

OUR 10-YEAR STRATEGY

Pathway to Possibility





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Our Pathway to Possibility

July 11, 2022

At Mercy Corps, we tirelessly seek solutions to the world's toughest problems. We approach every challenge with questions: What are the most critical needs in the communities where we work? How can we help meet them? And how can innovation be part of the answer?

We approached the creation of a 10-year strategy for Mercy Corps in the same way. First, the questions: What are the most pressing issues facing our global community – now and over the next ten years? How can we achieve the greatest impact with and for our partner communities?

Then, through 18 months of collaboration and consultation, we reflected on the biggest global challenges and on our role in supporting communities to overcome them. Now, our 10-year strategy – Mercy Corps' Pathway to Possibility – tells the story of who we are, what we do, why we do it, and how we center the needs and aspirations of our partner communities in all we do. We're still Mercy Corps, but with a clearer sense of purpose, crisper focus, and a greater sense of unity.

We are more committed than ever to helping people and communities cope, adapt, and thrive. Mercy Corps' Pathway to Possibility reflects our ambitions to not only meet the basic needs of communities affected by conflict and climate change, but to achieve lasting, transformational change at scale. Our ten-year time frame enables us to double-down on impact and scale what works – and truly contribute to building more inclusive, resilient futures for communities and the most marginalized within them.

Together, we are grounded in the unwavering belief that people who are most impacted by crises know what's best for themselves. And united on our Pathway, we are truly on a journey towards possibility – both for Mercy Corps and the communities where we work. The destination? A more resilient, inclusive future in which everyone can prosper.

Join us on the path ahead. Looking forward,

Tjada D'Oyen McKenna
CEO



WE LIVE OUR VALUES EVERY DAY

As a humanitarian and development organization, we often encounter communities at their greatest moments of need. Crisis can exacerbate the power disparity between these communities and the organizations – like ours – that support them. To honor the trust communities place in us we must live our values in all that we do.

These five values are fundamental to realizing our vision: helping people emerge from crisis in the face of conflict and climate change and build towards a more inclusive, resilient future.

Integrity

We act with honesty, transparency, and respect. We operate with integrity by maintaining high standards of ethics in everything we do, both in our work for Mercy Corps and in our personal lives. We demonstrate integrity by acting with courage and practicing our values rather than simply professing them.

Equity and Inclusion

We treat people with dignity and respect, free of exploitation, harassment, and discrimination. We are at our best when we bring the full diversity of our identities, experiences, and perspectives together to tackle the world's most complex challenges. We are committed to creating a psychologically and physically safe and inclusive workplace and programs by listening to one another, actively challenging and addressing unequal power

dynamics, and designing systems and processes that promote equity and inclusion.

Humanitarian Principles

We are committed to the humanitarian principles of humanity, impartiality, neutrality, and independence. We carry out humanitarian action on the basis of need. We believe conflict-sensitive humanitarian action is non-negotiable, and we actively integrate do-no-harm principles in every stage of our responses.

Listening, Learning, and Adapting

We seek the perspectives of those who are most affected, particularly those who are systematically silenced, and we embrace the knowledge and experience of the people with whom we work. These perspectives enable us to reflect, learn, and adapt so we become the organization we aspire to be.

Accountability

We hold ourselves accountable to the needs, priorities, and rights of affected populations. We also hold ourselves accountable to each other, to Mercy Corps' Code of Conduct, and all applicable laws and regulations.



CONFLICT, CLIMATE CHANGE, AND A CALL TO ACTION.

Unprecedented Challenges and Immense Opportunities

We are living in a time of unprecedented change and uncertainty — a moment posing great threats and presenting immense opportunities. Decades of international cooperation, global movements for greater equality, and technological advancements have lifted millions across the globe out of extreme poverty and put them on a path towards prosperity.

Unfortunately, these gains have been unequal. Global crises are increasing in number, duration, and complexity. Extreme poverty is on the rise for the first time in two decades.¹ Violent conflict is currently at a 30-year high,² and the World Bank estimates that by 2030, up to 2/3rd of the world's extreme poor could live in conflict-affected, violent, or fragile settings.³ Uneven economic development and harmful environmental practices have culminated in a global climate emergency – a crisis that is most felt by the communities that have least contributed to it. Weather- and climate-related disasters have forced millions of people from their homes, while climate stressors such as changing rainfall patterns, severe drought, and seasonal flooding disrupt livelihoods and pressure people to leave their homes in search of better conditions.

This dangerous combination of conflict and climate change compounds other threats – and further prevents people from achieving their aspirations. Without a new course of action, conflict and climate

change will continue to drive rising hunger, water shortages, loss of incomes, violence, and displacement over the next decade.

The enormity of these challenges makes it easy to see a world of unsolvable problems. But Mercy Corps sees countless opportunities for transformational change—in the increasing power women have in decision-making processes, in today's youth becoming the leaders and peacebuilders of tomorrow, in digital solutions that help farmers sustainably produce more food or bring communities closer together, and in green economic growth that protects the environment while increasing income.

Supporting Inclusive, Resilient Communities

Mission: Mercy Corps exists to alleviate suffering, poverty and oppression by helping people build secure, productive, and just communities. Lasting solutions to the complex and dynamic challenges posed by conflict and climate change require action on multiple fronts. That's why we are a multi-mandate organization that provides access to humanitarian aid, development, and peace assistance in places affected by fragility and crisis. We partner with and support those who are systemically marginalized because of their gender, age, ethnic, religious, or other identities, those living in or at risk of extreme poverty, and those most affected by conflict and climate change.

Inclusive and resilient communities have the capacity to collectively:

- › Invest in and draw on inclusive and transparent decision-making processes, practices, and institutions
- › Allocate resources, information, and services equitably and fairly
- › Foster connections, cohesion, and belonging within and across groups while nurturing individual autonomy and aspirations
- › Leverage effective safety nets to prevent the most marginalized from sliding deeper into poverty
- › Foster inclusive, adaptive, diverse economies
- › Maintain equitable access to a productive, healthy environment
- › Embrace all people and celebrate diverse, intersectional identities
- › Proactively address power imbalances to include all members

Vision: We support communities – and the most marginalized within them – to emerge from crisis and build towards a more inclusive, resilient future.

No matter the context, we believe in the power of human potential and the ability of communities to grow stronger and more resilient. Resilience means people and systems can protect and improve wellbeing – such as food security and incomes – in the face of shocks and stresses. Inclusion and resilience are foundational characteristics of secure, productive, and just communities in which

everyone can thrive. We make it easier for affected communities to access resources, services, and opportunities that support them to cope, adapt, and ultimately thrive. We foster inclusive and resilient communities that positively impact and protect the physical, social, and economic wellbeing of all their members – even in the face of adversity.

Our Resilience Framework

Enhancing Resilience Capacities

Communities living in fragile contexts face multiple shocks – such as political upheaval, recession, violence, failed rains, or drought. Often, these shocks occur simultaneously, repeatedly, or continuously – overwhelming the abilities of communities to sustain progress, putting them at risk of further backsliding, and negatively impacting their ability to prosper. Mercy Corps' programs, partnerships, and influence focus on strengthening sources of resilience, enhancing the capacities of people, markets, and institutions to handle shocks, reduce risk, build more equitable and responsive systems, and improve wellbeing.

Whether the threat is a sudden shock or a slowly emerging crisis, natural or political, Mercy Corps uses our resilience framework to sequence, layer, and integrate our assistance to ensure relevant, technically sound, and high-quality support.

