Egypt's Annual Inflation Jumps to 35.7% in February

Egypt's annual urban inflation jumped 5.9% to 35.7% in February from the month before on the back of an unexpected jump in food prices, according to figures from CAPMAS. Monthly inflation climbed to 11.4% in February, up from 1.6% the month before. This marks Egypt’s highest m-o-m jump in inflation. Annual core inflation — which excludes volatile items such as food and fuel — rose to 35.1% in February, up from 29% in January, according to central bank figures. Meanwhile, monthly core inflation surged to 6.1% from 2.2% in January.

Inflation had been cooling for four consecutive months after reaching a record 38% in September and reached its lowest level in a year in January, convincing policymakers and analysts alike that the economy was on a disinflationary path.

Food and beverage prices — the largest component of the basket of goods and services used to calculate inflation — climbed by 50.9% y-o-y and 16.7% m-o-m in February. Unexpectedly large spikes in health and education prices also drove an increase in inflation. The sector that faced the biggest increase in prices was alcohol and tobacco, coming in at 93.5% y-o-y and 8.5% m-o-m for the month. (CAPMAS 11.03)

[Back to Table of Contents](#TOC)

* 1. After Floating Currency, Egypt Secures an IMF Megadeal

Hours after allowing its currency to float freely, Egypt announced it had reached a deal with the International Monetary Fund for an $8 billion loan to help Cairo prop up its ailing economy. At the same time, Egypt’s central bank abruptly raised interest rates by 6%, prompting the Egyptian pound to plummet against the greenback and shed 38% of its value,

Undertaking key economic reform was a key condition to unlocking IMF support, a lifeline for one of the world's most highly indebted states that's desperate to attract foreign investment and hard cash. Still, the IMF had previously discussed extending a $3 billion loan to Cairo, signaling that the multilateral organization views stabilizing the Middle East's most populous country as a strategic priority.

Since President al-Sisi came to power in 2013, Egypt’s external debt has quadrupled, partly because of his government’s addiction to flashy megaprojects, while the army has also tightened its grip on the economy. The war in Ukraine and associated food price hikes and shortages have pummeled Egypt, which relies on wheat imports from Russia and Ukraine to fuel its subsidized bread program. More recently, the war in Gaza has caused tourism to dry up, while attacks from Iran-backed Houthi rebels in the Red Sea have upended Cairo’s revenue stream from vessels it taxes crossing the Suez Canal. (Al-Monitor 07.03)

[Back to Table of Contents](#TOC)

* 1. Egypt Set on Doubling the Size of the Suez Canal

Cairo has conducted preliminary studies on a project to duplicate the remainder of the Suez Canal to better support two-way traffic, with studies having been presented to President El Sisi. Engineering consulting companies ACE Moharram Bakhoum and Dar Al Handasah are working on the feasibility studies and identifying what partners the government can work with before the matter is once again raised to the president. There are around 80 kilometers across the Suez Canal that have not yet been duplicated — 50 kilometers in the north and 30 kilometers in the south.

The Suez Canal will consist of two 192 kilometer channels. The project seeks to enhance safety and eliminate choke points like the one that crippled traffic for six days in 2021 when the Ever Given container ship ran aground. It also aims to increase the number of ships crossing the canal and reduce transit time to about nine hours. (Enterprise 04.03)

[Back to Table of Contents](#TOC)

* 1. China Wants to Establish a New Industrial Zone on the Mediterranean

On 29 February, Egyptian Trade Minister Samir met with his Chinese counterpart Wentao about the establishment of a Chinese industrial zone on the Mediterranean Sea. The new industrial zone would work to meet both the needs of the local market and export to American and European markets. The meeting also reviewed a proposal for the two countries to conduct trade in local currencies, with talks over the possibility of opening a branch of a Chinese bank in Egypt to help facilitate trade between Egypt and China.

Wentao pointed out that China has been Egypt’s largest trading partner for the last decade, and said that China wants to balance its trade relationship with us by upping its agricultural imports from Egypt. Chinese companies have also become an important source of FX investment. At the Belt and Road Forum last year, private and state-owned enterprises in China collectively pledged investments worth c. $15.6 billion in the Suez Canal Economic Zone. (Enterprise 01.03)

[Back to Table of Contents](#TOC)

* 1. Morocco’s Foreign Investment Influx Reaches 5-Year High in January 2024

After plunging by half in 2023, the influx of Foreign Direct Investments (FDI) in Morocco rebounded at the start of 2024. At the end of January 2024, the net influx of FDI soared by an annual rate of 25%, totaling MAD 2.5 billion ($249 million), reaching its highest level in the past five years, according to a monthly update from Office d’Exchange (OE). The notable rise in the influx of FDI in Morocco is contrary to economists’ predictions signaling a tough year for foreign investments.

In 2023, a report from the UNCTAD indicated that developing economies are facing an increasing annual investment deficit. In February 2024, another report from UNCTAD revealed that the flow of foreign investments into developing countries dropped by 9% in 2023, settling at $841 billion. In Africa, FDI flows were almost flat at an estimated $48 billion (-1%). Likewise, financing deals for projects dropped one-third, more than the global average decline, putting in peril prospects for infrastructure finance flows. UNCTAD further argued that the drop observed in FDIs in 2023 was the result of economic uncertainty and higher interest rates. (MWN 03.03)

[Back to Table of Contents](#TOC)

* 1. Moroccan Phosphate Exports Rise by 17% in January 2024, Totaling over $615 Million

Morocco’s phosphate exports started 2024 on a positive note, with sales rising by 17% in January, reaching over MAD 6.2 billion ($615 million). According to a monthly update from Morocco’s Office d’Echange (OE), the increase in phosphate exports was mainly due to the rise in sales of natural and chemical fertilizers and phosphoric acid. At the end of January 2024, exports of natural and chemical fertilizers reached MAD 4.3 billion ($420 million), up 20% year-on-year. Exports of phosphoric acid, meanwhile, rose to MAD 1.1 billion ($109 million), marking a 26% increase.

Phosphate exports are bouncing back after a tough year of sliding demand. At the end of 2023, phosphate exports dropped by 34%. The drop in the value of exports comes at a time when fertilizer prices were stabilizing on the global market as concerns over supply waned.

Despite the drop in phosphate exports, Morocco’s fertilizers giant, OCP Group remained resilient, with annual profits reaching over MAD 30.24 billion ($2.9 billion) in Q4/23, up 21% compared to the same period a year earlier. Lower prices have especially affected OCP’s international sales after an exceptional year in 2022 marked by record phosphate product prices. The company’s turnover stood at MAD 91.27 billion ($9 billion), down 20% year-on-year. (MWN 04.03)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

[Back to Table of Contents](#TOC)

* 1. Turkey's Annual Inflation Surges to a 15 Month High of 67%

Turkey's annual consumer inflation rate rose to over 67% in February, according to official data released on 4 March. The year-on-year inflation, which surged last month to 67.07% — the highest in the past 15 months — was driven primarily by rising costs in food, hospitality and education, according to data released by the Turkish Statistical Institute. The Turkish lira fell further against the dollar with the inflation news, trading at 31.53 per US dollar. Month-on-month inflation, meanwhile, came in at 4.53%, passing expectations of 3.7% forecasted in a Reuters survey of economists earlier this week.

Turkey’s Finance and Economy Minister Simsek said the country’s breakneck inflation would persist for a while due to an unfavorable base effect, referring to lower rates from the previous corresponding periods, but would likely decrease over the next 12 months. Simsek added that the flow of foreign funds would also increase following the local elections on 31 March, signaling that fiscal belt-tightening would intensify after the polls. Turkey faces an acute foreign currency crunch and is prioritizing attracting foreign inflows.

The Central Bank of Turkey held the rates steady at 45% in February, pausing an aggressive rate hike run over the eight successive months. After Turkish President Erdogan abandoned his unorthodox economic policy of keeping interest rates low following his reelection in May 2023, the country’s Central Bank gradually lifted the interest rates from 8.5% to its current levels to curb inflation. (Al-Monitor 04.03)

[Back to Table of Contents](#TOC)

* 1. Turkey's February Exports Hit Record High of $21.1 Billion

Turkey's exports registered the highest February volume ever, official data showed, which also saw a record of $255.8 billion in outbound shipments for 2023. Turkish exports rose 13.6% year-over-year to $21.1 billion in February, Trade Minister Bolat said as he announced the preliminary trade figures. He added that for the same month, Turkish imports decreased by 8.5% to $28.1 billion.

