GEF-8 REQUEST FOR CEO CHILD ENDORSEMENT/APPROVAL

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General Child Project Information

Child Project Title	
Global Microfinance Initiative for Locally Led Action - South Africa	
Region	GEF Project ID
Africa	11902
Country(ies)	Type of Project
South Africa	MSP
GEF Agency(ies)	GEF Agency Project ID
World Bank	P177398
Project Executing Entity(s)	Project Executing Type
ESKOM	Private Sector
GEF Focal Area (s)	Submission Date
Multi Focal Area	1/28/2026
Type of Trust Fund	Project Duration (Months)
GET	36
GEF Project Grant: (a)	Agency Fee(s) Grant: (b)
1,000,000.00	90,000.00
PPG Amount: (c)	PPG Agency Fee(s): (d)
0.00	0.00
Total GEF Financing: (a+b+c+d)	Total Co-financing
1090000	497,000,000.00
Project Sector (CCM Only)	
Rio Markers	

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation
Significant Objective 1	No Contribution 0	No Contribution 0	No Contribution 0

Project Summary

Provide a brief summary description of the project, to offer a snapshot of what is being proposed. The summary should include: (i) what is the problem and issues to be addressed? ii) as a child project under a program, explain how the description fits in the broader context of the specific program; (iii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. (max. 250 words, approximately 1/2 page)

South Africa's transition away from coal can deliver urgent climate mitigation benefits, but also presents significant socio economic risks for workers and communities in coal dependent regions. Limited access to finance, skills, and tailored enterprise support constrains the ability of these actors—particularly women and youth—to participate in and benefit from the transition. Large scale transition investments can also create opportunities to promote social inclusion, local economic diversification, and sustained public support for phasing out coal.

This project is a child project under the Global Microfinance Initiative for Locally Led Action (ID 11901), implemented through the GEF Small Grants Program (SGP 2.0). It operationalizes the Initiative's objective of strengthening microfinance ecosystems so that local actors can deliver Global Environmental Benefits (GEBs), while contributing evidence and learning to inform scale up across countries. The project aligns with the SGP's whole of society and inclusive approach, prioritizing local action and a strong focus on women and youth, and is embedded within South Africa's national just transition efforts.

The Child Project is envisaged to strengthen South Africa's microfinance ecosystem in South Africa by building the capacity of microfinance institutions (MFIs) to deliver climate-relevant financial that strengthen livelihoods, MSMEs, and communities affected by just energy transition. GEF financing constitutes Additional Financing to the existing Eskom Just Energy Transition Project (EJETP). The Child Project will establish and operationalize a tailored MSME Growth Fund within an existing MFI, directly linking microfinance solutions to the EJETP and embedding locally led action within the transition process. Through this mechanism, the project will provide direct financing and business support to targeted MSMEs, targeting workers and communities in transition-affected areas, as reflected in the Results Framework. GEF resources will catalyze the Fund through a blended finance structure and support its initial capitalization, governance arrangements, eligibility criteria, and investment guidelines, as well as associated technical assistance. Through this mechanism, MFIs will act as primary providers of capital to local MSMEs, while generating evidence to inform integration and scale-up within the national just transition program.

During the project period, the Fund is expected to provide direct financial support—such as small loans and blended products—together with business development services to 110 MSMEs. Targeted MSMEs are locally owned micro and small enterprises and early stage small businesses in coal affected regions, operating in or transitioning toward low carbon, climate resilient activities, including renewable energy services, energy efficiency, and local supply chains linked to the repurposing of the Komati Power Station. The Fund will prioritize women and youth owned or managed enterprises.

Expected results include increased access to finance for women and youth led MSMEs, strengthened MFI capacity, job creation and economic diversification linked to renewable energy value chains, and enhanced community participation in transition planning. The project supports Climate Change Mitigation (CCM) GEBs by reinforcing the EJETP's coal phase out and repurposing activities, which deliver avoided greenhouse gas emissions and reductions in local air pollution. The project is expected to directly benefit approximately 15,000 people (50% women, 40% youth), strengthening community resilience and reinforcing durable climate mitigation outcomes.

Child Project Description Overview

Project Objective

The objective of the Child Project objective is to strengthen the microfinance ecosystem in South Africa by enabling MFIs to deliver climate-relevant financial products that support inclusive livelihoods, MSME growth, and community participation in the just energy transition, while leveraging the Eskom Just Energy Transition Project (EJETP) and contributing to learning and scale up under the Global Microfinance Initiative. It contributes to the EJETP's project development objective, which is to (i) decommission the Komati coal-fired power plant, (ii) repurpose the project area with renewables, and (iii) create opportunities for workers and communities during the transition process, with particular relevance to the third objective.

Project Components

Direct support to South Africa for microfinance ecosystem strengthening to support the just energy transition

Component Type	Trust Fund
Investment	GET
GEF Project Financing ($)	**Co-financing ($)**
900,000.00	497,000,000.00

Outcome:

Outcome 1.1: Strengthened capacity of microfinance institutions to contribute to the just energy transition, by supporting sustainable livelihoods, MSME growth, and enhanced community engagement in transition planning.

Outcome 1.2: Key non-state actors (MSMEs, women, youth) and other stakeholders are equipped to engage with microfinance institutions and participate in the just energy transition.

Output:

Output 1.1: Direct support to MFIs, including capacity building and technical assistance, on product design and delivery of financial services to support the just energy transition.

Output 1.2: Establishment and operationalization of a tailored MSME Growth Fund within an existing microfinance institution to provide direct financing and business support, driving job creation and socio-economic opportunities for workers and communities.

Output 1.3: Direct support to local MSMEs, delivered through the MSME Growth Fund, including financing, business skills development, and capacity building to support their participation in renewable energy and economic diversification efforts linked to the Just Energy Transition.

Output 1.4: Direct support to women and youth to engage in the design of microfinance solutions and their use of products and services to support the growth of their MSMEs

Component 2: Strengthening knowledge & learning on the role of microfinance in supporting local climate action and the just energy transition

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	**Co-financing ($)**

60,000.00	

Outcome:

Outcome 2.1: Key actors (donors, national and local governments, private sector, etc.) have an improved understanding of local financing gaps and opportunities for supporting the just energy transition through microfinance.

Outcome 2.2: New and strengthened partnerships (including public private partnerships) are established to support learning, dialogue and innovation on the use of microfinance for local climate action

Output:

Output 2.1: Evidence, lessons and perspectives from South Africa are incorporated in training materials, knowledge products, and publications developed under the Global Microfinance Initiative on the contribution of microfinance to local climate action.

Output 2.2: Target beneficiaries (MFIs, women- and youth-led MSMEs, other stakeholders) actively participate in global knowledge exchanges and peer learning activities facilitated under the Global Microfinance Initiative

M&E

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
30,000.00	

Outcome:

Outcome 3.1: Increased availability of evidence on good practice of strategic resources to expand access to microfinance in support of the just energy transition

Output:

Output 3.1: A project level monitoring and evaluation framework aligned with the Global Microfinance Initiative's results framework is implemented, including regular data collection and reporting on agreed indicators.

Output 3.2: Monitoring data, results, and lessons learned from South Africa are synthesized and shared with the Global Microfinance Initiative to inform global reporting (PIRs, MTR, TE), knowledge products, and learning activities

Component Balances

Project Components	GEF Project Financing ($)	Co-financing ($)

Direct support to South Africa for microfinance ecosystem strengthening to support the just energy transition	900,000.00	497,000,000.00
Component 2: Strengthening knowledge & learning on the role of microfinance in supporting local climate action and the just energy transition	60,000.00	
M&E	30,000.00	
Subtotal	**990,000.00**	**497,000,000.00**
Project Management Cost	10,000.00	
Total Project Cost ($)	**1,000,000.00**	**497,000,000.00**

Please provide Justification

Component 1 of the Child Project will leverage $497,000,000 of co-financing through the Word Bank-financed Eskom Just Energy Transition Project, while Components 2 and 3 will be supported by or implemented at the global level as part of the Global Microfinance Initiative (project ID 11903). Overall project management will be carried out through the EJETP, ensuring timely implementation, fiduciary oversight, and alignment with the Global Microfinance Initiative and national just transition efforts.