In the most severe crises, we respond rapidly and meet urgent needs while investing early in enhancing resilience. We pivot quickly – working flexibly across humanitarian response, peacebuilding, and long-term development approaches to respond to changing circumstances on the ground.

¹ United Nations Press Release

² United Nations and World Bank. 2018. "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict." Executive Summary booklet. World Bank, Washington, DC.

³ World Bank Fragility Forum <https://www.worldbank.org/en/topic/fragilityconflictviolence/overview#1>

RESILIENCE FRAMEWORK

Cope – in the midst of crisis

We strengthen people's ability to COPE with the immediate effects of crises such as conflict, natural disasters, and weather-related incidents. We help people meet urgent needs with dignity and self-determination through cash, voucher, water, sanitation, and hygiene assistance, while partnering with government and community institutions to help people access safety nets that protect access to food, water, and incomes. Through financial and technical assistance, we help sustain markets and local institutions through crises while strengthening their ability to better anticipate, prepare for, and respond to future threats.

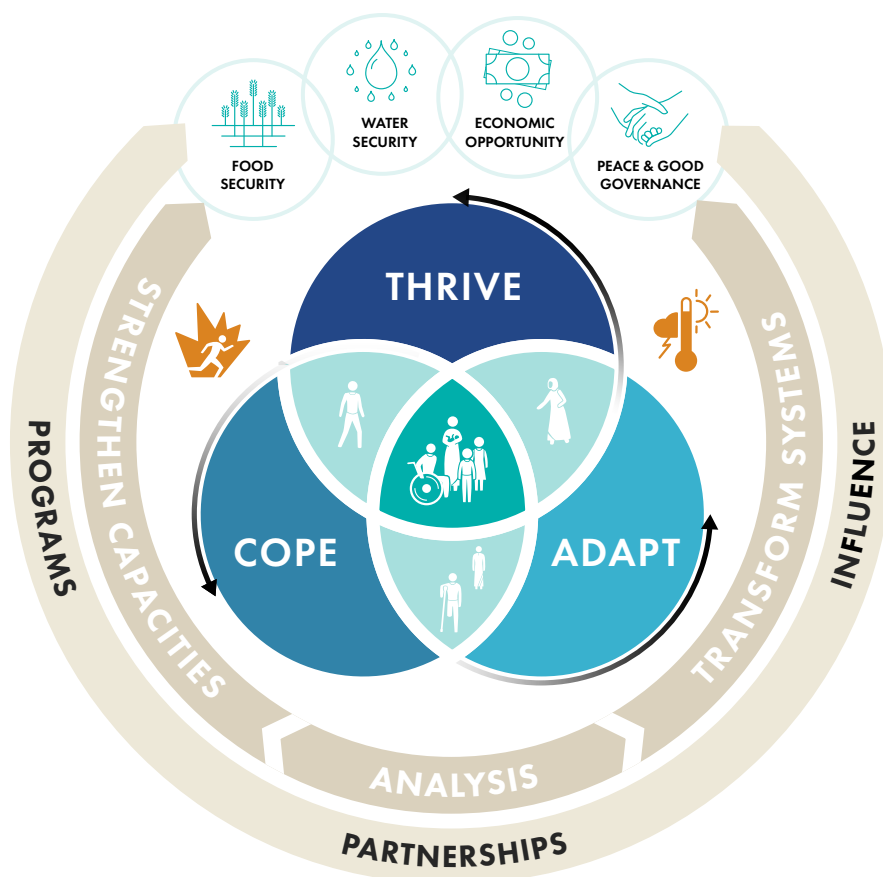
Adapt – to climate and conflict threats

We enhance people's ability to ADAPT to future threats. We help individuals and communities equitably access the knowledge, resources, technologies, and services they need to make informed decisions, reduce risk, and maximize their

wellbeing over time. We help ensure people are better connected to local institutions and market opportunities that can support climate change adaptation, conflict management, and social cohesion. This enhances people's ability to build back better after each crisis and avoid or lessen the impacts of future shocks.

Thrive – today and into the future

We support people to THRIVE, strengthening their capacities to transform their own lives and influence their local systems to address inequitable access to services, underlying drivers of conflict, and resource degradation. We help address power imbalances that perpetuate marginalization, poverty, and risk. We facilitate connections across divides to help build inclusive and effective governance institutions and facilitate equitable access to and influence over resources. We help ensure that historically excluded individuals and groups have opportunities to meaningfully influence decision-making processes and are empowered and confident to invest in their futures.



Humanitarian Response Approach

Driven by a humanitarian imperative, Mercy Corps responds rapidly to meet the immediate needs of those most impacted by conflict and climate change. We prioritize the delivery of lifesaving humanitarian assistance during times of acute need – even as we look for ways to help communities prevent, mitigate, or adapt to future shocks and stresses.

We are agile and nimble, with the operational readiness and the adaptive management capacities, skills, and structures to pivot our approaches as the context requires. We partner with communities to anticipate and respond to urgent needs as they arise – enhancing resilience even in the most extreme humanitarian contexts.

Supporting and Strengthening Local Systems

The magnitude of challenges we seek to address requires lasting, locally-led solutions that can reach millions of people at scale. That's why we focus our work on systems-level change aimed at strengthening the local governance, economic, ecological, and social systems that communities rely on.

People in fragile contexts depend on local markets, services, social networks, and their natural environment to meet their needs and build their futures. How these local systems are organized and governed directly influence community members' abilities to manage adversity and achieve their goals. When local systems are inclusive, responsive, and effectively able to pivot and adapt to shocks and stresses, they will, in turn, support the people who depend on them.

We identify and partner with innovators and decision-makers with the greatest potential to achieve lasting impact and transform systems from within - for the benefit of all community members. We collaborate with these champions of change to better understand how local systems currently function, who is excluded from them, and how they can be improved to benefit all community members. Together, we work to address

