SOCIAL FINANCE

Foreign, Commonwealth & Development Office

THE HALO TRUST

Innovative Finance for Mine Action

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Improving the Effectiveness of Mine Action through Innovative Finance

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About Social Finance

Social Finance is a not-for-profit organisation that partners with the government, the social sector and the financial community to find better ways of tackling social problems in the UK and around the world. Since we started in 2007, Social Finance has helped to pioneer a series of programmes to improve outcomes for individuals with complex needs. Our innovations, including the Social Impact Bond model, have mobilised more than £500 million globally. We have sister organisations in the US, the Netherlands, Israel and India and an international network of partners.

About the HALO Trust

The HALO Trust is the world's largest humanitarian landmine clearance organisation with over 9,500 employees working in 25 countries and territories across the world. HALO's mission is to save lives and restore livelihoods of people affected by conflict. HALO has over 30 years of experience in removing the threat of landmines, IEDs and other unexploded ordnance, while also working with other sectors to reduce human suffering from armed violence and support community resilience and prosperity post-conflict.

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Front cover photo: Cleared land in Cambodia. Credit: The HALO Trust

Back cover photo: Man walking next to a minefield in Angola. Credit: Scout Tufankjian | The HALO Trust

Glossary

APM	Anti-Personnel Mine
APMBC	Anti-Personnel Mine Ban Convention
BDS	Business Development Services
CMAA	Cambodian Mine Action and Victim Assistance Authority
CNIDAH	Comissão Nacional Intersectorial de Desminagem e Assistência Humanitária
DACAAR	Danish Committee for Aid to Afghan Refugees
DFI	Development Finance Institution
DIB	Development Impact Bond
EORE	Explosive Ordnance Risk Education
ERW	Explosive remnants of war
FCDO	UK Foreign, Commonwealth & Development Office
GICHD	Geneva International Centre for Humanitarian Demining
GOA	Government of Angola
IDP	Internally Displaced People
IFFIm	International Finance Facility for Immunisation
IMAS	International Mine Action Standards
MAPU	Mine Action Planning Unit
MAPA	Mine Action Programme of Afghanistan
NGO	Non-Governmental Organisation
P4P	Pay-for-Performance
PMAC	Provincial Mine Action Committees
PPP	Public Private Partnership
RGC	Royal Government of Cambodia
SEZ	Special Economic Zones
SDG	Sustainable Development Goals
SIB	Social Impact Bond
SME	Small and Medium-sized Enterprise
UN	United Nations
UNDP	United Nations Development Programme

Foreword

As one of the founding signatories of both the 1997 Anti-Personnel Mine Ban Convention and the 2008 Convention on Cluster Munitions, the UK is one of the leading supporters of mine action, helping to ensure that no-one has to live in fear of one wrong step.

Through our Global Mine Action Programme 2 we have invested £124 million in the last three years. However, despite support from the UK and other donors, there is a funding shortfall in many mine-affected countries that is limiting their progress to become mine-free. Budgetary pressures caused by the COVID-19 pandemic may also mean that less funding is available from traditional donors in the coming years.

It is therefore important to explore alternative ways of funding mine action if we are to reach our goal of a mine-free world by 2025. The UK was pleased to see this recognised in the Oslo Action Plan adopted at the Fourth Review Conference of the Mine Ban Convention in 2019. The FCDO contracted Social Finance and the HALO Trust to produce this report on the potential for innovative finance in mine action as a practical contribution to that goal.

This report considers a range of alternative financing options, and provides case studies showing how they could be applied in particular countries. A key finding from this work is that there is no 'one size fits all' approach. We hope that this report will help partners consider which approach would best fit their given context.

Another interesting conclusion is the various ways that innovative financing models can help to address wider challenges in the sector beyond the funding gap. For example, the approaches described in this report have the potential to strengthen impact measurement, national ownership, and the delivery of development and stabilisation outcomes. This report is the result of hours of interviews with key stakeholders and extensive desk research, and the UK is very grateful for the work that Social Finance and the HALO Trust have put into it. The work enjoyed strong engagement from partners across the sector, particularly members of the working group who were extremely generous with their time. This demonstrates both the interest in this issue and the depth of commitment to making the world a safer place for the most vulnerable.

We hope that this report provides a solid foundation on which to progress discussions across the sector on this important agenda.

Aidan Liddle

UK Ambassador and Permanent Representative to the Conference on Disarmament in Geneva

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Executive summary

The UK FCDO has commissioned Social Finance and the HALO Trust to explore the potential for innovative finance to improve the efficiency and effectiveness of all stages of mine action, from mine/explosive remnants of war (ERW) clearance through to restoration of economic and social activity. After extensive consultations with a broad range of government, NGO and private stakeholders in donor and mine-affected countries, there is a consensus that innovative finance has significant potential to address some of the current obstacles to more effective – and more effectively funded – mine action.

Current challenges

The key challenges that stakeholders identified were:

- Inadequate funding for mine action, partly due to a lack of a shared rationale for funding and prioritising the sector.
- Funding structures that do not incentivise efficient programme implementation.
- Short-term funding commitments leading to difficulties in effective planning.
- Insufficient data to effectively quantify mine action benefits.
- Sometimes weak national ownership and linkages to broader development plans.
- A lack of coordination within and between donor governments.

Three models emerged from our discussions that could help overcome these challenges.

1. Outcomes Finance

Outcomes finance disburses against independently verified results, such as mine clearance and recovery of social and economic activity on land cleared of mines and ERW, rather than against inputs in a log-frame or similar structure. The focus on results provides a powerful tool to incentivise flexible, adaptive implementation, and holds service providers (implementing organisations) to account with rigorous and independently verified data on outcomes. One attractive model is an Outcomes Fund, which makes pooled funding available competitively, so that only the most promising and cost-effective proposals are offered funding against prospective achievement of defined goals, such as restoration of activity on cleared land.

Outcomes funding pays ex-post, so there is a need for a source of working/risk capital to cover the gap between programme funding and (hopefully) payment for results achieved. This capital can come from service providers themselves, or from an Impact Bond, which sources external risk capital from Development Finance Institutions (DFIs) and social investors. Outcomes finance can coalesce different stakeholders behind the common goal of achieving agreed results. Greater national ownership is also encouraged by having progress measured objectively and publicly.

Making payment conditional on objectively measured mine action results – including broader development benefits – could also help bring in new and enlarged donor funding by: (i) de-risking donors sceptical of the cost-effectiveness of mine action compared to other development programmes (since they only pay on success); and (ii) reassuring donors that the benefits of mine action will be measured with rigorous and independently verified metrics.

2. Outcomes-Based Public Private Partnerships (PPP)

A Public Private Partnership is an agreement between a government and private sector company to jointly contribute to deliver a project. They are often used in infrastructure projects or development of public services. In mine action, any significant return of private sector activity to currently mined land will require subsidies, both for mine clearance itself, and also in many cases for the initial investment in economic activity on the cleared land. However, traditional input-based subsidies tend to misallocate resources and create perverse incentives. In contrast, outcome-based subsidies directly reward achievement of a defined result, rather than subsidising inputs that might or might not help achieve that result. An outcomes-based PPP model is designed to support and incentivise both mine clearance and subsequent private sector, for-profit, investment. The foundation of the approach is transfer of land to the private sector conditional on successful mine clearance.

Specifically, the proposal is that governments commit to transferring ownership of part or all of a plot of contaminated land to a private investor upon successful mine clearance financed by that investor, with the extent of subsidy depending on the value of the land and the costs of clearance. The incentive of transfer of ownership of cleared land may be enough on its own to foster not only mine clearance, but also investment on the demined land. Where these incentives are not sufficient, additional subsidised support could be provided through services such as agriculture extension, business and market development services and skills training. Outcomes finance has been shown to support service provision in a way that aligns it much more closely with the needs of beneficiaries and national goals such as income and employment growth.

3. Front-loading funding

A funding mechanism to front-load finance similar to the International Finance Facility for Immunisation (IFFIm) could be used to accelerate funding for mine action programmes. In the case of mine action there would be four elements:

1. Donor governments make long-term pledges of annual funding to mine action.
2. Highly rated bonds are issued securitising the long-term pledges, and thus allowing more rapid results on the ground though accelerated financing.
3. Funds disburse for priority mine clearance programmes.
4. Programme management is governed by an alliance of implementing countries, donors and UN agencies.

The stable multi-year funding, aligned to national completion plans, facilitates the planning of activities and enhances national ownership by giving beneficiary states a seat at the table. It also delivers on Grand Bargain[i] objectives. The front-loading allows more rapid achievement of humanitarian and economic benefits, potentially appealing to donors who cannot, using traditional financing methods, commit to funding individual mine action programmes long-term. While the same result could be achieved by donors supplying all the funding required up-front, IFFIm has proven that donors are willing to make long-term pledges where immediate funding is not available.

The approach could also attract new funders, who would see immediate benefits without a significant immediate call on aid resources. For some donors there is also the potential

[i] The Grand Bargain is an agreement between some of the largest donors and humanitarian organisations to improve the effectiveness and efficiency of humanitarian action.
https://interagencystandingcommittee.org/grand-bargain

attraction that it does not involve the complexity of involvement of the private sector, either as investors in an Impact Bond or as partners in a PPP.

Selection of Models

These models will not be applicable universally. To better understand the circumstances under which each model might work best to overcome the identified challenges, we developed three case studies, for Afghanistan, Angola and Cambodia, which have been shared with the national authorities. While each model could also be applied to a wide range of countries, we selected these three countries to represent a range of contexts and they serve as examples for how each model could potentially be applied in similar contexts. We have chosen to show how Outcomes-Based Finance could be applied in Angola and Afghanistan, Outcomes-based Public Private Partnerships in Angola and Cambodia, and Front-Loaded Financial Commitments in Cambodia.

Introduction

Background

The UK FCDO has commissioned Social Finance and the HALO Trust to explore the potential for innovative finance to improve the efficiency and effectiveness of mine action, taken to include not only the clearance of land mines and explosive remnants of war (ERW), risk education and victim assistance, but also post-clearance activities, including:

- Restoring rural and urban economic and social activity.
- Improving human security and stability.
- Realising social and environmental benefits.

Currently the funding shortfall for mine clearance is estimated to be at least $1bn[1] just to deal with legacy contamination from 20th Century conflicts. This is a challenging gap to meet given that mine action is dependent on five donors for over 70% of its funding[2]. There is also a need to improve the outcomes of mine action, make better use of cleared land, and enhance benefits for communities.

Methodology and objectives

This report is based on extensive desk research and interviews with sectorial experts, funders, mine action organisations and mine action leaders in affected countries. Our interviews focused on assessing the following elements:

- The funding constraints, opportunities, and priorities, including key outcomes to be achieved in the sector.
- How different stakeholders work with each other.
- The appetite to participate in the development and implementation of an innovative financing structure.

We mapped out challenges that could be addressed by specific innovative finance mechanisms, and examined how they could be implemented in three case study countries.

We then make recommendations that we believe could generate significant improvements in global mine action.

Mine Action Financing: Current State of Play

As outlined above, to better understand the potential for innovative finance to enhance mine action, we have outlined key current challenges in mine action, focusing on elements that are most likely to benefit from innovative financing mechanisms. The challenges and opportunities identified below are not exhaustive, nor are they applicable in every country or context or for every mine action stakeholder, but reflect the overarching themes in interviews and research.

Challenges to more effective mine action

1. *There is no consistent rationale driving the allocation and prioritisation* of *mine action funding*

The perceived rationale for funding mine action varies significantly. Some donors cited mainly development objectives, some humanitarian outcomes, and others peacebuilding and stabilisation. These differences of focus are typically a reflection of the Ministry or Department within which mine action sits (e.g. foreign affairs, development, humanitarian), and competing national aid priorities. Donors also mentioned varying criteria for country prioritisation, such as priority for contamination from recent conflict as opposed to legacy contamination, proximity to mine-free status, accessibility, existing in-country capacity, availability of partners, foreign policy objectives, reparations, geographical proximity, and potential for impact.

No consistent trends were identified across the different parties, apart from a recognition that the greatest priority for funding is mine clearance itself, with risk education, victim assistance and support for national capacity building as complementary activities also requiring support. Several stakeholders said that, while high priority, victim assistance is better aligned with public health programmes and funding that extend beyond the completion of mine clearance.

2. *There are issues of continuity and consistency of funding*

Many stakeholders were concerned about a trend of declining donor funding for mine action, now exacerbated by pressures on budgets from the global economic downturn, and diversion of resources to Covid within those already reduced budgets. Many mine action projects are also funded on an annual basis, which leads to challenges around continuity and planning. Lack of long-term funding can make it more difficult to focus on areas where intervention can be prolonged and difficult, but where the greatest social and economic gains can be achieved.

