

## HOW AN MSR LENS SHAPED INTERVENTION DESIGN AND ADAPTATION IN NORTHERN KENYA

This case study explores how a USAID-funded program in northern Kenya has used a market systems resilience (MSR) lens to shape how it catalyzes more competitive, inclusive, and resilient livestock market systems that, in turn, strengthen household resilience within a highly vulnerable region. It illustrates how insights from a rapid MSR assessment early in implementation, conducted in two pivotal market towns, allowed a program to better understand what was driving the quality of relationships between market actors and the pace of change. This case explores how the program used these insights to adapt and pivot programming, tailored to the unique dynamics within each geographic area that shaped market behaviors and outcomes. Lastly, this case demonstrates that integrating an MSR lens does not have to be an assessment-heavy task and can happen at any stage of implementation. Programs can practically apply an MSR lens to their work to improve the overall inclusivity and resilience of a market system.

### RESILIENCE AND MARKET SYSTEMS

Resilience is the ability to weather a shock or stress in ways that preserve the well-being of people, households, communities, countries, and systems. It includes a complex set of forces and factors that determine if and how resilience manifests in a given context. *How can development practitioners better understand this complex set of forces and factors to better improve programming and ultimately foster more competitive, inclusive, resilient market systems?* Growing evidence points to MSR as an essential element of economic development and a result of effective market systems development. **MSR is the ability of a market system to respond to and manage shocks and stresses in a way that allows sustainability in the market**



Oldonyiro Livestock Market

Credit: ACDI/VOCA

**system's functioning.** MSR plays an important role in more resilient households and communities. MSR uses a unique analytical framing to interpret and 'make sense' of what is driving MSR, framed through what it tells you about the capacities of the market system, rather than the capacities of households – recognizing that while inter-related, they are distinct. Explored more in the brief and the case from Kenya below, examples of these analytical 'domains' include connectivity and diversity within the system, cooperation, and norms around business strategy. USAID's introductory brief [Demystifying MSR](#) unpacks what it means to apply an MSR lens and practical ways this can support more risk-responsive programming.

**THE LMS CASE** The [Feed the Future Livestock Market Systems \(LMS\) Activity](#), implemented between 2017-2022 in northern Kenya, aims to catalyze the development of more competitive, inclusive, and resilient market systems with a focus on livestock (e.g., goats, shoats, camels, and cattle). From the outset, the LMS team recognized that **market systems play an important role in more resilient households and communities**, by diversifying income opportunities and risk portfolios, improving household nutrition and food security, and supporting sustainable pathways out of poverty. The link between market systems and household level resilience was further reinforced as the region faced recurring drought, conflict between communities, disease, locust infestation, and market volatility, as well as the presence of thriving cartels and corruption within the livestock trade. Combined, this drove LMS to use an MSR lens – including through targeted research – to give them a deeper understanding about how the livestock market system was evolving within two key towns (Isiolo and Oldonyiro) and whether it was likely to become more inclusive, fair, transparent, and growth oriented.<sup>1</sup>



**THE CHALLENGE** The Kenyan towns of Isiolo and Oldonyiro are two key hubs of livestock market activity where LMS worked. While both towns are located within the same county, **Isiolo** is much larger and, as a result, more complex in terms of various social, political, and market forces. Its size and importance as a regional logistics hub would suggest that it had substantial potential for mutual benefit across market actors, should key trading functions within the livestock market system work more transparently, consistently, and fairly. In contrast, **Oldonyiro** is a much more remote and smaller town with a history of conflict between the surrounding pastoralist communities and town center residents.

Initial perceptions were that change in Oldonyiro would be less likely because the communities were more set in their ways, and that Isiolo had much stronger commercial incentives to leverage. However, the reality played out differently than expected. The greater complexity in Isiolo meant LMS took longer to engage, learn, and adapt before it

<sup>1</sup> Resilience capacities tend to have stronger orientation toward identification and mitigation of shock-related risks as a country moves along a path from lower to middle to higher income status. Institutional theory provides a helpful framing of why this is the case, as it relates to how institutions evolve to allow for greater inclusivity that unleashes a society's ability to identify knowable risks and then allocate resources.

was able to catalyze substantial positive change in this location. By contrast, in Oldonyiro, despite the perceived challenges, LMS's efforts to improve the performance of the livestock market gained traction quickly and quite successfully. *What drove these more rapid changes?*



**INSIGHTS FROM APPLYING AN MSR LENS**

To investigate why initial perceptions did not align with realities on the ground and to gain insights into the initial traction from interventions in Oldonyiro, LMS, in conjunction with the USAID/Kenya Mission, conducted a rapid MSR assessment. The assessment took place over three days in 2018 using an initial draft of the USAID MSR Measurement Tool.<sup>2</sup> They utilized a variety of methods including key informant interviews, field observations, and desk research, and participated in several sense-making workshops to interpret findings through the lens of eight MSR domains in the MSR Measurement Framework – four structural (connectivity, diversity, power dynamics, and rule of law) and four behavioral (cooperation, competition, decision-making, and business strategy).<sup>3</sup> Also driving the assessment was LMS's increased focus on strategies to mitigate risks and decrease vulnerabilities for priority populations, including women, youth, people living with disabilities, and other marginalized groups.

