

REPORT ON ISRAEL MARKET

For IT Industry



[2023]

EXPORT DEVELOPMENT BOARD

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1. IT Industry Outlook in Israel

1.1 Overview about Israel

Israel is located in the Middle East next to the Mediterranean Sea between Egypt and Lebanon. Israel is the only Jewish country in the world. The Israel's economy is a developed free-market economy and technology led one. The economy in Israel has evolved from an agriculture based economy to technology based economy. Israel has recorded spectacular development of the high technology sectors. Israel has an extraordinary record of generating technology and startups, which serves as a bridge connecting it to Silicon Valley¹. Thus, Israel is known in the most recent years as the “Start-up Nation”.

Capital	Jerusalem
Population	9.364 million (2021)
Official Coin	Shekel
Gross Domestic Product	USD 488.5 billion (2021)
Unemployment	4.21% (Dec. 2022)
Exportation	USD 50,153 million
Importation	USD 69,261 million
Economic & Technological Centre	Tel Aviv

1.2 The Background of IT Industry of Israel

Generally, Israeli IT sector development was fueled by geopolitical needs. Accordingly, defense-related research and development (R&D) had a significant impact on the start of Israeli's industrial sector. Israel is second only to the United States on the basis of its ability to generate new, technology-based companies with innovative, market-focused products. Until the 1970s, most investments were directed to basic infrastructure and agriculture. Industrialization followed with a strong focus on developing weaponry for the country's defense. That investment produced capabilities that would later become the foundation for

¹ Silicon Valley is a region in Northern California that serves as a global center for high technology and innovation.

Israel's technology industries and for innovations in electronics, telecommunications, computer hardware and software.

1.3 Sub-Sectors of Israeli IT Industry

Software: Many of the companies in the ICT sector in Israel are software companies. The United States is a leading partner for Israel's imports of software and Information Technology equipment and services. In the international arena, Israel is considered as a vital player in the digital world, especially in IT, software and internet due to its development of high technology sector. Israel's software industry has attracted attention from many companies such as HP, Microsoft and Oracle, and they have established operations and manufacturing centers in Israel.

Telecommunication: The Israeli telecommunication industry is distinguished by a high mobile penetration rate and a significant number of service providers, including Bezeq International, Pelephone², HOT Mobile, Cellcom, 013 NetVision³, 012 Smile, Golan Telecom, Rami Levy Telecom, Partner and others. Among them, Israel's telecommunication market was dominated by Bezeq⁴. Israel's telecommunication network is considered to be one of the most sophisticated in the world.

The Ministry of Communication in Israel announced it will be shutting down the 2G and 3G networks in order to accommodate the new technology and the 5G cellular network. It will enable the development and growth of small industries and businesses in various areas. The process is scheduled to end by the end of 2025. As the 5G network expands, more opportunities are anticipated to open up in sectors like smart cities, transportation, digital hospitals and industry production and manufacturing.

Artificial Intelligent (AI): The Israeli government aims to make Israel one of the top five countries for developing Artificial Intelligence technology. Israel is now among the world's top three countries operating in the field of AI, following China and the US. Israel remains a leader in terms of talent and in the number of AI startups with an ecosystem that includes more

² Pelephone is a mobile network operator in Israel, and also the first company to offer mobile telephone services in Israel.

³ 013 NetVision is Israel's oldest-established Internet Service Provider with the richest experience.

⁴ Bezeq is an Israeli telecommunication Company and a government owned company.

