



2008 ANNUAL REPORT

**[TURNING CRISIS INTO OPPORTUNITY]**

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### About Our Cover

Kavita Suntharalinjam and her husband, Suman, are farmers who grow long beans, maize and chili in Sri Lanka. Thanks to a loan they received from Mercy Corps, Kavita and Suman bought a pump, a hose and seeds. The new equipment saves three and a half hours of labor each day so they can expand their farm business.

*Photo: Thatcher Cook for Mercy Corps*



## From Our Leadership Team

Crisis is an opening  
for positive change.

There is no doubt that 2008 will be remembered as a year of crisis. As the year dawned, fuel prices were at all-time highs, straining the household budgets of families around the world. Soon to follow, global food prices soared, creating millions of newly hungry in a matter of months and making it even harder for the world's poor to make ends meet. In the fall, the world financial system started to crumble, leading to home foreclosures, personal and business bankruptcies, massive layoffs and increased poverty around the globe.

The food, fuel and financial crises touch everyone in the world, and they have made Mercy Corps' mission more important than ever. The needs are immense, but amid the anxiety and the suffering, we see – as we always do in tough times – the incredible resilience and potential of everyday people.

A Chinese proverb says that crisis is opportunity riding a dangerous wind. That wise sentiment frames Mercy Corps' world view: that a crisis is an opening for positive change. Old systems are disrupted, old assumptions are challenged, old solutions are judged insufficient. When natural disasters strike, or conflict rages, or economies collapse, we seize the chance to build back better.

In this report, you will find out about our work with communities – catalyzing economic growth, boosting food production, improving health, developing innovative new solutions, fostering peace and more. Continue reading to learn how we are helping turn crisis into opportunity for millions of individuals and families around the world.

*Nancy Lindborg*  
Nancy Lindborg  
President

*Neal Keny-Guyer*  
Neal Keny-Guyer  
Chief Executive Officer

*Linda A. Mason*  
Linda Mason  
Chair of the Board of Directors



## Who We Are

Mercy Corps is a team of 3,700 professionals helping turn crisis into opportunity for millions around the world. By trade, we are engineers, financial analysts, drivers, community organizers, project managers, public health experts, administrators, social entrepreneurs and logisticians. In spirit, we are activists, optimists, innovators and proud partners of the people we serve. ¶ We live and work in more than 40 countries, we speak hundreds of languages, and we practice all of the world's major religions. ¶ We help people quickly recover from war, natural disaster and economic collapse to build a better future for their families. We work in places where we see the potential to turn a situation around, helping communities join forces with each other and harness the power of markets to change their lives for the better. ¶ We prioritize the expressed needs of those we serve, not imposing foreign answers to local problems, and partner with them to create durable solutions. As careful stewards of the resources entrusted to us, we work to build local capacity, move toward self-sustainability and benefit the greatest number of people. ¶ Around the world, where people meet hardship with energy and hope, Mercy Corps is helping people help themselves.



## How We Work

Intolerable conditions  
create an opening for  
profound transitions.

Mercy Corps turns crisis into opportunity in some of the world's toughest places – places where intolerable conditions create an opening for profound transitions, and where hardworking families have the chance to build something new.

### How do we do that?

Where people are thrown into the chaos of war, economic collapse or natural disaster, we provide immediate, sustaining humanitarian assistance, always with the goal of hastening recovery. As the most urgent needs are met, we immediately move toward programming that pursues longer-term stability and prosperity. We are committed to remaining in-country long enough to help communities establish market-driven solutions that are self-sustaining. We never set a time limit, but we do generally aim to move on within ten years, if not sooner. **Please read about our efficient, field-tested programs on pages 11 through 35.**

The world's greatest problems require the most innovative solutions. We partner with innovators from the private and public sectors to infuse their best thinking into our approaches. We take responsible

risks, pilot new ideas and scale up those that perform best. In our world, the best solutions are self-sustaining: they create lasting change without requiring ongoing charitable funding. **Please see page 6 to learn more about social innovations at Mercy Corps.**

Finally, we understand that global solutions demand the concerted power of global action. That's why we are cultivating the next generation of compassionate people determined to build a more just world. Our new Global Engagement initiative educates youth and adults and inspires people to act to end hunger and poverty. **Please turn to page 37 to read about our new Action Centers.**



## A Pioneer in Social Innovations

We believe that solving social problems in the developing world requires a blending of sustainable, entrepreneurial strategies with the deep knowledge of culture and context that comes from working alongside local communities each day.

Mercy Corps operates in some of the toughest and most insecure, failed and fragile states. Despite our familiarity with the inherent risks of operating and investing in these places, we see in them a great opportunity for innovation. Our goal is to develop solutions that have the potential to reach vast numbers of people on an ongoing basis, without continued charitable assistance. We seek innovative solutions that harness the power of market forces, balanced by strong civil and public sectors, and spread by the ingenuity of local communities.

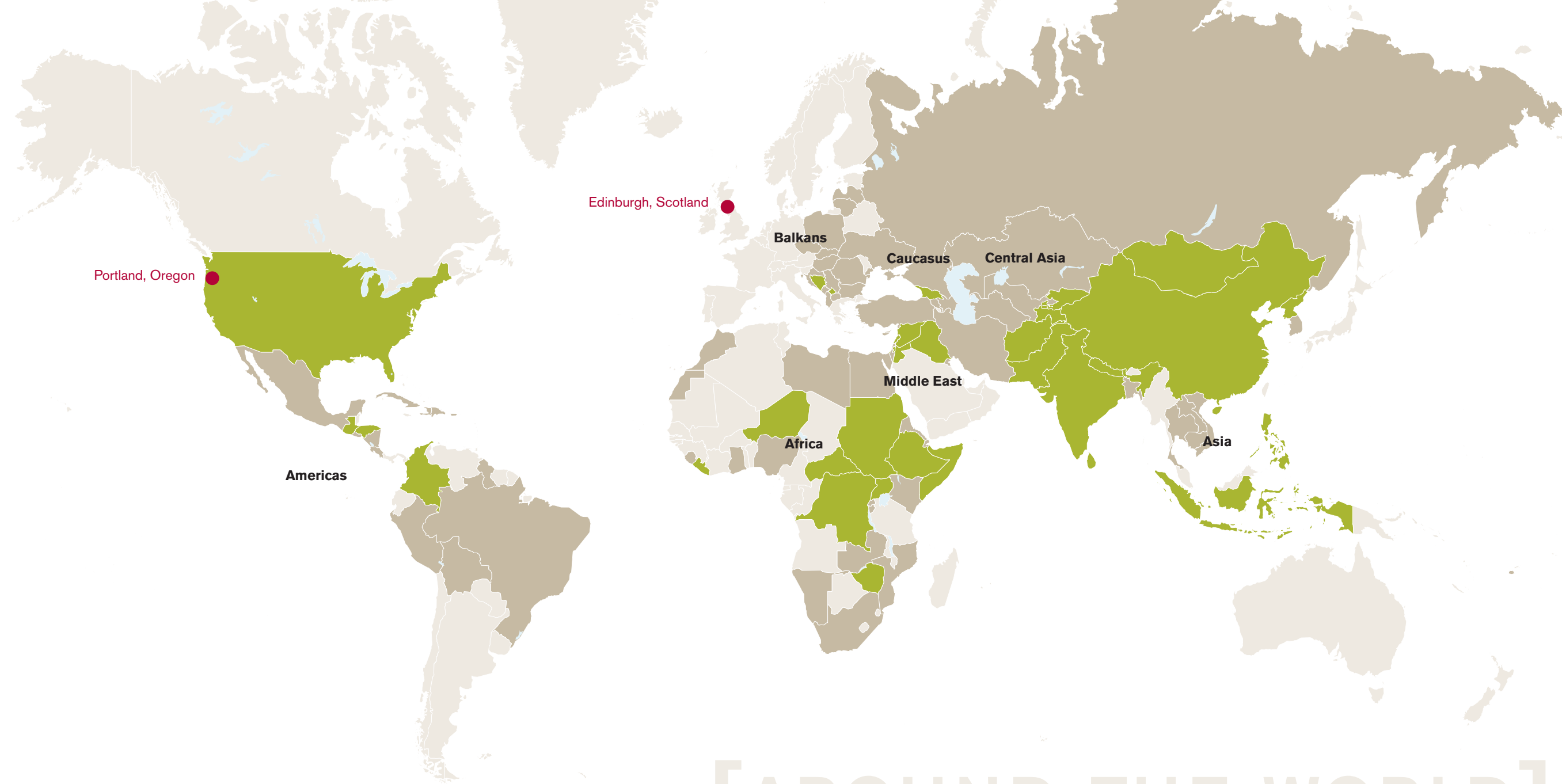
To identify and scale social innovations, we rely on an internal team of analysts who scan for cutting-edge ideas that can be adapted for the countries where we work. Our technical specialists bring expertise across the critical sectors, such as climate change, food security and health. Our regional and country leadership contribute deep knowledge of the communities we serve. And our local partners provide both inspiration and a reality check – sharing innovations that have sprouted locally and pointing us to the ideas that have the best chance for success.

