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Brokerage in the borderlands: the political economy of livestock intermediaries in northern Kenya

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Abstract

This article argues that brokers are key actors in the cross-border livestock trade between Kenya and Somalia, where formal regulations are weak or absent. We elucidate the economic and social rationales for livestock brokerage as well as a series of brokering practices taking place at the intersection of profit making, kinship and trust. Besides producing social capital based on trust, brokers facilitate the formalization of livestock trading by linking livestock production sites in southern Somalia to consumer markets in Kenya. Brokers thereby take on various roles and functions that contribute to integrating markets across fragmented territories. Based on extended fieldwork conducted in and around Garissa livestock market as well as in Nairobi, the paper outlines the political economy of livestock intermediaries in the important Somali-Kenyan cross-border livestock trade.

Keywords: brokers, livestock trade, informal economy, borderlands, Kenya, Somalia

Brokers are important market actors who mediate formal and informal transactions within and between livestock markets in Eastern Africa, thereby facilitating the flow of goods and services across international borders. This paper argues that brokers are prominent figures in cross-border livestock trading in the borderlands of Kenya and Somalia and that the analysis of brokerage produces important insights into informal economies in African borderlands. It contributes to the literature on informal and shadow economies at the margins of the African state. We argue that brokerage is an important aspect of the livestock value chain that has been under studied so far. With a particular focus on Garissa livestock market in northeastern Kenya, we draw attention to how brokerage aids in formalizing Somali livestock as it moves along the value chain, from unregulated southern Somalia to more regulated central and coastal Kenya.

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Livestock brokers facilitate business transactions that are essentially interethnic – from Somali producers to consumers from various Kenyan ethnic communities.

Within cross-border livestock trading networks, seller and buyers are often separated by long distance and may be based in different trade corridors marked by dissimilar institutional environments and exposures to risk. This paper demonstrates how brokers play critical roles in livestock trade networks where long distances between sourcing and destinations markets undermines producers’ access to market information. Brokers also set prices with traders and guarantee security to producers within border markets where informal rules govern exchanges. Importantly, brokers provide market information about distant markets. Information asymmetry is a challenge not only in livestock marketing, but in industries around the globe. Burt has described information asymmetry as a gap or ‘structural hole’ that brokerage in trade networks must fill. Information asymmetry in livestock marketing thus reinforces the importance of brokers as intermediaries between trading parties that do not meet face to face.

The empirical material informing our analysis draws on seven months of qualitative data collection by the first author between January and July 2018 at Garissa livestock sale-yard, and Nairobi livestock markets. A majority of the traders interviewed started out as brokers and later on became traders. This explains why they have good knowledge about livestock brokering. Because of ongoing insecurity and difficulties of research access, data collection on livestock trading on the Somali side of the Garissa trade corridor (i.e. in southern Somalia) was carried out remotely by interviewing brokers and traders based in Kenya.

Our paper begins with a brief review and discussion of the existing literature on brokers and brokerage. The subsequent section highlights the historical context of informality that characterizes cross-border trading and brokerage in the Somalia-Kenya trade corridor. The next section sheds light on the networked nature of livestock brokerage within cross-border trading as well as different types of brokers in Garissa’s livestock market. We then discuss the various rationalities that inform the brokering, ranging from profit-making to kinship connections and trust in business relations. We conclude with some thoughts on what brokerage in livestock trading tells us about informal economies and the state more generally.
Brokers and brokerage in (East) African borderlands

Anthropologists have analyzed brokers and brokerage in different societies. A first body of literature emerged in the 1960s and 1970s, focusing on brokerage between (post-)colonial state authorities and local communities. In recent years there has been a renewed interest in brokers within African and other area studies in the context of neo-liberalism, decentralization and violent conflict. Brokers are best understood as ‘connective agents’ who bring together and mediate between ‘government, citizen and corporate actors, institutions and resources.’ Their unique social position derives from their ability to master, reconcile and play with what often appear as ‘irreconcilable discourses and practices.’ Whether it is land sales or aid distribution during electoral campaigns, brokers play crucial roles in facilitating transactions that reflect demands that come both from within and outside of the state.

The Africanist literature on cross-border trading highlights how brokerage facilitates the informal flows of goods, services, and finances across borders. Brokerage and cross-border trading are closely interrelated, involving various actors and goods. In West Africa, brokers in cattle trading operate similarly to those in Somali East Africa as they reinforce their ‘structural position’ between traders and manage livestock transactions. Teka and Azeze describe how traders facilitate unofficial cross-border trade in the Ethiopian-Djiboutian and Ethiopian-Somalia borderlands. Raeymaekers showed how power brokers facilitate cross-border trade in the frontier between the Democratic Republic of Congo and Uganda, building the connective fabric that later on contributed to emergent forms of public governance. In the context of trade between Sudan, Uganda and DRC Congo, Titeca noted how cross-border trade flows behaved like ‘a river that responds to natural and anthropogenic obstructions by carving new channels, experiences high and low flows, and can be deadly when it is raging’. He uses this metaphor to highlight how security and state policies fashion dynamics in cross-border trade. Bakonyi and Stuvøy have shown how intermediaries influence trade along different trade corridors in Somalia.

