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 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; influencing change-makers 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) Saving Lives and Livelihoods: 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 begin our work during a humanitarian crisis, move rapidly to recovery, and then build long-term resilience to recurring shocks and stresses.

2) Transformational Change in the World’s Most Fragile Places: We help identify and drive solutions to address underlying causes of fragility, especially: grievances; weak governance; and, inequitable economic growth.

3) Transformational Change at Scale or Depth: 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 remove barriers, address the root cause of inequalities and model the power of diversity and gender equality in who we are and how we partner with communities.
2. Context

Background: An Extraordinary Time in Human History

Many aspects of recent human history have prompted speculation about a global inflection point, or the dawn of a ‘new normal.’

The 21st century shift of economic and geopolitical gravity eastwards and southwards, away from Europe and North America, has frayed what had temporarily appeared to be a post-Cold War liberal consensus. It has contributed to a rise in nativist, populist and authoritarian politics that stands in contrast to the increasingly interconnected and globalized nature of today’s world. In this context, the multilateral institutions of the 20th century continue to be challenged. Global society continues to change at breakneck speed. Ongoing migration and urbanization are changing where and how people live, while new technology is transforming the world before our eyes. Behind and through everything, climate change looms. Humans have changed the world so profoundly that we have pushed the Earth into a new geological epoch.

And yet, nothing in recent history has presented such an extraordinary challenge to humanity as COVID-19. Other trends like climate change will have greater long-term consequences, but COVID-19 represents an acute global crisis unlike anything since the Second World War.

With this in mind, here we examine some key issues for how Mercy Corps engages with the world.

I. The COVID-19 Crisis

The COVID-19 crisis is affecting our world in several dimensions. It is having direct, immediate effects – on health, food security and economies. It is having more indirect effects – in the response of governments, and on trends in demographics and migration. Finally, it is having ‘illumination’ effects – revealing and highlighting things that were already there, casting a new light on issues of inequality, vulnerability and power.

As the virus takes its toll, its impacts will be seen not only in the deaths caused by COVID-19 itself, but in its impact on health systems overall. The strain caused by the pandemic is disrupting other aspects of healthcare, including routine vaccinations. Diseases like polio and measles could make a comeback while progress to tackle the big killers – TB, Aids and malaria – could stall.\(^1\)

The pandemic and its wider effects are also affecting mental health – particularly of those who are vulnerable or at risk in their homes, including children who are cut off from education and wider support structures.\(^2\) The longer term health impacts of the pandemic, and the number of ‘excess deaths’ it causes both directly and indirectly, will not be known for some time and may never be definitively understood.\(^3\)

II. A Global Economic Catastrophe

While the direct health impacts of COVID-19 are extreme, the impact on economies and livelihoods is likely to have greater long-term consequences – particularly for vulnerable and marginalized people in fragile contexts.

The world is headed for the most severe global recession since the 1930s, with government’s worldwide taking on unprecedented levels of debt.\(^4\) Supply chains are being heavily disrupted by border closures and restrictions on the movement of both people and goods. Prices of key items like fuel, food and agricultural supplies are already starting to spike in the places where we work.\(^5\) This has serious implications for global food security as the effects of lockdowns, combined with increased demand and ‘panic-buying’, risks disrupting global food markets.
The effects of COVID-19 come on top of a pre-existing food security crisis - the result of wars, locust swarms, economic crises and disasters. At the start of 2020, 821 million people globally already faced undernutrition, with 135 million requiring humanitarian food assistance to meet their basic needs and more than 100 million suffering from acute hunger. The UN estimates that COVID-19 will push a further 130 million people ‘to the brink of starvation by the end of 2020.’

COVID-19 is also turning the clock backwards in global efforts to reduce extreme poverty. Estimates are that the number of people living on less than $1.90 or $2.00 per day will increase by 50-100 million due to COVID-19. 2020 will mark the first time this century where there are more people living in extreme poverty than in the previous year.

Limitations on movement will seriously affect micro and small businesses, causing many to close and fueling unemployment. The ILO has predicted a loss of 305 million full time jobs globally and informal worker’s incomes are predicted to drop by 60 percent. The Middle East expects to lose no less than 1.7 million jobs before the end of 2020. Hit hardest economically will be those who operate in the informal economy, rely on informal credit, or depend on fragile markets to meet their needs, including young people and women.

Meanwhile slowing foreign exchange, reduced trust in banks, and an increase in bad debt will hit the financial service sector. The impact on remittances is likely to be especially high, with the earning power of diaspora communities reduced and financial services potentially disrupted. In 2019, global remittances were worth more than $700 billion – almost six times the total amount of aid committed by OECD DAC countries. Those remittances are predicted to fall by around 20% in 2020, significantly reducing the flow of foreign exchange into recipient countries like Somalia and Yemen, cutting off income that many families use to meet their basic needs.

In this context the relative importance of official aid spending takes on a greater significance - and yet it is likely that major donors will be forced to reallocate spending to domestic priorities. And those countries who commit a percentage of annual GDP to their aid budgets will see this number decrease as their economies shrink. Some analysts predict a precipitous decline in overseas development aid among the world’s 30 largest donor countries if the COVID-19 epidemic continues - amounting to a decrease of approximately $25 billion in aid spending collectively by 2021.

III. Governance, Peace and Conflict

Before the pandemic, the primary focus for ending extreme poverty and eliminating hunger was on fragile countries and contexts. By 2030, it was predicted that 2.3 billion people would live in fragile states; and that 80% of the world’s extreme poor, over 620 million people, would live in these states. Turning around fragile states was considered essential for meeting the Sustainable Development Goals. It is still essential now.

