

MERCY CORPS' COMPASS

FISCAL YEAR 2020

1. Strategic Framework

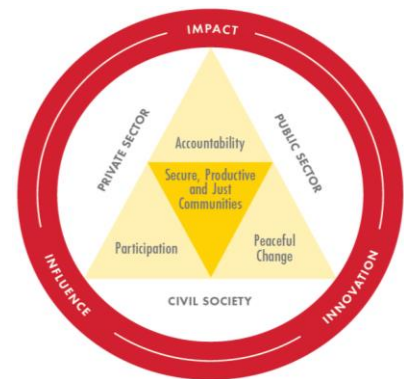
Our Mission

*Mercy Corps exists to alleviate **suffering, poverty and oppression** by helping build **secure, productive and just communities**.*

We partner with communities as they move from a place of **fragility to resilience**, meeting urgent needs while addressing root causes – always powered by the belief that a better world is possible.

Vision for Change

We believe that secure, productive and just communities emerge and endure when the private, public and civil society sectors interact with accountability, inclusive participation and mechanisms for peaceful change. Transformational change occurs through the combination of: programmatic impact; the ability to influence changemakers at local and global levels; and a restlessness to innovate in search of better solutions.



What We Do

Three core strategies guide our work:

- 1) We empower people to find opportunity during times of crisis. In moments of transition – disaster, conflict, political upheaval, economic collapse – the status quo is challenged and windows of opportunity for change emerge. We often enter during a humanitarian crisis, move rapidly to recovery, and then build long-term resilience to recurring shocks and stresses.
- 2) We catalyze locally-owned solutions to address underlying causes of fragility, especially: grievances; weak governance; and, inequitable economic growth.
- 3) We seek breakthrough innovations that transform lives. New technology, business models and creative partnerships provide transformational opportunities for overcoming poverty and suffering. We leverage our robust global program platform to identify breakthrough ideas, test them in the field and take them to scale.

Our Guiding Principles

- We tackle complex challenges by taking an integrated, adaptive, multi-sector approach, understanding that there are no easy or fast fixes.
- We work in partnerships to create sustainable change at scale, knowing no single group can solve the world's toughest challenges alone.
- We believe in evidence and learning. We use data to manage our programs more effectively, understand the impact of our work and influence others.
- We use a gender lens. Understanding the role of gender – especially making the right investments in girls and women – is critical to building strength from within.
- We are inspired by the potential of young people. Deepening our engagement with young women and men acknowledges their current and future roles as drivers of a more stable and resilient future.

2. Global Context

Our world is increasingly complex, multi-faceted and dynamic. Here we examine six overarching mega-trends that shape Mercy Corps' strategy.

I. Tectonic shifts and global turbulence

Overall, we see a time of great transition and turbulence — perhaps a historical inflection point. Political and economic power, primarily centered in the West for the past 200+ years, is shifting east and south. The post-World War II system of international and multi-lateral institutions is under threat, no longer fit for the evolving world. The post-Cold War liberal order seems to be fraying. Great historical transitions can create a more peaceful, prosperous world (e.g. the Renaissance) or a more fragile, fractured and potentially more dangerous world (e.g. great rivalries of the late 19th century).

Closely related is the rise of populist politics, illiberal and authoritarian democracies, and transactional global relationships. Notions of the “international community,” of a “global consensus”, of “collective responsibility and burden-sharing” based on shared values and norms are being challenged and strained. The space for independent civil society is shrinking.

While 193 countries adopted the [Sustainable Development Goals](#) (SDGs), a collective vision for transforming our world, these tectonic transitions and global turbulence pose great risks for achieving the aspirations of the SDGs. Our work is both more urgent and more relevant than ever in the face of these trends.

II. Fragile countries and complex crises

Associated with this turbulence is an increase in the number of fragile countries and contexts — driven by a confluence of conflict, corruption, poor governance, and climate change. Extreme poverty, often accompanied by hunger and poor health and education outcomes, is clustering in these fragile states. 821 million people now face daily hunger and food insecurity.¹ This 20% increase from recent historic lows is largely due to an increase in conflict. By 2030, it is projected that 80% of the world's extreme poor will live in fragile states.² If we cannot turn around fragile states, we cannot end extreme poverty, eliminate hunger or fulfill the aspirations of the SDGs.

Related to the rise in fragile states is an unprecedented number of enduring, complex crises. Yemen has been devastated by war with over 22 million people in urgent need of humanitarian assistance. Syria is now in its eighth year of war, with a staggering 12 million people having been forced to flee their homes, and 13 million people in need of humanitarian assistance. The conflict in South Sudan has now killed tens of thousands of people, left seven million in need of aid, forced four million to flee their homes, and has created a food security crisis where over a million children under five are acutely malnourished. Bangladesh struggles to host more than 745,000 Rohingya people who have fled violence in Myanmar. Then there is CAR, Somalia and Nigeria, and far too many other crises.