In most cases, brokers exploit the power of language, experience, trade, and networking to render their services that come at a fee. Rewards from brokerage also revolve around accumulating social capital, remaining relevant in the business and expanding trade networks.
Brokerage takes place within black markets, smuggling networks, clandestine economies as well as legal trading. Brokerage at times draws on ethnic or parochial ties, in particular where communities have remained resilient capitalism and globalization. Brokers build trust to maintain access to informal credits and reduce the incentive for traders to switch partners along the value chain. This is why trade links and ‘network closures’ are strong as informal credits sustain the trade.

Brokers are prominent in the informal sector, which some economist believe to undermine the development of the formal economy. In East Africa, brokers manage livestock markets, mediate transactions, and link traders in remote market to urban centres. They gather animals from producers at bush markets, then contact potential buyers and sell stock on behalf of the producers and bush traders using negotiated generalized prices, i.e. the final auction price once brokers and traders have reached an agreement. Their role in linking traders has also been discussed in the context of Nairobi’s Somali domained neighbourhood Eastleigh, in Kenyan livestock marketing networks, in the vegetable market in eastern Ethiopia, and within the Kenya and Ethiopia borderlands more broadly.

**Political sources of informality in the Kenya-Somalia borderlands**

It is often assumed that the dominance of informal trading and business contracts in the Somali context is the reflection of a particular cultural norm. This section serves as a reminder that this is not the case. Rather than a cultural expression, informality in Somali business is a strategy of adapting to changing political and socio-economic conditions, for example in the politically instable trade corridor connecting southern Somalia with north-eastern Kenya. As Little noted, the limited presence of the state in Eastern Africa’s remote borderlands explains why a large proportion of business transactions remain informal. In the Kenya-Somali trade corridor livestock trekking along bush routes and ongoing reforms in Kenya’s immigration and border security force livestock brokers into informal business transactions. Little et al. observed how attempts by the Ethiopian government to control informal markets resulted in the popping up of livestock markets across the border in Moyale. Moreover, delays caused by the state officials at
the borders are only avoidable when ‘informal’ fees are paid to these officials to facilitate trade permits and other administrative services.

Garissa town, which became the capital of Garissa County in 2013, is located between Kismayo and Nairobi. By 2019 it hosted some 67,861 inhabitants in an area of approximately 863 square km.\textsuperscript{48} The town acts as a key transit point and is home to one of the biggest livestock trading markets in East and Central Africa.\textsuperscript{49} Historically, Garissa was the capital city of the former Northern Frontier District (NFD) under the British colonial administration\textsuperscript{50} that separated the Ethiopian territories from present day Kenya.\textsuperscript{51} Following Kenyan independence Garissa became the headquarters of North-Eastern Province of Kenya. Somalis are the dominant ethnic group in the area, in particular lineages of the Ogaadeen clan family including the Abudwak, Auliyahan and Abdalla followed by the Marehan.\textsuperscript{52} Livestock production and trading are their main livelihood.\textsuperscript{53} They define nomadic mobility, local conflicts, and investments in the Garissa area and the rest of northern Kenya. Apart from clan and resource-based conflicts\textsuperscript{54} trade has often brought Somalis together, with sub-clans of the Ogadeen clan family extending protection to lineage groups with a smaller presence in the area such as the Dir and Hawiye.\textsuperscript{55} Since the collapse of markets and increased conflict in southern Somalia in the early 1990s, Garissa expanded as a major trade hub and a place for negotiating cross-border trade partnerships.

***INSERT FIGURE 1 AROUND HERE***

When the state-managed Somali economy began to crumble after the Ogaden War (1977-1978), Somalia’s political elites started mismanaging national resources.\textsuperscript{56} Institutional decay and public mistrust towards the state of the time explain Somali traders’ preference for informal networks governed by intermediaries, brokers, and gatekeepers.\textsuperscript{57} In the 1980s, the imminent ‘economy without a state’\textsuperscript{58} in Somalia supported the economic informality that relied on brokers. Cross-border trade networks increased in the aftermath of state collapse in 1991.\textsuperscript{59} The
emerging parallel economy extended into the Somalia hinterlands as bureaucratic institutions were missing or were mistrusted by traders.60

For the Kenyan state, concerns over the Somali inhabited borderlands grew after independence61 and have continued to the present. The Kenyan government combatted secessionist elements through repression and regional militarization,62 including the imposition of a state of emergency between 1963 and 1991 in north-eastern Kenya.63 Almost three decades after Somalia’s state collapse, Somali identity in Kenya remains complicated by blurred distinctions between Kenyan-Somali citizens and refugees from Somalia. The spillover of Al-Shabaab from southern Somalia in north-eastern Kenya after 2011 increased suspicions between Somalis entrepreneurs and Kenyan state officials.64 The Somali business community has not forgotten the decades of economic and administrative marginalization of north-eastern Kenya.65 Unsurprisingly, they are skeptical of the motifs and policies of the Kenyan state and have preferred to operate informally, beyond the realm of an often repressive state.66 However in Nairobi’s Eastleigh, Somalis have compelled the government to improve infrastructure and security for the safety of investments.67

