



# OVERVIEW – INNOVATIVE FINANCE FOR MINE ACTION: NEEDS AND POTENTIAL SOLUTIONS

April 2024

Chronic underfunding has created a crisis in the mine action sector, undermining its stability and predictability. This funding shortfall hampers both the efficiency and effectiveness of operations, a critical barrier that has persisted for far too long. As new conflicts emerge and old ones drag on, the demands on the sector are multiplying. These conflicts not only prolong the threat of landmines but also introduce new hazards, such as the rising use of improvised explosive devices (IEDs) by non-state armed groups. With the nature of conflicts evolving, the variety of threats grows, necessitating a broader and more adaptive response. Yet, without a significant increase in funding, the sector cannot hope to keep pace with these challenges. The mine action community is at a breaking point; it risks falling irreparably behind unless we commit to substantial, sustainable support.

Recognizing the urgency of the situation, the recent study “Innovative Finance for Mine Action: Needs and Potential Solutions” conducted by the GICHD and Symbio Impact Ltd, delves into the current funding landscape. This analysis not only assesses the dire financial needs of the mine action sector but also explores how innovative finance mechanisms, already proven in other humanitarian and development sectors, could be adapted for mine action. The study provides an insightful overview of potential solutions that could revitalize funding and enable more effective responses to the evolving challenges in mine action.

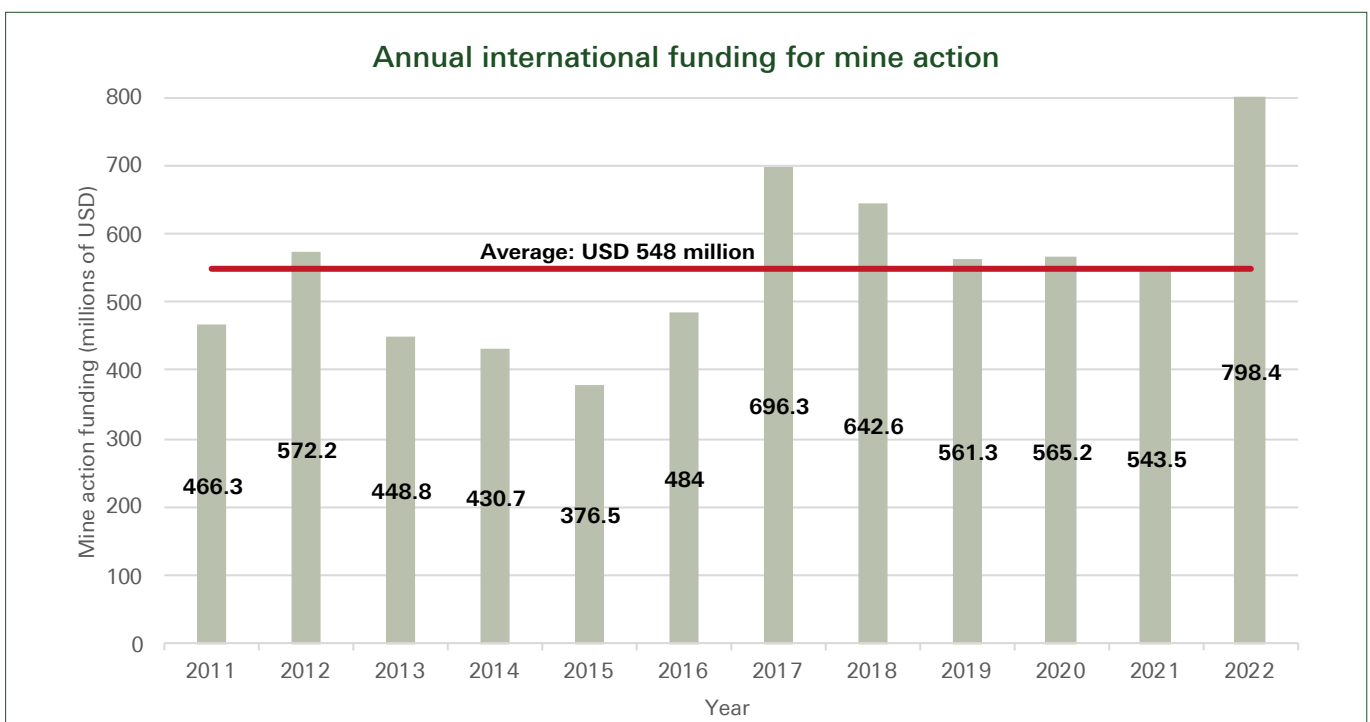


Figure 1: Annual international funding for mine action during the period 2011–2022.

