

**The FORTNIGHTLY**

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

**27 March 2024**

**17 Adar Bet 5784**

**17 Ramadan 1445**

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

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Israel's Knesset Approves a Revised 2024 Budget

After a protracted debate in the Knesset plenum, on 13 March Israel's revised 2024 state budget passed its second and third readings by a majority of 62 MKs in favor and 55 MKs against. The approval came three weeks after the deadline set by law for passing the new budget.

The new 2024 state budget amounts to NIS 584 billion, about 14% higher than the original spending limit set last year as part of the 2023-2024 biennial budget. The need to pass a revised budget for 2024 was due to the economic consequences of the Hamas assault on Israel. The Ministry of Finance was forced concede on about a third of the raft of cuts and adjustments that they wanted to include in the budget. This was due to the refusal by Knesset Finance Committee chairman to vote on cuts amounting to a NIS 6.6 billion, most of which apply to 2025-2027.

Due to events, Minister of Finance Smotrich did not make the traditional speech by the minister of finance in the plenum before the budget vote. He was in consultations with the Prime Minister, who was pressuring the Likud ministers and MKs to support the budget despite their many reservations. (Globes 13.03)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Cyera is Targeting Over $200 Million in Funding at a $1.5 Billion Valuation

Cyera is close to closing a new funding round that would see its valuation triple to over $1.5 billion and is expected to raise at least $200 million in the round. Cyera announced a $100 million Series B last June led by Accel with participation from existing investors Sequoia and Cyberstarts. Redpoint Ventures also joined as an investor. That brought the company’s total funding to $160 million. Cyera was valued at $500 million in the Series B, more than double its valuation in its $56 million Series A in March 2022.

Founded in 2021, Tel Aviv's [Cyera](https://www.cyera.io/%E2%80%8E)'s AI-powered data security platform learns an enterprise’s unique data and business purpose, helping security teams to understand the data they have, how it is used, and apply the correct controls to secure it. Cyera provides data security across SaaS, PaaS, and IaaS environments and automates remediation workflows to reduce the attack surface and ensure operational resilience at the speed and scale of the cloud. (Cyera 13.03)

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* 1. Israeli Grief Support Company Empathy Raises $47 Million

Tel Aviv's [Empathy](https://www.empathy.com/) announced a $47 million Series B funding round led by Index Ventures with participation from General Catalyst, Entrée Capital, Latitude and Brewer Lane. In addition, some of the largest life insurance carriers in the world like Allianz, MassMutual, MetLife, New York Life, Securian and Sumitomo joined the round with a strategic investment, bringing our total capital raised to date to $90 million.

Empathy created a digital companion to help families navigate the loss of a loved one beyond the emotional struggles. The company provides care managers, personalized task plans, places to save important documents, help with estate management and real-time chats with grief counselors, as well as help with loss in the workplace.

Empathy now extends to over 5 million lives, marking a significant leap from last year and driving a fourfold increase in our revenue for 2023. They are passionate about bringing bereavement care into the open, straightforwardly addressing the pain grieving families face, and providing the essential support they truly need. With the new infusion of funds from the Series B, Empathy will be able to evolve even further, to reach more and more families with more effective ways to help them. (Empathy 12.03)

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* 1. First Ever Israeli Shekel-Backed Stablecoin Approved for Pilot Launch

BILS, a stablecoin fully backed by and pegged to the New Israeli Shekel (NIS), is being launched by Israeli crypto financial services company Bits of Gold. Bits of Gold has received the approval to commence the pilot phase within a regulatory "Sandbox", aimed at examining several aspects of the stablecoin, in full coordination with the Israeli Capital Market, Insurance and Savings Authority. The stablecoin will correspond to leading global standards and the principles draft issued by the Bank of Israel regarding stablecoins. Stablecoins provide a bridge between traditional and digital currencies and promote usability through daily trade transactions.

The BILS pilot is based on the Solana blockchain. Fireblocks, a key player in the Tel Aviv Stock Exchange’s Project Eden, a POC of the first digital government bond issued by the Israeli Ministry of Finance, will contribute with its institutional-grade infrastructure to manage the issuance of the currency. Privacy features will be incorporated through the utilization of Zero Knowledge Proofs (ZKP) technology with global ZKP leader QEDIT, which will also help establish the technology infrastructure for the entire project. To ensure transparency and accountability, EY (Ernst & Young), will advise Bits of Gold on the set up of processes and controls over the project. (CTech 13.03)

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* 1. Delta Becomes the Latest Airline to Resume Flight Operations to Israel

US carrier Delta is the latest airline to resume flight services to Israel. In an official statement, Delta stated it would resume daily nonstop service to Tel Aviv from New York-JFK from 7 June, operating the route on an Airbus A330-900 Neo that will provide customers with some 2,000 weekly seats from New York to Israel.

Delta is the second major US carrier to return to Israel, with United also resuming its services earlier this month with a daily flight from New York/Newark to Tel Aviv, which the airline said was the first step in restoring passenger and cargo service that was suspended in October. In the UAE, flydubai and the Abu Dhabi-based Etihad Airways are also operating flight services to Tel Aviv, while flights on Emirates remain suspended.

Lufthansa, Swiss, Austrian, Aegean and Air France are also among other airlines that have restarted flights to Tel Aviv, while carriers such as American Airlines remained suspended. (Zawya 14.03)

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* 1. IO River Exits Stealth with $5.4 Million in Funding

Tel Aviv's [IO River](https://www.ioriver.io) exited stealth and announced $5.4 million in funding for the first multi-CDN-as-a-Service platform on the edge. The seed round was led by S Capital with the participation of other investors. IO River enables online services companies to operate effectively across multiple edge platforms, achieving top performance, reliability, and cost efficiency with no additional layer or latency. The platform already serves more than 100 petabytes of traffic a month.

IO River is the first complete, holistic platform for managing multiple edge platforms, ensuring that users get the fastest, most cost-effective content served automatically by the optimal edge locations. IO River ensures Five Nines (99.999%) availability, improves performance by up to 50% and reduces delivery costs by up to 40%.

IO River provides a unified user interface and API for configuring and controlling multiple edge networks, making them feel like a single super-network. Organizations can easily bring their existing providers into IO River, and add additional vendors without going through complicated migration and configuration processes. Companies can choose which edge network to use for different users, defining rules that optimize performance and cost based on the user location, type of traffic and other factors. Uniquely, IO River also offers consistent application services in a unified layer across multiple edge vendors, including web application firewall (WAF), rate limiting, traffic control and edge computing. (IO River 13.03)

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* 1. LeddarTech Collaborates With Arm on Future-Ready Software-Defined Vehicles

LeddarTech Holdings, an automotive software company that provides patented disruptive AI-based low-level sensor fusion and perception software technology, LeddarVision for ADAS, AD and parking applications, announced collaboration with international technology firm Arm, with a view to delivering the next generation of advanced driver assistance systems (ADAS) and autonomous driving (AD) technology for software-defined vehicles based on leading-edge Arm Automotive Enhanced (AE) technology.

[LeddarTech](http://www.LeddarTech.com) is a global software company founded in 2007 and headquartered in Québec City with additional R&D centers in Montréal, Toronto and Tel Aviv, Israel. LeddarTech develops and provides comprehensive AI-based low-level sensor fusion and perception software solutions that enable the deployment of ADAS, autonomous driving (AD) and parking applications. LeddarTech's automotive-grade software applies advanced AI and computer vision algorithms to generate accurate 3D models of the environment to achieve better decision making and safer navigation. This high-performance, scalable, cost-effective technology is available to OEMs and Tier 1-2 suppliers to efficiently implement automotive and off-road vehicle ADAS solutions. LeddarTech's remote-sensing innovations, with over 150 patent applications (80 granted), enhance ADAS, AD and parking capabilities. (LeddarTech 13.03)

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* 1. Zscaler Buys Israeli Cybersecurity Company Avalor for $350 Million

San Jose, California cybersecurity company Zscaler a leader in cloud security, announced a major leap forward in artificial intelligence innovations with the acquisition of Tel Aviv's [Avalor](https://www.avalor.io/) and their Data Fabric for Security, with over 150 pre-built integrations enabling customers to proactively identify and predict critical vulnerabilities as well as improve operational efficiencies. By leveraging its massive data foundation, Zscaler is poised to transform the AI capabilities for the cybersecurity industry to not only enable organizations to mitigate risks and optimize performance but also pave the way for zero-touch operations.

Zscaler acquired Avalor for $350 million. Avalor, which has developed a platform for managing the enterprise data required by security managers, was founded two years ago and has raised $30 million to date. It is almost unique in Israel's cybersecurity sector in that its founders did not come from one of the IDF intelligence units after specializing in the field. This is Zscaler's third acquisition in Israel having previously bought Canonic and Trustdome. (Zscaler 14.03)

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* 1. PwC Israel Collaborates with OurCrowd to Support Israel’s Tech Sector

PwC Israel and OurCrowd announced a strategic partnership by which PwC Israel will provide business support to portfolio companies in OurCrowd’s Israel Resilience Fund. The [Israel Resilience Fund](https://www.ourcrowd.com/companies/israel-resilience-fund) has approved 34 Israeli startups for investment, representing over 1,000 jobs in Israel. The fund, launched in November 2023, is a pioneering initiative that is investing in Israeli startups impacted by the ongoing assault against Israel. OurCrowd is waiving all management fees and carried interest, in a move which will further strengthen investors’ financial return. PwC Israel is a part of the PwC global network, a leading professional services firm, which addresses the needs and requirements of clients operating in both local and global markets.

Jerusalem's [OurCrowd](http://www.ourcrowd.com) is a global investing platform that empowers institutions and individual accredited investors to invest and engage in emerging technology companies at an early stage. Acclaimed by PitchBook as the most active venture investor in Israel every year since 2013, OurCrowd vets and selects companies across all sectors and stages, invests its own capital, and provides its global platform of over 230,000 registered members from 195 countries with unparalleled access and freedom to co-invest from as little as $10,000 in the companies of their choice. (OurCrowd 19.03)

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* 1. Arbe Opens an Office in Shanghai, China, Solidifying Company’s Regional Presence

Arbe Robotics announced that it opened an office in Shanghai, China, solidifying the company’s presence in the region. The team in China will enhance Arbe’s collaboration with key companies in the area. The strategic move will position Arbe closer to the local OEMs and to the Chinese market, helping the company provide better customer service and position Arbe to gain market share. Arbe’s new wholly-owned subsidiary will support Arbe’s tier 1s in China and work with their OEMs from the sales phase through the support and production process, providing the Chinese market with a full cycle solution. Arbe has recently announced major progress in China and believes its physical presence will drive additional strategic alliances.

Tel Aviv's [Arbe](https://arberobotics.com/), a global leader in Perception Radar solutions, is spearheading a radar revolution, enabling truly safe driver-assist systems today while paving the way to full autonomous-driving. Arbe’s radar technology is 100 times more detailed than any other radar on the market and is a critical sensor for L2+ and higher autonomy. The company is empowering automakers, Tier 1 suppliers, autonomous ground vehicles, commercial and industrial vehicles, and a wide array of safety applications with advanced sensing and paradigm changing perception. (Arbe Robotics 20.03)

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* 1. Volkswagen Group Intensifies Collaboration with Mobileye

Germany's Volkswagen Group is intensifying its partnership with Mobileye in the domain of automated driving. Together, the two companies will bring new automated driving functions to series production. Mobileye is to provide technologies for partially and highly automated driving based on its Mobileye SuperVision and Mobileye Chauffeur platforms. Volkswagen Group and Mobileye will work on three levels of technology; hands-free, eyes-on driving; hands-free, eyes-off systems and fully autonomous vehicles.

The Volkswagen Group and Mobileye have been collaborating on advanced driver assistance systems for some time. In the future, Mobileye is set to also provide technologies for driving functions with enhanced Level 2 capabilities (partially automated driving) within the Volkswagen Group. When such functions will be available, and subject to its operational design domain, drivers will be allowed to take their hands off the steering wheel but must remain attentive to the traffic and ready to intervene at any time. In addition, Volkswagen is working with Mobileye on Level 3 functions (highly automated driving.) At this level, the vehicle will be able to temporarily take over driving tasks in specified areas; drivers are not required to monitor the system continuously. Volkswagen and Mobileye are jointly developing these technologies into cross-brand systems.

Jerusalem's [Mobileye](https://www.mobileye.com) leads the evolution of mobility with its autonomous driving and driver-assistance technologies, based on world-renowned expertise in artificial intelligence, computer vision, mapping, and integrated hardware and software. Since 1999, Mobileye has enabled the wide adoption of advanced driver-assistance systems while pioneering groundbreaking technologies that support a product portfolio structured for scale and designed to unlock the full potential of mobility. (Volkswagen Group 20.03)

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* 1. Foundational Secures $8 Million to Bring AI Agents into Data Engineering

Foundational announced its general availability with $8 million in seed funding. The round was led by Viola Ventures and Gradient, Google's AI-focused venture fund, with participation from Asymmetric Venture Partners and executives from Datadog, Intuit, Meta, Wiz and others. With this funding, Foundational will continue to develop its technology and introduce new and exciting product capabilities that benefit data developers as they build at scale.

Data adoption has dramatically grown along with many cloud technologies for handling data at scale, yet data teams still heavily struggle with key problems around governance and quality, trailing behind software engineering. Foundational, powered by a proprietary AI-powered code analysis engine that can be instantly deployed through git, empowers data and analytics teams to confidently push continuous code changes, safeguarding against frequent issues and harmful incidents that affect critical data. Foundational aims to bridge the quality gaps in data product development at scale and simplify the data development process, enabling developers to make necessary code changes without the fear of causing unplanned data incidents.

Founded by industry veterans from Singular, Google, and SentinelOne, Tel Aviv's [Foundational](http://www.foundational.io) is redefining how data development and data management are done at scale. Through proprietary technology that can be set up in minutes, Foundational is introducing products and tools for data management and data quality at scale. (Foundational 25.03)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Traveltech Seeru Secured Pre-Seed Funding led by US-based Nabtah Ventures

Seeru closed an undisclosed pre-seed funding round led by US-based Nabtah Ventures. Although no exact figure was disclosed, the amount falls within the six-figure range. Seeru plans to use the funding to improve its product development and technology, as well as support recruitment efforts, marketing initiatives, global expansion plans.

Seeru's strategy for expanding their global presence revolves around two key products aimed at different segments. Their B2C product targets any traveler in the MENA region and beyond, providing them with a straightforward flight booking process. Their B2B product is geared towards companies and travel agencies in the region, offering direct access to extensive flight content for their employees and senior management. Future expansion initiatives include introducing a specialized Umrah platform in Q3/24 and unveiling a distinctive travel marketplace catering to explorers in Q4/24.

Dubai-based [Seeru](https://seeru.com/) seeks to streamline travel planning. The company serves various sectors including individual travelers, organizations, travel agencies and meta-search companies. (Seeru 14.03)

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* 1. What to Know About the UAE’s Latest AI Investment Firm MGX

The UAE’s Artificial Intelligence and Advanced Technology Council unveiled MGX, a technology investment firm that will focus on artificial intelligence, further demonstrating the Gulf state’s AI push despite concerns about the technology’s use. The company will invest to accelerate the development and adoption of AI and advanced technologies through world-leading partnerships both in the UAE and globally.

MGX will specifically focus on AI infrastructure, including data centers and connectivity; Semiconductors, including the design and manufacturing of chips; and AI-related technology, including AI models, software, life sciences and robotics. The UAE sovereign fund Mubadala and the Emirati AI firm G42 will serve as “foundational partners” in establishing MGX. MGX will target AI and semiconductors deals and could surpass $100 billion in assets within the next few years.

The UAE is seeking to become a global power in the field of artificial intelligence and created an AI ministry in 2017. The focus on AI is part of the Gulf state’s wider economic diversification plans and efforts to reduce dependence on oil and gas. (Al-Monitor 13.03)

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* 1. Gulf Capital to Invest $100 Million in Saudi Startups Over the Next Five Years

Gulf Capital will invest over $100 million in Saudi startups over the next five years in a partnership with the Saudi Research Development and Innovation Authority (RDIA). The partnership will invest in Saudi tech startups in the healthcare, health tech, technology, fintech, energy, renewables, sustainability and future economies sectors, and help them expand across the Kingdom and further their regional and global expansion. The asset manager will also help facilitate the entry of global innovators into the Saudi market, according to the statement.

Gulf Capital, which currently holds some $2.4 billion in assets under management, focuses primarily on late-stage control buy-outs, growth capital, private debt and real estate projects in the Middle East region. To date, Gulf Capital has poured some $586.6 million in investments into the Kingdom, with Saudi Arabia's top payment services provider Geidea standing as one of its major investments. (Enterprise 14.03)

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* 1. Borse Dubai Plans $1.6 Billion Sale of a Third of its Stake in NASDAQ

Borse Dubai, NASDAQ’s largest shareholder, is selling one third of its 15.53% stake in the stock exchange operator for up to $1.6 billion. The firm is selling 27 million shares at $58-60 apiece, with plans to agree to an 18-month lock-up on the rest of its shares, which would amount to a 10.8% stake — making it the second largest shareholder in the company. This will give it the right to designate a board nominee. The firm is also granting underwriters a 30 day-option to buy up to 4 million additional shares, which would bring Borse Dubai’s stake down to 10.1%.

