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Karamoja Resilience Support Unit (KRSU)

LIVESTOCK TRADE IN KARAMOJA, UGANDA: AN UPDATE OF MARKET DYNAMICS AND TRENDS

December 2017



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KARAMOJA RESILIENCE SUPPORT UNIT (KRSU)
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ACRONYMS

EU	European Union
FMD	Foot and mouth disease
ICPALD	IGAD Centre for Pastoral Areas and Livestock Development
IGAD	Intergovernmental Authority on Development
KRSU	Karamoja Resilience Support Unit
M&E	Monitoring and evaluation
SSP	South Sudanese pound
UGX	Ugandan shilling
US\$	United States dollar
USAID	United States Agency for International Development

Note: 1 United States dollar (US\$) = 3,500 Ugandan shillings (UGX) = 100 Kenyan shillings = 180 South Sudanese pounds (SSP)

EXECUTIVE SUMMARY

In early 2016, a detailed report on livestock marketing in Karamoja, Uganda was published by the USAID/East Africa Resilience Learning Project, and described a dynamic trade and supply of livestock to markets in Uganda, Kenya, and South Sudan. As a follow-up to the 2016 report, in 2017 the USAID/Uganda Karamoja Resilience Support Unit (KRSU) commissioned a short assessment to update information on livestock market trends and issues in Karamoja. This report focuses on key market indicators for 2016 and 2017, and is based on visits to seven livestock markets in the sub-region between October 27 and November 6, 2017, including in-depth interviews with market actors and government officials. The main findings are summarized below.

NEW LIVESTOCK MARKETS

An emerging trend is the commissioning of new livestock markets, driven by the formation of new sub-counties and the incentive within local government to raise revenues. There are now about 20 livestock markets in Karamoja, excluding minor markets of limited significance. With two additional districts planned in 2018, the number of markets is likely to rise. The creation of new markets has fragmented the distribution of livestock supplies, while providing more access for local market operators. It has also restricted large-scale traders to transacting in selected markets with large livestock supplies. This move has also altered the status of some markets, such as Kangole, which used to be the largest in the sub-region but is of less importance now. The new markets may have contributed to increased off-take levels, but they decreased livestock prices in 2017.

SEASONALITY

The performance of Karamoja markets follows seasonal trends. In the drier months of January to April, livestock body conditions deteriorate, and more animals are offered at low prices. Major livestock traders avoid the markets during this period. Between May and August, animal body conditions improve, and prices of livestock go up, particularly in July. Between September and December, livestock prices escalate because of good animal body condition and household food security. In short, Karamoja livestock markets slow down between January and June and become vibrant between July and December.

THE ROLE OF BROKERS

Despite some previous reports that transactions take place without the involvement of brokers, livestock markets of

Karamoja are, in fact, dominated by brokers-*cum*-itinerant traders, who buy small numbers of cattle, sheep, or goats directly from the *kraals*, and at relatively low prices. Most of the livestock sold in established markets are supplied by such brokers, operating between the *kraals* and the market centers. The assessment estimated that no more than 10% of producers visit the markets, and those that do attend also transact through these brokers. Traders coming from outside the sub-region, including from Turkana and Pokot, also transact in the markets through the brokers.

ACTORS AND FEES

Market actors include a few producers (as they mostly sell in the *kraals*—see above); farmers buying second-grade bulls for plowing and for conditioning; brokers/itinerant traders; small-scale and large-scale traders; transporters; tax collectors; movement permit issuers (veterinarians); and loaders and butchers at destination markets. Livestock moving out of the district are taxed; fees are also charged for movement permits. Traders did not complain about the fees but did complain about police harassment at roadblocks. A vibrant market like Kanawat raises more than UGX 4 million (US\$1,143) in taxes per market day during the peak season.

TRANSIT AND TERMINAL MARKETS

Karamoja livestock are directed to about 20 transit and terminal markets in Uganda, and to Juba and Kenya. The trade to Juba has slowed down because of security problems and the substantial depreciation of the South Sudanese pound (SSP) from SSP 15 = US\$1 to SSP 180 = US\$1. Traders are also no longer allowed to take US dollars back into Uganda. Yet trade is still going on, consisting mainly of shoats purchased from Kanawat, Moroto, and Matany markets and, to a small extent, bulls from Abim market. But, because of the irregular nature of the trade and a host of transit markets where small traders supply animals to the cross-border traders, it was not possible to establish the volume and value of this trade. Similarly, the extent of the cross-border trade to Turkana could not be established, as Turkana traders buy directly from the *kraals*, and use local brokers when buying from markets to avoid taxation and movement permit fees. The cross-border trade from Amudat to Kenya is a direct affair. Although data were not obtained for the more important market, Karita, the combined sales value of Amudat and Karita markets was estimated at around US\$1 million per year (using the sales figures for Amudat market for 2016 and 2017).

SUPPLIES, SALES, AND PRICE TRENDS

Data were obtained from nine markets, comprising seven markets visited by the author, and a further two markets for which market data was provided by the local veterinary officer. The seven markets visited were Kanawat (Kotido District), Naitakwai (Moroto District), Matany and Kangole (Napak District), Matanga (Abim District), Amudat (Amudat District), and Lolachat (Nakapiripirit District). The District Veterinary Officer in Nakapiripirit District provided market data for two markets, in Lorengedwat and Nabilatuk

Using data on supplies, average livestock prices, and sales figures, the volume and value of livestock transactions for these nine markets were approximated as follows:

- In 2016, the total supply volume was 14,406 cows (heifers), 19,776 bulls, 42,630 shoats, and 778 camels. Of these, 40% of the cows, 55% of the bulls, 48% of the shoats, and 48% of the camels were sold.
- Average livestock prices in 2016 were UGX 697,500 for cows, UGX 1,097,917 for bulls, UGX 22,083 for shoats, and UGX 1,674,000 for camels. The total value of this transaction was US\$5,381,296 across the nine markets.
- In 2017, the total supply volume was less than 2016 by 6% for cows, by 13% for both shoats and camels, but increased for bulls by 11%. However, the proportion of 2017 sales when compared to 2016 was higher for cows by 11%, for shoats by 8%, and remained the same for bulls (but 1,416 more bulls were sold in absolute terms in 2017). The number of camels sold in 2017 was less by 73% than in 2016.
- Average livestock prices in 2017 were less than 2016 for cows by 36%, by 39% for bulls, by 16% for shoats, and by 17% for camels. As a result, despite higher numbers of livestock sold in 2017, the total revenue generated from this transaction was US\$4,389,272 (excluding sales revenue in November and December 2017)—less by 19% compared to 2016.

Livestock sales increased in Karamoja in 2017 because of market restrictions in the Western Region of Uganda due to foot and mouth disease (FMD). However, this increase was offset by decreasing livestock prices in Karamoja, possibly related to the appearance of new livestock markets and so more competition. The revenue decline was largely driven by the falling price of bulls (due to an 11% increase in supply levels in 2017).

Meanwhile, if the other eleven markets are assumed to generate at least 50% of the revenue raised by the nine specified markets, the total revenue from Karamoja markets may be in the region of US\$6 to 8 million per year. With ongoing road improvements and increased demand for meat, the annual sales revenue may rise to US\$10 million in the coming few years.

POLICY ISSUES

An important limitation of the assessment was insufficient time to review the policy context related to livestock marketing in Karamoja, and unavailability of experts for interviews in the Ministry of Agriculture, Animal Industries and Fisheries, and the Ministry of Karamoja Affairs. Regardless, there is a growing interest at the national level in exporting Ugandan meat. This interest should be regarded as providing more market opportunities for Karamoja livestock, at least in the domestic market. Uganda also follows open trade policy on the cross-border trade to Kenya and South Sudan, sustaining these outlets for herders and traders. At the regional level, current plans include upgrading or constructing market infrastructure in a few sites.

In conclusion, producers will never be able to obtain commensurate livestock prices if they keep on selling in the *kraals*. Concerted efforts are required to change this practice. Forage production is critical to minimizing seasonal livestock emaciation, and to increasing productivity and household income. The current movement permit format needs to include data on supply volume, livestock prices, and final destinations of animals, which should be summarized and analyzed on a regular basis for informing policy. This does not require big effort; it means adding two or more columns to the current format.

I. INTRODUCTION

In early 2016, the USAID/East Africa Resilience Learning Project released a detailed assessment of livestock markets in Karamoja, Uganda (Rockeman et al., 2016). The assessment included a description of producers' marketing behaviors and the performance of Karamoja livestock markets, in general terms. It also gauged buyers' perspectives on the comparative marketability of Karamoja livestock at national and cross-border markets. In late 2017, the USAID/Uganda Karamoja Resilience Support Unit (KRSU) commissioned a follow-up assessment, to cover the following specific areas:

- Collection of key market indicators—prices and volume of trade by livestock species for the years 2016 and 2017 (up to end of October);
- Identifying main destinations of animals sold in Karamoja both within Uganda and externally to Kenya and South Sudan, including commentaries on trends in demands, prices, and volumes of animals destined for different markets;
- Assessing the pros and cons of Karamoja livestock markets from the perspectives of traders;
- How policy affects the enabling environment for livestock markets and trade.

2. METHODOLOGY

Seven livestock markets were visited between October 27 and November 6, 2017. The markets were Kanawat (Kotido District), Naitakwai (Moroto District), Matany and Kangole (Napak District), Matanga (Abim District), Amudat (Amudat District), and Lolachat (Nakapiripirit District). The District Veterinary Officer in Nakapiripirit District also provided market data for a further two markets, in Lorengedwat and Nabilatuk, but the author did not visit these two markets. Therefore, market data were analyzed from a total of nine markets.

A total of 40 interviews were conducted with livestock traders, tax collectors, sub-county veterinary officers (assigned in the markets for issuing livestock movement permits), route managers, truckers, and other key informants. Traders provided information on the types and numbers of animals they purchase, destination markets and routes, transportation costs, who they sell the animal to, and gave their views on livestock prices, taxation, movement permit fees, and other issues. The range of traders interviewed included those trading in the domestic and the cross-border markets of South Sudan and Kenya. Information obtained from tax collectors and movement permit issuers focused on seasonal variations of the markets; the conduct of transactions (through brokers or animal owners) and the behavior of buyers (for example, how do Turkanas and Pokots transact in the markets?); where traders come from and in which seasons (including those from Kenya and South Sudan); and destination markets of transit and terminal status.

Data on the species and numbers of livestock sold in 2016 and 2017 (until October) were collected and compiled from the movement permits issued by sub-county veterinary officers. Data on livestock supplies and price trends for both years were estimated by the veterinary officers and tax collectors of the specific markets. This information provided the basis for assessing key market indicators and trends.

