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Thank you



n 2023, Mercy Corps launched Climate: Possible—a bold and ambitious campaign to expand our climate programs supporting vulnerable communities on the frontlines of the climate crisis, test and scale new ideas, and expand proven climate adaptation solutions.

Catalytic anchor funders from both the private sector and philanthropy joined us, including Cisco, the Gates Foundation, The Coca-Cola Foundation, The Starbucks Foundation, Xylem, and the Z Zurich Foundation.

We recognize the crucial role of private philanthropy in driving climate innovation and catalyzing solutions, especially in the Global South. Our aim is to accelerate investment in this space and showcase the impact of flexible, targeted funding in strengthening resilience, advancing adaptation, and building a cleaner future.

I'm heartened by our progress, grateful to all of our partners for their support, and proud of our teams around the world working tirelessly alongside communities. In 2024, Mercy Corps reached 11.2 million people with climate-smart solutions to adapt to climate change.

In this first Climate: Possible report, you'll read how Mercy Corps' innovative programming and investments are leading to a stronger, more sustainable tomorrow. In sub-Saharan Africa, we're supporting smallholder farmers with sustainable access to weather data and climate services, enabling them to make

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countries with climate programs

5.7 farmers and pastoralists with climate-smart skills and resources

28

informed decisions for their livelihoods. In rural Nepal, we're helping communities move beyond the disaster-recovery cycle by implementing proactive, anticipatory action against flooding. I hope you'll be as inspired as I am by the progress we are making towards lasting climate resilience. Thank you for helping us create a Climate: Possible future.



Sincerely,

David Nicholson

CHIEF CLIMATE OFFICER

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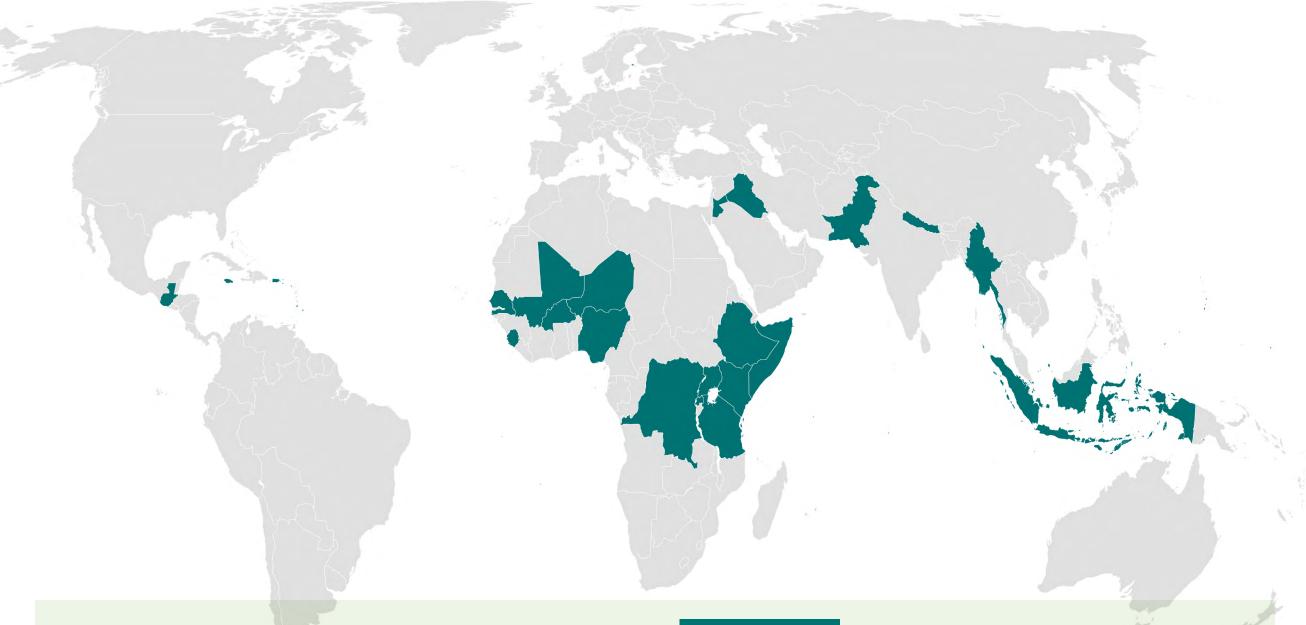
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Our global reach



This past year alone, Mercy Corps reached communities across 28 countries with climate solutions. Climate: Possible will help us expand our reach to the 40+ countries where we operate around the world.

