1. Short Description

The **Support Programme for Companies from the “Ultra-Orthodox Sector”** offers grants to encourage entrepreneurship in the ultra-Orthodox community, a group that traditionally does not engage in innovative activities. It targets companies with at least 33% of their share capital held by an ultra-Orthodox entrepreneur working in the company’s R&D department. The programme is mostly aimed at new companies and start-ups needing to raise capital for product development.

*This policy profile is part of a policy toolkit on innovation policies for inclusiveness. It is relevant for social inclusiveness.*

2. Policy Characteristics

<table>
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<tr>
<th>Basic Information</th>
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<td><strong>Country and implementing institution(s):</strong></td>
<td>Israel Innovation Authority (formerly known as the Office of the Chief Scientist)</td>
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<td>Collaboration with the Authority for Economic Development of Minorities at the Israeli Ministry of Social Equality</td>
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<td><strong>Timeline:</strong></td>
<td>December 2014 to the present (as of December 2016)</td>
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<td><strong>Target group</strong></td>
<td>Group (ultra-Orthodox community)</td>
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<td>The programme targets the ultra-Orthodox community, which does not typically participate in innovation activities.</td>
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<td><strong>Size and budget:</strong></td>
<td>10 firms received NIS 28 million (USD 6.9 million) during this period.</td>
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<td><strong>Type of policy instrument(s)</strong></td>
<td>Direct financial support: grant</td>
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<td><strong>Inclusiveness focus</strong></td>
<td>Social inclusiveness</td>
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Policy objectives

The programme aims to encourage entrepreneurship in the ultra-Orthodox community, which does not typically participate in innovative activities.

Rationale

Israel is one of the leading countries in high-tech and technological innovation. However, not all segments of society participate equally in technological enterprises or reap the benefits of innovation and technological progress. In general, the ultra-Orthodox community does not engage in innovation-based activities.

Policy target recipient and selection mechanism

The policy targets ultra-Orthodox entrepreneurs. The programme is intended mostly for new and start-up companies that need to raise capital for product development.

The conditions for eligibility are as follows:

- An ultra-Orthodox entrepreneur must hold at least 33% of the company’s share capital.
- The ultra-Orthodox entrepreneur must be a full-time employee of the company and part of the R&D team.

Policy instrument(s)

Direct financial support (grant): Recipient companies receive a grant covering 85% of the approved budget up to NIS 2 million (USD 494 000). The funding model offers participation in the risks without taking a share of the profits.

Policy challenges

- There were difficulties reaching potential ultra-Orthodox entrepreneurs that are not part of the high-tech ecosystem
- Ultra-Orthodox entrepreneurs faced credit barriers.
- Companies led by ultra-Orthodox entrepreneurs experienced difficulties obtaining work as subcontractors.

Actions undertaken to address challenges

- The programme collaborated closely with vibrant civil society organisations to reach entrepreneurs from minority groups, including through the organisation of workshops and orientation days.
- The programme provided very generous grants to large companies (covering up to 85% of the costs) to work with companies from minority groups as subcontractors.
The programme provided a training course on the relevance and characteristics of R&D processes (200 hours of instruction by a technical advisor, 75% of which funded by the government).

**Evaluation and outcomes of the scheme**

No information available

**Sources**


Information provided to the OECD by the Permanent Delegation of Israel to the OECD (July 2015).

**Background**

This document is part of a repository of examples of innovation policies that have for explicit aim to contribute to territorial, industrial and social inclusiveness. The repository is part of an innovation policy toolkit developed for the Innovation for Inclusive Growth project and gathers national innovation policy programmes that:

A. Explicitly target **lagging and less innovative regions** (outside of regions that are highly innovative) or by design are more likely to support these lagging / less innovative regions.

B. Explicitly aim to include in innovation activities **individuals and groups that are not usually participating** in those activities and in support of broadening the group of innovators.

C. Explicitly aim to foster innovation activities in non-innovative firms, in particular by targeting **non-innovative sectors and non-innovative Small and Medium-sized Enterprises (SMEs)**.

Policies are searchable by inclusiveness type, objective and implementation challenge on: [https://innovationpolicyplatform.org/inclusivetoolkit](https://innovationpolicyplatform.org/inclusivetoolkit)