IFC/GEF Green Global Supply Chain Decarbonization Platform

Review PIF and Make a recommendation

Basic project information

GEF ID

11326

Countries

Global

Project Name

IFC/GEF Green Global Supply Chain Decarbonization Platform

Agencies

World Bank

Date received by PM

10/6/2023

Review completed by PM

12/1/2023

Program Manager

Avril Benchimol Dominguez

Focal Area

Multi Focal Area

Project Type

FSP

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

Secretariat's Comments

A) Yes. Based on the overall project concept, we this project aligns better with GEF-8 objectives when both CCM and CW component are addressed, producing additional opportunities for generating GEBs. As noted in box 3, please adjust project design to incorporate CW components.

B) The proposal mentions at times that the project financing net of fees is US$ 15 M; but the table proposed includes the fees in the overall financing. Please address throughout the document: the total GEF amount including fees is US$ 15 M

Overall, there were inconsistencies between the GEF project document (PIF) of the GEF/IFC NGI proposal and the required PIF sections. The inconsistencies include amount requested from GEF, for the comments below in the proposal, we are reviewing the GEF/IFC specific project documents and annexes (termsheet and reflow table).

Additional Comments

Inconsistencies in co-financing. Financing Table (US$ 150M) is different from NGI section /termsheet where co-financing amount is US$ 163M.

The ?IFC Eligibility Criteria? for green investments will need to fit GEF 8PD for GEF Funding.

Additional Comments PPO 11/30:

1. IFC ?which is the executing Entity? is not a GEF Agency ? please ask the Agency to amend

Project Identification Form (PIF) entry – Full Sized Project – GEF - 8

General Project information

Project Title:	IFC/GEF Green Global Supply Chain Decarbonization Platform		
Region:	Global	**GEF Project ID:**	11326
Country(ies):	Global	**Type of Project:**	FSP
GEF Agency(ies):	World Bank	**GEF Agency ID:**	
Executing Partner:	International Finance Corporation (IFC)	**Executing Partner Type:**	GEF Agency

Project Identification Form (PIF) entry – Full Sized Project – GEF - 8

General Project information

Project Title:	IFC/GEF Green Global Supply Chain Decarbonization Platform		
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Executing Partner:	International Finance Corporation (IFC)	**Executing Partner Type:**	GEF Agency

01/12 Additional Comments:

Cleared

Agency's Comments

A) Yes. Based on the overall project concept, we this project aligns better with GEF-8 objectives when both CCM and CW component are addressed, producing additional opportunities for generating GEBs. As noted in box 3, please adjust project design to incorporate CW components.

Thank you for the conversation with the Secretariat. Based on our discussion and understanding, IFC has updated the Concept to include the CW component, including revising the budget to incorporate the CW component. Given the short time frame, we are also proposing to spend time prior to CEO endorsement on the design and implementation plans for the parallel TA component.

B) The proposal mentions at times that the project financing net of fees is US$ 15 M; but the table proposed includes the fees in the overall financing. Please address throughout the document: the total GEF amount including fees is US$ 15 M

This comment has been addressed in the document to show that the total amount requested from GEF will be US$15million total, with a breakdown of US$13.7m for investments and the balance going to the standard fee.

Overall, there were inconsistencies between the GEF project document (PIF) of the GEF/IFC NGI proposal and the required PIF sections. The inconsistencies include amount requested from GEF, for the comments below in the proposal, we are reviewing the GEF/IFC specific project documents and annexes (termsheet and reflow table).

The inconsistencies primarily resulted from IFC trying to maintain flexibility between a FLG structure and a subordinated position. We have discussed this internally and we have revised the proposal to align with subordinated debt-like structure. We hope that this will clarify these questions.

Q1 - Co-financing: pending

Q2 - The ?IFC Eligibility Criteria? for green investments will need to fit GEF 8PD for GEF Funding.

This is noted. We will align with the GEF-8 PD and have included a list of potential interventions in RE/EE that we would expect to use.

Addressing PPO Comments: IFC has changed "Executing Partner Type" from "GEF Agency" to "Other", to reflect our status that IFC is an executing agency for the World Bank, which is an Implementing Partner for GEF.

2. Project Summary

Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?

Secretariat's Comments

This project addresses an important area of climate mitigation through partnership with global brand. Some additional information in the PIF can facilitate technical review:

1. The project has the potential to be aligned with the GEF-8 CCM Pillar 1 and CCM Objective 1.1. Accelerate the efficient use of energy and materials or even CCM Objective 1.2 Enable the transition to decarbonized power systems, the PIF doesn?t mention this alignment or articulates clearly how this would happen. Please address.

2. Given the focus of the project on scope 3 emissions in global supply chains, it would be appropriate to define which are the specific scope 3 emissions of the Textile, Apparel and Footwear industry that the project expects to address, e.g. fiber production, preparation, dyeing or finishing, assembly, transport and distribution, or end-of-life.

3. Additional description of the beneficiaries is needed, including size, geographic location. Selection criteria and "green investments" should be explained. The proposal mentions water savings, which are good, but not in the scope of CCM; termsheet also mentions adaptation, which is also not CCM, but CCA please clarify. The GEF secretariat requires disclosure of eligibility requirements for both suppliers and investments. GEF investments can only be directed with GEF-8 requirements.

4. The project description is missing a section that explains the problem to be addressed, and main barriers which can then be solved by the project design

TOC is missing.

The ?IFC Eligibility Criteria? for green investments will need to fit GEF 8PD for GEF Funding.

01/12 Additional Comments:

Cleared

Agency's Comments

This project addresses an important area of climate mitigation through partnership with global brand. Some additional information in the PIF can facilitate technical review:

1. The project has the potential to be aligned with the GEF-8 CCM Pillar 1 and CCM Objective 1.1. Accelerate the efficient use of energy and materials or even CCM Objective 1.2 Enable the transition to decarbonized power systems, the PIF doesn?t mention this alignment or articulates clearly how this would happen. Please address.

This has been articulated in the GEF Alignment section, along with the projects alignment with CW Objective 1.

2. Given the focus of the project on scope 3 emissions in global supply chains, it would be appropriate to define which are the specific scope 3 emissions of the Textile, Apparel and Footwear industry that the project expects to address, e.g. fiber production, preparation, dyeing or finishing, assembly, transport and distribution, or end-of-life.

The project?s primary target is textile production (dyeing, finishing) and assembly; these combined activities account for more than 50% of Brand supply chain (Category 1) Scope 3 emissions. The Concept note text has been updated to clarify.

3. Additional description of the beneficiaries is needed, including size, geographic location. Selection criteria and "green investments" should be explained. The proposal mentions water savings, which are good, but not in the scope of CCM; termsheet also mentions adaptation, which is also not CCM, but CCA please clarify. The GEF secretariat requires disclosure of eligibility requirements for both suppliers and investments. GEF investments can only be directed with GEF-8 requirements.

Beneficiaries: Will be Tier 1 and Tier 2 suppliers to the client (the Global Brand), with operations in eligible IFC countries. There is no specific requirement on company size for eligibility. The location of participating beneficiaries shall be determined by the supplier uptake, but suppliers are expected to be primarily located in Asia. Eligible countries would include Bangladesh, Pakistan, Sri Lanka, India, Vietnam, Cambodia, but will also include suppliers in other textile hubs, including but not limited to Egypt, Turkey, Mexico, Kenya and Ethiopia. China will be excluded.

Selection Criteria: Investment eligible for sustainability-related investment capex would include, but not be limited to the following (in order of preference):

? Transition to low carbon fuel (coal removal)

? Electrification

? Renewable energy (both on-site and off-site)

? Energy efficiency, including refurbished buildings, machinery/equipment replacement and retrofit, process improvement, heat loss reduction and recovery, improved metering and control systems, cleaner production interventions

- ? Energy storage
- ? Construction of Green Buildings, which meet recognized standards and certifications
- ? Water saving and reuse (which includes reduction of carbon from embodied energy in pumping and treatment may include reduction of chemical use in water treatment)
- ? Improved wastewater treatment, including those that reduce methane emissions
- ? Circular economy, waste reduction solutions

Water Savings: Although IFC recognizes that GEF-8 does not focus on water savings, water savings is a priority for IFC. We would also suggest that it can have important implications for tracking chemical and waste impacts. We have left the reference in the document and will track this for IFC?s own-account purposes but have not included it under environmental benefits.

Adaptation: We have added a reference to CCA in Expected Global Environmental Benefits. Although adaptation investments are often small, they are an increasingly important feature, particularly in areas such as green buildings. We would recommend that a small portion of the project be counted as adaptation investment.

Supplier Eligibility Requirements: The terms below have been added to the Term Sheet

- ? Client in good standing
- ? Supplier compliance with Brand environmental and social requirements
- ? Client willing/able to undertake energy efficiency / renewable investments
- ? IFC Advisory Services team is willing to work with the Supplier a plus

4. The project description is missing a section that explains the problem to be addressed, and main barriers which can then be solved by the project design.

We have rewritten the Project Description section to more clearly address the problem and main barriers that will be solved by the project design.

Q1 (11/20/23) - TOC is included. Confirming IFC Eligibility Criteria will aligned to GEF-8 PD.