In terms of **funding trends for mine action**, the study has found that:

- Mine action funding saw an all-time high in 2022 at over USD 700 million; approximately 20 per cent of this funding was however allocated for Ukraine alone, with the rest of affected countries receiving funding that was collectively below the levels for 2017 and 2018.
- Fluctuations in mine action funding, often influenced by new crises or significant developments in ongoing conflicts, can lead to short-term funding spikes, as seen in Somalia in 2012, Colombia and Iraq in 2017, and currently in Ukraine. These spikes challenge the sector's sustainability and stability, as countries struggle to effectively absorb and utilize sudden increases in funds. Operations require time to scale up, which means that the intended impact of increased funding may not be achieved during operational adjustment periods. Conversely, abrupt funding cuts force operations to scale down quickly, disrupting planned activities and reducing overall effectiveness.
- While 60 countries and territories are reported to remain contaminated by landmines, each year, between 2011–2022, more than 70 per cent of the total funding recorded went to the top 10 recipient countries and territories. Over the same period, each year, the top five recipients received over 50 per cent of the total funding.

An assessment of the **funding needs** for mine action was conducted across 17 mine-affected countries and territories, chosen based on their provision of cost estimates for completing land release commitments under Article 5 of the APMBC. The combined reported cost for these 17 entities totals approximately USD 1.69 billion. Comparing this to the average annual mine action funding from 2018 to 2022, there emerges an annual shortfall of USD 115 million if these countries are to meet their land release commitments within five years.

Furthermore, funding received by these 17 countries and territories accounted for only 40% of the total mine action funding during the same period, with the remaining 60% going to countries that had not reported their completion costs. This figure underestimates the actual funding gap, as it does not include several highly contaminated states like Afghanistan and Yemen, which lack detailed cost assessments. Notably, Ukraine, which requires an estimated USD 34.6 billion for land release according to the RDNA3, was also excluded from this assessment.



In addition to being able to contribute to addressing this funding gap alongside traditional funding mechanisms, innovative finance can create long-term stability and predictability for mine action. This can ultimately help mine action to plan for more efficient and effective interventions that are able to more meaningfully deliver the desired long-term impact.

This study has defined innovative finance for mine action as, *“initiatives that make use of financial mechanisms to channel public and private funds to help narrow the funding gap for mine action and complement existing funding arrangements in a way that fosters equity, sustainability, efficiency and effectiveness”*.

For innovative finance mechanisms to be successful in achieving the desired impact, several characteristics have also been identified as key, including:

- responding to a clearly identified need;
- being simple in structure;
- providing measurable additionality;
- being both cost-efficient and cost-effective;
- having strong stakeholder buy-in;
- and making use of blended structures as relevant to de-risk investment.

The study explores two potential innovative finance mechanisms that have been successful in other sectors and which could be adapted to raise funds for land release: a front loading mechanism and thematic bonds. The application of such mechanisms to mine action will notably require the design and implementation of clear governance structures. These should be developed using an inclusive, cross sectoral approach, adhere to existing sector principles and complement existing sector norms, standards and guidelines. The main characteristics of these two aforementioned mechanisms explored in the study are found on the next page.

## Front-Loading Mechanism:

- Uses long-term, legally binding government pledges to issue bonds on the capital markets, directing the proceeds to fund mine action immediately, similar to the International Finance Facility for Immunisation (IFFIm) approach for vaccines.
- Enables quicker achievement of mine action goals by allowing donors to “act now and pay later”, crucial for addressing the immediate threats to life and development posed by land contamination. This front-loading approach has accelerated impacts, as seen with IFFIm’s role in vaccinating 80 million more children since 2006 compared to traditional funding methods.
- Promotes economies of scale and enhances value for money in mine action. For instance, IFFIm’s vaccine front-loading results in significant savings in healthcare and productivity losses for each dollar spent on immunisation.
- Funds from donor governments may come from innovative finance sources, like France’s use of a solidarity tax on air travel to contribute to IFFIm from 2006 to 2021.
- Operates at a global scale necessary for mine action; IFFIm has secured USD 9.5 billion in pledges from 2006 to 2023, issuing USD 8.7 billion in bonds over the same period.
- Features an inclusive governance structure that ensures accountability and transparency, providing stable and predictable funding. This setup empowers mine-affected countries by giving them a significant role in fund allocation, enhancing national ownership and supporting local efforts within the mine action sector.

## Mine Action Agriculture Bond (Thematic Bond) Mechanism:

- This approach involves using bonds to fund land clearance activities that prepare the land for farming. The money invested in these bonds can be paid back through the financial gains from the agricultural activities that take place after the land is cleared.
- The process includes different participants: the mine-affected country, a commercial company, a Development Finance Institution (DFI), or a mix of these entities. They all play various roles in a combined structure that can also include safety nets, such as guarantees from a DFI or a government to reduce risks.
- The funding from the bonds needs to be organized to support land of varying economic value. More profitable projects might support less profitable ones, which, while not financially lucrative, still reap diverse social benefits.
- It is critical to establish clear rules and criteria for the projects and those running them to make sure that the land clearance does not lead to negative outcomes like land theft, increased conflict, or the exclusion of certain groups.
- Having a third party verify the results of the projects funded by the bonds is considered best practice. This ensures accountability and transparency for all parties involved. This verification should enhance and utilise the existing monitoring and evaluation efforts by national authorities responsible for mine action.



