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

Philemon O. Ng’asike
Philemon O. Ng’asike
Department of Land Resource Management and Agricultural Technology
University of Nairobi
ongasike@gmail.com

Acknowledgements
Thanks to Finn Stepputat, Tobias Hagmann, and Gregor Dobler for their thorough and insightful comments on different versions of this paper, and to Peer Schouten for comments on the conceptualization and structuring of the argument. I am also grateful to the government officials and livestock traders who shared their experiences of cross-border livestock trading between Kenya and Somalia with me.

GOVSEA PAPER SERIES
Editors: Tobias Hagmann & Finn Stepputat

The GOVSEA PAPER SERIES publishes ongoing research on the governance of economic hubs and flows in Somali East Africa. It is part of a collaborative research and capacity building programme funded by the Danish Consultative Research Committee for Development Research (FFU) and coordinated by Roskilde University. See more about GOVSEA at govsea.tumblr.com

Working Papers make DIIS researchers’ and partners’ work in progress available to readers prior to formal publication. They may include documentation which is not necessarily published elsewhere. DIIS Working Papers are published under the responsibility of the author alone.
FUSING FORMAL AND INFORMAL TRADING: EMERGING PRACTICES IN THE LIVESTOCK VALUE CHAINS BETWEEN KENYA AND SOMALIA

Philemon O. Ng’asike
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>2</td>
</tr>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Sociopolitical history of Kenya and Somalia (1960s–1991)</td>
<td>7</td>
</tr>
<tr>
<td>Hybridity and livestock trade</td>
<td>9</td>
</tr>
<tr>
<td>Livestock trade value chains between Somalia and Kenya</td>
<td>11</td>
</tr>
<tr>
<td>The transnational value chain</td>
<td>13</td>
</tr>
<tr>
<td>The local value chain</td>
<td>20</td>
</tr>
<tr>
<td>The export value chain</td>
<td>22</td>
</tr>
<tr>
<td>Practical norms in the livestock value chains</td>
<td>26</td>
</tr>
<tr>
<td>Conclusion</td>
<td>30</td>
</tr>
<tr>
<td>References</td>
<td>33</td>
</tr>
</tbody>
</table>
ABSTRACT

Despite ambivalence towards current state reforms, Somali merchants interact with state agents in the trade corridor that connects southern Somalia to central Kenya. Since the Somalia state collapse of 1991, informal livestock value chains have expanded into north-eastern Kenya. Here, the interaction between trade operators and authorities has produced new layers of social norms, some of which govern the economic life of this area that has endured decades of structural instability through insurgencies, state repression, corruption (musuqmaasuq) and marginalization. Based on seven months of data collection on livestock trading in and around the Garissa livestock market, this working paper shows that Somali trade operators negotiate rule breaking to facilitate commodity flows between informal and formal markets. The paper identifies three different value chains – the transnational, the local, and the export – and highlights the practical norms that emerge from the transnational value chain and how they differ from those of the local chain. It further shows how Somali livestock is gradually gaining formal status as the animals cross the Somalia border into Kenya and become subject to recording, disease surveillance and selective taxation. The paper argues that the relative weakness of the state institutions in the area may work to its advantage, as it becomes a destination for investors seeking to escape dire conditions in Somalia. This paper contributes to studies of everyday state formation by providing empirical evidence from the governance of livestock value chains between Somalia and Kenya in order to suggest that working practices can support policy development for state-building processes in Somali East Africa.
Figure 1. Map of livestock trade routes in the Horn of Africa

Source: Mahmoud 2010
INTRODUCTION

Inspired by the concept of ‘global value chains’ (Gibbon & Ponte, 2005; Gereffi, Humphrey & Sturgeon 2005; Sturgeon & Gereffi 2009; Ponte, Kelling, Jespersen & Kruijssen 2014), this working paper analyses the governance of cross-border livestock trade between Kenya and Somalia and their relevance for state formation processes in Somali East Africa. The study takes a corridor approach (Hagmann & Stepputat 2016) to document how business operators navigate strict regulations, unpredictable security, logistical problems and exploitative authorities in order to access functional markets. Garissa, the central livestock accumulation and transition hub along the Somalia–Kenya transboundary corridor, is the centre of my analysis. It connects livestock production and source sites in southern Somalia (and parts of north-eastern Kenya) to sales-yards and abattoirs in central and coastal regions of Kenya. Institutional multiplicity along the Kismayo–Garissa–Nairobi corridor makes the environment an unpredictable one, where market operators navigate fragile spaces and encounter multiple formal and informal norms and various agents of regulatory authorities (Roitman 2005). This paper 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 (suuqa) and animal trek routes.

