

Israel's' Impact Economy



האקדמית
תל־אביב-יפו



“Israel has proved more than any other place outside of silicon valley, that it has the sort of entrepreneurial innovative spirit to be able to move from start-up nation to impact nation.”

Sir Ronald Cohen

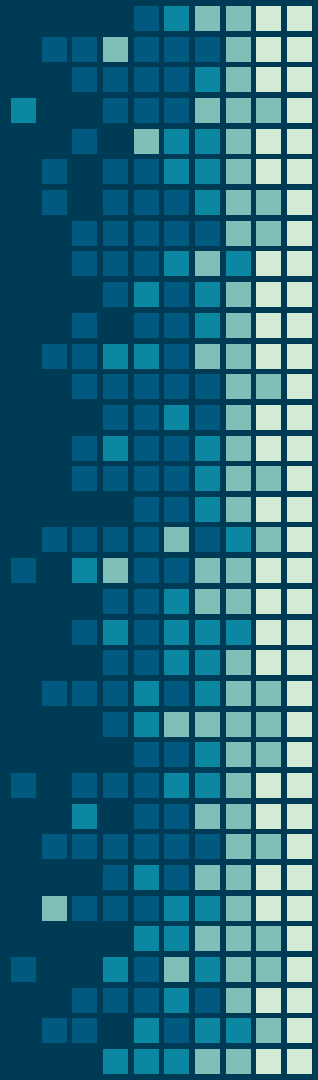
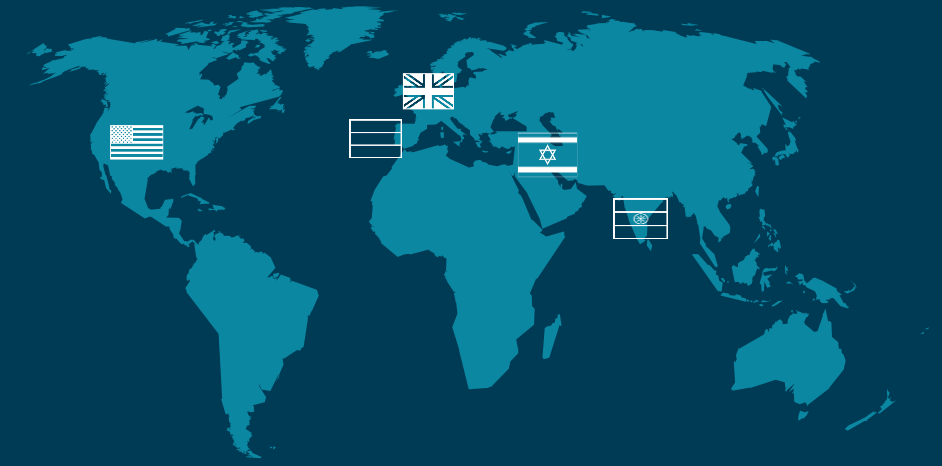


Social Finance Israel (SFI) - is a non-profit organization that creates measurable change in people's lives by deploying innovative financing tools to solve social challenges, all while developing the Impact Investing sector in Israel. Established in 2013, SFI is the first and only social investment intermediary in Israel and a member of the Social Finance Global Network.

As of March 2020, **Midot** - a non-profit organization that promotes effectiveness and impact measurement - joined SFI as a subsidiary of SFI, with an independent Board of Directors.

With our **sister companies** around the world, we collaborate in leveraging the ideas, models and innovative concepts developed by the group, in order to expand the accessibility and impact of social investment tools. Over M\$140 were raised by the international group to support a variety of social initiatives.

Our **team** is composed of professionals from a variety of fields with experience in the public sector, financial consulting, finance, investment management and social research.



Our Board is comprised of C-Suite professionals from the private and non-profit sector. Each member brings extensive experience, helping to champion and advance our efforts



Sir Ronald Cohen
Chair, The Global Steering
Group for Impact
Investment



Chemi Peres
Pitango VC



Ariel Weiss
CEO Yad Hanadiv



Galia Maor
Former CEO Bank Leumi



Doron Livnat
Cofounder, MAOZ



Keren Karp
Glazer Philanthropies



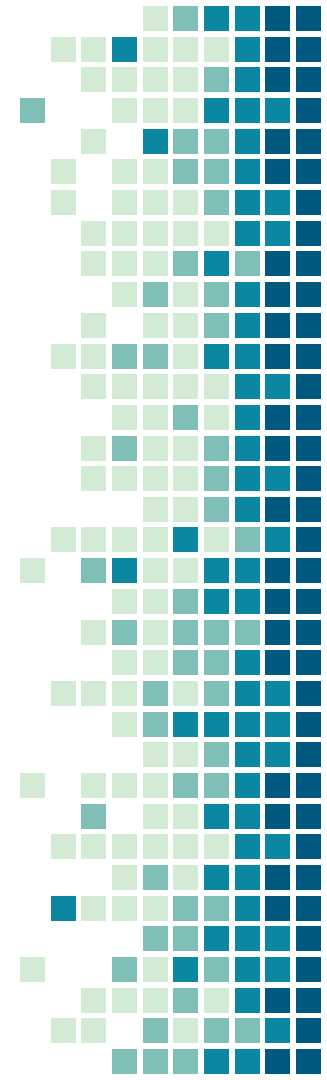
David Baruch
Yessodot Fund



Amir Levy
Former Israeli OMB



Oshik Feller Gil
Chairwoman of
Midot



SFI Partners Across Sectors and Industries



Active Player in the Global Impact Market



Founding Member of the Social Finance Global Network (SFGN)



