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Publication of Tender by the Israeli Innovation Authority Pursuant to Benefit Track No. 8 – Technology Incubators Program

The Israeli government, by way of the Israeli National Authority for Technological Innovation (commonly known as the Israeli Innovation Authority, the “**IIA**”), operates the technology incubators program (the “**Incubator Program**”) (dubbed by the IIA as “**Benefit Track No. 8 – Technology Incubators for Encouraging the Establishment and Capital Investment in Startup Companies**”). The goal of the Incubator Program is to encourage ideation & venture creation, to encourage commercialization of groundbreaking technological know-how originating in academia (whether foreign or Israeli), to strengthen the Israeli technological innovation ecosystem in sectors where there is a lack of specialized investors and to support complex and unique technological industries in fields in which Israel has the potential of becoming a world leader.

The IIA has issued several tenders over the past few years for operating technology incubators and other similar entities. The IIA has issued a new tender under the Incubator Program (the “**Tender**”) to operate three technology incubators and nurture incubator companies under such incubators’ purview (each an “**Incubator**”). An incubator company is an Israeli startup company receiving support from the Incubator and grants from the IIA (each an “**Incubator Company**”).

This competitive process is designed for choosing concessionaires to operate an Incubator under the auspices of the IIA.

The Tender highlights the following technology fields:

- Bio-convergence
- Chips
- Defense
- Agri-Food
- Robotics

Our experience shows that the IIA is open to granting a franchise to consortiums vying in fields beyond its published areas of interest.



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The Incubator Program

Each selected Incubator arising from the Tender will be granted a concession to operate a technology Incubator for a period of up to 5 years (the “**Concession Period**”).

During the Concession Period, each Incubator will be entitled to receive **cumulative grants for its OpEx and portions of its CapEx in an amount of up to NIS 40 million** (the “**Incubator Budgetary Grant**”), as follows:

- During the first and second years of the Concession Period – the Incubator Budgetary Grant shall be equal to 70% of the Incubator’s budget for the relevant year;
- During the third and fourth years of the Concession Period – the Incubator Budgetary Grant shall be equal to 60% of the Incubator’s budget for the relevant year;
- During the fifth year of the Concession Period – the Incubator Budgetary Grant shall be equal to 50% of the Incubator’s budget for such year.

During the first three years of the Concession Period, the aggregate Incubator Budgetary Grant shall not be greater than NIS 25 million.

In addition to the Incubator Budgetary Grant, the Incubator shall have the opportunity to leverage its investments in Incubator Companies alongside grants provided by the IIA to fund R&D and commercialization activities (the “**Government Participation**”). These grants will be accessible through various benefit tracks, including but not limited to the following:

A. The “venture creation” stage (prior to the establishment of the Incubator Company):

- “Tnufa” Fund (*designed for promoting ideation among entrepreneurs*): the IIA will provide Government Participation of 80% of a budget equal to NIS 250,000;
- Applied Research in Academia (*aimed at transitioning academic research into commercial applications*): the IIA will provide Government Participation up to 90% of a budget of up to NIS 810,000;



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- Commercialization of Knowledge (*originating from a research institution for external validation of research results*): the IIA will provide Government Participation up to 66% of a budget of up to NIS 3,400,000.

B. Investment in the “venture capital” stage of the Incubator Company:

- Pre-seed Stage: the IIA will provide Government Participation of up to 66% (but no more than NIS 1,650,000) of an investment amount of up to NIS 2,500,000;
- Seed Stage: the IIA will provide Government Participation of up to 55% (but no more than NIS 5,500,000) of an investment amount of up to NIS 10,000,000;
- Series A Stage: the IIA will provide Government Participation of up to 33% (but no more than NIS 16,500,000) of an investment amount of up to NIS 50,000,000.

The Incubator shall be required to invest the majority of the non-Government Participation amount of the first investment round taking place as part of the Incubator Company’s admission to the Incubator. Additionally, the Incubator shall be required to **provide added value** (“smart money”) to the Incubator Companies, including guidance, networking, and support services.

IIA Restrictions on the Incubator Companies. Incubator Companies are subject to the Israeli Law for the Encouragement of Research, Development and Technological Innovation in Industry, 1984 (the “**Law**”), and the regulations promulgated thereunder, as well as the IIA’s self-instituted rules which also apply to Incubator Companies. As part of the regulatory scheme obligating the Incubator Companies, each Incubator Company is obligated to repay the Government Participation to the IIA by way of royalties calculated out of income generated and there are restrictions on the transfer of knowhow (and all rights relating to such) and manufacturing outside of Israel. Details on this, as well as the numerous exceptions and related payment schemes, are outside the scope of this update. The Incubator itself is not obligated to repay any amounts to the IIA.

The proposal submission deadline for the contemplated tender is March 29, 2026.

As part of the Tender, the evaluation will examine the scope and quality of the bidder, its shareholders' experience, their added value, the team's expertise, the bidder's business plan, and their funding sources.

About Us

We have over two decades of experience representing technology incubators and other entities operating under the auspices of the IIA – including in tender processes (during the last two IIA technology incubator tenders – we represented 4 out of the 7 winners) – as well as providing strategic consulting to consortiums vying for such tenders.

Please do not hesitate to contact us with any questions or for further information – we would be happy to discuss.

For any questions or to discuss how we can assist you in this process, please contact:

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We look forward to supporting your success!