

MAP THE SYSTEM 2023 | GLOBAL FINAL



# Under-Representation of Arab-Israeli Entrepreneurship in Israel's Start-Up Nation Economy

TEL AVIV

NAZARETH

THE TEAM



Have you ever felt **too small**  
to make an impact on  
**a big problem?**

## THE TEAM

We also did,  
Until we met!



**Pola Barkan**

Venture Development Manager  
Hackaveret- Israel's Center for  
Social Innovation



**Hadas Glas Shimon**

The Banking Supervision  
Department,  
Bank of Israel



**Moataz Abo-Moch**

Director of Entrepreneurship  
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**Richard Saleh**

Attorney's Office, Ministry of  
Justice



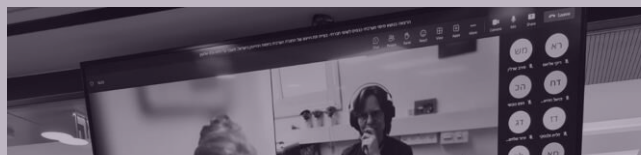
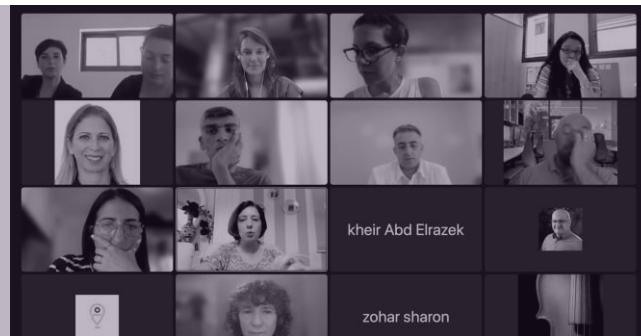
**Alaa Ayoub**

Director for Arab society affairs,  
Attorney's Office, Ministry of  
Justice



**Michael Alvarez-Pereyre**

The NB Haifa School of Design



ynet  
ידיעות אחרונות

דיג רכב בריאות רכילות תרבות כלכלה ספורט פודקאסטים חדשות ynet+ ראשי

סביבה ומדע

## "משפחות ערביות מעדיפות שילדיהן ילמדו מקצועות שיציבים מבחינה כלכלית"

סטודנטים מאוניברסיטת חיפה מנסים למצוא פתרונות לבעיית מחסור ביזמי הייטק בקרב אנשי החברה הערבית, שם מעדיפים שהסטודנטים ילמדו מקצועות כמו רפואה, הנדסה ועריכת דין. ועוד בחדשות האקדמיה: מאות סטודנטים מהעולם יגיעו לסדנאות בנושא חדשנות ויזמות באוניברסיטת תל אביב, וגם חתן פרס נובל בכימיה פרוץ' בן פרינגה ביקר בטכניון

14:55 | 31.05.23 | ynet

ערוץ הלימודים תגיות השכלה גבוהה

האזינו לכתבה 9 דקות

# Our mapping made headlines in media and government offices





Israel is all about unicorns

The highest concentration of start-ups per capital

Start Up Nation

99%



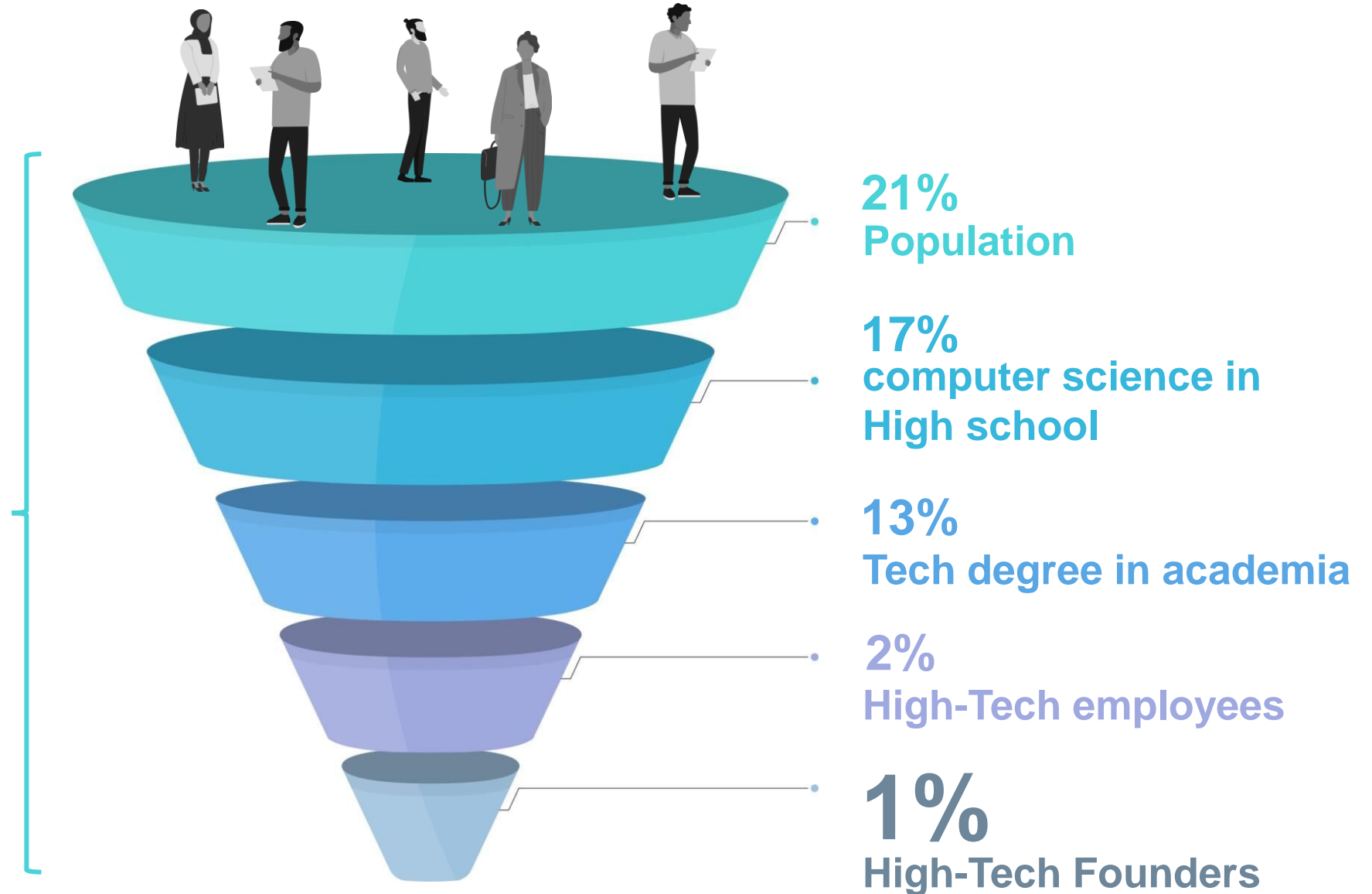
1%



Those left behind

## CURRENT STATUS

**50%**  
of young  
in poverty



## GOOD EXAMPLE

A Successful startup  
can scale-up impact on  
its **whole community**



# HAAT: The Startup Breaking Tech and Culture Barriers



Yaffa Abadi · Follow

Published in F2 Venture Capital · 4 min read · Jul 26, 2021



52





# THE ICEBERG MODULE

An iceberg diagram illustrating the 'Iceberg Module'. The iceberg is divided into four horizontal layers. The top layer, which is above the water line, is white and labeled '01 The Event'. The three layers below the water line are shaded in increasing darkness from top to bottom: light blue for '02 Patterns', medium blue for '03 Structure', and dark blue for '04 Mental Models'. The background is a gradient from light cyan at the top to dark blue at the bottom, representing the water.

**01 The Event**

**02 Patterns**

**03 Structure**

**04 Mental Models**

## THE ICEBERG MODULE

Under representation of  
Arab-Israeli Entrepreneurship  
in Israel's Start-Up  
Nation Economy

### 01 The Event

### 02 Patterns

- Only **1%** of startups in Israel
- **2/3** of the companies employ 1-10 employees
- **1/3** of the companies employ 11-50 workers
- **0.1%** of total industry investments

### 03 Structure

### 04 Mental Models

## THE ICEBERG MODULE



01 The Event

02 Patterns

03 Structure

04 Mental Models

Despite a decade of intervention programs, there has been **no noticeable shift** towards increased high-tech entrepreneurship in Arab society.

## THE ICEBERG MODULE

01 The Event

02 Patterns

03 Structure

04 Mental Models



And on top of that...

The level of **financial compliance** in the Arab community is **lower** compared to that of the Jewish community, with a **higher volume** of loans not being properly returned.

# THE ICEBERG MODULE

## 01 The Event

## 02 Patterns

## 03 Structure

## 04 Mental Mod

Inadequate education system

Language & cultural barriers

Limited access to capital & loans.  
Have no guarantees.

Arab society diversity  
Muslim, Cristian, Druze

Lack of platforms for  
Jewish-Arab networking

Poverty and neglected  
infrastructures

Many Government offices

## THE ICEBERG MODULE

### 01 The Event

"Belonging to a minority group can be detrimental to one's spirit. Constantly feelings inherent insecurity, the fear of failure looms over you at all times"

DR. RAFIQ HAJJ  
*Successful entrepreneur*

100-year-old Israeli conflict led to:

- Separation
- Lack of trust
- Feeling of discrimination-
- Racism

You cannot be,  
what you cannot see.

### 04 Mental Models

# STAKEHOLDERS MAP



National Insurance Institute FUNDS



קרן אדמונד דה רוטשילד

הרשות לפיתוח כלכלי במגזר המיעוטים המשרד לשוויון חברתי



سلطة التطوير الاقتصادي وزارة المساواة الاجتماعية



משרד החדשנות, המדע והטכנולוגיה Ministry of Innovation, Science & Technology



משרד החינוך Ministry of Education وزارة المعارف



המשרד לשוויון חברתי Ministry for Social Equality



THE LEADING GLOBAL JEWISH HUMANITARIAN ORGANIZATION



High Technology Centers Ltd תסوفן • מרכזי הטכנולוגיה הגבוהים מ.מ.צ צופן • מרכזי טכנולוגיה עלילית בגולן/צפון



