**15% to high-tech? Let’s start with an updated vision for innovation**

**Maintaining Israel’s global status in innovation means formulating an up-to-date and relevant vision – one that will also ensure a better future for the economy and for society as a whole.**

**By Uri Gabai, CEO, Start-Up Nation Policy Institute (SNPI)**

It’s no secret that Israeli innovation is the economic engine of high-tech; it’s no secret that many countries look towards Israeli innovation with thoughts of duplicating it. Last week, at a thrilling special event organized by Israel’s delegation to the OECD, led by Ambassador Haim Assaraf, the OECD observed Israel’s 74th Independence Day. In his opening speech for the event, OECD secretary-general Mathias Cormann commented on Israel’s dual economic reality.

On the one hand, he noted the extent to which the Israeli high-tech industry, and the technology on which it is based, has been a unique success story which can inspire many other OECD countries. But on the other hand, there’s the less bright side of the Israeli economy, especially its low labor productivity, the underrepresentation of Arab and Haredi populations in the economy, and the fact that technological achievements haven’t transcended the boundaries of high-tech.

The performance of high-tech in recent years, the secretary-general continued, has allowed the Israeli economy to make it through the period of COVID-19 with relative ease. At the same time, it has strengthened the status of Israeli high-tech in the world: venture capital investment, the number of technology companies going public on NASDAQ, and technological solutions in the fields of cyber and artificial intelligence place us in line with the largest economies in Europe.

These comments from the OECD secretary-general come as no surprise. We are constantly reminded of this duality. Just recently, we listened with pride as the government of Canada, whose efforts to boost its national system of innovation we have followed closely over the last few months, decided to establish a government innovation agency along the model of the Israel Innovation Authority. This testifies to the respect not only for Israeli high-tech, but also for the policies of innovation driven by Israel’s governments in recent decades which have contributed greatly to the development of Israeli high-tech.

But in exactly the same week, we also received a reminder of our mediocre to poor performance in other government policy areas. Israel reached only 27th place on the Chandler Good Government Index (a research institute based in Singapore) which tracks government performance based on seven different parameters– from Strong Institutions to Global Influence & Reputation. Israel received a particularly low rating for Leadership & Foresight.

And it is here, in the area of leadership and foresight, that we find the key to solving the duality highlighted by Mathias Cormann. Success in the field of technological innovation is no coincidence; it is instead an outcome of the clear and aspirational vision of Israel’s governments. Israel’s Law for Encouragement of Research and Development in Industry, enacted in 1984 at the height of a massive financial crisis, formulated a bold vision which dared to imagine an Israel with a leading, innovative high-tech industry. Those who formulated that vision were not content with theoretical discussion, but rather also equipped the government with the budget and authority, in the form of the Office of the Chief Scientist (today the Innovation Authority) to actually transform that vision into reality. Programs such as Project Yozma, MAGNET (Generic Technologies R&D Consortiums), the Technological Innovation Incubators Program, and the R&D Fund, all products of that vision, have been among the leading accelerators of the high-tech revolution in Israel.

The economic worries we see reflected in newspaper headlines–“Has the bubble burst?” “Is high-tech experiencing a crisis?” –against a background of volatility in companies’ valuation, is another sign of the critical position of high-tech within the Israeli economy.

The state of Israel in the year 2022 requires a vision no less aspirational today in order to ensure its financial power. Three fundamentals must stand at its core: strengthening the leadership of Israeli technology through constructing infrastructure for upcoming technological revolutions; turning Israeli innovation into a driver for reducing gaps in Israeli society – particularly through expanding and introducing greater diversity into innovation companies’ workforce, and transforming Israel into a global leader in the field of adopting innovative technology to benefit the most central areas of our lives, particularly education, health, and transportation.

This long-term vision can transform reality, thanks to Israeli science, technology, and innovation, and of course preserve Israel’s primary growth engine. But they can’t meet this challenge alone. First and foremost, this requires big-picture government foresight which chooses to make the country’s citizens its top priority and recognizes that innovation is key to improving Israel’s economy – and its society as a whole.

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