CHILD PROJECT OUTLINE

A. PROJECT RATIONALE

Describe the current situation: the global environmental problems and/or climate vulnerabilities that the project will address, the key elements of the system, and underlying drivers of environmental change in the project context, such as population growth, economic development, climate change, sociocultural and political factors, including conflicts, or technological changes. Since this is a child project under a program, please include an explanation of how the context fits within the specific program agenda. Describe the objective of the project, and the justification for it. (Approximately 3-5 pages) see guidance here

Child Project Linkage to the Eskom Just Energy Transition Project

Additional Financing (AF) of US$1 million from the GEF is proposed for South Africa under the Eskom Just Energy Transition Project (EJETP, P177398). This AF is to be provided through the GEF SGP 2.0–financed Global Microfinance Initiative (GMI) for Locally Led Action and is intended to complement the parent project by strengthening microfinance-based solutions that support workers, MSMEs, and communities affected by the energy transition.

South Africa's just energy transition is a national priority driven by high emissions intensity and socio-economic vulnerability. As the largest greenhouse gas emitter in Africa, South Africa has committed to transitioning toward a low-carbon and climate-resilient economy by 2050. The power sector is central to this effort, accounting for approximately 41 percent of national CO_2 emissions, with coal-fired generation providing the majority of electricity supply. The Government of South Africa, with support from the World Bank and development partners, is pursuing a just transition approach that balances decarbonization objectives with employment, livelihoods, and social inclusion considerations.

The EJETP serves as South Africa's first demonstration project for coal plant decommissioning and repurposing under the Just Energy Transition Strategy. Approved by the World Bank Board on November 3, 2022, and effective since July 28, 2023, the EJETP's Project Development Objective is to (i) decommission the Komati coal-fired power plant, (ii) repurpose the project area with renewable energy, and (iii) create opportunities for workers and communities during the transition process. The project is financed by US$439.5 million in IBRD lending and US$47.5 million in grant financing, totaling US$497 million.

The EJETP is structured around three components. Component A supports the decommissioning of the Komati plant and associated emissions reductions; Component B finances the repurposing of the site with renewable energy generation and battery storage to enhance energy security; and Component C focuses on mitigating socio-economic impacts and creating new opportunities for workers and communities affected by the plant closure.

The proposed GEF Additional Financing aligns with and contributes to Component C by enabling locally led, inclusive livelihood and enterprise support through microfinance. By leveraging the EJETP platform, the AF integrates the Global Microfinance Initiative’s objectives into a national-scale just transition investment, strengthening the capacity of local financial institutions to support climate-relevant livelihoods and MSME development while generating learning for scale-up under the broader GEF SGP 2.0 program.

The proposed GEF Additional Financing does not alter the EJETP’s scope or development objectives but enhances its socio-economic transition outcomes by addressing a critical financing gap at the local level. While the EJETP creates the enabling conditions for economic diversification and community participation, GEF support enables microfinance institutions to translate these opportunities into actionable, inclusive financial solutions for MSMEs and households that would otherwise be excluded from the transition. While the Eskom Just Energy Transition Project provides substantial co-financing at the program level, GEF resources under this Child Project represent the primary funding directly dedicated to microfinance interventions. The broader EJETP investment envelope serves as an enabling platform that creates demand, pipelines, and institutional conditions for microfinance-supported MSME and livelihood activities, rather than financing microfinance operations directly.

Child Project Country and Sector Context

South Africa faces acute climate, environmental, and socio-economic challenges as it transitions away from coal-based energy production. Coal-dependent regions, particularly in Mpumalanga Province, are highly exposed to climate risks, environmental degradation, and transition-related economic shocks. Workers, micro and small enterprises, and surrounding communities—especially women and youth—are disproportionately vulnerable due to limited access to finance, skills, and alternative livelihood opportunities. At the same time, national efforts to decarbonize the power sector, including through the EJETP, are creating new opportunities linked to renewable energy, local economic diversification, and community-level participation in transition planning.

However, a critical constraint in this system is the limited capacity of local financial institutions to channel climate-relevant finance to affected populations. While microfinance institutions (MFIs) are deeply embedded in local economies and well positioned to reach vulnerable groups, most lack the technical capacity, financial instruments, and risk-management tools required to support climate mitigation and just transition activities at scale. This gap limits the ability of communities and MSMEs to respond effectively to climate change and the economic and social impacts of the just energy transition.

Fit within the Global Microfinance Initiative (ID 11901) and GEF SGP 2.0

This child project is implemented under the Global Microfinance Initiative for Locally Led Action, supported by the GEF SGP 2.0. The Global Microfinance Initiative responds to a systemic gap in climate finance: while local actors are essential for delivering durable climate outcomes, less than 17% of climate finance reaches the local level. The program addresses this gap by strengthening microfinance ecosystems so that local financial institutions can serve as engines of locally led climate action, while generating evidence and learning to inform scale-up.

In South Africa, the child project operationalizes this agenda by embedding microfinance solutions within a national-scale just transition investment. It leverages the EJETP—specifically its focus on creating opportunities for workers and communities—as a platform to test, refine, and scale climate-relevant microfinance products and services that directly support local participation in the transition. In doing so, the project aligns with the GEF SGP 2.0 emphasis on inclusive, whole-of-society approaches and the integration of social, economic, and environmental objectives.

Project Objective and Justification

The objective of the Child Project is to strengthen the microfinance ecosystem in South Africa so that MFIs can deliver climate-relevant financial products that support inclusive livelihoods, MSME growth, and community participation in the just energy transition, while contributing to learning and scale-up under the Global Microfinance Initiative. The Child Project contributes to the overall Project Development Objective of the EJETP, which remains unchanged.

GEF financing is justified as catalytic support to address market and institutional failures that currently prevent MFIs from serving climate objectives. The project will use GEF resources to (i) build MFI capacity in areas such as climate risk screening, product design, and business planning; (ii) establish and operationalize a tailored MSME Growth Fund within an existing MFI; and (iii) bundle finance with complementary business development and capacity-building services for beneficiaries. This approach de-risks innovation, enables MFIs to pilot new products linked to renewable energy and economic diversification, and ensures that vulnerable groups can access and benefit from transition-related opportunities. Sustainability of microfinance interventions is addressed through the design of the MSME Growth Fund as a revolving, blended-finance vehicle embedded within existing microfinance institutions and the EJETP implementation framework. GEF support focuses on initial capitalization, product development, and technical assistance, while MFIs retain ownership of client relationships and portfolios. Over time, the Fund is expected to recycle capital, leverage additional financing, and reduce reliance on concessional support as products mature and institutional capacity strengthens.

Global Environmental Benefits and Expected Results

The project contributes to Global Environmental Benefits by enabling locally led actions that support low-carbon development, climate resilience, and sustainable livelihoods. By expanding access to climate-relevant finance, the project supports MSMEs and communities to engage in renewable energy value chains, adopt cleaner technologies, and diversify economic activities away from carbon-intensive sectors. Adaptation benefits are also generated through improved resilience of households and enterprises to climate and transition-related shocks, supported by financial products that help manage risk and invest in new livelihoods.

