Community Consultation: MFA's Foreign Trade and Development Policy

MERCY CORPS WRITTEN EVIDENCE

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Introduction

1. Mercy Corps is a global organisation working in more than 40 countries around the world responding to conflict, crisis and fragility. From Syria to South Sudan, Iraq, to Afghanistan we work with some of the 1.5 billion people whose lives are currently riven by conflict and violence, addressing both the devastating impact and the root causes of conflict and fragility. Mercy Corps' has central offices in Portland and Washington in the US, and Edinburgh, London, Geneva and, as of late 2017, The Hague, in Europe.

2. Much of Mercy Corps' work in the midst of a complex crisis seeks to alleviate the immediate suffering caused by conflict—such as food insecurity, protection and poverty. However, we **simultaneously seek ways to address the root causes of conflict:** poor governance, inequality, and climate change—in fragile states such as DR Congo, Myanmar, Tunisia and Niger - to prevent future conflicts and related crises. As an agency we are committed to finding ways to address conflict drivers earlier in these crises so that they become less protracted and less likely to reoccur. While addressing the root causes of conflict and violence we aim to tackle the thorny questions of (1) How to address the drivers of fragility (2) How to do so at scale, and (3) The importance of building trust across communities to achieve longer term stability.

3. Mercy Corps enjoys a strong relationship with the Netherlands and is currently implementing programmes funded by the Netherlands MFA in Afghanistan, DR Congo, Jordan, Lebanon, Somalia, Uganda and West Bank/Gaza, with previous partnerships in Ethiopia, Zimbabwe and Bosnia-Herzegovina. Netherlands Government funded projects include research on addressing mixed migration flows in Somalia, to conflict management programming between Jordanian host communities and Syrian refugees, youth entrepreneurship and Information and Communications Technology (ICT) in WBG, and conflict sensitive market development in DR Congo. In addition, Mercy Corps partners with Dutch corporations such as Shell, with whom we have a strategic global partnership, and Unilever and is increasingly engaging with Wageningen University on a number of initiatives.

4. We welcome this initiative of the Netherlands Government and value the opportunity to provide written evidence to this consultation. We applaud the Netherlands' commitment to significantly increase ODA by 2021 and welcome the shift towards addressing the root causes of some of the most pressing challenges facing the world today.

5.   This submission from Mercy Corps focuses on three of the Questions put forth by the MFA, namely:
      Question 1: How can the Netherlands (the government, the private sector, social enterprises, civil society and knowledge institutions) achieve more results on the following themes: conflicts and instability, reception in the region and emergency aid? And, **Question 2**: best address population growth in Africa and stimulate youth employment in Africa and the Middle East? And, **Question 4**: What innovative solutions could the Dutch government, NGOs and the private sector promote with a view to 1) reducing CO2 emissions (climate mitigation) and 2) helping societies adapt to climate change (climate adaptation)?

Q. (1) How can the Netherlands (the government, the private sector, social enterprises, civil society and knowledge institutions) achieve more results on the themes of conflict and instability?

Problem Statement: Global ODA investments are failing to address the root causes of conflict.

6.   Violent conflict is the primary driver of suffering and poverty today and results from breakdowns in a country's development and governance. Common drivers include perceptions of marginalization and injustice (particularly at the hands of the state), exposure to violence and feelings of isolation. The world is experiencing a 25-year peak in violence,[1] yet, of the $180.6 billion spent by all donors on development assistance worldwide in 2016, just 1%[2] was spent on peacebuilding and conflict management. Eight percent more of global ODA was spent on governance, justice, and security.

7.   That means the world is spending just 9% actually dealing with the heart of the problems. Violent conflict and violent extremism[3] will persist while these problems are left unresolved. Short-term approaches and reactive responses will not result in strong and secure communities in the long-term. It is in the national security interest to improve community capacity to prevent, manage, and mitigate violence and violent conflicts.