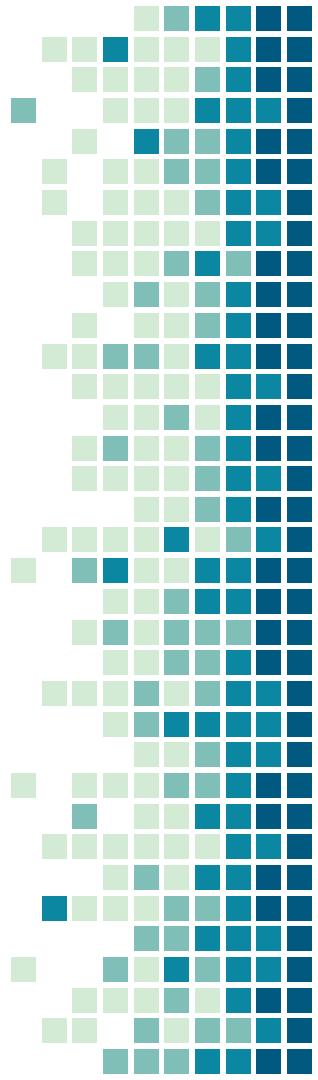
Co-Chair of the Israel National Advisory Board for Impact Investing (Israeli NAB)



Outcomes-Based Financing Instruments

Pay-for-Success Model Social Impact/Career Bonds

A performance-based contract
between social service providers,
investors, governments and other
stakeholders





AXA – A 3-tiered Responsible and Impact Investment Approach

ESG INTEGRATED 530 bn EUR

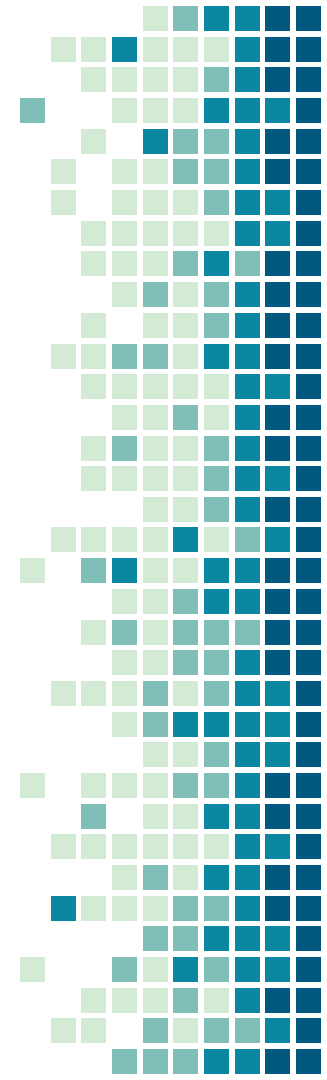
- Negative screening: tobacco, palm oil
- Screens 90% of assets for ESG factors
- ESG scoring methodology (1-10)
- Low scorers monitored
- Stewardship and engagement to improve performance

SUSTAINABLE 14.8 bn EUR

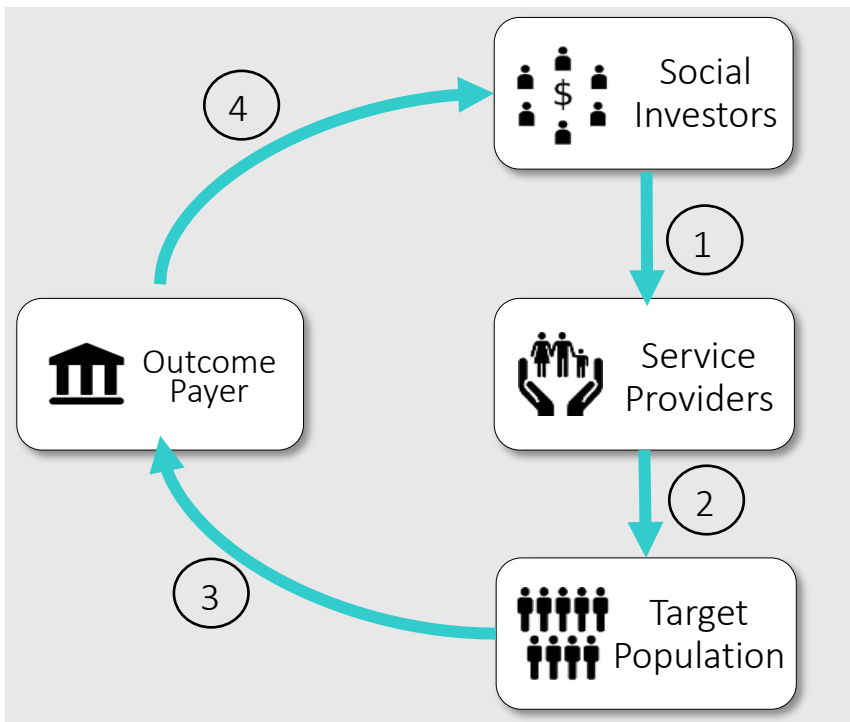
- Portfolios are optimized for sustainable outcomes
- refined investment universe
- adjust portfolio to include companies leading on specific KPIs (i.e. carbon footprint)

IMPACT 1.4 bn EUR

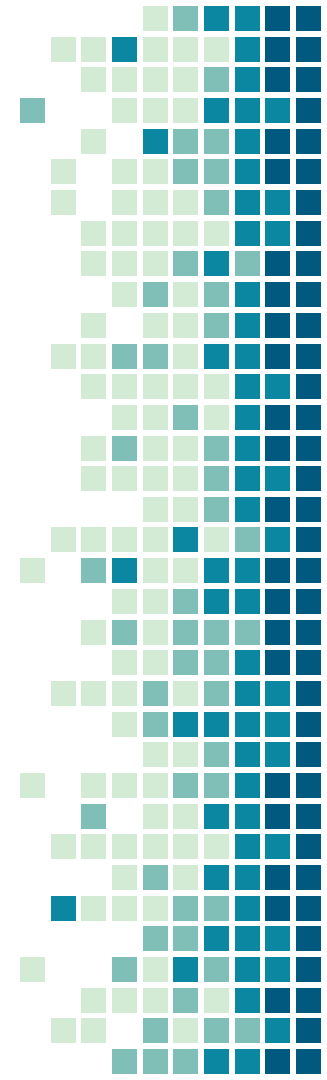
- Products and services that provide a net positive impact on society or the environment
- Listed, private equity, social and green bonds, project finance



