



Greater Kapoeta Market Assessment

Kapoeta South County, Eastern Equatoria State, South Sudan, February 2020

Introduction

As cash is increasingly considered as a delivery modality in the South Sudan response, there is a growing need for humanitarian organizations and decision makers to understand market dynamics. As an area of limited agricultural production traditionally dominated by cattle and livestock rearing, populations are dependent upon markets for a variety of goods. However, little is known about market structures in Greater Kapoeta.

To fill this information gap, REACH carried out a market assessment in Kapoeta Town, Kapoeta South county which consisted of two focus group discussions (FGDs) with trade unions, three FGDs with consumers, as well as direct observation and six additional qualitative key informant (KI) interviews with traders. This location was chosen given its importance to the overall market system in the region, as well as to reflect market access dynamics throughout Greater Kapoeta. Primary data collection took place from 5 to 8 February 2020.

Key Findings

- **Due to limited local agricultural production in Greater Kapoeta**, the marketplace in Kapoeta town is predominantly supplied by road from Kenya via Nadapal (Kapoeta East) and from Uganda via Tsertanya (Ikotos). A small group of traders reportedly prefer to resupply from Juba via Torit town (Torit).
- According to traders and importers, **lack of access to foreign currency, depreciation of the South Sudanese pound, bad roads in both dry and wet seasons, and insecurity along supply routes and taxation** are major challenges in re-supplying goods.
- **Kapoeta town marketplace supplies a variety of items ranging from basic goods** (like maize grain) to smartphones. Mobile traders and other smaller traders also obtain basic goods in Kapoeta town to supply to rural satellite markets in Greater Kapoeta.
- Commodity prices in Kapoeta Town are driven by transportation, taxation, as well as the availability and exchange rate of the United States Dollar (USD).
- **The local population has little access to income-generating activities outside of livestock rearing.** Due to the wide availability and ownership of cattle in Greater Kapoeta, many households' primary income generating activity is selling cattle.

Context and Background

Greater Kapoeta is made up of four adjacent counties: Kapoeta North, Kapoeta South, Kapoeta East and Budi. With the exception of Budi, the terrain in Greater Kapoeta is mostly semi-arid, resulting in limited agricultural productivity across the region.¹ While communities in Greater Kapoeta reportedly engage in small-scale subsistence farming of sorghum, they primarily rely on livestock rearing for food and income generation.

Kapoeta town is the largest population centre in the region and the town is situated on the eastern bank of the seasonal Singata river in Kapoeta South county. Because of the proximity and relative ease of access to major supply markets in Kenya and Uganda, roads from these countries reportedly serve as the main supply routes. Access to these roads is frequently interrupted during the wet season, as they get flooded and muddy, restricting the mobility of trucks transporting goods.

Regional Structure

Greater Kapoeta has a relatively low number of marketplaces, and these markets are reportedly situated in areas of higher population concentration. In total, REACH mapped 11 marketplaces throughout the region through KI interviews (See Map 1). Kapoeta town marketplace is the primary and largest market in Greater Kapoeta and supplies smaller satellite markets throughout the area. Most goods reportedly pass through Kapoeta town, and are then redistributed via land routes throughout Greater Kapoeta.

Supply routes

Goods arrive at marketplaces in Greater Kapoeta via three distinct routes. The most important supply routes in terms of volume are 1) Kampala (Uganda) to Kapoeta town, 2) Kitale (Kenya) to Kapoeta town, 3) Juba to Kapoeta town via Torit.

Kampala (Uganda) Supply

Most traders in Greater Kapoeta reportedly move goods along the 700-kilometre-long Kampala route as it is often the only feasible option in terms of both costs and security. As a result, the majority of food and non-food items (NFIs) in Kapoeta marketplace come from Kampala, Uganda. The trucks cross the border between South Sudan and Uganda near Tsertanya town, then drive through Ikotos town to the main road connecting Torit town and Kapoeta town. They pass through Napak (Camp 15), before finally arriving in Kapoeta town where the goods are offloaded.

FGD participants and KIs reported that poor road conditions, insecurity along the route, and mandatory hiring of security to escort trucks (as required by authorities) are some of the challenges along this supply route. According to FGD participants, supplies are stolen if no security forces are present. Local authorities reportedly assign security personnel to escort these trucks, which adds to the transportation costs.

