



INNOVATIVE SOLUTIONS FOR BASIC SERVICES



DELIVERING BASIC SERVICES TO THE LAST MILE

While economic growth in Latin America and the Caribbean has driven impressive gains in living standards, some communities remain without access to water and sanitation, electricity, education and health services. Bridging this “last mile” to connect poor and low-income people to basic services remains a key development priority.

Providing access to these services, which are critical to improving livelihoods and economic opportunities, is a challenge in itself. At the same time, ensuring quality, affordability, and sustainability in their provision represents an opportunity for innovation and greater social inclusion. The Multilateral Investment Fund (MIF), a member of the Inter-American Development Bank (IDB), seeks to test and scale up new approaches to basic service delivery in order to bring access to poor and low-income communities across Latin America and the Caribbean.



OUR APPROACH

The MIF has twenty years of experience in supporting micro and small firms that serve poor and low-income communities. As a laboratory for development, we pilot new ideas and tolerate risk in pursuit of approaches that impact the lives of our beneficiaries. After testing, we seek partners to scale up successful interventions.

The MIF approach to last mile basic service delivery is to test private sector models that bring efficiency, innovation, and sustainability in service provision to poor and low-income populations. Specifically, MIF projects seek innovations that reduce costs, expand distribution channels, enhance the business performance of service providers, and create employment opportunities while increasing access for poor and low-income communities.

MIF projects are multi-stakeholder partnerships that may involve public agencies, private firms, NGOs, social businesses, community organizations, and other actors. Our joint efforts aim to reduce coverage gaps in basic services, broaden the range of service providers, and adapt services to the specific needs of the poor and vulnerable.



GENERATING KNOWLEDGE

Through pilots and research, the MIF aims to learn how the private sector, both for- and non-profit, can improve access to basic services for poor and low-income populations in Latin America and the Caribbean. We seek models that offer commercially viable and affordable services to vulnerable populations. We also strive to learn lessons from successful projects, identifying the most effective roles for communities, civil society, local authorities, and central governments.

Some of our guiding questions include:

How can technological innovations help to provide basic services to poor populations?

What types of business models allow the private sector to develop and offer affordable last mile services to consumers?

How can the public sector effectively foster viability, sustainability, and replicability of service provision models?

What roles can communities themselves play in the provision of basic services?



► **Photo** courtesy of ACCIONA Microenergía Perú



ENERGY

The MIF has piloted several models for furnishing affordable, off-grid, renewable energy systems in remote rural communities to help increase access for the 40 million people in the region disconnected from modern electrical grids, including:

- Solar home systems integrating pay-as-you go or fee-for-service arrangements
- Solar micro-grids managed by community-based entities
- Mini-hydro power plants operated and maintained by local small businesses



Project Highlight: Light at Home

With the goal of increasing access to electricity for off-grid communities in Cajamarca, Peru, the MIF partnered with ACCIONA Microenergía for the Luz en Casa initiative. This program will provide domestic solar panel systems to 1,700 families through an innovative pay-for-service model that receives sustainable support from the rural electrification fund.



► Photo courtesy of itdUPM



WATER & SANITATION

More than 100 million people in the region still do not have access to safe sanitation. The MIF has supported initiatives for increasing water and sanitation coverage, including:

- Water credit alternatives to help poor families afford grid connections
- Platforms for monitoring water systems using mobile phones
- Financial products to fund expansion or rehabilitation of water grids

The MIF has also worked to develop markets for low-cost sanitation services, using approaches like:

- Social marketing campaigns to boost demand
- Programs that strengthen local providers of affordable services
- Financial products targeted to the needs of both providers and families



Project Highlight: Sanitation Value Chain

In partnership with the NGO Water for People, this MIF-funded initiative aims to develop market solutions for water and sanitation provision in five rural communities of Cochabamba, Bolivia. By supporting local entrepreneurs throughout the entire value chain and offering consumers microcredit products, more than 2,000 new homes will gain access to water, over 14,000 households will improve the quality of their current water service, and at least 250 additional families will receive improved sanitation services.



► **Photo** courtesy of Global Partnerships



HEALTH

The MIF's efforts to increase access to quality health services for more than 125 million households in the region without proper coverage include:

- Preventive health packages offered by microfinance institutions in partnership with national public health systems
- Pre-paid health plans for poor and low-income families
- New technologies for remote communities, like tele-medicine services or off-grid solutions for prenatal care



Project Highlight: Leveraging Microfinance to Deliver Health Services

The MIF has worked with Global Partnerships to offer accessible health services to 75,000 low-income women and their families in Ecuador, Haiti, Honduras and Nicaragua. The project introduces integrated business models that work with microfinance institutions and members of cooperatives to deliver health services and education in low-income communities.



WASTE MANAGEMENT

Currently, fifty percent of the region's waste is not adequately treated. The MIF is currently testing waste management models that include:

- Awareness and education campaigns
- Mapping waste routes to maximize efficiency
- Capacity building and teaching communities about waste-to-energy solutions
- Infrastructure improvements
- Creation of small businesses along extended recycling and waste value chains



Project Highlight: Sustainable Waste Program

The MIF has partnered with the Massachusetts Institute of Technology, the United Nations Development Program and the local NGO BlueEnergy to implement waste management systems in Nicaragua's Southern Autonomous Region. The initiative will lead to increased sustainable tourism and business, decreased environmental degradation and public health hazards, and the establishment of compost and recycling businesses.



NEW FRONTIERS

Because of our focus on sustainable business models, the MIF is looking to expand existing areas of basic service delivery to new topics, such as citizen security, housing, information and communications technologies, and social impact bonds.



Project Highlight: Accelerating Basic Services Enterprises

The MIF has recently supported commercially viable businesses that aim to have significant social impact. Our new *Accelerator Program* awards grants and technical assistance directly to private sector companies to enhance their investment readiness and allow them to access future loans for scaling up.

RESULTS

Since its creation in 2010, the MIF's Basic Services Team has designed and implemented a portfolio of 25 projects in 17 countries, contributing more than US\$22 million in MIF resources while leveraging more than US\$18 million from counterpart contributions and an additional US\$20 million from other co-financing institutions.





PARTNERSHIPS

- ▶ AGUALIMPIA
- ▶ Asociación Nacional Pro Nutrición Infantil
- ▶ ACCIONA Microenergía Perú
- ▶ Building Partnerships for Development
- ▶ Canadian Cooperation Society for International Development
- ▶ Centro de Innovación en Tecnología para el Desarrollo Humano
- ▶ Développement des Activités de Santé en Haïti
- ▶ ENOVA
- ▶ Fundación Carulla
- ▶ Fundación Ecuatoriana de Tecnología Apropriada
- ▶ Fundación Moisés Bertoni
- ▶ Fundación Pro Vivienda Social
- ▶ Fundación Salvadoreña de Apoyo Integral
- ▶ Global Partnerships
- ▶ Grupo Desarrollo Humano Vital
- ▶ Instituto Brasileiro de Administração Municipal
- ▶ Municipalidad de Tequila
- ▶ PSI/PASMO Guatemala
- ▶ Quetsol
- ▶ Sociedad de Desarrollo Tecnológico de la Universidad de Santiago de Chile
- ▶ Stichting Fonds Ontwikkeling Binnenland
- ▶ Swisscontact
- ▶ United Cities and Local Governments
- ▶ United Nations Development Programme
- ▶ Ver de Verdad
- ▶ Water for People Bolivia

MULTILATERAL INVESTMENT FUND

1300 New York Avenue, N.W., Washington, D.C. 20577

 mifcontact@iadb.org

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