3. *There is a need for funding structures that better incentivise efficient programme implementation, and data management and evaluation that more effectively quantifies mine action outcomes*

There are often inadequate incentives for effective programme implementation that quickly adapts to data on what is working well and what is not. Data on the outcomes of mine action projects is often therefore absent or lacking rigour, resulting in poor linkages of intended results to broader objectives. Where outcomes monitoring is present, it is often inconsistent across donor projects and mine affected countries, and usually ends when the project closes, and therefore fails to capture medium or long-term outcomes. Further, many intended project outcomes are inherently subjective and intangible (e.g. improved diplomatic relations), as well as potentially difficult to attribute directly to mine action (e.g. return of migrants), making them more challenging to quantify and measure. This may also result in more easily measured outcomes, such as housing or infrastructure development, being favoured above less tangible or longer-term outcomes.

4. *There is a lack of collaboration between and within donors and governments*

Whilst donors often co-finance mine action programmes, a key theme in the interviews was weak donor coordination, especially at a strategic level. Moreover, within both donors and recipient governments there is typically little collaboration between agencies and departments covering mine action and related issues, or with national mine action agencies.

Many stakeholders said that a clear set of common objectives would facilitate alignment and collaboration between government departments/ministries. These objectives would need to be more outcomes- than outputs-focused – e.g. recovery of economic and social activity on and around newly demined land – to garner the interest of both demining and development actors within governments.

5. *There tend to be few partnerships between private actors and mine action organisations or donors*

Few donors currently fund mine action programmes in collaboration with private actors or social investors, although several expressed an interest in doing so, and some already fund commercial mine action organisations. Many private organisations also engage in mine action if their activities are dependent on cleared land. Most mine action organisations said they did not receive private funding, partly due to transaction and compliance costs and potential ethical implications of receiving funding from companies with conflicting interests. Those that did receive private funding emphasised the importance of due diligence and mitigating potentially misaligned commercial interests.

6. *Mine action programmes often fail to involve beneficiaries and national and local authorities in either clearance or post-clearance activities*

Stakeholders cited a need for a more participatory process to enhance the role of beneficiaries, as well as the potential for increased national authority engagement and buy-in to, amongst other benefits, improve post-clearance activities. A key theme was also the importance of clarifying who is responsible for transforming cleared land into productive use, given low rates of successful conversion in many contexts and frequent land ownership disputes.

7. *Insufficient national ownership and engagement*

Several stakeholders cited the need for stronger national ownership of mine action. In some cases, beneficiary countries lack adequate incentives and support to set up institutions to fund and carry out mine action when they are able to rely on continued donor support. Moreover, national mine action agencies sometimes do not have sufficient capacity or standing to advocate for mine action within their government and nationally.

8. *Mine action is often disconnected from broader development strategies*

Mine action is often siloed from other development initiatives, and stakeholders remarked on the pressing need to connect mine action programmes to national development plans, including linking mine action to the work of other agencies responsible for sectors such as rural development or healthcare. Many saw outcomes-based financing as a key to achieving a more cohesive strategic approach.

Key stakeholders' appetite for innovative finance

The interviews conducted suggested a strong interest in innovative financing mechanisms amongst donors, affected countries and mine action organisations.

1. *Stakeholders see innovative financing as a way to attract new and different types of funding to mine action*

For mine action organisations, innovative financing seemed an attractive way to diversify funding streams and to secure additional funding, particularly by aligning mine action with broader social and economic outcomes. Several donors also cited interest in working more with the private sector, and showed interest in funding mine action through innovative financing, emphasising the importance of aligning desired outcomes in forging funding partnerships.

2. *Several stakeholders are already involved in funding programmes in other sectors through innovative financing mechanisms, or are actively exploring options*

Some donors have previously funded programmes in other sectors using innovative financing mechanisms. Affected countries are also exploring innovative finance, both within mine action, as well as for broader development outcomes. Cambodia, for example, has identified "new and emerging donors (including use of soft loans…and establishing a trust fund)" as part of its financial strategy in its 2019 Deadline Extension Request for Article 5 Implementation of the Anti-Personnel Mine Ban Convention[3]. Overall, there are 12 mine affected countries[i] who have an active interest in innovative finance for development outcomes so far (see Appendix B for an overview of projects implemented).

3. *Humanitarian funding could offer flexibility for innovative financing*

Mine action sometimes sits within a donor's humanitarian agency and, as humanitarian funding is often structured in a way that is highly flexible and not earmarked, this could allow for funding through non-traditional routes.

4. *However, there is some reluctance to take up innovative finance due to its perceived complexity and cost, as well as concerns that it might simply replace existing funding*

Some stakeholders were apprehensive about high transaction and compliance costs, as well as their internal capacity to work on innovative finance. Further, many emphasised the need to ensure current mine action funding is not compromised – innovative finance should be viewed as complementary to current funding, rather than taking from existing funds and shifting the funding structure entirely away from traditional donor finance.

5. *Donors also mentioned capacity, budget and tender procedure constraints as potential barriers to funding mine action through innovative financing mechanisms*

The main barriers cited by donors were tender procedures, inflexibility of budgets, and lack of internal capacity for innovative financing, although these vary significantly by donor.

Potential Roles of Innovative Finance for Mine Action

While we do not expect that innovative finance could or should replace existing funding streams and structures, we believe that, in certain contexts, it can complement them by addressing the concerns identified above. Models that seem particularly promising use outcomes finance and/or PPPs to bring greater ownership, accountability, cohesiveness, direction and effectiveness to mine action, addressing several of the challenges and opportunities outlined above. Three mechanisms seem most promising:

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[i] Afghanistan, Armenia, Cambodia, Cameroon, Colombia, DRC, India, Jordan, Nigeria, Palestine, Peru, Russia.

1. Outcomes Finance

Traditional grant finance disburses against inputs with payments often not, or only marginally, linked to results. By contrast, outcomes finance disburses against independently verified results, such as mine clearance and recovery of social and economic activity on land cleared of mines and ERW. Outcomes finance could also potentially disburse against victim assistance and risk education, although measuring success may be more difficult here.

What is Outcomes Finance?

Outcomes finance by definition focuses on results rather than means, making it a powerful tool to incentivise flexible, adaptive implementation geared to achieving results rather than following rigid log-frames. It could bring together disparate actors to finance effective and efficient mine action, and hold service providers to account with rigorous and independently verified data on results. The broadest form of outcomes finance is an outcomes fund, which makes pooled funding available for any qualifying programme that aims to achieve defined objectives, such as restoration of activity on cleared land. Funds can be made available competitively, so that only the most promising and cost-effective proposal are offered funding against prospective achievement of defined goals.

Outcomes funding pays ex-post, so there is a need for a source of working/risk capital to cover the gap between programme funding and payment for the results the programme has achieved. This capital can come from service providers themselves, or from an Impact Bond, which sources external risk capital from DFIs and social investors, and has potential additional advantages discussed in Section 2 on PPPs. Investors are attracted to Impact Bonds by the mix of financial and social returns (paid by the donors/outcomes payers upon successful achievement of outcomes), and the potential to introduce a more dynamic, adaptive and effective way of managing development programmes.

Especially where the capital comes from service providers themselves there is a need for early payments on outputs. For mine clearance organisations it might make sense for donors to pay them the full costs of the clearance on completion of the outputs, with a bonus (paid by the donor/outcomes payer) when final outcomes are achieved (to encourage collaboration with other actors).

Outcomes finance of whatever form can coalesce different departments within a single donor behind the common goal of achieving agreed results, and can help bring similar cohesion to recipient governments and service providers; it can also play a role in facilitating collaboration between donors behind shared objectives. Greater national ownership is also encouraged by having the progress of national programmes measured objectively and publicly.

Making payment conditional on objectively measured mine action results – including broader development benefits – could also help bring in new and enlarged donor funding by: (i) de-risking donors sceptical of the cost-effectiveness of mine action compared to other development programmes (since they only pay on achievement of outcomes); and (ii) reassuring donors that the benefits of mine action will be measured with rigorous and independently verified metrics.

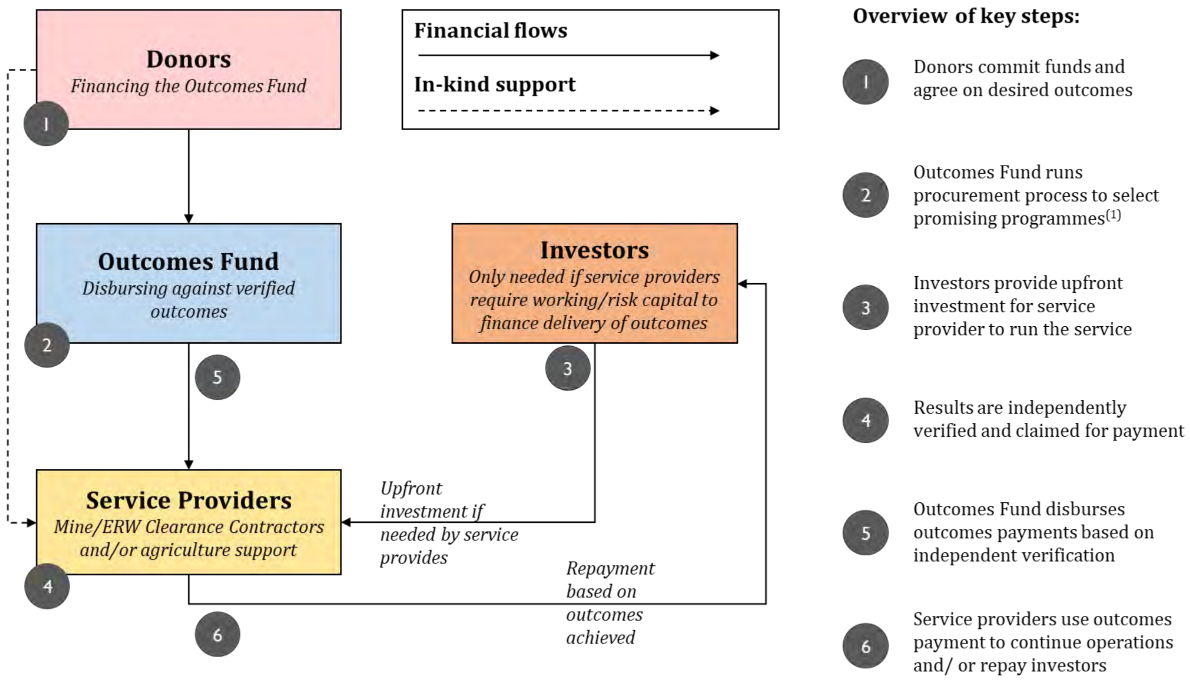
Outcomes Finance in practice: an example

Results payments in an outcomes finance structure would likely be made against independently evaluated outcomes, for example restoration of economic and social activity. In the flow chart below donors create a pooled outcomes fund that supports both mine clearance and restoration of economic activity on cleared land, in this example sustainable agriculture.

The fact that there are payments against an end-stage result – in this case restoration of agriculture – motivates mine action and rural development service providers to find ways to work together. This is because some or all payments to both are dependent on achieving a common goal (to make the model workable mine clearance operatives would receive almost all their funding against achievement of cleared land, with an incentive bonus for ultimate achievement of economic and social objectives). Demining obviously has to precede restoration of farming or livestock, but the work of preparing for that restoration – for example design of training and provision of agricultural tools and seeds – needs to begin before demining is completed. This is particularly important where beneficiaries include ex-combatants who may have no previous agricultural experience.

An outcomes fund could also work to align interests and facilitate cooperation between neighbouring countries to clear border land. Where the political economy allows, an out-comes funds could pool country funding to facilitate collaborative clearing of border land. This sort of alignment of interests would facilitate mine action planning across a region, in turn helping to increase the effectiveness and efficiencies of the programme, and potentially enhancing stabilisation.

Figure 1. Example: Outcomes Fund for Restoration of Sustainable Agriculture on Contaminated Land



(1) Programmes can be run by a service provide independently or with the financial support of an investor, in which case it becomes an Impact Bond

Benefits of the model

Outcomes finance brings a more flexible and adaptive approach to implementation. With accountability linked to results rather than inputs, service providers have the freedom – and the incentives – to continuously adapt and improve their implementation, without the need to seek funders' approval (within fiduciary and safeguard norms). This flexibility is crucial in mine action, where the return of land – whether rural or urban – to effective economic and social activity may depend on close collaboration across a broad spectrum of actors, including direct beneficiaries, financial institutions, value chains, extension agents/Business Development Support (BDS)[i] providers etc.

