Israel's State of Climate Tech 2024-2025

רשות החדשנות
Israel Innovation Authority

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Climate Change Technologies

Contributors

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PLANETech is a nonprofit climate tech innovation community – a joint venture of the Israel Innovation Institute and Consensus Business Group. PLANETech aims to lead the Israeli and global climate tech ecosystem in tackling climate change via a combination of approaches. This is done by modifying business focus and technologies towards climate change challenges, supporting the deployment and implementation of innovative climate technologies, and by building a global network for climate tech innovators while promoting Israel as a world center for climate change technologies.

Consensus Business Group
ISRAEL INNOVATION INSTITUTE

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The Israel Innovation Authority, an independent publicly funded agency, was created to provide a variety of practical tools and funding platforms aimed at effectively addressing the dynamic and changing needs of the Israeli Tech hub. Its target audience includes early-stage entrepreneurs, mature companies developing new products or manufacturing processes, academic groups seeking to transfer their ideas to the market, global corporations interested in collaborating with Israeli technology, Israeli companies seeking new markets abroad, and traditional factories and plants seeking to incorporate innovative and advanced manufacturing into their businesses.

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Special Thanks to the valued contribution of Israel Innovation Authority's Finance & Reserach; Technological Reserach; International Collaboration and ISERD

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Foreword

Since 2021, when PLANETech—a non-profit innovation community—and the Israel Innovation Authority—a government agency—collaborated to publish the first "Israel's State of Climate Tech" report, much has changed, and the landscape has evolved significantly. The report not only documented the existing ecosystem but also helped establish a climate tech identity for Israeli entrepreneurs, inspiring stakeholders to collaborate in advancing Israeli climate tech innovation.

The impact of that report continued in 2022 and 2023, reinforcing the principle: "What cannot be measured cannot be managed." Since 2021, thousands of new players have joined the ecosystem—entrepreneurs, investors, corporations, policymakers, and researchers. The growing Israeli ecosystem reflects a maturing field with stronger collaboration across sectors.

Since our last report, Israel's wartime status has introduced challenges to the local ecosystem, from absent team members to significant travel restrictions. Nevertheless, the ecosystem has shown resilience. Entrepreneurs continue to launch and scale climate tech startups, driving innovation despite uncertainties. At the ecosystem level, new initiatives are emerging to support founders and ensure continued momentum, reflecting the sector's adaptability.

The global climate tech environment has changed. In 2024, total investments in climate tech surpassed 2023 levels but remained below previous record highs. This suggests a recovery from the effects of high interest rates and an adjustment to a "new normal"[1]. While the number of deals has declined, we are seeing more mega-rounds, where companies raise hundreds of millions to support their growth. The role of non-dilutive financing is also expanding, enabling the scale-up of climate tech projects and signalling that many sectors are becoming mainstream[2].

Climate is changing, every year has been warmer than the previous, culminating in 2024, when the global average temperature surpassed the Paris Agreement's 1.5°C threshold above pre-industrial levels[3]. The urgency to reduce greenhouse gas emissions, along with growing awareness of the costs of global warming, has made reliable data and insights more crucial than ever.

The uncertainty of global geopolitics continues to shape climate action. The withdrawal of the new U.S. administration from the Paris Agreement and the insufficient budget allocations at COP29 raise concerns about the world's ability to meet climate targets.

Despite these shifts, the Israeli climate tech ecosystem continues to thrive, attracting top talent, investment, and partnerships. Its resilience in the face of adversity highlights the strength of its foundations and its crucial role in shaping the future of global climate innovation. We are happy to continue providing the ecosystem with the data it needs to grow and develop. As with past reports, we have implemented new research methods to map the ecosystem more accurately, ensuring that this report serves as a valuable tool for all stakeholders.

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1. Sightline Climate. (2024). Climate tech investment trends: 2024. [Report].
2. Net Zero Insights. (2024). State of climate tech 2024. [Report].
3. Copernicus Climate Change Service. (2024). The 2024 annual climate summary: Global climate highlights 2024.

Climate Tech State
Executive Summary

Climate change presents not only an urgent global challenge but also a significant economic opportunity. Extreme weather events, such as the recent fires in California, result in costs of hundreds of billions of dollars. Alongside this, the growing number of major companies pledging significant reductions in greenhouse gas emissions serves as a key driver of climate innovation[4]. Israel, known for its pioneering innovation, is actively positioning itself as a leader in climate technology.

Despite geopolitical and economic headwinds, Israel's climate tech sector has demonstrated remarkable resilience and adaptability. Since 2022, the country has faced macroeconomic challenges, including high global interest rates that created a difficult investment climate. These were compounded by domestic political instability and the October 7, 2023, war, which introduced further investor hesitation, strained multinational partnerships, and disrupted logistics and workforce availability. Yet, in the aftermath, Israel's tech sector swiftly rebounded, reinforcing its ability to navigate adversity.

The Israeli climate tech ecosystem has grown steadily, now comprising **946 startups** developing solutions to pressing climate challenges. Among these, the five most dominant areas of innovation are **Climate Smart Agriculture, Clean Energy Systems, Novel Food Processing, Sustainable Mobility & Transport, and Eco-Efficient**

4. Science Based Targets initiative. (2024). Companies taking action. Retrieved March 23, 2025, from sciencebasedtargets.org

Water Infrastructure. The sector continues to expand, with **49 new startups founded since mid-2023**, 25% of which have already secured venture capital or grant funding, collectively raising **$15.36 million.** Early-stage clusters, including **Food Loss & Waste, Circularity, Soil Health, and Nature,** exhibit strong growth potential, reflecting both investor confidence and alignment with global sustainability priorities.

Investment in Israeli climate tech has remained strong despite market volatility, totaling **$9.5 billion** since 2018. In 2023, the sector attracted **$1 billion**, demonstrating resilience amid economic and geopolitical challenges. Encouragingly, investment levels in H2 2023 remained stable compared to H1 2023, and in 2024, climate tech ventures raised **$613 million**. As investor confidence returns and the ecosystem continues to thrive, a rebound in investment is expected in 2025. The investor landscape, including VC firms, CVC's, family offices specializing in climate technologies has expanded **fivefold since 2021**, and notably **25 high-value funding rounds (>$10 million) recorded in 2023 and 14 in 2024.** Furthermore, early-stage deep tech companies continue to gain momentum, supported by technology incubators funded by the Israel Innovation Authority.

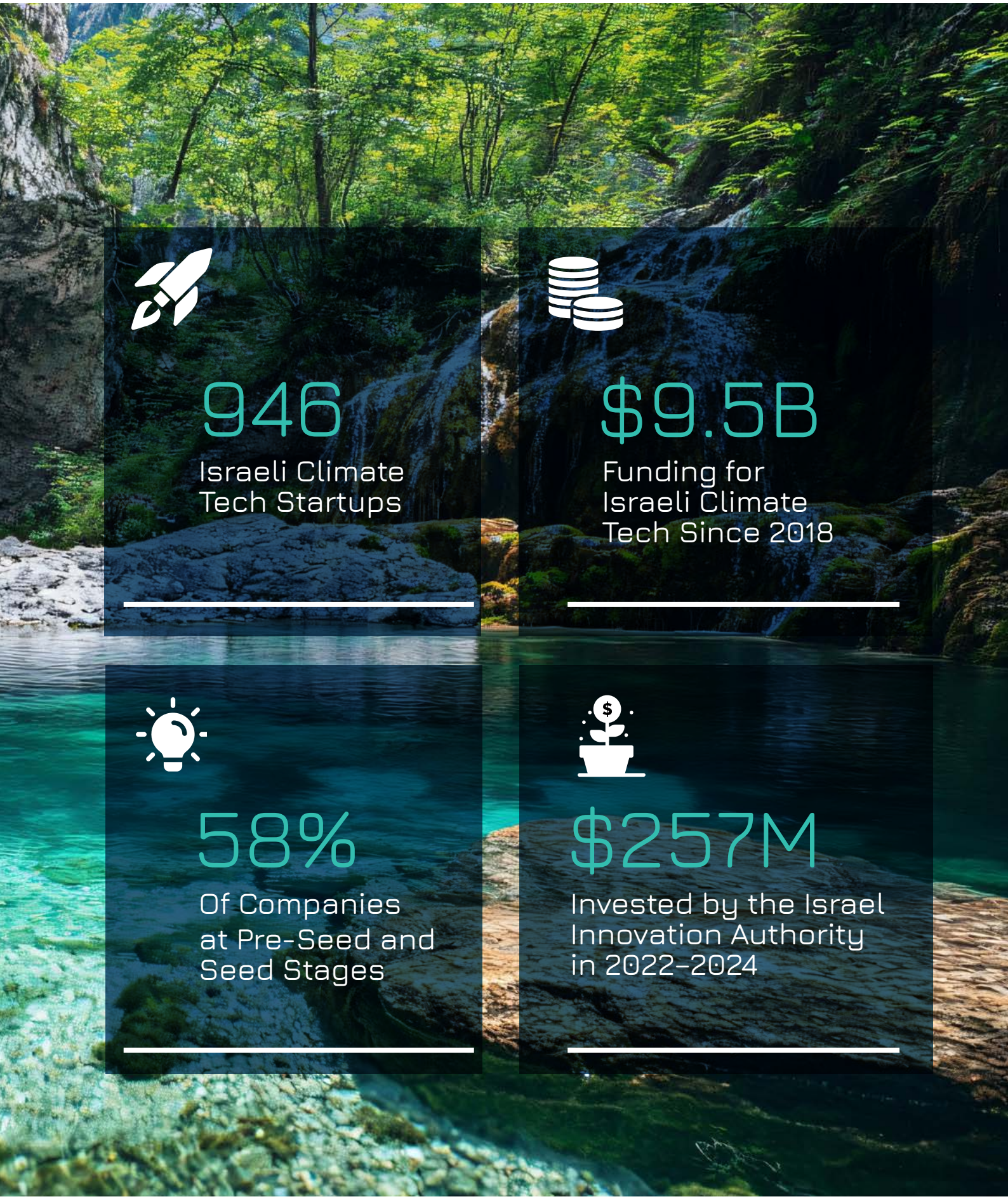
The funding landscape for Israeli climate tech startups is predominantly early-stage, with 58% of companies at Pre-Seed and Seed stages, reflecting a vibrant pipeline of emerging innovators. As 18% progress to Series A, the ecosystem showcases significant growth potential, highlighting promising opportunities for investors to support scaling and commercialization.

The Israel Innovation Authority spearheads the national ClimateTech program, designed to accelerate the development of Israel's climate tech ecosystem. This initiative aims to address the global climate crisis while diversifying Israel's high-tech sector and driving economic growth. Recognizing the strategic importance of climate innovation, the Israel Innovation Authority has granted **$257 million** over the past three years to support the development of breakthrough technologies. In 2024 alone, **603 ventures applied for funding, $105 million grants approved.** This public investment plays a crucial role in fostering an environment where climate tech startups can scale and compete in global markets.

The trends and insights outlined in this report underscore the dynamic evolution of Israel's climate tech sector, fueled by multistakeholder collaboration, technological advancements, and public-private partnerships. Entrepreneurs, startups, investors, and corporations are at the forefront of innovation and deployment, while the government serves as a key enabler and financier.

Although Israel's climate tech ecosystem has made significant strides, its full potential in innovation, commercialization, and scale-up remains untapped. Unlocking this potential will further diversify the high-tech industry, solidify Israel's position as a global leader in climate solutions, and contribute meaningfully to global climate action. The continued influx of investment, talent, and venture-building initiatives—alongside a growing academic focus on climate technologies—ensures that Israel remains on an upward trajectory in shaping the future of sustainable innovation.

