

**The FORTNIGHTLY**

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

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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*](mailto: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. Government of Israel Approves M2 Metro Line Plan for Tel Aviv

The government finally approved the M2 metro line, the fourth plan among the plans for metro lines in the Gush Dan metropolis. The only metro line that the government has not yet approved is in the section of the M1 line that is supposed to pass in the northern part of the metropolis, through the cities of Kfar Saba, Ra'anana and Hod Hasharon. The delay is due to opposition from the residents, which was received by the planning administration. Not deciding on another alternative is expected to lead to a significant delay in the implementation of the plan and even its cancellation.

In the past there was also opposition to the M2 line, because work on the Bnei Brak station must continue and be carried out even on the Sabbath – which, according to the municipality, harms the character of the city. In the end, last September, the plan was approved in principle after the Bnei Brak municipality actually agreed to work on the Sabbath within the city limits in the metro project, as long as they were carried out underground without public visibility.

This is the largest infrastructure project ever undertaken in Israel, costing approximately NIS 150 billion. According to the plan, lines of the metro in Israel will connect the entire Tel Aviv metropolis, from Lod, Ramle and Rehovot in the south to Ra'anana and Kfar Saba in the north and Petah Tikva in the east. It will be an additional and main answer to easing congestion on the roads, increasing investment in public transportation and shortening travel distances to employment centers in the metropolis. (JP 06.05)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Wiz Raises $1 Billion at a $12 Billion Valuation in Biggest Round in Israeli History

Wiz has announced the completion of a $1 billion financing round at a company valuation of $12 billion. This brings the total amount raised by the company to $1.9 billion. The latest round was led by Andreessen Horowitz, Lightspeed Venture Partners, and Thrive Capital, with participation from Greylock, Wellington Management, and existing investors Cyberstarts, Greenoaks, Howard Schultz, Index Ventures, Salesforce Ventures and Sequoia Capital. Wiz says it will use the latest funding to help drive future M&A efforts, along with talent recruitment and product development.

The biggest funding round in Israeli tech history follows the acquisition of Israeli cloud detection and response company Gem Security for $350 million in March. The acquisition has enabled Wiz to expand its cloud native application protection platform. The company, which reached annual revenue of $100 million within 18 months of launching its product - an industry record - has an ambitious target of $1 billion annual revenue in the coming years.

Tel Aviv's [Wiz](https://www.wiz.io/), which was founded in 2020, has 900 employees in Israel, the US, Europe and Asia and plans to hire over 400 new employees this year, some of them in Israel. Organizations of all sizes and industries use Wiz to rapidly identify and remove the most critical risks in AWS, Azure, GCP, OCI, Alibaba Cloud and Kubernetes so they can build faster and more securely. (Wiz 07.05)

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* 1. NVIDIA to Acquire GPU Orchestration Software Provider Run:ai

On 24 April, NVIDIA announced it has entered into a definitive agreement to acquire Run:ai, a Kubernetes-based workload management and orchestration software provider. Run:ai enables enterprise customers to manage and optimize their compute infrastructure, whether on premises, in the cloud or in hybrid environments. The company has built an open platform on Kubernetes, the orchestration layer for modern AI and cloud infrastructure. It supports all popular Kubernetes variants and integrates with third-party AI tools and frameworks.

NVIDIA will continue to offer Run:ai’s products under the same business model for the immediate future and NVIDIA will continue to invest in the Run:ai product roadmap, including enabling on NVIDIA DGX Cloud, an AI platform co-engineered with leading clouds for enterprise developers, offering an integrated, full-stack service optimized for generative AI. NVIDIA HGX, DGX and DGX Cloud customers will gain access to Run:ai’s capabilities for their AI workloads, particularly for large language model deployments. Run:ai’s solutions are already integrated with NVIDIA DGX, NVIDIA DGX SuperPOD, NVIDIA Base Command, NGC containers, and NVIDIA AI Enterprise software, among other products.

Tel Aviv's [Run:ai](https://www.run.ai/‎) helps companies execute on their AI initiatives quickly, while keeping budgets under control, virtualizing expensive hardware resources in order to pool, share and allocate your resources efficiently. (NVIDIA 24.04)

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* 1. Nagomi Launches with $30 Million to Optimize Enterprises’ Cybersecurity Toolkits

[Nagomi Security](https://nagomi.security/) launched with $30 million in funding. TCV led the investment with participation from the venture capital arms of CrowdStrike Holdings and Okta. Returning backer Team8 chipped in as well.

New York and Tel Aviv-based Nagomi offers a software platform designed to fix such cybersecurity gaps. The Proactive Defense Platform, as it’s called, can map out the online threats facing an organization. It then determines whether the organization’s cybersecurity systems can effectively block those threats.

Nagomi identifies risks using MITRE ATT&CK, a widely-used breach tactic database. It’s a kind of reference book that contains information on the methods hackers use to find network vulnerabilities, evade detection by antivirus tools and perform related tasks. Enterprises use the database to identify ways of improving their cybersecurity posture.

The company says its platform can double as a cost-saving tool. In addition to identifying cybersecurity gaps, Nagomi spots cases where an enterprise has deployed breach prevention tools with overlapping features. Removing unnecessary software reduces licensing costs and reduces the number of cybersecurity products that administrators must maintain. Nagomi was founded last January under the name Vena Security. (Nagomi 25.04)

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* 1. Delek Unit Ithaca Buys Eni's UK Assets

Delek Group North Sea energy exploration and production unit Ithaca Energy has agreed to buy Italian energy major Eni unit Eni UK's North Sea gas and oil assets - one month after reporting it was in talks for the deal. In this latest in a series of acquisition deals, Ithaca will pay $940 million in stock, giving Eni a 37.3% stake in the Delek unit. Delek itself, controlled by Yitzhak Tshuva, will remain with a 52.7% stake in Ithaca, down from nearly 90% before the deal, while 10% of Ithaca's shares will continue to be traded on the London Stock Exchange.

Ithaca is traded with a market cap of £1.2 billion ($1.5 billion) while Eni UK was valued at $940 million for the purposes of the merger. The deal will give the merged company a valuation of at least $2.5 billion. The deal is expected to be completed at the end of the second quarter of 2024.

After the deal, Ithaca's production potential (oil and gas) will nearly double to 110,000 barrels of oil equivalent per day from the current 60,000 barrels of oil equivalent per day. Prior to the deal 70% of Ithaca's assets were in oil and 30% in natural gas, while Eni UK's assets are split 60% oil and 40% gas. Ithaca expects that the company's total reserves after the deal is completed will increase by about 100 million barrels of oil equivalent to about 660 million barrels of oil equivalent over a period of 15 years. Since Eni UK's reserves are over 6-8 years, Ithaca's aim in the deal is to increase production in the immediate term and generate a greater cash flow. Ithaca estimates that after completion of the deal, it will distribute a dividend of $500 million in each of the next two years. (Globes 25.04)\

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* 1. Nayax Completes Acquisition of VMtecnologia

Nayax has completed its acquisition of VMtecnologia, a leading technology provider for the automated self-service industry in Brazil. This strategic acquisition marks a significant step in Nayax's expansion into the Latin American market. By entering the Latin American market with a strong and immediate market presence, Nayax is poised to leverage VMtecnologia's established position, serving over 2,400 retailers in diverse industries across all 27 states in Brazil and more than 466 cities as of the end of February 2024.

Herzliya's [Nayax](http://www.nayax.com) is a global commerce enablement, payments and loyalty platform designed to help merchants scale their business. Nayax offers a complete solution including localized cashless payment acceptance, management suite, and loyalty tools, enabling merchants to conduct commerce anywhere, at any time. With foundations and global leadership in serving unattended retail, Nayax has transformed into a comprehensive solution focused on their customers' growth across multiple channels. Today, Nayax has nine global offices, approximately 900 employees, connections to more than 80 merchant acquirers and payment method integrations and is a recognized payment facilitator worldwide. (Nayax 30.04)

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* 1. AdGPT Launches GenAI Tool to Automate Digital Ad Creation for SMBs

AdGPT announced its launch out of stealth. The platform enables SMBs to create high-finish ads, without any previous advertising experience, that are optimized for digital platforms, including Facebook, Instagram, X (Twitter), Google, Taboola and Outbrain. AdGPT enables the creation of 100 complete and unique ads in seconds based on a single session of simple user prompts. AdGPT's algorithm was trained on thousands of award-winning ads, and analyzes and understands hundreds of ad elements from concept and tone to text, visual correlations, element size, color and angles. It incorporates a diverse range of proven advertising methods, translating them into data-driven strategies that eliminate guesswork and subjective taste.

AdGPT can produce ads based on user-provided visual ideas or it can autonomously generate innovative visual concepts. It is designed to think of and create visuals that are perfectly aligned with the user-provided brief, ensuring harmony between the visual content, headlines and accompanying text. This capability enables users to benefit from high-quality, integrated visuals without having to devise the ideas themselves.

Tel Aviv's [AdGPT](https://adgpt.com/‎) emerges from a unique collaboration between AI technologists and advertising experts, designed to bridge a crucial gap in the advertising world. In today's fast-paced digital environment, where speed and accuracy are key, AdGPT stands out by delivering both through its AI-driven technology. The tool mimics human creativity in producing ads that are not only effective but also engaging. (AdGPT 01.05)

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* 1. LayerX Security Raises $26 Million for its Browser Security Platform

LayerX announced $26 million in Series A funding led by Glilot+, the early-growth fund of Glilot Capital Partners, with participation from Dell Technologies Capital and other investors. The new capital will be used for corporate growth across talent and increasing global market presence. This round brings the company’s total investment to $34 million.

LayerX's Enterprise Browser Extension is compatible with all commonly used browsers, including Chrome, Firefox, Edge and others, without requiring agents, a VPN or network modifications. Once deployed, the information security or IT team gains visibility into user activities and can block or restrict any threat in real-time, without impacting the user experience. LayerX protects against all threats, whether they were inadvertently or maliciously caused by the employee, or whether they were originated by the attacker. The solution includes an AI engine that granularly monitors the code run by the browser and automatically generates a variety of insights related to user behavior in the browser.

Founded in 2022, Tel Aviv's [LayerX](https://layerxsecurity.com/) has Fortune 100 clients worldwide. LayerX Enterprise Browser Extension natively integrates with any browser, turning it into the most secure and manageable workspace, with no impact on the user experience. Enterprises use LayerX to secure their devices, identities, data, and SaaS apps from web-borne threats and browsing risks that endpoint and network solutions can’t protect against. (LayerX 02.05)

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* 1. Oasis Secures $35 Million Series A Extension to Automate Non-Human Identity Security

Oasis Security has raised a Series A Extension of $35 million, just three months after emerging from stealth. The round was co-led by existing investors Accel, Cyberstarts and Sequoia Capital, doubling the company’s Series A valuation. Oasis has raised a total of $75 million to date. Oasis plans to leverage new funds to further invest in its R&D and Go-To-Market functions, accelerating the execution of its ambitious product roadmap and bringing its game-changing platform to more organizations.

Oasis provides the most comprehensive enterprise platform to manage and secure Non-Human Identities. The Oasis platform was designed to meet the unique requirements of NHI Management, making it simple and efficient to secure NHIs at scale. Customers achieve holistic contextual visibility in a matter of minutes by connecting Oasis to their environment without the need for agents. Oasis built-in analytics continuously observe how NHIs are used, providing operators with critical information on owners, consumers, accessed resources, privileges and risk posture based on customizable policies. For each identified issue, Oasis helps shorten time to resolution by generating a severity score for prioritization and by providing tailored remediation action paths that automate task and orchestrate response across teams.

Tel Aviv's [Oasis](https://www.oasis.security/‎) is the market leading provider of non-human identity management. The shift to cloud, devops, and AI is fueling exponential growth of non-human identities opening up a new massive attack surface. (Oasis Security 01.05)

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* 1. Elbit Systems to Supply Iron Fist APS for Upgrading U.S. Army's Bradley IFVs

Elbit Systems was awarded an initial contract of approximately $37 million to supply Iron Fist Active Protection Systems (APS) to General Dynamics Ordnance and Tactical Systems (GD-OTS) for upgrades to the U.S. Army's Bradley M2A4E1 Infantry Fighting Vehicles (IFVs). The contract will be performed over a period of 24 months.

The Iron Fist APS is an advanced Hard Kill system aimed at enhancing the self-defense capabilities of armored platforms against modern battlefield threats. It is the Israel Defense Force's Second-Generation APS and is characterized by high performance and low volume, weight and power requirements. The system provides armored platforms with 360-degree protection from a wide variety of anti-armor threats, such as Anti-Tank Rockets (ATR), Anti-Tank Guided Missiles (ATGM), UAS and Loitering threats, in both open terrain and complex urban environments.

Haifa's [Elbit Systems](https://elbitsystems.com) is a leading global defense technology company, delivering advanced solutions for a secure and safer world. Elbit Systems develops, manufactures, integrates and sustains a range of next-generation solutions across multiple domains. (Elbit Systems 05.05)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Arab Therapy Secures $1 Million in Seed Funding to Enhance Mental Health Services

Amman's [Arab Therapy](https://arabtherapy.com/en), the online mental health platform in the MENAPT region, closed a $1 million seed funding round. The investment, led by Flat6Labs and Vision Health Pioneers, along with support from expat angel investors from the USA, EU, Australia and KSA, underscores a collective commitment to enhancing mental health care accessibility and quality in our region.

A key aspect of Arab Therapy’s growth strategy is its dedication to improving therapist capabilities. Through comprehensive training programs conducted by Arab doctors in Germany, covering a range of therapeutic techniques and cultural sensitivity, aligned with Germany’s renowned standards of care, the platform ensures its therapists can provide high-quality, empathetic, and tailored care. This focus is especially critical amidst a global shortage of well-trained Arabic-speaking therapists, as the demand for mental health services rises and societal stigma diminishes.