Outcomes finance also encourages longer planning horizons, bringing more predictability and efficiency to both governments and service providers by guaranteeing finance against completion of a defined task. Indeed, one option for countries close to being mine free is to make payments (or a significant bonus payment) against mine clearance completion nationwide, or in a defined region.

Further, outcomes finance also has the potential to strengthen national ownership of mine action as it can – through the choice of outcomes – be aligned directly with national priorities. Where a broad range of development outcomes are selected, it could also help to catalyse increased collaboration between ministries. Accurate reporting of mine clearance is encouraged by the linkage to subsequent successful use of the land.

Challenges to be overcome

Introducing any new model will face challenges that will need to be carefully planned for. These challenges include:

- Lack of expertise with innovative financing instruments, including in planning for and managing outcomes-based payments; nonetheless Impact Bonds have been successfully introduced in 14 low and middle-income countries over the past seven years.
- Only patchy current measurement of mine action outcomes; this is one of the central capacity building elements of any results-based financing instrument.
- A risk that financing becomes the primary focus, rather than activities and outcomes, particularly if there are multiple stakeholders; this underlines the need for the payment incentive structure to be carefully aligned with broad mine action goals.

Issues to be discussed when considering applying this model in a country:

- Is it feasible to combine funding for clearance outcomes with funding for development outcomes?
- How would the model fit with other national policies?
- What are the most promising development sectors to target as outcomes?
- What is the role of mine action organisations both pre- and post-clearance, such as coordination in community needs assessments?
- What are the mechanisms for linking mine clearance to subsequent activity focused on achieving broader outcomes?
- What type of engagement is needed from key national stakeholders?
- How can the model balance output and outcome financing for mine action organisation?

[i] Extension agents provide technical support to farmers on improving farming practices, BDS provides support in improving SME business management.

2. Outcomes-Based Public Private Partnerships

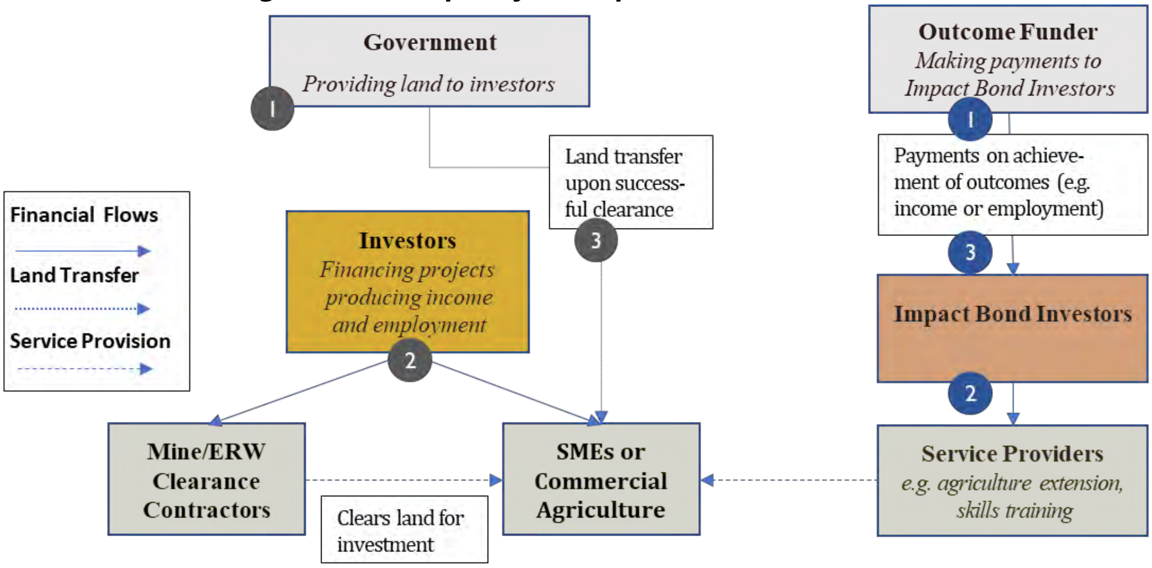
Any significant return of safe private sector activity to currently mined land will require subsidies, both for mine clearance itself, and also in many cases to support the initial investment in productive economic activity on the cleared land. However, traditional input-based subsidies, especially those to private enterprises, are notorious for misallocating resources and creating perverse incentives. Outcome-based subsidies, on the other hand, directly reward achievement of a defined result, rather than subsidising inputs that might or might not help achieve that result. An outcomes-based PPP model is designed to support and incentivise both mine clearance and subsequent private sector, for-profit, investment. The foundation of the approach is transfer of land to the private sector conditional on successful mine clearance, creating the conditions for investment and subsequent socio-economic development.[i]

Outcomes-based public private partnerships in practice: an example

Specifically, the proposal is that the government commits to transferring ownership of part or all of a plot of contaminated land[ii] to a private investor upon successful mine clearance financed by that investor. Where land is highly valuable and contamination relatively easy to clear, the investor might be expected to receive only a portion of the land from government in return for clearance, paying market price for the remainder. Conversely, where land is less valuable and more expensive to clear, the government may need to forgo any payment from the investor for the land, and pay a portion – but only a portion – of the cost of mine clearance as well. This approach is shown on the left-hand side of the flow chart below.

[i] Thanks to Chris Mathias of the British Asian Trust for this suggestion.
[ii] Based on known contamination.

Figure 2. Example of an Impact Bond PPP Model



Overview of key steps:

PPP

1. Government enters into agreement with investors
2. Investors pay for mine action activities and invest on clear land for productive activities
3. Government transfers land ownership upon land clearance

Impact Bond

1. Outcomes funders enter into agreement with Impact Bond investors (outcomes contract)
2. Investors provides funding for activities to service providers
3. Outcomes Fund disburses outcomes payments based on independent verification

The incentive of transfer of ownership of cleared land may be enough on its own to foster not only mine clearance but also investment on the demined land. However, in many cases these incentives may not be sufficient to generate investment that contributes meaningfully to government goals of additional employment and income, especially for vulnerable groups.

In such cases – where additional temporary subsidies are needed to ensure optimal productive use of the cleared land – additional subsidised support could be provided through services such as agriculture extension, business development services and skills training for potential employees. The risk with traditional approaches to providing these services is that they have a relatively poor record worldwide of alignment with the real needs of the intended beneficiaries (farmers, small and medium-sized enterprises (SMEs), potential employees), and therefore often fail to achieve significant economic or social impact. Outcomes finance, on the other hand, has been shown to support service provision in a way that aligns it much more closely with the needs of beneficiaries. This alignment is achieved by rewarding service providers only when agreed end-results in terms of e.g. income and employment are achieved, rather than for providing a service whether or not it actually meets the supposed beneficiaries' needs.

In practice most service providers have difficulty in borrowing significant amounts of working/risk capital to bridge the funding gap until (hopefully) payments for outcomes are received.

In these circumstances an Impact Bond (shown on the right of the chart above) is one promising solution.

Benefits of the model

An outcomes-based public private partnership model shares many of the same benefits as the outcomes finance model above, including potential for greater flexibility and adaptability, enhanced national ownership, and improved predictability and efficiency. Furthermore, an outcomes-based public private partnership has the potential to break down siloes between national government entities, donor agencies and organisations working within and outside the mine action sector (for example in education or agriculture) by aligning interests and incentives.

Impact Bonds rely on external private investors to provide the risk/working capital that service providers often cannot reasonably afford. Relying on experienced external capital has the further advantage of allowing an increased degree of flexibility, adaptation and prudent risk taking from service providers, compared to self-financing. Impact Bond capital typically comes from DFIs and private sector social financiers, who hire experienced performance managers who use real time data to facilitate quick and continuous learning and adaptation to reach the agreed payment metrics. By contrast, where the working capital comes from the service providers themselves, they are often unwilling and/or unable to take the calculated risks of a more flexible and adaptive approach, and often unable to make the necessary use of real-time date compared to performance managers hired by external investors.

An Impact Bond for skills training in Palestine provides an example of how this approach can better align service provision with the actual needs of the private sector. In this Impact Bond the World Bank is disbursing against (inter alia) trainees securing long-term employment. This has incentivised skills training providers to work closely and proactively with potential employers right the way through from the design of the training to the initial apprenticeship. Similarly, conditioning payment for BDS and agriculture extension on e.g. productivity improvements would incentivise service provision that is much more closely and actively tailored to the real needs of the beneficiaries.

In the example in the flow chart above, an investor puts in risk/working capital to finance capacity building for the SMEs and their potential employees (for example BDS and skills training). An Outcomes Funder provides conditional finance against verified outcomes such as increased employment.

Where feasible, alignment between service providers and investors would be further increased by having a single investor (or investor group) investing in both the Impact Bond and the mine clearance and SMEs/commercial agriculture.

Challenges to be overcome

To ensure that goals and target groups are in line with government priorities, this model would need to be implemented in close coordination with both development and mine clearance entities within government.

In addition to the challenges identified previously:

- The applications of the PPP model will have to be carefully designed so that they unlock private funding without compromising national goals and requirements.

- Modalities of the collaboration with private companies will likewise have to be handled sensitively so as to be in line with national aspirations and standards.
- There is a risk of corruption in the land transactions, and transparency will therefore need to be a key element of the application of the model.

Issues to be discussed

- Under what circumstances would the land transfer model work?
- Does the outcomes-based transfer of land to private investors make sense?
- Could one envisage the same investor investing in both the mine clearance and SMEs/commercial agriculture, as well as the Impact Bond?

3. Front-loading funding

What is front-loading funding?

A funding mechanism to front-load finance based on multi-year donor pledges could be used to improve continuity and planning for mine action programmes, and also enable longer-term outcomes to be measured. The IFFIm approach could be applied to mine clearance, as it also employs quantifiable, finite results. This model would have a particular benefit in supporting the accelerated completion of mine clearance in a country, region or other defined geography.

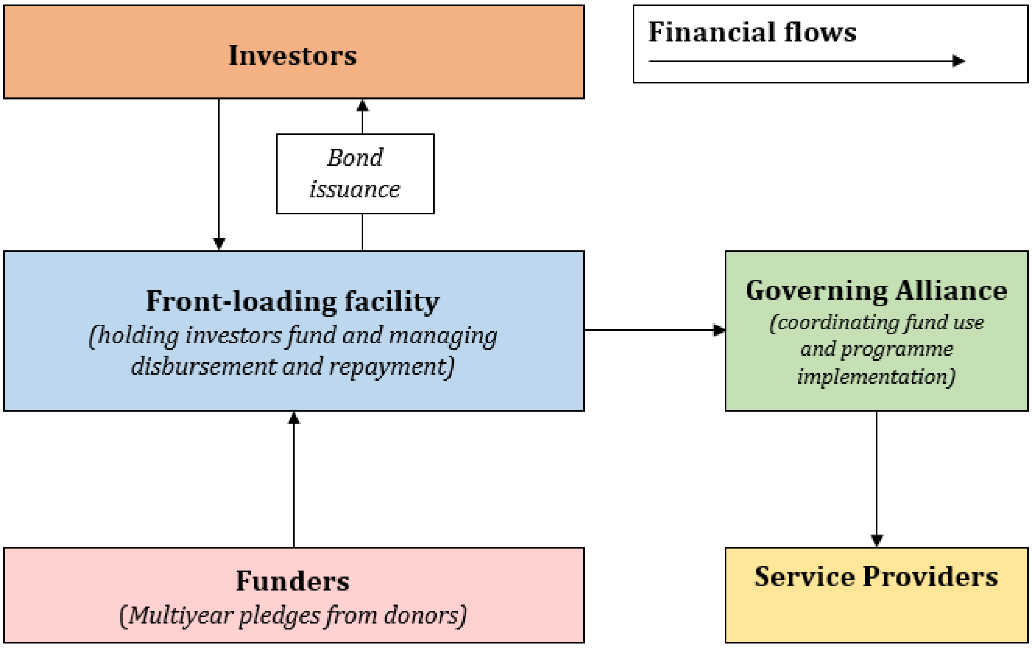
Front-loading funding in practice: an example

IFFIm – the model for this analysis – is designed to accelerate disbursement of funds to achieve more rapid dividends, while spreading the cost to donors over a much longer period. In the case of mine action there would be four elements:

1. Donor governments make long-term, irrevocable and legally binding pledges of annual funding to mine action.
2. By using, for example, the World Bank as treasury manager, these long-term pledges support the issuance of highly rated bonds, allowing the securitisation of the future pledges[i], and thus more rapid results on the ground.
3. Funds are disburse for priority mine clearance programmes.
4. The selection of mine clearance programmes for funding, and the management of disbursing funds, is governed by an alliance (in the case of IFFIm it is Gavi The Vaccine Alliance), with a Board that bring together the key actors including recipient countries, donors, implementing organisations and UN agencies.