¹ FEWS NET, Livelihoods Zone Map and Descriptions for the Republic of South Sudan (Updated), August 2018.

KIs also reported that various checkpoints are present along this route, which charge a fee for each truck in line with the type of goods it carries. According to one KI, certain goods such as cigarettes incur a higher rate of taxation. Road conditions along this route are poor and worsen during the wet season, when large trucks often get stuck. However, despite all of the challenges, the Kampala route is reportedly used year-round, with one KI reporting that it takes two weeks of traveling along the route to reach Kapoeta from Kampala in the wet season, and one week in the dry season. See Figure 3 for a breakdown of costs associated with transporting a 35-tonne lorry (the usual size) along the Kampala route as identified by FGD participants.

Map 1: Marketplaces in Greater Kapoeta mapped by REACH

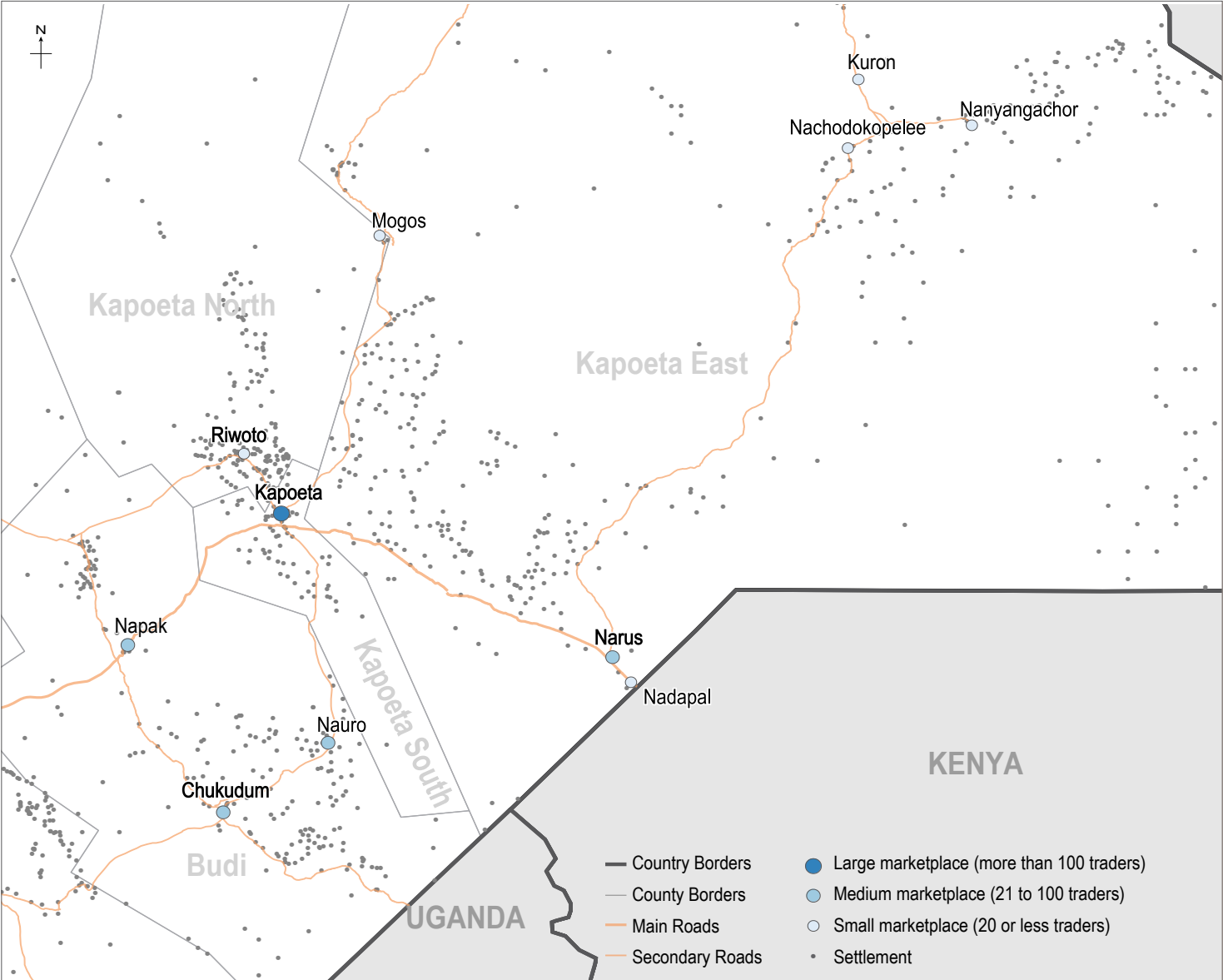


Figure 1: Seasonal Calendar of Supply Routes

Supply route	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Kampala route	✓	✓	✓	✓	✓	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	✓
Kenya route	✓	✓	✓	✓	✓	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	✓
Juba route	✓	✓	✓	✓	✓	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	✓

