

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SUMMARY

Country: Ecuador

Nº Project: EC-G1002

Name of Project: SCALING UP QUALITY DENTAL HEALTHCARE

Executing agency: Novulismed S.A. (Novulis)

IDB Division: Multilateral Investment Fund – IDB Lab

Financing amounts and source:

	IDB US\$	Local US\$	Total US\$
Social impact incentive (SIINC)	<u>280,000</u>	<u>1,000,000</u>	<u>1,280,000</u>
Total:	280,000	1,000.000	1,280.000

Source: Resources from the LAC-Impact Facility financed by the Swiss Development Agency (SDC) – RG-X1261.

Objective and purpose of the project

The project's objective is to improve the dental health of vulnerable inhabitants in Ecuador's rural areas. The purpose is to replicate and scale up the Novulis dental care in the workplace model in new areas of Ecuador.

Project components

The project will have a single non reimbursable financing component (investment grant).

Non reimbursable financing: Project execution will be structured according to the results-based modality where disbursements are subject to compliance with impact performance indicators (IPIs) specifically designed and agreed upon by the IDB as the "impact payor," the SDC (Roots of Impact) advisors as independent verifiers of compliance, and Novulis as the providers of services with a social impact.

The mechanism operates based on the company generating social impacts for a defined period of time and reporting them to the independent verifier, which examines whether the IPIs agreed upon for that period were met and determines the sums that the impact payor should disburse to the social enterprise. Payments are made in parallel with the revenue the company earns through its operations and thus the company's social

performance is directly linked to its returns, making the company attractive to local and international investors.

The funds that Novulis will receive through impact payments will generally be used to cover the costs of its expansion into four more provinces in Ecuador (Manabí, Chimborazo, Orellana, and Napo) but their use will not be restricted to specific activities.

The performance indicators and other conditions have been designed with a high level of detail. In summary, the performance indicators that will be used are: (i) the average patient satisfaction percentage (of the universe of active users); (ii) the percentage of patients who are direct relatives of another patient or community member as a proportion of the total population of new patients; and (iii) the percentage of patients served in vulnerable communities (with incomes up to 125% of the minimum wage in Ecuador).

Beneficiaries

Novulis is focused on reaching workers at the base of the pyramid and their family members in the workplace. These are laborers and employees who earn the basic monthly wage (US\$394), live in the country's rural areas, and do not have the time or access, much less the culture of care or resources, for quality dental care.

An estimated 3.5 million people in Ecuador are formal workers who earn the minimum wage and live in rural areas. In Latin America, the figure is over 62 million. The project's main areas of intervention will be those already served by Novulis (in the provinces of Pichincha, Tungurahua, and Cotopaxi) and its expansion into the provinces of Manabí, Chimborazo, Orellana, and Napo.

Expected results and capture of benefits

The project's main beneficiaries will be some 18,000 **patients** who will receive dental care for the first time from Novulis. According to the information from patients treated to date by the company, in just four to five visits, Novulis has reduced oral diseases by 95%, including cavities, gingivitis, and absenteeism due to dental problems. Similar results are expected for new patients treated. The project will also benefit Novulis by providing financing through the results-based payment mechanism, which will improve its flow of financing and allow it to expand its operations while at the same time attracting investors to continue its growth.