The almost complete absence of public administration and services Kenya’s northeastern borderlands makes livestock trading ‘informal’ by default.68 Kenya’s Vision 2030 intends to transform marginal frontiers including north-eastern Kenya, through both economic development and a security agenda of reinforcing buffer zones,69 both of which are present in mega plans for the Lamu Port, South Sudan, Ethiopia Transport Corridor (LAPSSET).70 Critics have pointed out that such projects are not practical due to their short time frames and financial demands as well as competing agendas among East African states.71 Traders and brokers in Garissa are yearning for better roads to improve livestock offtake and to bring customers from other parts of the country to north-eastern Kenya.

The need to increase revenue collection at the county level since 2013 has intensified corruption and informal taxation across Kenya. As noted by D’Arcy and Cornell,72 corruption in Kenya was also decentralized as part of administrative devolution. But in north-eastern Kenya, kinship and clan oriented favoritism in resource allocation resulted in the exclusion of smaller and minority clans.73 In Garissa county brokers from major clans have privileged connections with local administrators and are thus able to facilitate the illegal access to livestock permits,
even at night, weekends, or on public holidays, as long-distance traders want animals to reach
terminal markets in time. Besides devolution and some its challenges, the long lasting
insecurity that extends from southern Somalia to north-eastern Kenya has scarred off both
private and state institutions, which could otherwise have reduced informality. For example,
when Al Shabaab shut down a Safaricom mast in Fafi sub-county in February 2018, the absence
of telecommunication forced brokers to rely on traditional methods of oral communication and
transactions.

Youth unemployment is a common problem in Kenya that extends to its northeastern
lowlands. Limited job opportunities for Somalis who arrived in north-eastern Kenya following
Somali state collapse meant that members of smaller kinship groups had to resort to urban
survival strategies including brokerage. Due to their knowledge of livestock production in the
region, Somali brokers facilitate the informal sourcing of livestock from Ethiopia’s Somali
regional state and Southern Somalia into Garissa market – on transit to Central Kenya where
consumer hubs are distributed. In times of limited supply, brokers in the Kenyan-Somali
borderlands cooperate with their associates in southern Ethiopia to facilitate the procurement of
camels, which flow through Isiolo to Bangale market, some 80km west of Garissa. For
example, Burji brokers cooperate with Somalis, who mostly consume camels, and are willing to
buy at high prices.

Garissa livestock brokers: connections and commissions

This section provides more detail on Garissa based livestock brokerage, the multiple roles
assumed by brokers and the cross-border trade connections in which they are embedded.
Livestock brokers facilitate cross-border border trading along the Somalia-Kenya trade corridor
and its main nodes Kismayo, Garissa, and Nairobi. Bush and primary markets along the trade
corridor serve to source and supply livestock. These markets are scattered in north-eastern Kenya
and the borderlands. They are linked to markets in southern Somalis by trekking and trucking
routes. These routes and the real existing livestock flows all point to Garissa as a veritable hub of
livestock concentration, transition, and re-distribution.
Garissa based brokers are crucial intermediaries situated in the midst of these extensive networks of animals and traders spanning the border region from southern Somalia to clusters of traders in the Nairobi terminal markets. Connections between Garissa brokers and Nairobi agents facilitate the daily supply of livestock orders and maintains future supplies. The linkage between Garissa brokers and remote border hubs facilitates the gathering of livestock from bush markets and the trekking to the Garissa livestock sale yard. Figure 2 illustrates the flow of livestock from southern Somalia, through Garissa, to the abattoirs and ports in central and coastal parts of Kenya.

Brokers hold market information on supplies, volumes, and the pricing of livestock. Traders rely on this information during livestock sourcing, negotiations, and transactions. For the business to continue, brokers have to constantly forge new and reaffirm existing relations with both buyers or sellers. In most cases, buyers and sellers do not meet because the brokers facilitate the exchange of animals. During our discussion, brokers told the first author that they operate either in groups or individually. Brokers with more connections and experience are considered more reliable. They tent to be better in risk management as they possess privileged information on market behavior under different climatic, political, and economic conditions.

Positioned between traders in the cross-border livestock value chain, brokers are in many ways the real buyers and sellers at Garissa market. Livestock traders agree that brokers play a key role in facilitating access to market information, sharing good ideas, innovative solutions, and experience about the market. Brokers in turn build trust through informal credits, insurance, and market access. Those who are able to gather enough commissions normally grow to be traders and may even employ other brokers. Also, traders who undergo a major loss of animals can retreat to brokerage.

