**Israel Has a Unique Asset for Developing the Climate-Tech Sector**

**– And It’s Time to Use It**

If we manage to get the international development and innovation centers operating in Israel to deal with climate-tech, we will be able to make a significant leap in coping with the climate crises and supporting the growth of Israeli innovation.

*By Yael Weiss Zilberman, Head of Climate-Tech, Start-Up Nation Central*

There are currently more than 700 tech companies in Israel developing solutions for climate challenges. These solutions focus on environmentally friendly agriculture and food, circular economy, clean energy, green transportation, sustainable production, environmental protection, and more. Since the beginning of 2022, the Israeli climate tech sector has seen an impressive series of fundraisings, including mega-rounds and acquisitions that exceeded US $200 million per transaction. According to Start-Up Nation Finder, in the first half of 2022 the Israeli climate-tech industry raised US $1.13 billion through 50 deals, more than double the funds raised in the first half of the previous year. In the last two years, Israeli climate tech companies have grown by 250%, 2.5 times faster than the global investment rate.

And yet, despite all this good news and these many achievements, Israel is still a long way from being a global leader in the climate-tech sector. Currently, 67% of venture capital investments in Israel are in the fields of fintech, information technology (IT) and cyber. This does not leave much capital for companies that are responding to climate change and are mainly developing hardware solutions that require large investments and involve long and complex development and commercialization processes.

However, Israel is perfectly poised to play a central role in the fight against climate change, as a proven leader in developing advanced solutions to global challenges, such as in the field of water and agriculture. Alongside the promotion of a government policy that encourages innovation, which is necessary for increasing adoption of climate solutions in the local market, the development of the climate-tech field in Israel relies on a “unique asset” the Israeli ecosystem has, i.e. the presence of multinational companies’ innovation centers.

Israel is one of the few countries in the world with such a significant presence of multinational companies operating innovation centers on its territory. There are over 530 of these multinationals from 35 different countries and most of them operate in the core areas of the Israeli high-tech sector, e.g. fintech, cyber, and IT technologies. They operate according to various models, including development centers, investing in start-ups, and collaborations with entrepreneurs.

Much has been said about these centers’ significant contribution over the years to the development of the local innovation ecosystem. This includes the infusion of investments, personnel training, and the emergence of a generation of entrepreneurs who better understand the international markets’ needs and the technological solutions that should be developed, due to having been exposed to the challenges of large corporations,.

Still, there is one important benefit the presence of these international innovation centers provides that has not been fully explored. This refers to the potential of collaborating with them to make important progress in coping with the climate crisis and advancing the Israeli climate-tech sector. So how can this be done?

The secret lies in the fact that about a third of the largest corporations in the world are already committed to net-zero climate targets and reducing their carbon footprint – an increase of about 20% compared to last year. Whether the corporations operate under mandatory regulations or for image-related purposes, they have obligations to fulfill and are hungry for technological solutions that will help them meet their goals.

As part of the processes our organization promotes to develop and advance the climate tech sector, there are currently multinational corporations’ innovation centers operating in Israel in the fields of IT, health, automobile and more, who turn to us looking for Israeli start-ups of a different kind. These multinationals are looking for alternative solutions to plastic packaging, energy efficiency, water, clean production, and more. This is just the beginning of the trend that we expect will send a strong signal to Israeli entrepreneurs.

If these hundreds of companies that all have environmental obligations in their countries of origin develop a dialogue with the Israeli climate-tech industry, a real opportunity for mutual profit and growth would be created. Such a connection would signal to local entrepreneurs that there was a demand for climate solutions and a real opportunity in the market.

To accelerate this ripple effect, over the past year Start-Up Nation Central has joined forces with leading multinational companies such as SolarEdge, Merck, Seagate, Capital Nature, the Temasek Foundation, ESIL, Kornit Digital, Mitsui Sumitomo Insurance, and many others to promote the “Climate Solutions Festival” that will take place at the end of October, 2022. Having multinational companies examine the Israeli innovation industry from the climate perspective may have the strongest effect on encouraging entrepreneurs and researchers to choose to develop climate technologies. Moreover, it is an important leap forward in promoting investments to support the next generation of Israeli innovation.