

Mpondwe Market: Uganda-DRC Border

1. Description of the market

Location of the market: Mpondwe cross-border market is located in Kasese district, Uganda, along the Uganda-Democratic Republic of Congo (DRC) border. It is about 59 kilometers from Kasese town in western Uganda. River Mpondwe acts as the physical barrier between Uganda and DRC. Other cross-border markets near Mpondwe include Kisenyi, Kitoma, Kabuyiri and Kamukumbi.

Market infrastructure: Mpondwe is served with a tarmac road (the Kikorongo-Bwera road) and good telecommunication facilities. The Uganda shillings, US Dollars and Congolese Francs are used as medium of exchange at the border and money conversion is done by the informal money changers.

The financial services at Mpondwe market are accessed in Bwera and Kasese towns that are 10 and 59 kilometers away respectively. Government institutions like customs, immigration and police are available while the customs post on the DRC side is located at Kasindi, about 5 Km away. During market days, goods are off loaded directly from Ugandan trucks onto Congolese trucks, without necessarily being stored at the market. However, the market is served with four stores, each with a capacity of about 20 MT.

Market days and hours of operation: The market for food and manufactured commodities operates on Mondays, Tuesdays, Thursdays and Fridays, with different commodities being traded on different days. For example, wholesaling of fish is done on Mondays and Thursdays, while the bulk of trade in all commodities is done on Tuesdays and Fridays. However, livestock is traded daily. Trading starts at about 7 am and ends at about 7 pm, except on Mondays and Thursdays where it starts at 9 am and ends at 6 pm.

Importance of the market to food security: Mpondwe market is a source of income to informal traders, most of whom are women. The market is also an important outlet for local farmers to sell their produce (livestock, cassava and beans) and purchase other food commodities (sugar, cooking oil) and other non-food items. In addition, increased urbanization has led to more people being dependent on this market for food and employment.

2. Commodities traded in the market

Table 1 summarizes the main food and livestock commodities traded in the market. Fish is the main commodity traded in this market. Other minor food commodities include beans, maize, groundnuts, tomatoes, bananas (Plantain or *Gonja*), cabbages and onions. Fish comprises of both the salted and smoked types. Cassava is differentiated into chips and flour. The main livestock include cattle and goats. Besides the food commodities and livestock, the market is also an important transit point for manufactured products and petroleum products.

Figure 1. Mpondwe-Lhubiriha market catchment area

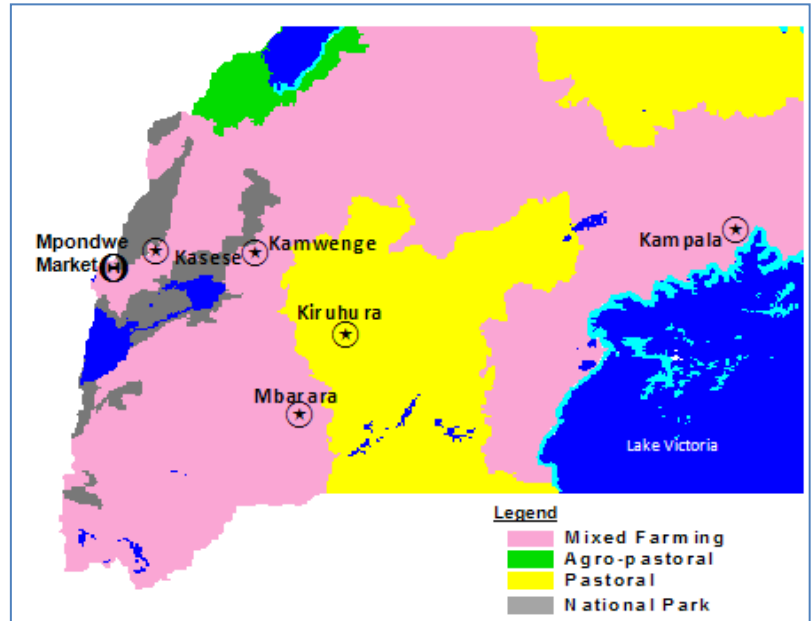


Table 1: Types and number of traders dealing in food commodities and livestock

Main Commodity	Type of trader			
	Wholesaler	Retailer	Brokers	Transporters
Fish	50	80	100	200
Cassava chips, beans, rice and maize flour	6	30	4	100
Cattle	20	-	15	10