Since trust is a major component in brokerage, older brokers appear to have more market power. The best broker has a lot of experience and is able to understand the quality of animals,
body conditions, the grade, health, and animal size and can use such traits to define the market price. In north-eastern Kenya, older brokers are trusted to mediate transactions involving large volumes of cattle. Seniority in brokerage influences wealth extraction and accumulation. Trends in daily collection show that senior brokers make up to US$300 (Kshs. 30,000) in a week, compared to more junior brokers who make less than US$10 (Kshs. 1,000). In a good market season, a Garissa based broker earns more than US$100 (Kshs. 10,000) on a market day and some US$20-30 (Kshs. 2,000-3,000) daily during the low season.

The number of livestock brokers and the financial volume of their commissions have evolved significantly in the last five decades in Garissa. As can be seen in Table 1 the number of livestock brokers has increased gradually since Kenyan independence, and more rapidly since the 1990s. For example, a broker who was 76 years old during fieldwork by the first author, quit skin selling in 1963 and became a goat broker, earning Kshs. 2-3 per day as a commission. According to him, the number of Garissa based brokers increased by the mid-1990s following state collapse in Somalia and the influx of Somali refugees into north-eastern Kenya. Some of these new arrivals took up livestock trekking and brokerage for survival, while others took part in khat selling, pasture vending, motorbike riding business, and tea selling. As the population of brokers grew in north-eastern Kenya, Garissa’s weekly livestock market day – known as arbaca or Wednesday in Somali – became the site of intense and widespread negotiations as brokers facilitates oral deals between sellers and buyers. Changes in the volumes of animals traded at Garissa livestock market affect the number of brokers present in the market, reaching an estimated 800-1000 brokers in the best market season.

***INSERT TABLE 1 AROUND HERE***

Livestock trading and brokerage facilitates the concentration of animals within the trade corridor, with up to 8,000 cattle per week moving through Garissa County, including 5,000 passing through Garissa sale-yard. A broker with ten years of experience in the livestock business, explained that ‘I have connections all over from Nairobi to Southern Somalia. I have
four customers at Kariobangi terminal market [Nairobi], five at Hulugho bush market, and almost ten at Garissa.’ Adan, another broker interviewed, had business partners at Dagoreti, one at Njiru market [Nairobi], and five in Mombasa town. One broker explained that ‘when large volumes of cattle are available, one broker can supply two trucks full of cattle to central Kenya, but when livestock volumes are low, especially in the dry season, the supply becomes low.’

In terms of ethnic composition, Somalis constitute the vast majority of brokers in Garissa, while the rest belong to the Kamba, Kikuyu, and coastal ethnic communities. The drought season adversely affects herders, and some of the producers drop out to join livestock brokerage for survival. Language barrier has also been a factor as producers require a translator or a broker who will take care of the exchange process, which explains why Somalis dominate the brokerage business. A similar trend is observed in Dagoreti market in Nairobi, where Maasai brokers have displaced Kikuyu brokers. The reason for this is that the Maasai from the Rift Valley region are major suppliers who require traders who understand their language to do business. Consequently, ethnic ties, trust and experience among brokers become factors that exclude newcomers who want to become brokers.

Some brokers have expressed their mixed feelings about brokerage. Tellingly, all female brokers interviewed refused being referred to as brokers, which implies a crafty person and personal qualities. A truck broker states that ‘I make money through brokerage to cater for my domestic needs. But it’s not an excellent job, because sometimes I have to keep information about livestock prices and truck rents from other parties, which makes me dishonest or a robber’. Abdulahi, a Kenyan-Somali university student from Garissa explained that if trade partners exploited each other through opaque deals, that could be considered as haram – meaning forbidden by Islam. He also stated that, ‘around 20% of the brokers at Garissa sale-yard are dishonest as they use secrecy to earn high commissions from traders’. During a discussion, one male broker self-critically explained that ‘due to the opportunistic nature of our role, we are aggressive, selfish, and do not share information.’

The number of female brokers in north-eastern Kenya is low due to the patriarchal nature of society. According to local sources the first female livestock trader started in 2004. Five years later, she had more than five female colleagues. During fieldwork in 2018 some 15 to 20 female
*dilaal* operated in Garissa livestock market on an average day. Together with female traders, they reached 50 to 70 in number depending on market seasonality. Female *dilaal* mostly broker transactions in goats and sheep, with very few involving in the cattle trade. Low returns and insecurity have limited women’s role in cattle trading in northeastern Kenya. Female *dilaal* and traders rely on male brokers from their own clan for protection and cheap labour. In a male-dominated society, female brokers rarely engage in cattle brokerage, and when they do, they tend to keep a low profile, operate in secrecy or hire a male broker to facilitate negotiations. The exclusion of female brokers in the Garissa livestock market is exacerbated by a deficient physical infrastructure and physical insecurity, forcing women brokers to rely on male brokers for safety when they source livestock from remote bush markets.

