

Study of Social Entrepreneurship and Innovation Ecosystems in the Latin American Pacific Alliance Countries

Case Study: La Tarumba, Peru

Fundación Ecología y Desarrollo

Office of the Multilateral
Investment Fund

TECHNICAL
NOTE N°
IDB-TN-1206

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Cataloging-in-Publication data provided by the
Inter-American Development Bank

Felipe Herrera Library

Ecología y Desarrollo (Organization).

Study of social entrepreneurship and innovation ecosystems in the Latin American
Pacific Alliance countries: case study: La Tarumba, Peru / Fundación Ecología y
Desarrollo.

p. cm. — (IDB Technical Note ; 1206)

1. Social entrepreneurship-Peru. 2. Technological innovations-Social aspects-Peru. I.
Inter-American Development Bank. Office of the Multilateral Investment Fund. II. Title.
III. Series.

IDB-TN-1206

JEL Codes: A130

Keywords: Social enterprise, Social entrepreneurship, Social innovation, Social
business, Social impact, Impact investment, Social entrepreneur

<http://www.iadb.org>

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LA TARUMBA, PERU



**Multilateral Investment Fund (IADB) ·
Fundación Ecología y Desarrollo**

July 2016



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Acknowledgements

The authors **Rosa Castizo & Heloise Buckland** would like to acknowledge the following individuals for their contribution to this study, through participating in personal interviews and making comments on draft versions.

Estela Paredes, Managing Director and co-founder of La Tarumba

Geraldine Sakuda, Education Director at La Tarumba

Viviana Rodríguez, Administration and Finance at La Tarumba

Itziar Rubio, Regional Coordinator of La Tarumba's Strong Rope program

Elizabeth Minaya, MIF, IADB

Luis Miguel Artieda, Avina Foundation

1. Introduction

Name: La Tarumba	
Description	Training young people in life-skills through theater, circus and music, to improve their employability, leadership skills self esteem, creativity and social inclusion.
Founded	1984, Lima, Peru.
Legal format	Non-profit organization.
Num. employees/volunteers	50
Geographical reach	Peru
Certifications/ awards	Several awards from the Ministry of Culture, Regional Governments and National Institute for Culture in Peru.
Social innovation variables	
1. Innovation type	The first time circus, theater and music skills have been used to promote employability, leadership skills, address discrimination and social exclusion with young people in Peru.
2.Social impact	La Tarumba's work benefited more than 2,800 children from low-income areas of Lima between 1984 and 2000, and 10,000 children from different areas and situations after that. More than 630 young people participated in the social circus program for young people; 400 of them under the firm rope (" <i>cuerda firme</i> ") program, supported by IADB.
3.Financial sustainability	La Tarumba is financed through circus performances, the recreational circus school for children, training for artists and financial support from IADB.
4. Key Partners and Support ecosystem players	International NGOs and development banks have been key partners; Save the Children, Avina, <i>Terre des Hommes</i> , IADB, UNICEF, Association of Savings and Credits (ABACO) and <i>Cirque du Soleil</i> .
5. Scalability and Replicability	Currently the methodology of theater-music-circus is being replicated by other community cultural organizations in Lima and La Tarumba openly shares its innovations with circus schools in Argentina and Chile.
References	www.latarumba.com

2. Local Social Issue and the Challenge

According to the Youth Employment Trends Report 2011 of the International Labor Organization (ILO), the youth unemployment rate in Latin America is between two and three times higher than that of adults. In Lima in 2015, the total unemployment rate was 6.2% and double that for people aged from 15 to 24. Moreover, 75.3% of employed people from 15 to 24 earn less than the minimum wage.¹ This ratio worsens in the case of the poorest (first quintile) youth and women, who constitute 70% of young people outside the education system and the labor market.

Very few initiatives in Lima involve job placement services for young people without studies or at risk of exclusion. Civil society organizations that use innovative methodologies to help these groups do not usually include a component of employment or entrepreneurship to help young people enter into the labor market. In addition, young people who choose to create their own businesses do not have access to networks or market information that would facilitate the growth and consolidation of companies. In the poorest neighborhoods in certain areas of Lima, young people suffer from a lack of life skills that enable them to access good jobs with confidence and lead autonomous lives.