Unlike other platforms, Arab Therapy offers more than just a directory of therapists; it provides a comprehensive service connecting individuals with licensed mental health professionals, including therapists, counselors, and psychiatrists. This approach emphasizes personalized care, effectiveness, and privacy, leveraging technology to make mental health support more accessible and less stigmatized. The recent investment enables Arab Therapy to expand into new markets, catering to a wider and more diverse audience. (Arab Therapy 21.04)

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* 1. Chipotle Mexican Grill Opens First Restaurant in Kuwait

Chipotle Mexican Grill has expanded its global footprint by opening a new restaurant in Kuwait City, marking the brand's first venture into a new country in over a decade. The new restaurant was opened by partnering with international franchise retail operator Alshaya Group. The new restaurant is situated in The Avenues, one of the largest shopping malls in Kuwait. The venue features Chipotle's latest design format, which includes innovative elements such as wood tile flooring, corten art walls and new wall finishes.

To cater to new customers, the outlet offers three ordering methods: traditional front makeline, a kiosk system for pick-up orders, and QR codes on tables for mobile app downloads. The digital integration extends to exclusive menu items, with guests able to order quesadillas through the kiosk or the Alshaya Chipotle mobile app.

In July 2023, Chipotle entered into a development agreement with Alshaya Group, with plans to inaugurate the first Dubai location later this year. The partnership was a significant step in Chipotle's international expansion, which currently includes 41 locations in Canada, 19 in the UK, six in France, and two in Germany. (Various 24.04)

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* 1. Investcorp Announces $1 Billion GCC Fund Along with China’s CIC

[Investcorp](https://www.investcorp.com/), a global alternative investment firm and China Investment Corporation (CIC), among the world’s largest sovereign wealth funds, have teamed up to establish a $1 billion platform aimed at investing in high-growth enterprises across the Gulf Cooperation Council (GCC) countries and China. The newly launched platform, named Investcorp Golden Horizon, sets its sights on companies with significant growth potential, particularly in sectors like consumer goods, healthcare, logistics, and business services.

This initiative, announced at Investcorp’s China-GCC Investment and Business Cooperation Summit in Riyadh, aims to attract institutional and private investors from the GCC, along with CIC. Investcorp’s Saudi Pre-IPO Growth Fund, a component of the platform, has already disclosed three investments in the GCC. The commitment from CIC underscores the growing allure of the GCC region to institutional investors due to its stable regulatory environment, pro-business policies, and initiatives for economic diversification and strategic privatization. (Investcorp 24.04)

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* 1. DocsInBox Raises $500,000 to Revolutionize Procurement in UAE’s F&B Sector

Dubai's [DocsInBox](https://dxbx.ae), an innovative e-invoicing and procurement solution, has secured $500,000 to streamline operations within the HoReCa sector as it ventures into the MENA market. This platform simplifies the ordering process for purchasing agents and significantly reduces processing time for accountants, from 300 seconds to a mere 13 seconds.

By automating the posting of supplier invoices and offering precise control over ingredient pricing, DocsInBox minimizes manual work by 15%, optimizes staff allocation, and enables restaurants to focus on delivering exceptional experiences. DocsInBox plays a pivotal role in the UAE’s push to digitalize its economy, particularly through e-invoicing. Through its system, suppliers can provide feedback on received orders, contributing to broader e-invoicing initiatives in the UAE and shaping the region’s digital economy.

One of the significant advantages of DocsInBox is its seamless integration with restaurant point-of-sale (POS) systems and accounting software. Beyond enhancing operational efficiency, it empowers restaurant owners to excel in the competitive landscape, establish robust financial control, and drive overall success and growth. As DocsInBox enters the UAE market, its mission is crystal clear: to empower restaurant operations with real-time data, accurate insights, and time-saving automation, thereby driving cost reduction, waste reduction, and profit enhancement across the F&B industry. With the F&B sector projected to reach $19.98 billion in 2024 and grow to $43.98 billion by 2029, DocsInBox is poised to play a significant role in this thriving market. (WAYA 22.04)

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* 1. Gecko & Al Masaood Partner to Help ADNOC Revolutionize Asset Operations

Pittsburgh, Pennsylvania's Gecko Robotics and Abu Dhabi's Al Masaood Energy announced a multi-year contract with ADNOC Gas, an integrated gas processing company and a subsidiary of Abu Dhabi National Oil Company (ADNOC), one of the world’s largest integrated energy companies. The contract, with an estimated ceiling of $30 million, will see the utilization of Gecko’s industry-leading robots and AI-powered data platform across ADNOC Gas sites facilitating predictive maintenance to increase efficiencies, reduce downtime and CO2 emissions, while also maintaining HSE best practice for the safety of its employees and contractors.

Gecko’s wall-climbing robots use specially designed sensor payloads that build sophisticated digital maps of critical assets. Gecko software platform, Cantilever, takes that data and combines it with operational data to allow for precision repairs and preventive maintenance. Many companies and government agencies use Gecko’s software to extend the lifespan and efficiency of critical infrastructure, including power plants, oil refineries, manufacturing facilities, and other assets. The work also includes a new model for predictive maintenance that allows for inspections of some critical assets to happen while they are on-line.

The partnership with ADNOC Gas and Al Masaood Energy comes after Gecko Robotics announced in 2022 the opening of its new international headquarters in the UAE under the Ministry of Economy’s NextGenFDI program which was launched to attract innovative solutions providers in the technology space to establish and scale operations within the UAE. (Gecko30.04)

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* 1. Wee Marketplace Garners $10 Million in Pre-Series A Funding

Dubai-based e-commerce platform [Wee Marketplace](https://wee.ae/) has secured $10 million in equity and debt from SIG Investment as part of its pre-series A funding. The latest funding round raises Wee’s market valuation to $40 million. In addition to the funding from SIG, the startup bagged $2 million in follow-on investments from existing shareholders during the funding round. The funds will help Wee improve its delivery services, expand its local operations in the UAE, and introduce new service offerings.

Founded in 2021, Wee offers same-day delivery services in Dubai and next-day delivery across the UAE. The shopping platform boasts a wide-range of products, including cosmetics, pharma products, flowers and F&B products. The platform is mulling listing on a stock exchange in the MENA region, signaling its commitment to long-term sustainability and growth. Wee is also planning to introduce shopping, taxi services, and payment services to the platform aiming to “develop an expansive ecosystem. (Wee 29.04)

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* 1. JetBlue & Etihad Airways Announce Loyalty Partnership and Codeshare Agreement

JetBlue, New York's Hometown Airline, and Etihad Airways, the national airline of the United Arab Emirates, announced the addition of loyalty benefits starting 8 May 2024, as part of its long-standing codeshare partnership. As part of the partnership, members of JetBlue’s TrueBlue loyalty program and members of Etihad Guest, the loyalty program of Etihad Airways, will now be able to earn and redeem points in the program of their choice when flying across the network of either airline.

This partnership complements the respective programs’ portfolio of redemption options with Etihad Guest miles redeemable against a wide range of experiences from flights and worldwide hotel stays to converting miles into a reward card for shopping. In addition, last year JetBlue launched its new TrueBlue loyalty program, offering members more value with the introduction of tiles to track status, Perks You Pick, expanded Mosaic levels for the airline’s most loyal customers and more ways to earn perks and status than ever before. The customer loyalty offerings build on both airlines’ near decade of partnership, which delivers access between New York and Boston to Etihad’s global network of more than 70 destinations and over 40 destinations across JetBlue’s network within the Americas. (Etihad 07.05)

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* 1. UAE Startups led MENA Funding During April

Six UAE startups raised a combined $32 million in April 2024, Wamda reports, marking nearly a 1,000% y-o-y increase compared to the $3 million three UAE startups raised in April 2023. UAE startups landed the largest sum of investments in MENA during the month, eclipsing Saudi Arabia.

The largest ticket across the region was UAE fintech outfit Fortis, which raised $20 million in Series A funding. Dubai-based e-commerce platform Wee Marketplace also secured $10 million in equity and debt from SIG Investment as part of its pre-series A funding, while Shorages closed a $1 million pre-series A led by Riyadh-based investment manager Joa Capital.

Investments in MENA startups rose 7x y-o-y to $55 million in April. Four fintech companies from the region bagged $25.7 million in April, followed by ecommerce at $10.5 million, AI companies at $8 million, and SaaS providers at $3.5 million. The bulk of funding went to companies at stages beyond the seed level. Investors are bullish on B2B startups, with $42.5 million raised by B2B companies across 12 transactions, while B2B2C companies landed $11 million. (Enterprise 07.05)

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* 1. Advanced Molecular Diagnostics Laboratory Opens in UAE

Burjeel Holdings has commissioned a cutting-edge, advanced molecular diagnostics and immune profile testing laboratory in the UAE. To manage the technical and operational aspects, the Group’s central laboratory – CoLab – has partnered with Calgary, Alberta's OncoHelix that provides specialized molecular and immune profile testing for clinical diagnostic and translational research in North America and worldwide.

Located at Burjeel Holdings’ flagship facility, Burjeel Medical City (BMC), OncoHelix-CoLab is a first-of-its-kind facility in the UAE with comprehensive capabilities in molecular, cellular immunology and transplant diagnostics. The establishment of OncoHelix-CoLab marks a significant advancement in diagnostic medicine, as it enables specialized and sophisticated tests to be performed locally. This eliminates the need for the traditional pack-and-ship approach and prevents samples from being sent out of the UAE, streamlining the process and retaining critical diagnostics within the country. The state-of-the-art lab facility will utilize advanced technologies like Next-Generation Sequencing (NGS), Droplet Digital PCR, and Multi-color Flow cytometry to offer a slew of advanced diagnostic tests. The laboratory will also offer clinical training and fellowship programs in molecular and transplant diagnostics, further building local capacity and nurturing talent in advanced diagnostics. (WAM 07.05)

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* 1. Dematic Strengthens Presence by Opening a New Saudi Arabia Office

Atlanta, Georgia based Dematic, a leading global automation technology provider, announced the opening of its new office in Riyadh in Saudi Arabia. This expansion further solidifies Dematic's commitment to the Middle East region and reflects its delivering innovative solutions tailored to local market demands.

Dematic's longstanding presence in the Middle East, dates back to 2004 and the company is well recognized for being chosen as a trusted automation provider by the Landmark Group for their expansive O-mega automated distribution center. Dematic's strategic focus on bringing new technology and innovative solutions to Saudi Arabia aligns with Saudi Arabia's 'Vision 2030', which aims to empower citizens and businesses to reach their full potential, diversify the economy, support local content, and drive innovation and growth across various sectors. (Dematic 01.05)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. The World Ocean Summit to Convene in Jordan in its Regional Edition

The Regional Ocean Summit, a distinguished addition to Economist Impact's esteemed World Ocean Summit series, is set to take place from 14 to 16 May in Jordan at the Dead Sea. The Regional Ocean Summit will provide a platform for a global gathering of over 200 attendees including heads of state, political leaders, policymakers, corporate heads, investors and academics from across the globe, to share robust analysis and actionable insights, and join inspiring discussions aimed at finding the delicate balance between protecting the ocean and fostering sustainable economic growth.

This Middle Eastern edition of the Regional Ocean Summit aspires to cultivate an atmosphere of collaboration and innovation, with a specific focus on regional challenges and opportunities. Jordan's location on the Red Sea bestows particular importance on this summit, as it presents a unique platform for addressing the advancements of the region's blue economy. Attending participants should expect engaging discussions, enlightening presentations, and unparalleled networking opportunities, all dedicated to catalyzing concrete actions to preserve and restore ocean health in the Middle East.

The summit in cooperation with the Aqaba Marine Park (AMP) initiative is a groundbreaking project that has been initiated by political guidance and support of King Abdullah II. The initiative combines an education aquarium and an applied science and technology hub, to help find solutions for ocean and climate crises far beyond Jordan's shores, starting by caring for the resilient coral reefs and unique marine resources in the Gulf of Aqaba.

Aligning with Jordan's efforts in the region, from the conservation of coral reefs to the development of sustainable tourism and blue economy practices, the Regional Ocean Summit will explore a diverse range of topics critical to the region's marine ecosystem. By fostering collaboration and knowledge sharing, the summit aims to pave the way for innovative solutions and collective action to ensure the long-term health and vitality of our oceans. (Economist Impact 30.04)

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* 1. Jordan to Issue a New Renewable Energy Infrastructure Law

Jordan is set to introduce a revised renewable energy law aimed at supporting the building of renewables infrastructure for green hydrogen and ammonia production. The updated legislation — which has already received the cabinet’s initial endorsement — is yet to be approved by Parliament. Jordan wants to source 50% of its electricity demands from renewables by 2030 — up from the current 29% — and plans to leverage modern energy storage systems, smart meters, and improve power transmission infrastructure to facilitate energy transfer with its neighbors.

The move comes after the country signed agreements with international companies to establish green hydrogen and ammonia plants, including a significant $1.5 billion facility in the Jordanian port of Aqaba. The project, developed as a JV between Poland's Hynfra and Jordan's Fidelity Group, is expected to generate between 100-200k tons annually, powered by 530 MW capacity from solar. The JV is looking to export surplus from the planned facility to EU markets.

