

# The diversity of the street vending: A case study of street vending in Cali

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## ABSTRACT

In Latin America around 45% of the working population work in the informal economy. In Colombia it is almost half. The informal economy is made up of multiple and different kinds of jobs, one of them street vending. This study examines the heterogeneity of street vending by comparing and contrasting two groups of street vendors. In this analysis, detailed information of social demographic characteristics, earnings, aspirations and perceptions of their work are used. Links between this sector and the formal economy are shown. This study shows that indeed street vendor sector has different components and policy makers should take this in account when framing public policies.

## 1. Introduction

The informal economy is a significant component of the economy in the global urban south. Amongst the many occupations included in the term “informal economy”, street vending is one the most prevalent and it is an important avenue for income generation for those with very low social capital.

It is also an activity that garners government interest because it raises important economic issues of opportunities and vulnerabilities for the poor and is an activity that overlaps with many urban planning policies: use of public space and urban environmental issues. The control of street vending is a central issue in the organization and control of shared urban space.

Numerous studies have established that street vending is highly segmented (Chen, 2012; Fields, 1990) in terms of activity, place of operation and types of goods sold. This paper seeks to extend this line of research. We aim to add to the growing literature by describing the diverse people working in the same sector, with a different array of problems and needs.

The study's overall aim is to allow a deeper insight into the heterogeneity of street vending by comparing and contrasting two groups of street vendors. Martínez, Short, and Estrada (2017) described the economic dynamic of street vending in the largest settlement of informal vendors in Cali. In this paper, we extend the analysis to compare two street vendors' settlements in the city, given the important difference and dynamics in the places studied. We find a great heterogeneity and confirm the segmentation and diversity of this occupation. Policy intervention should adjust and respond to these differences (Blunch,

Canagarajah, & Raju, 2001; Tokman, 1989; Wongtada, 2014). We call for a careful revision of policy interventions because of the significant diversity and fragmentation of street vending.

We identify two sectors that have distinctive geographic characteristics: the gateway or entry sector for the recently arrived and the less educated. Recent rural migrants have access to this sector characterized by high levels of violence and poverty. The established sector is populated by more educated workers and city residents that provide better working conditions and higher earnings.

## 2. Background

This study focuses on employment in the informal sector of street vending. ILO (2016) define workers in an informal sector enterprise as characterized by one of the following: not been legally constituted so it does not pay taxes, not having a complete set of accounts, selling at least some of the goods it produces, not registering the employees so they neither receive health nor pension benefits.

The existence of an informal economy can be explained by four different schools of thought: legalist, voluntarist, structuralist and dualist (Becker, 2004; Chen, 2012; Portes & Haller, 2004). However, other theories can be used for explaining difference between informal workers that perform the same job. One of them, is Fields' free-entry and upper-tier informal sectors. The author explains that informal sector has a fundamental duality: free entry segment vs the upper-tier segment. The first one is characterize by jobs and by persons, that don't require any financial or human capital endowment (thought that does not necessarily mean they can work in any given job in that segment).

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In contrast, the upper tier of the informal sector is characterized by wages that can be relatively high, and by requiring financial capital and/or human capital (Fields, 1990).

Fields explains that people engage in the free entry part for different reasons: the lack of opportunities in the formal sector, they prefer to be employed in the informal sector rather than being unemployed, and because they lack the human and financial capital required for entering the upper tier of the informal sector.

Spatial differences have been also used to explain differences in the informal sector. Williams and Windebank (1994) and Williams (2010) explain local and regional variation (amount of employment, wages and characteristics of it) between informal activities as the result of a combination of different factors, such as economic, institutional, social and environmental influences. Williams (2010), also concludes that informal self-employment is a regular form of entrepreneurship in poor and deprived localities and this entry entry-stage type of trade is usually not recognized by official data sources.

Regardless of the conceptual framework used to study the informal economy, the fact is that in the urban global south it constitutes a significant share of employment (Bromley, 1978; Chen, 2005, 2012; Godfrey, 2011). In Latin America by 2013, 46.8% of employees worked in the informal sector. Those working in the informal sector, and in particular street vending, are mostly characterized by lack of educational attainment, poverty and vulnerability (Chen, 2005, 2012; Godfrey, 2011).

In Colombia (using data for 23 cities and metropolitan areas), 48.2% of the population-employed worked in the informal sector in 2016, and in Cali the average rate of informal workers was 48.7% (DANE, 2016). Street vending is one of the many jobs that make up this high percentage; however, there is little research about it. The first study was Bromley (1978)'s, which found that 40 to 45% of people who worked in the street were in precarious self-employment, 39 to 43% were disguised wageworkers, 12 to 15% were dependent workers, and only 3% were short-term wageworkers. A second, more recent study examined street vendors in downtown Cali (Martínez et al., 2017). More studies can be found from other cities in Colombia: Bogota (Borja, Barreto, & Sánchez, 2008; Carbonell, 2011; Chavarro Alvarez, 2013; Donovan, 2008; Hunt, 2009; Largas, 2013; Rocha, Sánchez, & García, 2009; Vargas & Urinboye, 2015), Medellín (Jaller, 2009) and Pereira (Castaño, García, Ospina, & Granada, 2008).