Solutions: Beyond humanitarian aid - refocus efforts towards violence reduction

8.   To help reduce violent conflict and build resilience, the Dutch MFA can make a deeper commitment to addressing what Mercy Corps terms as the **'Three Gs' of fragility**:
      8.1.   **Grievances**: The failure to address current and historical grievances polarizes communities and exacerbates tensions and conflict;
      8.2.   **Weak Governance** is central to protracted crises, prolonged insecurity and displacement;

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[1] National Intelligence Council, (2017): http://bit.ly/2tbJfrL
[2] Data pulled from OECD DAC QWIDS filtered by 'all donors,' 'ODA,' and CRS categories 'Civilian peace-building, conflict prevention and resolution' (15220) and 'Child soldiers (prevention and demobilisation) (15261)'.
[3] Mercy Corps defines violent extremism as a type of political violence. The key difference between political violence and violent extremism is that violent extremism denies other worldviews.

8.3.   **Lack of inclusive economic Growth:** Disparities in economic growth and lack of equitable access to opportunity – and importantly, heightened awareness of this inequity – are fuelling instability and fragility

Solutions: Suggested areas where the MFA can focus its' efforts

9.   Elevate conflict mitigation and prevention as a core development objective. Help communities and countries achieve and maintain development gains—including the Sustainable Development Goals (particularly SDGs 16 & 17)—and break out of a cycle of conflict and poverty, through building the capacity of people and institutions to prevent and manage conflict, while also reducing participation in violent conflict and integrate these capacities into development and humanitarian work.

10.   Increase investments in metrics-driven approaches that:

10.1.   Reduce grievances driving support for political violence and violent extremism.

10.2.   Increase community resilience to violent extremism by offering viable alternatives, particularly for youth.

11.   Invest in peacebuilding earlier and at a much larger scale during humanitarian responses to help stymie the potential for future conflict and to get ahead of a violent extremism problem.[4]

12.   Increase funding for multidimensional interventions to preventing and reducing violent conflict, including:[5]

12.1.   **Conflict prevention** - strengthening social cohesion by building or rebuilding relationships between conflicting groups—whether between ethnic or religious groups or between communities and government. This means bringing people together to dialogue and create opportunities for cooperation over shared interests such as natural resources, basic service provision, and economic development.

12.2.   **Conflict management** – strengthening leaders and institutions to mitigate tensions and disputes, and supporting communities to advocate for responsive governance structures;

12.3.   **Development work** – addressing grievances due to social, economic, governance or national resource inequalities and challenges.

13.   Build on positive coping mechanisms. There are opportunities for action, even in the most chaotic and violent environments.

14.   Condemn countering violent extremism and counter terrorism measures that drive grievances and undermine community resilience to violent extremism, such as profiling young men suspected to be at risk for engaging in extremism without solid evidence.

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[4] The United Nations and World Bank are promoting a shift towards prevention in the joint study Pathways for Peace: http://www.pathwaysforpeace.org/

[5] For additional details and examples, see Mercy Corps' Peace and Conflict Sector Approach, 2016: https://www.mercycorps.org/sites/default/files/PeaceAndConflictSectorApproach.pdf

Design programmes to address the root causes of conflict

15. From a systems perspective, root causes of conflict are social, political, economic, and ecological dynamics that lead to conflict. The core aim of programming to address the root causes of conflict is **to prevent the outbreak, escalation, or continuation of violent conflict**. In order to achieve this, root cause programming goes beyond violence reduction to promoting an enabling environment for peace through the achievement of intermediate outcomes critical to sustaining peace.[6]

16. Programme design should be guided by a **conflict analysis** that identifies the root causes of conflict and the intermediate outcomes necessary to create an enabling environment for peace. Systemic conflict analysis[7] is one tool for identifying the systemic dynamics that drive the outbreak of violent conflict and pinpointing entry points for transforming these dynamics. Ensure programmes take a context-specific approach to gender.

17. Programmes should work toward the **intermediate outcomes** necessary to sustain peace. While we may be guided by an overarching framework that specifies the range of factors that enable peace, the strength of these factors will vary across contexts. The analysis should help us determine which factors need to be reinforced in the target context and which factors we can feasibly address. Peace may be considered a downstream, long-term impact resulting from the achievement of these intermediate outcomes.