The sale is being conducted to enhance the capital structure and liquidity within the Borse Dubai Group. Borse Dubai acquired a stake in NASDAQ in 2008 as part of a four-way transaction that also saw it acquire shares in London Stock Exchange, before shedding its stake in LSE in 2015. Morgan Stanley and Goldman Sachs are joint lead book-running managers for the transaction. JP Morgan is acting as capital markets advisor to NASDAQ. (Various 20.03)

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* 1. Cerebras & G42 Break Ground on Condor Galaxy 3, an 8 exaFLOPs AI Supercomputer

Sunnyvale, California's Cerebras Systems, the pioneer in accelerating generative AI, and G42, the Abu Dhabi-based leading technology holding group, today announced the build of Condor Galaxy 3 (CG-3), the third cluster of their constellation of AI supercomputers, the Condor Galaxy. Featuring 64 of Cerebras’ newly announced CS-3 systems – all powered by the industry’s fastest AI chip, the Wafer-Scale Engine 3 (WSE-3) – Condor Galaxy 3 will deliver 8 exaFLOPs of AI with 58 million AI-optimized cores.

The Cerebras and G42 strategic partnership already delivered 8 exaFLOPs of AI supercomputing performance via Condor Galaxy 1 and Condor Galaxy 2, each amongst the largest AI supercomputers in the world. Located in Dallas, Texas, Condor Galaxy 3 brings the current total of the Condor Galaxy network to 16 exaFLOPs.

Cerebras Systems is a team of pioneering computer architects, computer scientists, deep learning researchers, and engineers of all types. They have come together to accelerate generative AI by building from the ground up a new class of AI supercomputer. [G42](http://www.g42.ai) is a leader in creating visionary artificial intelligence capabilities for a better tomorrow. Born in Abu Dhabi and operating around the world, G42 champions AI as a powerful force for good. Its people are constantly reimagining what technology can do, applying advanced thinking and innovation to accelerate progress and tackle society’s most pressing problems. (G42 14.03)

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* 1. Dubai Aerospace Enterprise Secures $420 Million Loan from China Construction Bank

Dubai-based aviation services provider Dubai Aerospace Enterprise (DAE) will receive $420 million in fresh funding from China Construction Bank (CCB) to strengthen its liquidity position, the company said. The five-year credit facility will be used to support the future financing needs of the business. CCB provided DAE with a four-year $300 million unsecured loan in 2020 to support the airplane lessor’s financing needs. The state-owned firm had raised the biggest loan in its history last year, clinching $1.6 billion in funding from 26 lenders. (DAE 21.03)

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* 1. These 5 Sectors Dominated Dubai Trade Events in 2023

Almost 2.5 million participants attended events at the Dubai World Trade Centre (DWTC) in 2023, marking a 25% jump compared to 2022. In terms of its top-performing Meetings, Incentives, Conferences and Exhibitions (MICE) sectors, DWTC has said these five industries attracted the highest number of visitors.

The Healthcare, Medical, and Scientific sector was the biggest with 24 events that attracted 275,000 attendees, representing one fifth of all exhibitions and conventions held at the venue. The number of events in this sector grew from 18 in 2022, with total participation increasing by 29%. Key events included the likes of AEEDC and Arab Health.

The Information Technology sector was ranked second, attracting 260,000 attendees last year. GITEX Global and its associated events dominated, with participation up by 41 % year-on-year. Food, Hotel and Catering followed, attracting 226,000 attendees. Gulfood and Gulfood Manufacturing led the way while this sector experienced a 42 % increase in participation compared to the previous year.

The Consumer Goods sector attracted 96,000 attendees. Building, Construction and Facility Management had 93,000 attendees. China Home Life and The Big 5 emerged as the leading events. Other highlights listed by DWTC included the fact that exhibitions attracted nearly 54,000 companies, with 78 % being international. (GB 14.03)

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* 1. Saudi's Rakeez Financial Secures $2 Million Seed Round Led by CoreVision

[Rakeez Financial](https://rakeez.sa/), a Riyadh based fintech firm, successfully secured a $2 million Seed Round investment led by CoreVision, aimed at bolstering the expansion of financial technology services within Saudi Arabia.

The Fintech Saudi initiative, launched by Saudi Arabia in April 2018 and championed by the Saudi Arabian Monetary Authority (SAMA) and the Capital Market Authority (CMA), seeks to propel the fintech sector forward, thereby contributing to the nation’s economic and social progress. This initiative strives to position Saudi Arabia as a pivotal innovation center for financial technology, fostering talent, enhancing capabilities, and providing support to fintech entrepreneurs at every phase of their growth journey.

Rakeez specializes in providing a platform for issuing debt instruments and sukuk (Islamic bonds), prioritizing robust values and elements. The company focuses on localizing debt instruments within the Saudi financial market, thereby streamlining investment opportunities through sukuk issuance and offerings. CoreVision, a company specializing in Software as a Service (SaaS), technical education, e-commerce, enterprise solutions, and financial technology investment, extends financial backing, technical assistance, and guidance to investors and firms across diverse sectors. (WAYA 11.03)

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* 1. Saudi's Barakah Raises Investment from FoodLabs

Jedda's [Barakah](https://barakah.app/), an online marketplace addressing commercial food waste in the region, announced strategic funding led by FoodLabs. This landmark investment marks FoodLabs' first foray into the MENA region, highlighting Barakah's exceptional growth trajectory and commitment to sustainability.

FoodLabs, a highly successful early-stage European VC specializing in foodtech and agritech startups, has an impressive portfolio that includes being the first investor in multiple unicorns and instrumental in building the fastest-growing European unicorn. The decision to partner with Barakah not only sends a strong market signal for startups in the Kingdom and across the MENA region but also aligns with FoodLabs' mission to support innovative ventures tackling pressing global challenges using proprietary technology. This funding represents a significant milestone for Barakah, paving the way for further expansion within Saudi Arabia and into new GCC markets. (Barakah 18.03)

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* 1. Zetta Technologies Closes a $1.5 Million Pre-Seed Funding Round

Saudi Arabia's [Zetta Technologies](https://zettatech.sa.com/), a leading Device as a Service (DaaS) provider from world-leading brands, announced the successful closure of a $1.5 million investment as a pre-seed round led by Core Vision Investment. This significant funding milestone marks a new chapter of growth and innovation for Zetta Technologies in the tech industry.

Zetta Technologies offers tech services as a subscription with a flexible payment plan, enabling large organizations and companies to make the most out of their devices. This unique approach has positioned Zetta Technologies as a key player in the DaaS market, with a focus on delivering exceptional value and service to its customers.

The partnership with Core Vision Investment, a reputable investment firm known for backing high potential startups, reflects confidence in Zetta's vision and potential for success in the DaaS market. Zetta Technologies is committed to leveraging this new capital to drive innovation and deliver exceptional value to its customers and partners, as it is a leading Device as a Service (DaaS) provider from world-leading brands. With a dedication to innovation and a commitment to excellence, Zetta Technologies is poised to revolutionize the DaaS market. (Zetta Technologies 13.03)

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* 1. Saudi Foodtech Startup Kitchenara Secures $380,000 Funding

Riyadh's [Kitchenara](https://www.linkedin.com/company/kitchenara/%E2%80%8E) raised SAR 1.425 million ($380,000) in funding from angel investors in the UAE. The startup plans to use the fresh capital to expand its operational capabilities, improve its technological infrastructure and broaden its market reach.

Founded in 2023, Kitchenara is a food delivery platform that enables users to explore local cuisines through video reviews and personalized meal suggestions. The startup aims to transform every meal into an adventure, connecting people with their favorite foods while supporting restaurants in achieving their vision and engagement. The company combines its own video content on the TikTok social media platform with advanced AI technology to create its food discovery and ordering experience. (Kitchenara 12.03)

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* 1. Sibedge & EjadTech Partner to Provide Data Solutions to Enterprises in MENA

A leading software engineering company, Sibedge of Tomsk, Russia, and leading technology company EjadTech are joining forces to drive data solutions across the Middle East and North Africa (MENA) region. Sibedge adds its big data and software engineering expertise to EjadTech's extensive experience in digital transformation, particularly for companies that rely heavily on data-intensive operations. This promising partnership positions them to offer customers a comprehensive solution to their data challenges.

Both companies have ambitious goals, particularly in Saudi Arabia with its data localization regulations. They aim to leverage their combined strengths to deliver customized data solutions for the MENA region, enabling businesses to grow and sustain. Riyadh's [EjadTech](http://www.ejadtech.sa/) is a leading technology company offering a wide range of IT services, consultations, and digital transformation solutions. (Sibedge 15.03)

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* 1. Egypt's dKilo Secures $3.2 Million in a Seed Funding Round

dKilo, an innovative AdTech online platform, secured $3.2 million in Seed round funding from Upturn Ventures and Revival Labs, a venture builder specializing in e-commerce, to revolutionize out-of-home advertising in the Saudi Market. The strategic investment blend of equity and financing seeks to redefine the landscape of out-of-home advertising by introducing novel approaches to the industry. Through collaborative efforts, this partnership aims to revolutionize how brands interact with audiences beyond traditional digital realms, opening up new avenues for e-commerce businesses to enhance their visibility and drive conversions.

Cairo's [dKilo](https://www.dkilo.com/sa-home) is poised to establish a fresh avenue for brands to engage with consumers, leveraging mobility to facilitate connections with target audiences in real-world settings and streamlining the process via its online platform. This partnership underscores a commitment to forward-thinking communication, providing a glimpse into the future of consumer engagement within the region. (WAYA 10.03)

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* 1. Egyptian Medical Education Platform 30Med Secures Pre-Seed Funding

Egypt-based medical education platform [30Med](https://30med.net/%E2%80%8E) has secured an unspecified amount in pre-seed funding from anonymous angel investors — propelling it into a new phase of growth and innovation. 30Med aims to revolutionize how physicians engage with medical education by bridging the gap between pharmaceutical companies and physicians. To that end, the company leverages interactive videos and conference events to showcase new medicines and facilitate ongoing learning. This pre-seed funding provides the company with the necessary resources to further develop its platform and expand its reach within the medical community.

30Med has already achieved traction within the medical community, with its current user base comprising doctors who are eager to stay informed and engaged with the latest advancements in medicine and pharmaceuticals. On the other hand, the company has struck strategic partnerships with leading pharmaceutical companies in Egypt — providing them with a seamless avenue to showcase new medicines to interested audiences. (30Med 13.03)

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* 1. Egypt’s Pharmacy Marts Secures Bridge Round from Acasia Ventures

Early-stage venture capital firm Acasia Ventures has invested a six-figure bridge round in Cairo-based digital marketplace Pharmacy Marts. Pharmacy Marts aims to digitize the pharmaceutical sector’s supply chain to improve patient access to medication. Today, pharmacists dedicate an average of 30% of their time to manual stock monitoring and verifying product availability and prices. This results in delayed delivery of medication, further amplified by the fragmentation of the sector, as Egypt currently hosts 60,000 pharmacies offering over 7,000 products from 3,000 suppliers. The bigger caveat is that the connection between all these stakeholders is still very primitive and relies heavily on manual processes and phone calls, which is where Pharmacy Marts steps in.

Founded in January 2021, [Pharmacy Marts](https://pharmacymarts.com/%E2%80%8E) allows pharmacists to search online for the products missing in their inventory, see which suppliers have them, obtain an estimate on which supplier could meet their financial and time-specific needs best, order the missing items, choose the preferred payment method, and receive their order within 24 hours. Additionally, it tackles the pain point of pharmacists being unable to secure suitable financing terms from wholesalers, by providing access to working capital and long-term financing, including “Buy Now, Pay Later” options. Today, Pharmacy Marts covers about 12,000 of Egypt’s pharmacies, equivalent to 20 per cent of the total market, and boasts over 200 suppliers on its platform. Pharmacy Marts has raised a total $2 million in investments to-date from local, regional and global VCs. By working with licensed financial entities, Pharmacy Marts aims to empower pharmacists to grow their revenue sustainably through the first of its kind; “Buy Now Pay Later” digital financing feature. (Pharmacy Marts 19.03)

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* 1. YASH Partners with Baheya Foundation to Transform Cancer Care in Egypt

East Moline, Illinois based YASH Technologies, a leading global technology integrator and outsourcing services provider, partnered with the Baheya Foundation, Egypt's pioneering hospital dedicated to breast cancer treatment and early detection, to help accelerate their digital transformation and drive exceptional patient experiences. The project envisions a paperless hospital environment by harnessing the power of YASH's Health Information System (HIS) framework built on the latest SAP S/4HANA platform, combined with state-of-the-art add-on solutions.

YASH's extensive expertise in healthcare solutions and forward-thinking vision in technology integration were critical factors in enabling this pivotal partnership. This solidifies YASH Technologies' position as a driving force in Egypt's healthcare and hospital sector. By meticulously catering to the unique requirements of the Baheya Foundation, YASH will help facilitate enhanced stability and growth in the healthcare group.

The Baheya Foundation is widely recognized for its dedication to providing exceptional patient care and implementing innovative programs. The transition from the legacy system to a globally integrated platform represents a significant milestone in modernizing healthcare delivery at Baheya. (YASH 22.03)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Sheikh Mohammed Establishes Dubai’s Climate Change Authority

Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister of the UAE and Ruler of Dubai, has issued a law to establish Dubai’s environment and climate change authority. The Dubai Environment and Climate Change Authority is tasked with further promoting sustainable practices across sectors, preserving biodiversity, and expanding natural reserves and green spaces in the city. The initiative seeks to create a solid foundation for the green economy to flourish and enhance the emirate’s role in the fight against climate change.

The new entity is tasked with expanding Dubai’s green cover by 100% and increasing the area of protected areas and natural reserves in the emirate by 60% by 2040. It will prioritize the conservation of water resources and the adoption of sustainable waste management policies. Dubai’s environment authority will introduce resilient plans for the emirate’s infrastructure and services that integrate the principles of eco-friendliness and sustainability. The authority’s areas of focus extend to policies geared towards achieving the emirate’s strategic environmental objectives, including a 100% shift to clean energy by 2050.

The new initiative, which is aligned with D33, seeks to raise the contribution of the circular and green economy to Dubai’s GDP. It will promote green finance and incentivize the financial sector to prioritize and support green projects in partnership with key financial and economic institutions. (GB 22.03)

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* 1. Masdar to Acquire 50% of US Renewable Energy Producer

Renewables giant Masdar signed an agreement to acquire a 50% stake in one of the largest independent renewable energy producers in the United States, San Diego-based Terra-Gen Power Holdings. The value of the acquisition — which was purchased from Energy Capital Partners (ECP) — was not disclosed. The acquisition is expected to be finalized by the end of the year.

Masdar will fully acquire ECP’s shares in Terra-Gen while infrastructure investment manager Igneo Infrastructure Partners will keep its 50% stake in the company which it acquired in 2020. The purchase aims to kickstart Terra-Gen’s expansion plans.

Established in 2007, Terra-Gen is an independent provider of end-to-end renewable project development, financing and operating capabilities. Terra-Gen currently operates approximately 2.4 GW of wind and solar, and 5.1 GWh of energy storage facilities across 32 renewable power sites. (Enterprise 20.03)

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* 1. Tunisia Launches a Green Banking Initiative

Tunisia’s National Agency for Energy Management (ANME) and the Tunisian Banking and Finance Council (CBF) have signed an agreement to ensure more funds are channeled towards Tunisia's national energy transition strategy. Under the agreement, the Green Banking Initiative will be launched to develop funding mechanisms for renewable energy and energy efficiency projects. Tunisia has also raised its target for the share of renewables in electricity production to 35% by 2030, up from the previous 30%.

The partnership also involves creating a guide for implementing financing mechanisms proposed by the Energy Transition Fund, expediting funding for green projects, and establishing a platform to calculate the carbon footprint of the banking and financial sector. Training sessions are also planned for executives from both ANME and CBF, as are joint awareness campaigns.

Tunisia's cabinet approved a draft law on 12 March for the implementation of its 2023-2025 plan for economic, social and environmental development, with a focus on controlling inflation and better managing its water and energy resources. (Enterprise 14.03)

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* 1. Development of Solar Energy is a New Turning Point for Algeria

Algeria's National Electricity and Gas company (Sonelgaz), through its subsidiary Sonelgaz-EnR, has just signed concession agreements with several local and transnational companies for the financing, construction and operation of 3,000 MW of photovoltaic solar energy. The concessionaires were selected following two invitations to tender, the first for 1,000 MW, launched in 2022, for the construction of five solar photovoltaic plants with a capacity of between 50 and 300 MW in the regions of Laghouat, Ouargla, Tiaret, El Oued and Béchar. The second call for tenders, launched in 2023, covers the construction of 15 solar farms with capacities ranging from 80 to 220 MW in Béchar, M’Sila, Bordj Bou Arreridj, Batna, Laghouat, Ghardaïa, Tiaret, El Oued, El Tarf, El M’Ghair, Biskra and Ouled Djellal.

For this second phase, Sonelgaz-EnR is aiming for a capacity of 2,000 MW. Several investors qualified a few months ago for its development. These independent power producers (IPPs) include some fifteen Chinese companies, the best known of which on the African energy scene is PowerChina, which has formed a partnership for the purpose with its compatriot Sinohydro, which has a reputation for building hydroelectric infrastructure.

There is also China Petroleum Engineering and Construction, the subsidiary of China National Petroleum Corporation (CNPC) that is pumping oil in the Termit and Tin-Toumma National Nature Reserve (RNNTT) in Niger. These Chinese companies were in competition not only with the local subsidiary of the Lebanese group Butec, but also with Turkish companies and a number of Algerian firms.

A late awakening?

According to Sonelgaz, Algeria currently has an installed capacity of 24,000 MW. More than 98% of this electricity is generated from liquefied natural gas (LNG), a resource for which Algeria is also the leading exporter in Africa, ahead of Nigeria. But in Algiers, the government insists that gas is one of the transitional energies. (Afrik21 24.03)

ARAB STATE DEVELOPMENTS

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* 1. For Lebanon, First 10 Months of 2023 Recorded Attractive Tourism Activity

The first 10 months of 2023 Lebanon saw an outstanding improvements in the tourism sector. According to the Ministry of Tourism, the number of incoming visitors witnessed an annual increase of 21.15% reaching 1,507,458 visitors by October 2023, compared to 1,244,329 by October 2022, 734,743 by October 2021, and down from 1,755,690 visitors by October 2019.