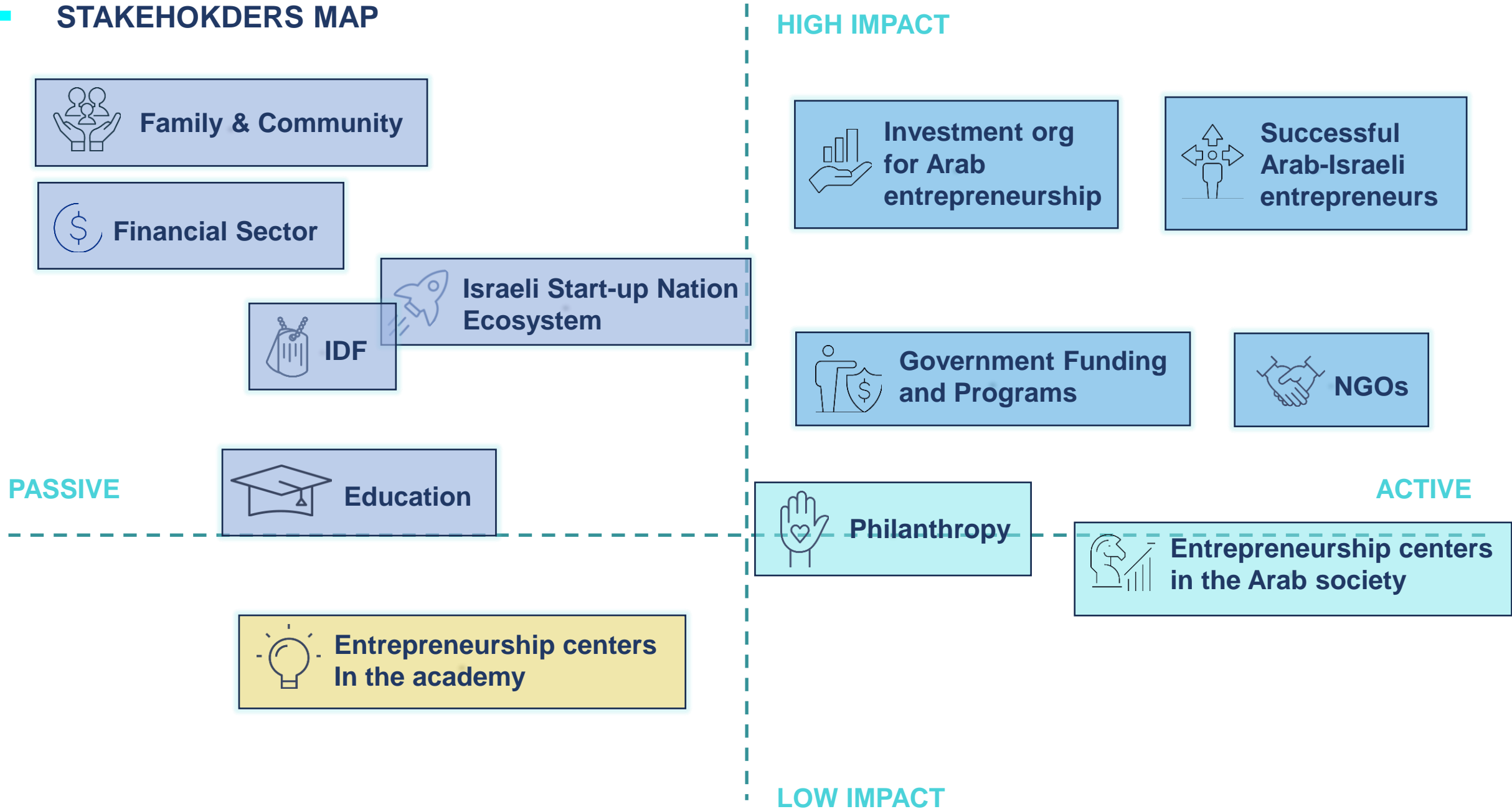
Hasoub



Ministry of Labor Social Affairs and Social Services State of Israel




# STAKEHOLDERS MAP






# STAKEHOLDERS MAP

HIGH IMPACT

 Family & Community


 Financial Sector


 Israeli Start-up Nation Ecosystem

 IDF

 Investment org for Arab entrepreneurship


 Successful Arab-Israeli entrepreneurs

 Government Funding and Programs

 NGOs

**We must activate the most influential stakeholders!**

PASSIVE

 Education

ACTIVE

 Philanthropy

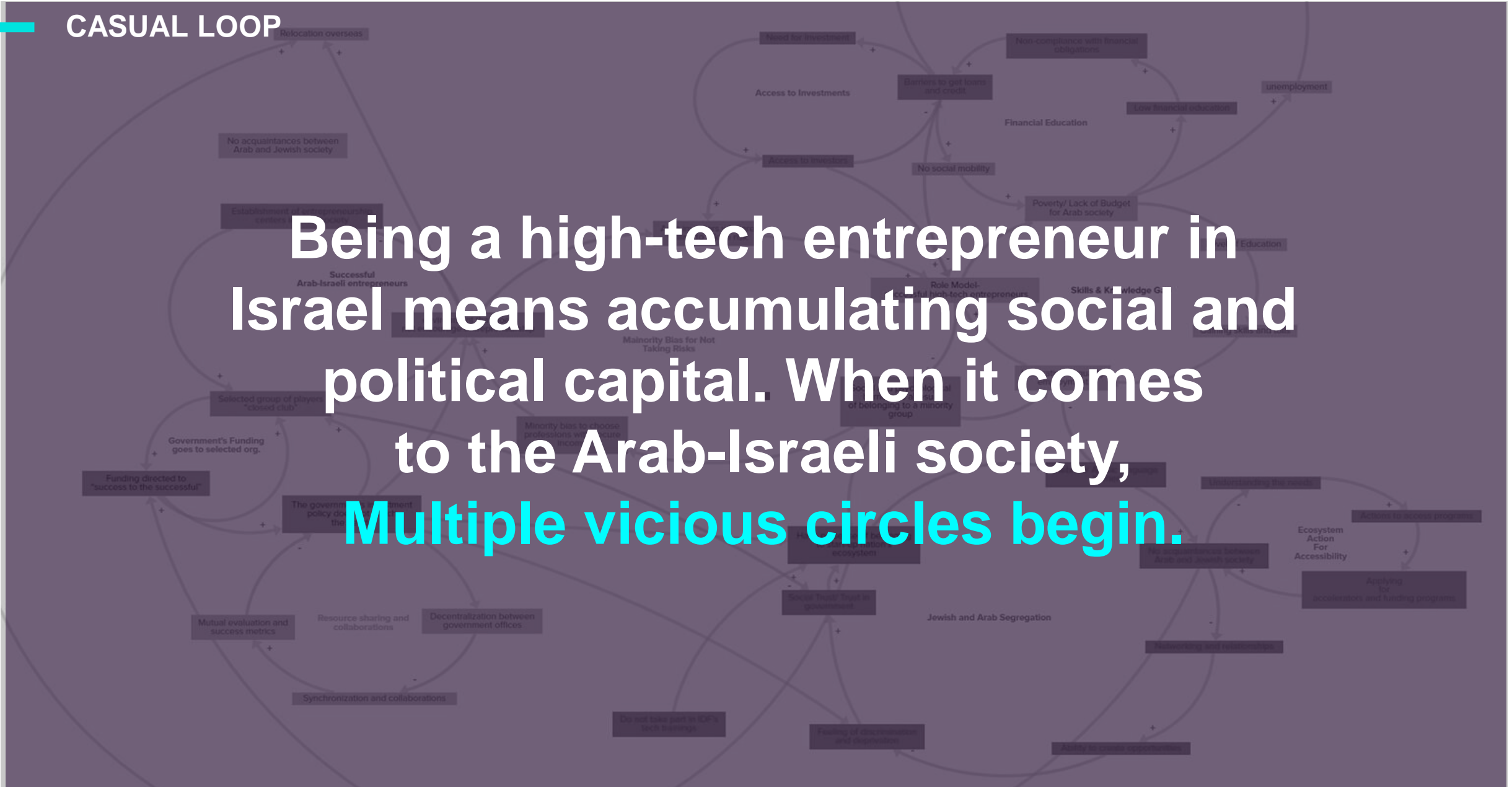
 Entrepreneurship centers in the Arab society

 Entrepreneurship centers in the academy

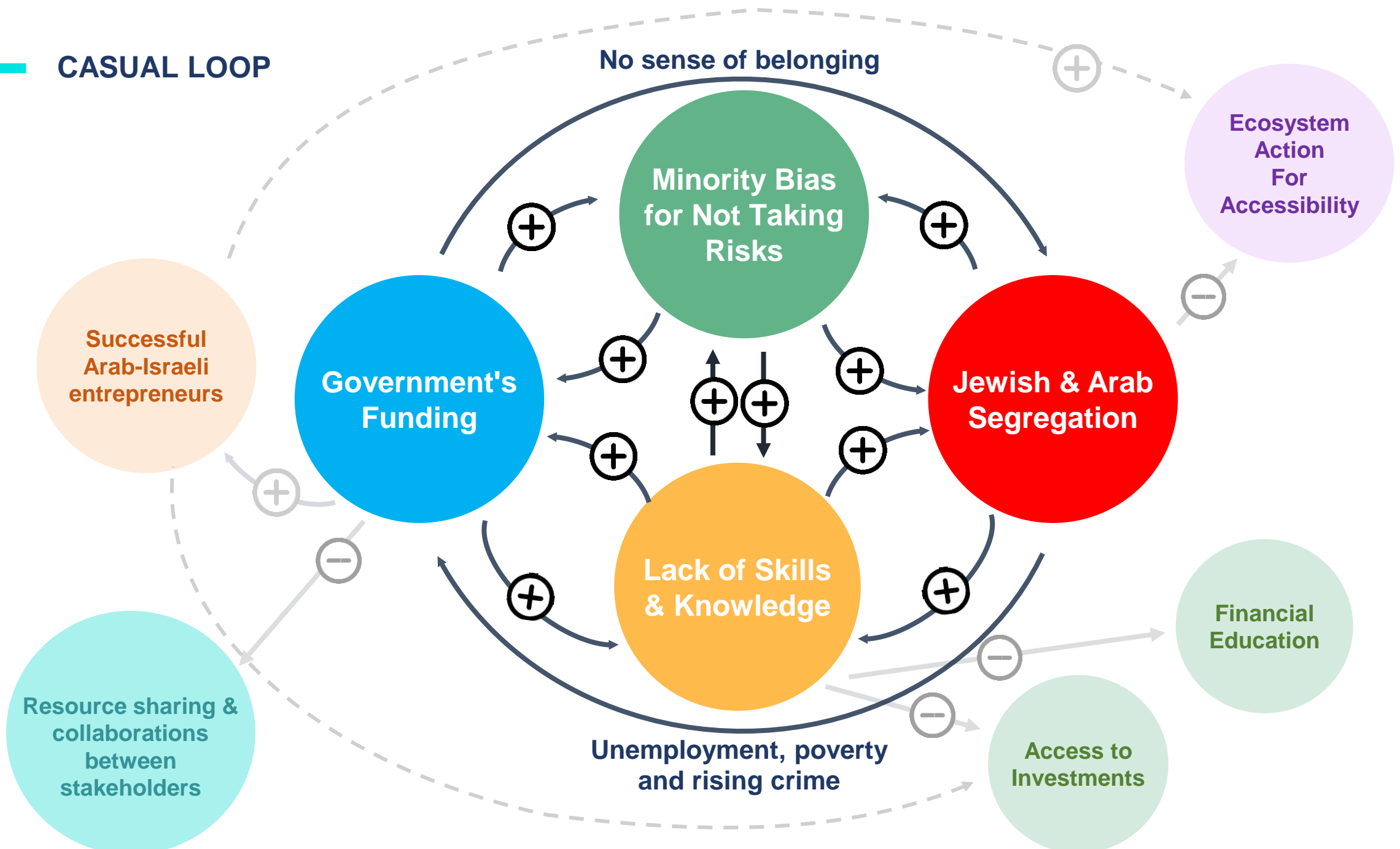
LOW IMPACT

## CASUAL LOOP

Being a high-tech entrepreneur in Israel means accumulating social and political capital. When it comes to the Arab-Israeli society, **Multiple vicious circles begin.**