### 2.1. Legal and city context

One common characteristic of those working in the informal sector across the world given the non-regulated character is the lack of legal and social protection. Street vending in Colombia is not the exception. This occupation has been banned for decades in the country, excluding those who earn their income through this job from social protection programs. Martínez and Short (2016) present a discussion of the legal framework in Colombia and how it has changed over the decades. Under the current legislation, removing street vendors from public space is prohibited and local governments have to provide compensatory measures in case of removal from public space to provide necessary income to cover basic needs. This situation is not unique to Colombia; Mexico and India have passed similar rulings (Meneses-Reyes & Caballero-Juárez, 2014).

For example, the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 in India regulates street vendors in public areas and protects their rights, and ensures their social security (For a deeper description see Ministry of Urban Employment and Poverty Alleviation, Government of India (n.d.), and SEWA (2014)). The aim of this Bill is to allow street vendors to carry out their business in decent conditions, without fear of being harassed or evicted (Ministry of Housing and Urban Poverty Alleviation, 2014). Several things occur before this Act was approved. First, the Government of India formulated the National Policy on Urban Street Vendors in 2009

(Ministry of Urban Employment and Poverty Alleviation, Government of India, n.d.). In 2010, the Supreme Court of India directed the Ministry of Housing and Urban Poverty Alleviation to work out legislation. The National Policy from 2009 imposed a wide range of restrictions on street vending. The ministry with National Advisory Council and with the help of Self Employed Women's Association (SEWA) drafted and promoted The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act to surpass the restrictions imposed.

While, in Mexico the Supreme Court of Justice of the Nation (SCJN) reaffirmed street vendors' right to work on several occasions. SCJN also requires municipal authorities to regulate the use of public space (Meneses-Reyes & Caballero-Juárez, 2014).

The current legislation in Colombia has made it too costly for local governments to prohibit public space occupation by vendors and the few actions that have taken place have not been successful (Martínez & Short, 2016).

### 2.2. Data and methods

This paper uses information from a detailed survey of street vendors in two large settlements in the city. The data allows a detailed survey of the socioeconomic conditions of street vendors and the economic dynamics of their business. Using this data, we aim to highlight the segmentation and heterogeneity of street vending and the profitability of this business.

As shown in Fig. 1, Cali has nine identified settlements of street vending (red dots). Downtown (referred in Fig. 1 as “centro”) and Santa Helena are the largest. We conducted our analysis in these two sites. Downtown covers 13 blocks in the middle of the economic and political center of the city. Street vendors are located along main roads of formal commerce and offer a wide array of articles such as clothing, footwear, accessories, games/toys and food amongst other products. Santa Helena is a food street market. It is located nearby one of the most violent and distressed areas of Cali and covers about 12 blocks that include formal and informal commerce.

The first wave of data collection was in 2014 in downtown. Observational data was collected using a structured guide that gathered information on types of stalls (fixed or mobile), type of products offered and number of people working at each stall. A detailed socioeconomic survey was also undertaken. The survey was designed and financed by the Observatory of Public Policy (POLIS) and the Master Program in Government (both from Universidad Icesi). Pollsters were hired and trained in using the questionnaires. There were also three pollster's supervisors in the field during data collection.

Informants were randomly selected in all blocks. The study objectives were explained and confidentiality was assured, emphasizing that the data will be used for academic purposes. Participation was voluntary. Respondents answered questions concerning socioeconomic status, family composition, income (including sales and profits), education, life satisfaction and access to government welfare. In downtown 1085 street vendors were counted and 527 responded to the survey.

In order to study the fragmentation, heterogeneity and differences by location of street vending in the city, the study was extended to Santa Helena Market. Data was collected in 2016 following the same methodology used in the downtown study. The study was conducted by POLIS in collaboration with the foundation for the integral development of the Pacific-FDI. In this site we counted 245 street vendors -in the busiest days-112 street vendors responded to the survey.

In Santa Helena we conducted deep interviews with nine street vendors inquiring about family composition, economic and social dimensions of working in Santa Helena and criminal activity in the area (bribes, payments for public space use and drug selling). Study details are presented in the web page of POLIS ([www.icesi.edu.co/polis](http://www.icesi.edu.co/polis)).