**Figure 2: IFFIm operating structure and financial flows.**

*Image: Gavi and IFFIm, from IFFIm Resource Guide 2023.*

Overall, a range of innovative finance mechanisms that are complementary to traditional funding mechanisms have proved themselves effective when applied in other humanitarian aid and development assistance contexts. Such mechanisms can and should be explored for the mine action sector, particularly the front-loading mechanism which operates at the scale needed to address the significant funding gap across the sector.

The political will to develop large-scale innovative financial mechanisms has been also identified as a critical requirement. The current context in Ukraine provides the mine action sector with one such moment. Given that funding needs and political interest are so high, they could prompt the exponential growth of awareness of and appetite for the application of innovative finance mechanisms to mine action at the global level. While the focus on Ukraine may help feed the overall appetite, innovative finance solutions must continue to be sought for all interested affected countries and territories, the funding needs of which are equally important.

The future of mine action needs innovative finance, and there is a critical role for collaboration across various sectors. The GICHD will be focused on pioneering and testing innovative finance mechanisms to address global challenges in mine action. Join us in this effort to advance impactful solutions and make a real difference. Let's work together to create safer communities and a better world.

For more information and the full study, please contact Danielle Payne ([d.payne@gichd.org](mailto:d.payne@gichd.org)).

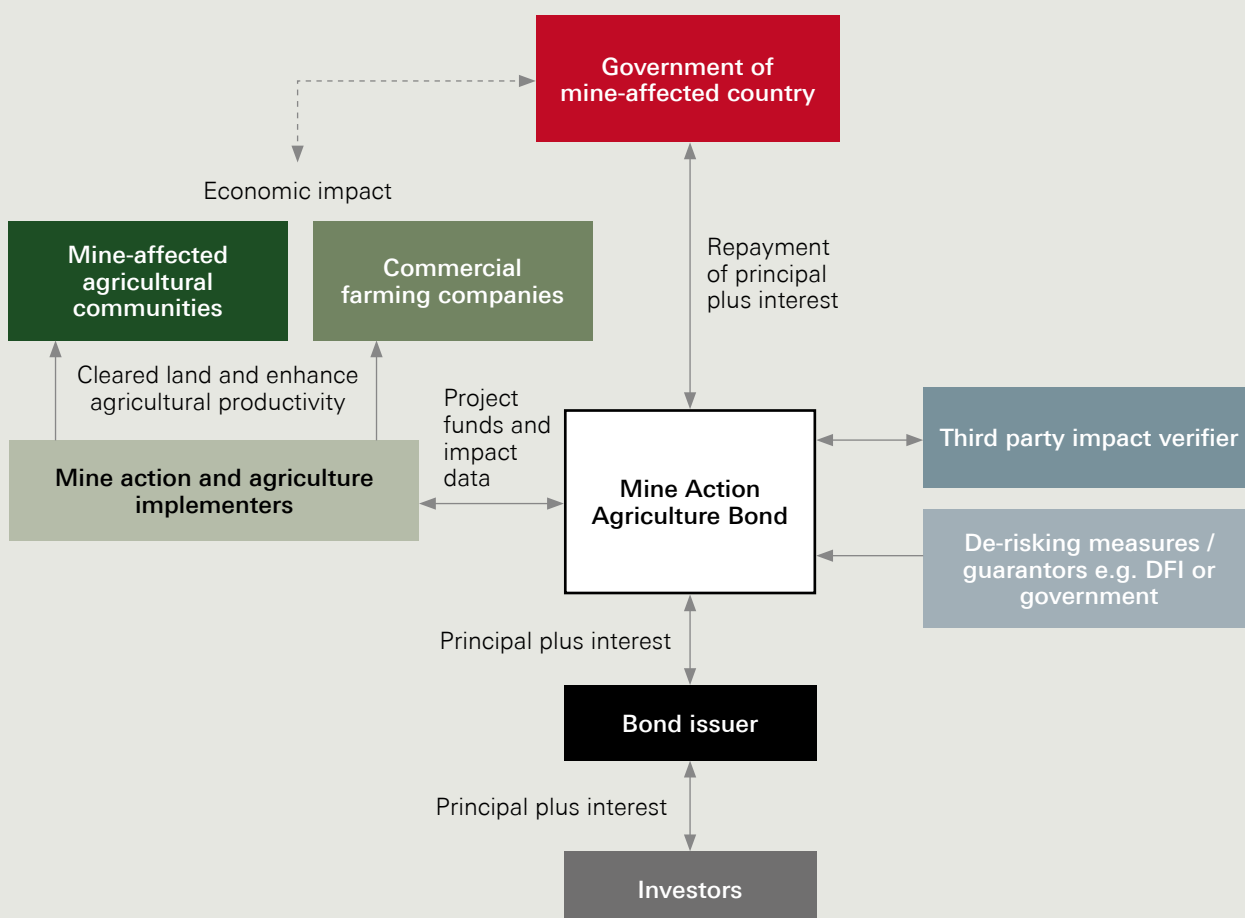


Figure 3: Proposed structure of a mine action and agriculture bond.