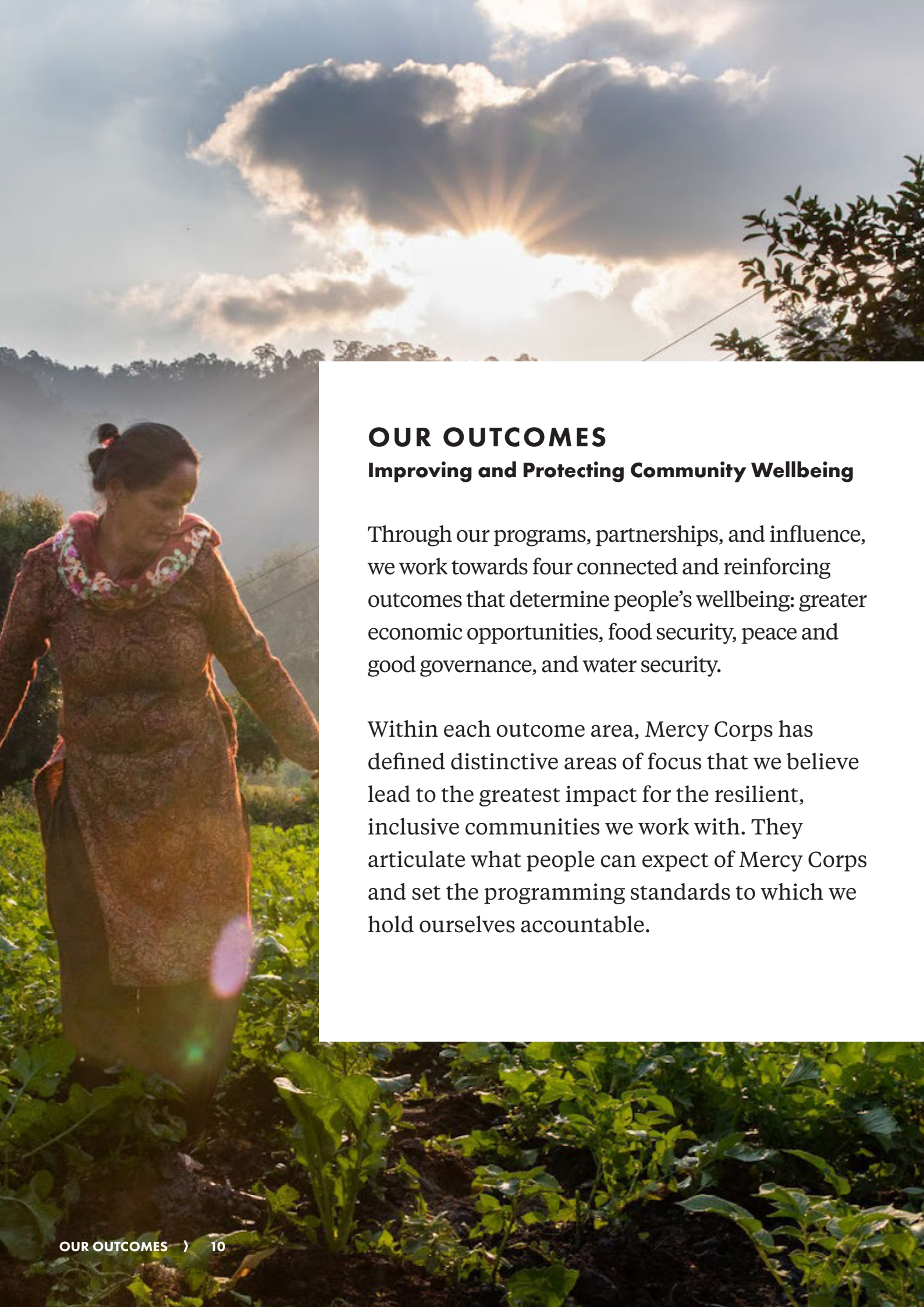
barriers to accessing or influencing these market, governance, and environmental systems and the opportunities they provide.

Driving Impact through Influence

Equitable and accessible systems, policies, and practices cannot be built through programming and partnerships alone. Influence and advocacy are also critical pathways to community well-being. We connect with and influence the most critical decision-makers in the systems and policies we seek to change.

We use our influence to help:

- › Broaden humanitarian access and promote protection of civilians
- › Enable greater inclusion of and accountability to affected populations
- › Ensure resource flows are transparent, impactful, and equitable
- › Advocate for supportive policies, legislation, regulations, incentives, and investments for systemically marginalized groups
- › Facilitate the inclusion of marginalized populations and communities in decision-making, service delivery processes, and governance systems

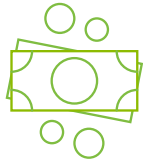


OUR OUTCOMES

Improving and Protecting Community Wellbeing

Through our programs, partnerships, and influence, we work towards four connected and reinforcing outcomes that determine people's wellbeing: greater economic opportunities, food security, peace and good governance, and water security.

Within each outcome area, Mercy Corps has defined distinctive areas of focus that we believe lead to the greatest impact for the resilient, inclusive communities we work with. They articulate what people can expect of Mercy Corps and set the programming standards to which we hold ourselves accountable.



ECONOMIC OPPORTUNITIES

PEOPLE GROW AND SUSTAIN
THEIR ASSETS AND INCOME.



FOOD SECURITY

PEOPLE ARE WELL-NOURISHED AT ALL
TIMES, WITH ACCESS TO SUSTAINABLY
PRODUCED, SAFE, AND NUTRITIOUS FOOD.



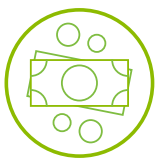
PEACE AND GOOD GOVERNANCE

PEOPLE EXPERIENCE LESS VIOLENCE, BUILD
MORE COHESIVE AND PEACEFUL COMMUNITIES,
AND PARTICIPATE MEANINGFULLY IN INCLUSIVE,
RESPONSIVE GOVERNANCE SYSTEMS.



WATER SECURITY

PEOPLE HAVE EQUITABLE AND SUSTAINED
ACCESS TO CLEAN AND SAFE WATER TO MEET
THEIR EVERYDAY NEEDS.



ECONOMIC OPPORTUNITIES

PEOPLE GROW AND SUSTAIN THEIR ASSETS AND INCOME.



The Problem

Fragile markets do not provide marginalized groups and those living in poverty sufficient opportunities to prosper. They provide little opportunity for people to buy the things they need, find a decent job, or start a business. Gaps in the market stem from systemic barriers that often prevent the most marginalized from productively participating in the economy. Global extreme poverty is rising for the first time in two decades and more than 60% of the world's poor will live in fragile contexts by 2030.⁴ In that same time frame, climate change will push an additional 160 million people into poverty⁵ – primarily in fragile contexts where weak market systems and lack of economic opportunities further worsen poverty and instability.

Fragile Markets Cannot Handle Shocks

Markets and the ways they operate contribute to or worsen the effects of conflict and climate change. At the same time, these fragile markets and the actors within them are often the most susceptible to and affected by violence, political instability, or weather extremes. They do not have the needed financial flexibility, connections, or capacities to cope, adapt, or thrive. Unexpected shocks such as conflict or natural disaster result in breakdowns in the supply chain, shortages of essential goods or services, reductions in customer bases, and loss of jobs and income.

Economic Disruptions Harm Women and Youth

These shocks and stresses disproportionately impact those living in or at risk of poverty – many of whom also face inequalities in market access or job opportunities due to gender, identities, ethnic background, or remote locations. In fact, economic

shocks are more likely to decrease income and increase the risk of gender-based violence for women and girls than for men and adolescent boys. Unemployed youth who lack economic opportunities face specific threats, such as migration or recruitment into armed groups, and are at greater risk of resorting to violence or other negative coping mechanisms.

Objectives

Our pathway to increased economic opportunities envisions a world where economically marginalized people grow and sustain their assets and income.

This means:

- › Economically marginalized people become customers, employees, or business leaders
- › Equitable and accessible markets offer products, services, and jobs adapted to include the economically marginalized
- › Individuals, businesses, and market systems become more resilient to conflict and climate-related shocks and stresses

Resilience Approach

Market systems that pivot and adapt to shocks and stresses will, in turn, support the resilience of those who depend on them.

Mercy Corps works through programs, partnership, and influence to help marginalized people protect and grow their assets and income in the face of compounding shocks. We help build inclusive and resilient markets that work with and for the economically marginalized and those most affected by conflict and climate change. Our efforts aim to prevent the breakdown of markets in times of crisis, and we intervene early to help rebuild the agriculture sector, labor markets, and financial services so that livelihoods can resume.

We help make markets more efficient, profitable, and accessible for systematically marginalized groups and those living in poverty. Simultaneously, we strengthen the capacities of individuals, households, and groups to operate effectively within these market systems. The private sector is our partner of choice because inclusive and resilient markets have the potential to provide sustainable economic opportunities at scale over the long term. We work on both the supply and demand sides to strengthen market system performance and address long-standing power imbalances that affect market participation. And by sequencing, layering, and integrating our peace, humanitarian, and development assistance, we help strengthen communities' capacities to cope, adapt, and thrive so they can secure economic opportunities now and in the future.

