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Conference Chair: Prof. Karnit Flug | Conference Director: Daphna Aviram-Nitzan

Regional Climate-Tech Collaboration

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David Shurman | Peleg Gottdiener

Professional Advisers:

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Aviva Steinberger

**Climate
Policy
Series**

- Working Paper -



STARTUP
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Regional Climate-Tech Collaboration

Working Paper

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Abstract

Launched in July 2023, the Regional Climate Collaboration project is a joint effort by the Israel Democracy Institute, Startup Nation Central, and EcoPeace ME, aimed at identifying opportunities for climate innovation collaborations between Israel and selected MENA countries.

The project emphasises a mutual understanding for the distinct contributions and needs within the region, advocating for a partnership approach rather than a one-sided solution.

Key insights recommend strategies for bridging cultural business gaps through the promotion of third-party intermediaries, enhancing market access via comprehensive stakeholder mapping, and aligning governmental focus with regional climate needs through the prioritisation of high potential sectors.

Background

The Regional Climate Collaboration project was launched in July 2023 as a joint collaboration between the Israel Democracy Institute, Startup Nation Central and EcoPeace Middle East. The goal of the project is to identify the opportunities for collaboration, based on climate innovation, between Israel and selected countries in the Middle East and North Africa (MENA) region (namely, Morocco, Egypt, Jordan, Saudi Arabia, the UAE and Bahrain).

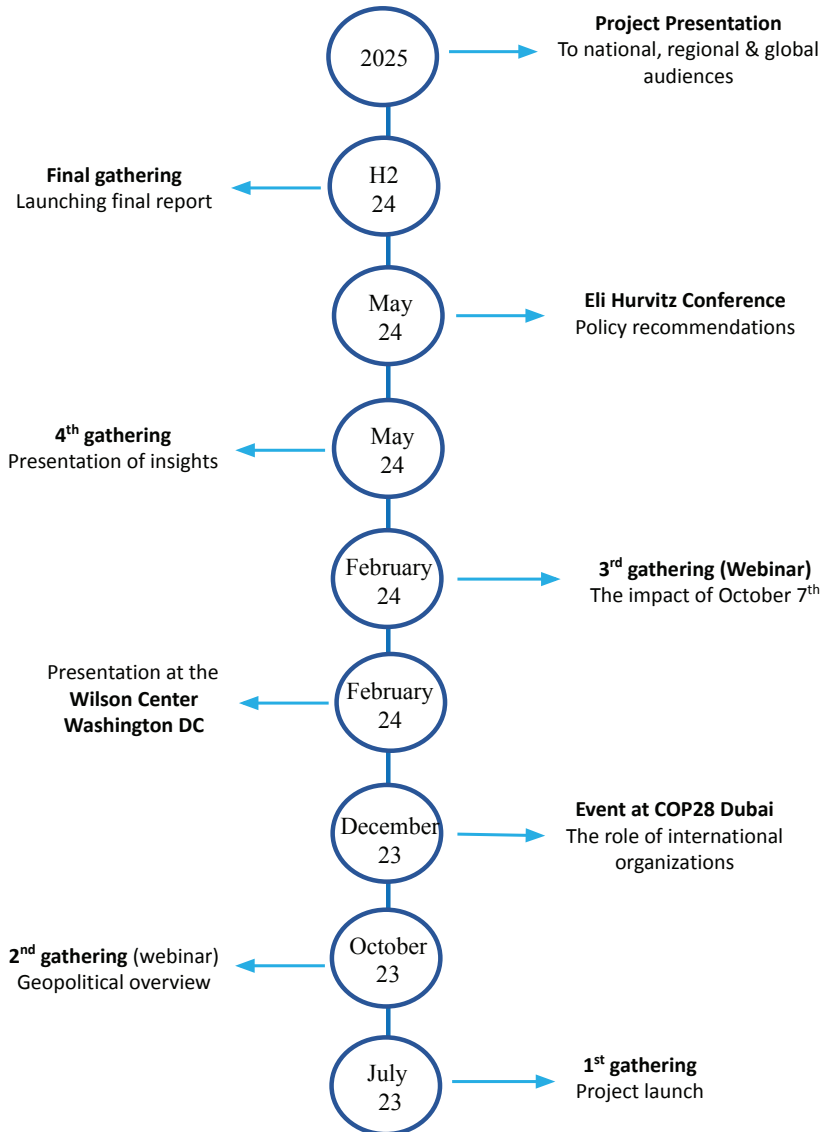
Learning from successful examples of collaboration, the project seeks to answer the overarching questions “What does each country have to offer?” and “What are their anticipated benefits from the collaboration?”

