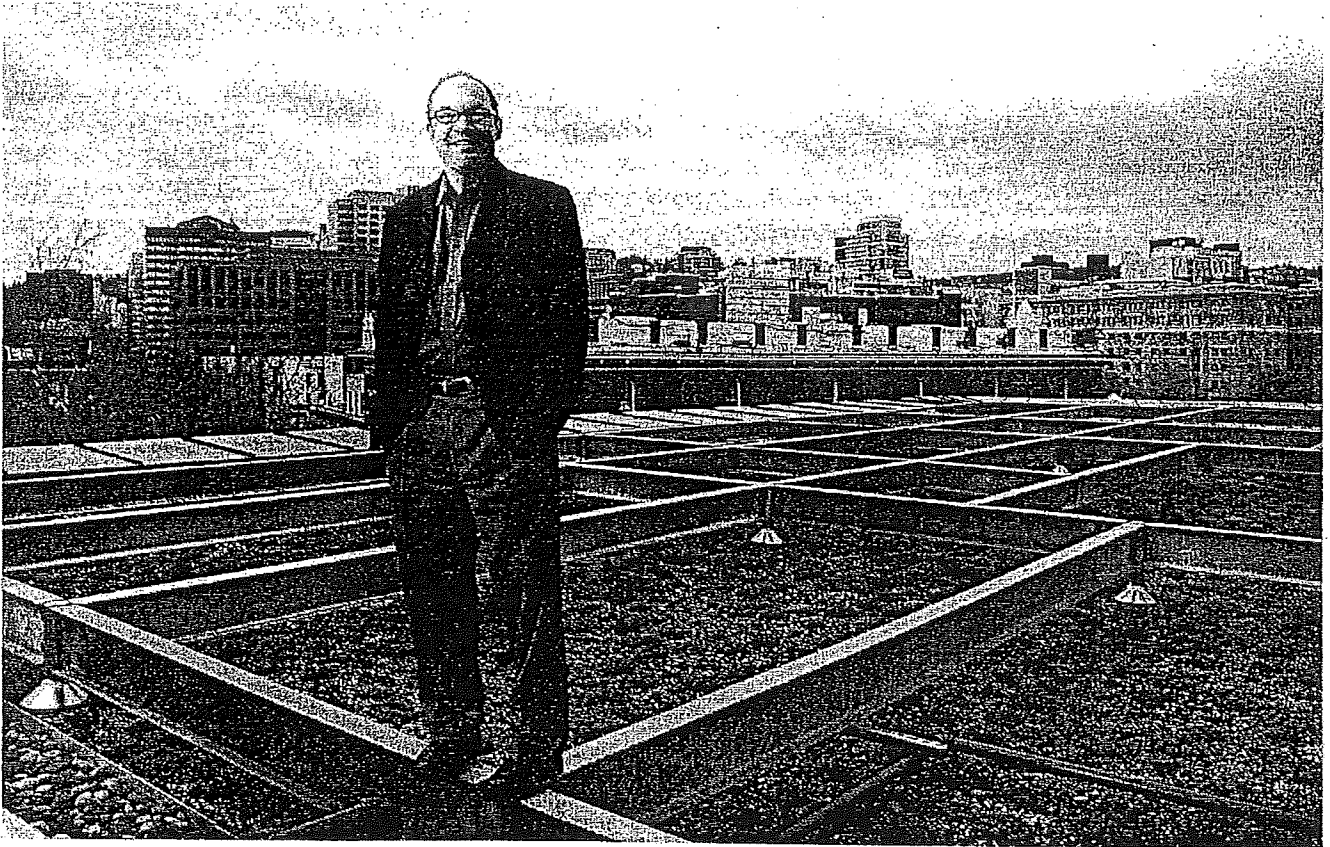


Ideas Q&A



NEAL KENY-GUYER believes that wars, earthquakes, and other disasters create opportunities for Mercy Corps to help change society for the better.

NEAL KENY-GUYER HAS been the CEO of Mercy Corps since he joined the Portland, Ore.-based organization in 1994. During his tenure the organization has grown several-fold in size, joining the ranks of leading global relief and development groups. Today, Mercy Corps operates in nearly 40 countries; it has a staff of about 3,800 and an annual operating budget of more than \$300 million.

Before joining Mercy Corps, Keny-Guyer spent more than a decade working in the social sector, first with at-risk American youth at Communities in Schools, then with Southeast Asian refugees at CARE/UNICEF, and finally with war-torn Middle Eastern communities at Save the Children.

Mercy Corps's guiding principles are that those affected by a crisis are always

the best people to direct their own recovery, and that in most cases the best way to do this is to help local people create market-based solutions. That's why you will find Mercy Corps assisting local farmers and merchants as they reopen food markets or paying cash to local workers who are helping clear their streets and rebuild their homes.

