

Approximately USD 450M Invested in Israeli Venture Capital Funds through the Israel Innovation Authority's Yozma Fund

Government investment expected to leverage more than USD 2 billion in total fundraising and strengthen Israel's high-tech ecosystem

JERUSALEM, ISRAEL, January 13, 2026 /EINPresswire.com/ -- The Israel Innovation Authority announced today the investment of approximately USD 450 million in Israeli venture capital funds through its government-backed Yozma Fund, aiming to leverage more than USD 2 billion in total fundraising and support continued investment in technology amid a prolonged global slowdown in venture capital markets.

Under the Institutional Investors Incentive Program, institutional investors have so far committed total investments of approximately USD 365 million, including approximately USD 79 million from the Yozma Fund, across 11 Israeli venture capital funds. These commitments are expected to lead to estimated fundraising of at least USD 1 billion, significantly expanding the participation of local institutional capital in Israel's innovation ecosystem. The institutional program has recently completed the first phase of its implementation, marked by the achievement of a significant milestone in the form of hundreds of millions of dollars in investment commitments from Israeli institutional investors, demonstrating the mechanism's ability to generate real change in the market.

In parallel, under the Deep Tech Funds Program, direct investments totaling approximately USD 85 million have been approved for nine additional Israeli venture capital funds, against an overall fundraising target of USD 1 billion. As part of the program's conditions, the funds approved for investment in December are required to reach a first closing within six months of approval, a



Dror Bin, CEO, Israel Innovation Authority

requirement that accelerates fundraising processes and enables the start of actual investment activity in the short term.

Bezalel Smotrich, Minister of Finance, said: "Israel is committed to strengthening Israeli high-tech and safeguarding its status as a central engine of economic growth. Through the Yozma Fund, we are injecting government capital that catalyzes private investment totaling billions of dollars, strengthens local venture capital funds, and ensures continuity of investment even during challenging periods. This is an important economic move that establishes a stable financial foundation for Israeli entrepreneurship and reinforces the resilience of the Israeli economy over the long term."

Gila Gamliel, Minister of Innovation, Science and Technology, said: "Deep technologies form the foundation of Israel's competitive advantage in the decades ahead, yet they require patient capital, expertise, and long-term support. Investment in venture capital funds through the Yozma Fund is designed to ensure that Israeli innovation at the forefront of science and technology continues to grow even under challenging market conditions. This is a strategic move that connects government policy, private capital, and breakthrough entrepreneurship, positioning Israel at the forefront of global development in critical technological fields."

Dror Bin, CEO of the Israel Innovation Authority, said: "Fundraising by Israeli venture capital funds has declined sharply in recent years, as part of a global macroeconomic trend driven by changes in capital flows and interest rate environments, as well as challenges unique to Israel. Israeli venture capital funds play a critical role in the ecosystem, particularly at early stages. Accordingly, we took immediate action to encourage LPs of Israeli funds to move forward with their commitments."

The Yozma Fund provides support both to generalist funds and to funds focused on deep tech, and to date has driven investment activity and enabled Israeli funds to complete fundraising rounds. The Yozma Fund will continue to invest in 2026, and we hope it will serve as an effective leverage tool for continued investment in Israeli high-tech as activity accelerates following the end of the war."

Kfir Batat, Deputy Director General of the Budgets Department, Ministry of Finance, said: "The Yozma 2.0 Program is designed to increase local investment in the high-tech sector and create long-term financial stability. The new deep tech program launching now will help Israeli venture capital funds specializing in deep technology bridge financing challenges and strengthen the resilience of the local industry operating at the forefront of global technology. This step is part of a broader set of measures promoted by the Ministry of Finance in cooperation with the Israel Innovation Authority to improve the business environment, strengthen R&D infrastructure, and advance human capital in the technology sector."

About the Yozma Fund

The Innovation Authority's Yozma Fund is designed to invest in venture capital funds in order to preserve and further develop Israel's investment market and create an optimal financing environment for Israeli high-tech companies. The fund operates through two complementary programs:

Institutional Investors Program

This program was established to address one of the key challenges of Israel's venture capital market: the limited allocation of local institutional capital to Israeli venture capital funds. The program expands the interface between Israeli venture capital funds and Israeli institutional investors by offering a unique excess-return mechanism to institutional investors that invest in Israeli venture capital funds.

Under this mechanism, the Authority co-invests alongside institutional investors at a ratio of USD 0.30 for every dollar invested in funds selected by the institutional investor. This structure creates a meaningful incentive to increase the exposure of long-term savings capital to Israeli high-tech.

This combination strengthens local funds, encourages finalization of funding even during challenging periods, and contributes to the creation of a broader and more stable investment base for Israeli technology companies across all stages of germination and growth.

Eleven leading Israeli institutional investors are participating in the program, with a total allocation of approximately USD 140 million. Of this amount, approximately USD 79 million from the Authority's budget was utilized by institutional investors in 2025, leveraging total investment commitments of approximately USD 365 million across 11 Israeli venture capital funds. These commitments have led, and are expected to continue to lead, to aggregate fundraising of at least USD 1 billion. The remaining institutional investments under the program are expected to be completed in 2026.

Deep Tech Funds Program

The Deep Tech Funds Program operates as a Fund of Funds, investing directly in funds specializing in deep technologies. One of the program's primary objectives was to assist funds in reaching a first closing, recognizing that this stage is a critical milestone for deep tech funds in completing fundraising, establishing credibility with LPs, and commencing investment activity.

The program was launched based on the understanding that deep technologies are a strategic engine for the long-term growth of Israeli high-tech, while also requiring patient capital, specialized expertise, and sustained professional support. Through government investment as a Fund of Funds, the program enables the establishment and strengthening of specialized funds in areas such as semiconductors, biotechnology, advanced materials, quantum technologies, agro-foodtech, and more.

The initiative is intended to ensure that Israeli companies operating at the technological frontier have access to dedicated funding sources and experienced funds, even during periods of uncertainty in international markets.

Under the Deep Tech Funds Program, nine Israeli venture capital funds were selected, with investments from the Yozma Fund totaling approximately USD 85 million. Upon full closing, these funds are expected to raise an estimated total of approximately USD 1 billion, including the Authority's investment. The funds are expected to complete their first closing in the coming months and reach final closing within 18 months, in accordance with the program's terms. The selected funds target a range of company stages, from early-stage to later-stage investments, and span diverse sectors.

The investment framework is designed to increase the likelihood of success for venture capital funds launching new funds, at the stage where they are shaping fund structure, completing fundraising, and preparing to begin investment activity. In such cases, it is customary for venture capital funds to determine the timing and manner of public disclosure, based on business considerations and fundraising progress.

Over the coming year, as these funds mature and investment activity advances, the results of the initiative are expected to become visible through the establishment of new funds and investments in deep tech companies.

Raoul Wootliff
N10S
+ +972546921720
[email us here](#)

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