The Social Impact Bond (SIB)



- 1 Investors provide funding for the social intervention
- 2 Innovative social program are implemented to promote results
- 3 Social outcomes are carefully measured
- 4 Public entities pay according to the measurement of results [pay-for-success]



Social Impact Bond (SIB) in Numbers



207 SIBs in 35 different countries



\$456 capital raised



\$3.16M capital invested in a single SIB on average



12,950 average beneficiaries per SIB

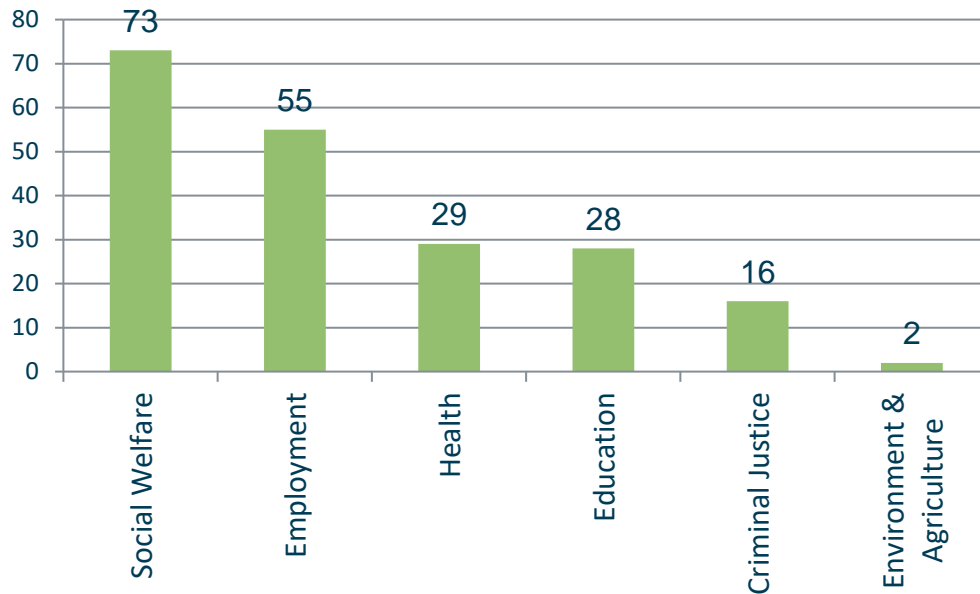


18 SIB/DIBs in developing countries



51 months average project length
























To date, majority of SIBs launched were in the fields of welfare and employment



Social and development impact bonds by the numbers April 2021 snapshot
<https://www.brookings.edu/research/social-and-development-impact-bonds-by-the-numbers>

Social Impact Bond Dataset V2 Beta by INDIGI
<https://golab.bsg.ox.ac.uk/knowledge-bank/indigo-data-and-visualisation/impact-bond-dataset-v2/?query=>

SFI's Social Impact Bonds (SIBs) and Career Impact Bonds (CIBs) in Operation

	 <p>Reducing College Drop-Out Rates (A) – Computer Science</p>	 <p>Atid Bari' (Healthy Future) Delaying the Onset of Type – 2 Diabetes</p>	 <p>Momentum Enhancing Math Achievement among Bedouin Youth</p>	 <p>Reducing Drop-Out Rates in Information Technology - B</p>	 <p>Preventing Elderly Loneliness</p>	 <p>Heznek Hagalil Increasing the Representation of Druze in Tech</p>
Capital raised	8.1M NIS	19.4M NIS	14.8M NIS	2.4M NIS	2.3M NIS	2.0M NIS
Start Date	10/2015	3/2016	1/2019	3/2019	2/2021	4/2021
Participants	754 Computer Science Students	2,038 individuals at Risk of Diabetes	~1,350 High-School Students	180 Information Technology Students	~200 Elderly	60 Druze
Outcome payers						—
Service providers						
Feasibility Study Supporters						

***Atid Bari'* (Healthy Future) — Delaying the Onset of Type – 2 Diabetes SIB**



Type-2 Diabetes is a chronic disease and brings with it the potential for a host of long- term medical issues, including weight gain, loss of sight, disabilities, and even the threat of amputation. SFI estimates these ailments cost the health and welfare systems an average of 17,777 NIS per patient annually. With 669,000 individuals currently at high risk for developing Type-2 diabetes, if scaled, this innovative SIB championing preventative healthcare has the potential to result in significant cashable savings to the system, while helping thousands of individuals regain control over their long-term health and wellbeing.

Intervention Plan

Numerous studies show that Type-2 Diabetes can be avoided through regular physical activity and a healthy diet. Together with program partners, SFI oversees the provision of nutritional support, exercise activities, other behavioral modifications designed to help individuals maintain healthy lifestyles and prevent the onset of Type-2 Diabetes.

2020-2021 Spotlight

In the face of challenges brought on by COVID-19, SFI organized online exercise classes and communal activities, helping to foster a strong network of peer support for SIB participants.



Peretz Harach from Jerusalem, participant in the 'Healthy Future Program', lost 33 Kilos and is much healthier

Atid Bari' (Healthy Future) — Delaying the Onset of Type-2 Diabetes SIB



What

Reduce the number of Pre-diabetics who go on to develop Type-2 Diabetes



SDT 3.4 - Reduce premature mortality from non-communicable diseases by one-third through prevention and treatment and promote mental health and well-being.

