

STATE OF ISRAEL

MINISTRY OF FINANCE - ACCOUNTANT GENERAL

10/04/25

Request for Information

Exploration of the Establishment of Investment Funds to Promote Advanced Military Technology Projects

The Accountant General's Department at the Ministry of Finance and the Directorate of Defense Research and Development at the Ministry of Defense (hereinafter: the "Requester" or the "State") hereby publishes a preliminary request for information regarding the "Exploration of the Establishment of Investment Funds to Promote Advanced Military Technology Projects." Anyone interested in responding to the request and providing information shall act in accordance with the details outlined in these documents.

1. Background

1.1 Since the outbreak of war Iron Swords, there appears to be an increase in developments and startups in the defense sector, either exclusively or in combination with civilian fields. These developments are vital to the Israeli economy. This increase is also reflected globally, both in local economies and in international trade. The Ministry of Finance, through the Accountant General's Department (hereinafter: the "Accountant General"), and the Ministry of Defense, through the Directorate of Defense Research and Development (hereinafter: "MAFAT"), are examining the possibility of establishing one or more investment funds aimed at encouraging developments in advanced defense technology. As part of this call for proposals, the mechanisms of such investment fund(s) (hereinafter: the "Fund") will be examined. The purpose of the Fund is to encourage capital investments in Israel's advanced defense technologies industry (hereinafter: "Defense-Tech"), through investments in innovative defense ventures in Israel.

2. General Conditions

2.1 Investments will be selected and executed by the Fund Managers, who will serve as the General Partner (GP) in the Fund pursuant to the Partnerships Ordinance [New Version], 1975, and subject to their selection through a designated process.

- 2.2 The Fund Manager(s) will be selected through a competitive process conducted by the State, based, among other factors, on their experience and capabilities in managing investment funds.
- 2.3 The Fund Manager(s) will secure capital commitments from investors, both Israeli and foreign, to be invested in the Fund during its term and in accordance with the rules defined in the Fund's bylaws.
- 2.4 Upon completion of the fundraising period, as defined in the tender, and immediately following receipt of full capital commitments from investors, the Fund Manager will establish a separate legal entity to be incorporated and registered in Israel as a limited partnership, as defined under the Partnerships Ordinance and the Partnership Regulations (Registration and Fees). The sole purpose of this partnership shall be to manage the Fund's assets.
- 2.5 The Fund's investments will be made via debt or equity financing from Israeli and international investors, targeting Israeli Defense-Tech startups meeting clear criteria. The Fund will not invest in large defense industries, in accordance with its mandate to support small and medium-sized startups, in line with the investment policy to be detailed in the Fund's future formation documents.
- 2.6 For the purpose of this RFI, a "Large Defense Industry" is defined as a defense manufacturer operating in Israel, holding a license under the Defense Export Control Law, which cumulatively meets the following criteria: (1) employs at least 5,000 employees; and (2) has an average annual volume of contracts with the Ministry of Defense exceeding NIS 2 billion over the past five years.
- 2.7 It is further noted that investments in subsidiaries of large defense industries, as well as in medium-to-large defense companies, may be considered at a later stage.
- 2.8 The total investment framework will be managed by one or more selected Fund Managers, and the Fund's decision-making mechanisms will be reviewed accordingly.
- 2.9 For the avoidance of doubt, the State shall not participate alongside the General Partners (GP) or Limited Partners (LP) in external costs, such as legal fees, accounting services, valuation experts, or any other external consultant hired by the General Partner or Limited Partners for Fund-related activities.

- 2.10 The State is seeking input from interested parties regarding the following issues:
- 2.10.1 What is the preferred legal structure for the Fund – should it be a limited company, a limited partnership, or another form, please elaborate and justify your recommendation.
 - 2.10.2 What should be the target size of the Fund(s). Please support your response with financial data from existing activities or any other relevant information.
 - 2.10.3 What should be the optimal role of the State in the Fund: an investor and active decision-making partner, a guarantor, a combination of both, or other
 - 2.10.4 What level of guarantee, if any, should the State provide to the Fund?
 - 2.10.5 What is the minimum investment amount per investor, and what should be the lifespan of the Fund?
 - 2.10.6 Should the State establish a single fund or multiple funds.
 - 2.10.7 Should the Fund provide business mentoring services, or should such support, if necessary, be provided by MAFAT.
 - 2.10.8 Intellectual Property – what role, if any, should the State hold regarding IP ownership, and what should be the respective rights of other investors.
 - 2.10.9 What should be the State's role in the Fund's governance and decision-making? Should the State have veto power in certain cases or only under specific circumstances? Please provide details.
 - 2.10.10 Fund Activity Scope – We would appreciate your input on relevant Defense-Tech sectors that should be included in the Fund and the rationale behind your suggestions.
 - 2.10.11 Should the Fund invest in Defense-Tech companies involved in dual-use (civilian and defense) technologies? If so, why, and what would be the optimal investment mix for the Fund.
 - 2.10.12 Should the Fund's activity include investments in developments outside Israel? If so, what portion of the Fund's overall activity should such investments represent?

