

Project 2-A

Region: Americas
Country: Peru

Project Title:

Polvos Azules: building informal economy associations strength in Lima, Peru

Donors:

ILO funded project. Sub-regional Office (SRO) Lima Technical Cooperation funds

Project Description:

Polvos Azules (Blue Dusts) is the name given to a small street behind Presidential Palace in downtown Lima, where in colonial times—300 years ago—leather artisans used to buy dyes and other trade implements. In the 1980s, 5,000 hawkers and semi-ambulant vendors turned it into one of the informal markets in the city. In the early 90s, they formed an Association, which negotiated a relocation programme with the Lima Municipality. They built a large shopping mall with 2,400 stalls using their own money from a mortgage with a major private bank.

ILO intervention (through the Lima SRO for Andean countries) began with a request from the Association for:

- Ways to improve/provide business services suited to members' needs—particularly credit, marketing quality, and cooperative management training
- Support for a leading role of the Association in organizing political representation
- Facilitation of local policies sensitive to collective needs—particularly calling for a gender approach.

The first step in the process was to undertake a socio-economic census (August 2004) in the mall, which showed the following picture:

- Out of 2,960 members, 57% are tenants and 43 % are owners. A large number of stands are either closed or being used to store merchandise; 906 employees work in 41.2% of stands. Others are own-account shops. Garments and shoe-selling are the activities with highest number of stands
- Most of business owners are women (59.4%)
- Sales amount to US \$19 million; outlays for purchases are \$14 million
- 45% only received credit once (mortgage)
- Average weekly income is \$140
- 13.8% are receiving health insurance benefits, and only 5.4% are in any kind of pension scheme, private or public
- Only 5% knew about the existence of major trade unions or employers' association

Services offered by Polvos Azules Association:

- Only 8.5% pursued training on marketing, management or business issues
- 91% have interest on business training, and are ready to invest on it
- Technical consultants have been used only by 2.3%
- Social services are regarded as high priority:
 - Child day care (85.4%, although not all members work regularly)
 - Basic health care in medical centres (84.8%)
- Services offered to members by Association are underutilized:
 - Legal, administrative advice (69.9%)
 - Merchandise loading/ unloading (60.8%)
 - Parking for members and clients (36.2%)

Intervention process went through the following:

- Starting point: a cluster isolated, indifferent to institutional milieu: low trust and self-esteem, and a low perception of influence at collective, individual level
- Target: After diagnostic analysis, the target was to create strong organizational bases for business services and representation, as well as reaching out to outer actors
 - *Unions and employer federations*: opening doors to negotiate membership with a view to larger representation to become a major player in politics of urban retail trade
 - *Municipality*: negotiate policies to protect retailing, simplify licensing, participate in planning
 - *Ministries and public actors*: Association & members' role and information on policies on SMEs, importing, commerce
- Communication campaign addressed to larger audiences

Outputs (May 2005)

- Working Committees: microfinance, health care, technical training, women's enterprises.
- SIYB Training to Associations' BDS Providers to register them in Ministry of Labour's training vouchers programme
- Business Cooperative: CooPAzul Ltd. started operations in 2004 with 31 members. Now they have 60 members.
- Formal agreements concluded with the Ministries of Labour, Trade, Municipalities of La Victoria (district) and Lima (province)
- New/Renewed membership: National employers' organization (CONFIEP) and in major SME national association (CONAMYPE); links with central unions

Gender and Ethnic Components:

Business agreement with Aguaruna Indians (Amazonia) to sell handicrafts to Lima consumers.

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