SDT 3.d - Strengthen the capacity of all countries, particularly developing countries, for early warning, risk reduction, and management of national and global health risks.



Who

669,000 Israelis are at high risk for Type-2 diabetes. The SIB is design to reach individuals most at risk.

31%
Female participants

69%
Male participants

15.5%
Arab-Israeli and Jewish-Ethiopian participants



How much

2,038
Pre-diabetics participating in the SIB

Depth of change only available in year 8 of operation



Contribution

177,771
Estimated total direct value to the system per participant (NIS)

Momentum — Enhancing Math Achievement among Bedouin Youth SIB



SIB
IN OPERATION

The Bedouin city of Rahat, located in the south of Israel near Beer Sheva, is one of the most deprived cities in Israel. Educational outcomes among the city's youth fall significantly below the national average. Whereas 35% of the general population matriculate with 4-and 5-point math, only about 15% of students in Rahat matriculate with these top scores. SFI's 4th SIB is designed to close these gaps, ensuring greater equality and social mobility for beneficiaries and the broader community.

Intervention Plan

Premised on continuous performance management and feedback, the intervention plan includes skills training for teachers, activities to strengthen communication and coordination between schools and community leaders, activities designed to boost motivation and feelings of self-efficacy, and tutoring.

2020-2021 Spotlight

In the face of challenges brought on by COVID-19, SFI furnished members of the community with laptops so that students could keep up with studies remotely. We also organized mathematics quizzes and online activities to keep students motivated and engaged in their studies.



Students from Rahat high schools participating in math programing

Momentum — Enhancing Math Achievement among Bedouin Youth SIB



SIB
IN OPERATION



What

Increasing educational attainment among vulnerable and disadvantaged populations



SDT 4.1 - Ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to relevant and effective learning outcomes.



SDT 10.2 - Empower and promote the social, economic, and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



Who

It is estimated that if given the right support, 500-600 Bedouin students per year would be eligible for 4 and 5-point math.

Students at all 7 high schools in Rahat.

72%
Female students

28%
Male students



How much

1,331
High school students

Depth of change only available in year 5.5.

By changing study and work habits, the intervention will have a long-term effects, impacting students' academic and professional careers for years to come.



Contribution

1,917,432
Expected lifetime contribution to GDP per participant (NIS).

Students who finish high school with 4 or 5-point math are more likely to pursue quality employment and earn above the national average.

Total Estimated Value of our Impact Bonds

All values in the ripple are in millions (NIS).