3. Submission of Responses

Interested parties wishing to submit their positions on the above matters—including the Fund’s operating model, expected return rates, structure and principles, nature and sectors of the portfolio companies, or any other relevant issue—are requested to submit their written responses to the following email address: RFI@mof.gov.il, no later than May 8, 2025. The respondent must include at the beginning of their position paper their role and current organizational affiliation (e.g., insurance company, investment house, company, entrepreneur, private investor, banking corporation, academic institution, or any other entity) along with their contact details (phone number and email address).

4. Timeline

Activity	Date	Time
Publication of the RFI	April 10, 2025	17:00
Clarification Questions – via Webinar	April 28, 2025	12:00
Final date for Clarification Questions	May 1, 2025	20:00
Deadline for RFI Response Submissions	May 8, 2025	20:00

4.1 RFI Publication and Submission Method

4.1.1 This RFI has been published as of April 10, 2025 on the Accountant General’s website at:

https://www.gov.il/he/departments/units/department_ag/govil-landing-page

4.1.2 Responses to this RFI must be submitted according to the timeline outlined in Section 4 above. The Accountant General reserves the right to extend the final submission deadline, in which case a notice will be published on the website mentioned above.

4.1.3 The contact person for this RFI is the Accountant General via email:

RFI@mof.gov.il.

5. General Information and Reservation of Rights

5.1 Without derogating from the provisions of this RFI, the state or representatives reserve the right to request clarification question or additional information or data from any or all respondents, starting from the publication data of this RFI.

5.2 The State or its representatives may use the content of the position papers, appendices, or any other document submitted for the purpose of formulating

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recommendations regarding the process, or for any other use, and reserve the right to respond or not to respond to any submissions.

- 5.3 It is clarified that the State may use any information submitted by respondents to this RFI. Consequently, respondents waive any claim, demand, or legal action against the State or its representatives in connection with rights related to or arising from their response to this RFI.
- 5.4 This RFI does not create any obligation toward the respondents, and the State, MAFAT, or their representatives may proceed at their sole discretion. The State or its representatives may meet at any stage with any respondent they deem appropriate, in accordance with applicable law, without any restrictions.
- 5.5 The publication of this RFI or any accompanying draft documents does not constitute any obligation by the State or its representatives toward any individual or entity.
- 5.6 All expenses related to the preparation and submission of information in response to this RFI shall be borne exclusively by the respondents.
- 5.7 Submitting a response to this RFI is not a prerequisite for participation in any future procedures, if such are initiated.
- 5.8 The State has not yet formulated a definitive policy on the matter, and this RFI does not constitute a request for proposals, nor is it part of any tender or other procurement process. It is solely a request for information, based on which the State will consider its next steps.
- 5.9 It is emphasized that this RFI and its annexes do not obligate the State in any way, including with respect to continuation of the process, and do not create any commitment toward the respondents. It is a preliminary inquiry for information only, and the State shall determine its further actions accordingly.
- 5.10 Furthermore, this RFI does not imply any obligation by the State to support the initiative or to publish a competitive procedure. Responding to this RFI does not constitute participation in a competitive process, nor does it grant any advantage in such a process or ensure meeting eligibility requirements. The State may make any use of the information submitted, including sharing it with third parties involved in evaluating a potential engagement. Respondents shall have no claims regarding intellectual property rights or any other issue in this context.
- 5.11 The State reserves the right to publish specifications, criteria, or any other element based on the information collected during this process via tender or any other method. Notwithstanding the above, the identity of the respondents will not

be published, except as provided in Regulation 14A(f) of the Mandatory Tenders Regulations.

5.12 Subject to applicable law, the State will maintain the confidentiality of information received through this RFI, and such information will be used only for the purposes outlined above, and in accordance with the following conditions:

5.12.1 The State shall not publish the information publicly.

5.12.2 The State shall not infringe on the respondents' intellectual property rights.

5.12.3 The State shall not use the information for commercial purposes, except as specified in this RFI.

5.12.4 The State shall not transfer the information to third parties, except to entities involved in designing the engagement (e.g., professional consultants).

5.13 Notwithstanding the above, the State may contact the respondent to request permission to use the information. Additionally, if a tender is published following this RFI and the winning bidder was a respondent, the State may allow access to the information submitted by the respondent, pursuant to Regulation 21(e) of the Mandatory Tenders Regulations, with necessary modifications.

5.14 Declaration by the Respondent In responding to this RFI, the respondent declares as follows:

5.14.1 That they agree to all the terms of the RFI and undertake not to make any claims or demands against the State or any other party regarding the use of the information submitted in response.

5.14.2 That the information submitted in response to this RFI and any future use thereof does not infringe the rights of any third party, including intellectual property rights, and that the respondent alone shall bear full responsibility for any claim or demand arising from such use. The respondent shall indemnify the State upon first demand for any amount required or claimed due to such a claim, including legal fees and expenses.

5.14.3 All documents relating to this RFI are the sole property of the Requester.

5.15 This RFI is published with the approval and under the supervision of the Requester's Tender Committee.