COUNTRIES REACHED

- Åland Islands
- Barbados
- Burkina Faso
- Democratic Republic of Congo
- Ethiopia
- Guatemala
- Indonesia

- Iraq
- Niger
- Jamaica • Nigeria
- Jordan
- Kenya • Puerto Rico
- Mali
- Myanmar

Pakistan

• Rwanda

- Saint Kitts and Nevis
- U.S. Virgin Islands

• Timor Leste

Senegal

Somalia

• Tanzania

• Sierra Leone

- Uganda Nepal • Saint Lucia

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Helping communities better prepare for and act in advance of climate emergencies

limate-related crises continue to escalate in intensity and scale. Yet, more than half of all humanitarian crises are predictable, and 20% are highly predictable. Anticipatory action—delivering aid before disaster strikes—is seven times more cost-effective than traditional humanitarian aid. Our anticipatory action approach integrates preventative climate adaptation strategies into local development plans, helping communities in climate-vulnerable areas access the resources they need to protect themselves before disaster strikes.

IN THE CARIBBEAN, communities—particularly women, youth, the elderly, children, and people with disabilities—are increasingly affected by severe climate change. As severe weather events become more frequent, lives and livelihoods are in danger. In response to Hurricane Maria, Mercy Corps established 17 Resilience Hubs in Puerto Rico, converting community spaces into centers that provide sustainable energy, potable water, connectivity during power outages, nutritious food, and emergency kits for immediate disaster relief. This model has successfully supported 100,000 community members. In 2024, we expanded this approach to Saint Lucia, Jamaica, St. Kitts and Nevis, and the U.S. Virgin Islands, aiming to reach more than 27,000 people



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FOR COMMUNITIES IN SOUTHWEST ASIA, it's not a

question of if but when climate shocks like flooding and deadly heatwaves will occur. In 2024, Mercy Corps marked 10 years of the Managing Risk Through Economic Development (M-RED) program in Indonesia, Nepal, and Timor-Leste, which integrates disaster risk reduction, market systems development, and nature-based solutions to protect vulnerable communities and ecosystems from natural disasters. This decade of programming has allowed us to test, learn, and adapt programming to the needs of 218 communities, focusing on what works best to sustain their resilience to climate shocks while supporting local livelihoods and protecting over 1,577 hectares of land.

In Badabaika, Nepal, where massive floods in 2008 displaced more than half the community and caused severe soil erosion, we helped establish a Community Disaster Management Committee to lead climate resilience efforts. Together, residents built bamboo spurs to divert river flow, protecting their village from further erosion and flooding. Women have taken the lead in maintaining the spurs, planting kans grasses along the river, and raising funds for their community's emergency management.

IN SUB-SAHARAN AFRICA, over 50 million people are pastoralists who rely on livestock for their livelihoods. However, prolonged droughts are threatening this way of life. To address this, Mercy Corps Ventures partnered with Fortune Credit, Shamba Network, and DIVA Technologies to launch a pilot testing the use of blockchain-powered smart contracts (digital agreements that trigger actions when specific climate thresholds are met) to support pastoralists in Kenya.

The smart contract assesses pasture conditions using the Normalized Difference Vegetation Index, a widely used metric for quantifying the health and density of vegetation using sensor data and a leading indicator of livestock mortality. When the data showed that vegetation was too dry (a warning sign of drought), the contract automatically released emergency cash to pastoralists, allowing them to purchase food for their livestock so they could survive the drought. This system reduced transaction costs by 75% and increased the process time by 90%, ensuring that pastoralists received emergency funds quickly and securely.