Jordan’s cabinet has approved a draft law to establish frameworks to facilitate the power purchase of renewable power generated by households and businesses in February. Jordan is said to be “finalizing” its national green hydrogen strategy, which would set in motion 13 recently signed green hydrogen and ammonia MoUs paving the way for the kingdom to realize its goal of becoming a global hub for green hydrogen exports. (Zawya 30.04)

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* 1. Qatar Targets 4 GW in Renewables Capacity by 2030 in New Renewables Strategy

State-owned Qatar General Electricity and Water Corporation (Kahramaa) has published The Qatar National Renewable Energy Strategy (QNRES) setting a target for the country to reach a renewable power generation of 4 GW by 2030. The plan aims to increase renewable energy’s share in the power mix from 5% to 18% and reduce reliance on thermal energy from 80% to 72% by 2030. Open cycle gas turbines would decrease from 4% to 3% in the same timeframe while the remaining 10% share of the power mix in 2030 will include the interconnection capacity, small-scale conventional, and small-scale renewables. Qatar will work on installing 200 MW of distributed solar generation by 2030 to boost energy resilience and reduce strain on the centralized grid infrastructure, according to the strategy document.

The strategy identifies that $7.6 billion in capital expenditures will be needed by 2030 to achieve the set goal. To accommodate the 2030 large-scale renewable energy targets of Qatar will require about 55 sq. km of additional land which represents approximately 0.5% of Qatar’s total land area. The plan balances large-scale renewable energy installations with high-efficiency thermal generation using natural gas to ease the transition of Qatar’s energy sector. The strategy also pushes for the large-scale introduction of net-billing, allowing prosumers to sell surplus power to the grid at a fixed price. This approach — facilitated by bidirectional meters — will not only lower electricity bills but also encourage investments in solar PV. Kahramaa will oversee policy, regulation, strategy execution, and project tendering, and will also be responsible for accepting applications for solar panels and inverters.

As of 2023, Qatar has 824 MW of renewables installed, 805 MW of which come from solar projects, according to a recent International Renewable Energy Agency (Irena) report. Renewables makeup 7.5% of Qatar’s total electricity capacity, while thermal electricity generating stations account for more than 90% of Qatar’s total capacity, the strategy notes. (Enterprise 30.04)

ARAB STATE DEVELOPMENTS

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* 1. EU Pledges $1 Billion for Lebanon & Urges Steps Against Illegal Migration

On 2 May, the EU announced $1 billion in aid for Lebanon during a visit to the country, urging it to tackle illegal migration to the bloc. The European Union has already agreed deals with Egypt, Tunisia, Mauritania and other countries meant to help stem flows of irregular migrants. EU president Von der Leyen said the aid was designed to strengthen basic services such as education and health in the country mired in a severe economic crisis. She called for the adoption of reforms, saying: that Lebanon needs a positive economic momentum to give opportunities to its businesses and citizens.

Lebanon's economy collapsed in late 2019, turning the country into a launch pad for migrants, with Lebanese joining Syrians refugees making perilous voyages bound for Europe. The authorities in Beirut say Lebanon currently hosts around two million people from neighboring, war-torn Syria -- the world's highest number of refugees per capita -- with almost 785,000 registered with the United Nations. The war in Syria that erupted in 2011 after the government repressed peaceful pro-democracy protests has killed more than half a million people and displaced around half of the pre-war population. Lebanon remains essentially leaderless, without a president and headed by a caretaker government with limited powers amid political deadlock. Some Lebanese politicians blame Syria for their country's worsening troubles, and pressure mounts ahead of an annual conference on Syria set for 27 May. (Al-Monitor 02.05)

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* 1. Lebanon’s Inflation Rate Records a Yearly 70.36% in March 2024

According to the Central Administration of Statistics (CAS), Lebanon's Consumer Price Index (CPI) remained at high levels, rising 70.36% in March 2024, although less than the rates of 2021 – 2023. Meanwhile, the continued escalating political and military tensions in the Middle East and its effect on Red Sea with no resolution seen in the near future pose a significant threat to the potential closure of the Bab el Mandeb Strait, a vital global maritime passageway. Such an occurrence is causing supply chain disruptions, an upturn in shipping costs, and consequently, elevated consumer prices. The implications of these developments may result in a broader surge in inflation. As for Lebanon, already struggling with the challenges of persistent inflation since late 2019, it would encounter heightened difficulties in preserving price stability amid prolonged economic uncertainty.

Education (6.6% of CPI) increased by 589.23% YOY. Also, the cost of Housing and utilities, inclusive of water, electricity, gas and other fuels (grasping 28.4% of CPI) added a yearly 108.31% by March 2024. Similarly, Owner-occupied rental costs increased by 174.96% year-on-year (YOY) and the prices of water, electricity, gas, and other fuels followed a significant increase by 48.47% YOY.

Prices of Food and non-alcoholic beverages (20% of CPI) surged by 51.37% yearly. In turn, the average prices of Transportation (13.1% of CPI) and Health (7.7% of CPI) recorded hikes of an annual 13.22% and 45.01% respectively by March 2024. Restaurant and Hotels (2.8% of CPI) increased yearly by 30.86% by March 2024.

Costs of Clothing and Footwear (5.2% of CPI) surged by 39.48% by March 2024, and the prices of Communication (4.5% of the CPI) increased by 28.89%. Prices of Furnishings and household equipment (3.8% of CPI), Alcoholic beverages and tobacco (1.4% of CPI), and Recreation, amusement, and culture (2.4% of CPI) increased by 9.5%, 36.2%, and 70.76%, respectively, by March 2024. Interesting to note that monthly inflation between February 2024 and March 2024 stood at 1.72%. (CAS 24.04)

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* 1. Lebanon’s Hotel Occupancy Rate Reached Low Figure of 19.7% by January 2024

According to Ernst & Young Middle East hotel benchmark survey, the occupancy rate in Beirut’s 4- and 5-star hotels reached 19.7% by January 2024, down from last year’s 36.8%. It is important to acknowledge that the occupancy rate in Beirut 4 and 5 stars hotels recently experienced a decline due to the continuing assaults on Israel from Gaza and the Lebanese southern border.

The average room rate in dollars currency in Lebanon rose substantially by 187.8% to stand at $145, additionally the RevPAR increased by 54.1% to reach $29 for the month of January 2024.

On a regional level, hospitality markets in Jeddah city and Doha witnessed an increase across all performance indicators in January 2024 compared to January 2023. The occupancy rates in Jeddah city added 11.8% to reach 58.3% while Doha occupancy rates added 39.5% to reach 88.2%. Jeddah’s hospitality sector observed a remarkable RevPAR growth of 36.6% from $77 in January 2023 to $105 in January 2024. Meanwhile, the average room rate in Jeddah jumped by 9% from $165 in January 2023 to $180 in January 2024. As for Doha, the average room rate reached $124 by January 2024, thus RevPAR increased by 92.1% to stand at $109 during the same period. (EY 30.04)

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* 1. Jordanian Unemployment Falls to 22% During 2023

The unemployment rate in Jordan decreased by 0.8% to 22% last year, according to Department of General Statistics data. The male unemployment rate was at 19.6% in 2023, 1% down from 2022, and the female rate decreased by 0.7% to 30.7%. The figures showed that the number of insured workers with the Social Security Corporation saw an increase over the past years, rising from 366,000 male and female workers in 2000 to about 1,503,019 in 2022.

The department also pointed out that average monthly wage soared from JD60 in the mid-seventies to JD211 in the mid-nineties, and to JD546 in 2021, in the public and private sectors, as the male average wage reached JD563 and females JD505.

Despite the gains of Jordanian workers, they still face numerous challenges in the local labor market, key among which is competition from foreign labor, whose numbers swelled dramatically, depriving Jordanian workers of job opportunities created by various economic sectors and keeping unemployment rates almost steady despite efforts to curb it. The department also said women's economic participation remained below the aspired-for goals. (Petra 30.04)

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* 1. Qatar’s Economy Grew by 1.2% Annually in Third Quarter

Qatar’s real gross domestic product (GDP) increased 1.2% year-on-year (YoY) in the third quarter of 2023, government estimates showed. Estimated quarterly GDP at constant prices, adjusted for inflation, stood at riyals $48.6 billion (QAR177.3 billion) in the quarter, compared with an estimate for the same quarter of QAR175.2 billion, according to the Planning and Statistics Authority. GDP rose 4% from Q2/23.

Qatar, among the world’s top exporters of liquefied natural gas (LNG), posted a budget surplus of QAR1.4 billion in Q4/23, which was used to reduce public debt. It remains heavily reliant on gas revenue for government income despite efforts to diversify economic sectors and revenue streams. The IMF forecast growth in the Gulf region would average 2.4% in 2024. (GB 03.05)

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* 1. Dubai's Al Maktoum Airport Expansion Plans Back On Track

The design plan for the $35 billion new passenger terminal at Al Maktoum International Airport was approved by Vice President Sheikh Mohammed bin Rashid Al Maktoum, beginning the process of construction on the airport expansion. No details were given about the construction timeline.

The expanded airport is set to be the world’s largest, hosting over 260 million passengers, handling 12 million tons of annual cargo, accommodating around 400 aircraft gates, and featuring five parallel runways. It will be five times larger than Dubai International Airport (DXB), with plans to transfer all operations from DXB within 10 years.

Al Maktoum International Airport — also known as Dubai World Central — will become the main hub for Emirates, Flydubai and other airline partners. The country’s flagship carrier has been pushing for the expansion of the airport to support its growth plans and fleet expansion.

Construction was halted in 2019 due to low oil prices, tapered growth and stagnant tourism. Against the backdrop of the pandemic, firms competing for $2.7 billion contracts to develop the airport structure were put on hold. Work on the airport was expected to resume in 2030. (Various 01.05)

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* 1. UAE & Ukraine Finalize the Terms of their CEPA Accord

The UAE and Ukraine finalized the terms of a Comprehensive Economic Partnership Agreement (CEPA) between the two countries on 29 April. Once implemented, the UAE-Ukraine CEPA will remove or reduce of tariffs on key product lines, remove barriers to trade and promote market access to exporters from both sides. The bilateral trade deal will support Ukraine’s recovery and the rebuilding of key industries and infrastructure, while also helping to strengthen supply chains to the MENA region for major exports such as grains, machinery and metals.

Once implemented, the CEPA will offer Ukraine’s industrialists and entrepreneurs a new platform from which they can expand into the growth markets of Asia and Africa through the UAE, while unlocking new investment pathways that can reconstitute sectors such as logistics, manufacturing and IT and rebuild essential infrastructure.”

In 2023, the UAE and Ukraine conducted $385.8 million non-oil trade, with joint FDI stock standing at $360 million by the end of 2022 across sectors such as logistics and infrastructure, travel and tourism and advanced technology. (WAM 29.04)

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* 1. UAE Concludes Trade Negotiations with Chile

UAE Foreign Trade Minister Thani bin Ahmed Al Zeyoudi and Chile’s Foreign Minister Alberto van Klaveren concluded negotiations on 24 April on a trade and economic agreement between the two countries. The agreement will support growth in open and rules-based trade and investment, and open up access for UAE companies and exporters to Chile and the rest of Latin America.

Non-oil trade between the UAE and Chile reached $305.1 million in 2023, up 23.6% since 2019. Al Zeyoudi signed a similar agreement in January with Costa Rica to streamline trade and customs procedures. The minister also recently signed an agreement with Colombia. (WAM 25.04)

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* 1. UAE & New Zealand to Launch Comprehensive Economic Partnership Talks

The United Arab Emirates and New Zealand have agreed to start negotiations for a Comprehensive Economic Partnership Agreement (CEPA), which will boost trade and investment ties between the two nations. The proposed CEPA reflects growing bilateral relations, with non-oil trade between the UAE and New Zealand reaching $764.5 million in 2023, an increase of more than 15% over the pre-Covid year of 2019. The agreement will seek to boost those numbers through the removal or reduction of tariffs and trade barriers, the improvement of market access, and the establishment of investment pathways that will open up new opportunities in key sectors such as agriculture, renewable energy, logistics, education, professional services and healthcare.

Foreign trade remains the cornerstone of the UAE’s economic agenda. In 2023, the UAE’s non-oil trade in goods reached an all-time high of $701 billion, a 12.6% increase on 2022 – and 34.7% more than 2021. A CEPA with New Zealand will be a significant addition to the UAE foreign trade network, which is helping to propel non-oil foreign trade towards its target of AED4 trillion ($1.1 trillion) by 2031. (WAM 07.05)

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* 1. UAE Tourism Sector Set to Boost GDP to $64 Billion in 2024

The buoyant tourism sector’s contribution to the UAE’s national economy is expected to rise to Dh236 billion in 2024, positioning the country right on track to achieve its goal of boosting tourism’s GDP share to Dh450 billion by 2031, according to the country's Minister of Economy. The tourism sectors’ share in the country’s GDP grew by 26% in 2023 compared to that of 2022 and surpassed 2019 levels by 14%. Tourism’s contribution to the country's GDP amounted to Dh220 billion, accounting for 11.7%.

The UAE's National Tourism Strategy 2031 aims to increase the contribution of the UAE tourism sector to the national GDP to Dh450 billion, raising the country's profile as the best tourism identity by the next decade. This sector provided 809,000 jobs in various activities and tourism fields in the country in 2023, equivalent to 12.3% of the total labor market. With 5% growth from 2022, exceeding 2019 levels with 11.4% growth, the number of jobs it creates is expected to reach 833,000 in 2024. There are currently 1,235 hotels in the UAE providing a total of 210,000 rooms for guests and visitors. (Zawya 30.04)

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* 1. UAE's Foreign Assets Rise by Dhs203 Billion in February 2024

The Central Bank of the UAE’s (CBUAE) foreign assets rose by 40.2% or Dhs203 billion year-on-year (YoY) to surpass the Dhs700 billion mark at the end of February, according to the latest data from the central bank. The latest data showed that the CBUAE’s foreign assets jumped by 2%, on a monthly basis, to Dhs708 billion in February 2024 from Dhs695.04 billion –an increase of Dhs13 billion.

