ANALYSIS OF GOVERNANCE ON CROSS-BORDER LIVESTOCK TRADE

BETWEEN KENYA AND SOMALIA

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DECLARATION

This thesis is my original work and has not been submitted for award of any degree in any other University.

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DEDICATION

Dear Mum (Pamela Epur) and Grand-Mum (Nachipon Kataboi Kinei), I dedicate this thesis to you and the other siblings in northern Kenya – Turkana County. Thanks also to my wife, Amina Akiru Lokalei and my elder brother Lucas Ekali Ng'asike. To the late Uncle Paul Lokiru Lomadang'a – your memories live long in my heart.

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ACRONYMS AND ABBREVIATIONS

ADESO	African Development Solutions
ASALs	Arid and Semi-Arid Lands
AU-IBAR	Africa Union_Inter-African Bureau for Animal Resources
CBLT	Cross-Border Livestock Trade
CBOs	Community Based Organizations
CDO	Closed District Ordinance
COMESA	Common Market for Eastern and Southern Africa
FAO	Food and Agricultural Organization
FEWS	Food Early Warning Systems
FSNWG	Food Security & Nutrition Working Group
GDP	Gross Domestic Production
HoA	Horn of Africa
IGAD	Inter-Governmental Authority on Development
CBLT	Cross-Border Livestock Trade
ILRI	International Livestock Research Institute
INGO	International Non-Governmental Organization
KDF	Kenya Defense Forces
LAPSSET	Lamu-Port and Southern Sudan-Ethiopia Transport Corridor
LEWS	Livestock Early Warning Systems
NEP	North Eastern Province
NFD	Northern Frontier District
NGO	Non-Governmental Organization
ODO	Outlying District Ordinance
PPMCA	Pearson Product Moment Correlation
SDAA	Special District Administration Act
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VCA	Value Chain Analysis
WBK	World Bank Kenya
WTO	World Trade Organization

ABSTRACT

Cross-border livestock trade between African nations is becoming an important area of analysis for understanding transboundary peace and business in major trade corridors in Africa. The Kenya – Somali corridor, which is a special case in this study, speaks to the state formation processes in the context of weak, failed or fragile states. In order to understand how trade and transportation of livestock along the Kismayo – Garissa - Nairobi corridor is organized; the thesis focusses on '**analysis of governance on cross-border livestock trade between Kenya and Somalia.'** By discussing institutional development from the pre-colonial to the post-colonial Somali-East Africa, the thesis traces trajectories of state formation and institutional dynamics that influence pastoral politics, resource governance and peace, and narrows to the political economy of the former Northern-Frontier District that later became the present North-Eastern Kenya.

The broad objective of the thesis is to analyze the governance of cross-border livestock trade (CBLT) and extends to include the dynamics during devolution to inform policy reforms on the development of markets and institutions. The first objective deals with mapping to characterize actors, markets, and institutions. The second objective deals with the documentation of how formal and informal regulations have evolved along the Somali-Kenya trade corridor. The third objectives analysis the impact of devolution on livestock trade, while the last one deals with the structure conduct and performance of livestock trade between Kenya and Somalia

The study utilized various research methods, including ethnographic observations, detailed narratives, in-depth interviews, and a survey questionnaire, - conducted over thirteen months. Gray literature, media reports and previous scholarships also formed the building blocks for restructuring the political economy of livestock investments between Kenya and Somalia. By drawing on mixed methods research and triangulating data from various sources, this dissertation research documents the outcome of the interactions of trade operators with the agents of regulatory authorities. It implies analysis of how Kenya and Somalia's socio-political and economic situations have shaped livestock trading along the corridor that links Kismayo through Garissa to Nairobi or Mombasa, especially after economic migrations out of Somalia from 1991.

The findings show that cross-border trade is influenced by geopolitics, ecological status, and the nature of the regulatory environment through which goods, services, and finances travel daily. For

example, the cross-border livestock trade (CBLT) between Kenya and Somalia; i) contributes to the livelihoods of borderland communities and revenues to the County governments, ii) reveals the connection of borders to major cities, iii) the emergence or erosion of formal or informal practices, and finally iv) the connection of domestic hubs to the export markets through globalized value chains. The findings also show how various actors respond to political, economic and ecological risks and uncertainties of fragile borders. Analysis of cross-border trade also shows how the authority of the central governments is challenged at the margins of the state in terms of extending authority over the whole of their geographical territories.

This study adds knowledge to the behavior of the Somalis economy after the Somalia state collapse of the early 1990s, especially the resilience and the adaptive capacity of entrepreneurs to the regulatory environment at the Somalia hinterlands. It is the first dissertation research undertaken in north-eastern Kenya, which compares the behavior of livestock markets before and after the decentralization of power and resources in Kenya. Despite disillusionment in Barre's regime, it is shown that Somali's investment that shifted to Kenya is flourishing and contributing to state revenues. Entrepreneurs are pursuing several strategies to ensure the business continues on a daily basis. The organic forms of governance systems that emerged after the state collapse were transferred to Kenya and manifested in how entrepreneurs cooperate with compliance and security agencies for informally imported goods to access formal markets.

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KEYWORDS: Cross-border trade, Livestock markets, Institutions, North-eastern Kenya, Southern Somalia

CHAPTER ONE: INTRODUCTION

1.1 Background

Cross border livestock trade is an important aspect of regional trade in the Horn of Africa. In the last three decades (1990-2020), it has grown from being a source of livelihood and supporting the trading of other commodities in the borderlands to attracting investors, companies and organizations, and expanding markets and ports in East Africa. The increasing private and state involvement in cross-border activities is transforming negative notions against informal livestock trading and the perceptions on drylands as driven by the potential wealth unexploited in the livestock husbandry. Eid (2014) estimates that the latter supports over seventeen million people in Eastern Africa, while Little (2005) emphasizes that beyond supporting local revenues and livelihoods, it is transforming from a minor informal activity to a dynamic enterprise that attracts private and state interests (Little, 2009). Several other scholars have discussed the socio-economic and political relevance of cross-border trading in various parts of Africa; for example, between; Ethiopia, Kenya and Somalia (Teka, Azeze, & Gebremariam, 1999; 2009; Mahmoud, 2010; Little, Tiki, & Debsu, 2015; Kefale, 2019), Djibouti, northern Somalia and Ethiopia (Teka & Azeze, 2002; Majid, 2010), Sudan, Uganda and DRC Congo (Titeca & Herdt, 2010; Twijnstra, Hilhorst, & Titeca, 2014), Somalia and the export markets in the Middle East (Samatar, 1987; Too, Masake, Oyoko, & Onyango, 2015; Musa, 2019).

Regional livestock trading was going on before establishing colonial boundaries that traversed grazing areas of nomadic Somali pastoralists (Lewis, 1963). Later, after the independence of African states, livestock flows were increasingly influenced by political instability, economic and ecological changes (Little, 2005), which presently speaks volumes about the quantity and direction of livestock flows within Eastern Africa. In the case of the Somalia-Kenya trade corridor, the changes in the direction of livestock flows, whether caused by the dynamics in the regulatory environment or market forces of demand and supply, have produced the congestion and expansion of markets,and sometimes seasons of market dormancy[1]. These dynamics of markets are discussed

[1] Small ruminants (goats and sheep) come from the borderlands and neighbouring counties, while the cattle flow from Afmadow and Boni areas in southern Somalia through Liboi in the north and Hulugho in the south to Garissa. Camels flow from southern Ethiopia, through Gedo region, wajir, Isiolo, Archers post or Modogashe to Bangale market near Garissa County. Animals that pass the Garissa southern route, through Masalani and Bura flow to the markets in the coast of Kenya. In the drought season, cattle flows reduce or stop completely making Garissa market become dormant.

in this dissertation based on the response mechanisms and behavior of actors and institutions that govern trade and logistics of livestock between the fragile southern Somalia and the weak regulatory ecosystem of north-eastern Kenya.

1.1.1 Dynamics of livestock trade in the Somalia's political narrative

This thesis documents how the extended stateless period in Somalia (Leeson, 2007) tends to influence cross-border trade and how the informal networks of migration, remittances and commodity flow (Carrier & Lochery, 2013) behave with the partial enforcement of rules in Kenya. This dissertation shows how Somalis, emerging from a fair stateless economy (Little, 2003; Leeson, 2007), view state apparatus on the Somali hinterlands, offering them an alternative business ecosystem. It also sheds light on how Somalis in the borderlands of Kenya and Somalia cultivate inclusive democracy and representation in managing international aid and devolution resources on the Kenyan side. Since north-eastern Kenya and southern Somalia is inhabited by people of the same culture, religion and aspirations, this dissertation intends to document how such cultural homogeneity has historically influenced power dynamics, economic performance and risk management from the perspective of livestock trading and logistics. Another important aspect documented is how women have struggled from most African cultures that undermine their position within society. There is very limited information on how Somali female traders survive within livestock markets in north-eastern Kenya. It will be shown that the Somali patriarchal culture limits the opinion of women in contributing to market politics, trading and lobbying government support. Yet, a fraction of the Somalis women at Garissa are emerging as key players of market politics. The thesis documents how trade and transport of livestock are governed and how operators forge social relations and constitute associations to manage logistical risks and the high costs of transactions.

The history of Somalia is centred around societies and ungoverned markets (Little, 2003). After independence, the Somalia central state inherited an unstable government with political discontent dominating the north while enforced integration being cultivated by the leaders from the south, who held a majority of the parliamentary seats (Ahmed & Green, 1999), and no sense of nationality ever existed (Powell, Ford, & Nowrasteh, 2008). After the military coup of 1969, Barre entered with a socialist ideology of growing an inclusive democracy free of clannism, fragmentation, and corruption as a remedy to the socio-economic frustrations that destabilized the unification of the

central republic (Lewis, 1972). When the Ogaden war ended in 1978, the state became predatory, financial institutions became bankrupt, formal institutions decomposed, and by the mid-1980s, the economic crisis worsened, and the black-market network increased (Powell et al., 2008). After the Somalia state collapse of 1991, rival war-lords plunged the country into civil war. They caused increased migrations out of Somalia, with a section of asylum seekers heading towards north-eastern Kenya (Carrier & Lochery, 2013). Cross-border trade and migration intensified, and the extended stateless period witnessed the establishment of relative peace, cooperation, and the emergence of an organic revival of governance (Menkhaus, 2007b) that provided reciprocal clan protection and share-holder economy that fared well in the absence of the central government (Mubarak, 1997; Leeson, 2007). One major contribution was the changing trend of political and economic elites who realized much benefits from creating a predictable business environment than war and banditry (Menkhaus, 2003).

Before 1991, statistics of informal cross-border livestock trade between Kenya and Somalia were lower than the present (Little, 2005), as Kismayo city port served as an outlet for the export of livestock to the Gulf state. After the state collapse, cross-border trade relied on clan cooperation and organic forms of governance, arising from the overlapping effect of formal and informal governance, created by local actors (political and economic elites, militia groups, professionals, war-lords) with interest in improving security and the rule of law (Menkhaus, 2007b). Since the state collapse, it is evident that the borderlands of Kenya and Somalia have been dominated by informal networks that facilitate the flow of information, goods and finances (Carrier & Lochery, 2013). The self-autonomy of the livestock sector made it survive the state collapse in Somalia (Little, 2003).

1.1.2 Politics of Kenyan livestock markets

The informal export of livestock to Kenya continued without a central government to facilitate recording, accountability, provide security and manage taxation. This informal cross-border trade relied on the Somali culture of social relations reinforced by trust, which emerged as a risk management mechanism, insurance and protection (Mahmoud, 2008). Informal CBLT benefited from the expansion of informal networks, with cattle sales at Garissa increasing by a factor of five between 1991 and 1998, with 75% of the animals destined for Nairobi in central Kenya (Little, 2005). The informal nature of cross-border trade is made possible by the vast border line with

limited custom checks, the limited state commitment to enforce quality regulations and the trekking of livestock which takes place through the bushes, far from formal barriers (Little et al., 2015). Despite being informal, the CBLT mobilizes a range of goods, trade operators, market inputs , along different supply chains , and contributes a large share of the formal domestic and export capacity, hence regarded as clean trade compared to the smuggling of weapons (ibid.).

Statistics on cross-border livestock trade (CBLT) in Eastern Africa have been elusive or misreported (Teka & Azeze, 2002; Little, 2005). The reason is the lack of infrastructure and limited state resources to optimize recording that will define the magnitude and value of CBLT. In a policy brief by Peter Little (2009) to COMESA, it was estimated to exceed US$60 million per annum in Eastern Africa, with 10% passing the official channels. In 2001, local authorities in Ethiopia and Kenya earned US$ 78,296.1 and US$ 226,884.6 respectively from taxes and fees from cross-border livestock trade (Mahmoud, 2010; Little et al., 2015). Based on Little (2005), cross-border trade between Kenya and Somalia continued to rise between 1991 and 2003 and onwards. Since then, the thesis documents how the volumes of cross-border trade between Kenya and Somalia have gone up due to the increased adaptive capacity of Somalis to risks in the regulatory environment, cheap trekking labour from the immigrant population, and the connective fabric linking Somalis suppliers to agents from central and coastal regions of Kenya. As shown later in this dissertation, around 60% of the 8,000 cattle passing through Garissa weekly in the high season comes from cross-border trade, which accounts for total monthly revenue of approximately US$8.06 million, without factoring in the sale of camel, goats and sheep. Cattle flows from southern Somalia to Garissa normally drop by 90% in the dry seasons or completely stop flowing towards markets in north-eastern Kenya due to their susceptibility to drought conditions (Ng'asike, 2019).

Since the devolution of resources in Kenya in 2013, there has been increased services delivery at the borderlands, including administrative functions (such as access to permits and veterinary services), trucking services, animal medicine and empowerment of Livestock Marketing Associations (LMA). In addition, using income from cross-border trade, producers in southern Somalia have benefited from accessing agro-vet pharmaceuticals and other products from the Garissa market (Kenya). Due to high volumes supplied to markets in the peak seasons, this thesis will demonstrate how the government responded by establishing large abattoirs and market

infrastructure with an aim of adding efficiency to the livestock value chains within the arid and semi-arid lands (ASALs) counties of Kenya. However, devolution has also produced widespread disappointment with increased impunity, ethnic patronage, clan exclusions, in contracts and employment, in Garissa and elsewhere, which has slowed the realization of its vision of fostering the equitable distribution of resources (D'Arcy & Cornell, 2016; International Crisis Group, 2016; Boone et al., 2019). In addition, increased checkpoints and taxation has increased transaction costs. For example, since 2013, cattle taxes at Garissa have increased from US$0.50 to US$1.80 per head, making US$14,000 per week from 8,000 cattle sold in high seasons and accounting for 30% of total taxation from production sites in southern Somalia to Nairobi consumer market..

The ethnic composition of cross-border trade in the Somali-Kenyan borderlands reveals the involvement of Somalis clans (major clan families; Aulihan, Abudhak, Abdalla, and the sub-clans of Hawiye and Dir) in the upstream sourcing of livestock and the interaction of Somalis with Kenyan tribes towards consumer markets in central and coastal regions of Kenya. Cross-border livestock flows and trading at the borderlands is facilitated by social relations based on family and kinship ties. At the same time, experience and trust drive livestock trading in the multi-ethnic cities of Mombasa and Nairobi, where tribal aspects of business are absent in international trade as stated by traders in Moyale (Carrier & Lochery, 2013). The majority of the winners are wealthy Somali traders who hire agents and brokers to exploit clan connections and establish relations with borderland communities to facilitate cross-border livestock procurement. These traders also create connections with compliance and security officials to facilitate the timely conveyance of animals to terminal markets. Some of them supply to the coastal ranches for fattening and later use organized orders to supply markets and evade risks at the terminal hubs.

1.1.3 Garissa border hub

Garissa, the present capital of Garissa County and the former headquarters of the north-eastern Province, is the main study area of this dissertation. It is the largest livestock market in East and Central Africa. Since the early 1990s, it expanded as a host to Somali refugees and a transition point for Somali's investors seeking business opportunities in the lucrative Kenyan markets. Also, livestock from the Ethiopian border, mostly camels traded by the Burji trek south-wards to Bangale near Garissa, sold every Tuesday. Ecological conditions and market behavior regionally do alter these trends. The cross-border business which links Somalis primary production, trade and

logistics to Kenya, and the rest of the world, invokes enquiries of how Somalis manage a business in the absence of formal government and how they adapt to the new regulatory environment in the Somalia hinterlands, where their business acumen has sought refuge. In the later chapters, it will be shown that Kenya and its population have benefited from the mobilization of Somalis assets and investments after Somalia state collapse (Hagmann & Stepputat, 2016) through the labour force revenues livelihoods.

Garissa is geographically situated in the middle of the Somalia-Kenya trade corridor and acts as a lens that makes it possible for analysis of cross-border trade, as well as the behaviour of actors, markets and institutions. Three-quarters of the corridor is dominated by Somalis, from Kismayo, through Garissa to Nairobi. Since the Somalia state collapse, the corridor has emerged as an alternative venture for Somali's investments. It reveals how Somalis respond to the multiple agents of regulatory authorities that exert control in varying degrees along the corridor. Garissa town and the whole of north-eastern Kenya have emerged from heavy militarization, curfews, and socio-economic marginalization from previous Kenya regimes (Lochery, 2012). Thus, this town also provides an opportunity to analyse how informal trade networks crossing from Somalia interact with a partial formal system dominant in the margins of Kenyan borders. Since consumption of red meat in Nairobi drives cross-border trade between Kenya and neighbouring states, this thesis extends to show the proportion of cross-border livestock statistics in Garissa economic life and its significance in the terminal markets, and how traders respond to the regulations that govern livestock trading and its products such as meat and milk. Traders from livestock source and terminal markets in central and coastal Kenya normally converge to Garissa to engage in various contracts and transactions, which has modified daily operations of the Garissa livestock market.

Through trading, logistics, and documentation processes, Garissa has become a transition point for livestock heading to central Kenya and a lens through which this thesis visualizes livestock recording, certification, and taxation. Apart from specified areas, this thesis refers to cattle, camels, goats, sheep and donkeys as livestock because these are the main animal species being traded along the Somalia-Kenya trade corridor. As shown later in this thesis, donkeys are less valued by Somali's traders hence less in the focus of the analysis. Garissa is also the largest hub for other tradable commodities for communities living in the borderlands of Kenya and Somalia, with

livestock flowing from Somalia, and foodstuffs (including cereals), textiles, agro-vets, human medicine, and hard-wares flowing in the opposite direction.

The structural instability, defined mainly by unpredictable insecurity, militarization, predatory elites, insurgency groups, and other regulatory authorities, companies, and organizations, make the Garissa market and its operations the centre of analysis. The behavior of actors reveals the struggle, power brokerage, negotiation capacities, and further the erosion and formation of state and non-state order in the daily livestock trading and transportation processes. Livestock trekkers and brokers who source animals within the peripheries of Garissa County and beyond in southern Somalia bring the narratives and experience along the trek routes and bush markets into Garissa. Hence it is possible to study southern Somalia by talking to livestock trekkers who move animals from bush and primary markets (Pavanello, 2010) in southern Somalia to Garissa municipality. This thesis notes how distance from profitable markets and animal body conditions influence traders and brokers' price negotiation and price discovery processes through such logistical narratives. Also, at Garissa, various traders use association and cooperation to pull risks, including hiring one truck to transport animals to terminal markets in the coast or central regions of Kenya.

1.2 Statement of the problem

There has been limited information on cross-border livestock trade (CBLT) behaviour between Kenya and Somalia. Less has been researched about the behaviour of borderland business since the Somalia state collapse (1991), the opening of Kenyan borders (1989) and the devolution in Kenya (2013). There have been great changes in the nature, magnitude and size of trade operators involved as caused by changes in the enabling environment. Some scholars have discussed the weak state nature of Somalia, based on its implication for business (Little et al., 2015), but less is discussed on the new development involving insurgency, migration and the Kenyan devolution, and how they have shaped politics and business of Juba land and Southern Somalia.

It is not yet clear how are herders and livestock traders manage the decades of militarization of northern Kenya, even worse off, before and after the threats of Al-Shabaab in the region. How has the scale of change in revenue concentrations after the spillover of insurgency into the Somalia hinterlands? The fact that cross-border activity operates in the absence of government control makes it possible to wonder how state officials impact the development of informal and formal

institutions. The thesis uses the term "informal" to imply the partial or complete absence of government controls (Rasmussen & Varming, 2016) on the daily processes of trading and logistics, normally possible in the margins of African states (Meagher, 2014).

Another problem is the potential for revenue collection by both Kenya and Somalia, especially what policy areas need regional ambitions for the benefit of both states. If the two governments could collaborate, can this give a better suggestion for improving immigration, security, and cross-border trade policies and resolving the regional problems that limit such development? If borderland policies are still a problem, the behaviour of livestock value chains is required to inform how production, logistics and marketing are challenged along such fragile borders.

In the context of international trade, many problems arise, from the absence of organized value chains, limited control on transboundary diseases, lack of defined disease-free zones, limited infrastructure, and weak information systems, do continue to limit competition or even exclude traders from export channels, where strict standards are observed (Irungu et al., 2014).

The literature reveals many of the problems that arise due to diverse state interests and the weak commitment to implementing IGAD shared vision among its member states (Desta, 2007; Prichard, 2008). The unpredictable bans on livestock trade and the drought risks have compelled traders to seek government protection, which has been very slow due to state incapacitation. Somalis' entrepreneurs who shifted assets to Kenya face state suspicion and implication as part of the insurgency network that threatens regional security (Anderson & McKnight, 2014). These investors are very ambitious and are willing to take a position in the export. While prices in the international markets are attractive to traders, their role is minor. Most of these problems are governance issues requiring policy discussions and reforms, mostly on security and regional trade standards.

1.3 Justification

The lack of information on how cross-border livestock trade (CBLT) operates in the presence of multiple authorities motivates this study. Despite the high potential for revenues and livelihoods, the magnitude of cross border livestock trade is not well understood (Little, 2005), in both statistics and the amount of wealth accumulated. The main reason was that the perceptions of previous regimes on dryland communities and informal cross-border trade reduced the state to focus on

investing resources in the arid lands of the Horn of Africa. Besides state neglect of north-eastern Kenya, the influx of entrepreneurs from Somalia after state collapse has benefited the state on revenues, labour and livelihoods. However, the present interest of public and private developers lacks adequate data to inform their investment decisions, and such development will require market infrastructure to ensure access to market information.

Another motivation for this thesis is the gap in the knowledge concerning the role of formal and informal institutions with a common goal of building hybrid peace and security along the borderlands for business to continue. After state collapse, the shifting of investors from Somalia to Kenya implies that business requires peace to thrive. In the case of cross-border trade between Kenya and Somalia, north-eastern Kenya is emerging from decades of state marginalization (Omiti & Irungu, 2002), while southern Somalia remains internally fragmented by clannism (Ssereo, 2003). Since peace is relevant for business to continue, this thesis documents how multiple agents of regulatory authorities create a predictable security situation and establish the rule of law to govern human behaviour. It will be shown how the council of elders facilitates hybrid peace, conflict resolution and lobby government support to improve markets in collaboration with other formal and informal institutions. This thesis will also show the significance of peace and co-existence in fostering equitable distribution and management of resources; for example, international aid in southern Somalia (Gundel, 2002), or the devolution of resources on the Kenyan side (D'Arcy & Cornell, 2016), which are characterized by ethnic patronage and exclusions that empower internal social fragmentation.

The decades of political and economic marginalization had denied citizens of north-eastern Kenya a platform for projecting their political voice and a sense of inclusion in the national democratic processes. Since the devolution of power and resources in Kenya, this thesis is the first to document how decentralization has empowered borderland communities through public service provision and its implication for cross-border activities. In the Kenyan case, the state does not restrict informal cross-border trade, but the security agencies pay attention to dirty goods like narcotics and weapons (Little et al., 2015). Besides the positive aspect, the study also documented the disillusioning aspects of decentralization, mostly based on the levels of taxation, autonomy, resource misappropriation, and the shifting control of devolution resources.

Finally, this dissertation explains the structure conduct and performance of CBLT, where the analysis focused on market concentration, marketing strategies, market efficiency, and price transmission along the livestock value chains. This was necessary because CBLT and its momentum of flows in the best seasons sometimes overwhelmed available slaughter facilities and motivated state investment in large-scale abattoirs. It was also very important to understand what strategies market actors used to manage competition to reveal winners and losers in such unpredictable market situations. Since the position of women is discussed on the global development agenda, analysis of cross-border trade between Kenya and Somalia also extended to the gendered perspective of the livestock trade.

1.4 Objectives

1.4.1 Overall Objective

To analyse the governance of cross-border livestock trade (CBLT) and transportation between Somalia and Kenya, including recent devolution, to inform policy development on the evolution of markets and institutions in the corridor linking southern Somalia to central Kenya..

1.4.2 Specific objectives

1) To characterize actors, markets and institutions that manage livestock trading along the Somalia-Kenya trade corridor.
2) To document the evolution of formal and informal regulations on livestock trade between Somalia and Kenya in the last three decades.
3) To analyse the impact of devolution on livestock trade between Somalia and Kenya.
4) To analyse the structure conduct and performance of livestock trade between Kenya and Somalia.

1.4.3 Research questions

The overall question; how is the trade and transportation of livestock between Somalia and Kenya being governed, especially its evolution since the Somalia state collapse of 1991, to the present economic behavior during the devolution in Kenya?

1) How did the changes in the actors, markets, and institutions influence cross-border trading in the Somalia-Kenya livestock trade corridor?
2) Which norms and regulations have influenced the socio-economic behavior of actors and markets along the Somalia-Kenya livestock trade corridor?
3) How has the decentralization of government influenced service delivery and power relations in the CBLT between Somalia and Kenya?
4) What has been the behavior and performance of CBLT between Somalia and Kenya in terms of actors' trading strategies, market margins and market efficiencies?

CHAPTER TWO: LITERATURE REVIEW

2.1 Politics of Cross-Border Livestock Trade in Eastern Africa

Debates on informal cross-border trade in Africa have gained new dimensions in the last two decades due to the focus of anthropologists and social scientists on the subject rather than economists (Golub, 2015). However, most of the cases that are documented reveal how informal cross-border trade thrives in the context of formal and informal governance of African states. For example, in Ethiopia, Kenya and Somalia (Little, 2005; Little, Tiki, & Debsu, 2015), Uganda, Sudan and Congo (Titeca, 2009), Cameroon, Gabon, Nigeria, Equatorial Guinea, and Chad (Roitman, 2004; Njikam & Tchouassi, 2011), Zimbabwe, South-Africa, Zambia and Mozambique (Macamo, 1999; Ndlela, 2006), Burkina Faso, Ghana and Togo (Chalfin, 2001), Senegal, Gambia, Nigeria, Benin and Togo (Golub & Mbaye, 2009; Benjamin, Golub, & Mbaye, 2015), Guinea, Liberia and Sierra Leone (Kamara, 2016), and Sierra Leone (Jibao, Prichard, & Boogaard, 2017).

In most cases, three forms of informality or illegality in cross-border trade in Africa are documented (Golub, 2015). First, illegality in the type of goods - the prohibited commodities flowing across the African borders, such as narcotics, weapons, and highly valued minerals. The second, and very close to the first, is the absence of state presence in recording intra-Africa trade on formal or legal goods or clean goods (Little et al., 2015) flowing across African borders, including the clean livestock commodity. The same informality holds for what Rasmussen and Varming (2016) refer to as the state's absence in daily economic activities, including work or business, that supports livelihoods. The absence of records on the magnitude of informal cross-border trade is due to information technology infrastructure in various African trade corridors, for example, in west Africa (Kamara, 2016) and Eastern Africa (Little et al., 2015). Thirdly, illegal trading mostly focused on evasion of formal taxation, bureaucratic delays in access to trade permits, or avoidance of custom barriers, checkpoints and roadblocks. On the other hand, informality happens because the informal cross-border trade does not comply with the state statutory regulations based on legitimate taxation or legal trade documents. Such scenario happens as the erratic presence of state officials along the borders allows for diversion of tax revenues by malfeasant officials or production of fake permits to legitimate traders, which makes quality compliance to formal rules impossible, or the absence of the formal institutions undermines the intentions to comply to rules and regulations at the borderlands..

The three forms of informality occur within business blocks or trade corridors in Africa, some of which are characterized by political contestations, logistics processes, and resource mobilizations, such as the Somali East Africa trade corridors (Hagmann & Stepputat, 2016). From their point of view, Hagmann and Stepputat (2016) noted that these corridors through which livestock and other commodities flow have emerged from the interactions of politically motivated chaos and violence, weak government controls, partial adherence to state laws and order, and weak enforcement of rules and regulations. Corridors are also pronounced because they are transboundary spaces that make it possible to analyse socio-political and economic relations, regional business integration and infrastructural development (Hagmann & Stepputat, 2016). The corridors also traverse different borders in Africa and reveal how actors with different competing visions facilitate the flow of goods, finances and capital (Dobler, 2016). According to Enns (2018), Africa has 30 development corridors, spanning over 53,000km, and that once developed, they will stimulate investment all over the continent. The corridors also show the behaviour of the global commodity chains in Africa and the limitations from previous international trade regimes and strategies based on various cases in Africa (see Gibbon & Ponte, 2005). Kefale (2019) shows that the Ethio-Somaliland corridor is a key example, which reveals how ethnic and trans-ethnic networks and practical norms govern trading in livestock and electronic goods. Beyond ethnic connections in business cooperation, corridors in Africa also show different global market connectivity, urbanization, piracy, and socio-political and economic struggles (Tavengwa & Newhouse, 2017). Enns (2018) suggests that this corridor can be used to assess trajectories of power to understand patterns of exclusion and immobility along trade and transport corridors.

In the corridors of Eastern Africa, state interests and policies have complicated the definition of illegitimate cross-border trade. Most of the Horn of Africa borderlands are remotely located within weak states; hence, poor enforcement of border policies allows for their misinterpretation, misunderstanding, and unequal implementation (Little et al., 2015). Specifically, in the case of cross-border trade between Kenya, Somalia and Ethiopia, the lack of harmony in cross-border policies renders the definition of illegitimate trade complex (Little, 2005). In Ethiopia, the state defines a large share of CBLT as illegal. Such notions have hindered negotiation for the lift-off of redundant bureaucracy along the borders of Ethiopia and its neighbouring states (Umar & Baulch., 2007; Little et al., 2015). The border regulations and the search for profitable markets have influenced the dynamics of flows and made cross-border trade a one-dimensional activity, for

example, from Ethiopia towards Kenya (Teka, Azeze, & Gebremariam, 1999; Aklilu, 2008; Mahmoud, 2008) or from southern Somalia towards Kenya (Little, 2005; Little, Tiki, & Debsu, 2015), with minimum flows in the opposite direction especially for the same commodity.

The immense contribution of cross-border livestock trade (CBLT) to livelihoods and revenues for communities in the borderlands of Eastern Africa tends to challenge the state policies that undermine cross-border activity (Umar & Baulch, 2007; Teka & Azeze., 2002). After the independence of many states in Eastern Africa, the socio-economic ties that govern business, migrations and cooperation among communities were never disintegrated by establishing colonial boundaries. Hence some of the communities, for example, Somalis in the Ethiopian regional state of north-eastern Kenya, continued to trade with those in Somalia. Since livestock has been the main source of livelihood for the Somali community both in the pre-colonial and colonial periods, their mobility in the post-colonial epoch accompanied commoditization and increased commercialization (Little, 1992), with cross-border trade and export of livestock becoming a key pillar of the Somali economy (Too et al., 2015).

As stated earlier, reliable information on informal CBLT in Eastern Africa is either missing or misreported. For example, both governments and international organizations (FAO, IGAD, World banks) are estimates (Little, 2005). The reasons are related to the lack of administrative and physical infrastructure, information systems, and few custom institutions at the borderlands (Little et al., 2015). Little (2005) noted that statistics on informal cross-border trade are higher than officially recorded data in the borderlands of Kenya and Somalia. On the other hand, Little et al. (2015) noted that the geographical position and the notions of governments against drylands and their people or remotely located pastoralists, who are marginal to the state, makes governments give less recognition to cross-border business.

Trade operators, including producers, trekkers, traders and brokers in the borderlands, have adapted to the absence of state institutions to provide justice, security and other public services. In most parts of Somalia, especially after the collapse of the formal institutions and the destruction of assets in the war period, the customary system based on clan cooperation's and kinship ties solely provided security and protection of assets (Hagmann & Stepputat, 2016). These informal governance systems have shown resilience and provided the basis for making opinions, lobbying

support and negotiating democratic power after various major political turbulence in Somalia, including after the fall of the Union of Islamic Courts (Yihdego, 2007) and after the invasion of Ethiopian armed forces (Elliot & Holzer, 2009) and even after the continuing reign of Al-Shabaab militia in the region (Anderson & McKnight, 2014). Moreover, entrepreneurs who escaped the war period in Somalia and moved assets from Mogadishu to north-eastern Kenya and farther to Eastleigh hub (in Nairobi) used the clan connections to establish business networks that continue to sustain the cross-border flow of various commodities, including livestock.

2.2 Political Economy of livestock markets in the Somalia-Kenya trade corridor

Markets in Somali East Africa define the political and socio-economic development of municipalities and villages within which they are geographically situated. Markets and patterns of exchange show the economic transformations and the business networks that facilitate the flow of goods, finances and information (Carrier & Lochery, 2013), which takes place in the entire Somalia ecosystem; including the hinterland areas within the four nations where Somali citizens are found; Kenya, Ethiopia, Djibouti and Somalia (Nori, 2010). The markets are characterized by dynamics of people, goods, and the nature of ongoing transactions. According to Hagmann and Stepputat (2016), these markets mobilize state and non-state actors, resources, companies and organizations. They are sites where Somalis build social relations, share information, accumulate and grow assets. Also, through the markets, the thesis depicts the resilient nature of the Somali economy (Abdulsamed, 2011) and its historical links to the Middle East states sustained to the twenty-first century (Little, 2003). Markets also reveal governance dynamics, including the shifting configurations of trade regulations and market politics in Eastern Africa (Little et al., 2015).

The CBLT in Eastern Africa has a defined structure. Animals trek in small numbers from villages through the bush paths to markets at the borderlands (Dobler, 2016). Producers, who live in a village setting, do not have an economic incentive to sell animals, but they trade small numbers of goats and sheep or a few cattle in response to socio-economic and cultural needs (Pavanello, 2010). This includes domestic needs such as family sickness, school fees, wedding ceremonies and income for purchasing other foodstuffs and pharmaceuticals (C. B. Barrett & Luseno, 2003). According to Mahmoud (2010), bush markets are small markets remotely scattered along the Somalia Kenya trade corridor from where animals trek to primary markets. In the borderlands of

Ethiopia and Somaliland, bush markets have been defined as small remote markets normally located at the border zones (Pavanello, 2010) where small traders extract animals and resell them to larger markets at a profit margin of up to 40 per cent (Eid, 2014).

Bush traders (Little, 1992) is the term used to refer to the small-scale traders who operate at bush markets in southern Somalia, which are always found in other parts of African states. Driven by profit accumulation, bush traders purchase livestock from the pastoral households in village markets and resell in larger markets. Normally, their operations are smaller in scope as limited by income level. Hence, they sometimes take up the role of middlemen that collect livestock from the remote pastoral areas and resell in bigger border markets, for example, Hartashiekh in Somaliland, Ethiopia borderland (Eid, 2014), or Garissa in the Somalia-Kenya borderlands (Little, 2005; Mahmoud, 2010). In Eastern Ethiopia, Umar and Baulch (2007) note that producers or bush traders contracted by agents for the rich traders gather animals to the nearby collection points within villages, sometimes at the edge of the clan territories, and wait for trekking or trucking to larger markets, sometimes across the border of Ethiopia. The decision to trek animals from village to primary markets is governed by the security, logistical and transaction costs involved (Mahmoud, 2008). Osterloh et al. (2003) observed that bush markets in northern Kenya are not affected by exogenous shocks like quarantine rules. Neither do bush traders have the capacity to negotiate the strict formal regulations due to their remote isolation from administrative focus.

In most parts of Africa, small or village markets fall in the borderlands of many states where formal regulations play a partial role in controlling the flow of people, goods, and finances. According to Dobler (2016), livestock and other commodities are transported along the 'green' borders, passing through the bush, deserts and Savannah as they head for markets across the borders. Bush traders (Little, 1992), or the green actors (Dobler, 2016), rely on socio-economic interactions governed by kinship ties or clan relations to facilitate business in the borderlands. Dobler (2016) and Little et al. (2015) agree that governments are expensive to achieve optimum control on cross-border trade and mobility. But Dobler (2016) warns that the total absence of police patrols and informants within the borderlands will tempt actors higher in the value chains to engage in the smuggling of valued commodities such as minerals, weapons and narcotics, which Little et al. (2015) considers 'dirty'. This defines informal livestock flows as clean trade, even in and out of informal and formal channels. The procurement of livestock from bush and primary markets by small traders and

brokers is informal and governed by oral agreements based on trust (Mahmoud, 2008). According to Pavanello (2010), long-distance between sourcing markets and major markets in northern Kenya is the main constrain, making producers and traders incur more losses in the drier seasons.

Garissa is one of the major livestock markets that receive animals from surrounding bush and primary markets along the Somalia Kenya trade corridor (Pavanello, 2010). According to Umar and Baulch (2007), the Garissa livestock market in northern Kenya grew rapidly during the 1990s and attracted supply from south-eastern Ethiopia and southern Somalia. It benefited from the extension of the tarmac road that connects Garissa to central and coastal Kenya, which made it expand to be a major livestock hub in north-eastern Kenya. Garissa livestock markets are located at 0.441395 degrees south, and 39.660113 degrees East on the global earth map, within the Waberi ward, in Garissa municipality. The town has a population of 67,861, according to the 2019 Kenyan census report. The inhabitants are ethnic Somalis, subdivided into clans, with the Ogaden being the dominant of the Somali Darod (Lewis, 1989; Majid, 2010). There are other minority ethnic groups from Somalia and Kenya that numerous business opportunities have attracted to Garissa town. Livestock trading is a significant part of the Garissa economy, and cattle are the most commercialized species. Most of the cattle sold in Garissa comes from cross-border trade (Little, 2005), supplied through a dense trek route network that passes various parts of the porous borderline between Kenya and Somalia. Also, camels from the Kenyan border with Ethiopia are sold in the Garissa market.

As shown in other corridors in the Horn of Africa (Umar & Baulch, 2007), the market structure of Garissa behaves as a set of parallel conveyor belts that brings in consumer goods and construction materials from central Kenya to the borders and takes out livestock. Logistical processes that govern livestock extraction from the borders and channelling to terminal markets are influenced by the dynamics in the magnitude of CBLT in relation to the supply. Such dynamics from the point of herders are influenced by the behavior of climatic, economic and political environments (Hagmann & Stepputat, 2016) market.

2.2.1 Eastleigh market, Nairobi

The Somali-dominated estate in Kenya's capital Nairobi, Eastleigh, is a testament to the benefits of migration (Carrier, 2016). It represents a success story of how Somalis migrants and refugees

catalyze demographic and economic changes (Majid, 2013). From the late 1980s, the turbulent and dangerous political conditions forced entrepreneurs out of Somalia into the refugee camps of Ethiopia and Kenya (Hagmann & Stepputat, 2016). Eastleigh grew as a product of the disintegration of the Somalia state in 1991 and subsequently as a destination of Somalis entrepreneurs escaping exploitative regime and civil war in the extended statelessness (Leeson, 2007). Since then, Eastleigh transformed from a residential ground level scattered buildings to an economic hub of several shopping malls, storey buildings and apartments, which earned the emerging East African market, the iconic name 'Little Mogadishu' (Carrier, 2016; Collins, 2016). The number of established restaurants reveals an undocumented growth rate in meat consumption, accompanying the increase in butcheries and live animals slaughtered near the Eastleigh market. Little (2005) estimated that Nairobi purchases about 450,000 cattle annually (2002 data), with about 410,000 for slaughter and 40,000 for restocking or fattening on nearby commercial ranches, and Somalia supplies approximately 75,000, which makes 16 per cent of the animals purchased.

Eastleigh's economic "boom and bust" is viewed with great ambivalence, perceived as a place of danger that harbours terrorists and its sympathizers, and its growth results from ill-gotten wealth (Carrier, 2016). Despite this misconception against the estate, people today continue to flow to Eastleigh for shopping. By 2013, the market had an increased number of registered shops, malls and meat stalls, with every butchery contributing Kshs. One thousand two hundred monthly to Nairobi municipality, and the amount increased in big shopping warehouses, which translated to more than 40% contribution to the total city municipality revenue (Carrier & Lochery, 2013). In the subsequent chapters, it will be shown how the expansion of Eastleigh and Somalis consumption of goats and camels has increased the performance of the nearby abattoirs and how the commercialization of cattle has increased the size of cross-border trade networks. Besides the political economy of cross-border trade, the variability of demand and supply in the peak seasons and the drought season influence market prices.

2.2.2 Seasonality of demand and supply

In southern Ethiopia and northern Kenya, livestock producers and traders endure the effect of seasonality on market demand and livestock prices (Teka et al., 1999). Some of the major changes in livestock demand and supply are attributed to climatic effects such as drought, festivals, celebrations, and other events that influence prices at the terminal markets (C. B. Barrett & Luseno,

2003). In dry seasons when pasture and water are scarce in the Sahel region, livestock is often cheap, as producers are ready to dispose of animals at lower prices (Turner & Williams, 2002). In southern Somalia, drought has always shut off cattle from crossing Afmadow regions to the Kenyan markets (Little, 2003). According to Irungu et al. (2014), drought is a major constrain in Kenya's export value chain, among other challenges such as diseases, poor roads, thefts and insecurity. At the Garissa market, Mahmoud (2010) notes how seasonality in livestock supply is affected by the rainy seasons and fewer war-loads along the supply routes.

Table 2.1: Seasonal calendar in Northern Kenya

Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1st Dry Season				1st Rainy Season		2nd Dry Season				2nd Rainy Season	

Source: (Pavanello, 2010)

Rainy or drought seasons influence producers' decision to sell livestock. Producers do not sell in the rainy seasons to grow the herd sizes. The limited supply to markets makes the few animals sold very expensive at the borders, where they are expected to be cheaper by traders from the highlands of Kenya. According to Umar and Baulch (2007), annual seasonal variations affects market supply; for example, at the end of the rainy seasons in June, market participation improves in the Moyale border market. The supply in the dry season is five times higher than in the middle of the wet season and very low when the dry season extends due to the poor body condition of most animals. Sometimes losses occur due to extended drought conditions in north-eastern Kenya, as shown in the table for the drought of 2009. Where the losses incurred at Elwak were 210 cattle, and 140 in Takaba, 65 at Shimbir Fatuma, 43 at Dandu, and 44 at Burduras (Pavanello, 2010)Umar and Baulch (2007) also noted how the release of national budgets from the middle of the year induce a steady rise in prices in Kenya, until it goes up in the Christmas season when demand is at its maximum (Aklilu et al., 2002).

2.3 Socio-Political and Economic history of livestock trade in North-Eastern Kenya and Southern Somalia

2.3.1 Lower Jubba Region in pre-colonial and colonial times (1840-1960)

This section covers the transformation in the pastoral context, especially on how livestock commercialization began in Eastern Africa in the wake of rapid migrations, and during the British invasion of Eastern Africa, to the time of independence. Livestock rearing and trading is an old socio-economic activity that defines migrations,[2] contestations and conflicts in the Somali community of the Lower Jubba Region (Dalleo, 1975). The Maxamed Zubeer (Ogaden sub-clan) moved into the Juba land in the 1840s from the northwest. Their numbers increased in the 1870s and 1880s following the expansion of the Ethiopian empire that pushed them southeast to the lower Jubba where they displaced the Orma herders and hunters (Little, 1996). The Herti clan also arrived from north-east Somalia (presently Puntland) to Kismayo with business ideas borrowed from Arab traders. It expanded the small Kismayo centre as an export and trading market for livestock and other commodities, mostly based on barter trade (Little, 1996). By the late 1880s, confrontations between the Herti clan and Ogaden grew over control of businesses and raids against each other became common.

By the 1880s and 1890s, the ivory trade was booming, and the export of cattle and other commodities was controlled by the Herti who were stationed at Kismayo (Little, 1996). By the 1890s, Maxamed Zubeer (Ogaden) strongly opposed the British administration. The Herti clan accepted by farther serving as policemen and clerks, which increased political tension between the two clans (Little, 1996). The British had occupied Aden by 1839 after opening the Suez Canal and later moved to the coast of Somalia (Samatar, 1989), and continued to expand and reached south-wards to the Lower Jubba Region by 1897. Armed clashes between Ogaden groups and British garrison increased (Little, 1996) and continued during the 'Dervish resistant movement' that lasted for more than 20 years between 1898 to1920 (A. I. Samatar, 1989).

The Ogaden who mostly focused on production controlled the movement of the caravans in and out Kismayo market (Dalleo, 1975). The Herti remained to control the export trade at Kismayo through the sea by 1890s (Little, 1996). Several disagreements affected the supply from Ogaden

[2] Kenya National Archive. DC/WAJ/1/2/1. Handing-over Report. District Commissioner, Wajir. 1913-1929
Kenya National Archive. DC/WAJ/1/2/4. Handing-over Report. District Commissioner, Wajir. 1950 - 1951

nomads, forcing the Herti to rethink the need to create business alliances to sustain the export demands. Some Herti clansmen intermarriage with the Ogaden and moved into production sites such as Afmadow and beyond into present north-eastern Kenya (Little, 1996). Small traders and middlemen facilitated the sourcing and supply under the support of rich merchants based at Kismayo, who were ready to extend credit services to producers and herders to strengthen business networks and connections that traversed the present Somalia-Kenya trade corridor (Hagmann & Stepputat, 2016).

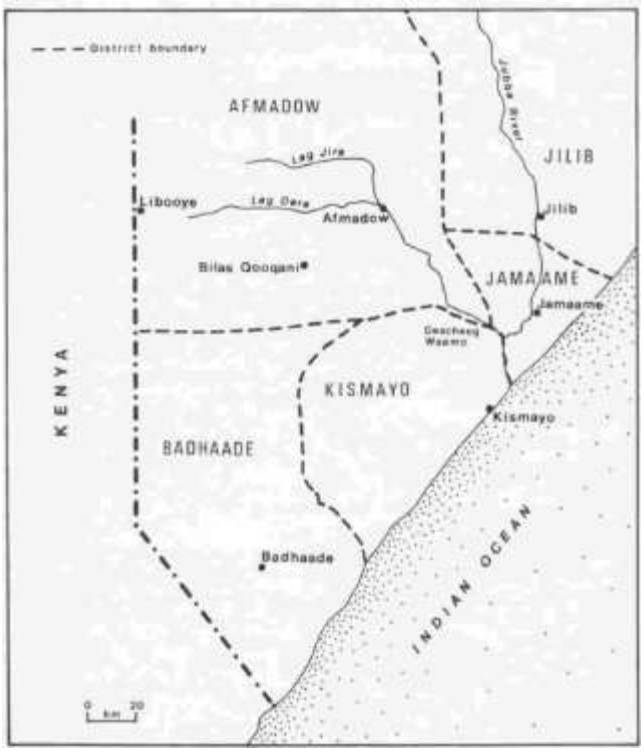

Figure 2.1: Lower Jubba area, Somalia (Little, 1992)

By 1930s, pastoral Somalis herders experienced major transformations in the culture of pastoral nomadism, first, increased commercialization and commoditization of livestock, second, new methods of mitigating natural calamities such as drought, with increased elite herders enlightening communities on new ideologies of water reservoirs and veterinary services even in the Jubaland and the NFD.[3] As communities settled near reservoirs and emerging market places,

[3] Kenya National Archive. STOCK/M/Vol.III/1/203. Regional Livestock Oficer, Department of Livestock. Garissa

the increase in herd sizes became a threat to the rangeland resources and colonial administration expressed fear of vulnerability of pastoral societies to drought conditions (Samatar, 1989).

Despite the development of state bureaucracy under the colonial regime, less infrastructure existed with the department of Agriculture providing pharmaceuticals for treating livestock diseases, mainly to ensure the safety of meat consumed locally in the British garrisons and the export to the Arab-peninsula through Berbera port and also Kismayo in the Lower Jubba Region (Samatar, 1989). The rural economy continued to witness increased import prices as the population increased. By the end of the Second World War, livestock traders mobilized communities to form political parties to contest political power, resource access and present opinions to the colonial administration (Lewis, 1967). During this time, nomadic pastoralists and livestock traders had constant mobility, and the Jubaland colonial administration was concerned with the rapid migrations boundaries.[4]

2.3.2 Pre-colonial and colonial Northern Frontier District (1840-1963)

Livestock trading and its drivers have evolved in the Eastern Africa from the pre-colonial to the post-colonial, and from the involvement of Arabs to the European and Asians exporters.[5] From the 1840s to 1880s, the increased wrangles between the Ogaden pastoralists (who arrived from the northwest) and the Herti from north-east to the Lower Jubba Region had stimulated the need to move west-wards, beyond Afmadow, and Lak Dera valley. As the conflict between the two clans (Ogaden and Herti) grew, business was affected. The Herti, who focused on the export within the Kismayo market, were the main losers because the Ogaden controlled the production and the supply routes. When the Herti traders realized the need to cooperate with the Ogaden to sustain livestock export and access to caravan routes, they began to forge alliances and intermarriages to grow business connections.

[4] Kenya National Archive. DC/ISO/2/1/5. Ref. ADM/15/3/Vol.II. Administration. Monthly Intelligence Report. District Commissioner, Isiolo. January 1936 – December 1938

[5] Kenya National Archive. S./715/64. In 20th November 1964, the sales Manager KMC confirmed receipt of a letter requesting for the export of live camels to the United Arab Republic and Arabian Gulf. The notification was forwarded to the Civil Secretary North-Eastern Region in Garissa municipality to check availability of tradable camels.