A working group of over 100 representatives of the climate community from the Israeli private, public and civil sector was formed to share knowledge and learn from each other. Although the project initially aspired to engage directly with stakeholders from MENA countries, the new reality post-October 7th led us to rely primarily on the experience of Israeli entities and individuals interacting with MENA counterparts, thus assuming a deliberate Israeli perspective in the project. Over 40 interviews were conducted to collect information and data, completed by extensive market research and resources from the 3 organisations leading the project.

While intermediary insights were shared in physical gathering, webinars, at COP28 in Dubai and at a Wilson Center event in Washington DC, the ultimate goal of the project is to present a set of policy recommendations to government officials at the Eli Hurvitz conference.

A comprehensive report will be finalised and shared later this year, and insights from the project are expected to be shared internationally, with regional policy makers, as well as with international organisations such as the World Bank.

Project Timeline



Israel's Climate Tech Ecosystem

Known as the “Startup Nation,” Israel is most famous for its cybersecurity and fintech solutions. However, Israel’s vibrant startup ecosystem is shifting its attention to climate change, as testified by the more than 900 climate-tech startups (surpassing the number of cybersecurity startups) that have collectively raised \$17 billion since 2020, with more than \$9 billion from private investments.

Though not confined to its startup ecosystem, Israel’s distinctive contribution to regional climate efforts is heavily centred on these innovative solutions.

These startups are tackling six key climate challenges: energy transition, transportation and logistics, cleaner industry technologies, food and land use, water solutions, and carbon tech.

They are supported by an entire ecosystem dedicated to climate innovation, comprising accelerators, venture capital funds, research institutes, and multinational corporations involved, for example, in incubators programs (such as ESIL, co-founded by EDF Renewables, and backed by the Israel Innovation Authority).

This robust support system highlights the comprehensive approach being taken to foster innovation in climate technology, making it a cornerstone of Israel’s contribution to regional climate collaboration.

ISRAELI CLIMATE TECH INNOVATION 2023

OVER 850 INNOVATIVE COMPANIES IN ISRAEL WITH SOLUTIONS THAT ADDRESS CLIMATE CHANGE

ENERGY TRANSITION

ENERGY USAGE

ZUTACORE Breaking the Heat Barrier, CaPow, NPO NSW photonics, SETPOINT EXPERIENCE CLIMATE INTELLIGENCE, SPHERE, FontoPower, CHAIN REACTION

ENERGY GENERATION

Boson Energy, CLEANFLARE, EXENCY, enSights, FIRST AIRBORNE, H2PRO, Luminescent, nT-ta, QD-SOL, SOLTREX

ENERGY STORAGE

EDBATTERY, ADDIONICS, Electriq Global, EEXION ENERGIZE N° 1 GO, Hydro

TRANSMISSION AND DISTRIBUTION

StoreDot, Chiral energie, EGM Eyes On The Grid, prisma photonics

CARBON TECH

CARBON ANALYTICS, EARTH DATA, & FINTECH

clearly, Continue AI, ESGGO, meleo logic, Momentick, TierraSpec SUPPORTING SOIL HEALTH, bimmatch, viridian, Albo, Planet Watchers, TSL, EMNOTION, wiliot

CARBON CAPTURE, STORAGE, SEQUESTRATION, UTILIZATION

airovation technologies, CARBON BLUE, REPAIR, Rewind, BlueGreen WATER TECHNOLOGIES, GIGATON

TRANSPORTATION AND LOGISTICS

EV INFRASTRUCTURE & PLATFORMS

BATHERI We're in charge, ct

Make My Day, Urban Aeronautics

MOBILITY OPTIMIZATION & LOGISTICS

MARINE EDGE, NewRocket, optibus, Via Cool, Bringoz, GRIVO



CLEANER INDUSTRY TECH

ECO-EFFICIENT MANUFACTURING

alteco, ANSA, AUGURY, CLARIFRUIT, Copprint, Feelite, IO TECH, MAGNUS Metal Ltd, wine a single thread of color, VELOX

GREEN CONSTRUCTION

AM, eva, exodigo, GOLZY, SolOr, Structure Pal, GreenVibe

SUSTAINABLE MATERIALS AND CIRCULARITY

Biotic, BugEra INSECT GENETICS PLATFORM, gaia, SOLUTUM, ENZYMIT, HELIOS, DAIKA, LUSIX, MadeRight, Plastic Back, seevix, SolCold WE MAKE THE SUN COOL, XtraLit GREEN ENERGY EXTRACTION, SUFRESCA, TIPA, TripleW, EVIGENCE, TULU