# CASUAL LOOP

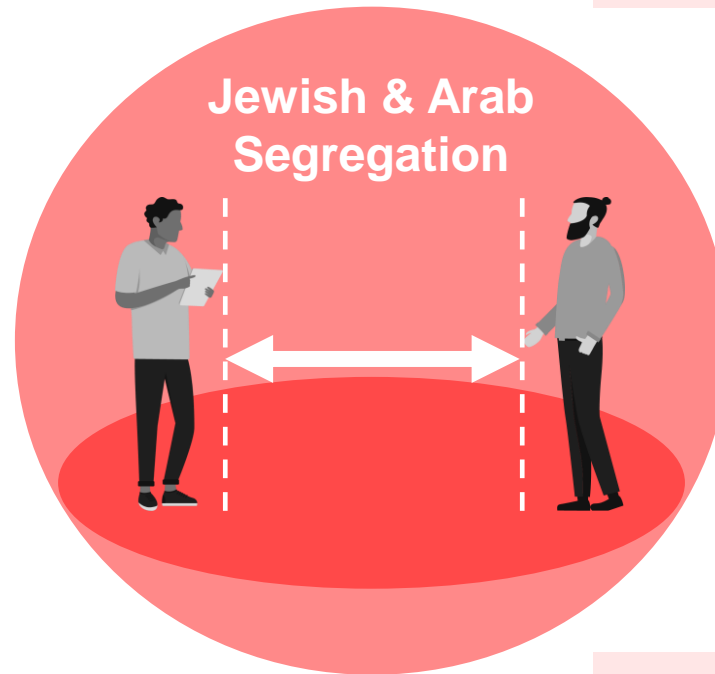


## CASUAL LOOP

# Insights

**Role models: number of entrepreneurs and successful high-tech within Arab society**

**Social and psychological barriers as a result of belonging to a minority group**

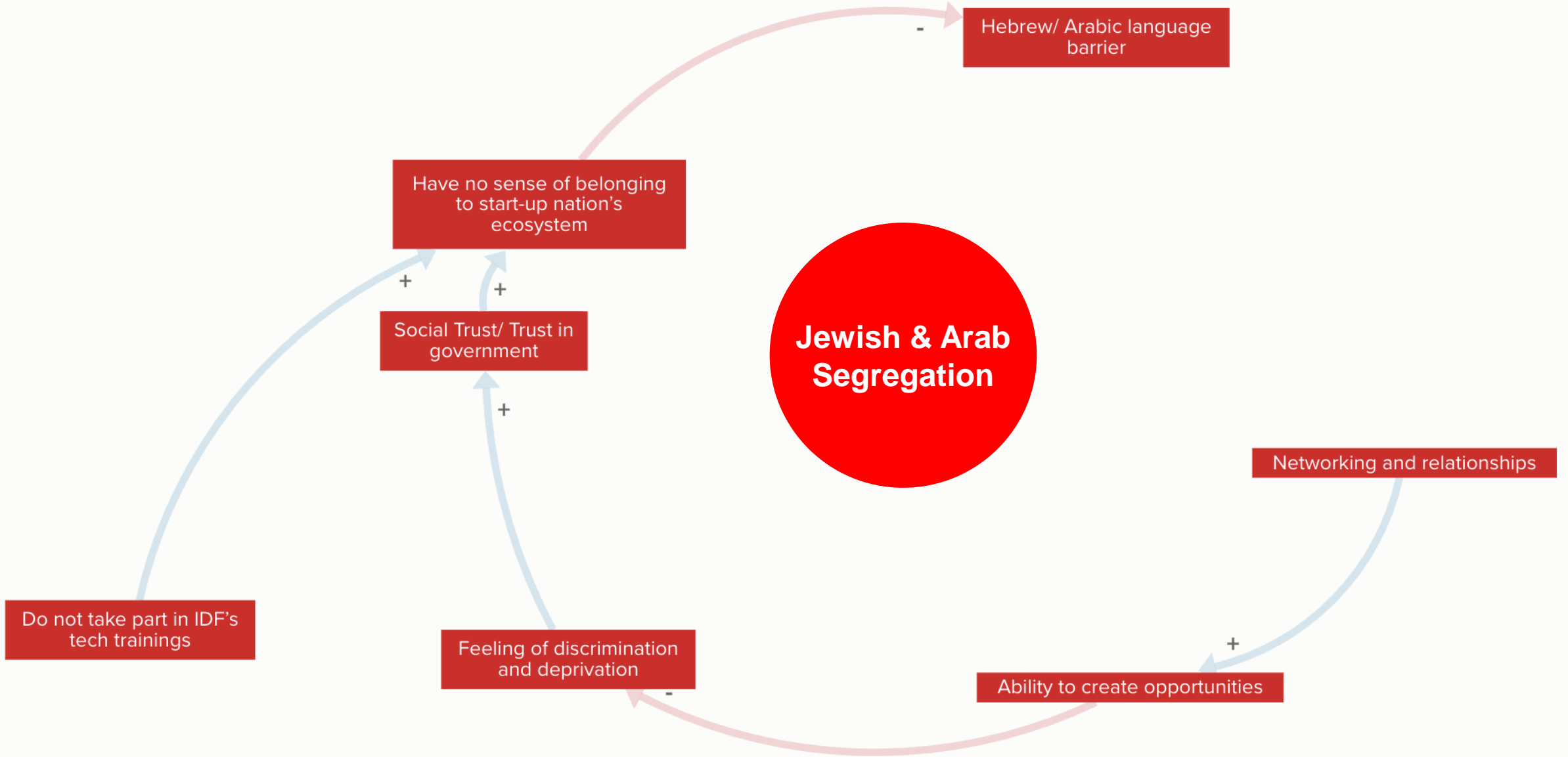


**Lack of sense of belonging to Start-up nation**

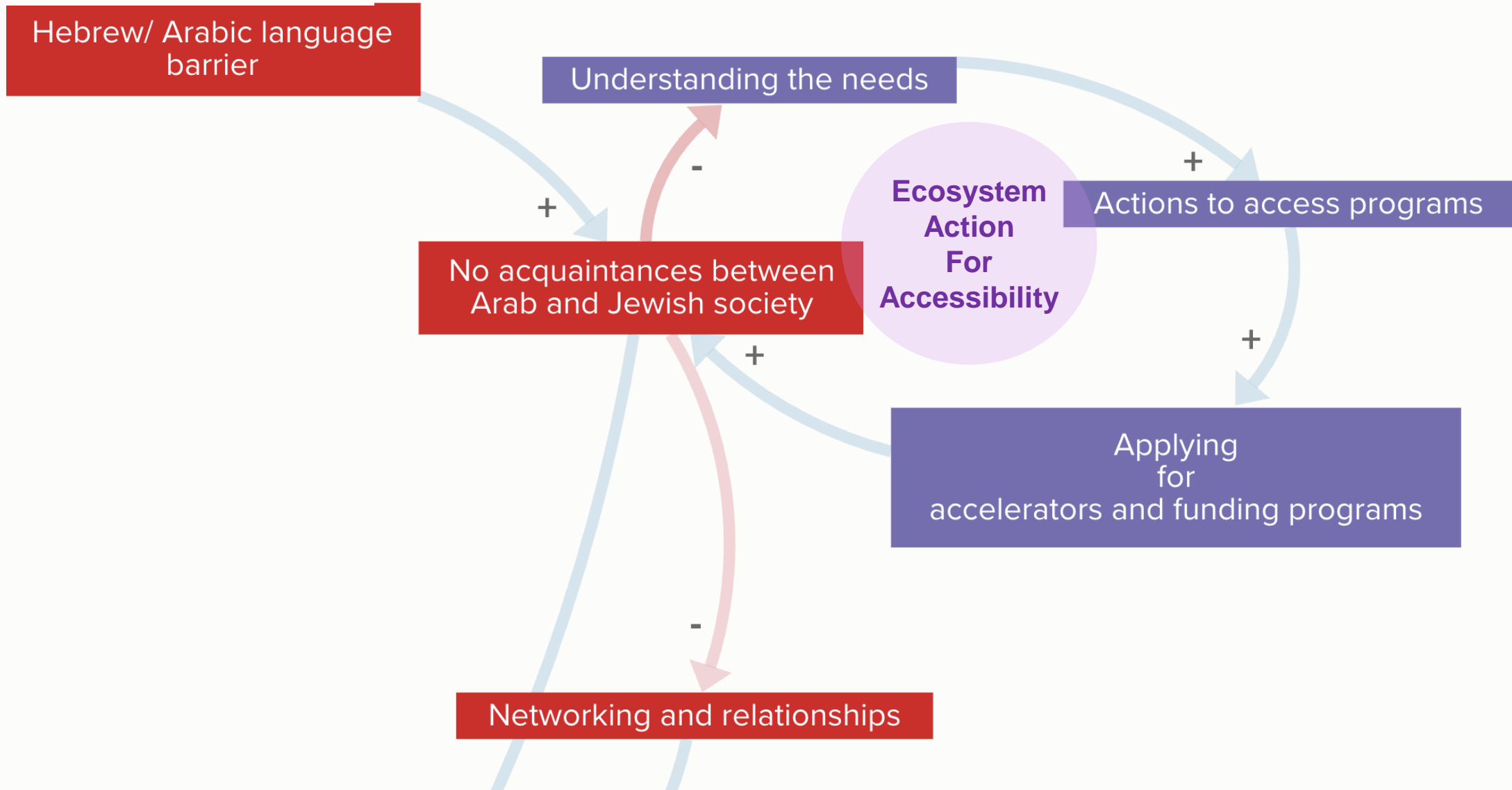
**No social trust or Trust in the government**

