Financial Modelling for Energy Transitions:
Hands-on Lecture 5: FinTrack

Section Title	Contents
1. Downloading FinTrack	*Instructions for users to access and download the FinTrack Tool*
2. Building a portfolio of funds with FinTrack	*Instructions for defining parameters to develop a portfolio of available climate funds within FinTrack*

Learning Outcomes

By the end of this exercise, you will be able to:

1. Download and access the FinTrack tool from Zenodo
2. Navigate FinTracks Dashboard and understand the function of inputs for FinTrack
3. Build in initial portfolio of development funds that may be used to address climate finance shortages in our chosen sector

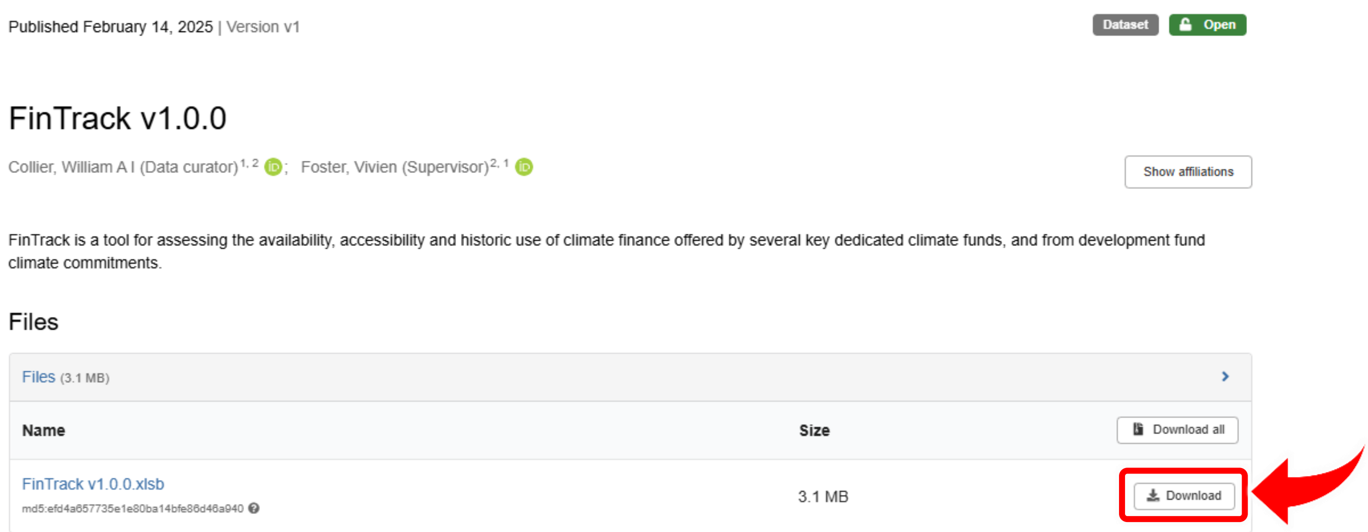
Note: FinTrack is an excel based model and will be downloaded as a local file from Zenodo. This requires a windows license in order to use. However, can also be run on windows online.

FinTrack is a tool that aims to account for and track availability and terms associated with concessional public sector financing committed by climate funds and development funds towards climate finance. These values are normalized into annual values in order to highlight gaps between historic fund use, and the potential allocations that counties may be entitled to. This is compared to data on the accessibility and terms of finance from each fund to allow users to rank these funds by a number of characteristics in order to prioritize access to key funds. Lastly criteria for each fund are included to highlight challenges stakeholders may face when accessing these funds.

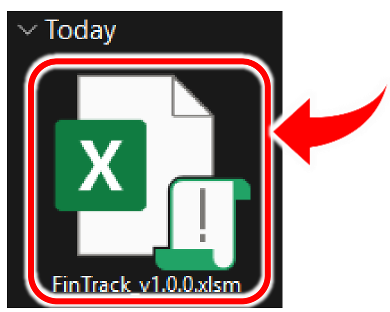
This data can be used to highlight sources of financing that are currently under-utilised and may be available to address financing shortfalls predicted by financial models such as MINFin and FinPlan.

