

Think piece – Innovative finance for mine action

Exploring the application of the IFFIm Model to Mine Action

Executive Summary

Currently mines are believed to contaminate 61 countries and territories, impacting the daily lives of over 60 million people. In the majority of countries, the mines were laid years ago and the conflict is long past, yet the mines continue to pose a threat to lives and limbs and hinder development.

It is possible to clear all known mined areas and the mine action sector has the technical and institutional know-how. But in many of these countries funding, lack of political engagement, and effective use of available resources are the main hindrances to eradicating mines as soon as possible.

With current funding levels and mechanisms, the international community is unlikely to mobilise the right amount of resources in order to achieve the landmine free goal in as many places as possible by 2025. As funding trends move towards new conflicts and emergencies, progress towards clearance in countries with legacy contamination has stagnated and a new perspective may be required.

Innovative financing mechanisms are becoming increasingly common in humanitarian and development sectors, with many good examples to draw from, some of which are mentioned in this paper. For mine action, such innovative methods could help to attract the requisite additional funding for completion, enhance high level political engagement in the issue, and improve national ownership and effective use of funds.

Recognising that most donor countries are unable to sustain major annual increases in funding to mine action (particularly as they near completion), an alternative funding mechanism could play an important role in effectively address these shortfalls and achieve clearance completion by 2025 or as soon as possible.

IFFIm Finance Model

The IFFIm model (International Finance Facility for Immunisation)¹ could be replicated for mine action and has great potential for addressing the challenges faced by countries to achieve a mine free state.

IFFIm is designed to accelerate dispersal of funds to achieve major immediate dividends, while avoiding large up-front costs on donor states.

1. Donor governments make long-term pledges of annual funding to Mine Action.
2. Via the World Bank as treasury manager, these long-term pledges support the issuance of bonds, to provide the up-front funding required in a much shorter time-frame than the pledges.
3. Disbursement of funds is governed by an alliance (the GAVI, The Vaccine Alliance² under IFFIm), bringing together relevant actors, including: implementing countries, donor countries, UN agencies, the World Bank, mine action operators, private sector partners.

¹ <https://www.iffim.org/>

² <https://www.gavi.org/>



Key Benefits of the Model

- Provides accelerated funding to maximise impact and reduce cost of intervention
- Avoids large up-front costs to donors, allowing for smaller annual contributions
- Enhances National Ownership and gives affected states a seat at the table
- Reduces management costs for donor states
- Attracts new funding for completion
- Provides stable multi-year funding, aligned to national completion plans
- Delivers on Grand Bargain objectives³

This paper is intended as a food for thought paper, to spark innovative thinking and to inform discussion on the potential applications of alternative finance mechanisms, such as IFFIm, to address the funding challenges facing mine action. It does not intend to answer all questions about the application of this model to mine action, some of which may be answered by external documents.

Background

Only 4 States Parties to the APMBM are on track to complete clearance by their Article 5 deadlines and many other countries and territories are falling behind their own clearance targets.⁴ One of the key reasons for this delay is funding, as well as security and access and government engagement in some countries and regions.⁵ While 2017 saw a record year in funding to mine action, with \$771.5m international and national funding combined, this did not result in a significant shift towards completion for most mine-affected countries, and the \$190m increase compared to the previous year's funding was almost entirely attributed to an increase to Iraq and Syria⁶.

It is clear that at the current rate, the total amount and the way in which this funding is dispersed, is insufficient to achieve the landmine free goal in as many places as possible by 2025. The Landmine Free 2025 campaign currently estimates that up to 32 mine-affected countries and territories in total

³ <https://www.agendaforhumanity.org/initiatives/3861>

⁴ As has been identified by the Mine Action Review reports 'Clearing the Mines 2018' and Landmine Free 2025 'State of Play' report, 2017.

⁵ For example, the 'Conclusions and Recommendations' report from the Committee on Article 5 Implementation, November 2018 stated that *"The Committee observes that a number of States Parties continue to face challenges in implementing their Article 5 commitments due to a number of factors including large areas pending to be addressed, funding challenges and security concerns."*

⁶ Landmine Monitor 2018, <http://www.the-monitor.org/en-gb/reports/2018/landmine-monitor-2018.aspx>

have the potential to be mine-free by 2025 (providing conflict and insecurity do not hinder access) if funding and political engagement are targeted appropriately in the remaining time.