The number of tourists from the top 4 destinations recorded considerable rises. Europeans grasped the lion’s share or 41.31% of total tourists. Travelers from the Arab countries came in second, grasping a share of 25.3% of the total while tourists from the Americas and Asia constituted 20.69%, and 4.69% of total tourists respectively.

The number of European tourists rose by 25.58% year-on-year (YOY) to 622,763 to October 2023. Meanwhile the number of tourists from the Arab countries increased by 13.66% YOY to reach 381,334 by the same month. Lastly, tourists from the American continent grew by 18.44% YOY to reach 311,900 visitors by the first 10 months of 2023. (Ministry of Tourism 19.03)

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* 1. Jordan's Trade Balance Shows Improvement in January

Jordan's trade deficit saw a 33.7% reduction in January, amounting to JD668 million, down from JD1008 million in January 2023. As per the monthly foreign trade report by the Department of Statistics, January 2024 witnessed a 2.7% increase in total exports, totaling JD650 million compared to the same period in 2023. National exports rose by 1.2%, reaching JD593 million, while re-exports surged by 21.3%, hitting JD57 million. Imports saw a 19.7% decline, registering JD1.318 million during the same time frame.

The report highlights that the coverage ratio of total exports to imports stood at 49% in January 2024, showing a 10 % enhancement compared to January 2023. Regarding exported goods, clothing, fertilizers, and pharmaceutical preparations witnessed growth, whereas raw phosphate, precious jewelry and raw potash declined. In terms of imports, the decrease was attributed to crude oil and derivatives, machine tools and electrical tools, while imports of vehicles, bicycles, jewelry, precious jewelry and pharmaceutical preparations increased. (Petra 25.03)

►►Arabian Gulf

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* 1. Kuwait, UAE & KSA SWFs Each Approach $1 Trillion Worth of Assets

Gulf sovereign wealth funds have been benefiting from a global market rally, making the region the only home to three wealth funds nearing a close on the $1 trillion mark. The Abu Dhabi Investment Authority leads with $993 billion worth of assets, followed by Saudi Arabia’s Public Investment Fund (PIF) with $940 billion and the Kuwait Investment Authority (KIA) with $923 billion.

Abu Dhabi alone boasts three wealth funds managing nearly $1.5 trillion, in addition to its latest tech fund, which is said will exceed $100 billion in assets in a few years. One of the emirate’s top three funds is ADQ — the fund that was given the development rights to Ras El Hekma under a wider $35 billion agreement that helped pave the way for the Egyptian government to float the EGP recently.

PIF was named as the world’s top sovereign wealth fund spender in 2023 by Global SWF, after having spent $31.6 billion in 49 transactions over the course of the year. The sovereign wealth fund consultancy also named the Gulf as the Region of the Year, with assets under management of all GCC funds reaching $4.1 trillion. During 2023, Gulf sovereign wealth funds also led M&A activity in MENA. (Various 14.03)

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* 1. US Approves $2.2 Billion Deal with Bahrain for Abrams Tanks

The US State Department approved the potential sale of 50 M1 Abrams battle tanks and other equipment to Bahrain in a deal worth an estimated $2.2 billion. Bahrain, a close ally of the US in the Middle East and host to the US Navy’s 5th Fleet, requested 50 of the General Dynamics M1A2 SEPv3 (Systems Enhanced Package) Abrams variants as well as combat recovery vehicles, assault bridges, machine guns and a host of other equipment.

The M1A2 SEPv3 is currently the most advanced Abrams in operation. The US military was planning a relatively modest upgrade to a SEPv4 variant, but the Army announced in September it was scrapping that plan to pursue a more ambitious next-generation Abrams. For Foreign Military Sales, the amount of equipment and price point can change as negotiations continue, and lawmakers could always step in to block the deal.

Bahrain is the only Arabian Gulf nation to publicly back the US in its defensive naval operation to protect against Houthi attacks in the Red Sea, dubbed Operation Prosperity Guardian — an operation announced by Defense Secretary Austin while he was visiting Bahrain. (BD 19.03)

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* 1. The UAE & India Sign an Accord on Trans-Continental Trade Route

The UAE and India will set up a multi-modal trade corridor linking Europe with India through the Middle East. No further details about the agreement were made public. The corridor “would build on previous understandings and cooperation on this matter and foster India and the UAE cooperation furthering regional connectivity, India’s External Affairs Ministry said. The corridor, which would connect India to Europe through the UAE, KSA, Jordan and Israel, was initially announced on the sidelines of the G20 summit in September. (Enterprise 14.03)

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* 1. The UAE is the World’s Second-Biggest Destination for Greenfield FDI

The UAE ranked second globally in the number of greenfield FDI projects in 2023 with 1,280 ventures, rising 36% y-o-y and trailing only behind the US, according to an Emirates NBD report. FDI inflows grew by 33% y-o-y to reach $15.08 billion.

Dubai maintained its top spot among cities with over 1,000 projects, while Abu Dhabi ranked 6th globally with 172 projects. It also led in terms of FDI flows, with $6.81 billion, Abu Dhabi close behind at $4.48 billion. Sharjah secured $2.75 billion, primarily fueled by India-based Infinite Mining & Energy's investment in a new refinery in Hamriya Free Zone.

The businesses service sector had the largest share of greenfield FDI projects, with 383 projects during the year, followed by software and IT (269), financial services (131), industrial equipment (81), and real estate (54). Coal, oil and gas attracted the most FDI flows at $2.6 billion, mostly due to the $2.5 billion Hamriya refinery.

At 60 projects, Dubai was the leading city in new greenfield HQ projects, beating out Singapore (40 projects) and London (31). The UAE claimed the third spot globally, with 76 greenfield HQ projects, with the UK and US taking the top two spots. (Enterprise 14.03)

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* 1. Barakah Plant’s Unit 4 Successfully Links to UAE Grid

Emirates Nuclear Energy Corporation (ENEC) announced the successful connection of Unit 4 of the Barakah Nuclear Energy Plant to the UAE’s transmission grid through its operations and maintenance subsidiary, Nawah Energy Company. This development reflects a key step in the nation’s clean energy transition.

The grid connection marks the start of the delivery of the first megawatts of carbon-free electricity from the fourth reactor of the nuclear energy plant. With an additional 1,400 MW of clean electricity capacity, Unit 4 contributes significantly to powering the national grid, propelling the UAE closer to full-fleet operations. This achievement underscores the UAE’s dedication to enhancing grid stability and energy security through abundant zero-emissions electricity.

The grid connection cements the Barakah Plant’s pivotal role in the UAE’s Net Zero 2050 Strategy, bolstering the nation’s clean energy portfolio and positioning it as a global leader in nuclear energy and decarbonization. Unit 4 is now nearing the start of commercial operations, with the process of power ascension testing (PAT) underway to gradually increase power levels until maximum electricity production is achieved. (GB 23.03)

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* 1. Oman’s Oil Exports Rise by 0.6% in January 2024

Oman’s oil exports inched up by 0.6% in January 2024 compared to a year earlier. Total exports by the end of January 2024 reached more than 26.2 million barrels, while prices averaged around $83.2 a barrel, the National Centre for Statistics and Information (NCSI) announced. Total crude production, however, dropped by 7.9% to more than 23.9 million barrels. Oil condensates output went up by 3.7% to approximately 7.3 million barrels.

In January 2023, Oman exported more than 26.04 million barrels, while production declined by 5.4% to more than 33 million barrels. China was the biggest importer of oil from Oman in January, with total imports amounting to more than 25.2 million barrels, posting an increase of 16.5% compared to a year earlier, followed by Japan, with 1.6 million barrels imported. (Zawya 19.03)

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* 1. Saudi Arabia's Consumer Prices Rose Again in February

Saudi Arabia's Inflation inched up to 1.8% y-o-y in February 2024 from 1.6% the month before, according to figures from the General Authority for Statistics (GASTAT). This is the second month that prices have risen after January’s reading interrupted a seven-month downward trend.

Rent was up 10% y-o-y in February 2024, reflecting a 9.1% increase in the price of villas, while the price of housing, water, electricity, gas and other fuels spiked by 8.5%. Food and beverage prices rose 1.3% y-o-y last month on the back of a 7.6% increase in vegetable prices, while restaurant and hotel prices were up 2.5% y-o-y in February thanks to a 2.2% rise in the cost of catering services. Culture and recreation prices were up 1.6% on the back of a 6.1% rise in package holiday prices. The cost of education rose 1.2% reflecting a 4.3% increase in the cost of secondary education.

Clothing and footwear prices declined by 4% y-o-y last month— the sharpest decline amongst all items as garment prices plunged by 6.4%. This was followed by a 3% decline in the price of furnishing and household equipment, and a 0.9% drop in transport prices. Consumer prices inched up 0.2% m-o-m in February 2024, reflecting the 1.2% m-o-m bump in housing, water, electricity and gas prices.

Producer prices rose 3.1% y-o-y in February driven by a 12% hike in refined petroleum products and a 10.8% increase in basic chemicals, GASTAT figures show. Food products, beverages, tobacco and textile prices were up 2% y-o-y reflecting a 9.2% increase in the price of leather goods compounded by a 2.9% increase in the prices of dairy products. On a monthly basis, wholesale prices fell 1.2% m-o-m in February, driven by a 3.2% drop in the prices of other transportable goods on the back of a 21% decrease in the cost of basic chemicals. (Gastat 17.03)

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* 1. Saudi Arabia’s Non-Oil Economic Activities Accounted for 50% of GDP in 2023

Non-oil activities in Saudi Arabia contributed 50% to GDP during 2023, a record level according to the General Authority for Statistics. The kingdom's non-oil economy reached 1.7 trillion riyals ($453 billion), driven by continued growth in investment, consumption and exports. The rise in non-oil GDP rate was driven by higher real non-government investment during the last two years which grew at 57%, bringing the value of investments to SAR959 billion in 2023.

Within the non-oil economy, social services, such as health, education, and entertainment, recorded a growth of 10.8%, followed by transportation and communications at 7.3%, and trade, restaurants and hotels at 7%. Real service exports, mainly fueled by tourist spending, soared three-fold over the past two years. The rise in non-oil economic activity is in line with the Saudi Vision 2030, a program that seeks to diversify the growth engines of its economy. (Zawya 15.03)

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* 1. Saudi Arabia Launches Initiative to Evaluate Online Stores with AI

Saudi Arabia's Ministry of Commerce has announced an initiative that uses artificial intelligence technologies to evaluate online stores. This initiative was launched to coincide with World Consumer Rights Day, under the slogan Responsibility and Fairness of Artificial Intelligence for Consumers. The initiative's goal is to allow merchants to understand the evaluation of their stores and offer them the opportunity to improve their scores by adhering to specified standards.

The Ministry has set out 11 standards for evaluating store compliance. These standards include displaying the commercial registry number, necessary licenses, and tax number on the homepage, registering the store's link in the registry and the Saudi Business Center platform, and providing policies for “protecting consumer data and privacy,” “replacement, return, and refund,” “dealing with customer complaints and suggestions,” and “consumer rights and duties for shipping and delivery.”

Additionally, the standards require stores to offer easy means of communication for customer service, ensure the website is secure and verify the absence of unpaid fines issued to the establishment. (Saudi Gazette 17.03)

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* 1. Saudi Arabia Leads Gulf Remittances to Philippines in January 2024

Saudi Arabia has been the biggest source of Arabian Gulf remittances to the Philippines. Money sent home by Filipinos working and living in the kingdom in January 2024 accounted for 6% of total fund transfers to the Asian state, or around $189 million – the highest in the Gulf and third highest globally, the Philippine central bank data showed. Remittances from the UAE accounted for 3.3% of total fund transfers during the month, the second highest in the GCC region, followed by Qatar (2.7%).

Overall, Filipinos working and living overseas transferred a total of $3.15 billion in January 2024, rising by 2.7% from a year earlier. The US had the highest share of overall remittances during the period, accounting for 41.8%. Singapore came second at 7.3%. Cash remittances coursed through banks amounted to $2.84 billion, up by 2.7% from the $2.76 billion recorded in the same month last year. (Zawya 16.03)

►►North Africa

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* 1. Egypt Aims for $83.3 Billion Investments in Communications & IT Sector by 2023/24

Egypt allocated EGP 83.3 billion for investments in the 2023/24 plan, compared to the expected investments of EGP 56 billion by the end of 2023/24, reflecting a growth rate of 48.8%, according to a report issued by the Ministry of Planning and Economic Development. The sector's investments account for 5% of the total investments in the plan, with the private sector playing a crucial role in driving growth. Private investments are estimated to reach around EGP 52.4 billion, which is approximately 63% of the total, while public investments amount to EGP 31 billion, constituting around 37% of the total.

In terms of targets for the fiscal year 2023/24, the report states that the sector's production is projected to reach approximately EGP 827 billion at current prices, compared to EGP 525 billion in 2023/24. At fixed prices, the corresponding values are expected to be about EGP 560 billion, compared to EGP 420 billion in 2023/2024, representing a growth rate of approximately 33.3%. The plan also targets a gross domestic product (GDP) of about EGP 346 billion at current prices and about EGP 277 billion at fixed prices for the year 2023/24, compared to about EGP 546 billion and EGP 368 billion, respectively, by the end of the plan.

The development plan for the sector focuses on adapting to the digital age and achieving strategic objectives. It aims to achieve digital justice by providing affordable internet services to all segments of society across all geographical regions. The plan also aims to enhance the IT skills and capabilities of individuals, foster an academic environment that encourages innovation, attract global data centers for investment, and position Egypt as a regional center for data and knowledge exchange using artificial intelligence. Additionally, the plan seeks to capitalize on emerging technologies to create new investment opportunities in the sector.

Overall, the government aims to leverage the communications and information technology sector to foster economic growth, enhance digital services, and position Egypt as a regional hub for technological advancements and innovation. (ET 12.03)

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* 1. Egyptians Abroad Sending More Money Home After Devaluation

Egyptians working abroad have begun sending more money home since the country recently sharply devalued its currency. On 6 March, Egypt cut the Egyptian pound to about 50 to the dollar from just under 31 pounds, where it had been fixed for the previous 12 months.

The devaluation was part of an $8 billion financial support agreement that Egypt signed with the International Monetary Fund. Remittances in Q3/23, the most recent data released by the central bank, had dropped to $4.52 billion from $6.44 billion a year earlier. They were as high as $8.15 billion in Q3/21, months before the war in Ukraine helped trigger Egypt's currency crisis. (GB 13.03)

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* 1. EU Pledges Billions of Euros for Egypt as it Seeks to Curb Migration

The European Union announced a €7.4 billion ($8.1 billion) funding package and an upgraded relationship with Egypt on 17 March, part of a push to stem migrant flows to Europe. The agreement lifts the EU's relationship with Egypt to a "strategic partnership" and was unveiled as a delegation of leaders visited Cairo. It is designed to boost cooperation in areas including renewable energy, trade and security, while delivering grants, loans and other funding over the next three years to support Egypt's faltering economy.

The proposed funding includes €5 billion in concessional loans and €1.8 billion of investments. Another €600 million would be provided in grants, including €200 million euros for managing migration.

European governments have long been worried about the risk of instability in Egypt, a country of 106 million people that has been struggling to raise foreign currency and where economic adversity has pushed increasing numbers to migrate. Inflation is running close to record highs and many Egyptians say they struggle to get by. Over the past month, however, financial pressure has eased as Egypt struck a record deal for Emirati investment, expanded its program with the IMF, and sharply devalued its currency.

Egypt says it has lined up a total of $20 billion in multilateral support after increasing its loan and economic reform program with the IMF. Most of the EU funding is newly allocated and was drawn up in close cooperation with the IMF, with €1 billion euros of the "macro-financial" loan funding to be delivered this year. The remaining €4 billion are subject to approval by the European parliament.

Egypt largely shut off irregular migration from its north coast in 2016, but more recently there has been a surge in Egyptians trying to cross to Europe via Libya, and the EU is already providing support aimed at reducing those flows. In recent months, the Greek islands of Crete and Gavdos have seen a steep rise in migrant arrivals, mostly from Egypt, Bangladesh and Pakistan. (Various 18.03)

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* 1. World Bank Helps Tackle Tunisia’s Climate-Driven Food Security Challenges

The World Bank has approved two loans for Tunisia totaling $520 million aimed at combating food security challenges and regional disparities. The first loan of $300 million will finance the Emergency Food Security Response Project to help address the impact of drought on food security by supporting wheat imports, providing barley for milk production and distributing climate-resilient seeds for wheat producers. The second $220 million loan will fund the Tunisia Economic Development Corridor project, aimed at reducing regional economic disparities by improving road infrastructure and enhancing access to finance for small and medium-sized enterprises in the region.

The World Bank first announced that it could extend a support package to Tunisia to address the impact of climate change on the country’s food security last month. Tunisia stands to lose up to $54 billion by 2050 due to the effects of climate change, the lender estimates, and needs to boost its water and agriculture resilience. Droughts have caused a two-thirds drop in the harvest of some of Tunisia’s crops. (Ent 18.03)

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* 1. Morocco is Looking to Build an Experimental Nuclear Reactor

Morocco is planning to build an experimental nuclear reactor with the help of Russian state-owned nuclear power company Rosatom to power its growing demand for desalination. As Morocco’s drought conditions worsen, the demand for water desalination — and therefore the demand for energy — are increasing significantly, leading the country to look for alternative sources of power including nuclear, experts say.

