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MULTILATERAL INVESTMENT FUND

MEXICO

**VER DE VERDAD MOBILE DIAGNOSTIC CENTERS: BRINGING AFFORDABLE QUALITY
EYE-CARE TO THE BOP**

(ME-M1087)

DONORS MEMORANDUM

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Under the Access to Information Policy, this document is subject to public disclosure.

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PROJECT SUMMARY

VER DE VERDAD MOBILE DIAGNOSTIC CENTERS: BRINGING AFFORDABLE QUALITY EYE-CARE TO THE BOP

(ME-M1087)

Ver de Verdad is a company that specializes in offering eye-care services (prescription eyeglasses and diagnostic services) to the BOP¹ in Mexico. The company has been operating since 2012 when it reached 20,568 beneficiaries through 11 locations in two cities in Mexico. In order to scale its operations across the country and reach communities outside of urban areas, Ver de Verdad has as an objective to pilot a Mobile Diagnostic Center, which would have the ability to reach rural communities and offer diagnostic services and high quality affordable eyeglasses in 45 minutes to over 36,000 BOP individuals by 2014.

The main result of the project is to pilot a distribution model for provision of diagnostic services and high quality affordable eyeglasses to the BOP through mobile diagnostic centers in Culiacan Sinaloa. The impact objective is to contribute to the improvement of visual health for BOP communities in Culiacan, Sinaloa, The project will support Ver de Verdad in its efforts to reach sufficient scale in its operations to become commercially sustainable and reach investment readiness. The main activities to be accomplished during project execution are the following: (i) design and equip the MDC; (ii) develop sales capabilities for the Mobile Diagnostic Center; (iii) strengthen Ver de Verdad' s back-office to support the new distribution channel; (iv) test and pilot the MDC.

Ver de Verdad fills an important gap by serving individuals at the BOP located in rural and semi-urban areas in Mexico, who have inadequate access to affordable eye care, either because they cannot afford eyeglasses or because they rely on the current low quality offer. The Mexican government currently estimates that there are between 7 and 10 million people that do not have access to quality eyeglasses.²

Having access to minimum eye care services and remediating eyesight problems allows individuals to be more productive at work, thus improving their economic potential and standards of living. For example, having access to prescription glasses effectively extends the working age of older individuals, allowing them to continue their productive activities and increase their potential incomes. Rigorous impact studies have estimated that by accessing prescription glasses individuals can increase their productivity by 35%, leading in Mexico to a potential increase in income of US\$332 to US\$2,070 over a two-year period, depending on the individual's income level within the BOP³.

¹ See Beneficiaries section for more information on the BOP definition.

² IMSS. National Health survey. 2010.

³ See the impact section for additional information.

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ACRONYMS AND ABBREVIATIONS

| | |
|-------------|--|
| AOP | Annual Operating Plan |
| DNA | Diagnostic of Executing Agency Needs |
| IADB | Inter-American Development Bank |
| MIF | Multilateral Investment Fund |
| OR | Operating Regulations |
| PCU | Project Coordination Unit |
| QED | Quality for Effectiveness in Development |
| TOR | Terms of Reference |
| MDC | Mobile Diagnostic Center |

PROJECT INFORMATION

VER DE VERDAD MOBILE DIAGNOSTIC CENTERS: BRINGING AFFORDABLE QUALITY EYE-CARE TO THE BOP

(ME-M1083)

| | | | |
|--|---|--------------|------|
| Country and Geographic Location: | Mexico, specifically rural areas around Culiacan, Sinaloa. | | |
| Executing Agency: | LAS MEJORES OPTICAS DE MEXICO SAPI DE CV (“VER DE VERDAD”) | | |
| Access Area: | Access to Basic Services | | |
| Agenda: | Basic Services for the Poor | | |
| Coordination with Other Donors/Bank Operations: | In collaboration with Opportunities for the Majority | | |
| Direct Beneficiaries: | <p>Number of direct beneficiaries: 36,000</p> <p>Target monthly income per household: MXN\$1,836-11,008, classified within the BOP threshold for Mexico⁴.</p> <p>Sex Disaggregation: 60% female.</p> <p>Location: rural and semi-urban areas around Culiacan, Sinaloa.</p> | | |
| Indirect Beneficiaries: | N/A | | |
| Financing: | Technical Cooperation: | US\$ 260,000 | 61% |
| | Investment: | US\$ 000,000 | |
| | Loan: | US\$ 000,000 | |
| | TOTAL MIF FUNDING: | US\$ 260,000 | |
| | Counterpart: | US\$165,000 | 39% |
| | Co-financing (if available): | | 00% |
| | TOTAL PROJECT BUDGET: | US\$ 425,000 | 100% |
| Execution and Disbursement Period: | 24 months of execution and 12 months of disbursement. | | |

⁴ See paragraph 1.6 (Section B. Project Beneficiaries) for further information on the BOP definition.

| | |
|--|---|
| | |
| Special Contractual Conditions: | None |
| Environmental and Social Impact Review: | This operation was screened and classified as required by the IDB's safeguard policy (OP-703). Given the limited impacts and risks, the proposed category for the project is C. |
| Unit with Disbursement Responsibility: | COF/MIF Mexico |

1. BACKGROUND AND JUSTIFICATION

A. Diagnosis of the Problem to be addressed by the Project

- 1.1. This Ver de Verdad project is part of the Facility to “Accelerate Businesses Providing Basic Services to Poor and Low-income Populations” (RG-M1217), a collaboration with OMJ that supports innovative companies at a pre-commercial stage that serve poor and low-income populations, eventually transitioning these companies to receive debt financing from the Bank’s Opportunities for the Majority (OMJ) initiative or equity from one of the MIF’s impact investment funds.
- 1.2. Ver de Verdad’s Mobile Diagnostic Center (MDC) will bring free visual diagnostic exams and high quality affordable eyeglasses into rural and semi-urban communities in Mexico. The MDC will target over 10 million Mexicans at the Base of the Pyramid (BOP)⁵, which have some kind of visual problem, which can be treated with corrective/prescription eyeglasses. Currently, high quality prescription eyeglasses are not available in the market at an affordable price (see paragraph 2.6 for additional market information), and provision is mainly through free NGO programs or low quality eyeglasses provided through public schemes⁶.
- 1.3. Mexico’s Health Ministry highlights myopia, astigmatism, cataracts, macular degeneration, glaucoma, and diabetic retinopathy as the main visual health problems affecting Mexicans, diseases which can be detected only through diagnostic visual exams and the majority of which can be addressed through the correct use of eyeglasses. Since vision-related diseases are highly correlated with age, it is expected that over 50 million Mexicans will need eyeglasses by 2030, a compounded annual growth rate of 2.7%.
- 1.4. However, in Mexico eyeglasses are not covered by any of the government institutions that provide health coverage (IMSS, Seguro Popular, ISSSTE). Accordingly, eyeglasses must be purchased out-of-pocket. The industry as a whole, including the larger retail chains, has focused on the mid to high-income segments with an offer characterized by high prices and large margins despite the reduction in the cost for eye examinations and lens production. The industry is highly fragmented, with only two national players focused in the premium niche. As a result, individuals at the BOP can only access low-quality eyeglasses in small independent shops located in major cities, with difficult or no access for rural communities.
- 1.5. **Market failure.** High production costs and higher margins, as well as inadequate or non-existent distribution channels for the BOP have prevented large retailers from reaching this client segment. The latter, due to its limited purchasing power and location (semi-

⁵ The BOP in Mexico is defined as individuals earning less than MXN\$2,752 per capita per month (2012). BOP thresholds are determined by OMJ on a country per country basis based on the definitions from WRI, the World Bank and PovcalNet. See paragraph 1.6 (Section B. Project Beneficiaries) for further information on the BOP definition.