Social innovation is not only an exciting adventure – it is critical to confronting the challenges we face.



[CHANGE]





# [AROUND THE WORLD]

## Where We Work

Since 1979, Mercy Corps has provided \$1.7 billion in assistance to people in 107 nations. Our global programs, supported by headquarters in North America and Europe, in 2008 reached 14.5 million people in more than 40 countries. This map shows where Mercy Corps has worked in the past and the countries in which we currently operate.

- **Mercy Corps headquarters**  
Portland, Oregon,  
United States of America  
  
Edinburgh, Scotland,  
United Kingdom
- **Countries where Mercy Corps currently works**
- **Countries where Mercy Corps has worked**

### Africa

Central African Republic, Democratic Republic of the Congo, Ethiopia, Kenya, Liberia, Niger, Somalia, Sudan, Uganda, Zimbabwe

### Americas

Colombia, Guatemala, Honduras, Nicaragua, United States

### Asia

Afghanistan, China, India, Indonesia, Mongolia, Myanmar, Nepal, North Korea (Democratic People's Republic of Korea), Pakistan, Philippines, Sri Lanka, Timor-Leste

### Balkans

Bosnia and Herzegovina, Kosovo

### Caucasus/Central Asia

Georgia, Kazakhstan, Kyrgyzstan, Tajikistan

### Middle East

Iraq, Jordan, Lebanon, Syria, West Bank and Gaza

Mercy Corps tackles the global challenges of hunger, poverty and conflict with programs that focus on developing economic opportunity for all – including the burgeoning youth population – building strong communities, and creating a platform for global engagement.



## What We Do

These features describe how Mercy Corps programs are helping people recover, as determined by the most critical issues they face. We are boosting agricultural productivity to combat the food crisis in **Afghanistan** and elsewhere. In **Pakistan**, our tuberculosis campaign uses a comprehensive approach that is restoring thousands of people to good health. We are teaching conflict resolution to people in **Iraq**; peace-building is a vital aspect of Mercy Corps' work to create a more secure world. In **China**, we are giving children the support they need to heal from the trauma of the earthquake that destroyed their homes and schools – through programs we have deployed in other countries to help thousands of survivors. We are building facilities for clean drinking water and sanitation in **Somalia** – one of the most basic and cost-effective ways to improve life and prevent disease. And in **Sudan**, we are showing conflict-displaced Darfurian farmers new ways to support themselves once they return home.



Most families in Afghanistan cannot afford to buy toys for their children. This girl in Kunduz, like so many other Afghan children, was resourceful enough to make her own. Kite-flying is traditionally a sport for men and boys in Afghanistan, although young girls sometimes join in the fun.

*Photo: Cassandra Nelson/Mercy Corps*



[ HELPING FAMILIES SUPPORT THEMSELVES THROUGH AGRICULTURE ]

# Afghanistan

As Afghanistan struggles to recover from 30 years of conflict and the global food crisis, Mercy Corps – which has been in continuous operation there since 1986 – is helping hardworking Afghans regain their ability to support their families.

Agriculture is a vital livelihood and the focus of dozens of Mercy Corps programs aimed at boosting local economies and food supplies. We're helping farmers increase productivity through improved water, pest and soil management; seed production; and planting and harvest techniques. We're advancing long-term goals such as broadening community participation, creating jobs for men and women and linking poor communities to sustainable markets.

Our programs teach basic literacy and numeracy to help rural women gain a greater voice. We're also teaching women how to earn extra income by raising poultry and starting household gardens.

To ensure that capital is locally available to sustain these enterprises, we're improving access to agricultural credit through Ariana Financial Services, a microfinance institution started by Mercy Corps in 2002 and independent as of 2008. Most Ariana clients are women.

Mercy Corps operates two high-quality wheat seed centers to increase agricultural production. They are now mostly self-sustaining private enterprises, thus contributing to the nascent domestic seed industry. We have also established a network of 23 veterinary

field units that are helping farmers improve the health and productivity of their sheep and cattle. In a first for Afghanistan, these vet units have become fully self-sustaining – without need for Mercy Corps subsidies – since their transition to profit-making private enterprises.

Our work to revitalize the fruit and nut tree industry is providing farmers with legitimate cash crops by restoring orchards and nurseries damaged during decades of conflict. One lucrative source of income is traditional crops, such as grapes and pomegranates, cultivated for the profitable export market.

Young Afghans are discovering a productive future in agriculture thanks to Mercy Corps' efforts to rebuild the country's system of agricultural high schools. We're also developing a nationwide high school curriculum in agriculture and a teacher training program. Moreover, Mercy Corps is helping refugees rebuild agricultural livelihoods once they return home. Where returnees lack land or livelihood, we provide them with vocational skills training and direct market linkages to expand their job opportunities.

Traditional means of support, like agriculture, can benefit from 21<sup>st</sup>-century technologies. We're working with an Afghan telecommunications company to deliver information about prices, market opportunities and best practices via mobile phone text messages so that farmers can make more informed business decisions.





Mercy Corps poultry trainers Mahkrokh (left) and Fairda (right) work in rural Kunduz Province, Afghanistan, teaching women how to raise healthy, productive chickens so that they can contribute to the family income. Photo: Miguel Samper for Mercy Corps

## [AFGHANISTAN]

### Mahkrokh and Fairda: Learning to Raise Healthy Chickens

The global food crisis is throwing into stark relief the weakness of many current methods of growing and supplying food. In 30 countries, Mercy Corps agriculture programs are making important advances in production and marketing. In the short term, we're ensuring that more people have enough to eat. For the long term, we're helping people earn higher incomes, resist future shocks to their food systems and better manage and share limited natural resources.

Survey the fields and farmlands of rural Afghanistan and you might be surprised to note the absence of women and girls. The world of agriculture throughout Central Asia is dominated by men, young and old, who tend to flocks of sheep and goats, till fields and harvest vegetable and wheat crops.

Nevertheless, through a Mercy Corps program, women in Kunduz Province are finding ways to contribute to the family income. They're bringing opportunities inside their domain – the home.

Mercy Corps has provided 120 households with 40 chickens each and taught women how to feed and

care for their new flocks. We're training poultry workers like Mahkrokh and Fairda, who make regular house calls to the women who've received poultry. Mahkrokh and Fairda ensure that the chickens are healthy and answer any questions their owners may have. They also connect the budding poultry entrepreneurs with local markets that wish to buy fresh eggs so the women can bring much-needed income into households that are usually very poor.

"This project allows the women to not have to rely on their husbands for money for household needs, clothes and food for the children," says Fairda. "And they can use any extra eggs to help feed their children."



# [CHANGE]



[STRENGTHENING LOCAL HEALTH SYSTEMS TO CURE TUBERCULOSIS]

# Pakistan

Mercy Corps has achieved remarkable success in strengthening Pakistan's public health systems to better fight the scourge of tuberculosis (TB). What started as small, local programs are now having a tremendous positive effect nationwide, with stunning cure rates and a vastly improved ability to continue providing sustainable, long-term care to the Pakistani people.

Collaborating closely with national and global TB entities, we ensure that our programs contribute to larger efforts to address this devastating disease. By working alongside the people we serve and supporting and expanding local solutions, we are helping communities create the lasting change they wish to see.