FOOD & LAND USE

SUSTAINABLE FARMING

NITROFIX, BeeHero, BEEWISE, Bloom Formerly Bumblebee AI, climate crop, cropx, SeedX Vision, Insights, Seed by Seed, Cellate Bio, Groundwork BioAg, Supplant Ultimate your Crops, EQUINOM

SUSTAINABLE PROTEINS

ALEPH FARMS, GreenOnyx, Pigmentum, MEALA CLEAN BITE | REAL TASTE, ChickP Protein Got Better, remilk, yo!, RED FIVE MEAT, Plantish

WATER SOLUTIONS

WATER FOR INDUSTRY AND RESIDENTIAL USES

BEAR Water from Anyair Anywhere, drizzleX, IOSight, nakAI Travelling together, SIGHTBIT, Watrix your water sentry, ASTERRA Technology by Utilis, winT Water Intelligence

START-UP NATION CENTRAL

Start-Up Nation Central is a non-profit organization that strengthens Israel's innovation ecosystem and forges global partnerships to help address shared challenges.

Tap into Israeli Climate Tech on Finder

The companies included are privately held and have received funding or grants since 2021, based on Start-Up Nation Finder data.

Project insights & recommendations

1. Bridging structural gaps between business cultures

Structural and cultural practices in business differ between Israel and MENA countries, in relation to scale, risk, innovation, and more.

Israel has a culture of startup entrepreneurship and innovation, which cultivates work in short cycles, at a fast pace, often taking ‘shortcuts’ at the expense of following a hierarchy. Investment ticket sizes are small to intermediate (in comparison to infrastructure projects) and seek quick returns (< 7y), where high risk-taking is rewarded by high gains, or not.

Conversely, the business culture of other countries in MENA (and especially in the Gulf Cooperation Council - GCC - region) has traditionally been more shaped by large scale projects: addressing broad challenges (e.g. ‘food security’), requiring large investments (>\$100M), seeking long term return (>10y), with a notable aversion for risk taking, especially concerning the technology. Hierarchy is central to the business culture, and the relationship between the public and private sector is very close. This is especially true when it comes to entities involved in climate challenges (water and energy utilities, agriculture, mobility, large industries etc.).

Although MENA countries now invest significantly in their nascent innovation ecosystem, and although there are examples of thriving Israeli project developers, this simplified framing highlights a gap between ecosystems working at different ‘scales’. While success stories of direct collaboration certainly exist (e.g. ADQ’s notable investment in Israeli food-tech startup Aleph Farms), we recommend an alternative pathway that may present fewer hurdles.

Recommendations: The ‘third-party’ model

A third party intermediary entity between the Israeli startups and the above-mentioned stakeholders in the MENA countries will facilitate bridging the gap in the business culture. These entities can take various forms:

- **Israeli project developers** who are familiar with the local innovative solutions and can integrate them into their projects in MENA.
- **Integrators** who aggregate multiple innovative solutions to address a wider challenge.
Example: combining a waste-to-protein startup to feed fish from a second aquaculture startup, whose water is supplied by a third water-tech startup.
- **Venture Capital (VC)** funds which can secure funds from larger financial institutions as LPs (Limited Partners) to then invest it in high risk startups in Israel.
Example: rather than having a sovereign wealth fund investing directly in a startup, it will invest in a VC familiar with the Israeli startup ecosystem and experienced in managing high risk investments, thus diversifying their portfolio while externalising the operation.
- **Consortia of startups with local, larger corporates** who have prior experience interacting with their counterparts in MENA countries.
Example: an Israeli hydrogen startup seeking to approach a large industrial partner in another country in MENA will look for Israeli energy related corporates which have had past experience with such partners.
- **Offering vetted ‘innovation bundles’ for global project developers** operating in MENA countries.
Example: a US-based project developer undertaking a water management project in a MENA country will be recommended a suite of Israeli solutions that are enhancing his offering for the project.