Note 11/30/23: We believe this section is closed.

3 Indicative Project Overview

3.1 a) Is the project objective presented as a concise statement and clear?
b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?

Secretariat's Comments

A) Yes. The existence of the IFC Global Trade Supplier Finance Program (GTSF) has already established relations with many global brands. The positioning of the proposed new financing facility relative to the GTSF should be further explicated, including differences in target markets, terms, consessionality, performance, and potential overlap.

B) No. The components of the project need to address the barriers identified-which now are also missing-. The section on components to be funded/ outcomes and outputs is missing. Please address.

C) Please include a theory of change. This section is now mandatory in all GEF projects.

In responding, please address following comments:

1. The expected GHG benefit are too small for a funding of this size (and for the revolving feature of the financing, as well as its tenor). Please upgrade the GEB benefits estimate.

In addition, the GEF requires the inclusion of additional benefits in the reduction of hazardous chemicals, waste, and materials. As you know, the GEF-8 strategy and programming directions requires integration of multiple environmental benefits. The project investment strategy needs to address chemicals in some form through intentionally designing components/protocols/criteria; if not done now, the opportunity will be missed.

We suggest having either TA; establishment of protocols at supply chain level or criteria-based investing that would have a set of minimum environmental KPI?s that would include elimination/reduction of hazardous chemicals through either technological or other means. To maximize competitive consideration, please schedule a consultation with the GEFSEC CW team as soon as possible to discuss how to add these components to the project.

A) Ok

B) Ok

C) TOC is missing: components of the project need to align with TOC as guidance provided here: https://www.stapgef.org/resources/advisory-documents/theory-change-primer

1) FA comments TBC

2) FA comments TBC

Additional comments 11/30: please update after the call with FA specialist Esteban and the exchange of emails.

01/12 Additional Comments:

Cleared

Agency's Comments
Secretariat's Comments

A) Yes. The existence of the IFC Global Trade Supplier Finance Program (GTSF) has already established relations with many global brands. The positioning of the proposed new financing facility relative to the GTSF should be further explicated, including differences in target markets, terms, consessionality, performance, and potential overlap.

Although the two Projects (the GEF-IFC collaboration and GTSF) would be complementary, each addresses different barriers. Unlike GTSF, which primarily provides short-term finance based on supplier receivables, a new GEF Platform would provide long-term finance suitable for capex investment. Also, while the GEF platform would be backed for donor funds, GTSF?s pricing structure is on an average cost basis and is not supported by concessional donor finance or brand finance.

We believe there are significant synergies between the programs. For example, the GTSF model offers differentiated pricing based on the several factors including [E&S] performance of the supplier factory] ? by leveraging the GEF Platform for long term - finance for energy efficient improvements and invest in greener technologies, supplier factories may then qualify for GTSF?s preferred pricing structures. GTSF is also another example of how IFC has deep roots within the Textiles and Apparel sector and is well positioned to expand those relationships through a wider GEF Decarbonization offer.

B) No. The components of the project need to address the barriers identified-which now are also missing-. The section on components to be funded/ outcomes and outputs is missing. Please address.

We have mapped the Project Components, which we aligned to the GEF budget.

C) Please include a theory of change. This section is now mandatory in all GEF projects.

This has been laid out in the Project Components section, following the agreed WB template. Please let us know if this is satisfactory.

In responding, please address following comments:

1. The expected GHG benefit are too small for a funding of this size (and for the revolving feature of the financing, as well as its tenor). Please upgrade the GEB benefits estimate.

This structure is intended to pilot a new model to address carbon emissions along a highly disaggregated, geographically diversified supply chain dominated by SMEs that are otherwise too small to be financed or reached directly by IFC or other DFIs. Although the initial direct GHGs are relatively modest, driven by the smaller factory size, we see the successful deployment of this type of model as being potentially transformative for larger financing packages in Textiles, as well as in other high-emission sectors with challenging, disaggregated and diversified supply chains.

Although we note and agree the direct emissions are currently based on conservative estimates, we believe they are consistent with other energy efficiency estimates of approximately 20 percent off baseline and that if successful, the impacts may be as high as 10x of initial estimates. We would suggest that once the structure is established and the terms of eligible supplier factories are agreed, we would revisit these estimates during CEO endorsement stage. We have included additional information on how our estimates were modeled in the Concept.

In addition, the GEF requires the inclusion of additional benefits in the reduction of hazardous chemicals, waste, and materials. As you know, the GEF-8 strategy and programming directions requires integration of multiple environmental benefits. The project investment strategy needs to address chemicals in some form through intentionally designing components/protocols/criteria; if not done now, the opportunity will be missed. We suggest having either TA; establishment of protocols at supply chain level or criteria-based investing that would have a set of minimum environmental KPI?s that would include elimination/reduction of hazardous chemicals through either technological or other means. To maximize competitive consideration, please schedule a consultation with the GEFSEC CW team as soon as possible to discuss how to add these components to the project.

IFC has put together a comprehensive proposal to address hazardous chemicals, waste and materials. This is now included in the Project Concept and in the Budget.

Q (11/20/23): We have included a ToC in the Concept.

Additional Comments 11/30/23: FA comments have been addressed under Indicative Project Overview and alignment on GEF-8 has been explicitly included to ensure alignment with decarbonization activities that do not increase the use of fossil fuels or include any coal power. We have strengthened the outcomes demanded of supplier factories under CW section. As noted, a comprehensive proposal for the TA activities will be completed prior to CEO endorsement.

3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?

Secretariat's Comments

No. The overall IFC strategy towards gender is welcome; however, the project would need a specific/targeted design on gender dimensions given the high representation of women in the supply chain. The KLM component description is missing and is key for GEF compliance with GEF Policies.

KML is missing: for the GEF this component is different from M&E. Please see policies and elaborate components and paragraph that will meet requirements. *?GEF Agencies are required to outline a proposed Knowledge Management (KM) Approach for every project/program, in its PIF or PFD, including plans to learn from relevant projects, initiatives, evaluations and best practice during project/program preparation as well as proposed knowledge and learning outputs/deliverables, and to explain how the KM Approach will contribute to the project/program?s overall impact. The proposed KM Approach will include processes to capture, assess and document and share, in a user-*

friendly manner, information, lessons, best practices, and expertise generated during implementation; plans for strategic communications; and an overview of existing lessons and best practice that inform the project concept.?

Gender is vague: please add a section that explain: ?Agencies are required to provide the following in the PIF and PFD: (a) indicative information on gender considerations relevant to the proposed activity and any measures to address these, including the process to collect sexdisaggregated data and information on gender. (b) description of any consultations conducted during project development, information on how stakeholders will be engaged in the proposed activity and means of engagement throughout the project/ program cycle.?

Additional comments 11/30 from PPO:

1. Gender: The project noted that 80% of employees in the industry are women, and that ?The Platform has planned to collaborate with other active projects in the Textile and Apparel space to incorporate gender-inclusive approaches by empowering women, particularly those in the supplier factories and identifying other potential entry points, indicators and targets to be able to track the integration of gender issues across the program, which will be presented at CEO Endorsement.?

Given the above, please reflect these important gender dimensions in the Project Description/Project objective (and subsequently, in the development of the project components and outputs).

Knowledge Management: I agree with PM?s comments. An overall approach to Knowledge Management and Learning has not been adequately provided in the Project Description. Component 3 mentions knowledge events and states that ?Comprehensive KLM plan will be developed prior to CEO Endorsement.? But this is not sufficient. There needs to be a description of an overall KM&L Approach in support of the project.

The agency is requested to better describe the overall KM&L approach by succinctly addressing key GEF KM&L expectations at PIF stage as follows:

1. an overview of existing lessons and best practice that inform the project concept

2. plans to learn from relevant projects, programs, initiatives & evaluations (funded by GEF and others)

3. processes to capture, assess and document info, lessons, best practice & expertise generated during implementation

4. tools and methods for knowledge exchange, learning & collaboration, including knowledge platforms and websites

5. knowledge outputs to be produced and shared with stakeholders (at community, national and international levels as appropriate)

6. a discussion on how knowledge and learning will contribute to overall project/program impact and sustainability

7. plans for strategic communications and outreach, awareness raising and dissemination of project outputs/results/lessons

This information needs to be provided as part of the project description. Implementation of KM&L and communications deliverables should ultimately be reflected in the project?s budget and timeline

01/12 Additional Comments:

PPO to clear.

03/12/2023 NOT CLEARED

•Gender (comment provided by Verona):

The Agency noted in the PIF:

?IFC would like to clarify that these programs, which are both IFC-led, managed and staffed, will be the primary vehicle to ensure that robust gender metrics are built into this financing platform. The text has been updated in the Project Description section and the Project components to better reflect this collaboration.?

We do not see the reflection of the above in the Project Description and Project components in the Portal. The changes made should also be reflected in the Portal.

Agency's Comments

As seen in the Concept, we are collaborating with two active programs IFC has is implementing in textiles and gender, in order to expand that scope to cover selected supplier factories. These programs are geared for training, work safety improvement and representation of women in management. The team is proposing to collaborate with these groups in order to actively bring in supplier factories to work on gender initiatives. Consistent with IFC?s gender strategy the M&E framework for the Program and the KLM components will be gender responsive. We have updated the document to reflect these changes. .