18. Because conflict is caused by diverse dynamics, an integrated, **multidisciplinary approach** is required to prevent it. These approaches may include explicit peacebuilding approaches or development or humanitarian interventions that directly address one or more of the underlying drivers of conflict. Design integrated interventions based on a systems approach to understanding the conflict dynamics in a society as conflict occurs as a result of a disruption (i.e., shock or stress) in the governance, economic, ecological and social systems and a disruption in one system often creates conflict in another system.

19. Without **multi-year funding**, programme impact and learning are harder to identify, and local relationships less well developed. To ensure value for money, conduct research and generate learning from ongoing programming.

Understand and act on the drivers of violent conflict.

20. While the combination of drivers is context specific, rigorous [research](#) conducted by Mercy Corps has revealed some common factors that lead people to utilise or support violence:

21. **Grievances against government for negligence, marginalisation and abuse** is a consistent predictor for propensity to engage in violence. In Nigeria, grievances with government inadequacies created community acceptance of Boko Haram, which in turn helped them recruit

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[6] The root cause compass objective provides us the opportunity to develop our own internal model for addressing the root causes of conflict as well as to drive a wider conversation about this across the peacebuilding field.

[7] For example, see CDA's *Systems Approaches to Peacebuilding*. The root causes compass objective team is also exploring opportunities to integrate analysis of the root causes of conflict into existing internal analytical processes such as STRESS.

youth; Similarly, in Iraq, poor governance that results in injustice, real or perceived, is a key driver of the conflict;

22. **Exposure to violence is a common predictor to future engagement in violence in various settings.** In Afghanistan, exposure to violence perpetrated by government forces was the strongest predictor of support for the Taliban. Across 13 sub-Saharan African countries, we found that being a victim of violence was the most consistent predictor of participation in political violence. Among various forms of violence, state violence against civilians appears to have the strongest correlation with political violence;

23. **Community support for armed groups encourages youth to engage in violence out of a sense of duty or quest for respect.** A majority of members of armed groups we spoke to in Mali—pro-government, anti-government, and violent extremist—said their communities supported and shared values with these groups;

24. **At an individual level, unmet expectations appear to play prominently in radicalisation.** Especially for youth, conceptions of gender roles, respect, and status factored significantly into decisions about whether or not to join an armed group;

25. Perhaps as significantly, our research has illustrated which factors have been overplayed as drivers of violent extremism. Factors that have little influence on whether a person joins a violent group include:

26. **Unemployment and poverty is not a predictor for propensity to engage in violence:** Our research in Afghanistan, Somalia and Colombia has repeatedly found that employment status very rarely predicts support for or participation in political violence; Economic exclusion of an entire generation or ethno-religious group often reflects systemic marginalisation and discrimination, which relates to grievances against government.

27. **Ideology and religion are overplayed as drivers of violent extremism.** Many former fighters have told us they were not especially religious. Rather, it is often the way in which armed groups package and offer the revolutionary nature of radical Islam and violence that appeals to disillusioned youth seeking recognition, a sense of meaning, or the opportunity to right an injustice;

28. **There is no one demographic profile of participants in violent extremism.** Members of groups we have spoken with come from diverse backgrounds. Some had jobs, and others did not. Some attended secular school; others Islamic school. Many are engineers and doctors. "Targeting approaches" are unlikely to yield results, and, worse, can exacerbate feelings of injustice.

Manage threats, including violent extremism with a comprehensive approach

29. Adopt a comprehensive approach in the next Security Strategy for dealing with domestic and foreign threats and ensure conflict sensitivity is mainstreamed throughout. It has never been more urgent to move "violent conflict" and violent extremism away from being largely in the domain of security and state-based actors and more into the hands of development practitioners, private sector actors, and the broader international community.

30. Shift investments away from the security sector and towards preventative approaches to build community resilience to violence and to address the root causes of conflict more broadly. Consider the return on investment of preventative approaches and balance hard and soft investments based on the evidence, benefits and risks of different approaches to reducing threats, including violent extremism.[8]

31. An overemphasis on counter terrorism and state-led and securitised interventions under the banner of countering violent extremism can undermine longer-term work that gets ahead of some violent conflict and potential extremism problems. Securitised and militarised approaches are extremely well-funded despite not solving the problem set of violent extremism. At the same time, governments cannot afford to keep up with vast increases in global humanitarian spending.