Rosatom has been interested in the region for a while. The Russian nuclear giant has conducted several talks with African countries and expects to see demand for nuclear energy rise from “newcomer countries.” In Egypt, they’re already working on the Dabaa nuclear power plant’s fourth and final reactor and recently inked a uranium supply agreement with the government. (Enterprise 20.03)

* 1. Morocco’s Inaugural Legal Cannabis Harvest Yields 294 Tonnes

Morocco’s foray into the legal cannabis industry has yielded a promising first harvest, exceeding expectations with a total of 294 tonnes cultivated in 2023. This marks a significant step for the North African nation, which established the National Agency for the Regulation of Cannabis-Related Activities (ANRAC) in 2022 to oversee the cultivation, production, and processing of cannabis for authorized purposes. The culmination of last year’s harvest was the result of a meticulously managed system involving growers, cooperatives, and processors, all operating under ANRAC’s supervision.

Notably, the recent authorization for legal cultivation of the “Beldia” variety in the Al Hoceima region highlights Morocco’s recognition of the therapeutic properties and industrial potential of cannabis. Importing seeds for cultivation typically begins in April, with harvests collected by August. Meanwhile, indigenous varieties like the renowned “Beldia” are sown in February, emphasizing Morocco’s commitment to preserving its rich cultural heritage amidst evolving regulatory landscapes.

The surge in legal authorizations by ANRAC further underscores Morocco’s commitment to fostering a regulated cannabis industry. The North African country granted 609 authorizations in 2023 alone, covering a spectrum of activities from cultivation to exportation, marking a significant leap forward in formalizing the sector. ANRAC’s meticulous oversight extended to certification processes, with approximately 2.1 million cannabis seeds certified last year, benefiting numerous production cooperatives and farmers across regulated provinces. (MWN 15.03)

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* 1. State Department Approves Sale of Javelin Missiles to Morocco

The US State Department has made a determination approving a possible Foreign Military Sale to the Government of Morocco of Javelin Missiles and related equipment for an estimated cost of $260 million.

The Government of Morocco has requested to buy 612 Javelin FGM-148F missiles (includes 12 fly-to-buy missiles) and 200 Javelin Lightweight Command Launch Units (LWCLUs). Also included are missile simulation rounds; Javelin support equipment; hand and measuring tools; books and publications; power plus distribution equipment; component parts and support equipment; life cycle support and other technical assistance; gunner training; ammunition officer’s training; System Integration and Checkout (SICO); maintenance training; Tactical Aviation and Ground Munitions (TAGM); and other related elements of logistics and program support. The total estimated cost is $260 million.

This proposed sale will support the foreign policy and national security of the United States by helping to improve the security of a Major Non-NATO Ally that continues to be an important force for political stability and economic progress in North Africa. The proposed sale will improve Morocco’s long-term defense capacity to defend its sovereignty and territorial integrity and to meet its national defense requirements. The prime contractors will be the Javelin Joint Venture between Lockheed Martin in Orlando, Florida and RTX Corporation in Tucson, Arizona. (State 19.03)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Turkey's Economic Policy Hinges on Upcoming Local Elections

Turkey’s nationwide local polls on 31 March will prove crucial in determining Ankara’s economic policy, reinforcing the old adage that all politics are local. The presidential and parliamentary elections of May 2023, which secured President Erdogan and his Justice and Development Party another term in office, marked a turning point in the country’s economic policy as Erdogan finally ditched his aversion to rising interest rates to curb runaway inflation.

Still, Turkey’s new economic management team appointed after those elections has been unable to shift into full austerity mode due to the upcoming local polls, where Erdogan is vying to recapture the local administration of Istanbul, Turkey’s largest city and economic hub, as well as Ankara.

Since tapping Mehmet Simsek last year to head the treasury and finance portfolio, Turkey’s streak of low-interest rates has ended. Recently the central bank hiked interest rates by another 500 basis points, from 45% to 50% as inflation neared 70% in February. But economists say these signals don't go far enough in attracting foreign investors needed to prop up the economy. Indeed, whether Erdogan agrees to further tighten fiscal policy, creating short- and medium-term pain at home, will largely depend on the outcome of next week’s polls. (Al-Monitor 25.03)

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* 1. Turkey & GCC States to Launch Talks for Free Trade Accord

Turkey has signed a deal with the Gulf Cooperation Council (GCC) to launch negotiations for a Free Trade Agreement (FTA), Turkish Trade Minister Bolat said, as Ankara steps up efforts to expand economic ties with the oil-rich region. Turkey launched a diplomatic charm offensive in 2020 to mend ties with Gulf countries, including the UAE and Saudi Arabia, after years of tension. Since then, it has signed deals worth billions with GCC nations, including Qatar, with which it enjoys strong ties.

Ankara believed the talks would be completed as soon as possible, as the pact would lead to one of the world’s largest free trade areas, between Turkey and members of the GCC, with a total value of $2.4 trillion. As ties have improved, Gulf Arab countries are looking to Turkey for help developing local industries and technology transfer in their ambitious effort to diversify their economies away from oil. (GB 21.03)

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* 1. The Economist Says Greece has the Fastest Improving Business Environment

Greece has climbed 28 spots to the top of a list of 10 countries making the fastest progress in improving their business environment, according to a recent Economist Intelligence Unit report. The findings are based on a vector auto-regression (VAR) model, which measured two decades’ worth of data to in 82 countries and territories predict which are “on the verge of notable economic growth,” and, therefore, “favorable destinations to direct future investment spending.”

Plowing ahead of Argentina and India, which hold second and third place respectively, “Greece has witnessed the most significant improvement, showing the country’s pro-business government, which has implemented reforms, cut taxes and initiatives to enhance business confidence,” the report said. The VAR model used by the EIU “suggests that these improvements may result in an uptick in real GDP per capita growth, investment spending and foreign direct investment,” it said.

The last countries among the top 10 improvers were Lithuania and Serbia, while Singapore, Denmark and the United States lead the chart of the countries with the best business environment. (eKathimerini 21.03)

GENERAL NEWS AND INTEREST

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* 1. Israel Drops One Spot in the 2024 World Happiness Index

Israel is ranked 5th in the 2024 World Happiness Report, which is sponsored by the UN, through a poll conducted by Gallup, measuring happiness in countries between 2021 and 2023. Israel was ranked in 4th place last year. Finland was at the top of the rankings, followed by Denmark, Iceland and Sweden. The five countries behind Israel making up the top ten were Netherlands, Norway, Luxembourg, Switzerland and Australia.

Regarding Israel the report's authors said that the survey was conducted following the hostage taking on 7 October, but before much of the subsequent warfare. Israel was ranked second in the World Happiness Index for young people aged 30 and under, behind Lithuania in top spot and Serbia in third. In the over 60 category, Israel was ranked 18th. In the sub-category for subjective happiness as expressed by young people aged 15-24, Israel was ranked in top spot. (Globes 20.03)

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* 1. The Sea of Galilee Nearly Full as Spring Begins

After heavy rains in mid-March, the Kinneret (Sea of Galilee) rose by 4.5 centimeters over only two days and is nearly full. As spring begins, the lake is currently just 73 centimeters from its maximum level of 208.80 meters below sea level, according to the Kinneret Authority. There would still need to be several more spells of heavy rain in the early spring for the Kinneret to reach its maximum level for the first time since 1992. Last year the Kinneret failed to even reach 1 meter from its maximum level and ultimately fell well short.

In early 2023, Mekorot Israel National Water Co. and the Israel Water Authority launched the "Reverse Water Carrier" project in the north. The project will allow desalinated water from the Mediterranean Sea to flow inland to the Kinneret to maintain the level of the lake in dry and low rainfall years. All areas of northern and central Israel have already had well over their average annual rainfall while it has been a below average year for Jerusalem and southern Israel. (Globes 21.03)

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* 1. Eid al Fitr 2024 Dates for Saudi Arabia Announced

Saudi Arabia's Ministry of Human Resources and Social Development announced that public and private sector companies will observe a four-day holiday in April for Eid al-Fitr. According to the notification, the holiday will begin at the end of the work day on Sunday, 7 April and most employees will get four days off from Monday, 8 April to Thursday 11 April. This holiday corresponds to Ramadan 29 and ends on Shawwal 3, according to the Islamic Hijri Calendar.

Since Friday and Saturday are the official weekend days in the kingdom, Saudi residents and workers will enjoy six consecutive days off from 8 April to 13 April. Additionally, Saudi banks and other financial institutions have announced a 9-day holiday to mark the end of Ramadan and celebrate Eid al Fitr.

Eid al-Fitr marks the end of the holy month of Ramadan, which began on 11 March. The month can be a 29 or 30-day one depending on the lunar sighting. The official date to mark Eid al Fitr will only be confirmed after the sighting of the moon at the end of Ramadan. (GB 25.03)

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* 1. Morocco Ranks 114th Globally in Women’s Safety Index in 2024

Morocco secured the 114th place in a global ranking for women's safety 2024 from the Georgetown Institute for Women, Peace and Security (GIWPS). The country scored 0.637 on the index scale, which ranges from 0 to 1. The index assesses the status of women, their rights and their contributions to peace and security across 177 nations. It comprises indicators such as education, perceptions of security, parliamentary representation, maternal mortality, legal protections and proximity to armed conflicts.

Compared to other Arab countries, Morocco takes 10th place, trailing behind the UAE, which ranked first, followed by Bahrain, Kuwait and Saudi Arabia. Meanwhile, Morocco outperformed other regional countries such as Algeria, Libya and Lebanon in the rankings. Morocco scored well in education, financial inclusion, and mobile phone usage, while also making strides in parliamentary representation and legal discrimination. However, challenges persist in areas like domestic violence and political security.

On the global level, Denmark emerged as the leader in women’s safety for 2024, with Switzerland, Sweden, Finland, and Iceland following closely behind. On the other end of the ranking, Afghanistan landed at the bottom of the list.

While Morocco has made significant strides in recent years to promote women’s rights, the country continues to lag behind. Women in Morocco are still three times less likely to enter the labor force, putting them at a structural social and economic disadvantage. Low female labor participation rates have long been a problem in Morocco. In fact, Morocco is the only country in the Middle East and North Africa where the rate of female labor participation has been on a gradual decline in recent years. (MWN 16.03)

ISRAEL LIFE SCIENCE NEWS

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* 1. Save Foods Approved in California for its Pre-Harvest Product

Save Foods announced that the California Department of Pesticide Regulation (CDPR) has approved and registered the use of Save Foods Ltd.’s pre-harvest treatment, FieldProtect, based on compliance with provisions of California laws and regulations pertaining to pesticide registration. This approval marks a significant step forward for the Company in providing food safety and reducing waste from field to fork, paving the way for its potential commercial expansion in the State of California.

The Company believes entry into the California agricultural sector which generates substantial revenue and leads in organic production in the US, places Save Foods in a favorable position within the sustainable agriculture market. FieldProtect is designed to meet the stringent environmental and safety standards set by the CDPR, demonstrating the Company's commitment to providing eco-friendly solutions that benefit growers, consumers, and the environment.

Neve Yarak's [Save Foods](https://savefoods.co) is an innovative agri-food tech company that through its three operational arms delivers integrated solutions for improved safety, quality, and sustainability every step of the way from field to fork. Save Foods focuses on post-harvest treatments in fruit and vegetables to control and prevent pathogen contamination, significantly reduce the use of hazardous chemicals, and prolong fresh produce’s shelf life. (Save Foods 13.03)

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* 1. Pulsenmore Clinical Trial with Michigan Medicine for Fetal Remote Assessment

Ramat Gan's [Pulsenmore](http://www.pulsenmore.com), the world leader in self-scan ultrasound technology for at-home use and remote clinical diagnosis, announces its new clinical study collaboration with Michigan Medicine. The study will examine the ability to conduct a remote biophysical profile (BPP) test, by using the Pulsenmore home ultrasound with the guidance of a remote clinician, potentially reducing the clinical burden.

The Pulsenmore prenatal home ultrasound, empowers pregnant women to connect their personal smartphones to a dedicated device and application, allowing them to perform ultrasound imaging scans from the comfort of their homes. These scans are seamlessly transmitted to the hospital for evaluation, focusing on essential fetal vitality parameters. The results are then communicated back to the patients. Clinicians can engage with patients asynchronously or in real-time, significantly reducing the necessity for in-clinic visits.

The study with Michigan Medicine, the University of Michigan's academic medical center aims to assess whether patients can successfully complete a BPP using the Pulsenmore device with remote clinician guidance. The success of the study could potentially lead to reducing the burden of clinical care and improving patients' pregnancy experience due to factors like transportation, rural residence, or balancing childcare and work commitments. (Pulsenmore 13.03)

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* 1. Madrigal Groundbreaking Ketamine Research for PTSD & Upcoming Clinical Trials

Kibbutz Reim's [Madrigal Mental Care](http://www.madrigal-psy.com) announced the successful completion of its pivotal nanotechnology research on the use of Ketamine as a treatment for trauma related disorders such as Post-Traumatic Stress Disorder (PTSD) and depression. This groundbreaking study marks the beginning of a new chapter, as Madrigal gears up to initiate in-human clinical trials. The research underscores the potential of Ketamine combined with Madrigal's proprietary nanotechnology to offer a transformative approach to PTSD treatment, aiming to address the core of the trauma rather than merely managing symptoms.

The global surge in PTSD, highlighted by the recent conflict in Israel following the 7 October assault by Hamas terrorists underscores the urgency of addressing this epidemic. Madrigal has been dedicated to combating PTSD, a commitment that has intensified in the wake of these events. The company is at the forefront of developing innovative treatments to meet the growing need for effective PTSD interventions, particularly in regions hardest hit by conflict.

As Madrigal prepares to embark on the next phase of clinical trials, the company extends an open invitation to individuals and organizations interested in learning more or collaborating on this journey. With a commitment to redefining mental health treatment, Madrigal is poised to make a significant impact on the lives of those affected by PTSD. (Madrigal 13.03)

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* 1. Rafa & BARDA Advance Development of New Pediatric Atropine Autoinjectors

Rafa Laboratories and the Biomedical Advanced Research and Development Authority (BARDA), part of the Administration for Strategic Preparedness and Response at the U.S. Department of Health and Human Services, aim to enhance the national preparedness for nerve agent emergencies by developing a new design for Rafa's pediatric atropine autoinjectors. Nerve agents like sarin and VX, as well as certain insecticide organophosphates, pose severe health risks, requiring rapid and effective medical countermeasure response, especially in multi-casualty scenarios.

Rafa Laboratories already manufactures adult atropine autoinjectors, FDA-approved in July 2018, and pediatric atropine autoinjectors authorized for use under FDA Emergency Use Authorization (EUA) in January 2018. Rafa's atropine autoinjectors are widely utilized in military settings, due to their high reliability and robustness properties. The current device is designed to align with the military practice of pinning a used autoinjector onto clothing using the bent needle. The new design for the pediatric atropine autoinjector, which is intended for civilian use, will incorporate a new needle shield mechanism feature.

Founded in 1937, Jerusalem's [Rafa Laboratories](http://www.rafa.co.il) is a global leader in medical emergency solutions. For over 30 years, Rafa has been supplying medical countermeasure autoinjectors to government entities, military forces and civilian stockpiles worldwide. (Rafa 20.03)

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* 1. Pluri’s Sustainable Cell-Based Coffee Addresses Critical Challenges

Pluri addressed the price volatility challenge detailed in the International Coffee Organization’s (ICO) 2024 Market Report. According to the Report, one of the factors creating price volatility is the erratic weather conditions across the globe; from frost in Brazil in 2021 to the El Niño phenomenon expected to worsen heatwaves in Vietnam in 2024. Price instability and cost increases will impact coffee drinkers worldwide, as more than 2 billion cups of coffee are drunk each day, 400 million of them by Americans.

Pluri’s cell-based coffee aims to reduce price instability by moving coffee production into the lab, eliminating the effect of climate change and adverse weather conditions. Pluri recently announced the launch of its cell-based coffee, its proprietary cultured coffee product business, part of its PluriAgtech vertical, addressing the $130 billion coffee industry. The Company’s cell production method grows coffee quickly and reliably in an environmentally sustainable, cost-effective, tightly controlled fully automated manufacturing process that is highly scalable. Pluri’s cell-based coffee is estimated to slash water usage by 98% throughout the entire supply chain and reduce farmland usage by 95% as compared to traditional growing methods.

Haifa's [Pluri](http://www.pluri-biotech.com) is pushing the boundaries of science and engineering to create cell-based products for commercial use and is pioneering a biotech revolution that promotes global well-being and sustainability. The Company’s technology platform, a patented and validated state-of-the-art 3D cell expansion system, advances novel cell-based solutions for a range of challenges— from medicine and climate change to food scarcity, animal cruelty and beyond. (Pluri 21.03)

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* 1. PsyRx Successfully Completes Toxicological Safety Study in Rats

PsyRx announced the successful conclusion of the live phase of a toxicological safety study involving the combined treatment of SSRI plus ibogaine. This groundbreaking study is a pivotal step in the company's ongoing evaluations for conducting a clinical trial in humans, specifically focusing on patients suffering from Major Depressive Disorders (MDD).

During the 14 consecutive treatment days, the study examined the safety of administering the combined treatment at three different dose levels—low, medium, and high. Notably, throughout the experimental period and the autopsy phase post-treatment, the research team observed no significant findings in the animals from all dose groups, except for a change in thymus organ color in one animal from the medium dose group, which was defined as not significant.

As the company continues to make strides in its research and development efforts, PsyRx remains dedicated to enhancing the understanding of potential treatment options for mental health conditions. The successful completion of this toxicological safety study marks a significant achievement in the pursuit of improving the lives of individuals affected by MDD.