The continuing existence of fragile states intersects with an unprecedented number of enduring, complex crises. In Yemen 24 million people are in urgent need of humanitarian assistance. Twelve million people have been forced to flee their homes in Syria and five million children are in need. The conflict in South Sudan has killed hundreds of thousands of people, put eight million in need of aid, forced four million to flee their homes and left six million severely food insecure. 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 aid went to helping victims of natural disasters. Today, with violence at a 25-year high, 80% of aid goes to people whose lives have been affected by man-made conflicts.

These complex crises continue to drive a level of forced migration on an extraordinary scale: 70.8 million people driven from their homes, including 25.9 million refugees - half of them under 18 years of age.

Concerns are being raised that authoritarian regimes are already using the COVID-19 crisis to consolidate power and silence critics. There is evidence that both state-sponsored media and extremist groups are...
using the crisis to fuel pre-existing misinformation campaigns against marginalized groups, particularly migrants.\(^{23}\)

COVID-19 is likely to impact pre-existing conflicts in dangerous ways – exacerbating tensions, fueling unrest, disabling peace operations and disrupting humanitarian aid.\(^{24}\) The actions of leaders may exaggerate this further. While in some places the crisis may open the possibility of greater peace and cooperation – for example the offering of humanitarian assistance to Iran by the UAE and Kuwait – in others it is expected to fuel conflicts, with unscrupulous leaders exploiting tensions for their own advantage.

**IV. Technology, Information and a Digital Awakening**

The world is being transformed by digital technology and the power of data.\(^{25}\) This transformation has profound impacts on the challenges and opportunities facing the communities and partners with whom we work. There has never been greater potential to scale our impact and reduce the costs, while the very same technology also brings new and profound risks to achieving secure, productive and just communities around the world.

Digital technology is increasingly central to financial, educational, information and public health services and the effects of COVID-19 have served to emphasize its significance. Technology is transforming how money flows; how education is delivered and consumed; how and from where work is done; how people receive information to make economic and political decisions; and how and with whom people associate in online communities (often echo chambers). The pandemic has highlighted the central importance of connectivity and information for the ability of individuals, families and communities to be resilient in crises.\(^{26}\) The need for greater connectivity for vulnerable communities will grow as the connectivity divide amplifies existing inequities of opportunity. While connectivity to digital technology is expanding for many populations, many of the communities where we work remain disconnected. Only around a third of rural people in low income countries are covered by mobile networks and in some places, fewer than one in ten people have access to the internet.

Connectivity is, however, only part of the challenge. Information and knowledge are not neutral commodities. They are subject to undercurrents of power and inequality. The emergence of ‘post truth’ politics and society has been watched closely in recent years,\(^{27}\) and with COVID-19 this is now manifesting as an ‘infodemic.’\(^{28}\) There is more information, but what (and who) is to be trusted? The data privacy decisions made during COVID-19 will set precedents for the next wave of accepted data privacy and surveillance standards. How will these new standards impact on security, productivity and justice for communities globally?

Political actors – both governments and non-state groups – are seeking to manipulate reality with their approach to knowledge and information, particularly social media. This includes the ‘weaponization’ of pandemic narratives against marginalized groups - for example, the use of the virus by far right groups in online discussions that are anti-Muslim, anti-Asian or anti-immigration.\(^{29}\) The increased role of digital technology and the data it generates, in the hands of both governments and large corporations, brings profound questions for civil liberties, data protection, surveillance and cross-border cooperation.

More generally, as information technology expands into new contexts, it is important that it is used responsibly. Digital technology, information and knowledge are subject to manipulation by those in power. Though it holds enormous potential for good, the ‘digital awakening’ is also at the forefront of global competition and conflict.

**V. Climate Change**

While the COVID-19 crisis occupies the attention of the world, climate change remains the greatest long-term, existential threat to global human wellbeing. It is already affecting everyday lives and livelihoods, especially the world’s most vulnerable. Climate variability and extremes are among the key drivers behind
the uptick in global hunger and severe food crises. 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, with 23.3 million people displaced by weather-related disasters in 2019.

There is hope that global opinion is shifting in favor of significant action to address climate change, with evidence that majorities in most countries see it as a major threat. It remains to be seen whether and how the pandemic affects progress towards global action on climate change. While there has been a dramatic drop in greenhouse gas emissions since lockdown, it is possible that this will provide false reassurances that climate change is a less significant threat. Alternatively, the fundamental changes to people’s ways of life may inspire a positive change in perspective and reduced future consumption.

As the global response to the pandemic develops, it will be important to keep the issue of climate change front and center in global discussions – and to demonstrate the ways in which humanitarian and development organizations can respond to its threats.

VI. Inequality, Power and Partnerships

Issues of inequality and power run through all the trends discussed above. Shocks and stresses impact communities around the world, but they are only turned into crises by people’s inability to cope with them. This ability to cope is hugely influenced by local and global disparities of wealth, power and social and cultural norms that further disempower and marginalize some populations.

The killing of George Floyd, Breonna Taylor, Ahmaud Arbery and so many others, and the Black Lives Matter movement in the United States, has sparked global protests and critical conversations around racial social justice. This brings a new level of awareness for many on the role that our systems, cultures, and power paradigms play in fueling injustice.