We use descriptive statistics to conduct our analysis. To test differences between Downtown and Santa Helena, we use the standard *t*-test with a confidence interval of 95. Money values presented are using

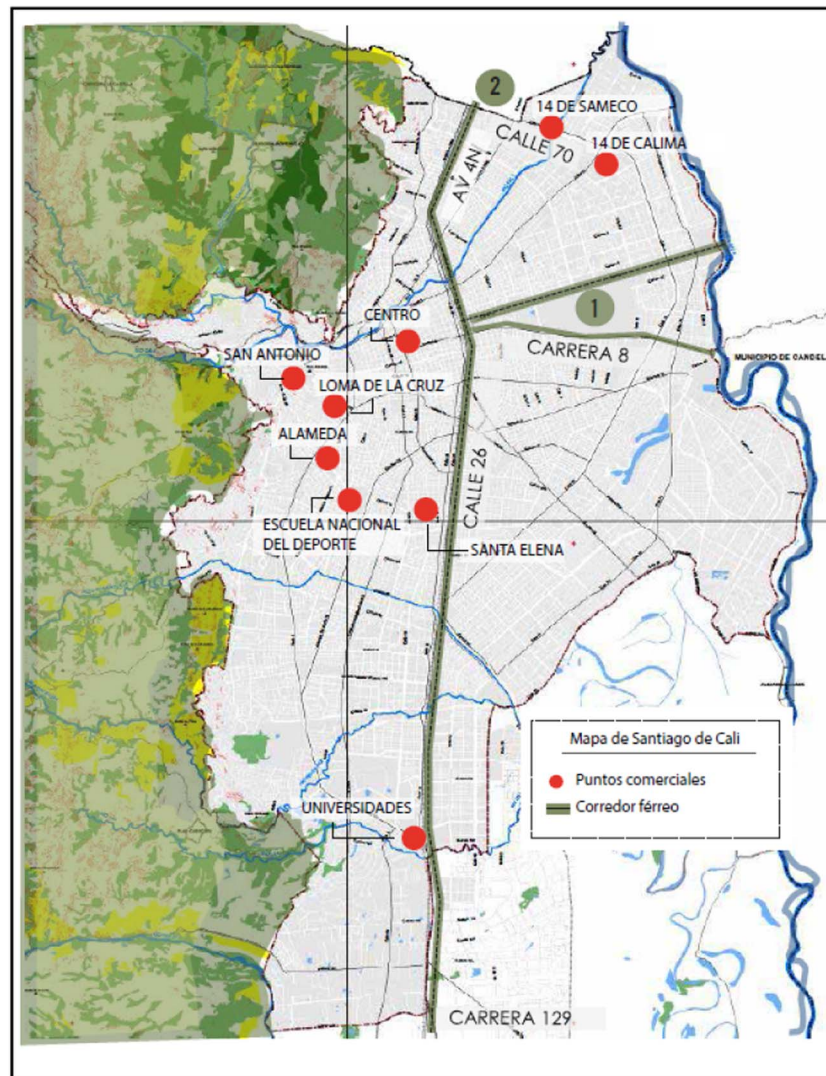


Fig. 1. Street vending settlements in Cali.

constant values for 2014 in Colombian pesos (to control for monetary differences in two data collection of 2014 and 2016). The conversion to US dollars is made using an exchange rate of 2000 Colombian pesos per dollar.

### 3. Survey results

#### 3.1. Heterogeneity and segmentation of street vending in Cali

In this section, we present socioeconomic data on Downtown and Santa Helena vendors and compare their socioeconomic conditions to the average working population of the city. As shown in Table 1, Santa Helena market has a higher percentage of women (52%), confirming previous studies that show the importance of women in the informal sector (Alila & Mitullah, 1999; Chen, 2001). However, the proportion of women is not statistically different from the proportion of woman that works at Downtown. On average, Santa Helena merchants are older than the general working population of the city and those located in Downtown (age differences between street vendors in both locations are statistically significant). This indicates that street vendors in Santa Helena may have less opportunities for future employment because of their age (Chan & Stevens, 2001).

Differences in educational attainment are also significant. A low proportion of street vendors obtain a high school diploma. 28% of street

vendors in Downtown finish high school whereas only 10% of vendors in Santa Helena reach that level. This number is in sharp contrast with 67% of the general population. Racial and ethnic composition also shows that Santa Helena vendors include a larger number of Afro and indigenous population, nevertheless the only statistically difference is found in the proportion of Afro between both samples.

Downtown vendors have a higher income than their counterparts at Santa Helena. In Downtown, vendors earn on average US\$464 per month, whereas Santa Helena vendors earn on average US\$440.<sup>1</sup> Compared to the general conception of street vending as a low-income occupation, we found that street vendors make a higher monthly income than the average city worker does, regardless the sector of employment (formal or informal). An average worker in the formal economy in the city earns about US\$388 monthly and is subject to taxation. Average worker salary is lower (95% of confidence) than the absolute income that street vendors from Downtown earn.

However, these absolute values hide another reality. Downtown vendors earn around US\$1.7 per hour work (they work an average of

<sup>1</sup> We acknowledge that Downtown vendors work in the best commercial area of the city, so this may overestimate the earnings of an average street vendor from this place. Second, survey in downtown was held during the Christmas season and this could bias upwards the reported earnings. However, income differences between street vendors are not statistically different.