Route managers and truckers provided information on the specific routes they take; what problems they face on the routes; the amount they charge by source and destination markets by species; which markets they target; and how they coordinate outbound and inbound trips for transporting commodities and livestock to cover their expenses and make a profit.

Meetings were also held with district planners, veterinary and monitoring and evaluation (M&E) officers, and production and commercial officers in Moroto, Nakapiripirit, Kotido, and Amudat Districts regarding the trend of livestock markets in general, and on future plans for where new market infrastructure will be constructed or upgraded.

During the two weeks of fieldwork in Uganda, experts at the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF), and Ministry of Karamoja Affairs were not available for meetings to discuss livestock marketing and related policies in Uganda and Karamoja. Similarly, efforts to obtain information from the IGAD (Intergovernmental Authority on Development) Centre for Pastoral Areas and Livestock Development (ICPALD) office in Moroto did not materialize. As a result, the paper provides only limited information on policy issues related to livestock trade.

3. ASSESSMENT FINDINGS

3.1 LIVESTOCK MARKET DYNAMICS IN KARAMOJA

3.1.1 New livestock markets

As stated in the earlier Karamoja livestock market report, the livestock markets in Karamoja are vibrant, complex, and in the process of expansion (Rockeman et al., 2016). In 2017, the commissioning of new market centers by the sub-counties was evident, and there are now three livestock markets in each of the four districts of Moroto, Nakipiripirit, Amudat, and Napak; five markets in Kotido; and one market each in Abim and Kaabong Districts. Of these, two in Kotido and one each in Nakipiripirit, Abim, and Amudat are recently commissioned markets (a total of five new markets). These markets do not include other small markets of less significance operating at village levels in the districts. Meanwhile, two new districts are planned in the sub-region in 2018, which would potentially raise the total number of livestock markets in the sub-region to another level.

The commissioning of new market centers by the sub-counties is driven by financial motives—principally, for raising livestock taxes and movement permit levies for animals sold and moving out of the district (in one case, even for animals staying within the district). For example, the Kanawat market provides the sub-county with a tax revenue of more than UGX 4 million (US\$1,143) per market day from livestock taxation in the peak season; UGX 3 million (US\$857) from Moroto market, and UGX 2 million (US\$571) from Matany District in peak seasons. These figures exclude levies charged to the traders for livestock movement permits. The sub-counties also see livestock markets providing stimulus for the local economy, as other goods and services are traded in the markets.

The proliferation of new market centers, on the one hand, has fragmented the distribution of livestock supplies to many primary markets. On the other hand, it has provided easy access for local market actors and small-scale operators due to proximity. Increasing numbers of markets might provide brokers/itinerant traders and small-scale traders with a wider option of markets to operate in, although getting to them involves a lot of travel. In contrast, it has also restricted large-scale external traders¹ from Kampala, Jinja, Mbale, Juba, etc. to operating only in selected important markets with a large livestock supply. This trend has also affected the status of some livestock markets. For example, the Kanawat livestock market in Kotido has replaced Kangole (in Napak) as the largest

livestock market in Karamoja. The latter is now relegated to a primary market status of less significance. Similarly, Karita, an offshoot of the Amudat market, is now reported to be livelier than the latter because of the increasing cross-border trade with Kenya. These dynamics underline the vibrant and complex nature of livestock trade in Karamoja.

3.1.2 Seasonality of livestock markets in Karamoja

Seasonal variations are evident in Karamoja livestock markets. This is reflected in the volume and quality of livestock supplied, and in terms of price trends. These variations are directly linked to agro-climatic factors, consisting of the dry period, and the cropping and harvesting seasons.

The dry season (January–April): Livestock body conditions deteriorate during this season. Average prices drop due to the combined poor physical condition of livestock and the weak bargaining position of sellers in the hunger season. Despite rising livestock supply levels around March and April, fewer animals are sold during this season (except in Nakapiripirit). This is mainly because large-scale traders supplying major centers avoid Karamajong markets at this time, as the quality of animals is not commensurate with the demand in the destination markets. As a result, only small-scale traders operate in this season, and they are known for dictating livestock prices in line with demand; this season can be effectively dubbed as a “buyers’ market.” Some local farmers are reported to buy weakened animals for reconditioning during this period.

The cropping season (May–August): Depending on the onset, amount, and distribution of rainfall, the body condition of animals improves during this period, particularly in July and August. Herders not only move back to their *kraals*, closer to market centers, but also sell more animals to middlemen because of food scarcity (as this is the cropping season). Livestock prices improve particularly towards July and August, as livestock body conditions recover. Livestock supplies also peak in July and August, as the timing coincides with the return of large-scale traders in force, after an absence of four to six months. Interviewed traders consider this period the optimal trading season—principally due to the good physical condition of animals, peak supply levels, and reasonable livestock prices.

The harvest season (September–December): Supply levels continue as in the production season until October, before a slow decline is observed in November/December. However, this period is marked by escalating livestock

¹ Based on interviews with traders from Kampala and Juba in Moroto and Kanawat markets.

Photo by Yacob Aklilu



Livestock markets in Karamoja involve various actors, but include many itinerant traders-cum-brokers

prices—as food-secure brokers and herders set the prices. This is particularly pronounced during the festive season around Christmas. Traders bitterly complain about price hikes and attribute the losses they incur from time to time to this particular season. A few traders from major towns also reportedly avoid Karamajong markets from the beginning of November due to price escalation. Fewer animals are sold towards November and December. This season is effectively a “sellers’ market.”

3.1.3 Market actors

Karamoja markets supply cows, bulls, shoats, donkeys, and, to some extent, camels for the internal markets of Uganda, and also for Juba and Kenya. In varying degrees, the markets also serve as outlet points for bulls from Karamajong herders and camels from Pokot herders of Kenya. These markets also play important roles as terminal markets for heifers and she-goats coming from the neighboring districts outside Karamoja, and as transit points for the same species destined for Kenya. As a result, most of the small traders operating in Karamoja and the neighboring districts are engaged in buying and selling livestock in both directions, involving a vast network of transit and terminal markets and destinations. In turn, this has created a range of actors playing various roles in the market, either directly or indirectly.

Producers as both sellers and buyers: Most livestock producers reportedly sell livestock directly from their *kraals* and at low prices to intermediate traders-cum-brokers, who then sell the animals in local markets for profit. The proportion of Karamajong producers who bring own livestock directly to markets was reported not to be more than 10% in all the markets visited. Producers (including those from Kenya) are the main buyers of heifers and she-goats brought from outside Karamoja by small traders.

Farmers: Farmers from Karamajong and neighboring districts are reportedly buying second-grade bulls for

plowing. This is a recent trend, indicating the engagement of more households in farming activities. A few farmers are also reported to be buying cattle at low prices in the dry season for selling in the peak season when the animals gain weight.

Itinerant traders-cum-brokers: The notion that livestock are sold by owners and not brokers in Karamoja markets (e.g., Rockeman et al., 2016) emanates from the simple fact that most of the livestock sold in markets are owned by itinerant traders-cum-brokers who have acquired the animals at low prices from the *kraals*. Each of these brokers generally buys one to two head of cattle or a few shoats. For the casual observer, these brokers can easily appear to be producers, since they own the livestock they sell. However, they are not producers, and their main interest is in selling the animals they purchase from the *kraals* in the shortest possible time for profit in the markets. This profit ranges from 25% to 40%, according to tax collectors and veterinary officers. As such, they are known for visiting different livestock markets to dispose of these animals. Basically, these brokers operate in local markets only and do not venture outside the sub-region because of a low capital base. In addition, the number of brokers operating actively in the markets rises and falls with the seasonal market trends; relatively few of them operate in the dry season, and many more do in the peak season. As such, they are opportunistic actors who survive on the profit margins they make between the *kraals* and the market centers (unlike brokers in some other countries in the region who get paid on a commission basis). As these brokers own most of the livestock offered for sale in Karamoja markets, only a small proportion of actual producers (estimated at 10%) come to transact in the markets.

Similarly, livestock traders from Busia, Mbale, Soroti, Jinja, or Kampala also operate through established Karamajong brokers, along different routes. These brokers are brought to markets on trucks hired by traders, or are

3. ASSESSMENT FINDINGS

Photo by Yacob Aklilu



Turkana traders in Karamoja livestock markets tend to use brokers, and do not engage directly in buying and selling

brought by so-called “route managers.” Such brokers close deals for their client traders and return with the trucks to their villages (sitting on platforms suspended above the livestock on the trucks). Turkana and Kenyan Pokot producers/traders who attend Karamoja markets (outside of Amudat and Karita), either to sell bulls or purchase heifers or donkeys, also delegate brokers to transact on their behalf, while they sit and observe the process from a distance. Apart from the language barrier (especially for Pokots), Turkanas and Pokots entrust brokers for fear of being underpaid or overcharged, as Kenyans are thought to have more money. In Amudat, Karita, and Bukedia, the language of transaction shifts to Pokot and/or Kiswahili, eliminating the need for brokers.

Small-scale traders: This group represents the majority of traders operating in the sub-region, especially in primary markets. These include Karamajong traders and those from Katakwi, Palaisa, Soroti, Amuru, Bugiria, Bukedia, Kapuchoria, Busia, Butalijia, Mbale, Batanga, Lira, Pakaj, Gulu, Kitigum, Lira, Barara, Tororo, and other locations. Many of these traders buy small numbers of animals—such as 5 head of cattle or 10 to 15 shoats—and sell the animals in any of the above destinations, either to large-scale traders who take them onward to other destinations (e.g., Jinga, Kampala, or Juba) or to local butchers. A number of such traders usually share a small truck and pay on a per-head basis when moving animals to destination markets. On the return trip, many of these traders bring heifers to Karamajong markets and she-goats to the Amudat market. In a number of cases, they also exchange the heifers they brought for Karamajong bulls. These traders operate in specific source and destination markets subject to proximity, location of business clientele, and the kind of animals they trade in. For example, small traders of Karamajong origin mainly transact between Katakwi market (in Teso) and the home markets. Pokots interact in Bukedia market, while traders from Bukedia operate in Amudat and Nakapiripirit markets. Traders supplying

butcherries specialize in bull and cow trade. Those linked to cross-border traders of Juba buy mostly shoats and, in a few cases, bulls and hand over the animals at Lira, Gulu, Amuru, Arua, etc. A group of Amuru traders specialize in buying shoats from Moroto market and sell them to Juba traders at Elegu. Muslim traders from Soroti, Jinja, Bungi, Busia, and Mbale mainly buy sheep from Kotido and Kanawat and compete with traders from Juba.

