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USAID Nawiri June 2021 Learning Brief: Strengthening market systems to shield community livelihoods from adverse effects of COVID-19



Background: In response to Kenya’s first registered case of Covid-19 in March 2020, the Government of Kenya (GoK) instituted measures including movement restrictions, curfews, and market closures to help in containing the pandemic. While the actions were necessary from a public health perspective, the ensuing disruptions to food and livestock market systems in Samburu and Turkana counties, where USAID Nawiri is implementing a multi-sector initiative to sustainably reduce persistent acute malnutrition, put vulnerable groups at further risk of food insecurity and malnutrition. Leveraging on partners’ core strengths in systems thinking and resilience, USAID Nawiri and county stakeholders implemented, learned from, and adaptively managed a multi-sector response designed to protect nutrition outcomes from the pandemic’s socio-economic effects, while supporting and strengthening local systems and institutions to lay a foundation for a more nutrition-secure future.

USAID Nawiri’s Covid-19 response activities were strategically integrated and layered to support safe, uninterrupted access to essential health and nutrition services, as well as markets for food, essential goods, and income. Key design elements of the food security and livelihoods interventions included co-designing hand-washing stations and working with market committees in central markets to improve hygiene conditions to meet government conditions for re-opening markets, and working with the National Drought Management Authority (NDMA) to enhance market monitoring and information dissemination. The design also leveraged an existing network of 1,494 women-run small businesses in Samburu County, established, mentored, and monitored by USAID Nawiri Consortium member The BOMA Project under its existing implementation of the Rural Entrepreneurship Access Project (REAP), a poverty graduation model tailored to Kenya’s drylands. USAID Nawiri provided each business group--composed of three vulnerable women and mostly dealing in food commodities, essential non-food items, and livestock--with a business continuity grant (BCG) of 12,000 KES (approximately \$120). Activity design was based on the theory that if existing REAP businesses were supported with one-time grants early on in the pandemic, they would be able to withstand the pandemic’s effects. This would protect previous investments and gains in the social and economic inclusion of REAP

“The grant came at the right time when things were opening up, we managed to buy he-goats at affordable prices and resold at higher prices that enabled us distribute profits among us...”- A REAP business group member, Samburu County

businesswomen and their households, while extending protective benefits to the food security and livelihoods of the community at large.

Key Learnings

- An important assumption underlying the design of this component of USAID Nawiri's response was that absent immediate injections of working capital, REAP and other rural small businesses in northern Kenya would collapse under the weight of the pandemic's compounded effects. USAID Nawiri intended to disburse the BCGs as early as June. Unintentional delays due to multiple factors pushed disbursement to November, creating unexpected opportunities, including for learning. Firstly, USAID Nawiri saw that its assumptions about the vulnerability of the REAP businesses were overstated. Monthly monitoring data illustrated that, while in the initial months of the pandemic REAP businesses' performance dipped, by August, most businesses had begun some degree of recovery. Several key program adaptations appear to have been critical to supporting businesses to cope with the rapidly changing, extreme circumstances. These included the maintenance of mentorship to REAP businesses by phone when physical mentorship was not possible and use of Interactive Voice Response (IVR) technology to reinforce key messages around business diversification, savings, and Covid-19 prevention measures. These program adaptations that enabled immediate coping, combined with what turned out to be strategic timing of the disbursements, appear to have played a key role in enabling groups to leverage the cash injections to support recovery and strengthen the resilience of their businesses.
- REAP businesses and associated savings groups provided a source of resilience for the wider community. Pre-crisis efforts to encourage REAP groups to diversify their enterprises beyond retail shops — the most common primary business — to include livestock trade and other small enterprises paid off in unanticipated ways, as did efforts to facilitate market linkages between REAP businesses and other key market actors. When physical marketplaces closed, pre-established relationships with buyers enabled REAP businesswomen to continue the limited local purchase and onward sale of livestock, injecting much-needed income into pastoralist households. This, in turn, enabled these households to purchase food and other essential goods and services--often from REAP retail shops. Prior to Covid-19, some REAP groups had invested in poultry production and the local sale of eggs, a move that may have been key to supporting the livelihood resilience of involved women's households as well as to protecting nutrition outcomes in the wider community. Poultry businesses saw a quicker recovery from the initial Covid-19 shock than other business types, including retail shops and livestock trade, providing USAID Nawiri with valuable insight into what livelihood diversification for nutrition resilience means in the arid lands.
- Distance and cost to reach agents, agent liquidity, mobile network limitations, and literacy limitations have long been common barriers to mobile money usage in northern Kenya. As a result, BOMA has historically relied on cash disbursements to deliver business continuity grants to women entrepreneurs enrolled in REAP. Interestingly, following the disbursement of the BCGs, USAID Nawiri's post-distribution monitoring (PDM) found that a considerable number of women (though still not a majority) would have preferred receiving their grant via mobile money platform, MPESA.
- In the process of engaging market actors to co-design and manage handwashing stations, USAID Nawiri found that limited access to water in markets is a major challenge, not only to proper hand hygiene and market safety during Covid-19, but to uninterrupted, quality service delivery more generally. USAID Nawiri and partners learned that efforts to increase last-mile connectivity to expand water access to unserved and underserved areas must take a systems perspective,