These crises share one common denominator: violent conflict. Ten years ago, 80% of humanitarian crises were caused by natural disaster. Today, 80% are caused by man-made conflicts, with violence at a 25 year high. Violence and conflict in sub-Saharan Africa forced around 7.4 million people from their homes

¹ FAO, IFAD, UNICEF, WFP and WHO. [The State of Food Security and Nutrition in the World 2018: Building climate resilience for food security and nutrition](#).

² OECD. [States of Fragility 2018](#).

in 2018, an increase of almost 40 percent from the previous year's figure.³ According to the World Bank, two billion people now live in countries where development outcomes are affected by fragility and conflict.⁴

These complex crises strain and stretch the global humanitarian system and challenge the capacity of the global community — such as it is — to solve civil wars, regional conflicts, and complex political crises. They challenge us to push beyond traditional notions of neutrality, to be relevant around root causes, and to influence a range of geo-political actors on behalf of stability and peace. Overall, more than 130 million people across the world need humanitarian assistance and protection and the humanitarian system is under immense pressure to meet these needs. While traditional donors are increasing their funding, there is still a significant gap between needs and funding, with \$11.01 billion unmet this year.⁵ There is a growing appetite from investors, funders and humanitarians for new approaches, technological means to scale assistance cost effectively, and employ a wider range of financial tools. It is clear that what the humanitarian sector faces requires bold ideas and a wider set of partnerships, alliances and solutions.⁶

III. Populations on the move

The world is on the move from rural to urban areas in search of new opportunity, often escaping violence, climate shocks and stresses, and a lack of economic opportunity. 4.2 billion people - 55 percent of the global population - now live in urban areas as opposed to rural areas. 700 million more than 10 years ago, and it is projected that this number will continue to rise in the coming years. By 2050 2.5 billion people will be added to the global urban population, with 90 percent of this growth in Africa and Asia.⁷ While this growth will bring social and economic opportunities, it will need to be met with the resources, policies, and governance needed to support these new urban populations. Some cities, particularly those in low-income or fragile states, are unlikely to be equipped to handle accelerating urbanization and are more prone to violence and insecurity.⁸ The humanitarian sector must adapt to these changing demographics and sites of urban fragility.

An unprecedented 70.8 million people have been forced to flee their homes because of violence. 25.9 million are refugees; over half are under the age of 18. 37,000 people were forcibly displaced every day in 2018 as a result of conflict or persecution. The percentage of refugees in protracted situations has risen from the previous year from 66 percent to 78 percent – this represents 15.9 million people who have been in exile for five years or more.⁹

Many - 58 percent - of those forcibly displaced are fleeing to cities as opposed to traditional camps or rural areas. Millions more seek a better life in more stable countries — where they both enrich the national talent pool and fuel a populist backlash. This trend will be accelerated by climate change, impacting vulnerable coastal communities and resource scarce environments, especially in sub-Saharan Africa.

We believe that millions of external (official) and internal (IDPs) refugees cannot continue to live on global welfare. It is neither dignified nor financially viable. We do not think that millions of migrants moving chaotically to distant lands is politically feasible in today's world.

³ Internal Displacement Monitoring Centre. [Global Report on Internal Displacement 2019](#).

⁴ The World Bank. [Fragility, Conflict and Violence](#).

⁵ UNOCHA. [Global Humanitarian Overview 2019](#).

⁶ Humanitarian Policy Group and Numbers for Good. [New Financing Partnerships for Humanitarian Impact 2019](#).

⁷ UNDESA. [World Urbanization Prospects: The 2018 Revision](#).

⁸ [Urban Violence and Humanitarian Action: Engaging the Fragile City](#).

⁹ UNHCR. [Global Trends: Forced Displacement in 2018](#).

IV. A looming climate catastrophe

Impacting and amplifying the above is our changing global climate. At this very moment, climate change is a devastating force, affecting everyday lives and livelihoods, especially the world's most vulnerable. It is destabilizing economies, rapidly fueling insecurity, crippling productivity, and weakening social institutions. Climate variability and extremes are among the key drivers behind the uptick in global hunger and severe food crises.¹⁰ A growing body of research has drawn links between violent conflict and the role of climate change as a threat multiplier. Extreme weather and disasters are impacting lives and sustainable development on every continent, forcing 18.8 million people to leave their homes last year.¹¹

Scientists have sounded the alarm, providing evidence to the UN that catastrophic climate change is a mere 12 years away. There are now more funds available to fight climate change than ever before, and the numbers are growing. The humanitarian and development sector needs to evolve in order to be relevant to this challenge, and help channel these resources to where they are most needed.