Bolat pointed out that the foreign trade deficit in February dropped by 42.3% compared to the same month last year and fell to $7 billion. The export-import coverage ratio also increased by 14.6 points to 75.1%, he said. Moreover, the minister noted that exporters achieved an extra $3 billion from shipments in the first two months of 2024. The annualized trade deficit stood at $93 billion as of the end of February.

He added that Turkey finished 2023 with a real growth of 4.5%; a national income of $1.12 trillion for the first time in the history of the Republic of Turkey. Per capita national income was also a record high $13,110.

The automotive industry ranked first in February exports with $3.1 billion, followed by chemicals with $2.6 billion, ready-to-wear clothing with $1.5 billion, steel with $1.4 billion and the electrical-electronics sector with $1.3 billion. (AA 03.03)

[Back to Table of Contents](#TOC)

* 1. Cypriot Inflation Rises 1.8% in February

The monthly Cyprus consumer price index (CPI) increased by 1.03 points to 114.93 in February, from 113.90 in January, driven mainly by the services sector, with the inflation rate rising by 1.8% from February last year. The CPI rate was up 0.9% from January and 1.75% higher for January-February compared to the same two-month period last year, according to Cystat.

As regards the main sector of economic origin, the largest change from February 2023 was in services (+3.7%). Comparing February to the index of the previous month, the largest change was in agricultural goods (+5.6%). Compared to February 2023, the largest change was in restaurants and hotels (+6.2%).

The CPI for February saw the largest changes from January in clothing and footwear (+3.1%) and in food and non-alcoholic beverages (+2.7%). For January–February, compared to the same period last year, the largest changes were in restaurants and hotels (5.9%) and miscellaneous goods and services (3.7%). Year-on-year, February saw the biggest increases in restaurants and hotels (0.62) and food and non-alcoholic beverages (0.43).

Catering services (0.60) had the most notable effect on the change of the February CPI compared to same month last year, while the price of fresh vegetables (0.38) had the largest effect on the change of the February CPI compared to January this year. (FM 07.03)

[Back to Table of Contents](#TOC)

* 1. Greece's Central Bank Expects Growth to Accelerate in 2024 and 2025

The Bank of Greece predicts an acceleration of the growth rate of the Greek economy for 2024 and 2025, followed by a slight decline in 2026. In a recent report titled “Note on the Greek economy,” the growth rate in 2023 is expected to come to 2.4%, accelerating marginally to 2.5% in 2024 and 2025, before dropping down to 2.3% in 2026. The main driving forces of activity in the coming years will continue to be investment and private consumption, while the contribution of the external sector will be marginally negative.

Monetary policy will continue to be restrictive for some time, while public investments will contribute positively to growth thanks to the funds of the Recovery and Resilience Facility (RRF). Private consumption will increase by 2% on average during the projection period. It will be supported by strong real household disposable income as employment continues to recover and inflation eases. Public consumption will have a marginally negative effect. Investment will continue to grow at a high rate throughout the projection period, supported by available European resources. The high investment growth rates reflect the improvement in the economic climate. (BoG 02.03)

GENERAL NEWS AND INTEREST

\*ISRAEL:

[Back to Table of Contents](#TOC)

* 1. Two Israeli Pizzerias Make Prestigious 50 Top Pizza List

Two Israeli pizzerias have been selected to be featured in the annual 50 Top Pizza ranking in the Asia-Pacific category. The list is created by a prestigious pizza magazine that evaluates pizzerias in the Neapolitan-Italian style worldwide.

The Fresca pizzeria from Kibbutz Afikim, located south of the Sea of Galilee, was ranked 37th in the guide, and the Jerusalem-based La Piedra was ranked 39th. It's La Piedra's second consecutive year of making it onto the prestigious list. The chef and partner at La Piedra received the prestigious certificate from the guide known among experts as "The Michelin of Pizzas."

Tokyo's The Pizza Bar on 38th ranked first on the list, followed by Crosta pizzeria, Mati, Philippines, and RistoPizza, also in Tokyo. (Israel Hayom 04.03)

\*REGIONAL:

[Back to Table of Contents](#TOC)

* 1. Greece Legalizes Same-Sex Marriage

On 15 February, Greece became the first Christian Orthodox-majority country to legalize same-sex marriage, following a 176-76 vote in parliament. The bill needed a simple majority to pass through the 300-member parliament. Prime Minister Mitsotakis had championed the bill but required the support of opposition parties to get it over the line, with dozens of MPs from his center-right governing party opposed.

Although the Prime Minister said the new law would abolish a serious inequality, the move has divided the country, with fierce resistance led by the powerful Orthodox Church. The head of the Orthodox Church, Archbishop Ieronymos, said the measure would "corrupt the homeland's social cohesion". During the vote, opponents of the legislature held a protest rally in front of the parliament building in Athens

Fifteen of the European Union's 27 members have already legalized same-sex marriage. It is permitted in 35 countries worldwide. Greece has until now lagged behind some of its European neighbors, largely because of opposition from the Church. It is the first country in south-eastern Europe to have marriage equality. (Various 16.02)

ISRAEL LIFE SCIENCE NEWS

[Back to Table of Contents](#TOC)

* 1. Nanox & Beilinson Study Capabilities of Nanox.ARC for Detection of Chest Diseases

Nanox and Beilinson Hospital, a leading Israeli hospital and part of Rabin Medical Center, owned and operated by Israel’s largest healthcare organization, Clalit Health Services, announced their collaboration to conduct a clinical study evaluating the Nanox.ARC 3D imaging system in a clinical outpatient setting at Beilinson Hospital. The study will specifically assess the diagnostic capabilities of the Nanox.ARC’s tomographic imaging system compared with conventional two-dimensional radiography for detection of lung and chest disease in adults. Such a study may help determine the clinical utility of the additional information provided by the 3D tomographic imaging, potentially preventing the need for more advanced imaging and exposure to additional radiation.

The Nanox.ARC is a digital tomosynthesis system that uses multiple sources of X-rays to produce a three-dimensional, or tomographic, image of the body. Compared to similar X-ray tomosynthesis based devices, Nanox.ARC has a smaller footprint, utilizes a cold cathode system which does not require the high level of heat needed in a standard “hot cathode” X-ray, and has the potential to be a cost-effective and scalable imaging solution in healthcare settings that would otherwise be unable to deploy traditional medical imaging equipment. As part of the study, the Nanox.ARC is being used to scan patients with abnormal lung conditions at Beilinson, one of the world's top academic medical centers and an institution that has pioneered advancements in radiology.

Petah Tikva's [Nanox](http://www.nanox.vision) is focused on applying its proprietary medical imaging technology and solutions to make diagnostic medicine more accessible and affordable across the globe. Nanox’s vision is to increase access, reduce costs and enhance the efficiency of routine medical imaging technology and processes, in order to improve early detection and treatment, which Nanox believes is key to helping people achieve better health outcomes, and, ultimately, to save lives. (Nano-X 29.02)

[Back to Table of Contents](#TOC)

* 1. BioLineRx Gets U.S. Patent for Manufacturing BL-8040

BioLineRx received a Notice of Allowance from the U.S. Patent and Trademark Office (USPTO) for a patent, "Process for Manufacturing Peptide," covering a method of manufacturing motixafortide (BL-8040) that is suitable for large scale production.

In addition to a broad range of U.S. and international patents covering various aspects of motixafortide, including composition of matter, methods of synthesis, methods of use and combinations, BioLineRx was granted seven years of Orphan Drug market exclusivity beginning in September 2023, the day APHEXDA (motixafortide) was approved by the FDA, in combination with G-CSF, for use by multiple myeloma patients undergoing autologous stem cell transplantation. Additionally, motixafortide was granted five years of market exclusivity across all indications as a New Chemical Entity (NCE). Motixafortide has also been granted Orphan Drug Designation in the U.S. and Europe for the treatment of pancreatic cancer, as well as in the U.S. for the treatment of acute myeloid leukemia (AML).

