Paamonim

The Responsible Way to Financial Freedom

The Social Return on Investment (SROI) in Paamonim's Mentoring Activity 2022

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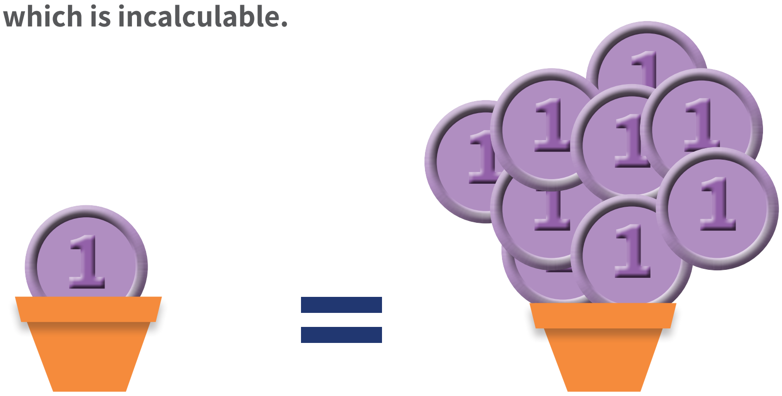
Several elements are responsible for the fact that over the past several decades, household expenses in Israel have increased beyond their financial capabilities, and as a result have fallen in to debt.

Unreliable financial behavior takes its toll both on households that fall into debt, as well as the general public.

Paamonim aims at improving the financial situation of families by mentoring them, something which is financed through donations.

We have found that the return on Paamonim's mentoring process is far greater than the original investment.

Each shekel invested in the mentoring process generates a return estimated at NIS 8.15 in addition to a return which is incalculable.



Each shekel invested generates NIS8.15

The calculation is based on a database of 2,912 families who began the mentoring process at Paamonim, just before the beginning of 2016 and completed the mentoring just before the end of 2021 and was made in relation to the donations received by Paamonim at that time during which the financing was used for the mentoring process.

As part of the calculations, we found that the average mentoring process lasted about 8.4 months.

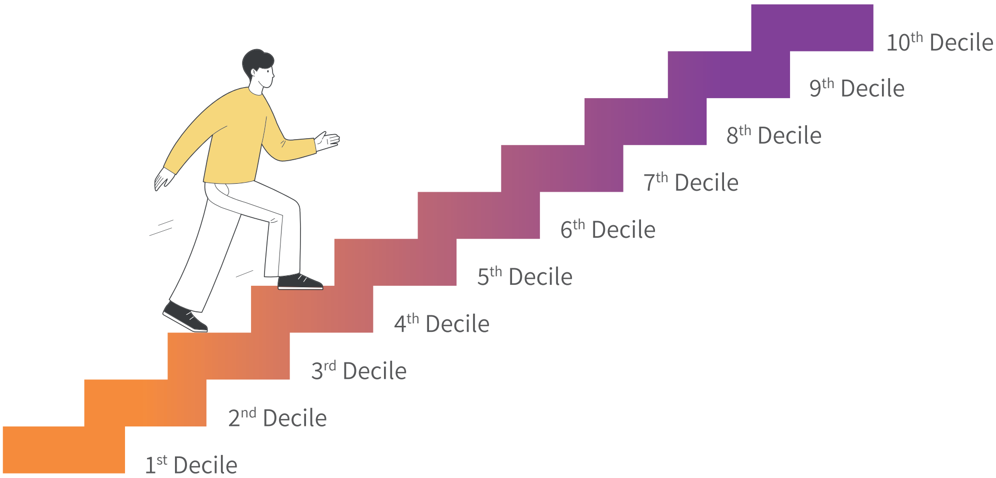
The calculation of the return is based on the direct value to the family and to the indirect value to the public. The direct value is expressed in the increase of the difference between income and expenditure over time.

The indirect value is expressed in increasing public revenues or reducing public expenses.

In calculating the societal return, we made a distinction between direct socieital value and indirect contribution as follows:

- **Direct value** included the financial return that mentored families received as a result of the mentoring, and was measured as a differential between the financial balance of the family at the beginning and at the end of the mentoring (the balance is the difference between income and expenditure). The return received for the family was NIS4,812 per month.
- **Indirect value** included the reduction in public expenditure as a result of the mentoring, and included health expenses (including mental health), increase in income from taxes as a result of the increase in income, change in payment of allowances and future impact on income of the children in the family.

- **Further, we found** that the mentoring process caused the average family that is in one of the first eight deciles to climb by one decile. For example, a family that started mentoring with an income level that placed them in the fourth decile, will most likely end the mentoring process in the fifth decile. Families that started the mentoring process in the top two deciles will retain their place at the end of the mentoring process.



- **In addition, of 142 families who started the mentoring process under the poverty line, 79 completed the process below the poverty line.**

Most of the return from the mentoring process is direct and constitutes about 85.6% of the total value. Part of the indirect value is negatively affected by the increase in family allowances. This increase is due to the process of using rights that they are entitled to - which is part of the mentoring process - where the families are guided to examine whether they are entitled to allowances that they did not previously know about.

It was found that each shekel invested in the mentoring process generates NIS8.15 in the annual calculation, and on the assumption that the effect of the investment is long-term.