ISRAEL CLIMATE TECH ECOSYSTEM AT A GLANCE



946
Israeli Climate Tech Startups

$9.5B
Funding for Israeli Climate Tech Since 2018

58%
Of Companies at Pre-Seed and Seed Stages

$257M
Invested by the Israel Innovation Authority in 2022-2024

02

Introduction

The need to tackle climate change has never been more urgent. With global temperatures persistently exceeding pre-industrial levels and increasingly frequent extreme weather events, the need for decisive and united action is clearer than ever. In June 2024, the global average surface temperature surpassed the 1.5°C threshold for the twelfth consecutive month, underscoring the escalating climate changes[5]. These changes are no longer theoretical—they are manifesting as severe storms, devastating floods, and widespread crop failures. In the U.S. alone, 2024 has already seen 24 climate disasters, each causing over $1 billion in damages and claiming hundreds of lives. Comparatively, the annual average for such events from 1980–2023 was 8.5; in the last five years, it surged to 20.4[6].

Climate tech innovation plays a pivotal role in mitigating climate risks and building resilience, while also offering substantial business opportunities. The global climate tech market has demonstrated remarkable resilience, even amidst economic challenges. In 2023, despite a 30% decline compared to 2022, venture and growth investments in climate tech totalled an impressive $32 billion, with a compound annual growth rate (CAGR) of 23%[7].

Looking ahead, the market is projected to expand further, reaching approximately $2 trillion by 2030 - equivalent to 1% to 2% of global GDP[8]. This growth underscores the vast business potential within the sector and highlights the opportunities for entrepreneurs, investors, and policymakers to drive both innovation and economic transformation.

At the Israel Innovation Authority and PLANETech, we see this report as a vital resource for the local ecosystem and global stakeholders, providing a clear view of the resilience and potential of climate tech. On the one hand, as the sector continues to outperform other high-tech domains, it presents a unique opportunity for sustainable growth, even in challenging times. On the other hand, in order to utilize the full potential of this sector impact on

5. Copernicus Climate Change Service. (2024). The 2024 annual climate summary: Global climate highlights 2024.
6. National Oceanic and Atmospheric Administration. (2024). Billion-dollar weather and climate disasters: Overview. NOAA National Centers for Environmental Information.
7. Climate Tech VC. (2023). $32B and 30% drop as market hits pause in 2023.
8. McKinsey & Company. (2023). What would it take to scale critical climate technologies?

the climate whilst act as a substitutional economic growth instrument, more actions and efforts need to be taken by all of the stakeholders.

Geopolitical Shifts and Their Impacts

The year 2024 has been marked by significant global challenges, including geopolitical tensions and economic volatility. In Israel, the ongoing war has tested the resilience of its innovation ecosystem. Despite the circumstances, Israel's climate tech sector remains strong, driving critical solutions across renewable energy, water management, and sustainable agriculture. This resilience underscores Israel's potential to become a global hub for climate innovation, provided the necessary steps are taken to ensure stability and foster international collaboration as geopolitical certainty improves.

At the same time, the global climate tech landscape is navigating a complex web of political and economic shifts. The EU's Green Deal Industrial Plan, including the adoption of the Net-Zero Industry Act and the Critical Raw Materials Act, aims to strengthen Europe's leadership in clean technologies. Additionally, the Carbon Border Adjustment Mechanism (CBAM) is set to impose carbon costs on imports, further aligning trade with climate goals. These initiatives are reshaping markets and creating opportunities for climate tech companies to scale.

Shifts in U.S. climate policy have introduced new uncertainties to the global climate tech landscape, particularly regarding federal incentives for renewable energy and carbon removal technologies. Potential changes to key policies such as the Inflation Reduction Act (IRA) could impact investment flows and international collaborations, particularly in Europe. However, despite these uncertainties, the climate tech sector continues to demonstrate resilience.

Major initiatives, such as the EU's Green Deal Industrial Plan, have further strengthened the sector by enhancing the competitiveness of Europe's net-zero industry and supporting the scaling of clean technology manufacturing. These trends highlight that while the policy landscape remains dynamic, the long-term momentum behind climate innovation remains strong.

Despite these challenges, economic momentum in climate tech remains robust. As the U.S. reduces its support, European governments and private investors are stepping in, fostering a competitive and resilient climate tech market.

This evolving landscape presents an opportunity for Israel to capitalize on these global dynamics, enhance self-reliance, and strengthen its climate tech ecosystems by fostering innovation and securing strategic investments.

Investment Trends

As of Q3 2024, overall funding in the first half of the year reached $11.3 billion, marking a 20% decrease from H1 2023 and a significant 41% drop from H2 2023. H1 2024 was the second consecutive half-year with a decline in deal count, recording 26% fewer deals compared to the peak in H1 2023.

However, while macroeconomic challenges and post-election uncertainties in the U.S. have led investors to adopt a more cautious approach, deals—including mega-deals—are still happening. For example, mega-rounds like H2 Green Steel and Ascend Elements injected a significant $12.5 billion boost in Q3. Early-stage investments, particularly in Seed, Series A, and Series B rounds, remain relatively robust, with round sizes healthier than during the overheated 2021–2022 market. These examples indicate a sign for strategic shift toward focusing on high-impact, disruptive technologies, rather than incremental optimization software solutions. In 2023, approximately 34% of deep tech funding (excluding such sectors as Generative AI and Cognitive platforms) were directed toward climate-related innovations, reflecting an emphasis on transformative technologies aimed at addressing climate challenges[9].

Israel's Role as a Climate Tech Leader

Israel's climate tech ecosystem exemplifies innovation and resilience. From water conservation technologies to advanced energy storage solutions, Israeli startups are tackling some of the most pressing global challenges. This report delves into these innovations, highlighting how Israel's expertise and entrepreneurial spirit contribute to both regional resilience and global climate solutions.

This report offers a comprehensive analysis of Israel's climate tech landscape in H2 2023-2024, showing both our advancements and ongoing challenges. It explores the sector's growth, challenges, and opportunities within the context of global geopolitical and economic shifts. By highlighting Israel's contributions, this edition aims to provide stakeholders with actionable insights to navigate the complexities of the evolving climate tech ecosystem.

Good evidence showcasing the resilience and the leadership of the Israeli climate tech sector, could be its development despite the challenges brought by the ongoing war started in Q4 2023 as well as the impact of the geo-political shifts and the high interest rate. Dozens of climate startups have been established in the past 18 months, new corporations, investors joined as active players in the field, and new accelerators and programs have been launched. These developments will be discussed in more details in the next chapters.

9. Boston Consulting Group. (2023). Deep tech investment trends.

03

The Geopolitical Effect on Israel's Climate Tech Sector in 2024

Showcasing Ecosystem Resilience

Challenging times require quick adaptation, since 2022 Israel experienced a few major macroeconomic as well as geopolitical challenges. The global investment climate was affected by the sustained high interest rates, creating a tough fundraising atmosphere. On top of that, the political turmoil in Israel, followed by the outbreak of the war in Q4 2023, further enhanced investors hesitation, strained muti-national corporates partnership, travel & logistics challenges, and even temporary loss of headcount to war needs. But Israel's tech sector responded rapidly in the aftermath of October 7. The public and private sector took several measures to mitigate disruptions and ensure continuity:

- New financial bridging mechanisms: Israel Innovation Authority launched the startup booster program, to enable financial bridging for startups that experienced slowdown or hault in expected investments. $100 million were approved to extend Israeli startups' runway for early-stage companies with disruptive technology assets, matched by the private market. Therefore, creating over $250 million funding opportunities in less than 3 months.

- Innovative workforce solutions: New tools and actions were introduced to bridge headcount gaps, addressing temporary talent shortage.

- Adapting to remote collaboration: Physical meetings with stakeholders and potential investors shifted online or were relocated outside of Israel to maintain business continuity.

- Introduction of new collaborations: Startups, investors, and ecosystem players came together to establish innovative partnerships and short-term projects, both to attract funding and to forge strategic alliances with international stakeholders.

Despite these challenges, the Israeli climate tech sector continued to grow and evolve—with new startups emerging and fresh investments secured. As the global climate tech industry undergoes shifts and transformations, one critical takeaway has become evident: resilience is a key factor for success.

For entrepreneurs, startups, and industry stakeholders, navigating these volatile times requires adaptability and long-term commitment. The Israeli startups that survived and thrived during this period have demonstrated unparalleled resilience and determination, positioning themselves as strong players in the future of climate tech innovation.

PLANETech Market Square: A New Frontier

In 2024, PLANETech launched the PLANETech Market Square, a groundbreaking platform designed to elevate the visibility and foster collaboration among climate tech entrepreneurs and stakeholders. This initiative represents a major leap forward in PLANETech's mission to unite the ecosystem, creating new opportunities for meaningful engagement and collaboration across the climate tech landscape.

Key Features of the Market Square Include:

- Comprehensive Startup Profiles: Showcasing Israeli climate tech startups, highlighting their innovations, and mapping them against specific climate challenges.

- Enhanced Connectivity: Facilitating direct connections between startups, potential investors and corporate partners, fostering collaboration and accelerating the adoption of climate solutions.

- Data-Driven Insights: Providing real-time access to critical data, including funding history, technological developments, and market impact, enabling stakeholders to make informed decisions.

- Global Reach: Extending beyond Israel, the Market Square supports international collaboration, showcasing Israeli innovations on a global stage and attracting international investment and partnerships.

By incorporating the Market Square into our suite of tools, we've established a dynamic ecosystem platform that not only highlights the achievements of Israeli climate tech but also provides a model for other regions aiming to scale their climate innovation efforts.

04

Methodology

Mapping Climate Technologies

Within the National ClimateTech Program, the Israel Innovation Authority, the PLANETech innovation community and other partners have been driving actions to strengthen and grow technology innovation in climate-tech in order to diversify the high-tech industry and tackle global climate challenges.

The definition of ClimateTech is broad and has many interpretations, and so a clear definition for ClimateTech companies was required. After reviewing various definitions that were adopted in Israel and globally, we decided to formulate a new definition for ClimateTech that will serve as a synthesis of several existing definitions. This definition was based on in-depth technological and economic research and was approved by the Authority's relevant stakeholders.

According to this definition, climate technologies consist of the following: technologies that directly and significantly reduce the flow of greenhouse gas (GHG) emissions to the atmosphere (mitigation), or that achieve adaptation to expected effects of climate change ("adaptation" and "tolerance"). This definition is based on a wide variety of information sources, such as the "ecosystem maps" of significant players in the Israeli high-tech industry (SNC, IVC, PLANETech, and the reports and definitions of other countries).

Classification by Technologies and Climate Challenges

This work was based on research that classifies Climate technologies into seven primary sectors and 24 subsectors. This classification is based on an independent study of each and every sector and subsector, which relied on various databases, studies and reports. Later, each subsector was subdivided into several main categories. Dictionary hierarchies and relevant keywords were created to practically classify companies into sectors, subsectors and categories. The list of sectors and subsectors and descriptive statistical data that depict them are at table 1.

Moreover, to achieve consistency with previous reports, a systematic approach was used to identify the correlation of every company to the PLANETech "Climate Challenge Map," such that each company was essentially classified under one or more technological subsectors and under one climate challenge.

PLANETech's Climate Challenge Map identifies the main challenges involved in greenhouse gas mitigation or climate change adaptation under five "fields."

