

## SUMMARY OF THE PROJECT IN DESIGN \* (\*)

### Elenas: Boosting Social e-commerce for low-income women entrepreneurs

PITCH ELIGIBILITY DATE		COUNTRY(IES)
04/04/2022		Colombia; México
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
Elenas		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
C (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
	US 2,000,000	
DESCRIPTION		

**The problem** In LAC, “almost 40% of working women are employed in commerce, restaurants, hotels, and domestic work, which are the most affected sectors and the most vulnerable jobs in the economic crisis unleashed by the COVID-19 pandemic.” According to surveys carried out by the Interamerican Development Bank (IDB) and the World Bank (WB), female workers in the Region were more prone than male workers to lose their jobs at the beginning of the COVID-19 pandemic. And job deficits continue to endure between women: 21 percent of women who were employed prior to the pandemic have lost their jobs. In the Region alone, it means that more than 30 million women have lost their jobs. To make matters worse, women will take longer than men to get back to labor markets. There are three main reasons why: 1) most women employed in formal labor markets work in jobs where they are directly exposed to clients, patients, etc. (hotels, commerce, basic health care); 2) women are often responsible for hours of unpaid domestic work, in addition to their paid jobs; 3) women are main caregivers of Latin American and Caribbean households and were greatly affected by COVID-19. They had to stay at home due to school closures, care for the elderly or for high-risk peoples. Therefore, many women in the Region have opted for looking for sources of income that allow them to work from home or within their communities. For all these reasons, women are more expected to become “entrepreneurs by necessity”.

In LAC, while there is significant social media and smart phone penetration, e-commerce has not developed in the Region as much as it has developed in other regions, such as Asia. This is mostly due to lack of trust in current channels – 55% of respondents in a recent study of Latin American e-commerce stated that trust-related issues are the primary reasons for not purchasing online.

The opportunity is: While the direct sales channel offers a trust-based purchasing experience for hundreds of millions of consumers, the model is inefficient for both the sellers and consumers.

**The solution** Elenas was created in 2018 in Colombia as a social e-commerce platform to empower millions of entrepreneurial low-income women across Latin America to build their own online stores. Elenas’ offering creates a compelling value proposition for both, entrepreneurs (“sellers”) and suppliers, proven by its 98% retention among top sellers. By aggregating suppliers, entrepreneurs have access to a portfolio of over 80K products across 10 categories –

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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.

166x what is offered in traditional direct sales catalogs. With scale and wholesale rates, prices are an average 28% lower than through traditional commerce. Elenas integrates door-to-door providers (with 95% on-time delivery), saving the entrepreneurs from having to hold inventory and the time needed for delivery – allowing them to focus on selling and a seamless post-sale experience. Last, the platform provides the entrepreneurs tools[1] to grow their own businesses, sharing to existing networks through existing channels such as Facebook, WhatsApp, and Instagram.

The Elenas two-sided B2C2C marketplace integrates product suppliers, entrepreneurs, and third-party logistics providers so that the entrepreneur can focus on sales and services. The company does this through an in-house developed two-sided tech platform that connects all three parties.

Regional trends propel Elenas' rapid growth. While macroeconomic and internet usage indicators for LatAm are such as those of leading social commerce markets in Asia such as China and India, there is 6 times (x) less e-commerce penetration; and the Latin American social commerce market is projected to grow at a much faster rate, to \$140B by 2030. Elenas, by seller and GMV metrics, is following the trajectory of Meesho – an Indian social commerce company with over 20M sellers, valued at \$8B – closely.

**The beneficiaries** Beneficiaries will be:

- Current 40,000 low-income women entrepreneurs' clients of Elenas in Colombia and Mexico.
- Potential additional 80,000 women entrepreneurs in the Region in 2022 and achieve 1M women in 2025.

**The partner** Elenas, a company that is built for and run primarily by women. This drive to build for and stay close with the Elenas entrepreneurs has to create a culture of close contact with the users of the platform where every employee connects with them over Whastapp, calls, and in-person meetings on a frequent basis.

**The IDB Lab's contribution** IDB Lab's non-financial contribution is expected to help implement impact monitoring and reporting practices as well as attract other potential impact investors and partners/stakeholders that may help the company grow. IDB Lab's financial contribution is expected to be an equity investment of up to US\$ 2M.

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