Livestock markets (suuqa-hola) and routes (wadada) are informal in the borderlands, to the south of Jubbaland and then are partially governed by state officials in north-eastern 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 to. Besides state officials from Jubbaland and the Kenyan government, we have clan arbitrators ‘gudi’ (Ssereo 2003), warlords, clan militias, Al-Shabaab, religious leaders, advocacy and youth groups, formal and informal companies, associations (of women, of traders, brokers, transporters, trekkers and butchers, hay sellers, and veterinary drug brokers among others). Emerging authorities include agro-pastoral associations and conservancy groups, some of which also control grazing areas, markets, and livestock routes along the corridor. The clan system, and the socio-economic and political fragmentation (Ssereo 2003; El Taraboulsi-McCarthy, Majid & Willitts-King 2017) only add to the multiplicity of authorities. Often different authorities cooperate to ensure peace (nabad) and security for business and livelihoods, and conflicts are settled informally. For example, the negotiation of the release of two Cuban doctors, abducted in April 2019 from Mandera county of north-eastern Kenya by Al-Shabaab, was led by Somali clan elders while any diplomatic process between Kenya and Somalia would likely have worsened the situation. Besides contesting control of southern Somalia, Al-Shabaab use abductions, taxation and other strategies to generate income to support the organisation (Maruf & Joseph 2018).

The significant nodes along the corridor are Kismayo, Garissa and Nairobi, but there are also numerous bush livestock markets, and sparsely distributed primary markets, connected by a dense network of livestock trek routes, that feed animals to Garissa market on a weekly basis. Animals flow from bush 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 price of meat in Kenya indicates an insufficiency of supply wherefore cross-border livestock trading complements domestic production. Major livestock source sites are at the remote borderlands (shared with Somalia, Tanzania, Ethiopia, Sudan and Uganda), where the relative absence of state institutions renders 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 – Ethiopia, Kenya, and Somalia (Little 2005; Mahmoud 2010; Little et al. 2015). Such informal transactions have been widely documented across sub-Saharan Africa (Lesser & Moise-Leeman 2009), West Africa – Nigeria, Niger, Benin and Togo (Hashim & Meagher 1999; Golub 2012; Aker, Klein, O’Connell, & Yang. 2014), Congo, Sudan and Uganda (Titeca 2009; Titeca & Herdt 2010; Schomerus & Titeca 2012) 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 Benin and Gambia, 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 illicit sugar trade 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 informal 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 capital as witnessed by the shareholder, liberal and capitalist economy inspired notions such as ‘better off stateless’ (Leeson 2007). Many scholars romanticised Somali customary law (xeer) as a reliable mechanism for the provision of justice in comparison with the situation before the state collapse (Abdulsamed 2011; Schlee 2016). In the Somalian 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 smuggling (Golub 2015), terrorism (Lind & Howell 2010), civil unrest (Bakonyi 2009) and migration (Carrier & Lochery 2013) which many consider a threat to regional peace and security. Despite the contradictions, the label of an ‘economy without a state’ (Little 2003; 2005; Webersik 2006), and its success narratives has been used to showcase the adaptive capacity 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 both before and after the decolonisation of the 1950s to late 1960s, the Somalia state collapse triggered unprecedented mass movement (Ahmed & Green 1999) that also expanded cross-border networking and trade. The swelling of livestock flows oriented towards
Kenya coincided with the trade liberalisation (1980–1990) that opened Kenyan borders to regional trade integration (Gertz 2008).

