

MERCY CORPS  
CLIMATE CHANGE, ENVIRONMENT AND  
NATURAL RESOURCE MANAGEMENT  
FISCAL YEAR 2009 SECTOR UPDATE



*Photo: Miguel Samper for Mercy Corps*

### Furthering our Mission

Fiscal Year 2009 was a critical year in mainstreaming climate change and related activities within the agency's programming and in contributing to a wide network of collaborating stakeholders. As a cross cutting agency, Mercy Corps has contributed climate change initiatives to proposals in more than 15 countries across a range of institutional donors and foundations. In our outreach efforts, the "Cool Carbon" ([www.mercycorps.org/coolcarbon](http://www.mercycorps.org/coolcarbon)) campaign gives an environmentally concerned global citizenry the opportunity to offset their carbon emissions by supporting Mercy Corps' carbon capturing development programs. This raises modest but essential startup funds that have launched a stove project in refugee camps in Eastern Democratic Republic of Congo (DRC), funded a biodiesel plant in Bosnia, supports initiatives in urban forestry in Colombia and biodiesel from Yak tallow in Mongolia. The DRC project has gone further; we have commenced our first commercial carbon credit activity, with the potential to raise a total of US\$270,000 to assist some of the world's most vulnerable people. These pilots are all intended to demonstrate how carbon funds can generate new businesses and jobs.

We recognize the scale of climate change challenge can only be addressed in the context of strong partnerships and advocacy. Therefore, as well as our evolving program portfolio, Mercy Corps has contributed to the advancement of global climate change advocacy and outreach, playing roles in advising governmental agencies such as USAID in South and South East Asia and government actors in East Timor. We do this with a range of strong partners including the International Institute for Environment and Development, Rockefeller Foundation, Woodrow Wilson Center, WWF and UNDP. Working with these types of partners, the agency works to harness outcomes of this year's critical climate negotiations in Copenhagen, December 2009. Along with our partners, Mercy Corps wants assistance and economic benefits from climate action to be accessible to the world's most vulnerable communities with the least resilience to climate change impacts.

### Programming Success

Mercy Corps' climate and environment programs contribute to 'climate proofing' our development legacy. In Jakarta, our urban poverty reduction program now works to help communities adapt to increased frequency and severity of flooding impacting hundreds of thousands of people more and more regularly. In South America, we work on environmental justice for forest based communities in Colombia and Guatemala. The programs also seek to exploit carbon funds to address the global problem of energy poverty. In DRC, a project aims at reducing the amount of timber used by refugees for cooking, that in turn reduces the number of wood collecting trips that put women and children at risk of sexual assault and abduction, through use of fuel efficient stoves. Each stove reduces 1.5 tons of Co2 emissions per year. Through helping 20,000 families with stoves we are generating carbon credits that can be sold on the commercial carbon markets. These funds are critical for project support and expansion.

## Positioning with Peers & Donors

The severity and global scope of climate change requires an internationally cohesive response to affect meaningful change; therefore, as an agency striving to catalyze and contribute to this effort, Mercy Corps is expanding its networks of partners and donors to reach strategic goals. We work with them to mainstream climate adaptation and response from a humanitarian and development perspective. We have participated in training USAID staff on best practices in environmental and climate programming, specifically in Asia. We have worked with the Rockefeller Foundation to convene donors and peers in a stakeholder consultation and high-level retreat that focused on the nexus point of climate change in urban contexts. Following this relationship, we now participate in the Foundation's 'Asian Cities Climate Change Resilience Network' as an implementing partner in Indonesia. We have also been an active advisor on the interaction between Disaster Risk Reduction and Climate Change in Emergency Capacity Building network, a global, multi-agency consortium.

As the understanding of climate change and its harmful impacts continues to grow amongst a global citizenry, private donors are increasingly interested to offer fiscal support. We strive to inform and inspire our private donors by offering a means to make a difference. This past year, private donor funds were particularly effective in responding to environmental degradation in the Democratic Republic of Congo and East Timor as well as other less supported, vulnerable countries.

With the experience and knowledge the agency has gathered, and the networks we participate within, Mercy Corps is ready to exploit opportunities anticipated to arise from the forthcoming, critical, climate meeting in Copenhagen, December 2009. This meeting will set up the framework for the post-Kyoto protocol agreements in how the world will address climate change. We will work with partners to help assure that the world's vulnerable communities, who are the least resilient to climate change impacts, will be the best supported.

## Carbon Credit Programming

Using less carbon through improved stove technology and growing trees are two ways that Mercy Corps is helping to both reduce carbon emissions and capture carbon as part of the Goma project in DRC. To capitalize on these carbon offsets by accessing market-based carbon funds, Mercy Corps has partnered with the commercial carbon trader, Carbon Clear. This company acquires funds from organizations and businesses looking to offset their carbon emissions through trade in 'carbon credits' and then inputs the capital into organizations that provide programs and initiatives that reduce and recapture carbon, such as Mercy Corps.

The project works as follows: Carbon Clear provides upfront funding that covers the costs of intensive monitoring and evaluation as well as project quality control. This allows Mercy Corps to gauge the quantity of carbon offsets procured by the program. The carbon offsets for the Goma project are predicted in the following flow diagram:



Carbon credits in Goma

With the carbon offsets generated by the new stove technology, we expect a maximum of \$351,000 from Carbon Clear. This pool of funds is being used in matching grants from UNHCR on a rolling, six month basis, which are then re-allocated to the projects implementation and growth. Although carbon trading in Goma is a risky investment for Climate Clear, if successful, it can potentially sell carbon for \$20 per ton making \$1 million or more in profit.

This is Mercy Corps's first facilitated carbon trade and involved a steep learning curve. Yet the expertise we have built up has generated the potential to lead to far larger and more numerous carbon trading projects in the near future. The ambition is tempered by the knowledge that the carbon markets have been significantly reduced in size during the current financial crisis and uncertainty ahead of the outcome of the Copenhagen, December 2009 climate meetings. The markets do, however, expect to rally once Copenhagen sets the direction of carbon trading, along with policies emerging from individual countries, especially the USA. Mercy Corps will seek to exploit opportunities allowing the markets to benefit the communities we engage across the world.

© 2009 Mercy Corps. All rights reserved.

**You must be the change  
you wish to see in the world.**

~ Gandhi



**Be the change**