

Peru: Lima bicycle project

These case studies are being compiled to draw lessons from the experience of a wide range of organizations. They are considered as works in progress and will be updated periodically. Comments on the cases are welcomed, as are suggestions on additional cases which could be included in the series.

LIMA, PERU: PROMOTING THE USE OF BIKES IN LIMA UNDER THE TRANSPORT REHABILITATION PROJECT (World Bank)

Part of this US \$ 200 million World Bank project of the mid-1990s was designed to provide credit to low-income formal and informal sector workers to buy bikes, so they could access jobs. Those who could show they would use bikes for income-generating activities, were eligible for the loans. Also, the project would create bike paths that would extend from one poor community in the northern part of Lima to the industrial areas and the central business district (CBD). Already, 48 kilometers of paths have been built, and the routes chosen were based on a study that determined where the potential demand existed.

While the project does not focus on gender specifically--rather on the poor--it is expected to benefit women (who are often the poorest), especially street vendors, who pull handcarts to carry their goods to market. Lacking the paths, they had to use the streets and were often in accidents. Also, female vendors using public transport were harassed and taxis were too costly--unless they shared with others. In this case, the trips were quite long.

For these reasons, it was thought that bikes were an appropriate form of transport for Lima; also, because the terrain is flat, the weather is dry, the temperature remains constant at about 70 degrees, and distances to the CBD and industrial areas are under 8 km, which is easy to cover on bikes. Women who were interviewed said they would gladly ride bikes, if the routes were safe from thieves.

However, at present, only 2% of bike riders in Lima are women--because they fear they will be robbed of their bikes and because they cannot afford them. Where families own bikes, they are almost always used by the males. It is not thought that culture is an issue, since one of the bike paths passes through a university area, and female students can be seen riding bikes - since the area is considered safe.

A key aspect of the project was that the credit scheme for the bikes would be highly publicized, and it was expected that 6,000 people would apply during the first year. The project had \$600,000 to cover the cost of bikes, which would be sold at a maximum of \$ 100 each. Several branches of the non-profit municipal bank (Caja Municipal) were designated as the places to apply for the credit.

Applicants may purchase their bikes at any cycle shop and select from the 10 models available in the project. They are given a receipt that notes the make, model and cost, which they take to the Caja Municipal, which, in turn, approves the loan. Buyers must make a down-payment of the equivalent of \$ 10, and pay the rest in 12 monthly installments (loans carry a 6% interest rate). The Caja Municipal pays the shop directly, and the applicants can then obtain their bikes. For loans approved in the first year, the repayment rate is about 95%.

However, the university that was awarded a \$200,000 contract to publicize the project did not follow through, and only 700 people applied in the first two years. Eventually, the contract was rescinded, the amount was increased to \$500,000 and it was awarded to a professional public relations firm (the money was shifted from another part of the project, which would have built 20 more kilometers of bike paths).

Teams from the firm which manufactures the bikes, are currently visiting low-income areas, going door-to-door with sample bikes, explaining how people can apply for credit. They leave application forms and pictures of the bike models available, along with maps of the bike paths. The terms of reference (TOR)

emphasize that the team must stress that the bikes can be used by women, show the women's models and point out the relatively low cost - which is less than the normal price of new bikes. The TOR also require the firm to generate 8,000 applicants in one year. In fact, in the first two weeks the firm visited households, 700 people applied for credit. The firm will complete its contract within a year, which will be in time to prepare a new transport project that was postponed until 2001 (the Lima Urban Transport Project), because of the economic crisis.

Although the credit applications include data on gender, age, employer, and if the person works in the formal or informal sector, the Caja Municipal (the non-profit municipal bank handling the credit scheme) has not yet disaggregated the number of male and female applicants. However, this information should be available in the near future.

A second contract was awarded to another university, group to monitor the use of the bike paths; at present, it is measuring summer and winter use at 11 traffic points, asking riders about their starting points and destinations, if they knew about the credit program, and how they purchased their bikes. Based on the interviews to date, most respondents were unaware of the program and paid for their bikes from personal savings.

One unexpected result from the project was that once the bike paths were built, small entrepreneurs began selling and repairing bikes along the routes, which confirms that demand exists.

It is still unknown if the one-year intensive campaign will motivate women to buy bikes. However, if the program succeeds, it will be repeated elsewhere. Many in the World Bank and the government still do not believe there is sufficient demand for bikes, since the paths are not heavily used. However, one of the project's main goals is to create demand by offering the bikes cheaply, through credit, and by creating safe infrastructure.

(Source: World Bank reports, *Case study prepared by Barbara Koepfel, April 1999*)