2. Market access strategies

Mapping key climate stakeholders and facilitating access to them

Most of the countries in MENA are relatively new markets to Israel due to recent, unexploited or expected normalisation. The first challenge when trying to penetrate a new market is understanding the following:

- **Who are the key stakeholders:** understanding the country's national vision and priorities and how it feeds into climate strategy is indispensable, but not enough. It is crucial to also get familiar with end users (to validate the local market fit), distributors, industry leaders, or governmental agencies, which are often deeply intertwined with the private sector (the extent of which varies across countries in MENA).
- **What are their interests:** although it is common for significant private entities to derive their objectives from the national priorities, they also have targets and strategies of their own. Understanding the different 'bottom lines' of each organisation is critical.
- **What is their scope of action:** as mentioned, organisations in MENA countries tend to follow a strict hierarchy. This means each organisation has a specific mandate to operate in a defined region or sector, or type of organisation.
- **How to reach them:** while mapping the various stakeholders is an important first step, engaging with them can vary in complexity based on the country.

Recommendation: Comprehensive mapping and tools to facilitate access

- In the final report (to be published later this year) we are presenting the **national climate strategies** of each MENA country (when it exists) and the main existing and planned initiatives to implement them. We also propose a mapping of the key climate-related entities, underlining their mandate and interest. Those are often part of the critical physical and financial infrastructure (water and energy utilities, sovereign wealth funds, etc.).

- In addition to the report, such a mapping could be shared via other channels. Examples: a series of webinars (focusing on one country / sector at a time), or an online platform where users could enrich the existing data with their own experience and knowledge. This central knowledge hub would also include an updated list of resources available to facilitate access to those entities (e.g. the Israeli & foreign embassies, the economic attachés, the Israel Export Institute, but also chambers of commerce, NGOs, etc.)
- The closer an organisation is to the public sector, the more likely it is to seek additional value in the collaboration, on top of the service or product received. Example: Helping develop the local innovation ecosystem, creating a local branch, creating employment, etc.
- **The ‘double bottom line’ model:** Many successful collaborations stem from the fact that the Israeli organisations have clearly identified their counterpart’s strategic interest. They have then successfully addressed it, creating a deeper sense of understanding, commitment and collaboration. Example: The Israeli company Watergen successfully identified Abu Dhabi’s priority to ‘localise’ their activities as much as possible. They offered a joint venture whereby Watergen’s technology would be used in a new production line based in the UAE to serve the local market, which enabled them to strike a deal with Baynunah Watergeneration Technologies SP in 2021.
- To really understand the organisation’s interests, **building deep relationships** is key, and this takes time. Success stories shared by the Israeli companies in the interviews all pointed at the importance of extensive travel and sometimes of opening a local branch.
- Beyond regional stakeholders, many **international organisations** share a keen interest in fostering climate collaborations in MENA: multilateral development banks (MDBs) such as the World Bank, US DFC, or EBRD, think tanks (the Wilson Center, the Milken Institute), development agencies (the German GIZ, USAID, the French AFD, etc.) and even governmental entities (the State Department, the EU Commission). Here too, those institutions are unfamiliar to the Israeli public, making a mapping extremely valuable.

- The government should promote more bilateral **framing agreements** between relevant ministries. Those help strengthen the confidence of both parties when large deals are being negotiated, and can also help bypass the need of public tenders which are likely to be won by global leaders from outside of MENA.

3. Government Focus and Assets Allocation

Aligning Israeli strategy and assets deployment with regional climate needs.

Climate opportunities span across a wide range of sectors. In order to make substantial progress in regional collaborations, if the Israeli government was to prioritise certain sectors or technologies, it would secure itself a competitive edge, increasing the chances that regional MENA stakeholders would recognize it and strive towards collaboration. The Israeli government would produce not only a national strategy for the promotion of prioritised sectors, but also strategies for regional integration.

Recommendations

- **Sectors prioritisation:** based on extensive market research (of reports from leading consultancy groups, of activity in MENA countries, interviews with climate community leaders in Israel, etc.), we identified the following sectors as best positioned to enable high potential collaborations: Hydrogen production and transportation, solutions for food security, and waste-to-X technologies ('X' can be energy, proteins, construction materials, alternative plastic, etc.).
- **Public institutions' endorsement:** In some cases, large companies in MENA countries (especially in the GCC) are expecting the Israeli government to endorse a certain technology as part of the due diligence and de-risking process before moving on to collaboration. Although the Israeli government avoids 'picking its winners,' there are official institutions, such as the IIA, who

could play a role in strengthening the confidence of regional entities by giving its 'stamp' of approval.

■ **Pilots:**

□ **Local pilots** are extremely hard to secure for Israeli startups due to regulatory hurdles and the fact that there is more demand than opportunities. Interministerial budgets should be coordinated to increase the pool of opportunities.