The global pandemic has highlighted the stark reality that crises are inherently the product of society itself - the result of disparities of wealth, power and vulnerability. Shocks and stresses may affect different communities around the world, but they only become crises when people do not have the ability or support systems to cope with them. COVID-19 has affected every nation on Earth, and our global interconnectedness has never been more obvious. Yet the disproportionate effect of the crisis on the poorest and most excluded from power structures, in all societies globally, confirms the extent of inequalities both within and between countries. The same is true of other drivers of crises. Whether it is climate change, geophysical hazards, threats to food security, economic shocks, or the effects of conflict - shocks and stresses disproportionately affect those with the least wealth and power. It challenges us to tackle head-on root causes of inequality and disparities of power - to see them not as separate issues but as core drivers of poverty and crises. It challenges us to examine our own place in the global systems of wealth and power, and acknowledge, the history of colonial power dynamics that persist in our industry today. We must create inclusive and diverse working environments and healthy cultures where we can address and shift inequitable power dynamics, and promote inclusive programs. We must focus on gender inequalities, and stand with others in the fight for just communities everywhere we work.

Finally, a focus on inequality and power compels us to continue to examine how we engage in partnerships, particularly with local civil society. The recognition that we are a powerful actor in the humanitarian landscape brings a responsibility to partner with community actors in a way that consciously transfers power from us to them.

A Multi Track Strategy for Mercy Corps

As Mercy Corps, we are challenged to respond to the acute crisis without losing sight of this global picture – to understand that while COVID-19 is currently the prism through which everything is viewed, the underlying issues discussed above - climate change, conflict, economic crisis and deep, historic inequity -
remain. We must understand how this new crisis intersects with pre-existing trends if we are to navigate this changed world and continue to help the people we exist to serve.

Long gone are the days of a bi-polar or uni-polar world. At a moment in time when global cooperation is most needed, countries are receding towards unilateral tendencies. To fulfill our mission, we have to deepen and broaden our traditional donor and government partnerships, while also moving purposely to build strong ties with new and emerging global and regional powers. We must also deepen and broaden relations with new actors focused on disruptive change: the new philanthropists, and the private sector. This pathway will not be easy or straightforward, but it is strategically important — especially as multilateral approaches continue to weaken.

In doing so, we must continue to move beyond technical ‘fixes’ to issues of poverty and injustice. A multi-stakeholder world challenges Mercy Corps to see itself more as a catalyst not only a service provider or solely a representative of civil society. Our challenge is to not only implement programs but to also convene the major stakeholders — the right government actors, the right private sector players, and the right representatives of community and civil society to foster more secure, productive and just outcomes. Our Strategic Framework and Vision for Change are more relevant than ever.

There are of course no silver bullets or shiny solutions. No single government, entity or organization can solve the world’s big challenges acting alone. We are committed to seeking new and building up existing 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

This third section of Mercy Corps’ Compass lays out what we must achieve to remain a leading organization over the coming one to three years using the framework of the 3Is. These objectives provide us with targets and a means of focus, accountability and transparency. The success metrics identify key outcomes and serve as the basis for reporting to Mercy Corps’ leadership, global team and Boards of Directors throughout the year. While many of the objectives are ongoing, we review and adapt them each year based on the changing external context and our need to remain relevant. In some cases, the full realization of the impact may span more than one year. The names next to each objective identify the Executive Team member ultimately responsible for convening and coordinating a core group of people, and reporting out on progress achieved throughout the year.

There are many other initiatives that our teams tackle throughout the year, but these objectives require agency-wide effort and support to move forward. The strategic objectives in this document may be revised throughout the year, pending executive approval, as the global environment changes.

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IMPACT

Mercy Corps programs set a gold standard for performance and impact, with all country programs using data-driven evidence to demonstrate results and contributions toward solving complex global challenges. (Accountability: Craig Redmond)

Objective 1: Ensure Rapid, Bold and Accountable Humanitarian Response.

By the end of FY22, we will catalyze our global capacity to deliver rapid, bold and accountable humanitarian response, with a particular emphasis on strengthening our local leadership and partners.

Impact: This will result in communities that experience protracted or rapid-onset emergencies becoming more resilient to shocks and stresses.

Our commitment to Mercy Corps’ Global Vision for Humanitarian Response remains strong and the work of all teams. Through all our humanitarian work, we strive to empower people to survive crises, build better lives and transform their communities for good.

The effects of the COVID-19 pandemic have highlighted both the potential increased humanitarian needs in the coming 9-12 months, as well as the wider socio-economic impacts. It has never been more important for us to be able to deliver technically excellent humanitarian responses in WASH, food security and nutrition programs, and to use responsive cash-based modalities. The evolving global context will require all our humanitarian work to be underpinned by sound analysis.

Now, more than ever, pivoting country programs to lead humanitarian responses will require agile systems, adaptive programs and, most of all, empowered leadership. The realities of a COVID-19 world has amplified the urgency to strengthen our country and regional capacity to meet humanitarian needs. Our humanitarian response work starts and ends with local leadership and local action that delivers impact, leverages influence, and is reflective of our participants’ voices.