[BioLineRx](http://www.biolinerx.com) is a commercial stage biopharmaceutical company pursuing life-changing therapies in oncology and rare diseases. BioLineRx is advancing a pipeline of investigational medicines for patients with sickle cell disease, pancreatic cancer, and other solid tumors. The company is driving innovative therapeutics with end-to-end expertise in development and commercialization, ensuring life-changing discoveries move beyond the bench to the bedside. (BioLineRx 04.03)

[Back to Table of Contents](#TOC)

* 1. RedHill's Opaganib Under Evaluation by BARDA and NIH Countermeasures Programs

RedHill Biopharma announced that opaganib, its proprietary investigational host-directed and potentially broad-acting drug, has been selected by the U.S. government's Chemical Medical Countermeasures (Chem MCM) Program and Chemical Countermeasures Research Program (CCRP) for evaluation as a potential medical countermeasure (MCM) against inhalation Sulfur Mustard exposure. The overall evaluation will also include assessment of opaganib's efficacy against sub-chronic fibrosis and acute respiratory distress syndrome (ARDS) resulting from Sulfur Mustard exposure.

The Chem MCM Program is administered by the Biomedical Advanced Research and Development Authority (BARDA), a component of the Administration for Strategic Preparedness and Response (ASPR) within the U.S. Department of Health and Human Services (HHS), and the CCRP is managed by the National Institute of Allergy and Infectious Diseases (NIAID), part of the HHS National Institutes of Health (NIH). Opaganib, a novel oral, small molecule pill with a five-year shelf-life, is easy to administer and distribute for use against potential chemical weapon attack, if approved by the FDA.

Tel Aviv's [RedHill Biopharma](http://www.redhillbio.com) is a specialty biopharmaceutical company primarily focused on gastrointestinal and infectious diseases. RedHill promotes the gastrointestinal drugs Talicia®, for the treatment of Helicobacter pylori (H. pylori) infection in adults, and Aemcolo, for the treatment of travelers' diarrhea in adults. (RedHill 05.03)

[Back to Table of Contents](#TOC)

* 1. AgPlenus Milestone in Collaboration with Corteva to Develop Novel Herbicides

AgPlenus achieved a milestone in the collaboration with Indianapolis, Indiana's Corteva Agriscience, a leading pure-play agriculture company, for the development of novel herbicides. The milestone marks the successful identification of a new family of molecules exhibiting herbicidal effect through a novel Mode of Action (MoA), APCO-12, discovered by AgPlenus.

The collaboration aims to develop a new MoA herbicide by merging Corteva's leadership in product discovery with AgPlenus's computational technology platform. Today, AgPlenus announced that, together with Corteva, they have identified a new potential class of herbicidal molecules through a novel MoA APCO-12. In the next phase, the collaboration will focus on optimizing the identified class of molecules towards a commercial-level product, utilizing AgPlenus' cutting-edge computational technology, powered by Evogene's ChemPass AI tech engine and Corteva's industry-leading R&D capabilities.

Rehovot's [AgPlenus](http://www.agplenus.com) is a technological platform company for innovative discovery of sustainable crop protection products to ensure food security for a fast-expanding global population. AgPlenus directs and accelerates the development of target-based novel crop protection products, utilizing a revolutionary tech-engine, based on AI combined with a deep understanding of biology and chemistry. (AgPlenus 06.03)

ISRAEL PRODUCT & TECHNOLOGY NEWS

[Back to Table of Contents](#TOC)

* 1. Silynxcom Unveils Groundbreaking Headset for Military Dogs

Silynxcom has developed an innovative new product designed for dogs in militaries. The cutting-edge headset, having been the subject of the Company’s extensive research, is designed to offer robust protection for and to enable seamless command transmission via radio directly to military dogs. This unique headset represents a significant leap forward in canine military gear, providing the dual benefits of safeguarding hearing and facilitating immediate and clear communication from handlers.

The headset has undergone comprehensive testing to ensure durability, comfort, and functionality under various conditions. These successful tests have paved the way for the next phase of evaluation, where the headset will be tested by one of the largest national armies. This collaboration highlights the trust and confidence in Silynxcom's technology and its potential to revolutionize the way military dogs are equipped for their crucial roles.

For over a decade, Netanya's [Silynxcom](https://www.silynxcom.com/) been developing, manufacturing, marketing and selling ruggedized tactical communication headset devices as well as other communication accessories, all of which have been field-tested and combat-proven. The Company’s in-ear headset devices, or In-Ear Headsets, are used in combat, the battlefield, riot control, demonstrations and weapons training courses. The In-Ear Headsets seamlessly integrate with third party manufacturers of professional-grade ruggedized radios that are used by soldiers in combat or by police officers. (Silynxcom 29.02)

[Back to Table of Contents](#TOC)

* 1. AudioCodes Voca CIC Wins Best Microsoft Contact Center Award

AudioCodes announced its Voca Conversational Interaction Center (Voca CIC) received the CX Award for Best Microsoft Teams Contact Center Solution by CX. CX Today, the leading international news publication honoring excellence in CX technology, proudly hosted the CX Awards. Judging is based on an organization's ability to demonstrate innovation, improved experience and execution.

Voca CIC set itself apart by deeply integrating with Microsoft Teams through Azure Communication Services, making it the only contact center solution as of today to offer an Azure-native, reliable integration with Microsoft Teams. The solution offers features like intelligent routing, a unified experience for agents and supervisors, and the ability to provide CX capabilities to employees beyond the contact center. Leading an AI-first approach, Voca CIC embeds Microsoft Cognitive Services, empowering contact centers and other users to effortlessly leverage the power of conversational AI completely out of the box, with natural language understanding powering 14 supported languages.

Lod's [AudioCodes](http://www.audiocodes.com) is a leading vendor of advanced communications software, products and productivity solutions for the digital workplace. AudioCodes enables enterprises and service providers to build and operate all-IP voice networks for unified communications, contact centers, and hosted business services. AudioCodes offers a broad range of innovative products, solutions and services that are used by large multi-national enterprises and leading tier-1 operators around the world. (AudioCodes 04.03)

[Back to Table of Contents](#TOC)

* 1. StoreDot's Battery Technology Offers EV Owners a Winterproof Charging Experience

StoreDot has confirmed that its battery cells offer consistent and reliable winter performance, which means that EV drivers can recharge their vehicles even in freezing weather, while still maintaining an excellent driving range. With this technology, winter range anxiety is eliminated, providing EV drivers with a reliable and efficient solution.

Recent laboratory tests show StoreDot's silicon battery cells reach 80% capacity when charged at -10°C with standard charging speed. StoreDot's battery cells have been tested and have shown a consistent discharge rate and an adequate driving range, even in sub-freezing conditions. At a temperature of 14°F (-10°C), the cells delivered over 85% of their full range capacity. Even in the extreme cold of -4°F (-20°C), the cells still provided over 70% of their full range capacity.

Herzliya's [StoreDot](http://www.store-dot.com) is the pioneer and world leader of extreme fast charging (XFC) electric vehicle batteries that overcome the critical barriers to mainstream EV adoption – range and charging anxiety. The company has revolutionized the conventional Li-ion battery by innovating and synthesizing proprietary organic and inorganic compounds, optimized by Artificial Intelligence algorithms, enabling the charging of an EV in under 10 minutes – the same experience as refueling a combustion engine car. (StoreDot 04.03)

[Back to Table of Contents](#TOC)

* 1. Deepdub First-Ever AI Dubbing Technology with Precise Control of Characters' Accents

Deepdub released its first-of-its-kind Accent Control technology. The proprietary generative AI tech allows the accents of characters to be retained or modified when dubbing content into another language, enabling a new level of authenticity for AI-dubbed material.

Deepdub's Accent Control technology leverages custom generative AI models to manipulate and control the accents of characters in dubbed content, offering an unprecedented level of authenticity and flexibility. By enabling content creators to either retain the original accents or adapt them to better fit the dubbed material and the target audience, Deepdub ensures that the emotional and cultural nuances of performances are preserved, enhancing the overall viewing experience.

Accent Control is powered by Deepdub's emotional text-to-speech (eTTS) 2.0 model, a multimodal Large Language Model that supports over 130 languages and dialects. Deepdub's research team developed the massively multilingual model to generate emotionally expressive speech and discovered emergent capabilities that enabled the manipulation of various speech characteristics including accents. These capabilities were developed into Accent Control, which enables precise control to apply and adapt accents across all 130+ languages and dialects. The company is currently working on expanding these capabilities to support regional accents, enabling micro-localization.