⁶ There are two main programs in Mexico that offer free eyeglasses: “Ver para vivir Mejor” coordinated by the Education Ministry and operated by an NGO, and “Habitat”, coordinated by Sedesol and operated by volunteers. Together, they distribute 60,000 free lenses per year to remote BOP communities (D and E socio-economic levels).

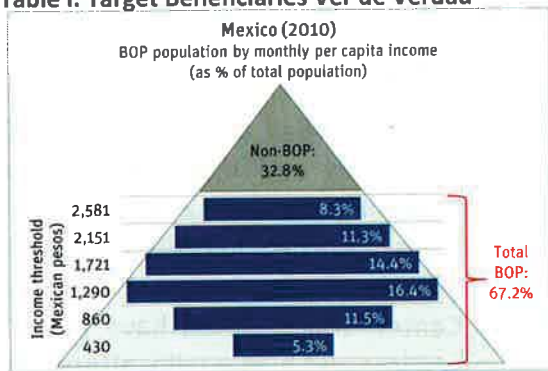
urban, peri-urban, and rural areas) requires a tailored business model offering high volume, low margins, and an efficient distribution channel capable of reaching sufficient scale.

- 1.6. **Justification.** Ver de Verdad fills an important gap by serving individuals at the BOP located in rural and semi-urban areas in Mexico, who have no access to affordable eye care, either because they cannot afford eyeglasses or because they rely on the current low quality offer. The Mexican government currently estimates that there are between 7 and 10 million people that do not have access to quality eyeglasses.⁷ The objective of the project is to launch the Mobile Diagnostic Center (MDC), a new distribution channel to reach the BOP, which allows the company to reach these communities while offering high-quality low-cost eyeglasses. The Ver de Verdad business model aims to grow the existing market by developing a compelling offer for the BOP, as well as establish its stores in locations with little access to affordable eye-care, thus fostering demand for its products and services.

B. Project Beneficiaries

- 1.7. Ver de Verdad is aimed at individuals at the BOP; particularly the MDC targets those living in rural communities. The BOP in Mexico accounts for 67.2% of the population with an average monthly household income between MXN\$1,836 (US\$144) - MXN\$11,008 (US\$868) (2012 prices). It is estimated that around 36% of these individuals suffer some kind of visual impairment that requires eyeglasses. Based on the BOP definition in Table 1, it is estimated that over 70% of the beneficiaries reached by Ver de Verdad are from the BOP, and 60% are female⁸. The MDC will contribute to 8% of the total beneficiaries reached in year 1 (around 3,600 individuals) and will grow to 24% by year two (around 32,700 individuals). Out of the beneficiaries reached through the MDC, at least 90% will be located in rural areas and 10% in semi-urban areas. The individuals reached by Ver de Verdad through other distribution channels, e.g. optical shops, are located in urban and peri-urban areas. The company does not currently aggregate data by gender or by household income level, but as a result of the MIF technical assistance the company will begin to track such data.

Table I. Target Beneficiaries Ver de Verdad



⁷ IMSS. National Health survey. 2010.

⁸ The remaining 30% of Ver de Verdad's target population that does not belong to the BOP is classified as C in the socioeconomic pyramid earning per household on a monthly basis between MXN\$11,008 (US\$868) – MXN\$34,999 (US\$2,755). (AMAI. Mexican Association of Market Research Agencies. Latin American Optical Handbook, LatinPress 2009).

C. Contribution to MIF Mandate, Access Framework and IDB Strategy

- 1.8. The project contributes to MIF's mandate on both private sector development and poverty reduction; MIF will support the proposed business model, supporting economic growth, aiming to provide Mexicans at the base of the pyramid with essential eye care services. In addition to this, the project contributes to poverty reduction as it implements a business model specifically tailored to satisfy the necessities of the population at the BOP, making these critical services affordable and therefore improving the quality of their lives and capacities.
- 1.9. The project is also contributing to the Agenda of Access to Basic Services for the Poor in terms of results and knowledge. More specifically, it will pilot an innovative SME business model for the provision of basic services – in this case vision care - and create jobs.
- 1.10. This operation is fully consistent with the IADB strategy for Mexico that calls on the private sector windows of the Bank to support SME growth. It also complements the Bank focus on social protection by piloting an SME model for affordable eye care for the BOP that serves as a complement to public sector social protection and fills a gap in this coverage.

2. PROJECT DESCRIPTION

A. Objectives

- 2.1. Ver de Verdad is a company that specializes in offering eye-care services (prescription eyeglasses and diagnostic services) to the BOP in Mexico. The company has been operating since 2012 when it reached 20,568 beneficiaries through 11 locations in two cities in Mexico. In order to scale its operations across the country and reach communities outside of urban areas, Ver de Verdad has as an objective to pilot a Mobile Diagnostic Center, which would have the ability to reach rural communities and offer diagnostic services and high quality affordable eyeglasses in 45 minutes.
- 2.2. The result objective of the project is to launch a new distribution channel to reach rural and semi-urban areas, i.e. the Mobile Diagnostic Center (MDC), which will allow Ver de Verdad to reach sufficient scale in its operations to become commercially sustainable and reach investment readiness.

B. Description of Model/Solution/Intervention

- 2.3. The Ver de Verdad business model is changing the current industry dynamics, which historically has been based on a few national/regional players focused on high prices, as well as fragmented local players lacking quality products. The company is able to offer its products and services at a very competitive price in a timely manner due to five important factors: (i) a generalized dramatic reduction in the cost for eye examinations in the past few years across the visual care sector; (ii) a reduction in the cost of high-quality generic brand eye glasses; (iii) the ability to have proprietary laboratory equipment in the stores; (iv) a professional and lean management team able to execute the overall strategy; (v) appropriate distribution channels allowing the company to have high volumes and low margins.
- 2.4. **Model.** The Mobile Diagnostic Center will cover the rural zones around Culiacan, Sinaloa. The MDC will visit one community per day, examining patients, preparing the prescription

and delivering the eyeglasses in 45 minutes. It will be fully equipped with the latest in eye care technology and diagnostic testing equipment. The objective of the MDC is to bring to rural communities the same level of care and services available in urban centers. The MDC complements the existing Ver de Verdad distribution channels directed at urban areas, as explained in the financial sustainability and Executing Agency sections.