In the context of debates over fragile states, this working paper contributes to the analysis of state formation dynamics by exploring the emerging social order in the presence of state and non-state institutions. The analysis of routine practices along the trade corridor is inspired by Olivier de Sardan (2015) and other authors writing on state formation, who focus on African states rather than European or North American cases (Vu 2010; Spruyt 2011). The introduction of official norms has conflicted with the local administrative order in many places in Africa, and attempts to set up external programmes (aid, awareness, and policy reforms) have often been misguided and thus destined to fail from the start. The societies within which market channels and institutions are embedded make the analysis of exogenous reforms possible – most work has been on how they influence local governance.

As noted by Olivier de Sardan (2015), 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). In regard to Somali East Africa, instead of enforcing state regulations Kenyan state officials have turned a blind eye to the socio-economic behaviour that governs informal imports of livestock from Somalia (see Little et al. 2015) in order to allow 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 paper 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 working paper is informed by seven months of both ethnographic and qualitative data collection conducted mostly in and around Garissa, and at Nairobi livestock sales-yards and abattoirs. Forty-six interviews were conducted, as well as seven focus group discussions with traders, trekkers, and brokers, and participatory observation was used to produce field notes. Multimedia data and secondary materials complement the data. I conducted key informant interviews with NGOs and with officials working in the state departments of agriculture, livestock, and veterinary services in Garissa county.

Insecurity and the busy schedule of livestock traders influenced the data collection process. Data on traders’ resilience vis-à-vis heavy militarization and the aspirations of insurgency groups were not recorded due to inaccessibility and insecurity in southern Somalia. As a result, the paper does not include how livestock trekkers in lower Jubbaland evade Al-Shabaab taxation points, as they do other formal barriers in the region. Most local traders in north-eastern Kenya feared to speak about Al-Shabaab as the Kenyan state apparatus has increased security...
surveillance and this has entailed harassment by them and intimidation of youth. The other limitation is that livestock traders who are willing to discuss about insurgency activities do not speak good Swahili, increasing the risk of distortion of information when translators are involved.

Starting with this introduction, the paper is divided into five sections. Based on a literature review, section two gives the historical background to circumstances in Kenya and Somalia. Section three introduces the value chain concept and explains the three livestock value chains that drive the flow of livestock. Section four analyses the practical norms that govern cross-border livestock flows and introduces two different kinds of corruption; symbiotic and predatory corruption. Section five concludes the analysis and points to some of the implications of the findings in terms of policy concerns, opportunities and challenges for the development of livestock trade as well as legitimate state institutions.


The institutional orders that govern commodity flows within Somalia and its hinterlands have been modified by past and present political and economic developments. The state rupture and loss of control over its territories left Somalia a failed state and its shared borderlands with Kenya and Ethiopia fragile (Ahmed & Green 1999). Failed attempts to restore order from within and from abroad, have branded Somalia as a graveyard of bottom-up as well as top-down state-building endeavors (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 circumstances (the Ogaden war of 1977-1978, and Somalia state collapse in 1991) and policy reforms (on trade, security, and immigration in Kenya) have influenced the regulation of livestock trade. The Kismayo–Garissa–Nairobi corridor is not an exception; it continues to suffer from a political history where possibilities for investments, logistics, and trading are challenged.

On the Somali side of the border, Siad Barre has had the most important influence on the political history, in particular the resultant patterns of governance. Barre started with a ‘socialist’ ideology in 1969, aimed at eliminating clannism and corruption, and growing 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 excitement was followed by disillusionment with military dictatorship and institutional decay, which discouraged investment and undermined social welfare (Mubarak 1997). The situation was characterized by a downward economic spiral, repression and manipulation of external aid (Gundel 2002). State predation forced entrepreneurs to search for business ventures outside Somalia, and Somalis started moving to Kenya from the early 1980s. Then, after
1991, a large number of Somalis shifted assets and investments to Kenya. Thus, their mobility and the demographic changes expanded informal livestock markets in north-eastern Kenya.