Success Metrics:

1. Driving our global capacity to deliver rapid, bold and accountable humanitarian response by:
   1.1. Robust crisis analytics capabilities inform our adaptive approaches in select complex crises. We will deliver: three (3) new use cases under our partnership with Amazon Web Services, one (1) new regional analysis team, and one (1) new partnership. (See Objective 2, Objective 5, and Objective 10). (end FY21)
   1.2. Strengthening our technical excellence in cash programming as one of our key response modalities. By the end of FY21, 70% of Cash and Voucher Assistance (CVA) programs will have achieved 70% of the Cash Minimum Standards. We will also report the number of programs using technology for digital resource transfers disaggregated by country and type of digital resource transfer. (See Objective 5). (end FY21)
   1.3. Keeping participants at the heart of our humanitarian response by integrating GEDSI in humanitarian responses. Specifically, we will integrate strong gender and inclusion analyses into all our emergency food security and resilient markets programs. (See Objective 2). (end FY22)

2. Strengthening Mercy Corps’ local leadership and partner capacities for preparedness, response and influence through:
   2.1. A humanitarian training and mentoring program developed for local leadership to track learning and achievements (end FY22). This includes building our teams’ capacities to respond to gender needs, vulnerabilities, and capacities in emergencies (See Objective 9).
We will develop a toolkit tailored for external partners (end FY21).

2.2. Regional humanitarian talent pools are established and staff trained in two regions -- Americas and Asia (end FY21).

2.3. Increased engagement of Mercy Corps country leadership teams to influence humanitarian response in their context (end FY22). Together with HQ and regional teams, 2 countries will be prioritized for tailored leadership support. (end FY21)

Objective 2: Drive Resilience in Conflict-Affected Settings

By FY23, Mercy Corps will adopt resilience as the guiding framework for action in conflict settings to reduce protracted humanitarian need, and advance peace, food and water security, and economic opportunity for conflict-affected populations across gender and ethnic groups.

Impact: This will result in our ability to directly improve and protect the well-being of 1,000,000 individuals in crisis settings, while strengthening practices within our own agency, as well as among donors and peers towards transformational change at scale.

To achieve this, we will collaborate across country, regional, TSU, HLR, MEL and Research teams to test our adapted resilience model in conflict-affected settings now facing the threat of COVID-19 by:

- Applying rapid, real-time risk and resilience analytics - differentiated across gender and other vulnerable groups - to program design and decision-making.
- Working through and in support of local market and social systems, by adopting our Markets in Crisis (inclusive of emergency cash, nutrition and market systems support) and CATALYZE approaches to strengthen sources of resilience that respond to the unique needs of gender, ethnic and other conflict-affected groups. CATALYZE is our signature "Communities Acting Together" good governance approach to strengthen local institutions and civic engagement.
- Pairing conflict-sensitive response and short-term violence prevention with efforts to address structural conflict drivers at household, community and sub-national levels through our Advancing Peace in Complex Crises approach.

Our work will focus on deepening structures and systems for collective action across agency teams, strengthening regional and country team capacity, and doubling down on our investments in research, program evidence and learning around protracted crises. The COVID-19 pandemic brings renewed urgency to the resilience agenda, or the need to protect well-being in the face of devastating shocks. In conflict-affected settings, COVID-19 will exacerbate existing threats, deepening hunger and violence in contexts already facing protracted humanitarian need.

Success Metrics:

We will achieve the following success metrics by the end of FY23, with metrics for intermediate results by the end of FY21 and FY22 noted below:

1. Develop a shared humanitarian and technical team strategy for engagement in protracted, conflict-driven crises. (end FY21)
2. Strengthen the capacity of at least three country teams’ (two in FY21, one in FY22) to apply the adapted resilience model to protracted, conflict-driven crises, shifting “business as usual” across humanitarian, peace and development action. This will be measured by the development of adapted tools, long-term engagement strategies and documentation of program learning (options include: DRC, Northeast Nigeria, Somalia, Iraq, Syria, Myanmar, Colombia).
3. Measure the impact of a resilience approach on food and water security, peace and economic opportunity, differentiated by gender and age in conflict-affected settings for at least six programs (two in FY21, four more in FY22).
4. Test and/or scale three digital solutions (one in FY21, two in FY22) to advance resilience in conflict-affected settings. Options include: real-time risk analytics, digital payment and financial inclusion to support markets in crisis, strengthening digital communities to support social cohesion, remote team learning platforms, and digital solutions for resilience measurement.

5. Develop fresh evidence demonstrating what works to advance the resilience agenda in conflict-affected settings, as measured by references to our work in external publications, RFAs and donor strategies, and the adoption of our practices by donors and peer agencies. (See Objective 6)

**Objective 3: Expand Job Opportunities and Entrepreneurship for Young People**

The purpose of this objective is to improve the key elements of the labor market.

**Impact:** We will enable young people (15-24) to find safe, decent, and equitable employment in stable, fragile and crisis-impacted environments. By FY24, we will support one million young people to get or retain jobs, start new businesses, or gain skills to enable them to work more productively.

We will support this by leveraging digital innovation, which is vital to help overcome movement restrictions, create new work opportunities for youth, support them to retain existing jobs, build their critical technical and transferable skills and link job seekers to jobs. The pathway to successful digital innovation is through field led partnerships. We will work with technology companies, social enterprises and others to implement the best solutions and approaches to youth employment challenges and scale them to new programs and countries.

Our interventions will unlock labor markets, based on our understanding of immediate and longer term market demand for job seekers and entrepreneurs, and how that has changed as a result of the pandemic. We will prioritize high-potential sectors and those disproportionately impacted by COVID-19, and intensify our focus to address critical market barriers constraining job creation. This will include strengthening functions that enable labor markets to support secure and resilient jobs, and deepening our understanding and engagement in the employment policy environment. We will also support enterprises affected by COVID-19 to adapt their business models and operations to enable business continuity and recovery.

**Success Metrics:**

1. Support 1,000,000 young people to get jobs, retain jobs, start new or maintain existing businesses, or gain critical skills to enable them to work more productively (end FY24). This builds on the methodology developed in FY20 and captured through the annual participant survey. Intermediate cumulative metrics toward this 5-year goal are 189,000 (FY20), 341,000 (FY21), 552,000 (end FY22) and 771,000 (end FY23).