Q (11/20/23): We believe this was just a miscommunication. We had put this information into the GEF Portal. We have included it now in the Concept note in its own section, per our clarification with the Secretariat today.

Additional Comments 11/30/23:

With regards to gender:

Gender has been an integral part of IFC? strategy since our first Gender strategy in 2015. IFC has long taken a comprehensive approach to reduce gender inequality by creating partnerships to encourage hiring of women and improving their working conditions. Our projects expand access to financial services for women, we invest in innovative technologies that expand choices of female consumers, and we work with partners to provide business skills and leadership training to women entrepreneurs. Through a variety of channels, including investment, advice, research to highlight the business rationale of closing gender gaps, and partnerships globally and at the country-level we have worked to improve women?s access to opportunities in entrepreneurship, employment, insurance, corporate leadership, and digital economy.

Given the overwhelming majority of women working in the textile sector, Textiles has long been an area of focus for our gender initiatives. We have active programs currently working with supplier factories in many of the priority markets selected for the GEF/IFC Decarbonization Platform and we are proposing to collaborate directly with those active programs, leveraging the networks that already exist, bringing new supplier factories into the existing programs and providing much more reach and impact for mainstreaming gender initiatives than could normally be accommodated without a specific, dedicated additional budget for these activities. These programs are:

1. IFC-ILO Better Work Partnership that works to improve working conditions and competitiveness in Textile and Apparel value chains. The Better Work Program is engaged with more than 50 global brands and retailers as partners, and more than 2,000 apparel supplier factories, reaching 2.5 million workers across 12 countries. At the factory level, Better Work provides labor assessments, training, and advisory services.

2. Gender Equality and Returns (GEAR) a training program that helps female workers progress and excel in managerial roles, increasing gender diversity at the management level. The program currently partners with leading apparel brands, such as H&M and Marks & Spencer, and to date has trained more than 750 female employees in over 100 apparel factories.

IFC would like to clarify that these programs, which are both IFC-led, managed and staffed, will be the primary vehicle to ensure that robust gender metrics are built into this financing platform. The text has been updated in the Project Description section and the Project components to better reflect this collaboration.

With regards to KLM:

A revised KLM plan has been included in the dedicated Knowledge Management Section (see p. 33 of the Concept Note), including a summary of existing programs/learnings that IFC would anticipate leveraging. These would include IFC efforts will seek to coordinate with and incorporate emerging lessons from experience from several ongoing GEF projects, including the ?Reducing uses and releases of chemicals of concern in the textiles sector programme? which weeks to manage and reduce hazardous chemicals in the textile industry in their respective countries. The project will also draw from lessons learned as presented by GEF in the 2020 ?Efficiency Solutions for Industrial Heat? case study on

Lotus Garments in Egypt, and the 2014 ?Energy Systems Optimization in an SME? case study on Sockit Manufacturing Ltd in South Africa. Produced by UNIDO and the Industrial energy Accelerator, lessons learned in this case have been considered by the project design team, including elements of thermal improvement and energy management systems as part of potential supplier investment programs, especially prior to investing in renewable applications.

While these documentations will serve to gather lessons from past experience, for future knowledge management and dissemination, it is important to note that the financing structure backed by GEF would be an innovative and unique demonstration to decarbonize supply chain factories ? and a departure from anything that has previously been tried. We would like to also note that IFC has broad, multi-country experience in the textile sector; many of the global leading brands are our former/current clients. We feel that the dissemination channels for lessons and knowledge from this Facility will be straightforward. However, the critical first step is to test if the proposed NGI financing structure is capable of aggregating and reaching supply chains effectively. Unlike many other types of advisory programs, in this case, the operations of the financing platform itself will become the knowledge product. We anticipate that the Facility will gather lessons from financing these supplier factories over an initial active investment window (currently anticipated to be approximately 8 years), with lessons and observations disseminated during the active period, as well as after closure.

IFC brings many decades of experience in private sector engagement, financial mobilization and relationships in the textile sector. However, by partnering with GEF to leverage its experience in the Chemicals and Waste, both as the financial mechanism of the key international chemical treaties, such as the Stockholm Convention and the Minamata Convention among others, is vital to ensuring the existing project makes meaningful inroads towards building a comprehensive private sector engagement to work with supplier factories and move towards safer chemicals and the reduction of hazardous waste in their operations. Relevant projects with GEF will be consulted under the guidance of the GEF Secretariat after the final country selections are made for the initial investments.

12/04/2023

Thank you. The PIF template (project description & components) has been adjusted to reflect changes made to the project document.

3.3 a) Are the components adequately funded?

b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?

c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments

1. As mentioned in previous section, the project theory of change/components is missing. There needs to be a description on how the investment of the GEF will deliver outputs and outcomes that will deliver GEBs. The section on whether the components are adequately funded or not needs to be addressed together w

2. Will M&E be supported with IFC co-financing only? The plan and budget for the M&E needs to be submitted as a policy requirement.

1. TOC is still missing.

2. Cleared

01/12 Additional Comments:

Cleared.

Agency's Comments

Secretariat's Comments

1. As mentioned in previous section, the project theory of change/components is missing. There needs to be a description on how the investment of the GEF will deliver outputs and outcomes that will deliver GEBs. The section on whether the components are adequately funded or not needs to be addressed together

This has been addressed and the new component section added to the document.

2. Will M&E be supported with IFC co-financing only? The plan and budget for the M&E needs to be submitted as a policy requirement.

Consistent with IFC?s governance on the use of blended finance resources, IFC leverages the M&E requirements already made on behalf of IFC own-account investment to track and report on concessional funds. Additional M&E requirements that may be specific to blended concessional finance investments are added through collaboration with our M&E/AIMM teams and tracked at the project/investment level. The cost of the M&E tracking is partially offset by the Administrative fees IFC receives as an executing agency for GEF, as is standard for all IFC Blended Concessional Finance funds. We do not develop separate M&E budgets as this is standard for all IFC-financed projects.

Q (11/20/23) - ToC has been included. We believe this is closed.

4 Project Outline

A. Project Rationale

4.1 SITUATION ANALYSIS

a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?

b) Are the key barriers and enablers identified?

Secretariat's Comments

a) Yes.

b) No. Please see previous comments and address

The barriers need to be aligned (the same as in the TOC)- which has not yet been provided

Agency's Comments

b) No. Please see previous comments and address

A section on the barriers and enablers for the Decarbonization platform has been added under the expanded Project Description section.

Q (11/20/23): The ToC has now been provided and the language under the barriers has been explicitly aligned with it.

4.2 JUSTIFICATION FOR PROJECT

a) Is there an indication of why the project approach has been selected over other potential options?

b) Does it ensure resilience to future changes in the drivers?

c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?

d) are the relevant stakeholders and their roles adequately described?

Secretariat's Comments

a) No. Please provide

b) Not possible to be addressed, please provide.

c) No, please provide. This section is specifically relevant for GEF

An additional description of the beneficiaries is needed, including size, geographic location etc.

D) No.

a) Please provide explanation of a) in the GEF prodoc

b) Please provide explanation of b) in the GEF prodoc

c) Please provide explanation of c) in the GEF prodoc

1. Cleared.

01/12 Additional Comments:

Cleared.

Agency's Comments

Secretariat's Comments

a) No. Please provide

To date there has been very little direct lending available to suppliers. This is due to several factors, but primarily due to the fact that with no risk mitigation pool available, the finance would have to be offered at higher costs and less attractive terms. This would likely be insufficient to catalyze widespread action by participating suppliers, despite brand support. Risk mitigation from other parties has been insufficient on its own to significantly improve terms and conditions and in most cases has been far too limited (financially, geographically, etc) to make a meaningful difference across supply chains. Without the GEF intervention, it is unlikely that any of this potential supplier financing would happen.

b) Not possible to be addressed, please provide.

It is difficult to make assessments on future change, but the Platform should provide financing that is dedicated to improving and increasing supplier resilience to future changes, by providing investments to create more dynamic, flexible, adaptable and greener production lines.

c) No, please provide. This section is specifically relevant for GEF

IFC has been working in the textile and apparel space for many years and has built robust working relationships at every level, from supplier factories and brands to domestic banks and international industrial groups. The concept of the Decarbonization Platform builds upon the accumulated experience of 10+ years of IFC engagement under the multi-stakeholder Partnership for Cleaner Textiles (PACT) program, our GTSF programs to facilitate working capital for supplier factories, our work with local banks, among others.

In each case above, IFC has been able to create change on the ground by linking the provision of attractive financing terms with supplier capacity-building and pipeline, in order to catalyze and accelerate large-scale investments in the sector. This program is a natural extension of those relationships. By linking the Platform?s financing with a leading global brand, it also increases the visibility and impact on Supplier decision making, as the Brand (the Supplier?s customer) can provide a strong signal that their participation in decarbonization initiatives will be increasingly required to participate in this value chain in the future.

An additional description of the beneficiaries is needed, including size, geographic location etc.

The immediate beneficiaries will be the supplier factories receiving financing. Eligibility criteria has been added to the term sheet. The location of these factories, as stated previously, will be Bangladesh, Pakistan, Sri Lanka, India, Vietnam, Cambodia, but will also include suppliers in other textile hubs, including but not limited to Egypt, Turkey, Mexico, Kenya and Ethiopia.