Trade in food commodities is largely informal while that of manufactured commodities is formal. The food commodities are bought from source markets and transported to Mpondwe by Ugandan wholesalers (using services of transporters), who then sell to DRC wholesalers. Transactions between the two wholesalers are facilitated by brokers. More often than not, during this exchange, the commodities (especially fish, and processed food and other manufactured products) are not stored at Mpondwe, but unloaded from the sellers' lorry and directly loaded to that of a buyer at the border (Figure 2). Besides selling to DRC wholesalers, the Ugandan wholesalers also sell to retailers in Mpondwe, who in turn sell to consumers. The Retailers also engage in cross-border trade of small volumes of food commodities that are transported across the border using bicycles, carts or carried on the head. Livestock trade is between Ugandan traders and those from DRC. Livestock exchange is facilitated through brokers.

The role of brokers varies from one commodity to another. In fish trade, Ugandan wholesalers rarely negotiate with the buyers from DRC. Brokers not only find buyers from DRC but also negotiate with these buyers to determine the selling price. The price information is thus asymmetrical in favor of the brokers. For other commodities (cereals and pulses), brokers do not wield as much power and their business is limited to only linking a buyer to a seller.

3. Commodity distribution system

Figure 3 summarizes the trade flow for food commodities and livestock respectively. The main sources of agricultural commodities are villages outside the district, followed by other villages within the district with the least amounts coming from Mpondwe/Bwera/Kamwenge area. These commodities are transported across the border to various towns in DRC.

Key source markets for fish are Kasesero, Kalangala and Entebbe on Lake Victoria, Lakes George, Edward and Kyoga in Uganda while the main destination markets are Beni, Wicha, Butembo, Kisangani and Kinshasa in DRC through Mpondwe. For cattle, main source markets are Kiruhura, Mbarara, Ntungamo and Rwebisengo; while destination markets are mainly Beni, Butembo, Wicha in DRC.

On average about 500 heads of cattle and 200 heads of goats are traded along the border every month, with peaks of 900 and 700 respectively observed between the months of September, November, December and March. Cross-border volumes are lowest in May, June and July (where volumes of about 500 cattle and 200 goats are recorded). The peak livestock demand is driven by crop harvest and festive periods. Livestock bought by DRC traders in Mpondwe is transported on foot by trekkers hired by these traders. It takes about 4 days to trek from Mpondwe to Butembo. The costs incurred in this cross-border movement include official and unofficial taxes.

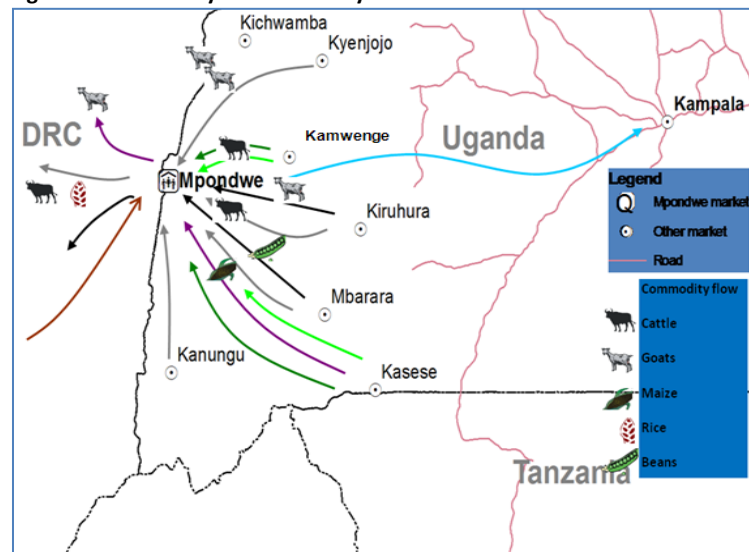
It is estimated that about 8,000Mt of fish, 150Mt of bananas, 156Mt of beans, 8 Mt of maize and 3,000Mt of other assorted processed food products are traded across the border every year. It is apparent that fish dominates cross-border trade at Mpondwe, explaining why the market is at times referred to as the fish market. Besides these food products, about 175,000Mt of assorted industrial and petroleum products are also traded across this market, most of which move from Uganda to DRC.