Due to competing humanitarian aid requirements, many donors may not be able to increase their funding levels sufficiently and sustain it to meet the 2025 funding shortfall (estimated at \$1bn over the next six years⁷, though this figure will be refined in 2019). At the Wilton Park conference “A mine-free world: challenges and opportunities in realising the 2025 aspiration” in May 2018, discussions took place around the use of alternative funding mechanisms to help address some of the current challenges to mine action funding, to achieve the 2025 objective. The IFFIm model presented at the conference, could be replicated for mine action to address the challenge of funding to complete mine clearance by 2025 or as soon as possible.

IFFIm & Gavi funding mechanism

IFFIm is a multilateral development institution which was established as an innovative response to rapidly accelerate funds for immunisation. It uses legally binding long-term pledges from 10 donor governments (8 of which currently fund mine action). IFFIm has leveraged pledges of US\$6.5 billion over 25 years from the government of Australia, France, Italy, Netherlands, Norway, South Africa, Spain, Sweden, UK (and in Oct 2018 Brazil committed \$20m). IFFIm started with commitment from just two donors, UK and France.

Via the World Bank as treasury manager, these long-term pledges are turned into bonds, to provide the up-front funding required in a much shorter time-frame than the pledges. See figures 1 and 2, which show the pledges and how funding is accelerated.

IFFIm vaccine bonds are then dispersed through immunisation programmes implemented by Gavi (The Vaccine Alliance), a public-private partnership of the major stakeholders in immunisation. To keep costs low, maintain efficiency, and avoid duplication, IFFIm was established as an entity without staff (just governed by a board of 6 people), and key functions outsourced. IFFIm’s structural overhead is estimated to value approximately 4.1 - 4.6% of the total value of pledges.⁸

Benefits of IFFIm model: Through the IFFIm model, Gavi has been able to vaccinate an additional 80 million children since 2006 than it would using regular aid financing mechanisms. IFFIm is an AA rated mechanism and has received numerous awards for socially responsible investment.

Based on an independent evaluation confirmed that the model was a successful, low-cost, efficient model and noted that the programme should be expanded.⁹ The evaluation conservatively estimated IFFIm’s benefit-cost ratio of at least 3.5:1 in the poorest nations, noting that this ratio could be as high as 19.5:1.

⁷ Estimated shortfall of \$1bn to achieve 2025 was set in the Landmine Free 2025 paper ‘State of Play’ in 2017.

⁸ As identified by the independent evaluation cited here:

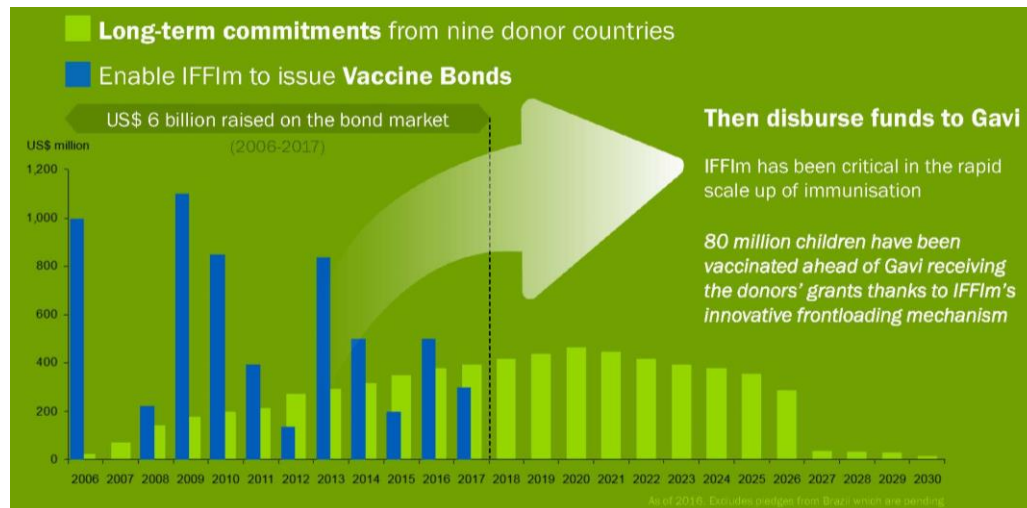
<https://www.iffim.org/library/news/announcements/independent-evaluation-confirms-iffim-success/>