Apart from animals, fodder supply, veterinary drugs and transport are also brokered as part of livestock trading. Hay brokers supply fodder on Wednesdays to sustain animals offered for sale at Garissa market. During fieldwork by the first author in the ‘normal’ season of 2018, about ten hand carts and over 20 motorbikes delivered hay bales on market days. The volume of cattle passing Garissa sale yard on a Wednesday ranges from 5,000 to 8,000, and traders require lots of fodder to maintain cattle body condition. Hay brokers supply fodder from farms on behalf of the producers at a fee. Some brokers contact regular traders via mobile phone to order hay. Hay sellers make a maximum of US$200 (Kshs. 20,000) from the sale of 200 kg of hay, of which 1kg is sold at Kshs. 100. In the best season, fodder sellers earn approximately US$700 (Kshs. 7,000) per day.

Drug brokers are common when livestock diseases or epidemics break out. They link drug sellers to bush traders and producers as most of the latter do not reside within towns where agro-vet shops are available. These brokers also link drug suppliers in north-eastern Kenya to producers in Southern Somalia. Garissa truck brokers are available on cattle market days. They link transporters and traders and facilitate access to reliable trucks that can ensure animals arrive at terminal markets in the shortest timeframe possible. The earlier livestock reaches the terminal market while healthy, the higher profits and even the consignment of the following week. Truck brokers receive a fee of US$5-10 (Kshs. 500-1,000) per truck depending on livestock volumes. Kuso, who has been involved in truck brokerage for 30 years, is the chairman of the ‘truck brokers association’ in Garissa, consisting of thirteen male members. Kuso makes US$20 per
day on a low market season and US$50-80 (Kshs. 5,000-8,000) per day during a good market season. On average, all truck brokers make US$5-10 from each lorry and US$30 (Kshs. 3,000) from each long truck.\textsuperscript{97}

The main motive for livestock brokerage is to interlink market operators in return for a fee. However, brokers in Garissa do more than that. They act as informal insurers of livestock and they also facilitate the documentation, accountability, and taxation of animals sold. In effect, these roles effectively make livestock brokers auxiliaries to local authorities. In Garissa market the evasion of livestock taxation has been gradually decreasing as brokers make it possible for buyers and sellers to share and absorb taxation effects on the business.\textsuperscript{98} Somali traders in Garissa have accepted state accountability and taxation of their livestock with the assistance of brokers. Brokers are more trusted in remote borderlands where state institutions are weak or absent. Finally, the number of brokers in a livestock market is high even when supplies are low as unemployment makes brokerage a livelihood of last resort.

Since the decentralization of the state and public resources in Kenya, brokerage as an economic activity appears to have increased in Garissa County.\textsuperscript{99} While local government intends to increase revenue from businesses, brokers in Garissa have taken the role of connecting taxpayers to revenue clerks, thereby ensuring that animals are taxed before being trucked out of Garissa. Brokers facilitate the taxation of livestock gathered and sold in Garissa market and thus contribute to the formalization of the livestock value chain. Brokers have an incentive to sell animals in bulk as their commission depends on the number of animals sold. Hence they gather animals and sell them through a negotiated auction method, which is locally referred to as \textit{jumla} (‘auction’). Brokers also make sure that animals are documented and sometimes pay taxes on behalf of the buyer and the seller during the auction, recovering these expenses once the animals are sold.\textsuperscript{100} In this way, brokers effectively optimize revenue collection by the Kenyan state, a process that shows how informal processes can add efficiency to public administration.

\textbf{Brokering practices between profit, kinship and trust}

Brokerage begins when brokers identify prospective livestock buyers through their network of contacts. Brokers with over 20 years of experience might have relations with up to 30 clients
scattered in various supply networks in southern Somalia, and central and coastal Kenya. Most brokers share information and order livestock on their mobile phones on a weekly basis. In recent years tighter border controls and security measures along the Kenyan-Somali border have led brokers to cooperate among each other to move livestock informally across the border. Less experienced brokers have fewer connections, and therefore seek to work for more experienced brokers in order to gain trust and build business relations. Experienced brokers might be hesitant to train newcomers as livestock brokering is characterized by aggressiveness, competition, and concealed orders. One livestock broker described his peers as ‘aggressive as hyenas on business deals and very selfish, secretive, and never satisfied by a single deal.’

Once a client has put in an order with a broker the next step consists of gathering livestock from producers and bush traders. Senior brokers often have three to five contacts in various bush markets and villages in addition to relatives who all provide information on potential sellers. Producers in Kenya normally sell their animals in January to be able to pay school fees. Brokers usually receive these animals from producers on credit and on the basis of a verbal agreement. Payments are usually made one or two weeks after the broker received the livestock. Subsequently, buyers inspect the animals at the Garissa sale-yard where price negotiations continue, and animals are sold using auction prices. Finally, once the sale is completed brokers organize the payment, taxation, and cash transfer between buyer and seller. County revenue clerks and veterinary officers are usually present in the Garissa market to provide necessary documents. Brokers collaborate with local government officials to obtain trade permits and ensure livestock transport on the basis of a tax receipt. Some brokers may supply animals on credit and settle payments later, while others pay sellers on the same market day. Animals are then loaded onto trucks as they head to terminal markets further inland. The time span between the initial ordering of the namials by the buyer to the trucking out of Garissa of these animals is usually less than two weeks.