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Creating climate impact through regenerative land management and women's leadership

mallholder farmers produce one-third of the world's food and will play a pivotal role in ensuring sustainable, equitable global food security in the face of climate change. As the climate crisis intensifies and food becomes more difficult to grow, farmers can't change the weather, but they can change how they prepare for and respond to it. Last year, through our regenerative agriculture approaches, Mercy Corps connected over 5.7 million farmers and pastoralists to the skills, knowledge, and resources needed to increase their production, feed their families, and boost their livelihood opportunities and incomes.

October 2024, Kenya. Saadia (purple abaya) works to restore a patch of rangeland since being a part of the Wayama Japta Village Rangeland Management Committee, which received trainings from Mercy Corps.



IN KENYA'S ARID REGIONS, extreme weather, including droughts and floods, threaten land fertility, water supply, and economic stability. In 2024, Mercy Corps and Cisco collaborated with pastoralists and county governments to implement sustainable rangeland management approaches using geographical analysis and climate services. The goal was to increase the ability of pastoral communities and the county government to withstand long drought cycles through better information to predict and plan. As part of this effort, we supported the launch of an app providing real-time market information to help livestock owners decide when to sell animals, a key resilience tool. We also partnered with the Garissa County Livestock Department to restore 500 acres of land, impacting 41,005 people.

With support from the Gates Foundation, in these same communities, we are now testing approaches and incentives to empower female pastoralists, who are often excluded from decision-making and land ownership. Building from the governance and community work started under the Cisco collaboration, we are co-creating rangeland management solutions with communities that both restore and improve rangelands while also supporting sustainable livelihoods. The program uses soil engineering techniques, like demi-lunes, and cultivates indigenous trees to enhance climate resilience and ecosystem health. Results from the current test



with Wajir County land surveyors.

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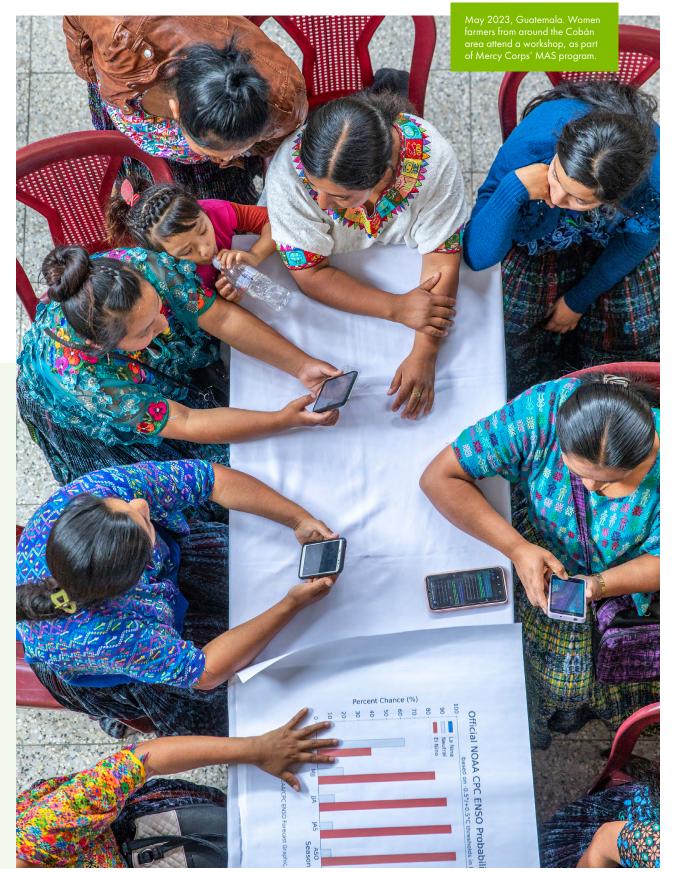
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MERCY CORPS HAS BEEN SUPPORTING FARMERS IN SOLOLÁ, GUATEMALA SINCE 2020 by providing resources and training to help them adapt to climate change. In 2024, Mercy Corps completed Phase II of the Market Access for Small Producers (MAS) program across eight departments and 32 municipalities, reaching over 2,100 farmers and women in savings and loan groups. Women made up 56% of participants and took on leadership roles within 65 organizational groups. Farmers like Maria (pictured above) have learned to cultivate drought-resistant crops such as chayote and received fertilizer to offset costs.