Consistent with the GEF SGP 2.0 vision, the project prioritizes women and youth as key agents of change and strengthens local institutions rather than relying on one-off grants. Expected results include strengthened MFI capacity, increased access to finance for targeted MSMEs, job creation and livelihood diversification in coal-affected regions, enhanced community engagement in transition planning, and the generation of evidence and lessons to inform replication in South Africa and beyond.

Roles of Key Stakeholders

Microfinance institutions are the primary delivery agents, responsible for developing and offering climate-relevant financial products and services. MSMEs, workers, and communities—particularly women and youth—are the primary beneficiaries and active participants in shaping and using these financial solutions. Government counterparts and transition stakeholders provide the policy and institutional framework, while civil society organizations support outreach, inclusion, and accountability. The World Bank and GEF play a catalytic role by providing concessional finance, technical assistance, and a platform for learning and scale-up under the Global Microfinance Initiative.

The project will adopt a multi-stakeholder approach to strengthen the role of microfinance in supporting South Africa's just energy transition, with stakeholders playing complementary roles across the three components.

- **Under Component 1:** Direct Support to South Africa for Microfinance Ecosystem Strengthening, MFIs, savings and credit cooperatives, community finance providers, and fintech lenders will serve as primary delivery agents, developing and piloting climate-relevant financial products such as financing for renewable energy, energy efficiency, climate-resilient livelihoods, and small business development in transition regions. MSMEs, workers, and communities—particularly women, youth, and those affected by coal-sector transitions—will be the primary beneficiaries and active participants, helping identify financing needs and utilizing tailored financial solutions. Government counterparts, including national and provincial authorities and municipalities (e.g., National Treasury, Department of Energy and Electricity, Department of Small Business Development

- Department of Trade, Industry and Competition, Just Energy Transition Project Management Unit under the Presidency, Presidential Climate Commission, etc), will provide policy guidance and help create an enabling environment, while civil society organizations and community-based groups will support outreach, inclusion, and beneficiary capacity-building.

- **Under Component 2:** Strengthening Knowledge and Learning, research institutions, microfinance networks, and development partners will support analytical work, documentation of lessons, and development of operational guidance to inform scaling and replication. Participating MFIs and beneficiaries will contribute implementation experience, while learning events, knowledge products, and peer exchanges will disseminate findings and strengthen the broader ecosystem for climate-aligned microfinance.

- **Under Component 3:** Monitoring and Evaluation and Project Management, the World Bank and GEF will play a catalytic role by providing concessional financing, technical assistance, and implementation support, while facilitating knowledge sharing under the Global Microfinance Initiative. The Eskom project management team, Eskom Just Energy Transition Unit and implementing partners will coordinate activities, monitor results, and ensure reporting, with participating institutions, government partners, and beneficiaries contributing data and feedback.

Across all components, the private sector will play a critical role by acting as financial providers, market enablers, and technical partners to scale climate-aligned microfinance solutions. In addition to supporting MFIs through co-financing, risk-sharing, and capacity building, renewable energy and green technology companies will help create viable investment opportunities for MSMEs and households. Private companies operating in transition regions will also contribute to job creation, supply chain development, and market linkages for supported enterprises. In addition, private sector stakeholders will contribute to knowledge sharing, innovation, and data provision for monitoring and evaluation, helping ensure that project interventions are market-driven, financially sustainable, and scalable in support of South Africa's just energy transition. Further, across all components, the project will implement structured stakeholder engagement, including consultations during design, targeted outreach to women and youth, technical workshops, policy dialogue, and participatory monitoring, ensuring inclusive, responsive, and scalable microfinance solutions that support livelihoods and local climate action in South Africa's just energy transition.

B. CHILD PROJECT DESCRIPTION

This section asks for a theory of change as part of a joined-up description of the project as a whole, including how it addresses priorities related to the specific program, and how it will benefit from the coordination platform. The project description is expected to cover the key elements of good project design in an integrated way. It is also expected to meet the GEF's policy requirements on gender, stakeholders, private sector, and knowledge management and learning (see section D). This section should be a narrative that reads like a joined-up story and not independent elements that answer the guiding questions contained in the guidance document. (Approximately 3-5 pages) see guidance here

The World Bank in partnership with the GEF launched the Global Microfinance Initiative for Locally Led Action (ID11901), of which this is a Child Project. This Global Initiative's development objective is to strengthen the ecosystem for microfinance in selected countries and improve global knowledge and implementation of microfinance in locally led climate and biodiversity action. It will support the integration of microfinance activities into national-scale projects on locally led climate and biodiversity action run by the Bank to test the effectiveness of microfinance as a tool for environmental and social goals. In addition to South Africa, funds will be dispersed to six other countries under this global program for ground-level activities: Brazil, Colombia, Madagascar, Nigeria, Tanzania, and Türkiye (see Table 1). To amplify results, scale up solutions, and engage in the critical discussions needed for enduring partnerships and unlocking of further funding, this initiative will also include a global knowledge and learning component, which will involve an additional set of countries and stakeholders beyond those involved in the ground-level pilots. As a Child Project of the Global Microfinance Initiative, this project will leverage and constitute Additional Financing to the World Bank-financed Eskom Just Energy Transition Project (EJETP) in South Africa. The EJETP will benefit from the Knowledge and Learning and Monitoring and Evaluation components of the parent program.

Table 1. Beneficiaries and GEBs per each participating country.

Country	National-scale Bank Project	Connection to GEBs	Beneficiaries
Brazil and Colombia	Social Inclusion in Latin America and the Caribbean Region	Multi – Adaptation, mitigation, & biodiversity	IPs
Madagascar	Madagascar Landscape / Seascape Management and Lemur Bond Project (LSMP)	Multi: Adaptation, mitigation, biodiversity, & land degradation	Women and youth
Nigeria	Nigeria for Women Program Scale Up Project	Adaptation	Women
South Africa	Eskom Just Energy Transition Project (Komati)	Mitigation	Women and youth
Tanzania	Project for Advancing Gender Equality in Tanzania (PAMOJA)	Multi: Adaptation & mitigation	Women
Türkiye	Türkiye Socially Inclusive Green Transition Project (SoGreen)	Multi: Adaptation & Mitigation	Women and youth

Funding from organizations like the GEF and WBG–as sources of concessional and catalytic finance–have proven essential to fuel the microfinance system. These international organizations can enable MFIs to offer services at more concessional rates and at higher volumes, making microfinance more affordable and accessible to vulnerable populations. The potential of microfinance to advance financial inclusion and economic empowerment/growth is clear: over 1.7 billion adults globally lack access to basic transaction accounts, the majority of which are poor and female. Additionally, at least 70% of MSMEs in emerging markets lack adequate financing to thrive and grow. The financing gap for MSMEs is an estimated $5.2 trillion and for informal MSMEs, $2.9 trillion. This global program will target regions where there is additional opportunity for growth–Latin America and Caribbean, Africa, and Europe and Central Asia; working to get financing not only to MFIs so that they can develop new instruments, but also to ensure these MFI offerings reach target beneficiaries like female heads of household, youth entrepreneurs, Indigenous cooperatives, and MSMEs. Through this program, the World Bank and GEF will also demonstrate to other funders the potential role of microfinance institutions in catalyzing and sustaining locally led climate and biodiversity action. The model of support provided–a blend of direct transfers to MFIs and technical assistance to MFIs, governments, beneficiaries, and other critical stakeholders–will also serve as a blueprint that others can follow.

The EJETP is an unmissable opportunity for testing the role of microfinance as part of the solution set for the just transition, by offering new microfinance products and services to workers and communities affected by the decommissioning of the Komati coal-fired power plan. The project takes a geographically concentrated approach within the 'coal belt' of South Africa, including the Mpumalanga province (Komati) and districts of Nkangala and Gert Sibande District Municipalities (the municipalities most affected by coal transition). Because of the connections between social identity and climate migration/economic disparity, the financial services developed by MFIs using the country funds in South Africa will focus primarily, though not exclusively, on women and youth. This is consistent with the focus of the Eskom project and country's just transition strategy on encompassing the whole of the economy and society, with particular emphasis placed on safeguarding those most vulnerable to the transition ahead.

