

## Research Application Summary

### **Multiplicity of institutional regulations along Somalia-Kenya Trade Corridor**

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#### **Abstract**

Qualitative research and ethnographic observations were used in this study to document daily practices of livestock market actors and public service providers. Using 46 interviews and 7 FGDs with various market actors, the loosening of State regulations and deliberate rule breaking signified the blind eye of the State that breeds the observed multiple institutional political order. It will be shown that the malpractices of informal taxation by civil servants is not new to the market actors in Garissa and is perceived as a survival mechanism in their routine interactions in various State departments. Market access is very important to the traders at Garissa and are ready to negotiate with legal officers and even postpone informal taxes paid for uncertain services. The same malpractices have delineated actors according to those specialized in local network of subsistence and the export value chain network that is highly commercialized and dominated by powerful resilient traders. Literature reveals that such interactions of State officials with actors in the other value chain networks have produced a hybrid political order, and the decision making process seems to be alternatives induced by informal institutional arrangements. The practical norms emerging from how Somalis purchase, trek and transport animals to destined abattoirs along Somali-Kenya transboundary corridor were analyzed to gauge their strength in persuading future policy reforms for regional trade integration. The research is contributing to State building debates by providing evidence on the role of real market practices in constructing State effect, and it will acknowledge that local and export livestock value chains governance differ in the attempts to influence Statehood.

Key words: Garissa, Kenya, livestock trade, Somalia, taxation

#### **Résumé**

Des recherches qualitatives et des observations ethnographiques ont été utilisées dans cette étude pour documenter les pratiques quotidiennes des acteurs du marché du bétail et des prestataires de services publics. À travers 46 entretiens et de 7 discussions de groupe avec divers acteurs du marché, l'assouplissement des réglementations étatiques et la violation délibérée des règles indiquaient l'œil aveugle de l'État qui engendre l'ordre politique institutionnel multiple observé. Les malversations de la fiscalité informelle des fonctionnaires ne sont pas nouvelles pour les acteurs du marché à Garissa et sont perçues comme un mécanisme de survie dans leurs interactions dans les différents services de l'Etat. L'accès au marché est très important pour les commerçants de Garissa qui sont prêts à négocier avec les juristes et même à reporter les impôts informels payés. Les mêmes malversations ont délimité les acteurs spécialisés dans le réseau local de subsistance

de ceux du réseau de la chaîne de valeur d'exportation qui est hautement commercialisé et dominé par de puissants commerçants résilients. La littérature révèle que de telles interactions des agents de l'État avec les acteurs des autres réseaux de la chaîne de valeur ont produit un ordre politique hybride, et le processus de prise de décision semble être des alternatives induites par des arrangements institutionnels informels. Les normes pratiques émergeant de la manière dont les Somaliens achètent, acheminent et transportent les animaux destinés aux abattoirs le long du corridor transfrontalier Somalie-Kenya ont été analysées pour mesurer leur force à persuader les futures réformes politiques d'intégration commerciale régionale. La recherche contribue aux débats sur la construction de l'État en fournissant des preuves sur le rôle des pratiques réelles du marché dans la construction de l'effet de l'État, et elle reconnaît que la gouvernance des chaînes de valeur locales et d'exportation de l'élevage diffère dans les tentatives d'influencer l'État.

**Mots clés:** Garissa, Kenya, commerce du bétail, Somalie, fiscalité

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## Background

Exploration of dynamics of State formation by analyzing routine practices along Somalia-Kenya transboundary corridor is still at the embryonic stage and such narrative of informal regulations from an empirical point has always dominated studies in Europe and North America (de Sardan, 2015). The borderland of Kenya and Somalia are presently associated with smuggling (Golub, 2015), terrorism (Lind and Howell, 2010), civil unrest (Bakonyi, 2009) and migration (Carrier and Lochery, 2013) which considered threats to regional peace and security (Hagmann *et al.*, 2009). The corridor is characterized by partial regulatory authority emanating from; one, the dominance of informal governance at Southern Somalia that is based on traditional clan system (Menkhaus, 2007) that has extended into Kenyan border (Murunga, 2005), two, the historical administrative marginalization of Somalis in the former North Eastern Province (Mahmoud, 2010) and three, the present State notions levelled against Somali population as terror agents which undermines their national re-integrations in the wake of rapid migration as caused by historical political circumstances. Insecurity and other related dynamics motivated the 1989 mass screening of Somalis in northern Kenya, and issuing of a certificate; a problem blamed on the increased presence of 'aliens' from Somalia (Lochery, 2012).