2. Leverage increased capacity and fundraising to establish three new partnerships and pilot programming with social enterprises and others that support multi-country, scalable employment solutions using digital technology, including one partnership in FY21. (end FY22)

3. Implement a new or transplanted tech-enabled solution in every region to support efficient pathways to safe and decent employment for young people in both formal and informal work, with two regions implementing solutions in FY21. (end FY22)

4. At least five Mercy Corps programs will assess and respond to market-level labor demand in employment programs supporting a market systems approach to employment (addressing market function constraints and working with private sector partners), with at least 2 in FY21 responding to COVID-19 related disruptions to income and employment. (end FY22)

5. Mercy Corps will contribute to the youth employment knowledge base around effective use of digital innovation or systems-based approaches, to drive scalable employment outcomes, business recovery or strengthen informal labor markets, with two new products that are used to influence policy and donor programming. (end FY21)
Objective 4: Scale our Efforts to Combat Climate Change

The purpose of this Objective is to ensure Mercy Corps builds a program platform that can achieve large-scale and long-term impact on climate change adaptation with low carbon development outcomes, and move forward with the greening of MC's operations.

Impact: This will result in two million people who will be more resilient to climate change and extreme weather events through adaptation actions, while strengthening Mercy Corps’ climate leadership and external voice.

We will do this by harnessing our reputation as leading thinkers in resilience and the opportunity for transformation presented by the COVID-19 crisis response to pioneer scalable climate change strategies in high risk and fragile contexts. To do this we will:

- Enhance country level capacity and leadership to pioneer and/or scale innovative climate-action through support of climate action plans, increased technical competency, and enhanced donor and partner engagement.

- Pioneer and scale models for greater climate change adaptation impact through:
  - Engaging donors to support the scaling and replicating of promising governance or markets-focused climate innovations from across our portfolio, including through advocacy-oriented research.
  - Developing rigorous criteria and program models that ensure COVID-19 economic recovery funding applies adaptation frameworks and directly supports climate-smart livelihoods and other solutions in support of ‘build back better’ outcomes.
  - Launching the Accelerated Adaptation Venture Fund (see Objective 7) to build off our Venture Fund model and provide early-stage seed capital to entrepreneurial innovations for climate change adaptation, and initiating fundraising.
  - Developing innovative and scalable financing and delivery models for the provision of clean and efficient water and energy services for climate-vulnerable populations.

- Grow our ability to proactively prepare for climate emergencies through enhancing country climate action plans with climate-informed preparedness plans, and exploring climate impacts in our crisis analytics.

- Greening Mercy Corps by reducing our carbon footprint and living up to our commitments to reduce the negative environmental impact of the humanitarian and development sector.

Success Metrics:

1. Two million people are more resilient to climate change and extreme weather events through adaptation actions; (1 million target for FY20-21 combined), as measured through programs that have this as an explicit and measured outcome. (end FY22)

2. Five country strategies with integrated climate action plans, 3 including climate-informed preparedness and local partnership plans. (end FY21)

3. Competency standards identified (FY21) and 25% of new field leaders recruited (CDs, DCDs or DoPs) meet climate change competency standards. (end FY22)

4. $45m in new funding for climate action, including funding from new climate-focused donors and COVID-19 --recovery funds channeled to climate adaptation focused programs (end FY22). By Q3 FY21, explore the feasibility and then pursue the launch of a new climate adaptation investment fund structure and initiate fundraising efforts (see Objective 7).

5. Proactively issue external communication pieces with strong climate change point of view, and/or highlighting key climate-related programming, justification for increasing climate change adaptation financing, at key moments on climate change agenda, quarterly at a minimum. Maintain volume of media outreach highlighting Mercy Corps’ climate change-relevant programming and/or point of view with a stretch goal of increasing organic reporter inquiries by 10%. (end FY21)
6. Funding secured and accountability structure created to support the implementation of the Greening Mercy Corps Action Plan.

**Objective 5: Respond to COVID-19 with life-saving and life-sustaining interventions**

The purpose of this Objective is to deliver life-saving and life-sustaining interventions in response to the COVID-19 pandemic in our target communities, while laying the foundations for economic and social recovery.

**Impact:** We will serve 1 million people impacted or potentially impacted by COVID-19 in FY21 by using the interventions described below.

This Objective is specifically targeted to the global need resulting from the pandemic. Our work is based on the 4 pillars described below, and the Success Metrics are integrated with other Objectives as noted.

The four pillars of our COVID-19-specific work are:

- **Policy and Program Analysis:** Provide state of the art analysis into the human, political, social, economic and ecological impacts of the pandemic on protracted crises and the effects on the most vulnerable. Our analysis will note the differences in impacts whenever possible by age, gender and intersecting identities. We will use research, analysis, and evidence from the field to both inform our programs and promote a global response to the second order effects of COVID-19 on the worlds most vulnerable. (See Objective 6).

- **Resilient households**
  - **Cash Transfers, Social Protection and Resilient Households:** We will support households through cash transfers and financial inclusion resources that sustain food security, nutrition and livelihoods. We will do so in a way that recognizes COVID-19 is one more dimension in a complex web of challenges driving growing hunger, conflict and poverty setbacks in the most fragile places.
  - **WASH and Behavior Change Communication:** We will provide life sustaining support to households and communities by improving and adapting WASH services to the new reality created by COVID-19. We will also develop behavior change approaches grounded in local contexts to promote healthy behaviors in line with WHO and Ministries of Health guidelines.