1. Built Environment

Includes buildings, the spaces, passages, and landscapes between them, and the above and below ground infrastructure that supports human activity such as transportation networks and utilities (e.g., water, energy, telecommunications)

2. Materials and Manufacturing

Innovations across the whole life cycle and value chain of materials and products we make and use. Advances in primary materials, intermediate and end products, manufacturing processes and supply chains

3. Land Use

Restoring soil health, preventing land degradation, and reducing emissions that result from human land-use driven by agriculture, production and consumption

4. Nature

Conserving and restoring natural ecosystems to enhance carbon sinks, protect biodiversity, and strengthen the resilience of habitats and species

5. Digital

Digital infrastructure solutions that reduce the resource consumption of digital services and infrastructure, platforms that support climate reporting and risk assessment

The aforementioned five pillars include 22 specific categories, which are presented at the end of this chapter.

Classification Process

To classify Israeli high-tech companies under those categories and identify climate tech companies, the keywords that appear in the various dictionaries were cross-referenced with the IVC database. Following this cross-reference process, approximately 1600 companies were identified that are involved in operations assigned to one of the defined climate sectors. To assess the affinity of a company's operations to climate categories, AI-based analysis was conducted, cross-referencing and assessing the extent of that affinity between the identified climate tech companies and the various climate challenges mapped by PLANETech, which are in line with SDG objectives. Companies whose affinity to one of the climate challenges exceeded a certain threshold were labeled as "Climate Core Companies." The number of companies that met this condition was 642.

Later, climate companies whose maximum score with respect to climate challenges was lower than the threshold, indicating an indirect effect on climate challenges, were reviewed. This process was conducted manually and resulted with 211 additional companies that were classified as climate tech companies.

Moreover, to maintain consistency with previous reports, an analysis that compared the group of 1600 initial companies identified in this process and the group of companies identified in the framework of previous reports, resulting in additional 93 companies that were classified as climate tech companies.

In total, 946 active climate tech companies have been identified in Israel in 2024. The following table presents the distribution of companies to sectors and subsectors, as well as several indicators that describe the activity in each subsector. It should be emphasized that a company may be classified in more than one sector, to explain the total number of companies in the table exceeding the total number of companies, 946. Accordingly, the total fundraising amount without duplications was 614 million USD in 2024, and 276.3 million USD in early stages (up to Series A, inclusive) only[10].

As stated, a primary climate challenge was assigned to each climate tech company. This classification was achieved by means of the above-described AI tool and by way of a manual review of certain companies identified in the framework of processing previous climate reports.

10. It should be noted that 22 companies do not appear in the IVC database, and there is therefore no available funding data that describes them. Moreover, in the process of incorporating previous reports, 25 companies were identified that could not be classified under any sector. These companies are not included among the active companies depicted in this table, but their funding rounds are included in the total because they are ascribed to one of the climate challenges.

TABLE 1 | Climate Tech Primary Sectors and Subsectors

Sector	Subsector	Number of active companies	Number of companies established in 2024[11]	Total capital raised in 2024, usd millions	Total fundraising in early stages (up to series a,(inclusive) in 2024, usd millions
Energy	Alternative fuels	55	-	4.4	0.6
Energy	Energy management	108	-	255	89.5
Energy	Renewable energy	110	-	30	12
Energy	Energy storage	63	-	26.2	0.6
Construction	Green construction	66	-	234	75
Construction	Building materials	29	-	25	0.5
Construction	Urban tech	76	1	1.5	13
Transportation	Electric transportation	61	1	98	32.4
Transportation	Transport optimization	93	-	249	47
Transportation	Alternative transportation	37	-	2.35	27
Waste technologies	Waste management	26	-	0	0
Waste technologies	Waste mechanical processing	31	-	0	0
Waste technologies	Waste treatment	59	-	12	2
Manufacturing	Smart manufacturing	51	-	169	20
Manufacturing	Novel materials	60	-	22.3	14.5
Environmental services & technology	Environmental protection	55	-	9	9
Environmental services & technology	Financials in climate action	21	1	9	9
Environmental services & technology	Ccus technology	19	-	9.2	9.2
Environmental services & technology	Ghg management & monitoring	11	-	1.6	1.6
Agriculture	Agriculture biotech	112	-	33.6	33.6
Agriculture	Food technology	172	5	62.8	61.5
Agriculture	Precision agriculture	134	1	87.2	68.2
Agriculture	Water technology	128	1	15.2	2.7
Agriculture	Indoor & urban agriculture	79	-	19.3	17

The report's methodology is based on an innovative technological classification process that employs artificial intelligence and various tools such as the "Climate Challenge Map" and "Market Square." This methodology provides a comprehensive framework that maps and facilitates climate innovation, and it presents an in-depth overview of the Israeli climate tech industry.

Despite the effort to map climate tech companies, investments, and entrepreneurial activity in this industry, some ventures may exist that either act covertly or that have yet to make their operations public, and they are therefore not included in this report.

11. These numbers are expected to rise over the next two years because the identification and classification of new companies can sometimes be delayed.

FIGURE 1 | PLANETech Climate Challenge Map

Built Environment

Clean Energy Systems

Sustainable Mobility & Transport

Low Carbon Buildings

Green Construction

Eco-Efficient Water Infrastructure

Materials & Manufacturing

Novel Materials

Clean Manufacturing

Circularity

Transparent & Agile Supply Chains

Carbon Capture & Utilization

Land Use

Climate Smart Agriculture

Soil Health

Alternative Proteins

Food Loss & Waste

Metal & Mineral Mining

Nature

Forests & Land Ecosystems

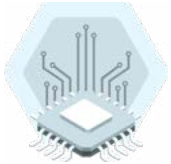
Oceans & Water Ecosystems

Extreme Weather Events

Biodiversity

Earth Observations

Digital



Sustainable Digital Infrastructure

Carbon Management, Risk & Finance

05

Israel's Climate Tech Ecosystem

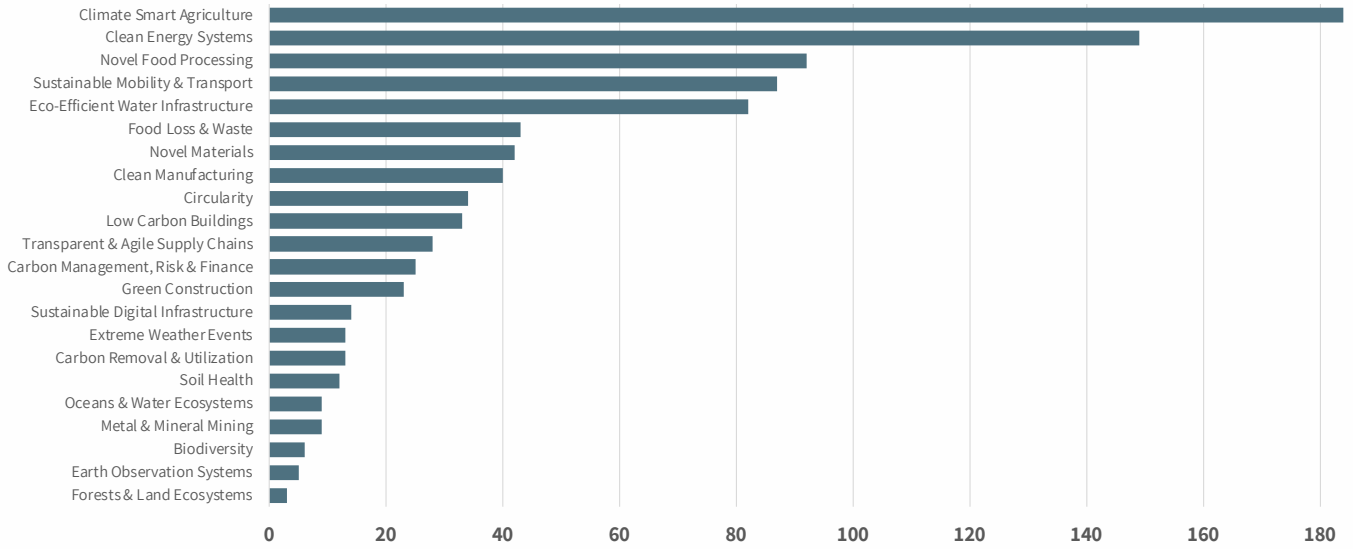
Climate Tech Startups by Climate Challenge

The updated mapping of Israeli climate tech startups identified a total of 946 startups offering solutions to climate challenges, reflecting steady growth in the ecosystem. This represents an increase of 162 startups compared to the 784 climate tech startups identified in 2023. Among these, 49 startups were founded since H2 of 2023. This number represents a decrease in the trend of new climate startups that could be explained, at least partly, by the geopolitical situation in Israel. Figure 2 illustrates the distribution of these startups based on the primary climate challenge they address.

946

Israeli climate tech startups

FIGURE 2 | Total Number of Startups



The five most prolific challenges addressed by startups remain consistent with those in the 2022 and 2023 Reports: Climate Smart Agriculture, Clean Energy Systems, Novel Food Processing, Sustainable Mobility & Transport and Eco-Efficient Water Infrastructure. These challenges are addressed by 184, 149, 92, 87 and 82 startups, respectively.

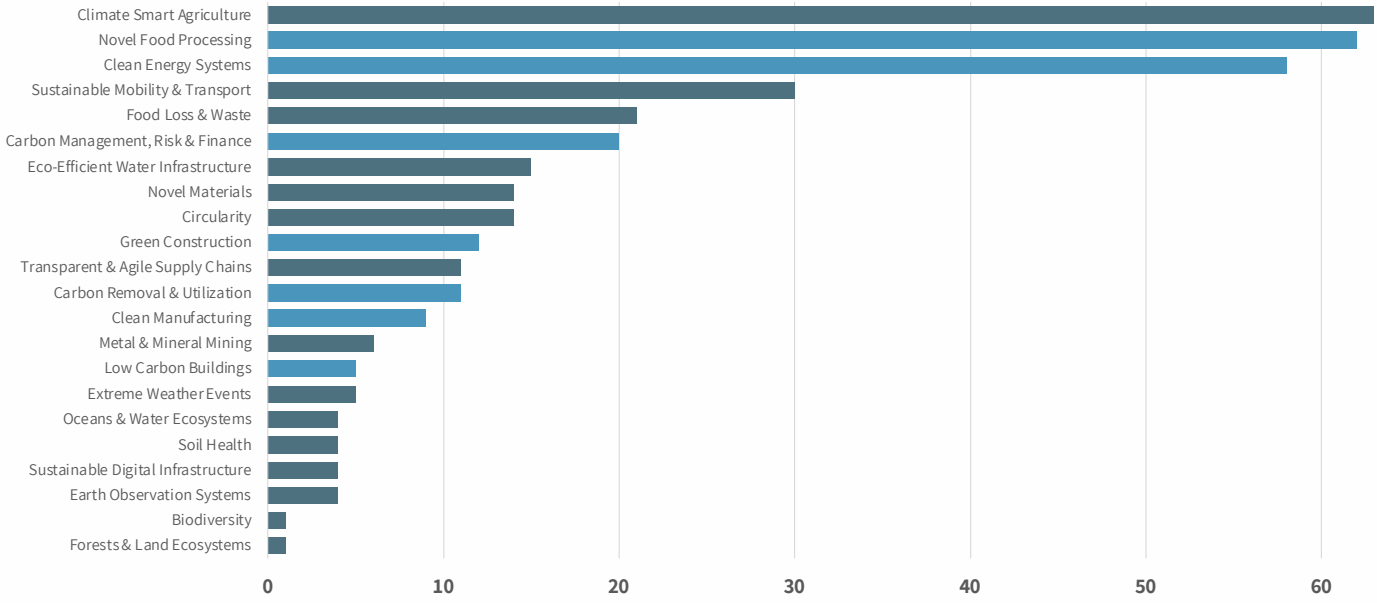
Despite the historical dominance of Climate Smart Agriculture and Clean Energy Systems challenges, new data reveals more balanced distribution of startups across these climate challenges. This shift suggests that entrepreneurs are increasingly exploring opportunities in a wider variety of fields, demonstrating greater openness to emerging sectors.