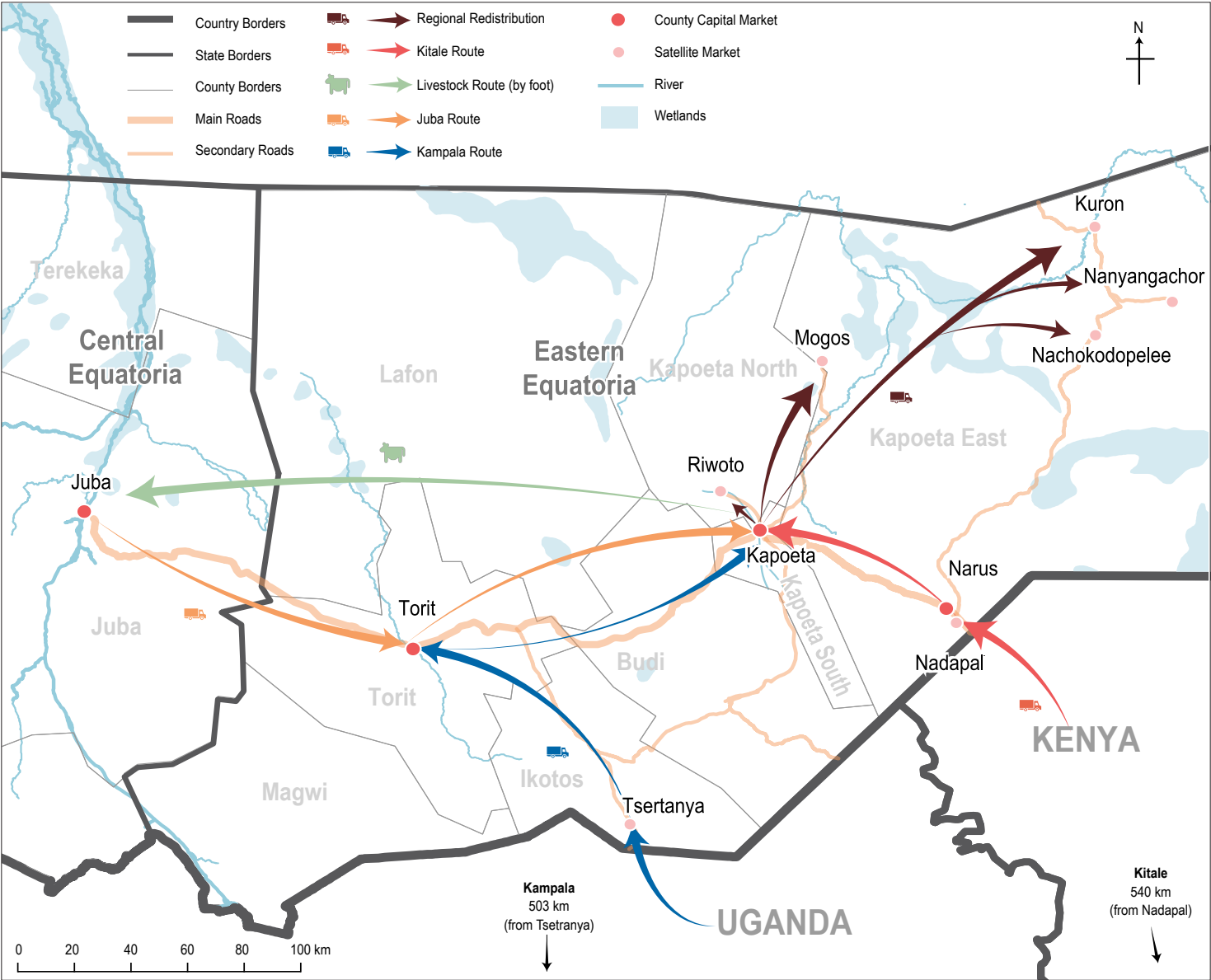
✓ : open normally (✓) : open irregularly * : closed

Kitale (Kenya) Supply

This is the second most important supply route used by traders in Greater Kapoeta. Its route stretches approximately 600 kilometres from Kitale in Kenya through the South Sudanese border town of Nadapal to Kapoeta town. KIs reported that this route is used by retail traders dealing in both food and non-food items.