Tel Aviv's [Deepdub](https://deepdub.ai) aims to bridge the language barrier and cultural gap of entertainment experiences for international audiences across TV, Film, Advertising, Gaming and e-learning. The company provides high-quality localization services for entertainment content using deep learning and AI algorithms. Deepdub plugs into the post-production process of content owners and provides an end-to-end solution for all their localization needs. (Deepdub 29.02)

[Back to Table of Contents](#TOC)

* 1. REE Automotive Selected by Airbus UpNext

REE Automotive has been selected by Airbus UpNext, wholly-owned innovation subsidiary of Airbus SE, to provide technological know-how based upon its REEcorner and full-by-wire control systems. REE's fully-by-wire technology was selected by Airbus UpNext to support their need in a research & technology demonstrator. This contract is a recognition for REE's fully-by-wire technology.

Glil Yam's [REE Automotive](http://www.ree.auto) is an automotive technology company that allows companies to build electric vehicles of various shapes and sizes on their modular platforms. With complete design freedom, vehicles powered by REE are equipped with the revolutionary REEcorner, which packs critical vehicle components (steering, braking, suspension, powertrain and control) into a single compact module positioned between the chassis and the wheel. (REE 05.03)

[Back to Table of Contents](#TOC)

* 1. Safran Selects Gilat for Strategic, Multimillion-Dollar In-Flight Connectivity Program

Gilat Satellite Networks was selected by Safran Passenger Innovations of Brea, California, for a strategic, multimillion-dollar in-flight connectivity (IFC) program. Gilat’s Wavestream subsidiary will develop, qualify, and produce a new line of Ku band Power Supply Unit (KPSU) products to support Safran’s Ku-band electronically steerable antenna (ESA), bolstering further growth in the IFC market.

Safran decided to work with Gilat’s Wavestream subsidiary on this project because of their extensive experience in building and qualifying commercial-grade aeronautical equipment for satellite communications. With this new Wavestream KPSU product from Gilat, Safran will soon be able to expand their product portfolio with a new ESA IFC terminal.

Petah Tikva's [Gilat Satellite Networks](http://www.gilat.com) is a leading global provider of satellite-based broadband communications. With over 35 years of experience, Gilat creates and delivers deep technology solutions for satellite, ground and new space connectivity and provide comprehensive, secure end-to-end solutions and services for mission-critical operations, powered by our innovative technology. (Gilat 05.03)

[Back to Table of Contents](#TOC)

* 1. IONIX Enhances ASM Platform with Exposure Validation for Exploitability Testing

IONIX announced a significant extension to its industry-leading Attack Surface Management (ASM) platform, Automated Exposure Validation. Customers of IONIX can now benefit from Exposure Validation capabilities for continuous exploitability testing on production environments without risk of disruption. IONIX leverages a toolbox of attack simulation techniques to conduct non-intrusive testing of customer systems. This new approach identifies critical exposures, ensuring that resource-strapped security teams can focus on the most significant risks to their business and get buy-in from IT stakeholders to accelerate remediation.

Traditional security validation methods are manual – which means they are done infrequently, and they are labor intensive – creating security gaps in terms of coverage and time between testing cycles. In addition, most pen testing and attack simulation tools cannot continuously run on production systems as that would be disruptive to the target testing environment. In contrast, IONIX Exposure Validation employs non-intrusive attack simulations, ensuring continuous validation of the entire attack surface without risk of disruption to production systems.

IONIX’s platform uses Connective Intelligence to shine a spotlight on exploitable risks across your real attack surface – and its digital supply chain. Only Tel Aviv's [IONIX](http://www.ionix.io) discovers and monitors every internet-facing asset and connection, delivers laser focus into the most important risks and provides the tools to remediate exploitable threats and reduce attack surface exposure. (IONIX 06.03)

[Back to Table of Contents](#TOC)

* 1. Stratasys' New GrabCAD Packages Reduces Costs for Additive Manufacturing

Stratasys is launching two new software packages, GrabCAD Streamline Pro and a new version of GrabCAD Print Pro for PolyJet. These packages bring the power of Stratasys’ GrabCAD software to additional customers to help increase their efficiency and reduce costs through improved workflows.

The new GrabCAD Streamline Pro is a comprehensive workgroup software suite, powered by GrabCAD Print. Designed to connect people, parts and printers, GrabCAD Streamline Pro reduces the effort in managing a company’s entire fleet of Stratasys 3D printers from one platform. It creates the opportunity for secure, centralized software workflows for efficient part production at any scale, regardless of the number of printers or types of parts printed. In addition, GrabCAD Streamline Pro enables integration of Stratasys printers and GrabCAD Print with GrabCAD software partners, and a company’s business systems. This thereby leads to higher efficiency, reduced cost and business process automation.

Building off the successful launch of GrabCAD Print Pro for FDM and SAF, Stratasys is bringing the GrabCAD Print Pro package to its PolyJet technology. PolyJet is becoming more recognized in manufacturing, as it produces a high-quality finished product. With GrabCAD Print Pro, manufacturers have advanced capabilities to allow for more large-scale additive manufacturing. GrabCAD Print Pro also has advanced features that support workflow automation, which leads to more sustainable repeatability, more consistent part accuracy and reduced prep time.

Rehovot's [Stratasys](http://www.stratasys.com) is leading the global shift to additive manufacturing with innovative 3D printing solutions for industries such as aerospace, automotive, consumer products and healthcare. Through smart and connected 3D printers, polymer materials, a software ecosystem, and parts on demand, Stratasys solutions deliver competitive advantages at every stage in the product value chain. (Stratasys 05.03)

ISRAEL ECONOMIC STATISTICS

[Back to Table of Contents](#TOC)

* 1. Israel's Foreign Exchange Reserves Continue to Increase

The Bank of Israel reported that Israel’s foreign exchange reserves at the end of February 2024 stood at $206.828 billion, an increase of $703 million from their level at the end of the January. The level of the reserves relative to GDP was 40.8%. The increase was mainly the result of a revaluation that increased the reserves by about $907 million. This increase was partly offset by the government’s foreign exchange activities totaling about $244 million.

Despite announcing in October 2023 at the start of the war a plan to sell up to $30 billion in foreign currency to support the shekel, the Bank of Israel again did not sell any foreign currency in February and has only sold $8.5 billion since the start of the war, most of it in October. The foreign exchange reserves have risen from $196 billion to nearly $207 billion over the past 12 months and the reserves are approaching the record $213 billion held in December 2021. (Globes 07.03)

[Back to Table of Contents](#TOC)

* 1. Israel's Fiscal Deficit Widens to Over NIS 100 Billion

Israel's fiscal deficit continued to widen in February, reaching 5.6% of GDP over the past 12 months, or NIS 105.3 billion, the Ministry of Finance accountant general reported. The fiscal deficit widened by 0.8% or NIS 13.4 billion from 4.8% at the end of January 2024. Israel's revised 2024 budget, which is due to be approved by the Knesset on 13 March, is built around a 6.6% budget deficit. The latest fiscal deficit data means that the Ministry of Finance is within just 1% of the target for the end of 2024, already at the end of the second month of the year.

The Ministry of Finance believes that the deficit will continue to widen in the coming few months but will start to narrow towards the final quarter of 2024 following changes in spending and revenue related to the war. In other words, the deficit is expected to exceed the 6.6% threshold in the coming months and fall top the target only towards the end of the year. It is reasonable to assume that the deficit in October-December 2024 will be narrower than in the corresponding period of 2023, when the war broke out.

In the first two months of 2024 the fiscal deficit totaled NIS 10.9 billion compared with a NIS 16.9 billion surplus in the corresponding period of 2023. In January, surpluses are traditionally recorded, and even in January 2024 a surplus of NIS 2.5 billion was recorded despite the war but the accumulated deficit deepened, because in the previous two years there had been surpluses of about NIS 14-18 billion in January.

At this advanced stage of the war, with the economy experiencing some recovery, the deficit was mainly due to government spending. The rate of increase in government spending since the beginning of the year reached 43.6%. On the other hand, on the revenue side, a very more moderate decrease of 0.4% was reported in January-February 2024, compared with the corresponding period of 2023. The main decrease in direct tax revenues was due to the weakening of the real estate sector and the sharp increase in tax refunds. (Globes 10.03)

[Back to Table of Contents](#TOC)

* 1. Israel Raises $8 Billion in Overseas Bonds

For the first time since the start of Hamas's recent assault on Israel on 7 October, Israel has completed raising a dollar bond in international markets totaling an overall $8 billion. In recent months, the state has focused on raising debt to finance the war on the domestic market, through private offerings and through Israel Bonds.