Additionally, Mercy Corps introduced Plataforma DECIDE, an app offering accurate climate forecasts, enabling farmers to make informed decisions. Equipped with new techniques and tools, producer incomes increased by 10% on average. Together, we just launched Phase III to further strengthen climate resilience, productivity, and economic growth for an additional 2,000 smallholder farmers in Guatemala.



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Driving universal access to renewable energy to build climate resilience

oday, 860 million people lack access to reliable electricity, an essential requirement for overcoming poverty and adapting to climate change. This problem is most acute in communities and countries where markets are least developed. Mercy Corps has nearly two decades of experience designing and implementing renewable energy products and services, as well as generating new employment opportunities across a range of green value chains that promote worldwide low-carbon development.

EVEN THOUGH THE AVERAGE REFUGEE CAMP IS IN PLACE FOR 18 YEARS.

more than 90% of the 120 million refugees and displaced people around the world lack access to modern energy services, severely impacting household health, education and livelihood potential. The limited energy services available in refugee camps are powered by diesel generators, contributing 195,000 tons of CO2e greenhouse gas emissions yearly. Mercy Corps' Enter Energy initiative is piloting an innovative public-private partnership model to provide access to sustainable energy and improve climate resilience in communities affected by displacement. In Ethiopia, we helped establish a private utility company, Humanitarian Energy, to deliver the country's first private solar-powered mini-grid to the refugee and host communities in Sheder Refugee Camp. We are supplying electricity to over 1,000 households and businesses, including

a hospital that previously relied on a diesel generator for life-saving equipment. With our support, the hospital plans to expand its services and acquire more equipment. Humanitarian Energy is also expanding to three more sites in Ethiopia to power over 200,000 people and demonstrate a global model for reducing emissions in the humanitarian sector.



MERCY CORPS IS PIONEERING WOMEN-LED ENERGY **SOLUTIONS IN WEST AFRICA** through innovative climate adaptation approaches in underdeveloped markets. Through our energy access platform, we have provided sustainable, renewable energy access to over 650,000 people—including more than 5,000 entrepreneurs. In Senegal and Benin, we're supporting 125 female farmers in increasing yields and replacing harmful practices with renewable energy solutions, including installing a biodigester that converts organic waste into nutrient-rich fertilizer to restore infertile soil. This pilot, supported by the Women's Climate Alliance, a collective group of philanthropists, and matched by a \$1 million grant from ENERGIA, an international climate funding network, aims to reach 1,500 women and youth through renewable energy technology.



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Partnering with locally led, early-stage startups for climate resilience

Ventures, fosters climate resilience by supporting early stage, locally led startups that develop innovative, scalable solutions for communities most vulnerable to climate change. This approach focuses on addressing critical challenges such as extreme weather, resource scarcity, and financial instability in emerging markets. We were one of the earliest impact funds focused on climate and have backed category leaders like Pula, Meridia, FloodBase, and AgriAku. Through our first round of funding, we have catalyzed over \$500M in climate finance, impacted 37 million lives and have 45% of our portfolio founded by women.

HERE ARE TWO OF THE EIGHT NEW COMPANIES WE INVESTED IN LAST YEAR:

1. Equipping smallholder farmers with AI-driven agricultural insights

MARKET NEED

Agriculture drives sub-Saharan Africa's economy, contributing 17% of GDP and employing 52% of the workforce. Yet, productivity remains low due to limited first-mile data, restricting decision-making and financial access. New regulations further challenge exports, highlighting the need for data-driven solutions to boost productivity and resilience.