The migrations of nomadic Somalis and population increase expanded west-wards with Somali Abdwak and Auliyahan displacing the Oromo and Rendile out of Ewaso-Nyiro basin (Abdullahi, 1997).

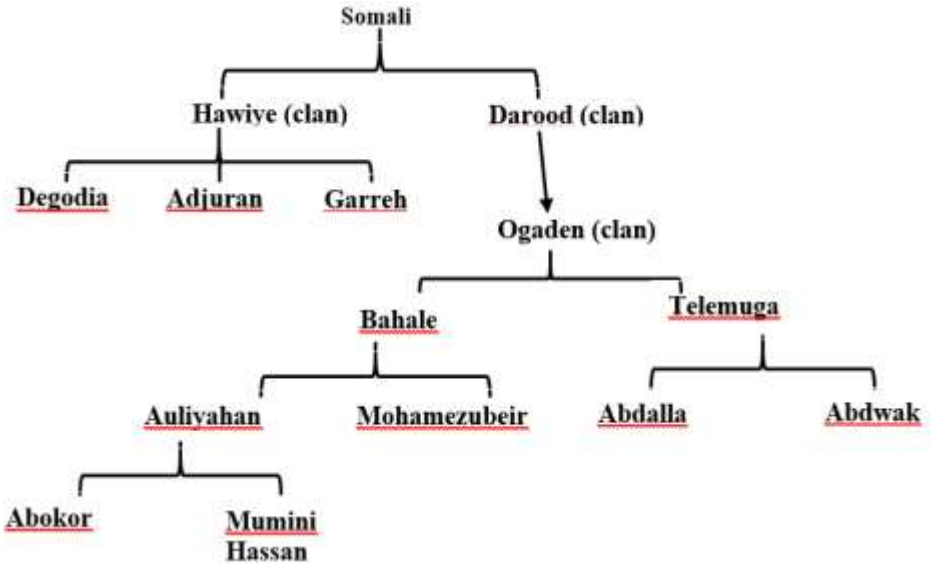

Figure 2.2: Somali clan structure (Abdullahi, 1997)

The Oromo and the Rendile in-turn displaced the Bantus, mainly the Pokomo, Kamba, and the Giriama who moved westwards to the present Tana River basin and south-wards along the coast of the Indian Ocean.[6] During the migrations, Somalis converted the Galla, Bantus, Oromo and Rendile to Muslims by 1870s, especially the Ogaden who reached the Tana River, but did not settle at the Galana in the present Lamu due to threats of tsetse fly (Abdullahi, 1997).

Even as the British continued to move south-wards from the Suez canal to the Jubba land and to north-eastern Kenya (Little, 1996), Somalis' mobility was responding to drought[7] and population

[6] Kenya National Archive. File Ref. DC/KIS/1/1/2. Report on the Bajun and the Coastal Region, 1916-1917. Indicates that the Bajun (Archaic Swahili) are the oldest of the Bantus, who were distributed between Kismayo and Lamu highlands within the East Coast of Africa, and represented the oldest form of civilization.
[7] Kenya National Archive. Gen.96.80/001/(2). The Permanent Secretary Office of the president addressed a letter dated 30th December 1964 to the Provincial Commissioners of North-Eastern Province and Eastern Province, enquiring on reasons for the shortage of supply of cattle, goats and sheep to Nairobi and Mombasa. Drought and diseases was always the common factor, and Kismayo export channels was also pulling livestock from the Jubaland and NFD.

increase which complicated regulations imposed by the colonial administration. The migration of nomadic Somalis within the NFD was halted following the establishment of the British colonial administration in 1885. The mobility of nomadic pastoralists was driven by rangeland resources had become problematic for the colonial administration (Abdullahi, 1997) that had imposed expenditure and revenue, native taxation by 1931 to pastoralists of Isiolo in the NFD.[8]

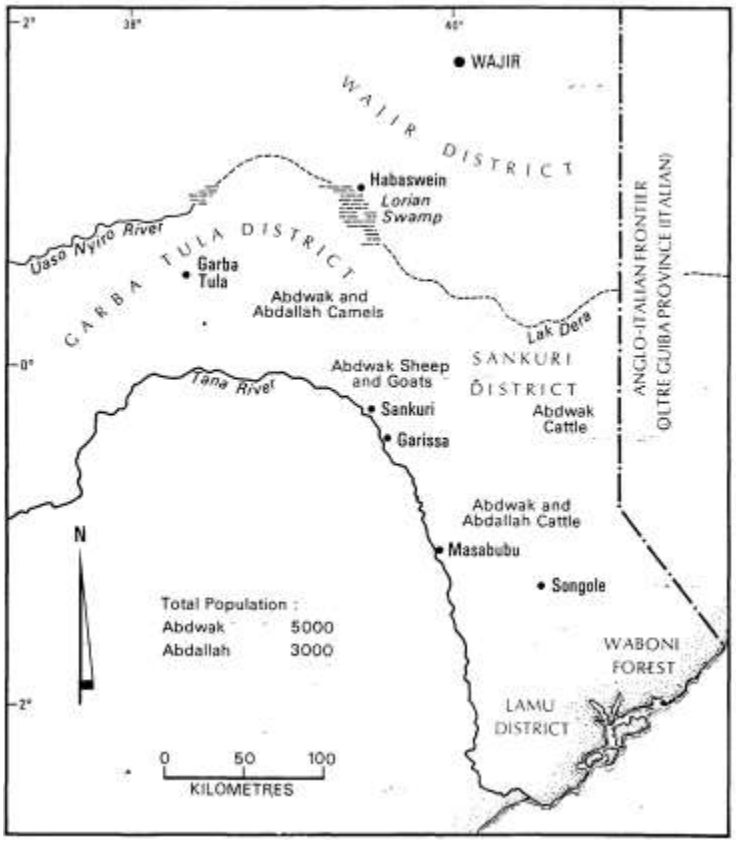

Figure 2.3: Distribution of clans and livestock Sankuri District by 1929 (Abdullahi, 1997)

Later pastoralists began to resist colonization, and Somali Ogaden played a key role in defying regulations on taxation, mobility of caravans, and access to grazing areas. By the late 1890s, Somali clans had united with the larger Ogaden playing a key role in the fight against the colonial administration. When the 'Dervish Resistance' against the British Garrison (that lasted 20 years;1898-1920) ended (Samatar, 1989), new regulations had been established by the colonial administration, mostly focused on territorial controls and mobility of pastoralists. The response strategies by pastoralists including use of violence in response to state repression (Otunnu, 1992)

[8] Kenya National Archive. DC/ISO/2/2/7

against the colonial administrations were always misunderstood, which made all the subsequent regimes to hold inconsistent views of pastoralists of northern Kenya.[9] The same was the case with the scholars and reporters who grappled to narrate the socio-political and economic development of the Northern Frontier District (NFD).

The political history of the NFD shows that the post-colonial state formation in Africa is not limited to the time of independence (Lewis, 2002) and should review the impact of colonial and post-colonial state regulations on the pastoral economy in northern Kenya (Whittaker, 2013). This thesis pulls different views on the socio-political history of the NFD, from western scholars to other external writers in Africa. Finally, those of the Somali scholars who hold the victims view the state atrocities against people and the region. According to Abdullahi (1997), the Northern Frontier District was the vast region to the north and east of the Kenyan highlands, becoming the Northern Frontier Province in 1947. Later in 1964 became the North Eastern Region of Kenya.

In 1909, the British established the 'Somali-Gala' line along the Uaso Nyiro River in order to curtail westward expansion of the Somali Abdwak and Aulihan and confine them to Garissa and Wajir districts (Whittaker, 2013). The first administrative station in the NFD province of the British East Africa Protectorate was established at Archers Post in 1909, and the next one in Moyale to regulate the marauding Abyssinians from trespassing[10] into the NFD to harass the Galla and the Somalis communities (Abdullahi, 1997), mostly through Eil Wak.[11]

[9] Kenya National Archive. PC/NFD4/1/3. Political Records. NFD. 1910-1943
[10] Kenya National Archive. DC/MLE/1/3/5. Intelligence Report. District Commissioner, Moyale. 1939
[11] Kenya National Archive. DC/MLE/1/5/1. Foreign Affairs. Italian Affairs – Moyale. District Commissioner, 1938-1940

Figure 2.4: Wajir District, 1936, showing distribution of clans and grazing areas (Abdullahi, 1997)

The Boran colluded with the British administration in north-eastern Kenya against the Ogaden, so the Herti clan in the Lower Jubba Region collaborated with the British Garrison. In the two geopolitical regions, the control of livestock export through Kismayo was the focus of the Herti entrepreneurs, while the caravan movement and the grazing areas were the negotiation tools for the Ogaden nomads, while in the NFD, the Boran used grazing zones and the ability to report law violators including trespassers to the British garrison to gain trust and serve as clerks in the colonial administration.

In the first half of the twentieth century, inter-clan and ethnic conflict and relations for the Somalis and Oromo in northern Kenya were driven by the scarcity of rangeland resources; water and pasture.[12] Conflict over range resources dominated territorial disputes between many other communities; Rendile and Boran (Marsabit District), Ogaden (Abdwak and Aulihan) and Isiolo Boran, Somali Degodia, Adjuran, and Boran (Wajir District), Somali Gurreh and Degodia

[12] Kenya National Archive. DC/ISO/2/1/13. NFD Annual Report. District Commissioner, Isiolo. 1953

(Mandera districts) (Whittaker, 2013) and Tellemuger District (Garissa).[13] Besides the Somali Ogaden, the Ajuran a sub-clan of Hawiye always had closer trade relations with Oromo and the Rendile in the NFD, while the Issaq were never represented in the NFD and the Jubaland as they stayed at the north at the tip of the Horn of Africa.

In order to contain the increasing inter-ethnic warfare, the colonial administration had to establish the 1902 Outlying District Ordinance, the 1926 Closed District Ordinance,[14] and the 1934 Special District Administration Act (Otunnu, 1992), which were focused on law enforcement through livestock confiscation (from 10-50% of the herd) or imprisonment, and also regulate mobility in and out of the closed NFD (Whittaker, 2013). Over 1,500 animals confiscated from Ogaden clan in Isiolo by September 1964 were sold on auction to Hector Douglas, however this was half of what he always bought due to the effect of foot and mouth that undermined his process of disposing purchased stock.[15] For Ogaden herders who lost their herds to the administration, such regulation stimulated livestock raids, theft and rustling as a survival strategy that continued in the post-colonial era (Lochery, 2012). Insecurity grew in the region as livelihoods were undermined at the time of failed secession of NFD.[16] In most cases, the British Administration described Somalis in the Northern Frontier District as violent and unruly, and difficult to control due to their mobility, hence all security development and territorial agendas proposed between 1940-1950 were all rhetoric's that concealed other political, economic, and strategic interests (Whittaker, 2017).

2.4 Post-Colonial Somali East Africa from 1960s to the Present

2.4.1 Somalia's post-colonial economy 1960-1991

Somalia's chaos and political instabilities have historically affected livestock production and merchants have become the major victims in the wider Somalia and its hinterlands (Abdullahi, 1997). According to Ahmed and Green (1999) the crisis in Somalia can be traced back to the union of the British Somaliland (Hills, 2016) and the southern Somalia Italian protectorate to form the united Republic of Somalia in 1960, against the wishes of the northern Somalia (Lewis, 1962;

[13] Kenya National Archive. DC/GRA/3/3. Political Record Book. 1931-1934
[14] Kenya National Archive. PC/NFD4/1/6. Political Records. NFD. 1919-1928. Isiolo Leasehold and Quarantine and Permanent Reserve for Waderobo.
[15] Kenya National Archive. Stock Auction Report. S/MOV/12/1/VIII/181. Ref. Letter. Vet.23/12/17
[16] Kenya National Archive. STOCK/M/Vol.III/1/261. Auction Report. Addressed by the Manager KMC Nairobi Indicated that insecurity undermine livestock trading in Mandera and Wajir District in the month of October 1964.

1999). At the time of independence, the divided interests and the socio-economic stratification left by the colonial administration bread more divisions resulting in the proliferation of political parties, reaching more than 60 that contested in the March 1969 general elections, and further supported the coup that placed Barre in power (Ahmed & Green, 1999). Barre started cultivating a socialist ideology dealing with clannism, favoritism and socio-economic differences (Lewis, 1982). A repressive military was established with the state monopoly taking control of large and medium enterprises to consolidate power, and penalties of law violators became harsh.

A narrative was created for the livestock merchants and herders with large volumes of livestock, mostly those who failed to accept the socialist agenda, referred to as *lumpenproletariat* instead of 'capitalists' (Ahmed & Green, 1999). The northern Somalia that was opposed to the Barre regime was neglected, and this marginalization became evident in the drought and food shortage of 1974-75 that claimed more than 20,000 people and about five million animals and pushed 15% of the pastoralists into food aid for survival (Ahmed & Green, 1999). Socio-economic frustrations grew, with 25% of northern Somalia becoming refugees. The government became hopeless by resettling 100,000 nomads to learn crop farming in Southern Somalia, mostly those loyal to the regime. The state neglect of the citizens and lack of physical infrastructure, social amenities and also economic decline increased resentments in wider Somalia, with more complaints and disillusionments in northern Somalia.

Somalia livestock export to the Middle East was doing very well in the reign of Siad Barre. From 1970 to 1980, Saudia Arabia accounted for 95% of the cattle export from southern Somalia, and by 1982, cattle export reached 157,000 heads (Mahmoud, 2010). Traders involved in the supply channels and export trade were from Degodia, Ogaden and Murulle clans. They facilitated livestock sourcing from Eastern Ethiopia and northern Kenyan towns, including Wajir and Mandera. However, the export trade faced competition from Australia and Somalia lost the export trade in 1983 due to the Saudi ban following the rinderpest and during 1998-2000 due to Rift Valley Fever (ibid.).

The end of the Ogaden war revealed the weakness of the predatory regime (Lewis, 1989). The Majerten clan in the northeast was targeted following a failed coup in April 1978 (Ahmed & Green, 1999). The Aulihan and Abd Wak nomads moved their businesses from the Lower Jubba land to Kenya and settled in towns in north-eastern Kenya, while others moved to Eastleigh in Nairobi (Carrier & Lochery, 2013). Many political parties cropped up and opposed the government with

increased loss of life and displacement, but clannism remained to challenge a common unification of fighting for democracy (Ahmed & Green, 1999). The Issaq of the north waged a struggle for political liberty by defending the Majerten clan of North East Somalia, where the government had focused its military operations.

From 1978, post-colonial Somalia was characterized by multiparty democracy, civil war, and displacement of livestock producers. Pastoralists were the most affected, targeted by the military through livestock confiscation, burning of villages, poisoning of water wells which undermined their livelihood (Ahmed & Green, 1999). The livestock export to the Gulf States was affected, and livestock routes of supply were also undermined as the financial remittance networks got disrupted during the war period. The other drought that followed during the war in 1991-1992 was the worst as it struck at the time government provision of public service had stopped, and it claimed between 300,000 - 500,000, displaced 1.7 million in southern Somalia, pushed people from the war-torn Ogaden regional state to Mogadishu, and increased cross-border migrations of south Somalia to north-eastern Kenya. In the wartime economy, NGOs that arrived to rescue the situation had to pay war loads and militia between US$100,000 to US$400,000 to provide relief services, which encouraged armed protection (Ahmed & Green, 1999.

Humanitarian organizations continued to support the Somali citizens. The economy gradually transformed from a survival economy (Jamal, 1988) to a functional market, with the private sector providing key services in the absence of many regulations to govern resource allocation. Cross-border trade and export/import quantities doubled compared to the pre-war period of 1988 as observed at Berbera port (Ahmed & Green, 1999) and Garissa livestock sales (Little, 2005). By the early 1990s, the cattle population in the Jubaland was estimated to reach 860,000, and the camel population around 222,000 (Little, 1992). Informal trade networks and the private sector showed their strength and capacity in providing public services after the war in the absence of the state bureaucracy. In addition, there was an increased supply of remittance from families and friends in diaspora (Canada, USA, Europe, Saudia Arabia) that helped strengthen the private sector and the general Somalia economy (Collins, 2009) through the investment of assets in southern Somalia and north-eastern Kenya.

Kenya's trade liberalization had opened borders for business integration from 1987, which allowed Somalis in southern Somalia to seek asylum and settle in north-eastern Kenya. Cross-border

livestock increased during the war and continued after the war. All the UN peace deals that were costly organized with factional leaders from 1993 always failed because the conferences carried the agenda of the sponsoring authorities and had less representation from the affected women, religious leaders, village elders and merchants (Ahmed & Green, 1999), some of which were held in Kenya. After Kenya's independence, how was livestock trade affected in the Northern Frontier District?

2.4.2 Northern Frontier District in the post-colonial era, 1963-1991

This section will explain the behavior of nomadic pastoralists after establishing colonial boundaries in present north-eastern Kenya. It is shown that the independent Kenya state inherited colonial structures and regulations used to govern the mobility of pastoralists in the NFD (Abdullahi, 1997). The region is first marked by the failed secession agenda in the time of independence (Lewis, 1967), in which the Somali community wanted to be part of the larger Somalia (Lochery, 2012). First, this move by nomadic pastoralists of north-eastern Kenya was undermined by the colonial administration during the time of independence of Eastern Africa states and later treated harshly by the Kenyan government through the militarization of the NFD, targeted intimidations and confiscations of livestock (Whittaker, 2017). In the subsequent regimes, business was highly affected as curfews were used to limit trading at the border markets such as Fafi and Hulugho[17]. Besides markets, livestock remained at the centre of local grazing areas, access to markets, water wells and trace pass in the closed NFD (Lochery, 2012). When Somalia was granted freedom in 1960, self-determination grew in the NFD, with several parties intensifying the quest for political freedom (Otunnu, 1992). After independence, NFD was referred to as the North-Eastern Province of Kenya, with its headquarters at Garissa (Abdullahi, 1997). Post-independence state policies continued to weaken the land tenure regulations and the nomadic pastoral systems that governed access and use of rangeland resources in north-eastern Kenya and other parts of the country, resulting in decades of recurring conflict.

After independence, livestock trading in northern Kenya became highly political, multi-ethnic and the most profitable enterprise that attracted suppliers from Ogaden, Degodiah, Oromo, and Boran ethnic groups from southern Somalia and north-eastern Kenya (Barrett et al., 2003; Mahmoud,

[17] Ethnographic studies conducted at Garissa market in July 2017. In the subsequent interviews in 2018, elderly traders recall the political circumstances at independence of NFD.

2010). In the downstream of the livestock value chains were the traders and exporting agents from central and coastal parts[18] of Kenya, and abroad (Aklilu, 2008). A letter dated 4th August 1964, addressed by the Regional Livestock Agent in Garissa to the Civil Secretary, North-Eastern Region, showed the livestock export figures of 1964, as shown in table 2.3.

Table 2.2: Livestock Export Records from Garissa in 1964

Months	Goats and Sheep	Cattle	Camel
January	Nil	Nil	Nil
February	3942	1374	Nil
March	4039	Nil	Nil
April	3178	Nil	Nil
May	5843	1294	Nil
June	6552	716	Nil
July	5738	3745	Nil

Source: Kenya National Archive. Vet.23/3/2/Vol.I/116

Exporters and their agents always carried trading permits. In another letter dated 10th August 1964 addressed by Chairman of County Council of Wajir to the Civil Secretary, 268 traders were issued with trade permits.

Despite formal systems established by the colonial administration, political instabilities in the post-colonial period affected livestock trading (Little, 2003) and further became trapped in the politics of southern Somalia and north-eastern Kenya. The mobility of pastoralists with their livestock in the pre-colonial and the colonial times between southern Somalia and north-eastern Kenya has remained for decades and gained new dynamics in the post-colonial narrative of Somali East Africa. The resilience of the livestock trade sector is evident from surviving political instabilities of 1962 in north-eastern Kenya (Lochery, 2012), the shifta war of 1963-8 (Whittaker, 2013), the policy changes in Kenya that influence cross-border trade (Gertz, 2008), and the state implosion of Somalia of 1991 (Little, 2003; Schlee, 2016).

The volatile contestations at Kenyan independence of 1963 over territorial belonging of the NFD increased militarization of the region which affected livestock trekking and trading (Lochery, 2012; Whittaker, 2013). Restricted mobility and state focus on suppressing secession agenda

[18] Kenya National Archive. STOCK/S/12/Vol.II/3/111. Livestock Marketing Division Records. Garissa Stock Sales done in 21st October 1964 showed that live animals were always exported through the port of Mombasa.

undermined access to livestock markets such as Garissa and Isiolo and most trekkers lost livestock in the rampant curfews that characterized north-eastern Kenya. According to Otunnu (1992) the drawing of the 'Gala line' in 1909 and the continued regulations on mobility of pastoralists of the closed NFD to the time of Kenyan independence implied that the colonial administration had less intention to integrate this region socio-economically and politically with the rest of the Kenya.

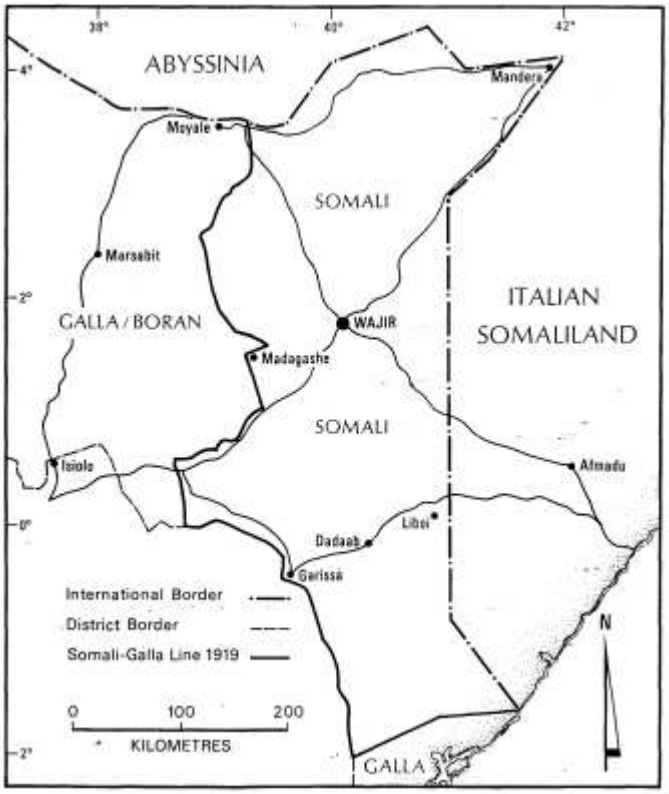

Figure 2.5: Somali-Gala line, 1919, with administrative sub-units (Abdullahi, 1997)

During the post-colonial period, livestock producers, mainly the Somali pastoralists in the NFD and the Jubba land, were major suppliers of livestock being exported through the port of Kismayo, consumed in Mogadishu and traded at Garissa (Little, 1992). Most of the animals exported through the port of Mombasa were supplied through Garissa and from the ranches (in the Rift valley and coastal region, for example, Taita-Taveta) inherited by the government from the British administration (Whittaker, 2017). Due to the high consumption of red meat in Nairobi, which became the capital of Kenya after independence, some of the traders based in Garissa sourced animals across the newly established border from Afmadow fertile grounds. There was a constant informal flows of livestock towards north-eastern Kenya to Garissa market due to the consumption

demand in Nairobi and the export demand towards the coast of Kenya. The modern state abattoir; Kenya Meat Commission, established by the colonial administration, continued to stimulate cross-border flow of livestock due to its proximity to supply from north-eastern Kenya.

The Kenya Meat Commission (KMC) was established in 1950 by an Act of Parliament, Cap 363 of the Laws of Kenya, to provide a ready market for farmers and producers and provide livestock products to exporters (Government of Kenya, 2019). Although KMC expanded to export beef products to the rest of Africa, the Middle East and the European market in 1960, it was faced by bankruptcy in 1967 (after independence) following a loss of Kshs. 7 million leading to structural changes within the company, including outsourcing experts from Chicago. Rampant mismanagement and dilapidated infrastructure have been the main challenge of KMC (Aklilu, Irungu, & Reda, 2002).

KMC has been receiving cattle from the southern Somalia and north-eastern Kenya but the supply has been erratic as livestock trade bans[19] set variability in cattle supply, for example there was a drop in cattle supply from 48,719 in 1972 to 29,657 in 1973 (Mahmoud, 2003). This observation also shows that Kenya has been a destination for Somalis livestock even before independence of both Somalia and Kenya, for example Mahmoud (2003) noted that around 8,000 small ruminants and all the cattle[20] sold in the NFD in 1931 were heading to Lamu and Mombasa ports in the coast of Kenya to be exported to the Arab Gulf states. When the export to the Arab peninsula is banned in line with zoonotic diseases, Somali traders in southern Somalia and north-eastern Kenya relied on the consumer hubs in central and the coastal parts of Kenya. The key challenges of the KMC since independence up-to the time of its collapse in 1992 are mismanagement, patronage and delayed payment or lack of funds to pay producers (Omiti & Irungu, 2002; MercyCorps, 2016).

KMC was established as the market of the last option for the producers (Aklilu et al., 2002). However, there are other alternatives, mostly informal markets and abattoirs that serve domestic consumption in the northern and other regions of Kenya, that emerged after KMC lost its monopoly

[19] Kenya National Archive STOCK/S/12/Vol.II/116), Aletter dated 10th November 1964 indicated a constant ban on livestock from Wajir and Mandera due to foot and mouth disease which undermined livestock sales. Drought was also another challenge, however, livestock was trekked along the Uaso-Nyiro River and held within quarantine stations at Wajir, Mandera, Habaswein and Garba-Tula (Isiolo). Animals will be transported to Nairobi when the ban is lifted.

[20] Kenya National Archive. STOCK/S/12/Vol.II/3/115. Cattle was the main source of revenue to the North-Eastern Kenya, during the colonial and the post-colonial period.

in the structural adjustments of 1980s (Gertz, 2008). In northern Kenya, Mahmoud (2008) noted how the livestock markets have informally emerged as sites where Somalis forge social relations, including creating associations, as an innovative strategy to risk management. Mcpeak (2009) observed that livestock markets are sites where pastoralists informally destock and restock herds to avoid accumulating animals beyond rangeland carrying capacities. Markets are also export points for male animals, as the female animals are culturally domesticated to grow the herd sizes. According to Barrett and Luseno (2003), these markets also show how producer price risk decomposition takes place amid many economic, logistical and institutional challenges that livestock traders face in the process of taking animals to markets. The traders who operated in the colonial period continued to facilitate cross-border livestock flows after independence (Little, 1992).

By the 1980s, the government responded to the insurgency in northern Kenya through brutal approaches, including collective punishment, targeted disarmament that was accompanied by massacres (Anderson, 2014), and villagisation (Whittaker, 2015). Before the Somalia state collapse, state predation and dictatorship in the 1970s to 1980s had forced Somalis to seek asylum in Kenya, where they settled as natives (Lochery, 2012). As shown by Little (2005), CBLT between Kenya and Somalia was going on and only gained more momentum after the Somalia state collapse as migrating networks of people, goods, and finances shifted to north-eastern Kenya and through Eastleigh Nairobi and Uganda (Iazzolino & Hersi, 2019) to central Africa (Abdulsamed, 2011; Carrier & Lochery, 2013). The Kenyan economy benefited from the wartime and state failure in Somalia by opening borders to regional business integration at the time of the Somalia state collapse and subsequent socio-economic frustration, civil war, plunder, and extended statelessness (Menkhaus, 2003; Leeson, 2007; Powell, Ford, & Nowrasteh, 2008). This instability has changed the culture of doing business with many advantages to the local economy - in both revenues and livelihoods (Little, 1992).

2.4.3 Somalia state collapse and trade liberalization in Kenya, 1991-2011

This section will discuss the impact of the Somalia state collapse of 1991 and the opening of Kenyan borders to CBLT between Kenya and Somalia. It will be shown that since the collapse of

Somalia, Southern Somalia has been under a protracted crisis(Lewis, 1998; Marchal, 2007), making entrepreneurs seek asylum in the closer north-eastern Kenya. The state implosion and the migration of wealthy merchants from Mogadishu (Little, 2013) coincided with trade liberalization in Kenya (Gertz, 2008), making it possible for them to invest assets in Garissa and the 'little Mogadishu' of Nairobi (Carrier, 2016).

Unlike in colonial times, the mobility of Somalis in the post-colonial period was informed by crisis and business opportunities (Gundel, 2002). The borders linking Somalia to its hinter-lands became polarized after the state collapse and during the extended stateless period (Leeson, 2007). As a result, the migrations from southern Somalia into north-eastern Kenya became high (Carrier & Lochery, 2013). The government organized a nationwide screening of Somalis residing in Kenya in 1989 and 1990, accompanied by intimidation (Whittaker, 2015). However, the business acumen escaping war in Somalia expanded the economic performance of Eastleigh (Nairobi) in the early 1990s, and the increased Somali population forced Kikuyu landlords to sell shopping stalls to Somalis. Somalis also invested in the clearing and forwarding section in Eldoret and Mombasa and the livestock business at Garissa (Carrier, 2016). According to Abdulsamed (2011), the Somali population almost tripled between 1989 and 1999, from 371,391 to 962,143, and further increased by six folds to 2,310,757 by 2009.

The mass migrations positively impacted the scale of cross-border trading in all types of goods. As noted by Little (2005), cattle sales at Garissa market went up by 500 per cent between 1989 and 1998. From the 1990s to date, the Somali entrepreneurs continued to adapt to the new economic environment. They responded to risks by creating associations (Mahmoud, 2008), trade partnerships, and collaboration with state agencies and other institutions, making Garissa a major destination hub for livestock and attracting exporters from Mauritius and the Middle East (Aklilu, 2008; USAID, 2012). The need for more partnerships in business motivated Somalis to collaborate with Bantu trading groups (Kamba, Kikuyu) in central Kenya and Pokomo on the coast of Kenya, who presently partake in the downstream part of the livestock value chains. In the opposite direction is the *'Khat'* value chain[21] that starts from the Kenyan highlands (Meru County) and flows past Garissa to the Southern Somalia. The mobility of people and circulations of various

[21] Discussion with livestock traders, Garissa, May 2018, on the influence of cross-border livestock trade on circulation of other key goods between Nairobi and Garissa border market.

commodities (both consumable and non-consumables) have made Garissa municipality expand to be a major hub. Another advantage that relates to the cross-border livestock trading is the geographical position of Garissa; being between rich production sites in southern Somalia and consumer markets in Kenya; Nairobi and Mombasa (Mahmoud, 2008; Mwanyumba, Wahome, MacOpiyo, & Kanyari, 2015).

After the Somali state collapse, the Herti traders lost the export monopoly through Kismayo as the livestock business was oriented towards Kenya where their previous suppliers Ogaden clans (Abd wak and Aulihan) owned the export and cross-border trading. According to Little (1992), few Herti traders and their animals could appear in the Garissa livestock market by the mid-1990s on onwards.

The mode of livestock transportation gained new dynamics after the Kenyan government improved the roads linking Garissa to the coast and central Kenya. Transporters from other parts of Kenya were attracted to the booming CBLT, and many trucks always waited for assignments within Garissa on market days. A network of trek routes from southern Somalia and Eastern Ethiopia converged to Garissa, where livestock crossing into Kenya was trucked towards central Kenya's coast. On the Southern Somalia side, costs of transportation remained relatively low during the war period, between US$0.1 to US$0.18 per kilometre, but after the Somalia state collapse, transport costs started increasing gradually (Little, 2005). Livestock treks from bush markets to secondary markets such as Moyale and Garissa, where they are trucked to Nairobi, Mombasa and other terminal markets (Mahmoud, 2010).

The expansion of CBLT between Kenya and Somalia led to the establishment of informal abattoirs and the expansion of the existing ones. As business boomed in the Eastleigh market, many shopping malls were erected, and restaurants increased (Carrier & Lochery, 2013). The number of animals being slaughtered in the abattoirs neighbouring Eastleigh market increased. For example, Kiamaiko that deals with goats and sheep, raised its capacity from 700 to above 1200 goats and sheep per day (Aklilu, Irungu, & Reda, 2002). These abattoirs are formal, although the animals slaughtered are informally supplied through cross-border trade from southern Ethiopia and southern Somalia (Little et al., 2015). The informality is responsible for the high transaction cost and legal risks that Somali traders have endured since the late 1990s while moving animals through

a region that has missed from state investments for decades (Mahmoud, 2008). North-eastern Kenya is a region of Africa where the absence of administrative services had curtailed commodity chains from gaining global integration (see Gibbon & Ponte, 2010). Yet, the demand for livestock in the Arab Gulf during the *Hajj* seasons has attracted exporters to ignore the informal procurement processes of livestock sourcing from Somalia and its neighbouring states (Majid, 2010).

Somalia´s state collapse and the extended stateless period forced Somali traders to adapt to the regulatory authorities of north-eastern Kenya. During this period, both external and internal actors invested resources to resurrect Somalia but in vain (Luling, 1997; Bradbury, 2008; Johnson & Smaker, 2014; Hoehne, 2016). Ironically, there was improvement in the socio-economic status in the absence a central government (Mubarak, 1997; Powell et al., 2008), and militias and warlords realized the need to focus on economic development and territorial cooperation rather than civil war (Besteman, 1996; Menkhaus, 2003). By 2000 and beyond, the economy continued to evolve from evasion of state regulations to increased compliance to international rules (Hagmann & Stepputat, 2016). The involvement of Somalia in the regional cross-border trade, livestock export potential and remittances revealed the global dimensions of Somalia economy (Negassa, Costagli, Matete, & Jabbar, 2008; Lindley, 2009; Majid, 2013).

In the case of the Kenya Somalia borderlands, migrations facilitated cross-border trade. Over 300,000 asylum seekers[22] crossed the border between 1991 and 1993 (Lochery, 2012). Some of these immigrants were livestock traders who had engaged in CBLT both for survival and commercial purposes during and after the war (Little, 2003). During the periods of economic recovery, clannism among the trading actors emerged as an exclusion tool, partly due to the focus on protection and reciprocity within the clan (Hagmann & Stepputat, 2016), but also gaining control of key logistical and supply channels that link southern Somalia to the Kenyan markets. From 2000 and beyond, the trans-border livestock trade between Kenya and Somalia was flourishing, and the pastoral economy was also doing very well (Little, 2003).

Another aspect is the implementation of formal and informal regulations which revealed that Somalia never became a 'duty free' zone (Hagmann, 2005; Little, 2005) as war lords and militia assumed several functions of the state, including collecting port fees and providing security. The

[22] Interview with an elderly livestock trader at Garissa livestock market in 17th May 2018.

collapse of political institutions never implied the absence of regulations but the change in the custodian (of such rules), status and nature of such regulations, probably free entry and free exit, with no written agreements, and unequal enforcement of rules that extended from Somalia to its hinterlands; north-eastern Kenya.

2.4.4 Expansion of informal cross-border trade in the Kenya-Somalia borderlands, 2010-2020

The increased adaptation of Somali entrepreneurs to north-eastern Kenya's socio-political and economic environment has increased benefits from CBLT for both the state and the private investors (Little et al., 2015). Their understanding of the business ecosystem of northern Kenya has enabled Somali traders to predict and evade risks emerging from climatic, political and economic environments (Hagmann & Stepputat, 2016). Mahmoud (2008) noted that one key strategy is pulling risks through forging associations and trade partnerships that govern logistics and cattle trading in northern Kenya. Somali traders have extended these social relations to the state officials working in the compliance and enforcement agencies to smoothen commodity flows along various value chains. This development is driven by the vision of expanding the quantity of supply and the time of goods (Carrier, 2016), wherein this case, livestock is treated as a perishable commodity required to reach the terminal markets in time.

According to Little (2005), cross-border migrations during the 1990s witnessed cattle sales increased five times between 1989 and 1998. Although this was due to the disintegration of markets and loss of export trade through the port of Kismayo, the subsequent growth in the scale of CBLT in north-eastern Kenya is attributed to the Somalis understanding of the political and economic landscape in Kenya, including trade seasonality's and patterns of livestock supply and demand in Nairobi and Mombasa.

Another factor is the corruption and the weak enforcement of rules in Kenya (D'Arcy & Cornell, 2016), making it possible for Somali traders to continue with the informal trading culture that governed business during the 1980s in Somalia (Carrier, 2016). Informal fiscal services, trustworthy market brokers and unmonitored trekking systems were responsible for expanding the scale of informal CBLT (Little et al., 2015). The telecommunication network continued to increase financial circulation through remittance, the global connectivity and effective implementation of

economic plans (Hagmann & Stepputat, 2016). CBLT also expanded within Eastern Africa as livestock is considered clean goods (Little et al., 2015) far from the notions that define smuggling.

To manage the impact of drought on the pastoral economy, Somalis diversify their business to evade such risks. For decades, climatic changes have always threatened nomadic pastoralists and their livelihoods in Eastern Africa (Lind, Sabates-wheeler, & Kohnstamm, 2016). Somalis traders shift wealth and re-invest in hardware, textile, electronics and consumer goods that informally cross the porous border into the refugee camps in north-eastern Kenya and extend to Eastleigh in Nairobi (Carrier, 2016; Rasmussen, 2017). Diversifying livestock trade channels and having alternatives has been a mechanism of managing risks for traders in southern Somalia and northern Kenya (Mahmoud, 2008.

Clan ties have also continued to play a key role in providing informal credits, capital and insurance that has enabled Somalis to support each other in expanding business operations, connections and reinvesting assets (Hagmann & Stepputat, 2016). This is best explained because the dissertation identifies trade operators (Somalis) of the same culture and understanding on either side of the borderlands between Kenya and Somalia (Little, 2005). Such homogeneity and cultural ties reinforced the role of Somalis trust in contributing to business cooperation's that expanded cross-border networking (Mahmoud, 2008). It also facilitated financial networking and *hawala* services that enabled wiring of money and informal currency conversions taking place across the border to facilitate the procurement and supply of tradable goods (livestock, textile, *khat*, pharmaceuticals and cereals) between Kenya and Somalia (Little, 2005). It will be shown that the migrations and the expansion of cross-border trading from the late 1990s attracted formal banks and insurance companies from central Kenya to Garissa municipality, which has reduced traders and brokers' risks of carrying large sums of money.

2.5 Institutional changes in Cross-Border Livestock Trading between Kenya and Somalia

This section covers the dynamics of institutions in the Somalia Kenya trade corridor. For decades, political changes and economic development in southern Somalia and north-eastern Kenya have played a key role in institutional changes and behavior along the Somalia-Kenya transboundary corridor. As many writers show, it is important to appreciate the political economy of cross-border trade in the Somali territories and how it has influenced the dynamics of state formation in the

context of weak and failed states (Teka, Azeze, & Gebremariam, 1999; Leeson, 2007; Umar & Baulch, 2007; Mahmoud, 2008; Carrier & Lochery, 2013; Hagmann & Stepputat, 2016).

The Somali clan structure and religious commitment had had a profound effect on the governance of business even in times when formal regulations tended to overshadow informal norms in Somalia and its hinterlands (Luling, 2006). This dissertation traces institutional changes from the pre-colonial times when the customary systems governed rangeland resource use and access in the nomadic pastoral context of Eastern Africa (Dalleo, 1975). Several scholars show that pastoral democracy and economic development provide a platform for tracing such institutional changes in Somalia and Kenya, defining production and trading with the dryland resources (Lewis, 1999; Desta & Coppock, 2004; Hesse & Macgregor, 2006). The council of elders has been instrumental in influencing nomadic mobility, settlements, ethnic conflict, security and trading in northern Somalia and other parts of Somalia (Lewis, 1961). The governance of the pastoral economy, ecology and its related politics in Eastern Africa has undergone decomposition and loss of the customary grazing rights following the state-sanctioned regulations on land use and access both in the colonial and post-colonial Eastern Africa (Fratkin, 1997; Little, 2002)

In the case of CBLT between Somalia and its neighbors, access to caravan routes and water wells has been governed by the clan connection and the need to manage shared protection and reciprocity (Little, 1992). By the 1980s, the loss of trust and disillusionment by the public service in the Barres administration ignited the need to empower informal institutions and the private sector to provide security and resource governance (Little, 2003; Carrier & Lochery, 2013; Carrier, 2016). The success of informal governance in providing public service in Somalia after the collapse of the formal system challenged the focus on formal approaches to state-building (Powell, Ford, & Nowrasteh, 2008; Schlee, 2016). The subsequent efforts to restore the collapsed state branded Somalia a graveyard of externally sponsored state formation strategies (Menkhaus, 2007a). The informal governance system continued to influence patterns of resource use and socio-economic behavior for the Somalis in neighbouring north-eastern Kenya (Little, 2003).

The pervasive resource misuse (D'Arcy & Cornell, 2016) and the weak enforcement of rules on the Kenyan side provided a window for expanding informal cross-border livestock trading and cooperation among various trade operators (Little, 2005). From the lens of logistics and trading,

informality faded as traders source livestock informally and moved towards the formal Kenyan abattoirs and export ports at the coast of Kenya (Little et al., 2015). The structural changes and development of policies that govern border controls and security in Kenya have always conflicted with the informal culture of borderland activities, resulting in harassment and intimidation of livestock trekkers and transporters (Lind & Howell, 2010; Anderson, 2014; Lind, Mutahi, & Oosterom, 2017).

The institutional rules at the borderlands have continued to motivate cross-border trade for the sake of livelihood and also state revenues in Eastern Africa (Little et al., 2015). On the other side, the state marginalization of dryland communities and their pastoral economy is also a key factor influencing institutional behavior at the margins of East African states (Carrier & Lochery, 2013). The absence of administrative services at the borderlands has left pastoral traders with no option other than to operate informally to access markets (Little et al., 2015; Umar & Baulch, 2007). State officials in their erratic patrols have defined imports and exports across unmanned borders as contraband (Teka & Azeze., 2002), or rather a loss in the state revenues, while ignoring the elements of economic marginalization that borders have endured for decades (Little et al., 2015). In the last two decades, the development of disease surveillance, market infrastructure and the vision of IGAD for regional trade integration is motivating traders to comply with international standards (Desta, 2007; Prichard, 2008). Despite efforts to develop the drylands and replace the customary practices with formal regulations, Somalis clan culture and trust have remained resilient enough to govern conflict resolution and risk management within the borderlands (Mahmoud, 2008). Such development shows that there are hybrid rules that the formal governance system can adopt to improve governance of cross-border livestock trading and conflict management at the borderlands of northern Kenya (Haro, Doyo, & Mcpeak, 2003). Some of the institutions that have grown due to the political instabilities within Kenya and Somalia is the brokerage in livestock trade (Little, 1992), the *hawala* systems (Little, 2005) and the livestock trekking associations (Pavanello, 2010), and traders partnerships and associations (Mahmoud, 2008).

2.6 Conceptual framework

The main concept adopted for this dissertation is the value chain governance, which has been applied by Gibbon and Ponte (2005) in their book '*Trading Down; Africa*, *Value Chains and the Global Economy*,' – to explain the effect of global economic development on firms performance and behavior within states in the Sub-Sahara Africa, including Kenya. The Kenyan Agro-food

products, especially the supply of fresh vegetables and coffee to the northern continents, have been analyzed as part of the global value chains. In this dissertation, I apply the concept of value chains to the study of livestock trading along the Somalia-Kenya trade corridor, emphasising livestock flows between the Kismayo region and the Garissa market and the transportation from Garissa towards Garissa Nairobi and also Mombasa. I place livestock trading into the global perspectives by studying livestock volumes and flows across the international borders of Kenya and Somalia..

This dissertation merges the concept of commodity value chains with another supportive concept that reinforces its methodology, including (i) the corridor approach (Hagmann & Stepputat, 2016), which many African trading blocks pay attention to, to define trade and commodity flows (ii) borders and their types (Dobler, 2016), which tends to explain the nature of these borders and their distinct features, (iii) the practical norms (Olivier de Sardan, 2015), which dwells on cultures and practices that emerge or disappear within market places, trade routes and institutions. The thesis's hubs or markets are privileged as nodes for observing key political and economic processes and changes. Nodes are well explained in the concept of Social Network Analysis (SNA), which explains how livestock operators, especially brokers, undertake the role of brokerage in the livestock value chains.

In figure 2.6, the thesis uses different colors in a flow chart to illustrate the flow of livestock from the green corridor, through the grey tarmac to blue export lines of air (Dobler, 2016) and sea where live animals or meat carcass is exported abroad. Later in the thesis, the different colors will explain the role of borders, the types of institutions, the level of infrastructure and resource endowment, and the different actors with their negotiation capacities..

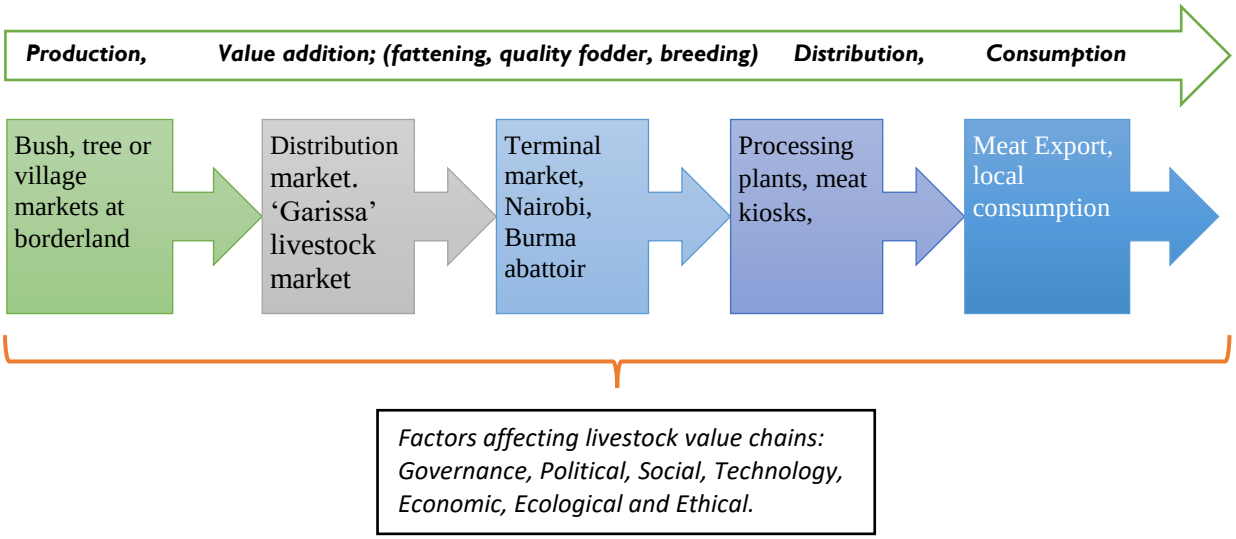

Figure 2.6: Conceptual framework, Source: Porter's value chain (1985)

2.6.1 Value chain analysis

Michael Porters (1985) originally described the value chain concept in his book *'Competitive Advantage: Creating and Sustaining Superior Performance.* Porter's analogy of Global Value Chains (Sturgeon & Gereffi, 2009) is applied in this dissertation. Primary activities will include livestock production, logistics, and livestock sales, while technology, infrastructure, state and non-state influence is categorized as secondary activities. Secondary activities also encompass legal and illegal controls, financial flows, quality controls, and hygiene standards. The value chain concept has been applied in the study of Agro-food products, bicycles and electronics (Gereffi, Humphrey, & Sturgeon, 2005), livestock and livestock products (Aklilu et al., 2002; Pavanello, 2010). However, the limitations of the value chains analysis manifest in the fact that (i) it does not predict the reaction of trade operators to shocks, and (ii) it lacks the time dimension, where the impact of time on variables under analysis is not considered, and (iii) it does not give a representation of the whole economy, but an in-depth analysis of its segment (Bellù, 2013). For example, this dissertation will cover an in-depth analysis of livestock flows between southern Somalia and north-eastern Kenya, without including other key commodities such as *khat* that flows from central Kenya to southern Somalia.

In this dissertation, the livestock value chain analysis approach is used to map trade actors, markets, and the institutions in the Somalia Kenya trade corridor. The analysis is also used to trace

livestock flows, record elements of value addition and the forms of interactions and linkages (Campbell, 2008; Rich, Ross, Baker, & Negassa, 2011). The study explores how state regulations and emerging practices influenced livestock trade and flow in the borderlands of Somalia and Kenya and its impact on supply to Nairobi terminal markets. The analysis focused on price transmission along the livestock value chains and gains of markets actors in each node (Irungu, Ithondeka, Wafula, Wekesa, Wesonga, & Manga, 2014). This analysis was informed by previous scholarship, which identified challenges facing the export value chain, including livestock diseases (Barrett, Chabari, Bailey, Little, & Coppock, 2003; Little, Mahmoud, & Coppock, 2001) lack of adequate livestock population to meet domestic and international demand (McPeak, 2004; Solomon Desta & Coppock, 2004), climate change impacts, market failures, low and erratic prices, inadequate veterinary services, political and economic competition among various market actors (Kaplinsky & Morris, 2000).

2.6.2 Social Network Analysis (SNA)

The Social Network Analysis concept is used to study trade partnerships and interactions among various trade operators, markets and institutions. It supports the value chain concept by focusing on various actors' roles in facilitating CBLT and transport in the Somalia-Kenya trade corridor. The concept was first coined by early sociologists such as George Simmel (2004) in his book '*The Philosophy of money'*, first published in 1978, to explain the social aspect of the money economy. Simmels' work built the work of other pioneer sociologists' such as; Emile Durkheim (1999) – '*Law in a moral domain*,' Jacob Moreno (1943) – '*Sociometry and the cultural order*,' and Ronald Stuart Burt (1995; 2013) – '*structural holes*,' among other scholars. Another key scholar who extended the work of Simmel and Durkheim is Emily Erikson (2011), who reinforced the '*formalist and relationalist theory in the SNA*.' Both Simmel and Durkheim wrote about relationships that connect social factors as part of the first theories that built the Social Network Analysis. Then Karl van Meter (2005) documented the distribution of connections in the networks with the addition of nodes.