6

5 Social Impact Bonds
1 Career Impact Bond
Launched To Date

4,560

Impact Bond
Participants

97.2

Cashable Savings
To Government

1,796.3

Economic Value To Israel GDP

74.8

Committed By
Public Entities To
Pay For Outcomes

49.0

Committed By
Impact Investors

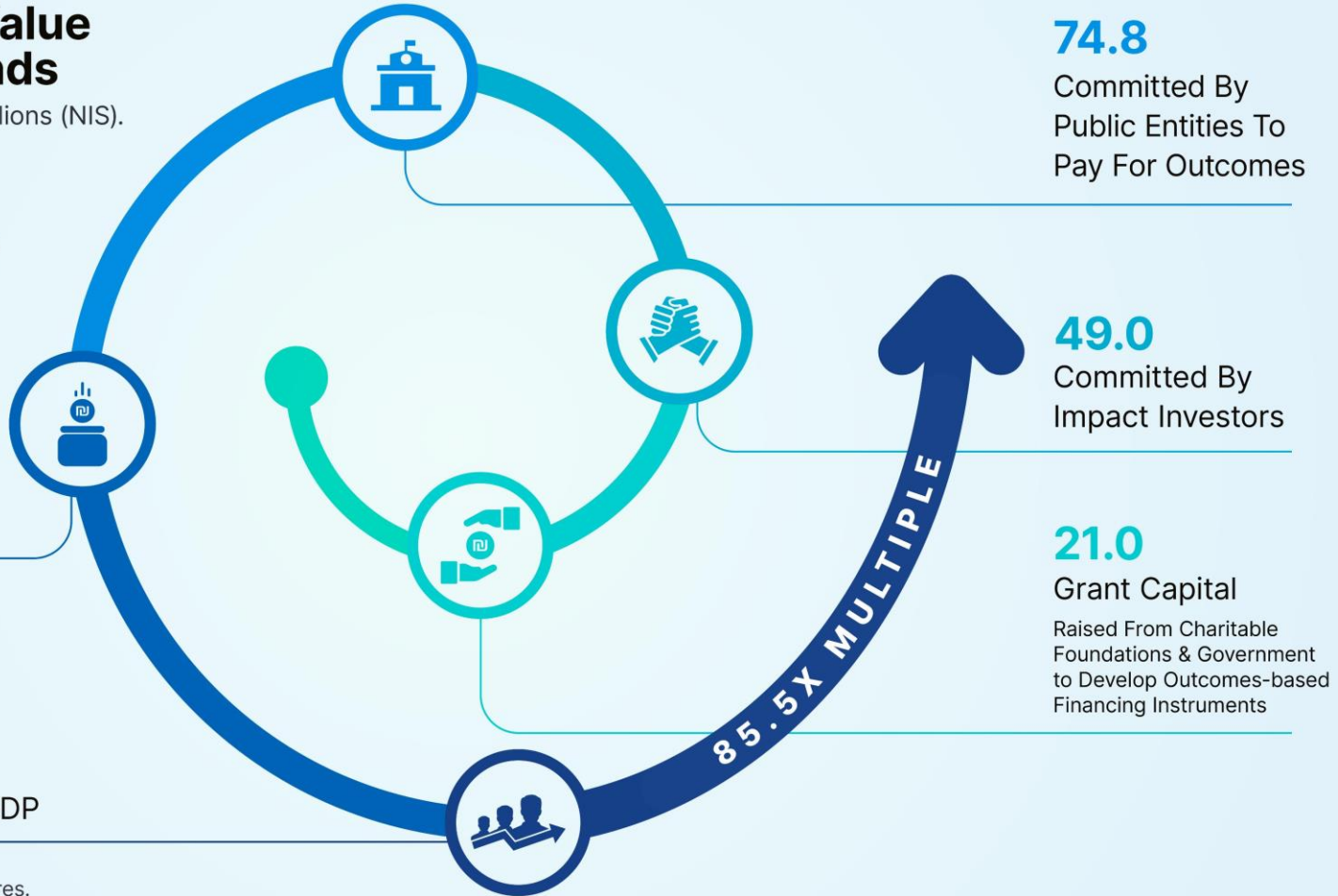
21.0

Grant Capital

Raised From Charitable
Foundations & Government
to Develop Outcomes-based
Financing Instruments

85.5X MULTIPLE

See endnotes for an explanation of figures.



Cost savings and revenue generation for public entities

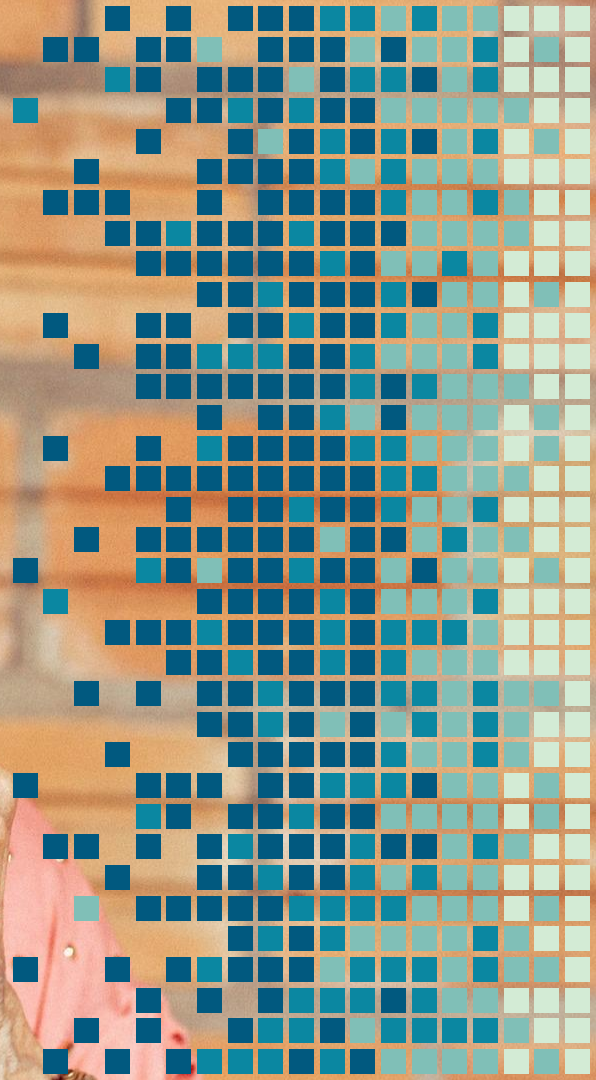
SFI engages in ideation, R&D, and performance management of new investment instruments and interventions that link financial returns to social outcomes.

SIB	Participant	Direct Economic Value (NIS)	Estimated Total Direct and/or Indirect Lifetime Value to System or Value to GDP for One Participant (NIS)	Total Addressable Market in Israel (Indicates the Scale of Future Impact)
1	Computer science graduate	132,674	5,260,000	18,480 Students studying Computer Science at risk of dropping out (per 4-year class cycle)
2	High risk pre diabetic	17,777	177,771	669,000 High-risk Prediabetics
3	High-school students in cities with low math matriculation outcomes	n/a	1,917,432	46,245 high-school students nationwide
4	Information Systems Students	132,674	4,734,000	18,400 potential dropout students studying Information Systems (per 4-year class cycle)
5	Lonely Elderly	48,342	48,342	364,625 Elderly at risk of Loneliness
6	Druze Young Professional	n/a	3,900,000	1,921 Druze young professionals (Likely to benefit tens of thousands of young professionals from all demographic groups)

See endnotes for an explanation of figures.

Idan Hadash - New Era

Social Impact Bond to reduce the
loneliness of the elderly residents
of Tel Aviv Yafo



New Era program offers:



Social return: reducing loneliness among the elderlies in Tel Aviv will significantly impact hundreds of elderlies' quality of life in the urban space.



Financial return: based on achieving the intervention goals and contingent on the success rates, the investor is expected to receive an attractive single-digit¹ IRR



Measurable results: the project will be conducted with a meticulous measuring system, which will enable to review success in a reliable and accurate way



Replicating successful interventions: the success of the SIB will be proof of concept and a catalyst for improving results in the welfare field in other areas in Israel and with collaborations with local municipalities

1. Investment in this program has no guarantees and any investor can lose his money in the program. Financial return is contingent on the execution of the social program which has many variables like postponement of the program due to Covid-19 and/or a third lockdown

Funding Structure



1.5 million NIS via Anchor Qualified

0.8 million NIS Crowdfunding

0.2 M NIS

1 million NIS via Crowdfunding Platform

1.3 M NIS

Impact Investors 2.3 million NIS

Financing

SOCIAL FINANCE ISRAEL

Intermediation

A service provider that specializes in reducing loneliness among the elderly

Reduction of loneliness among 200 elderly persons

Outcome Payments

Pay-for-Success

Tel Aviv Jaffa Municipality & Tel Aviv Jaffa Foundation
2.8 million NIS

Independent Evaluation

SIBs & CIBs in Development

JAN 2020 — JUNE 2021

SFI's R&D team is developing a rich pipeline of new projects. SIBs and CIBs currently in the pre-launch phase tackle challenges affecting the most vulnerable and disadvantaged groups in Israeli society. New projects typically arise through one of two routes – either via public entities seeking innovative or effective solutions, or via philanthropic foundations who are eager to explore pay for success approaches.