- **Resilient markets:** We will support critical market actors to mitigate and adapt to the economic impact of the crisis and help scale solutions. We will focus on smallholder farmers, small and medium enterprises and financial service providers, who are all vital to sustaining goods and services now, and are critical to employment and future recovery. (See Markets in Crisis COVID-19 approach).

- **Social Cohesion and Public Trust:** We will strengthen social cohesion and public trust in response to COVID-19 by countering harmful and misleading information, facilitating conflict sensitive responses, and strengthening citizen engagement.

Through regular quarterly reviews and other internal processes, we will be vigilant in understanding the evolving context and aid trends to ensure Mercy Corps’ approach remains fit for purpose, resilient and resourced to support the most vulnerable communities in the most effective way.

**Success Metrics:**

1. Raise at least $50 million for COVID-19 specific programming through RD and institutional donor support. (end FY21)
2. Deliver at least 10 COVID-19 crisis analysis reports and five special reports on secondary impacts of COVID-19, including on markets and conflict to inform programs and policies of Mercy Corps and governments. (See Objective 1) (end FY21)

3. Produce high-quality, select research publications reflecting Mercy Corps’ evidence and insights from the field on “what works” to mitigate the second order effects of COVID-19. (end FY21)

4. Report on impact of Scaling Initiatives adapting to COVID-19 and providing unique capacities to deliver on our COVID-19 strategy. Specifically: MicroMentor, Mercy Corps Ventures, Agrifin (see Objective 7)

5. Conduct quarterly reviews (engaging pillar teams and regional matrix teams) to inform Mercy Corps’ evolving COVID-19 Strategy. This will include quarterly reviews of:
   5.1. Evolving context and aid trends;
   5.2. Key COVID-19 global mobility constraints and their operational impacts against key indicators. These will be refined during Q1 but could include: # of newly hired internationals hired but not deployed within 90 days; Number of STAs being conducted remotely, % of fully staffed in-country SMTs; % of leadership vacancies for complex programs. (end FY21)
   5.3. Provide quarterly updates for COVID Strategy Pillars 2 - 4, blending qualitative and quantitative reporting to share learning, powerful stories and outcomes of our work. (end FY21)

Supporting documentation - pillar strategy briefs:

- Program and Policy Analysis.
- Cash Transfers, Social Protection and Resilient Households
- WASH and Behavior Change Communication.
- Resilient markets.
- Social Cohesion and Public Trust

INFLUENCE
Mercy Corps influences local, national and international audiences, governments, and institutions in order to improve the lives of the communities we serve -- with a focus on root causes of conflict and catalyzing progress in fragile states. (Accountability: Dafna Rand)

Objective 6: Grow Global Influence

Impact: Mercy Corps leverages our programmatic experience, field expertise, independent research, and analysis to shape key debates affecting our participants, with the goal of increasing our impact and improving humanitarian and development practice at scale. Our distinctive, evidence-driven, and sometimes provocative points of view shape the global, national and local discussion of climate, conflict, governance, economic opportunity, and humanitarian action, focusing on expert recommendations of “what works” in different areas. Mercy Corps teammates continue to serve in leadership roles in key fora that shape the debate (i.e. sectoral coalitions and legislative and governmental task forces) and publish select publications that shift and inform the conversation in our sector.

Global Influence

We influence the practices and policies of key global and national institutions, including multilateral and bilateral donors, and influence the broader development and humanitarian sectors to achieve greater impact at scale. This year we will focus our efforts on the following four key themes, which reflect the conclusions of the Agency-wide Influence Summit held as part of the FY 2020 Compass, as well as the imperative to use our voice and our networks on behalf of those most affected by COVID-19.
• Advancing sustainable peace, preventing violence, and promoting inclusive governance (“Peace and Conflict”).
• Driving climate resilience and adaptation in fragile contexts (“Climate Adaptation”).
• Ensuring effective humanitarian responses to those populations affected by major crises, including COVID-19 (“Humanitarian Action”).
  ○ Advocating for policies (including humanitarian access) and funding specific to key priority conflicts and crises.
• Addressing the second order economic effects of COVID-19, including the negative effects of COVID-19 on economic opportunities for youth.

National-level Influence: Our Stretch Goal for Fiscal Year 2021

We aspire to use our HQ-based influence teams to support national level influence, given many field teams’ interest in producing research and advocating to local national institutions. We continue to work with the Country Directors to achieve this goal, basing our credibility on our programmatic excellence and influencing subnational, national, and international decisions on select topics where we have gained local expertise.

Success Metrics:

Demonstrable impact on high level policies, debates, donor strategies, and decision-makers:

1. A key measure of success is the frequency and consistency with which our evidence, advocacy arguments, expertise, and recommendations are reflected in public policy and debates on humanitarian and development issues, including major technical, donor and policy documents. (end FY21)
2. Success means that our recommended and empirically-proven program approaches, innovations and intervention models are adapted and replicated by governments, other donors, the private sector, or other scaling agents. (end FY21)
3. Success is reflected in policy shifts at the legislative, executive and multilateral level (i.e. United Nations and the World Bank) to reflect the needs of our communities, particularly in the post-COVID-19 global order.
4. Success means that global donors are generously responding to COVID-19’s second order effects on the world’s most vulnerable, despite the global economic downturn. (end FY21)

INNOVATION

Mercy Corps develops industry-changing solutions to some of the world’s most pressing challenges. We achieve sustained, scaled social impact by growing these innovative models over time through iterative processes, the use of technology, and catalytic partnerships. We rigorously explore alternate business models where supportive of this goal. (Accountability: Myriam Khoury)

Objective 7: Scale High-Impact Ventures and Innovative Models for Social Impact

Impact: Growth of high-impact ventures and scaled innovative models help bend the curve upward on the number of individuals Mercy Corps reaches annually with lasting, impactful solutions to their pressing social and economic needs.