[i] Meaning the amounts pledged by donors are secured and available earlier.

Figure 3. Front-Loaded Finance Model



Benefits of Front-loading funding

This model brings a number of benefits for donors and recipient countries as it provides accelerated funding to maximise impact and reduce the costs of interventions. The stable multi-year funding, aligned to national completion plans, facilitates the planning of activities, and enhances national ownership by giving beneficiary states a seat at the table. It also delivers on Grand Bargain objectives. It allows significantly more rapid achievement of humanitarian and economic benefits, thus potentially appealing to donors who do not currently want to get involved in the long-haul of funding individual mine action programmes.

While the same result could be achieved if donors were able to supply all the funding required up-front, IFFIm has proven that donors are willing to make long-term pledges where immediate funding is not available. The legal and administrative mechanisms for making such legally binding pledges is already in place for ten donors from their funding for IFFIm.

While there is a small cost to front loading from Bond issuance costs and interest on the bond (although this will be low because of the string sovereign credit rating of likely donors), there are four benefits:

- There is a significant saving in lives and disabilities.
- There are efficiency gains from the economies of scale that can be achieved from faster mine clearance.
- There are administrative cost savings to being able to wind down national mine action agencies earlier.
- Even without any of the above benefits, purely in Net Present Value terms there is a benefit to accelerating the gains from mine action, as the NPV discount rate far exceeds current Sovereign bond interest rates.

The proposed approach could also attract new funders, who would see immediate benefits without a significant immediate call on aid resources. For some funders there is also the potential attraction that it does not require the added complexity of involvement of the private sector, either as investors in an Impact Bond or as partners in a PPP.

Challenges to be overcome

IFFIm has major administrative overheads, but it becomes a cost-effective model at a value of about $100 million or above in pledges. A mine clearance fund could bring this threshold down considerably by initially focusing on a small group of countries and a restricted set of donors. In addition the Mine Action Fund would only finance mine clearance, whereas IFFIm finances 15 distinct programmes. By just focusing on one, easily measured objective, the management costs would be greatly reduced. In addition, there is potential for further streamlining by having the fund disburse on an outcomes basis; in that case the Fund would simply pay out against progress towards e.g. mine-free status, with a bonus on completion. Risk capital could be supplied by an Impact Bond.

Issues to be discussed

- Would this approach be of interest to donors?
- If so, would donors be willing to supply the irrevocable and legally binding pledges that would be required to issue highly-rated bonds?
- Who would issue the bonds, and how would the governing alliance (or board) be constituted?

Benefits of these models

Challenges identified	Outcomes Finance	Outcomes-based PPPs	Front-Loading Finance
1. Diverse and uncoordinated drivers of mine action	• Ensures mine action outcomes incorporate broader development objectives	• Ensures mine action outcomes incorporate broader development objectives	• Brings together funders with a shared goal, as well as national authorities and organisations
2. Lack of continuity and consistency of funding, resulting in lack of coherent strategies	• Provides a longer-term horizon for funding decisions • Potential to attract new funding from the development side of donors for whom an ambition of broader economic and social outcomes may facilitate tapping into mainstream development funding	• Provides a longer-term horizon for funding and investment decisions • Potential to attract new funding from Finance from private sector and/ or Corporate Social Responsibility (CSR) (e.g. oil companies in Angola), attracted by the tangible outcomes beyond mine clearance that an outcomes approach seeks to achieve	• Better planning and budgeting through front-loading funding • Potential to attract new funding from public and private funders interested by completion of mine-free status
3. Poor information management and lack of data and evaluation	• Incentivises enhanced data collection and evaluation, and more cost-effective programmes	• Incentivises for enhanced data collection and evaluation across public and private operators and more cost-effective programmes	• Incentivises national planning and monitoring towards completion
4. Little collaboration between and within governments	• Potential for enhanced collaboration through aligned objectives	• Potential for enhanced collaboration through aligned objectives	• Pooled funding to reach a shared goal
5. Few partnerships between private actors and official donors	• Private investors would provide working/risk capital	• Grant funding would leverage productive commercial investment	• Could create a joint fund enabling involvement of private sector
6. Lack of integration of mine action within broader development strategies	• Potential for enhanced collaboration through aligned objectives	• Potential for enhanced collaboration through aligned objectives	• Pooled funding to reach a shared goal
7. Need for stronger national ownership and engagement	• Incentivises greater national ownership by linking mine action to national development priorities, and improving the transparency and effectiveness of mine action programmes	• Incentivises greater national ownership by linking mine action to national development and economic priorities, and more effectively leveraging private investment	• Requirement for strong national ownership and commitment at high level
8. Little involvement of beneficiaries and national and local authorities in the clearance process and post-clearance activities	• Incentivises for enhanced data collection and evaluation of context-specific outcomes	• Incentivises for enhanced data collection and evaluation of context-specific outcomes	• Pooled funding to reach a shared goal

Summary of Costs, Risks and Benefits of the Models

	Outcomes Finance	Outcomes-Based PPPs	Front-Loaded Finance
Estimated additional administrative cost	Low	Medium	High
Estimated complexity (e.g. number of contracts, governance structure)	Medium	High	High
Estimated risks	Low	Medium	Medium
Scale of potential benefits	Medium	High	High

How to identify which model works where?

We originally envisaged a typology of mine/ERW contaminated land to identify which innovative finance mechanisms could work in a set of defined land archetypes. However, a consistent message that came through during our stakeholder dialogue is that there is not a "one size fits all" solution for a group of countries, even with apparently similar characteristics.

Suitability Criteria

In order to understand the potential of innovative finance for mine action in a particular country or context, Social Finance and HALO developed a set of criteria to determine the suitability of innovative finance in any given setting:

- *Identified funding gap or challenge:* There is an evident funding need with identified activities or outcomes to be funded, a clear issue with how the current funding operates, challenges for effective planning and implementation such as short funding horizons, or rigid funding that prevents operators delivering services effectively and efficiently. Where such needs exist, innovative finance can add real value.
- *Strong national commitment*: The national government demonstrates strong ownership and decision making over mine action activities, and has developed a robust national mine action strategy. This would allow for the best use of an innovative finance mechanism, aligning it fully with national development plans.
- *Clear understanding of broader outcomes linked to mine action*: Where there is interest in outcomes-based finance, there also needs to be clear identification and agreement on readily measurable payment metrics.
- *Proximity of a country to mine-free status*: Where there is interest in exploring front-loading mechanisms, there needs to be a clear short- to medium-term path to mine-free status, and a defined funding need to achieve it. In addition, there needs to be established operational capability to deliver mine clearance at an accelerated speed.

Outcomes typology for innovative finance for mine action

To better understand how different types of mine action outcomes contribute to the Sustainable Development Goals (SDGs), specifically in the context of aligning interests for outcomes-based financing mechanisms, Social Finance and HALO Trust developed an outcomes typology which maps the type of mine action by outcome and SDG using the GICHD and UNDP '*Leaving No One Behind: Mine Action and the Sustainable Development Goals*' (2019) report (see Appendix A for full matrix). The outcomes that were most prominent in discussions with mine action stakeholders were:

- **SDG 3 Health** (e.g. through access to healthcare facilities, construction of healthcare facilities and victim assistance).
- **SDG 4 Education** (e.g. safer and easier access to schools, EORE).
- **SDGs 1 No Poverty** and **8 Decent Work and Economic Growth** (e.g. access to agricultural land and other natural resources, new productive investment on and around cleared land).
- **SDG 16 Peace, Justice and Strong Institutions**.

Aligning outcomes is helpful in identifying potential donors who are not currently funding mine action, and demonstrating the linkages between mine action and broader SDG goals, thus making funding mine action potentially more attractive. For instance, mine action projects that yield positive health outcomes might attract philanthropic funders such as the Wellcome Trust and the Bill & Melinda Gates Foundation, whereas livelihoods and productivity-related projects might attract the Ford Foundation and the David & Lucile Packard Foundation, and education-related projects the Broad Foundation or the Bill & Melinda Gates Foundation.

Understanding the linkages between mine action and broader outcomes, as well as how these outcomes are achieved, is also helpful in assessing which innovative financing approach may be most applicable in a given context and to achieve a given outcome. Once the key stake-holders, potential funders, and path to achieving the SDG outcome have been determined, the most viable and effective innovative financing mechanism can be identified and structured.

Developing case studies to engage partners

Objectives of the cases studies

The objective of the three country case studies is to show a clear and concrete route for development of innovative finance structure based on a specific challenges and opportunities related to mine action and broader contextual factors that might enable or constrain adoption of innovative financing mechanisms. The case studies were chosen to illustrate how innovative financing mechanisms can address certain challenges or missed opportunities, and therefore findings from the case studies can be applicable in other countries or contexts with similar challenges. The examples outlined in this report are not exhaustive, but rather an indication of potential innovative financing structures which can be adapted.

How were the case studies identified?

In order to ensure a range of geographies and mine action context (i.e. contamination, conflict context, mine action landscape and existing innovative finance), Cambodia, Angola and Afghanistan were selected as case studies for this research project. Sector experts also highlighted a number of other countries as potential case studies. The countries chosen all cover a broad range of the suitability criteria discussed in the previous section, such as capacity, need for mine action funding, and strong national engagement but, given their contextual differences, provide an interesting illustration of why some types of innovative finance may be more applicable in certain circumstances than others.

Recommendations and next steps

There is a clear case to make for the benefits of innovative finance to fund mine action. And there are already a number of mine action stakeholders considering this type of funding to expand, improve and sustain their programmes.

The findings of this study suggest that mine action funding challenges and opportunities could be addressed by innovative finance mechanisms such as outcomes finance, public-private partnerships and front-loading funding. We have identified three countries where these mechanisms could work well and add value.

In light of these findings, we identified the following next steps to explore further the opportunities in rolling out innovative finance mechanisms in mine action:

1. *Share broadly with stakeholders the benefits of innovative finance for mine action in the sector and beyond. This will be an important first step to generate interests and foster partnerships.*
2. *Form a group of interested stakeholders to identify opportunities, share resources and experiences around innovative finance. Most outcomes-based mechanisms are first and foremost a set of partnerships around a common goal. A champion, ideally a funder, within the sector will need to form and facilitate this group.*
3. *Establish an Advisory Board with a Secretariat to convene the interested stakeholders and sustain momentum. This could be established and built upon by the Working Group that supported this project. This approach is used successfully by the mine action sector in several other areas such as the IMAS[i] and EORE[ii] Advisory Groups.*
4. *Consider donors' and service providers' capacity to take on innovative finance. Key factors to consider are contractual and financial frameworks that can sometimes be a barrier to innovative financing (i.e. constraining disbursement timelines and procurement processes), ability and resources for adaptive management such as appropriate data systems.*
5. *Consider affected countries' appetite and appropriateness for innovative finance. Beyond the case studies countries, there are several others where innovative finance could add value.*
6. *Identify and explore further a promising programme or intervention to be funded through an innovative finance mechanism. First a pilot could use a relatively simple model to increase the chance of success, and provide a foundation for larger programmes.*

[i] International Mine Action Standards
[ii] Explosive Ordnance Risk Education

Case Studies

These studies repeat some of the material in the main report so they can be used as stand-alone material

Cambodia Case Study

Cambodia still suffers from massive mine contamination, with between 600 km^2 and 800km^2 of APM contamination[4]. Whilst the Royal Government of Cambodia (RGC) is still strongly committed to achieving mine free status by 2025, the 2020 Mine Action Review assesses Cambodia's chance of achieving this goal to be low. If mine free status is to be achieved by 2025 there will need to be a significant increase in funding, human resources, and cross border cooperation. While the number of mine/ERW casualties per year have decreased somewhat over time, casualties remain high and concentrated in the Northwest where there are several Special Economic Zones (SEZs), thus posing a risk both of continued mine/ERW-related accidents in a region with a growing population, and to the functioning of the SEZs.

Challenges

- Cambodia has estimated that reaching mine free status by 2025 would require funding of $372 million[5], which is close to the total amount of funding dedicated to mine action for the decade between 2008 and 2018.
- Many contaminated areas are hard to access due to weather constraints, and some high-density minefields are located in un-demarcated areas along the Cambodia-Thailand border, further restricting access.
- The 2017 National Mine Action Strategy highlights a lack of effectiveness of current planning and prioritisation. This meant that infrastructure or other development project areas are included in clearance programmes even though they are in low density mine contamination areas.
- Cambodia relies on official donors for approximately 70% of total mine action funding[6], which may decrease as it has transitioned to lower middle-income status.