**The government's investment policy does not match the needs**

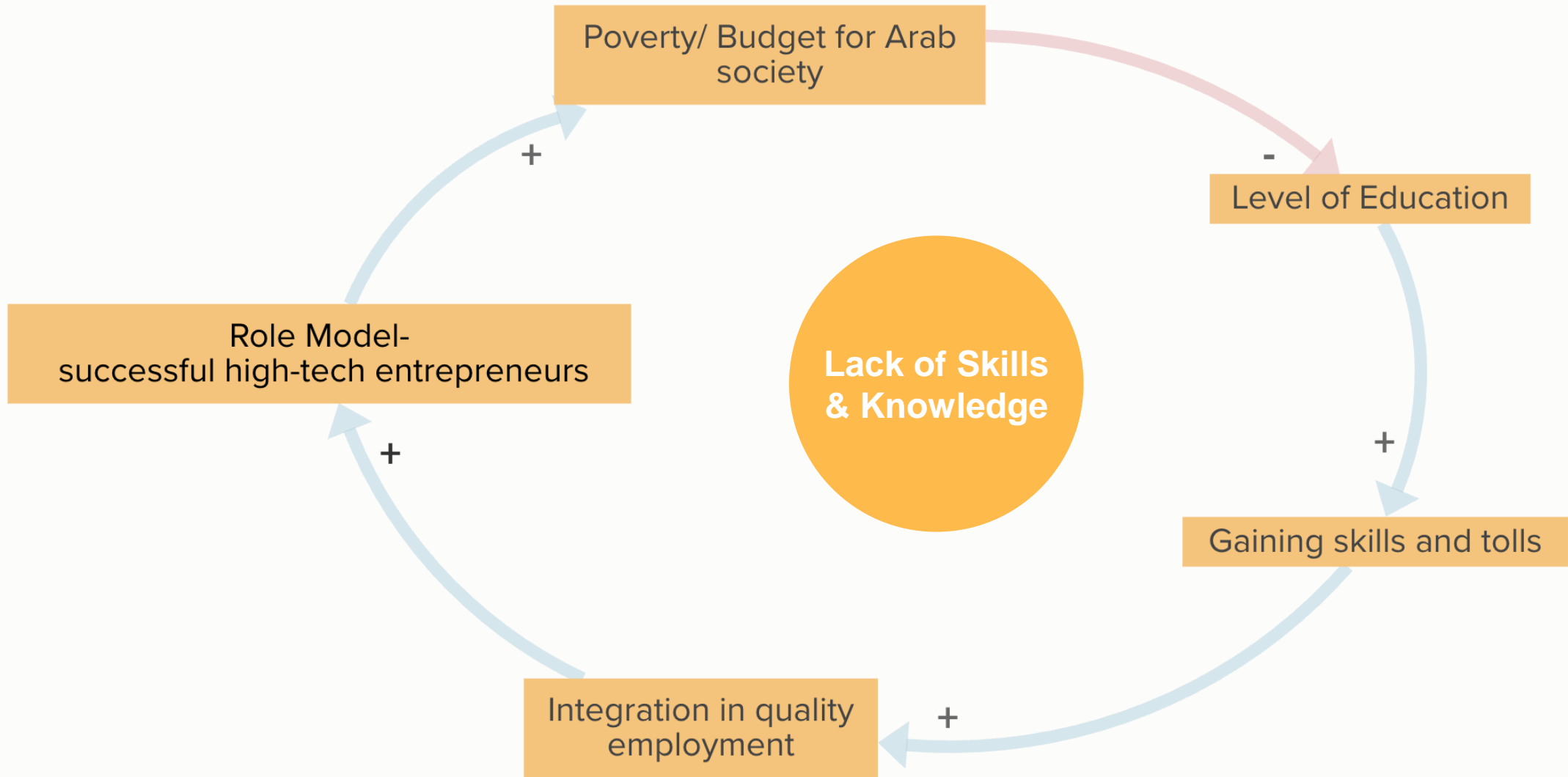
## Jewish and Arabs are segregated



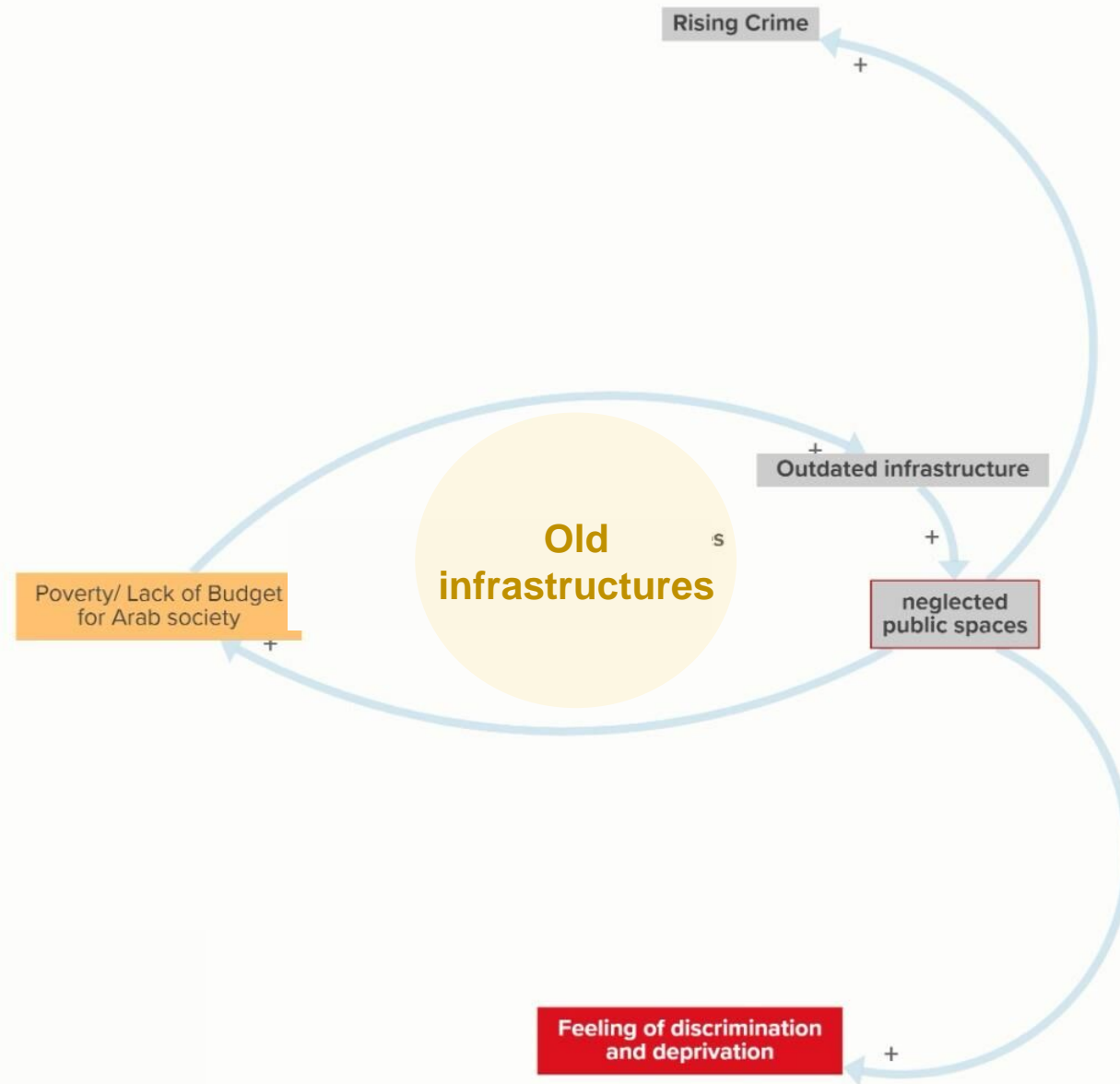
## The 'start-up nation' ecosystem doesn't understand the needs of Arab founders