**Table 1**  
Socioeconomic profile of street vendors and average Cali's citizen.

Characteristic	Downtown	Santa Helena	Average <sup>a</sup> Cali's citizen <sup>**</sup>
Women (%)	46	47	41
Average age (years) <sup>α</sup>	41	50	40
High school or higher educational attainment (%) <sup>α</sup>	28	10	67
Civil status: marriage and cohabitation (%)	52	46	55
Race: Black (%) <sup>α</sup>	23	32	21
Race: Indigenous (%)	12	18	7
Average number of children	3	3	2
Average Income (US\$) <sup>***</sup>	464	440	395
Daily hours of work (hours) <sup>α</sup>	10.8	10.1	8.5
Days worked by week (days) <sup>α</sup>	6.5	6.1	6
Street vendors with disability (%)	6.4	9	2.6
Union membership (%) <sup>α</sup>	3.6	0	–
More than 5 years as street vendor (%) <sup>α</sup>	69	87	–
More than 5 years located at that place (%) <sup>α</sup>	57	79	–

<sup>a</sup> 12 or more years old and working.

<sup>\*\*</sup> Survey of Employment and Quality of Life 2012–2013.

<sup>\*\*\*</sup> 1 US dollar = 2000 Colombian constant dic 2014 pesos.

<sup>α</sup> Null Hypothesis (Downtown and Santa Helena are not difference) is rejected with 95% of confidence.

10.8 h per day, 6.5 days per week), while Santa Helena vendors earn US \$1.8 per hour work (work an average of 10.1 h per day, 6.1 days per week). In addition, an average worker earns around US\$2.1 per hour working 8 h a day, 6 days per week during 4 weeks. This shows that vendors in absolute values make a higher income, but they obtain it by working more days and longer hours, in hard conditions such as hot temperatures, pollution and vulnerable to acts of violence and extortion. Moreover, they do not have the benefits of formal employment and they have to bear the entire financial load of contributing to social security (retirements plan and healthcare).

The brutal reality is that for street vendors it is extremely difficult to find employment in the formal market and earn a minimum wage that allow them to have employment benefits. Their low socioeconomic and educational background do not match with the abilities demanded in the job market. Therefore, it is not surprising that income is a major incentive for people considering street vending as a working option despite the harsh conditions the job demands. These results are found in other countries such as Kenya (Alila & Mitullah, 1999) and China (Xue & Huang, 2015).

### 3.2. The economic and social dynamics of street vending in Cali

At least 1000 families in Cali depend directly from street vending stalls in Downtown and Santa Helena. The average size of street vendor family is 4 individuals, and in general 2 contribute to the household economy. Street vendors are the main providers. In some cases, family members work in the same stall or in other stall in the same area.

Our data reveal substantial statistical differences between street vendors (Table 2). Only 19% of Santa Helena's vendors own a house, whereas in Downtown, -where vendors report earning higher income-, 30% own a home.

In both areas, vendors declare that the major advantage of their occupation is independence and the ability to follow their own schedule. A major proportion of Downtown vendors consider income as one of the major rewards of this occupation as compared with Santa Helena.

A higher proportion of street vendors on Santa Helena migrated from rural areas from the Pacific coast and nearby states where agricultural activities are predominant. It is likely that skills of Santa Helena vendors are related with farming and fishing, abilities that are not rewarded in urban settings. High levels of unemployment are one of

**Table 2**  
Street vendors profile.

	Downtown	Santa Helena
Household head (%) <sup>α</sup>	67	77
Have children (%) <sup>α</sup>	75	88
Age of first child	21	22
House ownership (%) <sup>α</sup>	41	20
Literacy (%) <sup>α</sup>	94	87
Holds an additional job (%)	14	13
Victim of armed conflict (%) <sup>α</sup>	14	23
Main advantage of street vending		
Independence (%)	46	60
Own schedule (%) <sup>α</sup>	10	27
High income (%) <sup>α</sup>	17	5
Reasons to become street vendor		
Lack of other skills (%) <sup>α</sup>	31	18
High levels of unemployment (%) <sup>α</sup>	59	48
Not having a boss (%) <sup>α</sup>	15	29

<sup>α</sup> Null hypothesis (Downtown and Santa Helena are not difference) is rejected with 95% of confidence.

the main reasons for Santa Helena vendors to work in the streets.

The major difference we found when comparing street vendors conditions was their experience of Colombia's armed conflict. 23% of Santa Helena Street vendors declared themselves a victim, whereas only 14% of Downtown vendors were exposed to the conflict. Interviews with workers at Santa Helena market showed that many of those working in this area were victims of internal displacement. Most come from the Pacific Coast, Nariño and Cauca, areas heavily affected by the conflict. An increasing number of rural to urban migrants find a living in informality, specifically in street vending. A finding found in other studies, such as Xue and Huang (2015) (who studied street vending in Guangzhou, China) and Crossa (2008) (Mexico City, Mexico).

In Santa Helena, most vendors have a lower educational attainment, reaching only elementary school in most of the cases. We also found more women with several children and no partner to raise a family. Despite the harsh conditions of working in Santa Helena, street vendors in the area declare that they are grateful to have an income generation activity that allows them to support large families.