THE AGRAILS SOLUTION

AgRails addresses a critical gap in Africa's agriculture, leveraging advanced data analysis using AI and satellite imagery to deliver farm-level climate and crop insights and enhance climate resilience for the continent's 350 million smallholder farmers. By addressing the first-mile data challenge, they empower smallholder farmers with the insights and resources needed to thrive while enabling financial institutions to design resilient, climate-smart services. This reduces costs, speeds payouts, and strengthens smallholder resilience. AgRails also provides agri-food firms and policymakers with data for traceability, compliance, and climate adaptation.

2. Powering farmers at scale with AI-driven precision irrigation

MARKET NEED

Irrigation remains extremely limited among smallholder farmers, despite its critical role in improving yields and resilience. Most farms that do irrigate rely on inefficient flooding techniques without monitoring key parameters, thereby wasting water and delivering inconsistent results. Limited access to resources and knowledge further prevents smallholders from optimizing irrigation, leaving them vulnerable to climate shocks and low productivity.

THE SEABEX SOLUTION

Seabex provides sensorless, smart irrigation advisory, using AI-driven insights from soil data, climate history, and satellite imagery. Its low-cost, low-maintenance platform helps farmers optimize irrigation without expensive hardware, thus improving yields and resilience.



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Joint support and advocacy with local climate leaders

s part of Mercy Corps' commitment to being climate-smart, we advocate for climate-vulnerable populations by actively listening, championing their needs, and bringing their voices to the global stage.



supported three refugees to participate in the Humanitarian Energy Conference in Nairobi, where leaders presented community-driven energy solutions and emphasized the importance of refugee-led initiatives. We are committed to supporting local climate leaders to become protagonists on the global stage.

IN NOVEMBER 2024,

Mercy Corps sent a delegation of 16 team members to Baku, Azerbaijan to attend COP29 to highlight innovative climate solutions and proven climate adaptation approaches. As part of our membership in the Zurich Climate Resilience Alliance, funded by the Z Zurich Foundation, we find practical solutions to strengthen resilience



to climate hazards and influence policies supporting those most vulnerable to climate-related shocks. We strongly advocated that COP29 establish a \$1 trillion climate finance target to support vulnerable countries.



We supported youth organizations, including from the Center for Climate Mobility, the Jordan delegation, and the Green Generation Initiative, to attend COP29. Their participation allowed them to engage directly with global leaders, advocate for youth perspectives on climate action, and strengthen their networks. We are committed to increasing this support to ensure more youth voices are represented at future global convenings.

IN FALL 2024, we launched our Climate: Possible position <u>paper series</u>, articulating proven and high-potential solutions to climate challenges, drawing on Mercy Corps' extensive experience, evidence, and insights gathered from operating in the most fragile, climate-vulnerable contexts.