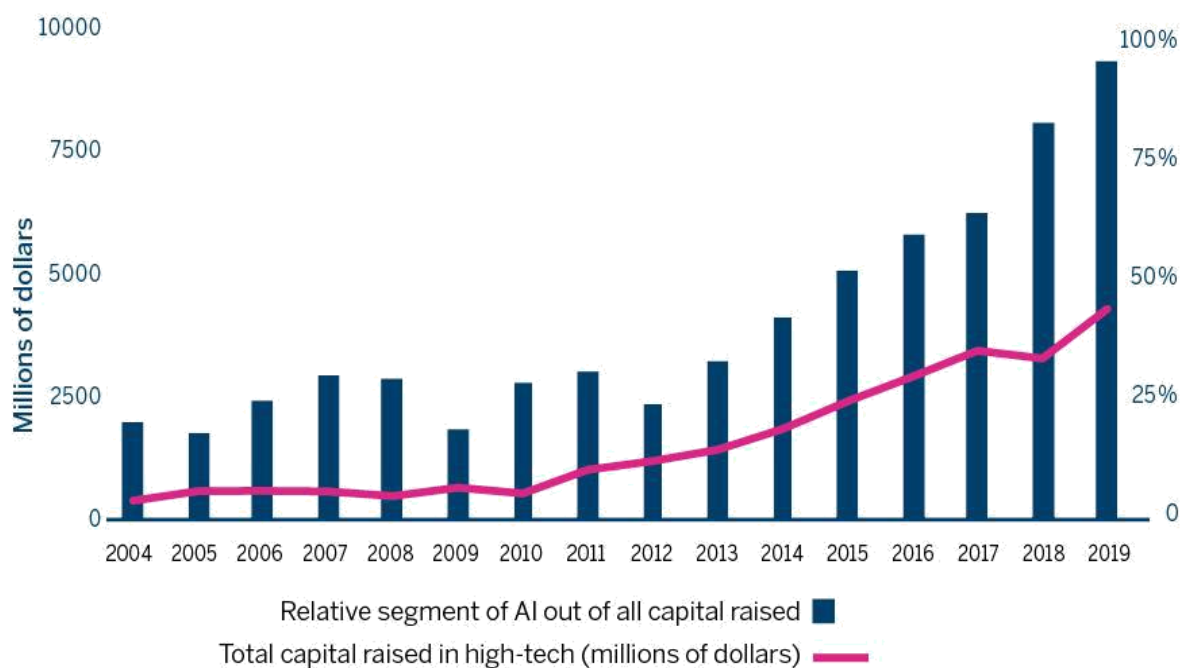


Figure 1.1: Investment in AI Start-ups in Relation to Total Investments

than 1,500 companies operating in the space. Researchers predict that revenues in the AI sector are set to triple over the next four years. (International Trade Administration, 2022)

Maintaining Israel's Lead in AI

Despite the rapid growth of Israeli high-tech, and of AI in particular, strategic analysis performed by the Israel Innovation Authority has identified four obstacles that can slow future growth in the field:

- A shortage of human capital skilled in the field of AI
- Limited access to public and government databases for use by new companies
- Inadequate supercomputing infrastructure for the development of advanced technologies
- Slow-changing regulation and a lack of ethical guidelines

Agricultural Technology: The agriculture in Israel is well-developed sector. Israel is a major exporter of fresh products and a global leader in agricultural technologies. Farming is not an easy task in Israel, but there are some of the creative techniques, including drip irrigation, water recycling, biopesticides and biofertilizers, that make the task easier. These techniques are

making farming more efficient and sustainable. Israel Agro-Tech and irrigation companies exports more than USD 3 billion annually. The Israeli Agro-Tech ecosystem fosters over 200 innovative companies, designing the future of agriculture every single day.

Education Technology: Educational Technology is the field of study that investigates the process of analyzing, designing, developing, implementing, and evaluating the instructional environment, learning materials, learners, and the learning process in order to improve teaching and learning. Israel is home to various educational initiatives developing innovative technologies that seek to enhance the quality of school education and learning. The current market size of this industry is valued at USD 254.80 billion worldwide and experts expect market growth to reach USD 404 billion by 2025. Israeli innovations play a significant role in the future of the EdTech market. Specifically, Israeli companies play a lead role in the areas of testing solutions, student engagement, which includes gamification, digital classroom tools, and solutions for individuals with special needs, the STEM area, and online program management. Within the Israeli economy, there exist 280 companies to date in the EdTech sector, half of which are in the initial stage of development. Close to USD 1.5 million in investments have been made in this field.

Cybersecurity: Israel is a world-class leader in Cyber Security with annual exports of more than USD 3 billion. The Israeli cyber security ecosystem is estimated to represent 7% of global sales and 8% of global investments, with over 250 remarkably advanced companies. Israel hosts Research and Development (R&D) centers for over 20 multinational corporations, such as IBM, Cisco, General Motors, GE and Intel. Accordingly, Israeli anti-virus software protects 1 in 6 computers worldwide.

