Profiling Businesses in the Care Economy

The care economy consists of paid and unpaid labor and services that support caregiving in all its forms. In Africa, Asia and Latin America, women spend between three to five times as many hours on unpaid care and domestic work as men. This represents 80 percent of a household’s total hours devoted to unpaid care work.

Care economy businesses can help recognize, redistribute, reduce and reward – also known as the 4 Rs - unpaid and paid care and domestic work in the following ways:

- **Recognize**: Initiatives that increase visibility and recognition of paid and unpaid care and domestic activity as “productive” work that creates real value and contributes to economies and societies.

- **Redistribute**: Services and initiatives that redistribute care work from individuals to public and private sector entities, and redistribute care and domestic work within the household.

- **Reduce**: Products and initiatives that reduce the time spent on and burden of unpaid care and domestic work.

- **Reward**: Products, services and initiatives that ensure that care and domestic workers are paid fairly and have professional growth potential. This provides them with financial reward and security.

The Care Economy Knowledge Hub aims to address the knowledge gap around care businesses by showcasing various business models and creating a resource base for relevant stakeholders. It also aims to raise awareness and increase knowledge of the state of impact-driven care economy business models and attract a broad range of funders to invest in care economy solutions by showcasing opportunities. These business profiles are intended to showcase said potential investment opportunities. They have been created from information and data provided by the business itself.

This project is supported by Canada’s International Development Research Center, in partnership with the Soros Economic Development Fund at the Open Society Foundations. Building on their track record and commitment to transforming the care economy and mobilizing finance for gender equality, they have jointly launched this action research program to help transform the care economy through impact business and investment.
IPROFOTH (Instituto de Promoción y Formación de Trabajadoras del Hogar) is a Peruvian non-profit organization founded and led entirely by female domestic workers. The organization’s mission is to protect and train domestic workers by offering them free/affordable services that promote their participation and active engagement in the labor market. IPROFOTH provides job placement assistance, nursery and childcare services, shelter services, legal advice (for labor rights protection), psychological counseling, training on domestic work, and entrepreneurship workshops. In addition, the organization contributes to the recognition of domestic workers’ economic contributions and rights by fostering dialogue amongst policymakers and advocating for decent salaries, working conditions, and social benefits for domestic workers.

IPROFOTH has served 2,530 domestic workers in Lima, Peru. Currently, the organization has 12 employees and is funded through a mix of grants from Entraide et Fraternité (a Belgian non-governmental organization), service fees, fundraising events, and contributions from the founders’ board. In 2021, it had an operational expenditure of US$ 16,420.

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*According to 2X “women entrepreneurship” and “women leadership” criteria; 2X Challenge Criteria
1. About The Enterprise

1.1 Problem

There are approximately 400,000 domestic workers in Peru. More than 95% of them are women and around 21.8% are girls between the ages of 12-17. The vast majority of these women and girls are subjected to deplorable working conditions, earnings that fall below the legal minimum wage, mistreatment, and excessive working hours (between 12-16 hours per day). Furthermore, as most domestic workers lack formal employment contracts, they are unable to access health care and retirement benefits, as well as lack employee rights (such as after a job termination or unfair dismissal). In Peru, it is estimated that 82.9% of domestic workers lack access to social security benefits granted under Peruvian law.

Anecdotal evidence suggests that the majority of domestic workers find jobs through their networks of friends, family, and acquaintances. Domestic workers that migrate from rural areas frequently lack this peer support due to the absence of family and social ties in cities, which hinders their ability to secure work. This situation impacts domestic workers' labor market participation and income-generating ability.