Since the beginning of 2024, the apex lender’s net foreign assets have increased by as much as 4% or Dhs27 billion. The increase in foreign asset volume is attributed to the rise in current account balances and deposits with banks abroad, with an annual increase of 51% to Dhs467.6 billion in February. Similarly, foreign investments within the UAE central bank’s foreign assets surged by 28.9% or Dhs42.5 billion to around Dhs189.4 billion in February compared to Dhs146.9 billion the same period a year ago. (WAM 30.04)

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* 1. Dubai Launches Global Blueprint for Artificial Intelligence

Dubai has launched a blueprint for Artificial Intelligence (AI), a yearly plan that will focus on harnessing the technology’s potential to improve quality of life around the world. The plan begins with the appointment of a CEO for AI in each government entity, and will be followed by the establishment of an AI and WEB3 Incubator, which will develop into the largest global hub for AI and technology companies. The hub will attract innovators, startups and AI leaders from around the world and support of development of their ideas into successful enterprises or real-world applications.

The plan also includes the introduction of AI Week into schools and colleges to help integrate AI applications into the educational system. This will enable students to develop skills that align with future market needs such as coding, and introduce them to the latest tools and best practices in this field.

The blueprint will see the launch of the Dubai Commercial License for Artificial Intelligence, which will support the development of the sector by attracting specialized companies and individuals to Dubai, stimulate investments and solidify Dubai’s position as a preferred business destination for technology and innovation companies. As part of the plan, land will be allocated for data centers, which will contribute to the development of world-class infrastructure that can support Dubai’s digital transformation journey.

Dubai’s annual plan for accelerating the adoption of AI and implementations across all sectors is a major component of Dubai’s ambition to become the best city in the world for technology utilization and the fastest to adopt advanced applications. (AETOSWire 30.04)

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* 1. Emirati-Omani Consortium Wins $1.35 Billion Contract for UAE-Oman Rail Link

Oman’s Galfar Engineering and Contracting's joint venture — including Trojan Construction Group — won a $1.35 billion design and build contract for the UAE-Oman railway link. The construction timeline was not disclosed. The consortium also includes National Infrastructure Construction Company (NICC) and Tristar Engineering & Construction.

The UAE and Oman signed a $35 billion partnership earlier, including AED 11 billion in allocations towards the rail link to begin its construction. A contract was also awarded to Siemens Mobility and Egypt’s Hassan Allam Construction to build, design and integrate signaling, telecom, and power supply systems for the railway link.

Etihad Rail had signed an agreement with Omani national railway developer, Oman Rail, in 2022 to set up the Oman-Etihad Rail Company, a $3 billion (c. AED 11 billion) 50-50 JV, for the design, development and operation of Hafeet Railway. The transport link is 303 km long and connects Oman’s Sohar Port to Abu Dhabi, in a bid to bolster trade between the countries. The rail line will serve both passenger and freight trains. (MEED 25.04)

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* 1. First UAE Vertiport is Approved

The UAE's General Civil Aviation Authority (GCAA) granted operational approval for the country’s inaugural vertiport. The GCAA published the world’s first national regulation related to vertiports — covering their design and operational requirements — back in December 2022. The authority has since announced a plan to launch air taxis by 1Q 2026.

California-based electric flying car manufacturer Archer Aviation also signed a framework agreement with the Abu Dhabi Investment Office (ADIO) to construct vertiports in Abu Dhabi. The framework agreement also includes operational enablement for air taxis in the country, as well as locally manufacturing Archer’s Midnight aircraft. Abu Dhabi-headquartered aviation services provider Falcon Aviation had earlier inked an agreement with Archer to develop a vertiport network in key locations across Dubai and Abu Dhabi by 2025.

Joby Aviation, which signed a MoU with Abu Dhabi’s department of municipalities and transport to lay the groundwork for it to introduce inter-emirate electric air tax services as early as 2025. The air taxi manufacturer already holds a license to operate in Dubai for six years. (WAM 25.04)

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* 1. Saudi State Budget Closes First Quarter In Deficit

Saudi Arabia recorded a budget deficit of SAR 12.4 billion in Q1/24, with total government spending rising 8% y-o-y to SAR 305.8 billion at the same time as revenues grew 4% y-o-y to SAR 293.4 billion, according to the Finance Ministry. Public debt reached SAR 1.11 trillion up from SAR 962.3 billion at the same time last year. This marks the sixth quarter in a row in which the Kingdom has posted a budget deficit, and is four times higher than its shortfall in Q1/ 23. However, on a quarterly basis, Q1/24’s budget deficit narrowed by c.66% q-o-q from 4Q 2023, when it came in at SAR 37 billion.

Non-oil activity generated some SAR 111.5 billion in revenues in Q1/24, rising 9% y-o-y and accounting for 38% of total revenues generated for the quarter. Meanwhile, oil revenues grew 2% y-o-y to SAR 181.9 billion, making up 62% of revenues. Revenues from goods and services tax brought in SAR 69.9 billion in revenues, capital gains tax revenues hit SAR 6.5 billion, and taxes on trade and other items collectively hit SAR 9.7 billion.

Worker wages accounted for the lion’s share of total public spending in Q1/24, coming in at SAR 137 billion. The government spent SAR 60.7 billion on the use of goods and services. The government upped its spending on health and social welfare 28% y-o-y in the first quarter of the year to SAR 60.5 billion. Education spending came in as the second-largest spending item, growing 26% y-o-y to SAR 51.6 billion. Military spending was down 16% y-o-y to SAR 49.3 billion, making it the third-largest spending item during the quarter. (Various 06.05)

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* 1. Saudi's First Quarter Economy Contracts Again on Lower Oil Activity

Saudi Arabia's GDP fell 1.8% y-o-y in the first quarter of the year, marking the third consecutive quarter that the economy has been in contraction, according to preliminary figures from Gastat. The downturn was again due to a 10.6% decline in oil activity, which accounts for c. 40% of GDP (and about 75% of government revenues). Non-oil activity was up 2.8% y-o-y, with government activity also growing by 2%.

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

On a quarterly basis, Saudi Arabia's GDP climbed by 1.3% compared to the previous quarter, driven primarily by a 2.4% increase in oil activity, as well as 0.5% growth in non-oil activities. The Finance Ministry is targeting GDP growth of 4.4% for the current fiscal year. The IMF revised its 2024 growth forecast for the Kingdom to 2.6% last month. (Various 02.05)

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* 1. Saudi Arabia & Mauritania Sign a MoU to Boost Renewable Energy Sector

Saudi Arabia and the Islamic Republic of Mauritania signed a Memorandum of Understanding to cooperate in the electricity, renewable energy, and clean hydrogen sectors to achieve both countries' interests. The MoU was signed by the Saudi Minister of Energy Prince Abdulaziz bin Salman bin Abdulaziz and the Mauritanian Minister of Petroleum, Minerals and Energy Nani Ould Chrougha, during the World Economic Forum's (WEF) special meeting in Riyadh.

The MoU includes encouraging the exchange of expertise and studying partnership opportunities in the renewable energy sector, such as solar, wind, waste-to-energy, and geothermal energy. It aims to develop the electricity system to raise its reliability and security. It aims to develop and use cleaner fossil-fuel technologies by adopting the best available technologies and practices to address environmental impacts. This includes implementing carbon capture, utilization and storage (CCUS) technologies and improving energy production and consumption efficiency. (WAM 30.04)

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* 1. Saudi Arabia is Ready to Finance a Biogas Plant in Central America

The Saudi Fund for Development (SFD) is set to provide financing for a water treatment and biogas energy generation project in Central America. The SFD has just signed a memorandum of understanding (MoU) with the Republic of El Salvador, aiming to establish a framework for promoting development cooperation between the two parties. The agreement is preliminary step towards financing the water treatment and biogas plant on the Acelhuate River. The loan agreement for the project will be signed between the two parties, the statement said, without providing further details. (Zawya 04.05)

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* 1. The IMF Opens a Regional Office in Saudi Arabia

The International Monetary Fund (IMF) has opened a regional office in Riyadh to help upgrade partnership with the region. The regional office opened during a two-day conference organized by the Saudi Finance Ministry and the IMF on 24 April. The office, which will scale up capacity building, regional surveillance, and outreach, and will cover the Middle East and North Africa, Afghanistan and Pakistan. The Cabinet approved in March an agreement to set up a regional office for the IMF in the capital. (Enterprise 25.04)

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* 1. Saudi Filling Stations & Parks Will Be Required to Install EV Charging Stations

Petrol stations and public parks across Saudi Arabia will reportedly soon be required to offer EV charging points. The potential requirements would focus on gas stations and parks along highways. Officials have been moving forward with EV infrastructure as part of a push into green mobility. Last October, the Public Investment Fund and the Saudi Electricity Company launched the Electric Vehicle Infrastructure Company (EVIQ) to expand fast-charging infrastructure across the Kingdom. EVIQ opened its first fast EV charging stations in Riyadh in January, with plans to set up over 5,000 fast chargers in over 1,000 locations in cities across Saudi by 2030. (Various 02.05)

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* 1. Saudi Arabia Expects 320,000 New Hotel Rooms by 2030

Saudi Arabia’s hospitality sector is poised for significant growth, with ambitious plans to deliver 320,000 new hotel rooms by 2030, according to real estate consultancy, Knight Frank. This initiative, boasting a development cost of $37.8 billion, reflects the kingdom’s efforts toward tourism transformation and infrastructure development. According to the report, the kingdom’s tourism spending reached almost $40 billion in 2023 – up nearly 43% on 2022.

With a plethora of new hotels, resorts, and tourist attractions slated to open in the next six years, the kingdom is set to redefine its position as a global tourism hub. Key to this growth is the substantial influx of visitors from Muslim-majority nations, with Bahrain, Kuwait and Egypt emerging as the top three source markets. Religious tourism remains a cornerstone of Saudi Arabia’s tourism strategy, with 27 million pilgrims visiting the country in 2023, almost triple the pre-COVID number. (GB 25.04)

►►North Africa

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* 1. IMF Approves Egypt's Expedited Access to Funding Unlocked by Third Review

Egypt could receive $820 million from the International Monetary Fund from 15 June onwards following the Fund’s third review of our loan program in the same month — after the IMF agreed to better align access with review cycles under the program.

The IMF’s Executive Board approved a $5 billion extension for Egypt’s extended fund facility and completed its long-delayed first and second reviews of the facility in late March, when it approved a decision to let the state draw $820 million. Egypt received an initial tranche of $347 million in December 2022. Egypt will have access to five tranches of around $1.2 billion each if it passes reviews in September 2024, March 2025, September 2025, March 2026, and September 2026, according to the proposed schedule in the IMF’s report.

The IMF still wants Egypt to make progress on publishing public procurement contracts exceeding EGP 20 million on the government’s e-tenders website, keeping the mechanism used in the retail fuel pricing up to date, ensuring the timely publication of audit reports on fiscal years, releasing comprehensive reports on tax expenditure, implementing executive regulations of the public finance management law, and reporting payment arrears by the Finance Ministry.

The IMF estimated Egypt’s financing gap at $28.5 billion for the remainder of the loan program by 2026 when taking into account the inflows from the Ras El Hekma agreement. The state-owned oil firm Egyptian General Petroleum Corporation owes external arrears of between $4-5 billion, the fund said, adding that lower gas production amid higher domestic demand impeded the company’s exports. (IMF 26.04)

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* 1. Egypt & Belarus Conclude Agreements to Boost Trade & Investment

Belarusian Prime Minister Golovchenko ended his visit to Egypt on 1 May with the signing of three agreements between the two nations on trade, stock market cooperation and bilateral investment. The agreements included strengthening trade relations between the two countries by giving each other's exports priority when clearing customs and by launching a year-long pilot project to exchange information on the movement of goods between the two countries. The states will also work together to increase investor participation in their stock markets by inking an MoU to exchange expertise, sending delegations of experts between the two countries, and to cooperate in legal and technical matters that relate to the stock market.

Lastly, they will boost bilateral investment cooperation by promoting areas of investment of interest to investors in each country, facilitating joint projects, and encouraging business delegations to travel between the countries to find out more about potential investments. (Enterprise 01.05)

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* 1. Algeria to Launch a Digital Platform to Improve Pharmacy Management

Algeria has adopted a pharmaceutical and industrial policy aimed at making this sector a strategic pillar of the economy, capable of generating wealth. To that end, it embarked on implementing several initiatives.

One of those initiatives is a digital platform dedicated to managing community pharmacies nationwide. Health Minister Saihi said the platform will be launched in the coming months to "establish a new, modern, efficient, and transparent mode of managing all aspects related to community pharmacies, thus contributing to the prevention of self-medication and the control of the traceability of psychotropic drugs, while anticipating shortages and stockouts of pharmaceutical products."

The platform's development is being supervised by a committee that includes the General Directorate of Pharmacy and Equipment of the Ministry of Health, the Order of Pharmacists and SNAPO (Syndicat National des Pharmaciens d'Officine). The initiative is part of the Health Sector Digitization Strategy, which aims to digitize all its aspects, including pharmacy management. The platform will act as a dashboard for managing pharmacy activities across Algeria, facilitating the digital management of drug availability, duty rosters, and the traceability of psycho-tropics and antibiotics. It will help anticipate shortages and stock outs of pharmaceutical products, this ensuring better access to medications for the population. Furthermore, the platform will also enable authorities to identify pharmacists who are practicing unlawfully. According to the latest figures from SNAPO, there are currently 12,500 community pharmacies distributed across the country, equating to one pharmacy per 3,000 inhabitants. (DH Arab 26.04)

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* 1. Morocco Emerges as Leading Car Supplier to European Union

Morocco became the primary exporter of cars to the European Union, overtaking traditional automotive powerhouses like China, Japan and India. Recent data by the Moroccan Exchange Office noted that Morocco generated a staggering $13.7 billion from the export of cars in 2023 alone, a remarkable achievement considering its relatively modest size in comparison to other automotive giants. In addition, the report explains that the country produced a total of 535,825 vehicles during the same period. The meteoric rise in automotive exports can be attributed to several factors.

