

# Innovation Policies for Inclusiveness – Policy Cases

## Support Programme for Companies from the “Minorities sector”

### Country: Israel

#### 1. Short Description

The *Support Programme for Companies from the “Minorities Sector”* offers **grants** to encourage innovative entrepreneurship among **minorities** (Arabs including Bedouin, Circassians and Druze), which traditionally do not engage in innovation-based activities. It targets companies with at least 33% of their share capital held by an entrepreneur of a minority group, working full-time 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

##### Basic Information

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| <b>Country and implementing institution(s):</b>   | <b>Timeline:</b>  |
| Israel (national level policy)<br>Israel Innovation Authority (formerly known as the Office of the Chief Scientist)<br>Collaboration with the Authority for the Economic Development of the Arab, Druze and Circassian Sectors in the Prime Minister’s Office | December 2014 to present (as of December 2016)  |
| <b>Target group</b>   | <b>Size and budget:</b>   |
| <b>Groups</b> (Arab minority)<br>The programme targets Arabs (including Bedouin, Circassian and Druze communities), as they do not typically participate in innovation activities.  | Applicants from the Arab population have made 19 new requests to the Early Stage Companies and Technological Incubators programme as a result of the measure. |
| <b>Type of policy instrument(s)</b>   | <b>Inclusiveness focus</b>  |
| <b>Direct financial support</b> (grant)   | <b>Social inclusiveness</b>   |



## Policy objectives

The programme encourages innovative entrepreneurship among minorities (Arabs including Bedouin, Circassians and Druze), which traditionally do not participate in the high-tech sector or engage in innovation-based activities. The programme thus seeks to integrate minority groups into innovation activities.

The programme forms part of the response to the recommendations of the Trajtenberg Committee (the Committee for Socioeconomic Change), which prompted the adoption of Government Resolution no. 4193 on 29 January 2012, instructing the Ministry of the Economy to create a programme to encourage demand for employees among the Arab population.

## Rationale

Israel is one of the leading countries in high-tech and technological innovation, but not all segments of society take part equally in technological enterprises and reap the benefits of innovation and technological progress. Each year, hundreds of graduates from minority groups who complete studies in fields relevant to working in high-tech industries are unable to find work.

## Policy target recipient and selection mechanism

The policy targets entrepreneurs from minority groups (Arabs including Bedouin, Circassians and Druze). The programme is mostly aimed at new companies and start-ups that need to raise capital for product development.

Conditions for eligibility:

- An entrepreneur from one of the following minorities holds at least 33% of the company's share capital: Arabs including Bedouin, Circassians and Druze.
- The minority entrepreneur is a full-time employee of the company and is 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 entrepreneurs from minority groups that are not part of the high-tech ecosystem.
- Entrepreneurs from minority groups faced credit barriers.
- Companies led by entrepreneurs from minority groups 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 was funded by the government).

### Evaluation and outcomes of the scheme

No data available.

#### Sources

EC/OECD (2014), *International Science, Technology and Innovation Policy (STIP) Survey and Database*, edition 2014, [www.innovationpolicyplatform.org/sti-policy-database](http://www.innovationpolicyplatform.org/sti-policy-database).

Israel Ministry of Foreign Affairs (2015), "Integration of minorities into the hi-tech sector", news item, 7 September 2015, Government of Israel, Jerusalem, <http://mfa.gov.il/mfa/innovativeisrael/economy/pages/accelerating-the-integration-of-minorities-into-the-hi-tech-sector-7-sep-2015.aspx> (accessed September 2015).

Information provided to the OECD by the Permanent Delegation of Israel to the OECD.

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### Background

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*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:*

- 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.*
- 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.*
- 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>