While maternity leave and work-life balance benefits are legally and socially recognized in Peru, these benefits are rarely accessed by domestic workers. The vast majority of domestic workers are adolescent girls and women of reproductive age (15-49 years) who face huge
challenges in securing affordable and quality childcare for their children, as they must often work long hours.\textsuperscript{10} Since domestic workers cannot afford childcare services, they must either leave their children alone at home, rely on the aid of relatives, or take their children to work (if permitted). This affects not only their productivity but also their mental health and well-being.\textsuperscript{11}

Most Peruvian domestic workers are women from rural and indigenous communities who migrate to the largest cities to work.\textsuperscript{12} It is common among migrant domestic workers to become live-in help, as they do not often have housing options in the city.\textsuperscript{13} While domestic workers perceive live-in contracts to be advantageous, as they are provided with food and accommodation,\textsuperscript{14} in reality this can result in working extra hours with no additional pay and other exploitative practices.\textsuperscript{15} In the worst cases, domestic workers are beaten (or even raped) by their employers.\textsuperscript{16} As their housing is linked to their job, most domestic workers choose between complying with their employers’ demands, or becoming unemployed and homeless.\textsuperscript{17} Due to their isolation and (in some cases) restrictions to their freedom of movement,\textsuperscript{18} live-in workers are more prone to depression, anxiety, post-traumatic stress disorder, and suicidal behaviors.\textsuperscript{19} These problems are reinforced by their unfamiliarity with urban life, which often leads them to remain at the employer’s residence, even during their days off.\textsuperscript{20}

Despite the fact that domestic work has traditionally been classified as “unskilled work,” domestic workers are frequently asked to juggle tasks of various levels of complexity. These range from ironing and cooking to caring for children, elderly people, individuals with chronic illnesses, and people with disabilities.\textsuperscript{21} Anecdotal evidence suggests that as most domestic workers lack the appropriate training and experience to perform these responsibilities, there is a disconnect between employers’ demands and workers’ ability to meet them.

\textsuperscript{13} When engaged as live-in domestic workers, the employer provides accommodation in the employer’s home.
\textsuperscript{14} Hobden, C. (2014). Working Time of Live-In Domestic Workers. ILO.
\textsuperscript{15} Hobden, C. (2014). Working Time of Live-In Domestic Workers. ILO.
\textsuperscript{17} Hobden, C. (2014). Working Time of Live-In Domestic Workers. ILO.
\textsuperscript{20} ILO. (2010). Moving towards Decent work for Domestic Workers: An Overview of the ILO’s work
1.2 Solution

IPROFOTH is committed to improving Peruvian domestic workers’ economic, social, and working conditions. This is done through services which promote their participation and engagement in the labor market, as well as training to upskill domestic workers while also advocating for their rights.

IPROFOTH contributes to the labor market participation of domestic workers through its job placement service. This service aims to i) assist domestic workers in finding suitable employment and ii) formalize employment relationships between domestic workers and employers via written contracts. This service (for which households pay a fee) increases access to work opportunities for domestic workers, while also enabling household employers to contract trained and experienced domestic workers. IPROFOTH, therefore, removes the hassle of time-consuming processes related to hiring domestic service providers within the Peruvian system.

To support domestic workers’ engagement in the labor market, the organization provides affordable nursery services (for children under the age of 4) to women who cannot access private childcare or are unable to access publicly subsidized childcare. Therefore, IPROFOTH allows domestic workers to participate in the labor market without having to leave their children alone at home or take them to work. IPROFOTH also runs a shelter facility for domestic workers who have been abused and exploited by their employers and have fled such situations, losing access to housing in the process. This service can also be used by domestic workers who need a place to stay on their days off, or by those who work as live-out employees and require temporary accommodation while seeking permanent housing. The shelter service is free for the former, with the latter paying an affordable fee. Finally, IPROFOTH offers legal advice provided pro-bono by lawyers that aims to help domestic workers resolve employment or salary-related disputes. This service is complemented by free psychological counseling, to support domestic workers who experience any type of mental distress caused by psychological and/or physical abuse from employers.

IPROFOTH also promotes upskilling and reskilling of domestic workers by providing training on housekeeping and care skills. Additionally, domestic workers receive training on women’s empowerment and workers’ rights, to equip them with the necessary tools to identify and report unjust working conditions. These courses are complemented by entrepreneurship workshops geared toward domestic workers that want to engage in entrepreneurial activities, in order to generate another source of income. Apart from domestic workers, adult students from night school programs may also enroll.