This trend is further illustrated by Figure 3, which maps startups established since 2019 (374 startups, representing 39.5% of the total). The darker shaded bars emphasize significant ranking shifts for newer startups compared to the full dataset. Notably that in this time period:

› Novel Food Processing challenge has overtaken Clean Energy Systems as the second most addressed challenge, with nearly the same number of startups as the top challenge Climate Smart Agriculture.

› Sustainable Mobility & Transport, while a well-established sector in Israel, is now ranked as number 4 of the most addressed challenges and accounts for only one-thirds of the new startups in the top challenge.

FIGURE 3 | Number of Startups 2019-2024



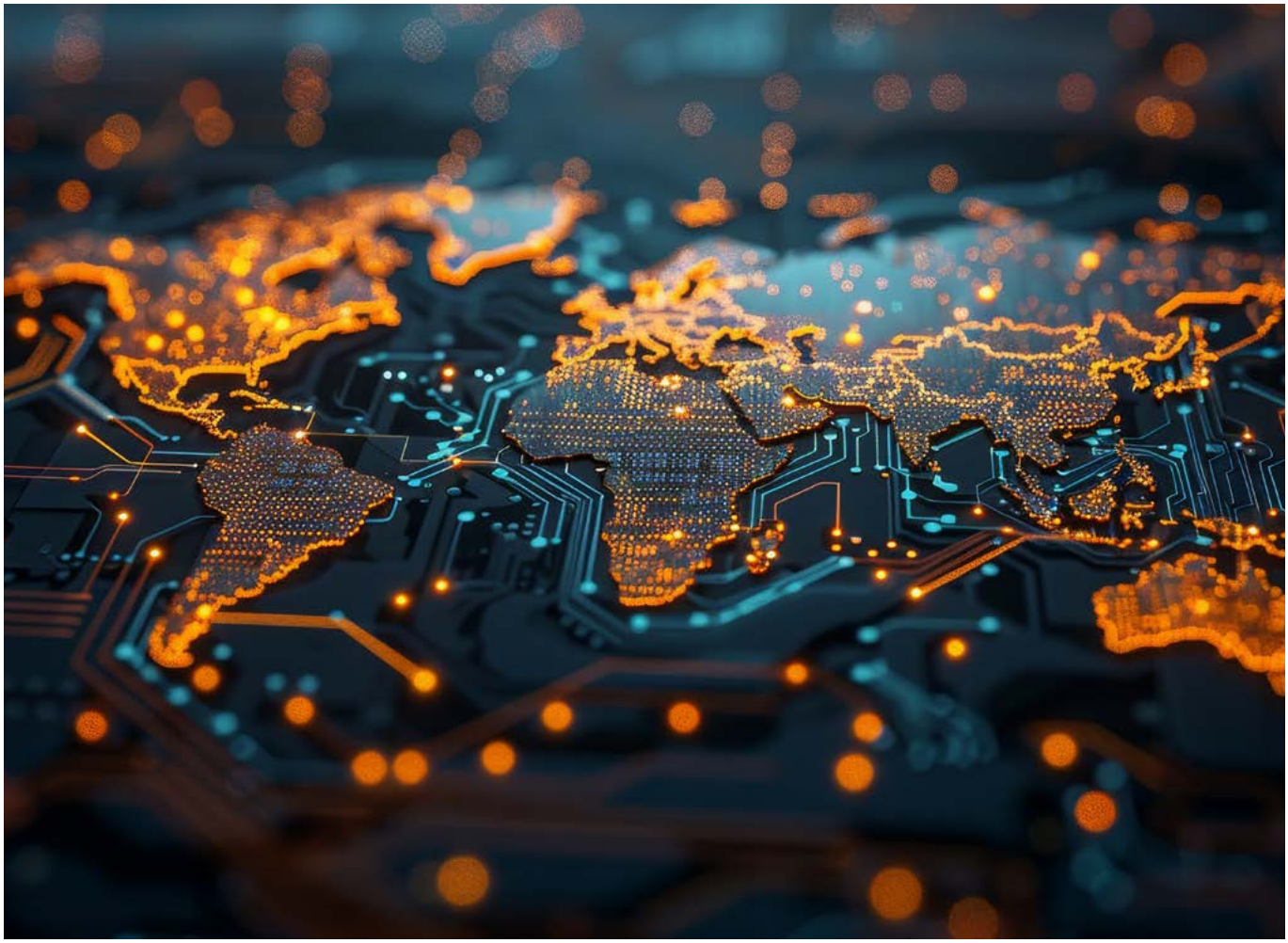
Additional changes in rankings compared to the 2023 Report include:

- Carbon Management, Risk & Finance saw the most significant rise, moving up six positions, reflecting a growing focus on startups addressing this challenge.
- Clean Manufacturing, Low Carbon Buildings and Sustainable Digital Infrastructure dropped five positions, indicating a relative decline in newer startups entering these fields.
- Carbon Removal & Utilization and Metal & Mineral Mining climbed four and five positions correspondently, while Eco-Efficient Water Infrastructure and Novel Materials dropped by two and three positions, continuing the trend observed in previous years.

These developments highlight the dynamic nature of the climate tech ecosystem, with emerging fields gaining traction and mature sectors consolidating their presence. The evolving focus of entrepreneurs underscores the importance of adapting strategies to support innovation across a broader range of climate challenges.

This conclusion is further supported by the distribution of the 49 new startups founded in 2023-2024 and the primary challenges they address.
Which illustrates a relatively balanced distribution, with the largest share of 27% focused on Novel Food Processing, followed by 10% addressing the Climate Smart Agriculture and Food Loss & Waste challenges. Notably, almost 25% of these new startups have already secured VC and grants funding, collectively raising $15.36 million.

Among them, 6 startups in the Novel Food Processing sector raised a total of $4.5 million USD, while a standout Novel Materials company secured an impressive $8.7 million. While the rest are in different stages of raising funds.



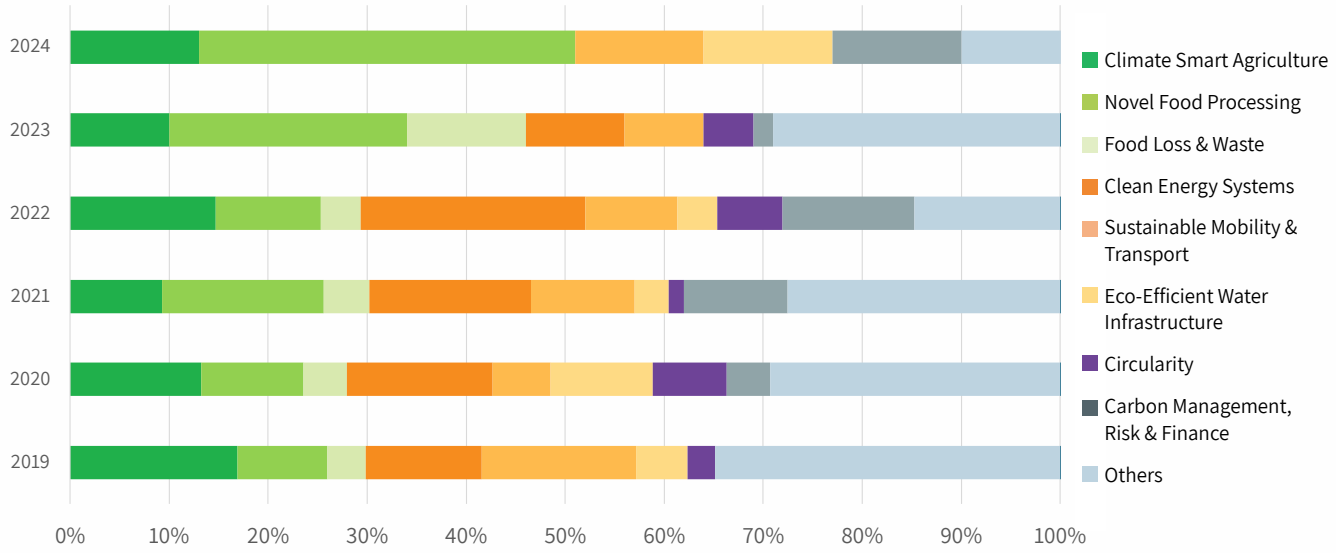
The Emergence of New Climate Tech Startups by Climate Challenge

To gain deeper insights into the annual emergence of new climate technologies, we analyzed startups founded each year and mapped them according to their primary climate challenge. For the sake of consistency, methodological rigor, and ensuring comparability with previous years, we followed the format established in prior reports. Figure 4 highlights the eight challenges with the highest cumulative number of startups established during the period 2019–2024. These 8 challenges comprise between 63%-87% of all the startups established each year.

The climate tech ecosystem in Israel continues to demonstrate dynamic shifts in the focus areas of new startups. Based on the latest data, the distribution of startups across key challenge areas has evolved significantly, reflecting both emerging opportunities and changing priorities within the sector.

The data reveals a clear trend toward prioritizing high-growth and emerging challenge areas, such as Novel Food Processing, Eco-Efficient Water Infrastructure, and Carbon Management, Risk & Finance. At the same time, traditionally dominant sectors like Clean Energy Systems and Climate Smart Agriculture are stabilizing, signaling a shift in entrepreneurial focus and market dynamics.

FIGURE 4 | 2019-2024 Key Climate Challenges Driving Startup Formation



- **Novel Food Processing:** This sector now accounts for 38% of newly established climate tech startups in 2024, up from 24% in 2023 and 9% in 2019. While this growth reflects continued entrepreneurial activity and interest in sustainable food solutions, it does not necessarily translate into increased investment. Historically, the sector has attracted significant funding, but in recent years, investor confidence has weakened, leading to a decline in new capital inflows. Both globally and in Israel, alternative proteins have faced increasing financial pressures, with some companies struggling to scale, secure funding, or sustain operations. Despite these challenges, innovation in the sector persists, with startups exploring new production methods, cost reductions, and improved scalability to regain momentum.

The sector's current positioning reflects its strong foundation from previous investment cycles, but its future trajectory will depend on its ability to rebuild investor confidence and demonstrate sustainable market demand.

Increase in % Novel Food Processing Startups:

24% → **38%**

2023 2024

- **Climate Smart Agriculture:** Once a dominant area in earlier years, this sector has seen fluctuations in its share of new startups. While it accounted for 25% in 2018, Climate Smart Agriculture saw a drop to 9% in 2021 but rebounded to 13% in 2024. This consistent focus and renewed attention make sense, as agriculture remains a significant innovation market in Israel, aligning with the country's strengths in agri-tech and its global reputation for advancements in sustainable agricultural solutions.

- **Clean Energy Systems:** After peaking at 23% of new startups in 2022, this sector experienced a sharp decline to 10% in 2023 and is now less dominant. While fewer new startups are entering this space, innovation remains strong among established players. Notably, most new startups in this sector are focused on hydrogen technologies, signaling a move toward breakthrough solutions in clean energy production, storage, and distribution. This shift highlights the evolving nature of the sector, with increasing emphasis on next-generation technologies rather than traditional renewable energy solutions.

- **Sustainable Mobility & Transport:** While this sector remains well-established, its share of new startups has stabilized at 13% in 2024, reflecting steady interest in addressing transportation-related emissions, with a particular focus on EV charging infrastructure and battery technologies.

- **Eco-Efficient Water Infrastructure:** A notable resurgence is observed in this sector, which now accounts for 13% of new startups in 2024 after being at 0% in 2023. This revival indicates renewed innovation in water technologies, likely driven by increasing concerns about water scarcity and efficiency.

