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Economic and Business Consulting, Investment & Capital Raising

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Stocktaking and analysis of policy and
organizations

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1. Introduction

In many countries, among them Israel, the small and medium business sector is the backbone of the economy. In Israel this sector employs more than 1.2 million people in over 400,000 jobs. Many of these businesses are entrepreneurial enterprises established by individuals who decided that self employment is a practical solution for them.

Young people who try to start or expand a business may need assistance in order to be successful. This assistance may be provided by government, public or private institutions and organizations implementing a wide range of policy measures through various services.

In this report we perform a survey of these various institutions, organizations and policy measures that exist in Israel 2008 in order to assist and advance this vital sector.

In the stocktaking chapters we present a brief overview of each institution, organization or policy measure, surveying its vital factors and the dimensions it works in. A more detailed report of every factor appears in annex 1.

Stocktaking – institutions and organizations

The first chapter of the report is dedicated to a stocktaking of Institutions and organizations existing in Israel involved in promoting entrepreneurship and self-employment.

As a result of the nature of the organisations and institutions in Israel there is no need to mention all of them since many of them are essentially identical, the only real difference between them is that they operate in different geographical areas. In addition, due to the limited space available in this report this would be impossible. However, we made an attempt to go into detail on a select number of organizations which we feel are the most important ones and exemplify variety as well.

The services provided by these organisations are: training, counselling, mentoring, information, networking and finance.

Among the organizations we surveyed are:

- Business Development Centers (MATI) devoted to strengthening and developing the economy by providing assistance in opening new businesses and expanding existing ones. It does this by way of training, mentoring, networking etc. MATI Jerusalem also promotes awareness via the new Open For Business program which it participates in.

In this report we elaborated on two of the major MATI's: Jerusalem and

Raanana, out of a total of 26 spread throughout the country. Both of these serve their local population as well as specializing in a nationwide field such as franchising and high tech.

- Public and private funds which provide working capital and finance for establishing and expanding small businesses. For example: the Jewish Agency funds, the Fund for Assistance to Small and Medium Businesses with State Guarantee, the Koret fund and the IFLA.

Stocktaking – policy measures

The second chapter of the report is dedicated to a stocktaking of policy measures existing in Israel aimed at promoting entrepreneurship and self-employment. As we will learn, there is a serious deficiency in the policy making area regarding the small and medium business sector. Therefore, as opposed to the stocktaking of organisations and institutions, the stocktaking of policy measures will be fairly comprehensive.

Among the policy measures surveyed we find:

- Government policy – we surveyed three major government policy measures aimed at assisting small business owners and entrepreneurs:
 - i. The Israel Small and Medium Enterprise Authority, the executive branch of most government policy on the issue.
 - ii. The Mentoring Project, a program which is operated by the Ministry of Industry, Trade & Labour and assists entrepreneurs by subsidizing mentoring services given by experienced mentors.
 - iii. The Ministry of Immigrant Absorption Immigrant Entrepreneur Program intended at assisting the many immigrants who wish to start a business in Israel.
- Public policy - we surveyed an additional three public policy measures originating in non-governmental institutions aimed at assisting small business owners and entrepreneurs:
 - i. The MATI Forum which coordinates the activity of all MATI's around the country.
 - ii. Keren Shemesh, a public fund which works to provide employment and assistance to young Israeli entrepreneurs.
 - iii. The JDC funds targeted at strengthening weak Israeli populations through enhancing participation in the workforce.

Analysis

In the third chapter we analyze the coordination and networking between the various government, public and private institutions, their activities and policy measures in the field of entrepreneurship development and what is still deficient.

For this purpose we use the suggested APIS model, which distinguishes between different levels of intervention: awareness raising (A), policy measures (P), institutions (I) and services (S). Besides the level of intervention, the model also helps us distinguish between the target groups or stages of development.

We analyze the interventions which exist in Israel aimed at creating an entrepreneurial culture, a favourable policy environment, effective institutions that support entrepreneurs and support services. All these interventions are analyzed on the different levels, or target groups.

Conclusion

A complex picture emerges from the study we have performed. It is apparent that in Israel the small and medium business sector plays a major role in the local economy. In addition, it seems that there is a wide range of government, public and private institutions and services aimed at helping this sector and promoting successful entrepreneurship and self employment in Israel.

However, there is a wide and unexplained gap between the actual success and development of this sector and the deficient general and governmental policy in the field. The most significant policy measure to date was the establishment of the Small and Medium Enterprise Authority back in 1993. Since then there is a serious void in policy measures which the private and public organizations cannot shoulder themselves.

The current financial crisis is expected to be a watershed point in Israel's attitude towards small businesses and aspiring entrepreneurs. Decisive action in assisting the business sector, especially in access to finance and guarantees, may ensure the sectors survival and growth. However if like in the past the promised assistance is no more than lip service than small businesses and entrepreneurs in Israel are in for a tough few years.

2. Stocktaking- organisations

In this chapter we take stock of the various government, public and private organizations and institutions that promote and assist the small and medium business sector and help potential entrepreneurs in Israel. Naturally, there are many more organizations than the several that we have space to elaborate upon; we tried to call attention to the main ones.

ORGANIZATION # 1 - Jerusalem Business Development Center- MATI Jerusalem

The Jerusalem Business Development Center (MATI Jerusalem) was established in 1991 in order to strengthen and develop Jerusalem's economy by providing assistance in opening new businesses and expanding existing ones. In addition, it promotes franchising on a national level by way of training, mentoring etc.

MATI Jerusalem is supported and funded by the Ministry of Industry, Trade & Labor and the Small and Medium Business Authority. Another main source of income is from services the centre offers such as training and consulting.

MATI Jerusalem was selected by MEDA-ETE to take part in its Core Service Providers (CSP) program and MATI chose Open For Business (OFB) as its best practice (BP). OFB is a program initiated originally in Canada, adapted in Sweden and eventually disseminated worldwide, which attempts to promote awareness towards entrepreneurship and self employment among young people. It does this by employing original methodologies such as fun and easygoing curriculums, interactive methodology based on learning by doing, games and role playing. MATI Jerusalem selected OFB as its BP in April 2007 and in the past summer (2008) has already carried out its first seminar with 16 students and 17 discharged soldiers. In addition the program has started to disseminate in other Israeli organizations and populations such as other MATI's in order to expand the program and sustain it.

In Addition, MATI Jerusalem targets youth start ups and youth in business offering them training, access to funding, mentoring, information and more.

MATI Jerusalem is one of 26 such centres spread over the entire country which provide services mostly on a geographical level but also by specialization. For example, MATI Jerusalem provides business development services to the residents of Jerusalem and the area but also specializes in franchising on a national level. We will elaborate on this factor later in the report. We will present another example of a MATI which services a local population and specializes in high tech on a national level.

For more information see annex.

ORGANIZATION # 2- Raanana Business Development Center - MATI Raanana

Raanana Business Development Center (MATI Raanana) was established in 1994 as a professional consulting organization specializing in assisting new entrepreneurs, small and medium sized businesses and technological startups. Its goal is to help businesses and entrepreneurs turn their ideas into successful businesses by providing a wide range of business planning services to businesses in all industries.

MATI Raanana is supported and funded by The Ministry of Industry, Trade & Labor through the Small and Medium Business Authority and other organizations. Another main source of income is from services the center offers such as training and mentoring.

MATI Raanana targets youth start ups and youth in business offering them training, access to funding, mentoring, networking and more.

MATI Raanana works with a number of financial sources and funds, such as philanthropic organization, government institutions, public organizations, banks and credit companies which provide convenient loans to small and medium sized businesses.

MATI Raanana is unique among other MATI's in Israel for it's expertise in High Tech. It has gained extensive experience in assisting high tech and startup companies in their early stages of business development. As such it has been chosen as the national center for high-tech development, helping companies and startups from all over Israel.

As of 2006, MATI Raanana has provided professional consulting services to over 20,000 entrepreneurs and businesses, which have raised collectively over 520 million NIS (about 135 million USD) .For more information, see the annex.

We only elaborated on two MATI's since the other 24 operate in a similar fashion.

ORGANIZATION # 3 - The Jewish Agency for Israel Loan Fund Initiative

The Jewish Agency for Israel Loan Fund Initiative was established in 2000 to promote the advancement of disadvantaged populations in Israel among them: minorities, immigrants, etc. especially in the economic and geographical periphery.

The fund initiative is supervised and funded by the Jewish Agency and by donations from around the world.

The initiative is targeted towards unemployed young people and towards entrepreneurs seeking to start their own business or expand an existing one.

Based on the national "Partnership 2000" (P2K) platform, the loan funds Initiative works to encourage support and promote economic development in Israel's geographical and social periphery. It is designed to fill the needs of many prospective entrepreneurs who are ineligible for bank loans as they are considered high risk initiatives.

The loan funds address this unmet need. The Jewish Agency contracts with the banks to undertake part of the financial responsibility in the event of default of repayment and guarantees the loans if the applicant falls within the designated criteria.

There are seven different targeted funds)

- Jerusalem Small Business Loan Fund.
- Ness Loan Fund for the Negev
- Pittsburgh Fund
- New York Fund for Immigrants
- Western Galilee Fund
- Negev Heights Fund
- Detroit Development Fund

Some of the funds are designated for specific populations, such as new immigrants, female entrepreneurs and mixed Arab-Jewish towns. All Israeli citizens can apply for these loans, subject to each fund's specific criteria. See annex for details on each fund.

ORGANIZATION # 4 - The Fund for Assistance to Small Businesses with State Guarantee

The Fund for Assistance to Small Businesses with State Guarantee was established in its current state in 2003. It was initially established in 1988 but did not last long. In 1998 there was another failed attempt to revive it. Only in 2003 were enough measures taken to allow the fund to operate effectively.

The fund's goal is to provide assistance to small and medium businesses with establishing and expanding businesses by way of finance and providing operating capital. It is funded by The Ministry of Finance, The Ministry of Industry Trade & Labor and local commercial banks.

The fund is targeted towards entrepreneurs seeking to start their own business or expand an existing one who are in need of financial assistance and was established by the Israeli Government in order to amalgamate between two assistance channels, cash flow loans and establishment loans:

Loans of operating capital for existing small businesses with cash flow problems

An eligible company for the loan will show a healthy balance and growing sales with a decent history of performance and profitability. The company must show survivability and repayment capability based on future expected return. In addition, a company which is expected to create new jobs will have more favourable chance of getting a loan.

Loans for expanding or establishing new businesses

An eligible new business will be asked to show a combination of a good business idea which takes advantage of existing business opportunities in the market and entrepreneurs with the ability to lead a business to success.

See annex for further information on loans.