Finally, the organization leads awareness-raising campaigns on domestic workers’ rights, the formation of labor unions, the social mobilization of domestic workers, and works with partner organizations for fair working conditions. IPROFOTH’s advocacy and political actions have been

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22 Night school typically refers to adult education classes held in the evening hours at middle and high school campuses.
critical in adopting and ratifying conventions and protective laws for domestic workers. In 2018, the organization was a key advocate in the movement that led to the adoption of the International Labor Organization’s (ILO) Convention 189, and the enactment of the Peruvian Act N° 31047 to promote and protect domestic workers’ human and labor rights. Furthermore, IPROFOTH is one of the founding members of CONLACTRAHO (Confederación Latinoamericana y del Caribe de Trabajadoras del Hogar, or the “Latin American and Caribbean Confederation of Domestic Workers”). CONLACTRAHO was established by Latin American unions and organizations with the aim of fighting for the rights of domestic workers.

1.3 Customer Segment

Thanks to the funds provided by Entraide et Fraternité and the contribution of the founders’ board, IPROFOTH can provide its services for free to domestic workers in extremely vulnerable situations and at a low cost to low-income domestic workers. This model enables IPROFOTH to reach a larger number of domestic workers, regardless of their financial situation.

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>Product / Service Provided</th>
<th>Paid / Unpaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic workers and Employers, as well as middle-income households</td>
<td><strong>Job placement assistance:</strong> This service connects domestic workers with potential employers. It was designed for domestic workers to join an online community via WhatsApp, where they may request a job placement. The online community also allows domestic workers to interact with each other, to build social ties and networks. Through this channel, IPROFOTH connects domestic workers with households that are recruited through the organization’s network. Moreover, the organization assists employers in writing contracts and enrolling domestic workers into the national social health insurance (ESSALUD) and pension systems.</td>
<td><strong>Paid:</strong> Employers must pay a one-off fee of US$ 52.</td>
</tr>
<tr>
<td>Domestic workers’ children</td>
<td><strong>Nursery:</strong> This service offers care for domestic workers’ children under the age of 4, from Monday to Friday between 7:45 a.m. and 5:00 p.m. The service also includes two meals and</td>
<td><strong>Paid:</strong> There is no standard fee. Domestic workers make a contribution according to their income.</td>
</tr>
<tr>
<td>Customer Segment</td>
<td>Product / Service Provided</td>
<td>Paid / Unpaid</td>
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</tr>
<tr>
<td>Domestic workers</td>
<td>two snacks during the day. The nursery organizes children by age group, allowing teachers to provide appropriate activities depending on their age. The nursery has a capacity of 25 children and childcare is provided by professional educators.</td>
<td></td>
</tr>
<tr>
<td>Domestic workers</td>
<td><strong>Shelter</strong>: This service provides temporary housing and basic needs assistance to domestic workers, particularly migrants. Domestic workers can use the shelter indefinitely until they find a suitable place to live. The shelter service can be requested in combination with legal advisory services and psychological counseling. The shelter has a capacity of 15 women.</td>
<td><strong>Paid and unpaid</strong>: Employed domestic workers pay a monthly fee of US$ 6.50.(^{23}) The service is free of charge for unemployed domestic workers.</td>
</tr>
<tr>
<td>Domestic workers</td>
<td><strong>Legal advisory services</strong>: This service provides access to legal counseling services to assist domestic workers in filing cases before the Labour Court. Lawyers provide advice on criminal offense cases and assist in the creation and negotiation of letters for settlement agreements. They also prepare domestic workers for arbitration meetings with their employers. These legal services are provided until the case is settled. <strong>Psychological counseling</strong>: This service is geared toward domestic workers who have experienced verbal, physical, and sexual abuse. A trained mental health professional provides one-on-one sessions to properly address every situation. The number of sessions is determined by the therapist’s initial assessment.</td>
<td><strong>Unpaid</strong>: These services are free of charge.</td>
</tr>
</tbody>
</table>