On the Kenyan side of the border, in Garissa, elders still recall the times of the British colony, as well as the independence of 1963. The Northern Frontier District (NFD) was always treated as a buffer zone, a frontier between Somalia and Kenya where exceptional measures were put in place. Hence, territorial militarization and denial of political voice only perpetuate fears and suspicion (Lochery 2012). Regulated mobility and territorial contestations accompanied the open denial of the Somali cessation agenda of 1962. In reaction to marginalization, people in NFD engaged in attacks on Kenyan state officers as an objection strategy, but it resulted in the declaration of a state of emergency in NFD, which was followed by the Shifta War (1964–1967) (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 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 (Omiti & Irungu 2002; Mahmoud 2010) left Somalis in north-eastern Kenya with no better option than to operate informally. In Kenya, Somali business acumen encountered a weak regulatory system where petty corruption made informal transactions possible. Despite state reforms on equitable distribution of resources in the devolved system that were introduced in 2013 (D’Arcy & Cornell 2016), the elusive security situation undermined developmental agendas. When insurgency activities spilled over from Somalia in 2010, the situation soured. Terror threats exposed the weakness of the security forces and public mistrust and fear increased (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 smuggling business, thereby empowering instead of limiting terror networks in their actions (Rasmussen 2017).

While insecurity in Somalia caused livestock entrepreneurs to shift their assets and investments 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) that aimed at increasing foreign exchange and guaranteeing security motivated large numbers of immigrant entrepreneurs to compete for economic spaces in Nairobi (Eastleigh) and increased cash flows and diaspora remittances. The expansion of ‘little Mogadishu’ from an informal settlement to a commercial hub (Carrier 2016) influenced meat consumption, with the number of goats and camels being slaughtered in the neighboring abattoirs (Kiamaiko and Mlolongo respectively) doubling in response to increased demand. New restaurants emerged while old ones expanded to serve the rising numbers of traders and customers from different regions of Kenya. Slaughtering units at Kiamaiko increased from nine to the present fifteen, and the daily slaughter nearly doubled from an average of 700 goats to more than 1300 goats and sheep per day.
Paradoxically, the weak enforcement of state laws in north-eastern Kenya made and make it a key destination for investment that escapes difficult conditions in Somalia. Even though corruption and multiple taxation points interfere with logistical processes, livestock traders agree that the situation was better than being under the repressive regime of Barre in Somalia (1969–1991). The main reason given is the relative safety in Kenya, which shapes conditions for Somali traders to recover their assets and operate through trust and reciprocity, for example by relying on informal credit (Hagmann & Stepputat 2016), which provides market opportunities and risk management options.

Thus, the drivers of informal cross-border livestock trade between Somalia and Kenya range from the collapse of the Somali state and market channels, to population movement to Kenya, high demand for meat in Kenya, access to functional markets and 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 sourcing of livestock 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 livestock market quadrupled in the years after the Somalia state collapse, from 24,395 in 1989 to 108,210 by 2001 (Little 2005).

**HYBRIDITY AND LIVESTOCK TRADE**

The contribution of informal flows of livestock 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 in nature but rather are widely seen as acceptable practices (Olivier de Sardan 2015). Since much of the cross-border livestock trade 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 are not defined.

At the margins of the Kenyan state, including Garissa county, local authorities allow informal transactions to govern business. But informality does not imply that there are no rules for informal practices. There are rules, and violations of informal standards are taken very seriously. For example, there are sanctions for trekkers delaying bringing animals to the market within an agreed number of days, for traders striking a deal with two buyers on the same animals, or for transporters repairing trucks along the way without informing other members in the value chain about the incident, which affects the momentum of ‘goods’ (livestock) reaching the market in time.
However, laws and state policies do also have an influence on how 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 improvement of market infrastructures.

