



Livestock Trade Dynamics in Karamoja

Trends in market activity and policy issues

Introduction

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.ⁱ As a follow-up to the 2016 report, in 2017 USAID/Uganda commissioned a short assessment to update information on livestock market trends and issues in Karamoja. This Evidence Brief summarizes some of the main findings from the assessment, which focussed on market indicators for 2016 and 2017, and used data from nine livestock markets in the sub-region.ⁱⁱ A short video is also available, showing livestock market activity in Karamoja in early 2018.ⁱⁱⁱ

Supplies, sales and prices

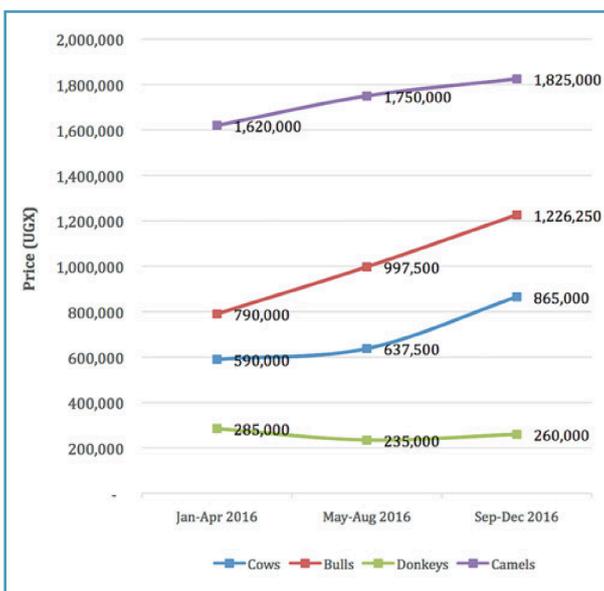
The number of livestock supplied and sold in six livestock markets during 2016 and 2017 (to October) is shown in Table I. Using further data from nine markets, the total value of livestock sales in 2016 was US\$5,379,910 and in 2017 (to October), US\$4,387,255.

Table I: Livestock supplies, sales and prices in six main Karamoja markets^a

Supplies and sales by year	Livestock type			
	Cows	Bulls	Sheep and goats	Camels
2016				
- Supplies (number of animals)	14,406	19,376	42,630	768
- Sales (number of animals)	5,778	10,887	20,523	366
- Average price (UGX)	697,500	1,072,917	122,083	1,674,000
2017 (to October)				
- Supplies (number of animals)	13,598	22,051	37,542	675
- Sales (number of animals)	6,874	12,303	21,167	101
- Average price (UGX)	511,667	769,166	105,625	1,433,333

^a The six markets were: Batanga, Amudat, Kanawat, Naitakwai, Matany and Lolachat.

Figure 1. Seasonal livestock prices in Amudat, 2016



Seasonal variations

Karamoja livestock markets show seasonal trends. In the drier months of January to April, livestock body condition deteriorates, and animals are offered at low prices. Major livestock traders avoid the markets during this period. Between May and August, animal body condition improves, and prices of livestock rise, 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. An example of seasonal variation in livestock prices is shown for Amudat in 2016 in Figure 1, for cattle, camels and donkeys. For sheep and goats, prices varied in Amudat from Uganda Shilling (UGX) 111,250 to UGX 136,250.

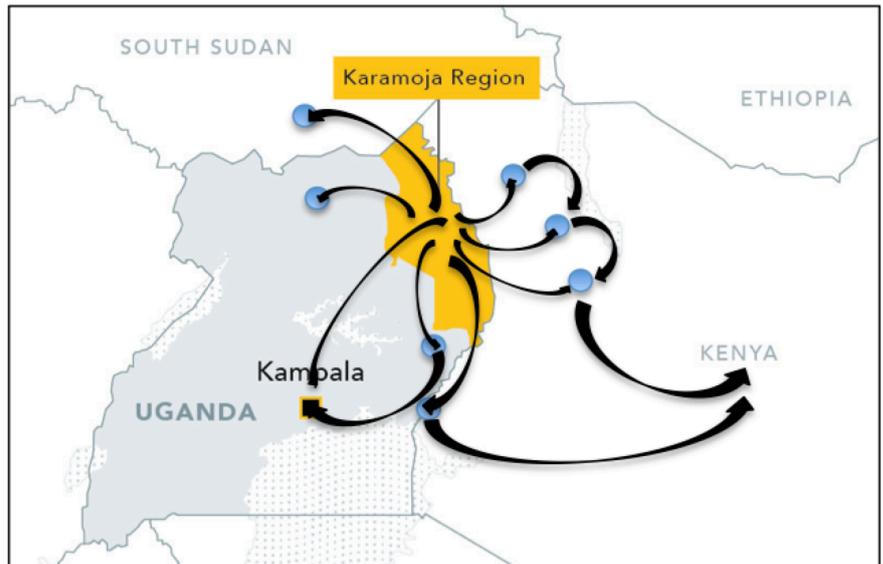
Seasonal variations in production, and market supply and prices, are typical of livestock systems globally. In many systems, the costs of “smoothing” production and market supply by season have to be carefully considered against the additional income or other benefits.