The lower absolute income at Santa Helena also comes with harsh conditions. Violence is the most prominent problem, compared to Downtown, at different scales and intensities, from having to pay bribes to use public space up to homicide, drug selling and many other kind of illegal activity (El Pais, 2016). It was acknowledged by some vendors that they had to pay a fee for using public space (about a dollar a month). The fee was charged by "surveillance" (probably criminal gangs), and in some cases, the fee was charged by the owner of a nearby formal business. Reports show that some criminal gangs charge weekly between US\$25 to US\$75 to formal vendors and US\$5 to street vendors (El Pais, 2016). Drug selling is recognized as a real problem in the market. Other informants preferred not to talk about these issues. Some of the informants declared that during the last 5 years the market has experienced a permanent decline, due to violence and crime.

In sharp contrast, vendors at Downtown declare that the worst part of this settlement was the working conditions. Street vendors operate in one of the hottest and most polluted areas in the city without access to basic sanitation. Almost half of respondents in the area said the environmental conditions are the main disadvantage of their employment.

Another important difference between settlements is business operation hours. Downtown operates similar to formal commerce: Monday to Saturday from about nine in the morning to six in the afternoon. The number of street sellers did not vary Santa Helena has a different dynamic. Not all days at Santa Helena are good for business; Tuesday, Thursday and Saturday, are the busiest days and street vendors report starting to work as early as 1 or 2 in the morning until early afternoon. During "market days" (as street vendors refer to the busiest

days), we tallied about 245 stalls. Monday, Wednesday and Friday the market slows and commerce closes about noon. On Mondays -the slowest day in the week-, only 61 vendors were counted.

Even though street vendors in both settlements work similar hours and days per week (reported in Table 1), Santa Helena merchants have to bear schedules that are difficult for maintaining healthy family relationships. It was reported in the deep interviews that the working schedule was an issue. Most women had to find and pay extra charges for childcare given the long hours they had to work.

We found an important segmentation and heterogeneity when comparing street vending sites. Street vendors at Santa Helena are by many measures a more disadvantaged population: lower educational attainment, victims of conflict, older with a majority proportion of female head households of families with children. Likewise, the internal dynamic at each site is quite different: business operation, hours and levels of criminal activity. The sharp contrast between settlements is also to the location and the geographical characteristics of both sites. Downtown is at the center of the political and economic area of the city. Santa Helena –although has a central position in the city- is surrounded by crime, poverty and exclusion. In a past analysis (Martínez & Short, 2016) described the harsh conditions and the exposure to violence of formal and informal workers in Santa Helena. As reported by Williams (2010) the characteristics of “hidden enterprises” varies spatially.

Based on the information collected we can identify at least two sectors: the gateway or entry sector for the recently arrived and the less educated: Santa Helena. The established sector with better working conditions and higher human capital: Downtown. These identified sectors may relate to Fields (1990) concept of free entry and upper tier informal urban sector.

### 3.3. The economics of street vending in Cali: The profitability of street vending

In this section, we present information about sales, profit and costs of street vending in the two areas and the links with the formal sector.

#### 3.3.1. Sales and costs

An average street vendor at Santa Helena sells about US\$ 3874 monthly with a high standard deviation of US\$ 7288, while in Downtown the monthly figure is US\$ 1927 with a standard deviation of US\$ 2584. There is an important variation. In Downtown the top five sellers per month are: footwear (US\$ 4038), games or toys (US\$ 2770), juices (US\$ 2364), lottery tickets (US\$ 1950) and clothing (US\$ 1879). At Santa Helena the vast majority sells fruits and vegetables. The services and products these street vendors provide contribute directly to the city's economic and social development since they distribute food and introduce services and products at low prices to some of the poorest persons in the city. A similar impact was found in Hart (1970).

On the other side, there are also visible differences by educational attainment. As observed in Table 3, sales increase with educational attainment in Downtown, but peters out after incomplete secondary for Santa Helena.

**Table 3**  
Level of education and average monthly sales.

Level of education	Downtown	Santa Helena
None	993	988
Incomplete primary	1401	2, 071
Complete primary	1572	2580
Incomplete secondary <sup>α</sup>	1972	6202
Complete secondary	2509	5077
Higher education	2879	2374

1 US dollar = 2000 Colombian constant dic 2014 pesos.

<sup>α</sup> Null Hypothesis (Downtown and Santa Helena are not difference) is rejected with 95% of confidence.

The average monthly cost of running a stall in Downtown is US\$ 1037. This figure includes the cost of products (raw material or finished goods) and carrying costs (expenses incurred by stocking finished goods in inventory). For Santa Helena, this figure increases to US\$ 3332. We are probably underestimating the total costs since the survey did not ask for direct labor costs, the rent cost for public space they occupy and other costs. Direct labor cost could be an important cost because more than half of street vendors in both settlements employ other persons.

Other costs include the storage of goods in the inventory with 71% of Downtown vendors using storage daily. Downtown vendors' use storage more than Santa Helena vendors since most of the products offered at Santa Helena are sold daily.