1. Downloading FinTrack

1. To download the FinTrack tool, follow this link, and download the excel file shown below:



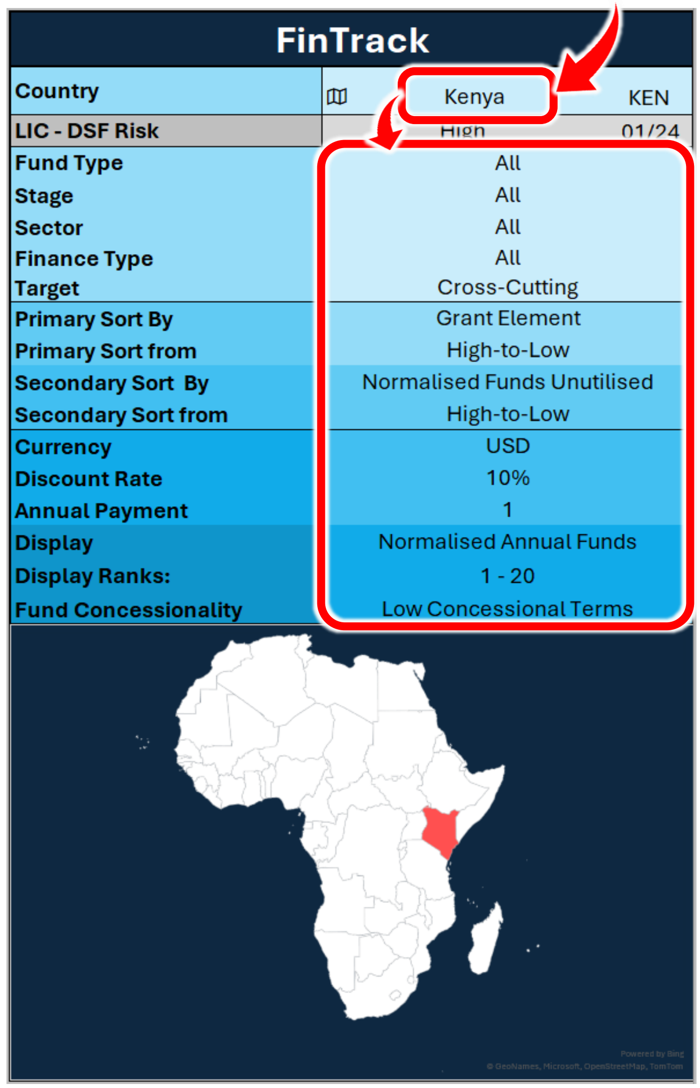
2. Once downloaded, locate the file, and open the excel file. In the absence of a Microsoft account, this can be opened online using Microsoft Excel Online. However, some of the functionality of this sheet may be limited in this format.



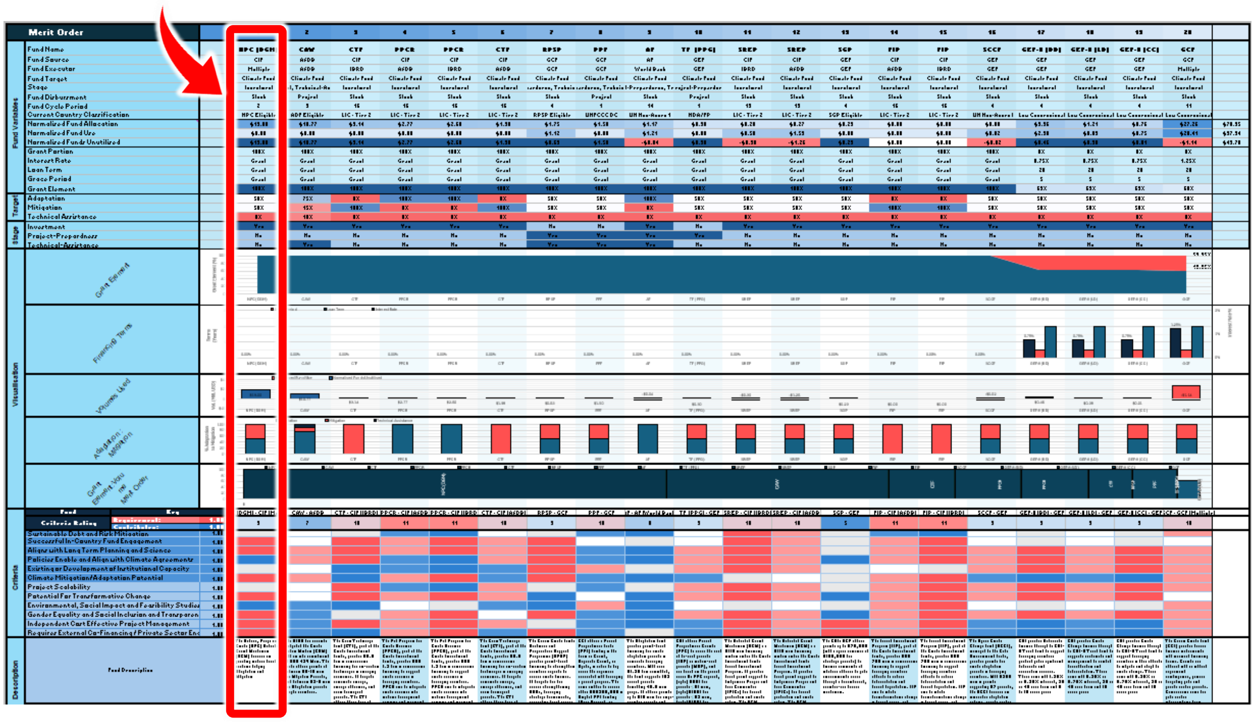
2. Building a portfolio of funds with FinTrack