1.4 Why Israel is Advanced in Technology?

Over the past few decades, Israel has established itself as one of the most technologically advanced countries in the world. By today, there are more than 4,000 technology companies in Israel, including Cisco, PayPal, Microsoft, Google, Facebook, Apple and Intel are just some of the companies that are working on new products in Israel.

- Science and technology in Israel are one of the country's most developed sectors.
- Israel spent 4.3% of its gross domestic product on civil research and development in 2015, the highest ratio in the world.
- In 2019, Israel was ranked the world's 5th most innovative country by the Bloomberg Innovation Index.

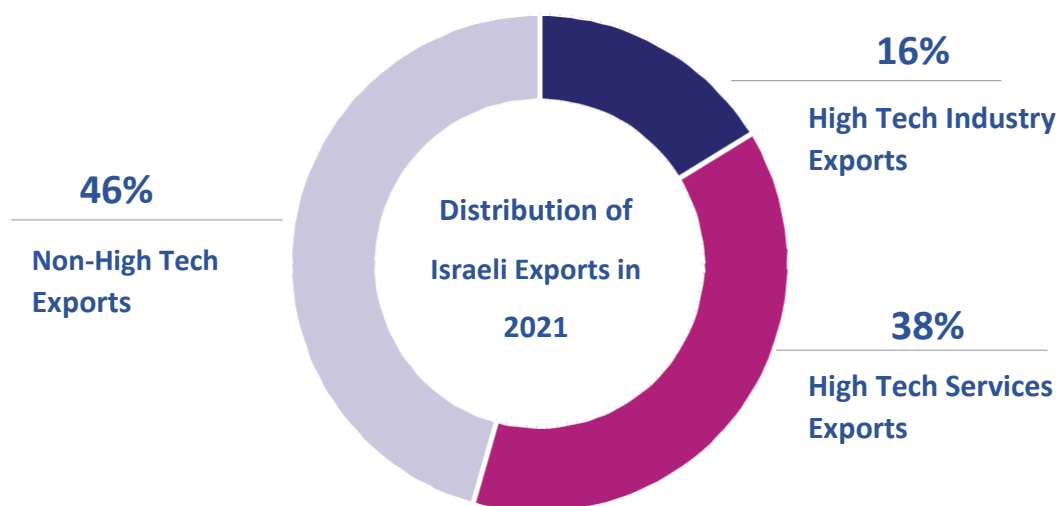
Israel is home to major companies in the high-tech industry and has one of the world's most technologically literate population. As mentioned earlier, there are more than 4,000 tech companies in Israel, including some of the world's largest companies. Israel has 60 of the world's top 500 tech giants with research centers a new technology centers in Israel. Tel Aviv is one of the largest technology centers in the world, right next to Silicon Valley in the United States in terms of tech startups.

The most surprising thing is that a large part of Israel's income comes from this technology sector. The money earned from the research and development sector of big companies including IBM, PayPal, Cisco, Amazon, Facebook and the import of technology is 12.5% of Israel's GDP.

2. Government Support for the Industry

Israel Government plays an important role inside the industry and high technology development in Israel. It provides assistance to technology companies and gives subsidies to research and development as well as improvement and construction of industrial plants. Israel's technology sector is the economic cornerstone in Israel, driving tremendous growth over the past decade and solidifying the nation's reputation as a high-tech powerhouse. However, the sector faces significant obstacles, such as a lack of diversity and a severe talent shortage, which could seriously impair its ability to compete in the coming years. To support R&D and capital expenditure, the government generously provides aid to both high technology and other companies. The Office of the Chief Scientist (OCS) of the Ministry of Industry and Trade disburses to companies some USD 400 million annually in grants that cover between 30% and 66% of total development costs.