Lack of confidence and self-esteem are common challenges for many young people. This hampers not only their entry into the labor market, but also their development as engaged citizens. This lack of confidence and self-esteem is even deeper in the most vulnerable and low-income neighborhoods. In addition, in Peru, the social and community networks have suffered greatly due to the armed conflict and economic crisis. There have been no public policies or projects aimed at empowering children and young people or to improve their leadership skills.

¹ ENAHO Household Survey, Peru, 2009

3. Solution and Social Impact

Social circus

Social circus is a tool that facilitates community integration of vulnerable populations through skills that come from performing arts, such as theater, music and circus. It is an alternative pedagogy to work with young people from low-income areas. Circus arts allow young people to succeed at a skill using their bodies, experiencing physical effort, creative expression and discipline.

Social circus is also a tool for personal development, which helps people acquire technical and social skills, as well as improve school retention and employability. The performing arts have been used for team building and job placements.

Since 1984, La Tarumba has used performing arts for improving the life skills of 630 young people and almost 13,000 children, thanks to three different schools, as explained below.

Better employment

La Tarumba has made a significant social impact by improving the employability of young people who participate in their classes. 95% of young people who come to La Tarumba's Professional Circus School achieve stable employment after completing the program. 62% of those who attend the Social Circus for Employment Program achieve stable employment.

Innovative training tools that use the performing and circus arts have shown potential to improve the employability of young people and achieve significant and sustainable changes in their skills. It is highly likely that some of the beneficiaries will be employed directly in the cultural sector or services related to the sector (e.g. electricity, sound, stage or costumes). While there is a growing demand for these services, there is little market information about the available opportunities.

4. The Social Entrepreneurs



Fernando Zevallos is the creator and founder of La Tarumba and a self-taught individual. He began his professional work as an actor and theater director at an early age and participated in television and film productions. He always projected the idea of La Tarumba as a space to include the creation of performances and the development of a school with an emphasis on young and low-income audiences. In addition, he is an actor, artistic director and producer of events as well as a major promoter of La Tarumba as a permanent innovative cultural space through research and the application of the values associated with Peruvian culture.

Estela Paredes is co-founder of La Tarumba and Managing Director. She studied administration in the US (Alverson Business College), and then focused her training on the performing arts both in Peru and in other countries, subsequently expanding her knowledge in education, cultural management and management.



Fernando and Estela currently lead the organization and a permanent team of 50 people.

5. Business Model

Social circus differs from what is known as "professional" or "recreational" circus, because social circus gives preference to the experience and personal development of the students rather than their artistic performance. La Tarumba adopts an innovative business approach facilitating the sustainability of their activities, by charging for training to those who can pay, charging for performances, the recreational circus school and other activities in order to finance their philanthropic work with low-income youth.

5.1 Characteristics

La Tarumba has two main areas of activity: the pedagogical area which is focused on the school for children and young people, and the artistic area which is focused on the professional school as well as the big performances.

Social circus for children

Since 1984, La Tarumba has been visiting poor and vulnerable communities in Peru, especially in Lima. The main goal with children has been to improve their self-esteem and confidence in groups through plays and performance arts. Until 1991, almost 500 children participated in these activities in their neighborhoods without any financial cost to the families.

From 1992 La Tarumba has had an independent place to receive children from different parts of Lima who participated in the free classes twice per week. Due to the armed conflict and the distance to La Tarumba from their homes, children started to dropout and these free classes were more difficult to organize. In 2003, La Tarumba started a paid school for children, with activities mainly during the summer and the revenues were spent on La Tarumba's other social projects.

Social Circus Program for Young Employment

The proposed social circus model works for everybody but especially well for young people in dysfunctional and vulnerable contexts. Since 1993, when the new La Tarumba house was opened, the company has been working with young people, mainly from Lima's low-income districts.