Tel Aviv's [PsyRx](https://www.psyrx.co/) is at the forefront of innovation, actively engaged in the development of a groundbreaking antidepressant drug. This novel medication integrates Microdose of ibogaine with a proven selective serotonin reuptake inhibitor (SSRI), aiming to enhance efficacy while minimizing both, onsets time and potential side effects. (PsyRx 25.03)

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* 1. StickIt Technologies Announces Major Breakthrough in Cannabinoid Technology

StickIt Technologies revealed that the company has initiated a substantial leap forward in the consumption methods of cannabinoids. This new product gives rapid effects, discreet delivery and perfect dosing in a fun, contemporary format. Now, consumers can simply use a StickIt SipIt straw, an innovative patented applied solution, with their favorite beverage and enjoy imperceptible delivery of cannabinoids while doing so. Within minutes, consumers will feel the long-lasting effects of cannabinoids. Finally, no bitter flavors, no gummy chemicals and no smoke - just the benefits of cannabinoids.

Cannabinoid producers now have the opportunity to tap into a new, lucrative revenue channel using the StickIt solid-phase technology and mass production systems.

Tel Aviv's [StickIt](http://www.stickit-labs.com) is a technology company that invented and manufactures innovative products that can contain varying quantities of CBD/THC for recreational and medical cannabis users. Its operating model is to establish joint ventures/licensees in countries around the world that will establish a production facility in which they will add the cannabinoid content to the "sticks" and "straws" produced and supplied by StickIt. The Company's precise dosing options cater to a range of effects, including pain-killing, energizing, focus, sleep improvement, etc., and can be tailored to meet local preferences and regulations. (Stickit 25.03)

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* 1. FarmSee Completes Minority Investment in its Swine Monitoring Platform

FarmSee announced a strategic collaboration with MSD Animal Health, a division of Merck & Co. of Rahway, N.J. MSD Animal Health, a biopharmaceuticals and technology solutions company, has participated in FarmSee's A round and has entered into a long-term agreement to integrate FarmSee's AI- based weighing technology into its global offerings for swine producers. FarmSee also has partnered with Munters in their A round funding.

Hod HaSharon's [FarmSee](http://www.farmsee.com) advocates for the adoption of data-driven practices as the optimal path towards industry optimization. The company firmly believes in harnessing the power of technology to unlock the full potential of our industry and achieve optimal production outcomes. By utilizing state-of-the-art computer vision and AI technologies to collect and analyze precise data on swine, FarmSee empowers producers to make informed decisions that drive efficiency, productivity, and profitability, while prioritizing animal welfare, biosecurity and sustainability. (FarmSee 15.03)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. SatixFy’s Space Chips Advance into Customer Testing Stage

SatixFy Communications announced the advancement of its Prime 2.0 Digital Beamformer (DBF) chip and the Sx4000 Digital Payload On-Board-Processing Chip for Digital Satellite Payload, to the stage of advanced customer sampling. Both the Prime 2.0 Chip and the Sx4000 Chip are presently sampling to customers, including low earth orbit (LEO) and geostationary orbit (GEO) satellite manufacturers. The Sx4000 Chip is currently undergoing final irradiation tests and is expected to achieve flight-ready status during H2/24.

SatixFy’s Sx4000 Chip is a revolutionary space-grade regenerative chip for payload processor on NGSO and GSO satellites. It supports the latest DVB-S2X and RCS2 standards and is also suitable for Gateway multichannel receivers. SatixFy’s Prime 2.0 Chip is a True Time Delay (TTD) Digital Beam Former (DBF) chip designed for satellite antenna payloads. It forms the core for designing and building an Electrically Steered Multibeam Antenna (ESMA) of nearly any size up to 10,000 antenna elements.

Rehovot's [SatixFy](http://www.SatixFy.com) develops end-to-end next-generation satellite space and ground communications systems, including satellite multi beam digital antennas, user terminals and modems, based on powerful chipsets that it develops in house. (SatixFy 14.03)

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* 1. Perception Point Unveils Groundbreaking Autonomous GPThreat Hunter

Perception Point announced the launch of its latest innovation, GPThreat Hunter, a pioneering addition to the company's comprehensive security stack. Leveraging the cutting-edge capabilities of OpenAI's GPT-4 model, GPThreat Hunter represents a significant leap forward in Perception Point's ability to autonomously resolve complex security cases with unprecedented accuracy and speed.

GPThreat Hunter is automatically activated when the Perception Point Advanced Threat Prevention solution flags a case as ambiguous. It compiles a detailed context package, including evidence from existing detection engines, and the algorithms that marked the item as suspicious. This package is then analyzed by custom multilingual LLMs that are continuously trained by Perception Point security researchers, and subsequently by the OpenAI GPT-4 model, which delivers an instant verdict along with a confidence score and a comprehensive explanation. The model additionally autonomously quarantines the threats and secures the system against similar future attacks.

Tel Aviv's [Perception Point](https://perception-point.io/) is a Prevention-as-a-Service company for the fastest and most accurate next-generation prevention, detection and response to all attacks across email, cloud collaboration apps, and web browsers. The solution's natively integrated incident response service acts as a force multiplier to the SOC team, reducing management overhead, improving user experience and delivering continuous insights; providing proven best protection for all organizations. (Perception Point 14.03)

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* 1. NoTraffic Expands its Operations and Launches in the State of Florida

NoTraffic has received approval from the Florida Department of Transportation (FDOT) to operate in the state, accompanied by substantial successful implementations of NoTraffic's systems in various locations including Collier County, Pasco County, Orlando and more. This significant milestone underscores NoTraffic's unwavering commitment to the highest safety and future-ready standards. It also marks a transformative step forward in making roads safer, more efficient, and ready for connected vehicles, signaling a major rollout of their state-of-the-art traffic management technologies across Florida.

The FDOT certification is renowned for its rigorous approval process, and NoTraffic successfully navigating this stringent assessment reinforces its position as a trailblazer in the industry. With FDOT's approval, NoTraffic is now poised to deploy its state-of-the-art traffic management solutions across agencies in Florida, enhancing traffic efficiency and safety, and preparing the roads for connected vehicles. This approval will enable further opportunities within the state but also showcases that NoTraffic is a viable choice for other states seeking innovative mobility solutions.

Founded in 2017, Tel Aviv's [NoTraffic](https://notraffic.tech/) is the developer of the world's leading mobility platform. It seeks to digitize the backbone of transportation and streamline the next generation of traffic mobility. The company's end-to-end, mobility management platform leverages AI and edge computing to retrofit signalized intersections into one fully automated, cloud-connected hub. In less than 2 hours of installation, the platform can classify all road users including – private vehicles, public transportation, emergency services, pedestrians and more – and respond accordingly to traffic conditions in real-time to reduce travel times and CO2 emissions and improve safety. (NoTraffic 13.03)

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* 1. Silynxcom Secures First Order of its New In-Ear Headset System for Law Enforcement

Silynxcom announced that the first order for its latest In-Ear Headset system has been received. The system, tailored to meet the specific requirements of law enforcement organizations that use Terrestrial Trunked Radio (TETRA) based communication systems, was successfully tested by a European law enforcement customer that then purchased the system.

TETRA typically presents challenges to radio devices and headset performance quality due to its encryption and digitization protocols. The new system features an In-Ear Headset and a control box equipped with new technology that provides high audio quality and clarity for communication devices used in TETRA-based encrypted and secure communication systems. The new Silynxcom headset system is compatible with and integrates seamlessly in a wide range of radio devices utilized by law enforcement agencies globally.

For over a decade, Netanya's [Silynxcom](https://www.silynxcom.com/) has 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 14.03)

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* 1. Personetics & Banco BPI Deliver Financial Management Insights with Pulsoo App

Portuguese bank Banco BPI and Personetics announced the introduction of Pulsoo, an independently branded application that empowers small and medium business (SMB) owners to manage their businesses. In a single pane of glass that can be quickly consulted and queried throughout the business day, Pulsoo provides updates, hyper-personalized insights and recommendations that are tailored to the financial literacy level of SMB owners. Using Open Banking capabilities and the Personetics AI-based engagement platform, Pulsoo is a 360⁰ business insights ecosystem that covers issues such as current accounts, loans, taxation, fiscal planning, employee management, and much more.

Personetics was key to bringing Pulsoo's finance manager to life. Its Engagement Platform enriches businesses' payments, receivables and credit card data and categorizes it in ways that are meaningful for owners. AI, machine learning and natural language programming (NLP) models are applied to the enriched data to generate, manage and deliver dozens of hyper-personalized, easy-to-understand insights and recommendations designed to empower business owners to take intelligent, focused action.

Tel Aviv's [Personetics](http://www.personetics.com) is the global leader in financial data-driven personalization, customer engagement, and advanced money management capabilities for financial services. They are creating the future of "Self-Driving Finance," where banks can proactively act on their customers' behalf to help improve their financial wellness, drive deposit growth and ultimately achieve financial goals.   Personetics currently serves over 135 financial institutions spanning 34 global markets, reaching 150 million customers. (Personetics 14.03)

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* 1. LightSolver LPU100 Laser Computing System Solves Optimization Problems

LightSolver announced a breakthrough in quantum-inspired high-performance computing. Its LPU100 system unleashes the power of 100 lasers to solve the toughest optimization problems, challenging the processing times of quantum and supercomputers. The LPU100’s laser array represents 100 continuous variables, and can tackle problems with up to 120100 combinations, empowering organizations to enhance their business and engineering processes and make mission-critical decisions faster than ever before.

The compute capabilities of the LPU100 are now accessible to select enterprise clients through LightSolver’s new cloud platform. This solution combines the innovative all-optical hardware of the LPU100 with LightSolver’s algorithmic processing layer to bring ultra-fast results to enterprises across industries for problems with up to 1M variables.

Tel Aviv's [LightSolver](https://lightsolver.com/) has successfully harnessed the unique physical properties of light to develop the first pure laser-based processing unit (LPU), an innovative computing method that is poised to outpace and outperform quantum and supercomputers. It utilizes all-optical coupled lasers that require no electronics to compute, enabling it to be as small as a traditional desktop computer while offering unrivaled scalability, low power requirements, and room temperature operation. (Lightsolver 19.03)

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* 1. IONIX Attack Surface Management Platform With Swift Zero-Day Response

Tel Aviv's IONIX announced a force multiplier to its industry-leading Attack Surface Management (ASM) platform, a centralized Threat Center to accelerate security teams’ response to newly disclosed zero-days. IONIX Threat Center delivers up-to-the-minute detailed insights into exposures posed by the latest zero-day vulnerabilities. The new Threat Center identifies specific assets that are exposed or potentially exposed to the zero-day exploit, alerts customers and highlights suggested remediation actions. With this information, IONIX customers are able to respond up to three times faster to zero-day threats.

IONIX Threat Center works alongside the company’s recently announced integration of Exposure Validation capabilities. In response to new zero-days that are exploited in the wild, the IONIX Threat Lab research team performs non-intrusive exploit simulations on each customer's unique environment to identify and validate exploitable (and potentially exploitable) assets. The validated findings are presented in the IONIX Threat Center so customers have focused visibility into their zero-day exposures and one-click access to the necessary remediation action items.

[IONIX](http://www.ionix.io) Threat Center ensures that new vulnerabilities are quickly identified and analyzed, and that customers’ specific exploitable assets are highlighted. Their platform uses Connective Intelligence to shine a spotlight on exploitable risks across your real attack surface – and its digital supply chain. (IONIX 20.03)

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* 1. Beamr Boost for Machine Learning: Accelerating Neural Networks Training

Beamr Imaging released the results of a case study which highlights how Beamr tech enables accelerated machine learning training by using significantly smaller video files and without any negative impact on the video artificial intelligence (AI) process.

In this case study, Beamr’s R&D team showed that training an AI network using video files compressed and optimized through Beamr’s Content-Adaptive Bitrate technology produced results that are as good as training the network with the original, larger files. The AI network was trained to fulfill the task of action recognition, such as distinguishing between people who are walking, running, dancing or doing many other day-to-day actions. The current case study covers the more challenging task of training a neural network for action recognition in video. In coming months, the Beamr R&D team plans to expand the initial experiment described above to large scale testing, including neural networks that operate in the cloud using GPUs.

Herzliya's [Beamr](http://www.beamr.com) is a world leader in content adaptive video solutions. Backed by 53 granted patents, and winner of the 2021 Technology and Engineering Emmy® award and the 2021 Seagate Lyve Innovator of the Year award, Beamr's perceptual optimization technology enables up to a 50% reduction in bitrate with guaranteed quality. (Beamr Imaging 20.03)

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* 1. Tower Semiconductor Recognized by Northrop Grumman for Supplier Excellence

Tower Semiconductor announced that Northrop Grumman Corporation has recognized Tower Semiconductor during the company’s Supplier Excellence Awards. Recognized for Strategic Excellence, Tower Semiconductor was instrumental in aiding Northrop Grumman with manufacturing and distribution goals as the industry works to support Department of Defense customers and other commercial entities. Northrop Grumman is a leading global aerospace and defense technology company.

Migdal HaEmek's [Tower Semiconductor](http://www.towersemi.com), the leading foundry of high-value analog semiconductor solutions, provides technology, development and process platforms for integrated circuits (ICs) in growing markets such as consumer, industrial, automotive, mobile, infrastructure, medical and aerospace and defense. Tower Semiconductor focuses on creating a positive and sustainable impact on the world through long-term partnerships and its advanced and innovative analog technology offering, comprised of a broad range of customizable process platforms such as SiGe, BiCMOS, mixed-signal/CMOS, RF CMOS, CMOS image sensor, non-imaging sensors, displays, integrated power management (BCD and 700V), photonics, and MEMS. (Tower 20.03)

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* 1. NewPhotonics Introduces Transmitter-on-Chip PIC with Integrated Equalizer

NewPhotonics introduced its NPG102 second generation photonic integrated circuit with integrated optical equalizer delivering reduced complexity and enhanced link performance for high-throughput optical interconnect. The enhanced transmitter-optimized chip offers breakthrough minimal latency and power performance at 800 GBps and 1.6 TBps for linear receive optics (LRO) and linear drive pluggable optics (LPO) applications in the data center.

As AI workloads accelerate the demand for low latency, high speed and power efficient optical connectivity, LPO benchmarks in power and latency are evolving at consistent link performance required for multivendor interoperability. The NewPhotonics NPG102 PIC is an octal and quad parallel single mode (PSM) transmitter for 8x and 4x 200G PAM4 transceivers. The silicon photonics chips monolithically integrate elements of the transmitter including laser, modulator and an optical equalizer enabling consistent optical link performance and extended distance. The best-in-class transmitter design simplifies system integration and improves OEM manufacturing yield and transceiver reliability.

Tel Aviv's [NewPhotonics](http://www.newphotonics.com) is a fabless semiconductor company designing technology innovations and solutions in photonics that break the limits of optical for a new all-optics paradigm in networking and compute data transmission. NewPhotonics 25.03)

ISRAEL ECONOMIC STATISTICS

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* 1. Israel's Inflation Rate Falls Again as Housing Prices Rise

Israel’s Consumer Price Index (CPI) rose 0.4% in February, in line with expectations. In the twelve months to the end of February, the rate of inflation fell to 2.5% from 2.6% at the end of January, according to figures released by the Central Bureau of Statistics.

The prices of fresh fruit rose by 10.7% last month, footwear rose by 1.4%, entertainment and culture rose by 1.2%, home maintenance rose by 0.9%, and furniture and household equipment and transport each rose by 0.7%. Clothing prices fell 2.5% last month and apartment rental services fell 0.6%.

The Central Bureau of Statistics has also published the change in home prices (which are not part of the general CPI) between November-December 2023 and December 2023-January 2024. On average, prices rose 1.2%, the second consecutive month that prices rose after many months of declines. In the breakdown by region, prices rose by 1.4% in Jerusalem, by 1.5% in Haifa, 1.1% in the north, 1.1% in the center, 1.1% in Tel Aviv, and by 1.8% in the south. Prices of new homes rose by an average of 0.4%. (CBS 15.03)

IN DEPTH

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* 1. MENA: Saudi Arabia, Qatar & Egypt Among World's Top Arms Importers

Al-Monitor noted that Gulf states and Egypt accounted for more than 25% of global arms sales in the past four years, according to a the Stockholm International Peace Research Institute's (SIPRI) quadrennial report on international arms transfers details the import and export of weapons around the world between 2019 and 2023.

Saudi Arabia was the second-largest arms importer in the world from 2019 to 2023, accounting for 8.4% of imports, while Qatar was third with 7.6%. India was the largest importer with a 9.8% global market share, according to SIPRI’s data. Saudi arms imports during this four-year period fell 28% in comparison to the period from 2014 to 2018, but the kingdom's imports had reached record levels in those years. Qatar’s arms imports increased a whopping 396% in 2019-2023 when compared to the previous four years. The United States was the largest provider of weapons to both countries, accounting for 75% of Saudi Arabia’s imports and 45% of Qatar’s. France came in second for each country, providing Saudi Arabia with 7.6% of its imports and Qatar with 25%, according to the data.

The US State Department approved a $582 million arms sale to Saudi Arabia in early December. The sale included hardware and software for Saudi Arabia's RE-3A surveillance aircraft. Later that month, the department approved a $1 billion sale of military training programs to the kingdom. Saudi Arabia is reportedly in talks to buy France's Rafale fighter jets. Last December, France and Saudi Arabia signed a plan for cooperation on military industry. In 2019, Saudi Arabia inked a preliminary deal to build warships in the kingdom with France's Naval Group.

Egypt was the seventh-largest arms importer with 4% of global imports, while Kuwait and the United Arab Emirates were 12th and 14th largest with 2.7% and 2.4%, respectively. Combined, Gulf states and Egypt accounted for 25.8% of global arms imports between 2019 and 2023.

Concerns about Iran and its regional proxies drove weapons sales to the Gulf, according to the institute. “Some states in the Gulf region have imported large volumes of arms to use against the Houthis in Yemen and to counter Iranian influence,” read the report.

