Mt Hagen Market Redevelopment

LONG-TERM IMPACT ASSESSMENT
Content

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• Characteristics of a high quality market
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Background information

The original Mt Hagen market had no facilities
PNG Incentive Program funded redevelopment in 2006
Wamp Nga Holdings was the proponent
Redeveloped market opened in early 2007
New market is extremely robust structure
Initially provided a wide range of services
Objectives

Determine impacts of redevelopment on services provided to stakeholders – sellers and buyers in the market

Determine lessons learned in from the redevelopment process regarding effective market management structures

Reported in Chang et. al. (2014): Assess the impact of the Mt Hagen Market redevelopment on:

- Agricultural models,
- Networks among stakeholders
- Urban women and street youths
Methodology

Quantitative
- Number of sellers in the market, by crop, by gender, and by selling location
- The number of wholesale and contact buyers in the market;
- Price paid and received, and gross margins, for key crops;
- Number of bags traded in the market and in stock;
- The number of people using toilets, by gender;
- Estimates of market takings and expenses.

Qualitative
- Structured interviews – 40+ market vendors
- Focus groups - market vendors, street youth, & fresh produce growers
- Personal interviews - AusAID and Incentive Fund; policy orgs; women’s affairs; agriculture sector orgs; national, provincial and local gov’t reps; Mt Hagen Market mgmt; NGOs and co-operatives; wholesale produce buyers; institutional buyers
Results

• Impact on provision of market services
• Impact on selling practices
• Market management
• Financial sustainability
• Characteristics of a high quality market
• Recommendations
Provision of market services

FOLLOWING COMPLETION IN MARCH 2007

- 1800 selling spaces on benches
- Security post in admin block; Police post in market
- 3 wash bays and 40 taps functional
- Single waste bay operational
- Clean toilet blocks with water & paper provided
- Perimeter fencing in place and maintained
- Extensive sub-surface drainage installed
- PA system installed for community announcements
- FPDA extension services operational with full time extension officer

SITUATION IN APRIL 2013

- Original 1800 bench places plus 700 extra selling spaces on floor & in laneways
- Security office rarely staffed; Police post intermittent
- All wash bays and taps vandalised – not functional
- Waste bay operational, additional waste areas unclean
- Sinks vandalised, no running water, still used
- Perimeter fencing in place and maintained
- Drains regularly blocked with ponding water common
- PA system stolen and not replaced
- FPDA withdrew after office vandalised
# Impact on selling practices

<table>
<thead>
<tr>
<th>Seller and buyer types</th>
<th>Before 2006</th>
<th>March 2007</th>
<th>March 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sellers – Retail(^1)</td>
<td>200 – 300</td>
<td>1,200 – 1,800</td>
<td>1000</td>
</tr>
<tr>
<td>Sellers – Wholesale(^2)</td>
<td>100</td>
<td>500 – 800</td>
<td>1000-2000</td>
</tr>
<tr>
<td>Bulk buyers – Retail(^3)</td>
<td>160</td>
<td>400 - 500</td>
<td>1,500</td>
</tr>
<tr>
<td>Bulk buyers – Wholesale(^4)</td>
<td>3</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Bulk buyers - Contract (^5)</td>
<td>4</td>
<td>&lt;10</td>
<td>71</td>
</tr>
</tbody>
</table>

1. Subsistence farmers/producers who sell their own products (includes manufacturers of bags, jewellery, clothing, etc)
2. Producers who sell in bulk to market traders (resellers, wholesalers, or contract buyers)
3. Buyers who purchase for resale in the market themselves (ie resellers or black market sellers)
4. Buyers who represent registered wholesaling businesses
5. Buyers who purchase for supermarkets, mines, schools, etc
Market organisational structure - 2007

- Mt Hagen LLG (Finance Committee)
  - Management Agreement
  - Wamp Nga Holdings Board of Directors
  - Wamp Nga Holdings Senior Management
  - Market Board of Trustees