Israel has now issued three new bonds: over five years at 5.5% annual interest; over 10 years at 5.6% annual interest; and over 30 years at 6.05% annual interest. The issue margins were 135, 145, and 175 basis points respectively above US government bonds yields for similar periods of time. Demand for the offering reached $38 billion - in other words 4.75 times the amount of the bonds being issued - and the highest ever for a State of Israeli international bond issue.

Demand for the issue was led by first-rate strategic investors such pension funds, insurance companies, hedge funds, and institutions that have been holding Israeli securities for many years. 400 different investors from 36 different countries took part in the debt issue. The offering's underwriters were Deutsche Bank, BNP Paribas, Bank of America, and Goldman Sachs.

Israel's debt has grown since the start of the war and the amount of debt raised by the Ministry of Finance Accountant General has jumped from NIS 1.5-2 billion per week before the war, to NIS 3.5-4 billion per week. Israel is expected to raise more than NIS 200 billion to meet the cost of the war. In the past, the Accountant General has stressed that most of the debt would be raised by the state through the domestic market.

Earlier, the Accountant General financing unit issued offerings on the local market. The coverage ratio, which indicates the demand for bonds against the amount offered, was four times on average. The debt issues in Israel continue to show the appetite of institutional investors for Israeli government debt and shows the ability to contain the increase in Israel's debt. (Globes 06.03)

[Back to Table of Contents](#TOC)

* 1. Israel's Average Wage Rises Moderately in 2023

According to Central Bureau of Statistics figures released on 4 March, the average wage in Israel rose last year, but at a slower pace than in previous years. At current prices, the average monthly pay of a salaried employee was NIS 12,860 in 2023, 6.1% more than in 2022. After accounting for inflation, the rise was 2%, and the average wage adjusted for the Consumer Price Index was NIS 11,056.

The Central Bureau of Statistics’ multi-year figures show that the average wage, which rose steeply during the COVID-19 pandemic period as many lower paid workers were put on unpaid leave, has balanced out, and returned to the trend line of the previous decade. The number of salaried jobs grew by 1% in 2023 in comparison with 2022, to 3.98 million.

The Central Bureau of Statistics also released a flash estimate for January 2024, according to which the average wage was 7.4% higher that month than in January 2023, and was close to NIS 13,000 monthly. The number of salaried jobs, however, fell by 2.7% from 4.05 million in January 2023 to 3.89 million in January 2024, which was 0.6% higher than in December 2023 (3.87 million).

In the technology sector, pay rose by slightly more than the general average in 2023. The average monthly pay of workers in the sector was NIS 29,674, 6.8% higher than in 2022. The number of jobs in the sector has, however, stagnated. It accounted for 10% of all jobs at the end of last year, which compares with 9.9% at the end of 2022. (CBS 04.03)

[Back to Table of Contents](#TOC)

* 1. Israeli Startups Raised $300 Million in February

Israeli startups raised over $300 million in February 2024, according to press releases seen by "Globes." The figure may be more as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received.

Israeli privately-held tech companies raised $6.9 billion in 2023, according to IVC-Leumitech, after raising $15 billion in 2022 and a record $25.6 billion in 2021. Israeli startups raised $800 million in the first two months of 2024 compared with over $1 billion in the corresponding period of 2023.

In February 2024, large financing rounds were led by underground mapping company Exodigo, which raised $75 million. Cryptocurrency payment app Oobit raised $25 million, visual generative AI company BRIA raised $24 million and silicon photonics company Dustphonics raised $24 million. (Globes 03.03)

[Back to Table of Contents](#TOC)

* 1. Survey Finds Israel Tech Investors Undeterred By War

Despite the war and the difficult state of Israel’s technology industry, 85% of investors who have invested in Israel in the past do not plan to reduce their levels of investment in 2024, according to a survey of 100 investors by research platform Startup Snapshot.

The report was compiled together with Deloitte Catalyst, the Zell Entrepreneurship Program at Reichman University, FinSec Innovation Lab and startup advisory firm Consiglieri. All the investors, from Israel and overseas, were asked about the characteristics of the Israeli high-tech industry, and about the effects of the war and of economic and political events in the past year.

80% of the respondents said that the decision by Moody’s to downgrade Israel’s sovereign rating would not alter their plans to invest in Israeli startups in 2024, although it does create uncertainty over the Israeli ecosystem. As far as minimizing risk is concerned, in the light of the uncertainty over when the war will end, only 17% of the investors recommend hiring workers from overseas, only 13% believe that Israeli startups should register as US corporations and a negligible 2% recommend startups to transfer their cash outside of Israel.

A further point concerns the fact that the valuations of many startups are on the decline. Here the approach is split: 83% of the Israeli investors say that this represents a good opportunity to invest, while only 56% of the overseas investors think so, because of the high insurance risk of investing in Israel at present.

The survey covers investors in 30 industries, and almost all of them - 92% - believe that Israel has a significant competitive advantage in cybersecurity. Only 67% think that Israel has an advantage in military technology and in AI the proportion is even lower, at 41%. Investors have seen that the next generation of founders is capable of working in conditions of uncertainty, and that innovation and enterprise have not been damaged in any way. In the long run it will strengthen Israel's brand globally. (Globes 29.02)

IN DEPTH

[Back to Table of Contents](#TOC)

* 1. ISRAEL: Israeli Gas Field Near Lebanon Starts Production

Simon Henderson posted on 4 March at The Washington Institute that on 22 February, natural gas started flowing from the Karish North field about sixty miles off the coast of northern Israel to the Energean Power, a huge floating production storage and offloading vessel (FPSO) moored close by. The gas will be processed onboard before being sent ashore south of Haifa via a seabed pipeline. Gas liquids, effectively oil, will also be recovered and stored onboard for loading onto tankers, which will transport them to export markets every few weeks.

Owned by the Greek-British license holder Energean, the FPSO has been operating since mid-2022, recovering gas from the Karish field further south. Connecting it to the Karish North field will enable the operators to make fuller use of the giant vessel’s capacity. The two fields are small compared to the Leviathan and Tamar fields, which produce most of Israel’s gas, but they will add useful extra volumes nonetheless.

For instance, gas from Karish prevented potential shortages when Tamar stopped producing for several weeks at the start of the Gaza war last October. Later, Energean’s CEO told the Financial Times, “We had to produce to keep the lights on in Israel.”

Ironically, neither Karish nor Karish North would be in Israeli waters if Lebanon had persisted in its 2020 claim that their maritime border lies further south. In October 2022, U.S.-mediated talks convinced both countries to accept the current boundary. Moreover, Lebanon’s hopes of finding economically viable quantities of offshore gas at Qana, located just a few miles from Karish North, were dashed in October 2023. Just recently, the consortium that drilled at Qana—grouping TotalEnergies (France), Eni (Italy), and QatarEnergy—pulled out of negotiations with Beirut for more exploration licenses in the area.

As for the Energean Power, the FPSO will be vulnerable to hostile action so long as tensions remain heightened between Hezbollah and Israel. The Shiite terrorist group has launched drones in the vessel’s direction in the past; so today, Israeli warships are stationed nearby to protect it. Further south, the Leviathan production platform is well within range of Hezbollah munitions, while the Tamar production platform and nearby Ashdod Onshore Terminal are at risk from residual Hamas rocket fire out of Gaza.

Israel’s gas reserves are small in global terms but have made the country self-sufficient in energy. Ultimately, the safety of these resources and the international companies that service them comes down to the implied threat of retaliatory force. This deterrence will continue to be tested.

*Simon Henderson is the Baker Fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute*. (TWI 04.03)

[Back to Table of Contents](#TOC)

* 1. IRAQ: Staff Concluding Statement of the 2024 IMF Article IV Mission

An [International Monetary Fund (IMF)](http://www.imf.org/) mission met with the Iraqi authorities in Amman during 20 – 29 February to conduct the 2024 Article IV consultation. The following statement was issued at the end of the mission:

**Economic growth is projected to continue amid fiscal expansion.** Meanwhile, medium-term vulnerabilities to oil price volatility have increased significantly. Reducing oil dependence and ensuring fiscal sustainability while protecting critical social and investment spending will require a significant fiscal adjustment, focused on controlling the public wage bill and increasing non-oil tax revenues. In parallel, higher economic growth will be needed to absorb the rapidly expanding labor force, boost non-oil exports and broaden the tax base. The authorities should therefore seek to enable private sector development, including through labor market reforms, modernization of the financial sector and restructuring of state-owned banks, pension and electricity sector reforms, and continued efforts to improve governance and reduce corruption.