⁴ Poverty and Fragility: Where Will the Poor Live in 2030? Brookings Institute Report 2021

⁵ Fragility and Conflict: On the Front Lines in the Fight against Poverty. World Bank 2021

OUR OUTCOMES

COPE:

We combine cash transfers to households to meet immediate needs with targeted support to the businesses that households rely on most.

ADAPT:

We support businesses to become more agile, diversified, and climate-smart, and we help marginalized populations access markets and participate meaningfully in their economy.

THRIVE:

We strengthen the long-term resilience of market systems by spurring innovation, improving regulation, and pursuing climate-smart economic growth.

Areas of Focus

Supporting Markets in Crisis

We enable households to meet basic needs, and we sustain markets in times of crisis by:

- › Providing safe and dignified cash and voucher assistance at scale
- › Helping local businesses continue to function and respond to people's needs
- › Connecting cash interventions to government-led social protection systems for businesses
- › Leveraging cash interventions to develop markets and improve financial inclusion

Strengthening Financial Ecosystems

We leverage all available financial mechanisms to address systemic market constraints by:

- › Creating more favorable conditions to ensure the most marginalized can equitably participate in the economy
- › Helping individual entrepreneurs and micro to small enterprises to grow and prosper
- › Supporting financial service providers to adapt and extend credit, savings, and insurance products and services for economically at-risk individuals and businesses
- › Co-investing in and supporting social enterprises delivering high-impact solutions to communities

Developing Tech-Enabled Solutions

We collaborate with technology companies, banks, and other non-traditional partners to:

- › Develop, adapt, test, disseminate, and scale promising tech-enabled solutions
- › Increase access to relevant services and information
- › Harness the power of technology to enable real-time decision-making for businesses and the individuals that rely on them

Driving Green Economic Growth

We foster opportunities for sustainable and productive economic growth that simultaneously mitigates the impacts of climate change by:

- › Supporting market-led climate mitigation and adaptation efforts – particularly in the agriculture and energy sectors – while targeting women and youth entrepreneurs
- › Helping to create the next generation of green jobs and equip a future-facing workforce
- › Creating incentives for greater efficiency in the use of natural resources and energy consumption
- › Supporting the development of green growth policies, regulations, and financing

Supporting Young People as Drivers of Growth

We support today's youth to become the leaders of tomorrow's economy by:

- › Facilitating the creation of and access to jobs that are profitable, dignified, and safe
- › Increasing access to financial and non-financial products and services that are responsive to the needs of young people
- › Supporting youth to acquire new skills
- › Supporting youth in becoming advocates for their own economic wellbeing

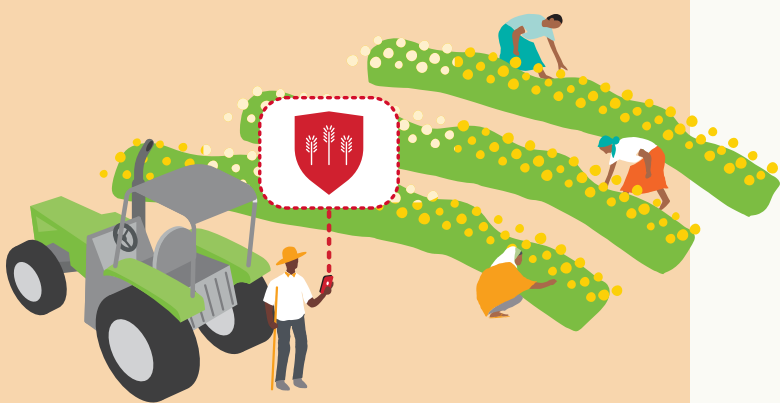


OUR OUTCOMES



FOOD SECURITY

PEOPLE ARE WELL-
NOURISHED AT ALL
TIMES, WITH ACCESS
TO SUSTAINABLY
PRODUCED, SAFE, AND
NUTRITIOUS FOOD.



The Problem

Extreme poverty and malnutrition are on the rise. Food systems are repeatedly failing to meet the food and nutrition needs of systematically marginalized populations facing the compounding effects of conflict and climate change. At the same time, the allocation of food – and control of income for food purchase – remains highly inequitable within households and across communities. Without urgent action at scale, it is expected that 840 million people – almost 10% of the population – will be food insecure by 2030, with women and girls the most affected.⁶

Inequity and Exclusion in the Food System

Equitable access to, use, and control of resources by women and marginalized groups is essential to food and nutrition security. Yet food insecure populations face significant barriers accessing productive land, improved production technology, markets, and information required for both food production and income generation for food purchase. Women, girls, and other marginalized groups in particular have fewer assets, fewer economic opportunities, and less decision-making power – though they are often most affected by increases in food prices or limited food availability. Social norms dictate that they are often the last in line to consume food and most limited in their food choices.

Food Security, Violent Conflict, and Climate Change

Violent conflict is a key driver of both acute and chronic malnutrition, and hunger is clustered in climate-affected areas. Conflict disrupts agricultural production and trade, destroys infrastructure, and

displaces labor in places where people already live at risk of falling into poverty. At the same time, the climate crisis is only growing, with extreme or erratic weather events leading to declining yields and crop loss in areas already struggling with productivity. Climate change exacerbates land degradation and water scarcity in areas with poor resource governance, further impacting the lives of at-risk communities and households.

Conflict and climate change reinforce one another, deepening both hunger and physical insecurity in already fragile places where limited opportunities – and natural resource scarcity often fuel further conflict – creating a violent cycle of vulnerability and a growing food security emergency.

Objectives

Our pathway to improved food security moves us closer to a world where people are well-nourished at all times, with access to sustainably produced, safe, and nutritious food.

This means:

- › Crisis-affected populations meet acute food needs with dignity and self-determination
- › Women, adolescent girls, and systematically marginalized groups increase access and control of income, assets, and decision-making to improve food security

- › Food-insecure households access and consume sufficient nutritious food year-round through local production and markets
- › Communities apply climate-resilient solutions and engage in peacebuilding to improve food security

Resilience Approach

Sustained participation in inclusive and resilient food systems and autonomy over food choices improve and protect food security in fragile environments.

Mercy Corps works through programs, partnerships, and influence to meet urgent food needs while building more inclusive and resilient food systems to ensure lasting food security for all. We aim to minimize the impacts of food crises on households, prevent the destabilization of food systems during conflict and natural disasters, and increase the resilience of food systems to climate change.

We identify and support individuals and groups with the greatest food security needs – women, adolescent girls, underserved youth, and children – who are living in or at risk of malnutrition and poverty and most affected by shocks. We use cash and voucher assistance to meet urgent food needs, while simultaneously layering market approaches that support food system continuity in times of crisis. In partnership with local service providers – health,

⁶ UN Report on Sustainable Development Goals 2022

OUR OUTCOMES

water, sanitation – we help strengthen safety nets and access to basic services so that people can consume safe and nutritious foods at all times. We facilitate access to information, technology, and resources that increase yields and food access in the last mile. We work with food system actors to identify and address the systemic constraints and inequities that prevent people from accessing resources to improve their own food security. We prioritize women's empowerment and inclusion in governance and decision-making processes so that food systems benefit women and

children – now and into the future.

Our actions and advocacy seek to address the systemic constraints and inequities that prevent people from accessing resources to improve their own food security. And by sequencing, layering, and integrating our peace, humanitarian, and development assistance we strengthen the capacity of people and the food systems they rely on to **cope, adapt, and thrive.**

COPE:

We meet immediate food and nutrition needs through cash, voucher, and WASH assistance and strengthen capacities for crisis preparedness and response.