\(^{23}\) During the Covid-19 pandemic, the shelter service was free of charge for all domestic workers.
<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>Product / Service Provided</th>
<th>Paid / Unpaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic workers</td>
<td><strong>Courses:</strong> Courses include modules on meal preparation, good hygiene practices, food purchasing for the employer’s family unit, as well as basic child, elderly, and sick care (e.g., toy safety, sterilization of baby milk bottles, basic hygiene and grooming for children/older adults). The training also includes talks about ILO standards and labor rights. Each module is offered as a one-day intensive training, once a month, at IPROFOTH’s facilities. Domestic workers who participate receive an attendance certificate.</td>
<td><strong>Unpaid:</strong> This service is free of charge.</td>
</tr>
<tr>
<td>Domestic workers and night school students</td>
<td><strong>Entrepreneurship workshops:</strong> This service provides courses on various topics, including sugar confectionery (i.e., sweets and chocolates), crafts, catering and event décor, jewelry, online women’s clothing sales, etc. The objective of these workshops is to assist domestic workers and educationally disadvantaged adults to build entrepreneurial skills that will equip them to find new or additional sources of income. The workshops are held monthly at IPROFOTH’s facilities for domestic workers, as well as at night school facilities. Individuals who participate receive an attendance certificate.</td>
<td><strong>Unpaid:</strong> Domestic workers and adult students enrolled in night schools can attend the workshops free of charge.</td>
</tr>
</tbody>
</table>

24 International Labour Organization (ILO) standards are legal instruments drawn up by the ILO’s constituents (governments, employers, and workers) and set out as basic principles and rights at work.

25 The certificate provided by IPROFOTH is not recognized by other entities. However, IPROFOTH is seeking to form partnership agreements with continuing education institutes in order to offer certificates recognized by other entities.

26 Night school typically refers to adult education classes held in the evening hours at middle and high school campuses.

27 The certificate provided by IPROFOTH is not recognized by other entities. However, IPROFOTH is seeking to form partnership agreements with continuing education institutes in order to offer certificates recognized by other entities.

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1.4 Team And Governance Structure

Currently, IPROFOTH has 10 full-time\(^{29}\) employees, all of whom are women: 4 in administrative positions (forming the managing board, including the CEO) and 6 who work in the job placement office, nursery, shelter and accounting. In addition, IPROFOTH has 2 female part-time employees, a pro-bono lawyer, and a psychologist. The organization also has a founders’ board, composed of 9 women.

1.5 Enterprise Policies

<table>
<thead>
<tr>
<th>Policy</th>
<th>Yes / No</th>
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</thead>
<tbody>
<tr>
<td>Overall HR Policy</td>
<td>No</td>
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<tr>
<td>Equal pay for equivalent work policy</td>
<td>No</td>
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<tr>
<td>Non-discrimination / Equal employment opportunity / Diversity and inclusion policy (gender, LGBTQ, PWD, etc.)</td>
<td>Yes</td>
</tr>
<tr>
<td>Anti bullying and sexual harassment policy / Respectful workplaces</td>
<td>Yes</td>
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</table>

\(^{29}\) Full-time employees are only paid for half of their working hours as they volunteer the other half of their time.
2. Impact

2.1 Mission Statement
IPROFOTH’s mission is to safeguard domestic workers’ rights, oppose all forms of unjust behavior against them, and raise awareness and recognition of paid and unpaid domestic work as an activity that adds real value to both the economy and society.

