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Website Page – Incentive Track 35

Introduction

The incentive track will enable large foreign industrial corporations to establish or expand R&D activities in Israel, technological innovation and management and operation along the global value chain in the fields of biotechnology, medical devices, and digital health.

Purposes of the Track

1. Establishment or expansion of the activities of foreign industrial corporations in the fields of biotechnology, medical devices or digital health in Israel into “complete companies” with activities beyond R&D, such as product management, sales and support, and operations..
2. Increasing the number of employees in the corporation in Israel, including employees who are not R&D employees, and thereby to bring about advancement of management and operation of the global value chain, including manufacturing in Israel, product management, professional services, marketing and business activity.

Who the track is intended for

Foreign corporations who work in the field of biotechnology, medical devices or digital health according to that stated in [Incentive Track no. 35](#).

What the selected companies get

Companies selected in a competitive process will be able to submit to the Israel Innovation Authority applications to get its support for their R&D programs in the framework of this track and receive this support according to the following:

- a. The right to submit applications for support in this track will be valid for a five-year period.
- b. Financial support at the rate of 20% to 40% of the total budget approved for a specific R&D program application.

- c. The R&D plans will be approved in advance for a period of up to 3 years.
- d. R&D Centers which operate in geographic development zones are entitled to additional 10% of support.
- e. R&D centers operating in the area around Gaza strip are entitled to additional support of 25%.
- f. Supported Companies will not be obliged to pay royalties to the Israel Innovation Authority.

Why it is attractive

1. **Monetary Grant:** The track provides a monetary grant which is used for the research and development process of a new product or upgrading of an existing product.
2. **Risk sharing:** The Israel Innovation Authority shares the risks involved in the development process, regardless of profits or future successes.
3. **Support which is a quality stamp:** Support of the Israel Innovation Authority which is only given after comprehensive professional evaluation of the project, constitutes a stamp of quality for companies in industry and makes it easier for them to recruit investors further along the process.

The terms of the track

- The foreign corporation who would like to submit a proposal to this track must engage in the fields of biotechnology, medical devices or digital health, as defined in [Incentive Track no. 35](#).
- The offeror must be a company registered in Israel.
- A foreign corporation must be the controlling entity in the offeror company, either directly or indirectly.
- The revenue of the foreign corporation (including the corporations it holds at a rate of over 80%), must be higher than USD 2 billion in the calendar year which preceded submission of the proposal.
- The company must work in accordance with the duty to report, duty of registration, duty of royalties, duty of preservation of information and intellectual property as stated in the [Innovation Law](#), [Incentive Track no. 35](#), the Track Guidelines and guidelines [200-01](#), [200-02](#), [200-03](#), [200-04](#), [200-06](#).



Criteria for evaluating an application

Criteria for assessment of applications to win in the competitive process

1. Degree of technological innovation of the R&D center vis-à-vis the global technological innovation landscape.
2. The expected return to the Israeli economy from transfer of existing intellectual property to Israel and its registration in it, as expressed by the income forecast for taxes for it.
3. The Expected return to the Israeli economy from registering intellectual property in Israel for products developed by the R&D center.
4. The expected addition to the number of employees of the R&D Center who are experts with knowledge and experience in R&D, who are at the global forefront and whose availability of workers of this type in Israel is low.
5. The level of expansion of additional employment circles apart from employees employed in the field of R&D, in other words, management and operation of the global value chain of the foreign corporation from Israel and manufacture therein.
6. The potential contribution of the R&D Center to the Israeli eco-system, as expressed in one of the following fields:
 - a. New technological fields.
 - b. Fields with relatively low activity in Israel which have high growth potential.
 - c. Fields in which the Israeli eco-system has unique potential to integrate into.

Criteria for evaluation of R&D applications

- The level of technological innovation and level of uniqueness of the R&D program.
- The (required) existence of scientific/technological challenges and of significant development risks.
- The technological and industrial contribution of the project to the Israeli economy.
- Building R&D abilities in Israel which are at the forefront of global abilities.
- The forecasted rate of sales of the product which is the subject of the application to the global market.
- The scope of the manufacturing of the product which is the subject of the application in Israel.



Proposals submission dates

- An active call for proposals for 2018 – proposals to serve as an R&D center must be submitted by March 15, 2018 at 3:00 pm.
- The maximum number of R&D Centers that are authorized in this competitive process is five (5)
- Answers to the competitive process are expected to be issued by mid July 2018.
- The schedule for this competitive process:

Deadline	task
01.12.17	Opening a call to submissions for the competitive process (as advertised on the track page)
Jan-18	Posting procedures and a proposal forms
15.1.18-15.2.18	Orientation meetings with the Israel Innovation Authority
15.03.18	Deadline for submission of proposals for the competitive process
16.5.18	Conducting negotiations with the bidders
5.6.18	Submitting amendments to final proposals
12.6.18	Presentation of the proposals by the bidders to the committee
18.7.18	Publication of the Committee decisions

Please notice: These timetables are not final and may change.

Please notice: The track procedures and the application form will be published at the beginning of 2018.

How is a *proposal* submitted?

The *proposal* submission process will be published together with the publication of the application form for the competitive process (early 2018).

For details and to contact us

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