**15% to high-tech? Let’s first update the 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, and that many countries desire to replicate Israeli innovation’s success. Last week, at a special event organized by Israel’s delegation to the OECD and led by Ambassador Haim Assaraf, the OECD observed Israel’s 74th Independence Day. In his opening speech, OECD secretary-general Mathias Cormann commented on Israel’s dual economic reality.

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 and offers inspiration to many OECD countries. At the same time, there are less attractive aspects of the Israeli economy, especially its low labor productivity, the underrepresentation of Arab and Haredi populations, 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 COVID-19 period with relative ease. Simultaneously, it has strengthened the international status of Israeli high-tech: venture capital investment, the number of technology companies going public on NASDAQ, and technological solutions in cyber and artificial intelligence, rank alongside the largest European economies.

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

But in exactly the same week, we also received a reminder of our less satisfactory performance in other government policy areas. Israel was ranked 27th 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 in the area of leadership and foresight that we find the key to solving the duality highlighted by Mathias Cormann. Israeli success in technological innovation is no coincidence; rather, it is an outcome of clear and aspirational governmental vision. 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 plan for a leading, innovative high-tech industry. Those who crafted that goal were not content with theoretical discussion, but also equipped the government with the budget and authority, through the Office of the Chief Scientist (today the Innovation Authority), to bring those ideas into reality. Programs such as Project Yozma, MAGNET (Generic Technologies R&D Consortiums), the Technological Innovation Incubators Program, and the R&D Fund, all resulting from 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?” – amidst volatility in companies’ valuation, is another sign of high-tech’s critical position within the Israeli economy.

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

This long-term vision can become reality, thanks to Israeli science, technology, and innovation, and of course preserve Israel’s primary growth engine. But high-tech can’t meet this challenge alone. First and foremost, forward-thinking governance must make the country’s citizens its top priority and recognize that innovation is key to improving Israel’s economy – and its society as a whole.

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