South Africa's enabling environment for microfinance is shaped by a combination of regulatory frameworks, private sector engagement, and efforts to enhance financial literacy. Key policies such as the National Credit Act (NCA) and the Financial Sector Charter provide a foundation for promoting financial inclusion and responsible lending practices. However, the absence of microfinance-specific legislation limits tailored support for MFIs and MSME development. Organizations like the Development Microfinance Association (DMA) advocate for improved policies to address these gaps and enhance the capacity of MFIs to serve SMEs and informal enterprises. These efforts are crucial for expanding access to finance, particularly for rural and marginalized communities.

Despite progress in financial literacy through programs by organizations like the Momentum Group Foundation and the ASISA Foundation, limited financial education remains a significant barrier for SMEs, particularly in rural areas. High failure rates among MSMEs—estimated at over 70% within the first seven years—highlight the need for enhanced incubation programs, mentorship, and training to address challenges such as access to finance and managerial skills. While South Africa's financial inclusion efforts have laid the groundwork, additional support is needed to bridge gaps in regulatory frameworks, strengthen institutional capacities, and equip microfinance institutions to effectively contribute to climate resilience, biodiversity conservation, and inclusive economic development. The technical assistance provided to MFIs and other stakeholders through the program will be critical contributions to overcoming these hurdles.

Figure 1. Theory of change

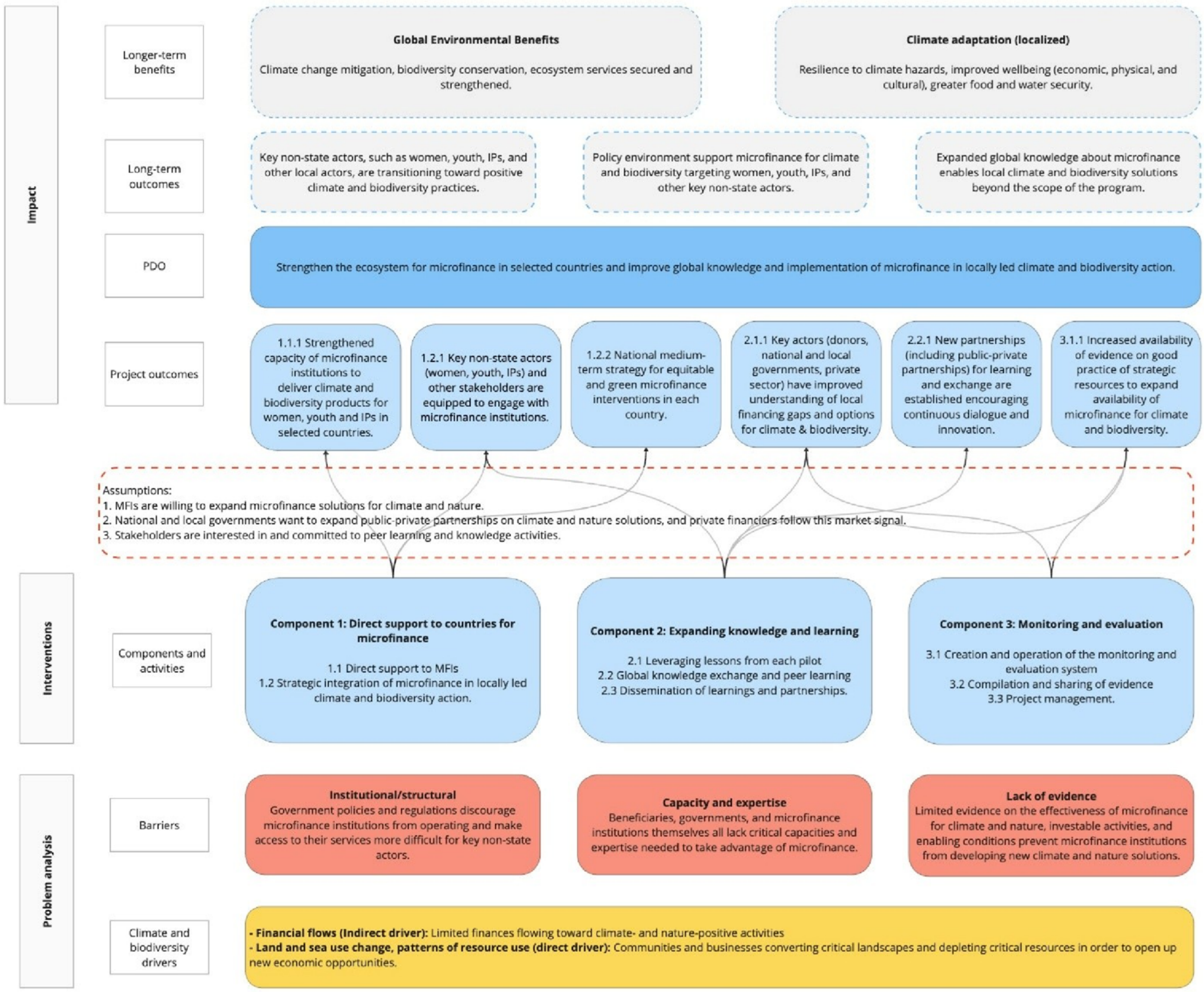
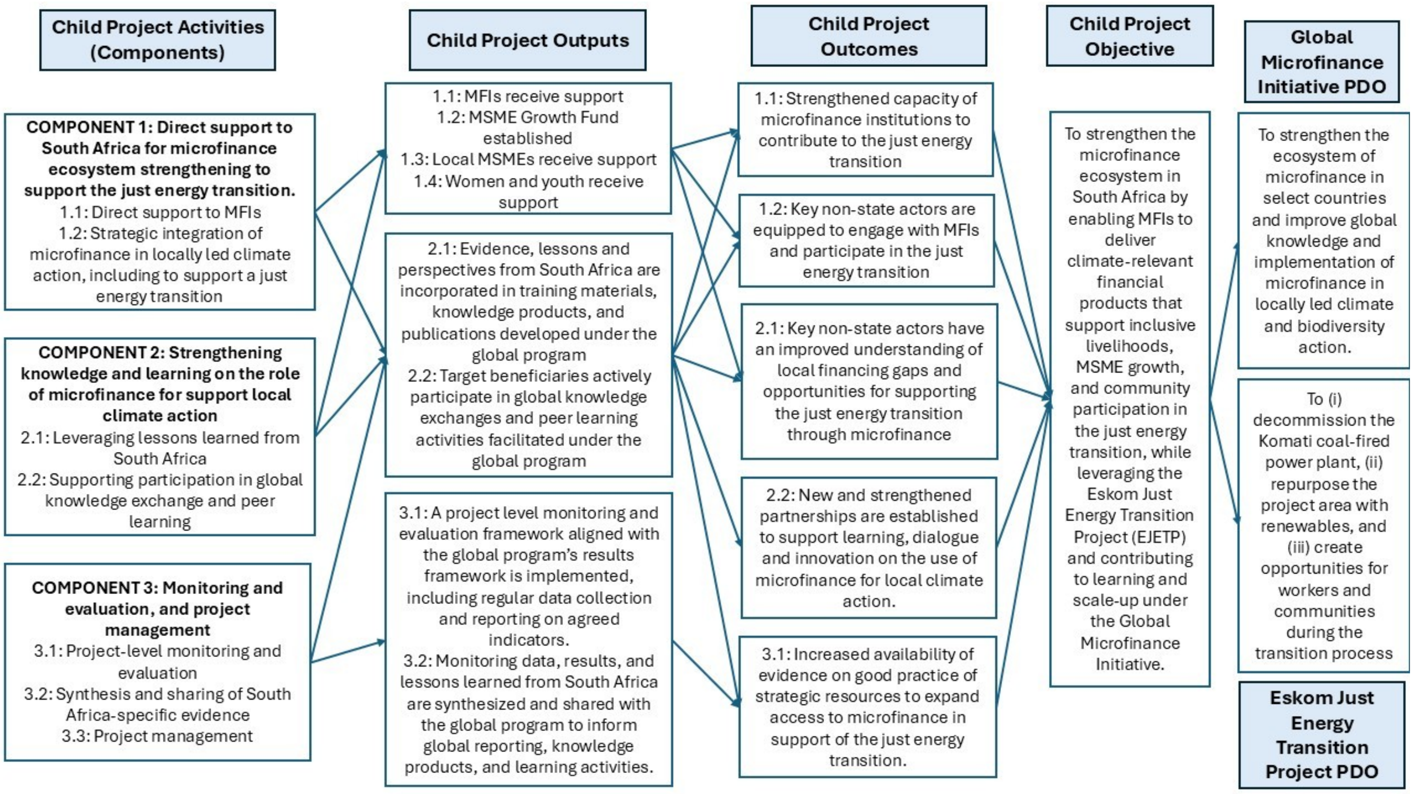