FGD participants reported that the main challenges along this route are bad road conditions, insecurity, and taxation by both the

Map 2: Supply and Cattle Routes



Kenyan and the South Sudanese authorities. The road conditions worsen during the wet season as roads become flooded and muddy. Thus, goods take longer to arrive compared to the dry season. Additionally, KIs reported that a number of checkpoints are present along this route. Nonetheless, the Kitale supply route is used all year long and it reportedly takes five days to reach Kapoeta on this route in the dry season. See Figure 3 for a breakdown of costs associated with transporting a 30-tonne lorry (usual size) along the Kitale route as identified by FGD participants.

Juba (South Sudan) Supply

Another less important supply route extends from Juba to Kapoeta via Torit, stretching over roughly 260 kilometers. FGD participants reported that road conditions, insecurity, and mandatory hiring of security personnel to escort trucks from Torit to Kapoeta were the most common challenges associated with this route. During the wet

season, this route reportedly becomes flooded and impassable. Additionally, numerous checkpoints are mounted along this supply route and trucks are charged a fee that varies depending on the type of goods they carry. See Figure 3 for a breakdown of costs associated with transporting a 15-tonne lorry (usual size) along the Kitale route, as identified by FGD participants.

Kampala vs. Kitale route

Whichever supply route is preferred by traders in Greater Kapoeta depends on their geographic location and desired goods. Traders in the counties of Budi, Kapoeta South, and Kapoeta North prefer to resupply through the Kampala route while traders in Kapoeta East prefer to resupply through the Kitale route. Goods typically imported from Kenya include wheat, maize, and clothes. Ugandan goods imported through Ikotos include cooking oil, rice, soap, biscuits, sugar, sorghum, soft drinks and beer. In addition to the

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Figure 2: Cost per metric tonne (in USD)

Supply route	Dry Season	Wet Season
Kampala route	118	132
Kenya route	110	126
Juba route	135	168

choice of goods, road conditions are a factor in the selection of routes. The route through Ikotos from Uganda, which also forms part of the Juba supply route, is considered the most difficult to travel on in the wet season. By metric tonne, the Kampala route is the cheapest in terms of transportation costs, followed by the Kitale and Juba routes as identified by KIs (see Figure 2).

Supply routes to smaller markets from Kapoeta town

While most medium and large-scale traders in Greater Kapoeta restock directly from Uganda, Kenya and Juba, small traders from various satellite markets in Greater Kapoeta largely derive their supplies from wholesalers in Kapoeta town marketplace. They reportedly transport their goods to the satellite markets using bicycles, motorcycles and sometimes four-wheel drive vehicles. Delivery of goods to satellite markets decreases significantly during the wet season due to flooding and muddy roads, suggesting that households in these areas are vulnerable to having limited goods available for purchase during this period.

Availability

Reflecting its function as a redistribution center and its proximity to the Kenyan and Ugandan borders, a relatively large variety of items are sold at the Kapoeta town marketplace. However while there are diverse goods available, they are reportedly limited in supply.

The most commonly sold items are maize flour, rice, lentils, empty jerry cans, and soap. A limited variety of fruits and vegetables can be found in the market in small quantities. These include onions and tomatoes, as well as bananas and oranges. Additionally, traders reportedly sell clothes, mobile phones, beer, and other non-essential items. Almost all items sold in the market are imported, the exceptions being charcoal, small amounts of sorghum grain and livestock. Due to the proximity of the livestock market to Kapoeta town marketplace, livestock and livestock products are also readily available in Kapoeta town marketplace.