The assessment indicated that the **structure** of Oldonyiro's market system—analyzed through qualities such as **connectivity, power dynamics, diversity, and rule of law**—all supported fairer and more transparent market interactions that were leading to more win-win outcomes there.

<sup>2</sup> For samples of similar research tools, refer to Sections V and VI of [USAID's Market Systems Resilience: A Framework for Measurement](#). Additional tools are available at [www.marketlinks.org/msr](http://www.marketlinks.org/msr).

<sup>3</sup> For a discussion of these domains, see [Demystifying MSR: An Introductory Brief](#).

➤ For example, as the figure below illustrates, in Oldonyiro the government utilized information to make decisions based on the benefits that would accrue to their constituents, whereas in Isiolo, decision-making was driven by government officials wanting to maintain control of resources.

There were also differences observed in **behavioral patterns**, which reinforced the structural changes.

➤ For example, Oldonyiro displayed more quality connections among market actors such as pastoralists, town residents, traders, and others, whereas in Isiolo, connections between market actors tended to be more limited and biased to identity groups.

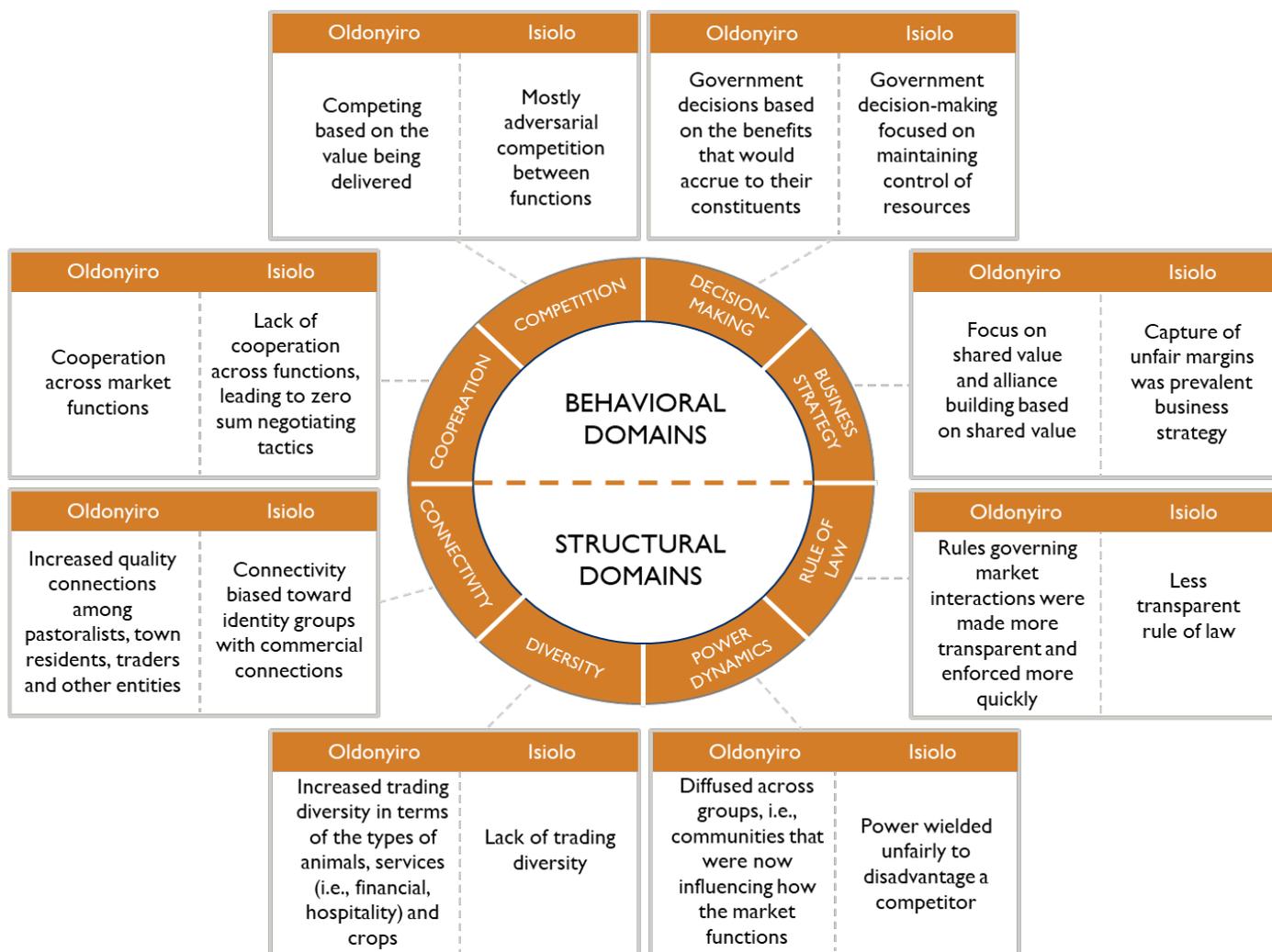
The rapid MSR assessment reinforced emerging lessons from LMS's collaborating, learning, and adapting (CLA) efforts, and they continued to adapt in ways that would catalyze changes in structural and behavioral domains of MSR

and identify areas of the system to effectively leverage change. LMS began focusing on *optimizing power structures, access to information, and social capital* in Oldonyiro.