Figure 2. South Africa Child Project TOC



Activities to be undertaken through the Child Project

The Global Microfinance Initiative is designed as a World Bank–led global advisory program to provide technical assistance and pilot investments in seven selected countries to support the development of their microfinance ecosystems. In six participating countries, the program is executed by the World Bank in close coordination with national counterparts and implementation units to enable scale-up and impact. Global knowledge and learning activities further support the dissemination and replication of innovative approaches beyond the initial pilots and into additional countries. For South Africa, consistent with the Additional Financing structure, implementation responsibilities differ by component. Component 1 activities are implemented through the Eskom Just Energy Transition Project (EJETP) by Eskom Holdings SOC Ltd, while Components 2 and 3 are implemented by the World Bank under the global program, ensuring alignment with national implementation arrangements while contributing to global learning and scale-up.

Supporting microfinance initiatives through this global program will help demonstrate how targeted assistance to microfinance institutions and MSMEs can be leveraged to ensure a just and equitable transition to a low-carbon economy while fostering inclusive growth, innovation, and sustainability. Microfinance institutions will be supported as primary providers of private capital to MSMEs to promote a just energy transition in the Komati area and broader coal belt. Expected activities include establishing a tailored MSME Growth Fund within an existing microfinance institution (to be identified through the implementation of the additional financing, through direct contracting between the Project Implementation Unit and the Implementing Agency) to drive job creation and socio-economic opportunities for workers and communities. The Fund will provide local MSMEs – prioritizing those owned by women and/or youth – with financing, business skills development, and capacity-building, enabling their participation in renewable energy and economic diversification efforts linked to the Komati Power Station's repurposing strategy and broader Just Energy Transition initiatives supported by the government, donors, and the private sector. Expected outcomes include sustainable livelihoods, MSME growth, and enhanced community engagement in transition planning.

The activities will thus focus on women and youth as primary beneficiaries. The innovative microfinance solutions developed through the activities are expected to address the barriers that women and youth face in accessing and effectively using microfinance products and services to support the growth of their MSMEs. These stakeholders will be actively engaged in the design of these, consulted on their experience interacting with MFIs and using these products, and involved in knowledge and learning discussions with other stakeholders.

Component 1: Direct support to South Africa for microfinance ecosystem strengthening to support the just energy transition (US$900,000 GEF)

This component strengthens South Africa's microfinance ecosystem by providing direct support to MFIs, governments, local beneficiaries, and other actors. It aims to enable MFIs to design and deliver climate-relevant financial products and services that support inclusive livelihoods, MSME growth, and community participation in the just energy transition. As such, activities under this component will contribute to the attainment of the global initiative's targeted outcomes by positioning MFIs to support communities and other local actors in their efforts to adapt to environmental changes and energy transitions, creating cross-scale benefits from the local to global level. At the same time, following best practice, these activities will increase the capacity and engagement of actors like governments and private sector actors to develop local-scale solutions on climate (including just transition), positioning them to work with MFIs to provide a holistic package of support to local actors. This component leverages the Eskom Just Energy Transition Project (EJETP) and contributes to evidence generation and scale-up under the global program.

Specifically, this component will establish a MSME Growth Fund under an existing MFI be selected by the Project Implementation Unit and the Implementing Agency of the EJETP. The MSME Growth Fund will be capitalized at approximately ZAR 40 million through a blended-finance structure, combining ZAR 13 million in Eskom grant funding under the EJETP, US$900,000 under this component, and additional debt financing. Through these instruments, the Fund will provide direct financing and business support to approximately 110 MSMEs, with downstream benefits reaching an estimated 15,000 beneficiaries through job creation, income generation, and participation in transition-related value chains. The Fund will provide direct project loans, term loans, and targeted grants and business development support to MSMEs operating in and around the Komati Power Station and participating in the just energy transition value chain. The Fund will be designed as a revolving vehicle, with loan repayments recycled to finance new investments, while grant resources provide first-loss protection and technical assistance to enhance sustainability. As such, this MSME Growth Fund will undertake the activities under Component 1 described below. Fund management, technical assistance, and fiduciary oversight will be provided by the selected MFI under Eskom governance structures, drawing on dedicated grant resources within the Fund to support product development, MSME readiness, and portfolio performance, ensuring integration with EJETP implementation and enabling scaling of successful approaches.

Sub-component 1.1: Direct support to MFIs

This sub-component will improve the capacity of MFIs in South Africa to develop financial products that can deliver on the coupled objectives of climate action (including supporting the just energy transition) and the empowerment of women and youth. This sub-component will direct grants, technical assistance, and capacity-building to MFIs to support their delivery of products and services to targeted beneficiaries, through the establishment of the MSME Growth Fund under an existing MFI. The World Bank will identify national and global expertise to support the MFIs under this subcomponent.

Activities undertaken by the MSME Growth Fund under sub-component 1.1 may include a combination of the following, in line with those to be undertaken in other pilot countries participating in the Global Microfinance Initiative:

Curriculum and materials for training sessions and workshops. Training materials (including toolkits) will help MFIs increase their baseline knowledge of climate and just energy transition, of how to design products that can help local actors decrease risks and position them to explore opportunities associated with these agendas. Training materials will include insights from Component 1 and ensure that MFIs are sensitive to the specific needs of the vulnerable groups they are seeking to support. Where possible, these materials will draw from those already existing, e.g., the masterclass for financial institutions on climate, being developed by the Global Center for Adaptation. These resources should help MFIs integrate financing options that can support green technologies, sustainable agricultural practices, enhanced climate resilience, and other environmentally friendly projects that provide both economic and environmental benefits.

Training sessions for MFI staff on core topics: climate, just energy transition, financial inclusion, sustainable business models for innovation, inclusion of vulnerable groups. These activities will help provide technical training to MFI staff, bringing them up to speed on core topics like climate, just transition, environmental terminology, national climate regulations and policy frameworks (including NDCs, NAPs, NBSAPs, and EWS), international green financial legislation, financial inclusion, and specific issues for vulnerable groups. Topics will also include emerging technologies like digital platforms and artificial intelligence (AI) that may be used to support their development and delivery of products. To support their understanding of potential products and services that can be developed, trainers will share case studies from around the world. Technical content is expected to cover preferred indicators for climate and just transition progress, applying local and global knowledge to guide product design, accounting for variables that may cause disruption or change delivery conditions (e.g., changes in interest rates and digital technology), and the economic transition priorities for the given country. Training sessions will introduce MFIs to considerations for product and service design, developing the internal business case, and managing risk in this evolving space.