Large-scale traders: These consist of those who buy a minimum of a truckload of bulls/cows or the equivalent in shoats. Such traders come from Kampala, Jinja, Mbale, Soroti, Teso, Kapuchora, Kwein, Kumi, Busia, Lira, and Amuru, and include those trading to Juba. Large-scale Pokot traders from Kenya operate in Amudat and Karita markets and trek purchased animals on foot into Kenya. In a few cases, this group includes those contracted to supply the Ugandan Army and other institutions. Such traders come with rented trucks for their own use (20 to 24 cattle, or 150 to 180 shoats capacity on double decks).

Butchers in destination markets: Butchers in destination markets do not buy live animals from traders. They buy only the meat, on a carcass weight basis (bone-in); they buy at an average price of UGX 7,000 per kilogram, which they retail at UGX 9,000 or 10,000 per kilogram. Offal and hides are sold to other clients. This system has forced livestock traders to be adept at estimating the dressing weight of the live animals they purchase. For example, a trader who bought a bull for a high price of UGX 1.4 million in Moroto market stated that he expects a bone-in dressing weight of 150 kilograms.

Truckers: Trucking is the most common method for transporting marketed animals out of or in to Karamoja. This process incurs a transport cost ranging from UGX 20,000 to 90,000 per cattle within Uganda and more for cross-border destinations. Traders use different arrangements for transporting animals. Big traders rent trucks for their own use and pay for the number of days they keep the truck, plus for the fuel. For example, Kampala traders rent a truck of 20- to 24-head capacity for UGX 900,000 (US\$257) for a return trip to Moroto in two days. They leave Kampala at 8 pm on Sunday, arrive at 6 am in Moroto on Monday, buy animals until noon, and leave Moroto at 1 pm to reach Kampala in the early hours of Tuesday morning. The fuel cost for this round trip is UGX 770,000, bringing the transport cost per head of cattle to between UGX 69,500 and 83,500 (US\$20 to US\$24). These traders sell a few animals immediately to butchers and keep the rest for finishing. Traders taking shoats from Kotido to Juba rent a truck (of 150–180 shoat capacity) at UGX 2.2 million (US\$629) plus fuel. This route takes about three days to reach Juba, and involves a border clearance payment of US\$361 (at the South Sudan border at Nimule), and further payments of up to US\$140 in bribes at police roadblocks inside South Sudan.

Photo by Yacob Aklilu



Large-scale traders truck cattle to various destinations in Uganda

A major risk faced by large-scale traders is not finding enough animals to fill the trucks they rent, whereas small-scale traders do not face the same risk. Three or four small traders share a smaller truck to transport their animals, and they pay on a per-head basis. They either use small trucks driven by owners, or use the services of the “route managers.” The latter are engaged in the business of renting small trucks for transporting merchandise for commodity traders on the outbound trip and transporting livestock on the return leg for livestock traders.² Route managers also help livestock traders by bringing Karamajong brokers from the nearby area to do the bargaining, purchasing, and loading of the animals for non-Karamajong traders in the specific market (as the latter do not speak the local language). The brokers are paid by livestock traders for their services and are taken back to their village by the route managers. Under such arrangements, transporting a goat from Kotido to Mbale costs UGX 3,000 (about US\$0.85). It costs UGX 20,000 (US\$5.70) to transport a heifer from Bukedia to Amudat and UGX 40,000 (US\$11.40) from Amudat to Siroco. Route managers are also responsible for “smoothing” relationships with the police at roadblocks.

Loaders: There is an association of loaders in nearly every market center, whose task is loading cattle or shoats on trucks. Loaders are paid UGX 2,000 per head of cattle (US\$0.57) and UGX 1,000 (US\$0.27) per shoat. Of note, both loading and transportation processes are carried out with complete disregard for the welfare of the animals.

Tax collectors: Livestock taxes provide major sources of revenue for sub-counties, and the collection process is carried out by Principal Town Agents. In nearly all sub-counties, taxation is applied for livestock moving out of the district, except in Matany, where even livestock remaining within the district are taxed at UGX 5,000 (US\$1.42) per head of cattle; those moving outside the district are taxed at UGX 8,000 (US\$2.28) per head, including UGX 2,000 (US\$0.57) per shoat. In peak season, Matany sub-county collects up to UGX 2 million (US\$571) per market day and about UGX 600,000 (US\$171) in the slow season. Kanawat collects taxes at the rate of UGX 10,000 (US\$2.85) per head of cattle and UGX 3,000 (US\$0.85) per shoat for animals moving outside the district. This market generates revenue of more than UGX 4 million (US\$1,143) per day in peak season for the sub-county. Amudat, Moroto, Abim, and Nakapiripirit all apply the same tax rate of UGX 5,000 (US\$1.42) per cattle and UGX 1,000 (US\$0.29) per shoat. The Kanawat sub-county in Kotido District has used some of the tax revenue for improving market facilities, consisting of water installation, road culverts, etc.

Movement permit issuers: Traded livestock destined for outside a district require a movement permit, which is issued by relevant government veterinary officers operating in the market. Levies are charged at UGX 5,000 (US\$1.42) per head of cattle, and between UGX 1–2,000 (US\$0.28–0.57) per shoat (UGX 3,000 or US\$0.85 in Amudat). The movement permit is just a formality, as no physical

² One route manager at Lolachat market (Nakapiripirit) stated that he rented a truck for two days for UGX 330,000 (US\$94) from Mbale, and made an income of UGX 200,000 (US\$57) from transporting dry cargo on the way to Lolachat, and that he will take back 70 shoats at the cost of UGX 3,000 (US\$0.85) each on the return trip to Mbale.

inspection of animals takes place. One inadvertent benefit of the permit is in providing data on the numbers of livestock sold from each market center, although the data are not organized or summarized. The permit also provides information on the primary destination of purchased livestock from Karamoja. In some districts, the revenue from movement permits is channeled to the sub-counties. In others, it is channeled to the veterinary offices.

Non-governmental organizations (NGOs): NGOs have played market facilitation roles by improving market infrastructure, such as perimeter fences, loading ramps, slaughter sheds, etc. in selected locations. Principal players include Mercy Corps, which has greatly improved the Kanawat market by installing a set of loading ramps along with perimeter fences for shoats and cattle; Save the Children has also installed two loading ramps and a slaughter shed in Matany market. In Amudat, the International Rescue Committee (IRC) has constructed a perimeter fence, rather than the much-needed loading ramp. IRC has also organized a market users' association in Amudat, which is entrusted with managing the market infrastructure by charging UGX 500 per animal entering into the market yard, although transactions also take place outside of the fence. These facilities have made transactions more orderly, e.g., by separating large and small animals in different paddocks. The loading ramps, in particular, have greatly eased the tedious task of loading cattle on trucks. In contrast, the Nakloro cross-border livestock market, funded by the United Nations Development Programme, was not operational because it has been wrongly located, close to the main livestock market in Moroto.

3.2 SOME FEATURES OF THE LIVESTOCK MARKETS IN KARAMOJA

The following sections provide brief descriptions of some of the specific features of the livestock markets visited during this assignment. Apart from direct observations by the author, the information provided below is based on interviews held with livestock traders, brokers, tax collectors, veterinary officers, and sub-county officials.

3.2.1 Moroto

The district has three markets: Naitakwai, Kodono, and the non-functional Nakloro market.

Naitakwai market: The Naitakwai market in Moroto town

operates on Mondays in a school ground³ with makeshift loading ramps. Naitakwai is the second-largest livestock market in Karamoja.⁴ Up to 13 truckloads of livestock are purchased on a market day during peak season. According to Dr. Barazza Dennis,⁵ the Naitakwai livestock market is marked by seasonal variations:

During the dry season of January to April, buyers from Kampala and other major towns do not come to this market because the quality of livestock is not good enough for them. This is despite a considerable supply of livestock due to food insecurity in the dry season. The major dry season buyers are those from Soroti, Katakwi, and the neighboring Napak District. Beginning in May, traders from major towns such as Mbale, Buteleja, Barisa, and Bukedia start to come in. As of June, big traders from Kampala,⁶ Jinja, Bugiria, Busia, and Amuru show up in increasing numbers, particularly in July and August. The Pokots of Kenya also appear at this time to buy big bulls at a higher price than the locals (because of the Kenyan currency's advantage over UGX).

Interviewed traders⁷ in this market emphasize that their major concern is not being able to buy enough animals for the truck they hire, which ultimately increases their overhead cost. A rather recent trend is the arrival of traders from Machakos (Kenya) into this market to buy goats. A single trader from Machakos reportedly buys up to 70 goats and takes them to Kenya through Amudat using modified pickups. The Machakos traders are also noted for hiking up livestock prices by paying up to UGX 200,000 (US\$57) for a big buck, which is normally sold for UGX 120,000 (US\$34), though they do not visit the market on regular basis. The Turkana and Pokots are not very much visible in this market as they are reported to "hide" behind the local people in order to avoid taxes and being undersold or overcharged. For a short period, Karamajong traders were buying donkeys from Amudat and selling them at Naitakwai market; these animals were eventually supplied to a Chinese company in Kampala. Following a ban on donkey trade in Uganda, the same Karamajong traders are reportedly buying donkeys from Amudat and the Pokots of Kenya, and trekking them through Rupa to Lodwar in Kenya. As a result, the number of donkeys coming to Naitakwai from Amudat has dropped sharply. Supplies of heifers for Naitakwai come from Teso, Napak,

³ Under a provisional agreement by the school and the sub-county, until the latter locates and establishes a permanent market center.

⁴ Consisting of mainly bulls, heifers, and shoats.

⁵ Movement permit issuer for the sub-county office (interviewed on October 28, 2017 in Moroto town).

⁶ Many of the Kampala traders either supply butchers or own a butchery.

⁷ Senyonga Deo and John Othieno, livestock traders, Kampala (interviewed on October 29, 2017, Moroto).

and Bukedia. Small livestock traders from Amuru also buy shoats from this market and take them to Elegu for South Sudanese traders. Cross-border exports from this market are minimal to Turkana, except in the case of heifers, which are bought as if “for local use” and not registered. Naitakwai rather serves as a market outlet for Turkana bulls. In peak season, this market generates over 3 million UGX (US\$857) per day in livestock taxes for the sub-county.

3.2.2 Kotido

Kotido District has more livestock markets than any other district, consisting of Kanawat (in Kotido town), Lokitelaeb, Kokoria, Rengen, and Loletiu markets (of which two are recently established).

