

October 2020 Research # 130

Executive Summary

**Tools for Promoting Israeli Innovation
in Emerging Markets**

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About the Milken Innovation Center Fellows Program

The Milken Innovation Center Fellows Program accelerates Israel's economic growth through innovative, market-based solutions for long-term economic, social, and environmental challenges. Our goal is to accelerate Israel's transition from a Start-up Nation to a Global Nation with solutions that others can replicate.

The Program awards annual fellowships to outstanding Israeli graduate students. We train and deploy some of Israel's best and brightest young professionals to create pragmatic financing and economic policy solutions. Our applied research and Financial Innovations Labs® are a launching pad for transformative change, using innovative financing mechanisms, programs and policies to bridge social, regional, economic and productivity gaps within Israel and between Israel and the world.

In addition, Fellows craft their own projects during their internship aimed at barriers to job creation and capital formation in Israel. The Fellows' research, carried out under the guidance of an experienced academic and professional staff, support business and policy makers to shape economic reality in Israel. The program offers the ultimate training opportunity, combining real-life work experience with applied research.

Throughout the year, Fellows receive intensive training in economic and financial analysis, public policy and research methods. They acquire tools for communication and presentation, policy analysis, leadership and project management. The fellows participate in a weekly research training workshop where they work with senior economic and government professionals, business leaders, and top academic and financial practitioners from Israel and abroad. They also participate in an accredited MBA course, taught at the Hebrew University School of Business Administration by Prof. Glenn Yago.

Fellows Program alumni can be found in senior positions in the public and private sectors. Some serve in key positions in government ministries while others work at private-sector companies or go on to advanced graduates studies at leading universities in Israel, the United States and Great Britain.

The Fellows Program is a non-partisan. It is funded, in part, by the Milken Institute and other leading philanthropic organizations and individuals in the United States and Israel.

Government Resolution No. 4021, Promoting Israeli Activity in the Field of International Development, was adopted in July 2018. The resolution is part of a strategic work plan which aims to strengthen the Israeli economy by increasing activity in the sphere of international development.

Four sectors were chosen as the focal points of this strategic process: technological and digital development, sustainability, climate change, and health and emergency management. Another important part of the emerging strategy is the acceleration of Israeli innovation, and the development of tools to adapt Israeli innovation to the unique needs of the developing world.

This research delves deeper into the above issues, in an attempt to expand existing knowledge about the obstacles to fostering targeted emerging market innovation, and about the mapping of various support tools and programs that address these barriers, and suggests additional approaches to increase the potential inherent in emerging markets.

The two major barriers to fostering innovative ways to cope with emerging market challenges are:

1. Funding barriers, mainly the lack of private and government funding required for different developmental stages
2. Non-funding barriers, where the challenge is to identify suitable partners in the new target market in accordance with the various stages of development.

Therefore, the recommendations of this research regarding the design of new tools to promote and support Israeli innovation in emerging markets address both types of barriers described above. They also propose a support sequence based on the concept of continuity, which enables Israeli companies and entrepreneurs to utilize the Innovation Authority's support tools at different stages of development. This sequence combines the tools for R&D and product adaptation and adds a central and significant pillar –the concept of establishing pilots in emerging markets, alongside the creation of dedicated pilot programs in collaboration with selected foreign entities.



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