

SOCIAL IMPACT INCENTIVES (SIINC)

HOW TO COMBINE SOCIAL IMPACT AND COMMERCIAL SUCCESS



CLÍNICAS DEL AZÚCAR

PIONEERING EFFECTIVE DIABETES TREATMENT FOR THE BOP IN MEXICO

SIINC PERIOD ONE RESULTS - JUNE 2018

HIGHLIGHTS

- Many BoP patients receive access to quality diabetes care for the first time in their lives
- Results for the first measurement period for SIINC significantly exceed expectations
- CDA on track to scale to 200 clinics in Mexico

SUMMARY

When Javier Lozano and Fernanda Zorrilla co-founded Clínicas del Azúcar (CDA) in 2010, they were driven by one idea: to create the first ‘one-stop-shop’ for diabetes care in Mexico and transform the existing, insufficient and unjust health care service for more than 14 million people affected by the disease. With a standardized and lean retail business model and an innovative technology, CDA now allows patients to simply walk into a clinic, find what they need, and pay affordable prices for consistent and reliable services. Since inception, CDA was able to establish an impressive track record, with more than 20,000 patients receiving ongoing treatment and over 70,000 clients reached through free diabetes tests, sale of specialized diabetes goods and other one-off medical services.



Since 2014, CDA is also reaching out to patients from the lowest socioeconomic segments, otherwise known as Bottom of the Pyramid (BoP). After building 13 successful clinics throughout the Mexican state of Nuevo Leon, the enterprise defined ambitious plans to expand its capacity to 200 clinics over the next five years while maintaining a focus on BoP patients.

To implement this bold move, CDA has tapped into [Social Impact Incentives \(SIINC\)](#). Co-created by [Roots of Impact](#) and the [Swiss Agency for Development and Cooperation \(SDC\)](#), SIINC is a funding instrument that rewards high-impact enterprises with premium payments for achieving social impact. The additional revenues enable enterprises to improve profitability and attract investment to scale. Thus, SIINC can effectively leverage public or philanthropic funds and catalyze private investment in underserved markets with a high potential for social impact.

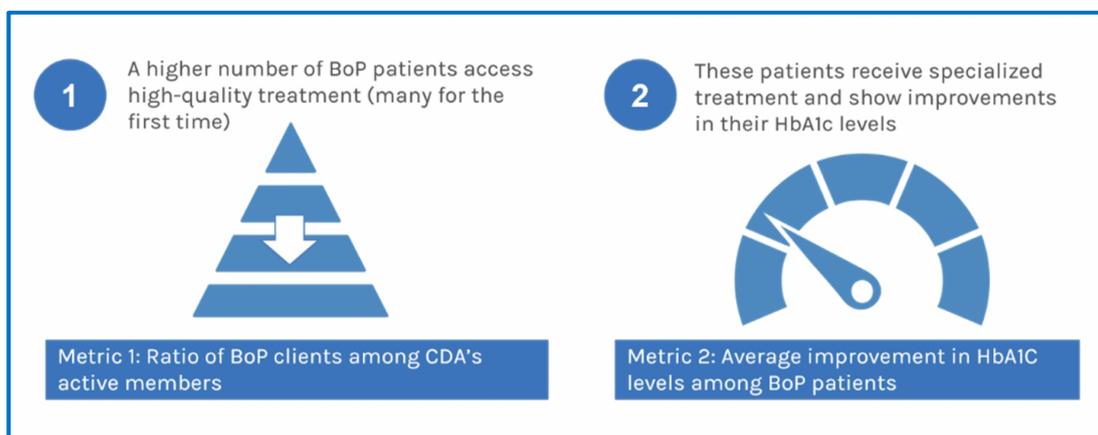
CATALYZING WITH SIINC

For an outcome funder such as the SDC, SIINC offers great value since [rewards are only provided for outcomes actually achieved](#). Additionally, the enterprise will continue to generate positive impact long after the SIINC agreement is finished.

The SIINC model thus enables [high-impact enterprises to scale without compromising on strong positive impact](#). It is precisely for this reason that Javier and his team were excited about this opportunity to advance CDA’s plans. Before being introduced to SIINC, the social enterprise found it difficult - if not impossible - to envisage a funding model that would allow it to test the BoP market and continue its path towards expansion. The high level of risk created major concerns about the commercial potential of this segment.

This demonstrates the true value of SIINC: [By providing payments for outcomes at the BoP, CDA is now empowered to position itself as an innovator in diabetes care and a pioneer in prevention techniques](#). At the same time, the enterprise is able to achieve solid economic returns.

To arrive at these payments, CDA has to report its success on progress towards two key metrics:



FIRST OUTCOME RESULTS

Only six months after the SIINC agreement came into effect, the new market approach has led to a significant increase in the average proportion of BoP members across CDA's 13 clinics. At one custom clinic in Juárez - specifically established for targeting the BoP - more than half of all active members now come from the BoP (defined as segments D and E of the income pyramid). Yet the quality and results of the treatment are just as important as the increased ratio of BoP members. CDA also managed to maintain and increase the HbA1c level improvements of its members and thus exceeded expectations. Altogether, the consolidated achievements of the pre-agreed outcomes (increased ratio of BoP members and improved HbA1c levels) led to a premium payment of 64,000 USD to CDA for the first six months of the SIINC agreement. In total, the SIINC agreement foresees payments of up to 275,000 USD over a period of 2.5 years.

The ambitious objectives were almost fully achieved and seem to be well balanced. In particular, the quality of treatment across all clinics as well as the results from the custom clinic in Juárez have proven more successful than expected. This enables Clínicas del Azúcar to establish a benchmark for low-cost, high-quality diabetes care for lower socioeconomic segments in Mexico. The SIINC component also created a financial flexibility for CDA to experiment with new business strategies without jeopardizing the existing ones, all while keeping up business expansion and driving growth. Furthermore, the results proved to be highly beneficial in another aspect: CDA is in advanced discussions to secure an additional financing round. This will provide the social enterprise with sufficient resources to achieve the next step of impact at scale.

"I was very excited as well for the results, and definitely with some unexpected outcomes because of the SIINC, like the aligning of the executive team that produce results even beyond the scope of the project."

Javier Lozano, Co-Founder and CEO, Clínicas del Azúcar

MORE DETAILS ON CDA & SIINC

CDA Website: <http://www.clinicadelazucar.com>

SIINC Explain Video: <http://www.roots-of-impact.org/siinc/>

CDA Case Study 2017:
<http://www.roots-of-impact.org/wp-content/uploads/2017/06/SIINC-Case-Studies-CdA-FINAL.pdf>

SIINC White Paper:
<http://www.roots-of-impact.org/wp-content/uploads/2017/05/Social-Impact-Incentives-SIINC-White-Paper-2016.pdf>

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