In many parts of Africa, the informal sector is plagued by suspect sourcing, traceability, and compliance issues, despite huge potentials for public and private investments. In the absence of state protection and control, livestock trade becomes very 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 through cooperating with agents of regulatory authorities in order to access terminal and export markets. The interaction of traders with various regulatory authorities along the Somalia–Kenya transboundary corridor has produced 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 working paper, hybridity refers to the amalgamation of formal and informal institutional orders which is expressed in the plurality of social norms in border hubs, where public and private investors, service providers, local traders, and social groups interact in the exchange of values. By focusing on hybridity, the paper privileges the role of unpredictable outcomes of state regulations and institutions on local practices and experiences, including the importance of strong 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 – for the understanding of 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, land is static while livestock markets and routes are dynamic, and the state seems to shift with markets to tax informal cross-border livestock trade 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), which 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 that define some goods as more illicit than others (arms and narcotics, versus livestock) (Schendel & Abraham 2005), while
reforms directed at regulating the licit (but illegal) trade are considered somewhat perverse (monitoring livestock movement to enforce multiple taxation or to optimize disease surveillance). In the next section, I will discuss the livestock value chains in order 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.

LIVESTOCK TRADE VALUE CHAINS BETWEEN SOMALIA AND KENYA

This paper recognizes the development of the concept of global value chains, and its analytical applications (Bellù 2013). The paper explains processes of livestock sourcing, concentration, upgrading and redistribution in the Somalia–Kenya trade corridor. It contributes to analysis of livestock value chains in developing countries (Teka, Azeze & Gebremariam 1999; Rich, Ross, Baker & Negassa 2011) by presenting a case of cross-border livestock trade within the Horn of Africa, including the various processes and practices involved in conveyance of livestock from source, through phases of upscaling at the local and national level, and delivery to consumption points (see figure 2).

Figure 2. Value chain illustration

Source: Adapted from Nyokabi (2015)

Figure 2 illustrates that both formal and informal institutions 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 analysis, this paper 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 analysis of price transmission 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%.\footnote{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.} Intermediaries and trekkers, who are engaged in transactions and moving animals respectively, interact with authorities along the corridor. Evidently, regulatory authorities exercise control in varying degrees along the value chains. The Kenyan state officials are 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 local municipality.

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. In this analysis, the typology is applied to different parts of the value chains and the kind of government interaction they permit. 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 supplies national markets in the central and coastal parts of Kenya; a second chain is related to a local network of poor, mainly female traders 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 three value chains rely on the informal import of livestock from bush and primary markets in southern Somalia and north-eastern Kenya.

Value chain overlap occurs in the sharing of actors, and source hubs, where livestock producers, herders and trekkers facilitate logistical networks that drive cross-border livestock trade. Due to their understanding of borderland institutional landscape, trekkers move animals within villages and bush markets, so this corridor falls under the ‘green’ type of African corridors (Dobler 2016). Here, most negotiations are informal, and kinship maintains the social fabric that facilitates trade and protection (Mahmoud 2008).

The value chains split downstream as animals reach – or bypass – Garissa. Some animals continue to the abattoirs and markets of 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 (see also Rich et al. 2011).
THE TRANSNATIONAL VALUE CHAIN

The transnational value chain is the longest chain with a large number of 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 the central and coastal regions of Kenya 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, and with the export value chain downstream towards central Kenyan abattoirs, and towards 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 as well as 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.²

In this section we 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. 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 have influence on market politics and have more extended connections that govern daily or weekly sourcing of livestock through either trekking or trucking. Throughout the value chain, we observe the resilience of trekkers, transporters and the traders who endure high transaction costs arising from logistical challenges including; multiple taxation, bribery, and highway corruption. These costs exclude small traders from

² 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.
this value chain. The trade between the borderlands and central and coastal Kenya is mainly managed by medium traders who make up approximately 80%, while the remaining 20% are wealthy traders who dominate the export.

In terms of gender, female traders make up less than 15%. 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 Garissa livestock market, the proportion of women was 13.7% (see table 1).

Table 1. Gender distribution of livestock traders at Garissa livestock market

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>44</td>
<td>86.3</td>
</tr>
<tr>
<td>Female</td>
<td>7</td>
<td>13.7</td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td></td>
</tr>
</tbody>
</table>

Source: author’s survey data (2019)

Throughout the value chain, a single animal is bought and resold several times 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 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 stock to small-scale traders and brokers, who trek animals to larger primary markets which are distributed across north-eastern Kenya and southern Somalia.

