

Innovation Policies for Inclusiveness – Policy Cases

Support Programme for Companies from the “Ultra-Orthodox Sector”

Country: Israel

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

Basic Information

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



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

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

Israel Ministry of Foreign Affairs (2015), "Integration of minorities into the hi-tech sector", 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>.

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:*

- 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>