The selected young people for La Tarumba's trainings usually participate three times per week, three hours per day and over a period of four months. There are three groups of around 10 students twice per year (around 60 students per year), who combine music classes, theater and circus every day.

La Tarumba sees young people without studies as "*young people with opportunities*." Thanks to the classes, they improve their life skills, self-esteem, leadership skills, communication and their ability to relate to others. The program also gives the young people a better chance in getting a job.

In 2014, La Tarumba received support from the Inter American Development Bank (IADB) to expand the social circus program for youth employment in Peru and also to reinforce alliances with other social circuses in Chile and Argentina. The financed program is called “Firm Rope” (in Spanish “*Cuerda Firme*”).

Aside from the employability activities, La Tarumba also offers paid classes for young people who want to improve their general life skills, without a special focus on employability.

La Tarumba’s Professional Circus School

La Tarumba realized that to achieve its own sustainability as an organization, it needed to train good professionals who shared the same values, with a desire to work for a social cause and to use performance arts as a way to develop individuals and communities. For this reason La Tarumba’s professional circus school gives young artists the opportunity to develop their career with this approach.

A small percentage of students come from the Professional Circus Program. Most of them apply to the professional school and La Tarumba selects the students, taking into account if they have finished secondary school, as well as their family background and abilities.

5.2 Fee structure

In the first two decades of La Tarumba’s experience, all classes for children were free. In the more recent growth stage, La Tarumba started to offer some paid classes for children and young people who want to improve their life skills and have the financial possibilities to pay. This income is a key part of la Tarumba’s financial sustainability. The social circus program for young people at risk of exclusion and mentoring sessions continue to be free of charge and has received support from the IADB. The students of La Tarumba’s Professional Circus School pay a symbolic fee that barely covers the running costs of the program.

Thanks to a giant circus tent owned by La Tarumba in the south of Lima, a very well-known show is performed every three months. These renowned performances are an important source of revenue for La Tarumba, which is invested in the organization’s running costs as well as the professional circus school. Creating a new show every year is an enormous investment in time and money, however, it is not only worthwhile financially but is also core to La Tarumba’s mission. Important values such as confidence, intercultural, teamwork, effort and self-improvement are presented during the performance.



5.3 Target beneficiaries

As mentioned earlier, the main beneficiaries of La Tarumba's social projects are children and young people at high risk of exclusion in Lima.

Based on 2016 data, more than 630 young people participated in the social circus program. 58% of them were women. 62% of those who finished the program have already being employed and 10% have created their own business. From the 630 young people, 410 are part of the "Firm Rope" program supported by the IADB.

The "Firm Rope" program works with poor and low-income young people from urban slums of Lima using the integrated methodology of theater, circus and music to strengthen their employability. A significant percentage of these beneficiaries are considered "at risk" because they live in dysfunctional contexts with high school dropout rates, teenage pregnancy, crime, etc.

The call for young people to attend La Tarumba's free workshops is held in partnership with local public and private organizations, as they know the characteristics of the community, as well as possible young beneficiaries with a high risk of school dropout. The partner organizations recommend young people who are especially committed with their communities and show a genuine interest in exploring new opportunities.

6. Social and Financial performance

6.1.1 Social impact achieved

Social circus has been able to reduce the dropout rate in schools, as well as to improve life skills and employability of the children and young people who have participated in La Tarumba's schools. Some indicators reveal the positive impact of applying this triple methodology of circus, theater and music: 66% of participants improved their self-esteem; 91% improved their creativity and 63% developed a positive sense of humor. Over 90% of of vocational training graduates of the three schools find a job after the program, and a high percentage of these are linked to the cultural industry.

La Tarumba has also transformed the artistic ecosystem in Peru. The first circus school in Lima has trained important artists who share the same values and the same commitment of working for a social purpose. Many social circus programs and other organizations in Peru have been initiated by former La Tarumba's students such as Cat's Beard (*Bigote de Gato*), Puckllay, Urban Art Show (*Arte Show Urbano*), Circus Uo, Elephant Smile, (*Sonrisa de Elefante*) and the Spinning Circus (*Dando Vueltas Circo*).