Kanawat market: This market has gained prominence in recent years, becoming the largest livestock market in the sub-region and replacing the once-dominant Kangole market (in Napak District). The market infrastructure consists of 12 proper loading ramps, signifying the increasing importance of this market. The installation of water points and road upgrading in the market area also testifies to the commitment of the sub-county to generating more tax revenue by improving amenities to attract more livestock traders.

Similar to Naitakwai (in Moroto), the performance of Kanawat market varies with the seasons. In the dry January to April period, food scarcity pushes sellers to supply more animals at low prices in order to buy food. During May to August, as the body condition of animals improves, better-quality animals are supplied to the market as producers still require food. Livestock prices start picking up at this time, progressively increasing following the harvest, during which time sellers even go back with their animals unsold if they cannot agree on the price. In both 2016 and 2017, Kanawat attracted buyers from Kampala, Banara, Gulu, Kitigum, Lira, Juba, Nimule, Kaabong, Moroto, Soroti, Tororo, Jinja, and even Kenya, according to Grace Dodoi,⁸ who added that up to 20 trucks are shipped per market day in peak season (of which 12 truckloads of livestock were supplies for the Ugandan Army). This market reportedly attracts a supply of up to 400 cattle and 1,000 shoats in festive seasons. However, traders complain about escalating livestock prices, particularly after the harvest season, when the price of sheep and goats goes up to between UGX 130,000 and 180,000 (US\$37–US\$51) and that of cattle to between UGX 1.7 and 2.2 million (US\$486–\$629).

Kanawat is one major source of shoats for the Juba market, supplying an average of five to seven truckloads every week, according to the tax collector. Traders transport the shoats through Agago, Gulu, and Nimule. One trader told the team that he takes between 150 to 180 shoats from Kanawat to Juba market, either every week or every two weeks. He complained about price escalation because of the competition with Moslem traders from Soroti, Jinja, Tororo, and Bungi, who come to Kanawat market mainly to buy sheep. According to Dr. Ongole,⁹ Karamajong markets in general, and Moroto and Kanawat markets in particular, have benefitted substantially because of a market ban imposed on the Western Region of Uganda since May 2017, due to foot and mouth disease (FMD). Although this contributed to more sales in Karamoja, this increase may not continue after the ban is lifted. He also reported that Turkana traders come to Kanawat and use locals when transacting because of price discrimination. He reported that Turkanas mainly buy livestock from the *kraals* and move them to Kenya, thereby avoiding designated livestock markets; this makes it difficult to assess cross-border livestock movements from Karamoja to Turkana. In a single market day, the Kanawat market generates tax revenue of UGX 1.7 million (US\$486) from shoats and over UGX 3 million (US\$857) from cattle for the sub-county during peak season.

3.2.3 Napak

The district has four livestock markets: Matany, Kangole, Lopey, and Nabwawo. Matany and Kangole were visited during this field assessment.

Matany market: This market is the third-largest market visited in Karamoja, with three loading ramps. It generates up to UGX 2 million (US\$571) in tax revenue per day for the sub-county in the peak season. However, similar to other markets, sales volume drops between January and April due to the poor body condition of animals. Buyers from this market come mainly from Katakwi and Busia, and in some cases from Kampala (for bulls) and from Moroto (for buying heifers). However, due to escalating prices, Kampala traders reportedly have stopped coming to this market at the beginning of October, i.e., a month or two earlier than the usual time. A trader from Busia¹⁰ interviewed in the market reported losing UGX 500,000 (US\$143) in the previous three weeks due to high cattle prices and not getting enough animals for a full truckload. As a result, his transport expenses from Matany to Busia went up to UGX 80,000 per head (US\$23), rather than the usual UGX 65,000 (US\$18). Meanwhile, many

⁸ Principal town agent (livestock tax collector) for Matany market (interviewed on October 31, 2017 at Matany market).

⁹ Movement permit issuer, Kanawat.

¹⁰ Bernard Ochembo (interviewed in Matany market).

cross-border traders to Juba who used to purchase from this market are reported to have shifted to Kanawat. As a result, the supply level from Matany to Juba market has dropped to a truckload of shoats (about 150 animals) every week and 20 to 24 head of cattle every two weeks.¹¹ According to traders, transportation per shoat costs UGX 4,000 (US\$1.14) from Matany to Soroti and UGX 20,000 (US\$5.71) from Soroti to Juba.

Kangole market: Once the largest livestock market in Karamoja, it now operates as a less-important market and is dominated by heifers brought from Katakwi in Teso. Tesos reportedly buy the heifers in Katakwi at UGX 400,000 (US\$114) and sell them for UGX 600,000 (US\$171) in Kangole. Some of the heifers sold in Kangole end up in Moroto market through brokers. Turkanas and Pokots also come to Kangole to buy heifers, once in a while. In its current status, the maximum number of animals offered for sale even in peak season is around 100 head of cattle and shoats. The average number of animals sold in a market day is about 20 goats and 24 cattle. Kangole has one loading ramp, and there was only one small truck in the market on the day of our visit. Traders from Katakwi who were buying bulls for Busia market complained about the high price of cattle, ranging from UGX 800,000 to UGX 1.3 million (US\$228 to US\$371) on the day. They stated that they have no option but to buy at this price, since they had paid the truck owner in advance for transporting the cattle at the rate of UGX 40,000/head (US\$11.4) to Busia. Kangole sub-county charges a tax rate of UGX 10,000 (US\$2.85) per head of cattle and UGX 2,000 per shoat (US\$0.57). The movement permit is charged at UGX 5,000 (US\$1.42) and UGX 1,000 (US\$0.28) for cattle and shoats. Loaders charge UGX 2,000 (US\$0.57) per cattle and UGX 500 (US\$0.14) per shoat. Large-scale traders from Kampala, Jinja, and Juba do not come to this market anymore.

3.2.4 Amudat

Amudat has three markets: Amudat, Karita, and Loro. Karita market is located at the border with Kenya and was reported to be more vibrant than Amudat because of the cross-border trade. Loro is reported to be the smallest market in the district.

Amudat market: This market is distinct from other Karamoja livestock markets in a number of ways. It is dominated by Pokot traders of Uganda and Kenya, along with traders from Bukedia, Siroco, and Butalejia. Amudat is the only market in the sub-region where camels are taken for sale (the border market, Karita, being cold and wet for camels). The market serves the border populations of Uganda and Kenya. Livestock (including camels) are brought for sale from the bordering areas of Kiwawa,

Alale, and Kamula of Kenya to Amudat. As a result, livestock offered for sale in the market belong to both Ugandan and Kenyan producers. The majority of the buyers in Amudat market are the Pokots of Kenya. Close to 70% of the livestock sold in Amudat is reportedly taken across the border into Kenya, with the balance (including camels) going to Bukedia, Mbale, Siroco, etc. Livestock destined for Kenya are trekked for two days up to Kishwanet (in Kenya), where they will be loaded onto trucks and taken to Dagoretti market through Kapenguria, Kitale, Eldoret, and Nakuru. Trucking from Kishwanet to Dagoretti takes one day, at a cost of 2,500 Kenyan shillings (US\$25) per head. Kenyan and Ugandan currencies are used in Amudat market, and transactions are conducted either in Pokot or Kiswahili languages. Bulls, heifers, and she-goats brought from Bukedia market by Pokot and Busia traders are sold to Kenyan buyers in Amudat. The she-goats of Bukedia are known for giving birth to twins and are popular on both sides of the border. Amudat was the main supplier of donkeys to Moroto before the government ban on donkey trade.

The sub-county charges tax at the rate of UGX 5,000 (US\$1.42) for cattle and UGX 2,000 (US\$0.57) for shoats. Fees for movement permits are UGX 3,000 (US\$0.85) for cattle and UGX 1,000 (US\$0.29) for shoats. Trucking costs vary by destination from and to Amudat. The market has a perimeter fence, but no loading ramp, and is managed by a market users' association.

3.2.5 Abim

Batanga market: This market was established recently and is the only market in the district; it is one of the new markets that has severely affected the importance of Kangole market. As a new market, it is poorly organized with no perimeter fence, despite being in a bushy area. Most of the livestock sold in this market are purchased for local use, consisting largely of heifers brought from Amuria in Teso. The market is frequented by Teso and Acholi traders who purchase bulls and take them to Mbale, Soroti, and Amuria. However, the future potential of this market looks to be in the direction of Juba. Established traders are sourcing bulls from Batanga market, which they take through Lira, Arua, and Nimule to Juba. The market has also attracted a few Dinka traders who are buying and shipping bulls to Juba, although on an irregular basis. This is the only market in which the Dinkas of South Sudan have been reported to operate in Karamoja sub-region. This implies that Batanga could become a competitive supply source of bulls for the Juba market. Given the disproportionate numbers of shoats in the market, the future of this market lies in attracting cattle traders from Uganda and Juba.

¹¹ Jone Kalonge and Moses Ocheng, cross-border livestock traders to Juba (interviewed in Matany market).

3.2.6 Nakapiripirit

The district has three livestock markets: Lolachat, Lorengedwat, and Nabilatuk. All three of these markets are considered to have lower livestock transactions compared to other markets in Karamoja.

Lolachat market: This is the biggest livestock market in the district. Livestock supplies pick up during the hunger season between March and May, when up to 200 head of cattle and 300 shoats are reported to be supplied on market day. These animals are brought to the market by brokers who buy from producers at the *kraals* at low prices. Livestock prices during these months go down to UGX 90,000 (US\$26) for a goat, and to between UGX 600,000 and 800,000 (US\$171–\$229) for cattle. Small traders from Siroiko, Bukedia, Katakwi, Moroto, and Kapuchoria converge at Lolachat market at this time to take advantage of the low prices. Up to three large truckloads of cattle and shoats are transported out of Lolachat in one day of transaction at this time. In addition to the low prices, traders provided two reasons why they buy animals that are in relatively poor condition at this time. First is the proximity of Nakapiripirit to destination points, which saves them transportation costs. Second is that they keep the animals for a maximum of two months until they gain weight in the rainy season. They can then sell them at a better margin. However, the situation in Lolachat reverses from the beginning of July up to December, following the harvest. Producers are not keen to sell animals during this time, as they are food secure; the supply level at this time goes down to 60 cattle and 100 shoats per day, at most. Prices for cattle rise to between UGX 800,000 and 1.1 million (US\$171–US\$314), and between UGX 130,000 and 150,000 (US\$37–US\$43) for a goat. This is the slow transaction season in Lolachat. The market has a makeshift loading ramp, and no perimeter fence. Livestock taxes and movement permits are each UGX 5,000 (US\$1.42) for cattle and UGX 1,000 (US\$0.29) for shoats.