Q (11/20/23): Each section A-C has been included in the Project Concept.

5 B. Project Description

5.1 THEORY OF CHANGE

a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?

b) Are the key outputs of each component defined (where possible)?

Secretariat's Comments

A) The Theory of Change is missing. Please provide. Please briefly justify why the project intends to focus on Textiles, Apparel and Footwear, instead of other industries.

B) No.

The GEF contribution is expected to impact ?resource efficient investments that will result in energy and/or water savings, with potential additional benefits to be realized from the reductions of hazardous chemicals, waste and materials?. Later on, it is mentioned that ?the project will support mitigation by promoting systematic, sustainable impacts by using energy and materials efficiently and transitioning industries to decarbonized power systems.?

As mentioned earlier, the project has the potential to be aligned with the GEF-8 CCM Pillar 1 and CCM Objective 1.1. Accelerate the efficient use of energy and materials or even CCM Objective 1.2 Enable the transition to decarbonized power systems, the PIF doesn?t mention this alignment or articulates clearly how this would happen. Please provide a theory of change that describes how the project will contribute to the proposed objectives, the expected causal pathway and the underlying assumptions.

A) TOC still missing

B) Water continues to be there: please state that water efficiency and wastewater treatment investments are not part of GEF investments. GEF8- PD for CCM will only allow those activities with focus on energy efficiency.

C) Alignment with GEF PD is necessary

01/12 Additional Comments:

Cleared.

Agency's Comments

A) The Theory of Change is missing. Please provide. Please briefly justify why the project intends to focus on Textiles, Apparel and Footwear, instead of other industries.

IFC's proposal to begin the decarbonization work in Textiles is related to the extremely high carbon footprint attributed to Scope 3 emissions in this sector. This has been added to the document.

B) No.

The GEF contribution is expected to impact ?resource efficient investments that will result in energy and/or water savings, with potential additional benefits to be realized from the reductions of hazardous chemicals, waste and materials?. Later on, it is mentioned that ?the project will support mitigation by promoting systematic, sustainable impacts by using energy and materials efficiently and transitioning industries to decarbonized power systems.?

As mentioned earlier, the project has the potential to be aligned with the GEF-8 CCM Pillar 1 and CCM Objective 1.1. Accelerate the efficient use of energy and materials or even CCM Objective 1.2 Enable the transition to decarbonized power systems, the PIF doesn?t mention this alignment or articulates clearly how this would happen. Please provide a theory of change that describes how the project will contribute to the proposed objectives, the expected causal pathway and the underlying assumptions.

The paragraph on GEF Alignment has been edited to accommodate for this. We also have noted the Secretariat?s suggestion to include green investments.

Q (11/20/23):

A) TOC has been included.

B) We have edited the Concept to clarify that water savings/WWT are not part of GEF's investments.

C) We are committing to align the eligible activities to the GEF-8 PD

5.2 INCREMENTAL/ADDITIONAL COST REASONING

Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat's Comments

Once you have addressed the previous comment on section 5.1, please reflect what will be the incremental or additional cost reasoning of the project.

Cleared

Agency's Comments

Sections on Incremental costs and co-financing have been added to the Concept.

5.3 IMPLEMENTATION FRAMEWORK

a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?

b) Comments to proposed agency execution support (if agency expects to request exception).

c) is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area

d) are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?

Secretariat's Comments

IFC is proposed as the executing partner of this project. Please elaborate if the project expects to coordinate or collaborate with ongoing GEF-financed projects or programs and other bilateral and multilateral initiatives. For example, you mention IFC's Global Trade Supplier Finance Program (GTSF). How exactly will the project collaborate or coordinate with the GTSF? Similarly, you also mention the UNFCCC Fashion Industry Charter for Climate Action, The Fashion Pact, the Global Fashion Summit, programs of the Sustainable Apparel Coalition, etc. Please also explain how the project will collaborate or coordinate with them.

In line with our comment on scope 3 emissions, and given the project's focus in this regard, it would be relevant for the project to explain how this is reflected in the implementation framework.

Specifics on coordination with ongoing initiatives are missing, please provide what work would be done ahead of CEO endorsement. Please include how this coordination effort will be part of KML.

Additional comments 11/30 from PPO

Knowledge Management: I agree with PM?s comments. An overall approach to Knowledge Management and Learning has not been adequately provided in the Project Description. Component 3 mentions knowledge events and states that ?Comprehensive KLM plan will be developed prior to CEO Endorsement.? But this is not sufficient. There needs to be a description of an overall KM&L Approach in support of the project.

The agency is requested to better describe the overall KM&L approach by succinctly addressing key GEF KM&L expectations at PIF stage as follows:

1. an overview of existing lessons and best practice that inform the project concept

2. plans to learn from relevant projects, programs, initiatives & evaluations (funded by GEF and others)

3. processes to capture, assess and document info, lessons, best practice & expertise generated during implementation

4. tools and methods for knowledge exchange, learning & collaboration, including knowledge platforms and websites

5. knowledge outputs to be produced and shared with stakeholders (at community, national and international levels as appropriate)

6. a discussion on how knowledge and learning will contribute to overall project/program impact and sustainability

7. plans for strategic communications and outreach, awareness raising and dissemination of project outputs/results/lessons

This information needs to be provided as part of the project description. Implementation of KM&L and communications deliverables should ultimately be reflected in the project?s budget and timeline

01/12 Additional Comments:

PPO to clear.

Agency's Comments

As discussed earlier, these are different programs providing different financial products that are mutually reinforcing. GTSF (and in particular GTSF+) provides complementary incentives, but for short-term finance based on outstanding receivables. It is correctly noted as part of overall brand engagement with suppliers and with IFC that some members of the team supporting these projects, including the IFC client relationship manager who ensures close coordination of supplier engagement, may be the same. However, the fact that both programs exist mutually reinforces the importance of the topic of decarbonization to the supplier who is considering investment in clean energy options.

With regards to the other industry groups, such as UNFCCC Fashion Industry Charter for Climate Action, Fashion PACT and the Global Fashion Summit, IFC maintains very good and long-term working relationships with these groups. Many of the brands that are represented members are also IFC clients. IFC maintains membership or observer status in many of the industry groups and these provide important and power dissemination channels for new ideas and concepts. In this case, IFC would primarily expect to use leverage these groups to disseminate learnings from supply chain decarbonization, which is a key topic for many brands.

Q (11/20/23): We have re-inserted the section on Ongoing Collaboration with other initiatives.

Additional Agency Comments 11/30/23: Thank you for this comprehensive review. Based on these comments, IFC has rebuilt the KM section of the project description section, expanding on Component 3 to include additional details (see Concept Note, p. 21). This information has also been included with additional details under the Knowledge Management section (see Concept Note, on p. 31). We would still expect to refine this KLM plan as we move towards CEO endorsement. Please also see our more extended answer under Section 3.2 in the review sheet.

5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?

b) Are the project?s indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?

Secretariat's Comments

Please address the following comments:

1) GEBs are low given the size of the intervention. Additionally, the project estimates 3 million tCO2eq sequestered or avoided in the AFOLU sector. It is unclear how the project will have an impact on the AFOLU sector and how this mitigation potential was calculated. Please upgrade the GEB estimates and place in the proper core indicator designation.

2) The GEF requires the inclusion of additional benefits in the reduction of hazardous chemicals, waste, and materials. Please add.

1) Core Indicators continue to be small for the size of the GEF investment. Lacking details on sub-indicators which are needed. Selection Criteria for investments need to be aligned with PD

CW 5K reduction is too small to justify 1M investment- to be confirmed by FA specialist in the next round of review

01/12 Additional Comments:

The low CW core indicators are acceptable understanding that during PPG, while building the pipeline and identifying the specific facilities IFC will work to identify other opportunities to reduce hazardous chemicals and waste from the facilities and increase the core indicators for CW.

Agency's Comments

IFC has updated the section to better articulate the calculation made by our M&E team. We would request the opportunity to refine this at CEO endorsement, but in our current structure (which remains in a Concept stage) we do not have enough evidence to change our original estimates. We do believe that these estimates are conservative, but we are basing these on past energy efficiency work in the Textile Sector and reference our earlier answer that this is only an initial pilot to test a potentially transformative model. Should that pilot be successful, we would anticipate that GHG emission reductions would be an order of magnitude larger.

Q (11/20/23):

1) IFC commits to aligning the investment selection criteria with PD. This text has been included.

2) We would anticipate building out a further set of indicators for CW savings, but in the short amount of time we have, as discussed with the Secretariat, we have provided an initial calculation on avoided mercury emissions that would come purely from energy efficiency work of the decarbonization platform.

5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?

Secretariat's Comments

Corrections and clarifications are required in the Annexes, term sheets, and reflow tables.

1) The description of the guarantee is sometimes not clear. The project documents mention a pilot phase 1 ? Platform Pilot? but unclear when that period starts and ends and what phase 2 is and looks like. Also unclear what happens to GEF financing after the pilot phase.