Prices decrease eastwards from Garissa to the remote borderlands 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, are trucked and resold at US$30–35 at the Garissa market. How far from Garissa traders can source their animals, depends on their financial capital. Some medium traders are able to 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.

3 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%.
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 Garissa market report multiple informal taxes on the way to Kenya and mention 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 that 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 the border act as transition nodes for livestock coming from Somalia, or as departure points for animals produced from within 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 coming 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 in order to facilitate formal and informal taxation of traded animals.

Table 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\(^4\) 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 Hulughho, 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 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 2).

**Table 2. Livestock volumes from cross-border trade recorded at Garissa livestock market**

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

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

As the statistics reveal, numbers vary substantially, reflecting droughts in particular.\(^5\) In good seasons, approximately 8,000 head of cattle and 11,000 shoats 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 are disposing 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 traders who want to truck livestock from here to central and coastal Kenya need official documents from revenue and veterinary

---

\(^4\) Shoats is a common word used to refer small ruminants, i.e. sheep and goats.

\(^5\) 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.
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*) 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 to 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 patterns of regulation 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 with reference to 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 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°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

---

6 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.
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.\(^7\) 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, Kiamoi, Mlolongo, Nema and Hurlingham Ltd. among others, most of which are privately managed. Kiamoi and Mlolongo supply chevon/mutton and camel meat to the Somali business hub, Eastleigh. Kiamoi 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\(^8\) 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, what upgrading efforts there have been in the few contracts issued have been tainted by fraud leading to shoddy or incomplete 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.\(^9\) Kiamoi, 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, we see that livestock generates huge amounts of profits. 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

\(^7\) 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.

\(^8\) Interview with a trader at Dagoreti, in 24th July 2018.

\(^9\) 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 Kiamoi market over hygiene issues in April 2018 for two weeks (see Maurine Kinyanjui, ‘Kiamoi 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.
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 c.a. US$850 (see table 3).

Table 3. Cost of supplying cattle from southern Somalia and Garissa to Nairobi markets

<table>
<thead>
<tr>
<th>Activity (Based on Grade II cattle prices)</th>
<th>Market actor involved</th>
<th>Amount (US$)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of cattle in southern Somalia</td>
<td>Bush traders, herders</td>
<td>200.00</td>
<td>per head</td>
</tr>
<tr>
<td>Trekking rates to Garissa</td>
<td>Trekkers, herder</td>
<td>70.00</td>
<td>lump sum</td>
</tr>
<tr>
<td>Trucking costs to Garissa</td>
<td>Traders, transporters</td>
<td>15.00</td>
<td>per head</td>
</tr>
<tr>
<td>Cattle price at primary hubs; Hulugho</td>
<td>Brokers, traders</td>
<td>250.00</td>
<td>per head</td>
</tr>
<tr>
<td>Cattle price at Garissa</td>
<td>Brokers, traders</td>
<td>400.00</td>
<td>per head</td>
</tr>
<tr>
<td>Brokerage fee at Garissa</td>
<td>Brokers</td>
<td>10.00</td>
<td>per head</td>
</tr>
<tr>
<td>Trucking one bull to Nairobi</td>
<td>Transporter, trade agents</td>
<td>20.00</td>
<td>per head</td>
</tr>
<tr>
<td>County Government revenues</td>
<td>Tax clerks,</td>
<td>3.50</td>
<td>per head</td>
</tr>
<tr>
<td>‘No Objection Permit’</td>
<td>Veterinary department</td>
<td>40.00</td>
<td>lump sum</td>
</tr>
<tr>
<td>‘Movement permit’</td>
<td>Veterinary department</td>
<td>20.00</td>
<td>lump sum</td>
</tr>
<tr>
<td>Cottage rent, load, and control fees</td>
<td>Loaders (<em>hamal</em>)</td>
<td>80.00</td>
<td>lump sum</td>
</tr>
<tr>
<td>Yard fees at Nairobi markets</td>
<td>Private managers</td>
<td>15.00</td>
<td>lump sum</td>
</tr>
<tr>
<td>Brokerage fees at Nairobi</td>
<td>Brokers fees</td>
<td>5.00</td>
<td>per head</td>
</tr>
<tr>
<td>Throat sleeting</td>
<td>Somali butchers</td>
<td>7.00</td>
<td>per head</td>
</tr>
<tr>
<td>Veterinary examination,</td>
<td>Veterinary doctors</td>
<td>2.00</td>
<td>per head</td>
</tr>
<tr>
<td>Beef sold to butchers in Burma</td>
<td>Butchers in Dagoreti</td>
<td>750.00</td>
<td>per head</td>
</tr>
<tr>
<td>Beef sold to butchers operating kiosks</td>
<td>Open market butchers</td>
<td>850.00</td>
<td>per head</td>
</tr>
<tr>
<td>Communication, fodder, water costs</td>
<td>Traders &amp; transporters</td>
<td>50.00</td>
<td>lump sum</td>
</tr>
</tbody>
</table>

