Erasmus Plus IN2IT Project

*Arab Hi-Tech in Israel*

November, 2015

Dr. Ramzi Halabi
History of Arab Employment

50’s-60’s  Agrarian economy: men and women work in family farms

70’s-80’s  Textile and food come to towns: women join workforce. Men become unskilled laborers in Jewish cities. Rise in higher education participation


2000’s  Economic divide between Jews and Arabs
        Crisis in local municipalities, shrinking public sector
        Academic education on the rise
        New fields: telemarketing, financial sector and service sector

2010’s  55% of Arab university students are women, however 75% of Arab women are unemployed
Hi-tech drove Israel’s economy

... yet, Arab citizens do not participate
Israel has two economies

<table>
<thead>
<tr>
<th>Arab economy</th>
<th>General economy</th>
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<tbody>
<tr>
<td>54% poverty rate</td>
<td>19%</td>
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<tr>
<td>27% women work</td>
<td>57%</td>
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<td>22% local tax from industrial zones</td>
<td>66%</td>
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<tr>
<td>20% Sciences’ grads work in their field</td>
<td>90%</td>
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- Arabs comprise 20% of the population, but only 8% of GNP
- The lost potential: **31 Billion NIS a year** (Prime Minister’s office)
The story of Tsofen
About Tsofen – Hi Tech Centers

• An Arab-Jewish organization (Nazareth & Tira)
• NGO Established in 2008
• Founders- Smadar Nehab (CEO), Sami Saadi (Co Director), and Yossi Coten
• Chairman of the board- Dr. Ramzi Halabi
• Annual budget ~ $1.6M
Vision and mission

- Hi-tech is the growth engine of Israel’s economy
- Similarly, hi-tech should and can be the growth engine for the Arab society in Israel.

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<th>4 regional centers in Arab cities covering main tech regions in Israel</th>
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<td>10% of hi-tech workforce are Arabs in the short term</td>
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<td>Number of Arab university STEM graduates doubles to address demand needs</td>
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<td><strong>Israel</strong></td>
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<td>Arab employees in hi-tech</td>
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<tr>
<td><strong>Nazareth</strong></td>
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<td>Hi-tech positions in Nazareth</td>
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<td>Hi-tech Companies in Nazareth</td>
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<td>Global Companies</td>
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<td><strong>Triangle</strong></td>
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Tsofen’s success in Nazareth

Al Bawader – leading VC firm (daughter company of Pitango)

Broadcom – global leaders in high-speed communication

Galil – Software and QA services company serving industry leaders

Amdocs – one of Israel’s leading software companies

Monthly meet-ups and annual professional events on trending topics in tech

600 engineers
Three pillars needed to scale

- **Real estate – office building(s)**
  - Municipalities will assist in identifying appropriate land and take an active role in the process
  - Tsofen will make connections with real estate investors

- **Proven human capital potential**
  - Tsofen will train human capital and assist in bringing industry into Arab cities
  - Tsofen and municipalities will cooperate in mapping and accessing human capital

- **Government incentives and subsidies**
  - Tsofen will work with government ministries to match incentives with industrial areas in Arab cities, in partnership with municipalities
The impact of hi-tech in Arab cities

• “1,000 new jobs will create tens of thousands more” (Yair Lapid, 09/2013, re Intel K.Gat)

• % of women working in hi tech in Nazareth equals the proportion in the general population

• 100% of Tsofen’s women grads work in proximity to their hometown

• “My son can see, feel, touch hi tech near our home” (Orsan Awadeh, Tsofen’s grad employed in Amdocs Nazareth)
How did the *Tefen* industrial area contribute to the broader area?

- Approx. 10,000 jobs
- Approx. $230M gross salary
- Approx. $1.2B in export