Opportunities

- Mine action is already well-integrated into broader national development priorities and strategies. At the same time, it is cited as a barrier to RGC's goal of becoming an upper middle-income country by 2030. Mine action has been adopted as one of the Cambodian Sustainable Development Goals (SDGs), and RGC recognises the economic and social returns to mine action, such as improved **livelihoods, poverty alleviation and economic growth**[i] through access to agricultural land, pastureland, forests, and water resources, as well as infrastructure reconstruction and development.

  There is strong national ownership of mine action. The national mine action authority, Cambodian Mine Action and Victim Assistance Authority (CMAA) is the country's coordination mechanism under the leadership of the Prime Minister. The CMAA is supported by several line ministries, such as the Ministries of Social Affairs and Health, as well as Provincial Mine Action Committees (PMAC) and Mine Action Planning Units (MAPU) comprised of local authorities and demining organisations. This collaboration ensures that community needs are considered during the prioritisation process, and that cleared land is assessed against intended use. The RGC has also demonstrated significant financial commitment to the issue in the past,

[i] Sectorial experts also highlighted that good quality data was available in these areas.

contributing between 30% and 40% of total mine action funding annually and covering the entire CMAA budget in 2019[7].

- There appears to be appetite for innovative financing mechanisms to fund mine clearance, illustrated by RGC's strategy to "identify new and emerging donors (including studying use of soft loans from multilateral institutions and establishing a trust fund) and establish private funding and private sector partnerships", cited in the APMBC Article 5 2019 Extension Request.[8]
- Cambodia is drafting a new PPP law, expected to be approved in 2021, that outlines Cambodia's legal and institutional framework to support PPPs in line with international best practice.
- A Performance Indicators Matrix[9] provides a strong impact evaluation of mine action outputs and outcomes – the matrix assesses outcomes including poverty reduction and socio-economic development priorities. Land surveys and diagnostics also include relevant outcomes data, which would facilitate the design of any outcomes-based finance mechanism.

Potential Innovative Finance Instruments for Mine Action in Cambodia

With an Impact Bond already being delivered in country, Cambodia satisfies many of the criteria that would facilitate the implementation of an innovative finance mechanism. The RGC has shown vigorous national ownership of mine action through significant and consistent funding, and has a strong coordination body, supported by key ministries. Mine action has been highlighted by RGC as a priority pillar of the country's economic and social development. Cambodia is also actively seeking new sources of funding and is keen to explore innovative finance as a way of helping to bridge the funding gap to reaching mine free status. That funding gap is, however, significant.

The models below explore how these challenges could be addressed through innovative finance.

Model 1 for Cambodia:
Outcomes-based Public Private Partnerships

The Problem:

Cambodia is seeing a shift of both RGC and donor funding for mine action to other sectors such as infrastructure. Where funding for other sectors does deal with mine action, it tends to focus only on low density mine contamination.

Cambodia highlighted in its 2019 Extension Request for Article 5 Implementation of the APMBC that the most commonly reported blockages for development are safe access to agricultural land, pastureland, forests, and water resources, all of which are greatly impacted by mine contamination. A growing number of Cambodians are moving to contaminated areas in search of agricultural land to farm, and there is potential for SMEs to start production in contaminated areas. This means that the need to demine and foster development is getting more urgent.

The Model:

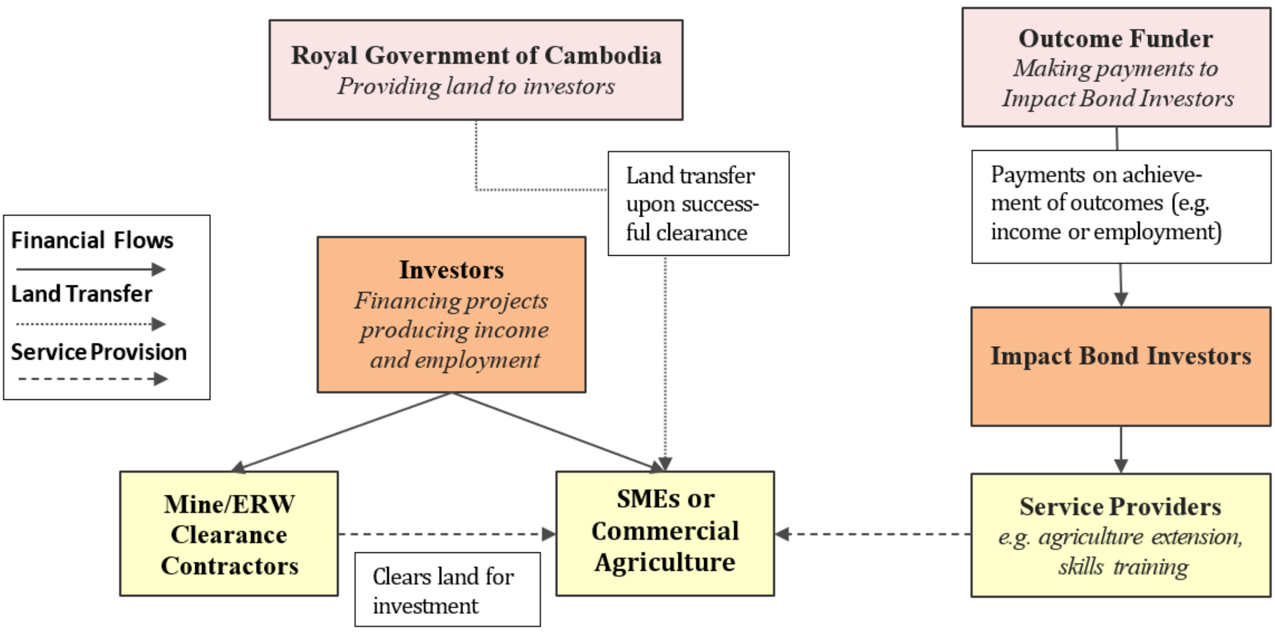
Any significant return of safe economic activity to currently mined land will require subsidies, both for mine clearance itself, and also in many cases to support the initial investment in productive economic activity on the cleared land. However, traditional input-based subsidises, especially those to private enterprises, are notorious for misallocating resources and creating perverse incentives. Outcome-based subsidies, on the other hand, directly reward achievement of a defined result, rather than subsidising inputs that might or might not help achieve that result.

The outcomes-based PPP model can support and incentivise *both* mine clearance *and* subsequent private sector, for-profit, investment. The foundation of the approach is transfer of land to the private sector conditional on successful mine clearance. Specifically, the proposal is that the RGC commits to transferring ownership of part or all of a plot of contaminated land to a private investor upon successful mine clearance financed by that investor.

There is a clear precedent for this approach: the RGC already provides long-term payment-free leases on some land to investors who commit to using it for social or development purposes, and the CMAA is piloting a model where it would make a deal with an investor (US and Korean companies in the initial pilots) to clear land at CMAA's expense in return for subsequent productive investment on the land.

Where land is highly valuable and contamination relatively easy to clear, the investor might be expected to receive only a portion of the land from RGC in return for clearance, paying market price for the remainder. Conversely, where land is less valuable and more expensive to clear, the Government may need to forgo any payment from the investor for the land, and pay a portion – but only a portion – of the cost of mine clearance as well. This approach is shown on the left-hand side of the flow chart below.

Figure 4. Outcomes-Based PPP Model



The incentive of transfer of ownership of cleared land may be enough on its own to foster not only mine clearance, but also investment on the demined land. However, in many cases these incentives may not be sufficient to generate investment that contributes meaningfully to RGC's goals of additional employment and income, especially for vulnerable groups.

When additional temporary subsidies are needed to ensure optimal productive use of the cleared land, additional support could be provided through services such as agriculture extension, business development services and skills training for potential employees. The risk with traditional approaches to providing these services is that they have a relatively poor record worldwide of alignment with the real needs of the intended beneficiaries (farmers, SMEs, potential employees), and therefore often fail to achieve significant economic or social impact. Outcomes finance, on the other hand, has been shown to support service provision in a way that aligns it much more closely with the needs of beneficiaries. This alignment is achieved by rewarding service providers only when agreed end-results in terms of e.g. income and employment are achieved, rather than for providing a service whether or not it actually meets the supposed beneficiaries' needs.

In practice, most service providers have difficulty in borrowing significant amounts of working/ risk capital to bridge the funding gap until (hopefully) payments for outcomes are received. In these circumstances an Impact Bond (shown on the right in Figure 4) is one promising solution. As mentioned above, Cambodia is already a leader in the field, implementing the world's first Impact Bond for sanitation.

Impact Bonds rely on external private investors to provide the risk/working capital that service providers often cannot reasonably afford. Relying on experienced external capital has the further advantage of allowing an increased degree of flexibility, adaptation and prudent risk taking from service providers, compared to self-financing. Impact Bond capital typically comes from DFIs and private sector social financiers, who hire experienced performance mangers who use real time data to facilitate quick and continuous learning and adaptation to reach the agreed payment metrics. By contrast, when the working capital comes from the service providers themselves, they are often unwilling and/or unable to take the calculated risks of a more flexible and adaptive approach, and often unable to make the necessary use of real-time date compared to performance managers hired by external investors.

An Impact Bond for skills training in Palestine provides an example of how this approach can better align service provision with the actual needs of the private sector. In this Impact Bond the World Bank disburses, inter alia, trainees securing long-term employment. This has incentivised skills training providers to work closely and proactively with potential employers right the way through from the design of the training to the initial apprenticeship. Similarly, conditioning payment for BDS and agriculture extension on e.g. productivity improvements would incentivise service provision that is much more closely and actively tailored to the real needs of the beneficiaries.

Where feasible, alignment between service providers and investors would be further increased by having a single investor, or group, investing in both the Impact Bond and the mine clearance and SMEs/commercial agriculture. The CMAA said that, in their view, a single investor is the preferable model as it best promotes development outcomes.

There is a clear foundation for this approach, with both an Economic Land Concession Amendment to the 2001 Land Law and a PPP Policy that aim to ensure private investment aligns with public interests. A PPP Law is scheduled to be presented to Parliament in 2021.

The model would also need to be implemented in close coordination with PMAC, MAPU and other relevant ministries to ensure that goals and target groups are in line with RGC priorities.

Risks:

- The incentives mechanism would need to be carefully designed so as to unlock private funding while preserving national interest and the mechanism of collaboration with private companies would need to fully align with the Economic Land Concession Amendment and the expected PPP Law, as well as the national policies and plans for agriculture, SMEs etc.
- There is also a risk of corruption in the land transactions, thus transparency will need to be emphasised in applying this model.
- There may be reluctance amongst certain stakeholders to work with private companies, especially if there is a perceived risk of land misallocation.

Overview of Financing Mechanism	
Estimated additional administrative cost	Medium
Estimated complexity (e.g. number of contracts, governance structure)	High
Estimated risk (outlined above)	Medium
Scale of potential benefits	High

Model 2 for Cambodia: Front-loading Financial Commitment

The Problem:

- RCG has identified a funding need of $372 million to reach its clearance goal by 2025[10]. This approximatively represents the total mine action budget in Cambodia for the last 10 years to be spend for the next 5 years of operations (until 2025).
- Seasonal weather limits access to certain area, so demining activities cannot necessarily be undertaken all year round.

The Model:

A front-loading facility would be designed to accelerate the achievement of Cambodia's APMBC Article 5 commitment to complete clearance by 2025.

In this model the front-loading facility issues bonds backed by donors' multi-year pledges. The funds raised are then used for intensive and accelerated demining activities. Having immediately available funding would facilitate planning for the remaining contaminated areas. This would become more and more crucial as Cambodia needs to focus on the least accessible areas and the ones that are more susceptible to flooding.

