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Linking Pastoralists to Markets – Understanding the Role and Working Conditions of Local Traders in Northern Kenya

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Abstract

Livestock trade is the major source of income for pastoralists, traders, and other actors in pastoral meat value chains. Pastoralists in northern Kenya obtain income by selling sheep and goats through local long-distance traders who connect them to the Nairobi terminal market. However there is little information about the conditions under which traders perform the task of “linking pastoralists to markets”. The aim of this study was to understand how traders operate, their information needs and the profitability of their business. Based on 12 months of fieldwork conducted between 2014 and 2016, we assessed traders’ activities, the information exchange along the value chain and their business transactions to understand their costs and profits. A stakeholder analysis resulted in the identification of six categories of local traders distinguished by different demands in travel, labour, working capital, risk exposures and relations with other actors. Our analysis also revealed relational gaps that disadvantage local traders through a lack of information leading to low net profits, high operating costs and economic losses. Further analysis of information flow along the value chain revealed specific information needs of traders; such as the range of prices in different markets, the extent of competition, grades of animals in high demand and further animal specifications. Market information tended to change within a short time-span. As a result, the weekly prices for different grades showed high price variability such that prices were only known on the market day. These unpredictable prices contribute to fluctuating net-profits, low returns on capital investments, and high operating costs and economic losses, particularly for those local traders that sell at the terminal market (long distance traders). These multiple challenges make the long-distance trade precarious, hence the local traders struggle to offer better prices to pastoralist producers. This study shows the precarious situation of long-distance traders in the sheep and goat chain and highlights areas where relationships can be strengthened to improve coordination of activities, reduce operating costs and improve information flow so that the local traders can make better and timelier decisions to improve their margins.

Keywords: Activity links, actor network, goats, northern Kenya, pastoral livestock production, supply chain, traders