



YIGAL ARNON & Co.
LAW FIRM

Client Update – April 20, 2020

Israel Innovation Authority Update

Like many Israeli government offices, the Israel Innovation Authority (the “IIA”) has been responding to the unique situation presented by the world-wide COVID-19 pandemic. It has promised to assist the Israeli hi-tech sector with investments in the amount of NIS 650,000,000 (approximately US \$180,000,000).

As such, the IIA has opened three calls for proposals from Israeli companies for various projects to address the challenges of the COVID-19 pandemic, one of which is still open at the date of this update.

The open call is targeting projects for the development of innovative products, materials/processes or technological manufacturing capabilities, such as: protective equipment (e.g. face masks), disinfecting products and chemicals, medical equipment for home or hospital treatment, equipment for monitoring and controlling contaminants, medications for treatment of the disease symptoms, manufacture of temporary structures used for purposes of isolation, production line automation and methods to increase productivity measures. If accepted by the IIA, a grant recipient would receive 30%-70% of its approved R&D costs in the context of the IIA’s Mofet Program, Track No. 36, which supports technological innovation in the manufacturing industry. For more information, please see: <https://innovationisrael.org.il/kol-kore/4880>.

The IIA has also published an additional open call for a project, not in direct connection with COVID-19, in collaboration with the Ministry of Health and the Headquarters for National Digital Israel Initiative in the Ministry of Social Equality, for pilot programs by Israeli companies to be conducted in Israeli hospitals using the data collected by the hospitals for developing innovative digital healthcare technologies. If accepted by the IIA, a grant recipient would receive 20%-50% (or 60%-75% in certain extraordinary cases) of its approved R&D costs under the IIA’s Track No. 2 which supports technological innovation of companies in collaboration with government entities. For more information please, see: <https://innovationisrael.org.il/kol-kore/4542>.

An additional open call just published by the IIA, also in collaboration with the Ministry of Health and the Headquarters for National Digital Israel Initiative in the Ministry of Social Equality, calls for both Israeli and non-Israeli companies to participate in a bidding process for the establishment of a digital health Innovation Laboratory (similar to incubators). This Innovation Laboratory will support portfolio companies, engaged in discovering biotech solutions, especially those utilizing artificial intelligence. The IIA will support the Innovation Laboratory with grants of up to NIS 6,000,000 (approximately US \$1,700,000) for establishing their technological infrastructure and with additional annual support for their operational expenses of NIS 1,000,000 (approximately US \$280,000). The Innovation Laboratory’s portfolio companies would receive 85% of their approved R&D costs, under IIA’s Track No. 29, which supports laboratories for technological innovation. For more information, please see: https://innovationisrael.org.il/call-for-proposals/digital-health-lab?fbclid=IwAR1-YqxCLJSzj_ljcYdDrumQ0hi89uVjO0_l-rw1zoyYuL1aoxd6i-mDLw.



Besides proposing support for COVID-19 related projects, the IIA has addressed the more technical matter of how grant recipient companies can record the work of their employees who are working from home, whether because of the requirement for those employees to self-quarantine under applicable regulations or because the company's management has asked them to work from home. These questions are significant, since the IIA conducts audits of employee attendance and number of hours worked in the context of approving grant payments to the applicable company. The IIA has stated that each such employee must report his or her work on a daily basis by remote reporting means, such as an application approved by the IIA or by means of the company's internet portal, as approved by the IIA. If these options are not available, the employee must report the hours he or she has worked using a special file allocated for these matters. The attendance reports will be audited by the IIA. The IIA has emphasized that these allowances are temporary and will be rescinded after the end of the COVID-19 crisis. For more information, please see:

<https://innovationisrael.org.il/content/%D7%94%D7%95%D7%93%D7%A2%D7%94-%D7%97%D7%A9%D7%95%D7%91%D7%94>

Moreover, despite the fact that the IIA, like all government offices, is currently operating with a reduced workforce, it is still reviewing grant applications, as well as other requests, such as applications to transfer IIA funded know-how out of Israel, and its Research Committee still convenes in order to make decisions on these matters. As such, international companies can continue their investments in and M&A activities with Israeli companies which have received IIA support.

Contact

Please let us know if we can be of further assistance with respect to this or any other IIA-related matters. For further information, please contact Miriam Friedmann (miriamf@arnon.co.il), Daniel Green (Danielg@arnon.co.il) or Barry Levenfeld (barry@arnon.co.il).

This update is informative only and should not be treated as legal advice or legal opinion.

