

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

1. **Country:** Brazil
2. **Project number:** BR-L1509 / BR-T1376
3. **Project name:** Inclusive Water and Sanitation Solutions in Santa Catarina and Rio Grande do Sul
4. **Executing Agency/Borrower:** Banco da Família (BdF)
5. **IDB unit:** Multilateral Investment Fund (MIF)

6. Amount of financing

	<u>IDB US\$</u>	<u>LOCAL US\$</u>	<u>Total US\$</u>
Reimbursable financing	1,300,000	700,000	2,000,000
Non reimbursable Technical cooperation	<u>200,000</u>	<u>100,000</u>	<u>300,000</u>
Total	1,500,000	800,000	2,300,000

7. Objective and purpose of the project

The project's *expected impact* is an improvement in the living conditions of families engaged in microentrepreneurial activities in the south of Brazil. The *expected outcome* is to implement a combination of technical and financial solutions for the water and sanitation problems of the vulnerable population in the states of Santa Catarina and Rio Grande do Sul.

8. Components of the project

In order to achieve the objective and purpose described above, the project will consist of two components: one involving reimbursable financing, the other, nonreimbursable technical cooperation funding.

Reimbursable financing component.

The *Reimbursable financing component* will be for a maximum amount of US\$2,000,000. The Bank will grant BdF a loan of up to US\$1,300,000, which will be combined with US\$700,000 in counterpart resources. BdF will use these funds to grant microloans to finance the purchase of materials, equipment, labor, working capital, and other inputs needed to implement: (a) works for access to drinking water and/or drainage by means of a legal connection with the provider's water and/or sanitation network; (b) materials and equipment for water supply and sanitation inside and outside the home; (c) bathroom equipment, such as toilets or showers; (d) drainage solutions such as septic tanks when connecting to the sewer system is not an available option, i.e. in rural areas; and (e) home installation and remodeling works related to water and sanitation and other home improvements. In all cases, the credit officer at BdF will help the family identify the best solution from a technical, financial, and environmental standpoint and obtain the permits required in order to proceed with the work.

Nonreimbursable technical-cooperation component.

The *Nonreimbursable technical-cooperation component* of US\$200,000, with a local counterpart of US\$100,000. These proceeds will be used for three subcomponents:

- 1) Adaptation of the home improvement product.
- 2) Sensitization to, and training in, water and sanitation solutions.
- 3) Coordination, evaluation, dissemination, and contingencies.

The *technical cooperation activities* will include the development of tools to diagnose and solve water and sanitation problems, such as mapping the water and sanitation network and creating a catalogue of physical solutions, and sensitization and training of BdF employees and clients in water and sanitation. As a result of the technical-cooperation component, it is expected that some 2,000 families in the participating municipios will be sensitized to good water and sanitation practices, and at least 200 of these families are expected to finance water and sanitation solutions by means of water and sanitation loans. In addition, 120 BdF employees will be trained in the water and sanitation solutions developed through this technical cooperation. The sensitization and training activities will include the use of materials and techniques designed to make household investments in water and sanitation more resilient.

9. Beneficiaries of the Project

The *project's beneficiaries* will be approximately 1,900 low-income rural, urban, and periurban microentrepreneurs and self-employed workers in at least 105 municípios in the states of Santa Catarina and Rio Grande do Sul (currently, BdF has a presence in 70 such municípios) who will carry out improvements in their dwellings. Although many households in the target areas have access to running water, it is estimated that 41% of households are not connected to sanitary or storm sewers. It is projected that roughly 60% of beneficiaries will perform water and sanitation improvements. It is estimated that 75% of the clients will have microenterprises in the service sector, the remainder being engaged in manufacturing, agriculture, or commerce. It is further estimated that two of every three clients will be women, with 90% working in the informal sector.

10. Expected outcomes and capture of benefits

The following *outcomes* of these activities are anticipated: (a) all BdF credit officers will have a menu of technical and financial water and sanitation solutions, both standardized and adapted to specific circumstances; (b) 120 BdF employees will have been made aware of the water and sanitation problems of the clients and the environmental sustainability of the solutions through the inclusion of a specialized curriculum at BdF's training academy; (c) BdF will have developed the technical capacity to scale the water and sanitation improvement loans provided to its clients, including by mapping the homes of the institution's periurban and rural clients with respect to water and sanitation networks and implementing mechanisms for coordination with provider companies; (d) some 2,000 families will have been sensitized to the use of environmental best practices; and (e) some 1,900 clients will have implemented improvements in their homes, including 1,140 clients that will have implemented water and/or sanitation solutions guided and financed by the project.