In Isiolo, the domains of competition and business strategy were important to leverage because, as evidenced in the figure above, there was a prevalence of businesses aiming to capture unfair margins as well as adversarial competition between market actor functions (such as between traders and pastoralists). **These dynamics hinder the ability for the market system to withstand shocks and stresses as the behaviors and relationships are fragmented.** LMS shifted its emphasis from the common focus on business and financial management to a focus on:

➤ *strengthening key institutions*, such as supporting over 25 cooperatives as platforms for marketing livestock and livestock products, providing access to production-enhancing inputs and services, and disseminating market information and financial services.

### What did the Assessment Reveal about MSR? Comparative Insights in Northern Kenya



- facilitating improved business capabilities amongst SMEs and anchor firms through *practical coaching and mentorship* to analyze business needs, with support from a local business and financial management consulting firm, as well as other local business development service providers and local Chambers of Commerce.



By pivoting in these ways, LMS was able to catalyze changes in structural and behavioral domains, including in the more difficult environment of Isiolo and in an environment

of recurring, diverse shocks and stressors. For example, businesses are demonstrating vibrancy and business acumen even in the face of the COVID-19 shock. In Isiolo, an animal feed processor continues to supply feed to over 1,500 farmers and provide training as an embedded service. One animal fattening business registered a 30 percent gross profit. And as of March 2022, Oldonyiro market has grown from a once-a-month activity selling a handful of livestock, to a weekly market, now continuing to provide over 100 villages access to traders who travel long distances from other counties. Further, the number of traders has increased from approximately 20 per market day prior to LMS activities to an average of 175 traders, alongside an increase in the number of livestock traded. Further, a diverse range of goods and services is available, including nutritious fruits and vegetables, school-related resources, and services such as transport. The turnover per market day is estimated to be between KES 7 to 10 million (USD\$70,000 to \$100,000). The vibrant market has also created employment opportunities for youth and women.



## APPLYING TO YOUR CONTEXT

Learning from this case can be applied to development activities in other geographic and market contexts. While LMS had MSR elements integrated early, it is equally possible to realize mid-stream how elements of MSR can support program implementation and learning.

**Programs with the ability to apply an MSR lens or assessment from the outset should consider:**

- **Conducting a full MSR assessment or integrating systemic resilience elements into a market system assessment**, taking the time to better understand how

and why market actors interact, engage with each other, and make business decisions. The MSR framework domains can be very helpful in developing an in-depth understanding of the drivers of business decisions before you begin to design interventions.

- **Testing your hypothesis** by working in small trials and constantly engaging with multiple market actors to assess the influence on market actors in terms of business practices, commercial relationships, competitive landscape, and power dynamics.
- **Grounding interventions** (such as cost sharing with market actors early on to catalyze new behaviors), in **good facilitation practice<sup>4</sup> so behavior change is internalized by the firm**, more effectively signaling to other actors the attractiveness of the new behaviors.

**Programs can integrate an MSR lens midstream by:**

- **Conducting quick internal MSR assessments or integrating MSR thinking into CLA**, such as through pause and reflect processes. Integrating MSR into ongoing activities can be done in ways that align with and often contribute to output targets or spending requirements.
- **Using the MSR framework to provide insights into why market actors are making decisions.** You can then better identify more progressive firms that are already or keen to apply business strategies that better align with systemic change objectives, including resilience.
- **Applying good practice principles from MSD approaches.<sup>5</sup>** Sustainability is rooted in internal system incentives, and if outcomes are dependent on activity resources or influence they are unlikely to be maintained beyond the activity. CLA processes are essential for effective introspection and adaptation.

This case from northern Kenya demonstrates the importance of applying a resilience lens to any market development approach, regardless of where this occurs in a program's timeline. To learn more about other programs utilizing an MSR lens, refer to the [MSR State of the Field Map](#) and additional resources in this series (e.g., briefs, case studies, training tools) available [here](#).

<sup>4</sup> For more, refer to [Market systems facilitation, how good are you?](#) or [The Facilitation Approach at USAID](#).

<sup>5</sup> For more, refer to [A Framework for Inclusive Market System Development](#) (2016) or [Towards Transformational Impact: Synergies of PSE and MSD](#) (2021).