⁹ Ibid

Fig 1. IFFIm donor pledges (slide from IFFIm website)

Country	Amount committed (US\$m equiv.)	Grant Period
United Kingdom (AA/Aa1/AA)	2,980	23 years
France (AA/Aa2/AA)	1,884	20 years
Italy (BBB/Baa2/BBB-)	635	20 years
Australia (AAA/Aaa/AAA)	284	20 years
Norway (AAA/Aaa/AAA)	264	15 years
Spain (BBB+/Baa2/BBB+)	240	20 years
The Netherlands (AAA/Aaa/AAA)	181	10 years
Sweden (AAA/Aaa/AAA)	38	15 years
South Africa (BB+/Baa2/BB+)	20	20 years
Total	6,527	

Fig 2: IFFIm funding acceleration (slide from IFFIm website)



Mine Action alternative funding mechanism

The IFFIm and Gavi model could be replicated in the mine action sector to achieve a quantifiable aim, that of country completion. As with IFFIm, this mechanism would rely upon long-term commitments from a selection of donors. It would not replace all bilateral mine action funding, rather provides a way of funding a long-term coordinated global strategy for completion. The success of IFFIm and pledges by donor governments sets a precedent for what could be achieved, albeit at a smaller scale to deal with the requirements of mine clearance completion.

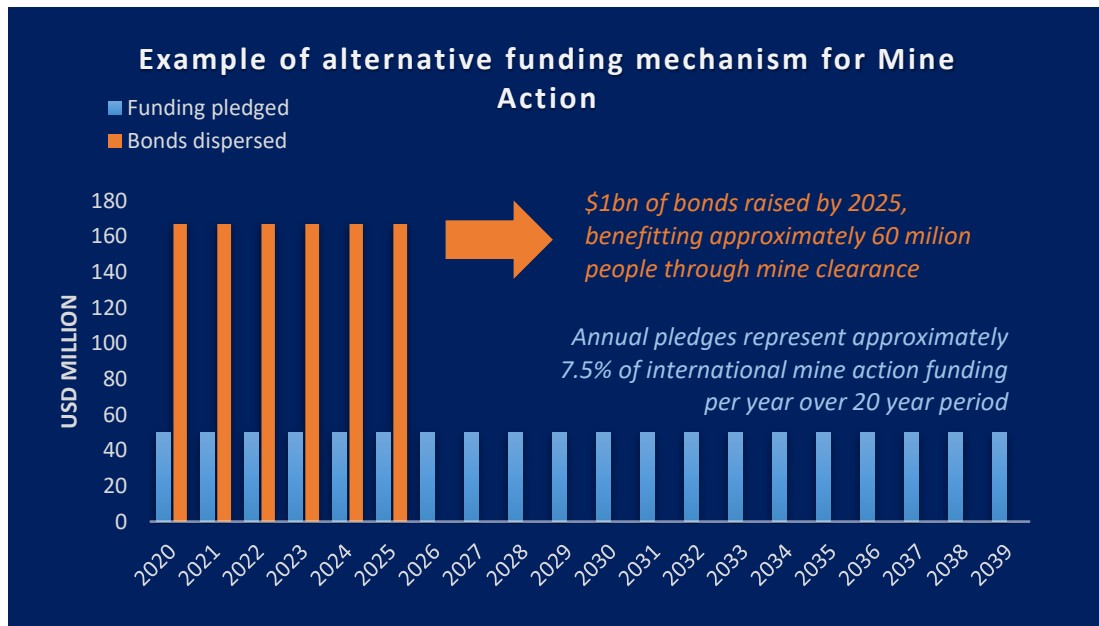
The mechanism for mine action could establish a similar structure to that of IFFIm and Gavi, whereby one body obtains pledges towards an evidence-based funding requirement, a separate treasurer e.g. the World Bank manages the issuance of bonds based on the donor pledges and the bonds are dispersed through an alliance like Gavi, managed by a representative board as described later in the paper.