- **Carbon Management, Risk & Finance:** After a brief decline to 2% in 2023, this sector has rebounded to 13% in 2024, highlighting growing interest in carbon tracking, risk management, and financial resilience solutions.

- **Circularity:** This challenge area has maintained a relatively small but steady share of new startups, accounting for 5% in 2023. Its fluctuations, from 8% in 2020 to 2% in 2021, suggest that innovation in this space remains sporadic but important.

Growth Map of Climate Tech Domains

An analysis of startup growth rates by climate challenge reveals some significant shifts in 2024, as illustrated in Figure 5. The figure highlights the percentage of young startups (0 - 4 years old), total known investments for each challenge, and the relative size of each challenge by the total number of startups. The challenges are grouped into distinct clusters based on common characteristics: Established Fields, Rapid Growth, Stagnated Growth, Early Growth, and New Arrivals.

Number of Startups (2024) by Top Challenges

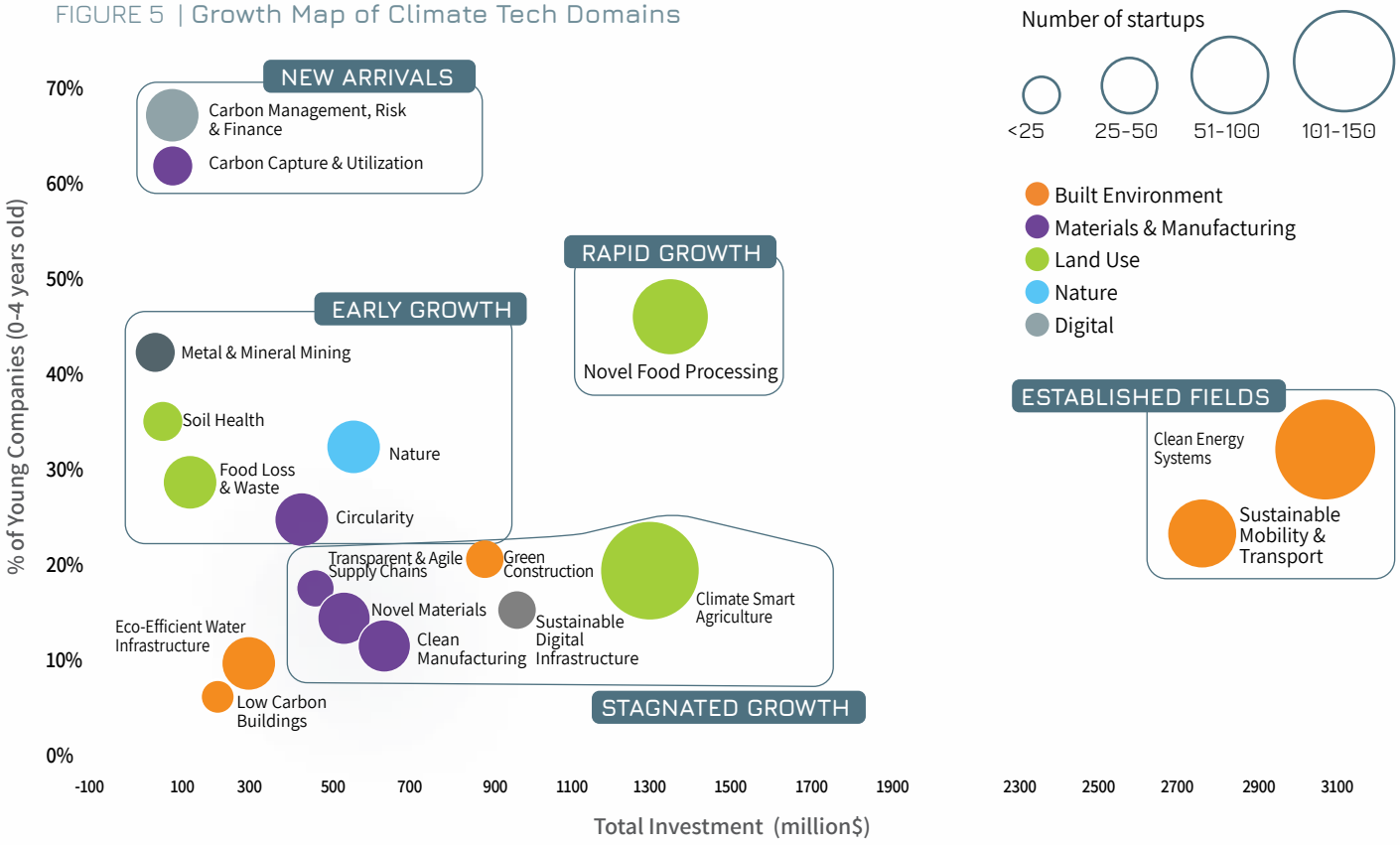
184
Climate Smart Agriculture

149
Clean Energy Systems

92
Novel Food Processing

87
Sustainable Mobility & Transport

FIGURE 5 | Growth Map of Climate Tech Domains



Cluster 1: Established Fields includes two Challenges: Clean Energy Systems and Sustainable Mobility & Transport

These challenges continue to dominate the climate tech ecosystem, attracting the highest total investment and supporting a substantial number of startups. Clean Energy Systems and Sustainable Mobility & Transport maintain their positions as mature and well-established sectors, demonstrating steady funding and sustained growth. While new companies continue to enter these fields, their growth rates are slower compared to emerging sectors. Notably, the pace of new startup formation has declined in recent years, signaling a strategic shift in investment priorities—moving from early-stage ventures toward scaling infrastructure, commercialization, and large-scale deployment.

Cluster 2: Rapid Growth of Novel Food Processing

The sector continues to attract a high rate of young startups with a high rate of investments, thus reflecting strong entrepreneurial activity and sustained investor confidence. Its momentum has been shaped by past global demand for sustainable food alternatives and historically high investment in food tech R&D. While investment in alternative proteins has slowed in recent years, Israel remains a key player in the sector, leveraging its strong scientific foundation and innovation-driven ecosystem. The sector's continued development will depend on its ability to overcome financial challenges, enhance scalability, and rebuild investor confidence, reinforcing its role in advancing sustainable food solutions and reducing the environmental impact of traditional protein production.

Cluster 3: Stagnated Growth with the following Challenges: Climate Smart Agriculture, Novel Materials, Clean Manufacturing, Sustainable Digital Infrastructure, Green Construction

The Stagnated Growth cluster includes challenges that, despite their importance to decarbonization, show a low proportion of newly founded startups:

- Climate Smart Agriculture: After years of being a leading challenge area, it has now entered stagnation, with the proportion of young startups dropping below 20%.
- Novel Materials and Transparent & Agile Supply Chains: These challenges moved into the Stagnated Growth cluster due to a sharp decline in new startups, falling to almost 10%. Interestingly, many of these companies emerged during a period of high interest before 2020, and this year's 4-year filter excludes them, reflecting a slowdown in new activity.

- Clean Manufacturing, Green Construction and Sustainable Digital Infrastructure remain in this cluster, with limited startup formation and modest investment growth.

This stagnation signals both challenges and opportunities for these sectors. While mature companies continue to dominate, a lack of new entrants could hamper future innovation and investment momentum.

Cluster 4: Early Growth with the following Challenges: Food Loss & Waste, Circularity, Soil Health, and Nature

The Early Growth cluster consists of climate challenges that, while having fewer total startups, show strong potential for expansion due to a promising share of young companies and increasing early-stage investment. These sectors reflect growing entrepreneurial interest and alignment with global sustainability priorities.

- Metal & Mineral Mining has emerged as a focus area, driven by the rising demand for critical raw materials essential for clean technologies, particularly in battery supply chains.
- Soil Health is also gaining traction, with increasing attention on regenerative agriculture and carbon sequestration, attracting new startups working on sustainable land management solutions.
- Circularity and Food Loss & Waste continue to see steady startup formation, reflecting the growing focus on reducing inefficiencies in global food systems.

Similarly, Nature-Based Solutions are becoming more prominent, with a growing number of startups dedicated to biodiversity restoration, ecosystem services, and natural climate solutions.

The expansion of the Early Growth cluster indicates that entrepreneurs are targeting a broader range of climate challenges, particularly in resource efficiency, sustainable food systems, and biodiversity protection. While these sectors continue to develop, unlocking greater investment potential will be critical for their long-term growth and impact.

Cluster 5: New Arrivals with the following Challenges: Carbon Management, Risk & Finance, Carbon Capture & Utilization

The New Arrivals cluster remains centered around Carbon Management, Risk & Finance and Carbon Capture & Utilization, both of which continue to attract a high proportion of young startups (~70%). This trend underscores the sustained focus on carbon markets, emissions reduction, and risk management, as startups respond to tightening global regulations, corporate sustainability commitments, and evolving carbon pricing mechanisms.

These challenges represent emerging opportunities for both founders and investors, as they are still in the early stages of development but align with the global trends.

Low Carbon Buildings and Eco-Efficient Water Infrastructure continue to occupy the lower left quadrant of the graph, indicating that they have yet to attract substantial new investments or entrepreneurial activity.

Key Takeaways

The growth clusters highlight the dynamic nature of the climate tech ecosystem:

- Established fields such as Clean Energy Systems and Sustainable Mobility & Transport maintain their leadership but face slower relative growth.
- Rapid Growth is concentrated in Novel Food Processing, reflecting increasing demand for sustainable food solutions and good R&D base in Israel.
- Stagnation in challenges like Climate Smart Agriculture and Novel Materials points to a need for renewed innovation and investment in these fields.
- New and emerging challenges, such as Metal & Mineral Mining and Sustainable digital infrastructure, present promising opportunities with high entrepreneurial activity despite current low startup numbers.

These trends underscore the importance of supporting innovation across all clusters to ensure balanced growth and progress toward climate resilience and decarbonization.

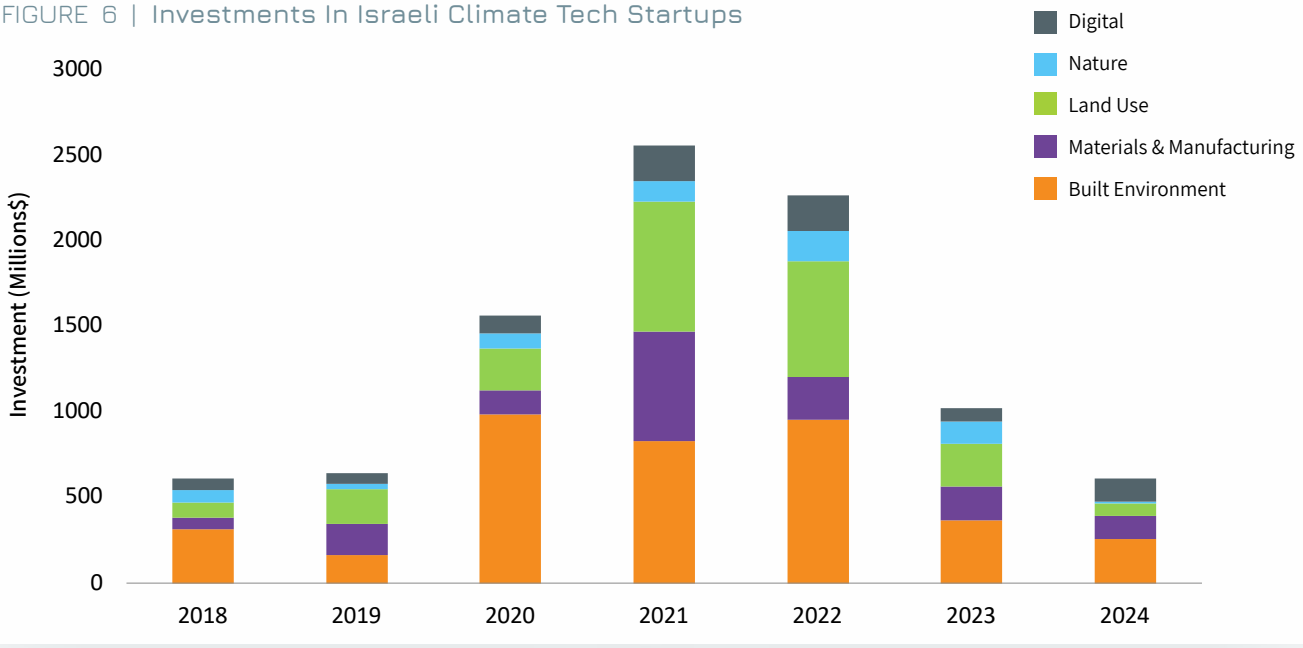
Investments landscape

Investments in Israeli climate tech ventures totaled $9.5 billion between 2018 and 2024 (Figure 6). In 2023, climate tech investments reached $1 billion, a decline of 51% from the $2.27 billion recorded in 2022. Despite the challenging economic climate and the ongoing geopolitical circumstances in Israel, climate tech demonstrated notable resilience. Encouragingly, H2 2023 investment levels

remained close to those of H1 2023, and investments in 2024 totaled $613million, reinforcing the sector's ability to attract capital and maintain momentum despite broader market challenges.