This thesis uses the Social Network Analysis concept to define the connections between markets and trade operators and their roles. The nodes in the network are markets within the value chain, and nodes are also market actors who manage the supply and facilitate the flow of livestock, information, finance and risks (Wasserman & Faust, 1994). The SNA was used to appreciate the

connective nature of livestock markets, through the livestock routes and flows, across County borders in northern Kenya and international borders linking Kenya to Somalia and Ethiopia.

The SNA approach is used to check the number of connections and associations within markets and define actors' roles, cultures, interactions, and positions within the market. The concept tries to delineate actors with power within the market. Brokers have been key market actors that link trade operators, markets, and institutions along the Somalia-Kenya trade corridor. Figure 2.7 illustrates how the connections between trade operators and markets separated by the long-distance take place in the Somalia-Kenya trade corridor.

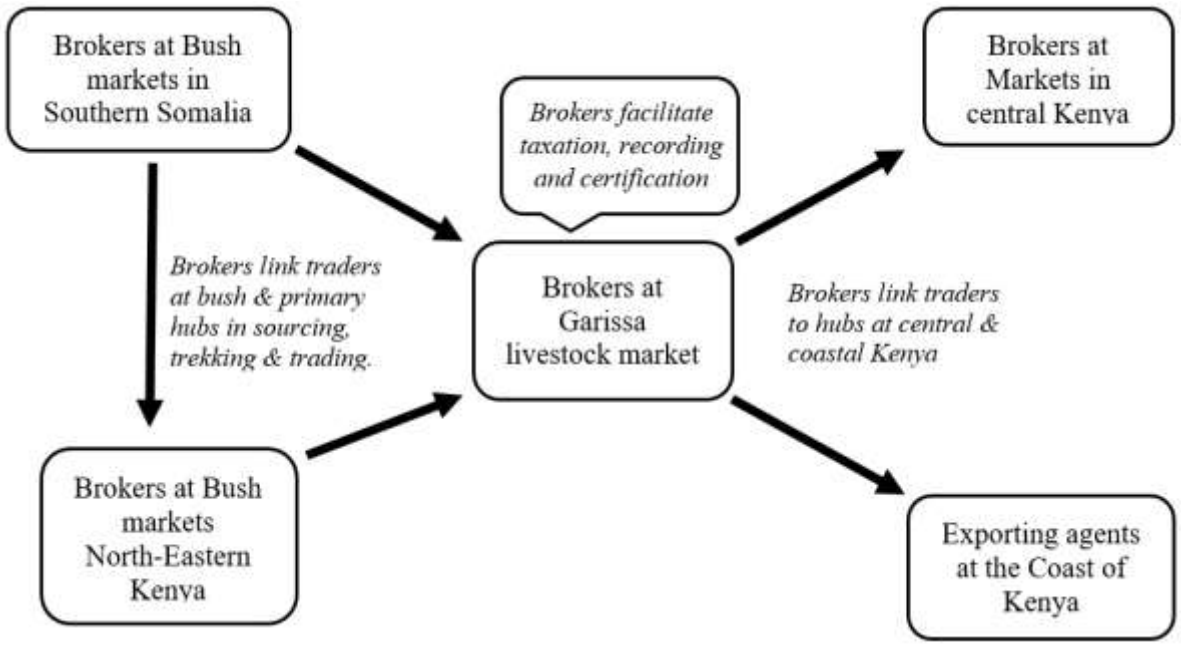

Figure 2.7: Illustration of Brokers network in livestock trading, Source: (Modified Burt, 2004)

Figure 2.7 illustrates the flow of livestock from bush markets through primary markets to Garissa main hub and how they are trucked out of Garissa towards central or coastal regions of Kenya. The arrow shows the direction of flows and some bush markets that trade on cattle in southern Somalia. The brokers are key players in the business, as they facilitate connections and transactions, and link producers, trekkers, traders and butchers located in distant markets.

CHAPTER THREE: METHODOLOGY

3.1 Study area

3.1.1 Trade corridor aspect

This study was conducted in the Somalia-Kenya trade corridor that stretches from Kismayo in Southern Somalia via Garissa in north-eastern Kenya to Nairobi in central Kenya. A value chain approach was used to follow how livestock flows from source markets in Southern Somalia and parts of north-eastern Kenya to Kenya's Central and Coastal regions. This corridor is dominated by the Somali ethnic community, especially between north-eastern Kenya and Southern Somalia, while the business becomes multi-ethnic in central and coastal Kenya. The majority of the Somalis are livestock keepers, and their livelihood and local governments have realized the economic importance of livestock husbandry. Due to insecurity in areas around Kismayo, the fieldwork was conducted in safe and accessible hubs along the corridor, which included Garissa livestock market and Nairobi markets and abattoirs. Formal and informal institutions that influence livestock trade along the Somali-Kenya trade corridor were studied. Information on livestock trading and transport in southern Somalia was obtained from livestock trekkers and brokers. The fieldwork covered 13 months, including the qualitative research and survey of livestock markets.

Since 2013, Garissa has transformed from a District under the North-Eastern Province of Kenya to a County and benefited from the devolution of power and resources. The 47 counties in Kenya, including Garissa, are self-autonomous. They have authority over their inhabitants and undertake taxation and accountability of trade and transport within their administrative boundaries and the transportation of goods in and out of their borders. Garissa County connects Kenya to Southern Somalia. Around six counties of Kenya fall under this trade corridor, starting with Garissa, then Tana-River, Kitui, Machakos, Kiambu, and Nairobi. Other Counties fall in the route linking Garissa to the Coast, as shown in Figure 3.1. The study sites along the corridor included; Market places, abattoirs, Government Ministries, financial institutions, and roadblocks along this corridor.

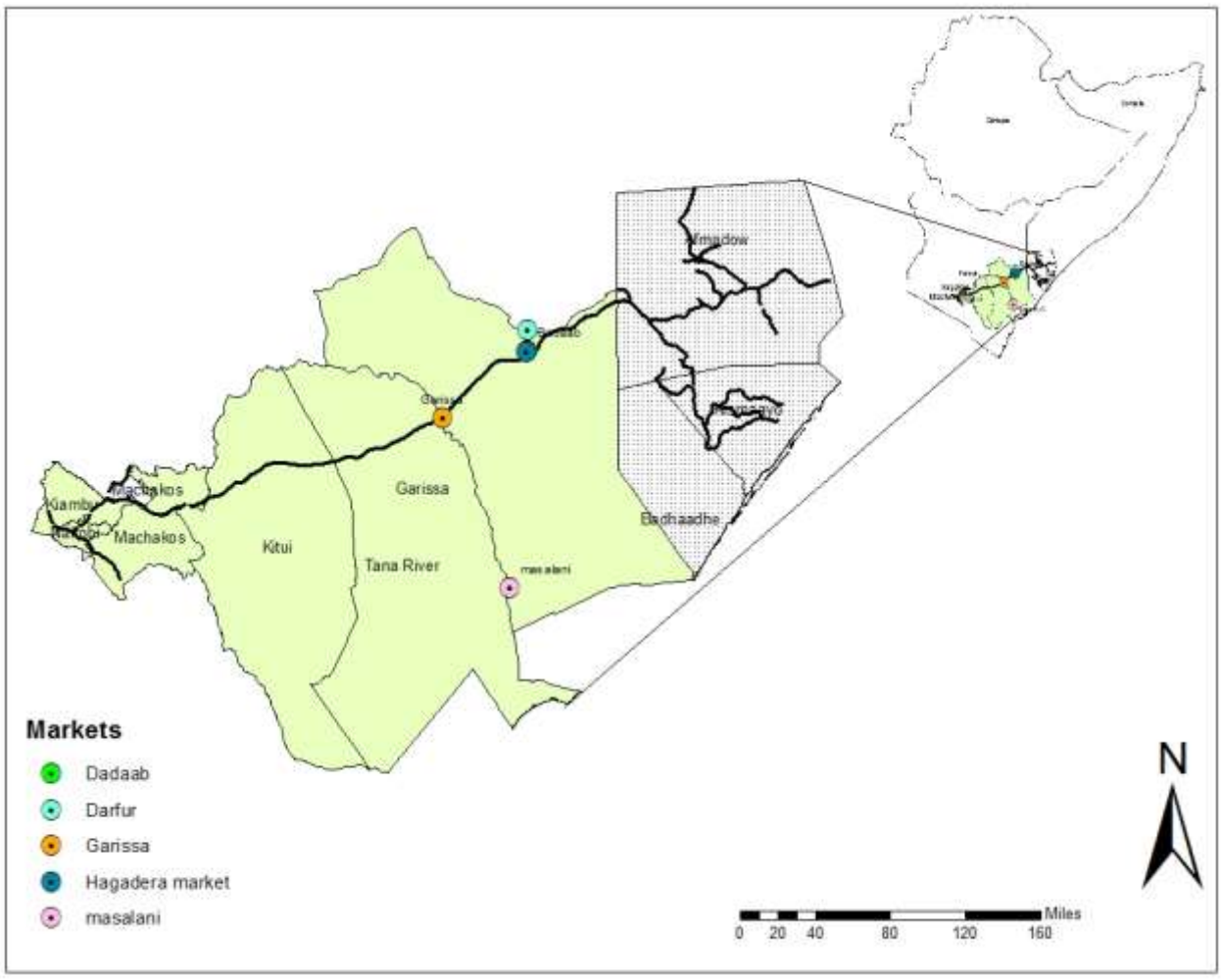

Figure 3.1: Somalia-Kenya trade corridor, source; Open data street map, 2019

3.1.2 Climate of the study area

Most of the Somali inhabited territories are typically arid and semi-arid, conditions that preclude crop production (Little et al., 2001). The rainfall pattern across most Somali territories is seasonal, sometimes low and unreliable (Farah, Nyariki, Ngugi, Noor, & Guliye, 2004). It leads to low pasture production on the rangelands (Doss, McPeak, & Barrett, 2008). Due to overreliance on natural vegetation growth, droughts frequently lead to stresses that result in massive livestock losses and low supply to markets, as witnessed in the drought that ended in April 2017. The rainfall is erratic in supply and stimulates the growth of pasture with a sporadic and scattered mosaic that is inadequate enough to support livestock production (Umar & Baulch, 2007). Pastoralist deploy their stock across the rangelands with vigilance to keep a close distance to stable water resources

such as those of deep water wells (Catley, Lind, & Scoones, 2016). Climate change has historically influenced water and pasture availability along the trade routes causing changes in direction of livestock flows. For example livestock routes that lie along the coast of Indian Ocean are preferred in drought times.

3.1.3 Livestock market actors

Cross-border livestock trading between Kenya and Somalia has attracted public and private investors, companies, institutions, NGOs, intermediaries, petty traders, and transporters who seek direct and indirect benefits from the livestock enterprise. In the Somalia Kenya trade corridor, the bush traders and trekkers dominate the upstream sourcing of livestock, gathering livestock within bush and primary markets. Livestock brokers are the key actors because they link traders, markets and institutions, earn commissions from brokerage, and facilitate service delivery between traders and institutions, such as access to livestock veterinary and Kenya Revenue Authority (KRA) permits issued at the County level. Brokers also ensure that traders receive animals on credit and provide clan protection to female traders and producers. They also contribute to price determination through negotiations depending on the market supply and demand. Brokers have invested in social capital and are trusted by traders to sell or buy on their behalf. Later, informal guarantors who own shops and lodging settle the transactions, mostly ‘tycoons’ (Lochery, 2012), when the traders do not reside closer to the marketplaces. Another important set of actors are the trekkers, who move animals on foot between bush, primary, and secondary markets. Some brokers and agents join trekkers to move animals together to grow their commissions. Most small-scale traders deal with goats and sheep and engage in low business operations. They accumulate low profits by buying and reselling sheep and goats within the same sale yard, escaping the brokers' and taxation burden. The majority of the butchers are mostly men in Nairobi, but in Garissa, women have joined men in trading shoats, butchering, and operating meat kiosks within the municipality. Other market players include; Revenue clerks, veterinary officers, hay sellers, livestock loaders, animal controllers, animal markers, tea girls, and loaders. Market actors keep changing in numbers depending on livestock market supply, although there are other dynamics that influence these demographic changes.

3.1.4 Migration of people and assets

The migration of Somalis is informed by both crisis and business opportunities (Gundel, 2002). Livestock markets in the Somalia Kenya trade corridor have benefited from the increased mobility of Somalis, especially after the state collapse of 1991 and the prolonged absence of the functional government (Menkhaus, 2004; Leeson, 2007; Carrier & Lochery, 2013; Schlee, 2016; Hagmann & Stepputat, 2016). The most significant is the livestock markets' orientation towards the Kenyan sides, leading to increased performance and expansion in north-eastern Kenya. (Carrier & Lochery, 2013). According to Mahmoud (2010), some of the livestock traders from Garissa, who relied on supply from Mandera close to the Gedo region, diversified sourcing markets from southern and central Somalia, including Baidoa, Dinsor, Barthere, and Mogadishu. The migrations also expanded the livestock consumption hubs in Nairobi, including Eastleigh; the little Mogadishu in Nairobi municipality (Carrier, 2016). Although it has grown from an informal settlement in pre-colonial and post-colonial times to a regional business hub, its wealth is linked to the state collapse in Somalia, and the shifting of investment from Somalia, the expansion of informal business networks, and the consolidation of diaspora remittances (Carrier & Lochery, 2013). Restaurants and hotels that expanded to serve the rising number of traders from different East Africa increased meat and camel milk consumption in Eastleigh, the Kiamaiko goat abattoir, and the mlolongo camel abattoirs expanded their operations during the transformation of the Eastleigh hub. Apart from north-eastern Kenya and Nairobi, Somalis extended investments to Eldoret and Mombasa, especially in the clearing and forwarding section at the ports (Abdulsamed, 2011). The Somalis migrations, investments, and clan connections along the Somalia-Kenya trade corridor have influenced the livestock enterprise's performance in north-eastern Kenya even though their high population statistics have been doubted by the Kenyan government (Weitzberg, 2015). Kinship ties along the corridor have facilitated livestock sourcing from southern Somalia and cross-border livestock flows.

3.1.5 Insurgency and armed conflict

The Somalia-Kenya trade corridor has been a fragile zone for decades and has endured political and administrative marginalization (Lochery, 2012), clan conflicts (Abdulsamed, 2011), and insecurity (UN Security Council, 2018). The livestock business and other investments were affected by the so-called *shifta* war and rampant curfews in the 1960s (Whittaker, 2013),

massacres of the 1980s (Lochery, 2012), and then by the heavy militarization following Al-Shabaab activities in the region (International Crisis Group, 2014). In the last decade, the corridor has emerged as a zone of threats, fears, tension, and suspicions because the military personnel cannot differentiate between suspect terror agents and livestock traders. Business people are being harassed and intimidated as the Al Shabaab have proved complex to the security apparatus (Anderson & McKnight, 2014). Livestock trekkers and herders are the most vulnerable as they engage in cross-border livestock trading and movement between bush and primary markets. Kenyan citizens are always in tension and fear as local intelligence indicates a threat that targets public universities, restaurants, and shopping malls. The group is flexible and adjusts to regional states' action and regional diplomatic forces, which reproduces varying and unpredictable outcomes. Conflict among herders leaving between Garissa and Kismayo involves controlling and accessing grazing zones and dry-season water wells. Livestock trekkers who are moving animals from bush markets to Garissa markets shave to forge alliances with all clan representations to facilitate trekking along with hotspot conflict and enable negotiated access to reliable pasture areas and water wells (Mahmoud, 2010).

3.1.6 Business culture in the study area

Somalis have a common culture, language, religion, business aspirations and are distributed on either side of the Somalia-Kenya borderlands. The cultural homogeneity and the informal business networks facilitate cross-border livestock trading. In north-eastern Kenya, Somalis are separated along clan lines which have caused ethnic patronage in the sharing of aid and devolution resources. Business relationships are clan-oriented towards the borderlands and southern Somalia, and informal agreements are based on oral contracts governed by trust. The trade partnerships are business-oriented towards the central and coastal parts of Kenya, where trust created out of experience allows access to informal credits. Somalis' informal transactions are made possible by trust and kinship ties, but they have extended the trust to other business communities coming from central Kenya. These connections facilitate CBLT and the trucking of livestock to consumption hubs. When business traders fall into a loss, they rely on each other through informal lending and reciprocity, which sustain them. Inconsistent compliance to formal regulations by state officials has allowed the ease of access to livestock permits and conveyance of livestock to markets using dilapidated trucks and even at night against state policy of animal welfare.

3.1.7 Infrastructure

Since the emergence of mobile technology and the tarmacking of roads in north-eastern Kenya, informal transactional and business plans have gained efficiency. For example, Brokers and traders who initially facilitated the informal exchange of values can now plan business orders adequately within and across the border using mobile phones. Secondly, since the completion of the Garissa – Nairobi Highway, cattle trucking went up, and most transporters shifted from operating on Garissa – Mombasa to Garissa – Nairobi route due to worsening road conditions. Increased efficiency manifests as trucked cattle take less than eight hours to reach Nairobi than the 14 hours that trucks used to cover along the Garissa Mombasa route. Since the emergence of mobile technology in 2010, traders and producers can access market information efficiently. Mobile technology has also enabled the remittance of money using the Safaricom finance systems (*mpesa*), making small scale traders (petty traders and SMEs) gain a position within the markets. The NGOs improve livestock market infrastructure, including shelters, water, loading ramps, and corralling cottages.

3.2 Study Design and Methodology

3.2.1 Research Design

Multi-stage sampling was used in this study. Market actors were clustered along the corridor according to markets, and further according to their specific roles within each market.

In the first stage, I categorized actors according to Garissa and those from Nairobi. Then within each market, I clustered trade operators according to various roles they partake. I interviewed traders, brokers, hay sellers, and transporters at Garissa market, while butchers at 'Burma' Market, city market, Dagoreti, Njiru, Kiamaiko, Nema, and Mlolongo. I managed to interview the special groups, including women, youth and the disabled, at the Garissa market.

At the second stage, I used simple random sampling in each of the clusters of actors identified. Within the larger clusters, such as traders and brokers, I used the Krejcie and Morgan sample size estimation method to obtain the sample size. I used simple random sampling for the special groups like women, youth and disabled to ensure that each group member had an equal chance of selection. Because disabled people were few, I switched to conventional method to ensure that the first few members became part of the source of information during the data collection.

In the third stage, I used purposive sampling to identify and interview government officials, including revenue clerks, veterinary doctors, bank agents, and insurance agents because they are few in their specialized roles. These categories provide the lens through which the chapter visualize the depth of taxation, controls, monitoring, security and statistics, which defines livestock volumes and flows. I used purposive sampling on the state officials because each officer is specialized and gives information on the discipline where he works best, for example, the veterinary officers, livestock extension officers, statistics officials and the livestock clerk/revenue officers .

In the fourth stage, the convenient sampling method was used for traders and trekkers from Southern Somalia because their scarcity and their presence at the market is unpredictable. Traders in this cluster have important information on how they struggle with informal governance and military at the borderlands and in markets in Southern Somalia. This category was interviewed from the first to the last as they appear at Garissa livestock market, during the period of data collection.

3.2.2.1 Sample frame

Table 3.1 represents the sampling frame for the approximate number of actors along the Somalia-Kenya trade corridor, which was used to draw the sample size to be interviewed.

Table 3.1: Sample frame of categories in livestock market actors

Market actors	Garissa Livestock Market	Study sites along Garissa-Nairobi route
Livestock Traders	120	4 cess stations
Brokers	230	15 Road Blocks
Butchers	20	5 Counties
Transporters	30	3 weigh bridges
Female traders	70	
Veterinary doctors	3	
Hay sellers	0	
Petty traders	70	
Youth	120	
M-pesa	15	
Banks agents	5	

3.2.2.1 Sample Size determination

The sample size was obtained from the clusters of actors using the formula below as described by Chua Lee Chuan, (2006). The method is also known as Krejcie and Morgan sample size estimation method. The method is relevant in studies where the population, ***N***, is known.

$$\boldsymbol{s = \frac{X^2 NP(1-P)}{d^2(N-1)} + X^2 P(1-P)} \qquad \text{..... (i)}$$

Where;

s = required sample size,

$\boldsymbol{X^2}$ = the table value of Chi-square for one degree of freedom at the desired confidence level,

N = the population size,

P = the population proportion (assumed to be 0.50 since this will provide the max. sample size),

d = the degree of accuracy expressed as a proportion (0.05).

This study used 98% confidence Interval to ensure some high degree of precision.

Table 3.2: Sample Size of livestock market actors

Market actors	Total Population	Required sample size
Garissa livestock Traders	320	175
Nairobi abattoir Butchers	280	162
Transporters	30	28
Hay Sellers	45	40
Petty Trader	85	70
Youth	120	92

3.2.2 Data Collection Methods

The thesis uses qualitative methods during the first seven months of data collection (between January and July 2018), as Johnson and Onwuegbuzie (2010) emphasised. They discussed the importance of mixed research approaches in data collection. Data collection was inspired by the importance of the triangulation technique that has been recommended in the analysis of social phenomena. The qualitative methods used in this study allowed for a deeper engagement with research participants and market actors in developing more inquiries.

3.2.2.1 Participatory Observation

An ethnographic study was conducted in July 2017 within Garissa livestock markets, abattoirs, and meat kiosks to understand the Somali trading culture. This was supported by selecting the reliable research assistant who was employed during the data collection period to facilitate the translations during the participatory observation and the qualitative data collection phase. The researcher engaged with traders on a daily basis during the period of ethnographic learning. The participatory observation was used as anthropologists recommended triangulation technique in the assessment of social phenomena. Observations and note-taking was done during the fieldwork.

The writer interacted with traders, brokers, loaders and hay sellers daily to understand how they negotiate and discover market prices. A common culture was holding hands and throwing up and down rhythmically during negotiations. They will be chanting prices in turn to the point of an agreement. The hands separate when they disagree or agree on the animal prices. When traders disagree, the hands separate slowly, and traders retreat to observe animal conditions before engaging in a second negotiation round. But when traders agree, the buyer takes the animal and cage it or corrals it within the market, making payments in the evening.

3.2.2.2 Focus Group Discussions

Seven focus group discussions and another seven informal discussions were conducted with actors at Garissa and Nairobi markets, each with 5-7 participants. Because Somalis society is patriarchal, where women have less confidence to share their business experience, male and female participants' focus group discussion was separated. Hence, the participants were of the same sex in all the discussions as the culture of the Somali community prohibits women from sitting among men. Table 3.3 shows how many discussions were done with traders along the corridor. Checklists, Structured and unstructured questionnaires were used during the enquiries. The data collected was used to validate other qualitative and quantitative data.

Table 3.3 Overview of focus group discussions held

Interviews	No:	Additional interviews
FGD with female traders at Garissa	2	
FGD with brokers	1	3 informal discussions
FGD with male traders/brokers	4	4 informal discussion with brokers
FGD with trekkers	1	1 Informal discussion

Informal FGD with butchers (Dagoreti)	1

3.2.2.3 Key informant interviews

Key informant interviews were done with government officials, traders, and officials working with the local and international NGOs. Some of the interviewees were traders, brokers and butchers. Forty-six key informant interviews were done, with 32 conducted at Garissa and 14 at Nairobi. The follow-up discussions were conducted using oral discussions while others were on the phone by calling during the writing process to confirm some observations. Table 3.4 shows the actors matrix and the number of actors during the period of data collectionTable 3.4. Respondents' matrix

Interviews	No:	Remarks
Formal interviews	15	5 follow up discussions
Interviews with Individual traders	14	9 informal
FGD with female traders at Garissa	2	
FGD with Brokers	1	5 informal discussions
FGD with Traders/brokers	4	Some traders are brokers
FGD with trekkers	1	Informal discussion with them afterwards.
Female trader interview	1	
Transporters	4	Most traders are transporters
Veterinary doctors	4	At Garissa and Dagoreti (Nairobi)
KDF officer	1	
Loaders/animal controllers	3	2 more informal discussions
Abattoir operators	4	At Garissa and Nairobi
Survey of traders	51	Using sampling techniques

3.2.3 Data Analysis

3.2.3.1 Analytical Framework

Qualitative approaches in both data collection and analysis carried three-quarters of this study. Mixed research approaches were used, where text data and numbers from livestock markets were integrated into the analysis and communication of changes, shocks and puzzles, reliable meanings, and further used in making projections. Livestock volumes are continuous data, and multiple regression analysis was used to study the impact of institutions on volumes using stepwise and elastic-Net regression, which are both performed by SPSS20 software.

3.2.3.2 Qualitative Analysis

Data analysis started with qualitative methods where field notes were analysed using Nvivo12 software. The software was used to segregate data, generate themes, and identify emerging themes and sub-themes in processes that involve categorizing data and abstracting theories. The field notes were exploratory data involving narratives by market actors about their experience with livestock markets, other actors, and institutions. Verbatim and other words that communicate different meanings, attitudes, and challenges were also factored in the analysis. The theory was built from an analysis of attitudes and direct quotes by market actors. The data was mainly field notes, diaries, and notepads, which were used during data analysis (Cappell, 2000).

The Nvivo12 software was used in data indexing to ensure ease of access and data manipulation. Descriptive analysis was also used to discuss summaries on the evolution of actors, markets, and institutions. Codding enabled text segregation and categorization (Cappell, 2000; Abdi, 2001). Based on data collection at the border points, the analysis also factored classifying actors, animal species, and institutions according to native and alien (Lund, 2014). Inductive approaches (H. R. Bernard, 1988) were also used where empirical findings were used to support and compare with emerging theories in other parts of the world. The software was recommended as it was able to perform econometric analysis to provide an opportunity for programming and data manipulation (Baum, 2006).

3.2.3.3 Quantitative Analysis

3.2.3.3.1 Market structure

The Gini coefficient and the Lorenz curve (Gastwirth, 1972; Kakwani & Podder, 1976) is used to determine the concentration of traders at market places. The volumes traded are affected by market demand and seasonal variations.

The Gini coefficient is calculated using the formula by Tiku et al. (2012) and Gastwirth (1972);

$G = 1 - \sum XY$ …… (i)

Where; G is the value of the Gini coefficient,

X is the % of traders,

Y is the cumulative % proportion of sales

Segregating quantities traded by traders obtain X and their numbers arranged from the smallest to the largest. Each category is computed against the total number of interviewed traders - 51 interviewees. The data is presented in a table to make analysis and projections possible for cattle and small ruminant traders. The two livestock species are the most highly traded compared to camels and donkeys, and the interviewed traders are used in the analysis. Then the Lorenz curve for the two sets of traders is drawn on the same plane and used to explain their concentration ratio and income distribution.

3.2.3.3.2 Market conduct

The behaviour of market participants was determined using the degree of price collusion, practical norms of buying and selling, differentiation of livestock species, and traders strategies used in creating and maintaining customers. Price discovery and collusion are governed by brokerage, where middle men and traders use negotiations based on the number of animals traded and animal body conditions in price discovery. The analysis focused on preferred practices by traders and not brokers so that the chapter shows the investment behaviour and its challenges.

3.2.3.3.3 Market performance

Gross margins are used to assess the profitability of business to individual traders or firms. It is the difference between the gross-income accrued and the variable costs incurred by the traders (Aklilu et al., 2002). Gross margins are calculated using the formula by (Tiku et al., 2012);

$$\boldsymbol{GM = TR - VC} \qquad \textbf{…….. (ii)}$$

Where; GM the gross margin of trader,

TR is the total revenue from the traded animals,

VC is the variable costs incurred by the trader.

To capture the Gross-Margin for the bush traders at Southern Somalia and north-eastern Kenya, the chapter uses costs incurred along the livestock value chains for moving 25 cattle by foot between southern Somalia and Garissa market and the costs of trucking the same number of cattle in one truck, from Garissa to Nairobi.

The number of goats and sheep per trekker is 40 to 50, and the same number could fit in one lorry. Most of the small ruminants were coming from the borderland markets, including Fafi, Hulugho, Liboi, among others within Garissa and neighbouring counties. Most of them are traded within the local value chain, with some of the agents from export channels supplying to consumer markets in central and coastal parts of Kenya. Most sheep and goats are trucked from bush markets using motorbikes and small cars (*dominant Probox cars*). Distance from markets and high transaction costs exclude small scale traders from venturing into the export channels.

Marketing Margins tends to review the costs of marketing services (Zeb, Khan, Nabi, & Nawaz, 2007). The Market margin is the difference between prices at two points, for example between southern Somalia and north-eastern Kenya. The formulae for calculating total gross marketing margins (TGMM) is adopted from Zeb et al. (2007) and Tiku et al. (2012).

$$\boldsymbol{TGMM = \frac{SP-BP}{SP} \times 100} \qquad \textbf{..... (iii)}$$

Where; TGMM is the total gross marketing margins

SP is the selling price of cattle by medium traders in US$/head,

BP is the buying price of cattle by traders in US$/head,

The marketing margin indicates the charges paid for the marketing services for the product from southern Somalia to Garissa, and additional services to central or coastal Kenya. Most of the uncompetitive markets have high marketing margins, especially in CBLT analysis where processing of meat is not the focus of the analysis.

Marketing efficiency is used to check the possibility of executing additional services to increase the marketing in the business. The formulae for marketing efficiency is adopted from Tiku et al. (2012);

$$Me = 100 - \frac{Marketing\ Costs}{Marketing\ Margins} \times 100 \qquad \text{..... (iv)}$$

The total marketing costs and the marketing margins are used to calculate the marketing efficiency. The marketing efficiency is used to evaluate profitability of CBLT and its potential to absorb additional unit of value addition or marketing services including processing.

3.2.4 Combining qualitative and Quantitative data

I used mixed-method research and triangulation to increase the accuracy of the data collection process. I started the qualitative data collection with the field visit in April 2017 and the ethnographic data collection in July 2018. I collected field notes, livestock statistics, and prices during the two field visits. The aim was to understand the field conditions and prepare for the actual field research study. I began the qualitative field data collection from January 2018 to July 2018, where I gathered field notes, images, and video clips. I typed all the field notes and fed them into the NVivo 12 software analysis tool. After analysing the field notes, I proceeded to carry out a field survey between November 2018 and February 2019. The survey data was fed into the IBM SPSS Statistics 20 software for the analysis of the quantitative data.

The field notes allowed me to discuss the meaning of the data I had obtained in the survey. The anthropological data collection methods that I employed enabled me to understand trends and phenomena that emerged from the dynamics of formal and informal institutions along the Somalia-Kenya trade corridor. The ethnographic phase enabled me to understand the business culture at the market places, including processes of livestock acquisition, then the negotiations and how transactions are settled. Qualitative data enabled me to understand and explain the changes in the livestock volumes, prices, market operators, and its driving factors.

3.2.5 Research ethics

Before researching any site in Kenya, academic and individual researchers are required to obtain research permits from the National Commission for Science, Technology and Innovation (NACOSTI). The permit is valid for a specific duration and the proposed study site. After obtaining the permit, I made copies to the academic institution (University of Nairobi) and carried copies with me. I will always show a copy to any institution before talking to them about my research study. NACOSTI offices are located at Upper Kabete off Waiyaki way near Loresho.

Before making enquiries from the groups and individual interviewees, I will always ensure that they stay anonymous in my field notes to give them confidence during the discussion. Most of the state officials I interviewed remained with a copy of my research permit in their office files. I always signed the visitor's book for every state and NGO office that I visited.

The most sensitive issue in my research was investigating the impact of insecurity in north-eastern Kenya on livestock trade and mobility. I used to ask this question differently, linking it to cattle rustling rather than Al Shabaab. The government increased security surveillance of north-eastern Kenya implicates researchers of other disciplines as media or state intelligence units. To avoid this, I will show all the trade operators and potential respondents my student ID, which has my image. It was easier for market actors who have no formal education to understand that I am a student far from being a government official or spy.

Female traders in Garissa will not be allowed to stay in isolation with male researchers or take tea with a male person. I conducted the majority of the interviews in an open place within the market as male traders listened, but most of them were cooperating by allowing female traders to give their opinion. Mostly, the brokers and the traders were giving confidence to female traders to continue responding to researchers' enquiries.

In my reports, most of the names of the respondents are with-held, as some of the issues discussed in the Somalia-Kenya corridor may compromise their safety. The tension between the Somalis business community, Al-Shabaab, and the Kenyan military makes the trade corridor very sensitive, and suspicions are still high. Clannism also contributes to the tension as many of the complainants from government offices and marketplaces are feeling excluded from the devolved government resources in both employments and contracts.

3.2.6 Research methods limitations

Insecurity was the key limitation to exploring the entire corridor linking Kismayo to Garissa. Much of the study, including interviews, narratives, and structured and unstructured discussions, was held at Garissa sale yard. Livestock transporters (car drivers and livestock trekkers) from primary markets such as Fafi, Hulugho, and Liboi were interviewed at Garissa. The cattle trek from southern Somalia, the Afmadow area, and other primary markets are traded in small quantities. Insecurity and the constant pursuit of insurgency groups in the region by military intelligence also make research and media activities very difficult. Sometimes traders and brokers need to build confidence before interviews are started. Paradoxically, they can agree to a photo-taking using a mobile phone, but cameras and recording devises are not welcomed by interviewees, as such gadgets will define you as a spy or a media personnel pursuing government interest.

The busy schedule of livestock traders or brokers always delays the completion of interviews, or some interviews are stopped along the way as new orders arrive from terminal markets. The chances of meeting again become very difficult as traders travel to terminal markets or trekkers want to resume their journey back towards the borderland to take their next assignment. The best approach in most times was engaging in many informal discussions as you walk around the market with the brokers and traders.

CHAPTER FOUR: FUSING FORMAL AND INFORMAL TRADING: EMERGING PRACTICES IN THE LIVESTOCK VALUE CHAINS BETWEEN KENYA AND SOMALIA

4.1 Introduction

This chapter is inspired by the concept of 'global value chains,' which is well documented (Gibbon & Ponte, 2005; Gereffi, Sturgeon & Gereffi 2009; Ponte, Kelling, Jespersen & Kruijssen 2014). It analyses the governance of CBLT between Kenya and Somalia and the relevance for state formation processes in Somali occupied parts of Eastern Africa. The study takes a corridor approach to document how business operators navigate severe regulations (Hagmann & Stepputat 2016), unpredictable security, logistical challenges and exploitative authorities to access functional markets. Garissa, the central livestock accumulation and transition hub along the Somalia–Kenya trade corridor, is the centre of my analysis. Garissa connects livestock production and source sites in southern Somalia and parts of north-eastern Kenya to livestock markets in central and coastal regions of Kenya. Institutional multiplicity along the Somali-Kenya trade corridor makes the enabling environment unpredictable, where market operators navigate fragile spaces and encounter multiple formal and informal practices and various agents of regulatory authorities (Roitman 2005). This chapter argues that formal processes cannot replace clan-based ones and that the interaction between the two has produced 'practical norms' (Olivier de Sardan 2015) that govern cross-border livestock trading, markets and animal trek routes (*wada-ya-safarey*).

Livestock markets (*suuqa-hola*) and routes are informal in the borderlands, to the south of Jubbaland, and then are partially governed by state officials in northeastern Kenya. The entire corridor that links the south coast of Somalia to central Kenya is populated by different authorities that exert varying degrees of control. Besides state officials from Jubbaland and the Kenyan government, the thesis shows the presence of clan arbitrators (Ssereo 2003), warlords, clan militias, Al-Shabaab, religious leaders, advocacy and youth '*welal'* groups, formal and informal companies, associations (of women '*bilaan'*, of traders, brokers '*dilaal'*, transporters, trekkers and butchers '*bujur-low'*, hay sellers, and veterinary drug brokers among others). Emerging authorities include agro-pastoral associations and conservancy groups, some of which also control grazing spaces, markets, and trade routes. The clan system and the socio-economic and political

fragmentation (Ssereo 2003; Taraboulsi-McCarthy, Majid & Willitts-King 2017) only add to the multiplicity of authorities. Often different authorities cooperate to ensure peace (*nabat*) and security for business and livelihoods, and conflicts are settled informally. For example, the negotiation for the release of the two Cuban doctors, abducted in April 2019 from Mandera County of north-eastern Kenya by Al-Shabaab, was negotiated by Somali clan elders, and any diplomatic process between Kenya and Somalia would likely have worsened the situation. Besides contesting control on parts of Juba land, Al-Shabaab use abductions, taxation and other strategies to generate income and extend authority (Maruf & Joseph 2018).

The key nodes along the corridor are Nairobi, Garissa and Kismayo, but there are also numerous bush livestock markets and sparsely distributed primary markets connected by a dense network of livestock routes. Animals flow from bush/village markets to primary markets, to Garissa market, and then get trucked to abattoirs in central Kenya where the meat is sold on open markets and kiosks, to restaurants and homes. The high meat prices in Kenya indicate an insufficient supply. Therefore cross-border livestock trading complements domestic production. Major livestock source sites are at the remote borderlands - shared with Tanzania, Ethiopia, Somalia, Sudan and Uganda, where the relative absence of state institutions render most cross-border trading informal.

Informal governance of cross-border trade and its plurality of social norms is not limited to the Horn of Africa – Somalia, Ethiopia and Kenya (Little 2005; Mahmoud 2010; Little *et al.* 2015). Such informal transactions have been widely documented across sub-Saharan Africa (Lesser & Moise-Leeman 2009), Congo, Sudan and Uganda (Titeca 2009; Titeca & Herdt 2010; Schomerus & Titeca 2012), West Africa – Nigeria, Niger, Benin and Togo (Hashim & Meagher 1999; Golub 2012; Aker, Klein, O'Connell, & Yang. 2014), Mozambique, Tanzania, Malawi, Zimbabwe, Swaziland and South Africa (Macamo 1999: Ndlela 2006) East Africa – Kenya and Uganda (Okuro 2011), and Gambia and Senegal (Golub 2009). However, the consequences of these informal transactions vary in nature and from state to state. For example, Merry (2006) noted how they undermined the formal economy in Gambia and Benin and how armed groups associated with the informal trade ravaged societies in Sierra Leone and DRC Congo, while Meagher (2014) shows how they empowered insurgency activities in Senegal and Somalia. Rasmussen (2017) and Journalists For Justice (2015) have documented how peacekeeping forces in Somalia have become

involved in illegal sugar trading across the border and the low moral standards of state officials expected to participate in resurrecting Somalia.

After the state collapse of 1991, Somalia's illicit economy seemed to thrive – relying on the organic public authority that emerged from the coalition of business groups, traditional authorities, and civic groups (Menkhaus 2007). The revival of business connections and social networking as witnessed by the shareholder, liberal and capitalist economy inspired notions such as 'better off stateless' (Leeson 2007). Many scholars romanticized Somali customary law as a reliable mechanism for the provision of justice in comparison with the situation before the state collapsed (Abdulsamed 2011; Schlee 2016). In the Somalia hinterlands, success stories of informality revealed trade networks expanding into neighboring hubs like Eastleigh in Nairobi and attracting entrepreneurs from East and Central Africa (Carrier & Lochery 2013). However, sometimes, the dominance of informal transactions attracted suspicion – linking Somali investments with smuggling and Indian Ocean piracy (Dua 2013). Up to the present day, the borderland of Kenya and Somalia is associated with terrorism (Lind & Howell 2010), civil unrest (Bakonyi 2009), smuggling (Golub 2015), and migration which many consider a threat to regional peace (Carrier & Lochery 2013). Despite the contradictions, the brand of an 'economy without a state' (Little 2003; 2005; Webersik 2006) and its success narratives has been used to showcase the adaptive nature of the Somali economy in the absence of a functional state. Although cross-border migration and trading had been going on between Kenya and Somalia before and after the decolonization of the 1950s to late 1960s, the Somalia state collapse triggered unprecedented mass migration that expanded cross-border networks (Ahmed & Green 1999). The expansion of livestock flows oriented towards Kenya coincided with the trade liberalization of 1980 to 1990 - that opened Kenyan borders to regional trade integration (Gertz 2008).

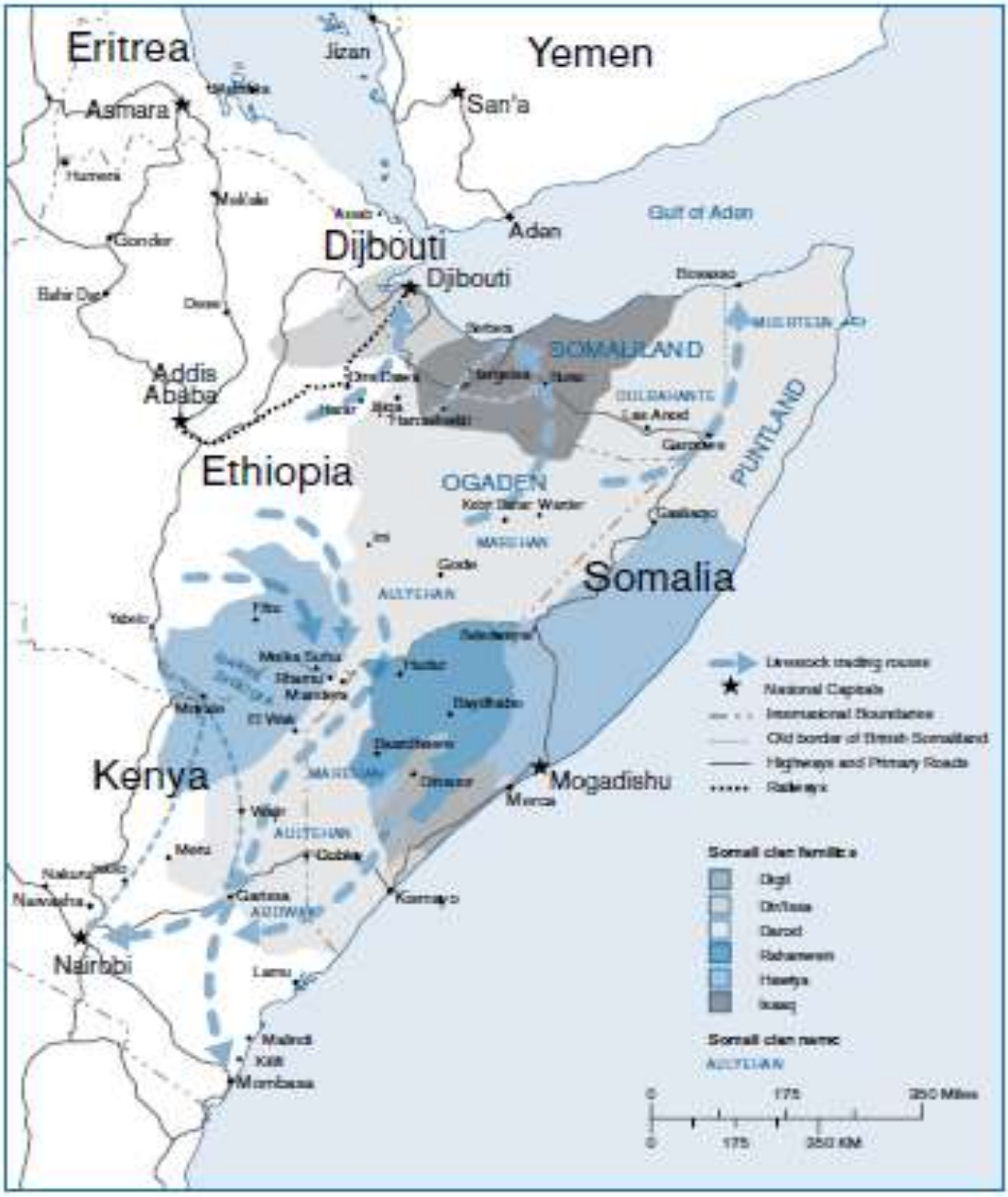

Figure 4.1: Livestock trade routes in the Horn of Africa, Source: Mahmoud 2010

When handling debates over fragile states, the thesis contributes to analysing state formation dynamics by reviewing emerging social order in the presence of state and non-state institutions. The thesis borrows from Olivier de Sardan (2015) to analyse routine practices along the trade corridor and from other authors writing on state formation on African states rather than cases in Europe or North America (Vu 2010; Spruyt 2011). The introduction of official norms has

conflicted with the local authorities in many places in Africa. It attempts to set up external programmes (such as aid, awareness, and policy reforms) that have often been misguided and thus destined to fail from the beginning. The societies within which market channels and institutions are embedded analyse exogenous reforms possible – most work has been on how they influence local governance.

Olivier de Sardan (2015) noted that local administrations in Africa have failed to adhere to Western models of regulation, procedures, and legislation. Furthermore, the spectre of state failure in Africa has motivated external interventions that usually ignore local dynamics of state formation (Jamal 1988; Webersik 2004; D'Arcy & Cornell 2016; Ismail 2016). Regarding Somali East Africa, instead of enforcing state regulations, Kenyan state officials have turned a blind eye to the socio-economic behavior that governs informal imports of livestock from Somalia (see Little *et al*. 2015) to allow the business to continue.

Although Little (2005) and Mahmoud (2008) have documented informal governance of livestock trading within the Horn of Africa, recent trends and dynamics in livestock markets in the context of evolving conflict, insecurity, and devolution in Kenya have so far not been recorded. This dissertation is among the first to speak on practical norms in the livestock value chains within trade corridors in Africa, where state and non-state institutions interact and produce undocumented yet generally accepted norms. Presently, the environment continues to be challenging for researchers, and reliable statistics remain scarce.

This chapter is informed by seven-nine months of ethnographic and qualitative data collection conducted mainly in and around Garissa and at Nairobi livestock sales yards and abattoirs. Forty-six interviews were conducted, seven focus group discussions with traders, trekkers, and brokers, and ethnography was used to produce field notes. Multimedia and secondary materials complemented the field notes. Key informants were conducted with NGOs and with officials working in the state departments of agriculture, livestock, and veterinary services in Garissa County.

4.2 Methodology

Insecurity and the busy program of traders influenced the data collection process. Data on traders' resilience with heavy regional militarization and the aspirations of insurgency groups were not

documented due to limited access and insecurity in the Juba land. As a result, the chapter does not include how livestock trekkers in southern Somalia evade taxation points by insurgency groups, as they do for other formal barriers within the corridor. Most traders in north-eastern Kenya feared speaking about Al-Shabaab as the Kenyan state apparatus has increased security surveillance, which has entailed harassment by them and intimidation of youth. The other limitation is that livestock traders who are willing to discuss insurgency activities do not speak good Swahili, which increases the risk of falsification of information when additional translators are involved.

4.3 Review of Socio-Political situations in Kenya and Somalia (1960s–1991)

The institutional orders that govern commodity flow within Somalia and its hinterlands have been modified by past and present socio-political and economic conditions. The state rupture in Somalia and loss of control over its territories rendered the nation a collapsed state and its shared borderlands with Kenya and Ethiopia unstable (Ahmed & Green 1999). Failed attempts to reconstruct order from within and from abroad have divined Somalia as a graveyard of bottom-up and top-down state-building efforts (Battera 2003; Bryden 2004). As a result, Somalia has endured an extended period of statelessness (Leeson 2007; Carrier & Lochery 2013), where many transactions have relied on trust (Mahmoud 2008). The aftermath of political situations (during the Ogaden war of 1977-1978, and Somalia state collapse by 1991) and policy reforms (on trade, security, and immigration in Kenya) have influenced the regulations on livestock trade. The Kismayo–Garissa–Nairobi corridor is not an exception; it continues to endure from a political history where possibilities for investments, logistics, and trading are challenged.

On the Somali side of the border, the Siad Barre regime has had the most influential political history, in particular the resultant patterns of governance. Barre began with a ‘socialist ideology in 1969, focused at reducing clannism and corruption and nurturing an inclusive democracy. The first phase was dominated by economic growth, increased literacy, trade, and industrial production (Lewis 2002). But, when Barre’s military was defeated (in 1978) in the Ogaden War, the nation plunged into crisis (Laitin 1979). The short-lived joy was followed by disillusionment with military dictatorship and increased decomposition of formal institutions, which discouraged investment and undermined social welfare (Mubarak 1997). The situation was characterized by a downward economic spiral, repression and mismanagement of external aid (Gundel 2002). State predation forced investors to search for business ventures outside Somalia. Somalis began moving

to Kenya from the early 1980s and continued in war (1987-1990). After 1991, a large number of Somalis shifted businesses to Kenya. Their migration and increased population expanded informal livestock markets in north-eastern Kenya.

On the Kenyan side of the border, in Garissa town, elders still remember the times when the British established Garrisons and the independence of 1963. The Northern Frontier District (NFD) was treated as a buffer zone, a frontier between Kenya and Somalia where strict measures were put in place. The continuous territorial militarization and denial of political opinion spread fears and suspicion (Lochery 2012). The regulated mobility and territorial contestations accompanied the intimidating denial of the cessation of 1962. In reaction, people in the NFD engaged in attacks on state officers as an objection strategy. The government reacted by declaring a state of emergency that continued as the Shifta War of 1964 to 1967 (ibid.) The NFD became a terrain of fear, suspicion, and curfews, where businesses closed early. Survival raids began as the Kenyan state had confiscated livestock from herders to undermine livelihoods. Also, subsequent massacres left the NFD fragile, with increasing mistrust of state institutions and their policy reforms (Menkhaus 2015).

Later, decades of economic and political marginalization left Somalis in north-eastern Kenya with no better option than to operate informally (Omiti & Irungu 2002). In Kenya, Somali business acumen encountered a weak regulatory system where petty corruption made informal transactions possible. Despite policy changes on equitable distribution of resources in the decentralized system after 2013 (D'Arcy & Cornell 2016), the unstable security situation undermined developmental agendas. When insurgency activities spilt over from Somalia in 2010, the situation got worse. Terror threats exposed the weakness of the security forces and the public mistrust (International Crisis Group 2014). Despite the involvement of the international community in controlling the insurgency activities that undermine business along the Garissa–Kismayo corridor, military personnel have been lured by the wealth in the charcoal and sugar illicit business and forgotten their role (Rasmussen 2017).