This study provides part of the empirical observations needed to persuade policy reforms as the perverse rules normally developed at the top do not function adequately at the border markets. It take advantage of the fact that embeddedness of markets in African societies lends itself for the analysis of perverse effects of contradictory business reforms with mostly exotic genesis (Hagmann and Peclard, 2010). It is evident that irrespective of theoretical currents or scientific positions that inspire institutional divergence, the local administrations and public service in Africa have failed to adhere to the Western Model patterns of regulations, procedures, legislations, specifications and organizational structures by both State employees and even the service users (de Sardan, 2015). Formalization of practical norms to assume official status along important transboundary corridors of trade and transport is on top of bottom up State-building initiatives. Apart from security and livestock disease concern, even the strict State apparatus at border points voluntarily turn a blind eye to the conduits of livestock flows from Southern Somalia into Kenya and vice-versa.

**Perceptions after Somalia's State collapse.** After emerging from a worse predatory State (Bradbury, 2008), characterized by complete decay of formal order, to the violent economy (Bakonyi, 2009) and subsequent vicious cycles of crime (Murunga, 2005), the Somalis can define the Kenyan partial predation or informal practices as a minor piecing or less pressure exerted on the business meniscus, whose surface tension is maintained by the Somali business model

characterized by reciprocity and protection (Hagmann and Stepputat, 2016). Somalis lend each other capital in times of risks to ensure they are on the market, and to protect each other against dropping out. Even in crude informal multiple-taxation, or any other form of bureaucratic practice by local authorities at the borderlands, notions of State criminalization or predation does not occur within the Somali business community along the Somali-Kenya trade corridor, and they have institutionalized the daily practices to fit the real actions of State officers for the exchange of values to continue. The Somali-business acumen exported to Kenya after disintegration of the State in 1991 did not forget institutional decay that discouraged business in the predatory regime of Siyad Barre (Ahmed and Green, 1999; Carrier and Lochery, 2013). The entrepreneur immigrants escaping from Somalia in the war time economy arrived to Kenya with ambivalent mistrust over any administrative procedures or public service functions (Webersik, 2006).

## Methods

This paper draws on qualitative and ethnographic field work, conducted at Garissa Livestock market, that started in April 2017 as a reconnaissance, combined with an ethnographic study in July 2017 to the actual field data collection that started in January to June 2018. A corridor approach was used to study the livestock value chain between Kenya and Somalia. Data were collected mainly at Garissa livestock market, located 170 km from the border with Somalia, and a major destination for animals trekking from Southern Somalia and from the surrounding primary and bush markets remotely located at the border lands. Data were also collected at the terminal markets of Nairobi; Dagoreti and Njiru, where transporters from Garissa market supply livestock using short and long trucks on weekly basis. These markets also supply the consumer hub like Burma beef market close to Eastleigh. Garissa served as the head-quarter of the former North Eastern Province defined after Kenya gained independence from the British Colony. A total of 46 interviews and 7 Focus Groups Discussions (FGDs) were conducted along the Somali-Kenya trade corridor with majority done at Garissa market; with livestock male traders, trekkers, brokers (dilaal), female traders, transporters, representatives from formal and informal association, State officials in the ministry of livestock and veterinary departments. Data collection and typing at Garissa and Nairobi Counties took seven months in total with one additional month of typing field notes. Three round trips between Garissa and Nairobi were made involving following animals to the destined markets.