The significant increase in investments in Sustainable Digital Infrastructure can be attributed to the rising demand for energy-efficient solutions, data center cooling technologies, and computational optimization, driven by the rapid growth in AI applications.

FIGURE 6 | Investments In Israeli Climate Tech Startups



Distribution of investments in 2023 and in 2024 among the challenges is represented in the Fig. 7 and Fig. 8, respectively.

FIGURE 7 | Distribution of Investments in 2023 among the Challenges

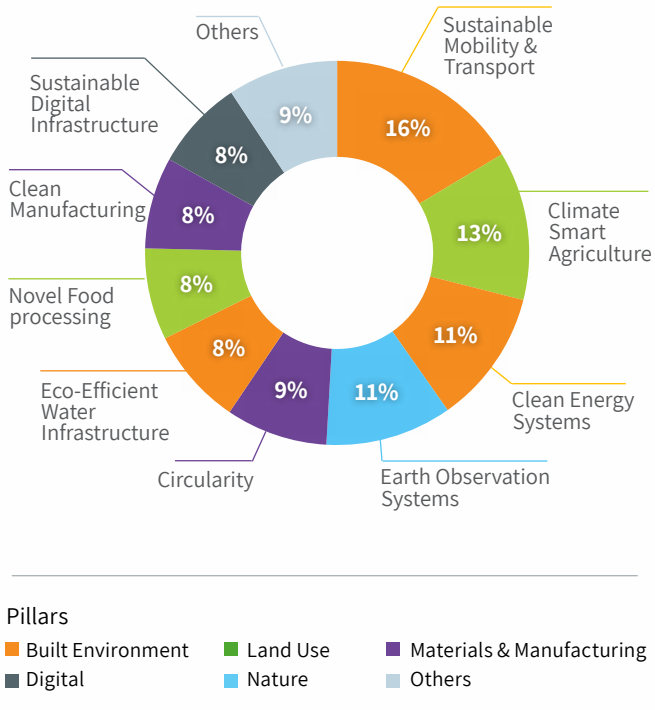
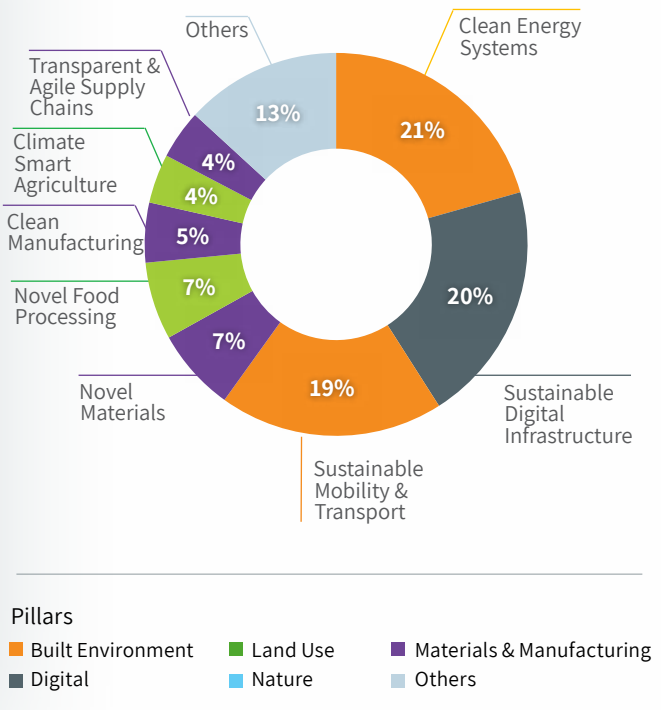


FIGURE 8 | Distribution of Investments in 2024 among the Challenges



While climate tech investments in Israel declined from $2.27 billion in 2022 to $1 billion in 2023 and further to $613 million in 2024, overall early and growth-stage investments in Israel fell in similar percentage from $15.9 billion in 2022 to $6.9 billion in 2023, before rebounding to $9.6 billion in 2024. We expect to see a rebound back of investments also in Climate tech in 2025, given the flourishing activities of the ecosystem and presence of investors, later discussed in this chapter.

Despite this downturn, climate tech demonstrated notable resilience within Israel's tech ecosystem. In 2023, climate tech accounted for 14.5% of total tech investments, up from 14.3% in 2022, highlighting its resilience despite economic and geopolitical challenges. In 2024, climate tech's share adjusted to 6.4%, reflecting a shift in investor priorities but still maintaining a significant presence. At the same time, we anticipate 2025 to be a stronger year for Israel's climate tech sector, driven by an improving global investment climate and the sector's proven ability to outpace other industries during periods of economic recovery. Historically, climate tech has demonstrated higher growth rates in the expansion phases of the economic cycle, positioning it well for renewed investor interest and accelerated development.

The decline in Israeli climate tech investments in 2023 and 2024 aligns with global trends, though it has been more pronounced than in other markets. In the U.S., capital raised for climate tech-focused VC funds declined from $59 billion in 2022 to $44 billion in 2023, a 25.4% drop, with 2024 numbers showing relative stability. While Israel experienced a sharper contraction, the sector's resilience within the broader tech downturn underscores its long-term potential to attract investment and drive innovation in climate solutions.

Investor Landscape

Israeli climate tech continues to attract significant international investment, reinforcing its position as a global hub for climate innovation. Historically, a large share of funding has come from international investors, with the U.S playing a leading role in financing Israeli climate startups.

In 2023, there were 135 investment rounds, and in 2024, there were 90 rounds across various climate tech sectors. Notably, in over 90% of these rounds, multiple international investors participated, demonstrating strong global confidence in Israel's climate tech ecosystem.

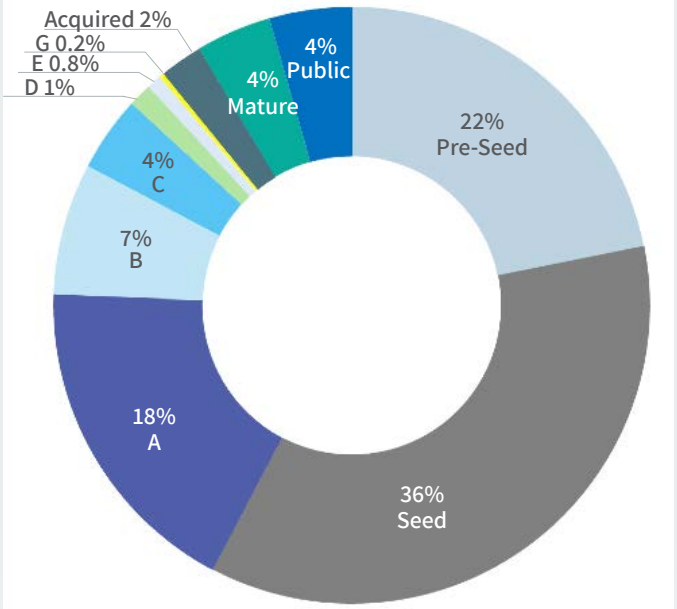
Venture capital remains the dominant funding source, with a balanced distribution between Israeli and foreign VCs. However, corporate venture capital investments predominantly come from international entities, reflecting the global demand for Israeli climate solutions. Private investors, many of whom originate outside of Israel, have also played a key role in supporting early-stage startups.

Despite economic challenges, the continued engagement of international investors highlights the resilience and attractiveness of Israeli climate tech. As the sector matures, global partnerships will remain crucial in scaling innovation, fostering commercialization, and driving the next wave of climate solutions.

Funding Stage of Climate Tech Startups

The funding stages of Israeli climate tech startups are detailed in Figure 9, reflecting the ecosystem's growth dynamics and investment patterns. In 2024, the majority of startups are still in the early fundraising stages, with 36% at

FIGURE 9 | Funding Stage of Climate Tech Startups



the Seed stage and 22% at the Pre-Seed stage, collectively accounting for 58% of all funded startups. This aligns with the observation that most companies are relatively young, supporting the continued influx of early-stage investment.

Progression beyond Series A demonstrates significant growth potential, with 18% at Series A and 7% at Series B, indicating a promising pipeline of startups ready to scale. As 4% have reached Series C and 0.8% have advanced to Series E, the ecosystem shows early signs of maturity, paving the way for future growth and expansion opportunities. Notably, Series G is represented by 0.2%, highlighting the emerging potential for large-scale growth financing. This distribution reflects a dynamic and evolving investment landscape, with substantial opportunities for investors to support the next wave of climate tech leaders.

In terms of exits and maturity, 4% of companies are publicly traded, while 4% are categorized as mature, and 2% have been acquired. These figures indicate modest exit activity, consistent with the ecosystem's overall youthful profile.

As a testament is the growing investor landscape active in the Israeli climate-tech ecosystem, with over 50 Venture Capital firms (VC's) and a handful of family offices specializing in climate technologies compared to under 10 active VC's in 2021. Foreign investors are also increasingly active, with at least 10 international VCs making multiple investments in Israeli climate tech startups in 2024. Corporate venture capital (CVC) plays a significant role, with at least 10 CVCs focused on climate innovation, such as Microsoft, Volkswagen Group, Doral Energy-Tech Ventures, and Ormat. Investment activity has remained strong, with at least 25 high-value rounds (>$10million) recorded in 2023 and 14 in 2024, and an increasing activity of early-stage deep tech companies backed by technology incubators funded by the Israel Innovation Authority.

We can characterize Israeli climate tech investments as having developed rapidly since 2018, initially outpacing global growth rates. However, since 2021, Israeli climate tech investments have mirrored global trends more closely. This shift may signal the mainstreaming of the market, as climate tech becomes increasingly integrated into the broader technology and investment landscape.

Overall, the Israeli climate tech sector continues to demonstrate remarkable resilience, maintaining investor interest and growing its share of national tech investments. The sector's steady performance, coupled with significant investment in emerging areas like Sustainable Digital Infrastructure and Novel Food Processing highlights its critical role in driving innovation and supporting global climate goals.

