Investing in the future

Jimmy Pinto and Sam Katz have held senior management positions in corporate finance, project financing, venture capital and international marketing. For them, however, Darca is the best investment opportunity they have ever come across.

“Getting a return that’s many times greater than your investment is simply good business, and Darca provides an incredible investment multiple,” says Jimmy Pinto, the French-born MIT graduate who founded and managed the French Rothschild Banking Group in Israel until his retirement five years ago. “Today, there are only a few, 3,000 youngsters in Israel who have matriculated high school because Darca invested in their education – and that benefits not only them, but also their families and their country.”

Innovative prototype for invigorating failing schools

Darca (Aramaic for ‘The Path’) is a non-profit educational network created eight years ago to promote equal educational opportunity in Israel. The Darca Network is supported by five leading philanthropic partners – YRF, Azrieli Foundation, Alliance Kol Israel Haverim, Rashi Foundation and Adelis (the population we serve wants what we provide), and was boosted yet further this year thanks to a strategic alliance between Darca and the Azrieli Foundation led by Danna Avizri, which propelled us into professions where the impact of education on social mobility is clearly understood by Darca’s investors, says Katz. “Many in YRF, like myself, come from middle-class backgrounds, and were lucky enough to go to good schools and universities, which propelled us into professions where we’ve succeeded, and have put us in a position where we can contribute to others. We’re not trying to be Israel’s Education Ministry. We are simply people who love Israel and are trying to work from the inside, as an agent for positive change.”

Both Katz and Pinto already see the return on their investment as excellent. “Darca is impacting beyond what we do, and will continue doing so,” says Pinto. “Our example is our policy of never taking overheads from school budgets – which is, essentially, taking money away from the kids. This isn’t true for other networks, which are now taking less, even though they’re not yet at zero. And the Government has now ruled on the maximum overhead that can be charged. Darca’s ultimate success will not come from itself being redundant, says Katz. “Public need should not be fi-

tanced by the private sector. We’d like to see, getting to a full, government-financed differential educa-
tion budget – a trend that has begun under its present Education Ministry. It makes no sense for high school students in north Tel Aviv to be budgeted the same amount as those in Kiryat Shmona, when North Tel Aviv’s municipality can add extra resources that are out of reach for Kiryat Shmona’s.”

Katz describes Darca’s business-focused take on Israel’s education system “We want to instill good man-
agement and evaluation criteria,” he says. “First, we demand accountability, and measure our results very carefully. Where do we get the cooperation or the results we expect, we terminate our investment. Second, our model creates leverage for the money. We’re one among several educational networks that municipalities can choose to work with our schools – which is highly sought after both because of our strong value proposition (the population we serve wants what we provide), and because we charge no overhead. In fact, we supplement the State education budget by up to ten percent. That makes us a very compelling choice. With Darca come extra funding and better results.”

Neither Katz nor Pinto is given to hyperbole or overpromising, but neither can avoid it when they talk of Darca. “We’ve exceeded our expectations,” says Pinto. “We couldn’t know when we began, whether what we proposed was sustainable. A lot of money was put on the table – enough for four to five years – but four to five years only allows a small impact, and we weren’t looking for a small impact!”

Eight years on, the program has proven sustainable. “It’s grown and continues growing,” says Pinto. “We’re now directly in 32 high schools, and serve up to 30,000 more youngsters, primarily through our partnership with the Azrieli Foundation. In Kiryat Shmona, Gedera and Netivot, the public high school administration is entirely under Darca.”

Excellent return on their investment

According to Dr. Gil Pereg, CEO of the Darca Network since its inception, facilities, teaching and results in Darca schools are beginning to compete with those in the country’s best schools. Critically, matriculation rates have shot up to over 88 percent, “a figure whose importance you can’t ignore when matriculation unlocks the door to social mobility,” he says.

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“While Darca’s future economic and social impact can’t be precisely measured, its outreach is clearly ap-

propriate for the start-up nation,” says Pinto. “If Israel is to remain a high-tech leader, it can’t write off the kids in its geographic and socio-economic peripheries. Upgrading their education should be a national goal. Hopefully, this upgrade will be extended to revitalizing failing elementary and junior high schools, too, where the return on investment will surely be even higher. Interventions like ours will produce great citizens, and give more Israelis a stronger future. What better return can anyone expect on their investment than that...”

For more information about Darca, visit www.darca.org.il. For the U.S., www.youthrenewalfund.org

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