2) The section Initial Concept Summary: US$150 M is mentioned here as size of the financing ?depending on final level of co-financing from loan recipients? . The amount mentioned in most other sections is US$ 75 M though, please clarify. If there is co-financing from loan recipients please include in co-financing figures (right now, only IFC and Brand as co-financiers). If so, that needs to be clear throughout the document.

3) The section Use of Funds mentions water savings, which although desirable are not part of the GEF agenda. Please specifically state the use of funds for GEF investment in line GEF -8 programming priorities. On the Duration section, also it is stated that uncalled amounts will be deployed to widen the existing offer to other sectors. Again, here we would need to know how GEF funds would be deployed for GEF -8 programming directions only.

4) Instruments: the instrument requested from the GEF is a guarantee; but this section mentions other instruments like equity or concessional debt. If this is so, please include terms and conditions of the Equity/ concessional debt to be requested and the scenarios in which these instruments will be used instead of the guarantee. These terms and conditions (of multiple products) would need to be reflected in the termsheet and reflow table.

5) ?Potential additional benefits to be realized from CW? please explain how this will be achieved in the Component section. We suggest add additional description on CW to the paragraph that is entitled ? Robust environmental impact?.

6) Figure 1 is confusing: it looks like co-financing comes from the supplier when, our understanding is that lender would be IFC. Please explain the arrow: ?losses net of security?. Is the Brand first loss to GEF also? Financial structuring isn?t clear: are the two guarantee funds pari passu or is one senior/junior to the IFC? To other FI lending.

7) On financial additionality: we would need a quantification of that aspect.

8) Please provide initial list of countries in Asia and Africa that could potentially benefit from this investment.

9) Please explain ?additional fund availability period? and how this would affect GEF investment, which maturity is limited to 20 years.

10) After reading both the PIF and IFC project documents, we had the following questions: (i) Is the facility to be backed by just one Global Brand, or a mixture of companies? (ii) how is this client determining all beneficiary investments? (iii) Will target beneficiaries all have a fiduciary relationship with this client? And (iv) What are the prospects for multiple brands to contribute to the guarantee fund?

11) Please align the co-financing table with the information presented in Annex A: Indicative Financial Terms

What is the expected premium fee to be earned by the GEF first loss guarantee fund? What is the expected default rate? What provisions will IFC take to manage and minimize default losses?

The figure in Proposed Project Investment Structure is twice in the pif.

Since the GEF and the Brand are now different instruments (we are now concessional subordinated loan) and-according to the termsheet- the Brand guarantee would be junior to us in certain repayment scenarios, this should be reflected in the graphical representation.

What do you mean by subordinated debt-like instruments? We are open to subordinated instrument but would need to fully understand how it works, which is not clear in this section and/or the termsheet (see more comments below)

We could not find footnotes that explain the now range of financing of the BRAND. As per previous comments GEF financing will be: Min [20% of IFC lending; US$ 13.7M]. Please address everywhere in the document,

The GEF interest rates will need to be paid annually back to GEF TF. The principal will be repaid at maturity (due to revolving feature) The reflow section in this part of the PIF needs to state this clearly (right now it is written as if it was still a guarantee ?Any funding that is cancelled, unutilized or reflowed during the active investment period maybe redeployed by the Facility using the same agreed eligibility and instrumentation outlined above and in accordance with Financial Procedures Agreement.)? Please address and be consistent

How we go from Phase 1 to Phase 2 is still unclear. Please explain what you expect to happen in phase 2: would IFC financing grow larger? Would other brands join this Brand 1st loss guarantee? How will that affect GEF financing?

This section needs to address how the GEF investment will work in the waterfall of payments: since the Brand provide 1st loss and we are subordinated, please clearly state here how repayment will happen; in the case of default, how would GEF recover loan? The termsheet mentioned:

All cash inflows from subprojects for will first flow to IFC, then GEF during repayment and liquidation.

Any proceeds from recovery of defaulted assets will go first to IFC to make IFC whole, and subsequently to GEF, following reflow process outlined above. The Brand FLG would be callable at the end of the subproject loan life and would be applied: (i) first, any outstanding amounts owed to IFC and (ii) second, remaining funds would be applied to split any losses the GEF investment incurred on a prorate basis through a true up payment to GEF as applicable.

Comments: Can you please separate waterfall during normal (not default scenario) for GEF and waterfall in case of liquidation or default? I,e interest/principal etc.?

We did not understand how the Brand FLG would be called at maturity only and would then pay IFC first and then GEF on a pari passu basis (with who? IFC/the Brand?) true up payment: what does that mean.

We need to clearly understand the financial structure before agreeing to it.

01/12 Additional Comments:

Cleared.

Agency's Comments

Secretariat's Comments

Corrections and clarifications are required in the Annexes, term sheets, and reflow tables.

1) The description of the guarantee is sometimes not clear. The project documents mention a pilot phase 1 ?Platform Pilot? but unclear when that period starts and ends and what phase 2 is and looks like. Also unclear what happens to GEF financing after the pilot phase.

The project document has been updated to hone-in on subordinated debt-like structure that provides more clarity on the messaging.

2) The section Initial Concept Summary: US$150 M is mentioned here as size of the financing ?depending on final level of co-financing from loan recipients? . The amount mentioned in most other sections is US$ 75 M though, please clarify. If there is co-financing from loan recipients please include in co-financing figures (right now, only IFC and Brand as co-financiers). If so, that needs to be clear throughout the document.

This has been adjusted in the project document to clarify that there is expected to be US$75 million in co-financing from loan recipients.

3) The section Use of Funds mentions water savings, which although desirable are not part of the GEF agenda. Please specifically state the use of funds for GEF investment in line GEF -8 programming priorities. On the Duration section, also it is stated that uncalled amounts will be deployed to widen the existing offer to other sectors. Again, here we would need to know how GEF funds would be deployed for GEF -8 programming directions only.

With regards to water, we would note that there is a carbon impact from avoided pumping/energy in treatment, etc, but well noted that this is not a priority GEF indicator. The project document has been updated to specify that deployment in other sectors would be for decarbonizing companies and their supply chains.

4) Instruments: the instrument requested from the GEF is a guarantee; but this section mentions other instruments like equity or concessional debt. If this is so, please include terms and conditions of the Equity/ concessional debt to be requested and the scenarios in which these instruments will be used instead of the guarantee. These terms and conditions (of multiple products) would need to be reflected in the termsheet and reflow table.

As mentioned, following guidance to present a single product we have updated the project document to focus on only subordinated debt-like investment.

5) ?Potential additional benefits to be realized from CW? please explain how this will be achieved in the Component section. We suggest add additional description on CW to the paragraph that is entitled ? Robust environmental impact?.

This will be added after discussion with the CW team.

6) Figure 1 is confusing: it looks like co-financing comes from the supplier when, our understanding is that lender would be IFC. Please explain the arrow: ?losses net of security?. Is the Brand first loss to GEF also? Financial structuring isn?t clear: are the two guarantee funds pari passu or is one senior/junior to the IFC? To other FI lending.[MM1]

Project costs are expected to be covered by IFC financing, GEF financing, and sponsor equity. We have updated the exposure table. We are finalizing the structure and propose that GEF be pari-passu with the Brands, and that both be junior to IFC/potentially other investors.

7) On financial additionality: we would need a quantification of that aspect.

Financial additionality here is providing a financial product that is not readily available in the market. There is no specific quantification, but rather a qualitative judgement made following IFC?s standard development impact assessment before investment.

8) Please provide initial list of countries in Asia and Africa that could potentially benefit from this investment.

Initial List: Bangladesh, India, Sri Lanka, Pakistan, Vietnam, Cambodia, turkey, Egypt, Mexico, Kenya

9) Please explain ?additional fund availability period? and how this would affect GEF investment, which maturity is limited to 20 years.

We have changed the wording in the project document to clarify. 20 years is the total program maturity and within it funds could be recycled.

10) After reading both the PIF and IFC project documents, we had the following questions:

(i) Is the facility to be backed by just one Global Brand, or a mixture of companies?

The Platform is expected to be with just one Global Brand, but could accommodate a mix of companies if there was appetite.

(ii) how is this client determining all beneficiary investments?

IFC determines, Brand confirms eligibility. IFC will determine which investments to make with which beneficiaries, likely with brand or external input.

(iii) Will target beneficiaries all have a fiduciary relationship with this client?

Only financial relationship is with IFC. The client?s financial relationship is expected to be only with IFC.

(iv) What are the prospects for multiple brands to contribute to the guarantee fund?

IFC is currently exploring all opportunities for brand participation and possible coordination in the investments.

11) Please align the co-financing table with the information presented in Annex A: Indicative Financial Terms

What is the expected premium fee to be earned by the GEF first loss guarantee fund? What is the expected default rate? What provisions will IFC take to manage and minimize default losses?

The instrument has changed and there will be no guarantee fee. All funds managed by IFC will follow IFC's governance protocols and DFI Enhanced Principles for the treatment of Blended concessional funds. Please see Annex G for more details on IFC's fiduciary standards.

Additional Agency Comments 11/30/23:

The figure in Proposed Project Investment Structure is twice in the pif.

We believe this was loaded into the Portal and also appears in the Concept note. We have asked the WB Coordination Unit to assist.