TB has become an intractable public health issue in many countries. Each year, two million people – 98 percent of them from the developing world – die from this very contagious but curable bacterial disease. Complicating the issue is the emergence of multi-drug resistant (MDR) strains, which arise when patients fail to complete treatment regimens.

Our program launched in 2004, with special outreach to youth and women. We employed health workers to meet with women one on one, teach them about TB, encourage them to seek early medical help and support them during treatment.

Mercy Corps is building the capacity of Pakistan's existing public health facilities to cure this grave disease. We work with community organizations, providing staff training and technical mentoring to help them apply best practices, design their own solutions and set their own goals for TB case detection and cure rates.

These efforts to control TB have been so successful that the government of Pakistan has declared Mercy Corps the lead agency for TB control in Balochistan and Sindh provinces. We work through 65 government diagnostic centers that are helping detect more cases, reduce the prevalence of the disease and prevent further transmission.

Our campaign follows the World Health Organization's directly observed therapy short-course (DOTS) protocol, in which community health workers observe treatment in patients' homes to ensure that the regimen is completed, slowing the spread of drug-resistant cases.

This year, 229,243 patients received TB care from Mercy Corps-supported government facilities in Pakistan. Our success rate is an impressive 88 percent, and the impact on the larger community is substantial: our TB programs are enhancing the productivity and well-being of approximately 6.5 million men, women and children. We believe that enabling people to remain healthy and productive helps prevent future potential causes of conflict and poverty.

After a devastating earthquake in 2005, Mercy Corps helped displaced people, including these children, get back on their feet. We distributed school supplies and built temporary classrooms so their education could continue.

Photo: Jackie Lee/Mercy Corps





# [CHANGE]

“I am alive now because of this treatment.”



When Sadiqa was stricken with TB, she could no longer work, earn money or provide for her children. Thanks to a Mercy Corps-supported program, she's now healthy again – and self-sufficient.

Photo: Miguel Samper for Mercy Corps

## [PAKISTAN]

### Sadiqa: Recovered from TB and Healthy Again

Public health is essential to much of the work we do. Once people have clean water to drink, adequate sanitation, enough food to eat and essential health care, they can invest their energies in a small business, a child's education and other ways to make life better for their families. Our health programs focus on the basics and are designed to become self-sustaining. We get local people involved so that they fully understand how to improve their health – and maintain good health over the long term.

It was about a year since Sadiqa got a cough that wouldn't go away. “It was quite difficult for me,” the 50-year-old seamstress remembers. “I couldn't sleep or work because of my coughing. I was getting weaker day by day and was up all night.”

Sadiqa, a widowed mother of five, was stricken with TB – the deadly disease that the World Health Organization estimates has affected more than 1.5 million people throughout Pakistan. TB is especially prevalent among people aged 15 to 59, who are the most economically productive citizens, making its effects – weight loss, fatigue and chest pains – particularly devastating to their livelihoods. Illness forced Sadiqa to stop working. When she could no longer sell her sheep's wool carpets, she could not provide for her children.

Mercy Corps, in tandem with Pakistan's Ministry of Health and The Global Fund to Fight AIDS, Tuberculosis and Malaria, is helping people like Sadiqa with a comprehensive detection and treatment program in 57 districts. We train lab supervisors, provide medicine and teach rural communities about early detection and disease prevention so that they can continue to fight the disease without being dependent on outside help.

We have also set up regional health clinics, like the one Sadiqa visited to receive her last round of medicine. She was referred by her local doctor, who didn't have the equipment to diagnose her correctly. Eight months later, she is healthy and thankful. “I am alive now,” she says, “because of this treatment.”



The war in Iraq has destroyed lives and livelihoods – and disrupted the education of thousands of children like Naji (front) and his friend, who peer through the window of a damaged school. Mercy Corps is helping Iraqi children like these boys to continue their education.

*Photo: Cassandra Nelson/Mercy Corps*



[RESOLVING CONFLICT PEACEFULLY TO PROTECT LIVELIHOODS]

# Iraq

When violence tears a country apart, communication and compromise are often the first casualties. Mercy Corps believes that engaging adversaries in productive dialogue can lead to peaceful, lasting change for war-torn communities. Mercy Corps' 2004 merger with the Cambridge, Massachusetts-based Conflict Management Group strengthened its ability to conduct conflict management programs worldwide.

Our peace-building programs help communities identify the underlying causes of violence, which are often linked to a lack of resources such as land or jobs. We equip people with the negotiation tools and skills they require to develop creative solutions to these complex issues.

Since 2004, we have been helping several communities in south-central Iraq deal with violence. Our team has trained more than 120 Iraqis – tribal sheikhs, religious clerics, academics, civil society leaders, community members and local government representatives – in the fundamentals of negotiation and mediation.

Our approach is to supplement, not replace, a society's traditional dispute-resolution systems. We enter the arena with respect for local customs and practices, looking to augment them where possible with new tools and techniques. We recognize, as do our local partners, that today's levels of violence can overwhelm problem-solving systems that evolved over hundreds of years.

Mercy Corps' conflict management program in Iraq has produced some truly remarkable results. Take, for instance, our work to protect livelihoods in Basra. Iraq's Department of Agriculture had rented a piece of land to a group of sharecroppers who wanted to grow tomatoes, potatoes and onions.

However, the sharecroppers' contract stipulated that if oil were found there, the land would be turned over to the Southern Oil Company and the contracts considered null and void. Southern Oil began exploring, found sizeable deposits and requested that the contracts be canceled and the sharecroppers expelled – just as their harvest was about to begin.

Distraught at the idea of losing everything, the farmers threatened to kill any Southern Oil employees that came on the land. A participant in Mercy Corps' conflict management program intervened to resolve the dispute. He convinced the oil company to wait until after the harvest before voiding the contracts. Once the land was transferred, some of the sharecroppers found new jobs working for the oil company.

This story illustrates how our programs help create powerful advocates for peace. Resolving today's conflicts can forestall tomorrow's violence, making life safer and the path ahead brighter for the people we serve.

“There is something amazing about this community – something in our hearts. We are a civil-rights organization. We need justice.”



[IRAQ]

## Kirkuk Women Are Building Peace

These women (pictured above) are educated professionals who are working with Mercy Corps to promote peace and justice and to address the literacy and social needs of women in Iraq.