Cross-border livestock marketing in the Kenyan-Somalia borderlands is facilitated by clan connections. But is also undermined by secrecy when various clan lineages compete for market dominance. Business opportunities and are mostly shared among brokers who belong to the same extended family or clan lineage, while brokers from other lineages are excluded. In cases where many brokers from the same clan dominate the market and provide similar services,
producers from the same clan can transact livestock without a broker. Profits from livestock brokerage tend to decline as the number of brokers involved in connecting suppliers and buyers’ increases. Having links with many brokers allows traders to choose between different marketing channels. Consequently, these traders are less affected by market failure, political turbulence, and other trade risks.

The profits and fees earned from various livestock trading activities reflect patterns of clan exclusion and inclusion as well as social stratification. Major Ogadeen sub-clans, in particularly the Abudwak and Auliyahan, control key market infrastructures and services, including the management of loading ramps, animal cottages, sale yard security, and livestock brokerage in the Garissa livestock sale-yard. Members of smaller clan lineages engage in truck brokerage, animal marking, escorting livestock, controlling aggressive animals, loading sand into trucks, and loading animals. These activities generate smaller incomes, mostly below US$10 (Kshs. 1,000) per day.

Before the emergence of mobile telephony, crafty brokers mediated business transactions across the border and benefitted from the absence of market information. They earned double commissions from both the seller and the buyer, or up to US$30-40 (Kshs.3,000-4,000), which was above the regular market brokerage fee for big stock. One broker who brings cattle from Hulugho border market to Garissa deplored how mobile phones had undermined his ability to broker livestock transactions. Since the installation of Safaricom masts near livestock market centers in the borderlands in 2013, producers and traders have been able to confirm prices from distant markets via their mobile phones. As a result traders gained an advantage and replaced the brokers in deciding on commission fees.

Brokerage fees have decreased from US$30-40 (Kshs. 3,000-4,000) before the advent of mobile phones, to some US$5-10 (Kshs. 500-1,000) per cow in 2018. A similar percentage drop was reported for commissions earned from other species. Only cunning brokers have been able to earn more than US$30 (Kshs. 3,000) per head in cattle brokerage, mostly by taking an equal amount of US$15 (Kshs.1,500) from both the buyer and the seller. Conventionally, business practices such as levying a double commission were not openly discussed in the market. Brokers considered this information sensitive as they feared complaints by producers or unwanted attention on behalf of the government. Overall, information symmetry has increased as a
consequence of mobile phones, protecting traders from price extortion by brokers. As a result the profits that livestock brokers make have relies less on their ability to negotiate commissions, but on the number of transactions that each broker can generate. Frustrations occur when traders in terminal markets delay payments for animals supplied on credit by brokers, and efforts to contact them by phone produces only empty promises, undermining trust between brokers and buyers.

Brokers with more trade experience and a greater number of business connections tend to have the most reliable price information. Convincing producers about price dynamics in Garissa and terminal markets in Nairobi requires expertise. This is exemplified by the following anecdote. In 2001, 64 year old Farah, who had seven years of experience in livestock brokerage, ran into trouble when he tried to convince producers that increased cattle supply to Nairobi markets had depressed the prices that were initially agreed. Trusted brokers came to his aid, eventually managing to convince producers that the resulting selling price was not of Farah’s making. After this episode producers lost trust in Farah, but had a better understanding of price dynamics at the terminal markets. Brokering produces trust that is then used to resolve conflicts between brokers and producers. Brokers who are contracted by producers and who are unwilling to adjust to price dynamics encounter challenges when other brokers sell livestock at lower or flexible prices. Sometimes brokers have to return animals to the producer, and no commission is generated on that day. Another challenge occurs when influential brokers with enough capital interfere in ongoing transactions within the markets, for example by shouting higher buying prices in the middle of ongoing negotiations. Female brokers struggle to to make a living as men undermine their position within the market. Male brokers use capital, long experience, and physical strength to exclude female brokers.

Brokers and traders at Garissa and Nairobi markets have formed several associations in order to take a collective response to risks, conflict, and bargaining with the local administration. Approximately 15 brokers’ associations and ten traders’ associations operate in Garissa, while in other primary markets like Masalani, there are over 15 groups, with seven female traders’ associations. These associations are sustained by contributions from individual members. Since most brokers’ associations are unregistered, they do not hold regular meetings to ensure accountability. Among the registered associations, none of them pays taxes. These associations
become active when they are funded by governments or NGOs and go dormant when the funds are used up. Ares, with 22 years’ experience in brokerage, is the Chairman of the Garissa based CBC-Waberi brokers’ association, which was formed in 2013 when Kenya’s devolution began and has about 16-18 members. Although dormant, it was registered using US$100 (Kshs. 10,000) by the brokers who were also traders, and members continued to contribute US$2 (Kshs. 200) per month, while new members paid US$30 (Kshs. 3,000) to join the group. Membership fees are collected and used to support group members when they need loans in times of pressing domestic needs or when responding to trade risks.

