

Large PE, VC funds likely to make early-stage UAE-Israeli agritech deals Israel could become part of proposed UAE-India food corridor initiative, investment conference told

By Brinda Darasha, ZAWYA
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Smart farming, Agricultural technology and organic agriculture concept. Agritech icons and messages on farmer holding smartphone in vegetable field. Image used for illustrative purpose. Gettyimages

As the UAE and Israel explore opportunities for collaboration in achieving food security, the first deals in agritech and food technology are likely to be made by the larger private equity and venture capital funds in the UAE, Yair Geva, a partner at Herzog Fox & Neeman, stated at a conference on Monday.

“I do not think we're going to see that [many] early-stage investments from family offices and smaller VCs. This will take a bit of time until we have more focused specialised venture capital funds. Some of them are being formed at the moment [and] will start investing in the more early-stage type of deals that we have in abundance here in Israel,” he told participants at the GoforUAE-Israel Food Security Investment Conference.

The deals will be made from this quarter onwards as there was a decision at the highest levels in the UAE not to start investing before 2021 began, he added.

The panel discussion on how the Israeli agritech sector can help address UAE food security challenges also heard Israel can become a part of the proposed UAE-India food corridor initiative that involves facilitating the global food trade, diversifying food import sources and identifying alternative supply schemes as part of UAE's National Food Security Strategy 2051 policy.

Raju Menon, chairman and managing partner at [Kreston Menon](#), said that UAE is in talks with a regional council in Negev desert in Israel and an investment firm are in talks with UAE, to develop desert agriculture projects for

cultivating crops like strawberries, blueberries, and tomatoes. Several Indian states have also partnered with Israel for agriculture technology support. With such connections, “UAE can be considered as a corridor from Israel to India to improve food safety for UAE, and also the world,” Menon said.

Salvatore Lavallo, head of foreign direct investment at Abu Dhabi Investment Office (ADIO) said that agriculture was one of their key sectors of focus.

“We launched a 1 billion dirham agriculture fund in 2019 and have allocated about \$150 million of that in seven different companies, three which are indoor vertical farming and four of which are precision agriculture and irrigation and fertilizer, in aquaculture and also one in space agriculture.”

He said ADIO looks to support companies financially and by connecting them with offtake agreements, with the overarching strategy to build support hub in desert and arid climate agriculture.

In response to a query from Haggai Ravid, CEO of Cukierman & Co. Investment House, who was also the moderator of the session, on whether the \$150 million could be deployed not just in local companies, but also into joint ventures (JV) between local companies and some outside players, Lavallo said the scheme was quite flexible. Three of the companies which received funds were already located in the UAE while the other were from abroad-- three from the United States and one from India.

“We're able to look at any company that is new to Abu Dhabi or a company that's already within the UAE that is looking to expand in terms of the legal structure that a company would have. If it's a JV with a local partner or if it's a growing company that is putting a presence in Abu Dhabi, we're able to look at it really in any way we're quite flexible,” Lavallo added.

Oshrat Maya, CFO, Middle East & Africa, Netafim, said her company's strategy was to partner with a local player in order to achieve mutual benefits. Netafim is an irrigation services and solutions company.

Maya said that the UAE faces the trinity of extreme climate condition, lack of land and lack of water resources, conditions similar to when Netafim started out in the semi-arid desert-like environment agriculture.

“And this is why I think we can help them grow more with less...This is what we are doing and this is why it can be sustainable in the long run because we are making sure that our solution is also economic. We can have a very strong cooperation, while transferring our knowledge that we gained in the last 50 years by building local capacity in order to support the culture in the GCC region,” she said.

(Reporting by Brinda Darasha; editing by Seban Scaria)

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