1. Open the FinTrack tool and navigate to the tab named “**FinTrack Dashboard**” as shown below.

2. Taking a first look at the FinTrack Dashboard, in the top right corner of the sheet is the User Interface. Here users input key parameters such as target country, target fund type, project stage and sector, financing type and climate targets.
3. This is also where users define parameters by which to sort funds, including grant element, interest rate and volumes of finance.
4. Users can also define the currency (although not all financiers offer loans in all currencies) and discount rate and annual payments used in calculating fund Grant Element.
5. Users can also choose here between normalised annual funds, and maximum funds (based on funding cycles) and High and Low concessional terms depending on maturity-based pricing, or project specific pricing that occurs at a sub-national level.
6. Lastly Display Ranks lets users move to the second page of funds if more than 20 funds are covered by the selected filters.



7. Moving on to the outputs of FinTrack, we can see at the top of the output sheet, funds are ranked from 1 to 20 (with move funds covered in subsequent pages viewed by selecting "Display Ranks" > "21-30"). Below each rank is the column of data relating to the source of climate finance in that position.



8. Here we can see that by default FinTrack sorts primarily by Grant Element, and secondarily by the volume of finance allocated to the country. This prioritise grant amounts, followed by loan amounts sorted from most concessional to the least. The secondary sort will rank funds with the same primary characteristic (Grant Element) based on the secondary characteristic (Allocation Amount).
9. In this instance we can see that the Nature People and Climate (NPC) fund from CIF is equal in grant element to other grant commitments, but as it has the highest volume committed, is ranked first.
10. Looking at the characteristics of the fund, we can see a list of variables labelled for each row of the table. These describe the terms, volumes, targets and criteria for each fund. The table below summarises these characteristics, whilst the lecture for this exercise covers the criteria use in FinTrack in more depth.

Overview	Variable	Description
Fund Variables	Fund Name	The name of the fund or facility
	Fund Source	The name of the source of financing
	Fund Executor	The enacting agency of the financing
	Fund Type	Climate or development fund
	Stage	Project stage (Preparation, TA or Investment)
	Fund Disbursement	The mode by which the fund operates
	Fund Cycle Period	The period over which funding cycles occurs
	Country Classification	Current country classification name by the fund
	Fund Allocation	Assumed allocation volume from the fund
	Fund Use	Data on historic fund use
	Funds Unutilised	The delta between allocation and use
	Grant Portion	The portion of finance committed as grants
	Interest Rate	The standard annual interest rate charged by the fund
	Loan Term	The standard loan term applied to loans from the fund
	Grace Period	The standard grace period applied to loans from the fund
	Grant Element	The grant element calculated from the above terms
Target	Adaptation	Target allocations to climate adaptation efforts
	Mitigation	Target allocations to climate mitigation efforts
	Technical Assistance	Target allocations to Technical Assistance
Stage	Investment	Funds that target project investment finance
	Project-Preparedness	Funds with facilities to help finance project preparedness
	Technical-Assistance	Funds with facilities that address Technical Assistance issues
Visualisation	Grant Element	Graphical visualisation of shifts in Grant Element between funds
	Financing Terms	Graphical visualisation of the fund's terms of finance
	Volumes Used	Graphical visualisation of use and allocation of funds
	Adaptation : Mitigation	Visualisation proportions committed to Adaptation and Mitigation
	Merit Order	Visualisation of the balance of Volumes and Grant Element
Criteria	Successful In-Country Fund Engagement	
	Aligns with Long Term Planning and Science	
	Policies Enable and Align with Climate Agreements	
	Existing or Development of Institutional Capacity	
	Climate Mitigation/Adaptation Potential	
	Project Scalability	
	Potential For Transformative Change	
	Environmental, Social Impact and Feasibility Studies	
	Gender Equality and Social Inclusion and Transparency	
	Independent Cost-Effective Project Management	
	Requires External Co-Financing / Private Sector Engagement	
Description	Fund Description	

11. In order to build a scenario, we must input values into the interface shown in Step 3. in the top right of FinTrack. In our example we will be financing a **Power Project** in **Zambia**. We are looking to find **loans** to finance the **investment** stage of the project, with a focus on climate **mitigation**. Once we input this information into the interface, our filters and selection should look like this:

