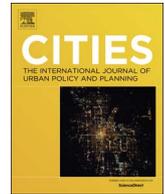




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# The diversity of the street vending: A case study of street vending in Cali

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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 & Urinboyeve, 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

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