The OCS also provides assistance to start-up and new-immigrant entrepreneurs, through its network of 24 technological incubators around the country. More than 800 projects have been initiated. Among them 600 projects have been completed. About 50% of projects achieved their objectives, signing an agreements with investors, commercial or strategic partners with capital investments between USD 50,000 and USD 18 million. The OCS also supervises bi-national R&D cooperation, infrastructures and agreements. Israel has R&D agreements with France, the Netherlands, Spain, Portugal, Austria, Belgium, Ireland and India. Bi-national R&D funds have been set up with the USA, Canada, Britain and Singapore, and Israel participates in the Fifth Framework Program of the European Union's Commission on Science, Research and Development.



3. Sector Association

1. Israeli Association of Electronics and Software Industries (IAESI)

The IAESI represents Israel's high-tech and software industries, which have been the Israeli economy's engine of growth. IAESI has approximately 300 member companies in the fields of electronics, semiconductors, telecom, electro-optics, medical devices, defense systems and software. IAESI strives towards leading the development and expansion of Israel's electronics and software industry, promoting the professional and economic interests of the electronics and software industry and expanding the global market by the creation of new opportunities and cooperation around the world.

- Contact Number - +(972)-3-5118862
- E-mail Address - shlomo@iaesi.org.il
- Website - <https://www.israeldefense.co.il/en/company/israeli-association-electronics-software-industries-iaesi>

2. Israel Innovation Authority

The Israel Innovation Authority is an independent publicly funded agency. It was created to provide a variety of practical tools and funding platforms aimed at effectively addressing the dynamic and changing needs of the local and international innovation ecosystems. This 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. In order to meet the various needs of its wide range of clients, the Israel Innovation Authority has developed a new internal structure focused on six primary innovation divisions. These divisions serve as a launch pad for successful innovative projects, providing entrepreneurs and companies with the most relevant plan for them to realize and implement their ideas, develop their products, and mobilize private investment.

- Contact Number: +(972)-3-7157900
- E-mail Address: ContactUsEng@innovationisrael.org.il

- Website: <https://innovationisrael.org.il/en/contentpage/israel-innovation-authority>
- <https://innovationisrael.org.il/en/webform/contact-us>

3. Israel High-tech Association

The Israeli High-Tech Association is home to over 200 member organizations that represent the following sectors: semiconductors, communication, electro-optics, medical equipment, software products, homeland security, electronics, and software houses. The association is focused on promoting the economic growth of the High-Tech industry, representing the industry in front of the government, Knesset, and other government authorities, and advocating for favorable policies to the industry and the removal of the obstacles that impede its progress.

Additionally, members of the association can be active participants in the formulation of European regulations and enjoy close ties and cooperation with the Israel Exports Institute and the Chief Scientist. Furthermore, the association actively supports the increase in technological education as the basis for the High-Tech industry and organizes professional courses and seminars to better aid the members.

- Website: <https://eng.industry.org.il/High-Tech>
- <https://eng.industry.org.il/Contact-us>

4. Start-up Nation Central

Start-Up Nation Central is the prime connector and facilitator of Israeli innovation that boosts business growth and generates impact. They foster Israeli Innovation Ecosystem Development, Global Innovation Partnership and Innovation Diplomacy.

- Israeli Innovation Ecosystem Development - Start-Up Nation Central identifies tech sectors with high growth potential and boost them by providing business and investment opportunities, data and insights along with networking events to foster collaboration.
- Global Innovation Partnership - They forge business relationships through customized engagements leveraging global companies' competitive advantage goals by facilitating partnerships and joint ventures with Israeli innovators.
- Innovation Diplomacy - They strengthen Israel's international relations by leveraging innovation as a diplomatic resource. By identifying shared challenges and ways to solve them together, we cultivate governmental, business, and people-to-people ties.

- Contact Number: +(972)-7-93003100
- Website: <https://startupnationcentral.org/>
- <https://startupnationcentral.org/contact-us/>

5. Israel Advanced Technology Industries (IATI)

Israel Advanced Technology Industries (IATI) is Israel's umbrella organization for the life science, high-tech, and other advanced technology industries. IATI's members span every level and aspect of the life science ecosystem in Israel including; venture capital funds, Israeli mature companies, R&D Centers of multinational companies, start-ups, tech transfer organizations, academic institutions, incubators, innovation centers, hospitals, economic development offices, private investors, and service providers.