Hassan, with ten years’ experience in brokerage, and a member of the ‘Iskade brokers association’ explained that he and his colleagues broker six to seven livestock transactions per day. Each order comprises of 20-50 cattle, and one broker can raise commissions amounting to US$100-150 (Kshs. 10,000-15,000) in a market day. The association was formed to improve the coordination of orders. New members pay US$5 (Kshs. 500) to join the association. The entry fee is kept low to encourage more members to join, since a more significant number of brokers may translate into more orders. Thanks to brokers, livestock traders are guaranteed a daily availability of livestock orders from hubs in the central and coastal parts of Kenya.

Brokers from the same clan family also provide protection and guarantee safety of transactions to female traders. Kinship connections influence trade partnerships as traders trust brokers from their clan family; hence, the Ogaden sub-clans dominate the market. The exclusion of brokers belonging to smaller clan lineages reveals how demography affects access to business opportunities. Besides brokerage, the access to a range of resources along trek routes between southern Somalia and Garissa such as pasture and water points require clan protection. As a result, trade channels and trek routes are associated with particular clan lineages. For example, brokers receiving animals from Kulbiyo border market do not venture into Liboi border market.

Limited employment opportunities have produced a diversity of brokerage activities based on the different types of goods and services involved. Brokers mediate access to livestock, pasture, trucks, permits and animal cottages. In Garissa market, livestock brokers constitute some
Livestock brokers make varying commissions from different species of animals (see Table 2).

Permit brokers are the most powerful of all livestock brokers as they have connections with the local administration. Since cattle that is directly trucked from southern Somalia requires permits as soon as they pass Garissa, permit brokers ensure access to movement permits over the weekend and even in the middle of the night by colluding with veterinary officials. Animals trucked from Garissa to the central or the coastal parts of Kenya need to have a movement permit to be allowed by the police to by-pass roadblocks along the route. Permit access fees are informal and negotiable, costing between US$30-50 (Kshs.3,000-5,000) and are paid to the county veterinary officer by the broker. Sometimes, motorbike riders (bodaboda) are sent to collect the permit from the veterinary officer as the transporter wires the payment for the permit with Safaricom’s mobile money service mPesa.

The mode of trading – whether animals are auctioned in bulk or sold by head – has an influence on the amount of the commission that brokers receive. When animal traits – such as size, gender, species, and grade – are used to determine animal prices, the broker fee will increase. Brokers generate a good income, estimated as 1-2% of the total price of each animal sold. Hence out of 5,000 cattle that are sold on average on a market day in Garissa during the high season (May to July), over US$25,000 (Kshs. 2,500,000) comprise of the brokers’ commissions, without factoring the commission from other livestock.

Price dynamics at Nairobi livestock markets influence the deals and contracts made at Garissa market. Whenever prices at terminal markets decrease because of abundant supply from competing sources, brokers have to sell at lower prices than what they previously agreed upon with Garissa traders. The same holds true for truck brokers, particularly when trucks are hired on credit. As they reach terminal markets animals may delay to get sold, or may be sold at lower prices due to increased surplus from other border hubs such as Moyale or Migori. Price changes
affect traders’ income, forcing them to lower truck rents, for example from an agreed US$200 (Kshs. 2,000) to US$170 (Kshs. 1,700), resulting in suspicion by truck owners against their drivers. Also, when cross-border livestock volumes drop due to drought, broker commissions also drop. When cattle have low stamina and fall into Grade III category, the broker earns less than US$5 (Kshs.500) per cow from the deal.120

Conclusion

Livestock brokerage is a historic activity in the borderlands of Kenya and Somalia. The rise in cross-border brokerage after the Somali state collapse of 1991 is best understood as a survival mechanism by traders who have been relying on informal adaptation, security, and governance to conduct their business in the absence of a state.121 Apart from producing trust and social capital in livestock marketing networks, livestock brokers facilitate the integration of informally imported Somali livestock into Kenya’s (more) formal economy.122 By facilitating the documentation, certification and taxation of animals sold in Garissa’s auction yard, brokers are important market actors who contribute to the formalization of livestock trading. Brokers are in many ways the human pillars of international livestock trading networks, providing information to buyers and sellers, supporting their decision-making and facilitating long-distance relations where operators in the value chain do not meet face to face.

What does the prominence of brokers in livestock trading tell us about markets and the state? First, brokers shoulder a number of different tasks in the market. They effectively manage most of the financial modalities of the livestock business, including the availability of credit and the facilitation of cashless transactions. Brokers protect producers and traders by guaranteeing the safety of their livestock transactions, often within the same clan family. Finally, brokers sometimes pay for documentation and the certification of animals when a trader has no cash. Second, brokers are experts whose knowledge is mostly ignored when market variabilities, price transmissions, and erratic supplies undermine modern marketing models. Through their expertise, brokers provide traders with good business ideas, allowing to minimize risks, to maximise conflict management and to explore different marketing options. Although insecurity in the Kenyan-Somali lowlands has been a constant headache, brokers have managed to create
business links that make a constant cross-border flow of livestock, information, pharmaceuticals and cash possible.