Benefits of alternative funding model: By front-loading the funding through bonds, the mechanism would enable countries that have clear plans to completion but lack resources, to achieve their goals as soon as possible and many countries could be completed by 2025, benefitting approximately 60

million people. Such a financial mechanism would also reduce management overheads of individual donors and support Grand Bargain goals, to bring greater transparency and reduce duplication of management costs.

Longevity: Once established, the model could also be used to efficiently target funding to complete clearance in countries beyond 2025 that will require longer-term assistance. While currently humanitarian emergencies, areas such as the Middle East will all be considered as having “legacy” contamination one day, so they too could benefit from the mechanism as they near completion and available funding through traditional sources declines. The mechanism could also be used to complete clearance in as many accessible parts of these countries as soon as possible. It was not long ago that Sri Lanka, for example, was in conflict and one of the world’s largest humanitarian emergencies, it now could be the next heavily contaminated country to complete clearance.

Fig 3. An example of funding acceleration through an alternative funding mechanism for mine action.



As shown in Figure 3 above, mine action could utilise a similar mechanism to IFFIm to accelerate funding for mine action. (N.B. this simple diagram assumes constant pledges and bonds each year). Based on the aforementioned estimate of USD 1 billion of international funding required to complete clearance in non-conflict impacted countries by 2025, over a 20 year period, this would require a total of USD 50m in pledges annual, which accounts for only 7.5% of the total international funding to mine action annual (based on 2017 figure of \$673). If converted into bonds, this funding could be front-loaded to achieve completion by 2025 with an average of USD 167m annually, targeted towards completion.

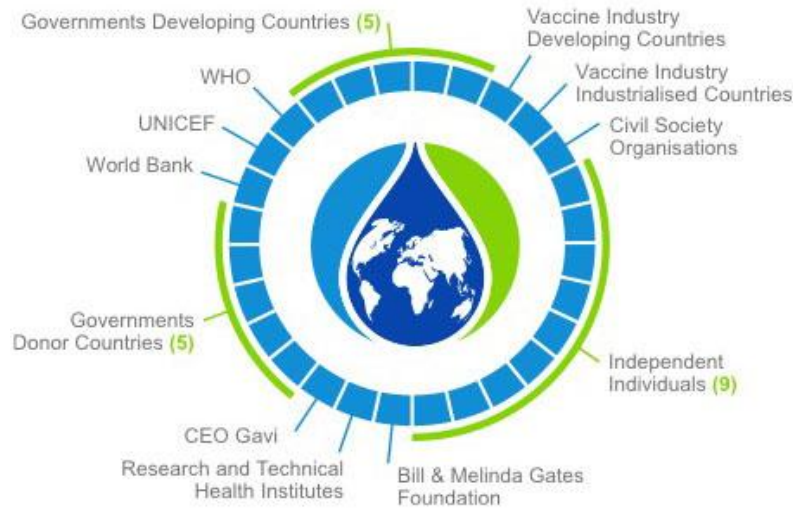
Gavi structure

Gavi is an international organisation, known as the global Vaccine Alliance, which was created before the IFFIm model was established and receives funding from IFFIm and other sources.

Aim: Gavi aims to improve access to vaccines for children in the world’s poorest countries. Gavi manages and utilises the funds delivered through the IFFIm model, delivering vaccination programmes to 71 eligible countries.

Structure: Gavi brings together public and private sectors, including: Implementing Country Governments, civil society organisations, private sector partners, donor country governments, research agencies, the World Bank, Bill and Melinda Gates Foundation, UNICEF, WHO, and vaccine manufacturers, as shown in the diagram below.

Fig 4. Gavi’s partnership model



Benefits of an alliance approach: Through this partnership approach, Gavi helps to regulate the delivery of immunisation programmes, and can do so at scale. The model also enables Gavi to leverage not just IFFIm funds, but also enables the alliance to buy vaccines at scale, improving value for money, availability and sustainable supplies. Gavi aims to get developing countries to the point where they can pay for the vaccines themselves and is on track to make 20 countries self-sustaining in this way by 2020.