2.2 Intended Impact
IPROFOTH currently creates the following impact:

- It recognizes domestic workers’ labor as a productive activity that creates real value for the economy and society. This is done by providing training, advocacy, and policy dialogue focused on the care economy.
- It redistributes the childcare burden of domestic workers through IPROFOTH’s nursery. In addition, it redistributes the domestic burden of households to a third party (i.e., domestic workers).
- It reduces the time domestic workers spend on care work, as a result of IPROFOTH’s nursery care.
- It rewards domestic workers by ensuring they receive at least the minimum wage, social security, family compensation funds, and health and pension benefits. Further, it offers them training that contributes to an increase in their skills and abilities.

<table>
<thead>
<tr>
<th>Policy</th>
<th>Yes / No</th>
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</thead>
<tbody>
<tr>
<td>Whistleblower policy / Employee grievance mechanism</td>
<td>Yes</td>
</tr>
<tr>
<td>Maternity / Paternity leave policy</td>
<td>Yes</td>
</tr>
<tr>
<td>Safeguarding policies for vulnerable groups (children, elderly, PWDs)</td>
<td>Yes</td>
</tr>
<tr>
<td>Safeguarding policies for the environment or to reduce detrimental impact on the environment (covers reducing carbon footprint, reduced water consumption etc.)</td>
<td>No</td>
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</tbody>
</table>
2.3 Monitoring And Measurement

IPROFOTH measures the following indicators for service outreach:

- Number of services provided to domestic workers

2.4 Results To Date

As the organization only recently began tracking its service outreach, previous data is unavailable. IPROFOTH estimates that approximately 2,530 women (530 registered in the online community via WhatsApp and 2,000 who are unregistered) have benefited from its services from 2019 to date. IPROFOTH’s outreach results between 2019 and 2022 are as follows:

- Number of women who have stayed at the shelter: 40
- Number of domestic workers who received legal advice: 70
- Number of domestic workers who received psychological counseling: 60
- Number of children who have attended the nursery: 65
- Number of domestic workers who received training: 800
- Number of participants in the entrepreneurship workshops: 50
- Number of entrepreneurship workshops offered: 8
- Number of domestic workers who have been placed through the job placement assistance service: 20 (an additional 50 were in the process of being placed at the time of writing)
- Number of employers (households) who requested a domestic worker via the job placement assistance service: 20

IPROFOTH’s work is aligned with the following Sustainable Development Goals (SDGs):
3. Financials

3.1 Financial Status

IPROFOTH is funded through a mix of grants provided by Entraide et Fraternité, service fees, fundraising events (4 times a year) and a US$ 7 monthly contribution from the founders’ board. Grants fund specific parts of operations: training and entrepreneurship workshops, advocacy initiatives, salaries of the accountant and the coordinator of training and entrepreneurship activities, and utilities (energy, water, and internet). Funds derived from service fees, fundraising events, and the founders’ contributions cover the remaining operational expenses, including nursery care, shelter services, the employment office, as well as the remaining payroll. Since IPROFOTH is operating at break-even and service fees are an intermittent income, the organization cannot be considered self-sustaining. The table below showcases the funds raised by IPROFOTH (including grants).

<table>
<thead>
<tr>
<th>(Amounts in US$)</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>25,989.8</td>
<td>25,679.7</td>
<td>16,420</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>25,989.8</td>
<td>25,679.7</td>
<td>16,420</td>
</tr>
</tbody>
</table>

3.1.1 Revenue Streams

In 2019, grants accounted for 38.6% of IPROFOTH’s revenue, with the remaining 61.4% coming from service fees (40.6%), fundraising events (20.5%), and the founders’ contributions (0.3%). However, due to the COVID-19 pandemic, funds from fundraising events and service fees were not received in 2020 and 2021. Thus, grants from Entraide et Fraternité accounted for 90.3% and 100% of IPROFOTH’s revenue in 2020 and 2021, respectively. The graphic below depicts past revenue details reported by IPROFOTH. IPROFOTH’s revenue decreased by 1.2% between 2019 and 2020 and by 36.1% between 2020 and 2021.
3.1.2 Expenses

The following pie chart provides details of IPROFOTH’s expenditure by category in 2021.

