

Markets Matter: ANU–UN Women Project on Honiara’s Informal Markets in Solomon Islands

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Informal employment — defined as work that is not regulated or taxed — accounts for more than half of total employment in the Global South (Roever and Skinner 2016), and as much as 85% in small island states like Solomon Islands (ILO 2017:4). Market vending, one form of informal employment, provides a much-needed source of income for those excluded from wage jobs and struggling to feed, clothe and educate their families. The [2015 Pacific Urban Forum](#) recognised that: ‘there should be increased acknowledgement of the influence and contribution of the informal sector to the national and urban economy’ (p. 10). Yet, the informal economy receives very limited institutional support.

In Honiara, many households rely on income from selling produce in informal (community-based) urban markets, yet little is known about these markets and their economic opportunities. What we do know about Honiara’s markets suggests their socio-economic value is high; estimates for the government-regulated Honiara Central Market puts the annual gross value at USD10–16 million (AUD13–19 million) with women responsible for about 90% of these earnings (IFC 2010:1). Today, this is the equivalent of AUD40–60,000 going directly to households and the local economy each day. The Honiara [planning scheme](#) recognises the need for more serviced and planned marketplaces, but no action has occurred.

This In Brief is the first in a series of three that examines the socio-economic value, opportunities and challenges facing these markets. In this In Brief we provide an overview of the study and its generalised findings with subsequent papers providing more detail about market livelihoods and security. The *Markets Matter* research project is conducted in partnership with UN Women and funded by the Canada Fund for Local Initiatives. It engaged 189 vendors — 84% women — who sell fresh produce, fish and baked goods, but not illicit goods such as betel nut and alcohol.

The survey sample included over 90% of the vendors in the community markets of Fishing Village (N=122), Henderson (N=29) and White River (N=38). These three markets, like other community markets, are ‘informal’, that is they are unplanned, unregulated and lack basic services. They receive no government or donor support, although they are highly valued by their local communities as safe places to buy and sell goods. There are now more than a dozen informal markets scattered around Honiara. Vendor earnings in urban markets can be higher than casual or low paid jobs, and local markets contribute to urban food security, nutrition and associated micro-enterprises (Union Aid Abroad-APHEDA 2009).

Research approach

The ANU–UN Women research project focuses on livelihoods and security in informal markets, and how these markets contribute to equitable growth. In particular, the project considers:

- the social and economic value of satellite markets to the urban economy and households
- forms of social exclusions that affect these markets and their vendors
- how these markets are embedded in local communities, and the development implications.

In collaboration with local researchers, we commenced our study with market observations regarding the products sold, tempo of sales, social dynamics and management. We then surveyed vendors in each of the markets asking them about vending activities, services, security, opportunities and concerns. This was followed by focus group discussions with vendors from each market to present the findings, and gain critical feedback and insights into livelihoods issues. Key stakeholder interviews were also conducted about social and institutional relationships. The findings will become the basis of a workshop for policymakers in late April 2018, and a final project report.

Community-based markets: providing multiple benefits

Few cities in the Pacific have supportive policy frameworks for informal economic activities despite their prevalence and persistence. Where policies exist, they are often punitive and top-down, restricting people's agency and innovation; and even when policies are supportive of the informal sector, such as in Papua New Guinea, markets can remain precarious and without services (Kopel et al. 2017). Despite the lack of supportive policy and institutional arrangements, urban markets in Melanesia provide nearly all the fresh fruit, vegetables and fish for urban residents (cf. FRDP 2009).

The economic and livelihood benefits of community markets are significant — the three markets surveyed have a combined gross value per annum of roughly SBD48 million (AUD8 million), and provide the only source of household income for more than 80% of vendors. Earnings were mostly spent on food, education, transport, housing and community welfare, creating positive economic multiplier effects in the local economy. A small amount was saved by some vendors, mainly sequestered at home because of low access to saving services. At the completion of our research, we provided basic education on financial management and services for interested vendors — the first most had received with nearly all participants interested in more education.

The socio-economic gains from markets go far beyond city boundaries and local communities, with much of the produce sold in Honiara coming from surrounding peri-urban and rural areas of Guadalcanal, and a smaller amount coming from other provinces such as Malaita, Central Province and Western Province. As land becomes scarce in the city, Honiara's reliance on its peri-urban and rural hinterlands will grow — already, fewer than 50% of Honiara households grow food according to the last census. As market supply chains expand, the benefits of urban markets could spread spatially, if ecosystem productivity and rural-urban transport and communication linkages are better managed.

With few institutional supports, vendors rely on social networks for market security, regulation and finance. Government-sanctioned and run market spaces in Honiara lack adequate security for vendors, as is the case at Honiara Central Market and Kukum. By contrast, most respondents in the community markets we studied felt secure because of kin and community relationships within the market, and between the markets and the adjacent community. Low-level security concerns still exist with respect to drinking, bullying and theft, but the stronger the links between the local community and the market, the better these issues are managed, as elaborated in the third In Brief in this series.

Conclusions

The lack of research on, and policy and planning support for, community markets in Honiara stands in contrast with their contribution to the urban economy, food security and sustainable livelihoods. Vendor livelihoods could be improved through a range of measures including: legal recognition of markets and the key role communities play in their management; greater access to financial literacy training at the community level; and, critical analyses of income-earning opportunities in markets and the scope for improvements. There is also potential to enhance market data, support vendors, and upgrade markets through regional partnerships for the implementation of the UN Sustainable Development Goal 11, which is aimed at achieving Sustainable and Equitable Cities ([SDG 11](#)), and through programs in support of the [UN-Habitat New Urban Agenda](#).

Notes on authors

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Endnotes

- Adjusted for CPI using Food Indices for April 2010 (182.7) and April 2017 (157.1), which is equivalent to AUD15–22 million per annum (Solomon Islands Government Statistical Bureau statistics).

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