*Photo: Jacob Colie/Mercy Corps*

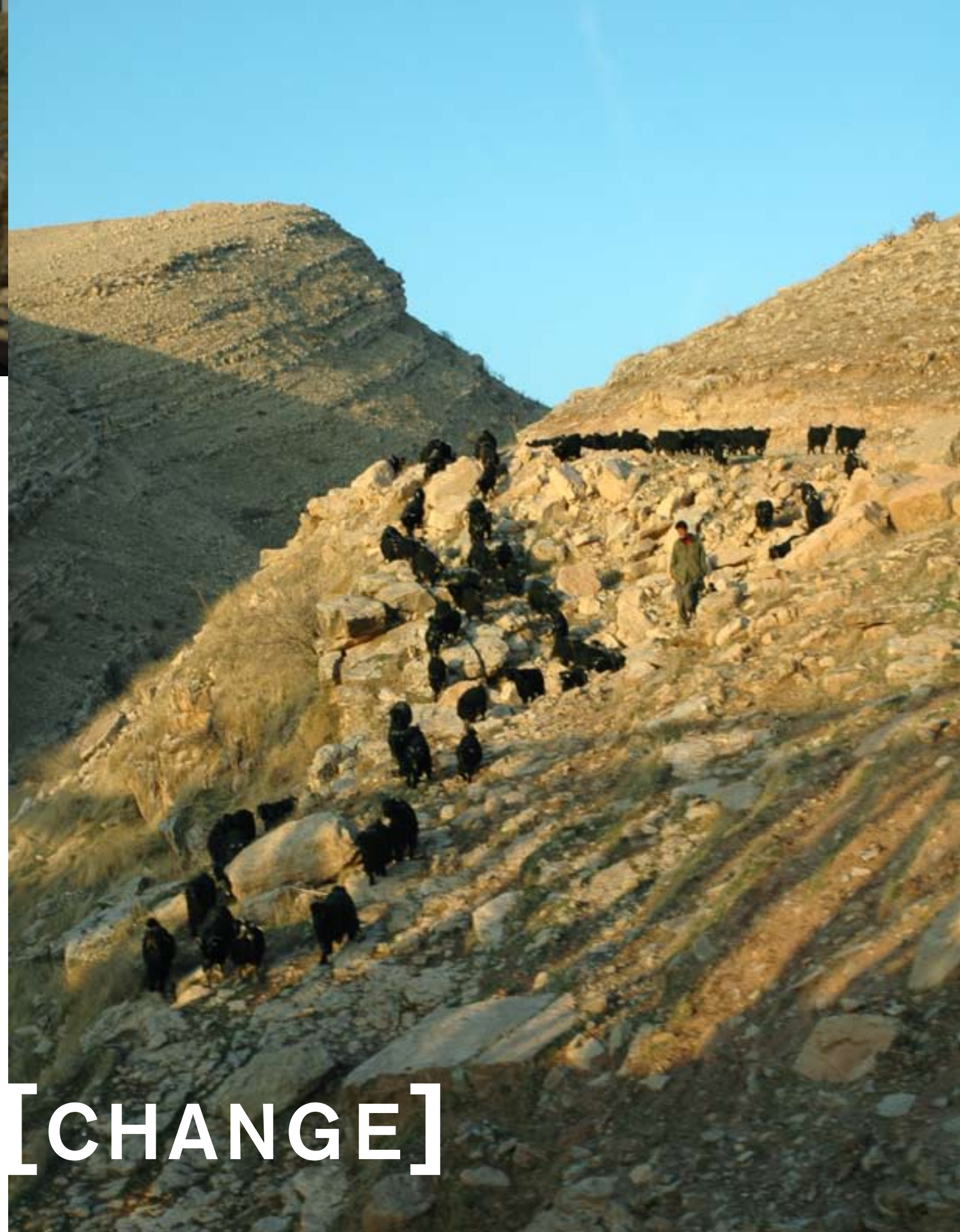
**M**ercy Corps is training women in Kirkuk, Iraq, to become leaders and work cooperatively against violence and hatred. Our program builds women’s leadership and management skills so that they’re equipped to design and oversee projects that steer children and youth away from violence and toward productive activities, such as education and sports.

“If there is going to be democracy in Iraq, it is because women step forward,” said one participant at a recent Mercy Corps gathering. The women were convened to discuss the issues they face in Kirkuk and to be trained in results-based management. The training also informs women about their rights and possible roles in peace and security initiatives.

“We must raise awareness,” commented another meeting

participant. “The man has to be convinced for equality between him and the woman. Women have eyes, a man has eyes. Women have hands, a man has hands. There is nothing different from them. Our duties and responsibilities have to be the same.” Like the others in her discussion group, she is excited to see change coming to her country.

Mercy Corps also strengthens local organizations to work on the issues common to all women and promotes networking among women leaders of all political, religious and ethnic backgrounds. “I am a Kurd sitting with Arabs and a Turkmen,” said one woman at the gathering. “There is something amazing about this community – something in our hearts. We are a civil-rights organization. We need justice.”



[CHANGE]



After the Sichuan earthquake, Mercy Corps helped children recover. These students at the Yunji Primary School are enjoying the games organized by a theater troupe and its play about the importance of hygiene.

*Photo: Norman Ng for Mercy Corps*



[HELPING CHILDREN RECOVER FROM EARTHQUAKE TRAUMA]

# China

When the 7.9-magnitude earthquake rocked Sichuan Province in May, 2008 – causing at least 69,000 deaths and displacing up to 10 million people – Mercy Corps was there to help.

The earthquake was shattering for thousands of children. The young suffer disproportionately during natural disasters because they are both physically and psychologically more vulnerable than adults. Tragically, the quake struck during school hours when students were gathered in classrooms. There, and after returning home, many children saw that their friends and relatives had been killed or injured, and that places they thought of as safe – home and school – were destroyed or damaged. Children then had to endure the stress of living in tents or crowded shelters. The earthquake shook their most basic sense of security and stability.

Experts believe that providing psychosocial support to children soon after a disaster can prevent symptoms of post-traumatic stress disorder (PTSD) from escalating into a lifelong condition.

That's why, even as it rushed emergency supplies to the area, Mercy Corps began working with two local partners – the Sichuan Youth Federation (a subsidiary of the All China Youth Federation) and the China Foundation for Poverty Alleviation – to help children cope. Our goal: to train area mental health professionals to support children after the quake. Comfort for Kids and Moving Forward

became our largest-ever China initiatives. As always, we're building local capacity through our programs, teaching caregivers so that they in turn can train their peers.

Comfort for Kids provides caregivers with basic trauma training and a customized workbook so that they can lead workshops that help children express their feelings in a safe environment. For the Sichuan earthquake, Mercy Corps collaborated with senior-level psychologists, such as the Chinese American Psychoanalytic Alliance, and dedicated volunteers to adapt, translate and print 60,000 copies of this valuable therapeutic tool.

Moving Forward trains caregivers to lead organized recreational activities for children that provide a safe, structured environment, create a sense of normalcy, alleviate stress and build resilience. While adults focus on rebuilding their homes and livelihoods, children participating in Moving Forward activities can rebuild their self-esteem, practice teamwork and regain trust – all crucial to healing.

Again with an eye to capacity building, we provide Moving Forward program leaders with a toolkit that includes detailed instructions, an activity guide and a variety of play equipment. We teach them to identify youth trauma and apply core psychosocial themes through interactive sports and games. In Sichuan, we trained more than 1,600 caregivers to help 64,000 Chinese children.



# [CHANGE]



With help from Mercy Corps, Wang Xinyao (polka-dot shirt) has returned to school and set her sights on becoming a journalist. *Photo: Norman Ng for Mercy Corps*

## [CHINA]

### Wang Xinyao: Quake Can't Shake Her Goals

“My favorite words in English are ‘honest’ and ‘trustworthy’, because I think they are the basic requirements for any human being.”

Wang Xinyao was on the third floor of her school when a massive earthquake struck her village in China's Sichuan Province in May 2008. At first she didn't know what was happening. “I thought a classmate was playing a joke on me by shaking my chair,” she recalls. “But then our math teacher was telling everyone to run.” She doesn't remember how she got out of the building.

Months later, the 16-year-old middle school student was living in a tent outside her collapsed family home and going to school in a temporary classroom that sits in the shadow of her damaged school building. Reminders of the earthquake are everywhere, but she seems to look past those things.

That's in large part due to the strong support she received right after the quake. Mercy Corps provided

household items, health supplies and school materials to thousands of young people like Wang. We helped Wang and her classmates recover from the trauma through our Comfort for Kids and Moving Forward therapeutic techniques and activities.

This assistance helped Wang return to the classroom and concentrate on her studies – a high priority for an eager young lady. “I want to be a news broadcaster when I finish school,” she enthuses, “because I like telling people what's happening around us.”

With the aspiration to become one of China's top TV journalists, she is motivated to succeed in school. Wang's ambition arises from a foundation of character and integrity. “My favorite words in English are ‘honest’ and ‘trustworthy’,” she reflects, “because I think they are the basic requirements for any human being.”



This Somali woman and her family are benefiting from a Mercy Corps project that hires local workers to build levees. The project protects her village from flooding, allows crops to reach maturity – and puts much-needed wages in the hands of the most vulnerable households so that they can buy food, clothes and other necessities.

Photo: Jeremy Barnicle/Mercy Corps



[EMPLOYING LOCAL PEOPLE TO BUILD SAFE WATER FACILITIES]

# Somalia

If you ask a community in crisis what it needs to rebuild, clean water will be at the top of the list. Safe drinking water, sanitation and hygiene are the very foundations of human health and community development. Mercy Corps emphasizes all three in its relief and recovery initiatives. What's distinct about our approach is that we hire local residents to construct the water facilities they require.

We work with communities to identify their priorities. We then supply the daily wages that enable people to support their families with dignity and gain a stake in their own futures while building vital infrastructure such as wells and latrines. Our cash-for-work approach creates jobs and injects badly needed currency into local economies.

Mercy Corps projects are bringing life-giving water and healthier sanitation to communities in Guatemala, Sudan, Tajikistan and Zimbabwe – and to Somalia, an extremely poor “failed state” where tremendous numbers of people have been displaced by violence. In helping Somalis build potable water and sanitation facilities, Mercy Corps is enabling people to survive, reducing the water-access issues that represent sources of conflict and freeing communities to take the next steps in rebuilding their lives.