In this interview with *Stanford Social Innovation Review* Managing Editor Eric Nee, Keny-Guyer explains why disasters can create opportunities to change society for the better, why Mercy Corps spends as much time making plans to exit a country as it does getting ready to enter one, and what steps he is taking to turn Mercy Corps into a learning organization.

Eric Nee: Your 2008 annual report is headlined "Turning Crisis into Opportunity."

Why did you pick that phrase?

Neal Keny-Guyer: We focus on countries in transition—the fragile states where there has been a crisis of some sort, either a natural disaster, a political or economic collapse, or a war or conflict. We believe that a crisis often opens up opportunities for profound changes that can be harder to accomplish in a normal situation. Sometimes a crisis can remove a corrupt government or unfreeze bureaucratic inhibitors and enable fresh ideas to take over.

Is a country ever too unstable for Mercy Corps to enter?

I can't think of a situation in which we chose not to go in because it was too unsafe. Just look at the countries we operate in now: Iraq, Afghanistan, and Somalia. If you are operating in Somalia today, you probably have a high threshold for risk.

In Somalia, where there's almost no functioning government, there is plenty of opportunity for relief, but how much development work can you actually do?

You clearly have to take a longer-term view in a situation like that. We are there because there is a compelling humanitarian need, and we have some amazing Somalis who know the country and who are social entrepreneurs in the best sense of that word. By working in Somalia now we can lay a foundation for community mobilization, so that when there is a local or a national government that citizen groups can work with, these communities will be more prepared.

Were you in Haiti before the earthquake?
No.

Wouldn't it have been better to be in Haiti before the quake helping to build better homes and create more jobs, rather than trying to deal with the crisis after hundreds of thousands of people have died and a million or so people have become homeless? Absolutely. Haiti was one of two high-poverty countries we weren't in that we wanted to be. The other was Yemen. We had sent assessment teams into both countries and we were looking for an opportunity to become engaged. It was about that same time when the earthquake hit. So we were fortunate in that we had already done some prep work. That's why we were able to move in very quickly. And because the earthquake was so severe and so many NGOs that were already on the ground lost staff and offices, this may be the first time I can think of when not already having a presence in a country struck by a major disaster was not a bad thing.

But you're exactly right. Disaster risk reduction is critically important, and we wish there were more donors that would fund us and others to go into vulnerable communities that we know are at risk, because there's a lot you can do before a disaster.

Now that the earthquake has happened, this crisis may have created an opportunity for significant change in Haiti.

It does present some new opportunities to address the underlying causes of Haiti's poverty and poor governance. If there's anything redemptive to come out of the earthquake, it will be that. It can also shake up

the community of aid actors. It's not that anybody there was necessarily doing bad work, but a crisis can spawn new thinking. It can help create new ways to invest in the countryside, new economic opportunities, and new ways to engage citizens to make the Haitian government more accountable and less corrupt.

Aren't the skills required to provide relief quickly to a devastated area very different from the skills required to help rebuild a country's civil society?

Yes and no. Yes, there are some specific skills and resources required for relief. For example, you need warehouses with standing emergency relief supplies and well-developed logistical net-

sense from a local standpoint. That's in contrast to a solution being created from the outside and then imposed on a community. It ties into another principle of ours, that those most affected by a crisis or a challenge are always the best agents of their own recovery and development.

When you look at microfinance intervention, health intervention, or many other types of interventions, the evidence is clear that if you don't have community participation in the design and implementation, it's not going to work as well. People are always

the best agents of their own change. Even in the evaluation phase, whatever the impact indicators are, they're not going to be as strong if you don't have community engagement.



If there is anything redemptive about the Haiti earthquake, it is that it presents opportunities to address the underlying causes of the country's poverty.

works and capacity, and the ability to provide immediate emergency health care.

The reason I say no is that not every organization needs to develop those capacities to be effective in providing emergency relief. Almost from day one there are elements of relief, recovery, and long-term development. For example, there have been enough studies that suggest that the extent of the recovery of the local private sector will determine how successful and how rapid the whole recovery is. From the beginning you can purchase local food and help organize local businesspeople. Local businesses can often provide food more quickly than outside actors who ship in food. You can almost immediately start paying cash for work to those affected by the crisis. If you can get money into people's hands, they don't feel totally helpless and it helps maintain their dignity. The money also helps rebuild the local private sector.

Why are market-based solutions central to your approach?

Market-based solutions are a bit of a proxy for demand-driven solutions. It is a way to tailor your solutions to what people want that's culturally appropriate and that makes

The tougher thing to measure, for Mercy Corps and for the whole relief and development community, is whether we really move the needle in countries where we operate. In the communities where we invest we can create change, but that's a microcosm of the whole country. How can we evaluate the overall economic impact of our programs? Those are the hardest indicators, because you need to do the evaluation longitudinally, something we don't always have the resources to accomplish.

Speaking of moving the needle, one thing I am struck by is the large number of countries where Mercy Corps operates, some of which—like China, India, Indonesia, and Pakistan—are among the largest in the world, representing close to 50 percent of the world's population. If you want to have an impact on an entire country and not just on a small locality, shouldn't you focus on fewer countries?