V. A demographic imperative — youth, especially in Africa — especially young women

There are more young people in the world today than ever before — especially in fragile countries. The ten 'youngest' populations are all in Africa. Niger, the youngest, has a median age of 14.9 (half the global average). 70% of the Ugandan population is under 24. This is often seen as a threat, a risk for violent extremism, or a challenge to services, stability, and livelihoods. Yet if connected to the right opportunities, to adequate education, jobs and community engagement, these young people present an enormous development opportunity.

Especially in the most fragile and conflict affected settings, young people have the power to be a positive force for change. Yet to realize that change, we need to recognize that young people are often dealing with significant physical, psychological and social hardship at a time of intense cognitive, physiological and social development.

VI. Progress and technological advancement

In tangible ways, life is better on average today than at any time in human history. More people — as a percentage of the global population — live longer, healthier, wealthier and less violent lives. Globalization has lifted two million people out of extreme poverty into a growing middle class, particularly in China, India and Southeast Asia. Scientific and technological breakthroughs have been almost miraculous in their capacity to improve the human condition. New technologies amplify and empower community voices; improve health and education; enhance analysis, knowledge and logistics; foster food security and financial inclusion; and create new means of production and work. The fourth industrial revolution shows even more promise. Entrepreneurs, applying cutting edge technology and new business models, are tackling the world's toughest social challenges, bringing last mile solutions to the most difficult places. Of course, globalization and rapid technological change also create enormous complexity and risk — as inequality rises, huge swathes of the world's people are 'left behind' or live in digital deserts, and social media becomes a source of manipulation, control, and propaganda. Profound progress brings advances and potential peril. We remain alert to these risks, while seizing the opportunities.

¹⁰ FAO, IFAD, UNICEF, WFP and WHO. [The State of Food Security and Nutrition in the World 2018: Building climate resilience for food security and nutrition.](#)

¹¹ Internal Displacement Monitoring Centre. [Global Report on Internal Displacement 2019.](#)

A multi-polar, multi-stakeholder, multi-track strategy for Mercy Corps

Long gone are the days of a bi-polar or uni-polar world. To fulfill our mission, we have to deepen and broaden our traditional donor and government partnerships, while moving purposely to build strong ties with new and emerging global and regional powers. This pathway will not be easy or straightforward, but it is strategically important — especially as multi-lateral approaches continue to weaken.

A multi-stakeholder world challenges Mercy Corps to see itself more as a catalyst and less as a service provider or solely a representative of civil society. As a catalyst, our challenge is to convene the major stakeholders — the right government actors, the right private sector players, and the right representatives of community and civil society. In the most fragile, conflict-affected places, it is essential to bring together government, the private sector, and community to tackle the big challenges and foster more secure, productive and just outcomes. Our Strategic Framework and Vision for Change are more relevant than ever.

To address deep-seated grievances and the root causes of conflict, especially in today's world, multi-track interventions matter more than ever. The power of governments alone to make peace is necessary but rarely sufficient. Humanitarian actors have a role to play — sometimes directly in negotiations as a trusted intermediary — more often by opening political space and creating goodwill through humanitarian work. Engaging factions together in civic initiatives, promoting people-to-people exchanges, designing all programs with an intentional peace lens is strategically critical for today's world. Mercy Corps is perfectly positioned to be a major multi-track player — from Syria to North Korea.

One final note: we would be remiss to not call out the MeToo movement and its implications for the humanitarian sector. This challenges us all to do better at both creating inclusive and diverse working environments and healthy cultures and at promoting inclusive programs, with a special focus on gender, and just communities, especially noting power dynamics, everywhere we work.

There are of course no silver bullets, shiny solutions. No single government, entity or organization can solve the world's big challenges acting alone. We are committed to seeking new and unconventional partnerships and alliances — with governments, companies both local and international, and civil society everywhere. And we remain firm in our conviction that a better world is possible. The Compass guides us forward together.

3. Strategic Objectives

The third section of Mercy Corps' Compass lays out what we must achieve to remain a leading organization over the next one to three years. The objectives outline our priorities for the coming year and serve as a means of focus for the agency. While there are many other initiatives that our teams tackle throughout the year, these objectives are what require agency-wide effort and support to move forward. Many of the objectives are ongoing, but we review and adapt them each year based on the changing external context and our need to remain relevant. These objectives provide us with targets and a means of accountability and transparency, and serve as the basis for reporting to Mercy Corps' leadership, global team and Boards of Directors throughout the year.

We organize our objectives around our framework of the 3Is - Impact, Influence, and Innovation – and have an additional category labeled Quality and Growth, which center on our internal systems. Our FY20

impact objectives focus on improving our humanitarian response, applying our resilience approach in fragile contexts, expanding opportunities for young people and building climate change strategies. We will also work to influence a variety of audiences in order to improve the lives of the communities we serve, and look to increase our impact and scale through innovative solutions and technology. Our Quality and Growth objectives focus on those things we must get right internally to achieve the transformational change of the 3Is. For more details on our strategic objectives, please contact the Senior Director of Strategy and Learning, [Anna Young](#).