We are working in five districts of southern Somalia. Through our large cash-for-work program, we have employed area workers to build 34 wells and 1,300 family and 350 communal latrines. We also conduct hygiene education campaigns to prevent diarrhea

(which kills more than 1.4 million children worldwide each year) and other preventable waterborne illnesses. We have taught safe hygiene and sanitation practices to 8,000 households. In places that lack government support, we also teach communities how to set priorities, make plans and implement projects. Altogether, these projects will serve 170,400 people, of whom one quarter live in camps for those forced by violence to flee their homes.

In northern Somalia, our Bossaso project brings clean water and appropriate sanitation to people living in camps. It also teaches safe hygiene practices. We first gained the cooperation of those who own the land where the camps are located, because they must approve any construction. Our team successfully negotiated with the landowners to allow the camp community to access the new water and sanitation facilities.

We then hired local people to build and maintain five *beerkads* – 10,000-liter concrete-lined water-holding tanks with taps – and 50 family or communal latrines. We established five waste disposal sites and, after developing and translating educational materials into the local language, taught safe hygiene and sanitation practices to 4,000 households. These projects will ultimately serve 20,000 people living in camps.





Farhiyo Hussein (left and center) is delighted to have access to affordable clean water for her family. Abass Hassan (right) chaired the camp committee that worked with Mercy Corps on the reservoir project.  
Photos: Mercy Corps

## [SOMALIA]

### Farhiyo Hussein: A Wellspring of Progress

Safe water, sanitation and hygiene are the development initiatives that deliver the greatest benefit for the least investment. A recent UN study states that simply providing clean water and toilets in developing countries is the fastest and most cost-effective way to eradicate crippling poverty and improve world health. Providing access to drinking water and sanitation pays for itself by creating jobs, raising productivity lost to illness and saving money spent on treating diseases.

For the past seven years, 30-year-old Farhiyo Hussein has lived in a camp in the northern Somalia port city of Bossaso. Like many camps for internally displaced persons (IDPs), hers lacked access to safe drinking water. She could not afford the inflated prices charged by private water vendors. To avoid the risks inherent in fetching water outside the camp – especially at night, when rapes and beatings are common – Farhiyo, a mother of five, spent much of her day walking as far as six kilometers to collect free or cheap water. Getting water took up the time she wanted to use to earn income to feed her children.

In other households with elderly parents, children had to choose between going to school and procuring water for the family. Water, of necessity, came first. Even families that did buy water from private vendors were at risk. “The water was not treated,” explains camp committee chair Abass Hassan, “so cases of diarrhea were common in almost all families, including mine.”

In 2008, Mercy Corps hired local residents to construct a reservoir and fill it with safe drinking water. “Mercy Corps is the first and only organization to either construct a reservoir or supply water to this camp,” notes Abass.

Today, with a clean, reliable water source close by, Farhiyo’s world has opened up. “Now, I don’t have to worry about water,” she says with a smile. “I can comfortably search for a job, knowing my family has access to water.” Since she no longer has to pay exorbitant fees, “we have enough money for other domestic needs. And thanks to the safe water, my children are finally looking healthy.”

Most important for the long run, camp residents are taking the water project one big step further. With the money saved, the community – on its own initiative – constructed a second reservoir.

# [CHANGE]





## [IMPROVING CROPS – AND FUTURE LIVELIHOODS – FOR DARFUR FAMILIES]

# Sudan

In Sudan, where life for the 2.5 million people displaced by conflict in Darfur is fraught with hardship, Mercy Corps is helping communities survive now – and plant the seeds of a better future. We're providing emergency relief to help people in Darfur who have been forced to leave their homes make the most of life in temporary camps and villages, while at the same time equipping them to support their families once they are able to return.

Farming is the traditional way of life for many Sudanese. But people displaced by conflict lose their most valuable assets – land and livestock, tools and seeds – and can no longer support themselves through agriculture. People living in the Darfur camps worry about how they will generate a stable income after they leave.

Mercy Corps is working with conflict-affected families who have identified land they will be able to farm. We're using demonstration gardens to teach farmers how to improve yields and quality through new varieties of staples like millet and sorghum, as well as better soil and land cultivation, nursery management and water conservation practices. We're growing seedlings and planting more than a dozen types of vegetables. We're also providing seeds and cultivation tools, like hoes and donkey plows.

Our training sessions encourage farmers to share what they've learned with their peers. Some of our centers serve both African and Arab communities,

providing opportunities to strengthen peaceful relations.

Participating farmers – many of whom are women – are already reaping the fruits of their labor. From the first few harvests, they have supplemented their household food baskets, shared vegetables with a group of especially vulnerable camp residents and earned cash by selling excess yields.

In one year, our demonstration farms reached 9,217 people, most of whom are displaced. The skills they learn equip the farmers to set up small businesses once they are able to return to their villages.

In three camps Mercy Corps also operates centers where we train women – including small-scale traders, youth and artisans – in marketable skills. They're learning new techniques in food processing, tailoring, metalworking and other handicrafts. Mercy Corps provides business training and basic equipment so that they're ready to jump-start their new enterprises.

Mercy Corps is showing Sudanese women living in camps how to build fuel-efficient stoves that do much more than provide heat to cook the family meal. The small, practical stoves actually lessen the women's personal vulnerability by reducing the number of times they must venture into dangerous bush areas to collect firewood. Moreover, by using less of the area's scarce wood as fuel, the stoves also protect the environment.

In West Darfur, Sudan, these women (above) collect water for daily use in the Zalingei camp, where Mercy Corps is helping Darfuris survive. A man (top right) who has been able to return to his native Abyei region – a critical border region where Mercy Corps is strengthening the local economy – builds a new home for his family.

*Photos: Cassandra Nelson/Mercy Corps (above) and Rodrigo Ordóñez/Mercy Corps (top right).*



[CHANGE]

“I am very happy with Mercy Corps’ support. Now I am able to sell peanuts, buy clothes for my children and improve my life.”



[SUDAN]

## Halima: Growing Peanuts to Clothe Her Children

Halima (above right) is expanding her garden, thanks to a Mercy Corps program that’s boosting her vegetable harvest – and bringing in much-needed cash to her family.

*Photo: Rodrigo Ordóñez/Mercy Corps*

Halima is making good use of her time in the IDP camp of Hamadiya in Zalingei, Sudan, by acquiring skills she can use now – and later, when she returns home. She’s participating in Mercy Corps’ demonstration garden project, learning how to increase yield and grow more varieties of produce, both to feed to her own family and to sell.

The project Halima participates in focuses on growing okra, maize and peanuts. Each person gets a plot measuring 20 meters by 10 meters. “The training is very good,” says Halima. “I have learned how to make ridges and furrows, and to maintain the proper distance between the holes where the seeds go.”

Halima and nine other farmers participate in the demonstration garden project. They gather in a school area to discuss what they’re learning and band

together to save money by purchasing supplies in bulk.

To prepare for the dry season, Halima is learning how to make irrigation canals and how to use a natural pesticide from the *neem* tree to protect her crops without chemicals.

Halima is also finding out how to get the best yield from the small, traditionally woman-cultivated home garden called a *jubraka*. These plots are typically used to plant such crops as millet, okra, peanuts, snake cucumber, sorghum and sweet potatoes, and they help extend the growing cycle into the rainy season.

Halima now looks ahead with hope. “I am very happy with Mercy Corps’ support,” she says. “Now I am able to sell peanuts, buy clothes for my children and improve my life.”



# Step Right In...

## [AND TAKE ACTION TO END HUNGER]

This year, Mercy Corps took the historic step of opening the world's first Action Center to End World Hunger, an interactive public space that challenges and empowers visitors to tackle the number one preventable health risk worldwide. Globally, well over 1 billion people go to bed hungry each night, and 25,000 people perish daily from food insufficiency. Our Action Center, located in New York City, gives Mercy Corps a street-level presence to engage schoolchildren, teens and adults in the effort to eradicate hunger.

Next summer, Mercy Corps will open a companion center in its new headquarters in Portland, Oregon, employing design elements and multimedia content developed for the New York Action Center.