**Economic Outlook and Risks**

**Growth in the non-oil sector has rebounded strongly in 2023 while inflation receded.** Supported by increases in public expenditure and solid agricultural output, real non-oil GDP is estimated to have grown by 6% in 2023 after stalling in 2022. Headline inflation declined from a high of 7.5% in January 2023 to 4% by year-end, reflecting lower international food and energy prices, and the impact of the February 2023 currency revaluation. The current account is expected to have recorded a surplus of 2.6% of GDP and international reserves increased to $112 billion.

**These positive developments were supported by the normalization of trade finance and the stabilization of FX market.** After some initial disruptions following the introduction of new anti-money laundering and combating financing of terrorism (AML/CFT) controls on cross-border payments in November 2022, the improved compliance with the new system and the Central Bank of Iraq (CBI)’s initiatives to cut processing time led to a recovery in trade finance in the second half of 2023. This ensured private sector access to foreign exchange at the official rate for imports and travel purposes.

**In the meantime, the fiscal position worsened.** Although the expansionary budget was under-executed due to delayed Parliamentary approval, the fiscal balance still declined from a surplus of 10.8% of GDP in 2022 to a deficit of 1.3% in 2023, due to lower oil revenues and an increase in expenditures by 8% of GDP, of which salaries and pensions contributed 5% as the authorities started hiring in line with the budget law.

**Overall growth is projected to rebound in 2024 and risks are tilted downwards amid heightened uncertainty.**  Non-oil growth momentum will continue in 2024. Larger declines in oil prices or extended OPEC+ cuts could weigh on fiscal and external accounts. If regional tensions escalate, a disruption of shipping routes or damage to the oil infrastructure could result in oil production losses that could outweigh the potential positive impact of higher oil prices. In case of a deterioration in domestic security conditions, this could lead to a decline in business sentiment and suspension of investment projects. Over the medium term, non-oil growth is projected to stabilize around 2.5% given existing hurdles to private sector development. Furthermore, vulnerability to oil price declines has increased as higher expenditures are projected to push the fiscal break-even oil price above $90 in 2024. Absent new policy measures, the fiscal deficit is expected to reach 7.6% in 2024 and widen further thereafter as oil prices are projected to gradually decline over the medium term. As a consequence, public debt would almost double from 44% in 2023 to 86% by 2029.

**Policy Priorities**

An ambitious fiscal adjustment would be required to help stabilize debt in the medium term and rebuild fiscal buffers, while protecting critical capital spending. Most of the fiscal adjustment would have to come from reducing current expenditure, especially controlling the wage bill by limiting mandatory hiring and gradually introducing an attrition rule. The authorities should also seek to increase non-oil revenues by broadening the personal income tax base and making it more progressive, reviewing the customs tariff structure, and considering new taxes on luxury items. In parallel, efforts to make revenue and customs administration more efficient should continue. Further savings could be obtained through better targeting social support and increasing cost recovery within the electricity sector. These adjustment measures should provide room for the expansion of the targeted social safety net.

**The authorities should also strengthen public financial management and limit fiscal risks.** The mission welcomes initial steps towards the establishment of a Treasury Single Account (TSA), which is crucial to improve cash management. Further progress is needed and close cooperation between the CBI and Ministry of Finance will be essential. The next steps are to define TSA design options and complete the bank account census. In future years, overall ceilings on the issuance of guarantees should be specified in the budget law and be enforced. The mission advise against the use of extra-budgetary funds and highlights potential fiscal risks associated with their use. As a second best, it would be important to ensure the Iraq Fund for Development has appropriate governance arrangements, including governing board independence while ensuring transparency of the Fund’s activities including by publishing its investment plans in the annual budget documentation and restricting its ability to borrow.

**The mission encourages the authorities to build on the CBI welcomed efforts to reduce excess liquidity.** The CBI appropriately raised the policy interest rate and reserve requirements, introduced a 14-day CBI bill facility last summer, and scaled back its subsidized lending to the real estate sector. However, monetary policy pass-through has been muted, hampered by large excess liquidity and lack of market incentives in financial intermediaries, especially at state-owned banks. The CBI’s ongoing efforts should be supported by consolidating idle government deposits in a TSA, refraining from pro-cyclical fiscal policy, reducing the reliance on monetary finance, and improving public debt management. In parallel, efforts to develop an interbank market with the help of IMF technical assistance should continue. The mission also welcomes the authorities’ steps to speed up the digitalization of the economy, reduce the reliance on cash and enhance financial inclusion.

Wide-ranging structural reforms are needed to foster private sector development and economic diversification. Iraq needs higher and more sustainable non-oil growth to absorb the rapidly growing labor force, increase non-oil exports and government revenue, and reduce the economy’s vulnerability to oil price shocks. Key reform priorities include:

* Adopting a comprehensive employment strategy aimed at phasing-out mandatory hiring in the public sector, leveling the playing field between public and private jobs, addressing mismatches between educational curricula and the skills needed in the private sector, and strengthening labor market institutions. The strategy should also aim at reducing informality and addressing legal, social, and cultural impediments to women’s participation in the workforce.
* Accelerating financial sector reform to improve access to credit. The authorities are committed to modernizing the banking sector and supporting banks’ ability to secure correspondent banking relationships and have taken steps towards consolidation of small private banks. Efforts to restructure the two largest state-owned banks should intensify, including by expediting certification of past financial statements and implementation of core banking systems, and enhancing corporate governance in line with best practices.
* Implementing a comprehensive pension reform. This is urgently needed to reduce the overall projected fiscal costs of the public pension scheme, better align the benefits and rules across the public and private schemes, ensure adequacy of pensions and intergenerational equity, and increase the ratio of workers participating in the private pension scheme.
* Combating corruption and improving governance, particularly by strengthening the institutional and legal frameworks needed to ensure the independence of the Integrity Commission and the Board of Supreme Audit, enhancing the publication of assets and conflicts of interest declarations for top level officials, and adopting an updated anticorruption strategy. Further, public procurement and business regulations should also be enhanced. The authorities should also continue to strengthen the AML/CFT framework and its effectiveness, including in the banking sector, guided by the priority actions identified in the MENAFATF Mutual Evaluation that will be concluded in May 2024.
* Removing other hurdles to private sector development by reforming the electricity sector to improve efficiency, cost recovery, and reliable access; simplifying procedures for business registration; and upgrading critical infrastructure. (IMF 03.03)

[Back to Table of Contents](#TOC)

* 1. EGYPT: IMF & Egypt Reach Staff Level Agreement on EFF Arrangement

An [International Monetary Fund](http://www.imf.org/) mission held in-person discussions with the authorities during 17 January – 1 February in Cairo. The mission continued virtually over the last few weeks to finalize key aspects of the agreement. At the conclusion of the discussions, the IMF issued the following statement:

“We are pleased to announce that the Egyptian authorities and the IMF team have reached staff level agreement on the economic policies needed to complete the first and second reviews of the EFF arrangement. Amid significant macroeconomic challenges that have become more complex to manage with the impact of the recent conflict in Gaza on tourism and Suez Canal receipts, staff also considered the authorities’ request for an augmentation of IMF support to Egypt from SDR 2.35 billion (equivalent to about $3 billion) to SDR 6.11 (equivalent to about $8 billion). This agreement is subject to approval by the IMF Executive Board. The comprehensive policy package seeks to preserve debt sustainability, restore price stability and reinstate a well-functioning exchange rate system, while continuing to push forward deep structural reforms to promote private sector-led growth and job creation.

“The authorities are showing strong commitment to act promptly on all critical aspects of their economic reform program supported by the IMF. Policy discussions and program reforms revolved around six pillars.

“First, the authorities have taken decisive steps to move toward a credible flexible exchange rate regime. This reform, which has started with the unification of the exchange rate between the official and parallel markets will (i) help increase the availability of foreign exchange and eliminate the current backlog of unmet foreign exchange demand, and (ii) re-establish a well-functioning interbank market for foreign exchange. There was agreement that a flexible exchange rate regime would help Egypt manage external shocks and would support the authorities’ decision to move toward a full-fledge inflation targeting regime over time.