recognizing the critical role water plays in ensuring households have uninterrupted access to essential social services, including through marketplaces.

- USAID Nawiri’s engagement with NDMA to rapidly adapt NDMA’s existing market monitoring system reminded the team that influencing systemic change of government structures takes time. At the same time, the experience highlighted the catalytic role large scale disruptions can play in jump-starting or even accelerating progress towards longer-term, systemic change, including by helping to align the interests and goals of government and partners. Through learning through doing and reflecting together with NDMA along the way, USAID Nawiri gained valuable insights into NDMA’s systems and processes that no traditional capacity assessment could have generated, while sowing the seeds of a transformative partnership.

Applying Learning

Figure 1: Key adaptations and implications

Lesson learned	Adaptation or implication
<p>Building resilience is an ongoing process, and emergency interventions can and should be designed to enhance resilience. Layered with adaptations to the model itself (e.g. virtual mentoring, IVR), and with distribution coinciding with market recovery, BCGs allowed entrepreneurs to further invest in resilience capacities developed prior to the Covid-19 crisis—including but not limited to diversified business portfolios.</p>	<p>Through its “REAP for Nutrition” line of inquiry, USAID Nawiri is using human centered design (HCD) to explore, among other things, how REAP businesses can be leveraged to enhance availability and access to nutritious foods among last-mile communities. Based on learnings from its Covid-19 response, USAID Nawiri has incorporated into the design process, greater attention to the ways in which the REAP model can be adapted and/or complemented to enhance its contribution to resilience at the community level.</p>
<p>Large scale disruptions can have a positive effect on encouraging or energizing behavior change, including in the uptake and use of technology. In the face of Covid-19, communities learned to engage in new ways with the technology they already had, while adopting mobile money in places where “cash was king.”</p>	<p>On the basis of learnings from USAID Nawiri’s PDM of the BCGs, BOMA has adopted mobile money as its transfer mechanism for future REAP grant disbursements, including in its technical assistance partnership with the GOK. The first MPESA disbursements in Samburu County took place successfully in June 2021, with 121 business groups receiving a sum of 1.2 million KES. With a lower cost of delivery than other mechanisms, mobile money enhances cost-effectiveness and therefore scalability of the REAP model.</p>
<p>Strategies to enhance the delivery of essential services in northern Kenya must address water governance and management as a priority. Further, improving household resilience through water means not only enhancing access to water for domestic and productive use, but ensuring that institutions that households rely upon for essential services have the water they need to provide uninterrupted, quality service delivery.</p>	<p>Building from insights gleaned through the Covid-19 response, USAID Nawiri adapted its Water Bottleneck Analysis to give greater attention to understanding barriers and unlocking solutions to improve “water for service delivery” in Samburu and Turkana.</p>

<p>Engaging institutions in experiential learning processes provides an effective alternative to traditional capacity assessments. The shared experience enables mutual understanding and builds trust between partners, while the “learn as you go” approach helps uncover strengths and weaknesses, as well as threats and opportunities to system strengthening and resilience that traditional “outside-in” institutional capacity assessments miss.</p>	<p>The shared experience during the Covid-19 response has deepened USAID Nawiri and NDMA’s collective resolve to continue to work together towards the transformation of a market monitoring system that is adaptive and responsive to the dynamic context. While discussions on the adoption of additional indicators to apply to the drought early warning and food security assessment systems continue, USAID Nawiri is also in the process of formalizing the partnership to address overlapping strategic programming interests with an MoU at the National Level.</p>
<p>By being intentional about integrating participatory, experiential learning processes into emergency response efforts, programs can meet urgent needs more effectively while strengthening a culture and enabling environment for learning.</p>	<p>The capacity for collective learning and action is emerging as among the most essential resilience capacities required for the sustainable reduction in persistent acute malnutrition in Kenya’s dynamic, risk-prone, arid lands, and USAID Nawiri is iterating its Theory of Change accordingly.</p>

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