ORGANIZATION # 5 - Koret Israel Economic Development Fund (KIEDF), Koret- Milken Institute

The Koret Israel Economic Development Fund (KIEDF) was established in 1994 to promote the advancement of entrepreneurship and the small business sector in Israel by way of providing finance and influencing policy in their favour. It is funded by The Milken Institute, the American Friends of Koret Israel Economic Development Funds, the Jewish Agency and more.

The fund is targeted towards all groups ranging from kids in school to already existing businesses, mainly by providing finance but also by promoting an entrepreneurial environment.

The Koret-Milken Institute Fellows Program aims to promote innovative research and develop economic/financial policy innovations that demonstrate ability to accelerate economic growth and expanded economic participation through small business ownership and entrepreneurial financial innovation. Their focus is on market-based solutions to long standing social, environmental economic and business policy problems.

On the financial side, KIEDF offers philanthropists a unique combination of leveraging contributions as if investing in their own business, helping people help themselves achieve self sufficiency and personal dignity and contributing to a stronger private sector economy in Israel through various loan initiatives:

- Small Business Loan Funds Leveraging Loan
- Microenterprise Loan
- Micro Finance Programs
- CJAED-Olivestone Israeli Arab Loan Fund
- SAWA Negev Bedouin Loan Fund

See annex for further details on these loans.

ORGANIZATION # 6 - The Israel Free Loan Association (IFLA)

The Israel Free Loan Association (IFLA) was established in 1990 for the purpose of supplying small and micro enterprises with operating capital and finance for expansion. It is funded by Individual donations and organizations from abroad, mostly North America and the U.K. It works under Maimonides' ideal by which "A loan is better than charity, for it enables one to help himself".

The IFLA is targeted towards assisting young entrepreneurs and existing business owners in obtaining finance towards starting or expanding a small business. The main goal is to provide affordable financial resources to people in need. The fund has two main loan schemes:

No interest loan for businesses hurt by the financial situation in Israel

This loan is intended for small businesses (defined as business with a monthly turnover of less than 100,000 NIS, about 25,000 USD) who have suffered due to weak economic conditions in Israel.

Small business loan

This loan is intended for encouraging and assisting small businesses. Its purpose is to allow the entrepreneur to achieve financial security and independence and to provide more jobs for the Israeli economy.

See annex for further details on these loans.

ORGANIZATION # 7 - "Young Entrepreneurs Israel"

"Young Entrepreneurs Israel" was established in 1998 and is involved in exposing young people to business entrepreneurship, allowing them to experience and understand it by way of a hands-on learning program initiated towards teenagers aged 15-17.

The organization is funded by various funds such as the Koret Fund, JDC and others, commercial banks and companies, higher education institutions and private donors. It is motivated by a group of enthusiastic individuals who have made it their goal to educate and encourage young people to understand the basics of business administration and the free market economy.

Young Entrepreneurs Israel is a non-profit organization and a member of the umbrella organization "Junior Achievement Worldwide" which is active in 102 countries worldwide. It is also a member of the European organization "Junior Achievement Young Enterprise Europe". This co-operation is realized through participation of Israeli teams in international competitions that take place in Europe.

Since the Young Entrepreneurs Israel Program is targeted at youth enrolled in school, its activities and services it provides are different than the other organizations'. Its main activity is raising awareness among young students to the opportunities and special features of entrepreneurship. It aims to educate and encourage young people to understand the basics of business administration and the free market economy.

Summary

There are very few service providers that focus on awareness creation. We mentioned the Young Entrepreneurs Israel program which is only targeted towards young students enrolled in school. In addition, also MATI Jerusalem now has, thanks to the MEDA – ETE project based on "Open For Business" (Sweden), programs and strategies focused on awareness creation.

Most institutions are mainly addressing the later stages of entrepreneurial development focusing on unemployed youth wishing to set up a business or expand an already existing business start up. These institutions provide services such as training, mentoring, information, networking and access to finance.

In terms of the APIS model it is evident that in Israel the vast majority of resources are targeted towards more advanced components i.e. institutions and services and also towards later stages of intervention i.e. youth startups and youth in business. We further analyze these phenomena in chapter 4.

3. Stocktaking- Policy Measures

In this chapter we will take stock of the various policy measures which guide the Israeli small and medium business and entrepreneurship sector. It must be mentioned that we included not only government policies but also policies and initiatives that originated in the public not for profit sector. The main reason for this is the lack of government policy and assistance in the field as we will see later in the analysis.

POLICY MEASURE # 1 - The Israel Small and Medium Enterprises Authority

As opposed to other western countries, in Israel, small and medium businesses have never received the proper treatment and support. Following the waves of immigration that Israel absorbed in the early 90's, policy makers reached the conclusion that something must be done in the small and medium business entrepreneurship sector. The Israel Small and Medium Enterprise Authority was established 1993 for this purpose and to create an encouraging entrepreneurial environment and promoting growth.

The Israel Small and Medium Enterprises Authority is under the authority of and funded by the Ministry of Industry Trade & Labor. This policy measure is implemented by the MATI's (Business Development Centers) but many other organizations and funds also take part in implementing the policy even though they are not directly subordinated to the authority.

The authority works on all APIS levels beginning from awareness raising towards the small and medium businesses in Israel to providing services through various organizations. It works to change the business environment in favour of entrepreneurship by initiating policy influencing studies, developing communications between businesses in Israel and abroad, providing assistance to businesses in the era of globalization and coordinating activity with its foreign counterparts.

The authority's publicity measures are aimed at two key audiences:

Entrepreneurs and small business owners

The authority works to expose them to the various assistance measures that are at their disposal (grants, mentoring programs, subsidized consulting etc.) this audience is further segmented into sub-groups such as: new immigrants, discharged soldiers, entrepreneurial women, the unemployed etc.

Policy and decision makers

The authority works to situate itself as a leading entity in the field of promoting entrepreneurship and small businesses

POLICY MEASURE # 2 - The Mentoring Project

The Mentoring Project, a program which subsidizes business consulting services for small and medium business and assists them in establishing and developing businesses was initiated in 1991. It is a department within the Ministry of Industry Trade & Labor.

The project is implemented by the various Business Development Centers (MATI's) located in over 26 different locations in Israel in charge of the smaller businesses, and private consultants who provide the consulting and mentoring for the larger ones.

The Mentoring Project's main objective is encouragement of the small business sector in Israel by improvement of management, performance and profitability of businesses. The assistance is given to micro, small and medium businesses that employ up to 100 workers.

The impact of the project on the business owners is strong. Business owners enjoy continuous training and mentoring from experienced professional consultants for relatively long periods of time. They gain knowledge and skills that are required for successful business management.

The project is 75% subsidized by the government. In addition the government dictates fees that are relatively low in the consultancy industry.

For further details see the annex

POLICY MEASURE # 3 - The Forum of Business Development Centers (MATI).

The Forum of Business Development Centers (MATI) was established in 1994 as a voluntary organization similar to a trade union. Its members are the heads of the 26 MATI's spread throughout the country. The forum receives no funding.

The forum works to promote awareness raising and a favorable entrepreneurship policy environment as well supporting institutions that promote entrepreneurship. It is one of the most important and extensive databases of information on creation and support for small and medium businesses in Israel.

The forum gets together about once a month and discusses the major trends and changes in policy and business. A major objective is to create an entrepreneurial environment in Israel and to promote governmental policy in this field.

MATI Forum's main objectives and feature are:

- Development of the professional and managerial abilities of its members.
- Instilling professional tools that will help the forums members in their jobs
- Advancement of co-operation between the MATI's and the authorities.
- Advancement of co-operation between MATI managers.
- Sharing information between the forum members.
- Development of ideas and strategies on a professional level.

POLICY MEASURE # 4 - Keren Shemesh (Sun Fund)

Keren Shemesh is a non-profit company established in 2006 by two philanthropic funds: the Edmund Safra Fund and the SACTA - Rashi Fund, in order to help young and talented entrepreneurs who are unemployed turn an idea into reality.

Keren Shemesh wishes to encourage the creation of hundreds of new private businesses in Israel by young entrepreneurs. The fund implements its policy of creating jobs and enhancing entrepreneurship with a variety of measures:

Counselling

The fund subsidizes 28 hours of counselling with a professional business consultant and subsidizes 75% of all consulting fees.

Mentoring

An experienced volunteer mentor who is usually a well known business person is assigned to each entrepreneur.

Finance

The fund provides a loan of up to 90,000 NIS (about 22,000 USD) interest free, with a convenient repayment scheme.

Escort

The fund escorts the new entrepreneurs for an additional 2 years after the initial request by providing counselling from leading business professionals and other assistance.

For further information see the annex.

POLICY MEASURE # 5 -"Momentum in Employment" (*Tenufa Betaasuka*)

"Momentum in Employment" (*Tenufa Betaasuka*) is a policy measure initiated by the Joint Distribution Committee – JDC Israel and established in 2005. It is funded by the National government and donations from abroad, mostly North America.

Momentum in Employment targets unemployed youth, youth in startups and entrepreneurs already in business. It works to raise awareness as well as to promote institutions and services in the small business sector.

Momentum in Employment has 5 main goals:

1. Job placement and economic mobility for the target population ("weak population")
2. Enhancement of male and female work participation rate.
3. Altering attitude towards employment within target population.
4. Social mobility, enhancing employment quality for target population.
5. Ensuring sustainable employment for target population.

In order to deal with obstructions and failures which prevent specific populations from becoming integrated in the Israeli job market, Momentum in Employment works to promote programs which must be developed in collaboration with government and private agencies. The idea is to create a "critical mass" of tools and interventions which will influence their chances of employment. For further information see the annex.

POLICY MEASURE # 6 - Ministry of Immigrant Absorption Immigrant Entrepreneur Program

The Ministry of Immigrant Absorption Immigrant Entrepreneur Program established in 1994 is a department within the Ministry of Immigrant Absorption implemented by the office itself and private organisations (contractors) that the office employs. The program is funded by National budget through the Ministry of Immigrant Absorption.

The program is targeted towards unemployed youth, youth in startups and entrepreneurs already in business. It works to promote institutions and services in the small business sector, all this within the specific group of new immigrants.

Aims of the Immigrant Entrepreneurship Program:

- Assisting in studies and locating the relative advantages of the immigrant in the business field.

- Enabling advancement of one's personal career via contacts in independent businesses.
- Assisting in establishing new businesses by immigrant entrepreneurs.
- Assisting in stabilizing and advancing existing businesses.

The Majority of entrepreneurship activities and programs that The Ministry of Immigrant Absorption offers (except for the loan itself) are in collaboration with the many Centers for Business Development (MATI) and are accessible to new immigrants since most centres have English and Russian speaking counsellors.

The Ministry of Immigrant Absorption offers a loan fund to immigrant entrepreneurs who are interested in opening or advancing their own business.

For further information see the annex.