“Second, additional monetary policy tightening to reduce inflation, and reverse the recent dollarization trend. In this regard, we welcome the recent decision by the Central Bank of Egypt to increase the policy rate by 600 basis points, in addition to the 200 basis points undertaken last month.

“Third, fiscal consolidation to preserve debt sustainability. The authorities agreed to maintain fiscal prudence over the medium-term and step-up efforts to mobilize additional domestic revenues, including through the rationalization of tax exemptions as well as to use a substantial part of divestiture proceeds to reduce debt.

“Fourth, a new framework to slow down infrastructure spending including projects that have so far operated outside regular budget oversight. In particular, the authorities noted that they would limit the total amount of public investment from all sources (i.e., budget, State Owned Enterprises, economic authorities, and other entities), and the Prime Minister has issued a decree that sets up a monitoring mechanism under his supervision, with participation from all relevant authorities present and to be headed by Central Audit Agency.

“Fifth, the authorities also agreed on the need to provide adequate levels of social spending to protect vulnerable groups. In this regard, in addition to the expansion of the Takaful and Karama cash transfer program in 2023, they recently announced an additional EGP 180 billion social protection package for FY2024/25. The authorities also indicated that they would continue to provide support to ensure adequate living conditions for low and middle-income households that have been hit particularly hard by rising prices.

“Finally, the implementation of the State Ownership Policy and reforms to level the playing field will be key to unleash private sector growth. In this context, recent reforms eliminating preferential tax treatment and exemptions for state-owned enterprises are a step in the right direction. The accelerated pace of FDIs and divestiture programs since mid-2023 is a positive development that should contribute to improved confidence by markets and investors.

“Egypt’s international and regional partners will play a critical role in facilitating the implementation of the authorities’ policies and reforms. In this context, the recent investment deal in Ras ElHekma alleviates the near-term financing pressures.

“The IMF team would like to thank the authorities for the constructive dialogue, warm hospitality and strong cooperation to finalize the reform package in support of the completion of the first and second reviews under the EFF arrangement. A Board meeting is expected before the end of March”. (IMF 06.03)

[Back to Table of Contents](#TOC)

* 1. EGYPT: The IMF & UAE Swoop in to Ease Egypt’s Economic Crisis

Ben Fishman noted in [The Washington Institute](http://www.washingtoninstitute.org)'s PolicyWatch on 7 March that on March 6, the Central Bank of Egypt announced a long-expected currency devaluation to pave the way for an expanded $8 billion IMF loan program. The move was seemingly enabled by a cash infusion from a massive land deal completed with the UAE two weeks earlier. In the short term, though, Egyptians will likely suffer through price increases during Ramadan despite the IMF and Central Bank’s focus on limiting inflation.

**The Mega-Sale**

On 23 February, Egyptian prime minster Mostafa Madbouly presided over a $35 billion deal with the UAE that includes development of Ras al-Hikma, a section of Mediterranean coast between Alexandria and Marsa Matruh. The Emirati sovereign wealth fund ADQ agreed to purchase 171 million square meters of land for $24 billion, while also paying Cairo $11 billion from the UAE’s existing deposits in Egypt’s Central Bank. According to Madbouly, $5 billion of these deposits will be transferred to Cairo as part of the Ras al-Hikma deal, while $6 billion will be used for “investment in prime projects across Egypt to support its economic growth and development.” A new Red Sea resort area may be the next target.

Slated to break ground in 2025, the Ras al-Hikma project is expected to attract $150 billion in investment to transform the area into a tourist destination, industrial zone, and airport, creating jobs for Egyptian companies and workers in the process. Egypt will retain a 35% ownership stake in the development—one of the named partners is the Talaat Moustafa Group, a construction conglomerate that is close to the government and a key player in building the new administrative capital outside Cairo.

Controlling around $200 billion in assets, ADQ is the smallest of the UAE’s three sovereign wealth funds, behind the Abu Dhabi Investment Authority ($1 trillion) and Mubadala ($275 billion). Both ADIA and ADQ are chaired by National Security Advisor Tahnoun bin Zayed al-Nahyan, the influential brother of President Muhammed bin Zayed. The Ras al-Hikma investment represents over 10% of ADQ’s portfolio. More important, it reaffirms the close relationship between the two countries’ leaders and the UAE’s commitment to Egypt’s stability, which Abu Dhabi has demonstrated more than any other Gulf donor since President Abdul Fattah al-Sisi came to power.

**Economic Impact**

In the near term, the cash infusion will help alleviate Egypt’s financial crisis and inject much-needed dollars into the economy, which has suffered from record inflation and a currency crisis. Immediately after this week’s currency float, the Egyptian pound began trading at a rate of 50 per dollar after spending most of the year at 30; the black market rate climbed as high as 70. This was the fifth currency devaluation since April 2022, when the rate was 15. According to the Central Bank, “Unification of the exchange rate is crucial, as it facilitates the elimination of foreign exchange backlogs following the closure of the spread between the official and the parallel exchange rate markets.” Indeed, the shortage of dollars has slowed imports, led to shortages of critical supplies, and inhibited investment.

The first installment of the Emirati deal—$10 billion has been delivered—should help offset this currency devaluation, while also easing bank withdrawal limits and reversing the drop in remittances (which had fallen due to worries that transfers would not be accessible). The UAE is expected to pay the remaining portion within two months.

In addition, the cash should also alleviate Egypt’s debt crisis. As of September 2023, the country’s external debt to GDP ratio was over 42%, while short-term debt and debt servicing neared $40 billion, compared to $35 billion in foreign reserves. At the same time, revenues are way down, partly as a result of the Gaza war. Tourism has plummeted, and foreign currency receipts from Suez Canal crossings have been halved—from $700 million in January 2023 to $350 million this January—due to continued attacks on commercial shipping by Yemen’s Houthi movement.

It remains unclear exactly how the transfer of $11 billion in Emirati deposits will work in practice. As of October, the UAE held $6.3 billion in Egypt’s Central Bank plus an unspecified portion of the $16 billion that various Arab countries have previously delivered to help Cairo through past economic troubles. Although the $11 billion cannot be easily converted to investments, it will provide an immediate boost to the Central Bank’s balance sheet, which totaled $35.3 billion in international reserves as of 1 February.

**IMF Reform Benchmarks**

Following Egypt’s currency float, the IMF announced a staff-level agreement to expand its loan program to $8 billion. The previous program of $3 billion had been established in December 2022, when the parties agreed to an Extended Fund Facility after the COVID-19 pandemic and Ukraine war dramatically increased the cost of wheat. That deal made Egypt the IMF’s second-highest borrower behind Argentina. As part of the 2022 program, Cairo agreed to float its currency, curb spending, and implement a privatization program by selling portions of state-owned companies. Yet most of these measures were postponed throughout 2023 amid Sisi’s reelection campaign, spurring IMF managing director Kristalina Georgieva to warn that Egypt will “bleed reserves” unless it devalues.

Georgieva has been more sympathetic since the Gaza war broke out last October, recognizing the conflict’s impact on Egypt’s economy. Most recently, she called the UAE land deal “a very positive sign.” Notably, however, the $8 billion IMF program is smaller than the originally predicted amount of $10-12 billion.

Regarding privatization, the previous IMF program called on Egypt to implement its own privatization plan by selling thirty-five state-owned companies, including some military-owned enterprises. In December, Madbouly announced that the government had raised $5.6 billion from the total or partial sale of fourteen companies, including industrial firms, hotels, and renewable energy initiatives. Most of the buyers were private Egyptian firms close to the government (who focused on snapping up hotels) and Emirati entities.

The $5.6 billion figure is difficult to verify since many of the reported deals cited a range of ownership stakes and did not specify the actual sale price. Given that most of these purchases were minority stakes, the buyers may have limited influence on the companies’ performance and efficiency—one of the main purposes of privatization. Yet new investors might emerge once the pound stabilizes. For now, the most valuable state-owned companies remain unsold, including banks and insurance firms.