- Contact Number: +(972)-73-713-6313
- Website: <https://www.iati.co.il/>
- <https://www.iati.co.il/contact.php>

4. Start-up Incubators

A startup incubator is a program for businesses to source seed funding, learn business management strategies, and collaborate with industry partners. Launching a new business can be a risky venture. The program includes business skills training, office space, and access to professional networks and financing. Learning how to walk and talk is how the program nurtures young firms in the startup phase until they can stand on their own feet. According to the latest IVC⁵ data, 800 startups raised 27 billion dollars in 2021. The amount of capital flowing to Israeli high-tech in 2021 was more than double that of 2020. When considering the Israeli context, there are several startup incubators which provide an excellent Launchpad to establish a successful business.

- I. **AION Labs** - AION Labs is a first-of-its-kind alliance of global pharma and technology leaders and investors that have come together with one clear mission: to create and adopt gateway AI and computational technologies that will transform the process of drug discovery and development for the betterment of human health. They invite brilliant inventors, scientists and technologists to solve the biggest R&D challenges of today's pharma with the support and guidance of years of accumulated know-how, data, and experience of their partners. Their unique venture creation process eliminates the gap between technologies and markets with their built in product-market innovation model.
- II. **The Trendlines Group** - The Trendline is a startup incubator which invents, discovers, and invests in medical and agricultural technology companies based in Israel.
- III. **MindUP Ltd** - MindUP is a startup incubator. It focuses on sector related to digital health. The incubation program offers mentorship, lab space, funding, operational resource and support, exposure to community innovators. Portfolio companies include Verified Planet, Foresee Genomics, 4C Diagnostics, etc.
- IV. **Incubit Technology Ventures** - Incubit Technology Ventures is an Elbit systems backed startup incubator. Accepts startups working on a wide range of technologies and sectors.
- V. **Nielsen Innovate Fund** - Nielsen Innovate a USD 25 million Israeli fund dedicated to early stage investments in web, media, research, measurement, and advertising startups. The fund is co-owned with Partam High Tech, the private investment fund of Yigal Ahuvi.

⁵ IVC is the leading data source and business information company in Israel's high-tech industry.

5. Sector Branding and Promotion

1. Check Point Software Technology

Check Point is an American-Israeli multinational provider of software and combined hardware and software products for IT security, including network security, endpoint security, cloud security, mobile security, data security and security management. As of 2021, the company has approximately 6,000 employees worldwide. The headquartered in Tel Aviv, Israel and San Carlos, California. The company has development centers in Israel and Belarus. The company has offices in over 70 locations worldwide including main offices in North America, 10 in the United States (including in San Carlos, California and Dallas, Texas), 4 in Canada (including Ottawa, Ontario) as well as in Europe (London, Paris, Munich, Madrid) and in Asia Pacific (Singapore, Japan, Bengaluru, Sydney).

□ Website - <http://www.checkpoint.com>



Specialties - Network Security, Next Generation Firewall (NGFW), Intrusion Prevention (IPS), Data Loss Prevention DLP, SSL VPN, Endpoint Protection, Malware Prevention, Cyber Security, Information Security, Mobile Security, Unified Threat Management (UTM), Mobile Threat Prevention, Cloud Security, Network Security, Cyber Threat Prevention, Security Management, Advanced Threat Prevention, Cyber Security Research, SaaS Cloud Security, Public IaaS Security, Private IaaS Security, Cyber Threat Detection, Endpoint Security, Remote Access VPN, Security Compliance, email security, ransomware, phishing, malware, and incident response

2. Sygnia Inc.

Sygnia is a cyber technology and services company, providing high-end consulting and incident response support for organizations worldwide. Sygnia works with companies to proactively build their cyber resilience and to respond and defeat attacks within their networks. It is the trusted advisor and cyber security service provider of IT and security teams, senior managements and boards of leading organizations worldwide, including Fortune 100 companies. The company draws on top talent from the ranks of elite military technology units and from across the cyber industry. It applies technological supremacy, digital combat

experience, data analytics and a business-driven mindset to cyber, to deliver military grade security to business. Sygnia was launched with Team8 group, supported by leading investors and design partners, including Microsoft, Cisco, Qualcomm, Intel, Bessemer, Innovation Endeavors, and Temasek.