4. Analysis

In this section we will analyze to what extent the institutions described in the previous section coordinate their activities and policy measures in the field of entrepreneurship development, if and what networks exist in the field and what is still missing.

For this purpose we refer to the APIS model, which distinguishes between different levels of intervention, i.e. awareness raising (A), policy measures (P), institutions (I) and services (S).

Besides the level of intervention, we can also distinguish between the target group or stage of development. This starts with young students in schools, continues with university graduates or young unemployed people, then business start-ups and finally existing entrepreneurs.

We will analyze the interventions that exist in Israel aimed at creating an entrepreneurial culture, a favourable policy environment, effective and sustainable institutions to support entrepreneurs and business support services. All these intervention levels will be analyzed for the different target groups mentioned above.

A Awareness

A.1. Youth enrolled in school

Not much is being done towards promoting awareness of business creation in the school system; the Ministry of Education has no entrepreneurship initiatives. "Young Entrepreneurs Israel" reviewed in chapter 2 is not an integral part of the entrepreneurship network in Israel despite having connections with some of the organizations which do support entrepreneurship (JDC, the Koret Fund, etc.)

MATI Jerusalem has recently begun to experiment with MEDA-ETE's OFB program. In the summer of 2008 a seminar targeted towards students in university and discharged soldiers was held. In addition, measures have been taken to disseminate the program in other Israeli institutions.

A.2. Unemployed youth

In Israel there is a rather strong awareness of unemployed youth towards self employment and entrepreneurship, it is conceived as a viable source of employment and income for unemployed people. However, this awareness is not being actively or seriously promoted by any policy measure, it is self perpetuated.

The Israel Small and Medium Enterprise Authority was established in 1993 in order to create an encouraging entrepreneurial environment and promote awareness towards self employment but this measure is not enough. The small and medium business sector in Israel constitutes 99% of the economy but only receives a tiny fraction of the budget. There is a large void between the needs of this sector and the response that is given by the policy makers.

A.3. Youth start-ups

The attitude towards business creation is neutral. Even though the Israeli economy is dynamic and growing, a person looking for a job is more likely to join an existing business than to open his own.

There are policy measures targeted towards awareness raising for starting businesses such as the "Momentum in Employment" program but these measures are limited in extent and targeted towards very specific populations. They are more successful in the later stages: institutions and services.

A.4. Youth in business

Even though the small business sector in Israel employs over 1.2 million people in 400, 000 businesses and is supposedly the backbone of the Israeli economy, it is hard to say that measures are being taken to create a society which is favourable towards this sector.

Aside from the one program mentioned ("Young Entrepreneurs Israel") and the fact that the vast majority of the economy relies on small and medium businesses, the awareness towards entrepreneurship and development of this sector is lukewarm at best and is not seriously promoted by any policy.

B Policy measures

General

In Israel there is an inconceivable contradiction between an extremely high level of business entrepreneurship with an emphasis on technological entrepreneurship on the one side, and an almost complete absence of a formulated government or public policy in the field of business entrepreneurship on the other.

There is a large amount of lip service in the mouths of economic decision makers saying that small business entrepreneurship is the backbone of the

Israeli economy. There is an enormous void between these words and the realistic situation.

Economic leaders and politicians are myopic and are only interested in seeing immediate results. Therefore long term programs do not receive the deserved attention. Only short term policies and programs whose results can be seen in the politician's term have any chance of being implemented.

The most significant indication of the lacking support to small businesses and entrepreneurs is the budget the government allocates towards this issue: about 10 million Euros annually even though in Israel there are over 1.2 million employees in 400,000 small businesses constituting some 99% of the Israeli economy.

It is surprising then to observe that in Israel business management is an extremely desired course of study drawing more and more students each year.

B.1. Youth enrolled in school

There is no special incentive provided by the government or by the education system to graduate or receive good grades in school. Graduates are not favoured or discriminated against in their access to counselling or funding for establishing businesses from the various organizations.

However, it must be noted that in Israel the level of education is high compared to the region, and an ever growing number of high school graduates continue on to higher education. Moreover, we have already mentioned the paradox between the popularity of business management studies in higher education and the serious lack of policy in this field.

B.2. Unemployed youth

When a young Israeli man or woman is discharged from his mandatory army service, typically at the age of 21-23, they receive a grant. The value of the grant varies according to the type of army service and its length, while the maximum amount is about 30,000 NIS (about 8,000 USD). This grant may be used towards higher education, renting an apartment, financing a wedding or establishing a business. The money may not be used for other purposes during the first 5 years following discharge from the army.

Interestingly, not many of the veterans use the money to start a business and currently the government is campaigning to change this trend via radio commercials etc.

Keren Shemesh (the sun fund) as part of it's ideology towards assisting young people in small businesses and entrepreneurship has specifically targeted

unemployed people as a population which is eligible for its support. The fund collaborates closely with the agency in charge of the veterans fund mentioned above.

B.3. Youth start-ups and Youth in business

The most important policy measure undertaken by the Israeli government was the establishment of the Israel Small and Medium Enterprises Authority to help entrepreneurs and small business operators.

As mentioned in the stocktaking, the Israel Small and Medium Enterprises Authority works to change the business environment in favour of entrepreneurship by initiating policy influencing studies, developing communications between businesses in Israel and abroad, providing assistance to businesses in the era of globalization and coordinating activity with its foreign counterparts. The authority's publicity measures are aimed at two key audiences:

1. Entrepreneurs and small business owners. The Authority works to expose them to the various assistance measures that are at their
2. Policy makers and decision makers. The authority works to situate itself as a leading entity in the field of promoting entrepreneurship and small businesses.

A recent report was written by the World Bank on a survey named "Doing Business" which measures the ease of establishing and operating a business in 179 countries worldwide. Among the categories that were assessed were: establishing a business, licensing, employing workers, registering an asset, obtaining credit etc. Israel came in the 27th place, but interestingly, the variance between Israel's scores was quite large. Israel scored much better in categories that had less to do with the functioning of the government and its policy.

However, it must be noted that Israel came in a very impressive 7th in "obtaining credit", a crucial measure for small and medium businesses.

C Institutions

General

As opposed to the significant shortage of policy measures towards small businesses and entrepreneurship in Israel, there is a multitude of Institutions, both private and public which are dedicated to the promotion of this sector, from small local institutions to government agencies and bureaus.

Most of these institutions are non governmental. The only ones that are governmental are: the Mentoring Project, the Small and Medium Enterprise Authority and the Fund for Assistance to Small Businesses with State Guarantee.

C.1. Youth enrolled in school

There are very few institutions or organizations that service the student population. Aside from the Young Entrepreneurs Israel organization which targets teenagers 15-17 years old, there are a handful of entrepreneurial organizations in Israel's universities. For example: The IDC Herzliya Entrepreneurship Center, The Hebrew University of Jerusalem Asper Center for Entrepreneurship in The School of Business Administration.

C.2. Unemployed youth

Israel's formal institution that deals with employment is the Israeli Employment Service which has locations all around the country. Its main goal is to assist the general population in finding employment both by mediation between employers and job seekers and by enhancing the applicants' chances of finding a job by preparation, writing a CV, etc.

In addition, the Employment Service does provide career retraining. However, this is a minor factor in the larger scheme of things and does not train specifically for opening a business or operating it but rather to simply have a profession.

C.3. Youth start-ups, Youth in business

This is perhaps one of Israel's strongest points. It has a multitude of private, public and governmental institutions that promote and assist young entrepreneurs who wish to establish or expand a small or medium business venture. In addition, there is a vast network of collaboration and cooperation between these institutions.

In this context, some of the most influential institutions are the Business Development Centers (MATI's) spread around the country and the MATI Forum which is their organizing body. In addition, an important role is played by the private counselees and the various funds that provide finance to businesses and entrepreneurs.

An example of the collaboration and networking between the various institutions would be a young immigrant who desires to open his own business upon arrival in Israel. He would go to the government agency named Ministry of Immigrant Absorption Immigrant Entrepreneur Program where he would get an initial response to his needs. He would then be forwarded to a local Business Development Center (MATI) where he would receive counselling

and mentoring through the Mentoring Project, and would also be offered to take a course in the relevant field.

He would then be offered to take a loan with preferred terms either from a governmental body (example: The Fund for Assistance to Small Businesses with State Guarantee) or from the various private funds (JDC, KORET, IFLA etc.)

D Services

In addition to a relatively wide range of private, public and governmental institutions which promote small business creation and entrepreneurship, these institutions offer many different services such as: counselling, mentoring, information, networking and perhaps most importantly finance.

D.1. Youth enrolled in school

In Israel services regarding entrepreneurship development are completely absent from the curriculum. This is probably a relic from Israel's days as a socialist society. Even a recent initiative to introduce a simple curriculum that promotes the most basic fundamentals of personal finance and basic money management was intercepted.

D.2. Unemployed youth

As mentioned before the government agency in charge of employment, the Israeli Employment Service does not supply services that promote self employment. They do supply career training and retraining but it is not targeted specifically at self employment but rather to employment in general.

D.3. Youth start-ups, Youth in business

Just as there is a multitude of institutions which are dedicated to the promotion of the small business sector in Israel and self employment through entrepreneurship, there is a large number of financial and non financial services that they offer: For this matter, the same services are generally offered to both start ups and existing businesses which want to expand and grow.

- **Training**

Most training courses are given at the Business Development Centers (MATI) all around the country. These training courses range from alternative medicine to opening and managing a start up company and are targeted at specific populations (immigrants, Arabs, ultra – orthodox, women, etc.)

- **Counselling**

Counselling by business advisors is provided mainly by the Business Development Centers (MATI's) and by private consultancies. The consultants examine the businesses and provide valuable suggestions to the entrepreneur, presenting him or her with a list of services that best suit his specific needs. The consulting focuses on specific aspects: marketing, management, funding, sales and more.

- **Mentoring**

The umbrella under which almost all mentoring takes place is The Mentoring Project, a government program which subsidizes business consulting services for small and medium business and assists them in both starting and developing businesses.

The mentoring project includes sub-projects that specialize in assistance in certain fields such as: marketing mentoring for exporters, industrial design mentoring, the "Spark" mentoring project for encouragement of creative thinking, quality control mentoring project and so on.

To date, the mentoring project has assisted an excess of 25,000 micro, small and medium businesses. The project has received various prestigious prizes for its successful implementation.

- **Information**

The Various Business Development Centers (MATI), for example MATI Jerusalem and MATI Raanana have access to business databases and other computerized sources of information (BDI, D&B, etc.), as well as a selection of books on various subjects related to small businesses, including reference books on starting a business, accounting, marketing and sales.

Recently, a Business Information Center dedicated to new immigrants was opened following a bid and the selection of the most appropriate service provider. The Ministry of Immigrant Absorption, via the Entrepreneurs Division, operates the Center for the benefit of new immigrants and returning residents.