**The U.S. Role**

From Washington’s perspective, Egypt’s economic perils have been overshadowed by the Gaza war and Cairo’s central role as an intermediary with Hamas. Addressing the financial crisis and its potential effects on Egypt’s stability is a lingering U.S. objective but not an urgent priority, particularly since observers expect that ending the war will improve Cairo’s revenue stream and pave the way for Egyptian companies to participate in Gaza’s reconstruction. Moreover, the UAE has far greater leverage over Egypt’s economic decision making than Washington, with a massive portfolio of current and future investments and a compatible view of human rights.

Yet the United States can still play an important role by encouraging sounder economic practices, from reducing public spending to implementing other components of the IMF reform program. These include working with the IMF and Egypt to improve the private sector by limiting the advantages of state- and military-owned firms. The Biden administration and Congress should also encourage private American investment in Egypt, as well as public-private initiatives like the Egyptian-American Enterprise Fund, which has invested in profitable private equity firms despite challenging economic circumstances over the past decade.

*Ben Fishman is a senior fellow in The Washington Institute’s Rubin Program on Arab Politics.* (TWI 07.03)

[Back to Table of Contents](#TOC)

* 1. EGYPT: Moody's Changes Outlook on Egypt to Positive, Affirms Caa1 Ratings

On 7 March, [Moody's Ratings](http://www.moodys.com/) changed the outlook on the Government of Egypt to positive from negative and affirmed the Caa1 long-term foreign and local currency issuer ratings. Moody's has concurrently affirmed Egypt's foreign-currency senior unsecured ratings at Caa1, and its foreign-currency senior unsecured MTN program rating at (P)Caa1.

In addition, Moody's has affirmed the backed senior unsecured ratings of the Egyptian Financial Corporation for Sovereign Taskeek sukuk company at Caa1 and its program rating at (P)Caa1 which are, in Moody's view, ultimately the obligation of the Government of Egypt. Moody's has concurrently assigned a positive outlook to the Egyptian Financial Corporation for Sovereign Taskeek sukuk company, mirroring the positive outlook on the Government of Egypt.

The change in Egypt's outlook to positive reflects significant official and bilateral support announced and marked policy steps taken in the past week that will, if maintained, support macroeconomic rebalancing. The very large front-loaded foreign direct investment contribution by the government of United Arab Emirates (Aa2 stable) significantly bolsters the economy's foreign exchange reserves to broadly cover Moody's estimated external financing gap until fiscal 2026 (ending in June 2026). As a result, the downside risks that prompted the change in outlook to negative in January are significantly reduced. In addition, the positive outlook captures the marked change in economic policy with a large devaluation of the currency and increase in interest rates that, if maintained, will help Egypt maintain an upsized IMF program, reduce the risk of a renewed build-up of external imbalances and strengthen the economy's shock resilience over time.

The affirmation of the Caa1 rating reflects the Government of Egypt's high debt ratio and very weak debt affordability compared to peers that increase fiscal accounts' shock exposure and which Moody's expects will improve only gradually. Moody's expects total interest payments will consume almost 65% of revenue at the end of fiscal 2024, a ratio that may temporarily deteriorate further in light of the observed official currency devaluation. The agreed allocation of a large share of divestiture proceeds directly to the treasury to support debt sustainability will partly mitigate the highly-adverse metrics. The government's large gross financing needs at over 30% of GDP especially in the local currency market drive government liquidity risk in light of large T-bill rollovers at higher rates. Meanwhile, the repeated reliance on large external support packages since the November 2016 devaluation highlights persistent vulnerabilities related to the economy's shock exposure and diminishing reform perseverance observed in previous instances, especially with respect to currency reform.

The local-currency ceiling is unchanged at B1, and the foreign-currency ceiling at B3. The three notch gap between the local-currency ceiling and the sovereign rating reflects a large and diversified economy with a large public sector footprint that generates significant financing requirement that inhibits private sector development and credit allocation, notwithstanding recent reforms to level the playing field with public sector entities. The two-notch gap between the foreign currency and local currency ceiling reflects transfer and convertibility risks given persistent, albeit easing, foreign exchange shortages and weakening policy effectiveness.

**RATINGS RATIONALE**

**Rationale For The Change In Outlook To Positive: record investment by regional partners and marked change in economic policy support gradual macroeconomic rebalancing, if maintained**

The $35 billion (8.8% of GDP) foreign investment commitment by the government of United Arab Emirates (Aa2 stable) announced on 23 February includes $24 billion in new cash transfers over two months for the acquisition of land development rights, and will broadly double Egypt's foreign exchange reserves ($26.5 billion at the end of January) within a few weeks. The injection of fresh FX liquidity is sufficient to help close the external financing gap until fiscal 2026 that Moody's estimates at about $15 billion, in addition to a $7 billion FX backlog that has accumulated since February 2022. The conversion of $11 billion in UAE deposits at the central bank to foreign investments will also reduce the monetary system's net foreign liability position by the same amount over the next few weeks.

This fresh capital injection forms the backdrop to the marked shift in economic policy that, if maintained, will strengthen the economy's macroeconomic rebalancing over time under the umbrella of an enhanced IMF program. On 6 March, the Central Bank of Egypt (CBE) floated the official exchange rate which converged to the parallel rate at about EGP51 per USD from EGP30.9 per USD, and hiked the policy rate by 600 basis points to 27.25%, broadly aligning the policy rate with the 91-day T-bill rate. On the same day, the IMF confirmed staff-level agreement with the Egyptian authorities on a set of comprehensive policies and reforms needed to complete the first and second reviews under the Extended Fund Facility (EFF) arrangement, paving the way for an augmentation of the original IMF program from $3 billion to about $8 billion, subject to Board approval.

The CBE's policy rate hike brings monetary policy nearer to neutral after an extended period of negative real interest rates. The tightening of fiscal policy and slowdown in infrastructure spending agreed with the IMF should over time reduce inflation and support debt sustainability, while fostering an environment that enables private sector activity and restore investor confidence. Meanwhile, the removal of currency distortions by shifting to a managed float, and the shift to an inflation targeting regime, if maintained, should ease FX shortages and promote renewed remittance inflows through official channels, and incentivize foreign investment and portfolio inflows in the future.

**Rationale for the Caa1 Rating Affirmation**

The affirmation of the Caa1 rating reflects the Government of Egypt's high debt ratio and very weak debt affordability compared to peers that increase fiscal accounts' shock exposure and which Moody's expects will improve only gradually. Moody's expects domestic borrowing costs will consume almost 65% of revenue at the end of fiscal 2024, a ratio that may temporarily deteriorate further in light of the observed official currency devaluation. The agreed allocation of a large share of divestiture proceeds directly to the treasury to support debt sustainability will partly mitigate the highly-adverse metrics.

The government's large gross financing needs especially in the local currency market drive government liquidity risk in light of banks' already large government securities exposures. Meanwhile, the repeated reliance on large external support packages since the November 2016 devaluation highlights persistent vulnerabilities related to the economy's shock exposure and diminishing reform perseverance observed in previous instances, especially with respect to currency reform.

**Factors That Could Lead To An Upgrade Or Downgrade Of The Ratings**

**Factors that Could Lead to an Upgrade**

A sustained shift to a managed float and inflation targeting regime that restores confidence in the local currency would support a higher rating. This would likely happen in the context of continued significant external support from official partners in the region and from the IMF that help sustainably replenish the economy's foreign exchange reserves and ultimately strengthen the economy's shock absorption capacity. The durable replenishment of commercial banks' net foreign liability position would also be credit positive. A marked and durable improvement in debt affordability, including via higher revenue generation, would engender confidence in Egypt's ability to navigate the difficult decisions on prioritization of government spending, paving the way for higher rating levels.

**Factors That Could Lead to a Downgrade**

Evidence of backtracking on the announced reforms that deter official sector and bilateral partner support, undermine confidence and diminish the prospect of a durable improvement in Egypt's macroeconomic and external position would prompt a return to a stable outlook, as would reduced confidence in the prospect of an improvement in Egypt's debt affordability metrics. Persistently weak debt affordability that undermines confidence in the government's capacity to service its local currency debt stock would likely lead to a downgrade, as would a renewed build-up in FX shortages as a result of a larger than expected foreign exchange backlog or incomplete currency reform implementation. Reduced confidence in the government's ability to reduce the very high interest bill without a debt restructuring despite the significant foreign currency liquidity injection would warrant a lower rating level. (Moody's 07.03)

**\*\* - Copyright 2024 by Atid, EDI. All rights reserved.**

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

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

**\* END \***