Generate foundational resources for MFIs, e.g., a shortlist of potential products and services and a beta taxonomy of investable green activities. Work with MFIs and other knowledge and implementation partners to develop these references. These resources can guide investment and coordination on climate finance amongst MFIs and other financial service providers, as well as other stakeholders, including community groups, local governments, national governments, and public financial institutions like the World Bank. The taxonomy will follow international best practices, outlining economic activities in different sectors that can be supported (e.g., through livelihoods support or business loans) and the appropriate product design under different uncertainty scenarios. MFIs are the primary target audience for these resources, but they may also be beneficial for other institutions working on climate and just transition finance. Potential products and services offered by MFIs through the pilot could include loans, grants, savings accounts, index-based insurance schemes, and direct cash transfers. The actual development and delivery of MFI products to local beneficiaries will depend on factors like client demand, climate and just transition priorities, types of products and services already offered by the MFI, and appetite for innovation. These factors driving product development will be documented through the program's knowledge activities.

Support MFIs with rapid beneficiary and government needs assessment. Collect data (new or existing) to understand local communities' 'demands' for wellbeing (as it relates to climate and just transition action) and financial support, as well as governments' needs for delivery on key climate and socioeconomic goals. Evaluate differences in these norms for vulnerable groups and the rest of the population. Surveys should include all types of technical support for climate and just transition action, not excluding data/information (gathering and dissemination) and technology and skills for monitoring, evaluation, and reporting.

Workshops with experts on product design and impact measurement. Use workshops to identify adjustments to MFIs' current offerings or new services/products to be made available for targeted beneficiaries and outcomes.

Mentoring and one-on-one support to MFIs to develop new product offering. Selected MFIs to receive one-to-one support from technical experts (e.g., from IFC) as MFIs move through the processes of product and service development (including product design, internal validation, and piloting with target audiences). Depending on MFIs' needs, this may include operational and business support, e.g., how to develop the business case; articulate and counter any risk, operational, and financial implications; and persuade the management team to test the product.

MFIs establish systems for tracking impact and evaluating effectiveness. Based on guidance from technical experts, MFIs will develop systems for tracking the impact of their new or improved products and services. These can be embedded within their existing corporate practices and reporting structures or separate for the purpose of reporting under the initiative. Through these systems, MFIs will identify adjustments and additional developments (e.g., interactive digital tracking systems) needed to progress toward the established goals.

Establish necessary conditions on products and services for MFI integration. For instance, MFIs may need to make adjustments to: ensure that financial products are climate proof (e.g., have terms such as repayment schemes, that are flexible, allowing for repayment delays due to climate shocks) and nature-positive (e.g., prohibit use of loans for activities that convert intact ecosystems); encourage adaptation and mitigation (e.g., are accessible only if borrowers already take steps toward adaptation, such as buying a house in a less vulnerable location, or buying more drought resistant seeds) and/or regeneration and restoration (e.g., loans to farmers may require they plant a certain amount of native or pollinator-friendly plants), and that are more just/equitable than other available financial products (e.g., emphasize, where possible, grants and direct transfers); in cases where MFIs will require the public sector to meet the necessary terms (e.g., to support mass deferments of loans in the case of a large-scale shock), begin to incorporate these needs into briefings for policy dialogues; integrate climate information and planning tools to ensure that financial product/service delivery accounts for climate risks; and provide technical assistance to MFIs to integrate actionable climate data, including training on climate science, indicator interpretation, monitoring and reporting tools. These may not be immediately able to be integrated within MFIs at scale (i.e., for all offerings).

Product and service delivery to selected beneficiaries. Through small pilots or wider roll-out models, MFIs will deliver products and services to beneficiaries. Delivery will cover all stages of client onboarding, including gathering of initial data (e.g., credit score, savings, environmental baselines), product/service provision, real-time monitoring of client progress toward environmental objectives, and collection of fees or other forms of repayment (as applicable).

Gather feedback from beneficiaries on MFI delivery. Beneficiaries will provide feedback directly to MFIs and country partners to inform adjustments to MFI operational models and product offerings.

Sub-component 1.2: Strategic integration of microfinance in locally led climate action, including to support a just energy transition

This sub-component will focus on the microfinance system as a whole to ensure the strategic integration of MFIs supported under sub-component 1.1. This system-level focus can help the Global Microfinance Initiative respond to barriers and position microfinance institutions to support the just energy transition in South Africa. Activities under this sub-component will be undertaken in coordination with relevant financial sector stakeholders, including financial regulatory and supervisory institutions, to ensure that microfinance interventions align with national regulatory frameworks and responsible lending practices. This focus reflects experience and lessons from past microfinance interventions that investment in MFIs alone, without integrating policy and regulatory reforms, is unlikely to be sustainable and thus have limited long-term impact. Activities under this sub-component should help to link the microfinance system (e.g., its data on recipients and environmental challenges) to the monitoring systems of the national government to help to strengthen the government's ability to coordinate amongst different actors and formulate effective policies for climate and just transition issues. Core partners for these activities will include National Treasury; Department of Energy and Electricity; Department of Small Business Development; Department of Trade, Industry and Competition; Department of Forestry, Fisheries and the Environment; Department of Women, Youth and Persons with Disabilities; Mpumalanga Provincial Government; Just Energy Transition Project Management Unit under the Presidency; Presidential Climate Commission; Local municipalities in transition regions; central banks, to name a few. . These activities will be selected to support local actors to shape the microfinance system more effectively as a complement to government action on just energy transition. As a package, it is anticipated that the activities undertaken to develop the microfinance system and strategies for localized climate and just transition investment supported through Components 1.1 and 1.2 together can be replicated in other countries within the Global Microfinance Initiative and beyond.

Activities undertaken by the MSME Growth Fund and or the EJETP Implementing Agency (for Component C of EJETP) under sub-component 1.2 may include a combination of the following, in line with those to be undertaken in other pilot countries participating in the Global Microfinance Initiative:

Microfinance landscape review. Review registries of MFIs where available or use surveys to compile these where they are not. Include stocktaking of current financial products available for climate and just transition action and record the financial products and services provided by MFIs and other actors to targeted beneficiaries (e.g., households, communities, small businesses). Conduct mapping of actors relevant for governance of microfinance for climate and just transition and review government regulations that may affect MFIs' and beneficiaries' ability to act (e.g., government subsidies for purchase of new technologies). Develop snapshot summaries of the baseline status of the degree of financial inclusion and accessibility of needed financial products in each country.

National climate and just transition overview: regulations, policies, priorities, and opportunities. Building existing analytics, document the primary impacts and opportunities associated with the just energy transition for women and youth-led MSMEs targeted through this Child Project. This should be understood within the context of national strategies for climate and just transition action, sustainable finance regulations, and other relevant national environmental and development frameworks. Identify key economic sectors, value chains, and livelihoods where interventions are needed to support climate and just transition objectives. Complement policy-based research with stakeholder consultations to identify opportunities for climate-resilient livelihoods and economic opportunities that can be supported by microfinance.

Develop and implement a 'beneficiary protection protocol.' Working with government and/or civil society counterparts, develop a protocol to ensure that beneficiaries are not negatively impacted by their interactions with MFIs. Ensure that engagement of communities in microfinance does not lead to over indebtedness at household or community level nor undue exposure to the international financial market. Where households are funded, MFIs may wish to place anti-exploitation restrictions on collateral that cap the amount of an individual's assets that they are willing to accept as collateral (to reduce stress of transaction and chances of inherently maladaptive outcomes). Actions taken under this activity could include policies that address predatory lending practices, such as exorbitant interest rates or unreasonable repayment schedules.