It offers business information services from business consultants in the following languages: Hebrew, English, Russian, French, and Spanish.

- **Networking**

The networking aspect has two sides to it, national and international.

On the national level the network that supports small businesses and entrepreneurs is tight knit and encompasses government, public and private institutions and services. All of the government programs such as the Mentoring Program or the Small and Medium Business Authority collaborate

with non-governmental institutions and use their services in order to promote entrepreneurship. For example, the Mentoring Project refers potential entrepreneurs to private sector business consultants through local Business Development Centers (MATI).

There is also international networking, like in MATI Raanana's case. It collaborates with The American-Israel Chamber of Commerce (AICC), Southeast Region. With over 500 members today, AICC has earned the reputation as one of the most successful and effective bi-national business organizations in the United States, delivering great value to Israeli companies seeking U.S. market entry and to American companies desiring entry into Israel.

- **Access to finance**

The most widespread and developed service in Israel which is intended to help small businesses and entrepreneurs is the extensive array of government and public loans and grants given at favourable conditions. Another related kind of assistance is providing guarantees to loans, as opposed to providing the capital itself, or some kind of combination of the two.

Among the government agencies which offer access to finance we may mention The Fund for Assistance to Small Businesses with State Guarantee which targets two different needs: loans of operating capital for existing small businesses with cash flow problems and loans for expanding or establishing new businesses. Another government service is the loan offered by the Ministry of Immigrant Absorption to immigrant entrepreneurs who are interested in opening or advancing their own business. The annual government spending on these loans is about 250 million NIS (65 million USD).

In Addition, the public not for profit organizations also supply non- bank small business and entrepreneur loans in Israel. They offer many millions of Dollars every year to entrepreneurs in need of finance. These organizations include: Keren Shemesh, JDC, Koret, IFLA, the Jewish Agency and many more and are funded mainly by foreigners. The annual extent of these loans is estimated at 85 million NIS (about 22 million USD).

Current Financial Crises

What policy measures are decision makers in Israel implementing in order to help small businesses and entrepreneurs in Israel in this time of distress and credit crunch? It seems that there is awareness to the upcoming problem of the world's financial crises and the concern that it may seep into the Israeli small business sector as well. Policy makers are already fearing a severe slow down in 2009 and perhaps even recession. However, veterans of the Israeli government and bureaucratic system are wary that once again it is all just lip service and the help that the small business sector needs will fall short once again.

The main features of the proposed relief program pertaining to the small business sector are:

- Providing bank guarantees to small business owners in order to alleviate the credit crunch in collaboration with one of the major commercial banks
- The government does not want to intervene in the interest rate offered to loaners.
- The main problem in the small business sector is not the price of the credit, but rather a lack of sufficient guarantees.

Conclusion and recommendations

A complex picture emerges from the study we have performed. It is apparent that in Israel the small and medium business sector plays a major role in the local economy. In addition, it seems that there is a wide range of government, public and private institutions and services aimed at helping this sector and promoting successful entrepreneurship and self employment in Israel.

However, there is a wide and unexplained gap between the actual success and development of this sector and the deficient general and governmental policy in the field. There is a total lack of coordination between the various institutions and organizations, each one acts on his own with no guiding hand.

The most significant policy measure to date was the establishment of the Small and Medium Enterprise Authority back in 1993. Since then there is a serious void in policy measures which the private and public organizations cannot shoulder themselves. Over the years, there has been awareness among senior politicians and bureaucrats towards the economic importance of the small and medium business sector, however, due to political factors and the belief that the sector can survive on its own, not much has been done.

The current financial crisis is expected to be a watershed point in Israel's attitude towards small businesses and aspiring entrepreneurs. Decisive action in assisting the business sector, especially in access to finance and guarantees, may ensure the sectors survival and growth. However if like in the past the promised assistance is no more than lip service than small businesses and entrepreneurs in Israel are in for a tough few years.

What needs to be done?

- The Israel Small and Medium Business Authority must be strengthened in the form of funding, authority, legislation and policy. It must be permitted to formulate a clear and coherent policy aimed at promoting the small and medium business sector in Israel.
- Long terms governmental policy must be initiated in such a way that it's sights are set on long term growth of the sector rather than a patchwork solution.
- Since an umbrella organization already exists, what is needed is real coordination between the Small and Medium Business Authority and the numerous smaller organizations and institutions, and between themselves. This must be established by the Authority in order to work together towards a brighter future for the sector under a common policy.
- As part of this cooperation and guidance, programs such as MEDA-ETE's Open For Business (FOB) initiated in one organization should be further implemented in others as well.

Annex 1 - Tables

ORGANIZATION # 1

Key data	
Name of organisation	Jerusalem Business Development Center-MATI Jerusalem
Year it was founded or started to operate (or start of youth entrepreneurship activities)	1991
Name of relevant policy measure(s) that the organisation is involved in and institution that supervises or provides the funds	<p>Policy Measure: Strengthening and developing the Jerusalem economy by providing assistance in opening new businesses and expanding the existing ones. Also, promotion of franchising on a national level by way of training, mentoring etc. as will be described later.</p> <p>Support and funding: the Ministry of Industry, Trade & Labor, the Small and Medium Business Authority. Another main source of income is from services the centre offers</p>
Contact details (address/website)	9 Ha'uman St. Jerusalem, 91521 Tel: 972-2-6794242 Fax: 972-2-6793838 Email: info@mati.org.il Website: www.mati.org.il
Type of organisation <ul style="list-style-type: none"> ○ Public institution (<i>ministry or other relevant government institutions</i>) ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Private service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Educational institutions (<i>high schools, universities and vocational training institutes involved in entrepreneurship development</i>) 	<ul style="list-style-type: none"> ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Educational institutions (<i>high schools, universities and vocational training institutes involved in entrepreneurship development</i>)
Target population of the organization:	
1. youth enrolled in school, 2. unemployed youth,	

<p>3. youth start-ups, 4. youth in business</p>	<p>3. youth start-ups 4. youth in business</p>
<p>Main objective(s) of the organization's activities / services. In each case mention whether these activities/services are aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising (to create awareness and develop an entrepreneurial culture / mind-set among young people) ○ Policy environment (to create an enabling policy environment), such as preferential treatment, tax facilities; flexible licensing laws and hours, etc. ○ Institutions (that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling) ○ Services (to deliver services to entrepreneurs), training, advice, mentoring, information, networking, (access) to finance, other 	<ul style="list-style-type: none"> ○ Awareness raising (to create awareness and develop an entrepreneurial culture / mind-set among young people) ○ Institutions (that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling) ○ Services (to deliver services to entrepreneurs), training, advice, mentoring, information, networking, (access) to finance, other
<p>Type of activities and services realized by the organization</p> <ul style="list-style-type: none"> • Training, • Counselling (by a business advisor) • Mentoring (by another entrepreneur) • Information (e.g. market information) • Networking (e.g. membership association) • (Access) to finance, • Other (specify) 	<ul style="list-style-type: none"> • Training several different courses are offered, targeting various populations: <ul style="list-style-type: none"> - New immigrants - Residents of low-income neighbourhoods - Ultra-orthodox men and women separately - Discharged soldiers Setting up and running a business with specialization of expertise areas such as: <ul style="list-style-type: none"> - Catering Business - Restaurants and Bars - Start-up companies - Alternative medicine

	<ul style="list-style-type: none"> • Counselling (by a business advisor) The center offers personal counselling sessions for: <ul style="list-style-type: none"> ○ <u>Checking feasibility</u>: Help in checking the feasibility of business ideas and estimating chances of success. ○ <u>Preparing a business plan</u>: Development of a plan for setting up, expanding, or improving businesses. The plan focuses on the advantages of the business idea and works to overcome its weaknesses. This document is essential for obtaining required financing and following up on progress. • Mentoring (By another entrepreneur) A business mentor accompanies businesses in their beginning, helps improve operations of existing businesses, and analyzes individual problems that emerge in the course of their operation. This MATI Jerusalem service is provided at a discount thanks to the subsidy of the Ministry of Industry Trade and Labor. • Information (e.g. market information) MATI Jerusalem has access to business databases and other computerized sources of information (BDI, D&B, etc.), as well as a selection of books on various subjects related to small businesses, including reference books on starting a business, accounting, marketing and sales. • (Access) to finance MATI Jerusalem maintains connections with numerous institutions that offer loans to small businesses and is familiar with the procedure of applying for these loans. MATI consultants assist with applications for loans and submit business plans to the appropriate financial institutions, with their recommendations.
Other relevant information that describes the main features of this organization	<p>Since its establishment, MATI Jerusalem has assisted some 26,340 entrepreneurs, 6,080 of whom opened or expanded businesses.</p> <p>MATI Jerusalem's activities resulted in the creation of about 14,870 new jobs in Jerusalem. Entrepreneurs received loans in the amount of 106 million NIS (about 25 million USD) through MATI Jerusalem for opening and expanding small businesses. They attended hundreds of courses and</p>

	workshops in business management.
References where description of organization can be found (<i>internet/ brochures/other references</i>)	www.mati.org.il

ORGANIZATION # 2

Key data	
Name of organisation	Raanana Business Development Center - MATI Raanana
Year it was founded or started to operate (<i>or start of youth entrepreneurship activities</i>)	1994
Name of relevant policy measure(s) that the organisation is involved in and institution that supervises or provides the funds	<p>Policy Measure: MATI Raanana is a professional consulting organization specializing in assisting new entrepreneurs, small and medium sized businesses and technological startups. Its goal is to help businesses and entrepreneurs turn their ideas into successful businesses by providing a wide range of business planning services to businesses in all industries.</p> <p>Auxiliary organizations and fund providers: The Ministry of Industry, Trade & Labor, the Small and Medium Business Authority and other organizations. Another main source of income is from services the center offers.</p>
Contact details (<i>address/website</i>)	<p>Tel Hai 3 St., Raanana 43405 Israel Tel: 972-9-7602716 Fax: 972-9-7602245 Email: mor@startup.org.il Website: www.matiran.org.il</p>
Type of organisation	<ul style="list-style-type: none"> ○ Public institution (<i>ministry or other relevant government institutions</i>) ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Private service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Educational institutions (<i>high schools, universities and vocational training institutes involved in entrepreneurship development</i>)