Since the GEF and the Brand are now different instruments (we are now concessional subordinated loan) and-according to the termsheet- the Brand guarantee would be junior to us in certain repayment scenarios, this should be reflected in the graphical representation.

The Brand guarantee is pari-passu and the table has been updated to reflect this and clearly state throughout.

What do you mean by subordinated debt-like instruments? We are open to subordinated instrument but would need to fully understand how it works, which is not clear in this section and/or the termsheet (see more comments below)

Clarified in the document.

We could not find footnotes that explain the now range of financing of the BRAND. As per previous comments GEF financing will be: Min [20% of IFC lending; US$ 13.7M]. Please address everywhere in the document,

Now addressed in the document.

The GEF interest rates will need to be paid annually back to GEF TF. The principal will be repaid at maturity (due to revolving feature) The reflow section in this part of the PIF needs to state this clearly (right now it is written as if it was still a guarantee ?Any funding that is cancelled, unutilized or reflowed during the active investment period maybe redeployed by the Facility using the same agreed eligibility and instrumentation outlined above and in accordance with Financial Procedures Agreement.)? Please address and be consistent

We have adjusted the term sheet to reflect that annual interest (if any) will be repaid to the GEF TF.

How we go from Phase 1 to Phase 2 is still unclear. Please explain what you expect to happen in phase 2: would IFC financing grow larger? Would other brands join this Brand 1st loss guarantee? How will that affect GEF financing?

Addressed in the document. There is no longer any reference to phase 1 and phase 2.

This section needs to address how the GEF investment will work in the waterfall of payments: since the Brand provide 1st loss and we are subordinated, please clearly state here how repayment will happen; in the case of default, how would GEF recover loan? The termsheet mentioned:

Addressed in the Concept note and the Termsheet.

All cash inflows from subprojects for will first flow to IFC, then GEF during repayment and liquidation.

Any proceeds from recovery of defaulted assets will go first to IFC to make IFC whole, and subsequently to GEF, following reflow process outlined above. The Brand FLG would be callable at the end of the subproject loan life and would be applied: (i) first, any outstanding amounts owed to IFC and (ii) second, remaining funds would be applied to split any losses the GEF investment incurred on a prorate basis through a true up payment to GEF as applicable.

Comments: Can you please separate waterfall during normal (not default scenario) for GEF and waterfall in case of liquidation or default? I,e interest/principal etc.?

Addressed

We did not understand how the Brand FLG would be called at maturity only and would then pay IFC first and then GEF on a pari passu basis (with who? IFC/the Brand?) true up payment: what does that mean.

Addressed.

We need to clearly understand the financial structure before agreeing to it.

IFC believes that these comments and our conversation with the Secretariat on November 21, 2023, provided the necessary additional clarification on the structure.

5.6 RISKs

a) Are climate risks and other main risks relevant to the project described and addressed within the project concept design?

b) Are the key risks that might affect the project preparation and implementation phases identified and adequately rated?

c) Are environmental and social risks, impacts and management measures adequately screened and rated at this stage and consistent with requirements set out in SD/PL/03?

Secretariat's Comments

No risk table has been provided. Please provide, as per Policy requirement.

In GEf-8 PIF template, we have categories of risks and mitigation measures; climate, environment and social, political and governance, macro-economic, strategies and policies, technical design of project or program? etc.

This table is provided in the PIF template, please use here.

01/12 Additional Comments:

Cleared.

Agency's Comments

No risk table has been provided. Please provide, as per Policy requirement.

IFC has provided an overview of Risks in the Concept. We would note that per IFC?s policies and procedures every project that is financed by IFC undergoes rigorous screening for operational, financing, environmental, social, credit and macroeconomic risks (among others). These screenings take place as the project matures and can be shared in summary with the Secretariat prior to CEO Endorsement.

We would also note that IFC is leading the market on developing screening protocols for Climate and Adaptation Risk that are applicable for private sector projects. We apply these to our to our own portfolio as well. More information on how we screen for climate risk is available at: https://www.ifc.org/en/what-we-do/sector-expertise/climate-business/setting-standards/climate-risk-and-adaptation

Q (11/20/23): We have used the GEF Risk table and included it in the Concept Note.

5.7 Qualitative assessment

a) Does the project intend to be well integrated, durable, and transformative?

b) Is there potential for innovation and scaling-up?

c) Will the project contribute to an improved alignment of national policies (policy coherence)?

Secretariat's Comments

To be assessed in next round fo comments. Insufficient information.

How does this investment align with national policies and UNFCCC mandates?

01/12 Additional Comments:

Cleared.

Agency's Comments

IFC believes it has strengthened the document to better explain the innovation, scale and replication potential of the Platform. We will look out for the Secretariat?s comments.

Additional Agency Comments 11/30/23: We have also added to the document IFC's commitment to make all of it's investments Paris Aligned by July 1, 2025. IFC is currently on track with 85% of its investments Paris aligned as of July 1, 2023. IFC assesses each project for Paris Alignment. These assessments are conducted in the context of the Bank Group?s twin goals of ending extreme poverty and promoting shared prosperity. The assessments will take into account each country?s pathway towards low greenhouse gas emissions and climate-resilient development and determine whether an activity advances, hinders, or is ?neutral? when it comes to achieving progress towards the goals of the Paris Agreement.

6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?

Secretariat's Comments

As mentioned earlier, the project has the potential to be aligned with the GEF-8 CCM Pillar 1 and CCM Objective 1.1. Accelerate the efficient use of energy and materials or even CCM Objective 1.2 Enable the transition to decarbonized power systems, the PIF doesn?t mention this alignment or articulates clearly how this would happen.

The critical importance of what "green investments" are and their alignment with GEF Programming directions is also missing.

Not addressed.

Agency's Comments

The Concept has been updated to include this language more articulately. We have also updated the supplier investment eligibility, which will include both energy efficiency metrics and small-scale renewables, which is fully aligned with both CCM 1.1 and CCM 1.2.

6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)

Secretariat's Comments Yes.

Agency's Comments

6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?

Secretariat's Comments N/A

Agency's Comments

7 D. Policy Requirements

7.1 Is the Policy Requirements section completed?

Secretariat's Comments
Cleared.

11/30 Additional comments from PPO to be addressed before clearance

01/12 Additional Comments:

PPO to confim clearance.

-
- 12/03/2023 PPO comments on Gender not addressed,

The Agency noted in the PIF:

?IFC would like to clarify that these programs, which are both IFC-led, managed and staffed, will be the primary vehicle to ensure that robust gender metrics are built into this financing platform. The text has been updated in the Project Description section and the Project components to better reflect this collaboration.?

We do not see the reflection of the above in the Project Description and Project components in the Portal. Please convey to the Agency that the changes made should also be reflected in the Portal.

Agency's Comments
Agency Comments 11/30/23: We would like to thank the PPO for their speedy review, ahead of the December 1st deadline. We believe we have answered all the open items PPO has flagged.

12/04/2023

Thank you. The PIF template (project description & components) has been adjusted to reflect changes made to the project document.

7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?

Secretariat's Comments
A description of one of IFC?s GTSF clients, Global Brand, is provided. However, it is unclear if this or other stakeholders were consulted during PIF development, and no dates of these consultations are provided. Please clarify and update in line with GEF policies.

Additional Comments from PPO 11/30

1. Stakeholder engagement: It is noted that the project has provided some general information on key stakeholder. Agency should however provide some additional information on the names of those consulted, and also further overview on plans to consult stakeholders, including civil society, in project development to develop a stakeholder engagement plan as well carry out an ESS assessment.

01/12 Additional Comments: PPO to clear.

Agency's Comments **Agency Comments 11/30/23:** We have added the recent meetings, workshops, events and other preparation into the Concept, including more details on our recent meetings with key industry contacts. These meetings are ongoing and we can provide additional details as these consultations take place.

8 Annexes

Annex A: Financing Tables

8.1 Is the proposed GEF financing (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

STAR allocation?

Secretariat's Comments Please update the final request amount and other entries in the table to match.

Agency's Comments This has been done.

Focal Area allocation?

Secretariat's Comments

The indicative focal area elements are divided into CCM-1-2 and CCM-1-3. As mentioned earlier, the project has the potential to be aligned with CCM-1-1 and CCM-1-2 as well as the Chemicals and Waste Focal area. Once you have addressed our previous comments in this regard, please ensure the financing tables are aligned with these comments.

Additional Comments 12/01

CCM FA is aligned now

CW is aligned. The low CW core indicators are acceptable understanding that during PPG, while building the pipeline and identifying the specific facilities IFC will

work to identify other opportunities to reduce hazardous chemicals and waste from the facilities and increase the core indicators for CW.

Agency's Comments Thank you for the reminder, these have been aligned.

LDCF under the principle of equitable access?

Secretariat's Comments NA

Agency's Comments

SCCF A (SIDS)?

Secretariat's Comments NA

Agency's Comments

SCCF B (Tech Transfer, Innovation, Private Sector)?

Secretariat's Comments NA

Agency's Comments

Focal Area Set Aside?

Secretariat's Comments NA

Agency's Comments

8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?

Secretariat's Comments No, PPG is not requested.