Morocco’s strategic location and favorable business environment have played a significant part in its rise as a global car manufacturing hub. With its proximity to Europe and a robust infrastructure network, Morocco has become an attractive destination for multinational automotive companies looking to establish a foothold in the region. The influx of foreign investment and government initiatives aimed at promoting the automotive sector have fueled growth and innovation within Morocco’s automotive industry. Companies such as Renault, Snop and Stellantis (formerly PSA) have significantly contributed to the country’s success, leveraging its skilled workforce and competitive advantages to drive production and exports. Morocco’s ability to adapt to changing market dynamics and capitalize on emerging trends has equally played a crucial role in its emergence to the top of the automotive export rankings. (MWN 04.05)

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* 1. Morocco’s Tourism Sector Sees 3.3 Million Visitors in First Quarter

Morocco’s tourism industry is surging in 2024, with a 12.8% increase in tourist arrivals in the first quarter compared to the same period last year. According to the Directorate of Studies and Financial Forecasts (DEPF), tourist arrivals reached 3.3 million by the end of March, exceeding pre-pandemic levels by a significant 31.6% compared to Q1/19. This positive trend, driven by both international visitors and Moroccans living abroad, puts the country in a favorable position for this year, with the potential to surpass the record year of 13.2 million visitors in 2023.

This growth is fueled by strong performances across all three months of the quarter, with January, February and March seeing increases of 10.4%, 17.9%, and 10.2% respectively. The rise in tourist arrivals translates to a near-full recovery in the sector's value added. The DEPF reports that tourism value added reached 98.3% of its pre-crisis level, a significant improvement from 80.5% the previous year.

However, tourism revenue shows a different story, with a 6.7% decline compared to the same period in 2023. Despite this drop, revenue remains significantly higher by 40.4% compared to pre-pandemic levels. This positive momentum follows a record-breaking year for the tourism sector in 2023. The Ministry of Tourism has revealed that the country welcomed a staggering 13.2 million visitors, surpassing the previous annual record of 12.9 million set in 2019.

Tourist revenues also reached impressive heights, reaching MAD 97.4 billion ($9.8 billion) by the end of November 2023, a 15.8% increase year-on-year. With the industry continuing on this upward trajectory, Morocco appears poised to solidify its position as a leading tourist destination, attracting visitors with its rich cultural tapestry, stunning landscapes and warm hospitality. (MWN 30.04)

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* 1. Morocco Partners with Iozera to Establish Groundbreaking AI Hub in Tetouan

Texas-based tech startup [Iozera](https://iozera.ai/) announced that they have partnered with the Moroccan government to launch an unprecedented initiative that will revolutionize the AI industry. The two entities have signed a Memorandum of Understanding (MOU) to establish a state of the art 386 MW (megawatt) data center and AI Hub in Tetouan, Morocco, with the goal of democratizing access to advanced AI computing resources.

This strategic partnership also aims to enhance the availability of GPU-based processing for researchers, startups, and businesses not only in the United States and Morocco but also globally. By providing easier access to these resources, the initiative will facilitate innovation and propel the industry forward. One of the key highlights of this collaboration is its commitment to sustainability. The facility will harness Morocco's abundant renewable energy resources, enabling the data center and AI Hub to operate on clean, green energy. This aligns with Morocco's ambitious renewable energy goals and showcases its dedication to a sustainable future.

Construction is expected to commence in late 2024, and the data center and AI Hub are projected to be operational by mid-2026, just in time to welcome clients and visitors for the 2030 World Cup in Morocco. However, one potential challenge is the construction timeline, as delays or unforeseen obstacles could impact the project's timeline. Additionally, the success of the AI Hub will depend on its ability to attract clients and visitors beyond the 2030 World Cup in Morocco, requiring ongoing investment, collaboration, and innovation to remain at the forefront of the industry. (MWN 05.05)

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* 1. Morocco’s Mobile Boom Sees 55.9 Million Subscriptions and a Tale of Two Markets

Morocco’s mobile phone sector is experiencing a surge in popularity, with subscriptions reaching a record 55.9 million in 2023, according to a new report by the country’s Ministry of Economy and Finance. This marks a jump of 5.6% compared to the previous year, pushing the mobile phone penetration rate to an impressive 150.9%. Fixed-line subscriptions also saw a healthy increase of 8.5% by the end of 2023, while internet subscriptions reached nearly 38.3 million, reflecting a 7.6% rise. This translates to an internet penetration rate exceeding 100%, suggesting multiple subscriptions per household or individual.

However, the report reveals a contrasting picture within Morocco’s telecoms industry. While the overall sector is flourishing, the domestic market seems to be plateauing. Leading operator Maroc Telecom’s first-quarter results for 2024 showcase this trend. Although the company reported a solid overall performance with a consolidated turnover of MAD9.1 billion ($900 million), its domestic activities experienced a slight decline of 1.3%. This dip is primarily attributed to a 4.2% drop in mobile revenue within Morocco.

Analysts suggest this slowdown in the domestic market could be due to a combination of factors, including fierce competition among operators driving down prices and a potential saturation point for mobile phone subscriptions. Despite the domestic slowdown, Maroc Telecom is finding success through its international endeavors. The company’s international operations, particularly its subsidiaries under Moov Africa, reported a significant 3.8% revenue increase at constant exchange rates. This growth can be attributed to a booming mobile data market (+21.7%) and a corresponding rise in fixed data demand (+19.1%) across these subsidiaries. (MWN 30.04)

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* 1. Mobile Payments Saw a 25% Surge in Morocco in 2022

Online payments using the M-Wallets services used by Moroccan banks and financial institutions saw a remarkable 25% surge in 2022, according to the third annual National Financial Inclusion Strategy (NFIS) report. The report shows that the total amount of M-Wallets service issued by banks and financial institutions skyrocketed from MAD 6.3 million ($622,700) at the end of 2021 to a staggering MAD 7.7 million ($761,100) in 2022. The rise reflects the rising popularity of digital payments in Morocco.

Key findings from the report indicated that mobile payment institutions accounted for a substantial portion of the M-Wallets service, representing a significant 73% of the total current services. This translated to MAD 5.8 million ($573,300) in transactions by the end of 2022, compared to MAD 4.8 million ($474,400) at the close of 2021.

Transaction analysis saw bill payments dominated in terms of volume, comprising 71% of all transactions executed through the M-Wallets service. This was followed by person-to-person transfers at 22%, and merchant transactions at 7%. The report equally detailed the transaction structure of M-Wallets services based on bank accounts. It noted that bill payment transactions continued to lead the pack, accounting for 66% of all transactions. This was followed by transfers at 21%, and ATM withdrawals at 12%. Despite the promising increase, Morocco remains a largely cash-intensive country. The country lead the world’s top 20 countries reliant on cash payments in 2022, with 74% of transactions being cash-based. (MWN 28.04)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Greece Welcomed Over 30 Million Tourists Last Year

Travel receipts in 2023 totaled €20.59 billion, up by 16.5% compared with 2022, the Bank of Greece said in a final report on 2023. This development was driven by an 11.6% increase in receipts from residents of the European Union, which stood at €11.17 billion or 54.2% of total travel receipts, and by an 18.3% rise in receipts from other counties’ residents to €8.57 billion. The year-on-year rise in travel receipts was driven by a 20.8% increase in the number of non-resident inbound travelers, the central bank said, as well as by a rise in average expenditure per overnight stay by €6.90, or 8.6%. Inbound tourists in 2023 totaled 30.08 million, against 29.875 million in 2022. (eKathimerini 02.05)

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* 1. A Fraction of Greek Tax Fines Get Paid

Extra tax and fines amounting to almost **€**1.955 billion were attributed by the Independent Authority for Public Revenue (AADE) in 2023 to taxpayers and businesses after audits they carried out, even finding extensive tax evasion in some cases. Of this amount, however, only €305.7 million, or 15.6% of those certified, flowed into the state coffers.

One of the reasons, perhaps the most important, for the low rate of collection lies in the fact that audits of previous years usually do not lead to the desired result and the state does not collect the taxes and fines it imposes. This is as cases from many years pile up for checking and the resulting amounts are particularly large and therefore impossible to be paid by the audited. For this reason, AADE’s instructions to the audit mechanism are that the audits should go back no more than two years. In this way, there will be no unaudited tax cases, while the collections based on the indications that the tax administration has are significantly greater.

From the total amount of €1.955 billion that was confirmed, a huge amount ends up in the large pool of arrears, which is compounded month by month and reaches unimaginable heights that are never paid, so €1.65 billion of taxes and fines have been added to debts. (29.04 eKathimerini)

GENERAL NEWS AND INTEREST

\*ISRAEL:

* 1. Israel to Observe Memorial Day on 12/13 May

On 12/13 May, Israel will observe this year's Memorial Day. As of 6 May, 611 soldiers have fallen in the Swords of Iron War. Since the beginning of ground operations in Gaza on 27 October 2023, 266 soldiers have been killed in battle.

Memorial Day will begin in the evening when a one-minute siren sounded across the country. Commemorations will then take place at 52 military cemeteries and memorial sites during the following 24 hours, with the main ceremony held at the Western Wall in Jerusalem. President Herzog and Israel Defense Forces Chief of Staff Lt. Gen. Halevi are to address the central event.

On Tuesday at 11:00, a two-minute siren sounded, followed immediately thereafter by an air force flyover of the Memorial Hall at Mount Herzl. Another state ceremony will take place there, with politicians and other leaders in attendance. Memorial Day ends Tuesday night, when Israel began celebration of its 76th Independence Day. (Various 24.04)

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* 1. Israel’s Independence Day – 76 Years After Sovereignty was Regained

The 76th anniversary of Israel's regaining its independence will be marked beginning on Monday evening, 13 May throughout the country, continuing to Tuesday, 14 May. The official observance starts when the state flag is raised to full mast at a national ceremony on Mount Herzl in Jerusalem. Israel Independence Day is celebrated annually on 5 Iyar, which corresponded to 14 May 1948, the date the British mandate ended over the Land of Israel. A religious and national holiday, *Yom HaAtzmaut* - Independence Day is a celebration of the renewal of the Jewish state in the Land of Israel, the birthplace of the Jewish people. In this land, the Jewish people developed its distinctive religion and way of life. In the Land of Israel, the Jews preserved an unbroken physical presence, for centuries as a sovereign state, at other times under foreign domination. Throughout history, the yearning to return to the Land has been the focus of Jewish life. With the rebirth of the State of Israel, in 1948, Jewish independence, lost 1,879 years earlier, was restored.

\*REGIONAL:

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* 1. Jordan's Population to Reach 12.5 Million by 2028

Jordan's population is expected to reach 12.5 million by the end of 2028, according to the Higher Population Council (HPC). Jordan's population doubled in less than 20 years, rising from 6 million in the last two decades to over 11.6 million, with the number likely to reach 12.5 million by the end of 2028. This growth was attributed to conflicts in the region and the resulting waves of refugees as non-Jordanians account for more than 31% of the total population. Jordan bore the consequences of the Syrian refugee crisis amid a significant decline in international support on one hand and the challenges facing the Jordanian economy on the other. (JT 04.05)

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* 1. The Number of Public Schools Increases in Jordan

The Jordan Strategy Forum (JSF) said that the total number of public schools in Jordan increased by 8.4% in the past 10 years. The JSF called for the necessity of conducting comprehensive studies to assess the level of infrastructure at public schools, as well as the need to determine the economic feasibility of renting its facilities. According to JSF, until 2022, the total number of public schools reached 4,005, and the schools owned by the Ministry of Education accounted for 81%.

The percentage of rented public school facilities decreased from 24.2% in 2014 to 19.1% in 2022, the JSF said, adding that the average number of teachers increased to 23 per school in 2022. The total number of teachers working at public school facilities was around 93.400 in 2022.

It noted that internet is employed in 92% of public schools, meanwhile computers were available in 73% of public schools during 2020. The annual average expenditure on education when compared with GDP, is relatively low amounting to 3.2% and the budgetary allocations earmarked for research and development in the educational sector during the years 2020-2023, only amounted around JD950.000 per year. The JSF recommended increased investment in education, improved quality control, the development of teachers training programs and modules. (JSF 28.04)

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* 1. Iraq's Coordination Framework Militias Pass New Anti-LGBTQ Legislation

On 27 April, Iraq’s parliament passed an amendment to the Anti-Prostitution Law that includes anti-LGBTQ provisions prohibiting “sexual deviation” and “changing a person's biological sex.” These trends fit into the accelerating pattern of persecution since the Sudani government was installed by the Shia militia-led Coordination Framework (CF) in October 2022. Although the parliament's decision was not purely a CF action, the lion’s share of its support came from CF and *muqawama* (resistance) partners, while the measure was boycotted by most Kurdish and Sunni politicians. Importantly, the idea of amending the law—whose title distracts from its primary focus on outlawing LGBTQ communities—was championed by CF factions such as the Badr Organization, Asaib Ahl al-Haq (AAH), and the U.S.-designated terrorist movement Kataib Hezbollah via its parliamentary bloc the Hoquq Movement. The new amendment calls for punishing anyone who engages in homosexuality with a minimum jail sentence of ten years, and anyone who "promotes homosexuality" with a minimum sentence of seven years. (TWI 29.05)

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* 1. UIR & Mississippi State Pledge to Foster Cooperation in Scientific Research

The International University of Rabat (UIR) and Mississippi State University (MSU) signed a memorandum of understanding in Washington, D.C., in a ceremony chaired by the Moroccan Ambassador to the US. Signed by the presidents of the two universities, the agreement aims to enhance the cooperation between the two universities in various fields of scientific research. The Ambassador described this partnership as representing a new stage in strengthening education cooperation not just between the two universities, but also between the US and Morocco.