<p>Target population of the organization:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business 	<ol style="list-style-type: none"> 3. youth start-ups, 4. youth in business
<p>o <i>Main objective(s) of the organization's activities / services. In each case mention whether these activities/services are aimed at:</i></p> <p>o <i>Awareness raising (to create awareness and develop an entrepreneurial culture / mind-set among young people)</i></p> <p>o <i>Policy environment (to create an enabling policy environment), such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.</i></p> <p>o <i>Institutions (that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling)</i></p> <p>o <i>Services (to deliver services to entrepreneurs), training, advice, mentoring, information, networking, (access) to finance, other</i></p>	<p>o <i>Institutions (that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling)</i></p> <p>o <i>Services (to deliver services to entrepreneurs), training, advice, mentoring, information, networking, (access) to finance, other</i></p>
<p>Type of activities and services realized by the organization</p> <ul style="list-style-type: none"> • Training, • Counselling (by a business advisor) • Mentoring (by another entrepreneur) • Information (e.g. market information) • Networking (e.g. membership association) • (Access) to finance, • Other (specify) 	<ul style="list-style-type: none"> • Training - Opening and Managing a Business - Marketing and Sales - Opening and Managing a Hi-tech Startup - Managing a Food-based Business - Financial Management Workshop - How to Import - Opening an Online Business - Marketing over the Internet - Empowerment Workshop for Female Business Owners - Practical Business English

	<ul style="list-style-type: none"> • Counselling (by a business advisor) MATI Raanana's consultants examine businesses and provide valuable suggestions to the entrepreneur, presenting the client with a list of MATI's services that best suit his specific needs. The consulting focuses on specific needs: marketing, management, funding or sales. • Mentoring (by another entrepreneur) Professional consultants provide hands on mentoring to businesses. The mentors analyze the business from a managerial, financial and marketing perspective and provide practical guidance to improve efficiencies and business processes. MATI Raanana boasts a large database of potential mentors, available to businesses at subsidized rate. • Information (e.g. market information) MATI has many information sources to help entrepreneurs including written material, electronic databases and human resources. • Networking (e.g. membership association) The strongest network that MATI Raanana offers is it's collaboration with The American-Israel Chamber of Commerce, Southeast Region. With over 500 members today, the AICC has earned the reputation as one of the most successful and effective bi-national business organizations in the United States, delivering great value to Israeli companies seeking U.S. market entry and to American companies desiring entry into Israel. • (Access) to finance - MATI Raanana works with a number of financial sources and funds, such as philanthropic organization, government institutions, public organizations, banks and credit companies which provide convenient loans to small and medium sized businesses.
Other relevant information that describes the main features of this organization	<p>MATI Raanana is unique among other MATI's in Israel for two main reasons:</p> <ol style="list-style-type: none"> 1. <u>High Tech</u> – MATI Raanana has gained extensive experience in assisting high tech and startup companies in their early

	<p>stages of business development. As such it has been chosen as the national center for high-tech development, helping companies and startups from all over Israel.</p> <p>2. <u>AICC</u> – MATI Raanana works and collaborates closely with The American-Israel Chamber of Commerce, Southeast Region (AICC) which was established in 1992 as a private, not-for profit business organization to boost the Israeli and South-eastern economies by helping their companies develop business relationships with each other and explore new market opportunities. Since it's founding, AICC has been involved in completed transactions valued at over \$850 million, thereby contributing to the economies of both Israel and the South-eastern United States.</p> <p>As of 2006, MATI Raanana has provided professional consulting services to over 20,000 entrepreneurs and businesses, which have raised collectively over 520 million shekel.</p>
References where description of organization can be found (<i>internet/ brochures/other references</i>)	www.matiran.org.il

ORGANIZATION # 3

Key data	
Name of organisation	The Jewish Agency for Israel Loan Fund Initiative
Year it was founded or started to operate (<i>or start of youth entrepreneurship activities</i>)	2000
Name of relevant policy measure(s) that the organisation is involved in and institution that supervises or provides the funds	<p><u>Policy Measure:</u> Advancement of disadvantaged populations including minorities, immigrants, etc. especially in the economic and geographical periphery.</p> <p><u>Supervision and funding:</u> The Jewish Agency and donations from around the world.</p>
Contact details (<i>address/website</i>)	<p>45 King George, Jerusalem ,91000 Telephone: 972-2-620-2222 Email: info@jafi.org.il Website: www.jewishagency.org.il</p>
Type of organisation	<ul style="list-style-type: none"> ○ Public institution (<i>ministry or other relevant government institutions</i>) ○ Public service providers offering technical assistance (<i>entrepreneurial</i>)

<p><i>and business training or counselling) or financial assistance to (aspiring) entrepreneurs;</i></p> <ul style="list-style-type: none"> ○ Private service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (aspiring) entrepreneurs; ○ Educational institutions (<i>high schools, universities and vocational training institutes involved in entrepreneurship development</i>) 	<p><i>and business training or counselling) or financial assistance to (aspiring) entrepreneurs;</i></p>
<p>Target population of the organization:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business 	<ol style="list-style-type: none"> 2. unemployed youth, 3. youth start-ups, 4. youth in business
<p>Main objective(s) of the organization's activities / services. In each case mention whether these activities/services are aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising (<i>to create awareness and develop an entrepreneurial culture / mind-set among young people</i>) ○ Policy environment (<i>to create an enabling policy environment</i>), such as <i>preferential treatment, tax facilities; flexible licensing laws and hours, etc.</i> ○ Institutions (<i>that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling</i>) ○ Services (<i>to deliver services to entrepreneurs</i>), <i>training, advice, mentoring, information, networking, (access) to finance, other</i> 	<ul style="list-style-type: none"> ○ Institutions (<i>that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling</i>) ○ Services (<i>to deliver services to entrepreneurs</i>), <i>training, advice, mentoring, information, networking, (access) to finance, other</i>
<p>Type of activities and services realized by the organization</p> <ul style="list-style-type: none"> • Training, • Counselling (by a business advisor) 	<ul style="list-style-type: none"> • (Access) to finance <p>Based on the national "Partnership 2000" platform, the Jewish Agency for Israel's Loan Funds Initiative works to encourage, support and promote economic development in</p>

<ul style="list-style-type: none"> • Mentoring (by another entrepreneur) • Information (e.g. market information) • Networking (e.g. membership association) • (Access) to finance, • Other (specify) 	<p>Israel's geographical and social periphery.</p> <p>The fund is designed to fill the needs of many prospective entrepreneurs who are ineligible for bank loans as they are considered high risk initiatives.</p> <p>The loan funds address this unmet need. The Jewish Agency contracts with the banks to undertake part of the financial responsibility in the event of default of repayment and guarantees the loans if the applicant falls within the designated criteria.</p> <p>There are several different targeted funds:</p> <ul style="list-style-type: none"> - Jerusalem Small Business Loan Fund Established during the second intifada in which many small businesses were hurt in order to establish and expand businesses. Funded by donors from New York, maximum loan is 100,000 USD. - Ness Loan Fund for the Negev A 20 million dollar fund established by Mr. Mack Ness, a farmer from New Jersey. About 60% of loans have been in the agricultural sector but all businesses in the Negev region are eligible. Maximum loan is 75,000 USD. - Pittsburgh Fund Intended for business in the Galilee region with less than 50 employees and 20 million NIS yearly turnover. Funded by donors from Pittsburgh. Maximum loan is 75,000 USD. - New York Fund for Immigrants Intended for new immigrants from troubled countries and for entrepreneurial women. Funded by donors from New York. Maximum loan is 50,000 USD - Western Galilee Fund Intended for businesses in the Western Galilee, especially those hurt by the security situation. Funded by donations from mid west united states. Maximum loan is 75,000 USD.
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	<p>- Negev Heights Fund</p> <p>Intended for businesses from the Negev Heights region. Funded by a private anonymous donor. Maximum loan is 75,000 USD.</p> <p>- Detroit Development Fund</p> <p>Intended for businesses in the greater Nazareth area, Migdal Haemek and the Yizrael Valley, especially for sustainable economy businesses. Funded by donors from Detroit. Maximum loan is 50,000 USD.</p>
<p>Other relevant information that describes the main features of this organization</p>	<p>The Loan Funds Initiative is part of a national platform "partnership 2000" (P2K) which intends to strengthen the ties between Jewish communities in Israel and the diasporas. A global platform connecting some 550 communities around the world in 45 partnerships.</p> <p>The funding for the loans is given by donations from abroad to the Jewish Agency Loan Funds Initiative. The initiative, currently in its seventh year of operation, includes seven funds which distribute approximately 200 loans each year.</p> <p>The loans are up to NIS 250,000 (about 65,000 USD) each and the average loan is NIS 150,000 (about 40,000 USD). The loans' repayment schedules, up to six years depending on the level of funding, usually include a six-month grace period. The money is leveraged so that for every dollar, the bank puts up 3-4 dollars.</p> <p>Successful applicants also enjoy relatively low interest rates on their loans. Once the loan is returned, the money is redirected to new applications, thereby ensuring the project's ongoing impact.</p> <p>Some of the funds are designated for specific populations, such as new immigrants, female entrepreneurs and mixed Arab-Jewish towns. All Israeli citizens can apply for these loans, subject to each fund's specific criteria.</p>
<p>References where description of organization can be found (<i>internet/ brochures/other references</i>)</p>	<p>www.jewishagency.org.il</p>

ORGANIZATION # 4

Key data	
Name of organisation	The Fund for Assistance to Small Businesses with State Guarantee
Year it was founded or started to operate (or start of youth entrepreneurship activities)	2003 (in its current state)
Name of relevant policy measure(s) that the organisation is involved in and institution that supervises or provides the funds	<p><u>Policy:</u> Assistance to small and medium businesses with establishing and expanding businesses by way of finance and providing operating capital.</p> <p><u>Funding:</u> The ministry of Finance, The ministry of Industry Trade & Labor, local commercial banks.</p>
Contact details (address/website)	<p>Hamered 29, Tel Aviv, Telephone: 972-3- 5107557 Fax: 972-3- 7968100 Email: rubbyg@ismae.org.il Website: www.hon.org.il, www.asakim.org.il</p>
Type of organisation <ul style="list-style-type: none"> o Public institution (ministry or other relevant government institutions) o Public service providers offering technical assistance (entrepreneurial and business training or counselling) or financial assistance to (aspiring) entrepreneurs; o Private service providers offering technical assistance (entrepreneurial and business training or counselling) or financial assistance to (aspiring) entrepreneurs; o Educational institutions (high schools, universities and vocational training institutes involved in entrepreneurship development) 	<ul style="list-style-type: none"> o Public institution (ministry or other relevant government institutions)
Target population of the organization: <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business 	<ol style="list-style-type: none"> 3. youth start-ups, 4. youth in business
Main objective(s) of the organization's activities / services. In each case mention whether these activities/services are aimed at:	