Agency's Comments

8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat's Comments
No. Please address

Policy can be found here: https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF_C.59_Inf.03_Guidelines%20on%20the%20Project%20and%20Program%20Cycle%20Policy.pdf

Additional Comments 12/01

Addressed.

Agency's Comments
We would appreciate guidance here on what is needed. From the policy, we had understood that we are offering indicative cofinancing amounts which would be confirmed later before CEO Endorsement. We confirm that the cofinancing that is listed in this proposal has not benefited from other GEF financing, nor would it be counted under any other GEF projects. The leverage ratio on investment mobilized is above 1:7x. All additional financing (non-IFC, non-GEF) will come from the project will be from the private sector.

Additional Agency comments 11/30/23: We understand from the GEF Co-financing Policy that at Concept/PIF agencies must ensure that the indicative information provided reflects a realistic expectation of the Co-Financing and Investment Mobilized that would be available to support the achievement of the objectives of the project/ program. We confirm that the co-financing reflected in the document reflects a realistic expectation of co-financing and investment mobilized. Specifically: (1) IFC co-investment amount of $75 million is documented in the IFC Concept note for this project that has been approved; (2) The Global brand's commitment of $15m for FLG is under active negotiation with the client and will be confirmed prior to CEO endorsement and (3) the $75m cofinancing from supplier factories is based on IFC's decades of experience with similar financing structures and a certain level of co-financing meeting or exceeding this threshold would be an eligibility requirement of supplier factories seeking to use the Facility's green lending.

Annex B: Endorsements

8.4 Has the project been endorsed by the country?s(ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?

Secretariat's Comments
This is a global project and is not specific to any group of countries. N/A

Agency's Comments
We would note that one of the key reasons GEF is an excellent strategic partner for this unique Decarbonization Platform is its ability finance projects globally. Currently, IFC is still developing the Concept together with our partner, the Global Brand. Once funding from GEF is secured, IFC will begin the process of moving through internal approvals to structure the financing package. During this process, we will also verify the list of initial countries where the Platform would anticipate beginning deployment. At that point, we would expect to be able to offer a courtesy notification to the relevant OFPs.

Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?

Secretariat's Comments This is a global project and is not specific to any group of countries. N/A

Agency's Comments

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's Comments This is a global project and is not specific to any group of countries. N/A

Agency's Comments
8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?

Secretariat's Comments
Please explain how you plan to do this.

Additional Comments 12/01: IFC needs to inform the OFPs of the countries already identified before this project is presented to Council in Feb 2023. Please confirm this will happen.

Agency's Comments
Agency Revised Response 12/1/23:

The IFC/GEF Platform will work across a variety of countries and may launch in several stages, depending on the final negotiations between IFC and the Brand, whose supplier factories will form the initial pipeline.

The OFPs of the potential countries that have been identified in the project will be notified prior to the posting of the work program in January 2024.

Annex C: Project Location

8.6 Is there preliminary georeferenced information and a map of the project?s intended location?

Secretariat's Comments
Additional info on which countries in Africa and Asia would be targeted is required.

Additional Comments 12/01

Addressed

Agency's Comments Understood. The initial longer list of countries has been added to the Concept.

Annex D: Safeguards Screen and Rating

8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?

Secretariat's Comments

The overall project risk classification is not available at this stage. Please address and upload ESS

Comment according to GEF policies: Agencies provide indicative information regarding any Environmental and Social Risks and potential Impacts associated with the proposed project or program; and any measures to address such risks and impacts where available. We need some type of assessment?

Also, please add (as per language in the termsheet): IFC commits to sharing the ESRS with the GEF Secretariat in advance of CEO endorsement. As a GEF Agency, the World Bank Group is aligned with GEF Environmental and Social Safeguards policies; in instances where requirements for private sector projects may differ from the World Bank, IFC will seek to review and align such requirements in accordance with IFC?s Environmental & Social policies and share this review with the GEF Secretariat in advance of CEO endorsement.

Agency's Comments

At this point it is too early to provide a risk classification. We will provide this prior to CEO endorsement.

Q 11/20/23: A) IFC would like to note that this policy is misaligned with private sector facing projects, which do not screen for comprehensive E&S risk until much later in the investment cycle. However, we believe we can share an initial screen that was prepared, which we have edited for confidentiality. We would request to not include this language in the public version of the document:

The project is a Facility that will support sustainability investments by the strategic suppliers of [the Client]. The E&S appraisal will focus on: i) review of Client?s existing E&S management system and supplier management policies and programs; ii) Client?s capacity to assess, manage, enforce and supervise E&S impacts and risks of Suppliers? operations under the Project consistently with IFC?s PSs; iii) determine the set of E&S screening and selection criteria to ensure only Suppliers with limited E&S risks are financed (high risk projects will be excluded); iv) assessment of inherent risks related to the apparel manufacturing sector (i.e. labor, including occupational health and safety, pollution control, forced labor, among others.). The structure and rules of the Facility for each Supplier will be determined based on the E&S risks and issues identified and the capacity of Client to manage the portfolio. Project countries: Bangladesh, India, *Pakistan, Sri Lanka, Vietnam, Cambodia, China, Egypt, Turkiye, and Mexico. Contextual risks include: GBVH, labor policies, workplace exclusion and discrimination, and reprisals. A site visit and additional internal E&S capacity is required to manage the project processing.*

Q 11/20/23: B) This has been included.

Annex E: Rio Markers

8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?

Secretariat's Comments Cleared

Agency's Comments

Annex F: Taxonomy Worksheet

8.9 Is the project properly tagged with the appropriate keywords?

Secretariat's Comments cleared

Agency's Comments

Annex G: NGI Relevant Annexes

8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments

Please use the latest version of the termsheet and reflow table ? from the 2nd call for proposals. The template has been simplified. Submit as separate documents uploaded to Portal.

As mentioned in previous sections there is contradictory information on the financial structure. Comments below ire for Annex G.1-Termsheet in the IFC Project documents.

1- Please be consistent throughout the documents: is the project termsheet seeking more than 1 financial instrument from the GEF? If so, please provide terms and conditions to all and financial additionality and minimum concessionality considerations in all of them.

2- The termsheet mentions co-financing of 1:10 which does not match co-financing table/ is the project size US$ 150 M or US$ 75 M? Please also address Project Financing section of the Termsheet.

3- GEF proposed financing is US$ 15M with fees (not net of fees). The description of Brand 1st loss is contradictory with additional information. Is the GEF financing 1st loss to the Brand? Pari passu? Please explain throughout the document and update the Figure 1. Please also address section in the Termsheet described as Structure and Governance.

4- The GEF suggest having the following investment amount: Min [20% of IFC lending; US$ 13.7M]

5- The GEF NGI amount, including agency fees, should be $15 million.

6- The proposal mentions the possibility of using GEF funds as other type of support after the initial pilot phase. This decision to be made during implementation cannot be made without GEFSEC CEO approval. Please consult with the GEFSEC to understand the requirements to include a concurrence mechanism into the project proposal

7- Please provide what the ?predefined eligibility criteria? means for recipients. Again, GEF financing can only go to the prioritized GEF 8 PD.

8- Exposure limits of GEF: Min [20% IFC investment; US$ 13.7 M]

9- Guarantee fees: please substitute GCF by GEF. The guarantee premium needs to be established upfront. The GEF functions at an overall investment level and needs to negotiate guarantee for the whole amount in the facility.

10- Reflows section should mention ?in accordance with Financial Procedures Agreement?

11- Please include the Brand proceeds in the cash waterfall from individual investments.

12- Termination: can be no longer than 20 years.

13- Reporting: include PIR as obligations of reporting.

14- Financial additionality: the amount of the premium needs to be justified: how a lower premium when compared to other providers would make the transaction work? This is a key aspect.

In the reflow table:

1- ?first loss guarantee in support for loans of the IFC and potentially other investors? is a new feature. If the GEF is to provide 1st loss guarantee to other investors, we need to know under which terms and conditions. Also, what would the brand role be if other investors came into the platform? Please be consistent with the information provided in the termsheet and the project description.

2- First fees repayment date for the Guarantee instrument should be 6M after investment period of the facility starts.

3- First repayment amount needs to be established: i.e. footnote 5 shall be erased and a value in terms of [50]bps x GEF guaranteed amount should be provided.

Total earnings: sum of guarantee premium during the 20 year+ guarantee unused guarantee used and recovered.

Additional comments

The structure has changed so previous comments for guarantee do not apply for subbordinared loan.

Termsheet:

Investors section:

?IFC will provide loans to suppliers that meet predefined eligibility requirements.
The eligibility criteria will be determined before seeking approval but would include mitigation?

The eligibility criteria need to meet GEF8 PD in CCM. Please include language here.

Project Financing from GEF: needs to be Min [20% IFC investment; US$ 13.7 M]

Co-Financing 163.7M needs to match tables in PIF: (where it says US$ 150M)

Currency Risk: please state how that would happen at waterfall level

Structure and Governance: language here seem to imply that the GEF amount will be separate from the IFC portfolio and not blended with it?

Unused GEF funds: we recommend using this for disbursement: needs to be Min [20% IFC investment; US$ 13.7 M] at maturity, I do not fully understand this sentence:?