## The Arab Israeli Education system is separated and reinforces poverty

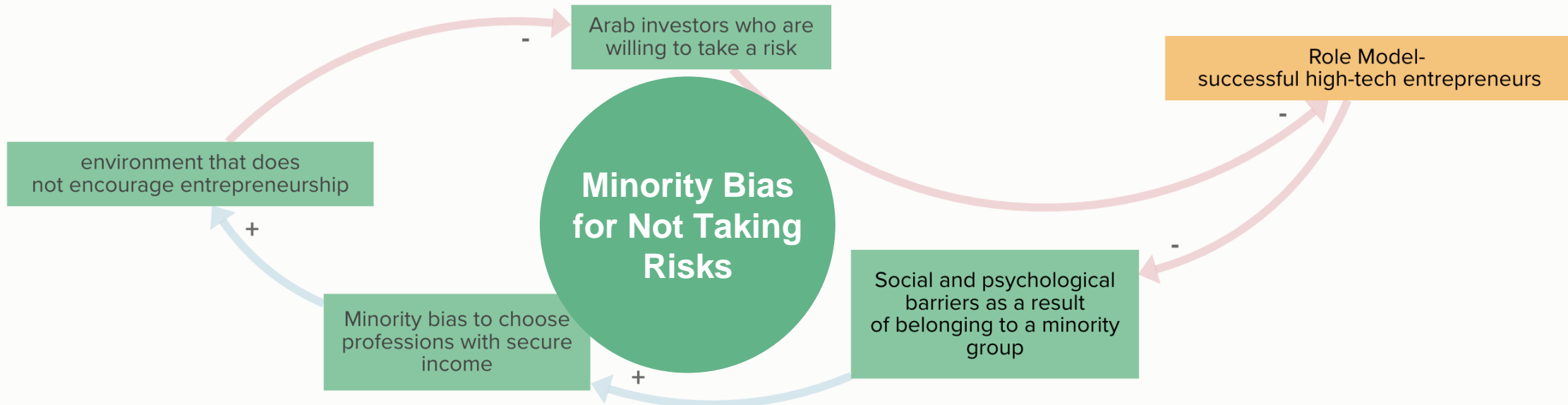


## Poverty and separation reinforce neglect

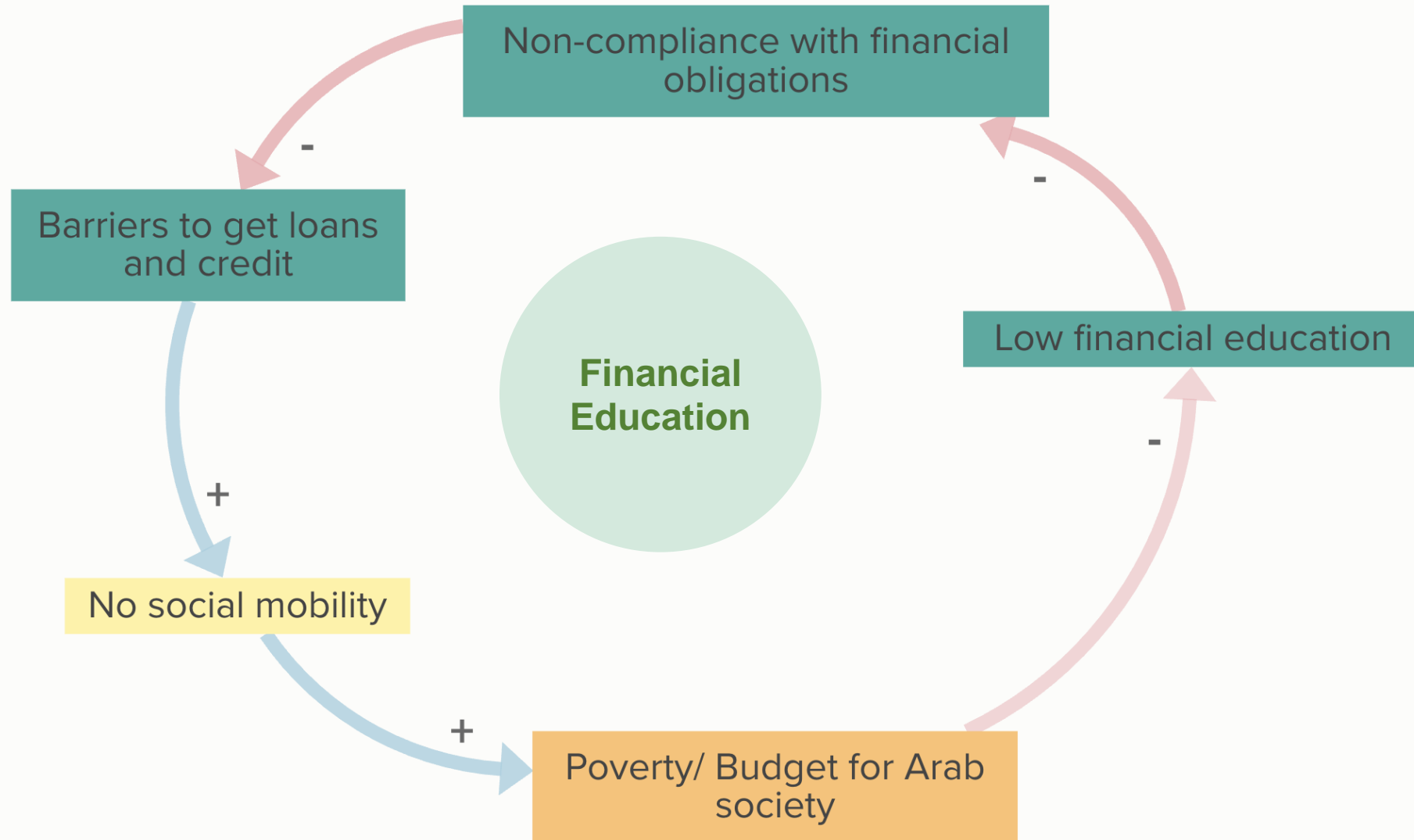




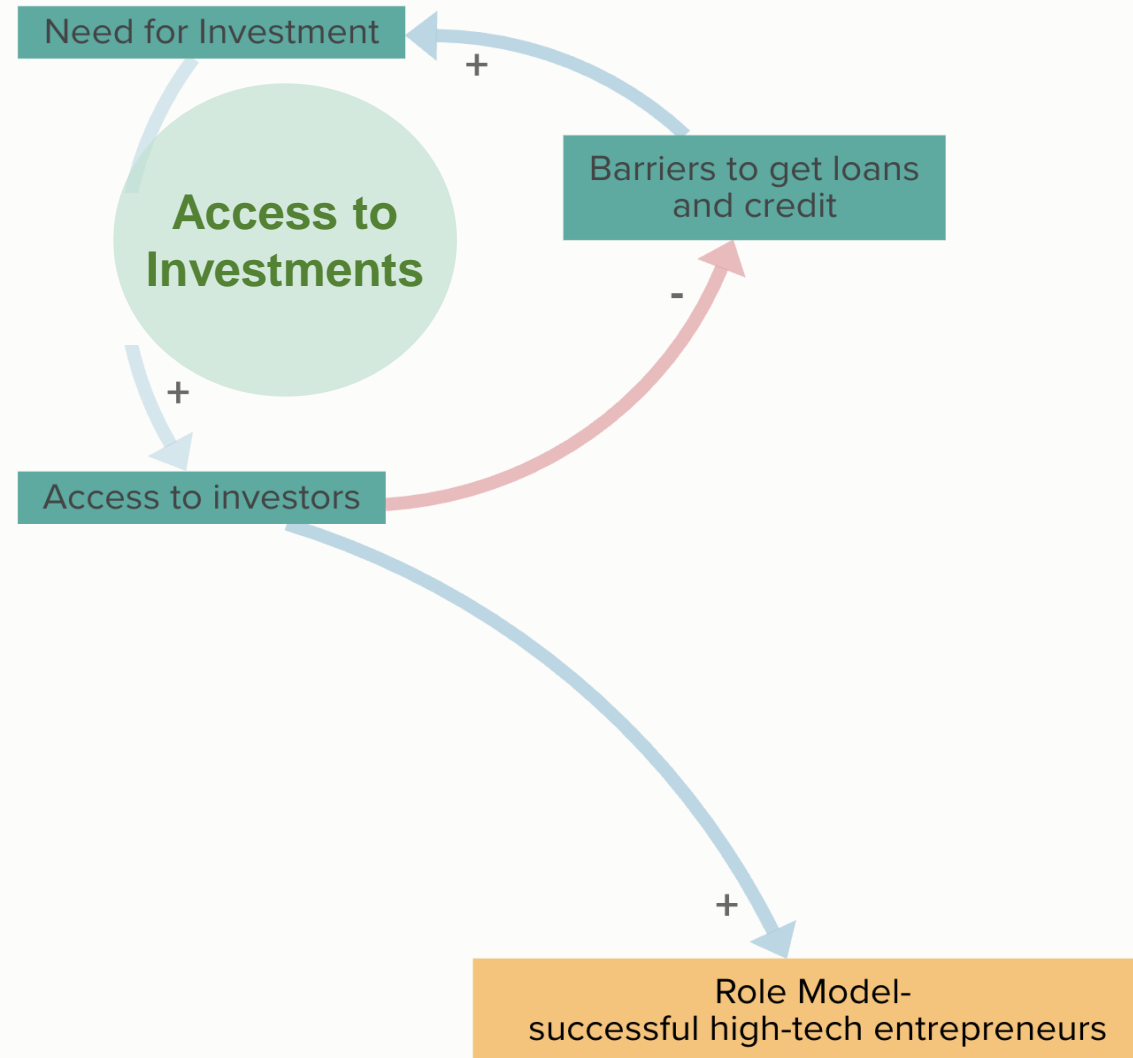
This socio-economic background as a minority reinforce social and psychological bias from risk-taking.



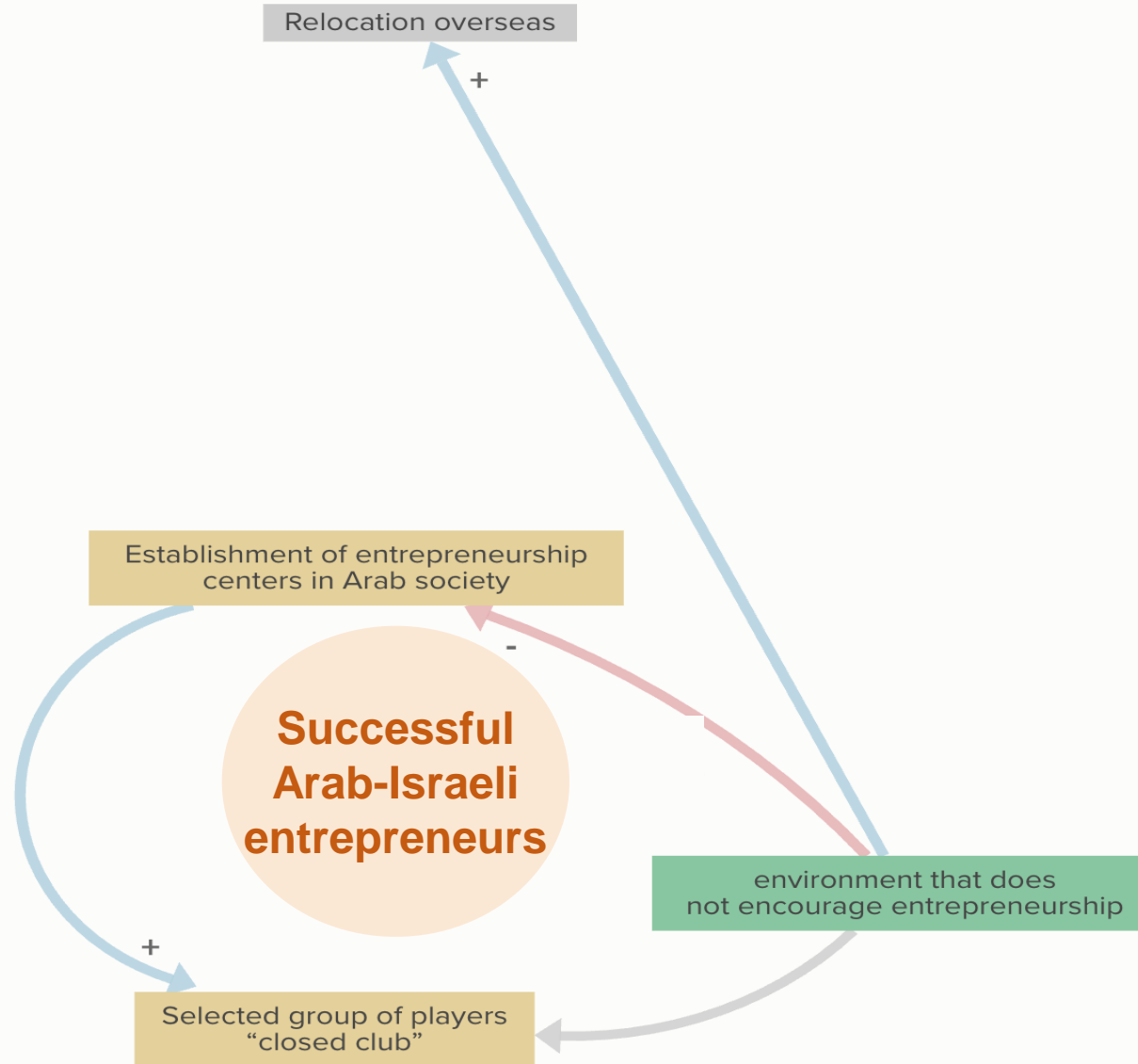
## Low financial education reinforces poverty



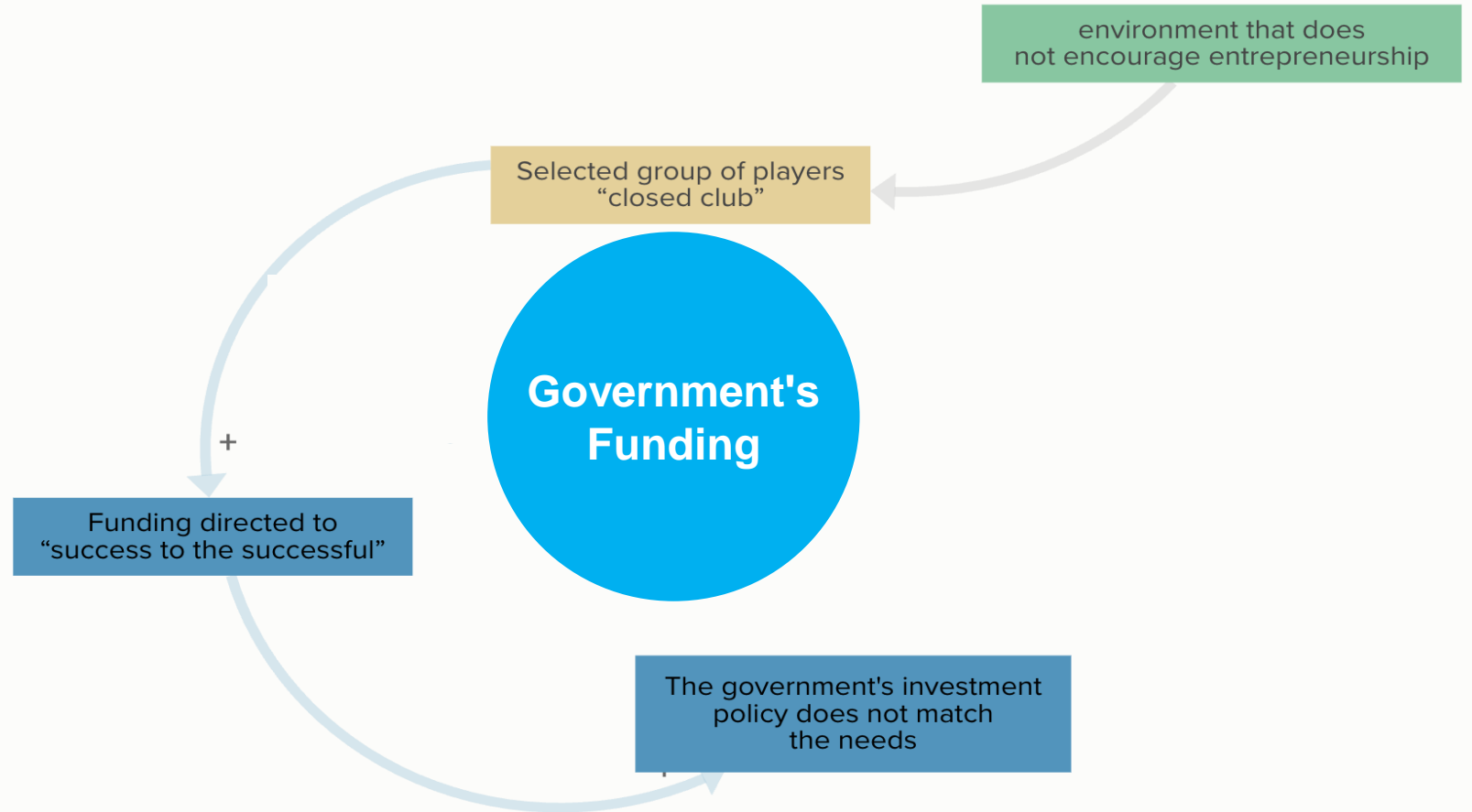
## Low financial education and poverty reinforces lack of access to investments and loans