Source: author’s 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 traded. Some of these traders have acquired livestock ranches on a lease, as well as 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, structural instability at borderlands, limited capital, high transaction costs, and the risk of multiple taxation. These economic, environmental, and institutional challenges (Irungu et al. 2014) restrict a large number of traders to stay in specialized sections of the chain.

Throughout the chain, we note 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
in informal practices in southern Somalia, weak regulatory systems in north-eastern Kenya, and the partial enforcement of standards in central Kenya. 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.

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 have 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 by 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.¹⁰ 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 serves 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.

¹⁰ Interview with abattoir manager and veterinary doctor on 18 January 2018.
Table 4. Costs incurred by traders in the local value chain

<table>
<thead>
<tr>
<th>Items (in reference to goats/sheep)</th>
<th>Costs in KSh(^{11})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goat price/head in southern Somalia</td>
<td>1,500–2,000</td>
</tr>
<tr>
<td>Goat price/head in Kenyan borderland (120 km from Garissa)</td>
<td>2,000–2,500</td>
</tr>
<tr>
<td>Goat price/head at Garissa market</td>
<td>3,500–4,500</td>
</tr>
<tr>
<td>Broker fee</td>
<td>100</td>
</tr>
<tr>
<td>Transportation of live goats/sheep to the abattoir</td>
<td>100</td>
</tr>
<tr>
<td>Slaughter house fees</td>
<td>100</td>
</tr>
<tr>
<td>Transportation of the meat carcass to the meat kiosks</td>
<td>100</td>
</tr>
<tr>
<td>Veterinary certification and clearance</td>
<td>70</td>
</tr>
<tr>
<td>Taxation by county government</td>
<td>100</td>
</tr>
<tr>
<td>Communication</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: author’s field notes, Garissa livestock market (May 2018)

Table 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. Price transmission in the value chains is relative to logistical liabilities and spatial distribution of markets. 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 of the female traders are either divorced or widows with young children to feed and educate. The few men in this chain are constricted to the local chain by economic and disability conditions. Some of them are hired by female traders in order 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 of the female traders survive in the market through informal credit and insurance (USAID 2010). Besides, state officials are always hesitant to harass poor widows, 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

\(^{11}\) 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.
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)\(^{12}\) as the operating capital of butchers is unstable and vulnerable to the risks of trade and logistics.

Living in a patriarchal society,\(^{13}\) 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.

### 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, from where livestock is exported to Mauritius and the Gulf states. The overlap occurs as traders share similar sourcing at the Garissa hub as well as logistical challenges en route to central and coastal Kenya. While Somali traders work through clan-based networks in the

---

\(^{12}\) 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.

\(^{13}\) 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 empowered and some engage in both livestock trade and brokerage.
borderlands, they partner with non-Somalis at the export ports at the coast and the terminal abattoirs in Nairobi.\textsuperscript{14} This section will first look at the branch that ends in Nairobi’s export abattoirs, and thereafter at the coastal route to the fattening grounds.

Exporters engage in large-scale sourcing, slaughtering and export of carcasses destined for abroad. Most of them 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 that they are very powerful, wealthy (\textit{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, we are talking 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.

In order 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 3).

In January 2016, \textit{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.\textsuperscript{15} 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).