While insecurity in Somalia caused livestock investors to shift their resources and businesses to north-eastern Kenya, non-Somali Kenyans have been afraid of investing in this area. The opening of borders in the late 1980s (Gertz 2008) motivated many immigrant entrepreneurs to compete for

economic spaces in Nairobi (in Eastleigh) and increased cash circulation and diaspora remittances. The expansion of 'little Mogadishu' from an informal settlement to a commercial hub (Carrier 2016) influenced meat consumption. The number of camels and goats was slaughtered in the neighboring abattoirs (Mlolongo and Kiamaiko, respectively) to double. New restaurants were established while old ones expanded to serve the rising population of meat consumers from different regions of Kenya. Slaughtering units at Kiamaiko increased from nine to the current fifteen, and the daily slaughter shoats increased from an average of 700 goats to more than 1300 sheep and goats per day.

Paradoxically, the weak enforcement of state laws in north-eastern Kenya made it a key destination for investment that escapes dire conditions in Somalia. Even though corruption and multiple taxations point to increased logistical costs, livestock traders agree that the situation was better than being under the oppressive reign of Barre; 1969 to1991. The key reason given is the relative safety in Kenya, which allows for Somali traders to recover their assets and operate through trust and reciprocity, for example, by relying on informal credit (Hagmann & Stepputat 2016).

Thus, the drivers of informal CBLT between Kenya and Somalia range from the failure of the Somali state and market channels to population movement to Kenya, high demand for meat in Kenya, access to functional markets and the weak presence of state institutions in north-eastern Kenya, combined with the cultural homogeneity and clan ties on both sides of the border. The trust created by kinship ties plays a role in the exchange of livestock at the border points, especially for traders to cross the border illegitimately. For exporting traders, seeking legal protection and pursuing markets outside the Horn of Africa continues to motivate large-scale livestock sourcing from primary markets in the south of Jubbaland and trucking to central and coastal regions of Kenya, where export ports are located. As a result, cattle sales at Garissa increased by four folds in the years after the Somalia state collapse, from 24,395 in 1989 to 108,210 by 2001 (Little 2005).

4.3.1 Hybridity and livestock trading

The contribution of informal livestock flows to livelihoods and revenues in the Horn of Africa makes no distinction between legal and illegal trade (Little *et al.,* 2015). The social norms emerging from the practices of multiple regulatory authorities do not appear illicit but rather are widely seen as acceptable practices (Olivier de Sardan 2015). Since much of the CBLT operates

outside of state control in eastern Africa (Little 2005; Little *et al.* 2015; Kefale 2019), legitimacy is a sensitive issue at high levels of the state bureaucracy because traceability of imported livestock and the production process is not defined.

At the margins of the Kenyan state, including Garissa County, local government allow informal business regulations to govern business. But informality does not imply that there are no rules for informal practices. On the contrary, there are rules and violations of informal standards taken very seriously. For example, there are sanctions for trekkers delaying bringing animals to the market within an agreed number of days. In addition, traders striking a deal with two buyers on the same animals or for transporters repairing trucks has to inform other members along the value chain about such an incident, which affects the momentum of 'goods' (livestock) reaching the market in time.

However, laws and state policies also influence how the business operates at the state margins. For example, the major dynamics of livestock routes are shaped by attempts to circumvent existing border regulations, increased security surveillance, and clan-controlled routes. The fact that controls are negotiable results in the failure to implement quality regulations on livestock trading across international boundaries that characterizes many African states. Observations by Little *et al.* (2015) in the Horn of Africa show that states are mostly interested in taxing the informal flows of livestock due to the level of wealth they represent, while they neglect the improvement of market infrastructures.

In many parts of Africa, the informal sector is plagued by suspect sourcing, traceability, and compliance issues, despite huge public and private investments potentials. In the absence of state protection and control, livestock trade becomes vulnerable to exogenous shocks, such as international livestock bans (author's field note 2018). In addition, multiple taxes and bribes restrict weak traders from growing profits and transiting out of localized operations. Traders engaged in large-scale livestock sourcing manage such risks by cooperating with agents of regulatory authorities to access terminal and export markets. The interaction of traders with various regulatory authorities along the Somalia–Kenya transboundary corridor has produced a hybridity of norms that govern livestock value chains, with the proliferation and the dominance of informal

institutions undermining state authority from below – evident at the margins of East African states (Meagher 2009).

In this chapter, hybridity refers to the amalgamation of formal and informal institutional orders, expressed in the plurality of social norms in border hubs, where public and private investors, service providers, traders/brokers, and social groups are expressed interact in the exchange of values. By focusing on hybridity, the thesis privileges the role of unpredictable outcomes of state regulations and institutions on local experiences, including the importance of working social relations for peacebuilding and state formation. For the analysis of states operating under fragile conditions, Clements *et al.* (2007) have suggested the notion of hybrid political order – arising from mutual accommodation of state and customary institutions that better understand the key dynamics that strengthen resilience and diminish fragility. Failure of hybrid orders has been documented in the Buganda Kingdom in Uganda, where institutional multiplicity and disputes over land and decentralization resulted in violence (Goodfellow & Lindemann 2013). Nevertheless, the land is static while livestock markets and routes are dynamic, and the state seems to shift with markets to tax informal CBLT within the Horn of Africa (Little *et al*., 2015). In the South Pacific, political hybridity is produced by the resilience of customary norms and their resistance to modern state bureaucracy (Clements *et al.*, 2007). The customary resilience differs from the East African case where, in addition to elements of customary order, hybridity is produced when the blind eye of the state allows commodities (livestock) to flow along informal channels (Little *et al.*, 2015). Attempts to enforce formal regulations produce an adjustment that results in new layers of social norms. These layers define some goods as more illicit than others (arms and narcotics versus livestock) (Schendel & Abraham 2005). However, reforms directed at regulating the licit (but illegal) trade are considered perverse (monitoring livestock movement to enforce multiple taxations or optimising disease surveillance). In the next section, I will discuss the livestock value chains to illustrate how this hybrid order manifests itself in the practices of trade operators engaged in facilitating the transmission of livestock along the Somalia–Kenya transboundary corridor.

4.4 Findings: Livestock trade value chains between Kenya and Somalia

This thesis recognises the development of the concept of global value chains and their analytical applications (Bellù 2013). The thesis explains processes of livestock sourcing, concentration,

upgrading and redistribution. It contributes to the analysis of livestock value chains in developing countries (Teka, Azeze & Gebremariam 1999; Rich, Ross, Baker & Negassa 2011) by presenting a case of CBLT within the Horn of Africa, including the various processes and practices involved in the conveyance of livestock from source, through phases of upscaling at the local (county) and national level, and delivery to consumption points (see figure 4.2).

Figure 4.2: Value chain illustration, Source: Adapted from Nyokabi (2015)

Figure 4.2 illustrates both formal and informal institutions that influence negotiations and transactions. Institutional multiplicity and social relations among market actors and service providers influence livestock flows. The emergence of mobile phone technology has added efficiency to informal transactions in business planning and financing through mobile money transfer and banking services. Like other value chain analyses, this thesis examines how export-oriented livestock traders respond to buyers' expectations and how local governance processes influence competitive advantages (Humphrey & Schmitz 2000) among traders in the livestock value chains discussed in this paper. In the Somalia–Kenya trade corridor, the daily purchasing, transportation and reselling of livestock continues as actors accumulate varying amounts of profit along the chain. The price transmission analysis along the chain reveals a downstream increase in profit accumulation. The fewer the mediators and transition markets, the higher the profits. Thus, traders who purchase from the bush markets and bypass Garissa while supplying directly to Nairobi make a net profit of approximately 150%.[23] Intermediaries and trekkers, engaged in transactions and moving animals, respectively, interact with authorities along the corridor. Regulatory authorities exercise control in varying degrees along the value chains. The Kenyan state officials are very hesitant to restrict informal cross-border livestock imports from Somalia – despite the official border closure in the wake of the Al Shabaab attack in 2014 – as livestock supports livelihoods and contributes revenue to the border communities.

[23] Based on a group discussion with traders in Garissa sales-yards on 21st January, 2018 and the analysis of price differences and transmission along the livestock value chains.

To add a geographical dimension to the analysis, this study applies Dobler's (2016) typology of cross-border trade and transport corridors in Africa: The ‘green’ corridors where goods are conveyed between bush markets and along paths where vehicles don’t go; the ‘grey’ corridors that take their name from the (tarmacked) roads; and the ‘blue’ corridors where planes or ships cross borders. This analysis applies the typology to different parts of the value chains and the kind of government interaction they permit. However, this study is limited to the green and grey corridors as it does not track the goods to the Kenyan export markets.

Empirical observations for this study reveal three livestock value chains: One chain relates to a trans-national network of livestock operators that supply national markets in the central and coastal parts of Kenya; a second chain is related to a local network of poor, mainly female actors operating primarily in and around Garissa; and finally, an export value chain that channels some 30% of the livestock sourced in the Somali–Kenyan borderlands to markets abroad. All the three value chains rely on the informal import of livestock from markets in southern Somalia and north-eastern Kenya.

Value chain overlap occurs in sharing source hubs and routes, where livestock producers, herders, and trekkers manage logistical arrangements. Due to their understanding of borderland institutional landscape, trekkers move animals within villages markets, so this corridor falls under the ‘green’ type of African corridors (Dobler 2016). The thesis shows that most negotiations are informal, and kinship maintains the social fabric that facilitates trade and protection, as noted by Mahmoud (2008).

The value chains split downstream as animals reach – or sometimes bypass Garissa. Some animals continue to the abattoirs and markets in central Kenya from where designated export abattoirs supply meat, which is then airlifted to export markets. Others flow towards the coastal region to the holding grounds near Mombasa port before being shipped alive to the Gulf States. As the following analysis shows, the three value chains are distinguished by the actors involved, the animals traded, the negotiation capacities of trade operators vis-à-vis the institutions they encounter along the chain, the transport mechanisms used, and the length of the chain (Rich *et al.* 2011).

4.4.1 The Transnational Value Chain

The transnational value chain is the longest chain with many powerful actors who are more resilient to adverse logistical and institutional dynamics. Their business has a high operating capital, generates large profits and is characterized by accumulation and reinvestment. This value chain links southern Somalia to Kenya's central and coastal regions, where imported animals are consumed or exported. This chain overlaps with the local value chain upstream between the Garissa sales yard and surrounding feeder markets. The export value chain downstream towards central Kenyan abattoirs and the holding grounds at the coast where animals await shipment abroad. In Dobler's (2016) terms, this chain is divided between a 'green' part between southern Somalia and Garissa and a 'grey' part between Garissa and Nairobi or the coast.

The operators in the value chain are predominantly Somalis, who dominate business in Garissa and upstream into Somalia and towards the Ethiopian border. Because of the politics and threats of Al-Shabaab, non-Somalis do not feel safe in these areas. Somali traders, trekkers and brokers, connected through clan and kinship ties, use clan/kinship ties to aid in gathering, accumulating and trekking or trucking livestock across the border to the Kenyan side. Downstream from Garissa, in the terminal markets, business-oriented partnerships develop across different ethnicities based on experiences and interactions. Such partnerships involve Somalis, Kikuyus, Kambas, Pokomo and Maasai.[24]

In this section, the thesis will follow the goods from the sourcing in the Somali–Kenyan borderlands, to Garissa livestock market, along the roads from Garissa to Nairobi and the coast, and finally to the terminal markets and abattoirs in Nairobi. Garissa's market is also a destination hub for Somali traders who bring camels, goats and cattle from the borderlands of Kenya with Somalia and Ethiopia. The livestock producers, herders and trekkers are mostly illiterate Somalis, who prefer transacting with their clan middlemen for protection. Most brokers are Kenyan Somalis, presumably bilingual but with little understanding of Swahili. Hence over 90% of brokers and sellers at the Garissa market and surrounding bush and primary markets are Somali. Also,

[24] Interview with a butcher at Dagoreti market on 16th July, 2018. The Maasai are mostly brokers at Dagoreti, the largest domestic abattoir in central Kenya. They have displaced Kikuyus because most suppliers are Maasai and other Nilotic speakers from the Rift Valley.

trucks plying the Kismayo–Garissa route are mainly operated by young Somalis, whereas beyond Garissa, both Somalis and non-Somalis engage in trucking of livestock to other parts of Kenya

Traders from central and coastal Kenya use agents to source and truck livestock from Garissa and sometimes from the borderlands. These wealthy merchants influence market politics and have more extended connections that govern daily or weekly livestock sourcing through either trekking or trucking. Throughout the value chain, this chapter shows the resilience of trekkers, transporters and traders who endure high transaction costs arising from logistical challenges, including; multiple taxations, bribery, and highway corruption. These costs exclude small traders from this value chain. As a result, the trade between the borderlands and central and coastal Kenya is mainly managed by medium traders who make up approximately 80%. The remaining 20% are wealthy traders who dominate the export.

In terms of gender, female traders make up less than 15%.[25] Most of these have inherited the business from their fathers. Limiting factors to female livestock trading include less financial capital, insecurity, mistrust of brokers and the danger of carrying cash when sourcing livestock in the remote borderlands, where banking facilities have been absent for decades. From a simple random sampling of 51 traders in a survey done in late 2018 and early 2019, in the Garissa livestock market, the proportion of women was 13.7% (see table 4.1).

Table 4.1: Gender distribution of livestock traders at Garissa livestock market

Gender		Frequency	Percentage
Valid	Male	44	86.3
	Female	7	13.7
	Total	51	100.0

Source: thesis survey data (2019)

A single animal is bought and resold several times throughout the value chain by different market actors (traders, brokers, and butchers) from bush markets through primary, secondary and terminal markets. Bush and primary markets in the borderlands act as source hubs. The high livestock

[25] The percentage was generated from the data collected through triangulation. Focus discussions, participatory observation, and individual interviews were used, and finally confirmed by the analysis of the survey data collected from Garissa livestock market. A simple random sampling technique and SPSS was used in a survey of 51 traders. Results showed that the proportion of female traders was 13.7%.

production potential of the Lower Juba means that livestock concentrate on the Kenyan border, where bush and primary markets are scattered. Bush markets, according to Pavanello (2010), Eid (2014) and Little *et al.* (2015), are small informal livestock markets located in pastoral settlements and at water points, where producers sell a few stocks to small-scale traders and brokers, who trek animals to larger primary markets which are distributed across north-eastern Kenya and southern Somalia.

From Garissa's remote borderlands, Prices decrease eastwards and further into southern Somalia. Logistical costs arising from long-distance sourcing explain why livestock prices at the borderlands or far down in southern Somalia are 50% below the average prices at Garissa. For example, goats are bought at around US$20–25 in Afmadow or Liboi in Somalia, and even more cheaply further into Somalia; they are trucked and resold at US$30–35 at the Garissa market. Their financial capital depends on how far Garissa traders can source their animals. Some medium traders can source from markets across the border, including Afmadow and Hosingow, while others gather stock from markets at the Kenyan borderland (Liboi, Hulugho) or around Garissa County.

Whether livestock is trekked or trucked to the border, various actors claim the authority to tax it on the way. Clan militias, warlords, Al-Shabaab, and Jubbaland authorities are among those who exercise authority through taxation in southern Somalia (UN Security Council 2018). According to the UN monitoring group (UN Security Council 2018), Al-Shabaab, for example, collects about US$10 million annually through taxation of goods flowing through their checkpoints. Amounts vary along the fragile trade corridor, with traders reporting multiple informal taxations. Livestock trekkers interviewed in the Garissa market report multiple informal taxes on the way to Kenya and mentioned that informal taxation in southern Somalia is not negotiable like in Kenya. They depict agents of the warlords as very arrogant and aggressive towards those who do not belong to their clan. Traders have to pay an estimated US$10 for every large livestock (cattle) and US$2 for small stock (goats) in one instance of taxation en-route to Kenya. They say they are used to the exercise and can even pass the collection point and agree to pay the next time they pass the checkpoint when clan representatives are among the trekkers. The Jubbaland government also collects taxes, but traders did not mention the amount, and this discussion appeared sensitive and suspect.

On the Kenyan side of the border, trekkers encounter the military agencies that harass livestock caravans heading for the Kenyan markets. Numerous bush and primary markets scattered along with the border act as transition nodes for livestock coming from Somalia or as departure points for animals produced from north-eastern Kenya. The urge to access reliable markets motivates cooperation between youths (who are trekkers, traders, brokers) from southern Somalia and those on the Kenyan side. The two groups exchange livestock at the border, and those who can legitimately trek in Kenya continue with livestock up to Garissa town. Trekkers without Kenyan ID cards evade military surveillance using '*rat'* routes in the bush. Sometimes, trekkers who understand Swahili negotiate for colleagues to be allowed to trek animals with them to Garissa whenever they encounter military checks.

Driven by the prospect of good profits, all animals flow towards the Garissa livestock market – the largest hub in East and Central Africa – where traders gather to purchase primarily cattle every Wednesday (*arbaca*). High demand is the pulling factor for animals to flow towards Garissa as oligopolistic merchants dominate livestock sourcing from Garissa and control fattening ranches at the coast of Kenya. Since the Somalia state collapse, Garissa has expanded as a hub for animals heading for Kenyan consumption centres. Animals from Somalia encounter Kenyan state institutions at Garissa, including statistics officials, veterinary certification, and export clearing. Here, state officials are posted to record and document animal volumes to facilitate formal and informal taxation of traded animals.

Table 4.2 gives records for cattle traded at Garissa market, with around 70% coming from cross-border livestock flows, and the rest from domestic production. Camels come from Ethiopia and the north-east, while cattle and donkeys come from southern Somalia, and a high fraction of shoats[26] come from within north-eastern Kenya. Every morning small cars and motorbikes drop a large number of goats and sheep in the market – originating from Hulugho, Mbalambala, Fafi, Dadaab, Masalani, and other primary markets within north-eastern Kenya. Since registration systems are not well developed, the records in table 2 represent around 80–90% of the total volumes. The high numbers in 2018 are as a result of improved record-keeping after the devolution

[26] Shoats is a common word used to refer small ruminants, i.e. sheep and goats.

of resources in 2013. According to the director of livestock production, vegetation that covered north-eastern Kenya after the floods of 2017 favoured production of shoats (see table 4.2).

Table 4.2: Livestock volumes from cross-border trade recorded at Garissa livestock market

Year	Cattle	Camels	Sheep	Goats	Sub-total
2010	132,000	1,680	8,280	54,000	197,970
2011	66,500	4,680	5,400	63,000	141,591
2012	115,200	5,400	3,600	72,000	198,212
2013	177,600	4,680	6,300	108,000	298,593
2014	108,000	4,680	2,160	9,750	126,604
2015	118,818	5,120	2,425	9,750	126,604
2016	42,743	1,021	4,563	51,678	100,005
2017	11,970	240	2,492	9,478	23,241
2018	50,343	5,694	9,460	180,795	246,292

Source: Kenya Livestock Marketing Council (Garissa), and Livestock Production office Garissa County Government

As the statistics reveal, numbers vary substantially, reflecting droughts in particular.[27] In good seasons, approximately 8,000 head of cattle and 11,000 sheep and goats are traded in Garissa every week. These numbers are surpassed in the best seasons by an additional 30–50%, which makes prices drop evenly by 30%. Drops in prices also happen when herders in the Rift Valley and north-eastern Kenya dispose of large volumes of stock in times of looming drought. Brokers monitor such conditions to predict prices. Changes in demand also affect prices, as in the case of international import bans, religious festivals, and national budget releases. Livestock sales during religious festivals (Christmas and Hajj seasons) go up by 15–20%. During school holidays, household meat consumption rises slightly due to family dietary demands for protein. Drought also affects the volumes supplied to markets; for example, markets dried out in the last quarter of 2016.

As the largest hub for livestock trade in this part of Africa, Garissa has important private and public services to facilitate and control the trade. The town is effectively considered a port of import, and

[27] Interview with the veterinary doctor at Garissa - State Department of Livestock, on 19th January 2018, he explained that very few animals were recorded in the last quarter of 2016 due to drought as animals were taken back to the south coast of Somalia and Kenyan coastal ranches in search of pasture.

traders who want to truck livestock from here to central and coastal Kenya need official documents from revenue and veterinary departments, for example, an export permit and a movement permit, respectively. In Garissa, the municipality has the authority to tax livestock trade. With over 8,000 head of cattle converging on Garissa every week in the best season, and with the taxation of cattle standing at US$1.80 per head, Garissa municipality generates an estimated revenue of more than US$60,000 from cattle alone in a good month. This excludes revenues from goats, sheep, and camels.

Garissa also has financial services. Since the Somalia state collapse, US dollars have dominated as the medium of exchange in southern Somalia. In the absence of financial institutions in the borderlands and with the public mistrust of the Somali shilling, Garissa has around eleven forex companies (locally called *hawalas*)[28] to facilitate exchange between Kenyan shillings and US dollars. Six of these are formal, including Dahabshil, Iftin, Amal, and Tawakal, some of which are facing state accountability procedures to limit the activities of the terrorists' financial networks in the region.

From Garissa, traders ferry their cattle, mainly by truck, to either the coast or to Nairobi. Medium traders normally share a truck between three and five of them. Around 25 to 27 Grade II cattle fit in one short truck, a 'lorry', and medium traders do not have enough animals to warrant hiring a truck of their own. Such cooperation makes them face risks together and manage logistical liabilities, which would have been impossible if operating as an individual.

Between Garissa and Nairobi, navigating strict regulations to sustain access to formal markets has deepened these interactions between traders and state officials. Somali traders have learned to cooperate with state officials and comply with informal pursuit, detention, prosecution, fining and release of livestock trucks. Here, the highway police assume the role of the judiciary. Through such informal highway courts, alternative regulation patterns have emerged between the formal and the informal. To give an example, early 2018 witnessed the emergence of policies to delimit livestock trucking at night concerning animal welfare, theft, and other security concerns. This reform was reinforcing the regulations of Cap. 360 in the Laws of Kenya on the prevention of

[28] The *hawala* system has been a common feature of migrant communities in Asia, Latin America, Turkey, and North Africa (Bradbury 2008). The word *xawala* (in Somali) or *hawala* (in Urdu and Hindi) is of Arabic origin, (used by Arab traders in South Asia) to mean a promissory note or bill of exchange (ibid.) Both formal and informal remittance companies are referred to as *xawala* in Somali territories.

cruelty to animals, dating back from 1984. Instead of arresting livestock transporters at night, state officials will remind traders of the seriousness of breaking such laws. The aim is to reduce the negotiation capacity of transporters for informal fees (*fitri*) to stay high. Hence, transporters on average have to pay US$20 at night compared to the US$2 paid at daytime at each checkpoint, including both fixed and randomly occurring ones. The random checkpoints double to number up to 15 or more at times of security alerts.

Traders feel such regulations are not realistic as daytime temperatures sometimes reach 39^0 Celsius in the north-east and the coastal belt and expose animals to suffocation. According to Aden, who is ten years in the transport business, poor road conditions between Garissa and coastal towns have discouraged most traders from using this route, and most trucks have shifted to the Nairobi–Garissa route.[29] When weak animals arrive at terminal markets, additional expenses are required to restore their condition. One cow costs US$1.50 per day, including payments for the herd boy, access to fodder, and corralling at night. Such costs arise when buyers are few, or animal volumes are high, causing the selling to stretch across more days.

In central Kenya, the transnational livestock value chain supplies large and small ruminants to formal and informal abattoirs, including Dagoreti, Njiru, Kiamaiko, Mlolongo, Nema and Hurlingham Ltd., among others, most of which are privately managed. Kiamaiko and Mlolongo supply chevon/mutton and camel meat to the Somali business hub, Eastleigh. Kiamaiko slaughters 1300–1500 goats and sheep daily, Dagoreti 900 to 1100 cattle, and Njiru around 700 to 900 cattle. These three together are responsible for 30–40% of animals[30] slaughtered at formal and informal abattoirs in central Kenya.

Most abattoirs in central Kenya are restricted to supplying meat for domestic consumption only due to their questionable hygiene and sanitation standards. There is limited state focus on improving the abattoir infrastructure to meet international standards. Besides, the upgrading efforts in the few contracts issued have been tainted by fraud, leading to shoddy or incomplete

[29] Interview with a transporter, Aden, at Garissa livestock market on 19 April 2017. Aden, who had been in the transport business for ten years, was also looking for opportunities. It was a drought season and animals were few, and Aden said the season had reduced business opportunities hence they transported sometimes on credit and got paid when the animals were sold at the terminal market. It is a common practice that animals receive transportation permits, but contracts between traders and transporters remain oral, and informal. No cases of disagreements were reported.

[30] Interview with a trader at Dagoreti, in 24th July 2018.

constructions. According to a manager at Dagoreti, promises of government support to avoid closure have proven to be empty. Furthermore, the devolution process has increased state neglect of the facility as, while still under the management of Nairobi municipality, it also falls within Kiambu County. Being a private facility, both authorities are collecting taxes without supporting improvement efforts.[31] Kiamaiko, located in an informal settlement, is among the abattoirs that face threat of closure from hygiene inspection officials. In January 2018 it was closed for two weeks by the National Environment and Management Authority (NEMA) due to poor hygiene.

Looking at the price transmission along the entire value chain, this thesis traces how livestock generates huge amounts of profits. For example, grade II cattle bought from southern Somalia at US$200 each are resold at the primary markets like Hulugho at US$250. The buyer from Hulugho resells in the Garissa market at US$350–400, from where they are trucked to Nairobi and resold at US$500 to butchers. The butchers in Nairobi slaughter and sell (based on carcass weight) at US$750 to retail butchers from the open markets, such as the city market or Burma in Eastleigh, who then sell at US$850 (see table 4.3).

Table 4.3: Cost of supplying cattle from southern Somalia and Garissa to Nairobi markets

Activity (Based on Grade II cattle prices)	Market actor involved	Amount (US$)	Remarks
Price of cattle in southern Somalia	Bush traders, herders	200.00	per head
Trekking rates to Garissa	Trekkers, herder	70.00	lump sum
Trucking costs to Garissa	Traders, transporters	15.00	per head
Cattle price at primary hubs; Hulugho	Brokers, traders	250.00	per head
Cattle price at Garissa	Brokers, traders	400.00	per head
Brokerage fee at Garissa	Brokers	10.00	per head
Trucking one bull to Nairobi	Transporter, trade agents	20.00	per head
County Government revenues	Tax clerks,	3.50	per head
'No Objection Permit'	Veterinary department	40.00	lump sum
'Movement permit'	Veterinary department	20.00	lump sum
Cottage rent, load, and control fees	Loaders (*hamal*)	80.00	lump sum
Yard fees at Nairobi markets	Private managers	15.00	lump sum
Brokerage fees at Nairobi	Brokers fees	5.00	per head
Throat sleeting	Somali butchers	7.00	per head

[31] Interview with the manager of Nyongara unit, the second-largest unit at Dagoreti abattoir, 21st July 2018. During the interview, the manager was worried about a drone that was recording aerial images, and he was certain that the National Environment Management Authority (NEMA) was threatening to close the abattoir, after closing Kiamaiko market over hygiene issues in April 2018 for two weeks (see Maurine Kinyanjui, 'Kiamaiko goat market to close over hygiene, ownership issues', 12th December 2018, *The Star*, Kenya). Dagoreti has survived negotiation with management and is responding to hygiene requirements.

Veterinary examination,	Veterinary doctors	2.00	per head
Beef sold to butchers in Burma	Butchers in Dagoreti	750.00	per head
Beef sold to butchers operating kiosks	Open market butchers	850.00	per head
Communication, fodder, water costs	Traders & transporters	50.00	lump sum

Source: thesis field notes (2018)

Sometimes, rich traders bypass a number of intermediaries by purchasing directly from southern Somalia or the borderlands and trucking to Nairobi, making a profit of more than 150% on each animal: one cow purchased at US$200 in southern Somalia fetches US$500–550 at markets in central or coastal regions of Kenya. Wealthy traders own trucks, employ family members, and absorb the costs of fuel and trade permits in the high number of animals being traded. Some of these traders have acquired livestock ranches on a lease and shares in the Kenya Meat Commission (KMC), hence supplying the export value chain. Major challenges in the transnational value chain include the limited number of certified abattoirs, unpredictable security and structural instability at borderlands, limited capital, high transaction costs, and the risk of multiple taxations. These economic, environmental, and institutional challenges (Irungu *et al.* 2014) restrict a large number of traders to staying in specialized sections of the chain.

Throughout the chain, the thesis notes how the interaction of formal and informal controls produce social norms governing these transactions and how the flows of livestock move in and out of informality. For example, the value chain is formed by strong informal practices in southern Somalia, weak regulatory systems in north-eastern Kenya, and central Kenya's partial enforcement of standards. Traded animals gain formal status along the way as they acquire movement permits, veterinary certification, and enter into government statistics on their way out of Garissa, to central Kenya.

4.4.2 The local value chain

The relatively high transaction costs, price volatility (Barret & Luseno 2003), and logistical challenges in the transnational value chain tend to exclude small traders. Nevertheless, a segment of small Somali traders has managed to stay in business in the local value chain, which reaches from bush and primary markets on the Kenyan side of the border to Garissa meat kiosks and

restaurants. Although they understand clan and borderland politics, their sourcing is generally restricted to the Kenyan side due to their limited capital and the unpredictable security situation.

Operators in the local value chain accumulate small profits and deal mostly in small stock, which consumers in and around Garissa prefer. When sourcing from the borderland, traders, on average, make a profit of up to US$10 per head. Others, however, buy and resell within Garissa sales-yards to evade taxation, making a profit of US$5. The eyes of state officials are focused on the larger quantities of animals moving to distant markets and in need of disease surveillance and official documents.

Garissa abattoirs are part of the local chain, and on average, per day, they slaughter 80–100 goats and sheep, 15–20 camels, and 2–3 cattle.[32] From the abattoirs, the carcasses are distributed to meat kiosks, restaurants (USAID 2010), and military camps within Garissa municipality, as well as to the nearest urban centre across the river – Madogo – in Tana River County. Somalis mostly consume goats, sheep, and camels, while cattle are less preferred and serve a commercial purpose. Between 30–40% of the small ruminants sold at Garissa sales-yard are slaughtered locally while the rest leave Garissa for central Kenya. The poorer traders buy and resell less than three to seven goats and sheep per week, depending on their working capital, while wealthier female traders and brokers trade up to seven–twelve goats and sheep per week, accruing US$5–10 per head in profit. Table 4.4 indicates the costs incurred when sourcing goats and sheep from southern Somalia, or at the bush markets at the borderlands, and supplying to the slaughterhouse in Garissa municipality.

Table 4.4: Costs incurred by traders in the local value chain

Items (in reference to goats/sheep)	Costs in KSh.[33]
Goat price/head in southern Somalia	1,500–2,000
Goat price/head in Kenyan borderland (120 km from Garissa)	2,000–2,500
Goat price/head at Garissa market	3,500–4,500
Broker fee	100
Transportation of live goats/sheep to the abattoir	100
Slaughter house fees	100
Transportation of the meat carcass to the meat kiosks	100
Veterinary certification and clearance	70

[32] Interview with abattoir manager and veterinary doctor on 18 January 2018.
[33] During the time of data collection from January to July 2018, the conversion rate for the US Dollar was 1US$ = KSh 100. However there were times when one dollar cost KSh 102.

Taxation by County government	100
Communication	50

Source: writers field notes, Garissa livestock market (May 2018)

As shown in table 4.4, price transmission in the value chains is relative to logistical liabilities and spatial distribution of markets. For example, the prices of animals purchased in the borderlands of Kenya and Somalia are half the selling prices at Garissa. Besides geographical influence, animal traits (Barrett, Chabari, Bailey, Little & Coppock 2003) and their condition and health status (Negassa, Costagli, Matete & Jabbar 2008) influence prices. At Garissa, the average prices for grade II cattle are US$400–450; camels at US$600-700; and goats and sheep at US$35-45. Prices are slightly higher for grade I animals. Meat prices at Garissa are constant, with camel meat costing US$6.00 per kg, chevon and mutton costing US$4.80 per kg, and finally beef costing US$4.00 per kg.

The dominant actors in the local chain are female traders, who make up 80% of the traders. In May 2018, about 35 to 50 women were involved in daily trading and brokerage of goats and sheep; another 15 women worked in the Garissa abattoir, while more than 20 operated meat kiosks in Garissa municipality. Most of them are Somalis of the Ogaden clans *Aulihan* and *Abudwakh*, while other minor clans are socially, politically and economically marginalized. Most female traders are either divorced or widows with young children to feed and educate. Economic and disability conditions constrict the few men to the local chain. Some of them are hired by female traders to extend livestock sourcing from primary markets in the borderlands, where female traders can safely visit, to bush markets where women cannot go for reasons of safety.

Most female traders survive in the market through informal credit and insurance (USAID 2010). Besides, state officials are always hesitant to harass poor widows (*agony*), and apparently, there is less pressure from higher levels in the bureaucracy to enforce taxation of this segment. It is a norm that both formal and informal authorities seek to protect vulnerable traders against theft or fraud, partly motivated by religious mores. In the local value chain, butchers are the only operators who

pay taxes to the local government. Taxes are kept low (US$1 per goat/sheep)[34] as the operating capital of butchers is unstable and vulnerable to the risks of trade and logistics.

Living in a patriarchal society,[35] female traders have limited influence on market-related politics. Nevertheless, all the female traders have appealed for strict regulation on compliance and influence selective authorization of taxation. The majority of the protestors against taxation and politicized foreign aid are female traders engaged in petty trade within Garissa, and they have created formal and informal associations for seeking legal support and protection from their difficult conditions.

Thus, confronted with the poor operators in the local value chain, state officials are empathic and humanitarian about the female traders' predicaments and ignore enforcement of state rules that could jeopardize their survival. As I will discuss later, the selective application of the law has become a practical norm that helps sustain the local value chain.

In general, the limited operating capital and the multiple risks of operation in the other value chains restrict traders in the local value chain from growing and extending their operation beyond the local area. However, female traders with many relatives and few children can grow their businesses to become more powerful and resilient and thus capable of sustaining the logistical and institutional challenges in the transnational livestock value chain, as was discussed in the preceding section.

4.4.3 The export value chain

The export livestock value chain overlaps with the downstream part of the transnational value chain but branches out towards export-oriented abattoirs in Nairobi and holding grounds on the coast near Mombasa, where livestock is exported to Mauritius, the Gulf states. The overlap occurs as traders share similar sourcing at the Garissa hub and logistical challenges en route to central

[34] The average exchange rate for the US$1 in the period of data collection (January–July 2018) was KSh 100. Local traders prefer this rate, which is rounded off to the nearest ten to avoid problems of carrying coins in bags. The weight of coins makes trekking difficult because purchasing of livestock takes place at the remote borderlands where PSV vehicles cannot go.

[35] The Somalis tend to exclude women from decision making processes. Livestock trading in north-eastern Kenya was run by men until 2004, when desperation pushed widows and divorced women into the livestock business in search of livelihoods. Since the culture allows polygamy, divorced women and widows are many, with the majority doing petty trade at Garissa livestock market; vending camel milk, clothes, fodder, tea and operating small kiosks. I conducted interviews while taking tea in April 2018 at kiosk number 012, within Garissa sales-yard. Women are slowly getting empowered and some engage in both livestock trade and brokerage.

and coastal Kenya. While Somali traders work through clan-based networks in the borderlands, they partner with non-Somalis at the export ports at the coast and the terminal abattoirs in Nairobi.[36] This section will first look at the branch that ends in Nairobi's export abattoirs, and thereafter at the costal route to the fattening grounds.

Exporters engage in large-scale sourcing, slaughtering, and exporting carcasses destined for abroad. Most purchase animals from sales-yards around the terminal abattoirs and sometimes from secondary border markets, such as Garissa, Moyale and Migori. Hassan, who has been ten years in livestock brokerage, knows at least five agents of exporters who purchase animals directly from southern Somalia to avoid brokers in Garissa. Hassan says they are very powerful, wealthy *(taajir)* traders with political connections and engage in large-scale operations. Through clan-based networks of brokers in southern Somalia, each exporter sources and transports 150–200 cattle weekly, especially in the good market season. When terminal prices on average reach US$500–550 per head, each agent generates a profit of more than US$30,000 per week when related costs are deducted. Trucks operated by these traders stop at the Garissa administration post to acquire livestock movement and veterinary permits. Including the purchases by medium traders, this dissertation talks about around 2,500 cattle purchased in the borderlands and trucked directly from the borderlands to the coast or central Kenya without entering the market itself in Garissa. In Nairobi, these animals are slaughtered at certified abattoirs, and the carcasses are packaged frozen in containers and airlifted abroad.

To sustain the export capacity, certified abattoirs in Nairobi have multiple sources of animals that maintain their optimum supply. These include border markets such as Migori (on the Tanzania border), Garissa (on the Somalia border), Moyale on the Ethiopian border and Narok and Kajiado within the rift valley in Kenya, as well as others which are connected through a network of minor and major trade routes (see figure 4.3).

[36] A similar trend is observed by Carrier and Lochery (2013) among Kenyan Somali traders at Moyale. They assert that there is no tribalism in international trade.

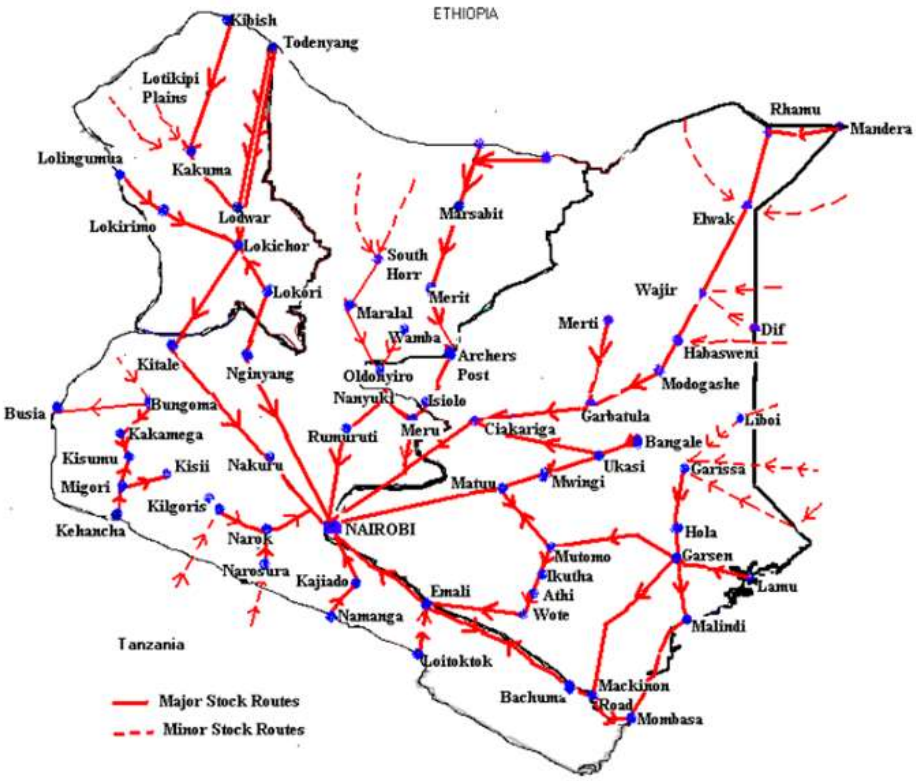

Figure 4.3: Livestock trade routes and markets in Kenya, Source: Nyokabi 2015 (drawing on USAID 2012)

In January 2016, *The Star Kenya* reported that the Kenya Meat Commission (KMC), the biggest and most modern licensed abattoir, exports an average of 500 tons of chevon and mutton every week.[37] The export markets are the Middle East (Kuwait, Qatar, Saudi Arabia and the UAE), North Africa (Egypt and Sudan), Central Africa (DRC-Congo) and East Africa (Uganda and Tanzania).

Apart from the KMC units, other abattoirs in the region that meet international sanitary standards (SPS) include Hurlingham Ltd. and Neema at Ruaka. However, their capacity can neither absorb the high supply from the Kenyan borderlands nor meet the demand from export markets. Nema and Dagoreti can slaughter around 1000 cattle and 1500 shoats per day, while Njiru can slaughter around 700 cattle per day.

[37] Agatha Ngotho, 'Kenya may soon be able to export beef products to Europe', 23 January 2016, *The Star*.

The state-managed Kenya Meat Commission has suffered perennial mismanagement to the extent that the government has struck a co-management deal to lease KMC to private investors. Ndungu who is a butcher, recalls[38] that Nairobi butchers used to export meat to Botswana, Saudi Arabia and Mauritius, from the 1980s up to 2000 when the KMC used to function relatively well. However, subsequent administrations in Kenya have closed most of these institutions as state corruption and mismanagement skyrocketed. Since devolution, traders have complained of poor management including delayed payments, which has forced traders to sell to informal domestic abattoirs.

As a result of the limited capacity of certified abattoirs, carcasses from uncertified ones, such as Kiamaiko, may reach export markets. One transporter of animal carcasses I met at Dagoreti abattoir told me that agents from abroad were taking risks to smuggle meat from informal abattoirs to fulfil export contracts. Such arrangements are reportedly organized through powerful connections involving rich butchers and exporting agents. However, the fraction is low as tastes and preferences abroad limit the possibilities of smuggling uncertified carcasses.[39]

The second branch of the export value chain supplies livestock to export markets, earning increasing amounts of foreign exchange for Kenya (see figure 4.4). At every *arbaca* (the Wednesday livestock market) in Garissa, export brokers accumulate large volumes of cattle and transport them to the ranches at the coast of Kenya for fattening. High profits in the export channel have been an incentive for Somali merchants to acquire these ranches on leases, where cattle are fattened while the traders monitor prices at the export markets. They sell the livestock both to abattoirs and shipping agents from Mauritius and the Gulf nations, who come to the coast of Kenya. Although they constitute only 20% of all traders, their position, level of wealth and political influence allows them to dominate the export of red meat to the Arabian Peninsula. Farah, who started livestock trading in 1983, continues to keep 600–1000 cattle in the coastal ranches, together with other colleagues.[40] Trading and movement permits are obtained in Mombasa at the time of selling to enable exchange and transport of livestock from the ranches to the port. Through their

[38] Interview with a butcher, who referred himself as Ndungu at Dagoreti market in 14th, April 2018. Him and other Kikuyus have been displaced by the Maasai from livestock brokerage and are now specialised in the butchering of livestock. Maasai and Somali suppliers trust brokers who speak their language.
[39] Interview with a butcher at Dagoreti abattoir on 09th July 2018.
[40] Interview with a trader, Mzee Farah, on 11th February 2018 at Garissa livestock market.

position, power and wealth, traders can influence the terms of using the ranches, including their management, service delivery, and fees.

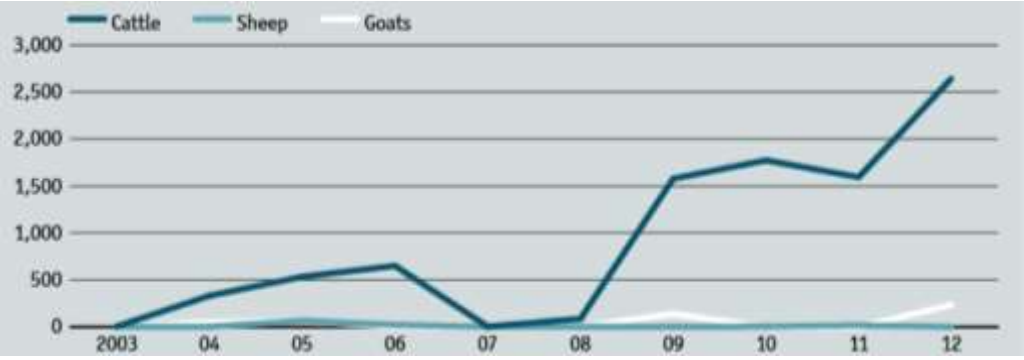

Figure 4.4 Live animal exports from Kenya (by value; US$1,000), Source: MercyCorps 2016

In general, the export value chain is shaped by wealth accumulation and reinvestment in a way very similar to that described in the findings of a study conducted at the border between southern Sudan and northern Uganda (Twijnstra, Hilhorst & Titeca 2014). When drought extends for more months in north-eastern Kenya, the traders shift their capital from livestock to real estate, hotels, textiles, and transportation of hardware materials. Shifting and reinvesting wealth is managing risk (Little 2013). In addition, experienced traders who explore several market options lower their exposure to risks arising from climatic, institutional or economic dynamics (Little 2003). One example is the local MP from Garissa, who has invested in a fattening unit at Modika, 20km from Garissa municipality. He aims to improve quality up to the standards of export markets. If expanded, the unit at Modika could be a potential site for exporters who are sensitive about source traceability and production standards.

The export value chain falls under strict international regulatory frameworks on food and safety requirements. With such limited state support, Kenyan traders struggle to access the export markets. They do this by buying shares in export abattoirs and leasing fattening ranches to improve the quality of Kenyan export. The informal systems that characterize parts of the livestock value chain in Kenya are extremely weak in achieving international standards. The next section will focus on the norms that have emerged in everyday practices along the value chains that undermine effective public regulation. Attempts to extend the laws do not do the trick when it comes to securing standards.

4.5 Discussion: Practical norms in the livestock value chains

The literature on public administrations in various Africa suggests a significant rift between formal (state-sanctioned) norms and real practices (Olivier de Sardan 2015). This is also the case of trading in the Somalia–Kenya trade corridors. Since the Somalia state collapse, extended statelessness has produced or reinforced a range of social practices that govern the exchange of values, logistics, and agreements in the Somalia hinterlands. Similarly, on the Kenyan side, state-sanctioned norms and practices are supplemented, undermined or contested by informal ones. Thus, central state institutions and local governments are not the only entities that claim authority over the conveyance and exchange of livestock through the three value chains. Clan elders, sultans, trekkers' organisations (*safar*), brokers associations (*dalaal*), trade groups (*becmushtir*), youth and women's associations all have stakes in the governance – formal as well as informal – of the livestock business.

Here, at the interface of formal and informal processes, the thesis shows generally accepted but officially informal or even illegal ways of doing business, revealing what Olivier de Sardan (2015) calls practical norms. This section will first look into some of the informal ways in which livestock business can be characterized in this area; and second, it will analyse the practical norms that emerge around state interventions in the value chains.

Due to the resilience of practical norms and informal or hybrid forms of governance, it is hard to dismiss these as short-term coping mechanisms in the absence of formal authority (Menkhaus 2007). Informality has not been eroded by market capitalism and globalisation in Africa (Dobler 2016), and practical norms are deeply ingrained in everyday practices. This section will give some examples of how informality persists, how formal and informal institutions cooperate, and how practical norms have become institutionalized along the livestock value chains between Somalia and Kenyan terminal markets.

As an example of persisting informality, informal credit systems support the exchange of values in cross-border trade, at Garissa's sales yard, and even in Nairobi's terminal yards. This study estimates that fewer than 40% of transactions are based on immediate payment, which mostly takes

place in the trade-in small stock.[41] At the abattoirs, a large proportion of animals are slaughtered on credit. Payments are made in the evenings or postponed to the next round of exchange. Due to trust built over a long time, debtors are allowed extended periods before settling their debts (*deyn*) while receiving animals on credit. The informal credit between traders serves two purposes: one, to keep experienced traders in business even if they sometimes lack capital or have suffered a major loss in the business; and two, to maintain the business connections that support the constant flow of livestock. Any disagreements, caused mainly by deviations from agreed demand or supply or by accidents, are settled informally for business to continue.

In general, these and other expressions of reciprocity form part of the social networking that makes it possible to move livestock across the borders and to the terminal markets in East Africa (Mahmoud 2008). In addition, kinship ties and norms provide a sense of security and facilitate the business connections that ensure the continued flow of commodities, remittances and services.

In the borderlands, elements of customary law regulate access to rangelands. In the area of conflict mediation and resolution, the clan-based (the council of elders) or religious (the sultan) authorities, rather than the state, intervene to help in mediation between disagreeing parties. This happens, for example, in Fafi and Hulugho sub-counties of Garissa.[42] Thus, when disagreements over informal contracts occur in borderland markets, traders prefer that clan elders resolve the conflicts. They have no time to wait for a judge (*garsore*). If the police are present in the locality, officers are invited to witness the process and help decide on the verdict and the level of sanctions in a truly hybrid arrangement.

The rest of this section will focus on the kinds of practices and norms that evolve around the interventions of representatives of the Kenyan state in the trade and flows of livestock between Somalia and Nairobi. Being a 'green border' in Dobler's (2016) sense, it's relatively easy for trekkers to use *panya* (rat) routes for crossing the border, which means that the livestock is not

[41] The proportion of informal or oral credit transactions is estimated on the basis of interviews with traders and butchers conducted at Garissa livestock market in 27th May 2018 and in Nairobi's Dagoreti market in 05th July 2018.
[42] Phone interview with a female police officer, on 24th August 2018, who worked in Fafi sub-County of Garissa for two years. According to her, Somali clan elders always intervene together with the police so that cases are settled through the customary system and the verdict is decided by the Council of Elders. The state respects the customary system in relation to conflict resolution, which is effective in reducing the return to crime when culprits are released from jail. Officials in most police stations in the borderlands of Kenya and Somalia have less to do compared to those in other regions as the customary system complements state functions in conflict resolution.

subjected to ordinary border controls.[43] Nevertheless, trekkers risk encountering Kenyan security forces who patrol bush markets in the borderland. These encounters are affected by the fears and suspicions of Kenyan state security agents who cannot differentiate trekkers from insurgency groups. According to the military personnel, trekkers in possession of Kenyan national ID and those who understand local Swahili are Kenyans. No one asks them for a livestock permit as they cross from Somalia. In a focus discussion held in May 2018 in the Garissa livestock market, it emerged that none of the trekkers knew Swahili, but they all had Kenyan ID cards. The trekkers treasure these more than cash,[44] as they humorously explained to me.

At the market in the borderlands, including Garissa, there is loose enforcement of sanitary regulation (such as the SPS) on livestock flows due to the contribution these make to livelihoods and state revenues (GoK 2008; Mahmoud 2010; Little *et al.* 2015; Too, Masake, Oyoko & Onyango 2015). Here, demand and supply set the prices as regulatory processes have less effect on demand and supply (Aklilu 2008). Weak enforcement of official rules can also be found at the local abattoirs in Garissa, where the veterinary officer allows butchers to operate under questionable hygiene standards. According to the officer, obeying strict hygiene standards would put a halt to the business and undermine local livelihoods.