The MoU should reinforce the strategic partnership between the two universities and expand the scope of the framework agreement signed between them in 2011. The president of MSU, who is also the honorary consul of Morocco, noted that the signing of this agreement is part of the ongoing partnership between the two countries. This cooperation is part of a broader effort to strengthen ties between Morocco and the US in the fields of education and research, as well as in other areas such as diplomacy and trade.

The Moroccan government has been actively promoting international cooperation in these fields, with a focus on fostering partnerships that can contribute to the country's socio-economic development. This agreement is expected to lead to increased collaboration between the two universities in various fields of scientific research, including technology transfer and the promotion of human connections. In addition to welcoming the agreement as a key step in strengthening their strategic alliance, the two universities hailed it for signaling a new stage in the cooperation between Morocco and the United States in the fields of education and research. (MWN 01.05)

ISRAEL LIFE SCIENCE NEWS

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* 1. Nuvo Group Completing Business Combination with LAMF Global Ventures Corp

Nuvo Group announced the anticipated timeline for finalization of its business combination with Los Angeles, California's LAMF Global Ventures Corp. It is anticipated that the business combination will be completed around May 2024, subject to the satisfaction or waiver of all other applicable stock closing conditions. Nuvo's ordinary shares and publicly traded warrants are expected to trade under the new ticker symbols "NUVO" and "NUVOW," on The NASDAQ Stock Market.

The business combination was approved at a special meeting of LAMF's shareholders, held on 1 April 2024. It will enable Nuvo to access capital markets to fuel commercial growth, international expansion, and expedite its innovation pipeline.

Tel Aviv's [Nuvo](http://www.nuvocares.com) is leading a transformation in pregnancy care by providing clinicians and expectant mothers with access to medically necessary remote pregnancy monitoring anytime, anywhere. Nuvo's INVU platform is an FDA-cleared remote pregnancy monitoring and management system. It enables the delivery of remote non-stress tests (NSTs) and maternal and fetal heart rate monitoring, while pioneering new data-driven personalized pathways that Nuvo believes can improve future health outcomes. INVU is being used by leading health providers and research institutions across the US and Israel. (Nuvo 29.04)

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* 1. Remepy Launches with $15 Million in Funding to Bring First Hybrid Drug to Market

Remepy successfully closed a $10 million seed investment round, which together with earlier funding totals $15 million. The round was led by NFX, joined by Vine Ventures, PsyMed Ventures, Supernode Ventures and Firstime Ventures, joining previous pre-seed lead investor TechAviv as well as Fresh.fund, Samsung Next, StageNext Fund and 97212 Ventures.

Remepy’s new hybrid drugs combine traditional drugs with its “digital molecules. Digital molecules are therapeutic interventions that trigger physiological effects (aka MOAs, Mechanisms of Action) through the brain. These physiological changes have been known to enhance the effectiveness of traditional drugs. The digital molecules are designed for hybrid drug experiences. They are based on non-invasive cognitive, psychological, and behavioral interventions that follow principles of sensory integration, sensory substitution and sensory deprivation.

Ramat Gan's [Remepy](https://www.remepy.com/‎) is pioneering Hybrid Drugs: traditional drugs combined with digital therapeutics that are personalized and enhance the effect of pharmaceutical treatments. Remepy has already proven in human studies the effect of its products, using extensive brain imaging, as well as blood and saliva samples, with promising results for Oncology, MCI and Parkinson’s Disease. (Remepy 01.05)

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* 1. N2OFF Reduces N2O Emissions in Open Greenhouse Environments

N2OFF announced that its subsidiary NTWO OFF Ltd., has achieved a groundbreaking milestone in its mission to mitigate agriculture's environmental impact. A recent study conducted by NTWO OFF Ltd.’s research team has demonstrated remarkable success in its goal of reducing nitrous oxide (N2O) emissions from wheat crops. The study transitioned from growth chambers to open greenhouse environments, allowing for larger pots and soil volumes. This adaptation facilitated the cultivation of more plants per pot and extended growth periods. The results exceeded expectations, with N2O emissions reduced by up to 54% compared to NTWO OFF’s previous study methods.

NTWO OFF’s proprietary technology revolves around two naturally occurring bacteria species isolated from wheat roots. These bacteria have demonstrated the ability to reduce N2O emissions across various environmental conditions. NTWO OFF Ltd. rigorously tests different formulations and soil types to optimize the effectiveness of this technology.

Neve Yarak's [N2OFF](http://www.n2off.com) 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, N2OFF's majority-owned Israeli subsidiary, focuses on post-harvest treatments in fruit and vegetables to control and prevent pathogen contamination. NTWO OFF, N2OFF's majority-owned Israeli subsidiary, contributes to tackling greenhouse gas emissions. NTWO OFF Ltd. aims to promote agricultural practices that are both environmentally friendly and economically viable. (N2OFF 02.05)

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* 1. AISAP Raises $13 Million for First AI-Powered Ultrasound Diagnostic Solution

AISAP, whose AI-powered Point of Care Assisted Diagnosis (POCAD) solution is transforming the medical ultrasound industry, announced its seed funding round. The company secured $13 million, led by Harel Insurance Investments & Financial Services Ltd. and Shoni Top Ventures, L.P.

AISAP's POCAD solution provides AI-powered diagnoses that are both highly accurate and easy for any physician to understand – not just ultrasound experts. This includes a unique "urgency score" that enables medical providers to prioritize cases based on the severity of the condition; a score that measures the quality of the scan for operators, to ensure accuracy even if they are less familiar with traditional ultrasound devices; and Deep Learning AI capabilities that enable accurate readings even with lower-quality images from handheld machines. Unlike most other POCUS devices, AISAP's POCAD solution can even provide detailed, accurate diagnoses of specific valves within the cardiovascular systems. While the average ultrasound takes weeks on average to provide a full analysis and diagnosis, AISAP's solution does so in as little as 5 minutes.

AISAP's algorithms have been trained on more than 300,000 studies comprising over 24 million video clips, and the technology has been validated by a range of medical experts from The Mayo Clinic, Inova Health Foundation, Jefferson Health, Poriya Institute and more.

Ramat Gan's [AISAP](https://www.aisap.ai/) was founded by a unique group of experts from the medical, technology and intelligence worlds, united in their vision for universally accessible medical care. While AISAP's POCAD solution is currently focused on the area of cardiac medicine, the company is developing additional products in other anatomical areas as well. (AISAP 02.05)

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* 1. Alcon to Buy Israeli Glaucoma Treatment Company Belkin Vision

Swiss-American ophthalmology company [Alcon](https://www.alcon.com/) is acquiring Yavne's [Belkin Vision](https://belkin-vision.com/) for up to $335 million. It is estimated that Alcon is making an immediate payment of $60 million for Belkin Vision and milestone payments that would bring the total of the acquisition up to $335 million.

Belkin Vision has developed a laser treatment for glaucoma. Last December, the company received FDA approval to market its laser device in the US. The company was founded in 2013 as Belkin Laser to develop a non-contact laser treatment that is more effective and accessible in the treatment of glaucoma. In February 2024 Belkin Vision raised $12.3 million, bringing the total amount raised by the company to $40 million. The company has also received a $17.5 million grant from the EU. (Globes 05.05)

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* 1. ZygoFix Receives FDA Clearance for its zLOCK Lumbar Facet Fixation System

ZygoFix received regulatory clearance from the US FDA for its zLOCK Lumbar Facet Fixation System. This achievement was supported by compelling clinical evidence from the company's ongoing European clinical study, marking a significant advancement in spinal fusion technology.

Spinal fusion, a common surgical procedure performed for degenerative spinal conditions such as Spondylolisthesis, Spinal Stenosis and degenerative disc disease, traditionally requires placement of 4 screws and 2 rods, creating an artificial bridge, to stabilize the segment. The conventional invasive approach requires precise placement and building of bridges intraoperatively. ZygoFix's revolutionary zLOCK system harnesses the spine's innate bone structure to securely lock its connecting joints. Unlike traditional methods, the company's innovative implant adapts to the joint's anatomy during insertion, offering unparalleled stability with a minimally invasive, simple procedure that can be performed in outpatient and ASC environments. With CE certification and six years of clinical utilization yielding long-term pain reduction and bone growth, ZygoFix's zLOCK Lumbar Facet Fixation System is positioned to revolutionize spinal fusion surgery.

Misgav's [ZygoFix](https://www.zygofix.com/) is a spine device company, a portfolio company of the Trendlines Group and has been supported by the Israel Innovation Authority and the European EIC program, alongside The Trendlnes Group and investors worldwide. The Company's inventions enable internal joint stabilization while conforming to the joint's anatomy. (ZygoFix 06.05)

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* 1. GIBF Invests $10 Million in Nectin Therapeutics to Advance its Novel Pipeline

The Guangzhou-Israel Biotechnology Fund (GIBF) has invested $10 million in Nectin Therapeutics. Jerusalem's [Nectin](https://www.nectintx.com/) is a biotechnology company developing novel targeted immunotherapies that address resistance to approved immune oncology treatments. The funds will be used to continue the development of Nectin's portfolio of novel immuno-oncology products, including the advancement of Nectin's ongoing NTX1088 global Phase 1 clinical trial targeting PVR and the preclinical development of its anti-drug conjugate (ADC) portfolio.

Nectin is a clinical stage biotechnology company devoted to transforming the lives of cancer patients by leveraging unique insights into the nectin pathways to develop the next generation of immune oncology (IO) therapies. The company's differentiated therapies have the potential to set new standards for efficacy and patient response rates across various difficult-to-treat cancers. Nectin's technology addresses major escape mechanisms of current IO therapies through a diverse pipeline of novel monoclonal antibodies and antibody-drug-conjugates. Nectin is a venture-backed, privately held company, funded by aMoon Fund, Peregrine Ventures, IBF, Integra Holdings, Myeloma Investment Fund (MIF) and Cancer Focus Fund. NTX1088 is Nectin's First-in-Class lead candidate - a highly potent monoclonal antibody directed against PVR (CD155), a transmembrane protein expressed on cancer cells and associated with resistance to PD1 and PDL1 immune checkpoint inhibitors. PVR blockade by NTX1088 is the first and only therapeutic approach aiming at restoring the antitumor immune activity of DNAM1 (CD226). (GIBF 06.05)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. IONIX Launches Attack Surface Cloud Cross-View

IONIX announced the launch of Attack Surface Cloud Cross-View, a significant platform enhancement to its industry-leading Attack Surface Management (ASM) platform that enables organizations to view their complete attack surface risk. IONIX Cloud-Cross View (CCV) connects IONIX ASM to the internal cloud asset view, mapping all application-level dependencies and ensuring that asset importance and exploitability can be assessed across cloud and on-premises infrastructures. This approach bridges critical cloud security gaps across all internet-facing assets and digital supply chains in organizations’ AWS, Azure and GCP environments as well as cloud-security providers such as Akamai, Cloudflare and Imperva.

In addition to providing a holistic view of the complete attack surface, IONIX integrates with leading providers to validate CSPM findings with IONIX’s Exposure Validation capabilities. By integrating with CSPM solutions, IONIX can turn alerts on potential vulnerabilities into validated and practical security assessments by using IONIX exploit simulation modules to validate exploitability.

Tel Aviv's [IONIX](http://www.ionix.io)’s Attack Surface Management (ASM) platform uses Connective Intelligence to shine a spotlight on exploitable risks across your real attack surface – and its digital supply chain. Only IONIX discovers and monitors every internet-facing asset and connection, delivers laser focus into the most important risks to your business and provides the tools to rapidly remediate exploitable threats and reduce attack surface exposure. (IONIX 24.04)

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* 1. Storedot & Polestar's Electric Vehicle 10-Minute Charge With Si-Dominant Cells

StoreDot and Polestar, the Swedish electric performance car brand, revealed a groundbreaking milestone by demonstrating pioneering battery technology that charges an electric vehicle in just 10 minutes. The companies successfully charged a 77kWh battery pack powered by StoreDot's extreme fast charging high energy (300Wh/kg) silicon-dominant battery cells, installed in a fully driveable verification Polestar 5 prototype, from 10% to 80% in under 10 minutes.

The vehicle saw a consistent charge rate of over 310kW for the entire test procedure and a peak of more than 370kW. All cell parameters including temperature, voltage and charged capacity were monitored throughout, with the battery pack never exceeding the target operating temperature set by engineers of both teams. The demo showcases StoreDot's 'drop-in' ability to be integrated in an existing car model. It also paves the way to extreme fast charging a car using available charging infrastructure, rather than using proprietary chargers.

The breakthrough was enabled by StoreDot's advanced XFC battery cells and represents another major milestone on the company's path toward commercialization, proving the maturity, stability, and durability of its game-changing technology, while paving the way for an industry-wide XFC battery adoption.

Herzliya's [StoreDot](https://www.store-dot.com/) is the pioneer and world leader of extreme fast charging (XFC) electric vehicle batteries that overcome the critical barriers to mainstream EV adoption – range and charging anxiety. The company has revolutionized the conventional Li-ion battery by innovating and synthesizing proprietary organic and inorganic compounds, optimized by Artificial Intelligence algorithms, enabling the charging of an EV in under 10 minutes – similar experience to refueling a conventional combustion engine car. (StoreDot 29.04)

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* 1. Solvo Cloud Detection and Response (CDR) Product Combats Cloud Threats

Solvo announced the launch of its innovative Cloud Detection and Response (CDR) product. Designed to address the escalating threat landscape of cloud environments, Solvo's CDR offers unparalleled capabilities in detecting and responding to security incidents, ensuring organizations can safeguard their critical assets with confidence.