- 2.5. The MDC will be divided into three areas: (i) Reception area: registry of incoming clients, where different client data will be captured (e.g. household income, gender, urban/rural location); (ii) Optometry area: optometrist performs the free eye diagnostic exams and fills in prescriptions. Needed equipment includes an exam chair, slit lamp and slit lamp camera, phoropter, autorefractor, lensometer, among others; (iii) Lab area: optical laboratory technician designs, manufactures and mounts the eyeglasses. Needed equipment includes the optical lens edger, tools, labeler, manual edger, lensometers, etc.
- 2.6. Revenue will be generated by selling the reading and prescription eyeglasses to the clients at an average price of US\$16 to \$25 accordingly⁹. The MDC will be able to distribute up to 1,200 eyeglasses per month. The objective is that by 2014 Ver de Verdad will be able to reach 36,000 beneficiaries through the MDC. Table 2 below provides a market analysis on the low-cost available offer in Mexico for prescription lenses, as well as the average delivery time. As seen from table 2 below, currently, Ver de Verdad is able to offer the lowest-cost and the fastest delivery time vis-à-vis its competitors.

Table 2: Market Analysis Low-cost Prescription Eyeglasses in Mexico

| Company | Delivery | Lenses+frame (MXN) | Lenses+frame (USD) | Price index |
|------------------------------|------------|--------------------|--------------------|-------------|
| York | 4 days | \$ 1,410 | \$ 111 | 1.00 |
| Costco | 7 days | \$ 1,300 | \$ 102 | 0.92 |
| Devlyn | 4 days | \$ 1,250 | \$98 | 0.89 |
| Atlas Cuautla | 1 day | \$ 1,000 | \$ 79 | 0.71 |
| PhotoCorneal Tlaxcala | 6 days | \$ 740 | \$ 58 | 0.52 |
| Imagen Optica | 45 minutes | \$ 700 | \$ 55 | 0.50 |
| El Lente Económico Monterrey | 1 day | \$ 680 | \$ 54 | 0.48 |
| Optica Allende Querétaro | 4 days | \$ 620 | \$ 49 | 0.44 |
| Centro Optico Monterrey | 2 days | \$ 600 | \$ 47 | 0.43 |
| Premier Monterrey | 1 day | \$ 600 | \$ 47 | 0.43 |
| Opticenter Zacatecas | 3 days | \$ 540 | \$ 43 | 0.38 |
| Ver de Verdad | 45 minutes | \$ 312 | \$25 | 0.22 |

- 2.7. The Ver de Verdad business model, particularly its new distribution channel, i.e. the Mobile Diagnostic Center, builds upon lessons learned from other similar OMJ grant interventions, such as VisionSpring (“Microfranchising for the Base of the Pyramid – VisionSpring, RG-T1955”). The evaluation report presented by Manaus Consulting in November 2012¹⁰ concluded that despite the Executing Agency’s successful deployment

⁹ For comparison purposes, reading glasses aimed at the BOP sold by Vision Spring (RG-T 1955) (see paragraph 2.9) in El Salvador at around US\$15. Vision Spring was a Client Support grant financed by OMJ in 2010 in order to help it launch its business model in El Salvador, which is similar to Ver de Verdad as its main objective is to provide affordable eye care (prescription glasses and visual examinations) to the BOP.

¹⁰ IDBDOCS No. 37619954

of IDB grant resources, VisionSpring has had difficulty in reaching scale in El Salvador through its micro franchisee distribution network. The latter's objective, besides employment generation, is to reach rural communities and complement the activities carried by Vision Spring's optometry stores in urban settings. Besides the important cost imbedded in the training and retention of vision entrepreneurs, the evaluation report highlights that given that they are not optometrists, they lack legitimacy from beneficiaries rendering the scale of their activities difficult. One of the reasons for this situation is that given their non-technical profiles, Vision Entrepreneurs provide limited services, i.e. they cannot provide in-depth eye care services in the field, such as prescription glasses; rather their scope of work is limited to simple vision assessments and the provision of reading glasses.

- 2.8. Finally, despite the fact the Vision Entrepreneurs generate 70-80% of sales; the turnover ratio is around 30%, impacting the company's ability to scale its operations. The combination of the above factors has limited the capacity of the model to reach scale, and as such the organization is currently revisiting its business model in order to reach financial sustainability during 2013.
- 2.9. In turn, Ver de Verdad adapted its model to respond to some of these concerns by modifying its distribution channel for rural areas, i.e. the Mobile Diagnostic Center has the ability to bring directly to beneficiaries all of the products and services available in urban areas, including diagnostic exams, an optometrist, and lenses prepared immediately in the MDC unit itself. Another important lesson learned concerns the purchase of lenses for prescription glasses: while Vision Spring incurs a 25% cost over sales to purchase lenses from local providers, Ver de Verdad has its own lenses laboratory, allowing it to better control costs and improve efficiency in its operations.
- 2.10. **Innovation.** Ver de Verdad is launching a new distribution platform in order to extend access to its visual health services to BOP communities in rural areas. Ver de Verdad aims to offer access to low priced, high quality eyeglasses to the BOP, enabling better vision and promoting a culture of eye health and early detection of potentially serious health problems by conducting free eye exams. Ver de Verdad's innovation is based upon four pillars:
 - (i) Professional free eye examinations. Beneficiaries can receive free visual exams in the shop, conducted by a certified ophthalmologist. Approximately 70% of individuals diagnosed with the need of lenses will obtain eyeglasses the same day;
 - (ii) Wide variety of eyeglasses (styles and models) at low prices. By keeping an efficient operational model, the company offers high quality products at highly competitive prices: among the least expensive offers available in the market, Ver de Verdad's products are 64% less expensive than the average cost;
 - (iii) Fast Delivery. Products can be assembled inside the shop and delivered in less than 45 minutes. This is especially important for the BOP, where the opportunity cost of downtime is very high: only one other low-cost provider in Mexico has the ability to deliver in 45 minutes, however, their product offer is 50% more expensive than Ver de Verdad;

- (iv) **Shopping Location & Experience.** Ver de Verdad's reduced store size allows the company to find convenient and accessible locations. At the same time, the selling process provides customers with a unique shopping experience. Both qualities will be replicated in the Mobile Diagnostic Center.

2.11. **Scalability and Replicability.** Ver de Verdad's previous store experience will allow the new distribution platform to be EBITDA positive by month 10 of operations. The company plans to launch only one Mobile Center during the first year to pilot the program; afterwards Ver de Verdad will add between 2 and 3 centers per year throughout Mexico (one per city). The lessons learned from the pilot program will allow the model to be replicable in any BOP community with a certain population density.

C. Components

Component I: Designing and equipping the Mobile Diagnostic Center. (MIF: US\$90,000); Counterpart (US\$150,000).

2.12. The objective of this component is to finish the design and pilot the first Mobile Diagnostic Center.

2.13. The activities and products of this component are the following:

- **Activity #1: Design the Mobile Diagnostic Center.** To create this new distribution platform, Ver de Verdad will conduct external research on different mobile optical models, while leveraging its internal expertise to create the best offer possible. Expected results: (i) Internal layout and external design for the mobile diagnostic center approved by Steering Committee (see section D). (ii) Confirmed list of equipment requirements and selected providers.
- **Activity #2: Purchase vehicle and equipment.** Ver de Verdad will lead negotiations with its selected providers to acquire the ideal vehicle and required registration, showroom, optometric and lab equipment. Expected results with 100% counterpart financing: (i) vehicle acquisition, (ii) purchasing of reception, showroom, optometry and lab equipment.
- **Activity #3: Prepare the vehicle and mount the equipment.** The appropriate Ver de Verdad branding will be installed in the vehicle and the registration, showroom, optometry and lab equipment will be mounted. Expected results: Fully-equipped Mobile Diagnostic Center in operation.