6.1.2 Social impact measurement

La Tarumba is considering several impact indicators to measure their programs on social circus for increasing employability, and the figures in 2015 were as follows:

- a) 50% of young beneficiaries receive an annual income that is more than 20% above the minimum wage.
- b) 50% of young basic training graduates are inserted into the labor market (as employees or entrepreneurs); at least 50% of them are women.
- c) 50% of young people that are inserted into the labor market after La Tarumba are employed in quality jobs.
- d) 80% of young graduates received advanced training to create an individual or joint venture artistic project.

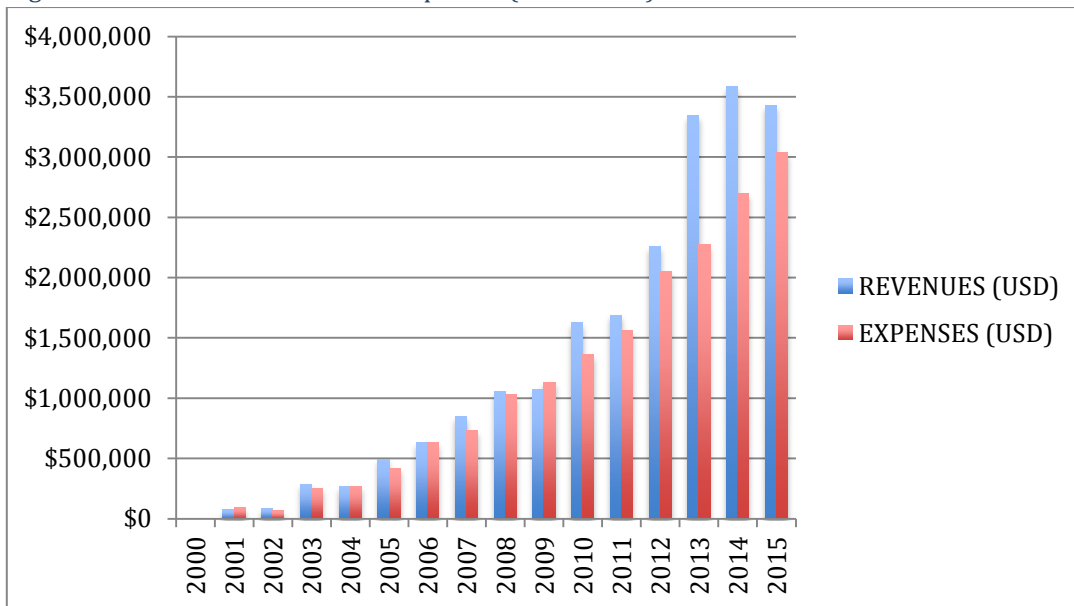
6.2 Financial Performance

During its start-up stage, La Tarumba retained 30% of income to invest in the performances. As a non-profit organization it has learnt how to make the most of the talents of each member of the team to cover the different roles that each project required.

6.2.1 Revenues and Expenses

La Tarumba has always aimed for financial sustainability and in 2002 reached break-even point. Since 2003, the organization has been investing every year in the training and infrastructure necessary to have a steady increase in revenues and number of social programs offered. Figure 1 shows revenues and expenses from La Tarumba, and in 2014 revenues were almost one million dollar more than expenses. As a non-profit organization this profit is reinvested into the organization.

Figure 1 La Tarumba revenue and expenses (2001-2015)



In addition to income from performances and fees, La Tarumba has received several grants. Particularly significant was the financial support from Avina during the early stage, for investing in La Tarumba house and strengthening the management of human resources. Avina also supported the entrepreneur (Estela Paredes) through training programs, which was especially important for the organization's capacity to grow. The IADB later supported the Social Circus Program for Youth Employment with 410,000 USD.

When La Tarumba bought its house in 1992, an important challenge was taken on: growing the business at the same time as strengthening the management structure. The administration and finance team started with one person in 1992 and this grew to ten people in 2015.