<ul style="list-style-type: none"> ○ Awareness raising (to create awareness and develop an entrepreneurial culture / mind-set among young people) ○ Policy environment (to create an enabling policy environment), such as preferential treatment, tax facilities; flexible licensing laws and hours, etc. ○ Institutions (that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling) ○ Services (to deliver services to entrepreneurs), training, advice, mentoring, information, networking, (access) to finance, other 	<ul style="list-style-type: none"> ○ Services (to deliver services to entrepreneurs), training, advice, mentoring, information, networking, (access) to finance, other
<p>Type of activities and services realized by the organization</p> <ul style="list-style-type: none"> • Training, • Counselling (by a business advisor) • Mentoring (by another entrepreneur) • Information (e.g. market information) • Networking (e.g. membership association) • (Access) to finance, • Other (specify) 	<ul style="list-style-type: none"> • (Access) to finance <p>The Fund for Assistance to Small Businesses with State Guarantee was established by the Israeli Government in order to amalgamate between two assistance channels, cash flow loans and establishment loans:</p> <ul style="list-style-type: none"> - Loans of operating capital for existing small businesses with cash flow problems. <p>An eligible company for the loan will show a healthy balance and growing sales with a decent history of performance and profitability. The company must show survivability and repayment capability based on future expected return. In addition, a company which is expected to create new jobs will have more favourable chance of getting a loan.</p> <ul style="list-style-type: none"> - Loans for expanding or establishing new businesses. <p>An eligible new business will be asked to show a combination of a good business idea which takes advantage of existing business opportunities in the market and entrepreneurs with the ability to lead a business to success.</p> <p>In both schemes the maximum loan is 500,000 NIS (about 130,000 USD) for a maximum length of 5 years. 70% of the loan</p>

	<p>is guaranteed by the government via the fund. The commercial banks may request guarantees for the remaining 30%. In addition, the entrepreneur must put down a personal deposit.</p> <p>A company expecting to receive a loan must pass three stages:</p> <ol style="list-style-type: none"> 1. Government prerequisites 2. Background check by the loaning bank 3. Economic check by "Tavor" (a private company chartered by the ministry)
Other relevant information that describes the main features of this organization	<p>The Fund for Assistance to Small Businesses with State Guarantee was established initially in 1988 but did not last long. In 1998 there was another failed attempt to revive it. Only in 2003 were enough measures taken to allow the fund to operate effectively.</p> <p>In the establishment of the fund in its current state there was collaboration between the Ministry of Industry Trade & Labor and the commercial banks. The banks leveraged the money that the ministry provided so that in effect the 50 million NIS allotted to the fund were leveraged to a sum of 250 million NIS available for loans.</p>
References where description of organization can be found (<i>internet/ brochures/other references</i>)	www.hon.org.il , www.asakim.org.il

ORGANIZATION # 5

Key data	
Name of organisation	KORET Israel Economic Development Fund (KIEDF), KORET- Milken Institute
Year it was founded or started to operate (<i>or start of youth entrepreneurship activities</i>)	1994
Name of relevant policy measure(s) that the organisation is involved in and institution that supervises or provides the funds	<p><u>Policy measure:</u> Advancement of entrepreneurship and the small business sector in Israel by way of providing finance and influencing policy in their favour.</p> <p><u>Funding:</u> The Milken Institute, American Friends of Koret Israel Economic Development Funds, The Jewish Agency and more.</p>
Contact details (<i>address/website</i>)	<p>8 b Henrietta Szold, Beer Sheva, 84894 Telephone: 972-8-672-96-42 Fax: 972-8-623-01-71 Email: Koret-il@zahav.net.il Website: www.kiedf.org, www.kmifellows.org</p>
Type of organisation	

<ul style="list-style-type: none"> ○ Public institution (<i>ministry or other relevant government institutions</i>) ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Private service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Educational institutions (<i>high schools, universities and vocational training institutes involved in entrepreneurship development</i>) 	<ul style="list-style-type: none"> ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs;
<p>Target population of the organization:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business 	<ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business
<p>Main objective of the organization's activities / services. In each case mention whether these activities/services are aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising (<i>to create awareness and develop an entrepreneurial culture / mind-set among young people</i>) ○ Policy environment (<i>to create an enabling policy environment</i>), such as preferential treatment, tax facilities; flexible licensing laws and hours, etc. ○ Institutions (<i>that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling</i>) ○ Services (<i>to deliver services to entrepreneurs</i>), training, advice, mentoring, information, networking, (access) to finance, other 	<ul style="list-style-type: none"> ○ Policy environment (<i>to create an enabling policy environment</i>), such as preferential treatment, tax facilities; flexible licensing laws and hours, etc. ○ Institutions (<i>that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling</i>) ○ Services (<i>to deliver services to entrepreneurs</i>), training, advice, mentoring, information, networking, (access) to finance, other

<p>Type of activities and services realized by the organization</p> <ul style="list-style-type: none"> • Training, • Counselling (by a business advisor) • Mentoring (by another entrepreneur) • Information (e.g. market information) • Networking (e.g. membership association) • (Access) to finance, • Other (specify) 	<ul style="list-style-type: none"> • (Access) to finance <p>KIEDF offers philanthropists a unique combination of leveraging contributions as if investing in their own business, helping people help themselves achieve self sufficiency and personal dignity and contributing to a stronger private sector economy in Israel:</p> <ul style="list-style-type: none"> - KIEDF Small Business Loan Funds Leveraging loan guarantees and providing interest subsidies to facilitate financing to small businesses lacking access to credit on reasonable terms. - KIEDF Microenterprise Loan Funds leveraging loan guarantees to facilitate financing to small, home-based and micro businesses lacking access to credit on reasonable. - KIEDF Micro Finance Programs Providing training, loan guarantees and post-loan mentoring to economically disadvantaged populations to establish home-based and other small businesses in partnership with various business development NGOs, local organizations, and banks. - KIEDF-CJAED-Olivestone Israeli Arab Loan Fund leveraging loan guarantees to Israeli Arab and jointly owned Jewish - Israeli Arab small businesses lacking credit access. - KIEDF-SAWA Negev Bedouin Loan Fund Assisting Bedouin women in Israel's Negev region to establish home-based microenterprises with non-leveraged financing.
<p>Other relevant information that describes the main features of this organization</p>	<p>Since it's inception in 1994 the KIEDF has approved over 5,000 loans and leveraged over 160 million dollars to every type of conceivable business.</p>

	<p>The KORET - Milken Institute fellows program</p> <p>The Koret – Milken Institute Fellows program aims to promote innovative research and develop economic/financial policy innovations that demonstrate ability to accelerate economic growth and expanded economic participation through small business ownership and entrepreneurial financial innovation. Their focus is on market-based solutions to long-standing social, environmental economic and business policy problems</p> <p>The program provides annual fellowships to outstanding Israeli graduate students, to complete independent economic research within government or parliamentary offices on issues impeding small-business development, employment expansion and economic growth in Israel.</p>
References where description of organization can be found (<i>internet/ brochures/other references</i>)	www.kiedf.org , www.kmifellows.org

ORGANIZATION # 6

Key data	
Name of organisation	The Israel Free Loan Association (IFLA)
Year it was founded or started to operate (<i>or start of youth entrepreneurship activities</i>)	1990
Name of relevant policy measure(s) that the organisation is involved in and institution that supervises or provides the funds	<p><u>Policy Measure:</u> Supplying small and micro enterprises with operating capital and finance for expansion.</p> <p><u>Funding:</u> Individual donations and organizations abroad, mostly North America and the U.K.</p>
Contact details (<i>address/website</i>)	Rivka 29, Jerusalem, 93461 Telephone: 972-2-5300777 Fax: 972-2-566-9504 e-mail: ifla@freeloan.org.il Web site: www.freeloan.org.il
Type of organisation <ul style="list-style-type: none"> ○ Public institution (<i>ministry or other relevant government institutions</i>) ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) 	<ul style="list-style-type: none"> ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or

<p><i>or financial assistance to (aspiring) entrepreneurs;</i></p> <ul style="list-style-type: none"> ○ Private service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (aspiring) entrepreneurs; ○ Educational institutions (<i>high schools, universities and vocational training institutes involved in entrepreneurship development</i>) 	<p><i>financial assistance to (aspiring) entrepreneurs;</i></p>
<p>Target population of the organization:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business 	<ol style="list-style-type: none"> 3. youth start-ups, 4. youth in business
<p>Main objective(s) of the organization's activities / services. In each case mention whether these activities/services are aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising (<i>to create awareness and develop an entrepreneurial culture / mind-set among young people</i>) ○ Policy environment (<i>to create an enabling policy environment</i>), such as <i>preferential treatment, tax facilities; flexible licensing laws and hours, etc.</i> ○ Institutions (<i>that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling</i>) ○ Services (<i>to deliver services to entrepreneurs</i>), <i>training, advice, mentoring, information, networking, (access) to finance, other</i> 	<ul style="list-style-type: none"> ○ Services (<i>to deliver services to entrepreneurs</i>), <i>training, advice, mentoring, information, networking, (access) to finance, other</i>
<p>Type of activities and services realized by the organization</p> <ul style="list-style-type: none"> • Training, • Counselling (by a business advisor) 	<ul style="list-style-type: none"> • (Access) to finance <p>The IFLA's main goal is to provide affordable financial resources to people in need. These loans range from helping new</p>

<ul style="list-style-type: none"> • Mentoring (by another entrepreneur) • Information (e.g. market information) • Networking (e.g. membership association) • (Access) to finance, • Other (specify) 	<p>immigrants to finance the purchase of a home to assisting terror victims. In the business and entrepreneurship sector, the fund has two main loan schemes:</p> <p>4. No interest loan for businesses hurt by the financial situation in Israel</p> <p>This loan is intended for small businesses (defined as business with a monthly turnover of less than 100,000 NIS, about 25,000 USD) who have suffered due to weak economic conditions in Israel. The maximum loan is 45,000 NIS (about 12,000 USD). The loan is returned in 30 monthly payments, interest free.</p> <p>5. Small business loan</p> <p>This loan is intended for encouraging and assisting small businesses. Its purpose is to allow the entrepreneur to achieve financial security and independence and to provide more jobs for the Israeli economy. Only a business which has been operating for at least 6 months is eligible for it. Entrepreneurs must be over the age of 24. The maximum amount to be loaned is 67,500 NIS (about 18,000 USD).</p> <p>The fund will provide the loan only as a supplement to other loans or grants.</p>
<p>Other relevant information that describes the main features of this organization</p>	<p>The IFLA works under Maimonides' ideal by which "A loan is better than charity, for it enables one to help himself".</p> <p>The IFLA has since 1990 given more than 350 loans a month worth a total of over 82 million NIS (about 22 million USD) and has received numerous prizes from both private and public entities in Israel.</p> <p>It helps new immigrants, the needy, the working poor, young entrepreneurs, terror victims and families with handicapped children.</p>
<p>References where description of organization can be found (<i>internet/ brochures/other references</i>)</p>	<p>www.freeloan.org.il</p>