Besides, several plans for improvement of the local abattoirs have been undermined by nepotism, impunity, resistance and clan politics. The rules and regulations meant to protect the consumer encounter suspicion and resistance from public servants as well as traders, butchers and petty traders. In April 2018, petty traders at Garissa sales-yard protested against the plan of the local government to construct business stalls, arguing that the aim of reorganizing the market was to increase taxation, and that the local traders had not been consulted on key issues. Eight months

[43] The director of the Ministry of Livestock uses the word *panya* (rat) route to mean hidden routes used by livestock traders, herders and trekkers to evade custom checks. The rat routes complicate disease monitoring procedures as the bush shrubland and the topography are difficult for vehicles and motorbikes which makes the pursuit of traders who evade custom points impossible. Limited office infrastructure including vehicles is making disease surveillance difficult. Although capacity building is intensified, traders and herders are hesitant to report disease occurrence due to the quick response by the government to shut down markets, which always undermines their livelihoods.

[44] Since Kenyan forces inevitably take in and harass every Somali youth at the borderlands when searching for Al-Shabaab members, possessing an identity card is important and guarantees safety to Somalis residing in north-eastern Kenya. Somalis living in other regions of Kenya have peace of mind compared to those in the borderlands of Kenya and Somalia.

after completion, none of the local traders had moved into the stalls, for fear of being branded state sympathizers.

State policies are not applied uniformly in Garissa. As this thesis shows, livestock taxation works differently in trans-national and local value chains. *Kanjos*, the tax clerks, are not interested in traders in the local value chain as they make small profits and are mostly women who buy and resell small stock within the sales yard. Unlike wealthier traders who negotiate passage through police controls at the main roads by using their wealth and sociopolitical connections, for the poor, mainly female and often widowed traders in the local value chain, their difficult situation works as an asset that allows them to be exempted from tax payments in Garissa by state officials, who pity them.

Interviews about the taxes (*anshur*) that traders and brokers have to pay to suggest that revenue clerks extort extra fees. For example, Garissa local government has set the tax fee at US$0.10 and US$0.05 per head of big and small ruminants, respectively, but in my various discussions with traders and brokers, they stated that the revenue clerks collect US$1.80 and US$0.50, respectively, making daily taxation 20 times higher than the authorized amounts. Since, in the best seasons, over 8,000 cattle undergo taxation, at the rate of US$1.8 per head, cattle alone bring in more than US$14,000 per week. These statistics do not include the amount charged for the 'no-objection permit', which officially costs US$0.75 but unofficially may go at US$20. Sometimes clerks do not collect all the taxes, and none of them wants to talk to the media or researchers.

Despite the open exploitation by tax clerks within Garissa sales-yard, traders have never contested the practice, which has become normalized in the mindset of market operators.

Likewise, whenever Somali traders and truck drivers encounter police harassment on the roads, they treat it as a rent-seeking process and cooperate immediately. On the one hand, traders see the payment as a philanthropic gesture because police officers are underpaid and set up police controls as an excuse for extorting informal taxes. On the other hand, livestock traders appreciate the protection the police can, after all, provide and are willing to pay bribes and informal taxes. Despite being unlawful, these arrangements are not defied by the traders who fear that protests will create mistrust, lack of respect, and probably more intimidation of the traders and their truck drivers. Overall, Somali traders consider the exploitation to be less dangerous than under the dictatorial

regime of Siyad Barre (Ahmed & Green 1999) and agree that the provision of security makes the Kenyan business space safe for investment. Thus, when they pay and help the underpaid security agents, they are also helping sustain the presence of state institutions at the state margins (Roitman 1990). Traders have included such payments in their business plans, illustrating how such informal practices have become institutionalized as practical norms. They know from experience where, when, and to which degree the payments are negotiable. Furthermore, they help each other by bailing out partners who find themselves in trouble with the *kanjos* (state officials); surprisingly, bails are paid on credit through phone calls.

As mentioned earlier, traders have accepted the costs of deliberately breaking the rules against transporting livestock at night. Their focus is to ensure that livestock reaches the destined markets fast and in good health. Hence, only medium traders negotiate the bribes and informal taxes, while exporters and rich merchants prioritize keeping the time spent on transport to a minimum.

Based on my data on interactions between state officials and transporters, I distinguish between two patterns of corruption, depending on the degree of reciprocity or mutual interest. *Symbiotic bribery* takes place, typically on the highway, when a trader or transporter has broken the law, and both parties are interested in negotiating the amount and timing of the payment of a sanction. Livestock traders and transporters are in a hurry and are ready to endure many costs to ensure animals reach the terminal hubs in time. They accept payments of US$20–50, depending on the seriousness of the case of lawbreaking. The most common causes of lawbreaking on the highway include situations when (i) the license of the truck might have expired unnoticed, (ii) the livestock is travelling at night and (iii) some parts of the truck are worn out. Transporters report that the police become very arrogant in all of the cases above, obliging the transporters to plead for reductions of expected informal fines. Symbiotic corruption appears an acceptable (practical) norm according to the traders, as they pay for non-compliance with rules and negotiate the amount of the bribe.

The second pattern I call *predatory corruption*, which is characterized by a lack of mutual interest, – because there is no lawbreaking involved – and is accompanied by forceful demands, harassment, and intimidation. Both Somali and non-Somali traders and truck drivers encounter this form of corruption along the trucking routes. Here, one party (state officials) exploits the other

(traders/transporters) by seeking rents from the encounter. Presently the norm is that transporters pay US$2 when they pass roadblocks along the Garissa–Nairobi highway. However, the number of roadblocks sometimes increases from 9 to up to 15. This happens: 1) after the 20th of each month when policemen's salaries are running out, and 2) during security alerts linked to the route. Since the militarization of north-eastern Kenya due to the pursuit of insurgency groups, traders and truck drivers (*dariwal*) have adjusted to the expectation of paying informal fees (*fitri*) to state officials. Security forces use the security agenda to delay trucks and force the transporters to pay informal fees to have their trucks released quickly. Citizens of north-eastern Kenya bear the cost of regional profiling, in line with the security agenda, and of the way state officers use this agenda to implicate anyone in order to extract informal rents. According to the traders this is not a socially acceptable norm, but they have no option when the pursuit of markets is important.

4.6 Conclusion and recommendations

This part will dwell on conclusive remarks elucidating from the three value chains through which livestock traverse.

4.6.1 Conclusion

This study has analysed multiple livestock value chains between southern Somalia and terminal markets in central and coastal Kenya, with a focus on the interactions between trade operators and the state and non-state institutions that govern the CBLT.

The sourcing areas for the livestock trade are partly located in Somalia, where the central state has no control or influence over the export to Kenya, and partly in the Somali–Kenyan borderlands, which have historically been a buffer zone with armed conflict, states of exception, and limited infrastructure and presence of state institutions. Therefore, governance and trade in the sourcing areas are mainly informal, and the Kenyan state's focus on security and immigration is affecting business at local levels. The animal trekkers endure harassment by military officials while moving livestock to primary and secondary markets in Kenya, because the officials are frustrated in the pursuit of insurgency groups. The conditions also put limits on who can engage in sourcing. Female traders from Garissa are excluded, while non-Somali traders stay away due to fears of insecurity and their limited understanding of the borderland institutional landscape. Instead,

Kenyan Somali traders with extensive social networks across the border facilitate livestock sourcing from southern Somalia to meet domestic and export demands in Kenya. The analysis points to the importance of hybrid informal institutions in the borderlands where non-state authorities, such as councils of elders, mediate in potential conflicts and, furthermore, it suggests accommodation of customary systems as an alternative to diminishing state fragility.

The study has identified three different livestock value chains. Traders in the local value chain in and around Garissa are distinguished by their socio-economic status – and gender – from the wealthier traders who operate, the longer value chains: the transnational and the export-oriented chains. Their negotiation capacities also distinguish them in the daily operations, where the poor traders are exempted from paying taxes by revenue clerks to protect their small businesses. In contrast, the wealthier traders can pay bribes and are better connected politically. And, finally, they are distinguished by their possibilities to extract and accumulate wealth. Unlike the desperate small traders, wealthy traders (*maal qawen*) absorb multiple risks through their large-scale operations – which also attract state institutions that collect revenue and state officials who seek benefits. The wealthier traders also can change investments when the sector faces erratic supply or prices fall at the terminal markets. For example, whenever drought pushes livestock out of north-eastern Kenya into southern Somalia in search of dry season *(jilaal)* pasture (Little 1996), institutions become dormant, and wealthy traders shift investments to hotels, transport and textile business. Others invest in fattening ranches on the Kenyan coast to better confront competition and price fluctuations in the export markets.

Furthermore, the study shows that interactions between trade operators and various institutions are characterized by what I call 'negotiated rule-breaking, which facilitates the partial formalization of informal commodities flowing from Somalia. The 'informality' of the livestock fades as animals flow from southern Somalia to Kenya, encountering a partial regulatory system with registration, tax payments, and veterinary certification (movement permits and no-objection permits) from Garissa and beyond. Kenyan–Somali entrepreneurs and political elites have greatly benefited from the informality and large-scale extraction of livestock from southern Somalia; indeed, one wonders if the traders are interested in a functioning central state in south/central Somalia? As elsewhere in African economies, a large proportion of the formal economy relies on informal flows of goods, information, and finances.

The daily interactions among trade operators and agents of regulatory authorities are defined by official laws and regulations and by 'practical norms.' In livestock trading, these norms are seen in the certification and clearing processes, the monitoring and recording of commodity flow, the negotiations and agreements (*heshis*) with state officials along the roads, and the transactions within sales yards and abattoirs along the Garissa–Nairobi corridor. The chapter shows how state officials bend the rules to their interests and sometimes with interest in protecting the livelihoods of poor communities by not closing markets, abattoirs, and meat kiosks. State officials' malpractice and their mild forms of extortion are not demonized by the traders, who see informal taxation and the persistence of petty corruption as signs of the state's failure to pay its officials a decent wage.

Thus, it seems that the persistence of these different kinds of informality and partial regulation enables conflict mediation by clan elders, and supports informal credit systems, while the practical norms described above serve the purpose of avoiding disruptive and time-consuming conflicts, maintaining peaceful co-existence with state officials, and keeping traders in the business and ensuring the timely conveyance of the animals to terminal markets.

Despite the functionality of the current state of affairs in the thriving Somali-sourced livestock trade, they represent a danger for Kenyan consumers and Kenyan export. Suppose this export becomes subject to suspicions of malpractice in the value chain due to challenges regarding source traceability, international standards, and certification issues. In that case, Kenya may suffer setbacks in the competitive export markets. Generally, decades of neglect of the livestock sector by the states in the Horn of Africa have created problems in production, logistics, value addition, and livestock marketing. States should invest in roads, markets, and communications infrastructure to enforce quality controls and facilitate efficiency in livestock value chains. However, policy reforms and development plans should consider the practices and practical norms embedded in the governance and management of livestock trade business in Somali East Africa. As the failed reforms and plans for improved market infrastructure in Garissa suggest, such interventions risk creating internal fragmentation instead of mending it. As this study on the governance of livestock value chains shows, there is a need to incorporate empirical analysis of emerging practices and social orders to inform the next generation of reforms in Kenya's margins.

4.6.2 Recommendations

a. The Kenyan government should take advantage of the influx of livestock from neighbouring states and invest in improving the livestock value chains, including establishing more extensive processing facilities. If such facilities are installed in various borderlands, Kenya will increase revenue from selling processed red meat from animals supplied through cross-border trade to other nations.

b. There is a need for the government to review the military activities in the borderlands of Kenya and Somalia to reduce the chances of mistaking and harassing livestock trekkers who move animals across the border during livestock sourcing.

c. The government need to also beef up security along the borderlands of Kenya and Somalia to ensure female traders can reach the bush markets and purchase livestock independently without bearing the cost of hiring men, limiting possibilities of growing the profits. Women within the Somali society take responsibility for nurturing children within the majority of the polygamous family set up common with Somali society. Insecurity also scares non-Somali traders from driving into the Somalia borderland, which could reduce costs of trucking if it were possible.

d. The state empowers traditional institutions to negotiate peace within the Somalia Kenya trade corridor conflict zones. Hybrid informal institutions such as the Somali Council of elders are important in cultivating peace for business to continue on daily basis.

e. The government and developmental partners to invest in market SMEs to enable destitute traders to transit out of the localized value chains and engage in large scale livestock trading. As a result, several poor traders operating in the local chain can pull labour force together and operate with other medium traders and compete in the access to the terminal markets in central and coastal Kenya.

f. There is a need to standardize livestock taxation to reduce state predation that increased after devolution in Kenya. Presently, traders are charged different formal and informal fees at different police barriers, County entry and exit, making logistical and transaction costs unbearable.

g. There is a need for the government to engage various states abroad and open international markets for livestock traders within Kenya. Presently, agents from abroad are few and unpredictable to the traders; hence traders mainly rely on domestic demand.

h. Instead of treating them as informal, the government should consider empowering local practices by investing in dry-ports and banking facilities to enable traders to engage in formal lending systems instead of informal credits services. The absence of formal markets also has enabled traders to operate informally using oral agreements.

i. There is a need to learn and document new patterns of socio-economic behavior from cross-border trade and use them to inform new layers of rules that are practical for both formal and informal governance of livestock markets.

CHAPTER FIVE: STRUCTURE CONDUCT AND PERFORMANCE OF CROSS-BORDER LIVESTOCK TRADE BETWEEN KENYA AND SOMALIA

5.1 Introduction

Livestock trade is the main economic activity and a critical source of livelihood for the pastoral communities and an important link between nations in the Horn of Africa (Mahmoud, 2010). Since commercialization, the enterprise supports, directly and indirectly, the livelihoods of 17 million people in the region (Eid, 2014). Although a large percentage is informal (Little, 2005; Lesser & Moise-Leeman, 2009; Meagher, 2009), the cross-border livestock trade (CBLT) immensely supports the formal economy by contributing to state revenues (Little, 2009). In the drylands of Kenya, livestock husbandry accounts for around 90% of livelihoods and 95% of household income (Pavanello, 2010). The resource base is estimated at 60 million livestock (ibid.). According to the 2009 censors, the Kenya livestock resource base was estimated to constitute 17.5 million cattle, 17 million sheep, 27.7 million goats, and 3 million camels, with 60% of these concentrated in the ASAL areas of the north and north-eastern Kenya (Government of Kenya, 2019). Statistics show that the livestock enterprise contributes 12% of the Kenya national GDP and 42% of agricultural GDP (ibid.). Since the Structural Adjustment Programme was implemented in Kenya in the late 1980s (Gertz, 2008), the involvement of the private sector has increased livestock commercialization.

In Somalia, livestock contributes 8.157 billion USD to the national economy, with approximately 191.91 million USD being derived from exports of live animals in 2013 (Too et al., 2015). Somalia is recovering from the state collapse of 1991 (Ahmed & Green, 1999), with less formal procedure in the larger part of its economy (Hagmann, 2005; Leeson, 2007; Bradbury, 2008; Carrier & Lochery, 2013). The Middle East has been the terminal market for Somali's livestock export (Negassa et al., 2008). However, the state collapse and the ban on livestock export to the Gulf states in the Horn of Africa oriented livestock flows towards the Kenyan side (Mahmoud, 2010) as traders lost legal protection in the export channel, including the port of Kismayo (Majid, 2013). Livestock producers and traders in southern Somalia accumulate animals towards the Kenyan border markets, where administrative and security services make business possible. With the devolution of power and resources in Kenya (D'Arcy & Cornell, 2016), access to agro-vets, liquid cash, and livestock permits have motivated Somalis to exploit ancient kinship connections (Carrier

& Lochery, 2013) to grow their investment in the profitable markets in Kenya. The majority of the transactions in CBLT are informal, partly due to the lack of infrastructure and disillusionments over state marginalization and militarization of north-eastern Kenya in the past decades (Lochery, 2012). The huge potential in CBLT continues to grow hesitance on enforcement of state rules and restriction of informal cross-border trade (Little et al., 2015) - a viable business that contributes to state revenues and livelihoods in the Horn of Africa (Little, 2005).

Challenges associated with cross-border livestock trading in Eastern Africa are many and complicated (Teka, Azeze, & Gebremariam, 1999; Teka & Azeze, 2002; Little, 2009; FEWS_NET, 2010; Little et al., 2015). Despite the high potential, animal husbandry is adversely affected by the lack of coordination in the livestock value chain, especially between production, and marketing, causing supply dynamics (S Desta & Coppock, 2002). Informal cross-border trade adds to the unpredictable supply (Lesser & Moise-Leeman, 2009). Since the empowerment of the private sector in Kenya (in 2002), the government role was reduced from management to creating enabling regulatory environment, similar to the steering of public service in Europe and the United Kingdom (Barlow & Röber, 1996). However, the slow commitment to establishing Disease Free Zones curtails Kenyan livestock and their products from accessing profitable global markets. In addition, producers endure logistical costs due to being distant from domestic functional markets.

Furthermore, access to the more profitable international markets has been difficult for the medium and small-scale traders who lack state protection from oligopolistic few traders (Irungu et al., 2014). Dilapidated infrastructure on roads, markets, and information systems at remotely located borderlands undermines traceability and food and safety regulations compliance. Difficulty in achieving optimum efficiency in the livestock value chain undermines market integrity, access to export channels, and exclusion of weak traders in the supply chains. The slow implementation of a shared vision among IGAD member states (Too et al., 2015) undermines efforts on standardization of services, documentation, customs, diseases, borders, and quality controls.

Producers and traders operate informally under the mercy of unpredictable private-sector regulatory processes. Attempts to legalize free mobility of livestock across international borders in the region is undermined by insecurity and transboundary livestock disease spreading (International Crisis Group, 2014). Even though the private livestock sector has a shown potential

to compete in the region, much is required in the review of policies that govern the production, cross border trading, improvement of infrastructure, strengthening of institutions to ensure compliance with regulations.

The study was done at the borderlands of Kenya and Somalia, mainly in the Garissa livestock market in north-eastern Kenya. This is the most insecure part of Eastern Africa, with heavy militarization and unpredictable security (Anderson & McKnight, 2014). Insecurity and drought have influenced investment in livestock enterprise in the region and sometimes affected livestock sourcing and flows across the border. The insurgency groups have proved resilient against international interventions and have scared investment by non-Somalis in north-eastern Kenya and Southern Somalia. As a result, oligopolistic private individuals have taken advantage and dominated the sourcing of cheap livestock from Southern Somalia and excluded small and medium traders from securing a large share of the domestic and export market. Despite insecurity, informal cross-border livestock continues between Kenya and Somalia. This study was informed by the fact that fewer studies have been done focusing on the structure, conduct and performance of CBLT between Somalia and Kenya.

5.2 Materials and methods

This study was based in Garissa in northeastern Kenya, the regional livestock hub in East and Central Africa. The research focused on analysing CBLT between Kenya and Somalia and identifying factors that influence cross-border livestock flows and economic behavior and performance of livestock markets. A value chain approach informed the study's design, where Kismayo, Garissa, and Nairobi are major nodes. Garissa livestock market is located in north-eastern Kenya, focusing on the market structure, the behavior of market actors (traders and brokers), and market performance. This approach is expected to identify factors influencing cross-border livestock flows and market efficiency. Individual interviews, focus group discussions, and ethnographic observations were done for seven months, between January and July 2018, and further, a survey of 51 market actors was conducted between November 2018 and February 2019. In addition to secondary data, 47 interviews and 11 focus groups were held with livestock market actors, including traders, brokers, butchers, trekkers, hay sellers, loaders, animal markers, controllers, and petty traders. Key informant interviews were held with government officials from the Department of Livestock, Veterinary and Revenues, and local and international NGOs,

including ILRI and KALRO. Figure 7.1 shows structure conducts and performance framework that informs the flow of livestock from source to terminal markets and reveals Garissa livestock market as the major transition node in the livestock value chain that links source markets and terminal markets.

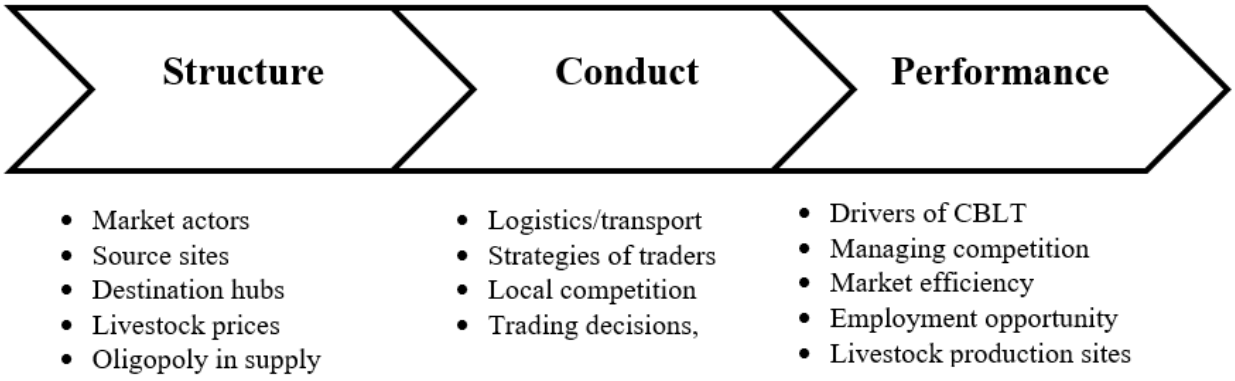

Figure 7.1: Structure conduct and performance framework

5.3 Results

5.3.1 Behavior of Garissa livestock market in the drought season

In the first quarter of 2017, extended drought in the Horn of Africa undermined livestock markets in north-eastern Kenya and affected cross-border livestock trading between Kenya and Somalia. Cattle were the most critically affected at the Garissa livestock market, making traded volumes drop from 5000 heads per week in the rainy seasons to less than 2000 heads. Nevertheless, beef accounts for 77% of red meat consumed in Kenya (USAID, 2012). Volumes of other livestock species dropped by 50 per cent as the livestock changed direction and flowed towards the ranches at the coast of Kenya and southern Somalia. Livestock left the low lands and the floods plains in Kenya and Somalia and headed south towards the coastal plains near Boni forest to access dry season pasture and water. Traders and brokers describe the period as a ‘bad market season’, and hay vendors were selling pasture in the sale yards. Milk vendors and other actors engaged in petty trade also reduced as shrinking livestock volumes limited opportunities for other actors. Some of the female traders in the

Garissa livestock market shifted from milk vending to clothing and kiosk operations. One female trader said that,

> ‘drought has claimed my flock of goats and sheep, and I am struggling to feed both my four children and the remaining five goats using grains and other household foodstuffs.’.

Traders and producers in north-eastern Kenya complained about the lack of government commitment to supporting producers because the destocking program by the state department pushes them to dispose of cattle at the cost of US$50 per head, without any negotiation for the price increase. In addition, according to media reports, the 2016-2017 drought claimed about 50% of livestock in the Horn of Africa and devastated livestock markets in north-eastern Kenya.

Most livestock transporters expressed distress caused by the prolonged drought season, which reduced their number of contracts by 70%. Reducing trucking rents was the only strategy to survive, while other competitors shifted to ferrying textile, hardware, electronics, and other commodities. As a result, the animal body condition was poor, with approximately 60% of cattle falling at Grade III prices and sold cheaply at the cost of US$80 to US$120, and the prices of the small ruminants reduced by 40-50%. The Maasai traders flocked the market every Wednesday afternoon to source cheap cattle and supply to the fattening ranches close to the coast of Kenya. They manage ranches at the south of Rift-valley and make a profit of 250% after fattening the weak cattle for three months and supplying to the consumer markets in Mombasa and Nairobi. To survive the adverse drought condition, trends show that Somalis traders from north-eastern Kenya cooperate with ranch managers in the rift valley and the coast of Kenya to fatten cattle and supply them to ready markets through organized orders. Every month, traders pay ranch management US$1 per head for keeping animals in the ranches as they wait for ready market stated livestock markets in north-eastern Kenya.

Table 5.1: Garissa Livestock prices in the drought season and normal seasons

Animals prices in US$	Cattle	Camel	Donkeys	Goats	sheep
Peak seasons; Christmas	450	700	130	70	60
Normal rainy seasons	350	500	90	50	40
Drought season	150	350	50	25	20

Source; writers field note 2018.

5.3.2 Livestock flows in the Somalia – Kenya trade corridor

The mobility of livestock in the Horn of Africa is driven by the pursuit of functional markets, climatic variabilities, and the regulatory environment. Producers who sell animals to finance domestic needs must cover long distances to reach markets. Through trekking, Bush traders gather these animals into larger markets (primary markets). In a survey of 51 market actors at Garissa, traders and brokers (*dilaal)* are the majority, and they facilitate both the mobility and trading of livestock (See figure 5.2). Some of the brokers who facilitate cross border trade assume the role of trekking animals besides being agents in the livestock business.

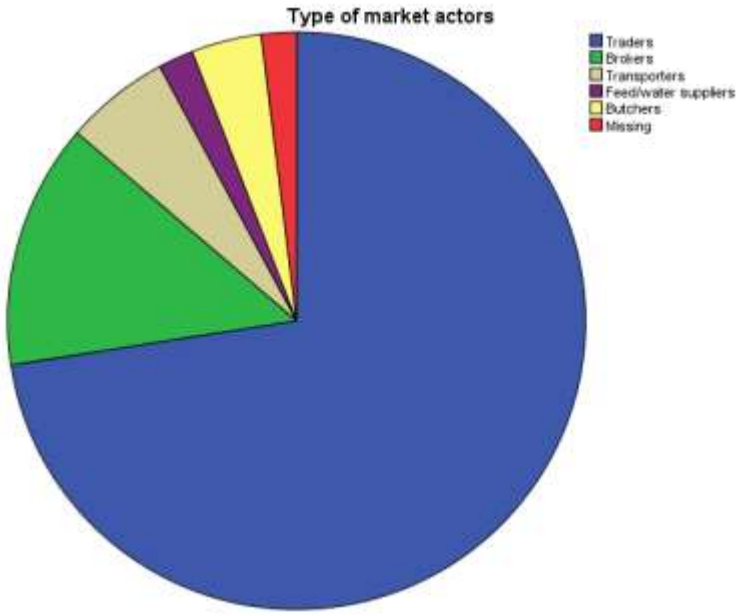

Figure 5.2: Chart of Garissa livestock market actors

Other actors within the market include; motorbike riders, hay sellers, veterinary officials, tax clerks, and petty vendors; however, the study focused on traders who manage transactions. However, some of the brokers are traders from the majority due to notions that define brokers as crafty intermediaries. Traders and exporters facilitate the flow of livestock from bush markets and primary markets (at the borderlands of Kenya and Somalia) through secondary markets (Garissa) to the consumption terminal markets in central and coastal regions of Kenya. Since the state collapse in Somalia in 1991 and the subsequent restrictions from the Saudia ban on livestock trade,

Somalis livestock were oriented towards Kenya, which increased livestock sales at the borders of Kenya and Somalia. See figure 5.3 and figure 5.4.

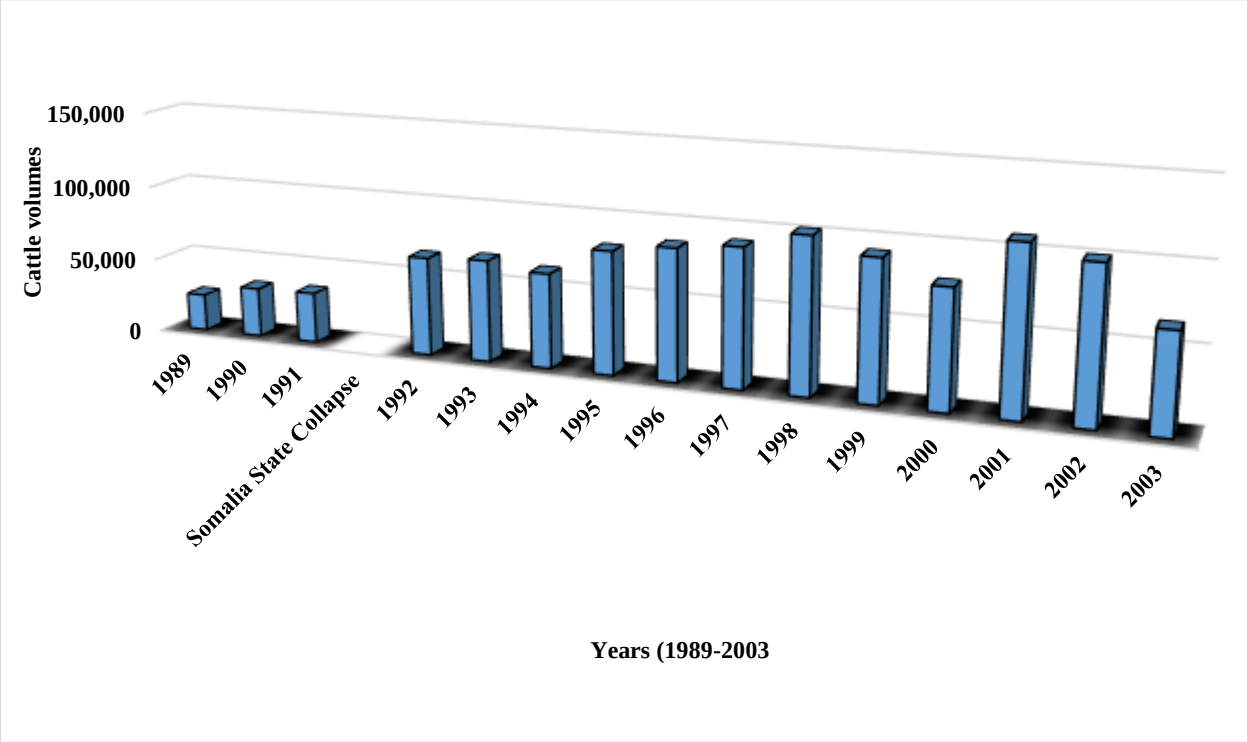

Figure 5.3: illustrates cattle volumes sold at Garissa after the Somalia, source data; Little 2005

Figure 5.4: Direction of livestock flows on the Kenya-Somalia-Ethiopia borderlands (Mahmoud, 2010)

Compared to Ethiopia, the weak enforcement from the Kenyan border and availability of liquid cash makes producers prefer selling animals to the Kenyan domestic markets. Since Kenya's devolution, increased trucking services and ease of access to livestock permits at the borders of Kenya have increased the informal in-flows of livestock from neighbouring states. Kenya has been a meat deficit state with traders and butchers craving access to export channels, making the country continue sucking animals from the neighbouring states.

5.3.3 Socio-demographic characteristics of market actors

Table 5.2: Variability in the demographic characteristics of market actors

		Gender	Age	Marital status	Education level	Attraction to business	Source of capital
N	Valid	51	49	50	48	50	49
	Missing	0	2	1	3	1	2

Mean	1.14	2.27	1.20	1.31	1.36	3.31
Std. Error of Mean	.049	.086	.095	.112	.102	.180
Std. Deviation	.348	.605	.670	.776	.722	1.262
Variance	.121	.366	.449	.602	.521	1.592

Duration spent by various traders in the business shows a higher variance and standard deviation signifying that different traders enter and exit from the business without restrictions due to being an open market structure with an imperfect competition. Gender shows the lowest standard deviation because it has two options compared to the rest of the variables. See table 5.4, 5.5 and 5.6.

Table 5.3: Gender perspectives of *CBLT*

		Frequency	Percent
Valid	Male	44	86.3
	Female	7	13.7
	Total	51	100.0

Most of the Somali regions are male dominated and women have less power on decision making process. As shown in table 5.3, the livestock market is male dominated which may affect the female voice and the market share of the female traders.

Table 5.4: Age distribution of livestock traders in Garissa livestock market

		Frequency	Percent
Valid	Youth <35	4	7.8
	Mature< 55	28	54.9
	Elderly> 56	17	33.3
	Total	49	96.1
Total		51	100.0

Kenya considers anyone below the age of 35 as youth, and despite such shift, less than 5% fell in this category, implying that the cattle business in fragile areas of north-eastern Kenya is dominated by mature persons, where majority are married. See table 5.5.

Table 5.5: Marital status of the market actors

		Frequency	Percent
Valid	Married	45	88.2
	Widowed	2	3.9
	Divorced/separated	1	2.0
	Single	2	3.9

	Total	50	98.0
Total		51	100.0

Due to political circumstances in Somalia and marginalization of north-eastern Kenya, most of the Somalis have never had time to gain formal education. As shown in table 5.6, majority of the cattle traders are illiterate with very weak ability to speak fluent Swahili.

Table 5.6: Education level for the market actors

		Frequency	Percent
Valid	No formal education	39	76.5
	primary	5	9.8
	Secondary	3	5.9
	University	1	2.0
	Total	48	94.1
Total		51	100.0

As shown in table 5.7, majority of the traders have spent between 10-20 years in the livestock business. Livestock husbandry is the main livelihood activity for Somalis in the arid lands of Kenya and Somalia.

Table 5.7: Duration in years that market actors have spent in the business

		Frequency	Percent
Valid	<10	12	23.5
	11-20	20	39.2
	21-30	11	21.6
	31-40	4	7.8
	>40	1	2.0
	Total	48	94.1
Total		51	100.0

Most of the Somalis traders joined the livestock business due to profits. In the triangulation data, some of the traders joined the livestock business due to domestic pressure of feeding and educating kids, as shown in table 5.8.

Table 5.8: Factors that motivate traders to join livestock trading

		Frequency	Percent
Valid	Profit	39	76.5
	Friends	4	7.8

	Domestic needs	7	13.7
	Total	50	98.0
Total		51	100.0

The main source of capital for the majority of traders is informal lending and borrowing from family and friends. Somalis kinship connections enables them to support each other in business. However, around 20% have used formal loans to enter into the livestock business, as shown in table 5.9.

Table 5.9: The source of capital for starting livestock trading

		Frequency	Percent
Valid	Friends	4	7.8
	Family ties	11	21.6
	Bank loan	10	19.6
	Own assets	14	27.5
	Savings	10	19.6
	Total	49	96.1
Total		51	100.0

The Somalis in north-eastern have business connection with those in Southern Somalia, which facilitates cross-border livestock trading. Some of the rich Somali merchants have used the clan connections to sustain livestock supply and provide security to investments.

5.3.4 Market structure, conduct and performance

To understand the behavior of the Garissa livestock market, the thesis adopts the industrial organization theory, which emphasizes the degree of vertical integration, industrial maturity, state involvement, cost structure, and diversification within markets. The theory explains how the market is functioning, including how the market structure tends to influence traders strategies and decisions on livestock supply, as it happens for the palm oil sellers in Nigeria (Tiku et al., 2012). On the other hand, the price theory explains how the volume of livestock supplied and the domestic demand affect livestock prices. Traders from central and coastal Kenya are the major potential buyers who source livestock from the Garissa market. The price theory proposes three structural variables: degree of livestock traders' concentration, livestock differentiation, and the conditions of business entry or exit. A higher market concentration represents low competition and vice versa (Phuu, 2016; Pulaj & Kume, 2013). Dominant suppliers' degree of market control is explained using three structural models; monopoly, monopolistic competition, and oligopoly. They include

monopsony, monopolistic competition, and oligopsony on the demand side. Livestock features that make it possible to trek or negotiate based on body condition can be defined as intrinsic structural variables, while taxation, permits, traders, and disease monitoring are derived variables.

In order to determine Garissa market structure, the thesis uses the Gini-coefficient to show market concentration and the Lorenz curve to delineate winners from losers, mostly based on the percentage of wealth accumulation by market actors. Livestock is a homogenous product, but the destination market differentiates livestock species supplied from Garissa. Livestock trading in Garissa is characterized by free entry and exit, and the key regulatory factor is profit accumulation. Market structure tends to influence traders' strategies and decision making at the borderlands of Kenya and Somalia. Cheap livestock pushes traders' Far East towards southern Somalia, but for non-Somalis, insecurity at the border restricts them to source livestock from the Garissa livestock market. Hence market conduct is influenced by livestock prices and insecurity, among other factors. Data on the livestock volumes, prices, and costs incurred are used to determine market performance. Market margin is calculated using the difference in the prices paid to the producers (farm gate) in southern Somalia versus the prices paid to the final butcher (retail or kiosk operator) who buys in Nairobi abattoirs, and this will show how the price transmission through the livestock value chain from the producer to the final butcher takes place. Other factors that influence livestock value chains include the length of the trade channel, efficiency of extraction, timing of sales, and technical dynamics. Like other perishable goods, livestock also is required to reach markets in time while healthy; hence the market margins are high. Such analysis will show inefficiencies in the livestock business and provide an opportunity for policy reforms to reduce such weaknesses in the system.

5.3.4.1 Market Structure

In this paper, first, I determine the market concentration of traders in the Garissa livestock market in 2018 using the Gini coefficient and the Lorenz curve (Gastwirth, 1972; Kakwani & Podder, 1976). The quantity or the volume of livestock traded per week in the good season are 4,500 heads of cattle per week, 1100 goats, 600 sheep, 30 donkeys, and 40 camels. See table 5.7 for the average livestock volumes traded between 2010 and 2018. Drought, market seasonality, and improved record-keeping have influenced the trends in the sales recorded at the Garissa livestock market. Through triangulation methods (Mertens & Hesse-Biber, 2012; Creswell, 2014), the chapter

harmonizes the figures to average volumes and categorize traders depending on the number of animals they are capable of purchasing due to their level of income within the Garissa livestock market. Table 5.8 indicates the average volumes and prices for all species traded annually in the normal seasons. The quantity of cattle traded in 2018 is 50,343, and this quantity is 50% low compared to other years as the floods forced producers to hold cattle to fatten and grow the herd size, as a strategy to recover from the losses incurred in the drought of 2017. The season after the flood favoured goat production doubled in 2018 to above 180,000 compared to other years where the quantity falls around 85,000 heads annually. Although the average number of cattle traders is around 135, they are differentiated with the amounts of operating capital and are supplemented by cattle brokers. The majority are medium cattle traders who use associations to manage risks; for example, five to seven can hire one truck and mix cattle during the transportation to terminal markets.

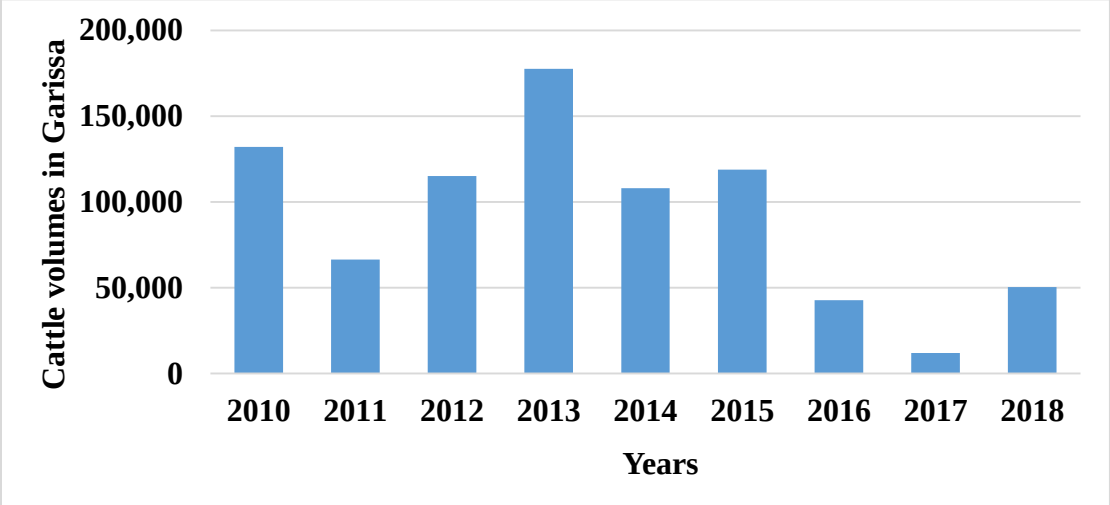

Figure 5.5: Annual variability in the cattle volumes at Garissa Market

The Gini coefficient is calculated using the formula by Tiku et al. (2012) and Gastwirth (1972);

$G = 1 - \sum XY$ ..... (i)

Where; G is the value of the Gini coefficient,

X is the % of traders,

Y is the cumulative % proportion of sales

X is obtained by segregating quantities traded by various categories of traders and their numbers arranged from the smallest to the largest. Each of the category is computed against the total number of interviewed traders - 51 interviewees.

Table 5.10: Gini coefficient for cattle traders at Garissa livestock market

Cattle volumes traded annually	No. of traders	Proportion of traders (X)	Cumul - ative %	Total yearly sales US$	Proportion of total yearly sales %	Cumul- ative % (Y)	XY
1000-3000	26	0.509	0.509	1,478,400	0.184	0.184	0.094
3001-6000	10	0.196	0.705	1,344,000	0.167	0.351	0.069
6001-9000	4	0.078	0.783	1,128,960	0.141	0.492	0.038
9001-12000	3	0.059	0.842	1,008,000	0.126	0.618	0.036
12001-15000	3	0.059	0.901	806,400	0.126	0.744	0.044
15001-18000	2	0.039	0.940	725,760	0.090	0.834	0.033
18001-21000	1	0.020	0.960	564,480	0.070	0.904	0.018
21001-24000	1	0.020	0.980	537,600	0.067	0.971	0.019
24001-27000	1	0.020	1.000	430,080	0.054	1.000	0.020
Total	**51**	**1.000**		**8,023,680**	**1.000**		**∑XY=0.371**
				Gini-Coefficient	**0.629**		

Source; survey study (2018-2019)

The number of small ruminants (goats and sheep) traded at Garissa annually are above 85,000 at the average price of US$51 per head, which translates to total annual sales of US$4,335,000. The market takes place daily, with women making over 50% of the traders' population and operating as medium and small-scale traders. Most of the male traders who deal with goats and sheep are exporters who have dominated the supply to the export abattoirs in central Kenya.

Table 5.11: Gini coefficient for goats and sheep traders at Garissa livestock market

Goats and sheep traded annually	No. of traders	Proportion of traders % (X)	Cumul –ative traders %	Total yearly sales US$	Proportion of total yearly sales %	Cumul- ative % (Y)	XY
5000-10000	26	0.509	0.509	746,300	0.172	0.172	0.044
10001-20000	10	0.196	0.705	652,400	0.151	0.323	0.063
20001-30000	4	0.078	0.783	595,700	0.137	0.460	0.072
30001-40000	3	0.059	0.842	483,600	0.112	0.572	0.079
40001-50000	3	0.059	0.901	454,300	0.105	0.677	0.066
50001-60000	2	0.039	0.940	396,600	0.091	0.768	0.045
60001-70000	1	0.020	0.960	361,800	0.083	0.851	0.033
70001-80000	1	0.020	0.980	346,800	0.080	0.931	0.036
80001-90000	1	0.020	1.000	297,500	0.069	1.000	0.020

Total	**51**	**1.000**	**4,335,000**	**1.000**	**∑XY=0.346**
			Gini-Coefficient	**0.654**	

Source; survey study (2018-2019)

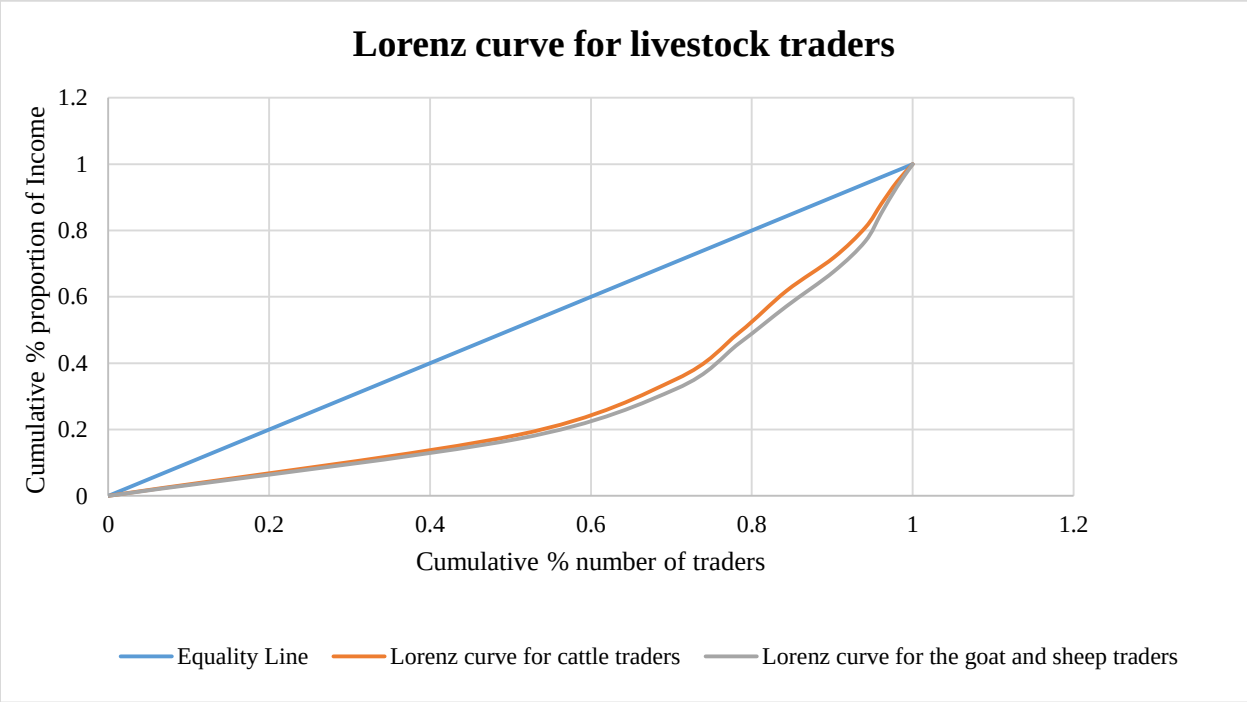

Figure 5.6: The Lorenz curve of livestock traders

5.3.4.2 Market Conduct

The behavior of market participants was determined using the degree of price collusion, practical norms of buying and selling, differentiation of livestock species, and traders strategies used in creating and maintaining customers. Price discovery and collusion are governed by brokerage, where middle men and traders use negotiations based on the number of animals traded and animal body conditions in price discovery. Figure 5.7 shows the mode of purchase or selling that traders practice in the Garissa livestock market. Traders prefer single trading animals instead of the collective approach, locally referred to as '*jumla'*. Sometimes purchasing livestock in *jumla* based on cash can cause cattle price reduction from 280USD to 250USD. Brokers who manage most of the transactions prefer the *jumla* strategy because their commission is generated per unit of animal sold. Brokers participate in setting prices to protect their interest, as shown in table 5.9. The

analysis focused on preferred practices by traders and not brokers.

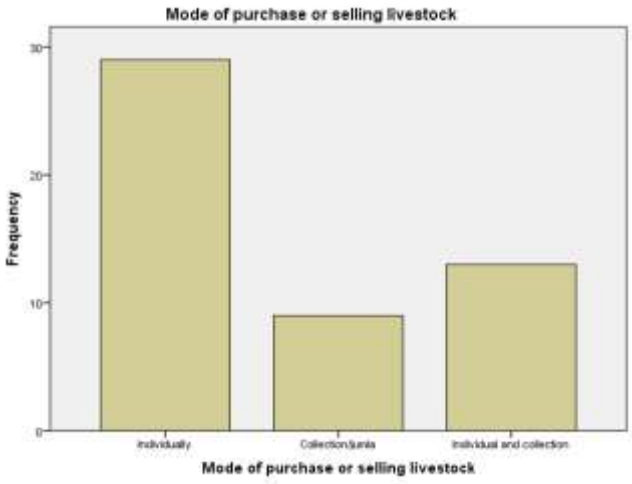

Figure 5.7: Traders preferred modes of trading

Table 5.12: Setting of buying and selling prices at Garissa livestock market

		Frequency	Percent
Valid	Myself	9	17.6
	Brokers	23	45.1
	Traders	4	7.8
	Negotiations	11	21.6
	Total	47	92.2
Total		51	100.0

During the analysis the chapter focused to evaluate how traders manage competition among themselves. Results in table 5.13 show that over 70% of traders agreed that they face competition in the business.

Table 5.13: Competition in the livestock business

		Frequency	Percent
Valid	Yes	36	70.6
	No	12	23.5
	Total	48	94.1
Total		51	100.0

Results showed that some of the strategies they employ in managing competition include buying

animals in large numbers using auction prices, which also motivates a reduction in the available prices and sustaining customers capable of buying in large quantities. The auction prices always vary with a small margin and stay close to the Grade II for cattle – US$280 and US$35 for small ruminants, and these prices increase by 40% at the terminal markets and the retail outlets. When asked whether traders return animals after being sold, most of the traders did not agree. The main reason is that much of the business in Somalis regions is based on trust and the low possibility of betrayals such as returning sold goods. See figure 5.8. They value future partnership in business and normally start with the first business engagements.

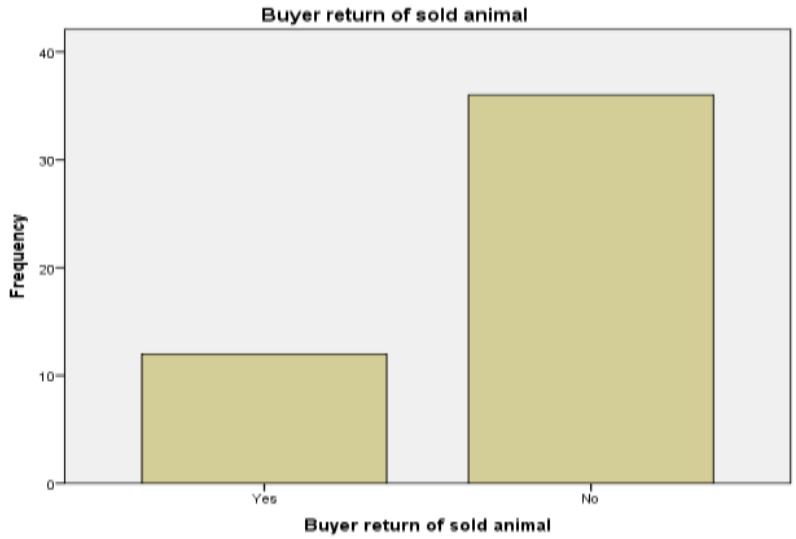

Figure 5.8: Illustrates response on possibility of returning animals

As trust and business partnerships are established through a network of traders and brokers, there is less incentive to stick to one seller. Hence most traders purchase livestock from various medium and small scale traders. The other reason is also the variability in supply which reduces monopoly of supply as livestock converges to Garissa from various source channels, including southern Somalia, Gedo region, Isiolo, Tana River, and camels flow from Southern Ethiopia into Garissa. Results in Table 5.14 show that exporters and traders from the terminal markets do not stick to one buyer, and diversifying source channels to guarantee the security of supply.