3.3 LIVESTOCK TRANSACTIONS IN SELECTED KARAMOJA MARKETS

Market data on supplies, sales, and livestock prices by species were obtained from sub-county veterinary officers and tax collectors, who are assigned in the markets for issuing movement permits. Data were obtained for the seven markets visited during the assessment, and for 2016 and 2017 (up to the end of October 2017). Market data for Nakapiripirit were provided for an additional two markets (not visited) by the district agricultural office. Therefore, data from a total of nine markets were analyzed. Due to time limitations, data were not obtained for the remaining 11 livestock markets in the sub-region, or from the non-operational Nakloro market. Of the markets that were not

visited, two particularly important markets were Kaabong and Karita.

Livestock sales: Data for sales volume were compiled from the movement permits and tax records issued by sub-county veterinary officers and tax collectors operating in the individual markets. The data represent near-accurate figures, as traders cannot easily exit the market sites or pass roadblocks without the permits. However, in Moroto, Abim, and Nakapiripirit, permits were not issued for livestock purchased in the markets and destined for local use. The veterinary officers and tax collectors in these three districts had a common view that livestock purchased for local use constituted about 10% of the animals marketed in each site (and comprised mainly heifers, second-grade bulls, and shoats). These sales for local use have been taken into account in the analysis. In contrast to other markets, Matany sub-county in Napak District collects taxes for animals staying in the district, and so the data obtained from this market cover all livestock sold. In Amudat, the movement permits cover all livestock moving either to Kenya or other parts of Uganda outside of the district. The number of livestock purchased for local use from this market was considered to be minimal.¹²

Livestock prices and volume of supplies: These were estimated by the veterinary officers and tax collectors in all sites visited, and the estimates were done on a monthly basis. Although these figures were not based on actual records (because no records were kept for this purpose), these informants were judged to be very experienced and often had a profound understanding of the seasonal variations in supply and sales volumes, and the associated price trends. Attempts were also made to obtain livestock market data from other sources. The World Food Programme monthly Market Monitor Bulletin for Karamoja sub-region included market price data only on goats, and the monthly averaged goat prices presented seemed to be far higher than price estimates obtained from the tax collectors and the veterinary officers, in all market sites. Therefore, the Monitor data were not used in this assessment. Although an NGO called ACTED was reported to have collected livestock market data from various markets in Karamoja for the previous two years, the data could not be located.

3.3.1 Volume of transactions

Estimates of the numbers of livestock supplied and sold in the nine markets in 2016 are provided in Figure 1. During the year,

- A total of 14,406 cows were supplied to the nine markets, of which 5,778 (40%) were sold;
- 19,776 bulls were supplied, and 10,887 (55%) were sold;

¹² Movement permits issued by the veterinary officers include a record of the destinations of purchased animals. However, the final destination of animals could not be verified during the assessment, and so these data were not analyzed.

3. ASSESSMENT FINDINGS

- 42,630 shoats were supplied, and 20,523 (48%) were sold;
- 728 camels were supplied, and 366 (48%) were sold; only Amudat market sold camels.

The figures indicate that more bulls were sold in proportional terms and more shoats in absolute terms.

Estimates of the numbers of livestock supplied and sold in the nine markets in 2017 (to October) are provided in Figure 2. During the year,

- Relative to 2016, the total supply level decreased slightly for cows but substantially increased for bulls; supplies also significantly decreased for shoats compared to 2016;

- The total supply volume of cows was 13,598 head (6% less than in 2016), of which 6,874 (51%) were sold; off-take increased by 11% compared to 2016;
- 22,051 bulls were supplied (11% more than 2016) and 12,303 (56%) were sold, showing only a very slight proportional change in sales; in absolute numbers, 1,416 more bulls were sold in 2017;
- 37,512 shoats were supplied (13% less than 2016) and 21,116 (56%) were sold; this represents an 8% increase relative to 2016;
- 675 camels were supplied (13% less than 2016) and only 101 (15%) were sold; this was a 73% decrease relative to 2016.

Figure 1. Livestock supplies and sales volume in 2016.

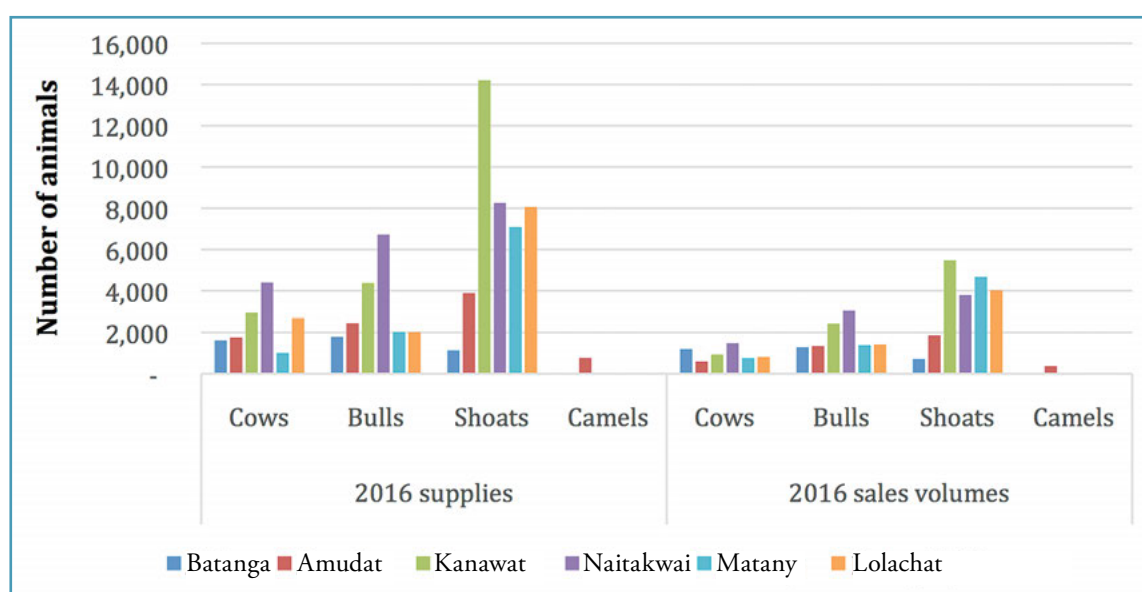
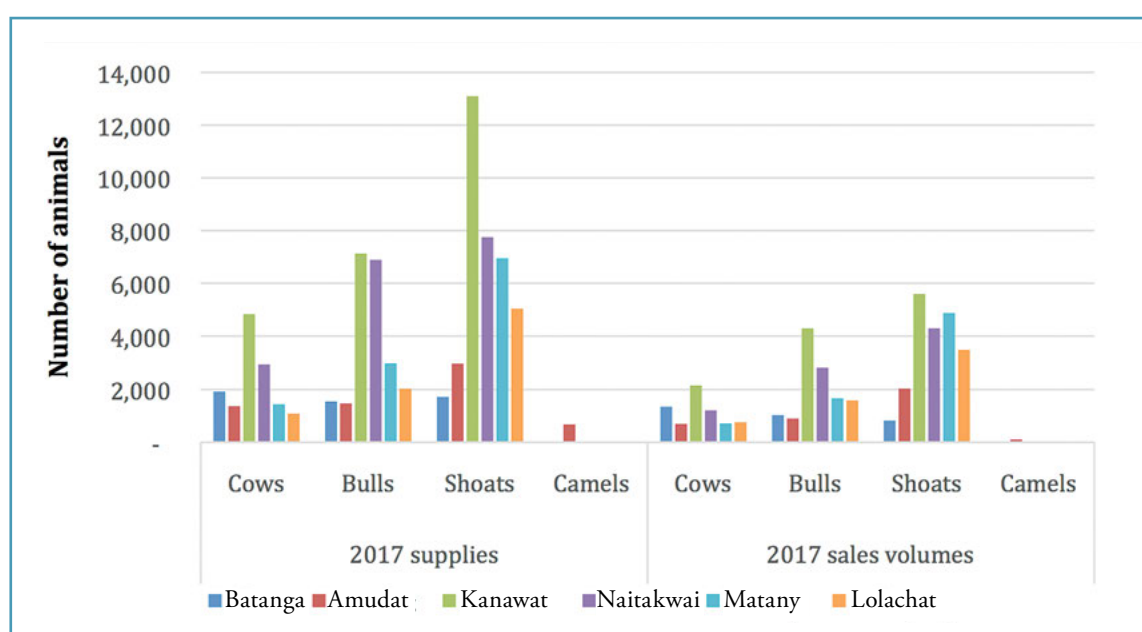


Figure 2. Livestock supplies and sales volume in 2017 (to October).



Of note, despite decreased supply levels, the volume of off-take in 2017 was higher for cows and shoats (and to some extent for bulls), even without including sales data for the months of November and December 2017. With the inclusion of data for November and December (when data become available), the difference in sales volume between 2017 and 2016 is likely to be higher, perhaps with the exception of that for camels. The increased sales in 2017 could be attributed to increased convergence of traders in Karamoja livestock markets as a result of the FMD ban on the Western Region, lower livestock prices than in 2016, and the contribution of new livestock markets to increased off-take levels.

Further notes on activity in each market during 2016 and 2017 (until October) are as follows:

- Although Kangole used to be the largest livestock market in the Karamoja sub-region (until about two years ago), in 2016 Moroto was the leading market in the sub-region for cattle (both cows and bulls). Compared to the next competitor, Kanawat, in 2016 Moroto's supply and sales volume were higher, respectively, by 50% (4,399 vs. 2,932 head) and 60% (1,488 vs. 932 head) for cows; and for bulls by 54% (6,722 vs. 4,376 head) and 24% (3,030 vs. 2,434 head), respectively.
- Kanawat was the leading market for shoats in 2016. Supply and sales volume were far higher than Moroto by 72% (14,206 vs. 8,260) and 44% (5,469 vs. 3,788), respectively.
- In 2017, Kanawat took the leading position for all the three species, both in supplies and sales, relegating Moroto to second place. Kanawat's supply levels were higher by 63% for cows (4,833 vs. 2,953 head), by 3% for bulls (7,128 vs. 6,891 head) and by 69% for shoats (13,100 vs. 7,751) compared to Moroto. Sales-wise, Kanawat sold 78% more cows (2,151 vs. 1,209 head), 52% more bulls (4,293 vs. 2,831 head), and 30% more shoats (5,595 vs. 4,299) than Moroto in 2017. Kanawat has mainly benefitted from the FMD ban imposed (since May 2017) on the Western Region, attracting more traders because of its proximity to that region. One testimony to this is some government suppliers (such as those for the Ugandan Army) have been purchasing several truckloads of bulls from Kanawat per market day in 2017.¹³ This trend indicates the dynamic nature of Karamoja livestock markets.