ADAPT:

We strengthen the capacity of local food systems to increase access to and availability of nutritious food year-round by promoting climate-smart and conflict-sensitive agricultural production.

THRIVE:

We foster inclusive decision-making, individual autonomy, and equitable control over resources — transforming local food systems to eliminate hunger and malnutrition

Areas of Focus

Facilitating Cash Assistance, Safety Nets, and Economic Inclusion

In crisis, we deliver cash to households, build out government-led social protection systems, and support pathways to economic inclusion to help households:

- › Meet immediate needs with dignity and self-determination and prevent further decline in food security
- › Generate income and move out of poverty
- › Transition off assistance towards self-reliance and build resilience to future shocks

Advancing Peace to Prevent Hunger

We help address the key drivers of conflict – driven hunger and deliberately promote peace by:

- › Using conflict-sensitive approaches to avoid exacerbating tensions
- › Addressing local power dynamics and strengthening social cohesion
- › Helping communities peacefully manage conflicts over land and water access before they escalate into violence and protracted crises

Promoting the Autonomy of Women and Girls in Food Systems

We focus on promoting the abilities of women and adolescent girls to help households meet their immediate food needs while building a more food secure future by:

- › Increasing knowledge and decision-making power of women and girls, and securing access to and control over assets in support of food security
- › Promoting access to resources and services that address women's and girls' unique constraints, including traditional caretaking roles and labor burdens
- › Elevating and strengthening the unique role of women and girls in the food system, as consumers, entrepreneurs, advocates, and agents of change

Promoting Nutritious Diets

We engage communities and market system actors to improve households' access to and consumption of nutritious foods by:

- › Strengthening year-round nutritious crop and livestock production in 'last mile' communities
- › Enhancing communities' roles in promoting nutritious food choices and consumption practices
- › Strengthening private sector capacities to provide nutritious food and products to markets year-round
- › Working in partnership to address acute nutrition needs while ensuring continuity of health and water services and supporting community management of malnutrition

Developing Climate-Resilient Food Systems

We help build diverse and climate-resilient food systems that:

- › Enable households to access healthy food year-round through crop and livelihood diversification
- › Support the adoption of community-led soil and water management techniques
- › Advance climate-smart agriculture
- › Incentivize the private sector to provide nutritious food year-round at local markets
- › Expand financial products and services to 'last mile' households and producers





PEACE AND GOOD GOVERNANCE

PEOPLE EXPERIENCE LESS VIOLENCE, BUILD MORE COHESIVE AND PEACEFUL COMMUNITIES, AND PARTICIPATE MEANINGFULLY IN INCLUSIVE, RESPONSIVE GOVERNANCE SYSTEMS.



The Problem

Violent conflict is at a 30-year high.⁷ Conflict arises when weak sociopolitical, economic, and ecological systems break down. These breakdowns almost always result from poor governance: unaccountable or unresponsive institutions, inequitable access to services and resources, a lack of inclusive participation in decision-making processes, and low civil society capacity to address these challenges.

At the same time, increasingly intense and more frequent climate-related shocks disproportionately impact poorer countries, where the risk of violent conflict is already immense. The global climate emergency worsens conflict by increasing competition for increasingly scarce resources, exposing governance failures, and exacerbating inequities and marginalization.

Cycles of Conflict Challenge Lasting Peace

Inequity, systemic marginalization, and uneven or unjust access to services and resources all feed conflict. In turn, conflict causes the further destabilization of food, water, and economic systems already under constant threat of recurrent shocks. The resulting violence increases tensions – leading to more violence and creating cycles of conflict that challenge lasting peace.

Displacement and Barriers to Participation

The effects of conflict are devastating and far-reaching. Complex crises have produced the highest number of displaced people on record⁸ – creating economic and social challenges for the displaced and their host communities. In crisis-affected settings, women and girls face increased risk of gender-based

violence as well as enormous barriers to meaningful participation in peace and governance processes. In protracted conflict, widespread trauma and other psychosocial barriers, including a lack of belonging and autonomy over the decisions that matter most, reduce households' and communities' abilities to cope, adapt, and thrive.

Objectives

Our pathway to peace and good governance moves us closer to a world where people reduce or prevent violence, contribute to advancing sustainable peace, and participate meaningfully in inclusive and responsive governance systems.

This means:

- › People live free from the threats of violence and physical and psychosocial insecurity
- › Youth have increased opportunities and viable alternatives to violence
- › People across diverse identity groups contribute to cohesive communities and cooperatively prevent, respond, and adapt to conflict and climate-related shocks
- › Inclusive and effective governance processes and institutions – including civil society – enable engagement and collective decision-making
- › Women and young people meaningfully contribute to formal and informal governance and peace processes

Resilience Approach

Resilience to conflict and climate shocks depends on peaceful, locally led action and meaningful participation by everyone in responsive governance processes.

Mercy Corps works through programs, partnership, and influence to support communities to prevent, manage, and transform violent conflict over time. Our efforts aim to reduce violence and address drivers of conflict so development outcomes make lasting impact. Even while addressing immediate needs, we lay the foundation for long-term stability and sustained peace.

Advancing sustainable peace starts with supporting local efforts to reduce violence and create more inclusive governance systems. We elevate locally-led collective action among civil society, government, community members, and formal and informal leaders. Specifically, we focus on groups and organizations led by or serving women, youth, or other systemically marginalized populations.

We help people access and influence processes and decisions within formal and informal governance institutions to address grievances and to contribute to meaningful change. And we support local peacebuilders in their efforts to resolve conflicts and lay foundations for longer-term change. Within ecological systems, we connect communities to the processes, decisions, and skills essential for effective natural resource management and climate adaptation.

⁷ United Nations and World Bank. 2018. "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict." Executive Summary booklet. World Bank, Washington, DC.

⁸ United Nations High Commissioner for Refugees. Figures at a Glance 2022.

OUR OUTCOMES

We help identify or create opportunities for greater participation in decision-making processes around natural resources – a widespread driver of conflict.

In practice, this means working with community members as well as decision-makers, service providers, and other power-holders to build skills in: negotiation and mediation, civic engagement, advocacy and social accountability, social cohesion, and inclusive planning community mobilization.

By sequencing, layering, and integrating our peace, humanitarian, and development assistance, we help advance peace and promote inclusive, responsive governance processes, that enable communities – and the most marginalized within them – **to cope, adapt, and thrive.**

COPE:

We take conflict-sensitive humanitarian action, facilitate more equitable access to services, work with communities to prevent further conflict, and support collective action in response to climate shocks like droughts, heat waves, and natural disasters

ADAPT:

We strengthen conflict management and negotiation capacities, support inclusive governance processes, and bring community members together to identify and work towards common conflict prevention or climate adaptation goals

THRIVE:

We leverage long-term development solutions to address power imbalances and inequities that drive conflict, while strengthening the pillars of good governance to advance sustainable peace

Areas of Focus

Advancing Peace in Complex Crises

We support local efforts to reduce and prevent conflict and create sustainable peace by:

- › Laying the foundation for peace through conflict-sensitive humanitarian action
- › Mitigating tensions by building social cohesion and bridging relationships across divides
- › Strengthening early warning/ early action systems and supporting local actors and institutions to equitably deliver essential services

Preventing Youth Violence

We address the systemic issues that drive youth into armed groups by:

- › Creating positive channels for youth engagement and advancement in civic, economic, and social spaces
- › Helping young people pursue peaceful alternatives to violence and supporting youth-serving organizations
- › Facilitating access to psychosocial support for violence prevention and reintegration of former members of armed groups