Solvo's CDR product takes a comprehensive approach to addressing challenges. By integrating insights into identities, data, vulnerabilities, and misconfigurations, it simplifies risk understanding and impact assessment. Particularly strong in managing identities within cloud infrastructure, Solvo's CDR encompasses specific ITDR capabilities. Through intelligent correlation of identity-related activities with contextual data, it offers unparalleled visibility into cloud identity risks. Customized remediation further boosts the product's effectiveness, empowering organizations to proactively handle security incidents in real-time. Leveraging advanced detection algorithms and automated response mechanisms, Solvo's CDR swiftly mitigates threats, reducing business disruption and potential damage.

Tel Aviv's [Solvo](http://www.solvo.cloud) is a leading provider of adaptive cloud infrastructure security solutions dedicated to helping organizations protect their critical assets and data in the cloud. With a focus on innovation and excellence, Solvo delivers cutting-edge security solutions that empower organizations to defend against advanced cyber threats and ensure the integrity of their cloud environments. (Solvo 30.04)

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* 1. Quantum Machines & Hamamatsu Team for Enhanced Quantum Computing Control

Tel Aviv's [Quantum Machines](https://www.quantum-machines.co/) (QM) announced the integration of its advanced Observe, with Hamamatsu's high-speed ORCA -Quest camera. The collaboration between Quantum Machines and Hamamatsu pushes the boundaries of quantum computation, communication, and sensing. QM's Observe is a high-speed camera interface with an image processor that complements the OPX quantum control suite. This combination of Observe and ORCA cameras provides ultra-fast camera readout capabilities for cold atom and trapped-ion qubits. The integration not only boosts the speed but also maintains flexibility, allowing researchers to interface with personal computers for additional image processing capabilities.

Quantum Machines' OPX family of processor-based quantum controllers stands out for its comprehensive control capabilities, specifically tailored for scaling quantum computing to 1,000 qubits and beyond. It supports the most complex quantum programs across various quantum systems, thanks to its user-friendly programming and swift execution. (Quantum Machines 30.04)

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* 1. Elbit Systems Awarded $50 Million Contract for a New Air Defense System

Elbit Systems announced it was awarded a contract in an amount of approximately $50 million for its new air defense system, "Red Sky", by an international customer. The contract will be executed over a period of 2 years. The Red Sky is a Tactical Very Short-range Air Defense (VSHORAD) System designed to provide protection against low-altitude aerial threats.

As part of the contract, Elbit Systems will supply two Red Sky batteries, offering a comprehensive solution that integrates both soft-kill and hard-kill defense capabilities. This solution includes Elbit Systems' Redrone, an electronic warfare (EW) solution designed for detecting, identifying, locating and neutralizing unmanned aerial systems. The Redrone system comprises DAiR Radar, Signal Intelligence (SIGINT) sensors, RF Jammer, and COAPS-L electro-optical (EO) payload. Additionally, the Red Sky solution will incorporate anti-aircraft missile launchers.

Haifa's [Elbit Systems](https://elbitsystems.com) is a leading global defense technology company, delivering advanced solutions for a secure and safer world. Elbit Systems develops, manufactures, integrates and sustains a range of next-generation solutions across multiple domains. Elbit Systems employs approximately 19,000 people in dozens of countries across five continents. (Elbit Systems 30.04)

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* 1. Prompt Security & F5 Secure GenAI Applications with a Firewall for AI

Prompt Security announced its partnership with Seattle's F5 to deliver a firewall for AI applications on F5 Distributed Cloud Services. The solution aims to address the growing need to protect applications powered by Generative AI (GenAI), as these applications expose organizations to a brand new attack surface.

Prompt Security's Firewall for AI can be easily instantiated anywhere within F5 Distributed Cloud AppStack, managed by a standard Kubernetes orchestration. This quick, simple instantiation can be expanded to different regions across the world to address performance or geographic data protection requirements. This partnership will help organizations secure their GenAI applications, improve business productivity, and maintain data governance.

Founded in August 2023, Tel Aviv's [Prompt Security](https://www.prompt.security/) delivers a complete solution for all generative AI security in the enterprise. Its robust platform supports millions of prompts and thousands of users per month. The Prompt Security team has created proprietary LLMs and developed novel patent-pending techniques for detecting generative AI threats and addressing the associated risks. (Prompt Security 30.04)

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* 1. Skyhawk Security Harnesses AI to Launch Automated Cloud Native CTEM Solution

Skyhawk Security unveiled its groundbreaking cloud native Continuous Threat Exposure Management (CTEM) solution. The agentless approach empowers organizations to automate their CTEM program for the first time and operationalize it through Skyhawk’s existing AI-based Synthesis Security Platform.

Companies need cloud native CTEM to stay ahead of the curve. Organizations move to the cloud because it often addresses their evolving business needs but securing ever-changing cloud environments is challenging. A reliable, automated CTEM framework solution is instrumental because it continuously evaluates the environment and leverages the findings to harden and pre-validate detection and prepare automated responses. Cloud attack surfaces are difficult to patch and best practices may not meld with an organization's business requirements because they are not completely under the organization’s control. Until today, organizations had to implement several products and manually integrate their inputs and outputs to achieve CTEM in the cloud, now they can leverage Skyhawk Security.

Ramat Gan's [Skyhawk Security](https://skyhawk.security/) is the originator of Cloud Threat Detection and Response (CDR), leveraging a multi-layer AI-based approach to identify and stop cloud threats before they become breaches. Skyhawk revolutionizes CDR with its Continuous Proactive Protection, enabling security teams to take a proactive approach to cloud security for the very first time. Skyhawk’s platform evolves cloud security posture management far beyond scanning and static configuration analysis, continuously adapting and improving threat detection so that it is always aligned with the cloud architecture. (Skyhawk Security 01.05)

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* 1. Nokod Security Platform Secures Low-Code/No-Code Development Environments

Nokod Security announced the general availability of the Nokod Security Platform. This platform enables organizations to protect against security threats, vulnerabilities, compliance issues, and misconfigurations introduced by LCNC applications and robotic process automations (RPAs).

Nokod addresses the primary obstacles to securing LCNC apps and RPAs, namely, citizen developers are not security experts, and security teams are too lean to supervise every development process. To overcome this bottleneck, the Nokod Security Platform provides citizen developers clear step-by-step guidance for fixing security issues as well as automated remediation options that can be triggered with the click of a button.

Tel Aviv's [Nokod Security](http://www.Nokodsecurity.com) is the security company for low-code/no-code (LCNC) application development. The Nokod Security Platform protects enterprises from security risks introduced by LCNC applications and RPAs developed in a wide range of platforms including Microsoft Power Apps & Power Automate, UiPath, ServiceNow, Salesforce, and more. (Nokod 02.05)

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* 1. PractiTest Pushes Boundaries of Test Management with Milestones Release

PractiTest continues to push the boundaries with the release of Milestones, a powerful project management module enabling QA teams to align and stay connected to business goals. PractiTest's New Milestones Module empowers QA teams to define high-level testing objectives within set timeframes. This results in well-defined roadmaps for sprint planning, major releases, or other pivotal project Milestones. By setting these objectives, QA teams gain a focused understanding of their contribution to broader business objectives and deadlines.

Milestones establish a seamless link between QA initiatives and overarching business strategies, ensuring testing efforts directly contribute to achieving company objectives. By defining clear testing objectives and schedules for each project phase, QA teams can stay on track and ensure efficient use of resources. The Milestones module also improves visibility, providing a high-level overview of the entire testing process and promoting seamless communication and collaboration among cross-functional teams.

Rehovot's [PractiTest](https://www.practitest.com/‎) is an end-to-end test management platform designed to simplify complex and robust environments. PractiTest centralizes all your QA work, processes, teams, and tools into one platform to bridge silos, unify communication, and enable one source of truth across your organization. With PractiTest you can make informed data-driven decisions based on end-to-end visibility provided by customizable reports, real-time dashboards, and dynamic filter views. (PractiTest 06.05)

ISRAEL ECONOMIC STATISTICS

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* 1. Israeli Startups Raised Over $1 Billion in April

Despite the war and the Passover holidays, Israeli startups raised over $1 billion in April 2024, according to press releases seen by Globes. The figure may be larger as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received. This is the first time that Israeli startups have raised more than $1 billion in a month for several years.

Israeli privately-held tech companies raised just $6.9 billion in 2023, according to IVC-Leumitech, after raising $15 billion in 2022 and a record $25.6 billion in 2021. In the first four months of 2024, Israeli startups have raised $2.6 billion.

In March 2024, large financing rounds were led by data security company Cyera which raised $300 million. Enterprise browser security company Island raised $175 million, short-term rental platform Guesty raised $130 million and edge AI chipmaker Hailo raised $120 million. Digital casting company Magnus Metal raised $74 million. (Globes 01.05)

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* 1. High-Tech Wages Surge Over 12% Since the Start of 2024

The average gross salary in Israel crossed NIS 14,000 for the first time in March and reached NIS 14,108 ($3,800), according to an estimate published by the Central Bureau of Statistics (CBS). This marks an increase of 4.2% compared to the figure of NIS 13,539 in February and a 3.5% rise compared to March of last year (NIS 13,625).

It should be noted that in the previous March, the increase in the average salary resulted, among other things, from the distribution of a NIS 6,000 ($1,615) grant to state employees as part of the collective wage agreement. This time there was an increase without such a one-time figure. The average salary for the entire year 2023 was NIS 12,857 ($3,459), an increase of almost 10% relative to the average salary last year (9.7%).

The average salary in high-tech also peaked in March, reaching NIS 33,964 ($9,137). This is an increase of 12.7% compared to January (NIS 30,126) and 13.2% compared to February 2023 (NIS 30,011). The increase in wages for research and development (R&D) employees greatly contributed to the jump in high-tech, with their salaries standing at NIS 44,670 ($12,018), compared to an average of NIS 32,623 ($8,777) last year - a jump of 37%. About 52,000 people in Israel are employed in R&D in high-tech, which is 13.2% of the total employees in the industry.

In the field of programming, the NIS 35,000 barrier was crossed for the first time, with the average salary for a programmer in February reaching NIS 35,182 ($9,465) - a 12.3% increase compared to the average salary of NIS 31,333 ($8,430) in 2023 as a whole. Some 213,000 people in Israel work in high-tech programming, which is 53.5% of the employees in the industry.

The flash estimate of the number of salaried jobs in the economy in March stands at 3.963 million, an increase of 1% compared to 3.923 million in February but still 1.8% lower than the 4.034 million in March 2023. The number of jobs in high-tech was 397,700 in February, almost unchanged compared to January (398,200) and a slight decrease of 0.2% compared to February 2023 (398,300). Salaried jobs in the high-tech sector accounted for 10.1% of all salaried jobs in the economy in February, similar to January 2024 (10.2%). It should be noted that this calculation does not include tech jobs in other industries. (CBS 05.05)

IN DEPTH

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* 1. SAUDI ARABIA: Continued Progress in Saudi Economic Diversification

Tim Callen posted on 25 April in the [Arab Gulf Institute in Washington](https://agsiw.org/) that diversifying the economy away from oil is one of the key goals of Saudi Arabia’s Vision 2030 program. Data from 2022 indicated that progress was being made toward a more diversified economy. Similarly, developments in exports, output, government revenue, and employment show that, across most metrics, further progress was made during 2023, although oil is still the dominant force in the Saudi economy.

**Diversification Continued in 2023**

The simplest way to track progress with diversification is to look at a time series of the relevant variables and see if they are moving in a direction consistent with a more diversified economy. For example, are non-oil exports as a share of total exports rising? Relying solely on this approach, however, can be misleading. In a year such as 2023, when oil output and oil export revenue declined, the economy can suddenly look more diversified even if there is no growth in the non-oil sector. Similarly, in a year such as 2022, when oil production and oil export revenue are high, the economy can look less diversified even if the non-oil sector has done well. It is therefore important to look through short-term swings in the oil market to identify underlying trends in diversification. One way of doing this is to compare two years when oil export revenue is similar. Below, outcomes in 2023 are compared with 2018 – when Saudi oil export revenue was $232 billion, close to the $248 billion in 2023 – and 2022.

**Exports**

Export diversification continued in 2023. The share of non-oil exports in total exports of goods and services rose to 33% from 27% in 2022 and 26% in 2018. If petrochemical exports are excluded from non-oil exports on the grounds that these products are closely related to oil, diversification progress is even more evident. The ratio of non-oil, non-petrochemical exports to total exports of goods and services rose to 22% in 2023 from 15% in 2022 and 13% in 2018. Looking at non-oil exports as a share of non-oil gross domestic product, a broadly similar picture emerges.

The main driver of the expansion of non-oil exports has been the tourist sector. In 2023, revenue from nonresidents visiting Saudi Arabia increased by 43% to $36 billion. Tourism revenue has almost tripled since 2018, the last full year before the kingdom began issuing tourist visas in September 2019. There was also growth in exports of machinery and transportation equipment in 2023, although base metal exports, which grew significantly during 2022, stalled in 2023 as export prices fell. All three of these sectors, however, remain relatively small, accounting for 2% or less of total exports of goods and services.

**Output**

The composition of Saudi Arabia’s GDP has become more diversified. The share of the private non-oil sector in total nominal GDP increased to 44.6% in 2023 from 39.6% in 2022 and 42.8% in 2018. A similar story emerges for real GDP, which accounts for inflation. However, it is likely that companies owned by the Saudi Public Investment Fund are included in the definition of the private sector, so this data may overestimate the true private sector contribution to the economy.

The correlation between real private sector non-oil GDP and oil revenue has weakened since 2018, suggesting the non-oil economy has become less dependent on the oil sector.

**Government Revenue**

Revenue from non-oil sources continued to increase as a share of government revenue and as a share of non-oil GDP in 2023. As a share of total government revenue, it reached 37.8% in 2023, compared to 32.4% in 2022 and 32.5% in 2018. Non-oil revenue as a share of non-oil GDP was 18.2% in 2023, 17.5% in 2022, and 14.7% in 2018.

