

Glossary of Key Terms

Purpose:

This revised glossary aligns the core terminology with OECD and World Bank usage and adds concepts that are particularly helpful for a discussion on unlocking additional sources of funding for mine action while safeguarding humanitarian objectives.

Examples are illustrative and tailored to the mine action context.

Innovative Finance

Innovative finance refers to financing approaches and instruments that complement traditional Official Development Assistance (ODA) by mobilizing and structuring additional resources for development and humanitarian objectives. Rather than replacing grant funding, these mechanisms are used to improve the timing, scale, predictability, or effectiveness of available finance by drawing on a wider range of financial tools, actors, and revenue streams.

In sectors with long-term and cumulative needs, such as mine action, innovative finance can help align funding structures with operational realities, enabling earlier delivery, greater continuity, and more effective planning.

Why it matters for the mine action context: Mine action faces high upfront costs, long time horizons, and major consequences when funding is delayed or interrupted. Innovative finance's aim is to bridge the gap between immediate clearance needs and slower-moving traditional funding flows, linking mine action to broader recovery, development, and investment processes. It can support a shift from viewing mine action only as a recurrent cost toward recognizing it as an enabling investment in safety, livelihoods, infrastructure, and economic recovery.

Additionality

Additionality is the value a public, development, or philanthropic intervention adds beyond what the market would have delivered. In blended finance, it usually means that concessional support, guarantees, technical assistance, or structuring support helps mobilize financing or development results that otherwise would not occur, or would occur later, at smaller scale, or on worse terms.

Why it matters for the mine action context: In mine action, additionality helps answer the key policy question: why use scarce public or concessional resources here rather than leaving the activity entirely to grants or to the market?

Bankability

Bankability refers to the extent to which a project or revenue stream is credible and structured enough for lenders or investors to finance it. A bankable proposition typically has a clear use of funds, realistic implementation arrangements, acceptable risk allocation, and a plausible source of repayment or return.

Why it matters for the mine action context: Most humanitarian mine action is not bankable on a stand-alone basis, which is not a deficiency: like many public-interest services, it generates significant social and economic value that is not captured through commercial returns alone and whose funding modalities can still be tailored to changing incentives and needs.

In addition, mine action is tied to recovery and reconstruction— with projects potentially becoming *bankable* wider investment cases are well designed. Matching funding mechanisms to different mine action interventions can serve to diversify sources of funding and strengthen the sectors' resilience.

Blended finance

Blended finance is the strategic use of development finance for the mobilization of additional funding towards sustainable development in developing countries. In current OECD guidance, blended finance is defined by purpose - mobilizing additional commercial finance for sustainable development - rather than by whether the development finance itself is concessional. In practice, blended structures may combine grants, concessional or non-concessional development finance, guarantees, and private capital.

Why it matters for the mine action context: For this panel, the term is useful only where mine action is linked to wider investments and where public or concessional support helps crowd in capital that would not otherwise be committed.

Catalytic capital

Catalytic capital refers to capital that accepts higher risk, lower return, or both, to enable investments with positive development impact that would otherwise not proceed. It is often used to absorb early losses, improve affordability, or make a transaction investable for other participants.

Why it matters for the mine action context: In a mine action-related structure, catalytic capital might help unlock a broader recovery or infrastructure transaction by taking risks that commercial investors will not bear alone. Where such structures generate broader economic value, it is important to consider how these benefits can also support affected communities and the wider public-interest objectives that underpin the intervention.

Concessional capital

Concessional capital is capital provided on terms more favourable than the market would normally offer. The concessionality may take the form of below-market pricing, longer maturities, grace periods, subordinated risk, reduced collateral demands, or lower expected returns. In blended finance, concessional capital is typically used selectively to reduce risk, improve affordability, or make a socially valuable investment feasible.

Why it matters for the mine action context: For mine action, concessional capital matters where clearance or risk reduction is part of a wider investment whose public benefits are high but whose commercial risk-adjusted returns are initially too weak. The expected return for the provider of concessional capital is not solely financial, but also consists in the public value, developmental impact, and improved outcomes for affected communities that the investment makes possible.

De-risking

De-risking refers to the use of public, concessional, philanthropic, or other risk-absorbing support to reduce specific real or perceived risks that prevent commercially oriented capital from participating on acceptable terms. In blended finance, de-risking does not eliminate risk; it reallocates, mitigates, prices, or sequences risk so that an investment can proceed while preserving the public-purpose rationale and avoiding unnecessary subsidy.