- Matany market retained its status as the second-largest market for shoats in both 2016 (4,669 shoats sold) and 2017 (4,871 shoats sold). It has also registered the third-highest transaction for bulls in both years (1,381 and 1,666 head sold in 2016 and 2017, respectively), after Kanawat and Moroto.
- Abim stands third in the number of cows sold in both years (1,285 head in 2016 and 1,028 head in 2017), consisting mainly of heifers for local use. But far fewer shoats are supplied and sold in Abim than in any of the other markets. However, given the recent establishment of this market, the number of bulls transacted in 2016 (1,285 head), and in 2017 (1,027 head—until the end of October) is encouraging and comparable to Amudat. Its proximity to the South Sudan route has already attracted Juba traders of Ugandan and South Sudan origin. There is a possibility that the supply of bulls from Abim to Juba could pick up in the future, subject to the economic and security situations in South Sudan.
- In Amudat, fewer cows were sold than in all the other markets both in 2016 (593 head) and in 2017 (696 head). The number of bulls sold in this market was also marginally higher than Abim (1,342 vs. 1,285 head) in 2016 but lower in 2017 (901 vs. 1,028 head). This could be because of Karita becoming a rather important cross-border market instead of Amudat, as reported. The market data provided for Nakapiripirit were compiled for all the three markets in the district, making it difficult to make an assessment of the individual markets. However, the total sales volume for all species indicate a far lower level of transaction in the district than in all the other districts except for the level for shoats, which is slightly higher than Abim.

3.3.2 Seasonal sales patterns

Trends in the volume of sales show marked seasonal patterns (see section 3.1.2). Fewer livestock are sold between the months of January and December, in some cases extending up to the month of May. More animals are marketed beginning in July and picking up beginning in August. The charts below (Figure 3) indicate this seasonal sales pattern in Kanawat and Moroto markets.

¹³ Interview with Grace Dodoi, tax collector, Kanawat market.

3. ASSESSMENT FINDINGS

3.3.3 Price trends

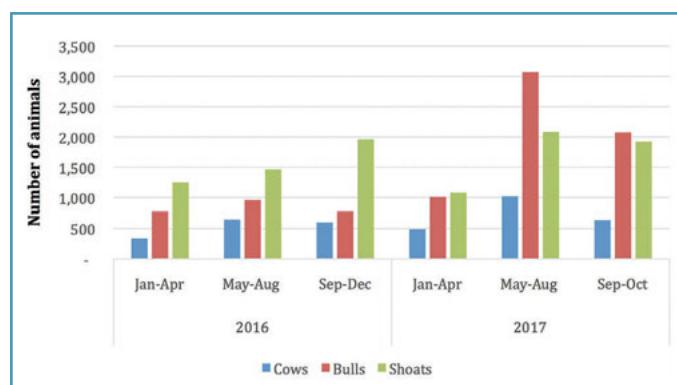
As stated earlier, seasonal livestock price variations follow the agro-climatic calendar. Livestock prices are generally low in the drier months of January to April, with poor livestock body conditions. Prices start to rise between May and August, as livestock body conditions improve, progressively increasing between September and December. An example of these trends is shown in Figure 4.

Average livestock prices in the nine markets were generally higher for all species in 2016 compared to 2017. See Figure 5. In proportional terms, 2016 livestock prices were higher

by 39% for bulls, by 36% for cows, by 17% for donkeys and camels, and by 16% for shoats. The significant variation in the prices partly explains why fewer livestock were sold in 2016 relative to 2017. It appears that prices were favorable for traders in 2017, due to increased supply of bulls and perhaps because competition between increasing numbers of livestock markets provided traders with more choice of options. Of note, when price data for the last two months of this year become available, the trend may alter, to some extent, from what is presented below.

Figure 3. Seasonal sales patterns in Kanawat and Moroto markets, 2016 and 2017 (to end of October).

3a. Kanawat



3b. Naitakwai

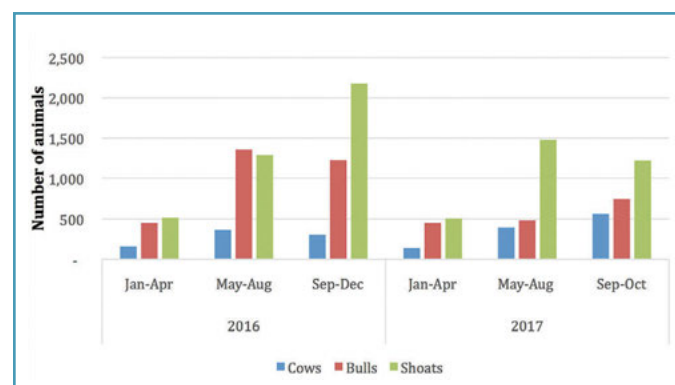
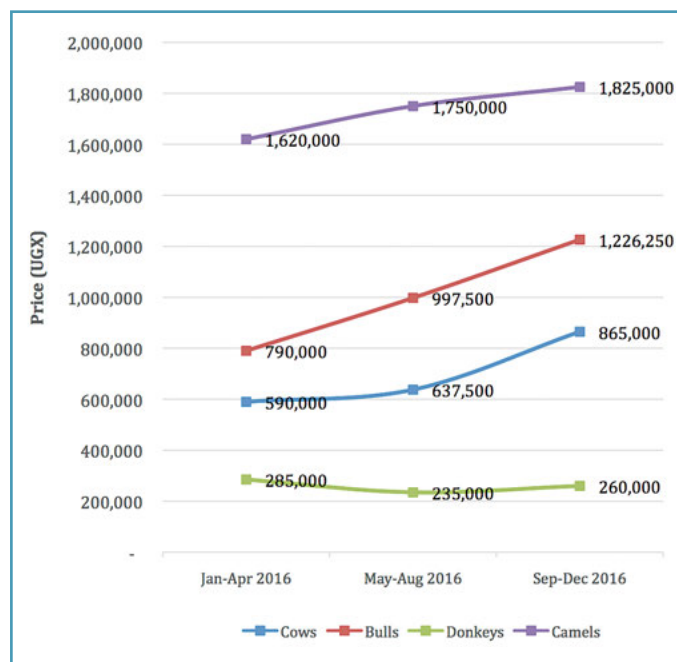
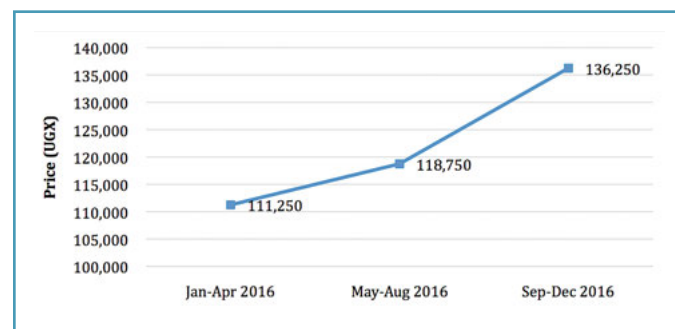


Figure 4. Seasonal price variations in Amudat, 2016.

a. Cattle, camels, and donkeys



b. Sheep and goats



3.3.4 Value of livestock transactions

The value of livestock transacted in the nine Karamoja markets was estimated using average livestock prices by species for 2016 and 2017, and the numbers of animals sold by species in those years (Figure 6). The total revenue from the nine markets was US\$5,381,926 in 2016 and US\$4,389,272 in 2017 (excluding the revenue to be generated in November and December 2017). When data become available for November and December 2017, the difference between 2016 and 2017 will probably narrow to some extent. However, despite the higher numbers of livestock sold in 2017, the revenue generated does not reach that of 2016 because of lower livestock prices. This market dynamic could be the result of the opening of new markets leading to increased competition between the market centers in the sub-region.

As shown in Figure 6, 62% of the total revenue in 2016 was generated from selling bulls and was about 50% in 2017. Cows generated about a quarter of the revenues, followed by shoats. Camels provided limited revenue.

The 11% increase in the supply of bulls in 2017 (Figure 2, section 3.3.1) probably triggered low offers for bulls initially and gradually extended to the other species. Of note, variation in the price of bulls has an important impact on the total revenue generated in any market.

The market revenue presented above represents the nine markets that were included in the assessment. Of these, the five markets of Kanawat, Moroto, Matany, Abim, and Amudat can be viewed as major markets, whereas the three markets in Nakapiripirit can be considered primary

Figure 5. Average livestock price trends (UGX) in the nine markets, 2016/17.