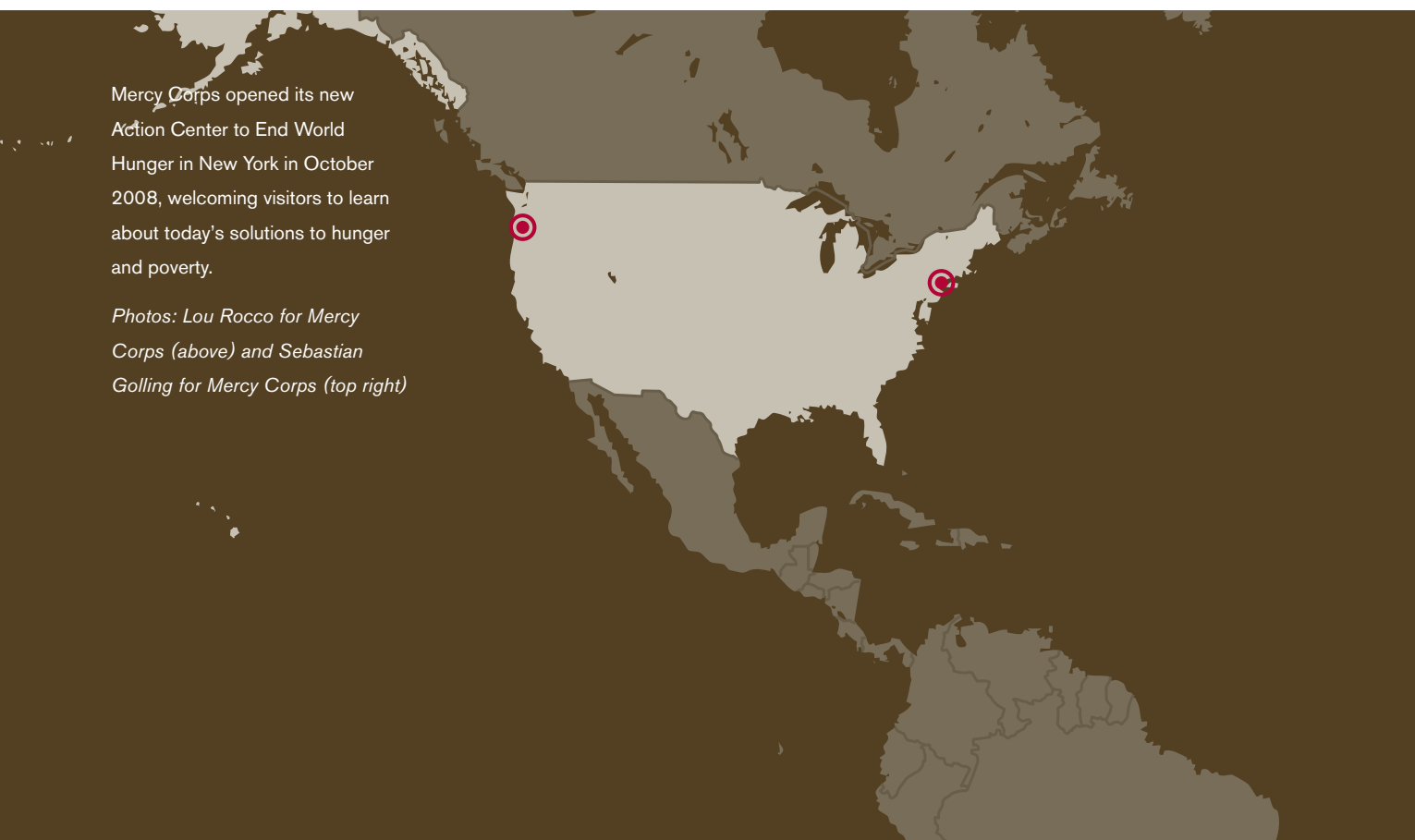
More than just physical spaces, the two Action Centers are gateways to a lifetime of real-world activism. Mercy Corps aims to help people better understand global issues and create a powerful cohort of people working together for change – which will have an important impact on Mercy Corps' work abroad.

Mercy Corps sees hunger as a potent symbol of poverty. At the centers and online, we help visitors develop complex views of hunger and its various causes: poor agricultural practices, inefficient markets, weak health and education services, environmental degradation, conflict and lack of access

to clean water. By tying food insufficiency to these underlying issues, the Action Center will help its online community generate increasingly strong public will to address the problem globally.

Mercy Corps' work overseas is well established. But the organization has come to see that a well-informed, mobilized constituency in the developed world is critical to generating both the intention and the aid funding to end suffering, poverty and oppression abroad. The solutions to the most complex global challenges require partnerships between the people and governments of the world's economically powerful nations, as well as between the countries where these challenges are most deeply felt. To that end, Mercy Corps has launched its Global Engagement initiative to radically alter the way people think about the world, and their role within it. The Action Center is one cornerstone of that initiative.

The Action Centers aim to welcome an estimated 50,000 visitors each year, with an emphasis on students, their parents and their teachers. Visitors will discover highly interactive, media-rich exhibits. A variety of technologies bring to life the daily experiences of communities and aid agencies as they strive to improve lives around the globe. Beyond just providing information, the Action Center challenges visitors to analyze pressing global issues and commit to taking meaningful action.



Mercy Corps opened its new Action Center to End World Hunger in New York in October 2008, welcoming visitors to learn about today's solutions to hunger and poverty.

Photos: Lou Rocco for Mercy Corps (above) and Sebastian Golling for Mercy Corps (top right)



# Stewardship & Support

Mercy Corps is honored by the extraordinary generosity of the thousands of individuals, organizations, businesses and other partners who supported our work in the 2008 fiscal year (July 1, 2007, to June 30, 2008). ¶ On behalf of the many people we serve across the globe, thank you for your generosity, loyalty and concern for others. ¶ We are deeply aware of our responsibility to be careful guardians of the contributions we receive on behalf of our beneficiaries. In this section you will read about our excellent record of responsible stewardship and accountability. ¶ You also will find summaries of the financial statements for our most recent fiscal year. Here we also list the names of many of our supporters, in special recognition of the extraordinary ways they have contributed to Mercy Corps' work this past fiscal year. ¶ **Thank you for all you do. Your support is changing lives for the better around the world.**

## A Record of Exemplary Stewardship

Mercy Corps has long been recognized as an excellent steward of the resources entrusted to it. Over the past five years, more than 89 percent of our resources have been allocated to programs that help people in need. Ensuring that resources are wisely spent is the cornerstone of our values, vision and strategy for growth in the future. We are proud of the awards, endorsements, memberships and honors that substantiate our track record of accountability.



### American Institute of Philanthropy

The American Institute of Philanthropy, a leading charity watchdog agency, awarded Mercy Corps an A for financial efficiency in its May 2009 rating guide.



### Fast Company

Mercy Corps was selected as a winner of the 2008 *Fast Company*/Monitor Group Social Capitalist Award. *Fast Company* identified Mercy Corps as a “top-performing nonprofit” that “insist[s] on serving up smart, bold solutions to seemingly intractable problems.” Mercy Corps also was named a recipient of the magazine’s 2009 “Social Enterprises of the Year” award for starting a bold banking initiative that could pull millions of people out of poverty in Indonesia.



bbb.org/charity

### Better Business Bureau

Mercy Corps meets all 20 of the Better Business Bureau’s standards for charity accountability.



### Charity Navigator

For six years in a row, Mercy Corps has been awarded the four-star rating for sound fiscal performance from Charity Navigator, the premier American charity evaluator. Only three percent of the rated charities have achieved this distinction.



### InterAction

Mercy Corps is a member of InterAction, the largest coalition of America’s most reputable international NGOs. We adhere to InterAction’s financial and ethical standards in our fundraising and program operations.

## Mercy Corps 2008 Financial Summaries

With headquarters in the United States and Europe, programs in more than 40 countries and vital partnerships around the world, Mercy Corps is working on a global scale to help people build secure, productive and just communities. Since 1979, Mercy Corps has provided \$1.7 billion in assistance to people in 107 nations. In fiscal year 2008 (July 1, 2007, to June 30, 2008), the resources of Mercy Corps’ global operations totaled more than \$244 million – a record – enabling us to reach 14.5 million people in need.