□ Israel should cooperate with its regional counterparts to coordinate bilateral (in the first step) and multilateral (in a later phase) beta sites. Those sites would ideally be accessible areas equipped with suitable infrastructure, and provided with financial incentives and a regulatory sandbox to host pilots of innovative solutions from across the region.

Example: We could imagine the IIA and MASDAR City (UAE) coordinating a framework to establish such a pilot site in the UAE for energy-tech startups to connect easily and quickly to the electricity grid.

■ **National Labs & R&D Centres:**

□ National laboratories grant access to state-of-the-art equipment to local startups. The goal is to foster innovation, reduce costs, catalyse processes and attract scientists from all over the world.

Example: The US Department of Energy is operating multiple national labs across the country, such as NREL (the USA's National Renewable Energy Lab).

□ Similar to pilots, regional laboratories could host startups from across the region.

■ **Grid Interconnections:** promoting interconnections between the Israel electricity grid and countries sharing a peaceful border (Jordan, Egypt) or that are close enough to Israel (potentially Saudi Arabia in the future) has the potential to unlock scores of opportunities for innovation.

Example: Project Prosperity is a case study to learn from when envisioning such interconnections.

Annex 1: list of interviewees

#	Name	Position	Organisation
1	Noam Sonenber	Director	PLANETech
2	Roni Sussman & Keren Almoznino	Director Community Manager	Aquacultech
3			DESERTech
4	Doron Meller	Director	Neter Center
5	Ravid Levy	Director	WaterEdge IL
6	Dorit Banet	Director	Eilat Eilot
7	Amos Lasker	Director	EnergyCom
8	Jenifer Schwartz	Executive Director	Ecomotion
9	Jonathan Menuhin	CEO	Israel Innovation Institute
10	Raphael Morav & Roi Dvir	Director, European Economic Affairs, Director of innovation	Israeli Ministry of Foreign Affairs
11	Zafrir Asaf	Partner	Blue Laurel
12	Zafrir Yoeli	Co-founder	Enlight
13	Vlad Tashakov	Co-founder	QPQ International
14	Juliane Schubert	Business Development Specialist	Halman Alduby Tech
15	Mor Yegerman	COO & Founder	Viridix
16	Oshrat Maya	Africa CFO	Netafim

#	Name	Position	Organisation
17	Ofir Gomeh	Managing Partner & CEO	Capital Nature
18	Netiva Cukorja	Economic chargee d'affaires	Israeli Embassy in Morocco
19	Ohad Horsandi	Deputy Ambassador	Israeli Embassy in the UAE
20	Rotem Arad	CBO	H2Pro
22	Hila Lipman	Director, Climate tech department	Israel Export Institute
23	Raanan Amoya Yochai Tiroshl	Director, senior department for planning and agricultural land Agrovoltaic pilots project	Israeli Ministry of Agriculture
24	Galit Aber Harari & Daniel Weinstein	Director of training Director of foreign relations	Israeli Ministry of Agriculture
25	Oded Distel	CEO	Tal Ya
26	Didier Toubia & Lee Recht	CEO & co-founder Head of sustainability	Aleph Farms
27	Eli Cohen	Founder & CEO	Ayala Technologies
28	Jonathan Baravir	Climate director	Rivulis
29	Ofer Becker	Co-founder & CTO	Solight
30	Alex Harel	CEO	EZPack

#	Name	Position	Organisation
31	Ofri Orgad	Co founder	Alumor
32	Yossi Klar	Chief of Staff	Blue Green Water Tech
33	Noam Dotan	Co founder	Comet Middle East
34	Clive Lipchin	Co founder & CEO	Laguna innovation
35	Timothy Buckley	Environment, science, technology & Health chief	US Embassy in Jerusalem
36	Anne Dare	Coordinator & Team Lead	USAID MERC
37	Janet Shalom	Senior Director international projects and foreign policy	Israeli Ministry of Energy
38	Arod Balissa	Chief of Staff to the chairman and CEO	Deloitte Israel

Sharon Bengio, Government Relations Manager, EcoPeace Middle East

Erez Sommer, Head of the Climate Change Project, The Israel Democracy Institute

Gary Soleiman, Climate Global Partnerships Manager, Startup Nation Central

David Shurman, Reasercher at the Center for Governance and the Economy, The Israel Democracy Institute

Peleg Gottdiener, Advocacy Officer, EcoPeace Middle East

Dr. Eyal Hulata, Special Consultant for the Project, The Israel Democracy Institute

Daphna Aviram-Nitzan, Director of the Center for Governance and the Economy, The Israel Democracy Institute

Aviva Steinberger, Senior Director, Strategy, Startup Nation Central



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