Component II: Developing Sales Capabilities for the Mobile Diagnostic Center. (MIF: US\$40,000); Counterpart (US\$0).

2.14. The objective of this component is to develop the required commercial aspects for the new model, including market assessment and sales training for the MDC.

2.15. The activities and products of this component are the following:

- **Activity #1: Define marketing and commercial segmentation strategy.** Develop a market segmentation study to identify the specific eyeglasses needs of Ver de Verdad semi-urban and rural communities. Expected results: (i) customer profiles for

each segment by socioeconomic level, gender, and region developed, (ii) specific category guidelines to serve each customer segment developed.

- **Activity #2: Define commercial strategy.** The Ver de Verdad team will select the specific product portfolio for the new model as well as the suggested price level in order to offer the best value proposition to the target market. Expected results: (i) list of number of stock-keeping units (SKUs) and prices to be included in the MDC developed, (ii) suggested location of each SKU in the MDC displays developed.
- **Activity #2: Develop a marketing campaign for rural communities.** In order to increase the awareness of the Mobile Diagnostic Unit, the company will make use of tailored marketing campaigns, e.g. brochures and other traditional marketing strategies, such as using megaphones to announce the presence of the MDC. Expected results: (i) campaign messages, strategy and activities, (ii) campaign budget and implementation plan.
- **Activity #4: Train sales staff for the new MDC.** The Ver de Verdad unique sales process (pitch, product offering, etc.) needs to be adapted to receive customers in the Mobile Diagnostic Center. After the process is adapted the MDC staff needs to be trained. Expected results: (i) adapted sales process (ii) develop training manual and course for the new sales process; (iii) MDC staff trained and equipped.

Component III: Strengthening Ver de Verdad's back-office to support the new model and Launch the Mobile Diagnostic Center pilot program. (MIF: US\$40,000); Counterpart (US\$0).

- 2.16. Similarly to the improvement of the front-office, the objective of this component is to strengthen and improve Ver de Verdad's back-office capacity in order to handle this new channel and all its future sales and launch the MDC pilot, building upon the previous components.
- 2.17. The activities and products of this component are the following:
- **Activity #1: Implement an Inventory system.** Despite operating throughout the first year with a basic inventory system, Ver de Verdad requires the implementation of a full service inventory system to continue scaling its model, especially under the new distribution platform. Expected result: inventory system in operation.
 - **Activity #2: Prepare and Adapt ICT, CRM and ERP systems.** Similarly, Ver de Verdad will customize its current CRM and ERP platform (People Soft) to adapt its functionalities to the new model, as well as acquire necessary ICT material for the MDC. Expected result: (i) ICT, CRM and ERP systems in place, (ii) detailed list of required customization actions, (iii) implementation testing
 - **Activity #3: Execute MDC visits during the first year.** Once the MDC is equipped and ready, it will visit different communities in Sonora and Sinaloa in Mexico. Expected results: one year of daily visits to rural communities in Sonora and Sinaloa, selling around 1,200 eyeglasses and performing around 1,500 eye exams per month.

- **Activity #4:** Maintain MDC equipment. In order to assure the highest level of service of the MDC, the optical equipment and the vehicle will be maintained every three months and insured.
- **Activity #5:** Prepare 3-year project roll-out. Finally, the program evaluation and lessons learned will serve as the basis for the full 3-year roll-out to take the Mobile Diagnostic Center to every city with a Ver de Verdad store. Expected results: full-scale MDC implementation plan in operation.
- **Activity #6: Steering Committee progress/evaluation meetings.** The Ver de Verdad Board of Directors will serve as a Steering Committee, reviewing the project performance every month and making sure roadblocks are solved, lessons learned included in further phases and next steps planned.
- **Activity #7: Monitoring System to Document results, lessons learned/best practices.** At the end, lessons learned will be documented to make sure they are available for future reference and applied throughout the expansion phase of the Mobile Diagnostic Center and other future Ver de Verdad models. This will serve as input for knowledge products that are managed within the Accelerator Facility to document lessons learned.
- **Activity #8: Prepare 3-year project roll-out.** Finally, the program evaluation and lessons learned will serve as the basis for the full 3-year roll-out to take the Mobile Diagnostic Center to every city with a Ver de Verdad store. Expected results: full-scale MDC implementation plan.

D. Project Governance and Execution Mechanism

2.18. The Ver de Verdad Board of Directors will serve as a Steering Committee, reviewing the project performance every month and making sure roadblocks are solved, lessons learned included in further phases and next steps planned. After wrapping up each phase of the implementation plan for the Mobile Diagnostic Center, Ver de Verdad's project steering committee will lead the team into a self-reflection process to document lessons learned and include them into the next phase. The steering committee for the project will be composed of:

- Álvaro Rodríguez Arregui – Managing Partner, IGNIA fund; Chairman of the Board of Compartamos Banco (México)
- Michael Chu –Managing Director, IGNIA fund; Professor at Harvard Business School; Co-founder of Pegasus Capital (Argentina)
- Fabrice Serfati –Managing Director, IGNIA fund; Ex-VP Corporate Finance of Vitro
- Leon Kraig –Managing Director, IGNIA fund; Ex- President for Latin America, Mars Corp.
- Hugo Moreno – CEO, Ver de Verdad
- Antonio Tamayo - Optometrist and Operations Manager at Ver de Verdad. Mobile Diagnostic Center Project Leader

E. Financial Sustainability.

- 2.19. As mentioned above, the objective of the project is to enable Ver de Verdad to reach scale and become commercially viable by increasing its current operations through a new distribution channel. As a result of the grant, Ver de Verdad is expected to reach breakeven in 2014, as well as increase the scale of its operations substantially by reaching around 149,000 beneficiaries compared to 50,000 in 2013. Moreover, the company expects to increase its sales considerably from US\$1.8 million in 2013 to US\$5.5 million in 2014. Table 4 highlights the additional income to be generated through the MDC. The grant will allow the company to launch and scale a new distribution platform, the MDC, which by 2014 is expected to contribute an additional 36,000 beneficiaries receiving health services, as well as an additional US\$691k in sales.
- 2.20. The new distribution model has not yet launched, therefore historical financial information does not exist. However, Ver de Verdad has projected financials based on management's assumptions.

2.21. Experience and Lessons Learned from MIF or other Institutions

- Under the Access Framework, the MIF has two on-going experiences to testing market based models to provide basic health care to the BOP. The Global Partnerships model (RG-M1207) in Haiti, Ecuador and Honduras and Nicaragua is piloting health services offered by MFIs tailored to meet the needs of their borrowers. A project currently under preparation in Haiti is piloting a pre-paid health cards for workers in the informal and formal sector that do not have access or limited access to primary health care services. Lesson learned from the Global Partnerships project demonstrates the need for flexibility to reassess business plans on a regular basis in regard to the package of services offered, their geographic location and income level of beneficiaries, and to adjust pricing packages. This flexibility will be incorporated into this Ver de Verdad by establishment of the steering committee and close supervision under the Accelerator Facility.