32. Bring political leadership to support and scale community driven long-term approaches that address the key drivers to political violence. Many governments still view violent extremism as a problem that needs solving exclusively with security actors. Advocate that other governments adopt this approach in PVE National Action Plans.

33. Increase risk appetite to facilitate work with the most marginalised and 'at risk' communities and partner with young people at every step of the way.

Q (2) How can the Netherlands (the government, the private sector, social enterprises, civil society and knowledge institutions) best address population growth in Africa and stimulate youth employment in Africa and the Middle East?

Problem Statement: the youth bulge in Africa and the Middle East & need for employment opportunities

34. There are more young people in the world today than ever before and nearly half of all youth in developing nations are not engaged in work or study. This will likely continue. Over the next decade, a billion young people will try to enter the job market. From Africa to the Middle East and across the Americas, adults and youth alike are searching for meaningful work and a decent income. Global unemployment figures are staggering, with rates reaching as high as 50% in countries like Yemen. Particularly for those in emerging markets, and especially for youth and women, the prospects of finding decent, safe, and equitable work are often severely limited or are accessible by only a small portion of the population. In 2016, close to 71 million youth worldwide were unemployed[9]. In that same year, more than 600 million youth were not involved in education, employment, or training[10]. Over the past few years, economic inequality and inadequate job opportunities have fomented tensions across the globe, often exacerbated by conflict, mass migration, and displacement.

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[8] According to the Institute for Economics and Peace, violence containment costs the global economy $14.3 trillion a year, or 13.4 percent of the 22 world's GDP. If violence were to decrease uniformly across the world by just 10 percent, the global economy would gain $1.43 trillion each year. The joint United Nations World Bank Study, Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict makes similar arguments: http://www.pathwaysforpeace.org/

[9] Global Youth Unemployment is on the Rise Again (UN, 2016)

[10] World Bank, 2016

35. In sub-Saharan Africa, 90% of employed youth are engaged in informal work and two-thirds are in vulnerable employment. **In 2014, youth unemployment was highest in the Middle East and North Africa** (28.2% and 30.5%) and lowest in South Asia (9.9 %). Job creation is needed.

36. Economists predict that Africa will create 54M new, stable, wage-paying jobs over the next ten years. However, in that same period, 122M new entrants will enter the labour force[11]. When connected to the right opportunities, young people have the power to be a positive force for change, helping their communities survive crises and adapt to adversity, while fostering stability and driving development. This is as true for young refugees as for others.

37. Although governments and the international development community have responded to the jobs challenge in various ways, what most agree on is this: Unemployment is a critical issue in developed and developing countries alike. Failure to effectively address these issues now will impact the global economy for years to come.

Solutions: Suggested areas where the MFA can focus its' efforts - Youth and the world of work

38. **Jobs are the cornerstone of economic and social development**[12]. Jobs are transformational on individual, societal, and national levels. For youth, safe and decent employment provides more than income for education and basic needs; it promotes a sense of status, independence, and belonging. Furthermore, closing the joblessness gap between males and females would yield an increase in GDP of up to 1.2% in one year; if Nigerian females had the same employment rate as males, the country would add US$13.9B to GDP annually[13].

39. **Start with the market:** Any programme focused on improving labour market outcomes must first understand the health of the private sector and the current landscape for both employment and self-employment. Therefore, labour market assessments are the first step to designing impactful employment, entrepreneurship, and job creation initiatives. These studies typically identify supply side factors (current skills of jobseekers, quality of available technical training, etc.) and demand side issues (skills in demand by local employers, hiring trends, etc.), as well as analysis of informal and formal rules, gender and cultural norms, and the regulatory environment. Programmes and specific interventions should only be designed after determining the constraints and opportunities in any given labour market system.

