

Tool: Guidelines – Assessment of the market environment (November 2016)

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Tool Description

This tool helps to get a better understanding on the financial dimension of a transport mitigation action and to identify the relevant players involved.

Therefore the tool provides support for transport policy-makers to analyse the market environment and to evaluate financing opportunities within the sector. The tool helps to structure the screening process with reference specific circumstances.



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General information

Objective / function	This tool gives guidance to how to finance a potential NAMA and to find suitable partners.	
Tool developer & weblink	GIZ ¹ Link: www.transport-namas.org/resources/toolbox	
Area of application	<input type="checkbox"/> Designing mitigation measures <input type="checkbox"/> MRV of Emissions <input type="checkbox"/> MRV of sustainable development benefits <input checked="" type="checkbox"/> Financing <input type="checkbox"/> Registration <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Strategy or plan <input checked="" type="checkbox"/> Policy <input checked="" type="checkbox"/> Program <input checked="" type="checkbox"/> Project
Setting	Mitigation measure is generally defined	
Level of complexity	Medium	
Required data / information	<ul style="list-style-type: none"> • Long list of potential partners and stakeholders • Surveys, studies, finance reports 	
Cost	free of charge	
Time needed	depending on the complexity of the mitigation action and the knowledge / data availability	
Equipment needed	Pinboard, laptop and beamer	

¹ (original version by Christoph Schroer; adapted by TRANSfer project team)

Application step-by-step

Step 1: Stakeholder/Infrastructure

General description of the financial sector. The further the sector is developed, the higher the need for / benefit of applying differentiated financing instruments.

Explanation	Sources
<p>Which financial and sector institutions are currently operating in the country?</p> <ul style="list-style-type: none"> - E.g. commercial banks, state-owned banks, MFI's, leasing companies, guarantee funds etc.? - Are there any associations? (e.g. banking association or microfinance association) - Are there any credit agencies? 	<ul style="list-style-type: none"> - Central Bank - Ministry of Finance - Line Ministries (Transport, Trade and Industry) - World Bank Financial Sector Assessment Program (FSAP) reports - Regional development bank studies - Microfinance Information Exchange (MIX Market for MFIs) - Associations (public transport, freight, logistics)

Step 2: Financial barriers preventing the target group from access to financial services

A first step for the potential assessment includes the identification of possible financial barriers. If those are not addressed appropriately, chances for a sustainable approach to succeed decrease and even negative impacts may result.

Explanation	Sources
<p>Why does the target group not have access to financial services?</p> <ul style="list-style-type: none"> - Which product (e.g. grants, loans, subsidized loans, guarantees, advisory services) should be offered to which target group (e.g. SMEs, low-income households, transport operators)? - Are the reasons for the inadequate provision of financial services located on the demand or supply side of the market (target group or financial sector)? - Is there any information on the reasons for those barriers available? (e.g. missing awareness, lack of skills or instruments) 	<ul style="list-style-type: none"> - Supply and demand surveys (of donors) - Surveys (e.g. household surveys) - Sector studies - World bank <i>Access to Finance</i> reports - Associations

Step 3: Potential assessment

What are possible ways to address/remove the existing barriers?

Explanation	Sources
<p>Do local institutions already supply the target group with relevant financial services/products? (e.g. mandate of the financing institutions for SMEs, transport, green finance)</p> <ul style="list-style-type: none"> - Alternatively, there might also be FIs that currently build up a new customer segment. Any hints/indicators? - Is a country strategy regarding the financial sector/microfinance sector existing that includes e.g. aspects on green finance? - Is this area part of a country strategy for green economy/finance or similar topics? - Does the government use any specific measures to support the financial system? (in general, not only with regard to green finance) 	<ul style="list-style-type: none"> - Associations - Annual statements from financing institutions

Step 4: Refinancing opportunities

Identify existing refinancing opportunities of the financing institutions. This may allow a deeper insight into the refinancing demand of potential partners.

Explanation	Sources
<ul style="list-style-type: none"> - E.g. deposits, interbank market, investment funds, Apex-banks, IFIs, central bank? - Existing capital markets: Green Bonds, stock exchange transactions, securitization? - What is typically the currency of refinancing? 	<ul style="list-style-type: none"> - Annual statements from finance institutions - Micro Finance Market

Step 5: Potential partners

Other donor institutions may have already gained practical experience with possible financing instruments in the country.

Explanation	Sources
<ul style="list-style-type: none"> - Which donor institutions do operate in the area? - What kind of instruments will be used (grants, subsidized loans, commercial credits, technical assistance)? - With which partner institutions? - Have any donors been contacted during the development of the concept? - Especially with regard to the financial component it is recommendable to cooperate with partner institutions. 	<ul style="list-style-type: none"> - Donors/IFIs contact persons and project descriptions