7. Business Development and Ecosystem Evolution

La Tarumba has grown steadily both in social impact and artistic performances. La Tarumba is the leading circus company in Peru and the second largest in Latin America. The company's development can be categorized into three stages: Start-up Stage, Early Stage and Growth Stage.²

Table 1. Summary of La Tarumba's business development milestones from 1986 to 2016

Stage	Year	Description
Start-up	1986	La Tarumba was registered as a non-profit organization. First public performance.
	1990	Two important social performances organized: "Shut-up Domitila" and "Hope, go up!" Financial structure created in La Tarumba, with income generated from the circus school.
Early	1992	La Tarumba bought a new location for trainings in Miraflores, Lima.
	1993	Tour around Europe – La Tarumba's structure prepared to be financially sustainable.
	1997	International Program for Cultural exchanges organized with the French Embassy.
	2000	First Strategic Plan created for La Tarumba with specialized staff. Nominated award from the World Bank for social entrepreneurs. Break-even point reached.

² **Start-up stage:** a preparation period for setting up a business or an enterprise. An entrepreneur's team develops a business idea and a business model. In some cases, they have product/service prototypes which are not fully developed or tested. **Early stage:** A period from business initiation until business scale-up. An entrepreneur's team may first deliver its products/ services in a test market to examine its business model. Also, the team may file patents or obtain licenses, if necessary. Once the business model is consolidated, it starts its business. However, the business remains quite small due to lack of capacity and resources. It may reach a breakeven point at the end of this period. **Growth stage:** A period after scaling up the business. The business exceeds the breakeven point and increases its sales, number of beneficiaries, the market share etc. The team revises the business model in order to sustain and/or expand the business, if necessary. In some cases, the team starts to investigate new products/services.

Growth	2003	First performance in the big circus tent in Lima for more than 600 spectators. Start of several strategic alliances.
	2004	Awards for "art and culture" and "small and micro enterprises."
	2010	New big circus tent for more spectators.
	2014	Agreement with MIF - IADB for improving employability of youth people in Peru, Argentina and Chile.

La Tarumba's development has been marked by steady growth over the last 30 years; from a theater group of 3 people in 1984 to an educational art institution with two traveling tents for performances and a permanent school by 2003. Currently La Tarumba has a stable team of 50 people, an advisory council that accompanies and supports the organization. The organization also actively participates in national and international networks.

La Tarumba has created a new concept of social circus, in which theater, circus and music are the core elements, and humor and beauty is a way to communicate. So far, La Tarumba has produced twenty-seven shows and more than three thousand performances, and has participated in several meetings and national and international festivals. Today each annual season of La Tarumba receives an average audience of 100,000 people.

7.1 Startup Stage (1986-1991)

In the beginning, La Tarumba was a small group of artists who visited remote communities in Peru. The work with communities showed the organization how to develop teamwork, as well as cover basic needs with a sense of resilience. This kind of itinerant theater groups was a popular model in Latin American during the 1980s, bringing together artists of similar philosophies, ideals and ideology. The artists had the opportunity of being on stage and experimenting with collective co-creation from sharing experiences through creative expression. In this stage the exchange of techniques and knowledge with other artists was key through national and international meetings with peers from the "Independent Theater Movement".