40. **Match supply and demand:** Systemic unemployment is often a result of myriad compounding factors, including the mismatch between jobseekers' skill sets and employers' needs. Traditional employment programmes often work to increase income by building skills through vocational training or other non-formal education initiatives. However, this supply-side approach is often not synced with the needs of the market and may overlook the fact that the primary constraint may be a lack of appropriate, available jobs. Even a sophisticated, highly-educated population will struggle to find work if appropriate jobs simply do not exist. After market analysis, Mercy Corps' programmes facilitate supply side (training

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[11] McKinsey & Company, 2012

[12] World Bank, World Development Report, 2013

[13] Girl Effect

based on local needs) and demand side (job creation through targeted private sector development) initiatives.

41. **Enable the enabling environment:** The supply of and demand for labour sit within powerful enabling environments comprised of formal and informal rules and norms. The informal: These rules and norms can play an influential role in both preventing and promoting positive labour market outcomes. For example, gender, social, and cultural norms often impact employers' hiring practices. Perceptions of young people as professional employees, attitudes towards women in the workforce, and a reluctance to hire people outside of immediate networks are all examples of informal norms that can thwart or propel employment efforts. The formal: Formal rules such as government regulations around business registration processes and requirements, informal work, etc., can be hindrances in securing income. For many refugee and migrant populations, the primary factor preventing work is inability to obtain legal work permits in host countries. While influencing the enabling environment and other macro-level issues is often a long-term process requiring the participation of many stakeholders, programmes must understand the role of rules and norms and how they impact job seeking populations for better or for worse.

42. **Strengthen portfolios of work:** The world of working is changing. Long gone are the days of a single company resume. Not only are short-term jobs on the rise in 'gig' economies, but the preferences of job seekers are also changing. Many individuals, youth especially, who enter the labour market are not looking for long-term work, nor are those positions abundantly available in many contexts. For example, an individual may sell beans at local market once a week, and also receive income from operating a motorcycle taxi business. This same person may also periodically work at a relative's second-hand clothes shop, as 'on call' help during busy periods. These multiple income streams, although not providing formal employment, come together to provide the individual with a portfolio of work (also often referred to as mixed livelihoods or poly-employment). Mercy Corps believes that this definition is rooted in practicality and the reality of many economies. Programmes therefore need to be grounded in the reality of the situation on the ground and support people in 1) strengthening the breadth and diversity of their portfolios; 2) by making work more regular and meaningful; and 3) by increasing chances for higher income.

43. **Understand entrepreneurship:** Due to both necessity and opportunity, many individuals turn to self-employment and entrepreneurship to meet their income needs. However, both carry considerable risk of failure, and require access to support services such as financial support, a supportive enabling and regulatory environment and sound business acumen along with a viable concept. When these factors align self-employment and entrepreneurship may be supported and promoted. However, in countries where the regulatory environment presents seemingly insurmountable obstacles (such as inability to register new businesses) we should not promote entrepreneurship without also aiming to address these larger enabling environment constraints. Strengthening new and existing businesses and enabling them to expand networks, diversify, grow, and expand is the true pathway to real private sector job creation.

44. **Layer the technical with the transferable:** Individuals need demand-driven skills so they can fill gaps in the local economy. Mercy Corps understands the needs of local employers via labour market analysis and then facilitates technical training opportunities through existing technical or vocational centers. In addition to promoting sector-specific skills, Mercy Corps understands the importance of transferable, or life skills, which often include effective communication, leadership, and decision-making skills. Today's employers place a strong and sometimes higher emphasis on these skills that are often not taught in

formal education systems. Transferable skills are often critical in conflict and post-conflict environments where many individuals may have a limited or non-existent employment history. Ideally, employability programming will include a blend of demand-driven technical skills training with transferable skills development so that jobseekers are fully equipped to enter the labour market as competitive candidates.

45. **Embrace the informal**
In today's world, informal is the new normal and Mercy Corps often works with populations operating in the informal economy rather than the formal economy. Although much depends on context, the approach is not to simply push informal businesses and workers into the formal sphere. When possible, we should work to enable small enterprises and entrepreneurs to formally register their businesses with the government, etc. When this process is not feasible or necessary, we work to ensure that informal market actors have increased protections. The constraints of the informal economy can include poor job security, irregular and inconsistent working hours, indecent and unsafe working conditions, lack of access to formal financial services, and limited protection mechanisms for workers' rights, etc. Therefore, we recognise that many market actors can benefit from a more organised and regulated informal economy. When possible, we enable informal actors to build internal systems and processes by linking businesses owners to trade groups or unions, etc., and facilitating access to both formal and informal financial services.