12

SIBs in
Pre-Launch

9

Pre-SIB Feasibility
Studies

79

Potential outcome
Funders*

Transgender
sex workers

Single
Mothers

People with
Mental Illnesses

Young female
professionals

People with
disabilities

Arab
citizens

Bedouin
youth

Haredi young
professionals

*# of government units with whom we are in talks to develop new SIBs

The social national challenge:

Urgent need to re-imagine and re-build pathways to economic opportunity



There is a mismatch between the skills of the workers and the needs of the market, which creates a large number of open jobs despite high unemployment rates.



Barriers to low-income populations prevent access to optimal training



Limited growth capital for effective training providers & Broken link between program price and outcomes



Unprecedented income inequality & Unemployment rate in Israel is 20%¹

The solution – Career Impact Bond



Identification of areas of employment with an increase in demand for workers

We use data to identify fair-wage occupations in growing industries



Designing ISA that maximizes the impact

Each program is designed so that the training and envelope services will help participants overcome existing barriers



Collaborate with training providers with proven experience

we collaborate with training providers with a high-performance history of training and job placements and working closely with employers

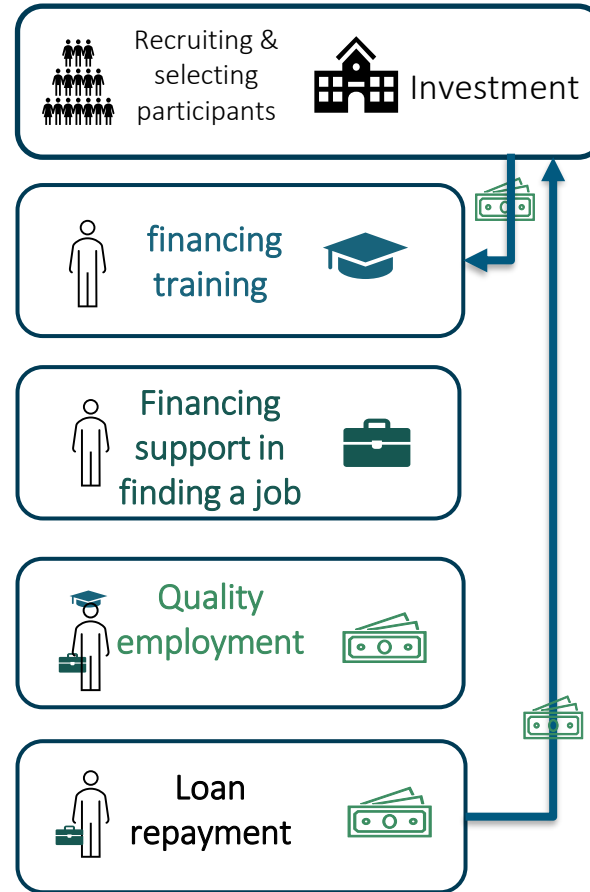
CIB structure

Stage 1 – an ISA loan is provided to finance training and placement

Stage 2 – we assist training graduates to find a suitable and quality placement

Stage 3 – The graduate reaches a monthly income above a pre-agreed income threshold

Stage 4 - The graduate pays back the loan as a relative rate of the monthly income



Mefathim CIB

An impact investment to enable Mefathim - a for-profit company dedicated to training Haredi men to become professional-level computer programmers in only 18 months - to take their existing program to scale nationally.



Outcome Payer



150

of Participants



9 (4.7)

Program Size (by Impact investors) in NIS M



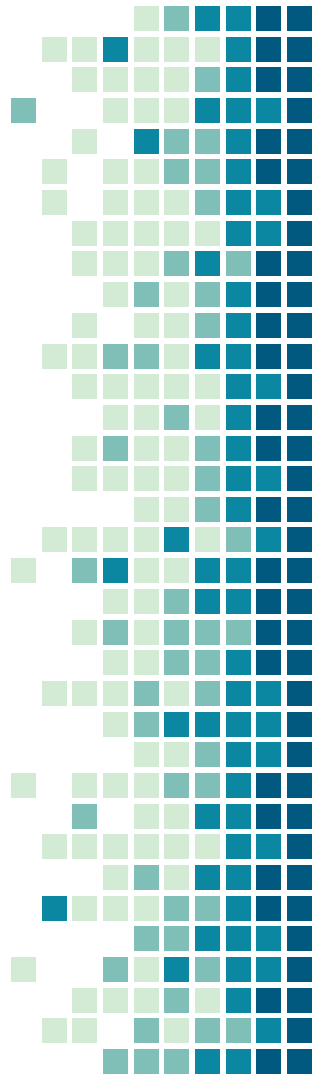
4.5

Duration in Years



High Tech Employment

Measurement



Mefathim CIB



WHAT

- Training Haredi men to become computer programmers in only 18 months
- Scaling program nationally



HOW MUCH

At least 50% job placement and retention rate in the high-tech sector



WHO

150 men from the Haredi community; despite constituting some 12% of the population only 3% of all employees in the high-tech industry are Haredim



CONTRIBUTION

- Break out of the cycle of poverty
- Increase earnings from 800 NIS p/m to 25 -32K NIS by the end of year 3 of employment



RISK

- Low recruitment numbers
- Lack of job placement

Hezkek Hagalil — Increasing the Representation of Druze in Tech CIB



A career impact bond (CIB) is a financing model designed help students and professionals from vulnerable groups retrain and acquire the sought-after skills needed to fill high-demand professions.