Table 5.14: The Purchasing of animals from traders

	Frequency	Percent

	Yes	13	25.5
Valid	No	36	70.6
	Total	49	96.1
Total		51	100.0

However, from the point of sellers, they prefer to maintain their customers as shown in table 5.15 The reason is because most of the potential livestock buyers, who always source livestock from the border in large quantities, come from the terminal markets in central Kenya or Somalis investors who focus to fatten in the ranches in the south of Rift valley, coastal region and central Kenya.

Table 5.15: Strategies to maintain customers

		Frequency	**Percent**
Valid	Lending credit	15	29.4
	Price wars	9	17.6
	Trust	23	45.1
	Associations	3	5.9
	Total	50	98.0
Total		**51**	**100.0**

In addition, most of the buyers sustain their customers through connections with brokers, and also giving out money in advance to the potential livestock sellers to limit possibilities of losing the quantities being supplied. The reason is because both livestock sellers and their associates understand livestock routes, market systems and major source markets.

There is limited incentive for excluding other traders from the market entry because livestock markets are very dynamic and very unpredictable. As shown in table 5.16, most of the traders agree that they don't focus to exclude other traders from the market, hence the market is characterized by free entry and free exit.

Table 5.16: Exclusion of other traders from market entry

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
	Yes	4	7.8	8.2	8.2
Valid	No	45	88.2	91.8	100.0
	Total	49	96.1	100.0	
Total		**51**	**100.00**		

Price variabilities affect the livestock supply and demand; however, there are times when traders lower prices during the negotiation process to sell to specific buyers. When the buyer intends to buy in large quantities, the seller motivates the buyer by reducing the price by 2-5%. Traders and brokers sometimes lower prices as a strategy to shift risks and costs related to delayed buyers or few traders, when the animal condition may worsen due to lack of pasture within sell yards to maintain animal stamina. The buyer transfers the costs of buying water, fodder, paying security, cottages, and drugs. Also, traders may reduce the cost or exchange animals on credit to grow future availability of orders. Traders are aware that some of the handsome orders come during religious festivals. However, brokers exclude traders from the transactions because they have to generate commissions, sometimes from both the buyer and seller. Most of the operations by brokers remain secrets that stay among their associations.

The attributes for selecting brokers differ with livestock markets. Brokers (dilaal) are selected by traders based on their expertise in the livestock business. Besides being experts, the bush traders and producers trust brokers from their clan to guarantee the security of transactions. Some of the brokers are preferred due to their seniority in business. Some association of brokers do cut down livestock prices to win a big share of the market and manage competition in the business.

Within the secondary markets, traders also form partnerships that lock traders from other markets from infiltrating their market. For the traders that lack association within Garissa market, they shift to operate in primary markets, which they understand their behavior. Even buyers from distant markets require links to fetch animals from the border markets because a higher proportion of exchange is based on informal credits and the payments are settled later in the day.

The rapid disease occurrence in north-eastern Kenya, including an alert of RVF, reported from Wajir in 2019, influences markets. All the livestock from southern Ethiopia and Gedo region and passing through Wajir were quarantined and restricted at Archers Post in 2019 for treatment before being verified by the veterinary officers. Open market entry and transboundary livestock flows have caused disease spreading that normally affects markets and restrictions on livestock trading.

According to the traders at Garissa market, over 70% agreed that animal body condition influences livestock prices at the source markets such as Hulugho and Liboi, in the borderlands of Kenya and Somalia. Different breeds also originate from different source channels, and traders supply markets

where particular traits are needed. Livestock volumes supplied to markets normally go high when the drought season starts and continue to reduce in the drought season as conditions for livestock production reduces. In the terminal markets (point of sell), agents from the Gulf nations and Mauritius are unpredictable to the traders because their timing is always unknown yet the traders prefer selling to them as they buy at 20% higher than the domestic prices.

5.3.4.3 Market Performance

The average cattle price for the bush traders in southern Somalia is US$200 per head, and the average price of the live weight at the terminal market in Nairobi abattoirs is US$550 per head, as purchased by the butchers. The medium traders at Garissa livestock market sell the same animal at US$ 280-320 and US$400 when the volumes in markets are low. From this analysis, the bush traders and producers in Southern Somalia get a share of 36 per cent. In contrast, producers and medium traders at Garissa market receive 51 per cent of the butchers spending. Since Somalia state collapse in 1991, the producers in Somalia bear the cost of state failure and the fact that they rely on distantly located markets in Kenya. Kismayo port that enabled the supply to the Gulf nations became unreliable due to insecurity and the ban on Somalis livestock in the Arab nations. All the Somalis livestock in Jubaland oriented flows towards Kenya with a poor road infrastructure which makes traders rely on trekking to move animals between southern Somalia and Garissa market. Somalis producers and bush traders at remotely located markets do not receive a fair share of the butchers spending compared to those at Garissa. It is expensive to truck animals; hence traders at Garissa are okay with the livestock prices and alter the prices depending on the price behaviour at the terminal markets.

Gross margins are used to access the profitability of business to individual traders or firms. It is the difference between the gross-income accrued and the variable costs incurred by the traders (Aklilu et al., 2002). Gross margins are calculated using the formula by (Tiku et al., 2012);

$$\boldsymbol{GM = TR - VC} \qquad \textbf{……. (ii)}$$

Where; GM the gross margin of trader,

TR is the total revenue from the traded animals,

VC is the variable costs incurred by the trader.

In order to capture the Gross-Margin for the bush traders at southern Somalia and north-eastern Kenya, the chapter considers costs incurred along the livestock value chains for moving 25 cattle by foot between southern Somalia and Garissa market and the costs of trucking the same number of cattle in one truck. The analysis is informed by qualitative data, which shows that one or two trekkers have entitled to trek 25 cattle on average safely every week. At the same time, one truck *(lorry)* can carry 23 to 27 cattle en route to central or coastal regions of Kenya. The trekkers use associations and pull cattle together for safety along insecure and clan-controlled zones. The distance between bush and primary markets in southern Somalia and Garissa ranges between 120km to 200km.

Table 5.17: Gross margin for cross border bush and medium cattle traders

Item	**Unit**	**Quantity**	**Unit cost (US$)**	**Total (US$)**
A Revenues				
Output (Garissa)	Heads	25	400.00	10,000.00
B Variable costs between southern Somalia and Garissa market				
Buying cost	Head	25	200.00	5,000.00
Trek rents	Individual	2	70.00	140.00
Informal taxes	Heads	25	10.00	250.00
Communication, fodder, water costs	Per group	1	50.00	50.00
Total variable Costs				**5,440.00**
Gross margins/batch between Somalia and Garissa				**4,560.00**

Source; Survey study (2018-2019)

The market margin per head of cattle to the medium traders is US$182.40, which is high enough to allow for additional marketing services, including treating animals or buying additional fodder to improve animal stamina before being sold.

Table 5.18: Gross margin for cattle exporters and traders at Garissa

Item	**Unit**	**Quantity**	**Unit cost (US$)**	**Total (US$)**
A Revenues				
Output (Nairobi)	Heads	25	550.00	13,750

B Variable costs between Garissa and central Kenya (Nairobi)				
Buying costs	Heads	25	400.00	10,000.00
Truck hire	Heads	25	10.00	250.00
Brokers' fee	Heads	25	15.00	375.00
Taxes	Heads	25	3.10	87.50
High taxes	Group	1	50.00	50.00
'No Objection Permit'	Single permit	1	40.00	40.00
'Movement permit'	Single permit	1	20.00	20.00
Cottage rent, load, and control fees (lumpsum)	Group	1	80.00	80.00
Communication, fodder, water costs	Heads	25	2.00	50.00
Slaughtering & abattoir fees	Heads	25	7.00	175.00
Veterinary examination fees	Heads	25	2.00	500.00
Total variable costs				**11,627.50**
Gross margins/batch between Garissa and Nairobi				**2,122.50**

Source; Survey study (2018-2019)

The market margin per head of cattle is US$84.90 in every week. The cattle market happens on weekly basis, hence the gross margins can be extrapolated to a month by multiplying by 4.

The number of goats and sheep per trekker is 40 to 50, and the same number could fit in one lorry. Most of the small ruminants were coming from the borderland markets, including Fafi, Hulugho, Liboi, among others within Garissa and neighbouring counties. Most of them are traded within the local value chain, with some of the agents from export channels supplying to consumer markets in central and coastal parts of Kenya. One goat is sold at US$15-20 at the borderlands and re-sold at US$35-45 and US$50-70 at Garissa and Nairobi, respectively. The gross margins are calculated in tables 5.19 and 5.20. Most of the shoats are trucked from bush markets using motorbikes and small cars (*Probox cars* are dominant).

Table 5.19: Gross margin for borderland goat and sheep traders

Item	**Unit**	**Quantity**	**Unit cost (US$)**	**Total (US$)**
A Revenues				
Output (Garissa)	Heads	50	42.00	2,100

B Variable costs between southern Somalia and Garissa market				
Purchasing costs	Heads	50	20.00	1,000.00
Truck rents (lumpsum)	Head	50	5.00	250.00
Informal taxes	Heads	50	1.00	50.00
Communication, fodder, water costs	Per group	1	30.00	30.00
Total variable Costs				**1,330.00**
Gross margins/batch between Somalia and Garissa				**770**

Source; Survey study (2018-2019)

The gross margin for goat to cross-border traders is US$ 15.40. And the marginal cost is US$26.60 per head of goats and sheep. And the gross margins for goat exporters US$ 8.95, and the variable costs per head is US$50.05

Table 5.20: Gross margin for goat and sheep exporters and traders at Garissa

Item	**Unit**	**Quantity**	**Unit cost (US$)**	**Total (US$)**
A Revenues				
Output (Nairobi)	Heads	50	60.00	3,000
B Variable costs between Garissa and central Kenya (Nairobi)				
Purchasing costs	Heads	50	42.00	2,100.00
Truck hire	Heads	50	1.00	50.00
Brokers' fee	Heads	50	1.00	50.00
Taxes	Heads	50	1.00	87.50
'No Objection Permit'	Single permit	1	40.00	40.00
'Movement permit'	Single permit	1	20.00	20.00
Cottage rent, load, and control fees	Group	1	80.00	80.00
Communication, fodder, water costs	Heads	50	1.00	50.00
Slaughtering & abattoir fees	Heads	50	0.50	25.00
Veterinary examination fees	Heads	50	1.00	50.00
Total variable costs				**2,552.50**
Gross margins/batch between Garissa and Nairobi				**447.50**

Source; Survey study (2018-2019)

Even though the small ruminants market happens on a daily basis, but the gross margins above apply weekly because the livestock markets operate mostly on an informal credit system in which the next consignments are released after the previous debts are settled.

Most traders agree that the average volumes traded per week are 4500-5000 cattle, 300-400 camels, 900-1100 goats and sheep, and 110-130 donkeys. The main source markets are bush and primary markets scattered in borderlands and across southern Somalia, with cattle flowing from high production sites in the Afmadow and Boni area. At the same time, camels come from the borderlands of Ethiopia and Kenya, and goats and sheep come from within the borderlands. Donkeys are the least preferred and serve the cultural purpose of transportation, while other species are used for commercial purposes. Most of the destinations for small scale traders is the Garissa market, while the medium and exporting traders focus on consumption hubs and export ports in central and coastal Kenya. Distance from markets and high transaction costs exclude small scale traders from venturing into the export channels.

Features that differentiate Kenyan livestock from those originating from across the border between Kenya and Somalia tend to influence prices related to animal body conditions. The Gala goats and the black-headed sheep come from Somalia. Traders could not define the difference in the donkey species and claimed that they are homogenous in the region. The *Sahiwal* breed of cattle (locally referred to as 'tavet') comes from southern Somalia and competes with the Boran breed dominant in north-eastern Kenya. The Kenyan Zebu cattle breed is dominant in southern Kenya, especially in Tana River County and appear in Garissa on market days. The camel dromedary species dominant in the Horn of Africa is traded in north-eastern Kenya and mainly consumed by Somalis in Eastleigh hub and South C estate in Nairobi. Price differences depend on the body condition, with the large *Sahiwal* cattle breed fetching high prices compared to the Boran breed, which is smaller in size.

Marketing Margins tends to review the costs of marketing services. The Market margin is the difference between prices at two points, for example between southern Somalia and north-eastern Kenya. The formulae for calculating total gross marketing margins (TGMM) is;

$$\boldsymbol{TGMM = \frac{SP-BP}{SP} \times 100} \qquad \textbf{..... (iii)}$$

Where; TGMM is the total gross marketing margins

SP is the selling price of cattle by medium traders in US$/head,

BP is the buying price of cattle by traders in US$/head,

The marketing margin indicates the charges paid for the marketing services for the product from southern Somalia to Garissa and additional services to central or coastal Kenya. Most uncompetitive markets have high marketing margins, especially in CBLT analysis, where meat processing is not the focus. As shown in table 5.17 and 5.18, there is a huge difference between producers selling price in southern Somalia as compared to the selling price of the trader in Nairobi, as the animal is sold several times along the livestock value chain, which indicates inefficiency in CBLT.

The average cattle prices in southern Somalia, Garissa and Nairobi are US$ 200, US$ 400, and US$ 550, respectively. From the analysis, market margins for the bush and medium traders are 50 per cent while that of exporters is 27 per cent, with very high transaction costs due to informal taxes and high way corruption. The total gross marketing margins are 77 per cent, making bush and medium traders, who focus on cross-border trade, generate higher marketing margins than the exporters, who are exposed to highway corruption and encounter high competition at the terminal markets. This makes medium traders earn 72 per cent as the share of the final buyer. The imbalance in the business performance is caused by the distance covered when hiring trekkers cheaply and also with crossing the borders to functional terminal markets, with Somalis without national IDs getting excluded from crossing with their livestock into the profitable Kenyan markets.

Marketing efficiency is used to check the possibility of executing additional services to increase the marketing in the business. The formulae for marketing efficiency is;

$$Me = 100 - \frac{Marketing\ Costs}{Marketing\ Margins} \times 100 \qquad \text{..... (iv)}$$

The total variable cost for the medium cattle traders is shown at table 5.17, where marketing costs per head is US$217.60, and the marketing margins per head is US$182.40. The marketing efficiency is 98.8. In the export channel, the traders marketing costs per head is US$465.10 and the marketing margins per head is US$84.90. The marketing efficiency is 94.5. In both cases, the

efficiency is high and strong, indicating viability of the business and also availability of enough profit for additional marketing services. The results show that CBLT by medium traders, and the export of livestock from Garissa is a viable business.

5.4 Discussion

Drought is a key driver of market dynamics, including changing the direction of livestock flows in the corridor that links southern Somalia to north-eastern Kenya. From this analysis, the Garissa livestock market dried out in 2016-2017 as livestock moved southwards towards the coast of Kenya and Somalia, where dry season grazing areas are found. Mobility is documented as a key strategy for responding to drought by the Somalis and other pastoral communities in the Horn of Africa (UNDP, 2001; Little 2003; Aklilu 2008). The livestock production and supply to markets drop and affect prices in the extended drought seasons (Barrett & Luseno, 2003; Irungu et al., 2014), with cattle volumes being the most easily affected in East Africa (Kerven, 1992; Osterloh et al., 2003; Pavanello, 2010). Analysis showed that drought makes cattle volumes drop from over 4,500 to less than 2,000, with a 50% drop in the rest of the species. Producers bear the greatest loss during drought, with the animal prices dropping by 60%. As markets are devastated by drought, market actors, including female traders, brokers and transporters, shift investments to other commodities, including hardware, textile, and electronics. Drought has enabled Somalis traders to cooperate with ranch owners in the Rift valley and coastal regions of Kenya and Somalia to manage the effect of drought. In other regions in the Horn of Africa, drought is a key threat to pastoralism (Pavanello, 2010).

Analysis of market actors' structure shows that traders constitute 70% of the livestock market population at Garissa. However, triangulation methods showed that some brokers refer to themselves as traders due to notions that define brokers as crafty traders. Brokers have emerged as key actors in the livestock value chains (Pavanello, 2010; Golub, 2015). Brokers *(dilaal)* manage both formal and informal transactions, provide protection, act as guarantors, invest in trust, and facilitate partnerships that enable the cross-border flow of information, commodities and finances (Little, 2005; Mahmoud, 2008; Carrier & Lochery, 2013; Little et al., 2015). In the Somalia-Kenya trade corridor, female traders and producers rely on brokers from their clans. Other market actors in the livestock value chains include; livestock trekkers, transporters, animal markers,

loaders, *bodaboda* operators (commercial motorbike riders), and a range of petty traders, who interact with various companies, associations, NGOs, state and non-Institutions.

Kenya has remained a meat deficit nation that sucks livestock informally from neighbouring states for decades. Since Somalia's collapse, CBLT between Kenya and Somalia contributes around 60% of cattle being sold in Garissa and 30-40% of the livestock consumed in Nairobi and Mombasa cities (USAID, 2012). The meat prices in the retail outlets in Kenya have remained high despite multiple cross-border channels from outside the country; for example, one kilogram of chevon and beef on average costs US$6 and US$4.0, respectively. Besides domestic demand in Kenya, the drivers of cross-border livestock flows include the Saudia ban on trade due to RVF alerts, the secure business environment, the weak enforcement of safety regulations, and the strength of the Kenyan shilling compared to the Somali shilling. After Kenya’s devolution, producers and traders can access administrative services (permits and agro-vet drugs) and trucking services at the borderlands, compared to the neighbouring states. As compared to Ethiopia, producers prefer liquid cash available at the borders of Kenya.

Based on socio-demographic dimensions of cross-border livestock trade (CBLT), the gendered perspective shows that it’s a male-dominated activity, with a proportion of 86.3% male, with high costs for female traders who have to hire male traders to over security during investment. Male traders dominate the trading of large stock (over 90%), while female traders have a big share (about 50%) in the trading of small ruminants. Somalis respect the aged. Hence senior brokers have an advantage over the youth, and analysis shows that over 89.2% of the surveyed actors are above 35 years of age. Over 88.2% of the interviewees are married, mostly in polygamous family structures. Most male traders do not like their women being engaged in livestock trade; hence the majority of the female traders are divorced, widowed, or single parents committed with many kids to bring up.

76.5% of the traders do not have formal education from the surveyed data. Political circumstances in Somalia(Ahmed & Green, 1999) and decades of marginalization of north-eastern Kenya (Lochery, 2012) denied Somalis access to formal education, making the illiteracy index level high compared to other communities in Kenya. Analysis showed that over 70% of the traders are more than two decades in the livestock business. This is because livestock production and trading is the main source of livelihood for the majority of the Somalis in the Horn of Africa. The main attraction

to the business is profits, and the second is the need to ease the pressure of domestic demands, including feeding and taking kids to school. Analysis showed that over 75% of the starting capital was sourced informally from friends, family members, business partners, and others, while 19.6% used bank loans to start a business. This indicates that, even though Somalis transact informally, they have started trusting formal financial systems without fears of the disillusionment that forced entrepreneurs out of Somalia in the late 1980s.

The analysis of CBLT between Kenya and Somalia applied the structure, conduct and performance (SCP) paradigm to explain how business functions and how business performance influences traders' strategies and decision-making processes. In analysing market structure, the chapter determines market concentration using the Gini coefficient and the Lorenz curve. Quantities of animals traded in southern Somalia and north-eastern Kenya are characterized by erratic supply, reaching from 4,500 cattle in the normal season to over 8,000 cattle in the best season and very low in the drought season. The Gini coefficient for cattle traders at Garissa livestock market is 0.629, and that of the goat traders is 0.654, indicating a highly concentrated market, hence less competition. The Gini-Coefficient and Lorenz curve has been used in various scholarships to determine the market structure for agricultural products; for example, fruits, vegetables, livestock, electronics, and other commodities (Gastwirth, 1972; Kakwani & Podder, 1976; Tarnab, Zeb, Khan, Nabi, & Nawaz, 2007; Tiku, Olukosi, Omolehin, & Oniah, 2012). In the analysis of the cabbage market in central Botswana, Phuu (2016) noted that the Gini-coefficient of the retailers was 0.675, which indicated a highly concentrated market with less competition. In the palm oil trading at the Cross River State in Nigeria, the Gini values for the processors, agents, merchants and retailers was 0.59, 0.54, 0.65 and 0.32, respective, indicating a pure market competition where market operators had limited power to influence palm oil pricing (Tiku et al., 2012).

Regarding market conduct, livestock traders and brokers in Garissa use partnerships based on trust in the exchange of values. Weak traders, mostly women and disabled groups rely on the same trust to participate. Even though livestock business in the Horn of Africa is characterized by erratic volumes that influence prices, brokers use such dynamics of supply to advise traders on market behavior. The informal structure of CBLT allows brokers to use negotiations in price discovery. As shown by various scholarships, brokers share market information, insure traded animals, and facilitate formal and informal transactions. Traders assess animal body conditions during price

determination. The analysis also showed that 50% of the traders operate individually while others operate in associations. Most of the medium traders operate in associations to manage supply risks and ensure guaranteed supply. Auction or *jumla* strategy is the most preferred mode of selling because it allows weak animals to be sold among the strong ones, and it enables brokers to earn high commissions per head of all sold stock.

Analysis shows that brokers set animal prices and control the Garissa cattle market. Producers and bush traders prefer using brokers to manage the stiff competition as animals flow into Garissa from all directions. These intermediaries are selected based on clan affiliation, experience, and seniority. Selling in *jumla*, where prices are reduced uniformly, has become a key strategy for responding to competition and sustaining customers that guarantee future availability of orders. Since future partnerships are important in business, there is less incentive to return sold animals, and traders share losses through trust and partnerships. Due to unpredictable supply, buyers do not rely on one seller and diversify channels to guarantee future supply.

On the contrary, sellers contact traders from the terminal markets, especially those who buy in large quantities to transport to central and coastal Kenya. They employ lending as part of strengthening the business partnership. Livestock markets in northeastern Kenya are characterized by free entry and exit because a large segment of the formal trade relies on informal cross-border flows.

In reference to market performance, livestock prices differ across the borders of Kenya and Somalia, and Kenya seems to benefit from Somalia's state failure as a large proportion of the livestock in southern Somalia flows towards the Kenyan markets. The winners are the traders in north-eastern Kenya, who receive 51 per cent of the retail spending. As observed elsewhere, traders in southern Somalia lose due to the absence of state protection and physical infrastructure to add efficiency to livestock trading (MercyCorps, 2016). The analysis showed that the gross margin attained by traders per head of cattle and goats is US$182.40 and US$ 15.40, respectively, while the average costs incurred from cattle and goats is US$217.10 and US$ 26.60, respectively. In the export channel, the chapter notes that the gross margins per head of cattle and goats are US$84.90 and US$8.95, respectively, and the average costs per head from cattle and goats is US$465.10 and US$ 51.05, respectively. The main source of variability is that most producers and bush traders

reside far from functional markets in Kenya, which makes them incur high logistical and transaction costs. Market imbalance is caused by informal taxation, corruption and market competition which increases the amount spent on marketing services for the exporters.

Besides price variations based on supply, the livestock features that differentiate animals from southern Somalia to those in north-eastern Kenya influence livestock prices, especially animal size and body condition. Some of the potential sellers in southern Somalia are excluded by the lack of national IDs to access Kenyan markets as state focus on insecurity is paramount for regional peace and stability. Analysis of cross-border livestock trading shows that marketing efficiencies for traders dealing with both large stock and small ruminant are above 90%, indicating the feasibility of cross-border trade and a potential area for investment in the Horn of Africa.

5.5 Conclusion and recommendations

5.5.1 Conclusion

Livestock trading between Kenya and Somalia is a viable business worth investing in. The key driver of the dynamics in market performance is market seasonality induced by domestic meat demand and erratic supply caused by rainy seasons and extended drought. Frequent drought seasons undermine cross-border livestock trading and the livelihoods of pastoral communities in southern Somalia and north-eastern Kenya. Continued failure by regional governments to solve the market risks associated with drought has left producers and bush traders to rely on mobility as a response strategy (Little et al., 2001). The latter makes markets attain boom seasons of high sales and dormant seasons when markets are starved of livestock supply. Cattle are the most easily affected, and volumes drop in the Garissa market as the supply from southern Somalia is shut down by the dry wells along the trade routes. Prices fall as weak animals body condition fails to attract potential traders from central and coastal regions of Kenya. As livelihoods get worse, traders opt to shift to other market commodities and activities for survival.

The weak enforcement of regulations, market liquidity, and devolution resources has made Kenya a preferred target market for livestock producers and bush traders in Eastern Africa. Kenya will remain a key destination for livestock in the Horn of Africa. Besides the high domestic meat demand, it has potential for export necessitated by the many bilateral agreements beyond the African continent. The informal cross–border flows are managed by intermediaries who provide

opportunities to producers and bush traders to access functional markets. Brokers take advantage of decentralization which has pushed administrative services to the Kenyan borders, to enable them to formalize livestock imported informally before trucking them to central Kenya. They use the trust to grow business partnerships and provide informal insurance that guarantees illiterate traders the safety of their assets.

The danger underlying CBLT is the uncontrollable transboundary disease spreading which threatens consumers and markets. Disease monitoring in the region is curtailed by the lack of coordination among East African member states. Due to high business risks, insecure source sites, and Somali society's patriarchal nature, female traders constitute 13.7%, with a higher proportion being widows or divorced women, mostly dealing with small ruminants. While women are attracted to the business by domestic needs, the majority of the male traders are driven by profits, with much of the starting capital provided by family and friends, informal lending, credits, and less than 20% from formal bank loans.

The Gini-coefficient of traders showed less competition on cross-border trade because, besides less restricted entry, traders record high market efficiency of over 90%. Kenyan traders who source cheap livestock from southern Somalia make super profits compared to those trading between Garissa and Nairobi. Kenyan traders face less competition as lack of national IDs and state focus on security denies the majority of bush traders from southern Somalia from accessing Kenyan profitable markets. The market dynamics and supply challenges have forced medium traders at Garissa to operate in associations to manage trade risks and share high logistical and transaction costs. Brokers utilize the trust from traders and facilitate price discovery through negotiation based on volumes and animal body conditions. The auction strategy is preferred to sell in large quantities and motivate future sales by reducing prices and maintaining customers. The auction strategy enables weak animals to be sold and shifts cost between traders. The cross-border market performance shows that Kenyan Somali traders are reaping high benefits compared to traders in southern Somalia. They receive over 50% of the retail spending as traders in southern Somalia suffer the absence of state protection and lack of reliable market infrastructure. The variability noted in the gross margins is also due to long-distance covered to functional markets, informal taxation, corruption and market competition, which increases marketing costs.

The high marketing efficiencies indicate that CBLT is a viable business with a high potential for private investments. The governments in Eastern Africa can foster regional peace, disease monitoring, and physical infrastructure development that will ensure ease of market access by producers. CBLT is still a grey area that requires more research on how it is influenced by insecurity, disease spreading, and the potential for private investment.

5.5.2 Recommendations

The government should collaborate with other agencies to understand the cycle of drought and advise producers accordingly to reduce major experienced during extended drought conditions. Presently, cross-border is extremely vulnerable as production sites such as Afmadow are far from lucrative markets like Garissa.

The state should focus on improving abattoirs within the ASALs counties of Kenya or invest in the incomplete ones so that those facilities can receive the large volume of cattle supplied in the rainy seasons. Since Kenya's independence, north-eastern Kenya has never had a modern internationally certified abattoir that could favour producers and the cross-border supply from southern Somalia and reduce logistical costs brought by the long distances.

The government of Kenya should exploit the huge potential from the informal import through CBLT and establish clearing facilities to certify the animals for its domestic and export markets. Presently, the private sector controls a large share of cross-border trade from which the governments gains less due to minimum infrastructure. The majority of the domestic abattoirs are privately managed and invest the minimum in standard hygiene conditions.

The government should improve the road infrastructure and reduce checkpoints that increase the time taken by animals on trucks, which weakens the animal stamina when they arrive in markets. Poor roads have caused the accidental death of animals and attracted losses to traders. Roadblocks have increased transaction costs due to informal taxation at roadblocks.

CHAPTER SIX: BROKERAGE IN THE BORDERLANDS: THE POLITICAL ECONOMY OF LIVESTOCK INTERMEDIARIES IN NORTHERN KENYA

s6.1 Introduction

Brokers/Dilaal are important market actors who mediate formal and informal transactions within and between livestock markets in Eastern Africa, thereby facilitating the flow of goods and services across international borders (Mahmoud, 2008, 2010; Carrier & Lochery, 2013; Hagmann & Stepputat, 2016).[45] This thesis argues that brokers[46] are prominent figures in CBLT in the borderlands of Kenya and Somalia, and that the analysis produces important insights into informal economies in African borderlands. It contributes to the knowledge on informal or shadow economies at the margins of the African nations. The chapter argues that brokerage is an important aspect of the livestock supply chain that is less written. With a particular focus on the Garissa livestock market, the chapter draws attention to how brokerage supports formalizing imported livestock as it moves along the value chain, from unregulated southern Somalia to central and coastal Kenya. Brokers are also concerned with animal health and ensuring animals reach markets as quickly as possible to preserve animal vigour/stamina and thus make negotiation for high prices possible.

Trading partners are separated by long distances, the nature of institutions, and the types of corridors they operate in, which differentiates the nature of risks they encounter (Little, Mahmoud, & Coppock, 2001; Mahmoud, 2008). The thesis shows how brokers/dilaal respond to the structural needs of particular trade channels where the long-distance between sourcing and destinations hubs undermines producer's access to information. Brokers also set prices with traders and guarantee security to producers where informal transactions govern different forms of transactions.

Generally, information asymmetry is a challenge in marketing. According to Burt (2001; 2004; 2013), it creates a gap that structural holes in trade networks must bridge to support the flow of information as it happens in other industries elsewhere (Burt, 1995; 2001). Information asymmetry

[46] *Dilaal* is an Arabic word meaning 'a go between', (Mahmoud, 2003). To understand the role of *dilaal* in livestock trading in East Africa (Little 1992b), and in West Africa (Hill, 1966). In Swahili a *broker* is an intermediary in business deals.

[47] The chapter does not use the word 'middlemen' because food insecurity, civil conflict, and destitution have gradually increased women's involvement in brokerage.

in cross-border livestock marketing tends to reinforce the importance of brokers in being bridges between trading partners that do not meet face to face.

6.2 Review on brokers and brokerage in (East) African borderlands

Anthropologists have discussed brokers and brokerage in different societies; for example, the first literature emerged in the 1960s and 1970s, focusing on brokerage between the post-colonial state authorities and local communities (James, 2011). In the contexts of neo-liberalism, the decentralization of aid and violent conflict has shown renewed interest in brokers within Africa and other areas (Meehan & Plonski, 2017). Presently, brokers are well understood as 'connective/link agents' who mediate between 'governments, citizens and trade operators, institutions and resources' (Koster & van Leynseele, 2018:804). The unique positionality is derived from their ability to master and manage 'irreconcilable discourses and practices' (James, 2011:335). Whether it is land sales, aid distribution or electoral campaigns, brokers play important roles in facilitating transactions that reflect demands that come from the state (Meehan & Plonsky, 2017:33).

Livestock brokerage is an ancient activity in the borderlands of Kenya and Somalia. Recent dynamics reveal how it is trapped within both formal and informal transactions (Little, Tiki, & Debsu, 2015). The rise in brokerage activity across borders after the Somali state collapse is well explained as a survival mechanism for traders who relied on informal adaptation, security, and governance to manage the business in the absence of a state regulation (Mubarak, 1997; Ahmed & Green, 1999; Menkhaus, 2007; Carrier & Lochery, 2013). Statelessness and structural instability in Southern Somalia (Leeson, 2007; Powell, Ford, & Nowrasteh, 2008), as well as the administrative marginalization of north-eastern Kenya (Murunga, 2005; Weitzberg, 2015), made the Garissa-Kismayo corridor a politically fragile zone that thrives on brokerage activity and informal arrangements. Since the Kenyan independence (1963), insecurity has been a recurrent feature of northern Kenya, and the ongoing Al Shabaab threat (Lochery, 2012; Anderson & McKnight, 2014) has intensified suspicion, threats, and fears, which is causing entrepreneurs to rely on mediators for investment decisions.

Literature on African cross-border trading highlights how brokerage facilitates the informal flows of goods, services, and finances across international borders (Teka & Azeze, 2002; Golub, 2009;

2012; & 2015; Benjamin et al., 2015; Rasmussen, 2017; Gallien, 2018). Brokerage and cross-border trading are closely interrelated, involving various actors and goods. In West Africa, brokers in cattle trading operate (Hill, 1966). like those in Somali East Africa (Little, 1992; 2005), brokers reinforce their 'structural position' (Walther, 2014) between traders and manage transactions. Teka and Azeze (2002) showed how traders facilitate unofficial cross-border trade in the Ethiopia-Djibouti and Ethiopia-Somalia borderlands. Raeymaekers (2007) documented how power brokers manage cross-border trade between the Democratic Republic of Congo and Uganda frontier and build connective networks that define emergent public administration forms. In a study on cross-border trade between Sudan, Uganda and DRC Congo by Titeca (2009), the trade flows behaved like 'a river that responds to natural obstructions by carving new channels, experiences high and low flows, and can be deadly when it is raging'. He uses the metaphor to explain how security and state policies induce dynamics in cross-border trade. Various scholars have shown how intermediaries influence trade along different trade corridors (Hashim & Meagher, 1999; Goodwin & Jasper, 2002; Goodwin & Jasper, 2002; Bakonyi & Stuvøy, 2005).

Typically, brokers exploit the expertise in language, experience, trade, and networking to render services that come at a fee/wage. The outcome from brokerage revolves around achieving a better social capital for relevance in the business (Mahmoud, 2008; Carrier & Elliott, 2018). Brokerage takes place within black markets (Mubarak, 1997), smuggling networks (Titeca & Herdt, 2010; Golub, 2012; Benjamin, Golub, & Mbaye, 2015), and clandestine economies (Meagher, 2014). Brokerage at times draws on parochial ties where tradition has proved resilient against the forces of globalization and capitalism, as customary institutions behaved in the South Pacific (Clements, Boege, Brown, Foley, & Nolan, 2007).

Brokers/dilaal use the strategic position in cross-border business to invest in social networking and expand their trade networks (Kim & Aldrich, 2005). Brokerage and trading at the borderlands are governed by ethnic ties and link into market-oriented value chains towards Nairobi or central Kenya (Kaplinsky & Morris, 2000). Brokers build trust to continue to access informal credits and reduce the incentive to switch trade partners along the global supply chain (Gibbon & Ponte, 2005; Gereffi, Humphrey, & Sturgeon, 2005). That is why trade links or 'network closures' are strong (Burt, 2004) when informal credits prove to sustain the trade.

Brokers/dilaal are key figures in the informal sector, which economists worry undermines the formal economy's growth (Lesser & Moise-Leeman, 2009). In East Africa, brokers manage livestock markets, mediate transactions, and link traders in the remote market to urban centres (Little, 2005). They gather animals from herders at bush markets, then contact potential buyers and sell on behalf of the producers using negotiated generalized prices (Aklilu, Irungu, & Reda, 2002). Dilaals responsibility in connecting traders is also discussed in the context of Eastleigh in Nairobi (Carrier, 2016), the Kenya livestock marketing networks (Barrett, Chabari, Bailey, Little, & Coppock, 2003; Irungu et al., 2014), the *Kudra Tera* vegetable market in the Ethiopian Ogaden (Gebresenbet, 2018), and the Kenya and Ethiopia borderlands (Teka, Azeze, & Gebremariam, 1999; Pavanello, 2010).

6.3 Methodology

The analysis is informed by seven to nine months of qualitative data collection, starting from January to October 2018 at Garissa livestock sale-yard, and Nairobi livestock hubs.[47] A majority of the successful traders interviewed began survival as brokers and later on became traders, hence they have good understanding about livestock brokering. Because of ongoing insecurity and difficulties of research access, data collection on livestock trading on the Somali side of the Garissa trade corridor, especially in the Juba land in southern Somalia, was carried out indirectly by interviewing brokers and sometimes traders operating on the Kenyan markets. Furthermore, as an ethnic outsider the author had to overcome language bottlenecks and the suspicion about the research work, which is explained by ongoing insecurity in northeastern Kenya.[48]

The chapter begins with a brief review of the existing knowledge/literature on brokers/dilaal and brokerage. The subsequent section talks about the history and the context of sourcing of informality that characterizes cross-border business. The subsequent section explains the networking nature of brokerage within cross-border trading and the different types of brokers existing in Garissa's livestock hub. Later, the chapter focusses on various rationalities that inform the practices of brokers, ranging from profit-making to kinship ties and trust in business relations.

[48] Data collection consisted of direct observations, semi-structured interviews, and focus group discussions. Forty-six interviews, seven focus group discussions with traders, trekkers, and brokers, and participatory observations were conducted.

[48] International Crisis Group, *Kenya: Al-Shabaab- Closer to Home. Africa Briefing No. 102*.

The conclusion pulls thoughts on what the brokerage in livestock trading implies about informal economies and the capacity of the state.

6.4 Results

6.4.1 Sources of informality in the Kenya-Somalia borderland

This part shows that the dominance of informal contracts in Somali's business is not part of the cultural norms but a strategy of adapting to the socio-political and economic situations in the fragile corridor that links southern Somalia to fragile north-eastern Kenya. As Little (2005) noted, the limited state presence in the remote borderlands in Eastern Africa explains why a large proportion of business transactions remain informal. In the Somali-Kenya trade corridor the trekking of animals along *bush routes*, and the present reforms in immigration and security in Kenya makes brokers to prefer informal arrangements.[49] According to Little *et al*. (2015), all attempts by the Ethiopian government to control informal markets resulted in the popping up of livestock markets across the border in Moyale. The thesis noted that border regulations that result from policy reforms on security, immigration and trade, tend to influence brokerage networks. In addition, bureaucratic delays caused by the government officials at the borders are normally avoidable when brokers part with informal fees - paid for access to trade permits.

Garissa, which grew to be the capital of the County in 2013, is positioned between Kismayo and Nairobi, and has a population of 67,861 inhabitants in an area of approximately 863 km.[50] The town is presently a transit point and hosts the largest livestock trading market in East and Central Africa.[51] The historical aspect reveals that the former Northern Frontier District (NFD) headquarter under the British colonial administration separated Ethiopian territories from the present Kenyan space (Mahmoud, 2008; Lochery, 2012; Whittaker, 2013; 2017). After the independence of the Kenyan state, Garissa was made the headquarters of the North-Eastern Province of Kenya. The Somalis are the main ethnic group that comprise mainly the sub-clans of Ogadeen (aulihan, abudwakh, and Abdalla), followed by Marehan (mainly from Gedo) (Gundel, 2009). Livestock

[49] Anderson and McKnight, "Kenya at war: Al-Shabaab and its Enemies in Eastern Africa,"; International Crisis Croup, The hidden cost of Al-Shabaab's campain in North-Eastern Kenya.
[50] Kenya National Bureau of Statistics, 2019 Kenya Population and Housing Censors Result.
[51] Interview, Livestock Extension Officer, County Department of Livestock, 27th January 2018;

production is the main source of livelihood, - which also defines their nomadic mobility, localized conflicts, and investments in the northern Kenya.

Cross-border ethnic ties due to the linkage of Somalis in northeastern Kenya to those in Southern Somalia have facilitated livestock brokerage across the borders. Apart from clan resource-based conflicts, trade has always brought Somalis together (Adano, Dietz, Witsenburg, & Zaal, 2012), with sub-clans of the Ogaden clan family protecting minor clans - with less presence such as Dir and Hawiye (Gundel, 2009). The thesis notes that informal cross-border trading networks are made possible by having people of the same culture living on either side of the border.

Since the collapse of the Somali economy and the increased chaos in the Juba land (Somalia) - in the early 1990s, Garissa expanded as the main hub that investors preferred and also a place for negotiating cross-border trade partnerships.

Three decades after Somalia´s state implosion, Somali identity in Kenya remains elusive to the state. It blurred the gap between the Kenyan Somali citizens and the refugees arriving from Somalia. The spillover of insurgency groups from southern Somalia to north-eastern Kenya in 2011 has also planted more suspicions between Somalis entrepreneurs and Kenyan state officials (Anderson & McKnight, 2014; 2015). The Somali traders have not forgotten northern Kenya's decades of administrative marginalization (Murunga, 2005). Until then, traders look at all state-led reforms with ambivalence and prefer informal arrangements. However, in Eastleigh Nairobi, Somalis have compelled the government to improve infrastructure and security for the safety of their businesses/investments (Carrier & Lochery, 2013; Carrier, 2016).

In addition, the lack of administrative services at the borders makes livestock trading informal (Negassa, Costagli, Matete, & Jabbar, 2008). Kenya’s Vision 2030 intends to transform marginal frontiers (including north-eastern Kenya), with both economic development and security agendas of reinforcing buffer zones is inclusive in the LAPSSET mega plans (Mosley & Watson, 2016).[52] However, critics have pointed out limitations of such projects, which are not practical due to their short time frames and financial demands as well as competing agendas of East African member states (Browne, 2015).

[52] LAPSSET; Lamu Port, South Sudan, Ethiopia Transport Corridor an infructure project the brings together Kenya, Ethiopia and South Sudan

They need to grow revenues at the county level since 2013 has intensified corruption and informal taxation. D'Arcy and Cornell (2016) noted that corruption in Kenya was also decentralized as part of the old administrative trait. But in north-eastern Kenya, kinship and clan oriented nepotism and favoritism have motivated the exclusion of minor clans from the county resources.[53] In Garissa county, brokers from bigger clans have connections with government officials and are able to facilitate illegal access of livestock permits, even at night, weekends, or on public holidays, as long-distance traders need the animals to reach terminal markets in time. Besides devolution and disappointments (International Crisis Group, 2016), the structural instability and insecurity that extends from southern Somalia to north-eastern Kenya scare off private and state institutions, which could otherwise reduce informality. Insurgency groups shot down the Safaricom mast at Fafi sub-county in February 2018, and the ensuing absence of communication forced brokers to rely on traditional methods of communication to facilitate transactions.[54]

Youth unemployment is a common problem in Kenya (Hope, 2012). The limited job opportunities for Somalis arriving at north-eastern Kenya after the Somali state collapse implies minor clans have to rely on urban survival strategies such as brokerage. Due to brokers' understanding of livestock production in the region, the brokers facilitate the informal sourcing of livestock from Ethiopia's Somali regional state and Southern Somalia into Garissa market – on transit to Central Kenya (Negassa et al., 2008). In times of limited supply, brokers from the Kenyan-Somali border cooperate with their associates in southern Ethiopia to facilitate the procurement of camels, which flow through Isiolo to Bangale market, 80km west of Garissa.[55] The Burji brokers do cooperate with Somalis, who mostly consume camels, and are willing to buy at high prices.[56]

[53] Interview, senior state officer from the Ministry of Agriculture, Livestock and Fisheries, Garissa, 22nd July 2017.
[54] Interview, senior livestock broker, Garissa, 24th July 2017.
[55] Focus discussion, eight elderly livestock traders, Garissa market, 21st January 2018.
[56] Camel prices reach US$800-900 per head around Isiolo and Garissa, 30% higher compared to borderland prices.

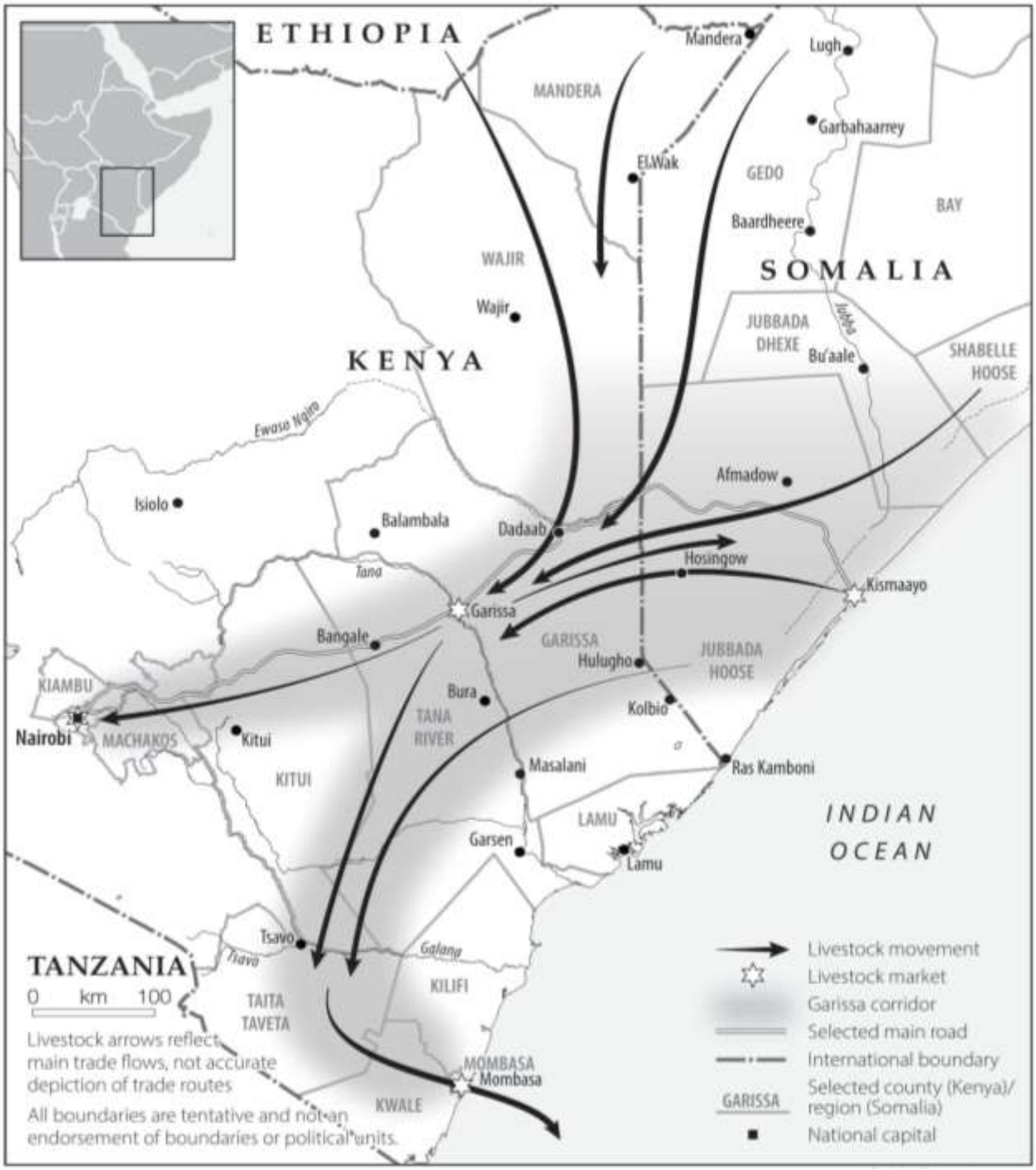

Figure 6.2. Livestock trading and flows in the Somalia-Kenya trade corridor, © MAP*grafix*, 2019

6.4.2 Garissa livestock brokers: Connections and commissions

This part focuses on the drivers of brokerage networks and cooperation in cross-border trade and the Garissa livestock hub. First, the chapter discusses the geographical position that gives Garissa livestock brokers more advantage and power, then the chapter defines roles that brokers play and the demographic changes (population) that have taken place since the implosion of the Somalia state.

Livestock brokers facilitate cross-border border trading along the Somalia Kenya trade corridor, and its main nodes are Kismayo, Garissa, and Nairobi. Bush and primary markets along the trade corridor serve as the source of livestock. These markets are spread in north-eastern Kenya and the borderlands and are connected by trekking and trucking routes to markets in southern Somalia. The trek routes and the flow of livestock reveal Garissa as a hub of concentration, transition, and re-distribution. The brokers in Garissa are crucial intermediaries that link an extensive network of actors from the borderlands to other clusters of actors in central and coastal Kenya. The linkage between Garissa brokers and Nairobi agents facilitates the daily facilitation of orders and maintains future supplies. In contrast, the linkage between Garissa brokers and remote border hubs facilitates the collection and concentration of livestock from bush markets, later trekked to Garissa livestock sale yard. Figure 1 illustrates the flow of livestock from southern Somalia, through Garissa, to the abattoirs and ports in central and coastal parts of Kenya.