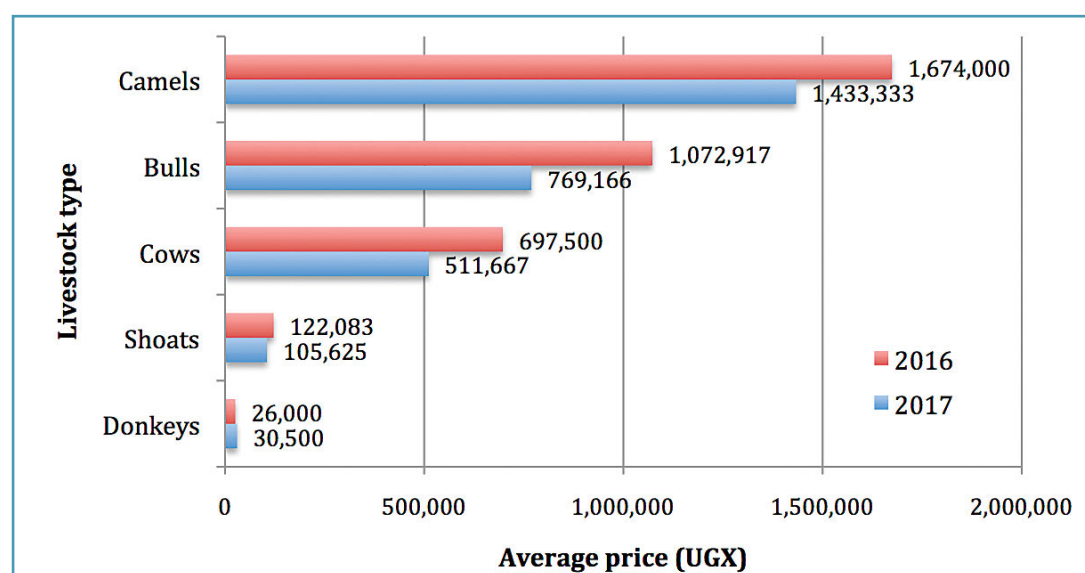
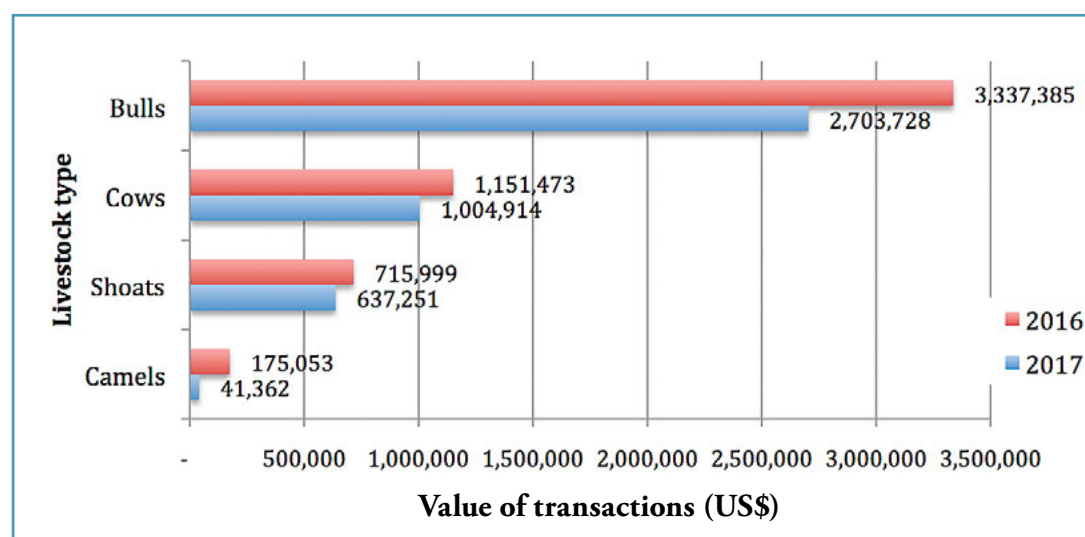


Figure 6. Value of livestock transactions (US\$), 2016 and 2017 (to end of October).



3. ASSESSMENT FINDINGS

Photo by Greg Gottlieb



Market services include the provision of food and drink

markets. There are 11 other markets in the Karamoja sub-region, of which Kaabong and Karita are considered important markets, but the nine other markets are relatively small and act as primary markets, feeding the major markets; the larger domestic traders do not tend to visit these primary markets. Taking account of this situation, it was assumed that the 11 unvisited markets probably generate about 50% of the revenue of the visited markets. It follows that livestock markets in Karamoja generate between US\$6 and US\$8 million a year. With the ongoing road improvements and increasing demand for meat, the annual revenue might rise to about US\$10 million over the next few years.

Livestock is the biggest revenue generator in the Karamoja sub-region (e.g., Carabine et al., 2017) and the financial benefits that derive from the sector extend beyond direct livestock transactions. Livestock taxes and movement permit levies generate revenue for sub-counties, perhaps more than any other sector does. Associated services—such as loading and transporting livestock to various destinations—provide livelihoods for hundreds of people. Petty trading in or around the markets (merchandises,

food and drinks, cloth, ropes, etc.) benefit many individuals, including many women. It requires more than this short-term assessment to itemize and monetize the financial benefits deriving from activities that are directly or indirectly linked with livestock transaction services. The next two sections of the report provide some insights into the associated economic benefits derived from the sector.

3.3.5 Revenue generated from livestock taxes, movement permits, and loading services, 2016/17

Livestock taxes are uniformly applied at UGX 5,000 per cattle and UGX 1,000 per shoat in Abim, Lolachat, and Moroto. Kanawat, Amudat, and Matany charge UGX 10,000 per cattle; the former two also charge UGX 3,000 per shoat, while the latter charges UGX 2,000. Movement permits are charged uniformly at UGX 5,000 per cattle and at UGX 1,000 per goat, except in Kanawat, where they charge for shoats at UGX 3,000 and in Amudat, where they charge for cattle at UGX 3,000. Loading cattle is done at UGX 2,000 per head and at UGX 1,000 for shoats. The total income from these three sources is summarized below (Table 1) in US dollars for the two years.

Table 1. Revenue raised from livestock taxes, movement permits, and loading services (US\$)

Market site	Cattle tax and movement permits	Shoat tax and movement permits	Cattle loading service charges	Shoat loading service charges	Sub-total
Amudat	\$13,874	\$877	\$2,775	\$439	\$17,965
Batanga	\$15,137	\$4,449	\$2,018	\$1,112	\$22,716
Kanawat	\$42,043	\$18,967	\$5,606	\$3,161	\$69,777
Naitakwai	\$24,451	\$6,932	\$4,890	\$2,311	\$38,584
Matany	\$19,359	\$8,177	\$2,581	\$2,726	\$32,843
Lolachat	\$13,054	\$4,297	\$2,611	\$2,149	\$22,111
Total					\$203,996

Table 2. Cost of transporting animals sold in 2016/17 (US\$)

	Cattle transport cost	Shoat transport cost	Camel transport cost	Sub-total
2016	\$190,457	\$17,591	\$5,226	\$213,274
2017	\$219,166	\$18,099	\$1,443	\$238,708
Total				\$451,982

3.3.6 Revenue generated for other service providers

Livestock is also the basis for other economic sectors in the sub-region, such as the transport and commodities sectors. Transporting animals provides a major source of income for transport service providers. Depending on source markets and final destinations, the transport cost per head of cattle ranges from UGX 20,000 to 90,000, and even more if the final destination is Juba. Shoats are generally charged at UGX 2,000 to 3,000, and camels at UGX 50,000 per head. If we assume average transport costs of UGX 40,000 per head of cattle, UGX 3,000 per shoat, and UGX 50,000 per camel, the revenue generated from transporting livestock can be approximated as shown in Table 2.

Most of the dry-cargo trucks coming to the sub-region bring consumer commodities with the certainty of transporting livestock on the return trip. As a result, they charge commodity traders for the single trip they make to Karamoja. This is because the truck drivers or so-called

“route managers” plan their outbound trips to coincide with livestock market days in order to transport livestock on the return journeys. Critically, if there were no livestock to be taken on the return trip, the cost of transporting commodities would be very high, as truck drivers would charge commodity traders on a round-trip basis. In short, the livestock markets in Karamoja play a major role in stabilizing the cost of transporting consumer commodities into the sub-region.

3.4 DESTINATION MARKETS

3.4.1 Markets within Uganda

Karamoja livestock are destined for many transit and terminal markets in Uganda, including the cross-border markets of Turkana, Nairobi, and Juba. See Table 3. However, destinations differ by seasons. During the dry season, the main destinations are Soroti, Katakwi, and Bukedia. Beginning in May, large-scale traders come from Mbale, Bukedia, Busia, Lira, and other locations. Starting

in June, major traders arrive from Kampala, Jinja, and similar large towns. There is also internal livestock trade between Karamoja markets, consisting of heifers from Teso being re-directed to Moroto from Napak and Nakapiripirit Districts. Donkeys were also supplied to Moroto market from Amudat (before the ban on the donkey trade). In general, Karamoja livestock are directed to major terminal markets through a network of transit markets.

3.4.2 Cross-border destinations

Cross-border destinations include Kenya and South Sudan. The major routes to Kenya involve the neighboring areas of Turkana and Pokot. The trade through Turkana largely involves the purchase of heifers brought from Teso and also some bulls, mainly from Moroto and, to some extent, from Nakapiripirit markets. Turkana are also reportedly buying

bulls directly from producers in the *kraals*. They also bring bulls to sell in Moroto market. Except when purchasing bulls from the *kraals*, the Turkana are well known for not directly dealing in the markets and “hiding behind the local people” to avoid taxation and movement permit levies, and to minimize the risks of being overcharged (when buying) and being undersold (when selling). As a result, it is difficult to estimate the volume and value of livestock being exported through cross-border trade into the Turkana region of Kenya, including the number of animals brought for sale in the other direction. Lodwar is assumed to be the final destination of bulls traded into Turkana, as there is no vibrant livestock trade between Turkana and Nairobi. The heifers are assumed to be sold to Turkana herders in any of the local markets.

Table 3. Transit and terminal destinations of Karamoja livestock

District	Livestock type	Local destinations	Cross-border destinations
Amudat	Heifers, bulls, she-goats and other shoats; also camels; donkeys, before the ban	Bukedia; Siroco; Butelejae; Mbale	70% of the transacted animals reported to go to Kenya
Batanga	Mainly cattle and heifers with a few shoats	Mbale; Soroti; Amuru; Lira; Pakway; Arua	Cattle to Juba
Kanawat	Mainly bulls and shoats and also heifers	Mbale; Barara; Gulu; Kitigum; Lira; Nimule; Kaabong; Moroto; Soroti; Tororo; Bungui; Jinja; Kampala	Shoats and cattle to Juba; heifers to Turkana
Naitakwai	Heifers, bulls, shoats, and donkeys, before the ban	Soroti; Katakwi in the dry seasons; Mbale; Butelejae; Busia and Bukedia beginning in May; Kampala, Jinja, Bugiri, Busia and Amuru beginning in June	Shoats to Juba through Amuru traders; heifers and bulls (the latter during the dry season) to Turkana—but the Turkana don't interact in the market and use brokers or buy directly from <i>kraals</i>
Matany	Mainly shoats and also bulls and heifers	Katakwi; Soroti; Paalisa; Amuru; Buguii; Busia and Kampala	Heifers to Turkana (Kenya) and shoats to Juba on irregular basis
Lolachat	Mainly heifers with some shoats and bulls	Mbale; Siroco; Bukedia; Katakwi; Moroto; Kapuchoria; and sometimes Jinja and Kampala	Heifers to Kenya through Turkana and Amudat on irregular basis

The livestock trade through Amudat into Kenya is more or less a direct affair. The Karita livestock market at the border of Uganda/Kenya, with higher livestock transactions than Amudat market, is reported to serve principally Kenyan buyers, according to informants. Unfortunately, supplies and sales data were not obtained for this important market. Meanwhile, informed sources in Amudat (traders, veterinary officers, and members of market users' associations) concur that about 70% of the livestock sold in Amudat market goes to Kenya. Using this figure as a base:

- The total numbers of animals entering Kenya through the cross-border trade from Amudat market can be estimated at: 902 cows, 1,570 bulls, 2,726 shoats, and 326 camels in the years 2016 and 2017 (excluding November and December sales in 2017);
- Using average prices,
 - o In 2016, the value of animals traded across the border was US\$60,684 for cows, US\$206,444 for bulls, US\$39,314 for shoats, and US\$104,920 for camels.
 - o In 2017, the figures were: US\$97,092 for cows, US\$193,340 for bulls, US\$49,736 for shoats, and US\$ 33,814 for camels.
- In total, the value of livestock traded from the Amudat market to Kenya in 2016 and 2017 (excluding the last two months of 2017) was US\$785,344. Given that more livestock are sold in Karita, it can safely be estimated that the value of livestock transacted from Amudat District through the cross-border trade with Kenya could be up to US\$2 million, at the rate of about US\$1 million per year.

