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.

**Project Contact:**
Mario Tueros
ILO SRO Lima
Las Flores 275
Lima 27 Peru
tueros@oit.org.pe
Tel: 51-1-615-0300

**Website:** [www.oitandina.org.pe](http://www.oitandina.org.pe)