Those concerns include Iran’s nuclear program. Last September, Saudi Crown Prince Mohammed bin Salman said the kingdom would develop nuclear weapons if Iran were to do so. The Islamic Republic says its nuclear program is for peaceful purposes.

Gulf states have also expressed concerns about Iran’s ballistic missiles program and support for regional proxies including the Houthi rebels in Yemen and Hezbollah in Lebanon. Iran-Saudi tensions calmed somewhat following the China-brokered agreement that reestablished relations between the two countries in March 2023. However, the kingdom and the Islamic Republic have made little tangible progress toward resolving their differences, Al-Monitor’s correspondent in Tehran wrote last month.

**North African Imports Fall**

Morocco’s arms imports fell 46% between 2019 and 2023 in comparison to the previous four years, while Algeria’s fell 77% in the same time period. The institute did not note any reasons for the decrease, but said the decline in Moroccan and Algerian imports were the primary driver for Africa’s collective major arms imports falling 52%. Morocco is increasingly looking to Turkey for weapons and acquired two armed vehicles from Ankara in January.

Russia was Algeria’s largest supplier, accounting for 48% of the market share, while the United States was Morocco’s largest supplier at 69%.

Morocco’s second- and third-largest arms suppliers between 2019 and 2023 were France with 14% and Israel with 11%, according to SIPRI.

**Israel in Top 10 Exporters**

Israel was the only country in the Middle East and North Africa in the top 10 arms exporters, coming in at ninth on the list and accounting for 2.4% of all exports. Major Israeli defense manufacturers have reportedly delayed more than $1 billion in weapons sales since the start of the current Hamas assault on Israel in October due to growing domestic need. However, Israeli military exports to India have been unaffected by the downturn.

The United States was the largest exporter with a 42% market share, followed by France and Russia with 11% each and China with 5.8%.

Russia invaded Ukraine in 2022 and the war is ongoing. SIPRI noted a sharp decline in Russian arms exports between 2019 and 2023. The exports fell 53% in comparison to the previous four years. The decrease is related to a dwindling number of Russian export destinations amid the Ukraine war. Russia exported major arms to 31 states in 2019 but only 12 in 2023, according to the report. Turkey was the 11th largest arms exporter from 2019 to 2023 with a 1.6% global market share. (Al-Monitor 12.03)

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* 1. ‎ISRAEL: 2023 Investors Report on the Israeli Tech Ecosystem

The 2023 IVC – Gornitzky – KPMG Investors Report examines the trends and activities of ‎investors in the Israeli tech ecosystem. The report analyzes fundraising and investment ‎activity by Israeli VCs, the availability of capital for local tech ventures (Dry Powder), ‎foreign VC funds, Israeli and foreign corporate VC funds, and Israeli institutional investors.‎ The Israeli VC ecosystem includes 226 active VC management companies (MCs). The ‎largest 24 Israeli MCs, each with over $500m under management, have an estimated total ‎of over $29 billion under management.‎

Dror Bin, CEO of Israel Innovation Authority: ‎‏"‏Following the report's findings and the ‎market's negative trends in 2023, the Innovation Authority implemented strategic ‎initiatives to boost available capital. Notably, the Fast-Track program injected NIS 400 ‎million into companies with significant business and technological assets and limited ‎runway. The recently launched Start-up Fund plans to conduct 100 funding rounds for Pre-‎Seed, Seed, and Round A companies, investing approximately NIS 500 million. In the near ‎future, we also plan to launch the Yozma 2.0 Fund, which aims to increase investments into Israeli Venture Funds to ‎an overall investment of NIS 4 billion within 2024-25."‎

**Israeli VC Fund Capital Raising**

Israeli VC fundraising suffered a notable decline in 2023. Just 21 Israeli VC funds ‎succeeded in raising a mere $1.52 billion in total, a 66% fall in the number of funds and a ‎‎74% drop in capital volume compared to 2022. The amount was the lowest since 2015, ‎while the number of funds aligned with 2015 and 2017. Three VC funds accounted for 51% of the total capital, raising over $200m each: Qumra ‎Capital IV, TLV Partners V, and Viola Growth IV.‎

**Info 1 - Israeli VC Funds Capital Raising by Vintage Year ($m) | 2015 – 2023‎**

Source: 2023 IVC – GNY – KPMG Investors Report

**Availability of Capital**

According to IVC's measuring model of Israeli VC funds allocations and capital availability, ‎‎2023 concluded with $1.14 billion, reflecting the lowest Israeli VC fund capital allocation ‎volume since 2015.‎

**Info 2 - Israeli Venture Capital Management – Capital Allocation | 2015 - 2023‎**

Source: 2023 IVC – GNY – KPMG Investors Report

**Dry Powder**

According to the Investors Report, Israeli venture capital funds have an estimated $‎‏10‏‎.08 billion ‎remaining for investments in Israeli tech companies. Approximately $2.38 billion (24%) is ‎available for new investments, while $7.7 billion (76%) is allocated for existing portfolio ‎companies.‎

Shlomo Landress, Partner and Head of Technology Practice, Gornitzky GNY: "There is a ‎decrease in the valuations of Israeli start-up companies, making them more attractive for ‎investments. The Start-up Fund launched by the Israel Innovation Authority seeks to ‎invest NIS 0.5 billion in early-stage rounds alongside VC funds. These two factors lead to ‎the expectation that a significant portion of the $10.08 billion reported as available for ‎investment by VC funds be deployed in the near future." Landress added that: the "‎recent improvement in the technology sector in the United States could also contribute ‎positively to the technology investment landscape in Israel."‎

**Israeli Institutional Investors**

In 2023, Israeli institutional investors contributed an estimated $143 million in direct ‎investments in Israeli tech companies (depending on the final institutional activity report, ‎this number may vary by up to 20%), a notable 70% fall from $486 million in 2022. The ‎number of deals dropped by 55%.‎

Dina Pasca Raz, Partner and Head of Technology, KPMG Israel: "2023 marked a year of ‎profound challenges for the high-tech and venture capital sectors, primarily ‎due to significant macroeconomic shifts worldwide. Despite these hurdles, the Israeli tech ‎ecosystem, from start-ups to mature companies, from defense corporations to local R&D ‎centers of the largest multinational, showcased exceptional resilience". According to Pasca ‎Raz: "The importance of fundraising and investment rounds is undeniable, yet our ‎industry's strength lies in many factors. To prevent an exodus of innovation, it's crucial to ‎offer compelling incentives to entrepreneurs, preventing companies from leaving Israel, ‎thus sustaining and bolstering this robust foundation".‎

**Info ‎‏3‏‎ - Israeli High-Tech Rounds with Institutional Investors in Israeli High-Tech ‎Companies**

Source: 2023 IVC – GNY – KPMG Investors Report

**Most Active VCs**

Analysis of the most active VCs by First Investments in Israeli high-tech companies ‎revealed a notable decrease in Israeli portfolio expansion by foreign VCs. Samsung Next ‎‎(13), Longevity Venture Partners (7), and NFX (6) led the first investments in 2023, ‎compared to 2022 when four foreign funds accounted for more than 12 first investments ‎each. The most active Israeli VCs in 2023 were Fusion (a micro-fund), with an exceptional ‎‎23 first investments, followed by investment platform OurCrowd (16) and mico-fund Fresh ‎Fund (9). ‎

**Corporate VCs**

The First Investments level by foreign CVCs in 2023 dropped to 2015, while Israeli CVC ‎activity almost ceased. Intel Capital and PayPal Ventures led the 2023 first investments list ‎with four new portfolio companies each.‎

Ben Klein, IVC's CEO: "The Israeli tech ecosystem struggles to overcome one of the worst ‎crises in the last three decades. In IVC, we believe that a profound study of the investors' ‎data mirrors our challenges and suggests an opportunity to learn new ways to move ‎forward successfully".

**Info 4 – Most Active CVC Funds**



**Source: 2023 IVC – GNY – KPMG Investors Report**

**Gornitzky GNY**

[Gornitzky GNY](http://www.gornitzky.com) law firm stands out as one of Israel's premier law firms, boasting a robust ‎team of over 265 lawyers specializing in 50 diverse areas of legal expertise. Our client base ‎includes major business conglomerates, global entities, financial institutions, and cutting-‎edge technology companies across multiple sectors and growth stages.‎

[KPMG Israel](https://kpmg.co.il/%E2%80%8E), a leading firm in accounting and business consulting with over 1,600 experts, ‎blends local insights with global trends. The firm offers advanced audit, tax, and advisory ‎services, driving growth and strategic success in Israel's dynamic economy through ‎innovation.‎

The [Israeli Innovation Authority](http://www.innovationisrael.org.il/en) is an enabler of everything related to the Israeli ‎innovation ecosystem. It provides conditional grants to support disruptive technological ‎innovations. It creates the groundwork and infrastructure to prepare for future ‎technologies to maintain both technological and economic leadership and improve the ‎Israeli technology hub's productivity and global competitiveness.‎

Founded in 1997, [IVC Research Center](http://www.ivc-online.com) is the leading data source and business information ‎company in Israel's high-tech industry. (IVC 20.03)

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

On 15 March 2024, [Fitch Ratings](http://www.fitchratings.com/) affirmed Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA-' with a Stable Outlook.

**Key Rating Drivers**

**Fundamental Rating Strengths and Weaknesses:** Kuwait's 'AA-' rating is supported by its exceptionally strong fiscal and external balance sheets. The rating is constrained by Kuwait's heavy dependence on oil, its generous welfare system and large public sector that could be challenging to sustain in the long term and a political context that hampers efforts to tackle consistent fiscal and economic rigidities and approve legislation to allow debt issuance and clarify government financing sources.

**Exceptionally Strong External Assets:** Kuwait's fiscal and external balance sheets remain among the strongest of Fitch-rated sovereigns. We forecast Kuwait's sovereign net foreign asset position will average 529% of GDP in 2024-25, remaining one of the highest among Fitch-rated sovereigns and more than 10x the 'AA' median. The bulk of the assets are held in the Future Generations Fund managed by the Kuwait Investment Authority (KIA), which also manages the assets of the General Reserve Fund (GRF), the government's treasury account.

**Political Divisions Hinder Reform:** Conflicts between the elected parliament and the 15-member cabinet, are a recurring feature of Kuwaiti politics, resulting in frequent resignations of ministers and dissolutions of parliament, with the most recent dissolution in February leading to elections scheduled for 4 April. We assume that elections will result in a parliament composition similar to previous ones (following elections in September 2022 and June 2023), where politicians critical of government policies held the majority of the 50 electable seats. We assume that political divisions will continue to constrain policy-making in Kuwait.

**Familiar Reform Challenges:** The incumbent government appointed in January 2024 before the dissolution of parliament by the new Emir, Sheikh Meshal Al-Ahmed Al-Jaber Al-Sabah, included a new prime minister and a largely technocratic cabinet. The government's published four-year program (2024-2027) focused on initiatives to enhance non-oil revenue, restructure subsidies and encourage private sector participation to create jobs for Kuwaitis and reduce the fiscal burden. The plan also included passing a new liquidity law that would allow the government to relaunch debt issuance following expiry of the previous authorization in 2017.

However, these plans are similar to objectives of previous governments that failed to be implemented due to gridlock with parliament and we remain skeptical that this will change.

**Liquidity Law Assumed but Uncertain:** After the election, the government will aim to pass a liquidity law (as previous governments have), but parliamentary approval remains highly uncertain. However, our forecasts, notably for government debt, are based on the assumption that a liquidity law is passed in the fiscal year ending March 2026 (FY25). The assumption illustrates that Fitch considers the rating to be resilient to a moderate rise in government debt. In the absence of a liquidity law, Fitch believes the government would still be able to meet its limited debt service obligations in the coming years, given the assets at its disposal.

**Low Debt, Likely to Rise:** Gross government debt/GDP remains low, estimated at 3.1% of GDP in FY23. Assuming the passage of a liquidity law in FY25, limited fiscal consolidation and lower oil prices, we forecast government debt will rise to 11% of GDP in FY25 and further in subsequent years. Nonetheless, during the forecast period, we expect debt levels to remain well below the projected 2025 'AA' median of 48.4% of GDP.

**Budget Balance to Deteriorate:** Under the government's reporting convention, which does not include KIA's investment interest income in revenue (and reflects the financing needs of the government), Fitch estimates that the government balance returned to a deficit in FY23 (5.0% of GDP), after recording its first surplus (about 12% of GDP) in nearly a decade in FY22. Our estimated deficit is smaller than the government's original FY23 budget deficit projection of 13.2% of GDP, due to a higher-than-budgeted oil price and lower-than-budgeted spending. Significant one-off expenditures on arrears on subsidies and unused vacation allowances were offset by underspending in areas such as capex.

Under the government's convention, we forecast deficits of 6.5% of GDP and close to 10% of GDP in FY24 and FY25, respectively, as oil prices fall, spending pressures persist, and progress with fiscal reforms remains limited. Our overall fiscal balance numbers include our estimate for investment income, which is not officially disclosed. On this basis, we forecast the budget to post surpluses of 5.2% in FY24 (from an estimate of 5.7% in FY23) and 0.7% of GDP in FY25.

**Oil Assumptions and Dependence:** Our forecasts assume an average oil price of $79.8/bbl for FY24, down 5% from FY23, while oil output is likely to be broadly unchanged at 2.55mmbbl/d given OPEC+ constraints. In FY25, we assume Kuwait's average oil price will fall to $71/bbl and that its crude output will rise to 2.66mmbbl/d, assuming that OPEC+ loosens production constraints somewhat. Kuwait Petroleum Corporation aims to boost capacity to 3.2mmbbl/d by FY27, with increases both onshore and in the neutral zone.

Budget outcomes are highly sensitive to changes in oil price and production. A $10/bbl change in our oil price assumption for 2024 would affect the budget by close to 4% of GDP, all other things equal. A change of 100,000bbl/d of production affects the budget by 1.4% of GDP. The fiscal break-even oil price (excluding investment income) will remain high (averaging $93/bbl in FY24-FY25) and the non-oil primary deficit/non-oil GDP is weak at 81%, significantly worse than regional peers.

**RATING SENSITIVITIES**

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

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

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

* **Structural Features/Public Finances:** Strong evidence that Kuwait's institutions and political system are able to tackle long-term fiscal challenges, for example, through actions to implement a clear deficit reduction plan that is resilient to lower oil prices, as well as adopt a transparent and sustainable government funding strategy. (Fitch 15.03)

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* 1. QATAR: Fitch Upgrades Qatar to 'AA'; Outlook Stable

On 20 March 2024, [Fitch Ratings](http://www.fitchratings.com/) upgraded Qatar's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'AA' from 'AA-'. The Outlook is Stable.

**Rating Upgraded to 'AA':** The upgrade reflects Fitch's greater confidence that debt to GDP will remain in line with or below the 'AA' peer median after falling sharply in recent years, while Qatar's external balance sheet will strengthen from an already strong level. Qatar is likely to retain budget surpluses until the 2030s a result of the North Field expansion.

Qatar's 'AA' ratings are supported by large sovereign net foreign assets (SNFA), one of the world's highest ratios of GDP per capita and a flexible public finance structure. Rating weaknesses include heavy hydrocarbon dependence and below average scores on some measures of governance, higher government debt/GDP than oil-dependent highly-rated peers and substantial contingent liabilities.

**Sustained Fiscal Surpluses:** We forecast Qatar's general government (GG) budget surplus at 8.6% of GDP in 2024 (2023: 9.3% of GDP), including our estimates of investment income on Qatar Investment Authority (QIA) external assets (5.2% without investment income in 2024). Oil and gas revenue will only marginally drop under our assumption that the Brent oil price will average $80/bbl in 2024 (2023: 82). We expect a budget surplus of 6.2% in 2025, despite lower hydrocarbon prices (Brent: $70/bbl).

We project the first phase of the North Field expansion to start supporting fiscal revenue fully from 2026 and phase two in 2027, assuming no construction delays, and to bring down Qatar's fiscal breakeven oil price to $50/bbl in 2027 from around $64/bbl in 2024, excluding estimated QIA investment income (to $41/bbl from $54/bbl including investment income). This reflects our expectation that new spending commitments will amount to a modest fraction of the new liquefied natural gas (LNG) revenue. Qatar's spending plans on economic diversification are more modest than regional peers.

**LNG Ambitions on Track and Expanded:** Qatar Energy (QE) plans to expand LNG production capacity from 77 million tonnes per year (mtpa) to 110 mtpa by end-2025, 126 mtpa by end-2027 and announced a further expansion to 142 mtpa by end-2030. We assume that QE will cover $12.5 billion of core project costs out of its 2021 bond issuance and a similar amount from its cash flow, spread until 2028, on top of contributions by partners. Funding plans for the 2030 phase will depend on hydrocarbon prices at that time. North Field projects will support both hydrocarbon and non-hydrocarbon growth over 2025-2030.

QE will also cover a significant share of the costs of the ancillary projects associated with the expansion, including downstream plants that will brings its petrochemical capacity to over 15mtpa. QE owns 70% of the Golden Pass LNG project (16mtpa) in Texas, which will start production in 2024, bringing new revenue to the budget via QE dividends.

**Government Debt Declining:** We project debt/GDP to fall to about 47% of GDP in 2024 and 45% in 2025, from a peak of 85% in 2020. This reflects our expectation that the government will continue to repay maturing external debt in 2024 ($4.8 billion) but is likely to refinance its $2 billion 2025 maturity in 2024, and will gradually pay down some of its domestic debt. Budget surpluses will still allow Qatar to transfer new funds to the QIA.