ORGANIZATION # 7

Key data	
Name of organisation	"Young Entrepreneurs Israel"
Year it was founded or started to operate (or start of youth entrepreneurship activities)	1998
Name of relevant policy measure(s) that the organisation is involved in and institution that supervises or provides the funds	<p><u>Policy measure:</u> Young Entrepreneurs Israel is involved in exposing young people to business entrepreneurship and allows them to experience and understand it by way of a hands-on learning program initiated towards teenagers aged 15-17.</p> <p><u>Funding:</u> Various funds such as the KORET Fund, JDC and others, commercial banks and companies, higher education institutions and private donors.</p>
Contact details (address/website)	<p>Hanassi 77, Haifa, 34642 Telephone: 972-4-8100313 Fax: 972-4-8100312 Email: yeisrael@netvision.net.il Website: www.yazamim.org.il</p>
Type of organisation	<ul style="list-style-type: none"> ○ Public institution (<i>ministry or other relevant government institutions</i>) ○ Public service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Private service providers offering technical assistance (<i>entrepreneurial and business training or counselling</i>) or financial assistance to (<i>aspiring</i>) entrepreneurs; ○ Educational institutions (<i>high schools, universities and vocational training institutes involved in entrepreneurship development</i>)
Target population of the organization:	<ol style="list-style-type: none"> 1. youth enrolled in school
<ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business 	

<p>Main objective(s) of the organization's activities / services. In each case mention whether these activities/services are aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising (to create awareness and develop an entrepreneurial culture / mind-set among young people) ○ Policy environment (to create an enabling policy environment), such as preferential treatment, tax facilities; flexible licensing laws and hours, etc. ○ Institutions (that promote entrepreneurship, including those that provide access to finance and those that provide training or counselling) ○ Services (to deliver services to entrepreneurs), training, advice, mentoring, information, networking, (access) to finance, other 	<ul style="list-style-type: none"> ○ Awareness raising (to create awareness and develop an entrepreneurial culture / mind-set among young people)
<p>Type of activities and services realized by the organization</p> <ul style="list-style-type: none"> • Training, • Counselling (by a business advisor) • Mentoring (by another entrepreneur) • Information (e.g. market information) • Networking (e.g. membership association) • (Access) to finance, • Other (specify) 	<ul style="list-style-type: none"> • <u>Other – awareness raising</u> <p>Since the Young Entrepreneurs Israel Program is targeted at youth enrolled in school, its activities and services it provides are different than the other organizations'.</p> <p>Its main activity is raising awareness among young students to the opportunities and special features of entrepreneurship. It aims to educate and encourage young people to understand the basics of business administration and the free market economy.</p>
<p>Other relevant information that describes the main features of this organization</p>	<p>"Young Entrepreneurs Israel" is a non-profit organization and a member of the umbrella organization "Junior Achievement Worldwide" which is active in 102 countries worldwide. It is also a member of the European organization "Junior Achievement Young Enterprise Europe". This co-operation is realized through participation of Israeli teams in international competitions that take place in Europe.</p> <p>Young Entrepreneurs Israel is involved in exposing young boys and girls to business entrepreneurship and allows them to experience and understand it by way of a</p>

	<p>program initiated towards teenagers aged 15-17. In this program the young entrepreneurs establish an entrepreneurial business and run it for a year supervised by teachers and volunteer mentors.</p> <p>The organization is motivated by a group of enthusiastic individuals who have made it their goal to educate and encourage young people to understand the basics of business administration and the free market economy.</p>
References where description of organization can be found (<i>internet/ brochures/other references</i>)	www.yazamim.org.il

POLICY MEASURE # 1

Key data	
Name of policy measure	The Israel Small and Medium Enterprises Authority as a policy measure to help entrepreneurs and small business operators
Name of institution in charge	Ministry of Industry Trade & Labor
Name of implementing (or participating) institutions/organisations	The MATI's (Business Development Centers) implement the authority's policies but many other organizations and funds also take part in implementing the policy even though they are not directly subordinated to the authority.
Year of introduction	1993
Source of funding (<i>mention specific source of funds or sponsors, and the level - national, regional, local, other</i>)	National - Ministry of Industry Trade and Labor
References where description of measure can be found (<i>website/other references</i>)	www.asakim.org.il
<u>Description of policy measure</u> a. Objective(s), mention if measure is aimed at: <ul style="list-style-type: none"> ○ Awareness raising (<i>measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people</i>) ○ Policy environment (<i>measures to</i> 	<ul style="list-style-type: none"> ○ Awareness raising (<i>measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people</i>)

<p><i>create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.)</i></p> <ul style="list-style-type: none"> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i> ○ Services <i>(measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)</i> <p>- see vertical axis of APIS model -</p>	<ul style="list-style-type: none"> ○ Policy environment <i>(measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.)</i> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i> ○ Services <i>(measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)</i>
<p>b. Main features of the policy measure</p>	<p>The Israel Small and Medium Enterprises Authority was established in order to prioritize small and medium business entrepreneurship. It works to change the business environment in favour of entrepreneurship by initiating policy influencing studies, develop communications between businesses in Israel and abroad, provide assistance to businesses in the era of globalization and coordinate activity with it's foreign counterparts.</p> <p>The authority's publicity measures are aimed at two key audiences:</p> <ol style="list-style-type: none"> 1. <u>Entrepreneurs and small business owners</u> The Authority works to expose them to the various assistance measures that are at their disposal (grants, mentoring programs, subsidized consulting etc.) this audience is further segmented into sub-groups such as: new immigrants, discharged soldiers, entrepreneurial women, the unemployed etc. 2. <u>Policy and decision makers</u> The authority works to situate itself as a leading entity in the field of promoting entrepreneurship and small businesses.

<p>c. Target population(s), who is the policy measure primarily aimed at:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business <p>– see horizontal axis of APIS model –</p>	<ol style="list-style-type: none"> 2. unemployed youth, 3. youth start-ups, 4. youth in business
<p>d. Other relevant information</p>	<p>As opposed to other western countries, in Israel small and medium businesses have never received the proper treatment and support. Following the waves of immigration that Israel absorbed in the early 90's, policy makers reached the conclusion that something must be done in the small and medium business entrepreneurship sector. The Israel Small and Medium Enterprise Authority was established 1993 For this purpose and to create an encouraging entrepreneurial environment and promote growth.</p> <p>However, this measure is not enough. The small and medium business sector in Israel constitutes 99% of the economy but only receives a tiny fraction of the budget. There is a large void between the needs of this sector and the response that is given by the policy makers.</p>

POLICY MEASURE # 2

Key data	
Name of policy measure	The Mentoring Project, a program which subsidizes business consulting services for small and medium business and assists them in establishing and developing businesses. It is a department within the Ministry of Industry Trade and Labor.
Name of institution in charge	the Ministry of Industry, Trade & Labor
Name of implementing (or participating) institutions/organisations	The various Business Development Centers (MATI) located in over 26 different locations in Israel are in charge of the smaller businesses, and private consultants who provide the consulting and mentoring for the larger ones.

Year of introduction	1991
Source of funding <i>(mention specific source of funds or sponsors, and the level - national, regional, local, other)</i>	National - The Ministry of Industry, Trade & Labor
References where description of measure can be found <i>(website/other references)</i>	www.tamas.gov.il , www.asakim.org.il
<u>Description of policy measure</u> a. Objective(s), mention if measure is aimed at: <ul style="list-style-type: none"> ○ Awareness raising <i>(measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people)</i> ○ Policy environment <i>(measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.)</i> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i> ○ Services <i>(measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)</i> <p>- see vertical axis of APIS model -</p>	a. Objective(s), mention if measure is aimed at: <ul style="list-style-type: none"> ○ Policy environment <i>(measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.)</i> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i> ○ Services <i>(measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)</i>
b. Main features of the policy measure	<p>The Mentoring Project's main objective is encouragement of the small business sector in Israel by improvement of management, performance and profitability of businesses. The assistance is given to micro, small and medium businesses that employ up to 100 workers.</p> <p>The assistance is given by professional consultants with rich experience in the following areas:</p>

	<ul style="list-style-type: none"> • General management • Production management • Marketing management • Marketing systems • Information systems • Human resources management <p>The impact of the project on the business owners is strong. Business owners enjoy continuous training and mentoring from experienced professional consultants for relatively long periods of time. They gain knowledge and skills that are required for successful business management.</p> <p>The project is 75% subsidized by the government. In addition the government dictates fees that are relatively low in the consultancy industry.</p> <p>The project allocates mentoring on an hourly basis. The smallest businesses (1-4 employees) receive up to 20 hours of counselling while the relatively larger businesses can be eligible for as much as 150 hours.</p>
<p>c. Target population(s), who is the policy measure primarily aimed at:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business <p>– see horizontal axis of APIS model –</p>	<ol style="list-style-type: none"> 3. youth start-ups, 4. youth in business
<p>d. Other relevant information</p>	<p>The mentoring project includes sub-projects that specialize in assistance in certain fields such as: marketing mentoring for exporters, industrial design mentoring, the “Spark” mentoring project for encouragement of creative thinking, quality control mentoring project and so on.</p> <p>Since establishment to date, the mentoring project has assisted an excess of 25,000 micro, small and medium businesses. The project has received various prestigious prizes for it's successful implementation</p>

POLICY MEASURE # 3

Key data	
Name of policy measure	The Forum of Business Development Centers (MATI) for the Development of Business Entrepreneurship in Israel. The Forum is a voluntary organization similar to a trade union.
Name of institution in charge	N/A
Name of implementing (or participating) institutions/organisations	The 26 business Development Centres (MATI) spread throughout Israel.
Year of introduction	1994
Source of funding <i>(mention specific source of funds or sponsors, and the level - national, regional, local, other)</i>	No funding.
References where description of measure can be found <i>(website/other references)</i>	N/A
<p><u>Description of policy measure</u></p> <p>a. Objective(s), mention if measure is aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising <i>(measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people)</i> ○ Policy environment <i>(measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.)</i> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i> ○ Services <i>(measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)</i> <p>- see vertical axis of APIS model -</p>	<ul style="list-style-type: none"> ○ Awareness raising <i>(measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people)</i> ○ Policy environment <i>(measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.)</i> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i>