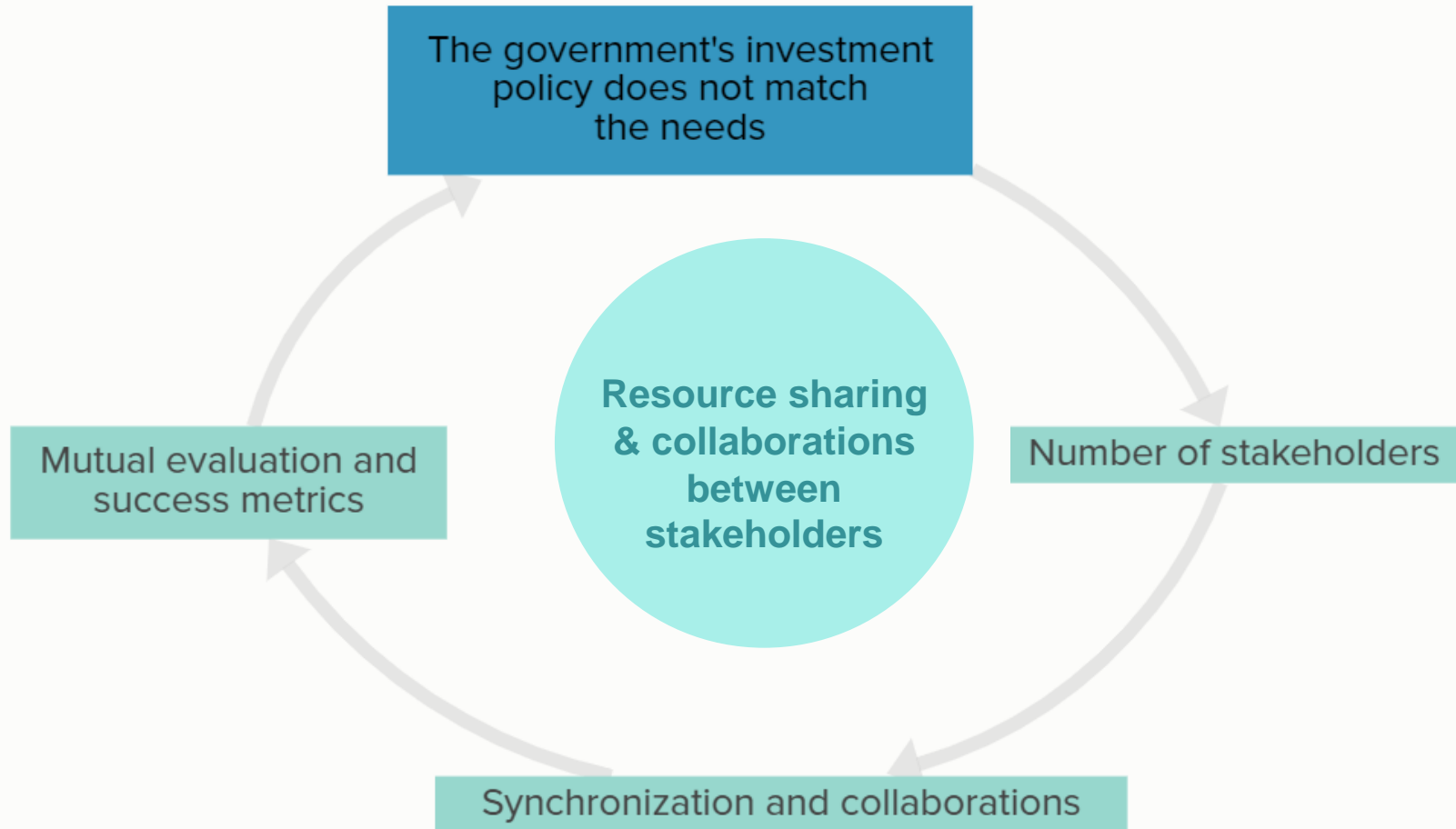
## The 'outliers' – Arab entrepreneurs who succeed establish entrepreneurship centers or relocate...



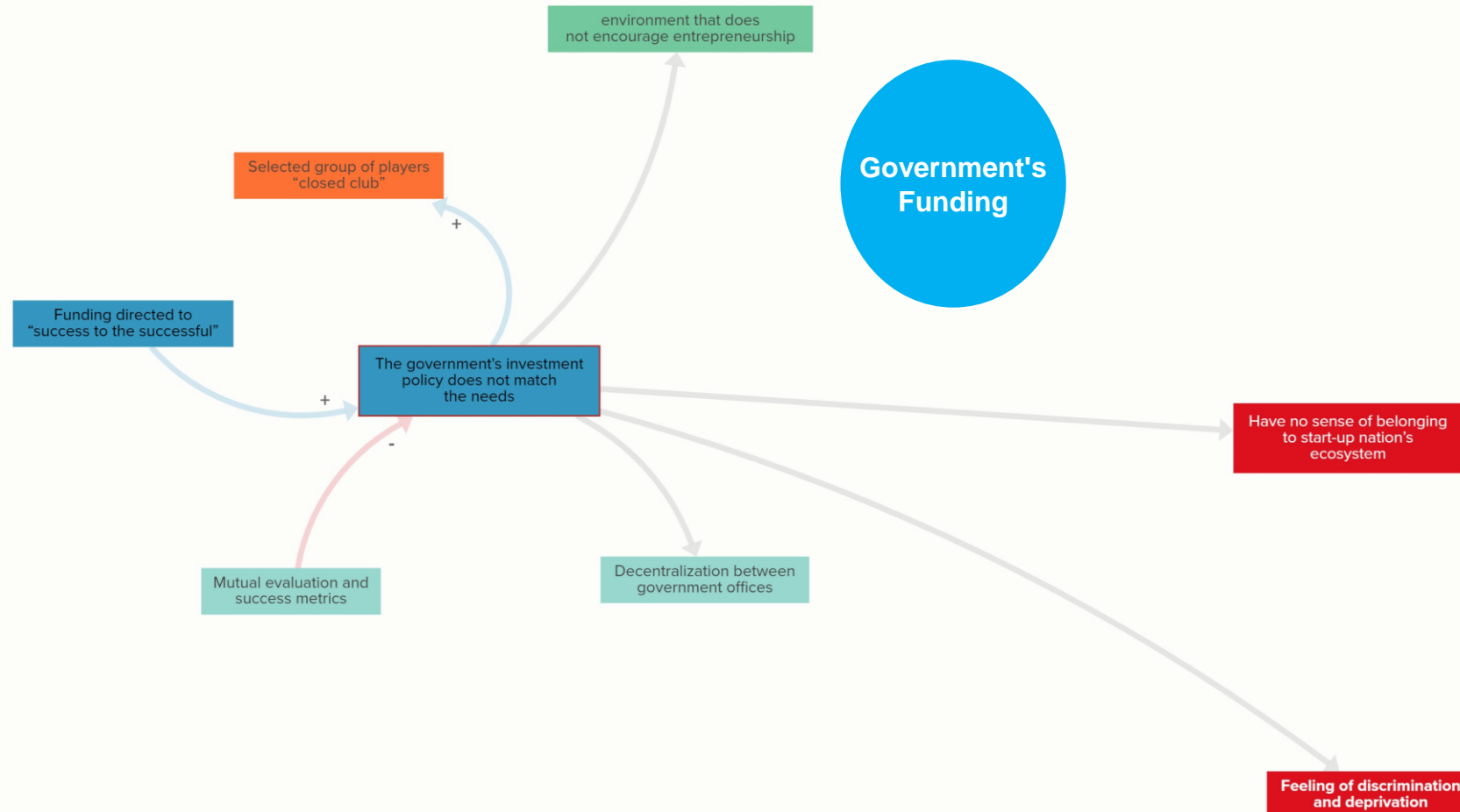
## Government funding goes through intermediaries- success to the successful



## Many stakeholders no coordination and mutual evaluation



# Government funding does not match the needs and reinforces feelings of discrimination and the sense of belonging.



THE TEAM



“The secret of the success of Israeli high-tech lies in the **feeling of belonging** to the country and the desire to live here and build here.”

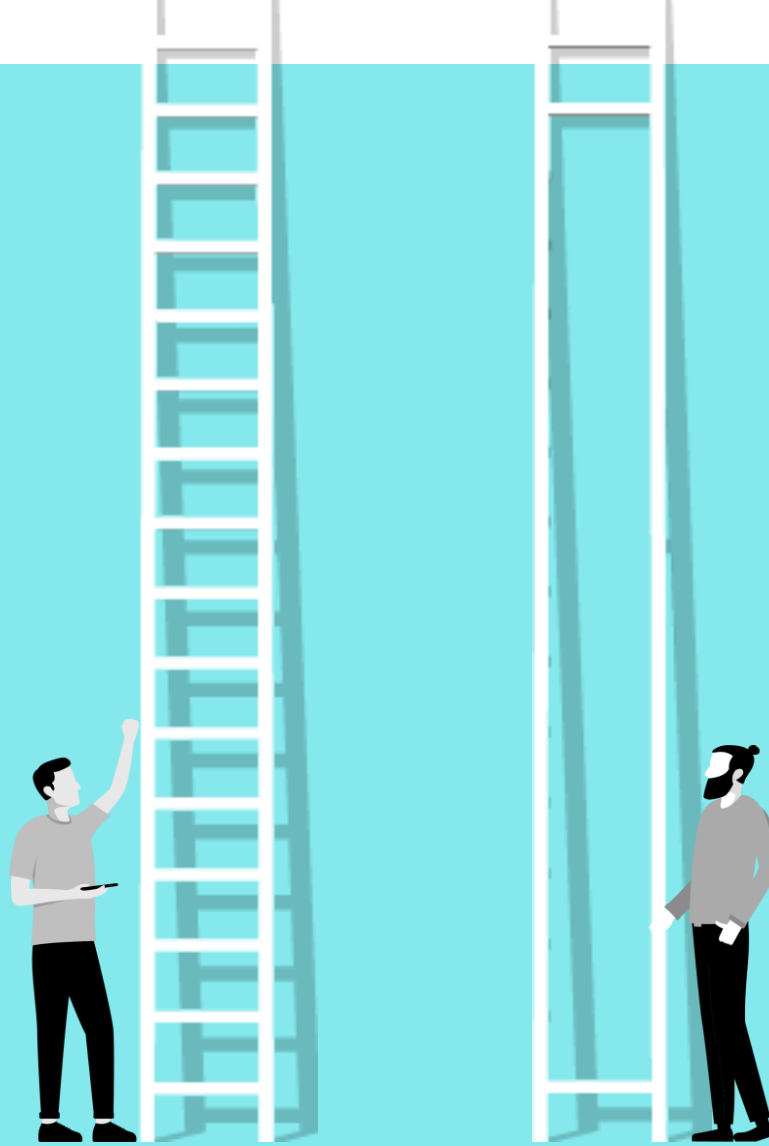
Monday founders



# CASUAL LOOP



## IMPACT THE GAP CANVAS



## IMPACT GAPS

**No coordinated efforts in the field.**  
**A need to Collective Impact Approach**  
The Inclusive Economic Partnership (IEP) in the UK.