FinTrack		
Country	Zambia	ZMB
LIC - DSF Risk	In distress	06/24
Fund Type	All	
Stage	Investment	
Sector	Energy	
Finance Type	Loan	
Target	Mitigation	
Primary Sort By	Grant Element	
Primary Sort from	High-to-Low	
Secondary Sort By	Normalised Fund Allocation	
Secondary Sort from	High-to-Low	
Currency	USD	
Discount Rate	10%	
Annual Payment	1	
Display	Normalised Annual Funds	
Display Ranks:	1 - 20	
Fund Concessionality	Low Concessional Terms	

12. This will produce a ranking of the funds that meet these criteria, and their associated characteristics.

    Whilst these climate funds are available to this project it is worth noting that there may be other project and sectoral demands on these funds, and so the entirely of this volume may not be purely for this sector. The outputs from these filters should look like this:

Merit Order		1	2	3	4	5	6	7	8	9	10
Fund Name		GEF-8 (BD)	GEF-8 (LD)	GEF-8 (CC)	GCF	RST	WB (IDA)	ADF	ADF (PBA)	ADF (TSF)	EIB
Fund Source		GEF	GEF	GEF	GCF	IMF	WBG	AfDB	AfDB	AfDB	EIB
Fund Executor		GEF	GEF	GEF	Multiple	IMF	World Bank	AfDB	AfDB	AfDB	EIB
Fund Target		Climate Fund	Climate Fund	Climate Fund	Climate Fund	Climate Fund	Development Fund	Development Fund	Development Fund	Development Fund	Development Fund
Stage		Investment	Investment	Investment	Investment	ment, Technical-Assi	ment, Technical-Assi	ment, Technical-Assi	ment, Technical-Assi	ment, Technical-Assi	ment, Technical-Assis
Fund Disbursement		Stock	Stock	Stock	Stock	Rolling	Stock	Stock	Stock	Stock	Flow
Fund Cycle Period		4	4	4	11	Rolling	4	3	3	3	1
Current Country Classification		Low Concessional	Low Concessional	Low Concessional	Low Concessional	ntial Allocation - Gro	IDA Regular	Blended	Blended	PI-UA	0
Normalised Fund Allocation		$1.95	$1.41	$1.01	$27.04	$31.21	$204.93	$38.16	$8.15	$4.18	$140.46
Normalised Fund Use		$1.57	$1.96	$0.71	$12.61	$0.00	$78.19	$41.34	$0.00	$0.00	$31.02
Normalised Funds Unutilised		$0.38	-$0.55	$0.30	$14.43	$31.21	$126.74	-$3.18	$8.15	$4.18	$109.43
Grant Portion		0%	0%	0%	0%	0%	0%	0%	0%	34%	0%
Interest Rate		0.75%	0.75%	0.75%	1.25%	2.25%	3.13%	2.71%	2.71%	2.71%	8.84%
Loan Term		20	20	20	20	20	38	30	30	30	20
Grace Period		5	5	5	5	10.5	6	5	5	5	3
Grant Element		63%	63%	63%	60%	60%	57%	56%	56%	56%	7%
Adaptation		50%	50%	50%	50%	50%	50%	50%	50%	50%	15%
Mitigation		50%	50%	50%	50%	50%	50%	50%	50%	50%	85%
Technical Assistance		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investment		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Project-Preparedness		No	No	No	No	No	No	No	No	No	No
Technical-Assistance		No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes

Here we can see that the total allocated financing that meets these criteria totals $458.50 million per year. As mentioned this is not exclusive to the power sector, however it does give us insights as to the volumes of finance potentially available to address financing gaps predicted by MINFin.

The graphs below help to visualise the costs of capital and terms of financing associated with each of these funds, we can that besides EIB, grant element remains relatively consistently around 60%, with EIB falling well below this. Looking at the terms of finance, interest rates do steadily climb across funds, but this is in part accompanied by longer loan terms, again with the exception of the EIB financing. The largest volumes available come from the World Bank IDA and the EIB, whilst the EIB has lower targets for Adaptation finance.

Moving on to the criteria to access, we can see that development funds such as the EIB, World Bank IDA and IMF's RST have the lowest criteria to access. This is followed by the African Development Bank (AfDB), and the Global Environment Facility (GEF) Trust Fund. Lastly the Global Climate Fund (GCF) carries the most criteria to access. Concessional funds such as the World Bank's IDA and International Monetary Fund (IMF)'s Resilience and Sustainability Trust (RST) that offer large volumes of financing under concessional lending terms, and with relatively low barriers to access should be prioritised when financing power projects.

The information output but this tool can then be integrated into MINFin in order to inform projections of climate finance availability towards power projects, as well as possible terms of finance that may be expected with these commitments.