Figure 3: Cost per one lorry to Kapoeta town via Kampala, Kitale and Juba as reported by KIs (checkpoints excluded)

Kampala Route	
35 tonne truck (usual size)	
Dry season	Wet season
Transport costs (driver and truck)	Transport costs (driver and truck)
3,500 USD	4,000 USD
+	+
Border tax (South Sudan)	Border tax (South Sudan)
600 USD	600 USD
+	+
Security personnel	Security personnel
31 USD*	31 USD*
Total costs	Total costs
<u>4,131 USD</u>	<u>4,631 USD</u>
Kitale Route	
30 tonne truck (usual size)	
Dry season	Wet season
Transport costs (driver and truck)	Transport costs (driver and truck)
2,500 USD	3,000 USD
+	+
Border tax (Kenya)	Border tax (Kenya)
500 USD	500 USD
+	+
Border tax (South Sudan)	Border tax (South Sudan)
300 USD	300 USD
Total costs	Total costs
<u>3,300 USD</u>	<u>3,800 USD</u>
Juba Route	
15 tonne truck (usual size)	
Dry season	Wet season
Transport costs (driver and truck)	Transport costs (driver and truck)
2,000 USD	2,500 USD
+	+
Security personnel	Security personnel
31 USD	31 USD
Total costs	Total costs
<u>2,031 USD</u>	<u>2,531 USD</u>

*This figure was calculated using the parallel market rate of 330 SSP to 1 USD as recorded in Kapoeta town in February 2020.

Figure 5: Most Commonly Bought Food and Non-food Items



Prices

Prices in Greater Kapoeta are highly driven by the challenges faced by traders in supplying goods. As such, transportation costs, taxation, and security-related costs such as protection charges and losses due to robberies along supply routes all affect prices in Kapoeta town market. Additionally, prices of goods are often affected by the depreciation of the South Sudanese Pound (SSP) vis-à-vis the US Dollar (USD, which is crucial for sourcing goods from outside South Sudan. Apart from these constraints, traders in the Kapoeta town marketplace reported that they were free to set the prices they charged for their goods.

Demand side

Access to cash

Greater Kapoeta largely falls within the southeastern semi-arid pastoral livelihood zone, which is defined by high levels of engagement in livestock rearing and limited agricultural productivity. Thus, the majority of the population is dependent on markets for staples throughout the year. During the dry season, residents most commonly buy maize flour and salt, while they most commonly traded foods during the rainy season are maize flour and cooking oil. FGD participants reported that the most commonly purchased non-food items are soap, jerry cans, and buckets. During the wet season, this also includes plastic sheets.

Apart from livestock rearing, the local population reportedly engages in a variety of activities to buy goods in the market. These activities include the sale of sorghum, firewood and construction materials. Even though some households engage in crop farming, the produce is mainly used to meet their own needs. Crop production and wild food gathering were reportedly negatively affected by irregular rainfall in 2019, which caused households to be more dependent on markets at the time of the assessment.

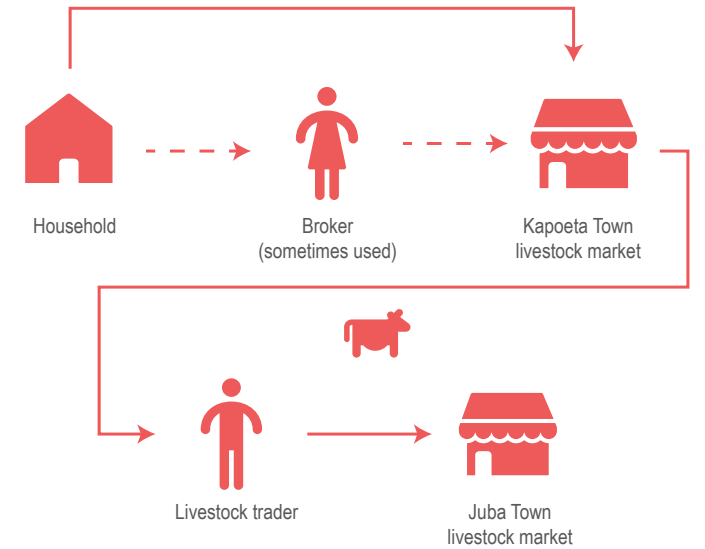
Cattle for cash

Since livelihoods in Greater Kapoeta mostly center around livestock rearing, salaried employment and casual labor are reportedly uncommon, with the majority of costumers at the Kapoeta marketplace using cash generated from livestock sales instead. While sales of chickens and goats are reportedly also common, the sale of cattle is the most important means to generate cash and purchase goods in the market. Cattle sales are reportedly made on the basis of need, meaning that cattle are sold by households when the need to make certain purchases arises, for instance during the lean season to buy food, or for medical expenses.

