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## **Innovative Initiative to Encourage Advanced Math Studies in Bedouin High Schools**

**The Ministry of Education, Municipality of Rahat and Social Finance Israel are launching a joint project to enhance mathematic achievements in the Bedouin sector that will be financed through a Social Impact Bond**

**Project goal: reduce gaps in math studies between students in the Bedouin sector and in the general population with a multi-year intervention program that will cost of NIS 15M to be raised from impact investors**

**The Ministry of Education, Municipality of Rahat and Social Finance Israel (SFI)** announced today the launch of a Social Impact Bond [SIB] to increase the number of students graduating with advanced math in Rahat, a byproduct of Government Resolution 2397 – the second 5-year socio-economic development plan for the Negev Bedouin.

The ultimate goal of the project is to significantly enhance the level of achievement in mathematics over the long term. The project's success will be measured according to the increase in the number of students in Rahat high schools graduating with unit levels 4 and 5 in mathematics. Furthermore, the program emphasizes the enhancement of Hebrew language skills among the participating students, thus contributing to their chances of integrating into higher education and securing quality employment. The knowledge accumulated from implementation of the project will enable the adoption of best practices among other educational programs benefiting disadvantaged populations.

The intervention model that was chosen to address the challenge will be financed by a Social Impact Bond [SIB]: a social-financial tool based on the principle of pay-for-success. In a Social Impact Bond, impact investors provide working capital for programs that aim to provide an effective solution to social issues, the intervention results are measured, and if predetermined social outcomes were achieved, the impact investors receive outcome payments as a return of their investment. In this project, the success of the SIB means a significant increase in the number of high school students graduating with 4 or 5 unit level math in Rahat. The success of this SIB will serve as a proof of concept, catalyzing its replication in order to enhance academic achievements in the periphery.

The SIB to increase advanced math graduates in the Bedouin sector was developed by SFI with the support of the Eddie and Jules Trump Foundation, which financed the feasibility study for the project, enabling the research and development that served as the basis for raising the investment capital required to finance the project.



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This is the first SIB in the world focusing on promoting math studies as a way to decrease social inequality and the third SIB launched by SFI in Israel. The first two SIBs were launched to reduce dropouts from higher education and to prevent type 2 diabetes.

The program will be implemented in several Rahat high schools, with NIS 14.8M to be raised by SFI from impact investors. The Municipality of Rahat and its department of education will serve as key partners in the program.

The program will operate on three levels:

1. **Schools and municipality:** with the cooperation of the Municipality of Rahat, activities will put an emphasis on enhancing the abilities of school principals, educators and staff.
2. **Educational support:** study activities that include a math summer camp, enhancement groups throughout the year, personal tutoring and study marathons.
3. **Personal motivation and learning environment:** activities to increase motivation of students to pursue advanced math studies, such as career classes, lectures and tours that will expose students to academia and industry and connect their parents and community to the goals of the project.

The program will incorporate ongoing measurement, evaluation and feedback.

Student participants in the project will be three consecutive cohorts of 10<sup>th</sup> graders for 3 years. The program will start with a summer math camp after 9<sup>th</sup> grade, with tours at high-tech companies to give students first-hand exposure to the potential inherent in academic excellence, and ignite within them a spark for pursuing advanced mathematics.

The outcomes of the program will be measured in comparison to a benchmark, based on historical numbers of students graduating with advanced math. Furthermore, the number of students graduating with advanced Hebrew will be measured as well, according to predetermined targets. Outcome payments will be made to investors by the Ministry of Education.

Today, the rate of students graduating with 4 and 5 unit level math in Rahat is less than half of that in the general population. In general, advanced math studies, which ultimately correspond to higher salaries, are more common in populations with higher socio-economic standards of life –namely, populations residing in the center of Israel. Thus, this SIB will enable the Bedouin population, which is in the socio-economic periphery in Israel, to break the cycle of inequality.

In 2015, a unique study conducted by the Taub Institute found a strong link between math achievements and future economic attainments. Specifically, the study found that those graduating with unit level 5 math have a higher income, on average. Furthermore, a 2012 study (Woessmann & Hanushek) indicate positive correlation in a variety of countries between achievements in core

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academic studies – math, science and reading – and the level of economic growth over 40 years in those countries.

**Minister of Education, Naftali Bennett:** “a Social Impact Bond is a social and educational start-up with the power to empower the weaker segments of the population. We are starting the pilot in Rahat, which has the most significant growth in math studies thanks to the ‘Give five’ program, but there is a lot more to do.

We have made a significant leap forward, and now we are moving to the next stage. Math studies are not the goal, per sé, but a tool for a stronger economic and academic future. No one will convince me that in Rahat or Mashad there is less intelligence than in Ramat Hasharon. It is our responsibility to offer a fair chance to every student, everywhere in every sector”.

**CEO of Social Finance Israel, Yaron Neudorfer,** estimates that like other SIBs, this program has the potential for a significant change and empowerment of the Bedouin population. “Social investment in education, managed by obtaining measurable results, is one of the keys to a more just and thriving Israeli society. I have no doubt that the intervention program will contribute to empower the Bedouin population in the south. This intensive intervention program, its personal and innovative components will yield unique social achievements that can be replicated and adjusted to other populations and communities, directly contributing to the decrease in social gaps in Israeli society, and accelerate the growth of the Israeli economy”. “We are leading a paradigm shift, and changing the perception of social investments, in order to mobilize both the private and public sectors towards greater involvement in pressing social issues, with tools recognized in the investment world. I am confident that in the next few years we will see more SIBs in Israel dealing with a variety of issues, and they will bring new capital and advanced management tools to the social sector in Israel”.

**Mayor of Rahat, Faiz Abu Sahiban:** “On behalf of myself and the residents of Rahat, I would like to thank Social Finance Israel and the Ministry of Education for launching this project, aiming to significantly increase the level of achievements and the number of students successfully graduating in 5-unit math. There is no doubt that this program will significantly contribute to enhancing the Bedouin population in the south and reduce the social gaps in the country”.

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## About SFI

**SFI was created in 2013 as a not-for-profit, a sister organization to SFUK (2007), SFUS (2011), SF India and SF Netherlands (2018). The company functions as the first social-financial intermediary in Israel, in order to expand the access and impact of social investment products and financing tools. Over \$140M has been raised by the Social Finance Global Network to support a variety of social initiatives.** The organization promotes the flow of capital toward solving social problems through SIBs and impact investment products, and advises social impact investors and philanthropic foundations on generating measurable social returns alongside financial returns. **Sir Ronald Cohen** is Chairman of the board **Yaron Neudorfer** is CEO.