Karamoja - a regional livestock trade hub

Karamoja livestock are directed to about 20 terminal markets in Uganda, and to Juba in South Sudan, and Kenya. Although Karamoja is often viewed as isolated, both geographically and economically, from a livestock trade perspective the area can now be viewed as a regional economic hub. Livestock are supplied internally to other parts of Uganda, and exported – informally - to Kenya and South Sudan.

This aspect of the trade provides important regional-level economic benefits, and illustrates the importance of harmonized and enabling regional policies for livestock trade, movement and disease control. The policies of organizations such as IGAD,

COMESA and EAC support regional economic integration as an overriding objective. This indicates a need to develop cross-country strategies and plans to enable regional livestock trade e.g. through better roads across borders, streamlined taxes and certification, and the avoidance of unofficial taxes imposed by police or officials.



The role of brokers

Livestock markets in Karamoja are dominated by brokers-*cum*-itinerant traders, who buy small numbers of livestock directly from the *kraals*, at relatively low prices, and then resell them at markets. Most of the livestock sold in established markets are supplied by these brokers, and the assessment estimated that no more than 10% of producers visit the markets.² Those producers that do attend also transact through these brokers. Traders coming from outside the sub-region, including from Turkana and Pokot in Kenya, also transact in the markets through the brokers.

At first sight, these arrangements point to a rather exploitative system in which profits are skewed towards the brokers. However, the brokers also incur costs and have to manage risks. For example, as shown in Table 1, the supply of animals to markets exceeds the volume of sales, and therefore, unsold animals have to be fed and managed by brokers, and possibly moved to other markets. Similarly, when producers sell at low prices to the brokers, this behavior is not necessarily irrational if the producer's costs, time and risks of moving small numbers of animals to markets is considered. Further research is needed to understand these marketing behaviours, and the benefits and costs for producers and brokers.



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 also decreased livestock prices in 2017 (for example, see Table 1).

Conclusions: support to livestock marketing

- Livestock markets can function well with only basic infrastructure, such as perimeter fences, loading ramps, and water troughs, as well as offices for market officials; elaborate infrastructure is rarely needed.

- A major constraint is the poor condition of roads within Karamoja, and to the main terminal markets – including markets in neighbouring countries - with heavy transaction costs for livestock transporters; better roads provides multiple benefits, beyond livestock trade.
- The roles of brokers - further research is needed to understand that roles of the brokers in Karamoja. Although they seem to buy animals at low prices from the kraals, they also incur risks and losses e.g. if animals are not sold at a particular market, they may need to be moved elsewhere, with associated costs.
- Regional, cross-border economic activities might benefit from supportive regional policies on trade, infrastructure and other sectors, and harmonization of policies across countries – Karamoja is a regional economic hub. Key policy areas include infrastructure – especially roads – and appropriate regional livestock disease control policies, based on the epidemiology and economics of the diseases in question.

Disclaimer

This Evidence Brief was produced by the Karamoja Resilience Support Unit and does not necessarily represent the views of USAID or the United States Government.

More information

For more information on the Karamoja Resilience Support Unit, please visit www.karamojaresilience.org.

Endnotes

ⁱ Rockemann, K., T. Redda, R. Lotira, and C. Ocan. 2016. Karamoja Livestock Market Assessment Report. USAID/East Africa Resilience Learning Project, Nairobi. <http://www.karamojaresilience.org/publications/item/karamoja-livestock-market-assessment-report>

ⁱⁱ Aklilu, Y., 2017. Livestock Trade in Karamoja: An update of market dynamics and trends. USAID/Uganda Karamoja Resilience Support Unit, Kampala. <http://www.karamojaresilience.org/publications/item/livestock-trade-in-karamoja-uganda-an-updatepof-market-dynamics-and-trends>

ⁱⁱⁱ Visit <http://www.karamojaresilience.org/publications/item/livestock-trade-in-karamoja-uganda-an-updatepof-market-dynamics-and-trends>