#### 3.3.2. Formal-informal economy linkages

In both areas, there is a close connection between formal and informal commerce. In both places, street vendors locate their stalls outside formal stores using the sidewalk and public space available. Some street vendors reported that owners of formal shops either charged for the use of public space in front of their business or in some cases hired a worker to operate a stall. The connection between formal-informal is fluid. Formal commerce benefits from the pedestrian traffic that street selling attracts and street vendors use the formal sector to buy products and use storage space. This is a cash business. Transactions are on a cash only basis and are not officially registered. Table 4 reports information on transactions.

Wholesalers (most are formal businesses) are the main providers for street vendors in both locations. Only in Downtown did vendors sell self-produced goods (art-crafts and low price jewelry). In Downtown almost half million dollars circulate monthly. In Santa Helena, the figure is close to US\$ 300,000.

### 3.4. Business operation, profits and household economy

Street vending is dominated by single owners, over 85% in both areas. To operate a stall a street vendor in Santa Helena needs on average of US\$3,622 dollars per month. This is the estimated cost of buying goods to sell in the streets. The figure could be higher since costs associated for renting space and storage are not included. In Downtown, the cost is over US\$900 dollars. Vendors at Santa Helena -different from Downtown-, are subject to permanent price variation. Food prices in Colombia are subject to constant labor strikes (transportation and producers sector), climate changes and availability of goods (Abril Salcedo, Melo-Velandia, & Parra-Amado, 2015). For some vendors, particularly those who operate the smallest stalls, price variations affect directly the operation of their business.

According to vendors' estimates, the net profit of running a stall in Santa Helena is US\$761 dollars monthly, over US\$200 dollars more profitable than a stall in Downtown. That is higher than the average

**Table 4**  
Economical linkage between street vendors and suppliers.<sup>α</sup>

Supplier	Downtown		Santa Helena	
	Average product cost (US\$)	Average monthly purchase from supplier (US\$)	Average product cost (US\$)	Average monthly purchase from supplier (US\$)
Producer	1034	10,344	3372	70,812
Wholesaler	949	386,321	4326	302,820
Retail	484	15,020	691	11,747
Self-produced	1074	12,890	0	0
Total average transaction by month (US)		424,575		385,379

1 US dollar = 2000 Colombian constant dic 2014 pesos.

<sup>α</sup> Null hypothesis (Downtown and Santa Helena are not difference) is rejected with 95% of confidence.

**Table 5**  
Business operation and household living expenses.

	Downtown	Santa Helena
<b>Business operation</b>		
Business ownership (%)	86,2	87,5
Average amount of monthly investment on goods to sell (US dollars) <sup>α</sup>	982	3623
Monthly profit (US dollars) <sup>**α</sup>	438	760
Estimated monthly profit (US dollars) <sup>**</sup>	919	603
<b>Household and living expenses</b>		
Average monthly household expenses <sup>α</sup>	340	477
Average number of persons in the household	4,4	4,3
Average number of persons contributing to household economy	2,0	1,8
Currently paying a loan (%)	37	43
Street vendors with insufficient income to cover basic household expenses (%) <sup>α</sup>	20	35
Average proportion of household expenses not covered with current income (%)	37	29
Additional income necessary to cover household expenses (US dollars)	240	424
Business provides all resources needed to live (%)	66	63

1 US dollar = 2000 Colombian 2014 dic constant peso.

\* Profit estimated by street vendor.

\*\* Profit estimated by researchers (reported income minus operation costs).

<sup>α</sup> Null hypothesis (Downtown and Santa Helena are not difference) is rejected with 95% of confidence.

monthly income (US\$367) and higher than the minimum monthly wage (US\$304) in Colombia.

However, when we subtract average reported income minus operation costs (estimated monthly profit as shown in Table 5), the numbers are different. Doing this simple estimation we find that business in Downtown are more profitable than Santa Helena. This may explain why Downtown street vendors are able to capitalize their earnings, and on average are less poor than Santa Helena vendors. We also find that educational attainment is positively related with estimated profits. Those who have obtained at least high school make higher profits than those who have only achieved elementary school.

By doing this exercise of calculating estimated profits, we found that about 35% of the street vendors from Downtown and 42% of Santa Helena's street vendors reporting positive profits were actually having negative profits.

There are also differences by gender and settlements. Women in downtown make larger estimated profits (US\$947 and US\$894 for women and men respectively). At Santa Helena, the pattern is reversed: men average US\$675 and women US\$535. However, when we observe street vendors that derive all their profits from only street vending, the pattern is the same in both places. US\$919 and US\$865 for women and

men respectively in Downtown, and US\$838 and US\$595 for women and men respectively in Santa Helena. This is a striking result since most studies have found that men earn more than women (Bhowmik & Saha, 2012; Horn, 2010; Levin et al., 1999).

