Stephen Harper's firm pours $350M into developing military tech for Israel

Canadian money helped develop high-tech tools like "behavioral recognition" then used in Israel

By: Tim Groves

Support

Eleven days after Hamas attacked Israel in October, former prime minister Stephen Harper's current business partner Yaron Adelstein wrote an op-ed about how their company would help the country "stop these evil terrorists in their tracks."

Their venture capital fund, Ivey Ventures, was well positioned. For years, the company has poured tremendous resources into a fund of about 100 million—high-tech companies that support the Israeli military's cyber efforts.

Harper is a leading partner at the firm and president of its advisory committee, which includes former Israeli PM Ehud Barak. Adelstein, a former Israeli while in office, has promoted the company in Israel during conflict and has said that Ivey Ventures is a chance to "continue what I did in government."

In 2021, Ivey launched a start-up accelerator in Tel Aviv that partners with the Israeli Ministry of Defence's research and development wing and other Israeli companies. Ivey's investment in Israel's cyber industry, which is run by Shin Bet, and the Israeli Defense Forces (IDF) also called "intelligence-rich."

That partnership has never before been reported in the Canadian media. The firm's ties also raised new doubts about Ivey's compliance with laws that are helping Israel's post-Oct. 7 actions, as well as more that have done business with Israeli governments in recent years.

"My involvement in business is to look for profitable opportunities, but we're doing this in the context of preserving the same values that I tried when I was prime minister," Harper said about the firm in 2019. "We're not interested in taken of a conscience clause."

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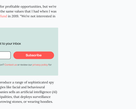
But companies the fund is invested in produce a range of sophisticated spy tools and other cutting-edge technologies the Israel and behavioral recognition software, which is used in Israel's West Bank occupation (IO) program, used in a dozen Israeli municipalities, that displays surveillance footage to identify people gathering, throwing stones, or wearing hoodies.



These records provide an incomplete picture, since in 2021 Awz claimed to manage over US$250 million and its website currently says it manages $350 million in unspecified currency.

The 2021 partnership with the Israeli Ministry of Defense's research and development (MAFAT) wing created Awz X-Seed Hub, an accelerator that provides one to two-year residencies for startups, providing them with significant funding as well as office space and mentorship.

In a press release announcing the project, Ashkenazi said MAFAT and the other Israeli agencies would help Awz fund companies based on "real recognized needs within the security industry."

Awz is part of a network of venture capital firms that collaborate with MAFAT to develop products that will help the IDF.

In July, a MAFAT colonel said the department was working with investors to scout these companies and accelerate the development of their products.

"The IDF needs quick answers to their problems, so time-to-market must be fast," Col. Nir Weingold said.

Israeli Prime Minister Benjamin Netanyahu poses with the staff of Octopus, a software company that has sold programs to the Ministry of Defense. Credit: Octopus

Israel's sales to Arab countries ramp up

Awz and its companies may have also benefited from an agreement strengthening ties between Israel and Arab countries that was brokered by former U.S. president Donald Trump.

Signed in 2020, the Abraham Accords were an agreement that saw the United Arab Emirates (UAE) and three other Arab countries officially recognize Israel, which they had historically refused to do due to the occupation of Palestinian territories.

In exchange, these countries were given greater access to Israeli defence exports.

Loewenstein pointed out that after the deals were signed, Israel exported a record $12.5 billion in defence goods in 2022, a quarter of which went to countries that signed the accords.

"What does that practically mean? It means that the Abraham Accords, signed by Trump as this wonderful glorious acceptance in the Arab world of Israel, was nothing of the sort," he told The Breach. "It was an arms deal."

In 2021, an Awz press release mentioned in passing that the company had a business development office in the UAE. A month later, CBC News published a report raising concerns about the company's potential involvement in selling cyber-surveillance technologies to the country, which has a history of human rights abuses.

The article revealed that Canada's former representative to the Palestinian Authority, Katherine Verrier-Fréchette, has been hired to run Awz's Abu Dhabi offices and facilitate the sales of cyber security technology to countries across North Africa and the Middle East, including Saudi Arabia.

Awz's Ashkenazi told CBC that the company's operations in the UAE were "in the spirit of the Abraham Accords."

Since the CBC article was published, Awz has kept a low profile about its operations in the UAE. Between May and July of 2022, Verrier-Fréchette was removed from the company's website along with her job description as managing director for the UAE. She now works for another venture capital firm.

In October, a company called TAU AWZ X-SEED SPV RSC LTD was registered in the UAE.

Awz did not respond to questions about whether it was doing business in the UAE and The Breach was unable to independently confirm the new company's connection to Harper's firm.

At least four Awz companies have some activity in the UAE.

"All this surveillance technology is basically being sold to Arab repressive states because they are completely and utterly paranoid about another Arab Spring-type occurrence," Loewenstein said.

Black, the Canadian Labour Against the Arms Trade organizer, said the public should be concerned about these technologies no matter where they're being used.

"People should be worried about these kinds of technologies in general, in terms of what they mean for our democratic rights to protest and to assemble."

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