Launched in April 2021, Hezkek Hagalil is SFI's first CIB and the only instrument of its kind in Israel. It aims to increase the number of young men and women from the Israeli Druze minority access software development jobs. Capital was raised from impact investors to cover the cost of tuition and a small living stipend. Recipients are expected to pay back the upfront capital provided they meet certain earning thresholds within a set period of time after completing their training.

The CIB is running in partnership with Appleseeds Academy, the Koret Economic Development Funds, multinational tech firm Nvidia, and the Israel Innovation Authority.

SFI is continuing to explore professionals with a high demand for skilled labor, as well as populations that would benefit from access to this financial instrument.

Intervention Plan

Training and job placement support helping Druze secure jobs that pay at least 12,000 NIS per month and set to increase incrementally.

2020-2021 Spotlight

COVID-19 increased the demand for skilled tech labor. This innovative instrument is positioned to accelerate the nation's economic recovery, while also ensuring greater diversity and inclusion.



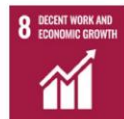
Exposure conference in Kfar Yasif for the Hezkek Hagalil Program

Hezkek Hagalil — Increasing the Representation of Druze in Tech CIB



What

Increased access to quality employment among vulnerable and disadvantaged populations; increased workforce productivity



SDT 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labor-intensive sectors.



Who

Druze citizens, an Arabic-speaking ethnic minority representing approximately 1.6% of the Israeli population.

20%
Female students (Expected)

80%
Male students (Expected)



How much

60
Young Druze Professionals



Contribution

3,900,000
Estimated lifetime contribution to GDP per participant (NIS)

The project will pilot an innovative funding instrument new to the Israeli context. The instrument is funded through a blended finance model, 50% from a coalition of Israeli impact investors and 50% from a government grant for innovation in tech workforce development.

An aerial photograph of a coastal town, likely in the Maldives, showing a sandy beach, turquoise water, and numerous buildings with traditional domed roofs. The entire image is overlaid with a blue color filter.

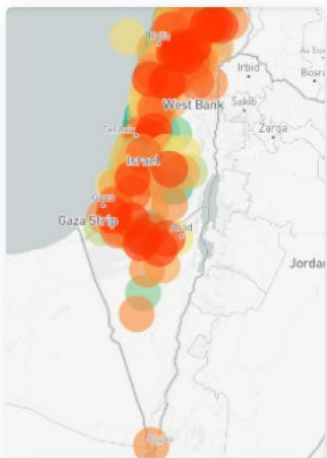
JAN 2020 — JUNE 2021

Advisory Practice

Advisory Practice Examples

JAN 2020 — JUNE 2021

Reducing gaps in science, technology, engineering, and math (STEM) outcomes and improving the acquisition of knowledge, skills, and positive attitudes towards STEM learning – an impact and performance management project focused on improving outcomes in real time.



Designed to advance the efforts of the Jewish Federations of Cleveland that is championing STEM learning in Israel, we created a comprehensive national STEM index. The Index makes it possible to measure and evaluate the quality of STEM studies in all localities across the country based on objective data.

The Index compiles student data gathered from elementary through to higher education into a single weighted index gauging STEM outcomes.

With the launch of the STEM Index, SFI also developed dozens of assessment tools based on research and scientific articles from around the world.

Through the project, SFI successfully turned academic research into practice by introducing new measurement tools to teachers and educators for use in the classroom. These tools have enabled the program to assess skills and attitudes in real time to increase motivation and positive outcomes in STEM subjects.

Our efforts are specifically focused on eliminating outcome gaps between towns in the center and those in the geographic and socio-economic periphery.

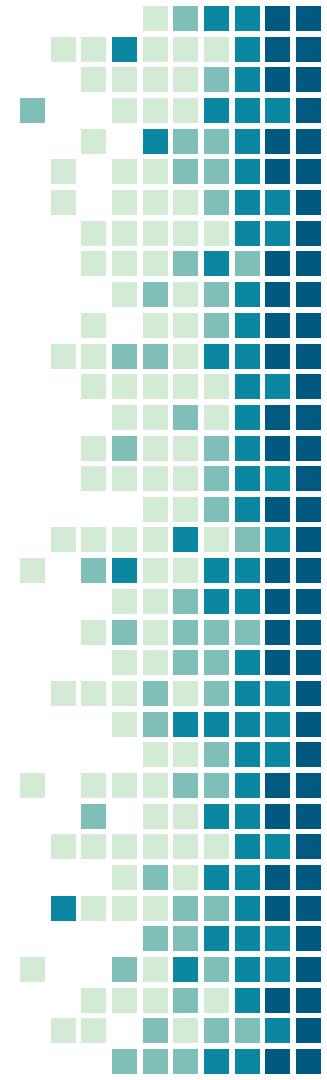
2020-2021 Focus: Based on the continuous measurement of STEM activities Beit Shaan and Hura, we were able to diversify learning activities, identify areas where increased parent engagement could improve learning outcomes, and reduce gaps between schools in the same town. We are continuing to identify and integrate best practices according to results gathered from continuous measurement.