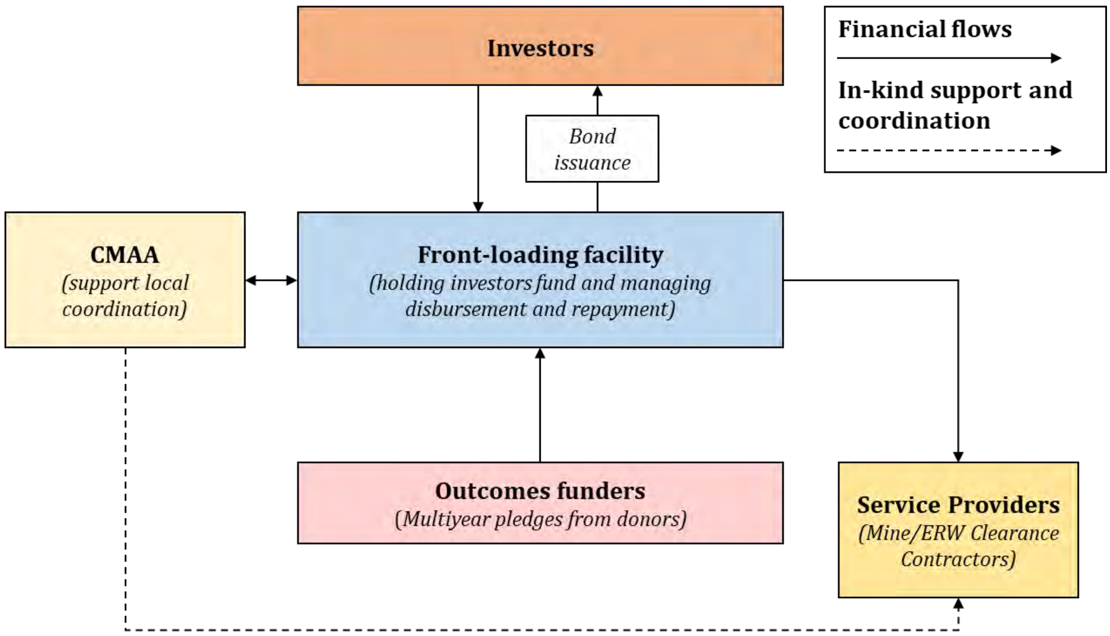
Cambodia is one of the few countries that have a very clear mapping of the remaining land to be cleared, and the required funding to do so, and would therefore be very well placed to benefit from such a mechanism. Once the front-loading facility is put in place, it could potentially be scaled to benefit other countries.

There would be four elements:

1. Donor governments make long-term, irrevocable and legally binding pledges of annual funding to mine action.
2. By using, for example, the World Bank as treasury manager, these long-term pledges support the issuance of highly rated bonds, allowing the securitisation of the future pledges, and thus more rapid results on the ground.
3. Funds are disburse for priority mine clearance programmes.
4. The selection of mine clearance programmes for funding, and the management of disbursing funds, is governed by an alliance (in the case of IFFIm it is Gavi The Vaccine Alliance), bringing together the key actors: implementing countries, donors, and UN agencies.

The risk profile for investors is in line with the creditworthiness of the donors, and the coupon would be in line with that creditworthiness rating.

Figure 5. Front-loaded finance model



This model brings a number of benefits for both Cambodia and its current and potential donors as it provides accelerated funding to maximise impact and reduce the costs of interventions. The stable multi-year funding, aligned to national completion plans, facilitates the planning of activities, and enhances national ownership by giving beneficiary states a seat at the table. It allows significantly more rapid progress against Cambodia's extensive yet quantifiable mine contamination, thus potentially appealing to donors who may want to be able to signal more tangible progress to their domestic stakeholders.

The approach could also attract new funders, who would see immediate benefits without a significant immediate call on aid resources. For some funders there is also the potential attraction that it does not require the added complexity of involvement of the private sector, either as investors in an Impact Bond or as partners in a PPP.

While the same result could be achieved by donors supplying all the funding required up-front, IFFIm has proven that donors are willing to make long-term pledges where immediate funding is not available. The legal and administrative mechanisms for making such legally binding pledges is already in place for ten donors from their funding for IFFIm. In addition, there is potential for further streamlining by having the Fund disburse on an outcomes basis; in that case the Fund would simply pay out against progress towards e.g. mine-free status, with a bonus on completion. Risk capital could be supplied by an Impact Bond.

We have discussed the proposed approach with Cambodian stakeholders, and the view of the Cambodian Mine Action Authority is that, with support from RCAF, an accelerated mine clearance programme could be implemented with significant gains in efficiency and major benefits in terms of reduced deaths and disability among mine victims.

Risks:

- This model comes with potentially high set-up, structuring and administrative costs that could be offset if the facility is scaled to other countries. As such, there would need to be a strong pipeline of future countries using the Fund to justify expenses.
- This model requires a strong governance and operational structure to ensure that the large sum of funding is spent effectively and efficiently. It would also require that implementing agencies and service providers have the capacity to follow the accelerated timeline.

Overview of Financing Mechanism	
Estimated additional administrative cost	High
Estimated contractual complexity (e.g. number of contracts, governance structure)	High
Estimated risk (outlined above)	Medium
Scale of potential benefits	High

Angola Case Study

Angola still suffers from heavy mine contamination, with a reported 73km^2 of contaminated land[11]. It has a low chance of achieving its APMBC Article 5 commitment to complete clearance by 2025. Angola is also unlikely to meet the benchmarks in the 2020-2025 National Mine Action Strategy unless there is a significant increase in funding to operations and national capacity. However, Angola completed a non-technical survey of all 18 provinces in 2019, and now has its most accurate baseline of anti-personnel mine contamination to date according to the 2020 Mine Action Review.

Challenges

- Historically there has been a lack of mine action data and agreed targets; although this has greatly improved in recent years there still tends to be a focus on outputs rather than outcomes and data regarding outcomes is lacking.
- Funding is a significant issue, including for the National Intersectoral Commission on Demining and Humanitarian Assistance (CNIDAH), with a shortfall estimated at $226 million[12].

Opportunities

- There is strong national ownership as Angola's mine action programme is fully integrated into Angolan Government planning. The level of domestic funding towards the national ownership structures is around $16 million a year[13] and the Angolan Government have also made an unprecedented commitment of $60 million to The HALO Trust for a five-year project to clear land in the Okavango delta catchment of area Kuando Kubango province that will enable environmental conservation and economic diversification through eco-tourism.
- The Government is moving to integrate mine action within broader development strategies. The 2019 National Mine Action Strategy sees mine action as a "critical component of wider efforts to broaden and expand Angola's economy and should be recognised as an enabler for effective diversification and sustainable development".[14] Agriculture is seen as the cornerstone of a needed diversification away from oil.
- There appear to be significant economic and social returns to mine action in Angola, as most of Angola's contamination is close to rural communities. Further mine clearance has, as the National Mine Action Strategy notes, significant potential for "socio-economic, humanitarian, commercial and environmental impacts".[15] The Strategy also notes that "Contamination also impacts macro-level economics as it impedes development and infrastructure efforts, including large-scale farming initiatives, industry, conservation, wildlife and tourism development". Not surprisingly, the 2017 Extension Request concluded that "Central and provincial governments, contractors and other investors and entrepreneurs … did not feel somewhat comfortable starting projects or works in areas that [were not] demined or verified of unexploded mines".[16]
- There is potential for greater use of PPPs. A new PPP law was enacted in 2019, and efforts are now being made, with World Bank support, to put in place a solid institutional

framework to make stronger PPPs operational, reflecting the Government of Angola's commitment to foster efficiency and accountability in PPP governance. A White & Case review[17] reported that "many expect the new PPP law, combined with the Angolan government's declared intention to intensify its economic diversification efforts, will serve as catalysts for projects both structured under PPP models and funded on a project finance basis."

Potential Innovative Finance Instruments for Mine Action in Angola

As noted above, there is relatively little current focus on broad mine action outcomes as a measure of success in Angola. There is, however, a strongly emerging PPP framework, and significant potential for mine action that produces broad economic benefits, especially through decontamination in rural areas.

This shows potential for at least two promising avenues for using innovative finance to advance effective mine action in Angola. The models presented below are not alternatives, but rather the second option – Outcomes-Based PPPs – is a specific type of outcomes finance that is best suited for initiatives where there is a good prospect of profitable private sector activity in the near-term.

Model 1 for Angola:
Outcomes-Based Finance

The Problem:

Support for mine action to date in Angola has tended to disburse against inputs in a log-frame or similar structure. Ex-post measurements of success have been limited to outputs. Given the broad acknowledgement of the economic and social impact of effective mine action in Angola, there is a clear case for seeking additional funding for mine action conditioned on the achievement of defined economic and social gains.

The Model:

The model envisages that outcome finance, including Impact Bonds, would support the full spectrum of mine action, from land diagnostics and demining through to support for a return of the cleared land to productive economic and social activity such as renewed agriculture, tourism and industry, and better access to health and education facilities.
Outcomes that act as payment triggers could include:

- Restoration of productive, self-sustaining agriculture or livestock management on previously contaminated land.
- Opening of industrial activity employing a defined number of people, creating potential for including targets for specific demographic groups.
- Decrease in access time to e.g. school and health clinics or ability to access without crossing contaminated land.

Replacing an input or output focus with outcomes payment triggers should have a range of benefits, including to:

- Attract support from funders interested in development, but not necessarily in mine or ERW clearance per se. By tying final disbursements to traditional development results such as productive agriculture, outcome-based finance could bring in funding – whether from Government or donors – that is motivated by the broad goals of development and poverty alleviation, rather than just the humanitarian benefits of demining.
- De-risk donors sceptical of the cost-effectiveness of mine action compared to other development programmes, since they only pay on success. This can also reassure investors that the benefits of mine action will be objectively measured with rigorous and independently verified metrics.
- Bring together disparate actors in a coherent focus on mine action. Outcomes finance by definition focuses on results rather than means, making it a powerful tool to coalesce different parts of both the Angolan Government and donors behind a common development goal.

Take an example. If the successful outcome of a mine action programme – against which payments will be made – is defined to be objectively evaluated restoration of sustainable agricultural activity, this incentivises the demining and development professionals within both the Angolan Government and donors to work together to achieve that result. As importantly, it also motivates mine action and rural development service providers to find ways to work together if payments to both are dependent on achieving a common goal. Demining obviously has to precede restoration of farming or livestock, but the work of preparing for that restoration – for example design of training and provision of agricultural tools and seeds – needs to begin before demining is completed. This is particularly important where beneficiaries include ex-combatants who may have no previous agricultural experience.

Outcomes finance also brings a more flexible and adaptive approach to implementation. With accountability linked to results rather than inputs, service providers in Angola have the freedom – and the incentives – to continuously adapt and improve their implementation, without the need to seek funders' approval (within normal fiduciary and safeguard norms). This flexibility is crucial in mine action, where the return of land to effective economic and social activity may depend on interactions and confidence building across a broad spectrum, including direct beneficiaries, financial institutions, value chains and extension agents.

Risks:

- There is limited expertise and experience planning for and managing outcomes-based financing mechanisms and payments in Angola.
- There is currently a lack of mine action outcomes data collection due to a focus on outputs rather than outcomes.
- There is a lack of experience of joint planning between e.g. mine action and development departments and stakeholders. Reliable partnerships will need to be formed.
- As with other outcomes-based financing mechanisms, there is a risk that financing becomes the primary focus, rather than activities and outcomes, particularly if there are multiple stakeholders. Therefore the structure of the payment incentive needs to be carefully aligned with broader mine action goals.

Overview of Financing Mechanism	
Estimated additional administrative cost	Low
Estimated contractual complexity (e.g. number of contracts, governance structure)	Medium
Estimated risk (outlined above)	Low
Scale of potential benefits	Medium

Model 2 for Angola:
Outcomes-based Public Private Partnerships

The Problem:

Any significant return of safe economic activity to currently mined land will require subsidies, both for mine clearance itself, and also in many cases to support the initial investment in productive economic activity on the cleared land. However, traditional input-based subsidises, especially those to private enterprises, are notorious for misallocating resources and creating perverse incentives. Outcome-based subsidies, on the other hand, directly reward achievement of a defined result, rather than subsidising inputs that might or might not help achieve that result.

The Model:

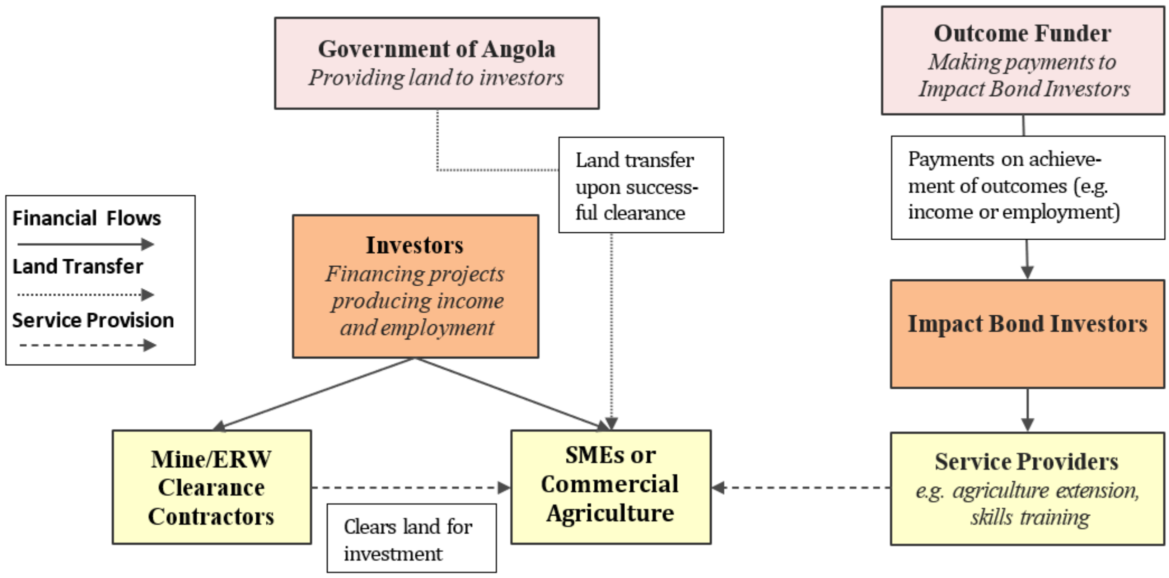
The outcomes-based PPP model being proposed here can support and incentivise both mine clearance and subsequent private sector, for-profit, investment. The foundation of the approach is transfer of land to the private sector conditional on successful mine clearance. Specifically, the proposal is that the Government of Angola commits to transferring ownership of part or all of a plot of contaminated land to a private investor upon successful mine clearance financed by that investor.

