

PROJECT SUMMARY

ZOLVERS: A FINTECH PLATFORM FOR DOMESTIC WORKERS (AR-G1004)

Domestic work is one of the most traditional and important occupations in terms of how households and society function. It is predominantly a female and urban occupation that currently employs 7% of all persons employed in Latin America and the Caribbean. Women comprise 93% of this workforce, which is 16.5 million women, or 15.3% of employed women in the region.

Despite its economic and social importance, paid domestic work is one of the most unprotected and precarious forms of labor. It is estimated that around 80% of domestic workers in the region live and work in informal conditions: that is, they do not have access to social security; wages are below the minimum; workdays are long; and there is no access to basic financial services such as bank accounts, credit, insurance, and savings products for emergencies and retirement.

To promote opportunities to domestic workers for quality employment and financial inclusion, the MIF will provide support to Zolvers, a digital platform created in 2013 that facilitates hiring of domestic workers and household services. Zolvers uses technology in an innovative way to provide transparency, efficiency, labor formalization, and financial inclusion to a largely unserved market. Specifically, support will be given to Zolvers to create a FinTech business line that will offer financial products that add value to its relationship with domestic workers and the households that hire them. In turn, this will strengthen the Zolvers business model through services that generate more stable, recurring revenue. The new business line will include products such as: (i) **Zolvers Pagos**, a wage management platform that can reduce transaction costs at both ends of the domestic worker contract. Bank accounts will be opened for domestic workers, and employers can automate regular wage payments, social security contributions, invoices, and final payments, thereby reducing exposure to claims and formalizing the labor relationship. (ii) **Personal loans**: these products have high, unmet demand and potential for growth among domestic workers. Zolvers believes that it has comparative advantages here thanks to its technology and business model, which set it apart from current providers.

This project will support an innovative FinTech model that will leverage information generated by a technology platform created by a team with over 45 combined years of Internet experience. The platform shifts the market paradigm for hiring domestic workers, and its business model has the potential for high social impact and regional scalability. In this way, the project offers a major opportunity for reducing labor informality of women in Latin America, thus significantly improving their quality of life.

The MIF will contribute US\$500,000 as contingent recovery investment financing, a MIF modality for financing pre-Series A startups expected to generate profits and raise capital in the short term. The MIF contribution will be contingent recovery funding, i.e. based upon achievement of performance milestones. The MIF also has the option of converting its investment into an equity stake in the company, should Zolvers be able to raise new share capital in a future round of capitalization, or if there is a liquidity event. This arrangement will be structured as a Simple Agreement for Future Equity (SAFE), a

new instrument introduced in 2013 by YCombinator, one of the most active and well-known Silicon Valley accelerators. It is a simple contractual model that is standardized under U.S. law and used for small-scale financing of early-stage companies that have not yet reached their break-even point. It also reduces legal and negotiation-related costs.