Keren Hayesod UIA Impact Fund



Keren Hayesod, the primary philanthropic organization in the Jewish world [outside the US], looked to create a new product, combining impact investments and the traditional philanthropic. SFI formulated the impact strategy, created the marketing materials for the fund, developed the measuring tools and due diligence to locating the right investments for the fund. The end result is a hybrid philanthropic product – unique and innovative, which will accompany Keren Hayesod for many years

Mike Bailey, (Former) Director of Development, Keren Hayesod UIA



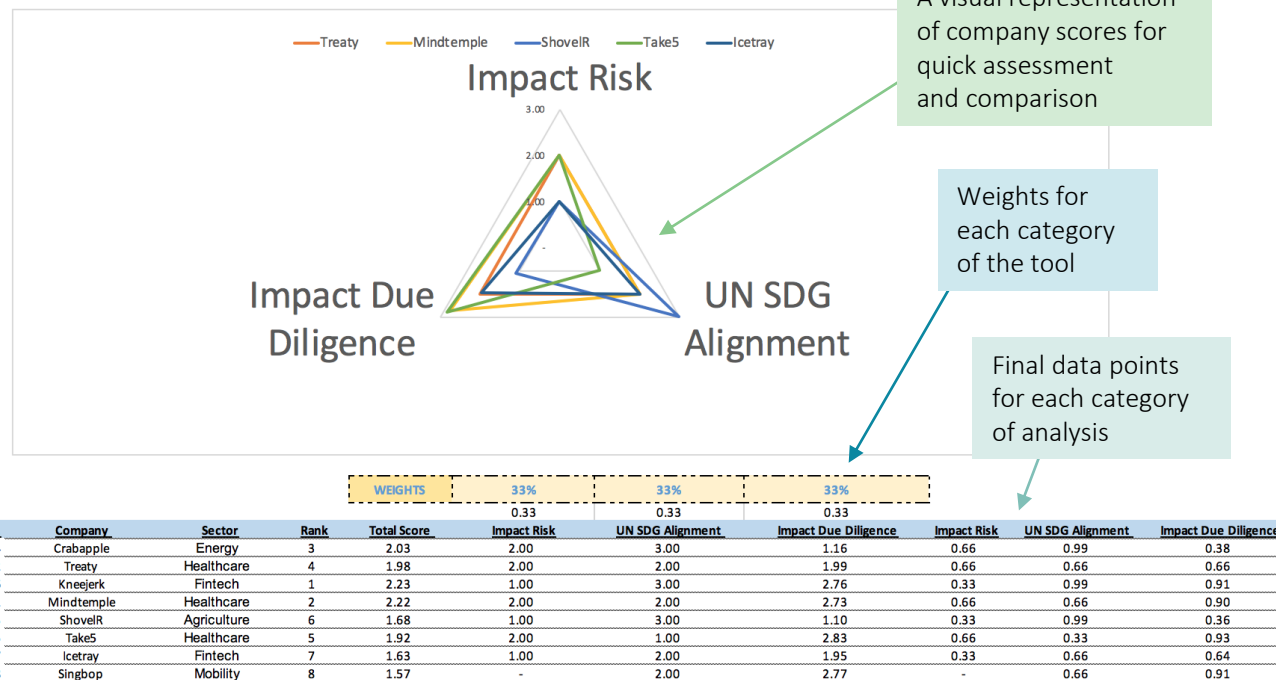
OurCrowd Impact Fund

The cover page of an impact screening tool we designed to assess impact across 3 dimensions and receive a composite impact score.



OurCrowd is an investment platform built for accredited investors and institutions to invest in startups and venture funds.

OurCrowd Impact Fund - Pre-Investment Impact Assessment [scroll down for full score summary]



A visual representation of company scores for quick assessment and comparison

Weights for each category of the tool

Final data points for each category of analysis

Hadarim Urban Renewal Fund

1. Choose Outcome Metrics
2. Define Measurement Scope
3. Gather Baseline Data
4. Track and Measure on a set Periodic Basis



The Hadarim Fund promotes physical and social urban renewal in Haifa's Talpiot Market area, in order to reinstate Hadar as a thriving and dynamic urban center, and to position it as an attractive neighborhood to live in.



Capital Nature

1. Identify Company and Fund-Level Metrics
2. Align Assessment and Reporting to UN SDGs
3. Identify Impact Risks

CAPITAL NATURE

Capital Nature is an investment company that focuses on investing in early stage companies with ground breaking technologies in the fields of renewable energy and its derivatives, including production, storage and energy efficiency, across various verticals such as mobility, industry, infrastructure, water, agriculture, construction and computing.



Alignment to UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are a universally accepted set of 17 global priorities that mobilize efforts to end all forms of poverty, fight inequality, and tackle climate change. Through its core business offerings, Electreon's core business aligns to the following UN SDGs:

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION





● Current Markets ● Target Markets

Key Impact Indicators



Increased Energy Efficiency (KWh)

Electreon retrofits electric busses with a receiver for wireless power transfer, enabling the elimination of massive batteries and reducing the weight of the vehicle. This reduced weight results in increased energy efficiency.



Public sector cost savings (\$)

Electreon facilitates public sector savings by empowering municipal transport authorities to save money in the replacement and maintenance of massive EV batteries.



No. of New Markets Entered

Electreon's wireless power transfer solution has the potential to facilitate the widespread adoption of electric vehicles in various sectors, including trucking, consumer vehicles and more.

Prepared by Social Finance Israel


Slide Number

UPCOMING ACTIVITIES



Career Impact Bonds Fund

An Impact Strategy to promote high paying employment in Israel



Moving to SFI 2.0: Building a Data and Digital Strategy



Transgender Women Escape the Cycle of Sex Work [SIB]



SIB Single Mothers
Designed to help single mothers in Israel pursue career advancement and increase annual income



Reducing work accidents in the construction industry in a PFS model



Social Impact Bond to Improve Mental Health Outcomes



Mefathim Tech Excellence CIB
Designed to help Ultra-Orthodox Jews obtain quality employment in hi- tech



Increasing representation of Arab population in High-Tech
SIB Feasibility Study



Thank you

Asaf Rosenheim
Director
Asaf@socialfinance.org.il