- Manager Administration
- Manager Operations

- Night Guards
- Security Supervisor
  - Gate 2 Trainer
  - Gate 1 Trainer
  - Gate 3 Trainer
  - 3 Gate & 3 Toilet Guards
  - 5 Guards
  - 3 Gate & 3 Patrol Guards

- Cleaning & Maintenance Supervisor
- Ticketing & Admin Supervisor
- Market Extension Officer
  - 11 Cleaners
  - 5 Ticket Sellers
Market organisational structure - 2013

- Mt Hagen Rural LLG Board
  - Hagen 2 Investments General Manager
    - Finance Clerk
    - Hagen Market
      - 27 Rental properties
    - Senior Market Supervisor
      - Waste Collectors
      - Community Watch Security
        - Main Gate Supervisor
          - Cashiers/Security
        - Moge Gate Supervisor
          - Cashiers/Security
        - Bus Stop Gate Supervisor
          - Cashiers/Security
        - Wholesale Gate Superv'r
          - Cashiers/Security
## Financial sustainability

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket sales</td>
<td>961,000</td>
<td>961,000</td>
<td>1,395,000</td>
</tr>
<tr>
<td>Other (Toilets, chillers, shops, etc)</td>
<td>212,400</td>
<td>212,400</td>
<td>372,000</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1,173,400</td>
<td>1,173,400</td>
<td>1,988,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff/staff training</td>
<td>667,000</td>
<td>667,000</td>
<td>628,000</td>
</tr>
<tr>
<td>Other (Board, utilities, security)</td>
<td>336,180</td>
<td>381,180</td>
<td>522,180</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,003,180</td>
<td>1,048,180</td>
<td>1,150,180</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>170,220</td>
<td>125,220</td>
<td>837,820</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hagen Rural LLG</td>
<td>145,000</td>
<td>42,000</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School projects etc</td>
<td></td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td><strong>Balance</strong></td>
<td>25,220</td>
<td>43,220</td>
<td>387,820</td>
</tr>
</tbody>
</table>
### Characteristics of a high quality market

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Management</th>
<th>Enabling environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political support for management without interference</td>
<td>Clear mission statement for guidance</td>
<td>Land free from disputes</td>
</tr>
<tr>
<td>No direct role in management or services</td>
<td>Physical asset managed independently of service delivery</td>
<td>Physical asset robustly constructed</td>
</tr>
<tr>
<td>No direct role in awarding tenders</td>
<td>Merit-based appointment</td>
<td>Vandal-proof structures/services</td>
</tr>
<tr>
<td>No direct role in appointing staff</td>
<td>Subject to scrutiny by Board</td>
<td>Logistics and location taken into account in market design</td>
</tr>
<tr>
<td>Merit-based Board of Directors</td>
<td>Clearly defined rules for market use</td>
<td>Structure provides for additional services such as health clinic, police post, agriculture office, theatre</td>
</tr>
<tr>
<td>Proactive re: market as mechanism for public good campaigns &amp; services</td>
<td>Minimum standards for services delivered</td>
<td></td>
</tr>
<tr>
<td>Proactive in facilitating support from provincial departments</td>
<td>Penalties for underperformance of service providers</td>
<td></td>
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<tr>
<td></td>
<td>Comprehensive financial processes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transparent fee structures for market users</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All staff registered, trained, equipped</td>
<td></td>
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<td></td>
<td>Security reporting to management</td>
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</tr>
</tbody>
</table>
Recommendations

- Market asset ownership and markets operations/service provision should be separated
- Outsource key service delivery items: waste management, cleaning, security
- Determine minimum standards for services and ensure they are enforced
- Identify good leadership (board level) to inspire good management
- Appoint staff based on merit to defined roles – no unregulated staff
- Train staff to maximise their performance
- Take opportunities to integrate health care, agricultural services, etc
- Negotiate agreements with police to maintain law and order
- Undertake ongoing monitoring to ensure sustainability of service delivery
The end. Thank you!