**No 'Shared Start-up Nation' Ecosystem.**

**No awareness among accelerators' directors and investors** about the needs of Arab -Israeli founders.

## THE GAP



## SOLUTIONS MAPPING

Many uncoordinated entities have established centers in recent years to support and encourage ventures in Arab society.

Very few joint Arab-Jewish accelerators.

Most programs promoting Arab-Jewish cooperation are in non-tech contexts of co-existence.

### IMPACT GAPS

#### KIDS & YOUTH

**No common framework to measure KPIs** across education, employment, and entrepreneurship efforts.

Arab local authorities have not exhausted their resources.

**There are many small/local efforts.**

**But most of the efforts stop at the age of 18.**

### THE GAP



### SOLUTIONS MAPPING

Government Resolution No. 550  
'The economic plan to reduce disparities in Arab society until 2026' – 40 billion NIS

NGO programs promoting entrepreneurship and STEM education among Arab-Israeli kids and youth.

Social Insurance Funds program for social entrepreneurship in 17 Arab villages.

### IMPACT GAPS

**18+**

**There is lack of supporting framework 18+.**

**It is necessary to create socialization systems** like 'gap year' or technological national/civil service.

### THE GAP



### SOLUTIONS MAPPING

Most of Arab-Israeli society are not serving in the army where most Israelis gain soft skills, networking and exposure to tech.

National/civic service programs are focused on contributing to the community (hospital, teaching etc.) and not on Tech.

A few local entrepreneurship centers in Arab villages.

**IMPACT GAPS**

**THE GAP**

**SOLUTIONS MAPPING**

**ACADEMY**

**Entrepreneurship centers in the academy do not target Arab society, despite the increase in Arab students.**

**Employment**

**Lack of advocacy for the needs of Arab society and not just the needs of the hi-tech industry in human capital**



In recent years, the government invested 66 million NIS to establish entrepreneurship centers in the academy.

Dozens of intervention programs to promote skilled human capital for the high-tech industry NOT entrepreneurship.

## IMPACT GAPS

**Lack of awareness and role models.**  
High-tech entrepreneurship **does not receive the required prestige and appreciation.**

Lack of **platforms for exposure.**

## THE GAP



## SOLUTIONS MAPPING

There are professions in Israel where the integration between Jewish and Arab society is more fully realized, such as teaching, medicine, and pharmacy.

Benchmark case studies to promote entrepreneurship:

- Israel, among ultra-Orthodox Jews.
- US, Black in Tech movement.

IMPACT GAPS

**The current system creates barriers, budgets and grants stop at the intermediary level of a “closed club” of middlemen who know how to work with government and philanthropy and how to apply for calls.**

**The internal capital in Arab society is directed to traditional entrepreneurship: trade and real estate.**

**No grants support the entrepreneurs only the venture.**

**No bank financing is available. There is no uniform measurement.**

THE GAP



SOLUTIONS MAPPING

Israel Innovation Authority Grants. Angels and VC- only one angel club and one VC operating among Arab society in Israel.



# INEQUALITY AROUND THE WORLD

In<sup>3</sup>clusive  
Economy  
Partnership

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# LET'S DO



# TOGETHER

Through partnerships that connect organisations across business, government and civil society, we're working to unleash the potential of people and communities across the UK.

**bit** BLACKS IN  
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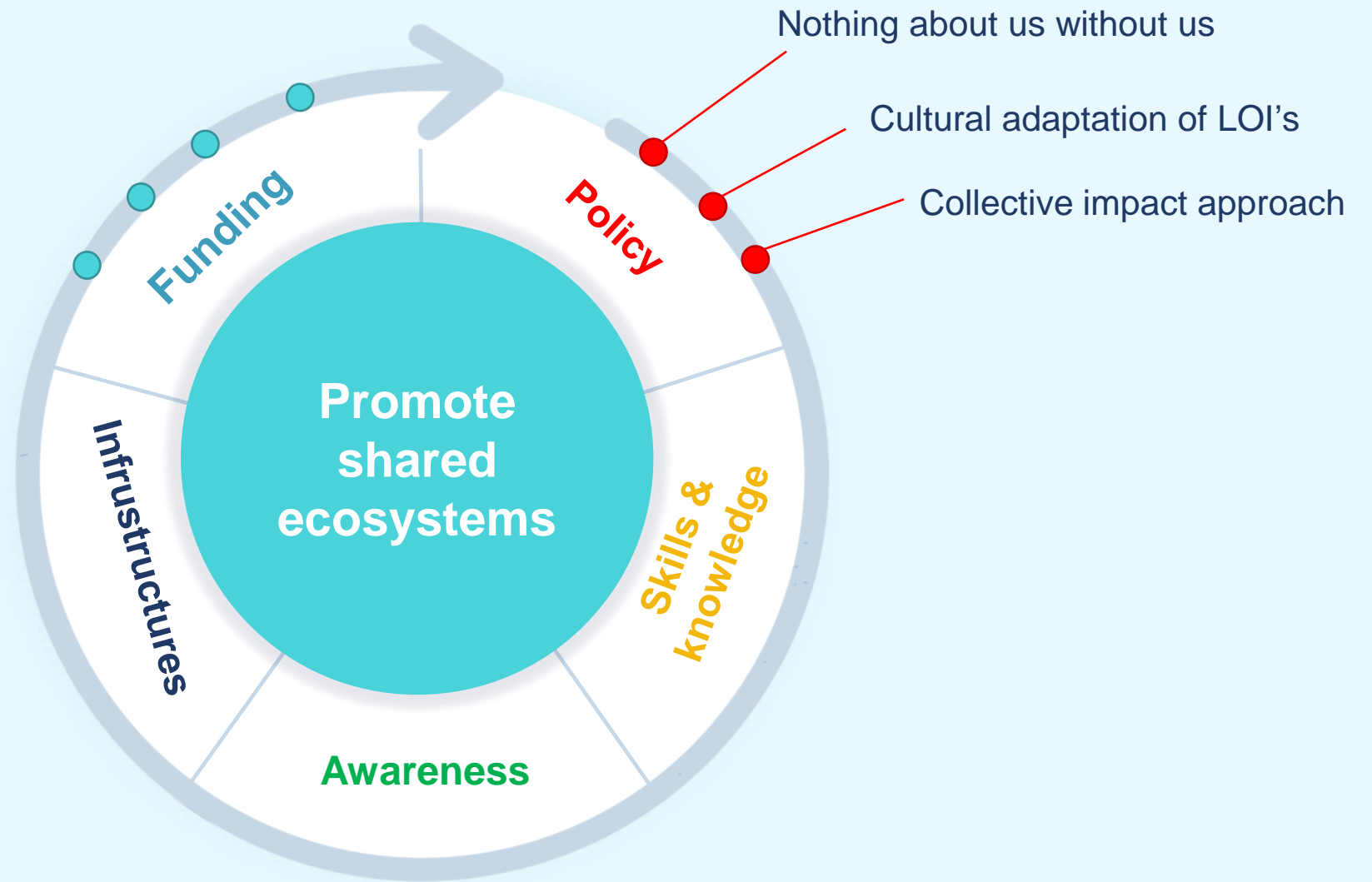


## STOMPING THE DIVIDE

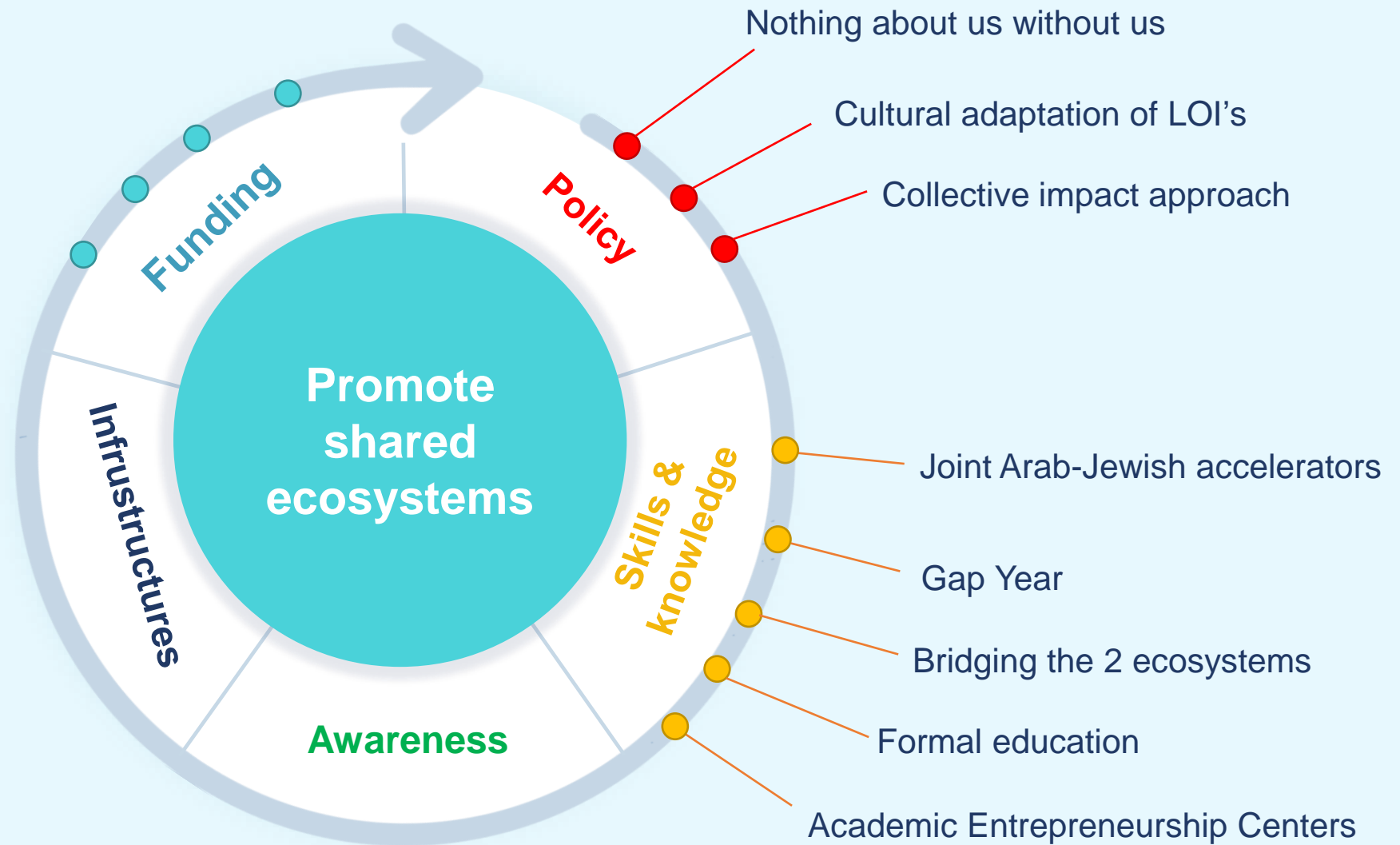
Blacks In Technology is a global platform for Black people in technology. We are "Stomping the Divide" by establishing standards for world class technical excellence. BIT serves members through community, media and mentorship. We provide resources, guidance and challenge members to establish new standards of innovation.