Where land is highly valuable and contamination relatively easy to clear, the investor might be expected to receive only a portion of the land from Government of Angola in return for clearance, paying market price for the remainder. Conversely, where land is less valuable and more expensive to clear, the Government may need to forgo any payment from the investor for the land, and pay a portion – but only a portion – of the cost of mine clearance as well. This approach is shown on the left-hand side of the flow chart below.

The incentive of transfer of ownership of cleared land may be enough on its own to foster not only mine clearance but also investment on the demined land. However, in many cases these incentives may not be sufficient to generate investment that contributes meaningfully to Government of Angola's goals of additional employment and income, especially for vulnerable groups. In such cases – where additional temporary subsidies are needed to ensure optimal productive use of the cleared land – additional support could be provided through services such as agriculture extension, business development services and skills training for potential employees. The risk with traditional approaches to providing these services is that they have a relatively poor record worldwide of alignment with the real needs of the intended beneficiaries (farmers, SMEs, potential employees), and therefore often fail to achieve significant economic or social impact. Outcomes finance, on the other hand, has been shown to support service provision in a way that aligns it much more closely with the needs of beneficiaries. This alignment is achieved by rewarding service providers only when agreed end-results in terms of e.g. income and employment are achieved, rather than for providing a service whether or not it actually meets the supposed beneficiaries' needs.

In practice most service providers have difficulty in borrowing significant amounts of working/ risk capital to bridge the funding gap until payments for outcomes are received. In these circumstances an Impact Bond (shown on the right of the chart below) is one promising solution.

Figure 6. Outcomes-Based PPP Model



Impact Bonds rely on external private investors to provide the risk/working capital that service providers often cannot reasonably afford. Relying on experienced external capital has the further advantage of allowing an increased degree of flexibility, adaptation and prudent risk taking from service providers, compared to self-financing. Impact Bond capital typically comes from DFIs and private sector social financiers who hire experienced performance mangers who use real time data to facilitate quick and continuous learning and adaptation to reach the agreed payment metrics. By contrast, where the working capital comes from the service providers themselves, they are often unwilling and/or unable to take the calculated risks of a more flexible and adaptive approach, and often unable to make the necessary use of real-time date compared to performance managers hired by external investors.

An Impact Bond for skills training in Palestine provides an example of how this approach can better align service provision with the actual needs of the private sector. In this Impact Bond the World Bank is disbursing against (inter alia) trainees securing long-term employment. This has incentivised skills training providers to work closely and proactively with potential employers right the way through from the design of the training to the initial apprenticeship. Similarly, conditioning payment for BDS and agriculture extension on e.g. productivity improvements would incentivise service provision that is much more closely and actively tailored to the real needs of the beneficiaries.

Where feasible, alignment between service providers and investors would be further increased by having a single investor, or group investing in both the Impact Bond and the SMEs/commercial agriculture.

Risks:

The incentives mechanisms will have to be carefully designed so that they unlock private funding while preserving national and landowners' interests. There is also a potential reluctance to work with private companies and potential risk of land misappropriation which would need to be mitigated in the planning stages.

- There is a risk that the proposals described here will be seen as an alternative to existing funding, rather than complementary to it. The point will thus need to be persuasively made that: (i) Outcomes funding needs to be seen incremental funding that improves effectiveness; (ii) to the extent that new funding – both outcomes-based and PPP – is attracted, it is designed to expand the scope of mine action to encompass development objectives more explicitly, not to substitute for existing programmes.
- In the PPP model there is a risk that investors cannot be found who want to invest both in the SME support and directly as lenders/equity holders in the SMEs themselves. If such investors are not forthcoming separate investors (for the Development Impact Bond (DIB) and directly for the SMEs) could be sourced, but there would need to be some degree of formal coordination between the two sets of investors so that the DIB investors can control their risk. There may also be reluctance amongst certain stakeholders to work with private companies, especially if there is a perceived risk of land misallocation.
- Any potential risk of land misappropriation post-clearance would need to be mitigated through the planning stages and the intended land use would need to be agreed with communities, land owners, local and national authorities from the start.
- Lastly, there may be a risk of corruption in the land transactions, thus transparency will need to be emphasised in applying this model and managed throughout the process.

Overview of Financing Mechanism	
Estimated additional administrative cost	Medium
Estimated complexity (e.g. number of contracts, governance structure)	High
Estimated risk (outlined above)	Medium
Scale of potential benefits	High

Afghanistan Case Study

Afghanistan has massive contamination, with an estimated 500km^2 of land confirmed and suspected to be contaminated by mines, with some parts of the country yet to be surveyed and reports of continued use of improvised mines.[18] Afghanistan is not on track to achieve its Article 5 deadline.

Challenges

- Mine action in Afghanistan continues to have a significant funding shortfall to address needs and in support of the 2016-2020 National Mine Action Strategic Plan[19], affecting the ability to plan effectively.
- Corruption and lack of transparent and clear comprehensive legal base creates a lack of confidence for investors and private donors.[20]
- There is a perception that landmines are a problem that has, to a great extent, been addressed and that mine action is seen as an enabler rather than a key priority.
- Ongoing conflict, a lack of rule of law and insecurity affects access to certain parts of the country, affects ongoing operations and planning due to periods of insecurity and can also result in new contamination from improvised mines.
- The prevalence of mines in high, mountainous areas with limited access reduces the opportunities for other socio-economic activity on this land after clearance, with rain fed agriculture and grazing as the primary land use.
- The Mine Action Programme of Afghanistan (MAPA) receives relatively low attention in country. MAPA is nationally managed but in 2019 and 2020 remained almost entirely internationally funded and the Government of Afghanistan has not yet made a significant financial contribution to the programme.

Opportunities

- Mine action in Afghanistan benefits from strong national ownership and clear national mine action strategy which aligns with APMBC obligation.
- There are clear links to multiple outcomes with a track record of success, from agriculture and rural livelihoods, to migration, stabilisation, education and infrastructure. The National Mine Action Strategy outlines plans to engage with other sectors, including health, education, social protection and agriculture.
- There is broad, multi-sector understanding of the impact of mines on the humanitarian and development situation in the country. Mine action in Afghanistan can contribute to improved livelihoods, increased security and stability, reduced migration and brain drain, socio-economic development and reduced risk of conflict resurgence.
- There is a large, experienced capacity of both mine action and development actors in Afghanistan, with proven partnerships between NGOs in different sectors and recorded results.

Potential Innovative Finance Instruments for Mine Action in Afghanistan

Innovative financing structures could address some of the challenges to mine action funding in Afghanistan by using outcomes incentives to bring greater cohesiveness between sectors and effectiveness to mine action. Innovative finance could help achieve these goals principally through the use of outcomes finance models linked to different mine action outcomes.

Model 1 for Afghanistan: Outcomes Finance Linked to Development Outcomes

The Problem:

Traditional grant finance disburses against inputs in a log-frame or similar structure. By contrast, outcomes finance, whether originating from donors and/or governments, disburses against independently verified results, such as mine clearance and recovery of social and economic activity on land cleared of mines and ERW.

Outcomes finance by definition focuses on results rather than means, making it a powerful tool to incentivise flexible, adaptive implementation geared to achieving results rather than following rigid log-frames. The broadest form of outcomes finance is an Outcomes Fund, which makes pooled funding available for any qualifying programme that aims to achieve defined objectives, such as restoration of activity on cleared land. Funds can be made available competitively, so that only the most promising and cost-effective proposal are offered funding against prospective achievement of defined goals.

Outcomes funding pays ex-post, so there is a need for a source of working/risk capital to cover the gap between programme funding and, hopefully, payment for the results the programme has achieved. This capital can come from service providers themselves, or from an Impact Bond, which sources external risk capital from DFIs and social investors.

Especially where the capital comes from service providers themselves there is a need for early payments on outputs. For mine clearance organisations it might make sense to pay them the full costs of the clearance on completion, with a bonus when final outcomes are achieved.

Outcomes finance of whatever form can coalesce different departments within a single donor behind the common goal of achieving agreed results, and could help to bring cohesion between the Government of Afghanistan and service providers; it could also play a role in facilitating collaboration between Afghanistan's development partners behind shared objectives. Greater ownership within Afghanistan is also encouraged by having the mine action progress measured objectively and publicly.

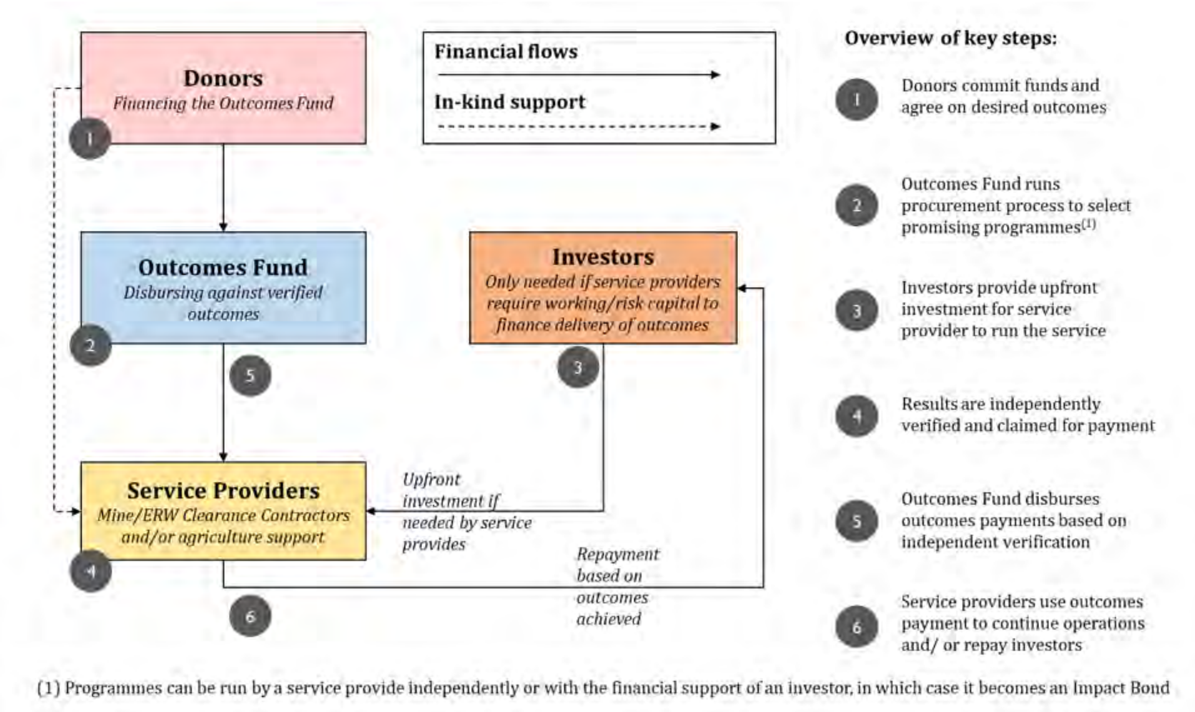
Making payment conditional on objectively measured mine action results – including broader development benefits – could in addition help bring in new and enlarged donor funding by: (i) de-risking donors sceptical of the cost-effectiveness of mine action in Afghanistan compared to other development programmes (since they only pay on success); and (ii) reassuring donors that the benefits of mine action will be measured with rigorous and independently verified metrics.

The Model:

In Afghanistan outcomes finance could be used to bridge the gap between mine action and socio-economic development or other outcomes which follow the clearance of contaminated land. This model could therefore support funding for mine action from non-traditional sources, for example agriculture or education, by combining the efforts of two different actors (the mine clearance partners and additional service providers) to deliver a combined outcome of e.g. demined agricultural land with increased productivity due to additional agricultural extension services conducted after or alongside mine clearance.