Digital Peacebuilding

We harness the transformative power of social media to proactively build and promote peace by:

- › Preventing harmful use of social media that can lead to or exacerbate conflict
- › Increasing awareness of and resistance to digital drivers of conflict
- › Leveraging digital tools to create opportunities and promote online and offline social cohesion
- › Supporting communities' efforts to monitor, track, and respond to social media threats in real time

Enhancing Climate Security and Resource Governance

We support communities to tackle climate-related drivers of conflict by:

- › Supporting participatory planning processes for climate adaptation and mitigation activities
- › Integrating social cohesion and other peacebuilding approaches into climate change adaptation practices and policies
- › Strengthening capacities for improved water governance and natural resource management
- › Facilitating opportunities for collaboration to increase safe and equitable access to natural resources

Transforming Norms and Behaviors for Good Governance

We work with decision-makers and power-holders as well as households and individuals to:

- › Strengthen norms, expectations, and behaviors around participatory, accountable, and responsive governance
- › Support capacities for dialogue, advocacy, and civic engagement
- › Increase meaningful inclusion of women, young people, and marginalized groups in decision-making and governance processes



OUR OUTCOMES



WATER SECURITY

PEOPLE HAVE EQUITABLE
AND SUSTAINED ACCESS
TO CLEAN AND SAFE
WATER TO MEET THEIR
EVERYDAY NEEDS.



The Problem

Worldwide, one in three people do not have access to safe drinking water, and two out of five lack basic handwashing facilities.⁹ Meanwhile, overarching water insecurity – too little, too much, or too dirty water – is increasing in scale, scope, and impact in the face of a growing climate emergency.

Root Causes of Water Insecurity

Our changing climate, poor water governance, inadequate water management and planning, and inequitable control of resources are the root causes of water insecurity. These issues can fuel tensions and conflict as people – increasingly on the move – compete for scarce water. In fragile contexts, conflict can push water systems and services to fail just as disagreements over water can lead to escalations of violent conflict.

Contributors to Water Insecurity

Resource scarcity, urbanization and uneven population concentration, and unsustainable economic development clearly contribute to water insecurity by increasing pressure on water. The increasingly severe effects of climate change are pushing water systems to their limits. Extreme weather events, rising temperatures, and crippling droughts are making it increasingly impossible to meet demand while staving off severe threats to security and livelihoods.

Affecting the ‘Last in Line’

Water insecurity disproportionately affects those who have been systemically excluded because of their gender, age, location, and identities. The impacts of the climate emergency on water security

are especially pronounced for those ‘last in line’ for services or access to improved systems, such as residents of slum areas, displaced people or those fleeing conflict, those who have relied on floodplain and wetland ecosystems for subsistence production, and rural farmers and pastoralists facing unpredictable rains and shifting growing and herding conditions.

Objectives

Our pathway to water security moves us closer to a world where people have equitable and sustained access to clean and safe water to meet their everyday needs.

This means:

- › Immediate water, sanitation, and hygiene services (WASH) needs are met in humanitarian crises
- › Equitable and inclusive water governance processes support the water needs of marginalized individuals and groups
- › Market-driven, accountable, and professional service delivery sustains water system functionality for marginalized groups
- › Natural and engineered water systems are climate-resilient, support water conservation, and integrate water resource management

Resilience Approach

Inclusive, climate-smart water systems contribute to resilience by improving livelihoods, food security, and social cohesion.

Through our programs, partnerships, and influence, Mercy Corps helps sustain improvements in clean, safe, and equitable water access – even in times of crisis.

Whether responding to immediate water and sanitation needs in an emergency or overseeing large-scale water infrastructure projects, our efforts center on strengthening the ability of water systems to anticipate risk and prevent water issues from fueling future conflict.

Water governance, rather than infrastructure, is at the heart of our resilience approach. We foster inclusive and equitable processes that center the needs and meaningful participation of marginalized groups – and women in particular – resulting in greater access to and functionality of water systems. This means working with water providers and users at multiple levels to identify sustainable rural and urban water solutions and strengthen water planning, governance, management, and financial capacities of service providers and private sector and market actors.

In emergencies and humanitarian crises, we provide access to lifesaving water, sanitation, and hygiene (WASH) services and work to minimize

⁹ UN Sustainable Development Goals Report - 2022

OUR OUTCOMES

destabilization of services where they do exist. As the context shifts towards stabilization or recovery, we mobilize resources and support partners to move towards more integrated approaches focused on local water systems. By sequencing, layering, and

integrating our peace, humanitarian, and development assistance, we strengthen the capacity of communities and the water systems they rely on to **cope, adapt, and thrive**.

COPE:

We provide lifesaving access to water, sanitation, and hygiene and help minimize damage to or disruption of water services.

ADAPT:

We strengthen planning, technical, managerial, and financial capacities for sustainable rural and urban water solutions.

THRIVE:

We support utilities, water committees, irrigation user groups, and households to control their futures by investing in their own water security.

Areas of Focus

Delivering Responsive and Efficient Humanitarian WASH Services

We respond to conflicts and disasters to:

- › Rapidly meet immediate WASH needs of crisis-affected populations
- › Re-establish services through rehabilitation, construction, and water trucking
- › Provide facilities and services to enhance safe and dignified access to water and sanitation

Scaling Innovative Solutions for Water and Sanitation

We contribute to sustainable solutions that meet the water needs of the marginalized individuals and groups by:

- › Integrating and scaling interventions across governance, market, and water systems – both natural and engineered systems
- › Developing sustainable, resilient business models and market-led pricing schemes
- › Strengthening technical, managerial, and financial capacities within local water utilities and other institutions

Advancing Community Flood Resilience

We partner with the most at-risk people and communities to anticipate, prepare for, and respond to floods through:

- › Strengthened stakeholder coordination, improved planning processes, and climate-smart infrastructure to prevent flooding
- › The development of flood early warning systems and training of first responders
- › Scaling solutions that respond to multi-hazard flood disasters

Promoting Sustainable Water Management and Rural Livelihoods

We begin with governance and finish with infrastructure to address household and productive water needs to:

- › Work with communities to advocate for rights to access, use, and manage water

- › Nurture private-sector water service provision and strengthen their professional management capacities
- › Support cost-recovery initiatives to sustain long-term financing for community water systems

Incentivizing Water Conservation

We support water savings through market-led approaches and enabling policies that:

- › Conserve existing water supplies through more efficient water capture, infiltration, pumping, and diversion
- › Incentivize alternative sources like rainwater harvesting and wastewater reuse
- › Fund market, policy, behavioral, and cultural factors to support adoption of conservation technologies and solutions





OUR COMMITMENTS

For Mercy Corps, five reinforcing practices are foundational to driving greater and more sustained impact for and with those affected by crisis. These five commitments underpin all that we do – regardless of programming interventions or context – and challenge us to continuously push the boundaries of what is possible.



**CLIMATE
SMART**

WE TAKE BOLD ACTION TO MEET THE
URGENCY OF THE CLIMATE CRISIS.



**EVIDENCE
DRIVEN**

WE USE DATA, EVIDENCE, AND ANALYTICS TO
DRIVE IMPACT, SCALE WHAT WORKS, AND
INFLUENCE OTHERS.



**INNOVATIVE
AND CREATIVE**

WE INNOVATE AND WORK WITH CHANGE-
MAKERS TO TEST, CO-CREATE, AND SCALE
MORE EFFECTIVE SOLUTIONS.