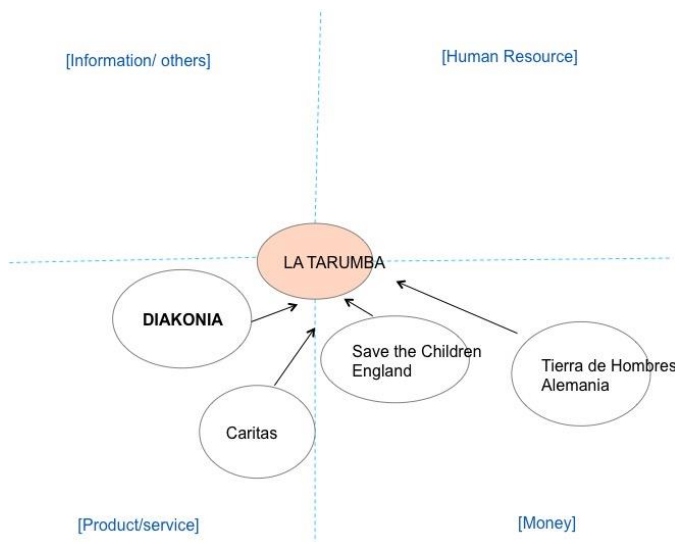
7.1.1 Milestones

In 1986 La Tarumba had their first experience in an international festival. After that, they were invited to many festivals and tours in Latin America. In 1989, the show "Shut up Domitila" (in Spanish "*Cállate Domitila*") was censored, which showed the public recognition of La Tarumba in Peru.

In 1990 La Tarumba participated in the construction of "the children's house" in the Naranjal neighborhood made by the community within a process of trust building. In the same year the premiere of the first commercial performance was held in Lima "Up Hope!" (in Spanish "*Upa la Esperanza!*"). Also La Tarumba's first bank account was opened. In 1993 a new administrative structure was generated with a business vision oriented towards financial sustainability of the organization.

7.1.2 Key supporters

Figure 2. La Tarumba Startup Stage ecosystem players



In this first stage, La Tarumba received financial support from the German Foundation Land of Men (*Terre Des Hommes*), as well as Save the Children England. Both of these organizations trusted La Tarumba's approach when working with communities through the arts.

The Spanish foundations *Caritas* and *Diakonia* were also key organizations key for La Tarumba because both institutions were working inside families and communities and served

as a bridge between them.

7.2 Early stage (1992 - 2002)

7.2.1 Milestones

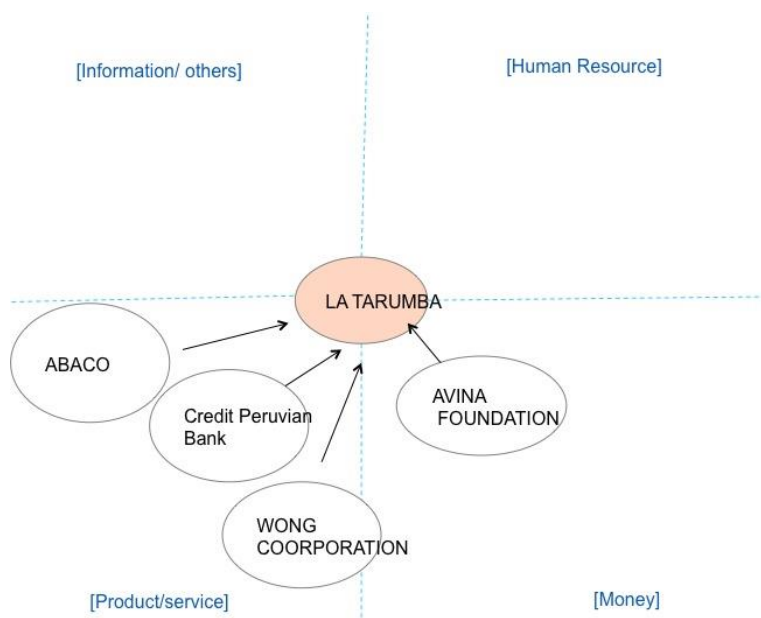


In 1992 the house in Miraflores was bought and the first tour around Europe started, in Sweden and Germany. The first program for international cultural exchanges with the French Embassy started in 1997, which was especially important from an artistic point of view. Also 2000 was an important milestone as the organization received support from Avina and was nominated the World Bank award for innovation projects working on empowerment of poor communities.

7.2.2 Key supporters

In La Tarumba's early stage the financial support of Avina was significant not only because of the resources it provided but also for the possibility of increasing impact, in terms of mentoring and networking with other social entrepreneurs from the region. Avina at that time also financed Estela Paredes with a personal social entrepreneurs scholarship to increase her access to training and networking opportunities that would in turn benefit the organization.