Should the IFC investment window expire with excess GEF funding, the above is required to be held
in place by IFC?s existing legal agreements with clients, excess funding (if any) will be reflowed back to the GEF Trustee. Reflows would follow the same process as outlined above.

Cash Waterfall *Can you please separate waterfall during normal (not default scenario) for GEF and waterfall in case of liquidation or default? I,e interest/principal etc.?*

We did not understand how the Brand FLG would be called at maturity only and would then pay IFC first and then GEF on a pari passu basis (with who? IFC/the Brand?) true up payment: what does that mean.

Use of Concessionality: this paragraph is written for FLG from GEF when we are now providing subordinated loan. Please address.

Reporting: following GEF policies, annual reflow reporting and PIRs?

Please delete section in the termsheet on Knowledge Sharing.

-

Reflow Annex

We need to fully understand the product used to provide comments.

However, 1.5% should be on the overall GEF funding from disbursement (not on a project-by-project basis). GEF lending floor can be understood as if we are lending directly to the suppliers? please clarify.

Total interest and earnings: 1.5% on GEF funding + principal if not defaulted, not guaranteed by Brand or not recovered.

Reflow report should have a couple of scenarios provided. We do ask that for all projects under NGI

Additional Comments 12/01

Comment: Reflow report should have a couple of scenarios provided. We do ask that for all projects under NGI. Consistent with IFC's reporting obligations for GEF (for all new projects), we would provide these alternative scenarios in our reflow reporting.

All NGI projects to report bau, best and worst case. This will be required at CEO endorsement.

Additional Comments 12/01

Agency's Comments

Please use the latest version of the termsheet and reflow table ? from the 2nd call for proposals. The template has been simplified. Submit as separate documents uploaded to Portal.

As mentioned in previous sections there is contradictory information on the financial structure. Comments below ire for Annex G.1-Termsheet in the IFC Project documents.

1- Please be consistent throughout the documents: is the project termsheet seeking more than 1 financial instrument from the GEF? If so, please provide terms and conditions to all and financial additionality and minimum concessionality considerations in all of them.

Following guidance we have adjusted the concept and term sheet to propose a single instrument ? subordinated debt-like investment.

2- The termsheet mentions co-financing of 1:10 which does not match co-financing table/ is the project size US$ 150 M or US$ 75 M? Please also address Project Financing section of the Termsheet.

We further specified in the concept and terms sheet. The total project costs are approximately $164M that will come from $75M IFC loans, $13.7M GEF, $75M supplier equity.

3- GEF proposed financing is US$ 15M with fees (not net of fees). The description of Brand 1st loss is contradictory with additional information. Is the GEF financing 1st loss to the Brand? Pari passu? Please explain throughout the document and update the Figure 1. Please also address section in the Termsheet described as Structure and Governance.

The product has been updated and clarified through the document.

4 - The GEF suggest having the following investment amount: Min [20% of IFC lending; US$ 13.7M]

This amount has been incorporated through the document.

5 - The GEF NGI amount, including agency fees, should be $15 million.

This amount has been incorporated through the document.

6 - The proposal mentions the possibility of using GEF funds as other type of support after the initial pilot phase. This decision to be made during implementation cannot be made without GEFSEC CEO approval. Please consult with the GEFSEC to understand the requirements to include a concurrence mechanism into the project proposal

We would appreciate a discussion with the Secretariat to reflect a concurrence mechanism into the Project structure. We would agree to return to the GEFSEC for approval to redeploy, if such an opportunity was offered.

7 - Please provide what the ?predefined eligibility criteria? means for recipients. Again, GEF financing can only go to the prioritized GEF 8 PD.

The criteria will be defined by IFC with input from the Brand before commitment.

8 - Exposure limits of GEF: Min [20% IFC investment; US$ 13.7 M]

Addressed throughout.

9 - Guarantee fees: please substitute GCF by GEF. The guarantee premium needs to be established upfront. The GEF functions at an overall investment level and needs to negotiate guarantee for the whole amount in the facility.

The subordinated debt-like instrument pricing is updated in the project document.

10 - Reflows section should mention ?in accordance with Financial Procedures Agreement?

This is incorporated.

11 - Please include the Brand proceeds in the cash waterfall from individual investments.

This is incorporated.

12 - Termination: can be no longer than 20 years.

We agree that the GEF financing life would be 20 years. We refer to legal definition that if there are any amounts in default that the termination of the GEF investments would not be terminated until recovered or recovery efforts ceased.

13 - Reporting: include PIR as obligations of reporting.

Done.

14 - Financial additionality: the amount of the premium needs to be justified: how a lower premium when compared to other providers would make the transaction work? This is a key aspect.

GEF?s de-risking role with pricing that allows the projects to be economically viable is crucial to successful execution. The pricing will be customized on a case-by-case basis in accordance with the IFC Blended Finance principles, including minimum concessionality, as documented in the concept note.

~~In the reflow table:~~

1 - ?first loss guarantee in support for loans of the IFC and potentially other investors? is a new feature. If the GEF is to provide 1st loss guarantee to other investors, we need to know under which terms and conditions. Also, what would the brand role be if other investors came into the platform? Please be consistent with the information provided in the termsheet and the project description.

The product has been changed throughout and subordination info included.

2 - First fees repayment date for the Guarantee instrument should be 6M after investment period of the facility starts.

Product changed throughout and concept of guarantee fee no longer exists. GEF lending will include compensation as defined in concept.

3 - First repayment amount needs to be established: i.e. footnote 5 shall be erased and a value in terms of [50]bps x GEF guaranteed amount should be provided.

Product changed throughout and concept of guarantee fee no longer exists. GEF lending will include compensation as defined in concept.

Total earnings: sum of guarantee premium during the 20 year+ guarantee unused guarantee used and recovered.

Product changed throughout and concept of guarantee fee no longer exists.

Additional Agency Comments 11/30/23: IFC and GEF had a detailed conversation on structuring on November 21st and clarified the terms of the GEF funding and the role of the Brand FLG, which will be deployed not, as previously understood, at the Platform level, but at the sub-project (ie. supplier factory level). This overarching clarification addresses many of the points raised below. In addition, all these comments have been addressed in the Term Sheet and specific technical comments were added by IFC's investment team, which will be shared with the Secretariat for their records. All comments under the NGI section have been addressed. Please see below for additional details:

Additional comments

The structure has changed so previous comments for guarantee do not apply for subbordinared loan.

Termsheet:

Investors section:

?IFC will provide loans to suppliers that meet predefined eligibility requirements. The eligibility criteria will be determined before seeking approval but would include mitigation?

The eligibility criteria need to meet GEF8 PD in CCM. Please include language here.

Addressed

Project Financing from GEF: needs to be Min [20% IFC investment; US$ 13.7 M] Addressed

Co-Financing 163.7M needs to match tables in PIF: (where it says US$ 150M) ? Tables say $163.7m

Currency Risk: please state how that would happen at waterfall level Addressed

Structure and Governance: language here seem to imply that the GEF amount will be separate from the IFC portfolio and not blended with it? - Addressed

Unused GEF funds: we recommend using this for disbursement: needs to be Min [20% IFC investment; US$ 13.7 M] at maturity, I do not fully understand this sentence:?

Should the IFC investment window expire with excess GEF funding, the above is required to be held in place by IFC?s existing legal agreements with clients, excess funding (if any) will be reflowed back to the GEF Trustee. Reflows would follow the same process as outlined above.

Per IFC's reflow policy, we will release all unused funding, or funding in excess of what is required, back to GEF TF, once we have verified that there is no legal or financial claim on it. We make this calculation after the initial investment window for the Facility has expired (currently suggested at eight years, see Termsheet) and the Facility is no longer supporting new loans.

Cash Waterfall *Can you please separate waterfall during normal (not default scenario) for GEF and waterfall in case of liquidation or default? I,e interest/principal etc.?*

We did not understand how the Brand FLG would be called at maturity only and would then pay IFC first and then GEF on a pari passu basis (with who? IFC/the Brand?) true up payment: what does that mean.

Addressed

Use of Concessionality: this paragraph is written for FLG from GEF when we are now providing subordinated loan. Please address.

Addressed

Reporting: following GEF policies, annual reflow reporting and PIRs?

Please delete section in the termsheet on Knowledge Sharing.

The section has been deleted.

-

Reflow Annex

We need to fully understand the product used to provide comments. - Addressed

However, 1.5% should be on the overall GEF funding from disbursement (not on a project-by-project basis). GEF lending floor can be understood as if we are lending directly to the suppliers? please clarify.

Total interest and earnings: 1.5% on GEF funding + principal if not defaulted, not guaranteed by Brand or not recovered. Addressed.

Reflow report should have a couple of scenarios provided. We do ask that for all projects under NGI. Consistent with IFC's reporting obligations for GEF (for all new projects), we would provide these alternative scenarios in our reflow reporting.

9 GEFSEC Decision

9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

Agency's Comments

9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

Agency's Comments

Review Dates

	PIF Review	Agency Response
First Review	10/9/2023	11/17/2023
Additional Review (as necessary)	11/20/2023	11/30/2023
Additional Review (as necessary)	11/30/2023	12/1/2023
Additional Review (as necessary)	12/1/2023	
Additional Review (as necessary)	12/3/2023	