Mine Action alternative funding structure

The IFFIm/Gavi model could be replicated for mine action as it translates to the issue of completing mine clearance by 2025; a clear and quantifiable problem to clear the remaining minefields. If created, this model could also be used beyond 2025 to complete clearance in places such as the Middle East as traditional funding streams inevitably decrease in time in these places. As with Gavi, a similar system for mine action would focus around a common aim, drawing upon clear strategies to achieve it and encourage national ownership. For example:

Aim: Completion of mine clearance in as many countries and territories as possible, as fast as possible (by 2025 and after where necessary).

Strategies: Use national country strategies for completion, ensuring national ownership of completion.

Structure: The equivalent of the Gavi alliance in the mine action sector could constitute a similar cross-section of stakeholders from the sector that oversee the efficient and effective dispersal of funds to complete mine clearance and maintain national ownership from affected countries. This could involve the following key stakeholders, as shown in figure 5 below.

Fig 5. Example of alliance to manage global mine action alternative funding



Benefits of an alliance approach

National ownership: Funding could be dispersed in line with national strategies (and draw upon strategies developed through mechanisms such as Individualised Approach, and Article 5 extensions). I.e. where a country has developed a clear and realistic, costed plan to complete clearance (such as Sri Lanka and Zimbabwe), the alliance would have a clear plan of how much funding the country needs to achieve completion by their deadline and how and where it needs to be dispersed. The mechanism could therefore help to incentivise national ownership and encourage higher level affected government support for mine action, removing blockages and enable mine action to be completed more efficiently. The mechanism could also encourage coordination between international donors and national funding to achieve the end goal.

Sustainable planning and value for money: In addition to nationally owned prioritisation, the model would also bring longer term stability to planning, enabling mine action operations to be scaled up and scaled down at the right time and not suffer the inefficiencies that funding gaps bring. It could also help to encourage countries to share resources and equipment across regions, e.g. as one country gets close to completion the alliance could encourage regional coordination by transferring equipment across to neighbouring countries which could make use of them in completing their clearance, providing added value for money for donors.

Support to APMBC: As above, the mechanism would be able to complement the AMPBC mechanisms, drawing upon and supporting the work of the Committees in helping states achieve completion. By bringing high-level political pledges, it could also encourage broader political buy-in to mine action. While geared towards clearance, this could have a knock-on positive effect on universalisation, and increase awareness and advocacy for affected countries to develop sustainable systems to deliver Victims Assistance.

Scale and harmonization: This model could further support donor governments to deliver the Grand Bargain through an alliance approach, such as improve the ability to deliver joint, impartial and longer

term impact assessments, increase participation from affected countries and increase collaborative multi-year funding with harmonized reporting.

Complements traditional mine action funding: The model would build upon and complement existing funding mechanisms in mine action such as bilateral funding. The model complements the UN Voluntary Trust Fund (VTF) through focussing on completion where the VTF is principally geared towards short-term and emergency response. As stated earlier in the paper, an estimate of the pledges required amounts to only approximately 7.5% of the total funding to mine action (in 2017). This model would therefore not replace bilateral funding but to utilise that 7.5% more effectively and in a targeted way. By reducing the contract management to donors, this model could prove an attractive and accessible model to other non-traditional donors to mine action, or encourage donors to increase their current funding without increasing overheads.

Alternative scalable finance mechanisms

There are a variety of innovative finance mechanisms similar to IFFIm that have been developed to tackle global humanitarian and development issues from climate change, emergency relief, refugee support, global health, disaster risk management and education, showing flexibility in the application of innovative financing. For example, as well as IFFIm, the World Bank manages a variety of innovative finance mechanisms leveraging public-private partnership; World Bank Treasury raises \$50-\$60 billion annually from investors in the capital markets towards development through the International Bank for Reconstruction and Development (IBRD). In 2018 the World Bank also initiated Sustainable Development Bonds and launched a new multi-donor SDG Fund in support of SDG implementation, within which they have unique mechanisms that target specific development issues such as climate change, gender, healthcare, education and poverty, managed within the IBRD, which could also be explored for application to mine action given the impact of mine action on the SDGs.¹⁰

¹⁰ <https://www.worldbank.org/en/news/speech/2018/05/15/leveraging-innovative-finance-for-realizing-the-sustainable-development-goals>. See also: <http://treasury.worldbank.org/en/about/unit/treasury/ibrd/ibrd-sustainable-development-bonds> for more details on SDG Bonds.