□ Website - <https://www.sygnia.co>

➤ Headquarters - Tel Aviv, Israel

➤ Specialties - Incident Response, Enterprise Security, Computer Forensics, Threat Hunting, ICS Security, Cloud Security, Web Security, Mobile Security, Network Security, Application Security, Security Assessments, Red Team, Purple Team, Product Security, Security Testing, Network Monitoring, Network Forensics, and Security Analytics

3. Fayrix

Fayrix is a specialist software development company that has successfully set the seal on over 250 projects, within the course of the last 12 years. Having onboard a skilled team of engineers numbering over 1,500, the company is headquartered in Israel with 8 R&D centers located in Russia and Eastern Europe.

□ website – <https://fayrix.com/>

➤ Specialties - software, offshore software development, mobile apps, big data, IT outsourcing, IT consulting, custom software development, machine learning, AI, blockchain, predictive analytics, Big Data, High-load computing, UI/UX design, web development, staff augmentation, dedicated development teams, and dedicated software development teams

4. Israel IT

Israel IT is a place where innovations, technologies, IT talents, and leading world companies meet to transform creative ideas into successful businesses. They provide end-to-end software development solutions to enterprises of all types and sizes worldwide. Israel IT has a collaborative and fast-paced environment for development, engagement, and continuous professional growth.

□ Website - <https://israelit.pro/>

- Headquarters - Tel Aviv, Israel
- Specialties - Software Development, Consulting, UI & UX Design, Web Development, Support, Online Marketing, Outbound Resourcing , QA Testing, Big Data and Analytics, HR Services, and Recruits

5. A3Cloud Solutions

A3Cloud Solutions helps to rethink business and IT strategies, goals, to develop action-targeted road maps and to implement changes which provides scalability, availability and security. We deliver services for businesses to work with higher workloads, maintain appropriate performance level, security, and compliance.

□ Website - <http://www.a3cloud.org>

- Specialties - Cloud, Azure, Google Cloud, Microsoft 365, Security, Office 365, Migration to cloud, Digital Transformation, Cloud Assessment, Big Data, AWS, IT Maintenance, Support, Business Application, Financial Solutions, ER Pin Cloud, and IoT

6. Collaborations with other Countries, Global Businesses in Tech Segments

The Israel Innovation Authority has developed a new internal structure focused on six primary innovation divisions. Accordingly, with the purpose of international collaboration, the International Collaboration Division was created. With separate resources for Europe, the Americas, Asia-Pacific and Africa, as well as a desk responsible for multinational corporation collaboration, they aim to provide support with the help of the EU Framework Programme for Research and Innovation as well as bi-national funds and bilateral support for joint R&D and pilot programs. They can provide matching between partners abroad and in Israel to help find the right collaboration opportunities for each individual or business. They organize meetings between foreign companies and the big names in investment, business or research. Accordingly, this division works as a bridge between an international connection and other Innovation Authority's resources, such as incubators, accelerators and labs.

Asia and the Pacific - According to the International Monetary Fund (IMF), China is the world's 2nd largest economy, Japan comes in at number 3, India ranks in at 10, and Australia holds the 12th spot. These countries (the Asia Pacific region) offer enormous opportunities for industrial R&D and Pilots cooperation to Israeli companies. Through R&D and Pilots alliances, Israeli companies not only benefit from the unique strengths and skills of their partner company, but can also make the most of market opportunities unique to the Asia Pacific region. Bilateral cooperation agreements currently in place with China, Japan, India, Australia, Vietnam and Thailand help facilitate cooperation with Israeli companies, providing access to funding and assistance in partner-matching for industrial R&D and Pilots projects in all fields.

Americas - The United States, Canada and Latin America offer multiple opportunities for industrial R&D cooperation for Israeli companies. The International Collaboration Division in the Israel Innovation Authority generates and implements cooperative and bilateral industrial R&D programs with leading R&D entities, which provide the necessary bridge to enter international markets, get access to funding and receive assistance in partner matching. Through R&D alliances, both Israeli and international companies not only benefit from the unique strengths and skills of their partner company, but also make the most of market

opportunities unique to the others' region. In addition, the MNC Startup partnership initiative in Israel is facilitated through the Global Enterprise Collaboration Program.