46. **Promote safe, decent, and equitable work**
Mercy Corps does not endorse any type of work; rather, we promote work that is safe, decent, and equitable. These characteristics of work are particularly important for youth and women and become especially critical in highly informal labour markets and fragile contexts. *Safe work:* Mercy Corps promotes safe work, or work that is not hazardous, dangerous, or taking place in unhealthy conditions that can result in injury or death. *Decent work:* The inability to find decent jobs can drive individuals towards work that is not only physically unsafe but also exploitative and illegal, such as involvement in the narcotics trade, commercial sex work, or paid participation in militant movements. We encourage work that is productive, delivers a fair income, provides security in the workplace, and is meaningful. *Equitable work:* In many countries, a vast inequity exists between salaries and benefits for people with diverse characteristics and demographic profiles. This is especially true for women – where they perform the same duties and tasks as a man but with a lesser title and lower wages – as well as for different populations within countries experiencing an influx of migrants and refugees. Mercy Corps promotes merit-based employment. We believe in equitable work, where salary and wages are based on responsibilities and performance, regardless of gender, age, ethnic background, etc.

Solutions: Suggested areas where the MFA can focus its' efforts with practical examples from Mercy Corps

47. Understand youth employment in complex crises. Mercy Corps is one of the few agencies promoting youth employment initiatives in tough environments such as Afghanistan, Nigeria, Gaza, and Iraq. Through its' work in fragile, conflict affected and increasingly fluid contexts, Mercy Corps has found that to increase job and employability opportunities for youth in these environments requires a deeper understanding of youth employment markets and how they function in more complex crises and contexts.

48. **Put youth in the lead;** facilitate youth-led labour market assessments to ensure young people understand their local economy; build relationships with potential employers; and strengthen research skills. Mercy Corps has facilitated such assessments in Kenya, Tunisia, Liberia, Zimbabwe, and others.

49. **Promote demand-driven interventions and vocational training that works**. Through the INVEST programme in Afghanistan for example - funded by UK and US governments - more than 65% of graduates increased employment after private sector actors promoted market-based vocational training.

50. **Use creative monitoring and evaluation to capture impact from diverse youth pathways**. Youth are a heterogeneous group. Mercy Corps' PROSPECTS programme in Liberia (funded by the Swedish International Development Agency) for example, uses an innovative, mobile-based M&E system based upon a case management approach. Each youth is registered and logs individual service support (training, CV support, etc.), helping teams understand exactly which bundle of services works for each individual.

51. **Encourage and leverage innovative new partnerships between iNGOs and the private sector**: Mercy Corps is partnering with Coca-Cola, Google, MasterCard Foundation, among others; an exciting new partnership with the Coca-Cola Africa Foundation - *Youth Empowered for Success* - for example, will engage 25,000 youth across Africa in securing jobs.

52. **Engage with migrant and refugee youth:**
Approximately one third of refugees are between 10 and 24 years old. These young people are often dealing with significant trauma, and are now facing the immense challenges of displacement at a time of intense cognitive, physical and social development. At the same time, young refugees demonstrate immense potential to contribute to host states, improve humanitarian responses, and help build durable solutions for their host communities, and perhaps someday, home communities. To tap into that potential Mercy Corps' programmes targeting migrant and refugee youth aim to:

- Ensure adequate, safe and dignified reception conditions for adolescents and youth. A key part of ensuring safety for young arrivals is establishing community-based protection networks and safe spaces for young people;
- Partner with young people by investing in mapping and analysis to better understand their needs and assets, in particular those of adolescent girls, and then engage young people as partners in implementing programmes; and
- Promote adolescent well-being and resilience through targeted psycho-social support for adolescents and youth.
- Ensure all refugee services and support are available and appropriate for young people, and where necessary tailored to meet their specific needs and challenges;
- For young people, as for all refugees, seek to respond in ways that ultimately contribute to the self-reliance and resilience of both individuals and communities. This would mean for example distributing cash instead of commodities, as this supports both refugee independence and stimulates markets, and moving as quickly as possible to interventions that increase refugee education and access to livelihoods (see 'durable solutions' below).