- Personnel: 25%
- Technology: 10%
- Training: 40%
- COGS/Cost of Raw Materials: 20%
- Rent and other opex: 5%

3.2 External Funding Sources (Past and Current)

IPROFOTH has received conditional grants from Entraide et Fraternité to fund its services since the foundation of the organization.

3.3 Challenges Faced In Accessing Capital

IPROFOTH’s main financial challenges are related to accessibility and awareness, including the following:

- Since IPROFOTH has not yet received any technical assistance support, the organization has not been able to develop a suitable business model that allows it to attract more grants and receive donations from public and private entities.
- As most of IPROFOTH’s team are active and former domestic workers, private and public actors have questioned the ability of the organization’s team to design and implement solutions. This lack of trust in the capabilities of the organization’s employees has limited its ability to access funds.
4. Path To Scalability

4.1 Potential Avenues For Growth

IPROFOTH is seeking to grow the number of services it delivers each year through 5 main avenues:

• **Development of a new business model:** As the organization is not self-sustaining, IPROFOTH seeks to explore new business models that allow the organization to raise funds from other sources.

• **Development of new services and the improvement of current services:** (i) IPROFOTH intends to integrate elderly care services for low-income households; (ii) the organization is exploring the possibility of developing a job placement app to replace the current Whatsapp system; and (iii) IPROFOTH is seeking to build partnership agreements with continuing education institutes\(^3\) in order to offer certified courses and entrepreneurship workshops recognized by other entities, as the certificate IPROFOTH currently provides is not recognized as an official document.

• **Geographic expansion:** In the medium term, IPROFOTH seeks to expand its services beyond Lima to Peru’s next 4 largest cities: Arequipa, Trujillo, Chiclayo, and Piura. In the long term, IPROFOTH plans to expand its operations to small provinces throughout the country.

• **Development and launch of a website:** Through its website, IPROFOTH intends to provide a space for general information about the organization and its services, as well as to establish an online presence that will allow the organization to raise funds.

• **Increasing personnel:** Currently, part of the administrative staff is composed of part-time volunteers. IPROFOTH seeks to hire full-time employees, particularly legal advisers, to strengthen the organization’s legal services.

4.2 Risks And Challenges

IPROFOTH has identified the following challenges:

• **Financing challenges:** Nearly one-third of IPROFOTH’s operations rely on grants provided by Entraide et Fraternité, which puts its current operations at risk and affects its sustainability.

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\(^3\) Continuing education: education provided for adults after they have left the formal education system, consisting typically of short or part-time courses in a variety of subjects, most of which are practical, not academic
• **Operational challenges:** The lack of full-time employees represents an operational risk, as there is not enough personnel to cover the workload the organization manages throughout the services it provides.

• **Social norms:** IPROFOTH has identified negative bias and discriminatory attitudes from government actors and labor union leaders towards the organization, as all its leaders are current (or former) female domestic workers.

### 4.3 COVID-19 Impact On The Enterprise

IPROFOTH experienced 3 impacts as a result of the Covid-19 pandemic: (i) a drastic increase (70-80%) in the number of services requested by domestic workers (with the exception of job placement services); (ii) closure of the nursery care service due to government restrictions; (iii) an increase in expenses (such as toiletries) used by domestic workers in the shelter, due to the rise in services requested.

### 4.4 Support Received To Date

To date, IPROFOTH has not received any technical assistance support.

### 4.5 Inputs Required For Growth

• **Financial support:** IPROFOTH is seeking external capital (exact amount to be confirmed) to increase the number of services provided to promote the well-being of domestic workers and the scalability of these services. In addition, the organization is seeking capital to develop a job placement app that allows households in need of domestic services to connect more easily with domestic workers.

• **Non-financial support:** IPROFOTH is particularly interested in receiving assistance to strengthen its business model, and to eventually raise additional funds from grants and donations (mainly from international corporations and government funds). Moreover, IPROFOTH is seeking technical assistance to develop its app.