The International Collaboration Division in the Israel Innovation Authority has recently launched its Americas-Israel Innovation Networker, an exclusive online community made up of different entities including companies, investors, government agencies, service providers, etc., which aims to connect entities with shared interests and common goals in order to develop international partnerships, R&D collaborations, and new business opportunities.

Europe - The bilateral programs for parallel support of industrial R&D constitute a platform for promotion of technological innovation among industrial and research entities. The Israel Innovation Authority operates these programs in collaboration with R&D and innovation funding entities in leading countries, provinces and cities. These programs also offer assistance in finding technological and business partners, as well as access to governmental support for the project. Technological companies from all industry sectors that wish to develop or upgrade the development of products, services or manufacturing processes with a European partner are welcome to submit and participate in any of the program's Call for Proposals issued from time to time.

Africa - Following the Israeli Cabinet's approval of a dedicated strategic plan to strengthen economic ties and cooperation with African countries, and in recognizing the increasing importance and vast potential Africa constitutes for Israel and Israeli companies, the Israeli Innovation Authority launched a new product adaptation track for Africa, dedicated to providing funding support for projects focused on the adaptation and customization of an Israeli company's product to the markets in Africa.

7. Opportunities for Sri Lankan IT Companies

7.1 IT Sector in Sri Lanka

Information Technology in Sri Lanka refers to Business Process Outsourcing (BPO), Knowledge Process Outsourcing, software development, IT Services and IT education in Sri Lanka. Sri Lanka is emerging as a global IT Business Process Outsourcing destination of choice in several key areas. Sri Lanka was ranked 25th among the top 50 global outsourcing destinations in 2019 by Kearney. And also Colombo was ranked among “Top 20 Emerging Cities” by Global Services Magazine.

ICT services are the 2nd largest export earner of the country. The Sri Lankan ICT sector serves a number of Industry verticals with over 500 companies at present. Sri Lanka’s success in ICT exports are chartered through an impressive upward trend in annual figure. The export revenue of this sector grew from USD 166 million in 2006 to reach USD 1.2 billion in 2021 with a workforce of over 120,000. With over 90% value addition and high paying jobs, has made a significant impact on the growth of the Sri Lankan Economy. The National Export Strategy of Sri Lanka aims to generate USD 5 billion in revenue, creating 200,000 direct jobs and establishing 1000 Information Technology and Business Process Management (IT-BPM) startups via the IT-BPM industry by 2025.

Currently, Sri Lanka’s active mobile connections have grown from just 5.4 million (20%) penetration in 2005 to over 28 million (131%) mobile penetration by the end of 2021. The country is targeting significant usage of shared solutions and digital services by the end of 2024. Industry experts believe the country will enter another wave of digital transformation, with 750 tech companies, 1,000 IT start-ups, and 500 other technology-related start-ups in place by 2024. The Ministry of Technology estimates this expansion would enable the industry to reach USD 3 billion in export revenue.

Sri Lanka’s software industry has grown significantly over the past decade. The software services sector includes telecommunications, banking, financial services, and insurance (BFSI) and software testing. The BPO sector includes financial & accounting services, investment research, engineering services, and UK-based legal services. According to the World Bank, Sri Lanka has relatively low labor costs compared to other BPO destinations. HSBC, RR

Donnelley, Sysco LABS, Astron, 3SG, HelloCorp, Innodata, and WNS Global Services have set up call centers or BPO operations in Sri Lanka. Numerous U.S. companies, many small or medium sized, are developing software in Sri Lanka. The government seeks to further develop Sri Lanka as a base for information technology, call centers, and outsourcing.

