

# A COMMUNITY PROJECT FOR THE PROVISION OF BASIC SERVICES IN GRAN BUENOS AIRES

## PROJECT FACT SHEET

### Challenge

The low-income community of Partido de Moreno in Gran Buenos Aires lacks access to basic services and suffers from a housing deficit. The main challenge of this project is to implement an innovative and sustainable model for the provision of energy services that can be replicable and scalable.

### Objective

Expanding a model for provision of basic services, based on the organization of demand, articulation of supply and development of instruments to help poor families receive financing for access to natural gas. Approximately 3,500 families in three neighborhoods located in Partido de Moreno of Gran Buenos Aires, will improve their quality of life through access to natural gas service and home improvements.

### Strategy

Organize and train the community to participate actively in the management of the project, create a Neighborhood Trust to receive funding, obtain financing through coordination with public and private stakeholders, and identify local suppliers to carry out the projects.



*“As a bank, we appreciate the opportunity to have an impact on improving people’s quality of life.”*

JUAN CARLOS NOGUES, BANCO SUPERVIELLE

### BASIC INFORMATION ON THE PROJECT:

#### ▶ Name:

Development and provision of energy services at the base of the pyramid

#### ▶ Funding Period:

2010-2014

#### ▶ Location:

Partido de Moreno, Gran Buenos Aires

#### ▶ Executing Agency:

Fundación Provienda Social

#### ▶ MIF Contribution:

\$694,000 Non-refundable  
\$3,000,000 Financing

#### ▶ Total amount of the three trusts:

\$16,000,000

In 2000, Fundación Provienda Social (FPVS) began implementing a model of community organization to promote and manage the expansion of the gas network for low-income families. The project provided funding for gas line connections and internal installation in every home. Through a funding mechanism based on solidarity, it achieved lower construction costs and economic and financial sustainability.

To date, the FPVS has developed three gas projects benefiting 5,000 families. According to the results of a study by the Observatorio de Desarrollo Barrial of the Di Tella University, in households with natural gas supply, monthly expenses were 7% lower, household income increased, and incidents of disease were

reduced (20% decrease in respiratory illness, 40% in flu and 50% in gastro-intestinal disease). Furthermore, levels of comfort and family life benefited substantially.

This pilot experience has demonstrated the feasibility of the model with a repayment rate of over 90%, demonstrating to companies and financiers the low risk of the operation.

The Trust has a guarantee fund of 18%, reducing the risk for investors.

### ACCESS TO BASIC SERVICES FOR THE FAMILIES OF PARTIDO DE MORENO

The project promotes low-income families’ access to basic services, through the legal and financial platform of a Neighborhood Trust, which allows the identification of

various actors of different natures. Through this instrument, families gain access to credit lines, for gas connections, improve their housing and receive other services provided by commercial banks, international donors and the public sector. In this way, demands are organized so as to attract public and private offerings that can invest resources into improving neighborhood infrastructure and housing.

Compared with other microcredit offerings in Argentina, this system offers lower interest rates and terms (repayment periods of up to 72 months) appropriate to the various local residents, market conditions and socio-economic situations of the beneficiaries.

The Trust offers four types of products: (i) external connections to the gas network, (ii) internal connections, (iii) more complex internal connections and (iv) loans for home improvement.



Multilateral Investment Fund  
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### *The Community Organization Model*

The common demand is determined through a body of Neighborhood Developers, which informs and organizes its neighbors until the creation of the Neighborhood Trust.

When the common demand is organized, a financial and technical plan is developed and presented to funders.

When the trust is established, the various financial capacities of local residents are identified, resulting in a "solidarity" financial solution adapted to the needs and payment abilities of the association. The funders accept the guarantee of the neighbors, who are willing to deposit an extra amount in addition to the monthly payment of the loan amount, establishing a Guarantee Fund during the repayment term, whose remainder is returned in the end.

### *Key Findings*

#### **AS OF DECEMBER 31, 2012**

- The first of three Neighborhood Trusts provided under the Unión de Vecinos en Acción Project initiated the efforts that will connect 4,500 families to the gas network.
- 2,810 families have expressed their interest in participating in the following trusts: Barrios de Unión y Futuro.
- 30 residents are trained to promote and manage the project (Neighborhood Developers).
- A Work Advisory Committee has been established, made up of residents of the neighborhoods and the technical management team of Gas Natural Fenosa.

#### **EXPECTED RESULTS**

##### **AT THE END OF THE PROJECT**

- Connecting 3,500 families to natural gas service, decreasing respiratory and gastrointestinal diseases.
- Generating savings of at least 7% of monthly expenditures of poor households connected to the gas network for fuel substitution.
- Improving housing infrastructure and initiating a repositioning process in the neighborhoods.
- Training and empowering at least 300 residents, who become agents of change in their community.
- Promoting inclusive businesses.

### *Lessons Learned*

- In projects for the provision of public services in communities at the base of the pyramid, and especially those in which different actors are involved, it is essential to build trust between residents and the entity implementing the project.
- The replication of the project, in other areas or with other products, requires community strengthening, which implies a significant pre-operational investment.
- When selecting an area or community for the implementation of social projects, it is crucial to work with local partners. It is very important to remember that working together to improve infrastructure contributes to generating social capital and empowering residents.

### *Next Steps*

- Finding new partners to supplement funding for the second and third trust.
- Continuing the process of training and empowering neighbors.