The increase in the share of non-oil revenue in 2023 relative to 2022 reflected the strong performance of the non-oil private economy in 2022 (corporate taxes are paid on the previous year’s performance), continued robust consumption growth, and lower oil revenue. Relative to 2018, the main reason for the increase in non-oil revenue is the higher value-added tax rate (15% compared to 5% in 2018).

**Employment**

Diversification in the labor market is more difficult to define. Here, labor market diversification is equated to a reduced reliance by private companies on non-Saudi workers and a lower reliance by Saudi nationals on employment in the public sector. These two indicators show mixed results for 2023 compared to 2022, but there has been substantial progress relative to 2018.

The share of employed Saudis working in the private sector increased to 59% in 2023 from 58% in 2022 and 55% in 2018. The share of Saudis in the private sector workforce, however, declined to 22.4% in 2023 (23.3% in 2022) but remained above the 2018 level of 18.3%. The number of Saudis employed in the private sector increased by around 100,000 during 2023, largely due to increased women’s employment, but this increase was swamped by a surge of 750,000 non-nationals employed in the private sector (unhelpfully, most of the increase in non-national employment is categorized in “other activities” in the official data).

**Plotting a Path Forward**

Progress has been made in recent years in diversifying the Saudi economy, but there is much further to go before the economy can be considered “diversified.” Oil is still the dominant economic force in Saudi Arabia and will continue to be so for years to come.

The large investments being undertaken by the PIF and other government-related entities to spur growth in new sectors have received considerable attention. Neom garners news headlines on an almost daily basis. Most of these large investment projects, however, are still in their development phase and have not yet contributed to diversification. Indeed, the heavy investments being made during their construction are likely contributing to the strong growth in the employment of non-nationals and the robust growth in imports. The former explains why some labor market indicators show less diversification than two years ago, while the latter means the current account surplus is smaller than might have been expected given the growth in tourist receipts.

A case can be made that progress toward diversification has been driven by legal and regulatory reforms in recent years rather than the high level of public spending. The issuance of tourist visas is clearly a precondition for developing the nonreligious tourism sector. The introduction of the value-added tax and the concurrent strengthening of tax administration have been the drivers of government revenue diversification. Legal and other impediments to the participation of women in the economy have been eased, and women’s employment has increased, particularly in the private sector. Legal reforms, such as the introduction of Saudi Arabia’s new Civil Code and mining law, have set the basis for a more transparent and predictable investment environment.

Well-targeted public sector investment will be important to diversify the economy; some sectors will not develop without upfront public sector investment. But these investments should not be the center of attention. The continued success of the Saudi diversification strategy will more likely depend on the successful implementation of mundane structural economic reforms rather than headline-grabbing public sector investment initiatives. Areas where continued reform efforts are needed include: ensuring newly introduced laws and regulations are implemented and enforced as intended; reducing and simplifying the proliferation of government fees that may act as a constraint to doing business in the kingdom; and strengthening education and training systems to provide Saudis the skills needed for employment in a more diversified economy.

*Tim Callen is a visiting fellow at the Arab Gulf States Institute in Washington. Callen is a former assistant director in the Middle East and Central Asia department at the International Monetary Fund*. (AGSIW 25.04)

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* 1. YEMEN: IMF Staff Concludes Staff Visit to Yemen

An [International Monetary Fund (IMF)](http://www.imf.org/) team conducted a mission in Amman, Jordan with the Yemeni authorities from 28 April to 2 May. Discussions covered recent economic developments in Yemen, the economic outlook, and progress on key policy reforms. At the end of the mission, the IMF made the following statement:

“The halt in oil exports since the attack on oil facilities in October 2022 continues to weigh on Yemen’s economy. Growth is estimated to have contracted by 2% in 2023 while inflation remained high, despite declining global food prices. The loss of oil exports, which represented more than half of the government’s revenues (4% of GDP), is estimated to have widened the fiscal deficit to 4.5% of GDP in 2023, adding to pressures on reserves and the exchange rate. The humanitarian situation remains difficult with 17 million people facing food insecurity. Disbursements of the GCC support package and stable remittances have been mitigating factors.

“In 2024, Yemen’s already fragile situation could be exacerbated by regional tensions. An escalation of the Red Sea tensions could adversely affect economic activity through trade and financial channels, and lower external support including humanitarian assistance.

“Despite the challenging situation, the authorities remain steadfastly committed to reforms, including further aligning multiple exchange rates for government transactions and refining the FX auction system. Cash management has been strengthened with better expenditure control and prioritization. These measures have contributed to limiting the budget deficit, recourse to monetary financing, and associated inflationary pressures.

“Amid high uncertainty, the mission urged the further acceleration of fiscal reforms, including improving revenue administration while enhancing expenditure reprioritization and control. Ensuring consistency and predictability in FX auctions will help the central bank preserve hard-won credibility amidst constrained FX resources. Strengthening central bank governance while improving data collection will enhance transparency and accountability. The mission also stressed the importance of continuing to preserve stability in the financial sector and further strengthen compliance in line with international frameworks, including AML/CFT and national standards. This will further facilitate trade and remittances, which are key lifelines for the Yemeni population.

“External financial support remains critical to help ease fiscal pressures, limit monetary financing, and preserve price stability. To this end, active engagement with donors to address outstanding needs, together with improving the availability and consistency of financing will be crucial. The IMF will continue to provide comprehensive technical assistance to Yemen to further enhance institutional capacities. The mission also held discussions with partners and key stakeholders to enhance synergies and improve coordination of external assistance. (IMF 02.05)

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* 1. EGYPT: Fitch Revises Egypt's Outlook to Positive; Affirms at 'B-'

On 3 May, [Fitch Ratings](http://www.fitchratings.com/) revised the Outlook on Egypt's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) to Positive from Stable, and affirmed the IDR at 'B-'.

**Key Rating Drivers**

The revision of the Outlook reflects the following key rating drivers and their relative weights:

**High**

**Reduced External Vulnerability:** Near-term external financing risks have markedly reduced due to the Ras El-Hekma deal with the United Arab Emirates, the move to a flexible exchange rate and the tightening of monetary policy, which also unlocked additional IFI financing and the return of sizeable non-resident inflows to the domestic debt market. The Ras El-Hekma investment underscores the strength of GCC financial support for Egypt, and Fitch has somewhat greater confidence that exchange rate flexibility will be more durable than in the past. In addition, initial steps to contain off-budget spending should help to reduce public debt sustainability risks.

**Much Stronger Foreign Direct Investment:** The $35 billion Ras El-Hekma deal comprises $24 billion of fresh foreign-currency (FC) inflows in fiscal year ending June 2024 (FY24). Half of these funds accrue to the Ministry of Finance, lowering debt issuance needs, and half to the New Urban Community Authority. The remaining $11 billion of the deal consists of the conversion of existing UAE FC deposits held at the Central Bank of Egypt (CBE) to local-currency (LC) deposits for investments, reducing Egypt's external debt.

**Additional Foreign Capital:** At the first review in March, the IMF Extended Fund Facility (EFF) was augmented by $5 billion to $8 billion, the EU approved a three-year EU support package of €7.4 billion, and non-resident holdings of domestic debt rose to $35.3 billion, from $16.6 billion at end-2023. As a result of capital inflows, the net foreign liability position of CBE fell by around three-quarters in March to $1.3 billion, and that of banks to $2.8 billion, from $17.5 billion in January.

**Strengthening Foreign-Exchange (FX) Reserves:** Fitch forecasts gross FX reserves will increase $16.2 billion in FY24 to $49.7 billion despite a 4% widening of the current account (CA) deficit to 5.2% of GDP (due partly to lower oil and services exports, and a temporary boost to imports from the recent clearance of an estimated $8 billion FX backlog). Recovering remittances due to greater exchange rate confidence contributes to our projected narrowing of the CA deficit to 2.3% of GDP in FY25. We forecast FX reserves to rise further to $53.3 billion by FYE25, equivalent to 5.6 months of current external payments, above the 'B' median of 4.1 months, and net external debt to fall 6.5pp in FY23-FY25 to 23.2% of GDP.

**Policy Adjustment Increases Resilience:** The 38% depreciation of the official exchange rate in March to EGP49.4/$ collapsed the very large divergence with the parallel market rate (which peaked at near EGP72/$ in January, against the official rate of EGP31/$). The interbank FX market has revived, with daily turnover volumes increasing by more than tenfold since February. Our somewhat greater confidence that exchange rate flexibility will be more durable partly reflects its close monitoring under Egypt's IMF EFF, which runs to late 2026, and the strengthening of external finances it has helped to support, although an external shock would provide a greater test of the authorities' commitment.

**Medium**

**Reforms Reduce Fiscal Risks:** Initial steps have been taken to better monitor and contain off-budget expenditure, including the phased inclusion of 59 Economic Authorities into the general government perimeter starting in the FY25 budget, and a decree capping overall public investment at EGP1 trillion (a real-term cut to FY23's EGP0.88 trillion). The sharp increase in CBE deficit financing since early 2023 has also reversed; its net claims on the government fell 24% in March to EGP1.7 trillion, and use of the single government account overdraft has returned to within its legal limit.

**Egypt's 'B-' IDRs also reflect the following key rating drivers:**

**High Inflation:** Inflation rose to 35.7% y-o-y in February, partly due to parallel market depreciation and FX shortages, before edging down to 33.4% in March. Fitch projects inflation to fall to 12.3% in June 2025, reflecting the 800bp of policy interest rate rises this year, broad exchange rate stability, easing supply constraints, and a strong base effect in February, with a positive real interest rate of close to 4% at year-end.

**GDP Growth to Accelerate:** We forecast GDP growth to slow 0.7% in FY24 to 3.1%, before accelerating to 4.7% in FY25 on strengthening confidence, remittances, real incomes and FDI spending, still slightly below Egypt's trend rate. Progress in IMF EFF structural reform measures to support private sector activity and competitiveness would help lift sustainable growth and reduce the risk of renewed imbalances.

**Fiscal Deficit Widens in 2025:** Fitch forecasts the general government deficit to narrow 0.3pp in FY24 to 5.5% of GDP, with fiscal revenues from the Ras El-Hekma deal more than offsetting a 2.7% of GDP rise in debt interest. Normalization of non-tax revenue, and a further increase in debt service costs underpin our projection for the deficit to widen to 8.8% of GDP in FY25, above the central government target of 7.3%, which incorporates additional revenue mobilization measures of around 1% of GDP. The majority of deficit financing will continue to be met on the domestic market.

**Very High Interest Costs:** Debt interest/revenue is projected to peak at close to 68% in FY25, the highest among 'B' category sovereigns and more than five times the 'B' category median of 13% in 2024, before falling to a still extreme 45% in FY28, helped by a large fall in the policy interest rate and the short average maturity of domestic debt. While we have not made any adjustment to incorporate the government's planned expansion of the general government perimeter, using FY25 budget figures that bring in Economic Authorities would result in a near halving of interest/revenue.

**Fall in Public Debt:** General government debt/GDP is projected to fall to 84.5% of GDP at FYE25, from 95.9% at FYE23, on primary surpluses and very strong nominal GDP growth, but still well above the current 'B' median of 57.9%. Fitch incorporates debt-enhancing stock-flow adjustment averaging near 3% of GDP over this period to reflect Egypt's record of off-budget fiscal spending. There remains a lack of visibility on Egypt's large and complex broader public sector, creating uncertainty over the size of contingent liabilities and adding to fiscal risks.

**Greater Geopolitical Risk:** Further escalation of regional conflict represents a risk to tourism and Suez Canal receipts, which we already project to fall 6% and 19%, respectively, in FY24. While the recent direct strikes between Iran and Israel have raised the risks of escalation beyond Gaza, the apparent rapid containment of the military exchanges limits the potential for a greater spill-over. Fitch's base case remains that the Egyptian government prevents any large-scale inflow of refugees from Gaza. In addition, Egypt faces a lingering risk of greater social instability fueled by high inflation and structural challenges that include high youth unemployment and weakness in governance.

**Banking Sector Resilience:** The large and liquid banking sector provides financing flexibility for the sovereign. The loan/deposit ratio is low, at 54% at end-2023, and we expect deposit growth will remain strong, helped by improving FC supply, and that banks deploy most of this liquidity in government securities. Fitch estimates currency depreciation in March has lowered the banking sector's common equity Tier 1 ratio (13% at end-2023) but projects some improvement in capital in 2H24, and that net profits will grow at least 50% y-o-y in 2024, after 116% growth in 2023.

**RATING SENSITIVITIES**

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

* **Public Finances:** Increased debt sustainability risks, for example, as a result of loosening of fiscal policy, failure to reverse the recent deterioration in interest/revenue and government debt/GDP in the medium term, or weaker financing flexibility.
* **External Finances:** Renewed external financing strains, for example as a result of a weaker international reserve position, a sustained large current account deficit, weaker commitment to exchange rate flexibility, and more constrained access to external financing.
* **Structural Features:** A further escalation of regional conflict increasing instability and security risk in Egypt, with larger negative spill-over impact on tourism, investor sentiment, or increasing the domestic socio-political challenge to implementing reforms.

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

* **Public Finances:** Lower debt issuance costs, and fiscal consolidation - potentially through greater revenue mobilization and containment of off-budget spending - that sharply reduce debt interest/revenue and put public debt/GDP on a firm downward path over the medium term.
* **Macro/External:** Greater confidence in the durability of the policy adjustment to support exchange rate flexibility and a marked fall in inflation closer to target.
* **External Finances:** Further reduction in external vulnerabilities, for example through a marked strengthening of the international reserve position, a sustainable narrowing of the current account deficit, and improved international market access. (Fitch 03.05)

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