**LOCALLY
LED**

WE ARE INTENTIONAL ABOUT SHARING AND
CEDING POWER, BUILDING MEANINGFUL
PARTNERSHIPS, AND CENTERING
COMMUNITIES' VOICE IN ALL WE DO.



**SAFE, DIVERSE,
AND INCLUSIVE**

WE HELP CREATE A CULTURE OF INCLUSION
FOR ALL PEOPLE THAT PROTECTS, ENABLES,
AND ELEVATES DIVERSE COMMUNITY
MEMBERS AND GROUPS.



CLIMATE
SMART

WE TAKE BOLD
ACTION TO MEET
THE URGENCY OF
THE CLIMATE
CRISIS.

We work in communities on the front lines of climate change, and we know that it will take bold action to address the growing climate emergency. Mercy Corps is committed to reducing climate burdens on people suffering the most — especially women and girls who experience disproportionate climate burdens.



Adaptation, resilience, low-carbon development

Mercy Corps helps households and communities adapt to a changing climate in ways that won't cause more problems in the future. This means moving beyond traditional adaptation approaches to build new capacities for climate resilience. We invest in and advocate for:

- › Access to more sustainable green energy,
- › Future oriented models for adaptation that are scalable and sustainable, and
- › Reducing the negative environmental impacts of economic development.

Urgent climate action requires innovative and bold partnerships

A global crisis demands a response far broader than what Mercy Corps can do alone. Investing in adaptation and resilience will not be enough. We boldly build and nurture partnerships to take action for and with those facing the brunt of climate change. Together, we can unleash the potential of the private sector, secure additional capital through climate finance, and convince policy makers to adopt bold climate solutions.

How we get it done

We unite climate action with the siloed worlds of humanitarian, peacebuilding, and development programming. How? Mercy Corps plays a leading role in designing and scaling programs that reduce negative climate impacts in fragile, conflict-affected contexts. This bold climate action requires changes to how we do business as well:

- › **Enhancing our understanding** of climate risks and mitigation strategies in the communities where we work
- › **Testing and expanding innovative** financing mechanisms that amplify climate action
- › **Contributing to data and research** at the intersection of climate change and conflict
- › **Equipping every country team** with enhanced climate change knowledge and skills
- › **Lowering Mercy Corps' operational carbon** footprint by 50% by 2030

OUR COMMITMENT



**EVIDENCE
DRIVEN**

**WE USE DATA,
EVIDENCE, AND
ANALYTICS TO DRIVE
IMPACT, SCALE WHAT
WORKS, AND
INFLUENCE OTHERS.**



Mercy Corps uses the right types and forms of data at the right times to make evidence-based decisions. We believe this is fundamental to understanding and addressing complex, interconnected challenges and in making tough decisions about where we work, who we work with, and how we can make the greatest difference.

We are a leading producer, consumer, and broker of evidence and data

This means:

- › Generating evidence about new approaches in under-researched areas,
- › Applying evidence about which approaches and methodologies work best,
- › Using evidence to validate and improve performance, and
- › Sharing lessons across our programming contexts and within the broader sector.

Being evidence-driven commits us to greater accountability to the communities we serve and the donors who support our programs.

How we get it done

Evidence drives how we design, manage, and adapt programs and scale what works. We also use it to generate knowledge and influence others by:

- › **Integrating data and evidence** into program strategies, approaches, and design
- › **Using real-time program data** to drive necessary adaptations, course corrections, and improvements in performance
- › **Conducting analyses** to assess and predict how crises are evolving to inform effective humanitarian response or pivot our work as necessary
- › **Capitalizing on opportunities** to generate evidence for approaches or methodologies where little evidence exists
- › **Focusing on testing** innovative solutions and cutting-edge approaches to replicate or take to scale
- › **Using data, evidence, and analytics** to determine what we advocate for and the position we take about decisions affecting our sector and our partner communities



INNOVATIVE
AND CREATIVE

WE INNOVATE AND WORK
WITH CHANGE-MAKERS
TO TEST, CO-CREATE, AND
SCALE MORE EFFECTIVE
SOLUTIONS.



At its core, innovation requires a growth and learning mindset paired with an unwavering dedication to continuously test, learn, and improve. It is the mentality we adopt and the actions we take over time to unlock greater social impact for and with our partner communities in all their diversity. This entrepreneurial spirit and restlessness to find better solutions enables us to contribute to transformative change at scale – and to creatively push the boundaries of what’s possible in the face of complex and fast-moving challenges.

Fundamental to this approach is a dedication to be bold and brave in trying new things – and a willingness to learn from both our successes and our failures. New solutions to the world’s toughest challenges are evolving rapidly thanks to the power of human ingenuity, technology, new actors in the social impact sector, and more research about what works. When evidence demonstrates a potential solution works, we collaborate with private, public, and civic sector actors to bring it to as many people in our partner communities as possible.

To better support our partners, we take risks other social investors won’t

Mercy Corps uses social enterprise and impact investing models to help local entrepreneurs drive change and be positive disruptors.

How we get it done

Mercy Corps works on cutting-edge solutions and leverages innovation in program design, delivery modalities, tech-enabled solutions, and financing to be effective on a large scale and in a sustainable way:

- › **Fostering a strong culture of creativity** that empowers teams to embrace new work approaches
- › **Sharing learning and evidence** from successful pilots with our wider programs and the broader industry to enable replication of what works
- › **Nurturing internal financial, operational, and organizational** conditions for innovation to flourish
- › **Building stronger linkages** between Mercy Corps’ social impact investments and our partner communities

OUR COMMITMENT



LOCALLY LED

**WE ARE INTENTIONAL
ABOUT SHARING
AND CEDING POWER,
BUILDING MEANINGFUL
PARTNERSHIPS, AND
CENTERING COMMUNITIES'
VOICES IN ALL WE DO.**



We believe that those impacted by the world's most complex challenges are best placed to determine their solutions, and that those solutions are fundamentally stronger and more sustainable as a result. We recognize that program partners and participants are agents of change and should drive the decisions that matter most in their lives.

Localization is the intentional shift of power and decision-making to the communities where Mercy Corps operates

Communities' and partners' ideas, initiatives, and priorities fundamentally shape our strategies and approaches as we work towards long-term and meaningful engagement with local actors.

We don't have to lead to have impact

Mercy Corps' localization approach challenges us to show up in different ways at times - to play the role of facilitator, connector, or motivator. We are intentional and focused about direct implementation and will take those approaches only where there is no long-term rationale for leveraging locally-led approaches. We continue to transform ourselves, ensuring that our global staff and leadership represent the contexts where we work and address inequitable power dynamics within our own operations, culture, and programs.

How we get it done

We approach the issue of localization in the context of broader efforts to shift power – within our agency, within our sector, and in society at large. This means:

- › **Centering the perspectives of communities** – and the most impacted within them – in all that we do
- › **Cultivating a global workforce and leadership** team representative of the communities where we operate
- › Establishing and nurturing more **trust-based, equitable, and accountable partnerships** with local actors
- › **Using our influence to inclusively advocate** for more effective, locally driven, and accountable humanitarian aid and development systems



**SAFE, DIVERSE,
AND INCLUSIVE**

**WE HELP CREATE A
CULTURE OF INCLUSION
FOR ALL PEOPLE THAT
PROTECTS, ENABLES,
AND ELEVATES DIVERSE
COMMUNITY MEMBERS
AND GROUPS.**



Communities can only be inclusive and resilient if everyone is equipped and able to manage the shocks and stresses they experience. We address social inequity as one of the root causes of poverty, hunger, and conflict. Mercy Corps supports the most marginalized individuals and groups.