The successful implementation of this Objective by the end of FY21 will lead to Mercy Corps being a recognized leader in scaling game-changing solutions for social impact. We have a robust pipeline of Mercy Corps’ own innovative models plus the systems, teams and catalytic philanthropic funding needed to effectively accelerate them within Mercy Corps. Mercy Corps Ventures is expanding its impact investing capabilities by attracting and deploying a greater range of capital to invest in, support, and partner with
pioneering companies in frontier markets to improve the livelihoods of underserved populations at scale.

**Success Metrics:**

### Setting the Conditions for Innovation and Scale

1. Amplify Mercy Corps’ position as a respected voice on scaling social impact through breakthrough solutions, impact investing, innovative finance and venture-powered development solutions. (end FY21). Represent (virtual or in person) at five to six top convenings, author two knowledge products, increase earned media and create a series of Medium articles. Produce an annual Ventures impact report that shares the reach, breadth, and depth of the impact that portfolio ventures are having. (end FY21)

2. Mercy Corps creates the conditions to more efficiently test, refine and scale innovative solutions including creating and systematizing operations and finance support for innovative initiatives. The Executive and Senior Leadership teams refine and widely share their vision for scaling innovation at Mercy Corps. Agency leadership identifies and empowers a service-oriented support team that creates solutions for two to three top areas of friction. And an ad hoc working group researches pros/cons of a more formal Innovation Lab track and presents to ET. (end FY21)

### Breakthrough Solutions (Internal Scaling Initiatives)

3. Mercy Corps has a refreshed framework for scaling Breakthrough Solutions that address priority thematic areas with milestones for each stage of pipeline growth.
   3.1. Each initiative in the pipeline has clear performance and impact goals, including an articulation of expected impact, and plans of needed agency-level support. A cross-department Scaling Board is helping drive that support, starting with mature models like AgriFin and MicroMentor. (end FY21)
   3.2. Current pipeline initiatives are advancing or exiting at pace. We have scanned the Mercy Corps world and added two to three more models to the pipeline that are relevant in light of COVID-19 and our priority thematic areas. (end FY21)

4. Mercy Corps wins funding and increases our profile from a ‘Big Bet’ competition. We unlock catalytic philanthropic funding for scaling innovations beyond single ‘Big Bet’ competitions with focus on philanthropic commitments for COVID-19 related impacts. (end FY21)

### Mercy Corps Ventures (External Scaling Initiatives)

5. Make at least 20 new early stage equity investments in ventures working across six or more countries with two linking to complex programs and at least one Group One country for partnership/investment. (end FY22)

6. Expand Mercy Corps’ impact investment capability by pursuing opportunities to attract and deploy a range of investment capital in order to increase the impact and financial sustainability of our approach. By Q3 FY21, the Ventures team will explore the feasibility and then pursue the launch of a new climate adaptation investment fund structure and initiate fundraising efforts, with the objective of achieving a first close of the fund in FY22 (see Objective 4).

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**QUALITY AND IMPLEMENTATION**

Mercy Corps measures quality implementation in the achievement of outcomes that require a sound theory of change, evidence-based learning and adaptation, and high technical standards. Quality is built on a foundation of strong performance comprised of enabling systems and standards and delivery on scope, time, and budget. Quality should be pursued in service of Program Impact. (Accountability: Brandy Westerman)

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**Objective 8: Foster Safety, Gender Equality, Diversity, & Social Inclusion in Our Programs and Workplaces**

**Impact:** Our Gender, Diversity and Inclusion (GDI), Gender Equality and Social Inclusion (GESI), and Safeguarding priorities will help Mercy Corps realize our vision of a world in which people, regardless of
gender, ethnicity, race, class, ability, age, and socioeconomic and/or displaced status, have the freedom to make choices about their lives, to express their perspectives and priorities, and have equitable access to resources and opportunities, enabling them to live equal, empowered lives.

We will get there by living and breathing our culture and values, particularly every voice matters and diversity is powerful. Mercy Corps will be seen as a committed global leader in gender, diversity, equity, and inclusion. If our teams are more diverse, and can role model diversity, equity, psychological and physical safety, and inclusion within our teams’ work environments, they will be better equipped to apply those same principles in our programming. Teams will then actively seek out diverse gender perspectives and create space for all voices to be heard, designing programs that are based on sound equity analyses. This includes being able to respond to emergencies with teams that have the capacity and knowledge to respond to gender needs, vulnerabilities, and capacities.

We will grow our program portfolios and enhance our reputation as a leader in GDI, GESI, and Safeguarding if our teams design and implement inclusive gender transformative programs that shift the structures, norms and behaviors that perpetuate inequality.

