



# Department of Pacific Affairs

Building on 20 years of the State, Society & Governance in Melanesia Program

## Markets Matter: Enhancing Livelihoods and Localities

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In Brief 2018/10

Urban informal (community-based) markets are often neglected by public policy — although prevalent, they are not legally recognised, regulated or financed. Yet, these markets are places of resilience and development, where many people derive a good living. They serve as ‘economic shock absorbers’ providing livelihoods in times of uncertainty and hardship, for example after political instability and commodity price drops (ADB 2014). They also contribute to connectivity between urban and rural regions, food security and community interactions (Keen et al. 2017).

The few development initiatives that support community-based urban markets focus on lifting economic performance through improved infrastructure, increased access to finance, and skills training for vendors — all valuable as long as initiatives are also supportive of the community foundations on which these markets rely. This paper focuses on vendor livelihoods which are deeply embedded in community and social relations, and is the second in the *Markets Matter In Brief series*. The series is based on a joint project between DPA and UN Women, funded by the Canada Fund for Local Initiatives, and examines the socio-economic value, opportunities and challenges facing three community markets in Honiara — Fishing Village, Henderson and White River.

### Making a living: good money, long hours

Earnings in informal markets can be significant. In the three marketplaces studied, 50% or more of vendors had gross earnings per day ranging from SBD600 (Henderson, a small ward-based market) to SBD800 (Fishing Village/White River, larger markets with regional supply chains).<sup>1</sup> The average time spent each day in the market is 11–12 hours with most working 5–6 days a week. These findings are consistent with those from earlier studies in Honiara, for example our study found fish sellers earn on average about SBD285 per hour, slightly higher than an earlier UN Women study (2009) because of increasing food/transport prices and demand, as well as reef fish stock depletion.

A single median earning figure for each market, like those above, masks the huge variations among vendors and over time. For example, at White River market vendor earnings per day ranged from SBD100 to SBD2000, and fluctuations between a good market day and the last market day the vendor worked were as high as 45%. This price volatility is related to supply and demand factors, seasonality and product quality. Brewer (2011) found fish prices in Honiara could vary by as much as 60% and suggested that to reduce income-volatility more needs to be known about value and supply chains, as well as the sustainability of source ecosystems, particularly reef fisheries which are under pressure from urbanisation, climate change and population growth.

Few market vendors account for the cost of their labour and other inputs, so we had to estimate costs to calculate a rough net earning value. We asked vendors at our discussion groups to estimate production costs and combined this information with the findings of the 2009 UN Women study; from this we concluded that roughly 50% of earnings were needed to produce the products sold, likely an overestimate for some who have low transport costs. Even with this high estimate of costs, hourly net earnings are still good for most, averaging more than five times the local minimum wage. Even so, productivity gains could be made with improved labour organisation and valuation, given that nearly all vendors remain in the market all day, even when there are few customers, and vendors are not assessing the costs and returns associated with selling different products in the market.

### Multiplying the benefits of market livelihoods: savings and support

High household and community demands on income make saving hard for many, but even small and regular savings can help decrease economic hardship during periods of poor earnings and provide resources for economic advancement. In our study only a third of vendors stated that saving was a

priority. Women were slightly more likely to save than men, for example in Fishing Village 27% of men aimed to save versus 38% of women. This probably reflects women vendors' greater use of earnings to meet large or irregular household expenses, for example quarterly school fees, or roofing. The preferred saving mode among vendors we surveyed was community-based savings groups because they involve trusted community members, are easily accessible, and strengthen community bonds. However, there was low awareness of, and access to, the financial services of banks and the National Provident Fund.

Financial literacy and accessibility were major barriers to saving effectively. During the research fieldwork, at the conclusion of each focus group session, financial information was provided to all interested vendors by key service providers – the Central Bank of Solomon Islands, Bank of the South Pacific and Solomon Islands National Provident Fund. For two out of three community-market locations, this was the first time that savings options and strategies were explained to the vendors. Most expressed feelings of exclusion from saving institutions because of onerous identification requirements. Even so, they wanted to understand what financial services were available – at the Henderson market approximately two-thirds of all market vendors voluntarily attended the information session, suggesting community-based education around markets spaces has high educational potential.

For vendors wishing to improve work conditions, opportunities for collaboration and reflection are limited. In our market-based focus groups all stated this was the first time they had collectively discussed their vending activities and market operations. Pooling labour efforts, coordinating transport, and working collectively to advocate for improved waste management and governance structures in markets are areas, they felt, which had potential for livelihood gains. A group exercise to develop an 'ideal market place' also generated lively discussions about preferred market space design and oversight, and how to achieve it through more engagement of vendors and community, better stall layout, strategically placed facilities and secure product lock-ups. Vendors felt a fee of about SBD40 per day was reasonable provided the market was well managed, and water, sanitation and waste management were provided.

### Market as places for community development

Market places are community places; vendor livelihoods are intricately interwoven with local communities. For urban migrants, community networks are vital to maintaining access to land for growing produce; for older or less mobile vendors and those coming long distances, community members often

help transport goods; and, for all, security depends on kin and community networks in markets. Access to water and sanitation facilities, lacking in all marketplaces, is frequently provided via community contacts and relationships. The current Honiara City Council market ordinance applies only to two markets, has no provisions for community-run markets, and is outdated. This creates land tenure uncertainty and discourages investment in community markets. Most feel that strengthening and recognising supportive community relationships with markets would work better than extending government management of markets.

For sustainable urban development, accessible and flexible livelihood options are needed to meet the needs of rapidly growing populations with limited wage-earning opportunities. The challenge for community-based marketplaces is to capitalise on strengths (for example, good earnings and gender accessible work places) while addressing weaknesses, including lack of services and uncertain legal standing. To maximise the benefits of these markets, more supportive policy frameworks are needed to secure and enhance the contribution of markets to urban livelihoods, urban–rural connectivity, and women's (and their households') economic advancement.

### Notes on authors

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### Endnotes

1. One Solomon Islands Dollar is worth about 0.15 Australian dollars, e.g. SBD600 = AUD100; SBD800 = AUD135.

### References

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