Kapoeta town market typically includes a livestock market, where households who own livestock sell cattle, goats, sheep and poultry. Cattle sales are made on a daily basis and sales reportedly peak during the lean season, as households sell livestock in order to buy food. While some households sell directly to traders, occasionally brokers act as a go-between for households and larger cattle traders. Traders and brokers reportedly either buy cattle at the market or meet households halfway to collect the cattle.

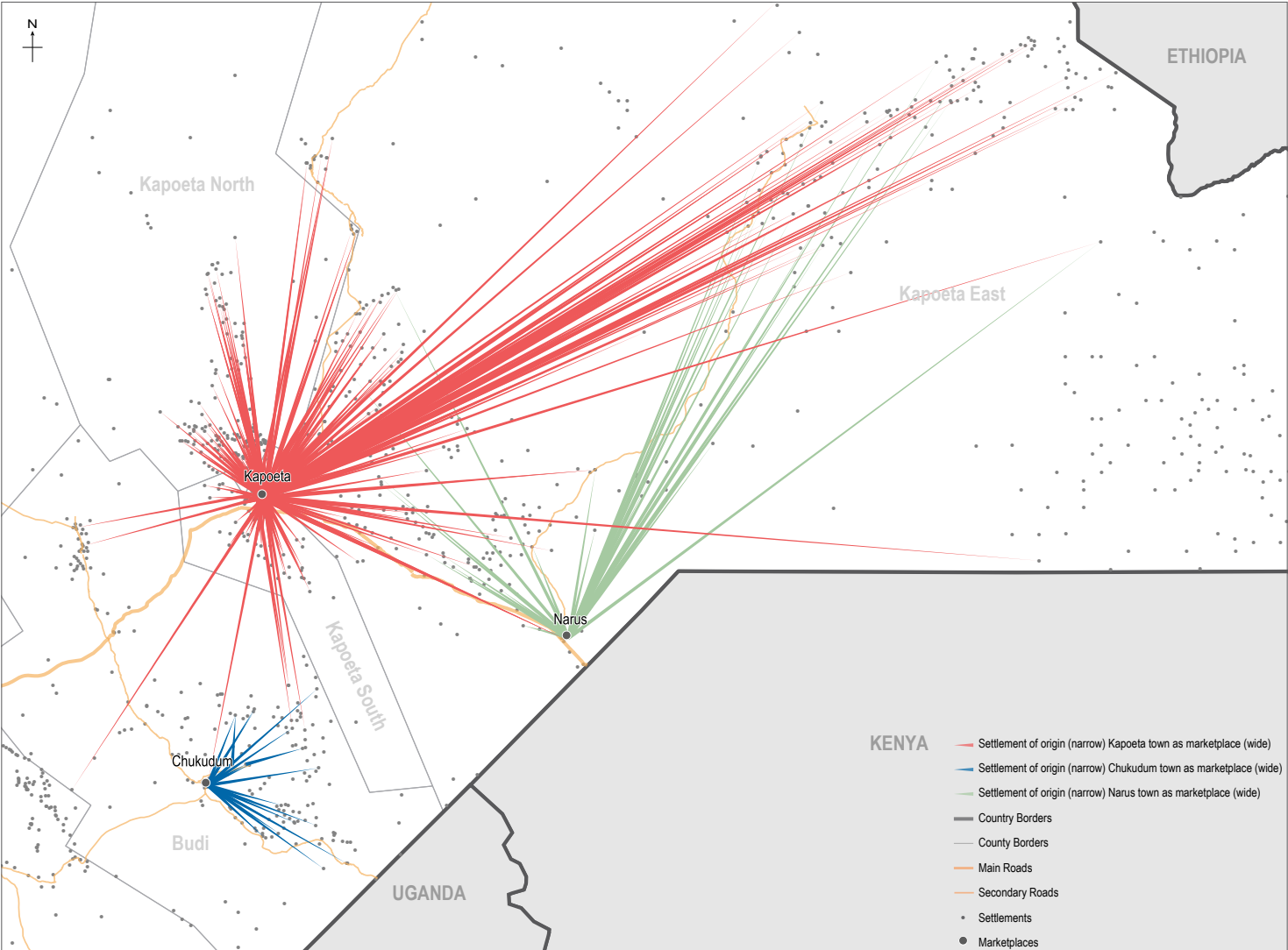
Some livestock traders who purchase cattle directly from the livestock market in Kapoeta town may sell them to consumers in

Figure 4: Movement of cattle from households to Juba livestock markets



³ Area of Knowledge (AoK) is a REACH project collecting data on a monthly basis with the aim of monitoring the humanitarian situation in South Sudan. Data was collected in February 2020 from key informants in Kapoeta town with recent information on settlements in Kapoeta South, Kapoeta East, Kapotea North and Budi counties. The AoK terms of reference can be accessed [online](#).