Third, it is important to note that brokerage is not primarily a reflection of economic informality as some economists and many outsiders might consider. Instead brokerage must be considered as an effective informal governance mechanism of the livestock economy by which the sale, transport and certification of livestock along the trade corridor are made possible. In the absence of state regulation and public services for the livestock economy, brokerage is necessary to connect and mediate between market places, buyers and sellers, as well as different standards of animal production and consumption across the politically fragmented Kenya-Somalia borderlands.

Finally, our findings on livestock brokers and brokerage in the Garissa corridor echo the broader anthropological literature. Garissa’s livestock traders are, like other brokers around the globe, ‘deeply implicated in processes of state and market expansion at the margins of the state.’ Livestock brokers are neither mere intermediaries nor remnants of a pre-capitalist past. As ‘network specialists’ they actively negotiate and shape transactions between borderlands and the political and economic center, between bush and terminal markets, between market and the state as well as among communities. They are part and parcel of the greater Somali economy based on commerce and trade that spans East African hinterlands and metropoles.

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**Endnotes**

1 *Dilaal* is an Arabic word meaning ‘a go between’ (see Mahmoud, “Risky Trade, Resilient Traders”). To understand the role of *dilaal* in livestock trading in East Africa see Little, “Traders, Brokers and Market Crisis”, for West Africa see Hill, “Landlords and Brokers”. In Swahili *broker* is an intermediary in
business deals. We do not use the word ‘middleman’ as food insecurity, civil conflict, and destitution have gradually increased women’s involvement in brokerage.

2 Mahmoud, “Risky Trade, Resilient Traders,” 571.
4 Gallien, “Informal institutions.”
7 Hagmann and Stepputat, Corridors of trade and power, 19.
8 See Little et al., “When deserts flood,” 152.
12 Data collection consisted of direct observations, semi-structured interviews, and focus group discussions. Forty-six interviews, seven focus group discussions with traders, trekkers, and brokers, and participatory observations were conducted.
13 James, “The return of the broker,” 320.
14 Meehan and Plonsky, Brokering the Margins, 29.
15 Koster and Leynseele, Brokers as assemblers, 804.
16 James, The return of the broker, 335.
17 Meehan and Plonski, Brokering the Margins, 33.
22 Little, “Traders, Brokers,” 110.
25 Teka and Azeze, Cross-Border Livestock Trade, 11.
29 Carrier and Elliott, Entrust We Must, 6. See also Kim and Aldrich, “Social Capital and Entrepreneurship,” 25.
30 Biggart, Readings in economic sociology, 69–93.
31 Mubarak, “The ‘hidden hand’,” 2029.
32 Titeca and Herdt, “Regulation, Cross-Border Trade,” 579.
34 Clements et al., “State Building Reconsidered,” 52.
35 See Gibbon and Ponte, Trading Down, 81.
37 Lesser and Moise-Leeman, Informal Cross-Border Trade, 23.
40 Carrier, Little Mogadishu, 57.
42 Gebresenbet, Perishable State-Making, 14.
43 Teka, Azeze and Gebremariam, Cross-Border Livestock Trade, 41.
45 Little, “Unofficial trade,” 19.
46 Anderson and McKnight, “Kenya at war,” 16.
47 Little et al., “Formal or Informal,” 406.
49 Interview, Livestock Extension Officer, County Department of Livestock, 27 January 2018.
54 Adano et al., “Climate change, violent conflict,” 66.
56 Lewis, A Modern History, 185.
57 Carrier and Lochery, “Missing states?,” 341.
59 Ahmed and Green, “The heritage of war,” 120.
63 Lind et al., “Killing a mosquito with a hammer,” 123.
64 Anderson and McKnight, “Understanding al-Shabaab,” 544.
65 Murunga, “Conflict in Somalia,” 147.
67 Carrier, Little Mogadishu, 77-79.
68 Negassa et al., Towards Improving Livestock, 10.
70 Browne, “LAPSSET,” 76.
71 Ibid., 43.
73 Interview, senior state officer from the Ministry of Agriculture, Livestock and Fisheries, Garissa, 22 July 2017.
75 Anderson and McKnight, “Kenya at war,” 15.
76 Interview, senior livestock broker, Garissa, 24 July 2017.
77 Hope, “Engaging the Youth in Kenya,” 232.
78 Negassa et al., Towards Improving Livestock, 42.
79 Focus group discussion, eight elderly livestock traders, Garissa market, 21 January 2018.
80 Camel prices reach US$800-900 (Kshs. 80,000-90,000) per head around Isiolo and Garissa, 30% higher compared to borderland prices.
81 Focus group discussion, six livestock brokers, Garissa market, 10 May 2018.
82 Interview, senior trader and former broker, Garissa livestock market, 5 March 2018.
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84 Interview, senior livestock broker, Garissa, 23 April 2018.
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86 Interview, elderly livestock trader, Garissa, 6 May 2018.
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