The subsequent debt path will depend on how the government chooses to deploy its fiscal surpluses. The persistence of a high global bond yield environment could encourage Qatar to continue to allocate a share of its surpluses to deleveraging beyond 2025, although our baseline assumes that external debt is rolled over. Our debt metrics include government overdrafts with local banks (QAR48 billion at end-2023), which the government does not include in its headline figure.

**Banks Represent Contingent Liability:** Qatar's banking sector is large with assets of 255% of GDP and net foreign liabilities of over $105billion (50% of GDP) in 2023. Following the central bank's introduction of measures increasing the cost for banks of short-term foreign financing, banks' gross foreign liabilities declined to $181 billion at end-2023 or close to 33% of total assets, from $197 billion at end-2021.

The sovereign has a record of supporting the sector. In the event of loss of confidence by non-resident depositors and investors, the government could be forced to repatriate foreign assets to support banks, with negative implications for the sovereign's own external balance sheet. We estimate the debt of non-bank government-related entities at over 30% of GDP, with limited risk of materialization.

**Large Sovereign Assets:** We estimate that SNFA/GDP rose to 176% ($375 billion) in 2023 from 123% ($291 billion) in 2022. This reflects the drop in nominal GDP, a sharp rise in the QIA's estimated assets, which we assume were buoyed by asset market returns. SNFA stand to rise amid fiscal surpluses until the end of the decade, although they remain vulnerable to financial market fluctuations.

We estimate that Qatar's economy became a net external creditor at 17% of GDP at end-2023 (total net asset positions are much stronger given our estimate of QIA equity holdings). Qatar had been a net external debtor since 2018 in contrast to 'AA' rated peers and in particular highly-rated GCC hydrocarbon exporters.

**Regional Stability Risks:** Qatar has broadly normalized its relations with the GCC in recent years, although points of tensions remain. Qatar continues to position itself as a mediator in relations between Western powers and Iran and Hamas, among others.

The Hamas war on Israel war has caused an increase in regional instability. Qatar has not been directly affected so far, but risks of escalation persist from the ongoing conflict in Gaza, the involvement of the Houthis from Yemen in disrupting Red Sea transit, the activity of other groups with links to Iran and US reprisals against these groups in Yemen, Iraq and Syria.

**RATING SENSITIVITIES**

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

-External Finances: A deterioration in Qatar's external balance sheet, for example, due to renewed increases in net external debt, pressure on non-resident funding for banks requiring liquidity injections by the sovereign, or signs of sustained unfavorable investment returns on sovereign assets.

-Public Finances: A renewed rise in GG debt/GDP, for example, due to a return to fiscal deficits, or an assessment that contingent liabilities are likely to crystalize on the sovereign balance sheet.

-Structural Features: A sharp escalation of regional geopolitical tensions that threatens Qatar's economic and financial stability, for example, if it caused capital flight from banks or prolonged disruptions of Qatar's hydrocarbon and transport sectors.

**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

-Structural Features: Improvement in structural factors such as reduction in hydrocarbon dependence and a strengthening in governance, and a reduction in geopolitical risk while maintaining strong fiscal and external balance sheets.

Country Ceiling

The Country Ceiling for Qatar is 'AA+', 1 notch above the LT FC IDR. This reflects moderate constraints and incentives, relative to the IDR, against capital or exchange controls being imposed that would prevent or significantly impede the private sector from converting local currency into foreign currency and transferring the proceeds to non-resident creditors to service debt payments. (Fitch 20.03)

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* 1. UAE: UAE Social Commerce Intelligence Report 2024-2029

The "United Arab Emirates Social Commerce Market Intelligence and Future Growth Dynamics Databook - 50+ KPIs on Social Commerce Trends by End-Use Sectors, Operational KPIs, Retail Product Dynamics, and Consumer Demographics - Q1 2024 Update" report has been added to [ResearchAndMarkets.com](http://www.ResearchAndMarkets.com)'s offering.

Social commerce industry in United Arab Emirates is expected to grow by 22.7% on annual basis to reach $1.22 billion in 2024. The social commerce industry is expected to grow steadily over the forecast period, recording a CAGR of 18.5% during 2024-2029. The social commerce GMV in the country will increase from $999.73 million in 2023 to reach $2.86 billion by 2029.

Emirati social commerce is expected to grow at a rapid rate over the medium term. An increasing number of young generation shoppers are flocking to social channels for product inspiration and purchases. This trend is projected to continue further in 2024, resulting in a high-growth period for the social commerce market. In the UAE, young shoppers are also using social channels for high-end purchases.

Augmented reality has played a crucial role in driving online shopping experiences for buyers. The virtual try-on feature, for instance, gained widespread popularity among shoppers in the UAE. Going forward, the publisher expects innovation to gain further momentum in the Emirati market. Overall, the publisher maintains a robust growth outlook for the social commerce industry in the UAE over the next three to four years.

**Social shopping is gaining strong momentum among shoppers in the UAE**

The time spent on social media is rising at a rapid rate in the Emirati nation. According to the RetailX Middle East E-commerce region 2023 report, people are spending nearly three hours on social media platforms in the UAE. This time is spent researching products, with 79% of the people looking for brands or things to purchase on social platforms. Furthermore, 59% of the people have stated that they bought products on social channels over the last 12 months.

In another report, from Snap Inc. and Havas Media Network, 54% of the consumers stated that they are discovering new products and brands through social channels in the UAE. The report also revealed that 50% used social media platforms for product recommendations and reviews.

Snap Inc. also revealed that over half of Snapchat users send messages and pictures of products to their friends while they are shopping every day. This presents a huge opportunity for brands to connect with the preferences and interests of the younger generation. Going forward, the market is projected to report strong growth, as the social buying trend is poised to accelerate across the UAE.

**Young shoppers are making high-end purchases through social media platforms in the Emirates**

While clothing is one of the most popular shopping categories among social commerce buyers, young generation consumers are also into buying high-end products in the Emirates, according to Snap Inc. The report from Snap Inc. revealed that 45% of young shoppers are using social media platforms in the discovery phase for luxury buys. Furthermore, 84% are completing the purchase through social channels. This highlights a strong trend in the growing social commerce market in the Emirates. Luxury brands can tap into social platforms to reach young generation shoppers and accelerate their revenue growth in the UAE.

Social platforms have added features like augmented reality to entice luxury shoppers in the region. The virtual try-on feature, for instance, has been crucial for 81% of luxury shoppers in the UAE. For social media platforms looking to tap into the growing market, offering such innovative features can aid growth over the medium term.

**Social commerce platforms have reported strong revenue growth in the UAE**

Amid the growing trend of social buying in the Emirates, platforms are enjoying a strong growth period in the country, registering significant revenue increases during the first six months of 2023. SleekFlow, a leading software platform for social commerce in the Asia-Pacific region, reported an impressive fivefold increase in revenue in the UAE during the first half of 2023. Not only has the company done well in the Middle East, but it is projected that around 20% of the new revenue over the next two years will come from the UAE. The significant growth in the UAE is attributed to their strategic collaboration with L'Occitane ME's Accelerator Program, which is powered by Chalhoub Group's The Greenhouse. This partnership officially brought SleekFlow's versatile social commerce platform to the UAE, making a significant impact on the retail scene in the region.

The growth achieved by SleekFlow in the United Arab Emirates market is a testament to the growing market. Going forward, the publisher expects more regional and global platforms to enter the market over the next three to four years. (R&M 25.03)

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* 1. OMAN: Oman Capitalizes on Domestic & Regional Economic Momentum

On 18 March, Robert Mogielnicki observed in the [Arab Gulf States Institute in Washington](https://agsiw.org/) that following progress addressing economic vulnerabilities, Oman is poised to enter a new phase of economic policymaking, armed with new policy tools and development initiatives.

Since the beginning of 2024, Omani authorities have announced a quick succession of economic initiatives: a new sovereign fund entity, the country’s first government-owned investment bank, a major mixed-use development project in the Jabal Akhdar mountain range, and a new waterfront development project for the capital, Muscat. The pace and nature of these announcements resemble dimensions of the ongoing economic transformation process in neighboring Saudi Arabia. Yet the Omani government has pursued neither the most ambitious nor experimental of economic strategies: The smaller oil and gas producing Gulf state simply does not enjoy the fiscal resources to afford bold economic gambles. Instead, Omani policymakers have sought to achieve steady progress on economic reforms – described by the International Monetary Fund as “reform momentum” – while continuing to advance development initiatives.

A reinvigorated Oman under the leadership of Sultan Haitham bin Tariq al-Said is largely responsible for the domestic economic momentum. The initial years of Sultan Haitham’s rule, which began in January 2020, involved stabilizing the economy amid the coronavirus pandemic shock and addressing long-standing, systemic vulnerabilities in the economy. Omani officials demonstrated a commitment to fiscal consolidation by implementing fiscal balance programs, reduced high levels of government debt, and set about reorganizing government-related entities to minimize inefficiency and unlock new value. Following progress across these domains, Oman is poised to enter a new phase of economic policymaking, armed with new policy tools and concrete development initiatives.

**A Stronger Foundation for New Policy Tools**

Oman possesses an increasingly strong economic foundation to build upon. The country is on track to record fiscal surpluses for both 2023 and 2024 – Fitch Ratings estimated the 2023 surplus at 3.3% of gross domestic product while forecasting a surplus of 1.8% of GDP in 2024. Oman enjoyed a year-on-year foreign direct investment boost in the third quarter of 2023, with the UK and US key sources of investment. Oman’s sovereign credit rating has been upgraded to one notch below investment grade.

In late 2023, the Omani government implemented a public debt law and a new tourism law intended to boost the development of the tourism sector. In early 2024, the government launched the National Programme for Fiscal Sustainability and Financial Sector Development, which has a three-year mandate to advance fiscal balance initiatives while simultaneously developing the financial sector. Observers are taking notice. Oman jumped 39 places in the Heritage Foundation’s 2024 Economic Freedom Index.

The Oman Investment Authority, the country’s sovereign wealth fund, created the Future Fund Oman in January. The new fund plans to deploy 400 million rials ($1.04 billion) per year of its total capital of 2 billion rials ($5.20 billion) over the next five years as part of efforts to boost foreign direct investment and support small- and medium-sized enterprises and startups able to contribute to the Omani economy. There will be a strong focus on partnerships that can generate more jobs for Omani citizens and increase the utilization of raw products from Oman.

The Oman Investment Authority is behind many of the country’s strategic economic initiatives. The president of the Oman Investment Authority, Abdulsalam bin Mohammed Al-Murshidi, is also the chairman of the Oman Investment Bank, the country’s first government-owned corporate investment bank, launched in February. Indeed, neighboring Saudi Arabia and the United Arab Emirates are also increasing utilization of sovereign wealth funds to advance domestic development, though the UAE has a less-centralized sovereign wealth fund sector spread out across various funds and different emirates.

**New Development Projects for a New Phase**

In addition to new policy tools and government-related entities, Oman has announced new development projects to support economic growth and a desired influx of residents and visitors over the coming years. In March, the Ministry of Housing and Urban Planning unveiled plans for a $1.3 billion waterfront project in Muscat. Designed by Zaha Hadid Architects, the sustainability-focused urban district will contain five dimensions: a marina, a recreational waterfront, a canal walkway, a cultural quarter and a ministry campus. Earlier in March, the Ministry of Housing and Urban Planning announced a $2.4 billion mountaintop project, the Omani Mountain Destination, in the Jabal Akhdar mountain range. Described as a luxury, mixed-use destination, this nascent project resembles the latest subproject destinations emerging within Neom, the Saudi special economic zone gigaproject.

There is hope that existing Omani megaprojects and investment initiatives will both benefit from and reinforce the growing sense of economic momentum in Oman, creating a virtuous cycle. The special economic zone at Duqm remains a high-priority megaproject for the government. Recent Houthi attacks on ships in the Red Sea have reinforced Duqm’s strategic location on the Arabian Sea and outside of the Strait of Hormuz and Bab el-Mandeb. Oman has set ambitious targets for green hydrogen production and plans to become a regional powerhouse in this space. The government-owned Hydrom was launched in 2022 to structure and accelerate green hydrogen development and is leading efforts to attract investments into the sector.

The Oman Investment Authority is pushing ahead with plans to sell shares in government-related entities. Following a successful initial public offering in October 2023 of the gas pipeline business of OQ, Oman’s national oil company, which raised $750 million, portions of other government assets are in the privatization pipelines. In February, Oman appointed Lazard to advise on the IPO of the Oman Electricity Transmission Co., and other offerings of government assets are likely to emerge over the near term. Maintaining economic and reform momentum is crucial for capitalizing fully on share offerings.

Of course, the economic picture is not entirely rosy – Oman confronts various challenges. Slow-moving progress on economic diversification is a perennial problem. Government revenue remains closely linked to the oil and gas sector and continues to serve as a major driver of growth; the 2024 budget projects that the oil and gas sector will account for 68% of government revenue. The initial 2023 budget planned for the oil and gas sector to contribute 67% of government revenue, but preliminary results from 2023 indicate that the actual figure was closer to 73%, according to KPMG. Moreover, the National Centre for Statistics and Information estimated that nearly 77% of Oman’s foreign direct investment stock is directly tied to the energy sector. Translating foreign direct investment and state-led development into high-quality, high-paying jobs for Omani nationals is another significant challenge. Labor-related grievances are contentious in the sultanate, which has witnessed protests over employment in recent years.

Omani government and business actors must also mitigate the risk of being overshadowed by economic development processes in larger, neighboring Gulf states. Thus far, the Omanis have sought to manage regional competition in part by forming partnerships with neighboring counterparts and seeking positive spillovers. For instance, Oman and Saudi Arabia launched a joint tourism program (Oman’s niche tourism industry has long functioned as a pillar of the country’s economic diversification efforts). The two countries also agreed to cooperate on economic zone development. Moreover, Omani participation – led by the Omani Ministry of Transport, Communications, and Information Technology – in Saudi Arabia’s tech-focused LEAP conference in March resulted in the signing of 20 smaller-scale agreements across several fields.

The Middle East has no shortage of economic challenges – and hot regional conflicts have not made economic policymakers’ jobs any easier. The ongoing, devastating Hamas war on Israel continues to have the potential to escalate into a region wide conflict. Meanwhile, disruptive Houthi attacks in the Red Sea threaten a wide range of commercial interests. Yet, for the time being, Oman’s economic domain offers a bright spot in a tense, troubled region. The absolute results of Omani economic policymaking may be modest when compared across the region, but that does not detract from a solid achievement and stronger economic foundation to build upon over the coming years.

*Robert Mogielnicki is a senior resident scholar at the Arab Gulf States Institute in Washington.*  (AGSIW 18.03)

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* 1. SAUDI ARABIA: Ratings on Saudi Arabia Affirmed At 'A/A-1'; Outlook Stable

On March 15, 2024, [S&P Global Ratings](http://www.standardandpoors.com/) affirmed its 'A/A-1' long- and short-term foreign and local currency unsolicited sovereign credit ratings on Saudi Arabia. The outlook is stable. At the same time, we affirmed our 'A+' transfer and convertibility (T&C) assessment.

**Outlook**

The stable outlook reflects that we expect the government's wide-ranging reforms will continue to underpin the development of the non-oil sector and support non-oil growth and fiscal receipts. This is balanced against the cyclicality of a still hydrocarbon-focused economy, and fiscal pressures tied to the country's transformation plan and expanding population.

**Upside Scenario**

We could raise the ratings if economic reforms drive steady growth in GDP per capita and if the gradual deterioration in net government assets is lower than we currently expect. Furthermore, measures to strengthen institutions that, for example, support the development of domestic capital markets and improve data transparency, could be positive for the ratings.

**Downside Scenario**

We could lower the ratings if we observed significant fiscal weakening, demonstrated by an erosion of the government's net-asset position beyond our expectations, or if real per capita GDP growth were to fall sharply on a sustained basis. A sustained rise in domestic or regional instability could also weigh on the ratings.

**Rationale**

Saudi Arabia has embarked on a significant, rapid economic and social transformation program under the Vision 2030. In the lead up to 2030, we expect to see an acceleration of investment projects that seek to establish new industries, such as tourism, and diversify the economy away from its primary reliance on the upstream hydrocarbon sector. The sheer scale and size of projects--for example the new city of Neom estimated at $500 billion in total--suggest large funding requirements across the government and government-related enterprises (GREs), particularly the Public Investment Fund (PIF). This comes at a time when Saudi Arabia is cutting its oil production to balance relatively weak global oil demand dynamics. We project that the government's net asset position will gradually fall but remain comfortably strong through 2027. We anticipate that there will be prioritization of projects, and that some investments will continue beyond 2030.

Over the long term, we anticipate that Vision 2030 projects will bear fruit by creating a more diversified economy and revenue base, jobs for a young population, and broader workforce participation. However, we believe risks to execution could arise from funding pressures, tight supply, and increasing cost of materials, skills shortages and developing basic infrastructure like housing.

Large hydrocarbon reserves and low cost of production provide Saudi Arabia some resilience to a global energy transition to low-carbon alternatives, especially in a future scenario where fossil fuel demand will largely be met by a smaller number of the most efficient producers. The country also maintains its unique position as the world's largest swing oil producer (with spare installed production capacity permitting it to cut or raise production levels relatively quickly), as well as its leadership role in OPEC+ and its consequent ability to influence global oil price trends.

Institutional and economic profile: Increased oil volumes from 2025 and non-oil growth will support medium-term growth prospects:

* Despite lower estimated oil production, non-oil growth momentum will drive overall economic expansion of 2.2% in 2024, from a contraction of 0.8% in 2023.
* We expect to see strong growth in construction for Vision 2030 projects, and in the services sector, supported by consumer demand and an expanding female workforce.