- Increase access to quality formal and non-formal education for adolescents and youth. Non-Formal Education (NFE) should be an increasing area of emphasis starting in adolescence;
- Improve young people's access to productive, safe, and equitable work opportunities in order to foster self-reliance and enable young people to make the best use of their skills and capabilities and contribute to local economies;
- Leverage resources into targeted industries and businesses that can meet the growing demands for jobs;
- Invest in long-term integration programmes to promote positive relationships between refugees and hosts and prevent conflict. Foster reconciliation and dialogue by creating safe spaces where youth can convene to identify common priorities and develop a shared voice across ethnic groups or host-refugee community divides.

Question 4: What innovative solutions could the Dutch government, NGOs and the private sector promote with a view to 1) reducing CO2 emissions (climate mitigation) and 2) helping societies adapt to climate change (climate adaptation)?

Problem Statement: the Impact of Climate Change driving fragility and limiting development

53. The impacts of climate change are not a distant threat. Across all continents, populations urban and rural and the ecological systems they rely upon have felt the impacts of climate change[14]. The effects of the physical consequences - increased occurrence and intensity of extreme weather events, threats to global food production, and changes to global and regional hydrological cycles - exacerbate the issues that drive fragility and limit development across the least developed and crisis affected nations.

54. Today, in Northern Kenya, communities are struggling to produce food as drought-induced desertification destroys productive land. In 2006 northern Afghanistan experienced flooding that left nearly 2 million people in need of food assistance. In 2013, the Philippines was devastated by the most powerful tropical storm ever recorded. Meanwhile, it is increasingly acknowledged that this century's worst humanitarian crisis in Syria was a result of numerous complex circumstances, of which a severe drought was a contributing factor.

55. Climate-induced disasters are a direct and acute source of humanitarian crises, which threaten development objectives. Since 2000, climate-related disasters have increased by 44%, now accounting for more than 80% of all major internationally reported disasters. Droughts alone, which have increased in intensity and severity across the planet, have affected more than one billion people between 1994-2013[15]. Climate is also a magnifier of existing development challenges. Climate changes increase risks of violent conflicts by amplifying drivers such as resource competition, food price volatility, livelihoods insecurity, and water management. The most vulnerable are marginalized groups, such as woman and youth, who lack resources to prepare for and manage these impacts.

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[14] IPCC 2014, Summary for Policymakers, Impacts, Adaptation, and Vulnerability

[15] CRED 2015, The Human Cost of Natural Disasters 2015: A Global Perspective, Center for Research on Epidemiology of Disasters CRED.

56. Ecosystem services and resources, climate resilience, and reliable energy are essential inputs for economic prosperity and human well-being. Development programming which fails to account for these is neither sustainable nor resilient. Climate change, natural resource degradation, and poor access to sustainable and reliable energy all increase the vulnerability of poor households, which are at the root of complex development challenges.

57. In the past, development actors have struggled to effectively address climatic and ecological issues compared to those within social and economic systems, leaving these concerns to "environmental conservation" NGOs which do not have a core focus on human wellbeing. However, the poorest and most vulnerable people in the world are disproportionately reliant on natural resources for their livelihoods, and least able to cope with and adapt to shifts in weather patterns or reduction in ecosystem services. Therefore, strategies that aim to enhance human wellbeing **must explicitly consider climate and ecosystem services directly within the framework of desired development outcomes**.

58. Mercy Corps believes consideration of climate challenges, landscape-scale natural resource management, and energy access are all required to support long-term, resilient development.

