

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

1. **Country:** Mexico
2. **Project number:** ME-G1013 and ME-T1314
3. **Project name:** Affordable diabetes health care services for the Base of the pyramid
4. **Executing Agency/Borrower:** Clínicas del Azúcar S.A.P.I de C.V.
5. **IDB unit:** Multilateral Investment Fund (MIF), Social Entrepreneurship Program (SEP)
6. **Amount of financing**

	<u>IDB US\$</u>	<u>LOCAL US\$</u>	<u>Total US\$</u>
ME-G1013: SEP			
Social Impact Incentive (non-reimbursable financing) ¹ :	275,000		275,000
ME-T1314: SEP - Non-reimbursable technical cooperation:	<u>150,000</u>	<u>211,500</u>	<u>361,500</u>
Total:	425,000	211,500	636,500

7. **Objective and purpose of the project**

The **objective** of the project is to contribute to improve the livelihoods of Mexicans at the BoP (Base of the Pyramid) by treating and preventing diabetes-related complications. The **purpose** of the project is to increase access to affordable diabetic care services for the BoP in Mexico by expanding low-cost treatment and prevention services provided by Clínicas del Azúcar.

8. **Components of the project**

In order to achieve this objective the project entails two main components, both non-reimbursable.

Non-reimbursable Technical Cooperation component. The technical cooperation is a complement to the social impact incentive and will provide funding to strengthen and adapt the strategies of Clínicas del Azúcar to specialize in targeting the base of the pyramid. The technical cooperation will support two components aimed at: 1) strengthening business and communication to expand the access of the base of the pyramid to healthcare services by growing the market penetration of Clínicas del Azúcar; and 2) strengthening market knowledge of Clínicas del Azúcar to start its national expansion. Additionally, there will be

¹ The operation ME-G1013 is approved as an individual project of the Social Entrepreneurship Program under the Social Entrepreneurship Catalytic Impact Financing Facility (LAC-IMPACT) (RG-X1261).

funds for the constitution of the project management unit at Clínicas del Azúcar and finance ex-post reviews of the technical cooperation and project final evaluation.

Non-reimbursable investment component as Social impact incentive. The mechanism consists in the financing based on the project impact results (Social Impact Incentive²). The IDB will only make payments to Clínicas del Azúcar if it achieves the agreed impact results. The objective of the mechanism is to encourage Clínicas del Azúcar to increase its penetration in the Base of the pyramid while maintaining a standard of quality services of affordable health care. The project is lowering the risk of investing in the new custom clinic for the Base of the pyramid and designing tailored campaigns to roll out. Although the Social Impact Incentive is not meant to cover overall costs of implementing project activities; it will incentivize the strategy of Clínicas del Azúcar to focus on the Base of the pyramid.

9. Beneficiaries of the project

While services are offered in general, Clínicas del Azúcar primarily targets and serves the lower and middle socioeconomic level, with clinics currently operating in the urban center of Monterrey, Mexico. The project aims to incentive Clínicas del Azúcar to adapt its model to treat even more patients of the Base of the pyramid. Clínicas del Azúcar is expected to raise the number of patients and increase the success rates of diabetes treatment, and at least treat 8,500 people from the base of the pyramid³ in the urban zones of Monterrey, 55% of them will be women.

10. Expected outcomes and capture of benefits

After two years of execution, Clínicas del Azúcar is expected to: 1) expand its capacity to perform free diabetes diagnosis to 9,500 new clients of base of the pyramid segment annually (35% more when compared to current levels); 2) reduce overall sugar levels in blood (HbA1c), of all patients including those from the base of the pyramid is, in average, 1.7 p.p. after 6 months of treatment; 3) 40% of total patients at the base of the pyramid custom Clinic belong to base of the pyramid segment (33% more than the current market segmentation in “business-as-usual” clinics), while 4) 33% of total patients of the company (all clinics operating) belong to base of the pyramid segment (33% more than the current market segmentation in “business-as-usual” clinics).

² The Social Impact Incentive (SIINC) is a pay-for-impact financing mechanism that aims to incentivize investors to participate in high-impact social enterprises, even when uncertain current conditions and unproved operation status makes highly probable that the financial returns rate will be below the market.

³ Clínicas del Azúcar collects the home address of the client, which will be matched to a socioeconomic level through a database acquired from a geo-marketing firm. This firm determines socioeconomic level of each neighborhood by following the country’s official methodology (AMAI) and validating and refining the results through fieldwork and site surveys.