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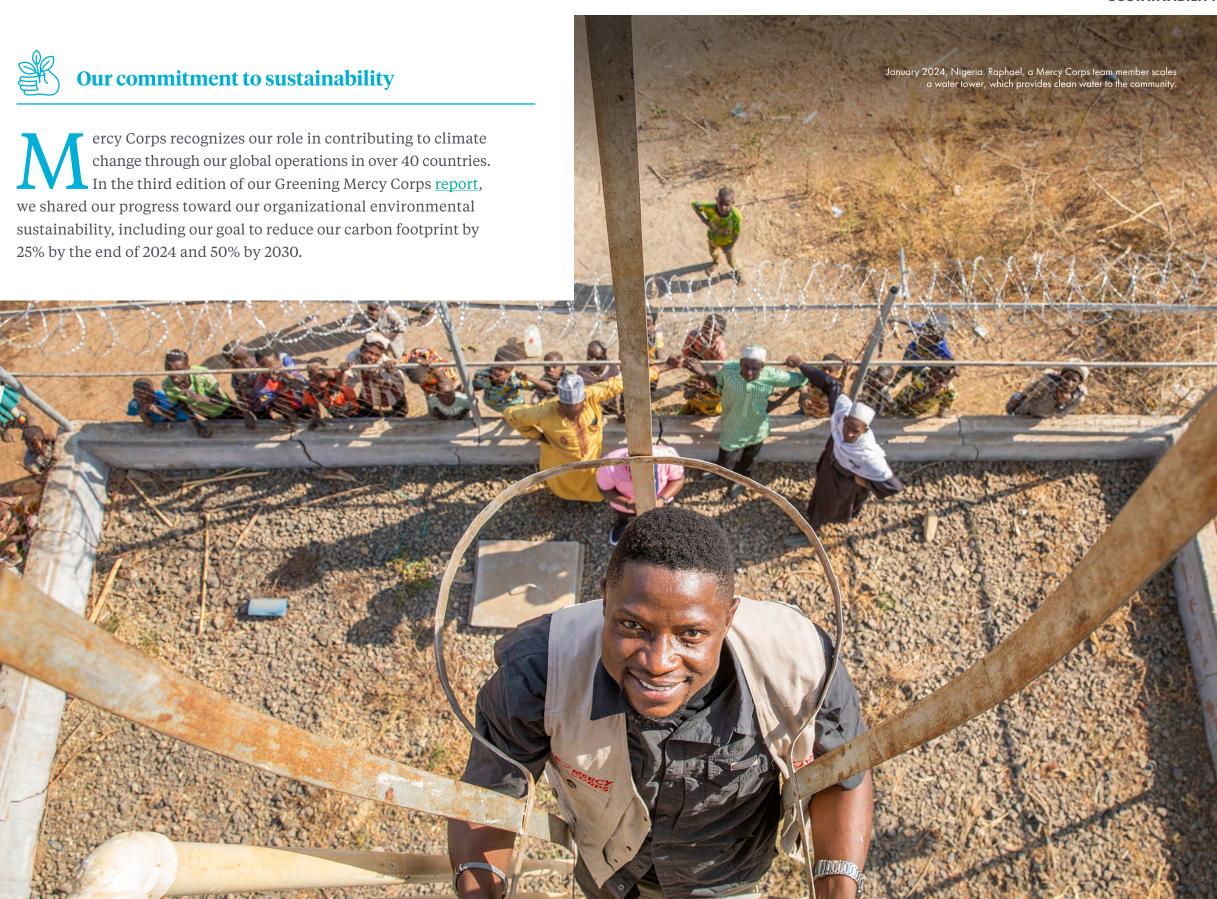
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Scaling promising solutions through our

Climate Adaptation Innovation Fund



Last year, we invested a combined \$715,000 in the following pilots:

COLOMBIA

Since 2018, Mercy Corps has supported farmers in replacing illicit crops, boosting legal crop yields, and expanding market access. In partnership with Colcocoa, Colombia's largest cacao buyer, we're testing a climate-resilient farming model that improves soil quality, enhances biodiversity, and boosts carbon capture. This model also creates economic opportunities through higher prices and access to new markets, helping cacao farmers better withstand droughts and heavy rainfall.

ow is a crucial moment to drive meaningful climate impact. While solutions exist, we must learn to apply them effectively and pilot models to help prepare for scale. Investing in adaptation helps communities not just survive but thrive—creating sustainable livelihoods, protecting ecosystems, and fostering local innovation.

Our Climate Adaptation Innovation Fund is a flexible and strategic way for donors to accelerate climate action by identifying local solutions, supporting their refinement, and learning practical lessons to help determine the pathways for scale through markets, governments, and global partners.





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MYANMAR

Mercy Corps is testing the effectiveness of using predictive climate data to trigger payments to vulnerable households in advance of an extreme event to help them prepare. The pilot tests the use of stablecoin-powered cash vouchers to deliver funds quickly and efficiently to affected communities. It also includes climate education and market support to assess whether these measures improve disaster preparedness and recovery.



NEPAL

In August 2024, we teamed up with Rumsan, a Nepalese digital innovation firm, to launch a pilot program aimed at improving disaster preparedness in flood-prone areas leveraging blockchain. We're testing how blockchain can simplify and automate disaster response efforts, making it faster and more efficient to deliver aid and resources. Next, we'll expand the pilot to 100 more households to strengthen the evidence base while testing ways to improve the system. We've also begun engaging government partners through training and policy support to explore this potential pathway to scale.