G. MIF Additionality

- **Non-Financial Additionality.** MIF and OMJ each bring specific knowledge, critical for the success of the project. The MIF Basic Services Agenda brings a focus on the poor, on results and impact measurement, and on knowledge sharing for systemic impact. OMJ brings credibility and technical expertise in lending to bankable projects for the BOP. Together, there is synergy for achieving results and bringing innovative basic service projects to scale.
- **Financial Additionality.** Total project cost is USD400,000. The MIF will contribute USD250, 000, distributed in all components and activities of the initiative, and focusing on baseline activities, monitoring systems and all the financing strategies. Given the risk involved in the project, MIF financial support is critical

as there would hardly be any alternate source of financing for the initial stages of business operations.

H. Project Results

- 2.22. The following IRIS Indicators will be tracked quarterly in order to adequately track and monitor both the achievement of financial and social performance targets. These indicators are selected in order to ensure continuity in tracking baseline indicators from the start of the MIF project and to continue if and when OMJ or other financing from a MIF fund is secured as a result of this project.

Table 2

***Metric Type definitions:**
Flow = Numbers that occurred during the period
Balance = Resulting balance in the period, i.e. accumulated
Ratio = computed value in the period

Ver de Verdad Metrics - Targets

| Unit | Indicator | Definition | Baseline (2012) | 2013 | 2014 |
|----------------------------|--|--|-----------------|--------|---------|
| Number of visits | Health Related Well Visits: Diagnostic Visits (Flow) | Number of visits or screenings conducted by the organization during the reporting period. Note: For Ver de Verdad this relates to the number of diagnostic exams performed. | 34,077 | 84,303 | 285,469 |
| Number of eyeglasses | Units/Volume Sold: Total (Flow) | Operational Amount of the product or service sold by the organization during the reporting period. Note: For Ver de Verdad this relates to the number of eyeglasses sold | 20,568 | 50,797 | 149,555 |
| Number of eyeglasses | Units/Volume Sold: Mobile Diagnostic Center | Operational Amount of the product or service sold by the organization during the reporting period. Note: For Ver de Verdad this relates to the number of eyeglasses sold | 0 | 4,000 | 36,000 |
| Number of units/facilities | Healthcare Facilities: Optometry Shops (Balance) | Number of healthcare units/facilities under management at the end of the reporting period. Note: For Ver de Verdad this relates to the number of urban optometry shops. | 11 | 17 | 26 |
| Number of units/facilities | Healthcare Facilities: Mobile Diagnostic Units (Balance) | Number of healthcare units/facilities under management at the end of the reporting period. Note: For Ver de Verdad this relates to the number of Mobile Diagnostic Units in rural areas. | 0 | 1 | 3 |
| Number of people | Group-based Training (Flow): MDC Sales Staff | Individuals receiving group-based training from the organization during the reporting period. | | 62 | 89 |
| Number of people | Client Individuals (flow) | Number of individuals or households who were clients during the reporting period. For healthcare providers, this refers to patients. Note: This is intended to capture the number of individual consumers served by the organization, not the number of consumer transactions. For example a customer who makes two purchases during a period would only be counted once. Separately report Sales Transactions | 18,698 | 46,179 | 135,959 |
| Number of people | Client Individuals : Low Income (flow) | Number of low-income individuals (BOP) or households that were clients during the reporting period. For Mexico this refers to households earning on average between MXN\$1,836-11,008 per month. | 13,089 | 32,325 | 95,171 |
| Number of people | Client Individuals: Female (flow) | Number of women that were clients during the reporting period. | 11,219 | 27,707 | 81,575 |
| Number of people | Client Individuals: Rural (flow) | Number of individuals or households in rural areas who were clients during the reporting period. | - | 3,636 | 32,727 |
| Currency (USD, thousands) | Sales: Total (flow) | Revenue from sales of the product or service during the reporting period. Note: For Ver de Verdad this relates to total Sales | 596 | 1,799 | 5,509 |
| Currency (USD, thousands) | Sales: Mobile Diagnostic Center (flow) | Revenue from sales of the product or service during the reporting period. Note: For Ver de Verdad this relates to Sales from the MDC | 0 | 77 | 691 |
| Currency (USD, thousands) | Operating Expense (flow) | Expenditures incurred by the organization as a result of performing its normal business operations. | 201 | 555 | 1,740 |
| Currency (USD, thousands) | EBITDA: Total (flow) | Organization's earnings, excluding contributed revenues, before interest, taxes, depreciation and amortization during the reporting period. | -430 | -319 | 879 |
| Currency (USD, thousands) | EBITDA: Mobile Diagnostic Center (Flow) | Organization's earnings, excluding contributed revenues, before interest, taxes, depreciation and amortization during the reporting period. | 0 | 41 | 370 |
| Currency (USD, thousands) | Net Income (flow) | Net Income or change in unrestricted net assets resulting from all business activities during the reporting period and all Contributed Revenue. The organization's net profit. | -446 | -335 | 879 |
| Currency (USD, thousands) | Total Assets (Balance) | Value, at the end of the reporting period, of all assets. | 1,101 | 1,207 | 1,320 |
| Currency (USD, thousands) | Total Liabilities (Balance) | Value of organization's liabilities at the end of the reporting period. | 78 | 161 | 274 |
| Currency (USD, thousands) | Equity (Balance) | The residual interest, at the end of the reporting period, in the assets of the organization after deducting all its liabilities. | 1,023 | 1,046 | 1,046 |

I. Project Impact

2.23. Having access to minimum eye care services and remediating eyesight problems allows individuals to be more productive at work, thus improving their economic potential and standards of living. For example, having access to prescription glasses effectively extends the working age of older individuals, allowing them to continue their productive activities and increase their potential incomes. According to an AMD Alliance International study¹¹, in 2010, the global cost of vision loss was around US\$2,954 billion for the 733 million people living with poor vision and blindness across the world. This calculation includes caregiver costs, informal caregiver time, lost productivity, and inefficiencies in raising tax revenue to fund health care.

2.24. Moreover, according to a rigorous impact assessment carried out by the University of Michigan and VisionSpring¹² (2005-2010), improved vision accessing prescription glasses individuals increase their productivity by 35%. According to Table 4, in Mexico this would translate to earning roughly an additional US\$332 to US\$2,070 over a two-year period, depending on the individual's income level¹³. Finally, according to further analysis carried out by VisionSpring, it is estimated that the use of prescription lenses can increase monthly incomes by up to 20%.

Table 4. Economic Impact Assessment (Mexico) (2005-2010), Improved Vision accessing

| (USD) | Min. BOP threshold | Max. BOP threshold |
|---|--------------------|--------------------|
| Daily per capita income | \$ 2 | \$ 11 |
| Yearly per capita income (x275 days) | \$ 497 | \$ 2,980 |
| Two-year per capita income: | | |
| average useful life of glasses | \$ 994 | \$ 5,959 |
| 35% productivity gain | \$ 348 | \$ 2,086 |
| Average cost of Ver de Verdad glasses | \$ 16 | \$ 16 |
| Average enhanced earning potential over two-year period | \$ 332 | \$ 2,070 |

J. Systemic Impact

2.25. The project advances systemic changes by promoting: (i) significant increases in the scale of activity in the sector; (ii) the formation of new partnerships to scale activity in the future; (iii) adoption by new private actor.