Success Metrics:

GDI
1. Mercy Corps senior leaders (Executive Team and Regional Directors) reviews and report to the Global team on progress made towards our vision for diversity on a quarterly basis. (end FY21)
2. Release, socialize, and operationalize reforms to Mercy Corps’ hiring practices to encourage greater diversity. (end FY21)
3. By the end of FY21 at least 2,500 team members participate in People with Possibility that contributes to a more inclusive team culture. (end FY21)

GESI
4. Comprehensive GDI-GESI (GEDSI) strategy rolled out. (Q1 FY21)
5. Mercy Corps will secure 6-8 new strategic awards from GAC, SIDA, AfD (Canadian, Swedish and French governments) and other feminist donors that advance our gender-transformative programming, removing barriers, empowering those most excluded and fostering leadership and decision-making to shift power imbalances, especially for marginalized women and girls. (end FY22)

Safeguarding
6. Ensure all team members, regardless of access issues, can engage with our eLearn courses and content. In addition, all team members will be current on their course completion. (end FY21)
7. Continue to roll out and maintain a minimum of one Safeguarding Focal Point and one Safeguarding Co-investigator per country. (end FY21)
8. Trial innovative ways to support, enforce and monitor compliance to safeguarding standards by our partners, vendors, volunteers and daily workers, with at least one specific initiative in each of the four regions. (end FY21)

Objective 9: Strengthen Measurement & Accountability for Program Quality

Impact: Program quality and performance is improved for programs globally in service to better outcomes for the people we serve by using accountability and measurement systems that enable real-time technical, strategic and management decision-making to drive program adaptation for increased impact and to reduce program implementation risks. (3-year objective)

Performance is measured by programs meeting minimum standards, achieving outputs and targets, and delivering on Time, on Scope, and on Budget, per grant agreements, donor and community expectations. Quality is measured in achievement of outcomes and impact, and requires a sound theory of change,
evidence-based learning and adaptation, and high technical standards. Quality cannot exist independently of performance. Quality is not the end goal but should be pursued in service of Program Impact.

**Success Metrics:**

1. CARM, MEL and GEDSI standards are met by programs and Internal Audit findings related to minimum standards are reduced by 50%. (end FY23)
2. Increased digital data collection, analysis, visualization and use in program adaptation.
   2.1. At least 70% of programs are entered into TolaData for indicator tracking, and the Indicator Performance Tracking Table (IPTT) generated by TolaData is reviewed regularly in Complex Program board meetings. (FY21)
   2.2. At least two digital data collection and visualization platforms are standardized.
3. Improve the security and data handling practices of program data to better protect information about participants and team members. Data sharing agreement language regulating the ways that information is secured, shared, and utilized is included in agreements with third parties that process program data. (FY21)

**Objective 10: Drive Program Excellence & Accountability in Reduced Access Conditions**

**Impact:** Mercy Corps drives learning, program quality, and accountability to participants, donors, and internal policies in reduced access circumstances. Effective and accountable start-up and management of reduced access programming strengthens our ability to reach people in need in constrained environments with high-quality interventions while operating within accepted risk tolerance (See Objective 5).

This objective is particularly important in response to COVID-19, as direct and regular in person contact with program participants is severely constrained. We will do this through adaptation to systems, practices, tools, partnerships, and teams.

Prior to COVID-19, Reduced Access Programming was self-reported by Country Directors to make up nearly 10% of our global portfolio ($27.5M-$47M range). We have witnessed an upward trend since we first started tracking this in 2012 and assess this trend is set to continue.

**Success Metrics:**

1. Global teams and leaders benefit from learning pathways that support reduced access programming
   1.1. New and adapted learning and mentorship strategies. (end FY21)
   1.2. At least 8 PM@MC learning and facilitation modules adapted to support teams to manage programs with reduced access. (end FY21)
2. Practical toolkit supports reduced access programming adaptations. PM@MC 2.0 provides standards and tools (by end FY21), as well as quality assurance data for rapid decision-making in support of adaptive program management. (end FY22 & FY23)
3. Capture internal and external learning and trends and where possible (by end FY21), influence donor practices for funding in reduced access settings, building flexibility, understanding, and shared risk in the international community. (end FY21-FY22)

**Objective 11: Fulfill our Commitments to Action**

In February 2020 an independent, external review was published by investigative firm Vestry Laight into what steps were taken when allegations of abuse by Mercy Corps’ late co-founder Ellsworth Culver were brought to the organization’s attention in 2018. Mercy Corps also engaged law firm Nichols Liu to conduct
an evaluation of the organization’s current policies and procedures on sexual exploitation and abuse. A number of findings and commitments resulted from these reports, and Mercy Corps affirms its publicly pledged Commitments to Action in February 2020.

**Impact.** Being transparent about our mistakes will improve our culture, our organization and our ability to serve others. Implementing the recommended changes will support our commitment to excellence in program implementation and support all Objectives in the Compass.

**Success Metrics:**

1. Mercy Corps releases two public progress reports and three internal assessments at each triannual Board meeting on the implementation status of the 23 pledges in the Commitments to Action. (end FY21)

**REVENUE**  
(Accountability: Jennifer Cooperman, Adrienne Karecki, Alex Angulo)

Link to FY21 Budget and Financial Reports

**Mercy Corps Financial Reports**

Mercy Corps Global Budget reflects the agency’s mission and priorities as defined by the CEO, with input from the Executive Team, senior global leaders, and field and agency-wide perspectives. The budget is presented to the Joint Finance Committee for discussion and recommendation to the Joint Board for approval. Upon recommendation by the Joint Finance Committee, the global budget is presented to the Board for approval at the June meeting.
2. https://www.thelancet.com/journals/lanchi/article/PIIS2352-4642(20)30109-7/fulltext
3. https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30854-0/fulltext
5. Mercy Corps ‘Markets in Crisis: addressing the effects of COVID-19’
17. https://www.unocha.org/syria
27. https://www.iso.org/iso/home/iso-website.htm