Why it matters for the mine action context: In mine action, de-risking is relevant only where clearance or explosive ordnance risk reduction is linked to a broader recovery, infrastructure, agriculture, housing, or productive-land investment that may attract repayable or private capital once key risks are addressed. Public capital can engage by financing upstream project preparation and data, funding technical assistance and standards, providing first-loss or subordinated capital, offering guarantees or political/performance risk cover, co-financing essential public-good components through grants, and supporting outcome-based payments or viability-gap funding where appropriate. The policy test is additionality: public resources should be used selectively, transparently, and temporarily to unlock outcomes or

financing that would otherwise not materialize; while ensuring mine action's humanitarian purpose is not subordinated to investor return.

Frontloading

Frontloading is the practice of making resources available earlier by borrowing against predictable future commitments, such as donor pledges or dedicated revenues.

Why it matters for the mine action context: GICHD's Innovative Finance Secretariat has completed an investment case for frontloading in mine action, outlining how such model could potentially translate to the sector, which mine-affected contexts would be more likely to benefit from upfront funding, and the costs for its establishment.

The “borrowing” is performed through the issuance of *bonds*. Bonds and the other supporting elements of a frontloading facility are listed below:

Bond:

A bond is a debt instrument through which an issuer raises money from investors and commits to repay the principal at maturity while making periodic interest payments, usually called coupons. Bonds are relevant where future donor commitments or other predictable cash flows can support frontloading, as in international finance facilities.

Coupon:

A coupon is the periodic interest payment made by a bond issuer to investors, expressed as a percentage of the principal. In frontloading structures, coupons are paid from the underlying pledged or contracted cash flows rather than from project profits alone.

Principal:

Principal is the original amount borrowed or invested, excluding interest or other financing charges.

In bond-funded frontloading structures, principal must be repaid from pledged donor payments or other agreed revenue sources.

Treasury Agent:

A treasury agent is the institution responsible for the financial management of a funding facility, including raising funds, managing cash flows, servicing debt, and making payments

to investors or counterparties. **The treasury agent does not determine programme policy or operational priorities.**

In an international finance facility model, this role is central because it gives investors confidence that issuance and repayment will be managed professionally.

Guarantee / risk-sharing facility

A guarantee is a credit enhancement through which a third party agrees to cover some or all losses if a borrower or portfolio fails to perform. A risk-sharing facility allocates specified risks between parties so that financing can proceed on better terms than would otherwise be available.

Why it matters for the mine action context: These tools can be applied when the underlying investment is viable, but investors remain hesitant because of political, credit, performance, or first-mover risks.

Outcome-based funding

Outcome-based funding links payment, reimbursement, or financial reward to the achievement and verification of pre-defined results rather than to inputs alone. OECD and World Bank definitions treat it as an umbrella approach that can include several instruments and contracting models, provided funds are tied to measured results.

Why it matters for the mine action context: In mine action, this could mean paying against verified square metres released, communities made safely accessible, infrastructure corridors certified for use, or socio-economic outcomes linked to land release - so long as indicators are carefully designed and do not distort humanitarian priorities. The “Mine Fields to Rice Fields” implemented run by APOPO in Cambodia is an existing example of this.

Principal

Principal is the original amount borrowed or invested, excluding interest or other financing charges.

Why it matters for the mine action context: In bond-funded frontloading structures, principal must be repaid from pledged donor payments or other agreed revenue sources.

Private capital

Private capital means financing provided by private actors such as institutional investors, impact investors, private funds, or corporations. It may seek market-rate returns, below-market returns, or impact-linked returns, depending on the investor and instrument.

Why it matters for the mine action context: For this panel, the practical question is not whether all mine action can attract private capital - it cannot - but where private capital can participate credibly in a wider investment ecosystem that includes mine action.

Return on investment (ROI)

Return on investment is a measure of how much value is generated relative to the cost of an investment. In one World Bank evaluation usage, ROI is expressed as the net present value of a project divided by total costs. More broadly, it is used to compare benefits or returns against the resources committed.

Why it matters for the mine action context: For mine action, ROI should be handled carefully. Financial ROI may be weak or absent, while economic or social ROI may be very strong once avoided de restored production, lower delays, and confidence effects are included.

Time value of money

The “time value of money” is the concept that money today is more valuable than the same amount in the future because it can be used immediately and because future payments are subject to delay, risk, and forgone opportunities. In this sense, the present value of money is the value today of a sum that will only be received in the future, once adjusted to reflect that delay.

Why it matters for the mine action context: Present value matters because many benefits of mine clearance occur over time. A strong long-term social payoff can justify earlier investment even when immediate returns are limited.

Technical assistance

Technical assistance is non-financial support such as advisory work, policy reform support, project preparation, institutional strengthening, market-building, and implementation support. In OECD discussions on catalytic technical assistance, TA is especially valuable when it removes upstream barriers, improves pipelines, and helps unlock later investment.

Why it matters for the mine action context: In mine action, technical assistance can help sequence clearance with reconstruction plans, prepare bankable linked projects, strengthen standards and data systems, and improve co-ordination between humanitarian, development, and financial actors.