2.26. The purpose of the project is to accelerate development of commercially viable business models for provision of basic services to bring them to scale through OMJ financing, MIF or other financing in order to significantly scale Ver de Verdad's operations. To develop and pilot the Mobile Diagnostic Center model, Ver de Verdad will partner with the following organizations in order to find the appropriate locations to locate the mobile center and attract clients:

- Casas Ley – One of Mexico's largest regional supermarket chains with more than 150 locations around the Northwest region.
- Farmacias Farmacon – A chain of pharmacies and related services with over 160 locations in Northwest Mexico.

¹¹ Access Economics, prepared for AMD Alliance International, *The Global Economic Cost of Visual Impairment*, March 2010 (all costs were reported in 2008 US dollars).

¹² http://www.visionsspring.org/newscenter/downloads/news/scojo_news_876.pdf

¹³ See the project beneficiaries section more information on the BOP in Mexico.

- MZ Supermercados – A regional chain of supermarkets with more than 40 locations around Sinaloa.
 - Local Churches – Partnering with over 60 local churches in the state of Sinaloa, will allow the Mobile Diagnostic Center to further reach communities that don't have a local retailer.
- 2.27. As explained in paragraph 2.9, Ver de Verdad is adapting and replicating the VisionSpring model in Mexico, and incorporating the lessons learned from the latter, with the objective to reach scale faster. Ver de Verdad is the first and in Mexico dedicated exclusively to providing eyeglasses and diagnostic services to rural BOP communities.

3. MONITORING AND EVALUATION STRATEGY

- 3.1. Baseline: In 2012, Ver de Verdad first year of operations, the company performed 34,077 diagnostic eye exams, out of which 20,568 purchased eyeglasses at an average price of US\$29.46 (MX\$308). Ver de Verdad will collect basic socio-economic baseline data of targeted beneficiaries. The data will be disaggregated by gender and/or household income level.
- 3.2. Monitoring: Ver de Verdad will establish a monitoring and evaluation system to track the progress of the logical framework indicators, and the financial performance of the Mobile Diagnostic Centers, such as total sales, net profit, revenue from sales, and others such as total units sold and number of clients with access to the product. The data will be uploaded in the M&E system on a quarterly basis and should continue being uploaded into the credit phase supported by the Bank (OMJ), to continue monitoring financial performance and social impact.
- 3.3. Evaluation: The project will undertake a mid-term evaluation, which will have a solid basis on the baseline data and the information collected from the monitoring and evaluation system. The mid-term evaluation will be carried out at half of the execution period or at 50% of disbursements, whatever happens first, and will be more formative or process oriented, focused on ensuring that the project performs as planned, and providing recommendations for adjustments to the project plan, if necessary. Evaluation questions will focus on the effectiveness of the intervention (inputs and products). Some of the questions may include: are the activities planned leading to results? What are the risks, obstacles and difficulties faced during implementation? How is the Executing Agency overcoming these obstacles? What specific recommendations should be incorporated in project design to ensure achievement of project's objectives?
- 3.4. This project has not been selected for an impact evaluation given that the "hub and spoke" model is a proven feasible business model and a viable solution to serve unmet eye care needs of low-income populations, as well as a source of employment for those at the base of the socioeconomic pyramid. This pilot will support expansion of this proven pre-commercial model.

4. COST AND FINANCING

- 4.1. The project has a total cost of US\$425,000, of which US\$260,000 (63.5%) will be provided by the MIF, and US\$165,000 by the counterpart in cash, of which at least \$15,000 will be in kind. The execution period will be of 24 months and the disbursement period will be of 12 months.

| Components | MIF | Counterpart | Co-financing (if applicable) | Total |
|---|------------------|------------------|------------------------------|------------------|
| Component 1: Designing and Equipping the Mobile Diagnostic Center | \$90,000 | \$150,000 | | \$240,000 |
| Component 2: Developing Sales Capabilities for the Mobile Diagnostic Center | \$40,000 | \$0 | | \$40,000 |
| Component 3: Strengthening Ver de Verdad' s back-office to support new distribution channel | \$130,000 | \$0 | | \$130,000 |
| Executing Agency/ Administrative* | \$0 | \$15,000 | | \$15,000 |
| Baseline, Monitoring and Evaluation * | | | | |
| Ex post reviews * | | | | |
| Contingencies* | | | | |
| Sub-total | | | | |
| Impact Evaluation Account (5%)* | | | | |
| Agenda Account* | | | | |
| Grand Total | \$260,000 | \$165,000 | | \$425,000 |

*COVERED UNDER REGIONAL FACILITY (RG-M1217)

5. EXECUTING AGENCY

A. Executing Agency

- 5.1. Ver de Verdad will be the Executing Agency of this project and will sign the agreement with the Bank.
- 5.2. Ver de Verdad is developing the first national chain of small retail shops to provide BOP populations with high quality affordable eyeglasses. The Company plans to quickly establish a significant national market presence by leveraging four competitive advantages: low price, fast delivery, convenient locations, and the right product mix. Ver de Verdad was founded in October 2011 by Hugo Moreno, currently CEO. Mr. Moreno came from four successful years as CEO of Salud Digna, an innovative model for health care in Mexico. As a result of discussions with IGNIA (RG-L1021)¹⁴, the largest BOP venture capital fund in Latin America, Hugo discovered the opportunity to launch a business model focused on affordable eye-care.
- 5.3. IGNIA FUND I disbursed the seed investment to launch the company and in 2012, Ver de Verdad's first full year of operations, the company conducted 30,800 eye exams, and

¹⁴ Both OMJ and MIF made an investment of debt and equity accordingly in IGNIA Fund in 2008.

- sold 20,100 eyeglasses. Today Ver de Verdad has over 50 employees working in 11 stores in Culiacan, Sinaloa and Cd. Obregon, Sonora in the Northwestern part of Mexico.
- 5.4. IGNIA currently holds a 93% ownership in Ver de Verdad. Under the agreement with IGNIA, Hugo Moreno, the founder and CEO, owns 5% of the company, and has recently received an additional 2% of shares after fulfilling the company objectives for the first year of operations.
 - 5.5. The stores are operated under two models: (i) Stand alone, fully operated by the Ver de Verdad team (5); (ii) In-store, operated in partnership with Arauz, a photo processing store chain (6).
 - 5.6. The entrepreneur, Hugo Moreno, has significant experience in the health care industry, mostly as a result of his 4 years as CEO of Salud Digna. When Mr. Moreno joined Salud Digna, the company had 3 clinics that provided services to 200,000 patients. One of Hugo's main accomplishments during his time in Salud Digna was to help the organization achieve economic independence from grants and become commercially viable. By the end of 2007, Salud Digna operated under a very lean and strict control model that allowed the organization to become independent of external funding and start a prosperous organic growth stage.
 - 5.7. Under Mr. Moreno's management Salud Digna grew to become a major regional player, opening 17 clinics in 5 states and servicing more than 1 million people per year. He focused on building a strong management team and developing a state of the art centralized system to gain visibility of real-time operational performance. Additionally, Mr. Moreno has commercial, marketing and operational experience in the financial services, automotive and steel industries, as well as an MBA from IPADE and several managerial courses from Harvard Business School and the Stanford Graduate School of Business.
 - 5.8. Ver de Verdad will establish an executing unit and the necessary structure to effectively and efficiently execute project activities and manage project resources. Ver de Verdad will also be responsible for providing progress reports on project implementation. Details on the structure of the execution unit and reporting requirements are in Annex 7 in the project technical files.
 - 5.9. The Mobile Diagnostic Center is in line with Ver de Verdad's mission and core business. This new model will become Ver de Verdad's third successful model, in an attempt to reach a larger part of Mexico's BOP population. The business plan calls for 100 stores in the first 6 years located across 35 mid-sized cities in Mexico.