59. Mercy Corps' work addresses the natural consequences of climate challenges while acknowledging the social, economic and political realities underpinning vulnerability. The USAID funded *PRIME (Pastoralists Resiliency Improvement & Market Expansion)* project for example, is improving resilience among 250,000 pastoralist households in **Ethiopia** by catalyzing market-driven activities that are informed by climate data to strengthen local and regional economies. Our urban climate governance programme, *ACCCRN (Asian Cities Climate Change Resilience Network),* funded by the Rockefeller Foundation, in **Indonesia** has established networks of city government agents and institutions to build capacity to prepare for the longer-term impacts of climate change on urban centers. In **Nepal** and **Timor Leste**, Mercy Corps' *M-RED* (*Managing Risks through Economic Development*) programme funded by the Margaret A. Cargill Foundation is bolstering the coping capacity of communities by economically incentivizing climate informed disaster risk reduction measures through market systems development.

60. At Mercy Corps, we see energy access as fuel for the economic and social change needed to address extreme poverty. Scalable rural electrification solutions are primarily market-based and entrepreneur driven, and investment in off-grid energy companies is accelerating. However, despite this success, the need for off-grid energy products and services far outstrips the pace at which these companies are able to expand. The complex and fragile environments where Mercy Corps works do not represent attractive investments for commercial actors when investing alone, meaning many potential customers will remain energy poor for the foreseeable future.

61. An iNGO such as Mercy Corps can play a key role in accelerating the expansion of the private sector to reach beyond dense population centers to develop service providers where none exist, and provide the energy inputs needed for local economies in complex and fragile environments to thrive.

62. Market systems development programming such as Mercy Corps' provides a perfect platform for encouraging investors and facilitating the development of energy market systems:
The Myanmar Stoves Campaign programme is the first carbon credit project in **Myanmar** and demonstrates market potential, tests business models, creating clean cooking sales agents targeting female consumers. **Timor Leste's** *Energy for All* programme facilitated access to alternative sources of energy and renewable sources of fuel stimulating the sales of 10,000 products and increasing access to

renewable alternative energy products for 36,000 households. In **Kenya**, *RKNDLE8* developed a market for solar lanterns. Youth cooperatives organised into sub-distribution hubs for stove sales through *Yes Youth Can* and in **Nigeria** d.light solar products are offered as an option for young women trained through the *ENGINE* programme. In **Afghanistan**, the *Helmand Agricultural Support Programme*, has established a 60KW micro-grid and lease to own arrangement with an independent power producer who will manage the installation, providing clean energy services to a University.

Solutions: Suggested areas where the MFA can focus its' efforts

63. Promote a Resilience Approach: To foster long-term, equitable development in the face of a shifting portfolio of shocks and stresses, enabling countries to avoid slipping into complex crisis. This approach is based on the development of long term strategies based on measurable theories of change for resilience at the landscape scale. It recognizes the role of iNGOS such as Mercy Corps as convener and facilitator, and that success relies on action and ownership from local public, private, and institutional actors.

64. Utilize Systems Thinking: A logical and in-depth analysis of the complex socio-ecological systems within which communities exist. Successful interventions must consider the interconnected nature of markets, ecosystems, governance structures, and key elements of the enabling environment in order to identify the underlying constraints that prevent equitable and peaceful growth.

65. Adopt market-based solutions: In many instances market systems offer the potential for long-lasting solutions to climate, natural resource, and energy access goals. Mercy Corps uses a market-driven approach that harnesses private sector partnerships, where feasible and suitable, to design, implement and measure interventions that alleviate poverty and create opportunity.

66. Encourage diverse partnerships: Solutions to complex problems must be grounded in effective collaborations between a broad range of stakeholders that each bring specific knowledge, perspectives, and experience. Mercy Corps believes that change happens through ownership by private, civic, and public sector actors. We believe in supporting local actors' and strengthening linkages that improve opportunities for the poor.

67. Link humanitarian response with longer term development: Interventions that meet the needs of communities experiencing acute and chronic emergencies efficiently, effectively, respectfully, and responsibly. We take measures to avoid disrupting ongoing development efforts or existing markets, while actively seeking to support long-term development before, during, and after crisis occurs.

For further information please contact:

Michael McKean, Director of Programmes & Strategic Institutional Partnerships
mmckean@mercycorps.org

MERCY CORPS EUROPE
tel +44.131.662.5160 | direct +44.131.662.2375 | mob +44 7879 553 106 | skype michaeljmckean
40 Sciennes | Edinburgh | United Kingdom | EH9 1NJ