Figure 3. La Tarumba Early Stage ecosystem players



ABACO (a Peruvian savings and credit corporation) provided financial support to La Tarumba for financing their first workshop in the new house. La Tarumba also received support from the Peruvian Credit Bank (BCP) and Wong Corporation for their performances.

7.3 Growth stage (2003 - 2016)

7.3.1 Milestones

If the early stage started with La Tarumba's new house, the growth stage was clearly marked by the first big circus tent. It gave more financial stability to La Tarumba as well as recognition across the country. For the social projects this was an excellent opportunity not only in terms of the resources generated through the performances but also because young people trained in La Tarumba were even more recognized when they wanted to find a job.

This first circus tent had capacity for 600 spectators, allowing an annual growth of 137% in number of spectators. It also enabled the organization to maintain the business alliances with the same big corporations mentioned above, as well as start new ones, specially media organizations (Local TV, Newspaper, Radio, etc.) that continue to work with La Tarumba today by helping to disseminate activities



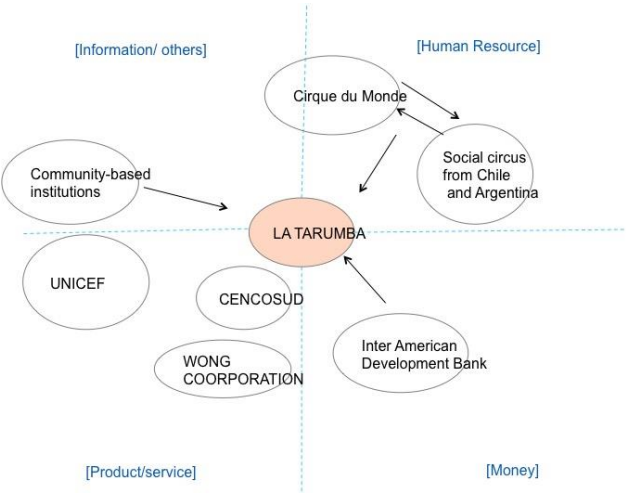
In 2004, La Tarumba won the Business Creativity Award in the areas of "Education and Culture" and "Small and Micro Enterprise". In 2006, they organized the first Festival of

the Circle, International Performing Arts Festival, expanding their methodology of social circus for working with marginalized young people through theater, circus and music.

In 2010, La Tarumba decided to get a second Circus Tent, expanding its capacity to 992 spectators and gaining more financial stability. In 2014, La Tarumba signed the partnership with the IADB for the project "Innovative methods of training for youth at risk: social circus as alternative to improve employability". The partnership included a grant of 410,000 USD from IADB, which was matched by la Tarumba and a local partner organization. This project was named "Firm Rope" ("*Cuerda Firme*") and included social circus from Peru, Argentina and Chile.

7.3.2 Key supporters

Figure 4. La Tarumba Growth Stage ecosystem players



During this stage, La Tarumba worked with other Circus Schools to reinforce the concept of social circus to other countries (Chile and Argentina) with the methodology for unemployed young people.

The community-based institutions were essential for the replicability of social circus in other Lima’s neighborhoods. They selected young people to guarantee the impact of the training as well as reducing school dropout rates.

At this point three very well known large corporations in Peru (Abaco, Cencosud and Wong)³ supported La Tarumba especially in marketing for their performances. Apart from the big Peruvian corporations that helped La Tarumba with marketing in the previous stage, UNICEF also started an alliance with La Tarumba in this period to work on values with young people and children.

La Tarumba also worked with the renowned French circus company *Cirque du Soleil*,⁴ through its social initiative World Circus *Cirque du Monde*. *Cirque du Soleil* strengthened the capacity of professionals working in the circus schools, providing training and resources. *Cirque Du Soleil* was very interested in La Tarumba’s model and helped in the dissemination by providing visibility for the activities in its international platform, as well as in the regional 'training of trainers' events.

³ Abaco is a Peruvian cooperative that offers financial services, Cencosud is a multinational Chilean consortium operating across Latin America and Wong is an online supermarket.