You sound like our board, Eric. Here is how we think about that. We want to be considered one of the leading international relief and development organizations in the world. To be in that group you need to have sufficient presence in Asia, Africa, and to a

lesser degree South America. That translates to around 30-plus countries, but you don't need to be in 80 or 90 countries as some of our colleague organizations are. To be invited to the forums and to be at the leadership table, you need to have a sufficient presence in those 30 or so countries.

The reason we're in China and India, frankly, is that sometime in the next 10 years those two countries are going to be major players and we're going to be raising resources in those countries. So we need to be there building credibility now, and the best way to build credibility is to help them with some of their own development challenges. I wouldn't consider either country a fragile or failing state in the way that the Central African Republic, Somalia, Afghanistan, or any number of other countries where we work are.

Mercy Corps engages in a wide variety of local activities—from setting up vaccination programs to building soccer fields and running agricultural training centers. Is there anything that you won't do? And with so many activities, how do you take the learning that occurs in one country and impart it throughout the organization? Let me start by saying that we're not going to go off and suddenly become a health organization. We think there are a lot of other organizations that do a great job in health, and we wouldn't add any value by being yet another one.

Most of the things that we do can be grouped around emergency relief—things like water and sanitation and helping children with their psychosocial needs—or around building civil society—such as creating sports organizations and microfinance institutions—which is where most of our work occurs. If you look at our in-house technical capacity that is top-notch and contributes to best practices, you will find it in those two general areas.

As for learning, when you find an organization that is doing a great job of capturing lessons learned and disseminating them throughout the organization, please call me. Let me tell you about a few things that we are doing. We created an intranet within Mercy Corps that has various communities of practice, such as agricultural development. Within these communities we have

online chats or Skype rooms where folks who are doing that type of work around the world can contribute.

We have a design, monitoring, and evaluation team that is trying to build the capacity within all of our field offices to do good program design. It is hard to do an evaluation if you didn't get the design phase right, because you don't have the baseline data. We also have a digital library that everyone has access to where we post every evaluation, examples of great and poor proposals, and other materials.

One thing we've done as well as any nonprofit is to invest in management. Compared to the for-profit world, the nonprofit world underestimates the importance of management and leadership. We have put our major leaders through programs that are sponsored with the Center for Creative Leadership. We've had partnerships with a couple of universities where we really tried to invest in training our national staff. If you don't create strong managers and leaders, it's really hard to build a culture of learning.

One of the things that sets Mercy Corps apart is that you talk openly about leaving countries that you are in. You even go so far as to say you plan to exit most countries after 10 years. Why do you do this?

About seven years ago we first began explicitly talking about this in our own orientation and learning materials. We did it for a couple of reasons. We wanted to signal clearly that we're not one of these organizations that sees itself staying in a country forever. And we wanted to signal to our teams, and in particular our country leaders, that it's important to begin thinking about an exit strategy almost from day one. What that does is get you focused early on issues like sustainability, capacity building, and leaving behind a legacy.

In most of the countries we are in, it's hard to create significant changes in anything like three to four years, or even five to six years. So 10 years seemed to capture our belief that there are no fast fixes or quick exits. But it also signaled that we're not going to be there forever.

Last year we exited Bosnia and left behind two strong institutions. One is a local NGO that carries on development work. We had a five-year plan to create this organiza-

tion. It started with building a governance structure that ensured the whole team was Bosnian, and laid out mileposts to reach along the way to localization. Now it's a strong organization that has relationships with its own government and raises money locally, and a top-notch team of local leaders.

We also left behind a microfinance institution that makes money as a bank and has received awards for best practices in microfinance. Those two organizations alone are not going to solve all the problems of Bosnia, but having national institutions that operate with good governance, and with well-trained, local, talented team members, is a worthy contribution.

We have also exited from the Philippines, Serbia, and a number of other countries over the last 10 to 12 years. During that time the total number of countries we operate in has stayed between 34 and 40. Some fall off and then a Haiti comes on.

When you leave behind a local NGO, do they maintain an affiliation with Mercy Corps? We try to do that. If they want to stay in touch with the learning that's going on in Mercy Corps, they can do that; we encourage that very strongly. We invite our legacy institutions to our gatherings so that they can come and feel like they are a part of the team. But they are completely independent organizations. We don't have any say in their running or management.

Much of your organization's work is about getting people to help themselves. Yet the name Mercy Corps sounds like a religious organization that provides charity to the poor. Why is that?

Three or four years ago we brought in [the advertising firm] Foote, Cone & Belding to help us with a rebranding exercise. We were wide open to changing our name. They went around the world and interviewed our staff, the people we work with, the communities we are involved in, and our donors. They concluded that we've built up enough cachet with our brand that it would be dangerous to tamper with it. We brought together our global leadership and presented those findings, and there was general consensus to keep the name. We worked hard to build our name, and we're going to let our work reshape the brand.