NIGERIA

In partnership with Nigeria's Rural Electrification Agency, Mercy Corps is testing a community-led model to expand electricity access in off-grid areas using clean energy. The program establishes community-owned electric cooperatives, inspired by successful agricultural and credit union models, to drive a shift from fossil fuels to cleaner energy.



IRAQ

Mercy Corps is supporting women agricultural producers in Basra, Iraq by improving their market access, financing opportunities, technical skills and advocacy capacity. The program is expanding gender-inclusive Community Market Hubs, where women connect with Iraqi universities and experts to adopt climate-smart agricultural innovations. Participants receive mentorship, training, and business grants to implement sustainable farming practices while strengthening their ability to influence policy at provincial and national levels. At the end of the program, we aim for 75% of participants to have improved their agribusiness skills, and eight participants to apply climate-resilient technologies in their businesses.



EASTERN SOUTHERN AFRICA

We are thrilled to have launched the African Youth Bootcamp for Climate (AYBC), an innovative acceleration program equipping 25 young female climate leaders from Kenya, Ethiopia, Uganda, Tanzania, and Zambia with the skills, networks, and knowledge to drive climate action in their communities and influence policy at national and international levels. Over one year, participants receive intensive gender-responsive training designed to strengthen their advocacy skills and implement locally led climate solutions. By the end of 2025, AYBC will have built a cohort of young female climate champions ready to drive change in their communities.

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Leveraging artificial intelligence to increase climate resilience

The believe technology and local solutions are critical to scaling climate adaptation solutions effectively. In July 2024, we launched an open call for proposals through Mercy Corps Ventures Climate Venture Lab to pilot and invest in first-of-a-kind solutions in emerging markets using artificial intelligence to increase climate resilience. From 318 applications from over 55 countries, we selected four partners to launch pilots beginning in early 2025.



These pilots include:

SOLENA

We are supporting a pilot that uses AI to map soil and prescribe regenerative practices to improve sugar cane yields for smallholder farmers in Mexico.

TAKING ROOT

This pilot seeks to improve the resilience of agroforestry systems for smallholder farmers in Nicaragua through AI-based forest management techniques.

SATELLITES ON FIRE

We are testing the effectiveness of AI-enhanced satellites and drones to detect and monitor wildfires in Latin America, with the potential to scale globally.

ISHAMBA

iShamba has a network of 530,000 smallholder farmers in Kenya who submit agricultural questions through SMS to expert agronomists. In this pilot, iShamba will build an AI model to help respond to questions in a more efficient manner, providing quick and targeted information to farmers.

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Bold climate action across Mercy Corps' programs wouldn't be possible without the collective efforts of our donors, partners, and the communities we serve.

Together, we are providing critical relief during emergencies, growing solutions to adapt to climate change, and forging a brighter future for all.

The following changemakers' significant support of Mercy Corps' Climate: Possible campaign allows us to expand our impact. We invite others to join us.



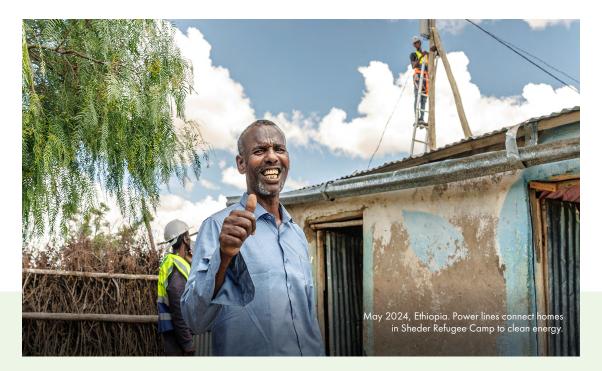
Gates Foundation











Let's build lasting climate resilience

Funding solutions to help communities around the world cope, adapt, and thrive in the face of the climate crisis will require unprecedented commitment, creativity, and collaboration. Private giving creates the flexibility we need to take bigger, bolder action, to try new ideas, replicate innovative solutions, and reach millions more people. With your support, Mercy Corps can help communities move farther and faster toward lasting climate resilience.

JOIN US!

mercycorps.org/climatepossible