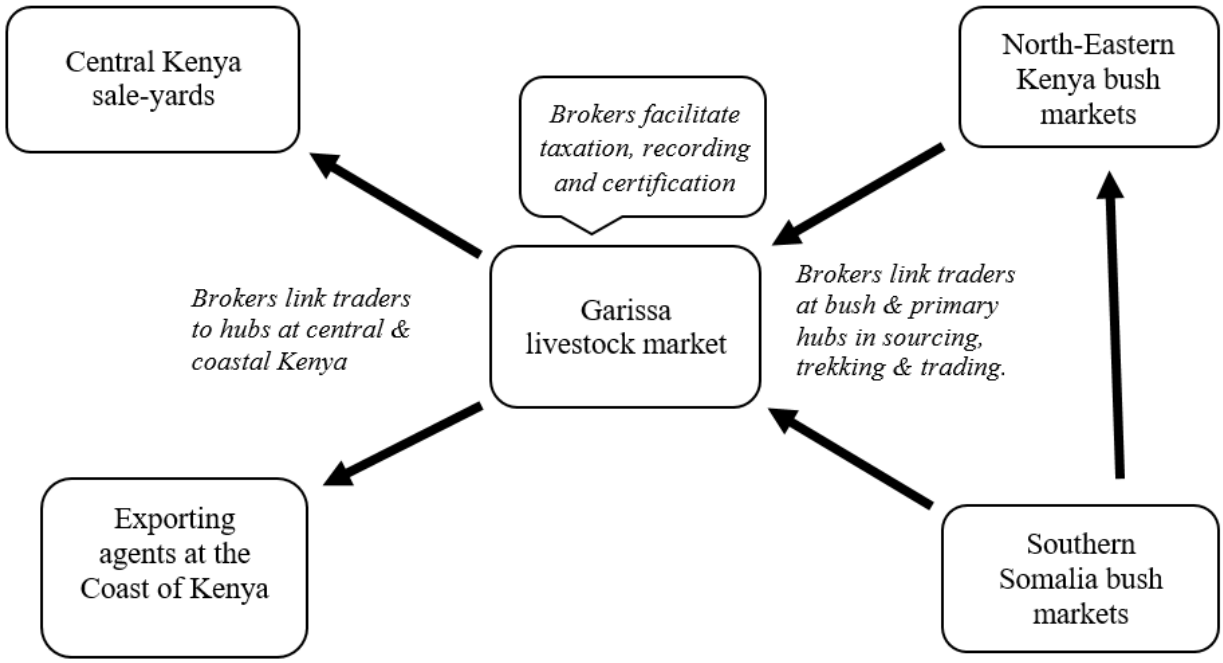

Figure 1. Brokers and livestock trade networks (adopted from Burt, 2004)

Normally, the brokers/dilaal hold market information on supplies, volumes, and pricing of livestock. Traders rely on them during livestock sourcing, negotiations, and transactions. For the business to continue, brokers forge social relations with either buyers or sellers. In most cases, the buyers and sellers do not meet face to face because the brokers facilitate the exchange. During the discussions, brokers told me they might operate in groups.[57] Brokers with more connections and experience are considered more reliable and tend to be innovative in risk management as they possess crucial information on market behavior under different climatic, political, and economic conditions.[58]

Positioned between traders in the supply chain, brokers are the practical buyers and sellers at Garissa livestock markets. Traders agree that brokers/*dilaal* are key in facilitating access to market information, sharing good ideas, innovations, and experiences about the market. The *dilaal* invest in social capital by building trust through informal credits, insurance, and market access. Those who collect enough commissions normally grow to be traders and even employ other brokers. Also, traders who undergo a major loss can retreat to the brokerage as a recovery strategy.

[57] Focus discussion, six livestock brokers, Garissa market, 10th May 2018.
[58] Interview, senior trader and former broker, Garissa livestock market, 05th March 2018

Because trust is a key factor in the brokerage business, older brokers have more market power and command. The best broker has high experience and the ability to understand the quality of animals, body conditions/stamina, the animal grade, health, and animal size and use such traits to define the market price.[59] In north-eastern Kenya, Somali culture respects the older or aged person. As a result, elderly brokers are trusted to mediate transactions involving large animals. Seniority in brokerage influences wealth extraction and accumulation. Trends in the daily collection show that senior brokers make up to US$300 on a weekly basis, compared to juniors who make less than US$10.[60]

The number of brokers and commissions have evolved in the last five decades. Trends show that the population of brokers in Garissa increased gradually since Kenyan independence and rapidly since the early 1990s (Table 1). A broker, aged 76, left skin selling in 1963 and became a goat broker, earning Kshs. 2-3 per day[61]. According to him, the broker's population increased by the mid-1990s following Somalia state collapse. Some of these immigrants joined livestock trekking and brokerage for survival, while others took part in *khat* selling, pasture vending, motorbike riding, and tea selling. As the population of brokers increased in north-eastern Kenya, the livestock market days in Garissa (*arbaca* meaning Wednesday) are characterized by widespread negotiations with brokers facilitating oral transactions. The changes in the volumes of animals traded per week set variations in brokers population with numbers estimated to reach 800-1000 in the best market season.[62]

Table 6.1: Evolving number of livestock brokers at Garissa (1965-2015)

[59] Discussion, eight livestock traders, Garissa, 21st January 2018.
[60] Interview, senior livestock broker, Garissa, 23rd April 2018
[61] Interview, elderly livestock trader, Garissa, 06th May 2018.
[62] Discussion, livestock brokers and traders, Garissa, 15th February 2019.

Year	Number of brokers (estimates)	Brokerage commission (in KShs.)	
		Small stock (goats)	Big Stock (cattle)
1965	5 – 10	0.20 – 0.50	02 - 05
1975	15 – 20	5 - 10	20 - 30
1985	30 – 50	20 - 30	50 - 100
Somalia state collapse			
1995	150 – 170	50 - 60	200 - 300
2005	230 – 250	70 - 80	300 - 400
2015	350 – 500	100 - 150	500 - 1000

Source: Interviews at Garissa livestock market, May 2018

Livestock brokerage facilitates the concentration of animals in the trade corridor, with up to 8,000 cattle per week moving through Garissa County, including 5,000 passing through Garissa sale-yard.[63] A broker with ten years of experience, explained that 'I have connections all over from the Nairobi to Southern Somalia. I have around four customers at Kariobangi market (Nairobi), five at Hulugho border market, and another ten at Garissa.' Adan, another broker, has business partners at Dagoreti, one at Njiru market (Nairobi), and five in Mombasa markets. One broker stated that 'when large volumes of cattle are available, one broker can supply two trucks full of cattle, but when livestock supplies are low, especially in the drought season.[64]

Ethnically, Somalis constitute the vast majority of brokers in Garissa, while the rest are the Kamba, Kikuyu, and coastal ethnic communities.[65] Such disparity happens because, in every dry season, drought affects traders and producers, and some of the livestock keepers drop out to join livestock brokerage for survival. The language barrier has also been a factor as producers require a translator or a broker to take care of the exchange process, which explains why Somalis youth dominate the brokerage activity. A similar scenario happens in the Dagoreti market in Nairobi, where Maasai brokers have displaced Kikuyu youth as major suppliers are Maasai from the Rift Valley region

[63] Interview, veterinary officer, Ministry of Agriculture, livestock and Fisheries, Garissa County, 24th April 2017.
[64] Interview, livestock broker, Garissa, 30th April 2018.
[65] Ethnographic observation, Garissa livestock market, July 2018; Interview, livestock extension officer, Garissa, 15th July 2018.

who require traders who understand their language to facilitate transactions. Consequently, ethnic ties, trust and experience among brokers become the exclusion factors in their business.

Social capital arising from the connections, partnerships, and linkages among brokers and traders makes brokers adaptive to market dynamics along the Kismayo-Garissa-Nairobi corridor. The changing number of brokers reveals that they increase in numbers inside markets and follow the direction of commodity flows. This demonstrates the role of markets in attracting institutional multiplicity and mobilizing human and financial capital.

However, some brokers have expressed mixed feelings about brokerage. First, all female brokers decline to be referred as brokers as the name represents a crafty person. Another truck broker states that, 'I make money through brokerage to cater for my domestic needs[66] but it's not an excellent job, because sometimes I have to keep information about livestock prices and truck rents from other parties, which makes me dishonest or a robber'. Abdulahi,[67] a Kenyan Somali university student from Garissa explains that if trade partners exploit others through opaque deals, that is considered *haram* – meaning forbidden by Islam. He also stated that, 'around 20% of the brokers at Garissa sale-yard are dishonest as they use secrecy to earn high commissions from both buyers and sellers'. During the group discussions, one male broker stated that 'due to the opportunistic nature of our role, we are aggressive, selfish, and do not share information.'[68]

The number of female brokers in north-eastern Kenya is low due to the patriarchal (male dominated) nature of the Somali society. The first female trader began trade in 2004, and five years later, she had more than five female companions. Presently, female brokers/*dilaal* average at 15 to 20 in the Garissa market. Together with female traders, they reach 50 to 70 depending on market seasonalities. Female *dilaal* mostly deal with goats and sheep, with very few getting involved in the cattle trade. Financial capital and insecurity has been the limiting factors that undermine women engagement in cattle trade. because women in Garissa market do not like being referred to as brokers due to a common perception that they are 'crafty experts in business,[69] hence, the term broker is replaced with names like 'friend or business partner'- which are less offensive. Female

[66] Interview, lorry and livestock broker, Garissa, 09th May 2018.
[67] Interview, Kenyan-Somali university student, Garissa, 25th February 2019.
[68] Interview, livestock broker, Garissa, 13th April 2018.
[69] Focus discussion, female brokers, Garissa, 27th May 2019.

dilaal and traders rely on male brokers from their clan for protection and cheap labour. In a male-dominated society (Majid, 2013), female brokers rarely engage in cattle brokerage, and when they participate, they tend to keep low profile or operate in secrecy or may even hire male brokers to facilitate business on their behalf. Such exclusion of female brokers is exacerbated by absence of physical infrastructure and insecurity as women brokers have to rely on male brokers for safety during livestock sourcing from the remote borderland markets.[70]

Besides livestock brokers, fodder supply, veterinary drugs and transport are also brokered as livestock trading. Hay brokers supply fodder every Wednesday to sustain animals offered for sale at Garissa sale yard. During fieldwork, which happened to be in the normal season of 2018, about ten hand carts and over 20 motorbikes delivered hay bales weekly on market days. Hay brokers supply fodder from farms on behalf of the producers at a fee. Some brokers contact regular traders via mobile phone to order hay early. Hay sellers make a maximum of US$200 from the sale of 200kg of hay, in which 1kg is sold at Kshs. 100. In the best season, fodder sellers make approximately US$700 on each market day.

Drug brokers are common in times of livestock epidemic disease outbreaks. Such brokers link drug sellers and bush traders/producers because most do not reside in towns where agro-vet shops/premises are found. These brokers also link animal drug suppliers in north-eastern Kenya to producers in Southern Somalia. The truck brokers are available at Garissa sale yard on the cattle market days on Wednesdays. They link transporters and traders and facilitate access to reliable trucks. The sooner livestock reaches the terminal market while healthy with good stamina, the higher the profits and the easier the next weekly supply. Truck brokers receive a fee of US$5-10 per truck, depending on livestock volumes supplied. Kuso, who has been involved in truck brokerage for 30 years, is the chairman of the 'truck brokers association' in Garissa, with a composition of thirteen members with no female brokers. Kuso makes US$20 per day on a low market season and US$50-80 per day on a high market season. On average, all truck brokers make US$5-10 from each lorry and US$30 from each long truck.[71]

The major driver for livestock brokerage is to link market operators in return for a commission. However, brokers in northern Kenya do more than that. They also act as informal insurers of

[70] Interview, Head of Kenya Livestock Marketing Council, Garissa, 19th February 2019.
[71] Interview, truck broker, Garissa, 07th May 2018.

livestock, and then they also facilitate documentation, accountability, and taxation. In effect, these roles make brokers support functions for the local authorities. The evasion of livestock taxation is gradually disappearing as brokers make it possible for buyers and sellers to share and absorb taxation effects on business.[72] Somali traders have gradually accepted state accountability and taxation of their livestock through the support of the brokers. Another strength is that brokers are more trusted in remote borderlands where state institutions are weak or absent. From the numbers recorded for all seasons, the population of brokers in livestock markets is high even when supplies are low because unemployment makes brokerage a livelihood of last resort.

Since the decentralization of resources in Kenya, participation in brokerage appears to have increased in all ASALs Counties.[73] When local level governments intend to increase revenue from businesses, brokers in Garissa have linked taxpayers and the revenue clerks. Brokers facilitate taxation and participation in 'formalizing' the value chain by gathering livestock together. The clerks collect livestock taxes under broker support, linking buyers and sellers and ensuring that animals are taxed before being trucked out of Garissa. The brokers' incentive to gather animals is because their commission depends on the number of animals sold. Hence, they gather animals and ensure they are sold through a negotiated auction method, referred locally as *jumla* - 'auction'. Brokers/dilaal do ensure animals receive key documents and sometimes pay taxes on behave of the buyer and the seller during the auctions and absorb these costs during the price negotiations and recover such costs when the animals are sold.[74] In this way, the state optimizes revenue collection by relying on brokerage, a process that shows how informal processes add efficiency to public administrative functions.

6.5 Discussion: Brokering practices between profit, kinship and trust

When local level governments intend to increase revenue from businesses, brokers in Garissa have linked taxpayers and the revenue. In this section, the thesis will focus on the practices that explain

[72] Focus discussion, livestock brokers, Garissa, 12th May 2018.
[73] Interview, truck driver, Garissa, 02nd June 2018.
[74] Participatory observation, Garissa livestock market, January-July 2018.

livestock brokerage in the borderlands of Kenya and Somalia. For illustration purposes, the chapter refers to and quote individual brokers interviewed during the research.

The brokerage process starts when brokers identify prospective livestock buyers using their linkages. Brokers with higher experience might have connections with 30 clients scattered in various supply networks. The majority of brokers facilitate access to information and livestock orders on the mobile phone weekly.[75] Brokers facilitate links across Kenya and Somalia's borders and engage in cattle trekking from southern Somalia. The strict border controls and security surveillance have driven brokers' innovations to cooperate in maneuvering with livestock informally across the borders. Less experienced brokers have fewer connections and therefore seek to work with experienced brokers to gain trust and build business partnerships. The highly experienced brokers with multiple connections are hesitant to train others as the business is characterized by competition, aggressiveness, concealed orders, and secrecy. One livestock broker described his peers as 'aggressive as hyenas on business deals and very selfish, secretive, and always never satisfied by a single deal.'[76]

Once a client has put in an order, the next step involves gathering livestock from producers and bush/primary traders. The senior brokers often have three to five contacts in different bush markets and villages in addition to relatives, who all provide information on the availability of potential sellers. Most producers in Kenya normally tend to sell animals in January to cater to school fees and other academic expenses for their children, and the brokers are keen on such seasonal behaviour of sales. Brokers normally receive animals from producers on credit, using verbal agreements. Payments take up to one or two weeks after receipt of animals. Subsequently, buyers meet animals at the Garissa sale yard, where price negotiations continue, sold using auction sales. Finally, brokers organize payment, taxation, and cash transfer between buyer and seller. Revenue clerks and veterinary officers are usually present in the Garissa market to provide necessary documents.[77] The broker informally collaborates with local government officials to ensure access to livestock movement, trade permits, and taxation receipt/permit. Some brokers may supply animals on credit and settle payments later, while others pay the sellers on the same market day.

[75] Interview with a livestock broker at the tea kiosk number 024, Garissa livestock market, 25th April 2018.
[76] Interview, livestock broker, Garissa, 13th April 2018.
[77] Interview with veterinary officer, Department of Livestock, Garissa county government, 07th February 2018.

The sold animals are then loaded onto trucks while heading to terminal markets. The duration from the time of organizing orders to the trucking of animals out of Garissa takes less than two weeks.

Cross-border livestock marketing in the Kenyan-Somalia borderlands is facilitated by clan linkages. But is also undermined by secrecy and selfishness when clan/ethnic lineages compete for market dominance.[78] Business opportunities and ideas are shared mostly among brokers from the same clan lineage or family, while brokers from other lineages are excluded. Sometimes, the fact that many brokers from one clan dominate the market and provide similar services means that producers from the same clan do not need to rely on one broker for connections. Profits from brokerage tend to decline as the number of brokers involved in connecting suppliers and buyers increases. Having links with many brokers' makes traders diversify marketing channels. Hence traders are less affected by market failure, political turbulence, and other trade risks.

The commission earned from various market activities defines patterns of clan exclusion, social stratification and clan dominance. Major Ogadeen sub-clans, in particularly the Abudhakh and Auliyahan, control key market infrastructure and services, including management of loading ramps, animal cottages, sale yard security, and livestock brokerage Garissa livestock sale-yard.[79] Members of minor clan lineages engage in truck brokerage, animal marking, escorting livestock, controlling aggressive animals, loading sand into trucks, and loading animals, which generate low incomes, mostly below US$10 per day.

Before the emergence of mobile technology, crafty/cunning brokers mediating transactions across the border and benefitted from the absence of business information. They always earned double commissions from both the sellers and the buyers, sometimes US$30-40, which was above normal market brokerage fees for big stock.[80] One broker, who brings cattle from Hulugho border market to Garissa deplored how mobile phones had undermined his ability to mediate livestock transactions. Since the installation of Safaricom masts at market centers close to the borderlands in 2013, both producers and traders have been able to follow and confirm prices from distant

[78] Focus discussion, nine trekkers, Garissa livestock market, 14th May 2018.
[79] Interview with the coordinator, International Livestock Research Institute, Garissa County, 25th July 2017.
[80] Interview, a broker and a former trader from Hulugho border market, Garissa, 28th April 2017.

markets via mobile communication. Hence traders gained the advantage and decide on commissions instead of brokers.

Brokerage commissions have reduced from US$30 to US$40 before the emergence of mobile phones, to some US$5-10 per head for cattle sold in 2018. A similar percentage reduction was reported for commissions earned from other livestock species.[81] Only cunning brokers earned above US$30 per head in cattle brokerage, mostly by taking an equal amount of US$15 from both the buyer and the seller. Before and even after the age of mobile communication, such cases of craftiness were not openly discussed as brokers considered this information sensitive as it was likely to increase more complaints from producers or attract government strategies on excluding all brokers from livestock trading. Overall, information symmetry has protected traders against extortion by intermediaries/mediators, including livestock brokers. As a result, the profits that livestock brokers make relies less on their wit and ability to negotiate compensation but on the number of transactions each broker can create.[82] Frustrations happen at times when traders in terminal markets delay payments for animals supplied on credit by brokers, and efforts to contact them by mobile produces results to empty promises, which undermines trust.

Brokers with broader connections and high experience and expertise have the most reliable price information. Convincing producers about price dynamics in Garissa and terminal markets (Nairobi) requires expertise. The following anecdote exemplifies this. In 2001, 64 years old Farah - who had seven years in brokerage, ran into trouble trying to convince producers that increased cattle supply to Nairobi markets had reduced initially agreed prices. Trusted brokers came to the rescue in explaining and defending him, eventually managing to convince producers that the resulting selling price was not his making, that the producers/herders lost his trust but understood price dynamics at the terminal markets.[83] Brokerage produces trust to resolve conflicts between brokers, traders and producers. Those brokers contracted by producers and are not flexible to the price dynamics encounter challenges when other brokers sell livestock at lower or flexible prices. At some point, a broker may have to return animals to the producer, and no commission is generated on that day. Another challenge occurs when influential brokers with enough capital

[81] Group discussion, five livestock brokers, Garissa, 12th May 2018.
[82] Discussion, six livestock brokers, Garissa market, 10th May 2018.
[83] Interview, senior livestock broker and traders, Garissa, 05th June 2018

interfere with negotiations and transactions within the markets, mentioning higher purchasing prices in the middle of other negotiations, causing prospective sellers to change the focus immediately. Female brokers are the primary victims as men undermine their position within the market by pursuing such crafty strategies. Male brokers use capital, long experience, and physical strength to exclude female brokers.[84]

In order to take a collective response to risks, conflict, and bargaining with the local administration, several associations have been established by brokers/traders at Garissa and Nairobi markets, with a few being registered. Approximately 15 brokers' associations and ten traders' associations operate in Garissa, while in other primary markets like Masalani, there are over 15 groups, with seven female traders' associations. Contributions from individual members sustain the associations or groups. Since most brokers' associations are unregistered/informal, they do not hold regular meetings to ensure accountability. Among the registered associations, none of them pays annual taxes/revenues. These groups become active when funded by governments or NGOs and go dormant when the funds are used up.[85] With 22 years of experience in brokerage, Ares is the Chairman of CBC-Waberi brokers' association, formed in 2013 when Kenya's devolution began, with about 16-18 members and based in Garissa. Although dormant, it was registered using US$100 by the brokers who were also traders, and members continued to contribute US$2 per month, while new members paid US$30 to join the group. The collections are used to support members through informal loans, domestic needs, and risk management.[86]

Hassan, with ten years' experience in the brokerage and a member of 'Iskade brokers association', states that they manage six to seven livestock transactions per day with fellow brokers. Each order comprises 20-50 cattle, and one broker can raise commission amounting to US$100-150 in a market day. The association was formed to improve the coordination of orders and grow business. New members pay US$5 to join the group. The entry fee is kept low to encourage more members to join since a more significant number of brokers may translate into more orders.[87] Thanks to

[84] Focus discussion, female livestock traders and brokers, Garissa, 29th May 2019.
[85] Interview, a senior broker and trader, Garissa, 26th April 2017.
[86] Interview, goat broker, Garissa Government Guest House, 19th April 2019.
[87] Interview, a broker, Garissa market, 25th July 2017.

brokers, livestock traders are guaranteed a daily availability of livestock orders from hubs in the central and coastal parts of Kenya.

Brokers from the same clan also provide protection and guaranteed security of transactions to female traders. The kinship connections influence trade partnerships as traders trust brokers from their clan families. The exclusion of brokers belonging to minor clan lineages reveals how demography affects access to business opportunities. Besides brokerage, access to a range of resources along trek routes between southern Somalia and Garissa, such as pasture and water points, require clan protection.[88] As a result, trade channels and trek routes are associated with particular clan lineages. For example, brokers receiving animals from Kulbiyo border market do not venture into Liboi border market.

Limited employment opportunities have produced a diversity in brokerage activities based on the different types of goods and services involved. Brokers mediate access to livestock, pasture, trucks, permits and animal cottages. In Garissa market livestock brokers constitute some 80% of all intermediaries.[89] Livestock brokers make varying commissions from different species of animals (table 6.2).

Table 6.2: Broker commission per head of stock

Animals species	Brokerage commission (US$)
Bull	US$ 5-10
Camel	US$ 10-20
Donkey	US$ 5
Goat/Sheep	US$ 1-2
Chicken	US$ 0.3-0.5

Source: Interview with a broker at Garissa Livestock market in February 2018

Permit brokers are the most powerful of all brokers in the livestock sector as they have administrative connections. Since cattle trucked directly from southern Somalia require permits instantly as they pass Garissa, the permit brokers can ensure access to movement permits over the

[88] Focus discussion, livestock trekkers, Garissa livestock market, 14th May 2018.
[89] Informal discussion, livestock brokers and traders, Garissa market, 15th February 2019.

weekend, even in the middle of the night, by colluding with the veterinary officials. The animals require the movement permits to be allowed by the police to by-pass roadblocks along the route when trucked from Garissa to central or the coastal parts of Kenya.[90] Permit access fees are informal and negotiable between US$30-50, paid to the county veterinary officer by the broker. Sometimes, motorbike riders (*bodaboda*) are sent to collect the permit from the veterinary officer as the transporter wires the payment for the permit with Safaricom's mobile money service MPESA.

The mode of trading – whether animals are auctioned in bulk or sold per head – influences the amount of the commission that brokers receive or collect. When animal traits are used, such as size, gender, species, and grade, to determine animal prices, the broker fee will increase. Brokers generate a good income, estimated as 1-2% of the total price of each animal sold (Little et al., 2015). Hence, out of 5,000 cattle sold on average on a market day in Garissa during the high season in May to July, over US$25,000 comprise the brokers' commissions, without factoring in the commission from other livestock species. In a good market day, each broker earns more than US$100, and around US$20-30 daily on a low season.[91]

The dynamics of livestock prices in central Kenya influence deals and contracts made at Garissa. Whenever prices at terminal markets decrease because of abundant supply from competing sources, brokers have to sell at lower prices than previously agreed with Garissa traders. The same holds for truck brokers, particularly when hired on credit. As they reach terminal markets, animals may delay getting sold or may be sold at lower prices due to increased surplus from other border hubs, Moyale and Migori. Changes in prices affect traders' income, forcing them to lower truck rents, for example, from an agreed US$200 to US$170, resulting in suspicion by truck owners against their drivers. When cross-border livestock volume drops due to drought, broker commissions also drop. When cattle have low stamina and fall under the Grade III category, the broker earns less than US$5 per cow from the deal.[92]

[90] Interview with senior livestock trader and broker, Garissa, 21st March 2018
[91] Interview, a broker, Garissa livestock market, 28th June 2018.
[92] Interview, a broker, Garissa livestock market, 24th April 2017.

6.6 Conclusion

This chapter demonstrates that besides producing trust and investing in social capital, livestock brokers in northeastern Kenya are key market actors who drive the integration of informally imported livestock into the formal economy.[93] They facilitate efficient livestock recording, taxation, accountability, and veterinary certification by gathering animals into auction yards and ensuring they acquire key documentation before being trucked out of the borderlands to the consumer hubs. Brokers link livestock markets, act as pillars of the livestock trade networks, and aid traders in decision-making. Garissa based Brokers also facilitate long-distance trading where trade operators along the value chain do not meet face to face. They connect trade partners from different ethnic communities along the chain and develop the trust that sustains the supply of livestock from Somali producers to Kenyan consumers.

When looking at brokers and the state, they manage financial modalities in the business, including the availability of credit and facilitation of cashless transactions, sometimes enforced by trust and by the urge to sustain livestock supply. Brokerage facilitates business through informal insurance and credit system. Brokers at the borderlands protect producers and traders by guaranteeing the safety of the transactions. Most of the producers do trust brokers from their clan. Most producers and small-scale traders rely on brokers to gain access to buyers. Brokers sometimes pay for documentation and certification of animals when the trader has no cash.

Livestock brokerage produces more than social capital and trust. Being the bridge between market actors and institutions across the borders, brokers understand market behavior and seasonal variations. Brokers are experts whose knowledge has been ignored when market variabilities, price transmissions, and erratic supplies undermine modern marketing models. As reliable intermediaries, brokers have enabled traders to skip bureaucratic processes that affect business efficiency, viewed in the accessibility to trade permits. Brokers provide traders with good ideas and alternatives in risk evasion, conflict management, and marketing options through their expertise. Although insecurity tends to undermine investments at the borderlands, brokers have made it possible by creating business connections that extend and reach into southern Somalia to facilitate the cross-border flow of information, livestock, pharmaceuticals, and finances.

[93] Musa, *From Trust to Oligopoly: Intitutional Change in Livestock Trade in Somaliland After 1991.*

Brokerage in livestock trading in the Kenya-Somalia borderland is not only the result of information asymmetry or the necessity to connect supplies and buyers who are separated by great distance and an international border. Instead, brokers play multiple functions without which long-distance trading between southern Somalia and Kenyan terminal markets would be impossible. A key point remains that brokerage is not primarily or only a reflection of informality, as some economists and outsiders might consider. Instead, the brokerage must be regarded as an effective mechanism of informal governance of the livestock economy. The sale, transport and certification of livestock along the corridor is possible. Brokerage is thus necessary to connect and mediate between market places, buyers and sellers, and different standards of animal production and consumption across the politically fragmented Kenya-Somalia borderlands.

The analysis of livestock brokers and brokerage in the Garissa corridor echoes the broader anthropological literature. Garissa's livestock traders are similar to other brokers around the globe, 'deeply implicated in state and market expansion processes at the margins of the state' (Meehan & Plonsky 2017:2). Livestock producers, buyers, and consumers demand brokers who mediate between different interests, rules, and technologies that are present in cross-border livestock trading. Livestock brokers are neither mere intermediaries nor remnants of a pre-capitalist past. As 'network specialists', they actively negotiate and shape transactions between borderlands and the centre, between bush and terminal markets, between market and the state, and among communities (Meehan & Plonsky 2017:2). Brokers constitute and are part and parcel of the greater Somali economy based on commerce and trade that spans East African hinterlands and metropoles.

6.6.1 Recommendations

a. The brokers' responsibility should be recognized to ensure that they are known market actors; whose activities should be held accountable. Livestock brokers enable traders' to access administrative services such as livestock permits, Agro-Vets, disease reporting and ensure all animals have Kenya Revenue Authority (KRA) permits.
b. The role of brokers needs to be studied, monitored and appreciated as a source of understanding livestock market behaviour in the borderlands. Brokers are a crucial source of market information that can inform marketing decisions, especially seasonal supply and livestock prices changes. Brokers understand price variabilities at various

markets along the corridor at different times of the year. They use it to win trust from traders, who require such information for marketing decisions.

c. There is a need to support the livestock brokers who enforce government functions such as taxation and livestock recording within Garissa livestock markets. Brokers gather animals together to meet traders and aid the government in recording and veterinary certification.
d. Since brokers and trekkers understand borderland politics and insecurity, their knowledge and experience on conflicts are needed to establish cross-border peace and security along the Somalia Kenya trade corridor.
e. There is a need for the government to review its policy actions against livestock brokerage as the enterprise informally employs a wide range of market operators at Garissa. Brokers aid in access to livestock, trucks, pharmaceuticals and hay, and take 2% of the total cost.
f. There is a need to formalize brokerage so that Somalis women can find confidence in engaging in the business. In addition, it offers income for the needy who have no capital to start a business.

CHAPTER SEVEN: LIVESTOCK TRADE AND DEVOLUTION IN THE SOMALI-KENYA TRANSBOUNDARY CORRIDOR

7.1 Introduction

When the Somalia state collapsed, and violence blocked the usual marketing routes for livestock in the Juba land, Somali traders increasingly took their business across the border to Kenya (Luling, 1997; Ahmed & Green, 1999; Little, 2005; Mahmoud, 2010; Little, Tiki, & Debsu, 2015). Since then, livestock from Somalia has expanded Garissa's livestock market into one of the largest in Eastern Africa, and Somali traders have helped to reduce the meat deficit that characterizes Kenyan consumer markets; furthermore, nurtured Kenyan exports of meat and livestock.[94] However, due to the long and porous border between Kenya and Somalia, many aspects of livestock trade continue to be 'informal'. Somali livestock never appears as being imported, and the animals move in and out of formal regulations and certifications on their way to terminal markets and abattoirs towards the coast and central Kenya.

The chapter explores the intersection between the changes in the livestock trade in the Somali-Kenya corridor and the governmental regulation and support of livestock trade after decentralization, the ambitious devolution of state functions from the central to county governments that Kenya embarked on from 2013. This is also where this chapter adds to former studies of livestock trade in the Garissa corridor (Little, 2003; 2005; Mahmoud, 2008; 2010; Little et al., 2015).

The chapter argues that devolution has improved access to public services such as certification, accountability, licensing, veterinary support. As a result, informality is gradually reducing in the borderlands of Kenya and Somalia. However, devolution has also increased taxation, created bottlenecks for livestock trade, and increased the risk of reinforcing oligopolies around county executives. The limited human and financial capacity of the local administrations challenge their role in livestock market development, and some of the most urgent policy issues for supporting a more productive livestock enterprise – such as disease control, roads, and disaster responses – are

[94] In 2010, Kenyan meat export to Qatar and UAE alone was valued at US$32 million (USAID, 2012), and figures have been going up. In 2013, IGAD estimated that the contribution of livestock to Somalia's economy was 8.157 Billion USD, with approximately 192 Million USD being derived from exports of live animals (Too et al., 2015).

located at the intersection of the county and national government policy areas and need close cooperation between the counties and national government.

7.2 Methodology: Description of the study area and the data source

The materials for this section was produced through data collection in North Eastern Kenya, mainly Garissa and central Kenya (Nairobi livestock sale yards). Garissa town hosts the biggest livestock market in the region. The dynamics in population and the lifestyle is linked to being the capital of the former North-Eastern Province and later a destination of investors migrating from Somalia (Weitzberg, 2015). The data included field notes, survey data, and multimedia, collected for thirteen months, from July 2017 to February 2019, with some breaks of two months in between for developing drafts that constitute this thesis. The respondents include livestock traders, brokers, trekkers, transporters, and government officials working in the veterinary department, revenue and statistics, livestock production, trade, and animal health. Finally, I collected secondary data from print media, the Kenya National Archive, and grey literature to complement field observations.

7.3 Results and discussion

7.3.1 Garissa livestock market and dynamics of the trade

This section gives a comprehensive profile of the actors, logistics and challenges of the Somali-Kenyan livestock supply chain that guides the discussion into policy implications in the following sections. First, the chapter focuses on the Garissa livestock market, the key hub in the region; secondly, it discusses the sourcing of livestock upstream; and third, it talks about the livestock downstream from Garissa to the markets and abattoirs in Nairobi. While Little (2005) in the early 2000s noted that 75 per cent of the cattle from the Garissa market headed for the consumer markets in central Kenya, this proportion had dropped to around 40 per cent by 2018. Since 2010, Somali traders have increasingly channeled cattle towards fattening ranches near the coast of Kenya, which they have acquired through shareholding or leasehold. It is a risk management strategy that rich Somali merchants have developed to evade spending many days at the terminal markets and reduce overreliance on credits when selling to butchers. The ranches act as fattening grounds from which traders supply terminal markets.

From the early 1990s, Garissa has expanded as a destination for Somali immigrants and their businesses (Weitzberg, 2015; Carrier, 2016). The cross-border flows of Somali livestock started to increase as a byproduct of the structural adjustments that opened Kenyan borders by the late 1980s (Little, 2005; Gertz, 2008). Secondly, the Somalia state collapsed in 1991, and 3) the conflicts in the Juba land/Southern Somalia. In search of reliable routes and markets and benefit from the high demand for red meat in Kenya, the Somali traders and brokers continuously took the trade across the border to the Kenyan livestock market, where they contributed to the growth of these markets (figure 7.2).

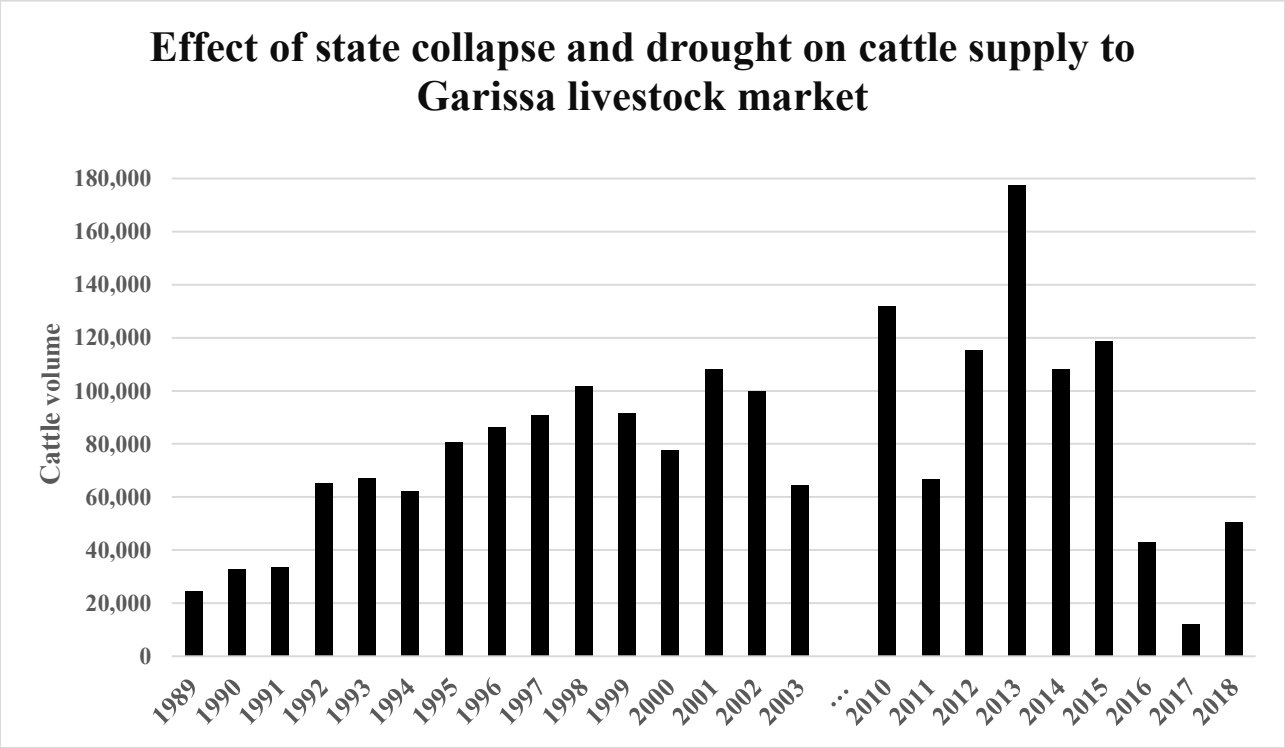

Fig 7.2: Effect of Somalia state collapse (1991) and drought (e.g. 2016-17) on cattle volumes and sales at Garissa, 1989-2003**.** (Little, 2005) (1989-2003) and KLMC Garissa, 2018 (2010-18)

Due to business expansion in Garissa, the market's location has shifted three times to avoid congestion from the growing volumes of animals, trucks, traders, telecom companies, food stalls and other associated animal services. The most recent relocation to the Waberi area in Garissa was due to a joint negotiation between the Council of Elders and the County government. The Somali Council of Elders, whose members also come from the Garissa's Livestock Marketing Association, makes key decisions on market-related issues, resolving conflicts, and lobbies for better infrastructure.

Cattle constitute 90% of the livestock traded in Garissa; sheep and goats make up 7%, donkeys 2%, and camels less than 1%.[95] Whereas small ruminants are traded daily, Wednesday is the market day for cattle trading. An estimated 60-70% of the cattle supply comes from Somalia,[96] typically the brown-reddish *'sahiwal'.* Ecologically, these species are resistant to drought, large in size and its Grade II life weight ranges between 280 and 350 kg, and fetches higher prices (around USD 300-400), and differs from the smaller Boran breed predominantly domesticated by pastoral communities in north eastern Kenya.

Traders who bring cattle to Garissa have to register with the veterinary and revenue officials, who are always in the market on business days. Other days traders have to visit the Department of Agriculture, Livestock and Cooperatives to get the veterinary permit that certifies livestock for transportation. The permit confirms that the livestock is free of disease and allows traders/brokers to ferry the animals into the rest of the country. In addition, the tax clerks register animals for tax payment clearing. The brokers help the revenue officers evaluate the livestock size against market prices and collect the animals for counting. Traders who bi-pass clearance by the revenue clerks in Garissa municipality are charged the County Government fees at the exit of Garissa County.

7.3.2 Sourcing and the stock routes

Moving upstream from Garissa along the livestock supply chain, the thesis reveals an intricate system of animal sourcing and an extensive network of trek routes reaching from Juba land (in southern Somalia) and the Somali-Kenyan borderlands Garissa. Normally, there is a high premium on distance because cattle prices decrease further away from Garissa into southern Somalia, where they are cheaply purchased. Small-scale traders who share clan affiliations with the producers/herders purchase animals in small quantities from 'bush-markets (villages).' These are villages or small market centres along shifting stock routes leading to places like Afmadow in Jubbaland, which have grown into primary markets where cattle are gathered in hundreds.[97] From there, trekkers are hired to bring the livestock to markets – mainly Garissa - across the border.
The security risks and the very poor road conditions in rainy weather mean that Kenyan trucks rarely venture into Somalia. Nevertheless, politically well-connected, larger Somali-Kenyan

[95] Group discussion with livestock traders; Garissa market, 17th May 2018
[96] Interview, Director of Livestock Production Office, Garissa County, 23rd February 2019
[97] Interview with an elderly livestock trader, Garissa livestock market, 15th May 2018

traders manage to have their agents buy and truck animals in Somali-driven trucks across the border. An estimated twenty per cent[98] of the Somali livestock that enters Kenya do it this way; these traders' trucks stop over at Garissa to acquire the necessary documents before continuing to central Kenya or the Coast. The rest, however, is trekked by herders across the border.

Numerous trekking routes link bush and primary markets along the villages to the main market in Garissa. Taking Boni in the coast region of Somalia as an example, three ancient routes lead from Boni eastwards to Garissa: (i) Boni _ then to Hulugho _ through Galmalagala _ Degega _ Bura – then to Garissa; (ii) Boni _ then to Hulugho _ through Singailu _ Ijara _ Masalani _ Bura then to Garissa; and (iii) Boni _ then through Kulbiyo _ via Bulagolo _ Dikhaharji _ Galmagala _ Fafi the to Garissa. A fourth route from Boni takes cattle southwards towards dry grazing areas lying between Boni and Lamu on the Kenyan coast (Boni _ then through Hulugho _ Masalani _ Budhai _ Bargon _ Hinde _ Markawe then to Lamu).

When crossing the border, cattle trekkers will often avoid the official check points and use 'rat-routes' – where less than an estimated 30 per cent of the animals are formally taxed at the border.[99] The fact that the Ogaden clans are the majority on both sides of the border makes it possible to facilitate the networks that support informal cross-border trade. However, for official custom points or random encounters with the military, the Swahili-speaking Somali herders possess Kenyan IDs to negotiate better. Based on the trekkers, the military is mostly interested in local security intelligence, but after the attacks in Westgate and Garissa University in 2014 and 2015, harassment or arrest of Somalis - both Kenyan citizens and others, has increased.[100] Therefore, herders and trekkers sometimes have to flee and leave the livestock behind when military patrols approach them. Similarly, trucks in the borderland are routinely detained and have to pay informal fees for a swift release. Traders factor such losses as transaction cost.[101]

[98] Interview, Livestock Extension Officer, County Department of Livestock, 27th January 2018.
[99] Interview, Head of Kenya Livestock Marketing Council, Garissa, 19th February 2019. KLMC confirms that less than 30% of the cattle is formally taxed at the borderline. However, cattle that is trucked out of Garissa encounter formal taxation.
[100] FGD, trekkers, Garissa livestock market, 14th May 2018.
[101] FGD, elderly livestock traders, Garissa market, 21st January 2018.

7.3.3 Terminal markets and abattoirs

Whether west to central Kenya or south towards the fattening ranches at the coast, livestock trucks from Garissa town and the borderlands must pass the narrow bridge over the long and crocodile-infested Tana River. The bridge has a roadblock manned by military and police and serves as a border, where the clearance permits acquired from local authorities in Garissa are necessary for formal passage. To beef up security in the region means reinforcing 24-hour surveillance on the bridge. The clearing agencies, such as the revenue departments, treat animals leaving Garissa through the bridge as imported from Somalia and subject to customs or import taxes. This sensitive subject is not openly discussed due to the fragile politics of boundaries between northern Kenya and southern Somalia.

When animals reach terminal markets in central Kenya, animals are offloaded and traded the last time and taken to the abattoirs (slaughterhouse). Here, livestock from Somalia/Garissa mix with those from other regions, such as the Rift Valley or the borderlands with Ethiopia (Moyale), Tanzania (Migori) and Uganda (Malaba). State officials verify the veterinary clearance and the transport permit that shows the date, number of animals, and the source market before animals are offloaded into the sale yards at central or coastal markets. Here, the animals may be traded twice before ending up being slaughtered. As it happens in Garissa, ocular examination and weight assessments normally take place in the animal sale yards to determine animal prices. About 70 per cent of transactions are based on informal credits; not least traders from borderland hubs offer animals on credit to minimize the time and expenses spent in Nairobi.

Negotiation of livestock prices is based on animal's body condition and gender. Transporters arriving with animals from the borders negotiate with brokers or butchers at the sale yards based on animal life weight. Grade II cattle can reach between US$500-550, which is about US$100-150 more than in Garissa. Livestock prices sometimes vary depending on the livestock volumes supplied. However, most butchers prefer buying beef on deadweight using scales, at an average cost of US$3.0 per Kg, while they charge US$4.0 per Kg when butchers sell the meat at the retail outlets. Nairobi has several large, but mainly private abattoirs. Some have been certified to serve the export market; such as KMC, Nema-Ruaka and Hurlinghun Ltd. Others, such as Mlolongo (for camels), Dagoreti (for cattle) and Kiamaiko (for small ruminants) - do cater for domestic markets.

In their experiences, the prices traders fetch from animals channeled to the export markets are twenty per cent higher than prices for animals sold to the domestic markets. Hence, traders would like to sell more for export than they do currently but argue that they need help from the government to facilitate access to the profitable markets abroad.

Even though most of the slaughterhouses have expanded in response to growing animal volumes since 2000, they are sometimes overwhelmed during peak supply seasons. In addition, challenges do arise when producers dispose large numbers to the markets to avoid losses during a looming drought.

7.4 Policy, devolution, and livestock trade in the Garissa corridor

In this chapter, the thesis explores some important policy implications and questions raised by the transnational livestock supply chain, as the chapter depicts above. The thesis focuses on the intersection of county and national level governance as developed since devolution. This is also the main event making a difference between this study and Little's (2003) classical studies around 2000. The chapter focuses on, i) issues relating to informal cross-border trade, which is mainly a national government issue, ii) issues relating to the governance of market places which is a function of county government; and iii) issues of road infrastructure, abattoirs and droughts which involve both levels of government.

7.4.1 Border policies and Informal Cross-Border Trade (ICBT)

Livestock trade across the Somali-Kenyan border contributes to livelihoods and local government coffers in and beyond the borderlands, alleviates the meat deficit in Kenya's domestic markets, and helps Kenya earn foreign revenues through exports. Hence, from an economic point of view, Kenya has little incentive to hinder or criminalize the informal livestock imports, which in Garissa County constitutes an estimated 70 per cent of imported livestock.[102]

Furthermore, given the practical challenges of controlling the vast and porous border with extremely few roads and official border posts, it is not realistic, in the short run, to see the country launching vigorous policy reforms to regulate the highly flexible informal livestock import. This became clear after Kenya in 2014 officially closed her borders due to security concerns. Somali

[102] Interview, Head of Kenya Livestock Marketing Council, Garissa, January 22nd January 2018.

lobby groups protested, and public media attributed increased insurgency activities to the plan to install formal barriers at Liboi and Mandera borders.[103] The closure and increased surveillance created problems for livestock trade operators, but they have adapted to the situation through different tactics as described above, and so have well-connected operators of trucked contraband items, such as sugar (Rasmussen, 2017).

During the 2010s, international agencies such as the African Development Bank have recommended states not criminalize cross-border flows of agricultural products and livestock (Afrika & Ajumbo, 2012). Hardened bureaucratic border passages tend to increase corruption, make transaction costs a problem for small scale trade operators, and motivate evasion of formal procedures. Informality benefits larger traders in urban centres while making small producers more vulnerable (Mahmoud, 2003; Little, 2005). According to the Bank, states should instead support these flows by combining services (such as credit schemes, security, fodder) with registration and licensing and simpler import/export procedures ('Simplified Trade Regimes') to progressively formalize the, often vital, cross-border trade.

In East Africa, IGAD followed suit in 2018 by communicating a policy framework supporting borderland communities that often depend on ICBT for their livelihoods. The framework recognizes these communities as 'frontiers of regional cooperation and integration' and proposes 'important policy shifts' in the management of ICBT as a way of improving 'cross-border security governance' and enhancing human security in the borderlands (IGAD 2018:2). Apart from the change in understanding of ICBT and facilitating passage at border points (such as Liboi, El-wak, Kolbio and Dif, in the case of the Somali-Kenyan border), IGAD recommends states to increase investments in infrastructure and social services in the pastoral borderlands, which in the Kenyan and other issues have been heavily neglected since colonial times (Omiti & Irungu, 2002; Murunga, 2005)

From the perspective of this research and the observed dynamics in the Somali-Kenyan borderlands, the chapter makes three observations: First, after the 1980s restructuration programs and the reduction of toll tariffs, Kenya has allowed ICBT in food products across the borders because of its assumed benefits for food security (Little, 2005; Gertz, 2008), and ICBT is very well

[103] Stephen Astariko; Star times; Reopen Liboi border point for trade – MP; 01 February 2017. Posted at www.the-star.co.ke/counties/north-eastern/2017-02-01-reopen-liboi-border-point-for-trade-mp/

developed (Little et al., 2015). As the description above suggests, the trade operators and their trust- and clan-based business networks allow the flows of livestock into Kenya. These networks and the local knowledge embedded herein provide some measure of security, (informal) credit and access to fodder and water, albeit precariously. Therefore, if state-backed trade support facilities shall succeed in making it attractive for trade operators to formalize their business, this support has to be more effective than the resources and services already provided through informal or clan-related networks.

Second, borders and borderlands are generally a domain of security and sovereignty-related concerns. The Somali-Kenya border is a clear example, with Al Shabaab's activities and Kenya's involvement in military operations in Somalia as immediate drivers of insecurity (Anderson & McKnight, 2014). Thus, even though Kenyan security forces have little incentive to hinder cross-border trade as such (Lind et al., 2017), they tend to suspect Somali trade-operators of being involved with Al Shabaab. The IGAD (2018) communique, mentioned above, encourages member states to support convergence between ICBT policies and those of Cross-Border Security Governance.

Third, while evidence that a regional approach can support the shape policy reforms in the approach to ICBT (Prichard, 2008), the fact that the Federal Government of Somalia (FGS) has very limited territorial control represents a problem for the development of regional borderland policies. The control/facilitation of livestock flows across the Somali-Kenyan border. If the FGS would benefit from livestock exports to Kenya, they might be interested in negotiating ICBT, but such is impossible. As this chapter shows, trade operators, pay their *zakat*, fees and informal taxes to Al Shabaab, militias, Jubbaland and local authorities to access pasture spaces, water points, stock routes and protection in Somali territory.

In general, governments in the Horn of Africa have been slow in committing to common arrangements for monitoring and control of diseases across borders, which seems to be the Achilles' heel of ICBT in livestock (Sandford & Ashley, 2008; IGAD, 2016). However, the Somali authorities are very unstable: they cannot realistically issue the health certificates necessary for formal import into Kenya, nor can they commit themselves to engage in cross-border disease management arrangements.

In terms of import control, the *de facto* border in the Garissa corridor is located 150 km into Kenyan territory at the bridge over Tana River, where the road exits Garissa towards central and

coastal Kenya. Here, compliance and county revenue officials check trade permits and the movement permits that traders acquire in Garissa. After this check, the livestock is allowed to enter the rest of Kenya, where it can be traded as a formal Kenyan commodity rather than a product of ICBT. Being inside Kenya, traders pay taxes to the local authorities but receive export permits that indicate animals are crossing international borders, yet the source is the Garissa livestock market. In principle, this disconnects Garissa from the rest of Kenya, and goods are subject to import/export taxes. In reality, however, there is more focus on security than on the flow of commodities because mutually - both levels of government are concerned with improving livelihoods rather than enforcing taxation.