We promote safety, diversity, and inclusion in all we do

Safety means respect, dignity, and living free of harm and exploitation. **Diversity** values the differences – both visible and invisible – that make each individual unique. **Inclusion** means that Mercy Corps' teams, programs, and partnerships thoughtfully create safe spaces and a culture of belonging for all people.

We strive to eliminate inequitable power dynamics, address the systems that perpetuate discrimination and abuse of power, and foster a culture of equity, integrity, and accountability in our operations, culture, and programming. We show up in a respectful way and give space for the expression of individual perspectives and priorities.

How we get it done

Mercy Corps programs and operations enable, benefit, and raise up diverse community members and groups – and especially the most marginalized – by:

- › **Embracing all people** and celebrating diverse and multidimensional identities
- › **Helping all people** live with dignity, free from harm and exploitation
- › **Fostering connections, cohesion, and belonging** within and across groups while nurturing individual aspirations and perspectives
- › **Proactively addressing power imbalances** caused by gender, age, displacement status, ethnicity or other identities
- › **Addressing and adapting our interventions** to the specific needs of marginalized groups to ensure their access, use, and participation
- › **Promoting transparent** and equitable decision-making processes at household, community and systems levels



MERCY CORPS TEAM MEMBERS AROUND THE WORLD ARE ALL PATHMAKERS TO POSSIBILITY.

Success on this journey requires us to set intentions about how we collaborate to achieve better outcomes for and with our partner communities.

Alignment, Accountability, and (effective and efficient) Allocation of resources – our 3As – enable us to refine our focus, make trade-offs, and realize our goals. Together, these 3As enable responsive support to country programs, effective inter-departmental action, and deliberate cross-organizational coordination to leverage lessons learned and scale what works.

Alignment

- › Achieving common impact goals unites us as “one Mercy Corps.”
- › We collaborate across different geographies and levels of the organization to get the best results possible.
- › We learn from each other by sharing knowledge from different contexts and providing real-time support to tackle tough challenges.

Accountability

- › Our internal systems, processes, and incentives increase our accountability to the people we serve, to our donors, and to one another.
- › We invest in measurement, evaluation, and learning to drive impact and hold ourselves accountable to our commitments.
- › We foster and continually build a culture of integrity guided by equitable and inclusive policies and practices.

Allocation of Resources

- › We make strategic investments in the long-term infrastructure necessary for an organization of our size and complexity.
- › Our strategic priorities guide our decisions for building necessary expertise, expanding and updating systems, and optimizing the efficiency of our processes.
- › We continually seize opportunities to increase efficiencies, make improvements, and further strengthen our capacities.

Our Vision Mercy Corps supports communities — in the face of conflict and climate change, and

Outcomes



Food Security

People are well-nourished at all times, with access to sustainably-produced, safe, and nutritious food.



Peace and Good Governance

Communities experience less violence and build stronger systems for sustainable peace.



ENHANCE RESILIENCE

THROUGH

ADAPTATION

COMMUNITY



Commitments

Mercy Corps exists to alleviate suffering,



**Climate
Smart**



**Evidence
Driven**



**Innovative
and Creative**

POSSIBILITY

AND STRATEGY

and the most marginalized within them — to emerge from
and build towards a more inclusive, resilient future

NCING
IENCE

IVE

APT

PE

CORPS

PARTNERS

poverty, and oppression by helping build secure, productive, and just communities.



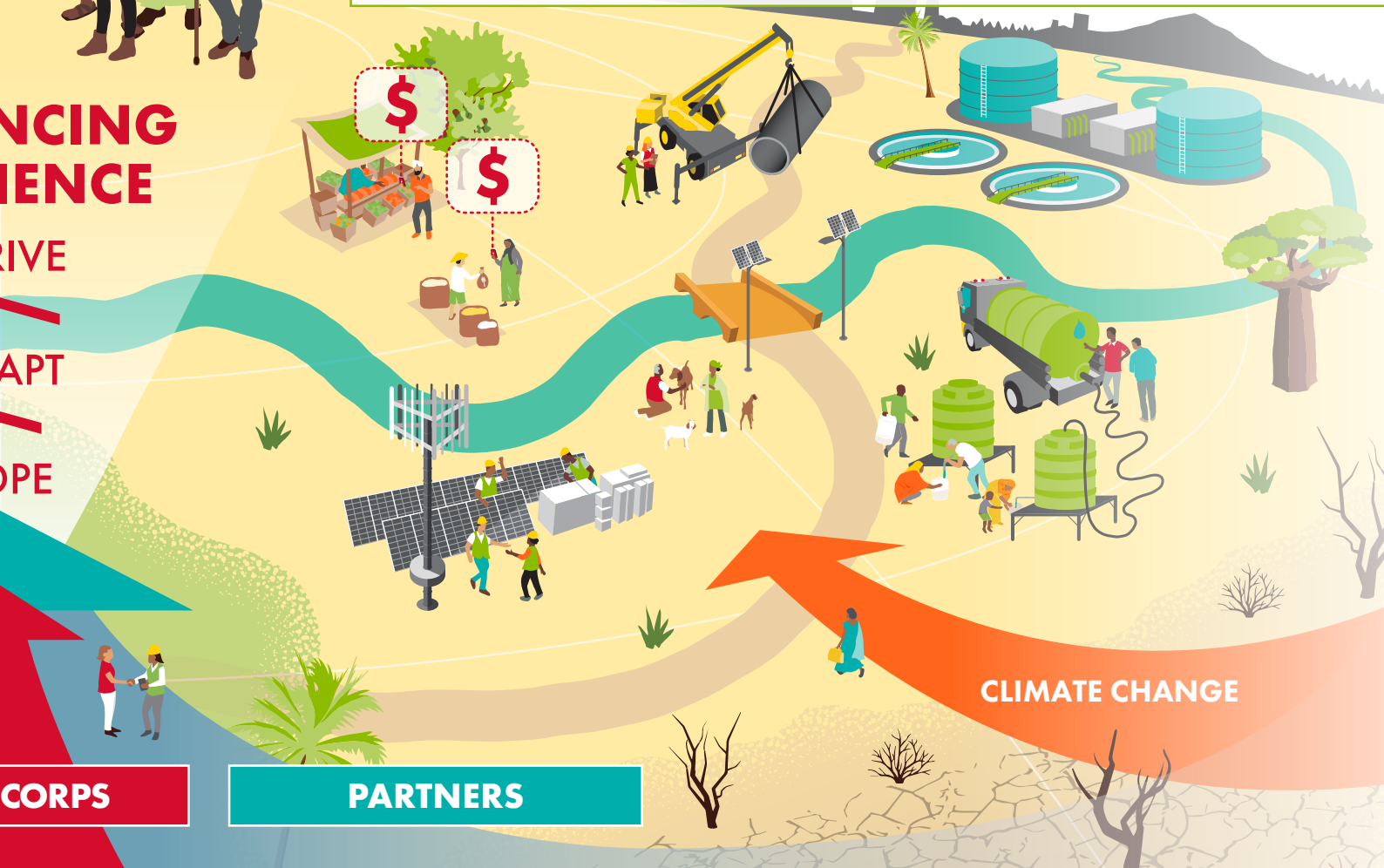
Economic Opportunity

People have the opportunity to grow and sustain their assets and income.



Water Security

People are able to access and afford clean and reliable water to meet their everyday needs.



Locally
Led



Safe, Diverse,
and Inclusive



mercycorps.org/pathway

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