Determine criteria for MFI selection. Develop control/exclusion criteria, based on previous experiences in this field; avoid arrangements that may exacerbate vulnerability of women and youth by contributing to untenable levels of debt, such as steep or inflexible interest or repayment rates; repayment periods; harsh repayment policies. Determine preferential MFI selection criteria. Use needs identified in Component 1.1 and in the literature on effectiveness of microfinance institutions and systems as primary inputs. Based on the literature, these could include ownership/control of MFI by local communities (e.g., member-owned credit unions, community-owned financial cooperatives, and publicly-owned community development banks); technical subject matter expertise (e.g., in climate change, women's empowerment); engagement of the MFI in awareness-raising and capacity-building activities around financial literacy and climate change; adaptability of the MFI–its proven ability to adapt to climate change (e.g., alter product terms to match changes in seasons, rainfall variability) and economic/energy transitions; proven or potential ability to deliver on climate/just energy transition objectives or inclusiveness/social dimensions; and/or existing partnerships on these topics.

Policy dialogues on complementarity of MFIs for climate finance, innovation, and action. Through dialogue between the Bank, MFIs, national policymakers, and other stakeholders (e.g., private sector, academics, and other experts), the Child Project will contribute to the development of recommendations under the global program on policy measures that can complement and bolster the microfinance system to ensure this leads to more effective and equitable outcomes. This will build on a mapping of institutional interactions and strategic mechanisms for coordination. In addition to a review of the pilots' success and discussions around national opportunities for scaling successful interventions, potential measures to discuss could include credit guarantee schemes; public insurance schemes for vulnerable populations; lending capital at concessionary rates from public development banks; creation or adjustment of taxation measures to ensure that profits from foreign-owned MFIs continue to flow through the national economy; measures to require training and regulation of MFIs by the public sector; and taxation of MFI revenues to support local or national climate funds. Policy dialogues will also address any conflicting regulations, such as those incentivizing environmentally harmful activities (like fossil fuel exploitation) and governing the financial sector, which may hamper or constrain the effectiveness of interventions under the project. CGAP will be a core partner for these dialogues.

Capacity building for government and local stakeholders. Depending on local needs and to complement other activities under Component C of the EJETP, this could involve activities and training to enhance the skills, knowledge, and resources of these actors to effectively engage with, support, and manage (as appropriate) microfinance initiatives. This could include training government officials on regulatory frameworks, social inclusion, and monitoring and evaluation systems that can support responsible MFI development. For local beneficiaries, this could include dedicated training on financial management, business development, climate smart agricultural practices, and options for livelihoods transitions, as well as specific modules on predatory MFI behaviors and how to address these. Providing training to government officials and local beneficiaries will contribute to a sustainable environment where microfinance can be used effectively and where MFIs can thrive, ensuring that they are well-regulated and connected to populations with the knowledge and abilities to engage with microfinance as responsible and proactive clients. At the same time, the program's capacity building activities will aim to foster partnerships between MFIs, government bodies, and local communities. Training activities for governments can be complemented by cross-country exchanges under Component 2 of the global program, which will enable regulators to share their experience and gain insight from experts on the best ways to manage risks (e.g., predatory MFI behaviors) and explore opportunities.

These menus of activities are aligned with those of other countries under the global program. Table 2 below lists expected activities for each, based on stakeholder engagement processes with respective national stakeholders and focal points from the GEF. The schedule and scope of these activities will be formalized through work plans developed during the initial phase of implementation, based on each country's readiness and capacity

Table 2. Anticipated activities for each pilot country

Countries	Activities for sub-component 1.1	Activities for sub-component 1.2
Brazil	- Landscape and needs assessments to inform interventions - Establish strategy for beneficiary selection - Capacity building for two MFIs - Creation of taxonomy of investable activities - MFI delivery of services to targeted beneficiaries	- Dialogues with governments and other stakeholders - Feedback on capacity-building process for MFIs - Feedback on delivery of MFI service - Dialogue and evidence capture on the effectiveness of different interventions (to build MFI capacity and deliver MF to beneficiaries) - Leverage MF data for national environmental agenda
Colombia	- Landscape and needs assessments to inform interventions - Establish strategy for beneficiary selection - Capacity building for two MFIs - Creation of taxonomy of investable activities - MFI delivery of services to targeted beneficiaries	- Dialogues with governments and other stakeholders - Feedback on capacity-building process for MFIs - Feedback on delivery of MFI service - Leverage MF data for national environmental agenda
Madagascar	- Landscape and needs assessments - Establish strategy for beneficiary and MFI selection - Capacity building for selected MFIs - MFI delivery of services to targeted beneficiaries (women, youth, IPs)	- Training for government representatives and local beneficiaries - Feedback on capacity-building process for MFIs - Feedback on delivery of MFI service - Participation in discussions on effectiveness of interventions
Nigeria	- Landscape and needs assessments - Capacity-building for beneficiaries - Capacity-building for selected MFIs (delivery of training materials; coaching and mentoring) - Development of tailored financial products - Testing and iteration of products through pilots	- Feedback on capacity-building process for MFIs - Feedback on delivery of MFI service - Participation in discussions on effectiveness of interventions
South Africa	- Needs assessment of MSMEs - Skill development of targeted beneficiaries (MSMEs) - Creation of new fund within MFI to be selected - Delivery of services to beneficiaries (MSMEs, entrepreneurs)	- Mentorship to targeted beneficiaries - Feedback on capacity-building process for MFIs and beneficiaries - Feedback on delivery of MFI service - Participation in discussions on effectiveness of interventions
Tanzania	- Landscape and needs assessments - Capacity-building and technical assistance for MFIs	- Dialogues with governments and other stakeholders - Capacity-building of supporting government institutions - Feedback on capacity-building process for MFIs - Participation in discussions on effectiveness of interventions
Türkiye	- Landscape and needs assessments - Establish strategy for beneficiary and MFI selection - Capacity-building and technical assistance for MFIs - Delivery of services to beneficiaries (entrepreneurs and community groups) - Creation of taxonomy of investable activities	- Training for government and beneficiaries - Dialogues with governments and other stakeholders - Feedback on capacity-building process for MFIs - Participation in discussions on effectiveness of interventions

Activities under component 1 will also aim to ensure that beneficiaries receive targeted support tailored to their needs to access MFIs financing. As outlined above, capacity building activities for beneficiaries will include trainings, financial literacy, introduction to MFIs, etc.. Table 3 below shows how South Africa is aligned with other countries' approach for targeting beneficiaries under the national programs and the type of support activities that are envisaged for them.

Table 3: Targeted support for beneficiaries for each country participating in the Global Microfinance Initiative

Country	Beneficiary Type	Estimated # of Direct Beneficiaries	Support provided through the Global Microfinance Initiative
Brazil	IPs	25,000	- Training on key topics, including climate and biodiversity risk, financial literacy - Access to MFIs
Colombia	IPs	25,000	
Madagascar	Women and youth	50,000	- Microfinance products and services* - Improved policies supporting financial inclusion and consumer protection**
Nigeria	Women	3,800,000	
Tanzania	Women	319,850	
Türkiye	Women and youth	10,320	Provision of microfinance products and services is contingent on MFIs' ability to develop and deliver
South Africa	Women and youth	15,000 (targeting 110 enterprises)	**Improved policies supporting beneficiaries are contingent on policy changes made by governments

Component 2: Strengthening Knowledge and Learning on the role of microfinance for supporting local climate action (US$60,000 GEF)

This component complements activities under Component 2 of the Global Microfinance Initiative (ID 11901) by supporting the generation, systematization and dissemination of lessons learned from Component 1 activities in South Africa. The Component will also facilitate South Africa's participation in global knowledge exchange and peer learning supported by the parent project, enabling both the contribution of country-level experience and the uptake of good practices from the other pilot countries relevant to local climate action and the just energy transition. Core knowledge exchange activities will be financed and implemented through the global program.