IAs mentioned above, Kenyan-Somali traders would like to access international markets because of the higher prices. Still, with the current situation in the borderlands, Kenyan exports are vulnerable vis a vis international SPS and commodity standards, including the increased demands for traceability in production and breeding systems of free-range grazing animals.[104] According to people interviewed veterinary services have been pushed to the borders since devolution in 2013.[105] With the capacity building of community animal health workers, the surveillance and reporting of diseases have improved. Herders have learned how to identify common diseases caused by changes in weather patterns. Even herders on the Somalia side of the border are benefiting as pharmaceuticals are sold at the borders.

However, for the imported and traded animals, disease control comes down to the present, since devolution in 2013, of veterinary officials in Garissa town who issue movement, permits for livestock sourced in Somalia and the Kenyan borderlands. As the observations and interviews in Garissa have shown, procedures are not always bulletproof; in practical terms, disease control depends on the traders/brokers and the officials of the livestock marketing associations.

7.4.2 Devolution and market governance

Livestock trade is the key source of revenue for many counties in the ASALs of northern and northeastern Kenya. With devolution, the central government empowered county governments to manage and take responsibility for livestock husbandry. Still, in practical terms, national and

[104] The Kenyan government is currently planning a 'livestock identification strategy', according to the Director of the state Department of Livestock at the ADIS workshop in Nairobi, October 30, 2019

[105] Focus discussion, eight elderly livestock traders, Garissa market, 21st January 2018

international actors continue to dominate the policymaking process in the sector.[106] Counties are supposed to develop sale yard bills. These should include co-management arrangements with formal Livestock Marketing Associations (LMAs), but the process is dragging, and county governments have realized that livestock trade is an easy way to grow revenues without improving market services or supportive infrastructure in return. Thus, a recent analysis describes livestock markets in North-eastern Kenya as not functioning properly because it is being poorly managed in terms of the implementation of rules and regulations and accountability for the revenue collected (Njiru et al., 2017).

As one of the largest in this part of Africa, the Garissa livestock market is better organized, well managed, and equipped than many other markets in Northern Kenya. But as the thesis shows, facilities and services are still insufficient in terms of water, sanitation and hygiene, access-roads, feeding troughs, animal cottages, fodder, security, food stalls, formal banks and loading ramps.[107] The county level government is authorized to charge a market tax which in 2018 was supposed to be USD1 for big stock (cattle, camels) and Kshs. 20 for small ruminants (goats and sheep). These taxes have increased since devolution, both at primary and secondary markets,[108] but in addition, trade operators at Garissa do pay USD3.10 for big stock, including USD1 for the cottages spaces and USD1 for small stock, which is 3-5 times the normal fee. In the peak season, the weekly revenue from cattle taxation alone reaches above US$10,000,[109] in addition to the tax revenue from goats, sheep and camels. In 2018, the lower performing year, the local authorities collected just above US$3 million. In the 2019 budget, 'cattle auction fees' contributes only 0.2 mill.US$, of which around 60-70 per cent comes from Somali cattle.[110] In sum, the revenues that Garissa county authority gathered makes up only 7% of its annual budget in the FY 2016-17, and even more less,

[106] This was one of the conclusions from the ADIS workshop on livestock trade and devolution, Nairobi, October 30, 2019
[107] Interview, elderly trader, Garissa livestock market, 11th May 2018
[108] Interview, Head of Kenya Livestock Marketing Council, Garissa, January 22nd January 2018. Taxes at primary markets increased from Kshs. 30 to Kshs. 50 for big stock, and from Kshs. 10 to Kshs. 20 for small stock. While at Garissa from Kshs. 180 – 210 for the big stock and from Kshs. 50 – 100 for the small ruminants.
[109] 5,000 heads at the rate of US$2,10 (Kshs.210)
[110] Interview, Director Livestock Production Office, Garissa County, 23rd February 2019

like around 2-3% in the 2019 budget; the rest of the budget is made up by transfers from the national level government and INGO grants.[111]

With devolution, the local government assumed functions such veterinary control and the issuing of the 'movement permit' that allows traders to ferry and sell the livestock in the rest of the country. The official charge for this movement permit was 0.75USD by 2018, but traders in Garissa livestock market pay over USD 20, according to one official.[112] This practice suggests that traders have low information, and their associations are unable to negotiate and pressure for a development and policy reforms. Currently, market actors are handicapped because their access to markets depends on documents issued by the veterinary and revenue departments.

Looking to the organization and governance of the hubs (markets), this chapter notes that formal and informal forms of governance overlap, especially with the roles of the Garissa's Livestock Marketing Association (LMA). All development before and after 1990s, led to the formalization as a LMA,[113] where a Somali led council of Elders had full representation for traders and others *vis a vis* the local government. This council has primarily undertaken the important function of conflict resolution for the marketplace. The members are mostly traders and Elders, representing various sub-clans, but excluding female trader and non-Somali traders from the association.[114]

According to the *County Sale Yard Bills* – which are still pending in Garissa and other counties - LMA's are mandated to co-manage the market and are expected to engage in service fee collection (loading fees), coordination, identification of needs for improvement and repair, dissemination market information, and to take on responsibilities in the registration, certification and control of animal diseases (Njiru et al., 2017). Both in terms of such responsibilities and of officials and members, there are considerable overlaps with the County Livestock Marketing Council (CLMC), an umbrella for all markets in Garissa County that has existed since devolution, and the local branch of Kenya Livestock Marketing Council (KLMC). While these three structures have been

[111] Kenya Markets Trust 2016, p.24 (for FY 2016-17), and Garissa County Budget Estimate, April 2019, posted at http://www.youthagenda.org/mainwebsite/wp-content/uploads/2019/12/Garissa-County-Budget-Estimate-2019.pdf. (accessed 8/4/2020)

[112] Informal discussion with the state officer, department of livestock, Garissa County, June 2018.

[113] According to Njiru *et al*. (2017), Garissa LMA was registered in 1998, but has generally been known as the Somali Elders' council for the market (Mursal, 2018) on Somali market committees)

[114] Masai traders from the Rift Valley are increasingly present in the market where they look for Somali Sahiwal cattle for breeding. Interview, Head of KLMC, Garissa 19th January 2018

supported by donors and NGOs through capacity building processes and other means, they seem to become somewhat dormant when they are not financed.

But, in 2016, the LMA spearheaded a contest against the county's increased taxation because the local government had not done anything to improve services in exchange for the taxes.[115] And in 2017, the local government granted the LMA 5% of the revenue collected in the market in addition to the loading fees from the charges of US$6 for a short truck, and US$12 for a long truck, from one of the two livestock loading ramps in the market.[116] If LMA's are to have a chance to 'co-manage' markets and undertake important responsibilities, this kind of plans seem to be indispensable.

Equally important is the involvement of the Somali Elder council and other market actors in plans for improving the markets. Recently, the World Bank and USAID funded infrastructure improvement by constructing market stalls, but the petty traders opposed the project because they suspected that it would just be another plot by the government to extend taxation to small businesses, for example, tea selling. This showed the lack of trust in authorities after decades of negative experiences. It shows the need to analyse patterns of use to implement projects that fit the social needs and take the actual rather than idealized use into account. The lack of participatory appraisal and neglect of community opinions is the main gap that caused market actors and the rest of the community to be suspicious of aid or developmental plans.

With decentralization, the local government has been given the responsibility for other market-related functions, such as the licensing of livestock traders, so now trade permits are extended to Garissa. Another responsibility is the management of the county slaughter houses. Like other counties in northern Kenya, Garissa invested about US$50,000 in the establishment of an abattoir in 2016 to improve the livestock industry. But, as in several other counties, Garissa's slaughter house is still incomplete making it a stalled project.'[117] Besides, SPS standards are not always followed in the ancient and small abattoir, which is always congested and over-stretched.

[115] Informal discussion, Head of Kenya Livestock Marketing Council, Garissa town, 19th January 2018
[116] Interview, Head of Kenya Livestock Marketing Council, Garissa, 19th February 2019
[117] ADIS workshop on livestock trade and devolution, Nairobi, October 27, 2019.

Veterinary doctors tend to bend health and sanitary regulations to allow the facility to continue operations and continue supporting the communities that depend on this facility.[118]

7.4.3 Other governance issues

In addition to informal cross-border trade (ICBT) and the governance of livestock hubs, several other issues of governance – issues that remain between the county and national levels of administration influence livestock trade. Some of the key issues are roads, abattoirs, and drought responses mechanisms.

Road infrastructure plays a key role in the Kenyan livestock trade, where transport costs make up an estimated 45 per cent of the total distribution costs for cattle and 32% for small ruminants (Njiru et al., 2017). Duration spent on the road is expensive and harmful to the livestock. Poor road increases the risks and expenses for truck repairs along the way.[119] In Garissa, a county that covers 44,000 square km, about 30 km of a total of 1800 km of road is tarmacked. The majority of the roads that supply Garissa are impassable all year round. Improvement of major roads that link Garissa to Mombasa or Nairobi is the national-level government's responsibility. Nevertheless – the path to Mombasa is extremely in poor condition, and truck owners prefer the Nairobi route to avoid the costs of truck repairs. As part of the LAPPSET corridor development project, the national government has built a highway that will connect Lamu - on the Coast with Garissa and proceeds to Isiolo, from where it merges with the complete Isiolo – Marsabit road to Moyale towards the Kenyan border with Ethiopia. The construction of a channel towards Mandera was commissioned in 2016. Traders have very high hopes for the benefits that these road developments are expected to bring to their business.[120]

Similar to the roads, the governance of slaughterhouses is split between local and national governments. Since devolution, county administrations have been responsible for controlling whether county level abattoirs obey the national sanitary and phytosanitary standards. This regulation cut across private and public slaughterhouses, and it is enforced as a national level issue under the 'National Environment Management Authority (NEMA).' Since most of the private abattoirs are overwhelmed to invest in hygiene and meet official demands, compliance agencies

[118] Informal discussion with the state officer, department of livestock, Garissa County, June 2018.
[119] Informal discussion with livestock transporters, Garissa livestock market, 24th April 2017.
[120] Discussion with livestock traders, Garissa livestock market, 15th May 2018.

are threatening to close abattoirs.[121] The encroachment of informal settlements in to the slaughterhouse environment is causing problems of hygiene, congestion and environment, as in the case of Kiamaiko in the capital of Nairobi.[122]

Unlike Northern counties in Kenya that have invested in public but sometimes unfinished abattoirs, abattoirs are mostly private in central Kenya. Being public, counties have little incentive to develop such facilities. Henceforth, the managers of slaughterhouses interviewed for this research have not been happy with what they get in return for the taxation of abattoirs. Managers have also expressed frustration with the national government's lack of initiative in expanding the export markets or opening new ones.

Generally, the limited number of internationally certified slaughterhouses reduce the capacity for meat export to markets abroad.[123] Small and medium traders are interested in accessing export hubs, but it is not clear why the national level government has been slow to facilitate openings for them. Bilateral agreements are underway to enable market access and reduce strict regulations in borderland business, as driven by the security reforms on the Kenyan side and undermined by limited controls on the Somali side. In South and West Africa, such bilateral engagements led to establishment of disease free zones, which for example has promoted livestock production in Botswana to the global level (Bernard & Darkoh, 2014).

Finally, the response to continuous droughts in livestock producing areas is another key area of governance. Disaster management is both on the list of national and local governments' functions,[124] but in terms of drought and disease management, the institutionalized response is located at the level of central government as part of the state-managed Kenya Meat Commission (KMC). KMC is an export-oriented abattoir established in 1950 to protect drought-affected producers from loses through government led destocking programs.[125] As implemented in the

[121] Interview with the manager of Nyongara unit, at Dagoreti abattoir, 21st July 2018.
[122] Interview with the manager of Nyongara unit, Dagoreti abattoir, 21st July 2018, and informal discussions with butchers at Kiamaiko slaughterhouse, August 2019.
[123] Interview, butcher at Dagoreti abatoir, on 16th July 2018, then supported by the discussion with the Director state department of livestock, National Government, during the Livestock Stakeholders Research Feedback workshop, at Garissa, on 11th June 2019.
[124] See the 'Fourth Schedule' of the Constitution on the distribution of functions and powers between national and county governments.
[125] Livestock Stakeholders Research Feedback workshop, at Garissa, on 11th June 2019.

drought of 2016-17 that claimed the lives of 50% of the livestock in the greater Horn of Africa,[126] KMC paid US$50 for each cow disposed for slaughter. Traders in Garissa report that is highly exploitative, as both producers and traders/brokers fail to make profit from the weak cattle that the KMC was ready to buy cheaply for slaughter.[127] The key strategy for drought management is to keep a manageable number of livestock (Barrett & McPeak, 2006), and herders try to move herds to the drought season grazing areas, such as the coast Kenya and Somalia. Such migrations expose them to risk of stirring up conflicts over land and resources with other ethnic nomadic communities.[128]

7.5 Conclusion and recommendations

This section will cover conclusive remarks that elucidate how livestock trade and devolution hang on the balance of inconsistent implementation of regulations. Some of the policy issues relate to state failure and imperfect market.

7.5.1 Conclusion

Livestock production and marketing form a key part of the supply chain for meat, and other animal products sold nationally. Trade operators (trekkers, transporters, government officials, brokers, traders, veterinary doctors and abattoir managers) move livestock across international borders and county borders, pulling livestock from the larger pastoral ASALs to the congested centres of trading, consumption, and redistribution. The management of trade is challenged by crossing administrative boundaries and different territories of policy and regulation. This has been supported by devolution, where an ambitious program of decentralization of central power and functions was vested in the 2010 Kenyan Constitution.

Nevertheless, management and regulation are additionally complicated because market actors move animals in and out of formal and informal controls on the way to destined markets. In the case of the livestock flows from the borderlands, these frameworks are typically 1) state-centred legal and administrative ones that dwell on standards, hygiene, taxation, licensing, environment and some provision of infrastructural development on-road and markets; or 2) frameworks based

[126] Paul Wafula, (2016). Drought, Hunger ravage five Coast Counties. Standard Digital, Kenyan News.
[127] Discussion with elderly traders, Garissa livestock market, 23rd January 2018.
[128] Interview with the Director of Livestock production, Garissa County government, 23rd February 2018. In general, governments not good at addressing the common impacts of drought and supporting the strategies of producers and traders (Scoones & Graham, 1994; Little, Mahmoud, & Coppock, 2001).

on clan-related norms of trust-based and social capital. The latter manages the conveyance of livestock through trust-based social networks that provide conflict mediation, contacts, and access to; pasture, information, security, water, and (informal) credit services.

The frameworks overlap and interact where the elders and the police mediate conflicts within markets, when *dilaal*/brokers facilitate the work of tax officials in the sale yard, or when the elder council in Garissa livestock market doubles as a Livestock Marketing Association. Furthermore, one thing is the framework, and the other is the practices around them. Thus, formal institutions are shot through by unauthorized practices as when state officials over-charge the service fees and then licenses, when police officers use roadblocks to supplement their low wages, or when veterinary officials turn a blind eye to un-hygienic practices within slaughterhouses or fail to control for animal diseases for various reasons.

On the other hand, it is clear that devolution of state functions has increased the reach of public services and made these more accessible for marginalized counties like Garissa. This is evident in the case of registration, veterinary assistance, and certification of livestock, and licensing of traders. In addition, market actors now consider the local authorities an ally in lobbying against the rise in harassment and exploitation by security forces in the Somali-Kenya borderlands.

Despite good development, devolution has produced various unintended outcomes when viewed through the lens of livestock trade: The strong hardening of county boundaries has increased conflicts over land access and pastures including a strong dimension of clan-based strife, has blocked trade routes and pasture access,[129] and has increased the weight of taxation because of increased taxation in the livestock trading.[130] Confronted with the need to grow county revenues, clerks have opted for taxation of livestock trade flows to exercise autonomy.

Furthermore, due to the low economic/capital and human resources, counties are dragging in developing their regulation of market places; developing information systems to reach producers and reduce their vulnerability to brokers and helping the LMAs in developing the monitoring, registration, and livestock statistics. It also seems that the counties' veterinary service, despite improvements, has some way to go in terms of scope, capacity, and quality.

[129] Presentations from the ADIS Workshop, 29th October 2019, at Westlands, Nairobi.
[130] Dagoretti abattoir in Nairobi is a case in point.

Generally, devolution of power and functions to the counties has reinforced oligopolistic power around leading political figures in local politics, thus concentrating resources among families and friends of the executive members, for example, they won all the trucking business and have seized control over the major parts of the supply chain. In addition, the lack of feasibility studies, transparency, and consultation in the construction of county abattoirs speaks to such unfortunate implications of devolution of state functions.[131]

7.5.2 Recommendations

Looking at the prospects of livestock trade in Kenya, it is important to understand the policy issues at the intersections of the county and national government administrations. The chapter will discuss four of these based on the analysis of the Somali-Kenya corridor.

First, considering the situation in Somalia, it will take some time before Kenya can make effective bilateral agreements over cross-border trade with the Federal Government of Somalia (FGS). The main problem lies in the lack of cross-border disease control and the risk of international trade bans. For all practical purposes, screening for 'imported' livestock diseases destined for national and export markets has become the responsibility of Garissa County's directory of veterinary services. Considering the limited capacity and the idea of the co-management of markets, the directory relies on its cooperation with 'community/lay veterinarians' in the extensive county and the various Livestock Marketing Associations (LMAs) to help identify and control disease spreading. While living up to international standards of disease-free areas might be possible (Prichard 2008 and others), it may be necessary to set up or strengthen a system of quarantine to meet the needs of the potential export markets. As the national government is responsible for international trade, it should coordinate with counties on how to implement such a globalized system.

[131] As expressed by observers from various counties at the ADIS workshop, Nairobi, October 27, 2019.

Second, as road transport makes up a substantial part of the time and money spent on distribution, improving roads should bring down costs considerably, reducing police roadblocks and unauthorized charges. The national government and donors are in the process of improving highways in northern border counties, but it appears unrealistic for the time being to expect counties to make similar investments in feeder and secondary roads.

Third, since disaster management is primarily a national responsibility, county governments should join and take the lead in developing drought responses beyond the existing destocking program of the Kenya Meat Commission. This could take the form of emergency funds to cushion producers against stress and losses during extended droughts. Ideally, counties in northern Kenya should develop abattoirs to help Kenya Meat Commission expand its operations during the drought seasons through destocking programs.

Finally, it is an open question if the national government can counter what seems to be a general problem of increased oligopolistic power concentrated around county executives, including in the livestock supply chains. This puts small and medium traders at a disadvantage. A key strategy is to improve resilience by channeling resources to small and medium enterprises (SMEs) and encouraging NGOs aid and governmental programs that support formal and informal associations and groups of youth and women in urban centers or major commercial hubs.

CHAPTER EIGHT: CONCLUSION AND RECOMMENDATIONS

8.1 Conclusion

This dissertation shows that the magnitude of cross-border livestock trade (CBLT) between Kenya and Somalia has grown significantly since the Somalia state collapse of the early 1990s. As Peter D Little ((1992) showed, the regional flow of livestock has been towards Kenya since 1984. The growth in size was first due to increased migrations and the breakdown of export through the port of Kismayo, and later due to the changes in the socio-economic landscape following the Saudi Arabia ban on livestock trade from the Horn of Africa.

Increased livestock flows towards the Kenyan markets greatly influenced local livelihoods and state revenues for border communities and increased operations at slaughterhouses at the terminal markets. In addition, due to the devolution of state functions in Kenya, there is increased policy development in the Kenyan counties bordering Somalia to support the pastoral economies and increase cross-border livestock flows.

The weak enforcement of rules and the flexibility of the regulatory environment in Kenya makes it a key destination for investment from the surrounding states in the Horn of Africa. Capitalism, labour availability, and a stable market make Kenya a major hub in Eastern Africa. Garissa livestock market and Nairobi terminal market are considered regional hubs. Kenya continues to pull livestock from the neighbouring states due to high demand to serve domestic consumption and export deficits. In addition, the Kenyan devolution has increased liquidity at the borders, making producers prefer the Kenyan borders where cash circulation and devolved functions support micro-economic activities and livelihoods of border communities.

The brokerage has revealed the importance of social networking and business partnerships in facilitating cross-border trade and managing related risks. Brokers play a key role in linking markets, actors and institutions; for example, livestock brokers in Garissa facilitate taxation of traded animals by the local authority. Since the emergence of the mobile communication network, exploitation by brokers has reduced significantly as producers can access market information. Both states and NGOs in East Africa have not found a solution to the possibility of excluding brokers from business or accounting for their informal activities within markets. According to Hussein A.

Mahmoud (2008), brokers and traders have forged social relations that makes them manage some of the risks inherent in the livestock business.

Pastoralists slowly understand the wealth traded livestock can mobilize when properly managed for commercial orientation. There is increased commercialization of livestock rather than keeping for cultural significance in north-eastern Kenya. Some of the prestigious restaurants and shopping malls in Garissa have been constructed using livestock revenues. The majority of the wealthy traders have owned trucks and acquired the commercial ranches at the coast of Kenya on a lease to facilitate cattle fattening and supply to ready markets. The ranches have enabled traders to avoid risks of taking animals to the market without being sure of the availability of livestock buyers.

The mobility of herders and their livestock along the porous borders of the Horn of Africa is not ending soon despite border regulations and differing border policies of East African states. In the case of Somalia and Kenya, the key drivers are ecological changes and markets and less insecurity. During the drought season, herders move livestock from north-eastern Kenya to the dry season grazing areas in southern Somalia, especially Afmadow and Boni forest. The livestock flow back to the north-eastern due to markets. Insecurity is erratic as it is driven by clan clashes on grazing areas and water wells, but this is mostly addressed by the hybrid council of clan elders, which collaborates with the national and County government in addressing conflicts relating to resources politics and crime. Border policies and local governance systems do not interfere with the changes in the direction of livestock flows, and changes in the regional and export markets have been the key driver (Little, 1992).

Trends show that the Somali livestock business in north-eastern Kenya is increasingly formalized. The animals imported from southern Somalia and south-east Ethiopia continue to get captured in official records. This observation echoes the work of Little et al. (2015), which explains the ambiguity in the formal/informal nature of cross-border livestock trading. After the devolution of state functions in Kenya, there has been increased livestock recording, taxation, registration, clearing and forwarding at the border markets around the country, including Garissa. All livestock being trucked out of Garissa must receive movement permits and continue to show key documents to the enforcement and compliance officials at the roadblocks along the routes heading either westwards to central Kenya or southwards to the coast of Kenya. Increased formalization implies

that policymakers are able to access data that can inform future decisions on how to improve livestock production and marketing.

Livestock prices in the Somalia - Kenya trade corridor increases westwards towards Nairobi and southwards towards Mombasa, where a larger population consumes red meat. The price difference across the border is higher than the border markets and Nairobi, resulting from the increased road infrastructure and mobile networks that have motivated traders from central Kenya to move close to the borders to access cheap livestock and set competition sourcing of animals. As documented by Little (1992), the Kenyan market was the second profitable after the export trade in the region. The breakdown of export due to the Middle East ban on trade implied an increased supply to the Kenyan market compared to the least profitable towards Kismayo in southern Somalia. The high ambition of Somali and non-Somali Kenyan traders has motivated them to forge business relations that have enabled Somalis to own shares within the domestic abattoirs while making non-Somali traders gain access through intermediaries to the procurement of livestock from southern Somalia, where insecurity excludes them.

The corruption in Kenya does not undermine the growth and development of the livestock sector. The Kenyan state officials do not regulate informal cross-border livestock flows but sometimes use the security agenda to enforce the collection of informal fees. This takes place at marketplaces and along the livestock routes. The state officials apply taxation selectively to avoid pressure on small businesses operated by petty traders and goat/sheep sellers within Garissa and the localized value chain. Traders celebrate the flexibility that comes with corruption, whereby it is possible to negotiate rule-breaking and pay for non-compliance to formal regulations, including trucking livestock at night, accessing movement permits on weekends, or certifying animals while on trucks. The joint rule-breaking and cooperation among traders and state officials smoothens livestock flows and ensures timely conveyance of animals to terminal markets. Previous studies have shown that governments in Eastern Africa do not punish corrupt state officials, which encourages the informal operations to continue within the state that is able to extend partial controls.

Traders in north-eastern Kenya have emerged superior compared to their business partners in Southern Somalia. Most of the decisions on supply and prices are controlled by brokers and traders from Kenya, which has induced discontent and animosity between the two classes of Somalis.

Somalis in Kenya possess the national ID cards that enable them to have dual citizenship, hence doing business on either side of the border. The Al Shabaab and other militia groups in southern Somalia have shown this bitterness and animosity by taxing everyone regardless of clan or national citizenry. Trekkers forge social relations and pull representation from different clans to provide protection and negotiation to the livestock caravans that move between Somalia and Kenya. The operations of the Kenyan peacekeeping forces in southern Somalia, which go unaccounted (Journalists for Justice, 2015), continue to breed animosity, fragmentations and empower Al Shabaab's vision. The African Union has to review approaches to the security operations of AMISOM forces in southern Somalia and add quality to their services and avoid future confrontations with the international human rights organizations.

Infrastructural development in northern Kenya is increasing business opportunities for producers and traders. The improvement of the Nairobi-Garissa route has forced transporters to abandon the Mombasa route due to its poor condition that attracts high costs of truck repairs and livestock suffocation during transportation. The growth of the telecom network coverage and the circulation of cheap mobile phones and motorbikes have made business plans efficient. Traders are able to get market information easily and travel with motorbikes when scouting pasture and water wells along the stock routes. The completion of the Isiolo-Moyale route, which makes part of the Kenyan LAPSSET project, has improved business and security. The Kenyan vision of opening regional trade corridors will improve business, security, community empowerment, and political representation in northern and northeastern Kenya.

The structure of CBLT shows that the business has a higher potential for public and private investment. Somalia's political and economic status makes it a key source of cheap livestock for Kenyan entrepreneurs. Price differences show higher margins across the borders than within Kenyan markets. The key factor undermining livestock trade is frequent droughts that have become unpredictable. In 2016-2017, the drought shut off cattle supply from southern Somalia to north-eastern, adversely affecting markets, livelihoods and revenues. There has been a limited effort from the government to deal with the effect of drought on livestock husbandry. Kenya, Somalia, and other nations in the Horn of Africa have not managed to improve the livestock value chains from production, logistics, processing to marketing. Eastern Africa member states have limited commitment to address key policy challenges arising from cross-border trading.

8.2 Policy recommendations

(i) Peace building and Somalia state restoration

The thesis dissertation recommends a bottom-up approach to state-building processes by looking at what elements of governance make sense for the unification and possible restoration of the Somalia state. The reason is that previous studies have shown that external processes of restoring a unified state in Somalia are not practical, and local forms of governance are providing hybrid peace and conflict resolution from below. Moreover, the incentive for restoring Somalia is to provide a collaborative effort for business integration between Kenya and Somalia. Both states claim a huge share of profits accrued by the private sector, taking advantage of state and market failures.

Government peacebuilding processes in the Somalia-Kenya trade corridor should borrow from all actors and institutions, including religious leaders, the council of elders, Al-Shabaab, war-loads, civil organization and associations within markets. This might make it possible for state-building procedures that carry the representation of an inclusive democratic process. The Kenyan government can also change strategies for pursuing Al Shabaab by learning from previous mistakes to restore hope on the scared entrepreneurs who intend to run away from north-eastern Kenya to other areas.

(ii) Physical infrastructure

Developing nations in Eastern Africa have long-established physical infrastructure at the borders, mainly due to the lack of political will and limited resources. Infrastructural development is expected to enhance efficient extraction, transportation and accumulation of assets along the Somalia Kenya trade corridor. Physical infrastructure has influenced reduced insecurity in the region based on the completion of Moyale-Isiolo road - which forms part of Kenya's LAPSSET project. Improvement of communication networks, disease monitoring tools, and banking facilities is able to aid in formalizing cross-border trade and reduce possibilities of information asymmetry and strengthen producers bargaining capacity against a range of intermediaries. Better roads will also reduce the cost of logistics and distances of trekking animals from production sites.

Investment and improved communication and record-keeping is required for support planning in the livestock sector.

(iii) Approaches to formalizing cross-border livestock trade

Processes of formalizing cross-border trade should be approached carefully as producers and brokers are not pleased with heavy bureaucracy, which may stimulate increased evasion of formal barriers. From this dissertation, governments should copy working practices at marketplaces and empower businesses to work to the advantage of formal and informal market governance. Permit prices and the costs of other administrative services should be open and known to the producers.

(iv) Public service administration and accountability

Nations in Eastern Africa have problems achieving the adequate provision of quality public service. In the case of Kenya, corruption is undermining the effective performance of state institutions that regulate the provision of public utilities like water and health services at marketplaces. Petty corruption has grown stronger among the general Kenyan public and has empowered Somalis fragmentation and animosities in the mismanagement of devolution resources in northern Kenya, and international aid in southern Somalia.

Devolution requires more restructuring in the public service and labour market to meet its potential of ensuring equitable distribution of resources. Corruption and clannism are undermining employment and contracts allocation in north-eastern Kenya, a problem that seems widespread in Kenya. Monitoring of County expenditures, state audits and accountability, and improvement of the judiciary system will allow government officials to take strict measures to manage public revenue. Such development will reduce the clan exclusions going on in Somalis communities in north-eastern Kenya and empower a sense of inclusive democracy in labour, trade, and political representation.

(v) Kenyan Security agenda on regional peace

The government has to review the quality of military activities in north-eastern Kenya and southern Somalia. Traders and livestock trekkers have always reported harassment and intimidation during livestock transportation. Such gesture indicates poor implementation of security agenda and discredits the integrity of the military service. Limited formal education has always complicated the possibility of trekkers and herders expressing themselves to the military officials when they

meet in the bushes. Some of the trekkers and brokers have managed to negotiate with state officials and compliance agencies, but the language barrier has scared many Somalis traders from negotiating with a state agency over their legitimacy as traders and producers who deal with exclusively livestock.

(vi) Sanitary and phytosanitary (SPS) standards

Butchers, traders and producers have had problems achieving SPS measures in livestock production and marketing. Most domestic abattoirs have always faced threats of closure from environmental state agencies due to poor hygiene or encroachment of informal settlements. The government has always suggested relocations to avoid congestions that encourage poor hygiene conditions. On the other hand, some of the abattoirs are not getting government support and investment to improve infrastructure for meeting the required SPS standards. The state's role in collecting taxes without improving markets and related infrastructure is undermining public trust and motivating complaints from management and associations of market actors..

(vii) Inter-County peace agreements

The national government, local government and communities can establish counties peace accords in response to the conflicts of the transboundary flow of animals across counties in search of pasture and water. Transboundary resource governance will enable herders to cooperate in accessing pasture within the borders of northern Kenya counties. The shared borders of Garissa, Isiolo and Tana-River Counties are hot conflict zones that have a political and ethnic connection to the governance of grazing lands. Devolution has played a key role in fueling these conflicts by the sudden increase in the value of the land and the restricted mobility of animals crossing the County border. Policy strategies are required to inform peace and co-existence of communities in northern Kenya by building on local governments' interests. County assemblies committees can visit each other and stimulate peace from the County level, including incorporating customary peacebuilding processes by engaging clan and village elders.

8.3 Future research

This dissertation thesis has discussed CBLT between southern Somalia and north-eastern Kenya and how the animals are transported to central and coastal Kenya. Despite the list of

recommendations arising from this study, there is more gap in information on other important aspects of CBLT that could inform socio-political and economic decisions for the benefit of state and private investors. The following concern should guide future research;

1. Since state-building approaches are working from below, there is a need to intensify research on the role of local associations and customary governance systems for peace and business in the borderlands of Kenya and Somalia. The focus on the Somali population can contribute to political unification in the Somalia Kenya trade corridor. There is limited information on how the government of Somalia has claimed control of southern Somalia based on the fact that the region is insecure, dominated by Al-Shabaab and peacekeeping forces.
2. There is limited information on the role of physical infrastructure in improving security and peacebuilding in the Somalia-Kenya trade corridor. The Kenyan LAPSSET project is expected to stimulate markets and improve logistical procedures, but its impact on peace and security in the areas is not yet documented in areas the roads, airports and dry ports are done. It covers the impact of the road network, communication networks, banking facilities and other market infrastructure on state formation dynamics.
3. There is less information on the impact of establishing disease-free zones and gaining the possible trust of the international livestock markets in the Middle East. The Horn of Africa is presently vulnerable to international trade bans with RVF and other zoonotic diseases. There is limited information on the detection of disease occurrence, reporting and monitoring for consumer protection when the porous borderland of Kenya and Somalia continues to have limited government controls.
4. Corruption and clan exclusion has characterized the management of devolution resources in north-eastern Kenya, but there is limited research on how to deal with corruption, impunity and clan exclusion along the Somalia-Kenya trade corridor.
5. Since the decentralization of power and resources in Kenya, there is limited research on the role of County governments in fostering regional peace and harmony for cross-border trading and the peaceful co-existence of the borderland communities and the sharing of dry-season pasture. Conflicts are still going on in the County, and national boundaries.
6. Devolution is gaining negative opinions due to widespread misuse of public funds, corruption, and impunity, but there is limited data on the processes used in the transition

between centralized governance and devolution processes so that key failures can be attributed to the weakness of the decentralized system.

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APPENDICES

Appendix I: Key Informant Interview checklist

1) Respondents Biodata; (Date, Name, Age, Gender, Village, Operating Site)
2) How long have you been to livestock business?
3) What attracted you to livestock trading activity? Including opportunities?
4) Listing of all actors, institutions, and other markets that influence your business.
5) Describe the whole process of livestock purchase to resell in every time you are in the business?
6) Do you use Brokers?, How do you benefit from them?
7) Major changes in regards to purchasing, trekking, trucking, holding, fodder, resell?
8) Major changes in market infrastructure, roads, information access, ICT/mobile, finance systems.
9) How much do you take home on a market day and how do you make it?
10) What does a good market day mean to you, what of the bad market day?
11) What is the role of the state in your business?
12) What challenges do you experience in state control and how do you handle them?
13) How is the government or any non-government agency influencing your business?
14) Any effect by taxation, corruption, insecurity, or other state policies? How do you handle them?
15) Effect of market seasonality on livestock business?
16) What informal rules govern or influence your business?
17) Have you ever been arrested while doing livestock trading? Why?
18) What are your fears, attitudes, towards the state controls on livestock trading?
19) Do you prefer the lack of state control on livestock trading? Why?
20) Personal expectations with regards to future of livestock trade and transport?
21) Associations and their roles in negotiating for market failure? (The role of your association)
22) Relationship between Garissa livestock market supply and Nairobi terminal market, (rules).
23) If you ever opted to drop out of the livestock business, what was the drivers?
24) Resistance against any formal or informal norms at the market places?
25) Any changes brought by devolution of power and resources to livestock trading, movement, fattening, loading, fodder, resell?

Appendix II: Focus Group Discussion checklist

1) Basic information (Date, Names of members, Ages, Gender, place of interview)
2) Will you say the market is doing well or bad this time; why do you think so? (Various views)
3) What opportunities attract various actors to livestock trading?
4) Can you list various actors, institutions, markets that influence your business? (Map)
5) Can you describe the whole process of livestock purchase to resell in every market day?
6) Do you use Brokers?, How do you benefit from them?
7) Major changes in regards to purchasing, trekking, trucking, holding, fodder, resell?
8) Major changes in market infrastructure, roads, information access, ICT/mobile, finance systems.
9) How much do you take home on a market day and how do you make it?
10) What does a good market day mean to you, what of the bad market day?
11) What is the role of the state in trading? what do traders or other actors say about the state.
12) What challenges do you experience in state control and how do you handle them?
13) How is the government or any non-government agency influencing your business?
14) Any effect by taxation, corruption, insecurity, or other state policies? How do you handle them?

15) Effect of market seasonality on livestock business?
16) What informal rules govern or influence your business?
17) Has anyone of you ever been arrested while doing livestock trading? Why?
18) What are your fears, attitudes, towards the state controls on livestock trading?
19) Do you prefer the lack of state control on livestock trading? Why?
20) Personal expectations with regards to future of livestock trade and transport?
21) Associations and their roles in negotiating for market failure? (The role of your association)
22) Relationship between Garissa livestock market supply and Nairobi terminal market, linkages.
23) If you ever opted to drop out of the livestock business, what was the drivers?
24) Resistance against any formal or informal norms at the market places?
25) Any changes brought by devolution of power and resources to livestock trading, movement, information, transactions, formal and informal regulations.

Appendix III: Traders and brokers survey tool

A1: Date	
A2: Name of Respondent	
A3: Name of the Market	
A4: County Name	

Part A. Objective one: Characterization of the actors and markets
Section 1. Respondent's Bio-Data

A5. Gender	Male [ ] Female [ ]	
A6. Age:	[ ] years	
A7. Marital Status?	1. Married, [ ], 2. Widowed [ ], 3. Divorced/Separated [ ], 4. Single [ ]	
A8. Highest level of formal education?	1,No formal education [ ] 2,Completed Primary education [ ] 3,Completed Secondary education [ ]	4,Completed post-secondary training [ ] 5,Completed University [ ] 6,Other [specify] _____
A9. Have you been to livestock trade in the last 12 month? Yes [ ], No [ ]		
A10. How many traders like you are in livestock trade?		

A11. Which year did you start livestock business?	
A12. How much was the starting capital in Kshs.?	
A13. What was the source of that Capital:	

How do you undertake the livestock trade? 1Alone [ ] 2With partners [ ] 3cooperative [ ] 4Other (specify) …. [ ]

A14. What species did you trade with in the last 12 month? (Currency, Kshs.) (Approximate livestock volumes)

Species	Numbers/ Volumes	Av. Buying Price (Kshs.)	Source Markets	Av. Selling Price (Kshs)	Selling point markets
Cattle					
Mature bulls					
Young bulls					
Mature cows					
Heifers					
Weaner cows					
Calves					
Camels					
Goats					
Sheep					
Donkeys					

(i) Mode of Purchase/selling: 1,individually/single [ ] 2, Collections/*jumla* [ ], 3,Both [ ]

(ii) Who sets the buying/selling prices? Myself [ ], Brokers [ ], Traders [ ], negotiations [ ], Groups [ ], market [ ]

(iii) Do you always know the market prices of livestock before purchasing animals? Yes [ ], No [ ]

(iv) How did you get the information?

*(v)*How do you contact your customers in target markets?

A15. Costs incurred from purchasing livestock in Source markets to reselling in terminal markets/Slaughter Houses.

Activity	**Costs, (Kshs.)**	**Activity**	**Costs, (Kshs.)**
Trekking fees		Veterinary Permits fees	
Garissa Broker fees		Trucking fee	
Market Cottage rent		Animal control/Escort fees	
Fodder fees		Total High way corruption fees	
Loading Fees at Source		Offloading fees at terminal mkt	
Taxation fees		Other costs, (specify)	
Animal marking fees			
Communication fee			

(i) What is your reason for reselling the animal you bought?

(ii) How long does it take to resell the animals you purchase?

*(iii)*What characteristics are considered during animal pricing? Size [ ], breed [ ], sex [ ], Others; (specify) ….. [ ],

(iv) Can a buyer change his mind after purchasing livestock?

(v) Do livestock traders lobby politicians or city council officials to control markets or collection of dues? Yes [ ], No [ ]

A17. State four things that influence animal prices, at **source** and **point of sell (Terminal markets**)?

Source markets (Like Hulugho, or Liboi)	Terminal markets (Point of sell)

Section 2: Traders who supply Nairobi city

A18. Have you transported animals to Nairobi city in the last 12 month? Yes [ ], No [ ]

If Yes, where do you supply animals to? ……..

Why do you prefer those markets? …….

Type of nearest road? Tarmac [ ], Murram [ ], Earth [ ], Others (specify) ……

Transport cost to the nearest target market?

Distance to the nearest market?

Traders Position	What is the reason for taking the position of a buyer, seller, broker
Buyer	
Another Trader	

What challenges do you face in Livestock trading? :	What solutions do you suggest?

Section 3: Livestock Market Seasonality

A19. Are there times when livestock markets have high number of customers? Yes [ ], No [ ]

If Yes, What times of the year are those? 1, ……. 2, ……. 3,

……

What times of the year do you see low number of customers? 1……..… 2.

……

What is the average selling prices of the animals in good times and bad times of the market?

	Good times (Kshs.) Many Customers		**Bad times (Kshs.) Less customers**		**Drought season**	
Species	Primary markets Hulugho/Kulbiyo	Garissa Market	Primary markets Hulugho/Kulbiyo	Garissa Market	Volumes in drought times	Av. Prices in Drought (Kshs.)
Cattle						
Mature bulls						
Young bulls						
Mature cows						
Heifers						

Weaner cows						
Calves						
Camels						
Goats						
Sheep						
Donkeys						

State three factors that affect livestock markets sales? (Market Performance)

1.
2.
3.

Which one is the most Significant factor that influences livestock sales?

……..

Section 4: Changes in the population of market Actors

A20. What is the present and past number of actors operating with you at Garissa Livestock market?

Livestock market Actors (Give approximate number)	Now In Devolution	By 2005 (Kibaki time)	By 1990s (Moi time)
Livestock traders			
Brokers			
Livestock transporters			
Trekkers			
Animal loaders/ Controllers			
Animal markers			
Tax collectors			
Vet officials			
Female traders			
Others (specify)			

Section 5: on livestock Markets

A21. Since you started livestock trade what markets have you visited in the last 12 month?

Bush markets	Primary markets	Secondary Markets	Terminal Yards, Nrb

What is the distance to livestock market?

Section 6: Trade Partnerships

A22. Do you have trade partners in livestock trading? Yes [ ], No [ ]

How many partners do you have in the following markets, presently/in the past?

	Now	By 2005	By 1990

Markets	(Last 5 years)	(Kibaki time)	(Moi time)
Bush/village markets			
Primary markets			
Garissa, Distribution markets			
Nairobi market			

A23. Trend of Livestock prices before and after Somalia state collapse
Please, can you recall the behavior of market prices in the following events?

Markets prices	1 Reduce, 2 same, 3 increase	Reason for the change/ Main events at this time
Bare regime 1969-1991		
Moi's regime 1991-2002		
Kibaki's time 2002-2012		
Uhuru's time 2012-2019		

PART B. OBJECTIVE TWO, FORMAL AND INFORMAL REGULATIONS

Section 1: Drivers of Cross-border livestock trade

B1. Have you ever sourced animals from the border markets, or across the border at the South of Somalia in the last 12 months? Yes [ ], No [ ]

If Yes, what were the 3 main reasons that influenced your decision to source from border markets or Somalia?

1 4
2 5
3

Which one is the most significant reason? …….

Section 2: Taxation of Livestock

B2. Do you pay taxes in the process of livestock trading?

Name/Nature of Tax	***Insert approx. amount below,* Kshs.**

Section: 3, Stop-Overs along, along Garissa-Nairobi Highway

B3. Estimate the number of stop-overs and the duration spent by livestock trucks along this highway?

	Roadblocks	**Cess station**	**Weigh Bridge**
Tax fees, paid at the stop-overs, Day Time			
Night time			
Duration spent at Each stop-over Long trucks			
Short trucks			
Number of Stop-overs in Centralized system			
Devolution system			

Weight limit at weigh bridges, Long Trucks [ ], Short trucks (Lories/Canter) [ ]

Section 4: Formal and Informal Groups/Associations

B4. Are you a member of any trade group or association? Yes [ ], No [ ]

Give names of the trade associations/groups you are a member and their roles.

Name of trade Groups/Associations	Registration status	position, or Designation	Total Members	Roles

Explain how you participate in the following group activities in any of the group you belong?

Groups Activity	Participated Yes/No	If Yes, Where?	What is the frequency

How important are the following factors in influencing your decision to join or form a group?

Groups factor	**Relative Importance**		
	1=Very important	**2=Important**	**Not important**
Participation in a similar activity			
Number of group members			
Leaders dedicated to serve			
Fairness in distribution of benefits			
Good quality of service offered			
Transparency in Financial matters			

Section 5: Roles of Traditional Governance systems

B5. Do clan elders exist within the livestock trading? Yes [ ], No [ ]

Are clan elders still respected by the Modern Youth, in Livestock Markets at Garissa? Yes [ ], No [ ]

Have you ever attended Clan elders meeting in Garissa for the last 12 month? Yes [ ], No [ ]

State 3 roles of clan elders in Garissa Livestock Market

1.
2.
3.

What is the most significant role of clan elders?

Are there some traditional rules in the livestock trading Yes [ ], No [ ]

Who sets the rules?

State some of those rules?

1
2
3

<u>SECTION 6; SERVICE PROVISION IN LIVESTOCK TRADING</u>

B6. Access to finance services

Do you have access to financial facilities such as Mpesa, and Banks? Yes [ ], No [ ]

If Yes, are the facilities easily accessible? Yes [ ], No [ ]

For how long have you used the financial organizations, (insert the number of years) [___]

What are the roles of the financial institutions in your business?

B7. Access to Credit Services

Have you accessed Credit services (animals/cash) in the last 12 month? Yes [ ], No [ ]

If Yes, from where, Source of credit? 1,Bank [ ] 2, Family kin [ ] 3,Trade partner [ ], 4,Friend [ ], 5, Others, …….. [ ]
How much was the credit? (Money value) Kshs.
How did you spend the borrowed amount? 1,Capital [ ], 2,Expand business [ ], 3,Offset Risks [ ], 4,Domestic use [ ] 5, Others ……[ ]
What is the repayment period?
What is the interest rate?
Is it easy to access credit services?

State any factor that influence access to credit services or receiving animals on credit?
1…….. 2……..……..
3……..……
Do you sell your animals on credit? Yes [ ], No [ ]
If yes, how long do you wait to get paid?
Why do you prefer selling on credit?
How long do you take to trust credit takers?
Have been disappointed by borrowers before? Yes [ ], No [ ]
If yes, how did you settle the case?

B8. Animal Recording Services

Have your animals ever been recorded/ or counted in any market? Yes [ ], No [ ]

When was the first time your animals were recorded within livestock markets? [ ] Years

In which markets did you encounter the recording of livestock statistics, and which year?

Markets	year

B9. Access to information
Do you oftenly access livestock market information? Yes [ ], No [ ]
How do you get information about primary and bush markets?
How do access market information: (Select multiple)
1Radio [ ], 2TV [ ] 3Trade partners [ ] 4Other market actors [ ], 5County government [ ], 6NGOs [ ],

7Other [ ] (Specify) _____

B10. Access to Veterinary Service

Have you accessed Veterinary services in the last 12 month? Yes [ ], No [ ]

If Yes, Which organization provides the Service?

1, County Government [ ] 2, NGOs[ ], 3,Private Pharmacy/retailers [ ], 4,Friends [ ],

5, Others, [ ] specify ……

How do you compare Vet services in Devolution times to the centralized system?

B11. Access to Insurance Services

Are you able to access insurance services? Yes [ ], No [ ]
If Yes, Which organization provides the Service?
1, County Government [ ] 2, NGOs[ ], 3,Banks [ ], 4,Clan connection [ ], 5,Family kin [ ],
6, Others, [ ] specify ……

What are the challenges in access to insurance services?

B12. Market accessibility
What should be done to improve the market access of vulnerable groups?

Vulnerable groups	**Actions to improve market access**	**By whom?**
Women		
Youth/young people		
Disabled		
Very elderly people		
Orphaned children		

B12. Access to permits and trading documents

Do you have a livestock trading license or permit? Yes [ ], No [ ]
Is it easy to access trade permits in livestock trading? Yes [ ], No [ ]
If Yes, Which organization provides the Service?
1County Government [ ] 2NGOs[ ], 3Banks [ ], 4Clan connection [ ], 5Family kin [ ], 6Others, [

]specify …...

How much do you pay for the trading license?

For how long is the permit valid?

What challenge do you experience in access to permits/licenses?

B13. Access to Security Services

Are the markets safe from security fears? Yes [ ], No [ ], If Yes/No, How?
Are the animals you purchase safe as they go to the market? Yes [ ], No [ ],
If Yes, Which organization provides the Service?
1County Government [ ] 2NGOs[ ] 3Clan system[ ] 4Family kin[ ] 5Others, [ ] specify

……

What are the challenges do you experience in trade due to security?

B14. Youth in Livestock trading,

Are youth participating in livestock trading in livestock markets in Garissa? Yes [ ], No [ ]
List roles that the youth partake in livestock trading;

1.
2.
3.
4.

Part C. OBJECTIVE THREE: DETERMINERS OF CBLT

C1. List 5 determiners of Cross-Border Livestock Trade.

1.
2.
3.
4.
5.

(Rank factors starting with the most Significant).

C2. What is the effect of Devolution on the following formal and informal Regulations?

Regulations	**Before Devolution**	**After Devolution**
Border Controls		
Police Check Points,		
High way Corruption,		
Crimes and Conflict resolution		
Livestock volumes		
Livestock prices		
Livestock Taxation		
Constant the flow of livestock		
Market infrastructure		
Offering Credit services		
Insurance to livestock traders		
Documentation of livestock trading		
Veterinary service provision		
Clan hatred/ Clan conflict		
Corruption, by Revenue officials		
Political Patronage		
Number of Roadblocks, barriers,		
Trade Bureaucracy, access to permits		
Others;		

C3. What are your Roles in Livestock trading?

1.

2.
3.

C4. Do you know any government intentions (policy) that affects livestock marketing in the area? Yes [ ], No [ ]
If Yes, which one?

Government intentions/Policy	Effect on Livestock marketing

E. Market dynamics with timelines of Events

Regulations	**Vibrant markets**	**Dormant markets**	**Memorable event**
Barre Regime 1969-1991			
Moi times 1991-2002			
Kibaki times 2002-2012			
Uhuru's time 2012-2019			