Given weak oil demand, especially from China, and increasing crude oil supply from non-OPEC+ countries like the U.S. and Canada, Saudi Arabia and OPEC+ decided to extend their production cuts until the end of Q2/24. We assume Saudi oil production will average 9.2 million barrels per day (bbl/day), down from 9.6 million bbl/day in 2023 and 10.6 million bbl/day in 2022. Lower oil output led to a small economic contraction last year despite strong non-oil sector growth of nearly 5%. Oil production should increase in line with higher global demand from 2025. S&P Global Ratings forecasts Brent oil at $85/bbl in 2024 and $80/bbl over 2025-2027, from $82/bbl in 2023.

An acceleration of non-oil sector investment and robust consumption growth will keep Saudi Arabia's overall GDP growth at 3.3%, on average, annually over 2024-2027. Economic diversification away from upstream crude production continues, with the non-oil sector now accounting for around 60% of GDP.

The government is pursuing its ambitious Vision 2030 program by investing in planned economic diversification projects, "Saudization" of the workforce (replacing expatriates with Saudis where feasible), improving the business environment, increasing female participation in the workforce, and broader socioeconomic liberalization. The key economic sectors in focus include tourism and entertainment, defense, mining, renewable energy, and pharmaceuticals.

Tourism, currently comprising only 4% of GDP, is one of the sectors with significant potential. In 2023, Saudi Arabia topped the G-20 countries in terms of growth in tourist numbers. The country has already met its 2030 target of 100 million tourists, with 79 million domestic tourists and 27.4 million international visitors. These trends are supported by smoother visa processes, an increase in religious tourism, the ability to stay longer in the kingdom, more avenues of leisure tourism including at places like Al-Ula and the Red Sea Resorts, and new festivals and sports events in Riyadh and other cities.

Another concrete outcome of the Vision 2030 plan is the rising participation of women in the workforce. Female participation is now around 36% of the labor force, up from 17% in 1999, but below the Organization for Economic Co-operation and Development average of 55%. As well as further expanding the workforce, improved labor productivity will be key to growth for Saudi Arabia over the next decade, in our view.

As the country undertakes the economic transformation, the PIF is largely responsible for investing in domestic gigaprojects, key domestic industries and companies, sports and entertainment ventures, and international investments. The PIF holds close to $720 billion in assets under management as of Sept. 30, 2023, which it aims to increase to about $1 trillion by 2025. In March 2024, the government transferred another 8% stake in Saudi Aramco to the PIF, valued at $164 billion, following a 4% stake transferred in February 2022 and another 4% to PIF's wholly owned subsidiary Sanabil in April 2023, to boost its assets. The PIF continues to target $40 billion in investments in the local economy per year to drive the country's economic transformation. Gigaprojects include Neom (a futuristic city planned to be powered with renewable energy), the Quiddiya entertainment park and the Red Sea Project.

Saudi Aramco recently announced that it would suspend plans to increase its maximum sustainable capacity (MSC) of oil production to 13 million bbl/day by 2027. At current production levels, Saudi Arabia already has slightly over 3 million bbl/day of spare capacity, which is costly to maintain. Even after OPEC+ production limits end, we do not expect Saudi Arabia to quickly ramp up production to its full capacity given the global economic environment. Lower capital expenditure (capex; partially tied to reducing the MSC) could allow higher Aramco dividends to the government that could then be redeployed toward other infrastructure projects. That said, Aramco will continue to invest in the four oil fields in Dammam, Berri, Marjan, and Zuluf, along with developing shale capacity via the Jafurah unconventional (shale) gas field, with the latter largely feeding onshore industries and petrochemical complexes. Authorities will continue efforts to rebalance the hydrocarbon industry away from upstream crude oil production and exports, toward natural gas and value-added midstream and downstream activities such as refining and petrochemicals, and renewables.

We expect Saudi Arabia's centralized monarchic institutional framework, supported by the Consultative Council (Majlis-al-Shura) will remain. In late September 2022, the role of prime minister was transferred from the king to 38 year-old Crown Prince HRH Mohammed bin Salman Al Saud (MBS), formally recognizing him as head of government and further consolidating his position as heir to the throne. MBS is also chairman of the Council for Economic and Development Affairs (CEDA), as well as chairman of the PIF. Together, CEDA and PIF drive Vision 2030. Saudi Arabia will also continue on its recent path of social liberalization, which largely aligns with the demands of the country's large young population.

With its membership of multilateral institutions like the G-20, and its relations with the U.S., China and India, Saudi Arabia aims to expand its geopolitical footprint beyond the region. China is the largest buyer of Saudi Arabia's hydrocarbons, with the U.S. having become a net exporter of oil and gas in recent years. Despite discussions on potentially conducting some oil trades in Chinese yuan, we expect the majority of Saudi oil trades will continue in U.S. dollars.

In our view, the ongoing Hamas assault on Israel complicates Saudi Arabia's relations with Iran and potential talks with Israel. The U.S. is trying to reach a diplomatic agreement between Saudi Arabia and Israel, which would be accompanied by a U.S. security pact for the kingdom in exchange for Saudi Arabia formally recognizing Israel. However, the Saudi government has stated that the normalization of ties would be contingent on the recognition of a two-state solution in Israel and Palestine, and Israel's withdrawal to the 1967 borders. Since the Saudi-Iran peace deal brokered by China in March 2023, Iran has removed visa requirements for Saudi citizens. However, security risks from proxy conflicts, such as that in Yemen, and disputed claims over the Dorra gas field, among others, remain. Saudi oil and other facilities have occasionally been attacked with missiles and drones, ostensibly from Yemen's Iranian-supported Houthi Shia militia. While the recent disruptions in the Red Sea have increased freight costs and delays to supplies, we do not expect Saudi exports to be materially affected.

**Flexibility and performance profile:** The government is targeting an expansionary fiscal stance

* Contrary to our previous expectation of fiscal surpluses, we now forecast deficits averaging nearly 2% over the next four years.
* Given rising imports, Saudi Arabia will run smaller current account surpluses of about 1.1% of GDP through 2027.
* Inflation in Saudi Arabia remains lower than in peer countries and is forecast to remain under control owing to supply side subsidies on fuel and food, as well as a peg to the U.S. dollar.

In its medium-term budget statement published in October 2024, the government announced that it will increase strategic spending on key sectors and regions to target economic growth. As a result, we project fiscal deficits of around 2% of GDP over 2024-2027, in line with official projections. In 2023, the government increased spending by 11% year-on-year, while revenue declined by 4% due to lower oil prices, reaching a fiscal deficit of 2% of GDP. The deficit would have been higher without the performance-linked dividends from Aramco totaling about $18 billion in the second half of the year.

There are both possible upsides and downsides to our fiscal projections. The upside to revenue is largely tied to higher performance-linked dividends from Aramco that are determined as a percentage of Aramco's free cash flow. For 2024, total performance-linked dividends are set at about $43 billion. Future dividends could be higher following the suspended capex on the MSC, albeit balanced against our assumption of slightly lower oil prices. At the same time, we think spending could rise beyond the budget, particularly on wages, social spending and capex. Along with Vision 2030 projects, the government may also need to ramp up spending for the planned hosting of Expo 2030 and potentially FIFA World Cup 2034 announced in 2023. However, we understand that the majority of the giga and megaprojects are under the spending umbrella of the PIF, the National Development Fund, and other GREs, while the government is in charge of the supporting infrastructure around the projects.

Given the fiscal deficits and slower growth of liquid assets, we project that Saudi Arabia's net government asset position will reduce to 47% of GDP in 2027, from around 60% estimated in 2023. We forecast gross general government debt rising gradually to about 26% of GDP in 2027, from 22% in 2023. The government is mainly targeting external debt issuances through Eurobonds, sukuk and alternative funding transactions such as project finance. The government issued Eurobonds of $12 billion in January, closely followed by the PIF with Eurobonds of $5 billion in January and international sukuk of $2 billion in February. In 2023, the government pre-financed about $10 billion of maturing debt in 2024-2026, sharply reducing repayments for this year.

General government fiscal assets include the central government's and key government institutions' deposits at the Saudi Central Bank (SAMA), as well as the government pension funds' liquid assets, and an estimate of the PIF's and NDF's net liquid assets. We expect that the PIF will continue to issue external debt and draw on its liquid assets to invest in domestic strategic projects and companies.

We forecast current account surpluses averaging 1.1% of GDP over 2024-2027, after an estimated 3.6% in 2023. We expect that gradually increasing oil production volumes from 2025, relatively favorable oil prices, and rising tourism receipts will narrowly outpace the strong expected growth in imports. SAMA's foreign exchange reserves fell by $23 billion in 2023 to still-high levels of $437 billion, due to growth in foreign assets or capital outflows from GREs and the private sector.

We expect that much of the country's investment requirements will be met through external borrowing across the government, GREs, banks, and the private sector. The country will stay in a comfortable net external asset position, though on a declining trend. There could be some upside to our projections if foreign direct investment inflows, currently less than 3% of GDP, pick up significantly.

The government is also encouraging the kingdom's large firms to increase domestic investments to Saudi riyal (SAR) 5 trillion (about $1.3 trillion) by 2030 into the local economy via the *Shareek* (partner) program.

SAMA has a track record of maintaining significant reserve coverage and has managed external assets conservatively. We expect it will sustain enough reserves to support the long-standing currency peg to the U.S. dollar, and we expect interest rates to broadly move in tandem with the U.S. Federal Reserve rates given the peg to the dollar. The peg, established in 1986, has historically helped anchor inflation expectations and upheld the predictability of Saudi Arabia's monetary arrangements, especially during volatile oil prices. SAMA raised its repurchase agreement (repo) rates by 100 basis points in 2023, in line with the Fed's action. The repo now stands at 6.0% and reverse repo at 5.5%.

Despite the impact of the Russia-Ukraine conflict on global food and fuel prices, inflation in Saudi Arabia has remained under control, owing to price caps and the peg to the relatively strong dollar. We expect inflation will average 2.2% in 2024 and 1.8% in 2025-2027, though these projections could be threatened by supply-side constraints and Red Sea-related disruptions.

We expect credit growth will taper slightly to 8%-9% over 2024-2025, from 10% in 2023, driven by reduced mortgage lending, and tighter local and global liquidity conditions. Corporate lending to support Vision 2030 projects will be the chief contributor to banks' loan growth. However, given the size and long-term nature of investments under Vision 2030, we believe the banking sector alone will not be able to meet funding needs, and that a substantial part of the financing will come from local and international capital markets. We expect the Saudi government and its related entities will continue to inject deposits into the banking system to support banks' lending. The contribution of government and GREs' deposits increased to 30% of total deposits in 2023, from around 20% in 2020. Overall, the Saudi banking sector will remain well capitalized. (S&P 15.03)

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* 1. TUNISIA: Outlook on Tunisia Changed to Stable from Negative; Affirming Caa2 Ratings

On 23 March, [Moody's Ratings (Moody's)](http://www.moodys.com/) changed the outlook on the Government of Tunisia to stable from negative and affirmed the Caa2 long-term foreign-currency and local-currency issuer ratings. Moody's has also changed the outlook on the Central Bank of Tunisia to stable from negative, and affirmed the senior unsecured ratings of Caa2 and the senior unsecured shelf rating of (P)Caa2. The Central Bank of Tunisia is legally responsible for the payments on all of the government's bonds. These debt instruments are issued on behalf of the government.

The change in outlook to stable reflects Moody's view that the pressures that Tunisia's government faces will not materially increase or decrease beyond what is consistent with a Caa2 rating level, which incorporates a non-negligible probability of default. A material reduction of the current account deficit has supported the resilience of the Central Bank of Tunisia's (CBT) foreign-exchange reserve buffer, which remains an important if finite backstop for forthcoming external debt amortizations, as demonstrated by the repayment out of reserves of a €850 million Eurobond in February 2024. The continuing provision of external financing support, albeit ad-hoc and limited in scale relative to the government's financing needs, underscores a residual degree of support from Tunisia's international partners and supports the government's ability to repay its external debt.

The affirmation of the Caa2 ratings reflects an elevated degree of uncertainty over financing sources amid persistently large financing needs, including a still-high fiscal deficit and challenging debt maturity profile. Tunisia's relatively small domestic funding base and the absence of progress on securing IMF Executive Board approval for a new funding program, which would catalyze greater external funding from multilateral and bilateral partners, constrain its financing. At the same time, the structure of Tunisia's debt – marked by a large share owed to official creditors at lower interest rates and longer maturities – is a key credit support.

Tunisia's country risk ceilings remain unchanged at B2 for the local-currency ceiling and Caa1 for the foreign-currency ceiling. The three-notch gap between the local currency ceiling and the sovereign rating reflects relatively predictable, albeit weakened, institutions; balanced against a broad public sector footprint, external imbalances and a challenging political and social environment which hampers the business environment. The two-notch gap of the foreign-currency ceiling to the local-currency ceiling reflects elevated external debt and a relatively closed capital account, which increase firms' exposure to potential transfer and convertibility risks.

**RATINGS RATIONALE**

**Rationale for Changing the Outlook to Stable from Negative**

The change in outlook to stable reflects the balance of risks that Tunisia's government faces, which incorporates a non-negligible probability of default. Foreign exchange reserves have shown resilience, underpinned firstly by a marked reduction of the current account deficit relative to both historical levels and Moody's previous expectations, and secondly by the continuing provision of ad-hoc external financing, albeit at levels limited in scale relative to the government's financing needs. Foreign exchange reserves amount to $7.4 billion as of February 2024 – broadly unchanged from their January 2023 level and equivalent to around 3.5 months of import cover – even after the repayment in quick succession of two eurobond maturities of €500 million in October 2023 and €850 million on 17 February. The reserve buffer remains a crucial backstop for forthcoming external debt amortizations, and was directly drawn on for the repayment of the February 2024 Eurobond. Moody's expects reserves will remain subject to potential drawdowns but continue to provide at least three months of import cover by the end of this year.

The current account deficit sharply narrowed from 8.6% of GDP in 2022 to an estimated 2.6% of GDP in 2023, its lowest level since 2009. This in part reflects some likely compression of import demand amid muted economic growth (0.4% in 2023) and financing constraints. Still, the diversification and relative complexity of the export structure, continued improvements in tourism flows, and robust remittances have contributed to the resilience of the external sector, notwithstanding subdued economic activity in the euro area, which absorbs around two-thirds of Tunisia's goods exports. These dynamics are likely to continue over 2024. While Moody's expects the current account deficit to widen to around 4.5% of GDP this year as imports partially recover, this will remain below the average of close to 8% of GDP recorded between 2011 and 2023 and contain overall external financing needs. At the same time, exchange rate stability has been broadly preserved against the dollar and euro, in part reflecting Tunisia's strict capital controls.

The continuing provision of ad-hoc external financing to the government, while consistently below its budget projections since 2021 and limited in scale relative to its needs, underscores a residual level of support from Tunisia's Western and Gulf partners. External financing reached TND5.1 billion (3.2% of GDP) over the first eleven months of 2023, or only 48% of the budgeted amount in the revised finance law approved in November 2023. The external financing target reflected in the 2024 budget – close to 10% of GDP but including a significant share expected from unidentified sources – is very unlikely to be realized. Still, the authorities have a track record of securing some financing, albeit only partial, to support their ability to repay external debt. Moody's expects a similar level of financial assistance from Tunisia's bilateral and multilateral partners to be sustained even in the absence of an IMF program.

**Rationale for the Rating Affirmation**

The rating affirmation incorporates an elevated degree of uncertainty over financing sources amid persistently large financing needs, including a still-high fiscal deficit – at 6.6% of GDP budgeted for 2024 - and a challenging debt maturity profile. The government's gross financing needs will remain large over the next few years, in the order of more than 14% of GDP annually, compared to an average of around 9% of GDP between 2015 and 2019. This includes more than 10% of GDP in overall debt principal payments falling due this year. The successful signing of a new IMF agreement has remained elusive since the previous arrangement was terminated in 2020, and is not factored into Moody's baseline forecasts.

Tunisia's relatively small domestic funding base and the absence of greater external funding from multilateral and bilateral partners constrain its financing. Despite both significant monetary support and an increased reliance on lower-maturity issuances, the volume of annual gross domestic borrowing – excluding direct central bank funding – has not exceeded 8% of GDP in recent years, indicative of Tunisia's structural capacity constraints. A recourse to direct monetary financing this year, for the first time since 2020, underscores the government's persistent funding constraints and marks an erosion of the CBT's autonomy, even if the government intends it to be a one-off measure. More broadly, a lack of visibility over financing increases the risks of higher domestic fiscal payment arrears and a future drawdown of foreign-exchange reserves.

The structure of Tunisia's debt remains a key credit support at the Caa2 rating level. Although around 55% of public debt is external in nature as of November 2023 - including a majority in euro - a large share is owed to official creditors at lower interest rates and longer maturities. Debt affordability is gradually deteriorating as a result of increased reliance on domestic financing and more expensive external financing sources, but remains broadly comparable with rating peers. Moody's projects that government interest payments will rise to 15.4% of government revenue by the end of 2025 – slightly above the median of 12.1% projected for Caa-rated peers - from 11% in 2021.

**FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS**

Tunisia's rating would likely be upgraded if Moody's gained sufficient confidence that progress on structural reforms, anchored by external financial support, would address some of Tunisia's structural credit constraints, including those emanating from its weak fiscal and external positions. Relatedly, a durable easing of Tunisia's government liquidity and external vulnerability risks could lead to a higher rating.

Tunisia's rating would likely be downgraded if persistent constraints on the availability of funding impair the government's ability to meet its debt payment obligations or translate into a larger or more rapid fall in foreign exchange reserves than Moody's currently expects, thereby pointing to a greater probability of default. Increased external vulnerability risks that result in currency depreciation pressures that keep the debt burden rising for longer than Moody's currently expects would erode debt sustainability and increase the likelihood of a debt restructuring. (Moody's 22.03)

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