⁴ www.cirquedusoleil.com

8. Scalability and Replicability

La Tarumba demonstrates the social circus methodology based on working with performing arts can strengthen young people's soft skills, giving them better opportunities for employment. However, despite this evidence, funding for programs that test innovative models for young people in arts is quite limited and financial sustainability and the continuity of services is rarely achieved in this sector. La Tarumba's business model is a successful example for carrying out creative, educational projects that are financial sustainable, as well as being able to scale and be replicated in different countries.



The scalability and replicability of La Tarumba's model can be analyzed from three different perspectives. First, from an economic and financial standpoint, the model allows social circuses to operate as social enterprises. In this way the revenues generated from the performances and training activities complemented by public or private funds can cover the costs of training and job placements. Second, from an institutional point of view, thanks to the performances La Tarumba has prestige and a set of tools (e.g. strategic plan, alliances, marketing, staff training) that guarantee the necessary support from organizations. Third, from a technical point of view, La Tarumba has preliminary results on the effectiveness of such interventions from the impact evaluations that have been carried out with students.

La Tarumba's model has been replicated in different areas of Lima, so the number of students and courses have been increasing in the last three years, and this is expected to continue in the following years.

As mentioned above, La Tarumba has also supported the replication of this model with circus schools in Chile (Circus World) and Argentina (Social Circus of the South), through an open process of sharing practice and methodologies. In terms of numbers of students, La Tarumba is the smallest operation of these three. These circuses with several others from Colombia, Brazil, Portugal and Spain created the Iberoamerican Circus Federation in 2010. All of the schools are devoted to using the same social circus methodology to work with young people from disadvantaged areas. They are all private institutions and non-profit organizations with between 12 and 28 years of experience, and are cultural references in their countries and throughout the region.

9. Final Reflections

La Tarumba is one of the most well-known institutions in Peru, with a long experience in arts and circus, and has always had a mission to have an impact in the most vulnerable communities. The organization has effectively demonstrated how life skills can be improved through the arts. La Tarumba has also been tremendously effective in using a methodology to apply theatre, circus and music to young people with difficult access to the labor market.

Key milestones

La Tarumba's evolution can be divided very clearly by the physical spaces in which the organization works. In the start-up stage they worked in the street, directly with communities. In 1992, with the new house, La Tarumba started a second stage, beginning classes for children and the school for artists. Avina was key in supporting La Tarumba in the planning of this stage, not only with financial support but also for mentoring its entrepreneur, Estela Paredes. The third stage started in 2003 and was marked by the big circus tent, and the steady growth of La Tarumba's business. La Tarumba's ongoing artistic development was key through its renowned performances as well as its professional school. The financial support of the IADB made it possible to start working more closely with other social circus schools in Latin America, especially with Chile and Argentina, as well as increasing the number of vulnerable young people who participate in the employability program.

Challenges and contributions

La Tarumba has contributed tremendously in the wider artistic circus sector in Peru, and developing a type of circus that takes social values into account. The exchange of techniques and knowledge with other artists through national and international meetings has been extremely important to enrich, replicate and scale La Tarumba's methodology. The organization has also used social circus for influencing public policy to include tools of non-traditional training to help improve the employability of young people at risk. La Tarumba is a very well considered institution that can demonstrate in different contexts about how important performing arts (dance, theater, music, circus and visual arts) are to develop social skills in youth at risk and to increase their employability.

La Tarumba's pedagogical proposal has been adapted to different audiences, from children or young people who to seek to improve their life skills but cannot pay for the classes, to low-income young people with a very difficult employability situation.

The big circus tent after 2003 was especially important to give financial stability to La Tarumba's projects as well as wider recognition across Peru. From 2012 the organization has generated a profit margin, so La Tarumba has been able to grow in terms of its social projects without the need for external financial support or grants. La Tarumba must now continue on a path to financial sustainability of its social projects with young people from low-income areas, integrating the values of a cultural non-profit organization with the management components of a successful business.