<p>b. Main features of the policy measure</p>	<p>The MATI forum for the cultivation of business entrepreneurship in Israel is composed of 26 MATI managers that operate throughout Israel.</p> <p>The most important and extensive database of information on creation and support for small and medium businesses in Israel exists in this forum.</p> <p>The forum gets together about once a month and discusses the major trends and changes in policy and business. A major objective is to create an entrepreneurial environment in Israel and to promote governmental policy in this field.</p>
<p>c. Target population(s), who is the policy measure primarily aimed at:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business <p>– see horizontal axis of APIS model –</p>	<ol style="list-style-type: none"> 2. unemployed youth, 3. youth start-ups, 4. youth in business
<p>d. Other relevant information</p>	<p>MATI Forum's main objectives and features:</p> <ul style="list-style-type: none"> • Development of the professional and managerial abilities of its members. • Instilling professional tools that will help the forum's members in their jobs • Advancement of co-operation between the MATI's and the authorities. • Advancement of co-operation between MATI managers • Sharing information between the forum members • Development of ideas and strategies on a professional level

POLICY MEASURE # 4

Key data	
Name of policy measure	Keren Shemesh (Sun Fund)
Name of institution in charge	N/A
Name of implementing (or participating) institutions/organisations	Keren Shemesh itself.
Year of introduction	2006
Source of funding (mention specific source of funds or sponsors, and the level - national, regional, local, other)	Edmond G. Safra Philanthropic Foundation and the SACTA - RASHI Foundation
References where description of measure can be found (website/other references)	www.keren-shemesh.org.il
<p><u>Description of policy measure</u></p> <p>a. Objective(s), mention if measure is aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising (measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people) ○ Policy environment (measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.) ○ Institutions (measures to create or support institutions that promote entrepreneurship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling) ○ Services (measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other) <p>- see vertical axis of APIS model -</p>	
	<ul style="list-style-type: none"> ○ Policy environment (measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.) ○ Institutions (measures to create or support institutions that promote entrepreneurship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling) ○ Services (measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)

<p>b. Main features of the policy measure</p>	<p>Keren Shemesh is a non-profit company that was established by two philanthropic funds: the Edmund Safra Fund and the Rashi Fund in order to help young and talented entrepreneurs who are unemployed turn an idea into reality.</p> <p>Keren Shemesh wishes to encourage the creation of hundreds of new private businesses in Israel by young entrepreneurs</p>
<p>c. Target population(s), who is the policy measure primarily aimed at:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business <p>– see horizontal axis of APIS model –</p>	<ol style="list-style-type: none"> 2. unemployed youth, 3. youth start-ups,
<p>d. Other relevant information</p>	<p>Keren Shemesh implements it's policy of creating jobs and enhancing entrepreneurship with a variety of measures:</p> <ul style="list-style-type: none"> • <u>Counselling</u> <p>The fund subsidizes 28 hours of counselling with a professional business consultant and subsidizes 75% of all consulting fees</p> <ul style="list-style-type: none"> • <u>Mentoring</u> <p>An experienced volunteer mentor who is usually a well known business person is assigned to each entrepreneur.</p> <ul style="list-style-type: none"> • <u>Finance</u> <p>The fund provides a loan of up to 90,000 NIS (about 22,000 USD) interest free, with a convenient repayment scheme.</p> <ul style="list-style-type: none"> • <u>Escort</u> <p>The fund escorts the new entrepreneurs for an additional 2 years after the initial request by providing counselling from leading business professionals and other assistance.</p>

POLICY MEASURE # 5

Key data	
Name of policy measure	"Momentum in Employment" (Tenufa Betaasuka)
Name of institution in charge	Joint Distribution Committee – JDC Israel (The Joint)
Name of implementing (or participating) institutions/organisations	The program itself and organisations that operate under them on a mostly voluntary basis.
Year of introduction	2005
Source of funding (mention specific source of funds or sponsors, and the level - national, regional, local, other)	National government and donations from abroad, mostly North America
References where description of measure can be found (website/other references)	www.jdc.org.il
<p><u>Description of policy measure</u></p> <p>a. Objective(s), mention if measure is aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising (measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people) ○ Policy environment (measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.) ○ Institutions (measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling) ○ Services (measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other) <p>- see vertical axis of APIS model -</p>	<ul style="list-style-type: none"> ○ Awareness raising (measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people) ○ Institutions (measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling) ○ Services (measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)

<p>b. Main features of the policy measure</p>	<p>"Momentum in Employment" has 5 main goals:</p> <ol style="list-style-type: none"> 6. Job placement and economic mobility for the target population ("weak population") 7. Enhancement of male and female work participation rate. 8. Altering attitude towards employment within target population. 9. Social mobility, enhancing employment quality for target population. 10. Ensuring sustainable employment for target population.
<p>c. Target population(s), who is the policy measure primarily aimed at:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business <p>– see horizontal axis of APIS model –</p>	<ol style="list-style-type: none"> 2. unemployed youth, 3. youth start-ups, 4. youth in business
<p>d. Other relevant information</p>	<p>Program development for target population</p> <p>In order to deal with obstructions and failures which prevent specific populations from becoming integrated in the Israeli job market, programs must be developed in collaboration with government and private agencies. The idea is to create a "critical mass" of tools and interventions which will influence their chances of employment.</p> <p>Community involvement</p> <p>In the programs an emphasis will be put on involving local authorities. This is not only in order to enhance their success rate but also to change the perception about local employment as a whole.</p> <p>Distribution and implementation</p> <p>The goal is that every program and plan which ends up being successful will be the basis for further government, NGO, business and local authority programs on a larger scale.</p>

POLICY MEASURE # 6

Key data	
Name of policy measure	Ministry of Immigrant Absorption Immigrant Entrepreneur Program
Name of institution in charge	The Ministry of Immigrant Absorption
Name of implementing (or participating) institutions/organisations	The office itself and private organisations (contractors) that the office employs.
Year of introduction	1994
Source of funding <i>(mention specific source of funds or sponsors, and the level - national, regional, local, other)</i>	National budget through the Ministry of Immigrant Absorption
References where description of measure can be found <i>(website/other references)</i>	www.moia.gov.il
<p><u>Description of policy measure</u></p> <p>a. Objective(s), mention if measure is aimed at:</p> <ul style="list-style-type: none"> ○ Awareness raising <i>(measures to create awareness on entrepreneurship and develop an entrepreneurial culture among young people)</i> ○ Policy environment <i>(measures to create an enabling policy environment, such as preferential treatment, tax facilities; flexible licensing laws and hours, etc.)</i> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i> ○ Services <i>(measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)</i> <p>- see vertical axis of APIS model -</p>	
	<ul style="list-style-type: none"> ○ Institutions <i>(measures to create or support institutions that promote entrepreneur-ship, including those that provide access to finance - such as microfinance institutions - and those that provide training or counselling)</i> ○ Services <i>(measures to promote the delivery of services to entrepreneurs, such as training, advice, mentoring, information, networking,(access) to finance, other)</i>

<p>b. Main features of the policy measure</p>	<p>Aims of the Immigrant Entrepreneurship Program:</p> <ul style="list-style-type: none"> • Assisting in studies and locating the relative advantages of the immigrant in the business field. • Enabling advancement of one's personal career via contacts in independent businesses. • Assisting in establishing new businesses by immigrant entrepreneurs. • Assisting in stabilizing and advancing existing businesses.
<p>c. Target population(s), who is the policy measure primarily aimed at:</p> <ol style="list-style-type: none"> 1. youth enrolled in school, 2. unemployed youth, 3. youth start-ups, 4. youth in business <p>– see horizontal axis of APIS model –</p>	<ol style="list-style-type: none"> 2. unemployed youth, 3. youth start-ups, 4. youth in business
<p>d. Other relevant information</p>	<p>The Majority of entrepreneurship activities and programs that The Ministry of Immigrant Absorption offers (except for the loan itself) are in collaboration with the many Centers for Business Development (MATI) and are accessible to new immigrants since most centres have English and Russian speaking counsellors.</p> <p><u>Business Consultation Bureau</u></p> <p>The Ministry of Immigrant Absorption, as an executive branch of the Government of Israel, in cooperation with the Authority for Small and Medium-sized Businesses in Israel has initiated this project to provide basic information and business consultancy services to anyone considering immigrating to Israel to help further the success of his absorption into the country by establishing an independent business.</p> <p>Business consultation is given at no charge as a service provided by the Ministry of Immigration</p>

	<p>and Absorption and the Authority for Small and Medium-sized Businesses in Israel through the Business Development Center (MATI) Rishon Lezion by experienced, professional advisers.</p> <p><u>Loan Fund</u></p> <p>The Ministry of Immigrant Absorption offers a loan fund to immigrant entrepreneurs who are interested in opening or advancing their own business.</p> <p>This process also involves MATI. Its counsellors examine the feasibility of the business and accordingly prepare a business plan and make their recommendations to the Fund for the Self-Employed Immigrant.</p> <p>The amount of the loan is determined according to the needs of the business. The committee determines which guarantees and securities are required by the entrepreneur. The maximum amount of the loan is 75,000 NIS (about 18,000 USD)</p>
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Annex 2 – acronyms

AICC – The American-Israel Chamber of Commerce

APIS – Awareness, Policy, Institutions, Services

BDI – Business Data Information

CJAED – The Center for Jewish Arab Economic Development

CSP – Core Service Provider

D&B – Dun & Bradstreet

IFLA – Israel Free Loan Association

JDC – Joint Distribution Committee

KIEDF – Koret Israel Economic Development Fund

MATI – *Merkaz Tipuach Yazamut* (Business Development Center - BDC)

MEDA -ETE - Euro-Mediterranean Partnership's Education and Training for
Employment

NIS – New Israel Shekel

OFB – Open For Business

USD – United States Dollars

Annex 3 – sources

www.asakim.org.il

www.freeloan.org.il

www.hon.org.il,

www.jdc.org.il

www.jewishagency.org.il

www.keren-shemesh.org.il

www.kiedf.org,

www.kmifellows.org

www.mati.org.il

www.matiran.org.il

www.mof.gov.il

www.moia.gov.il

www.tamas.gov.il,

www.yazamim.org.il

Annex 4 - interviews

- Mr. Uri Scharf, Chairman, MATI Jersusalem. We would like to express our deepest gratitude to Mr. Sharf on his continual help and assistance throughout the entire writing of this report.
- Mr. Michael Cohen, C.E.O, MATI Raanana
- Mr. Real Goodman, C.E.O, Shemesh Foundation
- Mrs. Chaya Graf, JDC Israel
- Mr. Dani Mazliach, C.E.O, The Israel Small and Medium Business Authority.
- Mr. Motti Morad. C.E.O, Mati Rishon Lezion
- Mrs. Tzvia Dori, Internal trade and finance unit manager, Ministry of Industry, Trade & Labor
- Mr. Amir Sznajderman, Manager of Economic Development and Loan fund unit, The Israel Department - The Jewish Agency for Israel.
- Mr. Joe Rosen, Director of Business Unit, IFLA
- Mr. Avi Shlush, Manager, Mentoring Project in the Ministry of Industry Trade & labor.
- Mr. Yossi Kidron, Safra Foundation.