06

Israel ClimaTech National Program: A Strategic Vision for Global Leadership

Transforming Challenges into Opportunities

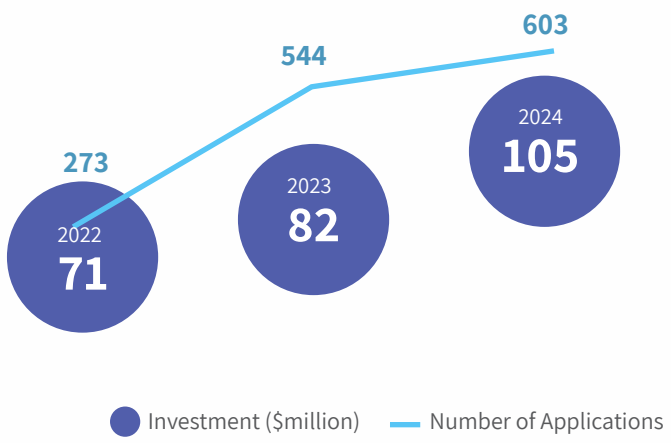
Climate tech stands at a pivotal crossroads for Israel's economy. As the world grapples with the climate crisis, the Israel Innovation Authority (IIA) is spearheading a strategic initiative to position Israel as a global Climate tech powerhouse. This effort aims to generate significant economic opportunities while addressing pressing environmental challenges. Rather than perceiving climate change solely as a crisis, Israel is seizing this opportunity to build a thriving industry that will contribute substantially to economic growth. Leveraging its proven technological capabilities, Israel aims for a 10% share of global investments, underscoring the immense potential of Climate tech as a transformative force for Israel's economic and environmental landscape.

Israel's ClimaTech Ecosystem: A Fertile Ground for Innovation

The Climate tech ecosystem in Israel is dynamic and growing, boasting 946 startups developing cutting-edge solutions across sectors such as energy, water, agriculture, food, carbon capture, and green construction. Recognizing its strategic significance, the Israel Innovation Authority has invested $257 million over the past three years to empower Israeli companies in developing breakthrough technologies and competing in global markets.

רשות החדשנות
Israel Innovation
Authority

FIGURE 10 | Israel Innovation Authority Year by Year Applications and Investments



In 2024

603

ventures applied for funding,
$105 million grants approved

Key Programs Driving Innovation

1. Technological Infrastructure Programs

- **R&D Labs**:
  Establishing state-of-the-art research facilities, including

ARDAG RED SEA MARICULTURE

YDLabs

Alagene

- **Academy-Industry Partnerships:** Fostering collaboration between academia and industry to accelerate technological advancements.

- **Consortiums:** Forming partnerships to address shared technological challenges, such as advanced materials and energy solutions. Recent initiatives include:

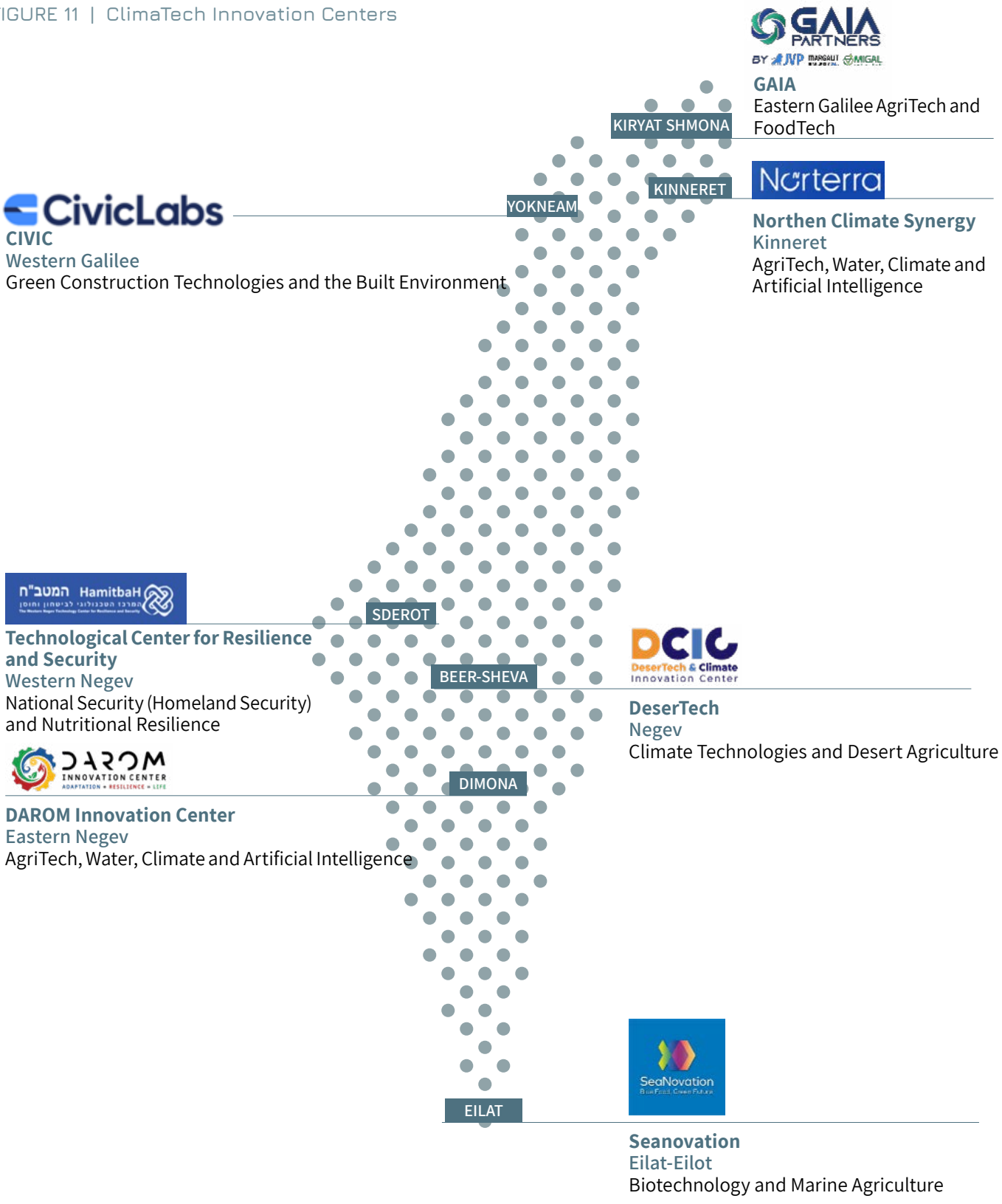
  › Approved MAGNET consortia focused on Cultivated Meat, The Black Soldier Fly, Bio Plast, and Sustainable Aviation Fuel (SAF).

  › Two additional consortia under Assessment: Reinforced Superior Concrete and Green Soil.

2. Startup Division Programs

- **Innovation Centers:** in order to promote entrepreneurship in Israel's peripheral areas, the government initiated a $27.6 million program to establish nine innovation centers across the country, 8 of them in Climate related themes, promoting high tech solutions for a range of topics such as foodtech, renewable energy, built environment, agriculture, and more.

FIGURE 11 | ClimaTech Innovation Centers



- **Technology Incubators:** Supporting early-stage companies through funding and strategic guidance. Notable incubators driving ClimaTech venture creation include:

- **Human Capital Development programs:** Strengthening Israel High-tech industry by creating new upskill & Reskill programs for Tech-talents in Climate-Tech arena through specialized programs, to name just a few:
  - **WOMEN IN MOBILITY:** A CEO academy Deep-tech initiative focusing on creating the future CEO women in mobility, energy, and green manufacturing.
  - **FoodTechies Program by Elevation in cooperation with Israel Agri-Foodtech Valley& Tel-Chai:** an innovative human capital program increasing tech-talents for the food-tech industry.
  - **Climate Tech Talent Accelerator by Kinneret Academic College:** A unique program for human capital and incubation tracks in AI, cyber, agritech, and water-tech, with a special emphasis on soft skills, industry connections, mentorship, and placement in high-demand tech fields.

3. Growth and Advanced Manufacturing Programs

- **Investment in early-stage startups through Startup Fund, fast track and R&D fund:** over $50 million invested in breakthrough technology ventures.
- **MOFET and R&D-to-Production Initiatives:** New product development in Manufacturing industry or developing manufacturing process to bridge the gap between research and production to build new manufacturing facilities. $20 million invested and over 50% of Mofet and R&D to production applications are in climate technologies.
- **Pilot Programs:** Facilitating the testing and deployment of new ClimaTech solutions. In 2024, $15 million invested in the Pilot Program, in collaboration with other government ministries and entities such as the Ministry of Environmental Protection, the Ministry of Energy, the Ministry of Agriculture, the Ministry of Transportation to support late-stage R&D pilots.

4. International Collaborations

The Israel Innovation Authority, through its International Division, launched the **'International ClimaTech Program'** to foster collaboration between Israeli startups and global corporates in climate-related fields. The program aims to help Israeli Climate Tech startups validate their solutions and scale efficiently while strengthening their global impact.

In 2024, the Israel Innovation Authority co-founded the **EARTH Global Climate Tech Alliance (E5)**, a pioneering initiative to advance climate innovation through global collaboration. This alliance, formed in partnership with Vinnova (Sweden's Innovation Agency), Enterprise Singapore, Business Finland, and FFG (the Austrian Research Promotion Agency), brings together leading innovation agencies from the world's premier Climate Tech hubs. By sharing expertise and resources, the alliance will serve a mean to accelerate the development and scaling of transformative climate technologies.

A significant partnership between the Israel Innovation Authority, the Ministry of Energy, and the US Department of Energy (DOE) under the BIRD Foundation continues to drive innovation in clean energy. With an annual contribution of $6 million from each government, this initiative supports joint R&D projects and Energy Excellence Centers, fostering technological breakthroughs, strengthening US-Israel collaboration, and promoting economic growth.

Additionally, The Israel Innovation Authority **led several Israeli tech delegations to some of the world's leading climate events,** including COP29 in Baku and New York Climate Week, in collaboration with ecosystem partners. These initiatives highlight groundbreaking Israeli climate technologies, showcase innovative solutions, and support the international expansion of Israeli Climate Tech startups.

5. ISERD and Horizon Europe

Israel's participation in Horizon Europe, the largest global climate funding and R&D initiative, reflects its engagement with critical global challenges in climate innovation. This program provides a platform for advancing solutions in areas like renewable energy, sustainable agriculture, and urban resilience, aligning with Israel's expertise in research and development.

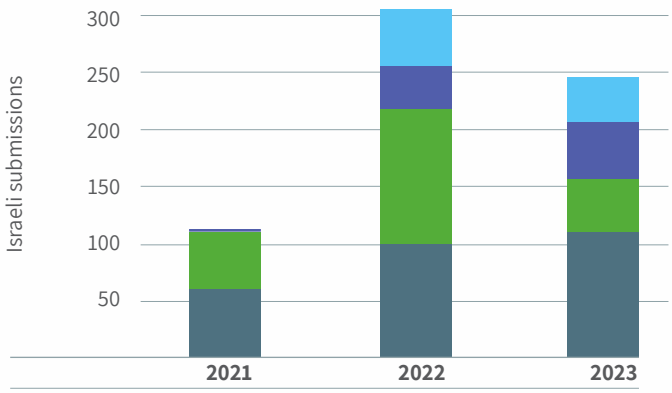
Europe Horizon grants
€105 million
(2021-2023)

All data hereafter is sourced from Horizon Dashboard on the European Commission's Funding and Tenders Portal. The analysis focuses on Clusters 5 and 6 of Pillar 2, titled "Climate, Energy, and Mobility" and "Food, Bioeconomy, Natural Resources, Agriculture, and Environment," respectively. It also incorporates climate-related Missions associated with these Clusters, including Soils, Ocean, Climate, and Smart Cities.

A Snapshot of Recent Trends Horizon Europe grants approved to Israeli Climate tech companies was €105 million (2021-2023), out of which 40% granted under pillar 2, for consortia.