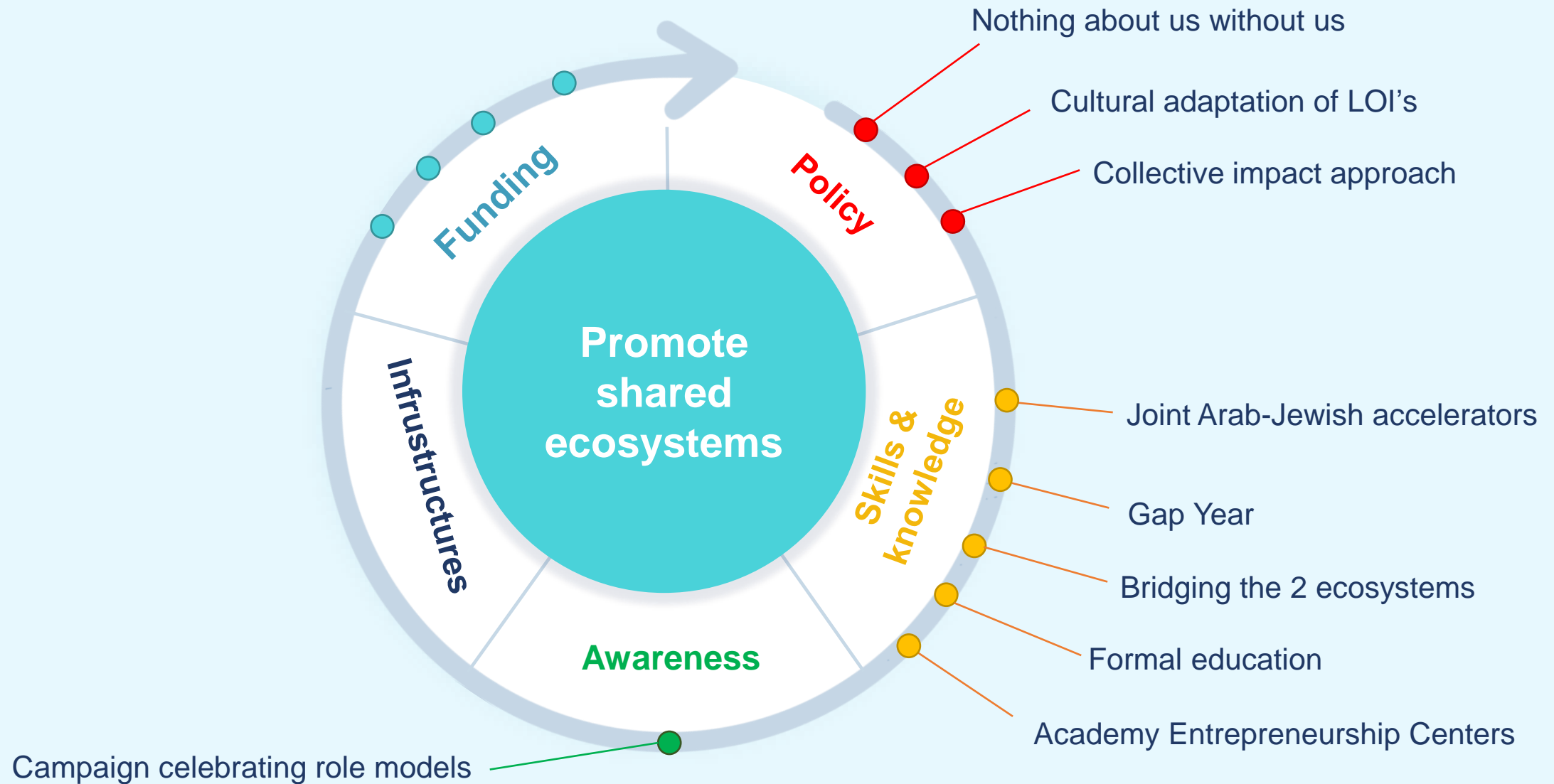
## LEVERAGE POINTS



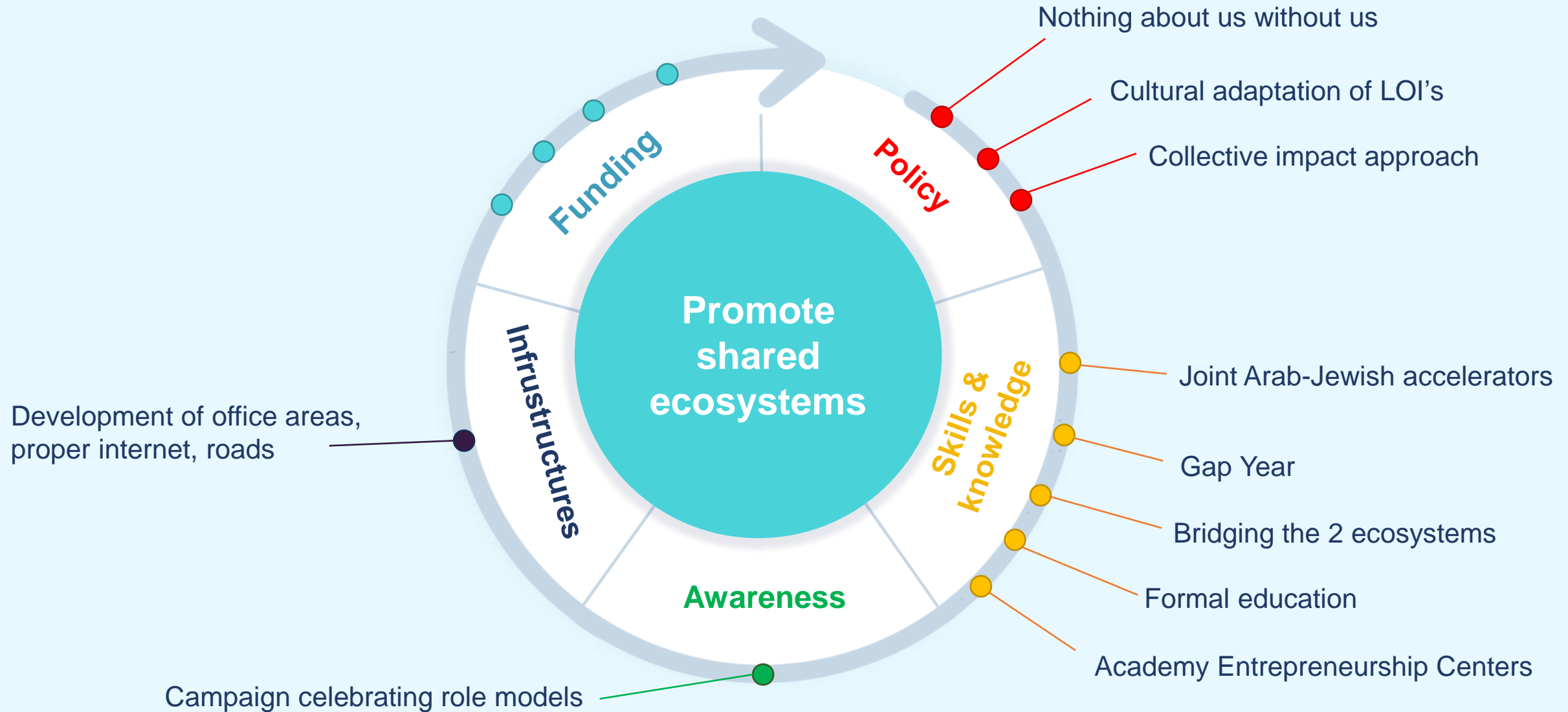
# LEVERAGE POINTS



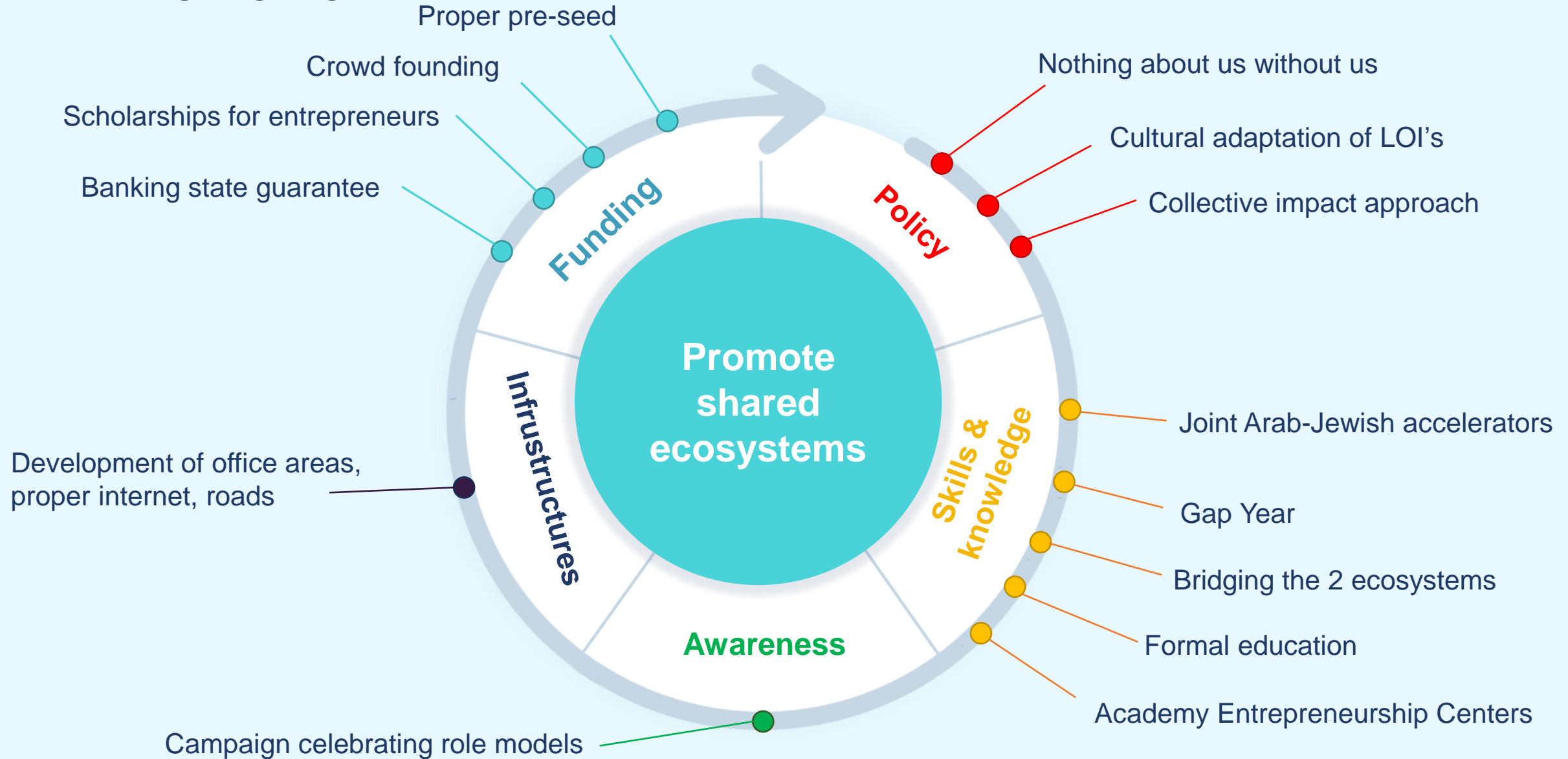
# LEVERAGE POINTS



# LEVERAGE POINTS



# LEVERAGE POINTS



**If we're not part of the solution,  
we will remain part of the problem.**

إذا لم نكن جزء من الحل سنبقى جزء من المشكلة

**Thank You! - תודה - شکرا**