7.2 Sri Lankan AgroTech

In the context of applying technology in non-technological sectors of Sri Lanka, the Information and Communication Technology Agency of Sri Lanka (ICTA) has launched an initiative to reach the agriculture sector of Sri Lanka. Currently, Sri Lankan farmers use traditional methods for cultivation and they work hard using hand-held equipment. Even in some parts, the harvesting was also done using hand-held equipment. Despite the fact that they work hard, they face a lot of problems to lead their daily life and mainly financial issues. Also, they face another major issue, where they are unable to harvest without wasting. In order to fulfil the requirements of farmers within the country, the ICTA along with universities and other cooperative industries has conducted several studies to find ways to fulfil them with the help of artificial intelligence (AI) and mobile applications. Accordingly, farm machinery is an important need for farmers to cultivate. However, currently, the farmers have no such facilities except one or two. While discussing this with farmers, they said they need machines in smaller size with low cost and machines, which can be used for Sri Lankan varieties.

7.3 The Opportunities from Israel to Sri Lankan IT Industry

Sri Lanka and Israel maintain highest diplomatic and business relations for a long time. Israel assisted Sri Lanka on agriculture, defense, technology and many other areas in addition to traditional diplomatic functions. In 2020, during the visit of Ambassador of Israel to Sri Lanka, he stated that Israel was willing to share technological expertise with Sri Lanka to help farmers adopt more effective methods. And also, he has cited several examples from other countries where digital technologies are being used to help farmers become more efficient. At that time, PM Rajapaksa has invited Israel to develop some model farms in Sri Lanka so that the farmers can see and experience the benefits.

8. Possible Collaborations with Sri Lanka

In 2023, Daniel Carmon, Ambassador of Israel to India and Sri Lanka, speaks about the bilateral relationship between the two countries that he says is very important to Israel. With advanced technology and knowledge that would elevate agriculture in Sri Lanka, Israel reaffirms its commitment to this sector. On the other hand, India also was planning to invest jointly with Israel in the development of the agriculture sector in Sri Lanka. The Agriculture Ministry has initiated this move to establish the centre of excellence in Agriculture in Sri Lanka in collaboration with Israel's Agency for International Development Cooperation. Thus, Israel will provide technical assistance by sharing knowledge and agro technologies. The Agricultural Ministry has identified five locations - Horana, Seetha-Eliya, Mahalluppallama, Angunukolapelessa and Gannoruwa - for the development of cultivation of fruits, potato, non-rice cereals, legumes and oil crops. Besides, there is a proposal for establishing a horticulture research and development institute.

The Agricultural Ministry has requested the Sri Lankan mission in New Delhi to initiate direct dialogue with the Israeli embassy in New Delhi to identify demand-driven goals, road map, stakeholders, responsibilities and the timeline to establish there's centers. Israel does not have a resident mission in Sri Lanka. At that time, Sri Lanka High Commission organized a virtual meeting with the officials from the Israeli Embassy, the Indian High Commission in Colombo, the Ministry of Agriculture, the Department of Agriculture and the Department of External Resources of Sri Lanka.

9. Recommendation

Israel is considered as one of the world's foremost innovation hubs in the 21st century. The Israeli innovation ecosystem has continued to grow, asserting leadership in industries such as cybersecurity, fintech, and digital health. The country ranked second in innovation in the 2016-2017 World Economic Forum Global Competitiveness Report and placed in the top ten in Bloomberg's Index of Innovative Countries in each of the last five years. Currently, it has nearly 4,000 active start-ups, a number second only to the U.S., and the most billion-dollar 'unicorns' per capita in the world. Guaranteeing the Israeli economy's continued prosperity and the leading global position of its high-tech industry depends on several key factors. One of these is a state policy that supports the creation of infrastructures necessary to develop innovative technologies and train the next generation of high-tech employees.

But in Sri Lanka, the situation is different from Israel. In Sri Lanka, agriculture has undergone a technological transformation in the last decades, making farming more convenient, efficient, and profitable. However, farmers face a growing number of challenges and constraints that include low productivity, poor product quality, climate change, and economic crisis. They survive because of direct and indirect support from the government, such as free irrigation and extension services, massive fertilizer subsidy, support prices, and ad hoc trade protection measures. The economic costs of these measures reflect the unsustainable and misdirected ways adopted by successive administrations. Sri Lanka must continue to develop and adapt technological innovations for the agriculture sector to become a more productive contributor to the economy. Accordingly, it is a privilege to get assistance from Israel which is rich in AgroTech.

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