\textsuperscript{14} 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.

\textsuperscript{15} Agatha Ngotho, ‘Kenya may soon be able to export beef products to Europe’, 23 January 2016, \textit{The Star}. 
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.

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\(^\text{16}\) 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.

\(^{16}\) 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.
As a result of the limited capacity of certified abattoirs, carcasses from uncertified ones, such as Kimaiko, 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.17

The second branch of the export value chain supplies livestock to export markets, earning increasing amounts of foreign exchange for Kenya (see figure 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 also to 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.18 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 position, power and wealth, traders can influence the terms of using the ranches, including their management, service delivery, and fees.

Figure 4. Live animal exports from Kenya (by value; US$1,000)

Source: Economist Intelligence Unit (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 a way of

17 Interview with a butcher at Dagoreti abattoir on 09th July 2018.
18 Interview with a trader, Mzee Farah, on 11th February 2018 at Garissa livestock market.
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, in which 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 gain access to the export markets, and they do this through 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 terms of achieving international standards and, as the next section will focus on, the norms that have emerged in everyday practices along the value chains tend to undermine effective public regulation. Attempts to extend the laws do not do the trick when it comes to securing standards.

PRACTICAL NORMS IN THE LIVESTOCK VALUE CHAINS

The literature on public administrations in various parts of Africa suggests that a large rift exists between formal (state-sanctioned) norms and the 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, brokers associations, trade groups, 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, we find 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 analyze 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 continue to 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. At the abattoirs, a large proportion of animals are slaughtered on credit, and 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 while they continue to receive 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, mostly caused by deviations from agreed demand or supply, or by accidents, are settled informally in order 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). 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 range lands. 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. 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. 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 routes for crossing the border, which means that the livestock is not subjected to ordinary border

---

19 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.

20 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.
controls. Nevertheless, trekkers risk encountering Kenyan security forces who patrol bush markets in the borderland. These encounters are affected by the fears and suspicions on the part 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 the local Swahili are Kenyans, and 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, as they humorously explained to me.

At 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 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 we have seen, 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

---

21 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.

22 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.
works as an asset which allow them to be exempted from tax payments in Garissa by state officials, who pity them.

Interviews about the taxes (canshur) that traders and brokers have to pay 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 want 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 payments. On the other hand, livestock traders appreciate the protection the police can, after all, provide and are willing to pay the 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, which illustrates 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, bail 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, because 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 corruption takes place, typically on the highway, when a trader or transporter has broken the law and both parties have an
interest 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 cases 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 furthermore 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 (darawal) have adjusted to the expectation of paying informal fees 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.

CONCLUSION

This study has analyzed 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 cross-border livestock trade.

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. They are also distinguished by their negotiation capacities in the daily operations, where the poor traders are exempted from paying taxes by revenue clerks in order to protect their small businesses, while the wealthier traders are able to 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 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 have the possibility of changing investments when the sector faces erratic supply or prices fall at the terminal markets. Whenever drought pushes livestock out of northeastern Kenya into southern Somalia in search of dry season (jilaal) pasture (Little 1996), institutions also become dormant, and wealthy traders shift investments to hotels, transport and textile business. Others invest in fattening ranches on the Kenyan coast from where they can better confront competition and price fluctuations in the export markets.

The study furthermore 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 achieved great benefits from the informality and large-scale extraction of livestock from southern Somalia; indeed one wonders if the traders have any interest 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 not only defined by official laws and regulations, but also by ‘practical norms.’ In livestock trading, these norms are seen in the certification and clearing processes, in the monitoring and recording of commodity flows, in the negotiations and agreements (heshis) with state officials along the roads, and in the transactions
within sales-yards and abattoirs along the Garissa–Nairobi corridor. We note that state officials bend the rules to their own interests and sometimes with an 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 appears 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 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, not only for Kenyan consumers, but also for Kenyan export. If this export becomes subject to suspicions of malpractice in the value chain, due to challenges regarding source traceability, international standards, and certification issues, then 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 marketing of livestock. States should invest in roads, markets, and communications infrastructure to allow enforcement of 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.
REFERENCES


