

SUMMARY OF THE PROJECT IN DESIGN * (*)

Digital marketplace for home-improvement freelance technicians

PITCH ELIGIBILITY DATE		COUNTRY(IES)
03/28/2022		México
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
Jelp SAPI de CV		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
C (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 2,200,000	US 200,000	US 2,000,000
DESCRIPTION		

The problem: Mexico has the highest informal employment rate (57%) among all OECD countries, and low spending on active labor market policies and no public system of unemployment. In Mexico, according to INEGI, it is estimated that there are 8.7 million technicians, representing 15% of the total economically active population, and 26% of workers in the informal economy. This large group of workers composed of construction workers, plumbers, painters, carpenters, and electricians, among others, barely ever have a formal training, often work in the informal sector, are independent, freelance or self-employed with unstable incomes, lack of access to banks and credit, and no access to social benefits. Informal workers do not have social security, do not contribute to a pension, and are not entitled to maternity or paternity leave.

Lack of upskilling opportunities. Professional technicians in the home improvement industry, represent a vulnerable group as the majority operate in the informal sector, have limited access to training and certifications, and often struggle accessing job opportunities as most technicians operate on a word-of-mouth basis. Many of these trades are passed on from father to son, learning the trade empirically by working alongside the father and with outdated practices. There are few free of charge training opportunities that are online for this sector, and it is not common practice to receive formal training among technicians in Mexico, unless maybe, for full-time employees of bigger (multinational) firms. Geography also represents a factor for exclusion, as most support programs are focused on major cities, online training represents an innovative opportunity as it provides broader access. There is a need of an organization that allows technicians to gain access to more formal skills and work opportunities, while also supporting them in enhancing their social benefits, financial security and safety net.

Gaps in the home improvement industry. In Mexico, the customer experience in this sector and the after sales is generally filled by technicians operating in the informal economy with poor labor conditions and a broken value chain from the supplier, manufacturer, distributor, with an inexistent “last mile” service that can get to the homeowner where the manufacturers and retailers can guarantee

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**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

a complete and integral service.

The solution: Jelp is a digital labor marketplace that provides freelance technicians with access to free training and work opportunities. With jobs focused on repair, installation, and maintenance of home-improvement products, Jelp enables technical upskilling opportunities (e.g. certified trainings in plumbing, coating, insulation etc.), soft-skills development (e.g. trainings in “customer centricity and service”), and social benefit support (e.g. taxpaying benefits, financial literacy etc.). Jelp’s mission and vision is thus to support technicians in the home improvement industry to transition into the formal economy with steady and dignified incomes, as well as providing excellent customer-centric after-sales-services to end consumers. After some pivots, Jelp is now focused on a B2B2C model, working with big manufacturers and retailers; as such, Jelp and its allies provide an innovative and quite disruptive opportunity. While the focus is on major cities, where allies are located, online training provide a broader access.

The beneficiaries: Jelp’s digital marketplace platform works with freelance technicians, a large collective that mainly operates in the informal sector, and that represents more than a quarter of the informal economy in Mexico. Working in the informal sector generally means that technicians are from poor or low-income socioeconomic backgrounds and have precarious working conditions. Most technicians don’t have high school completed, certified skills or formal training, and they don’t have benefits such as paid holidays or sick leave and have limited access to health care and social security. Most freelance technicians working in Jelp have learned their trade on the job, they are self-taught and had no formal training. They work on a word-of-mouth basis, and the use of technology is basically through their mobile phones and social networks. Due to their lower level of skills and certifications and the fact that they are self-employed, pay is more unpredictable and lower than the salaries of freelance workers in the formal economy. This in turn limits their access to financial services and financial security. They have outdated practices both in doing their home improvement jobs (lack of standards, lack of knowledge of climate-friendly products and techniques), and in operating their businesses, as it is mainly based in cash transactions, don’t have websites, and many don’t have bank accounts. Freelance technicians in the home improvement sector are majority men, the women spouses of the technicians tend to help in the administrative part of the business but not in the trade itself

The partner: Jelp is a corporation formed under the laws of Mexico in 2017 that provides a digital marketplace with access to free training and work opportunities (repair, installation, and maintenance) for freelance technicians. Jelp enables technical upskilling opportunities (e.g. certified trainings in plumbing, coating, insulation etc.), soft-skills development (e.g. trainings in “customer centricity and service”, etc.), and social benefit support

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(e.g. taxpaying benefits, financial literacy etc.) for its customers. Jelp's mission and vision is to support people to transition into the formal economy with steady and dignified incomes, as well as provide excellent customer-centric after-sales-services. Currently, Jelp is focused on a business-to-business-to-customer model working with big manufacturers and retailers.

The IDB Lab's contribution: This project will be part of the LAC Impact Facility (RG-X1261) financed by the Swiss Agency for Development and Cooperation (SDC), that in 2019 decided to pilot SIINC in the Vocational Skills Development (VSD) sector. This project aims to focus the non-reimbursable technical assistance of US\$200,000 on strengthening Jelp's efforts at deepening the impact and development of technicians in the informal sector after three years (2022-2024).

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