6. PROJECT RISKS

- 6.1. **Executing agency potential weaknesses:** a) Inventory system – As Ver de Verdad locations continue to grow, especially into rural communities, the effective management of inventory becomes a key issue. Part of the grant will be used to purchase a multi-stage inventory software to be able to keep track of the frames and lenses inventories from the central warehouses, through the stores, and all the way to the MDC. b) Equipment breakdown - The MDC equipment will receive periodic

preventive maintenance. In case of any unexpected breakdowns Ver de Verdad's local maintenance experts will be available to solve any issues.

- 6.2. **External risks:** The Mobile Diagnostic Center will visit BOP communities; there is a small possibility of an accident or other incident. The MDC will have insurance in order to prevent any losses for external unexpected consequences.
- 6.3. **Sector/Demand risk:** a) Lack of demand in rural communities - During the first year of operations, the company validated the need for eyeglasses in these communities, especially among individuals that had never received a diagnostic exam before. As part of the model includes a free eye examination, this incentivizes customer attraction; b) Going to locations with low population density leading to unprofitable trips – Some day trips could become non-economically viable either because of sales volumes or transportation/travel expenses. The local team will perform a simple profitability study of each target community in advance in order to reduce the number of such trips.
- 6.4. **Operational risk.** The risk that Ver de Verdad will not be able to pilot the MDC successfully. This risk is mitigated by the organization's strong management team, including the support from IGNIA's management team and administrative support through its IGNIA Shared Services unit, which supports all portfolio companies in treasury and cash management, auditing, and other administrative tasks. Moreover, the organization has designed a steering committee to review Ver de Verdad's performance and achievement of milestones on a monthly basis. Finally, the MIF also participates in IGNIA's investment committee allowing it to have an additional oversight over the company's performance.

7. ENVIRONMENTAL AND SOCIAL EFFECTS

- 7.1. Based on the available documents, this operation is a Category "C" according to IDB Policy OP 703 Directive B.3, with little or no environmental and social impacts. According to the information provided, the mobile clinic will be visiting rural and semi-urban communities in the state of Sinaloa thus will likely cause minimal localized environmental impacts for which effective standard and easily implementable mitigation measures exist. Finally, the Project will have a positive social impact, including the expansion of affordable health care services for BOP Mexicans, an improvement in visual health, as well as an increase in productivity for those individuals receiving eyeglasses.

8. COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1. **Disbursement by Results and Fiduciary Arrangements.** The Executing Agency will adhere to the standard MIF disbursement by results, procurement and financial management arrangements specified in Annex 8. Based on the DNA results of the project, Ver de Verdad has good financial and management capacity. However, in the case of procurement, it does not have experience with contracting consultants and consulting firms. For this reason, ex-ante procurement review will be implemented for the first six months, with the possibility of being ex-post thereafter based on satisfactory compliance as determined by the supervision team leader.

9. INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY

- 9.1. **Information Disclosure.** This project is not deemed to have confidential information according to the Bank's information policy.
- 9.2. **Intellectual Property.** Intellectual property will be shared with the Bank to the extent such is relevant to replication of this type of project, without sharing private business proprietary products and details.

10. RECOMMENDATION

- 10.1. The Project Team Leader, David Bloomgarden, recommends the approval of this operation by the General Manager of the MIF, under the Delegation of Authority granted by the Donors Committee on October 9, 2012, and the use of MIF funds of up to a maximum of US\$400,000 to finance this project.

11. MIF GENERAL MANAGER APPROVAL

- 11.1. I hereby approve, in accordance with the Delegation of Authority provided by the Donors Committee on October 9, 2012, under MIF/AT-1205, the amount of up to US\$260,000 to finance the project "Ver de Verdad Mobile Diagnostic Centers: Bringing Affordable Quality Eye-Care to the BOP" (ME-M1087), as part of the "Program to Accelerate Businesses Providing Basic Services to Poor and Low Income Populations" (RG-M1217).
- 11.2. Project resources will be used to finance the activities described and budgeted in this document, to be charged against MIF funds under Program to Accelerate Businesses Providing Basic Services to Poor and Low Income Populations" (RG-M1217), and are nonreimbursable.
- 11.3. The Bank will commit and disburse these funds in U.S. dollars. The same currency will be used to establish the compensation and payment of consultants, except in the case of local consultants working in their own borrowing country, in which case compensation will be defined and paid in local currency.
- 11.4. No program funds other than the amount certified above will be available for implementation of this technical cooperation operation.

Approved



Nancy Lee
MIF, General Manager

9/13/13

[Date]

Results Matrix
“Ver de Verdad Diagnostic Centers: Bringing Affordable Quality Eye-Care to the BOP” (ME-M1087)

| Impact | | Risks | | | |
|---|---|---|--------------------|---------------|---|
| Contribute to the socio-economic performance of Mobile Diagnostic Centers and the commercial sustainability/ investment readiness of “Ver de Verdad” ¹ | Indicator 1 | Baseline(2012) | Inter Value | Target | The risk that Ver de Verdad will not be able to pilot the MDC successfully. |
| | Jobs created | 20 | 30 | 50 | |
| | Formula/Definition | Month 0 | Month 12 | Month 24 | |
| | Number of jobs created through establishment of new Mobile Diagnostic Centers | Source: Hiring records, copy of the contracts | | | |
| | Indicator 2 | Baseline (2012) | Inter Value | Target | |
| | Sales: Mobile Diagnostic Centers (USD, thousands) | 0 | 77 | 691 | |
| | Formula/Definition | Month 0 | Month 12 | Month 24 | |
| | Revenue from sales of the prescription eyeglasses, diagnostic exams and optometrist services, during the reporting period Note: Total from the MDC | Source: Copy of the revenue statement specific to each of the MDCs | | | |
| | Indicator 3 | Baseline (2012) | Inter Value | Target | |
| | Sales: Total (USD, thousands) | 596 | 1,799 | 5,509 | |
| | Formula/Definition | Month 0 | Month 12 | Month 24 | |
| | Revenue from sales of the prescription eyeglasses, diagnostic exams and optometrist services, during the reporting period Note: Total Sales of Ver de Verdad | Source: Copy of revenue statement presented to tax authorities in Mexico | | | |