## Results and Discussion

**Livestock value chains governance.** According to the analytical study on trade networks and the practical norms of taxation at a border crossing between South Sudan and Northern Uganda, the two trade networks were distinguished as networks of accumulation and networks of survival, (Twijnstra *et al.*, 2014). In Somalia-Kenya trade corridor, the local value chain network deals with mainly small stocks and is dominated by widows and divorced women which defines it as a network of subsistence. This value chain network is characterized by few nodes and links. It starts at the village or bush markets in Southern Somalia or surrounding Garissa and culminates in the abattoir, meat kiosks and restaurants within Garissa County. The scope and strength of the cultural norms within the local value chain network has low influence in negotiating Statehood as evidently observed in the limited connection and lack of power and capacity to interrogate the significance of State functions like taxation and compliance to other formal procedures. This phenomena presents a weak or unstable informal State within a State, as evidence of instability is seen in the scope of its operations, the amount of profit margins, in the number of actors involved, in the volumes of animals traded and the wealth accumulation pattern by majority of its traders. This network has actors that accumulate small or medium profits, and most traders evade taxation and any bureaucratic process. Somalis make the highest percentage ethnically but with heterogeneous clan origin. Most of such local networks are characterized by desperation and non-commercial histories (Twijnstra *et al.*, 2014).

**Commercial export value chain.** The export value chain described as the networks of accumulation is shaped by cultural and historic factors of accumulating capital through structural reinvestment (Twiijnstra *et al.*, 2014). The export channel is characterized by resilience against any malfeasant activities including multiple informal taxation, which is absorbed by high volumes of animals traded and the large profit margins accumulated per week. In the export value chain dominated by powerful actors, the nature of negotiations of informal taxes at the border hubs, checkpoints and other arbitrary sites of exchanging livestock, or other values, by State officials and traders are anchored on the political, administrative and traditional institutional contexts and their embeddedness in the strong clan connections dominant in Somali society. Hassan, who is 10 years in livestock brokerage, states that 'there are 4 to 5 networks of international exporters that purchase animals directly from Southern Somalia and bypass Garissa middlemen to the export channels, they are very powerful wealthy traders related to the political leaders and engage in large scale operations above the influence of the local County administration.'

**Practical norms.** Any form of analysis, be it qualitative or quantitative, and whether applied in part or whole of the recorded observations, and whether discussed at the nodes or the links, will distinguish the two networks of accumulation; the local and the extended/export value chain, with diverse specialized traders and service providers, whose interactions and actions, whether for or against, provoke elements of bottom up State building initiative. Literature on public service and administrations in various parts of Africa reveal the large rift existing between formal norms and the real practices of State officials (de Sardan, 2015). For example the County Government of Garissa has set the tax fee for big stock at Kshs. 10 per head and that of small stock at Kshs. 5 per head but instead the revenue officers collect Kshs. 180 and Kshs. 50 respectively, making daily taxation of livestock at Garissa market 20 times or more, higher than standard amounts. Such cases depict evidence of divergence between norms and practices in which livestock traders on daily basis endure and adjust to such daily market malpractice to ensure animals reach terminal markets. This behavioural departure from the official culture is also responsible for defining traders according to those operating in the local and export value chains. Most livestock exporters are resilient due to their high level of operations, as they are able to absorb risks arising from the divergence between the official and the real functions of public institutions (de Sardan, 2015). Resilient traders can accommodate this malpractice no matter the scale and nature of its exploitation.

## **Conclusion**

Efforts to reduce the drifting of State functions and ensure the practices of State officers conform to the professional norms or as per the code of conducts prescribed in their job descriptions has not been successful, and both actors and service providers tend constitute a different form of order that seems to work for them. Regulations that should govern formal taxation and its functions are heavily ignored in the way State officials collect, document and utilize the larger part of the revenue collected from the livestock trading at Garissa County. How everyone survives or accumulates wealth along this transboundary trade corridor depicts the nature of emerging 'practical norms' that govern the behaviour of revenue officials and the choice of value chain network and actors eligible for taxation.

## **Recommendation**

Policy reforms on trade and transport sectors should re-look at the present practical norms to inform future pursuit of regional and international business integration in the Horn of Africa to optimize market performance.

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