### Audited U.S. Financial Summary

Mercy Corps U.S. Operations: Condensed Summary of Support, Revenue and Expenditures

	FY 2008	FY 2007
<b>Support and Revenue</b>		
<b>Government and Organizational Support</b>		
Government Grants	82,129,992	84,701,582
International Organization Grants	7,067,740	6,157,823
Material Aid	3,368,457	2,549,634
<b>Subtotal: Government and Organizational Support</b>	<b>92,566,189</b>	<b>93,408,839</b>
<b>Private Support</b>		
Contributions	28,803,067	28,110,628
Grants	29,334,367	10,515,076
Material Aid	55,965,950	48,598,887
Other Revenue	5,548,309	6,299,264
<b>Subtotal: Private Support</b>	<b>119,651,693</b>	<b>93,523,855</b>
<b>Total Support and Revenue</b>	<b>212,217,882</b>	<b>186,932,694</b>
<b>Expenditures</b>		
<b>Program Services</b>		
Humanitarian Assistance - Relief	80,906,437	69,783,468
Humanitarian Assistance - Recovery	27,992,530	26,044,813
Livelihood/Economic Development	36,393,225	39,163,801
Civil Society	19,320,531	16,518,950
Health	10,824,209	6,952,938
<b>Subtotal: Program Services</b>	<b>175,436,932</b>	<b>158,463,970</b>
<b>Support Services</b>		
General and Administration	17,088,020	15,667,506
Resource Development	10,685,425	9,992,856
<b>Subtotal: Support Services</b>	<b>27,773,445</b>	<b>25,660,362</b>
Loss	1,103,410	2,701,199
<b>Total Expenditures</b>	<b>204,313,787</b>	<b>186,825,531</b>
<b>Increase in Net Assets</b>	<b>7,904,095</b>	<b>107,163</b>

### Balance Sheet

	June 30, 2008	June 30, 2007
<b>Assets</b>		
Cash and Investments	52,722,780	52,673,855
Receivables	16,827,271	20,639,849
Inventories	14,076,568	11,816,341
Program-Related Investments	27,414,551	15,641,987
Property and Equipment (net)	17,266,512	4,705,254
Other	3,831,059	2,802,260
<b>Total Assets</b>	<b>132,138,741</b>	<b>108,279,546</b>
<b>Liabilities</b>		
Payables and Other Liabilities	38,793,110	36,502,739
Deferred Revenue	21,727,123	25,656,274
Subordinated and Other Long Term Debt	6,434,218	1,137,489
<b>Total Liabilities</b>	<b>66,954,451</b>	<b>63,296,502</b>
<b>Net Assets</b>		
Unrestricted	23,846,402	15,942,307
Temporarily Restricted	41,337,888	29,040,737
<b>Total Net Assets</b>	<b>65,184,290</b>	<b>44,983,044</b>
<b>Total Liabilities and Net Assets</b>	<b>132,138,741</b>	<b>108,279,546</b>

### Global Financial Summary

Mercy Corps U.S. and Global Partners: Support, Revenue and Expenditures

	FY 2008	FY 2007
<b>Support and Revenue</b>		
Proyecto Aldea Global	2,554,509	2,526,782
Mercy Corps Scotland	29,182,552	34,114,455
Mercy Corps U.S.	152,883,475	135,784,173
Mercy Corps U.S. Material Aid	59,334,407	51,148,521
<b>Total Support and Revenue</b>	<b>243,954,943</b>	<b>223,573,931</b>
<b>Expenditures</b>		
<b>Program</b>		
Proyecto Aldea Global	2,637,883	2,090,228
Mercy Corps Scotland	24,583,110	30,848,398
Mercy Corps U.S.	175,436,932	158,463,970
<b>Total Program</b>	<b>202,657,925</b>	<b>191,402,596</b>
<b>Support Services</b>		
General and Administration	19,144,523	16,952,176
Resource Development	11,227,580	10,862,768
<b>Total Support Services</b>	<b>30,372,103</b>	<b>27,814,944</b>
Loss	1,103,410	2,701,199
<b>Total Expenditures</b>	<b>234,133,438</b>	<b>221,918,739</b>
<b>Net</b>	<b>9,821,505</b>	<b>1,655,192</b>

### Material Aid Program Delivers the Goods

In 2008, Mercy Corps delivered materials – donated by corporations, non-profit organizations and individuals – to our own programs and carefully selected partners in 30 countries. For instance, we provided medicines to hospitals in North Korea, computers to non-profits and schools in Mongolia, school and hygiene supplies to orphans and other vulnerable children in Zimbabwe, and sports equipment to youth in Kosovo. The value of these donated materials totaled more than \$59 million.

To view or download our financials, visit [mercy Corps.org/annual](http://mercy Corps.org/annual).

# To Our Supporters: Thank You

Mercy Corps' message of hope inspired thousands of supporters around the world in 2008, resulting in record contributions from individuals, organizations, corporations, foundations and faith communities. In all, private contributions totaled more than \$63.6 million in cash and \$56 million in commodities and services. In addition, 135 volunteers and 120 interns in the U.S. and overseas donated more than 6,000 hours of work. Your generosity in 2008 was inspiring. Without each one of you, our work simply would not be possible. As we express our deep gratitude to you, we renew our commitment to helping people around the world turn crisis into opportunity.

To make a donation, join a monthly giving program or purchase Mercy Kits gifts, visit [mercycorps.org/give](http://mercycorps.org/give).

*We make every effort to spell your name and list your organization correctly. If you notice an error, please contact our development office at 800.292.3355, ext 339.*

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The Founders Circle members recognized here gave \$5,000 or more during our 2008 fiscal year (July 1, 2007, to June 30, 2008). The Founders Circle Honorary Chair is Pat Boone.

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## Giron Legacy Society

The Giron Legacy Society recognizes donors who support Mercy Corps through estate planning. It was established in 2003 in honor of Oscar "Tito" Giron, one of Mercy Corps' earliest employees, a Guatemalan pediatrician who established a village health program in Honduras. You can be the change beyond your lifetime by including Mercy Corps in your estate plans. Your legacy gift is a testament to the lasting value you place in our work. For information, call our planned giving office at 800.292.3355, ext 368.

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Leslie Jaslove	Paula Saintignon	

## The Campaign for Mercy Corps

The Campaign for Mercy Corps is the first capital campaign in our history. It is vital to our future because it will give us the independence to apply our proven approach to the toughest challenges of our generation. Our campaign to raise \$37.5 million in private and public funds focuses on three initiatives: a unified global engagement program, a new global headquarters and a fund for emergency response and social innovation. Each of these initiatives will help Mercy Corps build a more stable and independent financial and programmatic base, and together they will allow Mercy Corps to address the great challenges of the 21<sup>st</sup> century. For more information, contact Johanna Thoeresz, Vice President for Development, at 503.595.0532 or [jthoeresz@mercy Corps.org](mailto:jthoeresz@mercy Corps.org).

We would like to thank the following private donors for their generous support of The Campaign for Mercy Corps:

Alavi Foundation	Paul Dudley Hart and	JELD-WEN	Linda Mason and	Shauna Smith
Jay A. and Jan Barber	Jane Alford Hart	Leah, Zachary, Gilles &	Roger Brown, Jr.	Starbucks Matching
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Endowment Program	Charitable Gift Fund	Sandy Mack	Richard and	Nick Macdonald
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Phyllis and Frank Dobyms	Keith Hutjens	Jennifer MacNichol	Pat Boone Foundation Inc.	and Kristo Zorkin
Sho and Loen Dozono	Kristen Ivory	The Mancini Family	Clark Scholl	Anonymous (3) ■

## The Phoenix Fund

The Phoenix Fund gathers private seed capital to stimulate economic recovery via start-up projects in some of the world's poorest countries. Through for-profit angel-investing principles, the fund is designed to encourage high-risk/high-reward ventures in communities recovering from war or social upheaval. Since its inception in 2004, the Phoenix Fund has made grants to Mercy Corps microenterprise programs that enhance the livelihoods of local participants in China, Colombia, Ethiopia, Guatemala, India, Indonesia, Kyrgyzstan, Liberia, Nepal and Serbia. In 2008 we funded 11 projects. Donors give a minimum of \$10,000, and they often participate in project selection and provide guidance to project managers. To find out more, contact Danielle Wheeler, Phoenix Fund Director, at 503.450.1976 or [dhwheeler@mercy Corps.org](mailto:dhwheeler@mercy Corps.org).