Examples of such hybrid projects exist in Afghanistan but have split traditional mine action funding between the demining and agriculture and irrigation activities rather than draw upon alternative sources of funding to achieve the agricultural and livelihoods outcomes. An evaluation of a project conducted by the HALO Trust and Afghan partner organisations DACAAR and Afghan Aid identified that the *"partnership approach between mine action and livelihoods development proved to be a sum greater than the individual parts*", in that mine clearance was a requisite for economic development, but mine clearance on its own, *"without the development programming, would not have had the same levels of impact on improved livelihoods and income"* [21]. This evaluation showed the potential such projects could have in improving the effectiveness of mine action and achieving greater outcomes if combined with other activities. However, traditional mine action funding usually does not cover this full range of activities across sectors and is often geared towards mine action outputs. Using an outcomes financing method would enable the delivery of more projects such as this and enhance the development outcomes of cleared land in Afghanistan.

Figure 7. Outcomes Finance Linked to Development Outcomes



Making payment conditional on the objectively measured outcomes of e.g. cleared land returned to productive use and increased agricultural yields, for example, would help to bring in new and enlarged funding by: (i) de-risking donors sceptical of the cost-effectiveness of mine action compared to other development programmes (since they only pay on outcomes); (ii) reassuring donors that the benefits of mine action will be objectively measured with rigorous and independently verified metrics; and (iii) aligning funding across mine action and other development departments such as agriculture to create larger holistic projects.

Outcomes finance also encourages longer planning horizons, bring more predictability and efficiency to both governments and service providers by guaranteeing finance against completion of a defined task. The governance structures and joined up planning required in Impact Bonds for example, also encourage strong partnerships and collaboration across sectors that are working to achieve the same outcomes.

This principle could also be applied to alternative outcomes, not just agriculture. These could include the combined outcomes of mine action and small-scale infrastructure such as roads, local power supplies, water and sanitation infrastructure, or climate change adaptation and mitigation, education and public health.

Risks:

- There is limited expertise and experience planning for and managing outcomes-based financing mechanisms and payments in Afghanistan outside the healthcare sector.
- While outcomes measurement is improving in Afghanistan, such as through post-clearance impact assessments and livelihood surveys, there remains a focus on mine action outputs rather than outcomes.
- The fluid security situation makes predicting and measuring development outcomes in some locations more challenging. A flexible approach to location of project delivery would need to be considered and partnering service providers to work closely to assess and manage any changes to project plans.
- As with other outcomes-based financing mechanisms, there is a risk that financing becomes the primary focus, rather than activities and outcomes, particularly if there are multiple stakeholders. Therefore, the structure of the payment incentive needs to be carefully aligned with the intended outcomes.

Overview of Financing Mechanism	
Estimated cost	Low
Estimated complexity (e.g. number of contracts, governance structure)	Medium
Estimated risk (outlined above)	Low
Scale of potential benefits	Medium

Model 2 for Afghanistan:
Outcomes Finance for Stabilisation Outcomes

The Problem:

As in many other fragile and conflict-affected states, stabilisation is a major priority in Afghanistan. This includes achieving an increased community sense of security, resettlement of IDPs and provision of sustainable livelihoods for former combatants.

The Model:

The proposed approach is to make Government and/or donor payments conditional on objectively measured outcomes, as in the previous model, but with outcomes measured in terms of stabilisation objectives. The model could help bring in new and enlarged funding by appealing to alternative donor interests (e.g. peacebuilding and security). One of the main benefits would be in defining and testing a measurable link between mine action and the facilitating role it plays on stability and peacebuilding.

Indicators such as number of former combatants provided with alterative livelihoods and number of formerly displaced people resettled and their reasons for return, combined with community reports on sense of security, number of security incidents in the local area could be used. This is presently little evidence linking these outcomes indicators with mine action. The forthcoming results of a study into stabilisation outcomes and effective indicators of stabilisation being carried out by Samuel Hall and the HALO Trust in Afghanistan could identify potential indicators for stabilisation. They would need to be further verified and tested ahead of application in such a model. Metrics would be defined in advance of an outcome funding project's start and independently measured throughout the project.

Risks:

- There is limited expertise and experience planning for and managing outcomes-based financing mechanisms and payments in Afghanistan outside the healthcare sector.
- Defining and measuring stabilisation outcomes, and demonstrating attribution, may be difficult. The evidence base for this is in development.
- As with other outcomes-based financing mechanisms, there is a risk that financing becomes the primary focus, rather than activities and outcomes, particularly if there are multiple stakeholders. Therefore, the structure of the payment incentive needs to be carefully aligned with the intended outcomes.

Overview of Financing Mechanism	
Estimated cost	Low
Estimated complexity (e.g. number of contracts, governance structure)	Medium
Estimated risk (outlined above)	Low
Scale of potential benefits	Medium

Appendix A: Mine Action Outcomes Typology

To better understand how types of mine action outcomes contribute to the UN Sustainable Development Goals (SDGs), specifically in the context of aligning interests for outcomes-based financing mechanisms, Social Finance and the HALO Trust with input from the Geneva International Centre for Humanitarian Demining (GICHD), developed the outcomes typology below, which maps the type of mine action by outcome and SDG and includes some examples of how these outcomes may arise. Recognising that the type of mine action and outcome is highly context-specific and dependent on external factors, namely complementary investments in education, health, etc. after clearance, these examples are for illustrative purposes, rather than concrete examples.

Mine Action by Outcome and SDG

	Education (SDG 4)	**Poverty reduction/ increased economic productivity** (SDG 1, 8)	**WASH** (SDG 6)	**Equality** (SDG 10)	**Health** (SDG 3)	**Infra-structure** (SDG 9)	**Energy** (SDG 7)	**Food security** (SDG 2)	**Environ- mental** (SDG 12, 14, 15)	**Peacebuilding, stabilization and strong institutions** (SDG 16)	**Emergency relief**
Safety (from mine/ERW clearance, as well as explosive ordnance risk education)	Safe access to schools → *increased enrolment, attendance*	Safe access to homes communities → *enables resettlement and redeveloped livelihoods*	Safe access to WASH facilities → *improved WASH-related health outcomes*	Safe access to health care, education, productive land, infrastructure → *potential for reduced inequality*	Safe access to health care → *improved health outcomes*	Safe access to services and markets → *improved productivity*	Safe access to power infrastructure → *re-constructed or maintained energy infrastructure*	Safe access to markets and agricultural land → *food security*	Safe access to conservation areas → *facilitates conservation and environmental efforts*	Safe access to residential land → *resettlement of displaced persons*	Humanitarian actors respond more safely and quickly → *faster recovery*
Access (from mostly public/community investments made possible by mine/ ERW clearance)	Easier access to schools (e.g., shorter trips) → *increased enrolment, attendance*	Easier access to agricultural land and other natural resources → *reduction in poverty*	Easier access to WASH facilities → *time savings, improved WASH-related health outcomes*	Easier access to health care, education, productive land, infrastructure → *potential for reduced inequality*	Easier access to health care → *improved health outcomes*	Better rural transport links → *market access and productivity*	Better power access → *less indoor air pollution and time spent collecting fuel*	Better access to markets and agricultural production → *food security*	Better access to power → *less use of fuel wood and other high carbon fuels*	Better access to natural resources → *fewer conflicts over resources*	Better access to affected communities → *improved needs understanding and response*
Social/Economic Development (from partly private investments made possible by mine/ ERW clearance)	Better education (e.g., attendance, teaching, infrastructure) → *increased human capital*	New productive investment on/ around cleared land, both urban and rural → *higher incomes and productivity*	Development of new WASH facilities → *better health and increased human capital*	Development of health care, education, productive infrastructure → *potential for reduced inequality*	Development of health care facilities → *improved health outcomes and better health equality*	Rehabilitation of public/private infrastructure → *improved market access and greater productivity*	Development of power infrastructure → *improved energy access*	Rehabilitation of market access and linkages → *higher incomes and productivity*	Restoration of degraded land → *greater biodiversity and natural resource productivity (e.g., fisheries)* Generation of clean energy	More broad-based public and private investment → *fewer conflicts*	
Explosive Ordnance Risk Education *(from publicly-funded campaigns)*		Better education → *Fewer deaths and disabilities/health care needs*		Better education → *fewer deaths and disabilities in vulnerable communities*	Better education → *Fewer deaths and disabilities/ health care needs*					Better information → *resettlement of displaced persons*	Better information → *Faster emergency relief, access for more responders*
Victim assistance *(from mostly public sources)*		Better victim mobility → *increased productivity and community integration*		Better victim health care and mobility → *potential for reduced inequality*	Better victim health care → *improved health outcomes*						Better victim health care → *improved short- and long-term health outcomes*

Appendix B: List of Current Innovative Finance Projects in Mine Affected Countries

The table below lists some innovative finance projects that have been implemented in mine affected countries to date[22]. Please note this is not a complete list of all innovative finance projects but serves as a sample to illustrate the interest of several mine affected countries in pursuing innovative financing mechanisms for various development outcome.

Country	Sector	Name of Project	Financing*	Date	Outcomes Funder(s)	Description
Afghanistan	Health	Basic Package of Health Services (BPHS)	P4P	2010-2015	Government of Afghanistan	Pay-for-performance (P4P) scheme to improve maternal and child (MCH) services.
Armenia	Agriculture	Dairy Productivity SIB	DIB	2019-Preent	TBD	Impact Bond to finance improvements in livestock productivity and supply chains
Cambodia	WASH	Rural Sanitation DIB	DIB	2019-Present	USAID	Impact Bond to fund the scale-up of iDE's sanitation marketing program, providing sanitation to vulnerable households in Cambodia.
Cameroon	Health	Kangaroo Mother Care (KMC) DIB	DIB	2019-Present	Government of Cameroon (with financing from the Global Financing Facility) and Nutrition International	Impact Bond to scale Kangaroo Mother Care for premature and low birth weight infants in Cameroon, funded by Cameroon's Ministry of Public Health.
	Health	Cameroon Cataract Bond	DIB	2018-Present	The Fred Hollows Foundation, Conrad N. Hilton Foundation and Sightsavers	Impact Bond to provide low- or no-cost cataract treatment services to low-income patients in Cameroon.
Colombia	Employment	Empleando Futuro	SIB	2017-2018	Prosperidad Social, Colombian National Government, IDB - Innovation Lab (with funds from SECO)	Skills training and employment Impact Bond, focused on improving employment outcomes of vulnerable adults in Bogota, Cali and Pereira.
	Employment	Cali Progresses with Employment	SIB	2019-Present	Alcaldía de Santiago de Cali	Skills training and employment Impact Bond, focused on improving employment outcomes of vulnerable adults aged 18-40 in Cali.

* 'P4P' is a Pay-for-Performance scheme, 'SIB' is a Social Impact Bond (where the outcomes payer is in the country of the project) and 'DIB' is a Development Impact Bond (where the outcomes payers is external to the country).

Democratic Republic of the Congo (DRC)	Health	ICRC Programme for Humanitarian Impact Investment (PHII)	DIB	2017-Present	Governments of Belgium, Switzerland, Italy, UK and La Caixa Foundation	Impact bond to provide physical rehabilitation services to individuals living with physical disabilities.
India	Health	The Utkrisht Impact Bond	DIB	2017-Present	USAID and MSD for Mothers	Impact Bond to fund improvement of quality of healthcare provision across Rajasthan.
	Education	Educate Girls	DIB	2015-2018	Children's Investment Fund Foundation	Impact Bond to fund community-based approach to provide education to girls aged 6-16 in Rajasthan.
	Education	Quality Education India	DIB	2018-Present	Michael and Susan Dell Foundation, Comic Relief, Larry Ellison Foundation, and Mittal Foundation	Impact Bond to fund quality education for primary school aged children in Gujarat and Delhi.
Jordan	Education	Early Childhood Education	DIB	2020-Presemnt	TBD	Impact Bond to expand the provision of high quality ECE in low-income areas
Nigeria	Health	ICRC Programme for Humanitarian Impact Investment (PHII)	DIB	2017-Present	Governments of Belgium, Switzerland, Italy, UK and La Caixa Foundation	Impact bond to provide physical rehabilitation services to individuals living with physical disabilities.
Palestine	Employment	Finance for Jobs (F4J)	DIB	2019-Present	Palestinian Ministry of Finance, drawing on World Bank funds	Skills training and employment Impact Bond, focused on improving employment outcomes of young Palestinians.
Peru	Agriculture & Environment	Asháninka Impact Bond	DIB	2015	Common Fund for Commodities (CFC)	Impact Bond to support sustainable cocoa and coffee production within the Asháninka community.

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