

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

1. **Country:** Mexico
2. **Project number:** ME-L1254 and ME-T1315
3. **Project name:** This house is Mia (Mine): New affordable housing models
4. **Executing Agency/Borrower:** Mejoramiento Integral Asistido (MIA) SA de CV
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-L1254 - Reimbursable financing	1,000,000	2,000,000	3,000,000
ME-T1315 - Technical Cooperation	<u>250,000</u>	<u>200,000</u>	<u>450,000</u>
Total:	1,250,000	2,200,000	3,450,000

7. Objective and purpose of the project

The **objective** of the project will be to increase MIA's financial and management capacity to enable it to scale up its housing solution to cover a larger number of families, including those who do not qualify for government subsidies and those that receive remittances or are able to obtain microloans and/or mortgage loans. The **purpose** in terms of impact is to help low-income families in Mexico significantly improve their living conditions through access to affordable housing, constructed with sustainable, quality, and affordable materials offered by MIA, contributing in this way to the socioeconomic development of families in Mexico's urban and rural areas.

8. Components of the project

The project, through a combination of reimbursable and non-reimbursable resources, seeks to support MIA's efforts to expand the market by adapting it to all the needs of the base of the pyramid and not just to those who benefit from subsidies.

Reimbursable financing component. The Bank will grant MIA a loan of up to US\$1 million, which would be combined with counterpart funds amounting to a minimum of US\$2 million. In order to be able to scale up its operations and reach 17,000 new families in three years, MIA will make the following investments for an estimated US\$342,000: (1) purchase of 12 vehicles that will be used to travel to the communities where it will promote housing solutions and monitor construction and delivery; (2) purchase and adaptation of offices, including a mobile office so as to have client service centers; (3) implementation of hardware, licenses, and specialized software, including a Business Intelligence module from the Enterprise Resource Planning (ERP) system. In addition, it will consider US\$658,000

for working capital to finance labor and operating construction material, until delivery and payment in full.

Technical Cooperation component. The Bank will provide non-reimbursable technical cooperation funding of US\$250,000, to be supplemented with US\$200,000 in counterpart funds. With this component, the project will help more families be able to access sustainable and affordable housing tailored to their habitability needs, financing capacity, and construction method. To do this, MIA will work on diversifying and promoting its construction offering to the vulnerable population making it more tailored to that group with new combinations based on: (i) the type of solution/housing adapted to bioclimatic, cultural, and family realities; (ii) available payment capacities and combinations; and (iii) character or need for a gradual approach in the construction or expansion of the home.

9. **Beneficiaries of the project**

The project expects to benefit some 17,000 new families in various Mexican states, including Oaxaca, Tabasco, Zacatecas, Morelos, Guerrero, and Chiapas. The incomes of the beneficiary families are below US\$550¹, and it is expected that one-fourth of them have incomes below US\$286 per family. These families live in urban, periurban, and rural areas, and most of them experience inadequate housing conditions, with roofs and walls of irregular materials such as sheet metal, conglomerate sheets, cardboard, windows without panes, earthen floors, lack of water connection inside the home, crowding, and other significant deficiencies. As has happened with MIA in the past, more than half of the beneficiary population is expected to be women.

10. **Expected outcomes and capture of benefits**

The project will directly benefit some 17,000 families in various Mexican states including Oaxaca, Tabasco, Zacatecas, Morelos, Guerrero, and Chiapas, 50% of whom are estimated to be women, and who will have access to quality, resilient homes provided by MIA through a combination of sources of funds that will include their own resources and savings, remittances, CONAVI subsidies, microenterprise loans, Infonavit loans, subsidies from local governments, and donations. MIA will work with each group of beneficiaries to find a housing design, size, and cost that will match available resources.

¹ 5 minimum salaries.