Between 2021 and 2022, Israel doubled its submissions to Horizon Europe, driven by new initiatives such as partnerships under Clean Hydrogen, CBE JU, PRIMA, and a growing emphasis on climate-focused Missions like Smart Cities and Ocean Health (Figure 12). However, geopolitical challenges in 2023, including the war outbreak in Q4 of that year, contributed to a 20% decline in submissions and a drop in Israel's share of total EU submissions from 1.05% in 2022 to 0.57% in 2023.

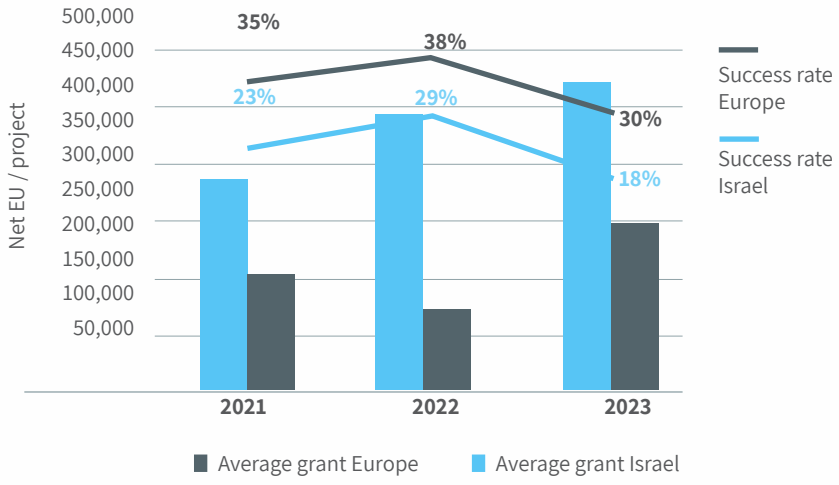
FIGURE 12 | Israeli Submission by Program



	2021	2022	2023
Partnerships		50	37
Missions	3	37	51
6	50	120	47
5	60	100	110

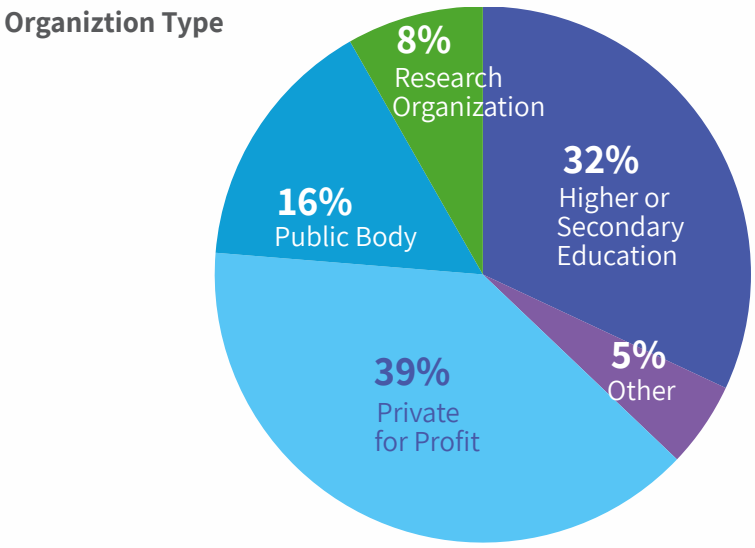
Encouragingly, early indicators from 2024 suggest signs of recovery, reflecting the ongoing commitment of Israeli researchers, startups, and public entities to global collaboration.

FIGURE 13 | Climate R&I EU to Israel Trend Comparison



While success rates for Israeli applicants decreased from 29% in 2022 to 18% in 2023, this mirrored broader EU-wide trends driven by increased competition. Notably, Israeli beneficiaries secured higher-than-average funding per project, demonstrating efficiency in leveraging available resources to maximize impact.

FIGURE 14 | Israeli Beneficiaries at Horizon Europe (2021-2023) by Organization Type



Public bodies, including municipalities, made up 16% of beneficiaries, researchers from academia or research institutions accounted for 40%, and for-profit organizations represented 39%. This mix highlights the collaborative approach necessary for tackling complex climate challenges.

The challenges of 2023 serve as a reminder of the importance of resilience and adaptability. Despite a temporary dip in participation and success rates, Israel remains an active player in Horizon Europe. Its involvement underscores the value of fostering partnerships and tapping into the program's opportunities to advance climate innovation.

By continuing to engage with Horizon Europe, Israel contributes to collective efforts aimed at addressing the world's most pressing climate issues. Strengthening international collaborations and maintaining momentum will be crucial for future participation in this vital program.

Strategic Growth and Future Plans

The overarching goal is to position Israel as a global hub for ClimaTech innovation, delivering groundbreaking solutions to the climate crisis while driving significant economic growth. For the Innovation Authority, developing the ClimaTech sector is a national mission of the highest priority. Beyond economic benefits, it's an opportunity to place Israel at the forefront of the global fight against climate change and contribute to a sustainable future.

To ensure continued growth and impact, the Israel Innovation Authority is focusing on several strategic initiatives:

- **New Venture Creation** – Facilitating the emergence of new startups through dedicated technology incubators, innovation centers and the startup fund, that leverage cutting-edge knowledge and technologies.
- **Barrier Removal** – Streamlining regulatory and technological pathways to accelerate commercialization and market adoption.
- **Integration of AI and Bio-Convergence** – Applying artificial intelligence for predictive climate solutions, optimizing renewable energy deployment, and enhancing carbon capture efficiency. Bio-convergence will play a critical role in revolutionizing synthetic biology, sustainable materials, and carbon-neutral chemical production.
- **Deepening International Collaborations** – Expanding global investment in Israeli climate tech, fostering international technology partnerships, and increasing market access.

The Israel Innovation Authority's unwavering commitment to ClimaTech showcases Israel's proactive, forward-thinking approach. By investing in innovation, nurturing human capital, and fostering strategic partnerships, Israel is poised to emerge as a global leader in ClimaTech.

07

Summary and Look Ahead: Israel's Climate Tech Ecosystem

As we move forward, the Israeli climate tech ecosystem stands at a pivotal moment. Building on a foundation of resilience and innovation, the following years offer both challenges and opportunities for growth. The insights and trends outlined in this report reflect the evolving dynamics of the sector, driven by multistakeholder collaboration and technological advancements. Entrepreneurs, startups, investors, and corporates continue to lead innovation and deployment. At the same time, the government plays a crucial role not only as a regulator, but also as a financier and enabler. Public-private partnerships have been instrumental in overcoming barriers, streamlining regulations, and fostering the commercialization of groundbreaking solutions.

The climate tech ecosystem in Israel has not only emerged as a promising sector but has matured significantly, establishing itself as one of the pillars of innovation and resilience. This development marks a transition from early-stage emergence to a phase of sustained growth, requiring strategic support to navigate different challenges and scale effectively. With current geopolitical uncertainties and economic volatility, key actions are essential to maintain momentum.

Key areas where public and private sector actions can drive the greatest impact:

- Creating a stable investment environment: Providing a framework to reassure investors and entrepreneurs amid geopolitical and economic challenges.
- Scaling Infrastructure: Establishing infrastructure to support the development in emerging domains and deployment of climate tech solutions, pilots, test sites, labs, etc.

- Incentivizing Investment: Offering targeted incentives, such as grants, tax benefits to attract private capital into high-impact areas.

- Facilitating Knowledge Transfer: Encouraging collaboration between academia, startups, and corporations to bridge knowledge gaps and foster innovation.

Moreover, these developments of the sector open the door for more financial players such as private equity investors, family offices, and growth venture capital funds, both local and global.

The Israeli climate tech ecosystem continues to evolve as a global hub for innovation, addressing critical climate challenges while driving economic growth. The Israel Innovation Authority and PLANETech have prioritized the development of this sector, recognizing its potential not only to bolster Israel's economy but also to position the country as a leader in global climate solutions. This report highlights the key stakeholders contributing to this progress—entrepreneurs, startups, investors, and corporations in the private sector, alongside government stakeholders playing essential roles as financiers, regulators, and customers.

Israel has yet to fully realize its vast potential in climate innovation, commercialization, and scale-up. Achieving this will diversify the high-tech industry, reinforce Israel's leadership in climate solutions, and contribute meaningfully to global climate action. Domestically, it will support national climate goals, enhance employment opportunities, and strengthen resilience across energy, water, and food security.

Key climate tech domains were identified, where targeted support can accelerate growth. These domains have been chosen based on Israel's knowledge base, startup ecosystem, investment trends, and core strengths. They include:

1. Energy, Mobility, and Carbon Removal – Advancements in energy storage, micro-grid solutions, and next-generation materials for clean energy applications.

2. Soil & Ag-Foodtech – Innovations in agricultural robotics, climate-adaptive crops, regenerative agriculture, and alternative proteins.

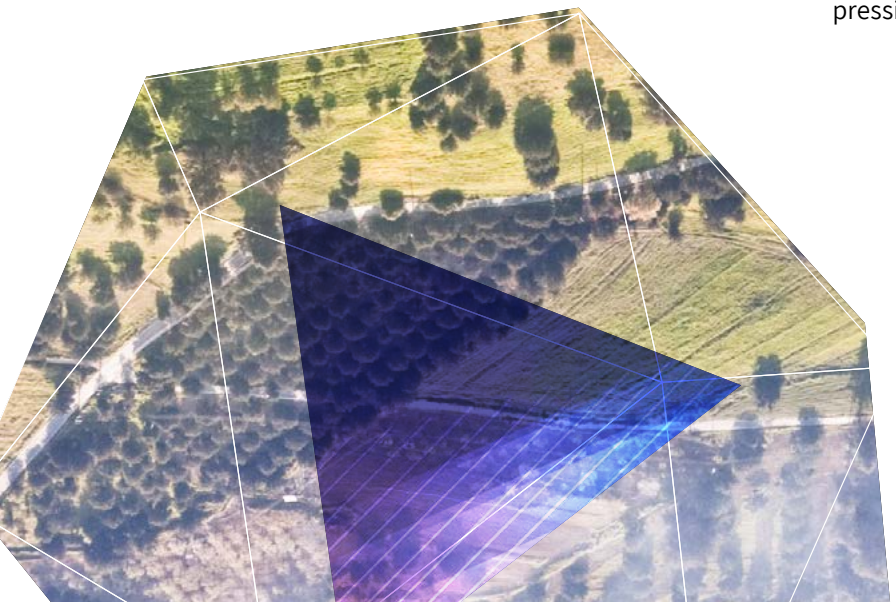
3. Manufacturing, Building, and Novel Materials – Sustainable materials, modular construction methods, and the development of smart, bio-integrated cities.

4. Water, Waste, and Circularity – Clean water technologies, desert resilience technologies, and circular economy initiatives.

5. Climate AI and Bio-Convergence – AI-driven extreme weather detection, bio-material innovations, and advancements in synthetic biology for sustainability.

The Israeli climate tech landscape is poised for further acceleration, driven by an active government role and a thriving private sector. New investments, talent influx, and the proliferation of venture builders, accelerators, and incubators continue to enhance the ecosystem. The growing academic focus on climate solutions, coupled with the increasing engagement of the broader high-tech industry, further reinforces the momentum.

The collaborative spirit between public and private stakeholders remains a defining strength, bolstered by a blend of grassroots innovation and strategic policymaking. Through ongoing efforts—ranging from climate tech competitions and hackathons to government-backed infrastructure projects—Israel's climate tech ecosystem is set to expand its global impact, ensuring long-term sustainability and leadership in tackling the world's most pressing environmental challenges.



Israel's State of Climate Tech 2024-2025

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