To cover basic household expenses a Santa Helena vendor needs US \$477 dollars a month whereas a vendor in downtown needs US\$340. This difference is striking since vendors of both settlements live in similar neighborhoods, and have approximately the same number of children and family size. We found several factors that may explain this difference. First, the rate of indebtedness of Santa Helena vendors is higher. Almost half of them are paying a loan and in most cases a pay-day loan which has *daily* interest rates of up to 10%. In deep interviews we found the hard conditions of these loans and the violence attached to delayed payment. Santa Helena vendors recognized that they lack access to regulated banking systems and pay-day loans are the only resort to operate a cash-based business. Second, food market vendors have larger extended families. Many send money to their family members who did not migrate with them to Cali. Vendors at Santa Helena not only have to provide for their nuclear families, but also for the extended families that remain in high conflict areas.

Based on our estimates, at least 32% of street vendors in Santa Helena do not have the resources to cover basic household needs. Current income allows them to pay about 80% of total household costs and need more than US\$400 dollars to fully cover monthly expenses. In Downtown, 19% of them are not able to pay for monthly expenses and current income only covers 63% of household costs. According to our findings, less than 66% of vendors in both settlements reported that their earnings provided the sufficient economic resources to live. Similar results have also been found in Iyenda (2005) and Saha (2009).

### 3.5. High life satisfaction and optimism

Despite the hard conditions for street vendors, particularly those in Santa Helena, their life satisfaction is high. As shown in Fig. 2, street vendors report a happy and satisfied life. To the question “in a scale 1-10 how satisfied are you with your life”, over 65% in both settlements rated their life satisfaction 8 or higher. Street vendors consider that what they need to be completely satisfied with their life is more money, house ownership and good health.

Street sellers were asked whether they perceive an improvement in their socioeconomic conditions compared to last year and compared to their parents' socioeconomic conditions. In both scenarios, street vendors in both settlements consider themselves better off. 37% of Santa Helena vendors declare that economically speaking, their household is better than in the previous year and 30% in Downtown. 51% of Santa Helena vendors consider that they are in a better position than their parents are. When asked if they are satisfied with their living standards

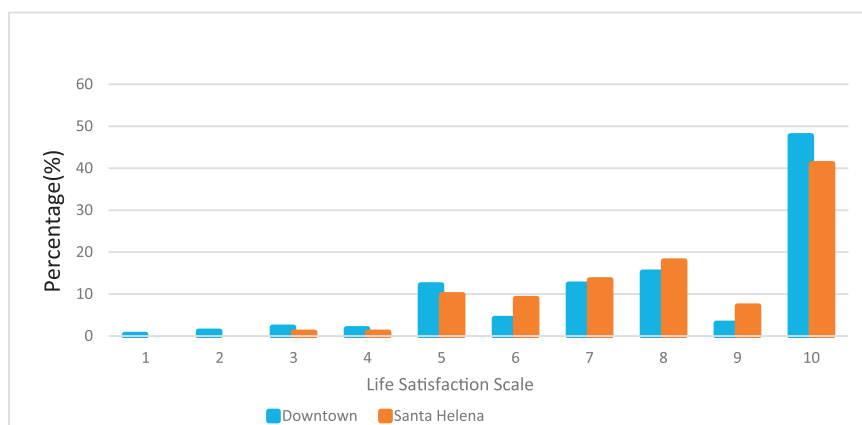


Fig. 2. Street vendors' life satisfaction.

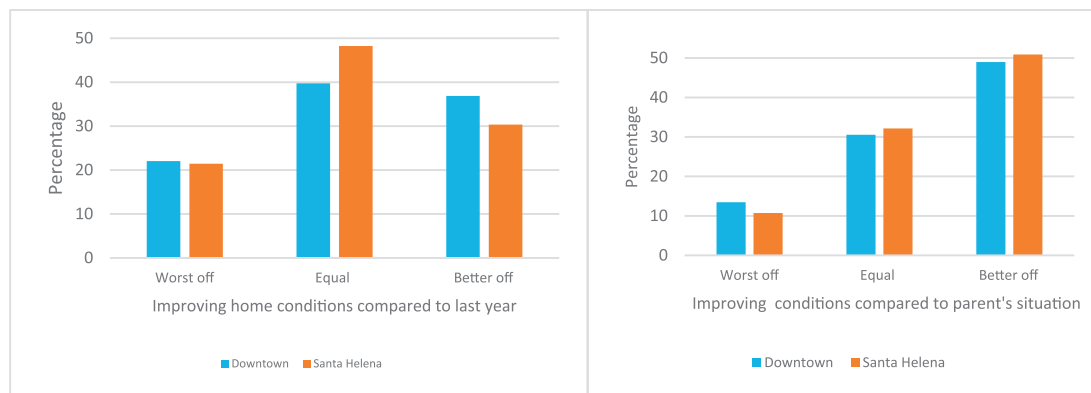


Fig. 3. Improving home conditions compared to last year and compared to parent's situation.

(what they can do and buy with current income) 77% of vendors in downtown were satisfied. The proportion decreased to 67% in Santa Helena. The larger proportion of Santa Helena vendors who are not able to fully provide for basic household needs may explain this (Fig. 3).