Map 3: Marketplace Connections (NFIs)*



*Only the most common connections are noted on this map

Juba, where they can reportedly achieve much higher profit margins than in Greater Kapoeta, however reportedly not all traders can afford the transportation costs and risk associated with transporting the cattle to the capital. Traders who sell cattle in Juba reportedly travel by foot, combining different groups of cattle into larger herds and hiring armed protection to deter cattle raiding. According to traders, cattle are taxed at 1000 SSP per head at checkpoints on the way to Juba, and the hiring of a single soldier for protection for the duration of the trip from Kapoeta town costs 5000 SSP.

Access to marketplaces

According to REACH Area of Knowledge (AoK)³ data from February 2020, 89% of assessed settlements in Greater Kapoeta reportedly

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have access to a functional market within walking distance, with residents in 50% of these settlements reportedly able to access their preferred market for cereals in two hours or less. However, for 29% of these settlements a return market trip takes at least four hours and can last multiple days.

These long travel times are reportedly the result of limited availability within rural markets. KIs reported that, although some basic items are sold in the small satellite markets across Greater Kapoeta, these markets generally have a limited variety of goods available. Therefore, individuals are reportedly forced to travel to the marketplace in Kapoeta town for those goods that are not available in the small satellite markets. The long travel time impacts access to Kapoeta town marketplace, with KIs reporting that the frequency of market trips is mainly influenced by the distance people need to travel.

Map 3 illustrates the population of Greater Kapoeta's movements to marketplaces to buy NFIs. Assessed settlements are connected

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to the marketplaces that residents visit, based on REACH's AoK data from March 2019 to February 2020.⁴ The lines change in width from narrow to wide in order to indicate the direction of the connection. The number of lines that converge on a specific marketplace indicates how many settlements depend on it, as well as the area that it supplies. The map indicates that the vast majority of settlements depend on the main market in Kapoeta town or county capital markets in Narus and Chukudum for most basic commodities, instead of satellite markets. This highlights the importance of Kapoeta as a center of resources and a place of contact between communities across Greater Kapoeta.

FGD participants reported that common access challenges for consumers include long distances to the marketplace, robberies, wild animal attacks, and violence against women and girls. They also noted that women tend to travel to markets more frequently than men.

Conclusion

Because of the predominantly pastoralist nature of communities in Greater Kapoeta, markets play a critical role in supplying basic commodities to households. Despite the reported challenges, traders in Greater Kapoeta demonstrate a high degree of resilience and manage to supply basic goods even to rural marketplaces.

Notwithstanding the relatively low level of market functionality across marketplaces in Greater Kapoeta, humanitarian organisations could utilise local markets for aid delivery, particularly in the urban centres of Greater Kapoeta, which host most functional marketplaces in the region. Since most consumers converge in Kapoeta Town market, this marketplace could be used to target communities from all over Greater Kapoeta. However, humanitarian actors would need to consider and mitigate against the protection concerns associated with travelling long distances.

The most imminent market barriers are driven by challenges on the supply side, as local production of goods is limited and import supply routes are affected by insecurity and poor infrastructure. It is not clear whether cash programming would have a positive effect on market dynamics, as the key type of capital, cattle, is available to most households in Greater Kapoeta because pastoralism is the main source of livelihood. However, cash programming could be useful as a safety net in times of shocks to livestock-based livelihoods, such as large-scale livestock disease outbreaks, as the local population does not practice cultivation on a sufficient scale to cope with such a crisis. Cash programming could also target households with no or limited cattle holdings, as they are likely to have lower income generating opportunities due to the reportedly limited alternatives outside of livestock rearing for income generation in Greater Kapoeta.

⁴ REACH Area of Knowledge (AoK), March 2019 - February 2020. The AoK terms of reference can be accessed [online](#).

About REACH Initiative

REACH Initiative facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT).

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