Figure 2: Wholesale traders loading commodities from one lorry to another before crossing the border



Source: UBOS

Figure 3: Commodity distribution system



4. Seasonal variation in market supply and prices

Table 3 summarizes the seasonal availability of the main food commodities. There is seasonal variation in terms of supply for most of the commodities. The supply of the food commodities (maize, cassava, rice, beans, and ground nuts) coincides with harvesting season, where there are two seasons with harvesting in December to January and July to September. On the other hand, fish supplies are available throughout the year,

although there are more supplies during the rainy months. Cassava flour is the main staple for the communities residing close to the market. These households produce maize for sale to purchase cassava.

5. Shocks/constraints to the market

There no major shocks to cross-border trade in Mpondwe. However, there are several constraints that limit efficient trade across this border point. Most of the constraints relate to fish which is the most traded commodity in the market. Some of the constraints include:

Poor market infrastructures: There are limited trading shades/stalls and storage facilities at the market and most transactions are done on the ground in open air, exposing the commodities to weather vagrancies. This limits the volumes of commodities transacted by traders (wholesalers) and reduces the quality of some of the products. Recent efforts to improve the market facilities through construction of modern cross-border market have been hampered by land wrangles over the proposed market site. Besides, while trade is transacted in three currencies (the Uganda shillings, US Dollars and Congolese Francs) there are no regulated official financial services at the border. Currency conversion is done by the informal money changers, who at times exploit the traders.

Lack of access to market information among fish wholesale traders: There is concentration of power around the brokers (commission agents) in the fish market. Fish wholesale traders from the Ugandan side of the border do not negotiate with the wholesale buyers from DRC. Market information is hence asymmetrical in favor of the brokers, who through the commission they receive, reduce the profit margin accruing to both the buyers and sellers. The perishable nature of fish, and the lack of storage facilities has entrenched the exploitative brokerage institution in fish trade at Mpondwe market.

High taxes and cross-border transactional charges: There are high taxes on both side of the market for the same consignment of commodities which increases the final price of the commodity and affects demand. Table 4 above summarizes some of the taxes levied on cereals and pulses

Table 3: Seasonal variation per commodity supplied in the market in a normal year

Commodity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maize	A	A	S	S	S	S	A	A	A	A	S	A
Beans	A	S	S	S	S	A	A	A	S	S	A	A
Maize flour	A	A	S	S	S	S	A	A	A	A	A	A
Cassava chips/flour	A	A	S	S	S	A	A	S	S	S	S	A
Rice	A	A	S	S	S	S	A	A	S	S	S	A
Banana (Gonja)	S	A	A	A	S	S	S	A	A	S	S	S
Livestock	S	S	A	S	S	S	S	S	A	A	A	A

(Note A-indicates Abundant, S-Scarce & NA- Not Available)

Table 4: Summary of transactional charges for cereal and pulses traders

Type of cost	Costs (Uganda shillings)
Taxes charged per truck (of about 50 bags of cereals) on the Uganda side	50,000/=
Off-loading (per truck about 50 bags)	30,000/=
Re-packaging costs (per 300 kg)	6,000
Transport by bicycle across border point (per 300 kg)	6,000
Taxes charged on DRC side (per 300 kg)	10,000
Store charge (per 300kg)	5,000