The high levels of life satisfaction, particularly for Santa Helena vendors given the harsh conditions are surprising. However, their evaluations of life standards and subjective well-being are not that different from the general population. As reported in POLIS (2017), which measure life satisfaction in the city since 2014, the general city population declares to be highly satisfied with their life and living standards. The high optimism reported by street vendors regarding their socioeconomic conditions and improvement regarding their parents socioeconomic conditions, mirrors the numbers reported in the city.

#### 4. Conclusions

Based on our detailed survey of two street vending areas in the city we suggest at least three conclusions.

First, we have shown a marked segmentation within the street vending sector. The people involved, the working conditions and the remuneration vary markedly between Downtown and Santa Helena. In Downtown there are better working conditions, whereas in Santa Helena, a large number of people marginalized by the civil war have found a foothold in the urban economy but at the costs of difficult working conditions and irregular income. Based on this, and similar to Fields (1990), we can suggest that there are at least two sectors: the gateway or entry sector for the recently arrived and the less educated, and the established sector with better working conditions. Recent rural migrants can access the former more than the latter.

Santa Helena Market is the entry sector, where the displaced come to find a road to survive and can achieve high economic returns, but at a cost of violence, crime and difficult work conditions (schedule, safety and poor sanitary conditions). Given that the appropriation of public space is relatively easy, street vending has become an outlet of income generation for unemployed, displaced and handicapped population. Downtown is a more established sector where there are better working conditions.

Second, our results suggest that the difference between these two street vending settlements seems more related to level of affluences, socio-economic mix, the educational levels and the environmental or contextual factors inherit to each place according to Williams and Windebank (1994) and Williams (2010). Downtown is more affluent all week long and all day. Whereas Santa Helena is affluent, but it depends of the day and the hour. The socio-economic mix of Downtown combine an area of high incomes (banks, government institutions, commerce and others are located down there) with a population that have low income, that lives, work or consume goods and services in that place; in

contrast, Santa Helena is more homogenous in terms of low income habitants and workers. As shown, street vendors from Downtown have higher educational levels than their peers located in Santa Helena.

Third, the location of street vendors on urban public spaces raises issues of appropriate public policies. Local governments are restricted in terms of what they can do to control the expansion of street vending. This imposes serious challenges for the government that have to assure both the proper use of public space and generate policy alternatives that allow street vendors to exercise their right to work and have a decent life. Different strategies such as relocation, work training and cash transfers are costly and lengthy. Moreover, street vendors oppose to many of these measures. Policy intervention also has to take into account the diversity and segmentation of this sector that varies spatially. We have briefly taken this dimension into consideration but a deeper analysis is needed.

In Colombia, as many other countries in the global south, an important share of the population relies on an informal economic activity to generate their income. The informal sector is a pathway to reduce poverty and generate economic activity amongst disadvantaged population (Bromley, 2000). In fact, the informal sector absorbs the majority of the workforce; about 60–90% of the overall employment is in the informal sector (ILO, 2009; UN-Habitat, 2006).

Our conclusion is to reaffirm that street vending provides incentives for a population to become “small-scale entrepreneurs”, define by Hart (1970) as those who not only invest their own capital in some enterprise but also own the control of its management in order to realize profit.

#### 5. Discussion

These results have policy implications for the urban planning and economic development of the city. The first policy implication is recognizing street vending as an activity alleviates poverty, reduces urban unemployment, generates income (some earn subsistence earnings but others earn enough to accumulate capital that can lead to economic mobility) and brings goods and services to consumers with low capacity of payment.

City urban planning should allow street vendors to sell in permitted areas in public space and provide urban design innovations that allow street vendors to conduct their economic activity in conditions of cleanliness (food hygiene and sanitation), safety and orderliness. It should not penalize, destroy or criminalize this informal activity as this will only enlarge insecurity in the city (United Nations, 2016b).

Policy alternatives to punishment are accommodating street vendors within the public space providing licenses and permissions (Roever, 2014), designating areas permitted for vending and offer selling locations to street vendors (Yasmeen & Nirathron, 2014). Nevertheless, this kind of intervention has to be carefully planned.

Experiences such as the one discussed in Stillerman (2006)<sup>2</sup> shows that government has a huge challenge in understanding and integrating public space policy and improving the relationship between the state's spatial design for the city and street vendors' spatial responses. Otherwise, competition between licensed and not licensed street vendors could occur, and between these groups and established commercial stores and supermarkets.

Another policy implication for the case of Cali is to acknowledge the need to include and promote street vendors' grass-roots organizations that can advocate for their rights, participate in site-allocation process or other measures implementation, and get involved in the policy-making process of alternatives for street vendors in the city. According to United Nations (2016a) local governments must ensure transparent and participatory programs, decision-making process and implementation, and policy monitoring in order for rights to be protected and extended.

Any intervention should take into account the important variation within and amongst street vendors. Policy interventions used in Downtown and Santa Elena might share common aspects but some measures have to be specific to the cultural, economic and social context of each site.

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<sup>2</sup> Stillerman describes and analyze what happened in Chile the reaction of licensed and not licensed street vendors to public space policies upon Lefebvre's concepts of perceived, conceived, and lived space.