¹ Additional financial performance indicators for “Ver de Verdad” will be included in an Annex to the Agreement, and duly tracked (i.e., operating expense, EBITDA, total assets, total liabilities and equity)

| Indicator 4 | | Baseline (2012) | Inter Value | Target |
|--|--|--|--------------------|---------------|
| Net Income (USD, thousands) | | -446 | -335 | 825 |
| Formula/Definition | | Month 0 | Month 12 | Month 24 |
| Net income of change in unrestricted net assets resulting from all business activities during the reporting period and all Contributed Revenue. The organization's net profit. | | Source: Copy of statements generated by the company exclusive to this project | | |
| Results | | Risks | | |
| Pilot a distribution model for provision of diagnostic services and high quality affordable eyeglasses to low income population (LIP) in Culiacan, Sinaloa. | | Lack of demand in rural communities | | |
| Indicator 1 | | Baseline (2012) | Inter Value | Target |
| BOP clients provided new access (total Ver de Verdad) ² | | 13,089 | 32,325 | 95,171 |
| Formula/Definition | | Year 0 | Month 12 | Month 24 |
| Number of individual clients provided access to eyeglasses, diagnostic exams and optometrist services, during the reporting period | | Source: Report from Executing Agency's Monitoring and Evaluation system | | |
| Indicator 2 | | Baseline (2012) | Inter Value | Target |
| Female clients provided new access | | 11,219 | 27,707 | 81,575 |
| Formula/Definition | | Month 0 | Month 12 | Month 24 |
| Number of women provided access to eyeglasses , diagnostic exams and optometrist services, during the reporting period | | Source: Review of costumer registry | | |

² For Mexico this refers to households earning on average between MXN\$1,836-11,008 per month

| Component 1 | Risks | | | |
|---|---|----------------------------|---|-------------------------------------|
| Designing and equipping the Mobile Diagnostic Center | Indicator 3 Units/volume sold by MDC Formula/Definition Number of eyeglasses, diagnostic exams, and optometrist services sold by the Mobile Diagnostic Centers during the reporting period | Baseline Month 0 | Inter Value 4,000 Month 12 | Target 36,000 Month 24 |
| | Source: Review of goods and services sold and exclusive to each MDC | | | |
| | Indicator 4 Clients provided new access: Rural | Baseline 0 | Inter Value 3,636 | Target 32,727 |
| | Formula/Definition Number of individual clients in rural areas provided access to eyeglasses, diagnostic exams and optometrist services, during the reporting period | Baseline Month 0 | Inter Value Month 12 | Target Month 24 |
| | Source: Review of client registry records from population located in rural areas | | | |
| | Indicator 5 Total units/volume sold | Baseline 20,568 | Inter Value 50,797 | Target 149,555 |
| | Formula/Definition Operational amount of eyeglasses, diagnostic exams, and optometrist services sold by Ver de Verdad during the reporting period | Baseline Month 0 | Inter Value Month 6 | Target Month 12 |
| | Source: Review of financial statements from Ver de Verdad | | | |
| | Indicator 1 Number of Mobile Diagnostic Units under Ver de Verdad's management | Baseline 0 | Inter Value 1 | Target 3 |
| | Formula/Definition Number of Mobile Diagnostic Centers for provision of optometrist services and eyeglasses in operation, under Ver de Verdad's management | Baseline Month 0 | Inter Value Month 12 | Target Month 24 |
| Source: Proof of operation of each of the MDCs | | | | |

| | | Indicator 2 | Baseline | Inter Value | Target |
|--|--|--|---------------------------|--------------------|---------------|
| | | Internal layout and external design for the Mobile Diagnostic Center | | | 1 |
| | | Formula/Definition | Month 0 | Month X | Month 12 |
| | | Internal layout and external design for the Mobile Diagnostic Center approved by VdV's Steering Cttee. | Source: VdV Report | | |
| Component 2 | | | | | |
| Developing Sales Capabilities for the Mobile Diagnostic Center | Indicator 1 | Baseline | Inter Value | Target | |
| | Assessment of marketing campaign presented (increase in sales, new customers, product uptake) | | | 1 | |
| | Formula/Definition | Month 0 | Month X | Month 12 | |
| | Assessment of marketing campaign presented (increase in sales, new customers, product uptake) | Source: VdV Report | | | |
| | Indicator 2 | Baseline | Inter Value | Target | |
| | Market segmentation study developed to obtain customer profiles for each segment | | | 1 | |
| | Formula/Definition | Month 0 | Month X | Month 6 | |
| | Market segmentation study developed to obtain customer profiles for each segment by socio-economic level, gender, and region | Source: VdV Report, Study report. | | | |
| | Indicator 4 | Baseline | Inter Value | Target | |
| | Commercial strategy | | | 1 | |
| | Formula/Definition | Month 0 | Month X | Month 6 | |
| | Commercial strategy (price, location, and value proposition for target market) developed | Source: Strategy document. | | | |
| Risks | | | | | |

| | Indicator 5 | | | | Risks | |
|---|--|---|-------------|----------|-------|--|
| <p>Component 3</p> <p>Strengthening Ver de Verdad's back-office to support the new model—</p> | <p>Number of individuals trained to offer the basic service</p> | 0 | 62 | 89 | | |
| | <p>Formula/Definition</p> <p>Number of individuals (sales staff for new Mobile Diagnostic Centers) trained through program provided by "Ver de Verdad" during the reporting period.</p> | Month 0 | Month 6 | Month 12 | | |
| | | <p>Source: VdV report. Training manual and lists of trained individuals.</p> | | | | |
| | <p>Indicator 1</p> <p>Inventory system in operation</p> | Baseline | Inter Value | Target | | |
| | <p>Formula/Definition</p> <p>Inventory system in operation</p> | Month 0 | Month X | Month 6 | | |
| | | <p>Source: Inventory report issued by the system.</p> | | | | |
| | <p>Indicator 2</p> <p>ICT, CRM and ERP systems in place</p> | Target: Month 6 | | | | |
| | <p>Formula/Definition</p> <p>ICT, CRM and ERP systems in place</p> | 1 | | | | |
| | | <p>Source: VdV report.</p> | | | | |
| | | Baseline | Inter Value | Target | | |
| <p>Indicator 3</p> <p>Eyeglasses sold to rural communities in Sonora and Sinaloa through daily visits</p> | | | 1,200 | | | |
| <p>Formula/Definition</p> <p>Number of eyeglasses sold to rural communities in Sonora and Sinaloa through daily visits</p> | Month 0 | Month X | Month 24 | | | |
| | <p>Source: VdV report.</p> | | | | | |
| <p>Indicator 4</p> <p>Eye exams performed (monthly) through daily visits to rural communities in Sonora and Sinaloa</p> | Baseline | Inter Value | Target | | | |
| | | 1,200 | 1,500 | | | |

| | | | | | |
|--|---|--------------------------------------|---------|----------|----------|
| | Formula/Definition | Month 0 | Month X | Month 12 | Month 24 |
| | Number of eye exams performed (monthly) through daily visits to rural communities in Sonora and Sinaloa | Source: Ver de Verdad records | | | |
| | Indicator 5 | | | | |
| | Lessons Learned Integrative Document developed | | | 1 | |
| | Formula/Definition | Month 0 | Month X | Month X | Month 24 |
| | One Lessons Learned Integrative Document developed | Source: Integrative Document. | | | |