The trade to Juba has slowed down recently because of the significant devaluation of the South Sudanese pound (from US\$1 = 15 SSP to US\$1 = 180 SSP) and protracted security problems. More important, traders are no longer allowed to take out US dollars because of a serious shortage of dollars in South Sudan. Traders have to go to great lengths to hide the dollars they buy from black markets, as being caught with dollars is a serious offence. More importantly, traders are harassed at Nimule border point, where they are kept for seven or eight hours to be cleared. Reportedly, the deliberate delay in clearing makes them vulnerable to police attention at roadblocks and demands for bribes as livestock traders have to travel on their own (without the regular convoy). According to

traders, the livestock trade route to Juba is not for the faint-hearted.

Estimating the numbers and value of livestock being traded to Juba from Karamoja has not been possible, since the movement permits issued at markets do not register the final destination; this is done at Nimule border post. There are also numerous traders who buy livestock from Karamoja markets and sell them to Juba traders in other markets, such as ones in Lira, Amuru, Elegu, Arua, and Nimule. Tracking these movements is extremely difficult. Also, cross-border traders buying directly from Karamoja do not visit the markets on a regular basis, since the turnaround time depends on a number of factors; e.g., acquiring enough payload of livestock, the length of time it takes to transport and sell all animals, etc. In general, more shoats than cattle are exported to Juba from Karamoja. Abim is the only market where Ugandan and Dinka traders buy cattle destined for Juba, and this activity is sporadic. In contrast, shoats for the Juba market are purchased in Kanawat, Moroto, and Matany markets, either directly by cross-border traders or by other small traders who supply the Juba traders at various market centers.

In summary, the trade to Juba is subject to further depreciation of the South Sudanese pound and the security situation in South Sudan. The livestock trade from Amudat District to Kenya is likely to be more vibrant and important than trade to Juba, because of more purchasing power in Kenya. The new road from Moroto to Karita, currently under construction, is also likely to boost livestock trade to Kenya when it is completed.

3.5 POLICY ISSUES

There are various positive trends in terms of the general policy environment in Uganda related to livestock trade. For example, there is a growing interest in exporting meat to the Middle East and elsewhere at the national level. This has led to the commissioning of an export abattoir, called the "Egypt-Uganda Food Security Company," located in Luwero, outside Kampala. This is a joint venture initiative between Egypt and Uganda. The abattoir is managed by Egyptians, with a claimed throughput capacity of 500 head of cattle per day. According to the general and technical managers of the abattoir,¹⁴ they only slaughter male cattle of not more than three years of age, and no less than 300 kilograms in live weight. They slaughter only Ankole, Brahman, and mixed Boran cattle, with no humps. They pay on a live weight basis at the company gate. None of the interviewed traders in Karamoja stated supplying this abattoir due to the low price offers. The company has no interest in Zebu type cattle with humps,

¹⁴ Interview held with the general and technical managers of the abattoir at Luwero.

as found in Karamoja. The abattoir has been impacted by the FMD outbreak in the last few months.

Uganda prides itself on having boosted milk production in recent years from 400,000 to about 4 million liters per day and has similar aspirations for the meat value chain. One recent development in this regard is a European Union (EU)-funded (15 million euro, approximately US\$18 million) project to promote “a market-oriented and environmentally sustainable beef and meat development” in Uganda. Among its objectives, the project intends to support beef farmers with a private sector perspective through a Uganda Meat Producers Cooperative.¹⁵ The project has earmarked 1.5 million euro to the cooperative, if they produce a sound investment plan. The focus of this project is on so-called “high-potential” areas, and not on Karamoja.

At sub-regional level in Karamoja, livestock marketing initiatives include the World Bank-funded cross-border Regional Pastoral Livelihoods Resilience Project; further details are available in the KRSU review of livestock issues in Karamoja (Aklilu, 2016). Concerning livestock markets, there are plans to construct or upgrade some livestock markets in Karamoja, such as Kangole in Napak and, ironically, the non-functional Nakiloro market, just outside Moroto town. There is a general understanding at the sub-regional level that apart from economic benefits, cross-border markets are essential for promoting peace in the region. This open trade policy is key to promoting cross-border livestock markets between Karamoja and Kenya and Juba. Meanwhile, the idea of reviving the old colonial quarantine center at Nyrii (in Napak District), which used to serve Soroti meat packers in the long-ago past, is highly questionable.

In the second Karamoja Integrated Development Plan (2015–2020) of the Ministry of Karamoja Affairs, Strategic Objective 2 focuses on increasing and diversifying livestock production and productivity through introduction of improved breeds; establishing livestock multiplication centers; disease surveillance and control; establishing 300 pilot progressive ranchers with solar-powered boreholes; promoting community fodder production; and constructing modern abattoirs in every district, along with promoting ostrich and camel farming. The objectives seem to focus more on introduction of improved breeds, ranching, and abattoirs than on addressing the immediate needs of herders by improving fodder and water availability in the dry seasons.

A team of consultants in Moroto reported that the German Development Bank KfW has plans for

constructing abattoir/s in the region. While details of the plan are not yet known, it will be interesting to watch the impact of this undertaking on livestock trade in the sub-region, if it materializes.

There seems to be no specific livestock trade policy directed at impacting the sector in a negative way. There was no complaint received from livestock traders either on the levels of taxation or movement permit levies, excepting what they pay to police at roadblocks when taking animals to destination markets.

¹⁵ Interview with Dr. Massimo Castiello, Chief Technical Adviser of the EU project, Entebbe.

4. CONCLUSION AND RECOMMENDATIONS

The construction of new livestock markets in Karamoja implies a growing recognition of the importance of livestock in the region by district officials. Although the majority of Karamajong are reported to engage in farming activities, the vibrant livestock markets underline that livestock are still regarded as vital economic assets by so many households. Ultimately, most of the revenue generated in Karamoja is derived from the livestock sector. As a result, the open trade policy with neighboring countries needs to be safeguarded and promoted.

There is a widespread practice of producers selling livestock to brokers in the *kraals* at very low prices. At first sight, this practice appears to enrich these brokers at the expense of the producers. However, the brokers also carry risks and expenses. For example, if brokers are unable to sell all of their animals on a particular market day, they need to manage these animals and move them to other markets. Although the commissioning of new markets may bring producers to markets through increased proximity, this access does not guarantee that market transactions will be carried out directly by producers. Further study is needed to better understand the practice, behaviors, and economics of livestock brokering at the level of *kraals* and primary markets.

Karamoja producers are constrained during the dry months of January to April (and sometimes into May), resulting in the selling of livestock at very low prices to brokers in the *kraals*. The fundamental problem is the scarcity of pasture and water during this period. Any attempt to ameliorate the livelihoods of herders should begin by addressing these fundamental problems in those critical months. It is well known that dry season feed supplementation of livestock in pastoralist areas can boost production, but challenges remain in terms of scaling up fodder production in Karamoja.

From the perspective of this report, improvements are required in market data collection, collation, and analysis. Current sales records are used for the sole purpose of issuing movement permits, and the data are not summarized (even on a monthly basis). This could be improved upon to include estimates of livestock supplies by species, weekly livestock prices, and final destinations of livestock by species and numbers, which need to be summarized and analyzed on a monthly or quarterly basis. This information would help in tracking market trends and for informing policy makers to take proactive measures to promote livestock trade in the sub-region.

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ANNEX I. LIVESTOCK TRANSPORTATION COSTS ON SELECTED ROUTES, IN UGX

From	To	Cost/shoat	Cost/cattle	Cost/camel
Lolachat	Mbale	3,000	20,000	
Matany	Soroti	4,000		
Soroti	Juba	20,000		
Kanawat	Juba	12,000–14,600	100,000	
Bukedia	Amudat		20,000	
Amudat	Siroco		40,000	
Amudat	Buteliji			50,000
Matany	Busia		75,000	
Naitakwai	Kampala		75,000	

ANNEX 2. LIST OF INFORMANTS

District	Name and position
Nakapiripirit	Adome Charles, M&E officer
	Dr. Kathiya Dominic Kokeris, vet officer
	Charles Doni, livestock trader
	Kone James, livestock trader
Napak	Okello Godfrey, M&E officer
	Anyakun Charles Lotella, district planner
	Solo Joyce, commercial officer
	Maoli Locheng Mamuye, district commissioner
	John Otieno, route manager
	Dr. James, sub-county veterinary officer
	Manfred Achulo, livestock trader
	Beatrice Chole, tax collector
Moroto	Bernard Ochembo, livestock trader
	Dr. Nangole Franar Olaki, district production and marketing officer
	Dr. Okino Moses, district veterinary officer
	Robert Mullen, Mercy Corps, livestock adviser
	Dr. Barazza Dennis, sub-county vet officer
	Senyonga Deo, livestock trader
Amudat	Mary, tax collector
	Dr. Gilbert, district vet officer
	Kypto Abybakar, livestock trader
	Chemasver Mohammed, livestock trader
	Ramadhan Onyang, market master
Kotido	Domon John, livestock trader
	Dr. Ongoli, sub-county vet officer
	Grace Dodoi, tax collector
	Okuda Robert Kennedy, district production officer
	Kodi Hussien, livestock trader
	James Ochongi, livestock trader
	Bernard Deo, livestock trader
Abim	Hakim Daoud, livestock trader
	Dr. Gilbert, sub-county veterinary officer
	Keno Mohamed, livestock trader
	Konde Jalod, livestock trader
Luwero	Hassan Abram, transporter
	General and technical managers of the Egypt–Uganda Food Security company—names not provided
Entebbe	Dr. Massimo Castiello, Chief Technical Adviser, EU beef project
	Dr. George Matete, consultant, EU beef project