We offer our profound gratitude to the following individuals and foundations that supported the Phoenix Fund during our 2008 fiscal year.

Kimberly and Dan Agnew	Brian Maney
George and	Thomas Peterson
Sharon Alexander	The Renaissance
Shanda Bahles	Foundation
Len and Mary Baker	Roy H. & Natalie C.
Scott and Mary Brown	Roberts Foundation
Thomas Bruggere	The Gordon Russell Fund,
Rocky and Julie Dixon	an advised fund of the
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Foundation	Mary Vascellaro
Thomas Keffer and	Anonymous (2) ■
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# To Our Partners: Thank You

Mercy Corps multiplies its resources and the impact of its work through a growing global network of partnerships with outstanding public, private and humanitarian organizations and the generosity of forward-thinking foundations and benefactors. We offer our gratitude to the partners listed here.

## Strategic Partners

The following companies and organizations are current Mercy Corps partners and co-investors in large-scale, strategic initiatives. We thank them for their vision and commitment.

Allianz	Nike
Best Buy	ONE Campaign
The Boeing Company	Open Society Institute/ Soros
BP Emerging Consumer Markets Group	Pax World Management Corporation
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IJMA3/Union of Arab ICT Associations	
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NetHope	

## Mercy Corps Microfinance Network

In the 10 years since it began offering microfinance services, Mercy Corps and its partner institutions have achieved a remarkable record, disbursing more than \$1.4 billion in loans to more than 1.3 million clients while maintaining outstanding repayment rates – in most cases, higher than 98 percent. It should come as no surprise to those familiar with the world of microfinance that more than half of our clients have been women – women whose dreams of a better life for themselves, their children and their families are coming true thanks to their own hard work. Working in challenging environments from Afghanistan to Guatemala, we have developed a network of a dozen retail microfinance institutions. Most have evolved to commercial viability. And in building them, Mercy Corps has gained invaluable practical understanding of the financial needs of the urban and rural working poor.

Agency for Finance in Kosovo (AFK), Kosovo	Community Health and Microcredit Project, Guatemala	Partner Microcredit Foundation (Partner), Bosnia
Ariana Financial Services (AFS), Afghanistan	IMON International, Tajikistan	Poverty Alleviation in the Tumen River Area (PATRA), China
Asian Credit Fund (ACF), Kazakhstan	Kompanion Financial Group, Kyrgyzstan	XacBank, Mongolia ■
Bank Andara, Indonesia	Mercy Corps Northwest, United States	
Borshud, Tajikistan		

## Organizations

The following organizations gave \$5,000 or more during our 2008 fiscal year.

The Church in Aurora	Global Impact	Self Realization Fellowship Church
The Brothers and Sisters of Charity	The Islamic Cultural Center of Northern California	Sisters of Saint Dominic Small Change
Castro Valley High School	The Kindergarten Unit Inc.	Marianne Sufrin Trust
Church World Service	Lutheran World Relief	Tufts University
Combined Federal Campaign	Medical Teams International	Union for Reform Judaism
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Free Evangelic Church Full Gospel	The Moving Center School	Watchdog 15 Year Charitable Lead Trust
Gee How Oak Tin Association	Providence Health System	World Vision ■
	Sacramento Valley Chapter of California Credit Union League	

## Foundations and Corporations

The following foundations and corporations contributed \$5,000 or more during our 2008 fiscal year.

Ability Physical Therapy and Fitness	Franklin Conklin Foundation	Goldman Sachs Relief Fund, a donor-advised fund of the Goldman Sachs Philanthropy Fund	McMenamins Crystal Ballroom	Rosengarten-Horowitz Fund
Adobe Foundation Fund, an advised fund of Silicon Valley Community Foundation	Cordaid	Goodfellow Fund	Meng Hannan Construction Inc.	Schultz Family Foundation
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Ali Budiardjo, Nugroho, Reksodiputro	Dahlgren Footwear	The Greenbrier Companies	James E. and Lila G. Miller Charitable Trust	Anne & Eli Shapira Charitable Foundation
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BBC International, LLC	Margaret Watt Edwards Foundation	Louise H. and David S. Ingalls Foundation	North Carolina Hillel Foundation	The Sudan Aid Fund of the Community Foundation of Western Massachusetts
Biamp Systems	Eileen Fisher Inc.	Intel Employees Recent College Graduates Network	North Star Foundation	SurveyMonkey.com
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**In Memoriam**  
 Mercy Corps pays tribute to Mohamud Osman, its program officer and valued colleague in Southern Somalia, who was killed in Jamame, Somalia, in November 2008. Mohamud managed our Southern Somalia Livelihoods Recovery Program, which helped people increase their income while building vital infrastructure for their communities. Mohamud will be sorely missed.

**Mohamud Mohamed Osman**  
 May 4, 1963 – November 9, 2008



PHOTOS: **cover** – Sri Lanka, Thatcher Cook; **page 1** – (background image) Kyrgyzstan, Colin Spurway; Sudan, Rodrigo Ordóñez; Lebanon, Cassandra Nelson; Sudan, Linda Mason; **page 2** – China, Thatcher Cook; **page 3** – China, Thatcher Cook; Afghanistan, Mercy Corps; Gaza, Thatcher Cook; **page 4** – Ethiopia, Geoff Oliver Bugbee; Colombia, Miguel Samper; Sudan, Rodrigo Ordóñez; **page 5** – Afghanistan, Miguel Samper; **page 6** – India, Joni Kabana; **page 7** – Uganda, Jeremy Barnicle; Myanmar, Jeremy Barnicle; Afghanistan, Cassandra Nelson; **page 10** – Indonesia, David Snyder; **page 11** – (background image) China, Thatcher Cook; Kosovo, David Snyder; Zimbabwe, Cassandra Nelson; Mongolia, Thatcher Cook; **page 13** – (background image) Afghanistan, Cassandra Nelson; Nepal, Joni Kabana; Tajikistan, Thatcher Cook; **page 15** – Afghanistan, George Devendorf; **page 17** – Afghanistan, Cassandra Nelson; Kyrgyzstan, Jason Sangster; Azerbaijan, Thatcher Cook; **page 18** – Pakistan, Jackie Lee; **page 21** – (background image) Iraq, Jacob Colie; China, Norman Ng; Honduras, Geoff Oliver Bugbee; **page 23** – Iraq, Jacob Colie; **page 25** – (background image) China, Jackie Lee; China, Thatcher Cook; Serbia, David Snyder; **page 26** – China, Thatcher Cook; **page 29** – (background image) Somalia, Daniel Gerstle; Indonesia, David Snyder; Lebanon, Joy Portella; **page 31** – Somalia, Daniel Gerstle; **page 33** – (background image) Sudan, Henry McInnes; Sudan, Miguel Samper; Sudan, Rodrigo Ordóñez; **page 34** – Sudan, Miguel Samper; **page 38** – Jordan, David Snyder; **page 39** – China, Thatcher Cook; Tajikistan, Jason Sangster; Ethiopia, Geoff Oliver Bugbee; **page 49** – Indonesia, Thatcher Cook.

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## About the Production of This Report

This year, for the first time, we have not produced a print version of our annual report. In light of the current economy, and in keeping with our ongoing commitment to fiscal efficiency and donor accountability, we are making every effort to reduce our expenses wherever possible. The fact that our decision is also the environmentally friendly one underscores our sense that this is the right move at the right time. We have created two electronic versions of this vital communication piece: one that's designed for easy reading on computer screens, and the other that's designed for ease of printing; while we encourage our readers to save paper, we recognize that in some cases a printed copy is necessary. We welcome your feedback on this decision as well as on other matters related to our annual report.

**Please email your comments to [annualreport@mercy Corps.org](mailto:annualreport@mercy Corps.org).**

**For PDFs of this annual report, please visit [mercy Corps.org/annual](http://mercy Corps.org/annual).**

## Our Mission

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

## Credits

Writer/Editor: Bija Gutoff  
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“You must be the change  
you wish to see in the world.”

–Mahatma Gandhi



Be the change