Activities under this component will emphasize strategic partnerships to enhance knowledge and learning. With support from the World Bank through the global program, the child project will coordinate closely with the Consultative Group to Assist the Poor (CGAP), the Finance, Competitiveness & Innovation Global Practice (FCI), the Gender Group, and the International Finance Corporation (IFC), as relevant. Other external partners on the global and national levels will be identified and engaged at early stages of implementation. These collaborations will leverage the expertise and resources of each organization to enrich the knowledge base, promote innovative solutions, ensure integrity of activities, and the effective dissemination of best practices. By working in partnership to deliver the activities below, the Bank will aim to increase the program's overall outreach, consensus around insights, and uptake of outputs.

To ensure the perspectives of the local beneficiaries of microfinance targeted in Component 1 are represented and accounted for in knowledge and learning activities, representatives from these groups will be engaged where possible. This may include, but is not limited to, active participation of representatives from women's groups and youth organizations in policy dialogues, South-South exchanges, and summary reviews for the global program. As appropriate, knowledge products and events will include specific sections and/or fora to focus on the different needs and experiences of these vulnerable groups.

All outputs from knowledge and learning activities carried out during the implementation of the child project and global project will be disseminated through the World Bank Platform on Locally Led Climate Action and shared through the World Bank's multiple communities of practice.2 To consolidate evidence gathered through all components, the Bank will add a repository of evidence on microfinance for climate and biodiversity outcomes to its existing LLCA platform. To reach an even broader audience, dissemination and exchange activities under this component will also tap into the platforms of partners to engage additional stakeholders in conversation and knowledge exchange.

Sub-component 2.1: Leveraging lessons learned from South Africa

This sub-component supports the systematic documentation and synthesis of lessons emerging from Component 1 activities in South Africa, with a focus on how microfinance can support inclusive livelihoods, MSME development, and community engagement in the context of the just energy transition. Activities will capture operational experience related to microfinance ecosystem strengthening, including the design and delivery of climate-relevant financial products, approaches to supporting women- and youth-led MSMEs, and partnership arrangements with public and private actors.

Evidence and lessons generated under this sub-component will draw primarily on implementation experience from the South Africa Child Project, complemented by data and insights generated through project-level monitoring and evaluation activities. These lessons will be synthesized into concise analytical inputs, case material, and practical reflections that will directly inform knowledge products, training materials, and learning exchanges developed and facilitated under the Global Microfinance Initiative. In this way, the South Africa Child Project will contribute country-level evidence to the global program's knowledge base, while avoiding duplication of global-level analysis and dissemination activities.

This sub-component supports the participation of South African stakeholders in selected global knowledge exchange and peer learning activities facilitated under the Global Microfinance Initiative. GEF financing under the Child Project will enable targeted engagement of microfinance institutions, women- and youth-led MSMEs, and other relevant stakeholders in peer-to-peer learning, South–South exchanges, and technical discussions organized through the parent project.

Participation in these exchanges will allow South Africa to both contribute country-level experience from implementation of Component 1 and benefit from relevant good practices emerging from other pilot countries. Learning activities will focus on practical issues such as microfinance product design for climate-relevant investments, institutional and partnership arrangements, and approaches to supporting inclusive local economic development in transition contexts. Core convenings and facilitation of global exchanges will be financed and implemented through the Global Microfinance Initiative.

These global knowledge exchanges and peer learning activities implemented under the global program are expected to include:

Facilitated exchanges for learning between participating countries. These peer-to-peer and South-South learning exchanges held throughout the initiative may cover policy dimensions, institutional arrangements, public-private partnerships, and other topics. These exchanges will cover the barriers and successes of setting up and improving the microfinance ecosystem, providing adequate support to both MFIs and beneficiaries, and insights on the complementarity of the locally led efforts of MFIs and communities vis a vis other actors for climate priorities. The Bank will convene government partners to discuss options available to continue providing support to MFIs, local communities, and other stakeholders in the longer-term through institutional changes or other measures. Considerations of contextual transferability of successful interventions will be central to these conversations.

Incubation events for MFIs. These structured gatherings will be organized for MFIs participating in pilot activities (Component 1) of the global program to exchange, learn, and problem solve with support from peers and technical experts. Other MFIs may be invited to join these events to learn and share experience.

Mobilization of local MFI networks within participating countries. Peer-to-peer exchange will be encouraged by creating or mobilizing networks of MFIs. Working with national counterparts and/or sector experts, the Bank will activate these networks so that they may disseminate lessons learned and catalyze innovation and implementation by actors outside of the Global Microfinance Initiative. Through these activities, the project teams will gather further information on the ability and willingness of MFIs to scale successful interventions piloted through the project.

Multistakeholder exchange: private sector, central banks, government, civil society, community groups, academia. Under this activity, some exchanges may be convened by the Bank while others may be facilitated by participating countries or other project partners. These exchanges may focus on partnerships needed to increase MFI effectiveness during the Initiative as well as enduring sustainability of interventions after the project's close. Topics in these exchanges may include ways that national governments and other actors can support MFIs through delivery of technical assistance (both for MFIs and beneficiaries), ways that governments and private FSPs can financially support MFIs' continued delivery and innovation of climate and biodiversity products, and ways that these actors can support a scale up in development and implementation of financial solutions to additional geographic areas and populations. Through these exchanges, the team will also invite conversation and gather insight on ways to increase the local ownership and inclusivity of the microfinance system in each country. These exchanges may include south-south and peer-to-peer components.

Evidence-focused discussions with different stakeholder groups. These exchanges may also be south-south and peer-to-peer, depending on the stakeholders engaged and topics in focus. As useful, these could also include 'demonstration events' with large financial service providers, impact investors, and other potential donors to familiarize them with the new products, services, business models, and tools developed through the program.

Sub-component 2.3: Dissemination of South Africa-specific learnings and partnerships.

This sub-component focuses on the dissemination of South Africa–specific lessons generated under Sub-Components 2.1 and 2.2 through the communication and knowledge platforms of the Global Microfinance Initiative. Rather than creating stand-alone dissemination mechanisms, the Child Project will channel validated lessons, case material, and analytical insights into global publications, training materials, and learning events led by the parent project. It will also leverage and benefit from the communication strategy to be implemented through the global program, which will include the publication of blogs, articles, and case studies that highlight the successes, challenges, and lessons learned from the Initiative. These publications will be shared on the World Bank's platforms, as well as through partner networks and relevant online forums. Additionally, team members from the global program will actively participate in conferences, workshops, and seminars to present findings and engage with a broader audience including other MDBs and vertical climate funds. These events will provide opportunities to showcase innovative solutions, engage more broadly with the private sector to share knowledge, and foster a global dialogue on the role of microfinance in addressing climate change and biodiversity loss.

Engagement under this sub-component will also support the strengthening of partnerships relevant to the South Africa Child Project, including with government counterparts, MFIs, and other stakeholders engaged in just transition and inclusive finance agendas. These partnerships will be oriented toward learning, dialogue, and the potential replication or scaling of effective approaches beyond the life of the Child Project, in alignment with national priorities and the objectives of the Global Microfinance Initiative. Effective communication and strategic partnerships are crucial for the success and sustainability of the Global Microfinance Initiative.

GEF financing under this component supports monitoring, evaluation, learning, and project management for the South Africa Child Project, in alignment with the monitoring and evaluation framework of the Global Microfinance Initiative. The component focuses on tracking progress toward the Child Project's outcomes, generating South Africa–specific evidence and lessons, and ensuring that results are systematically shared with the global program to inform knowledge products, learning exchanges, and reporting. Global-level monitoring systems, aggregation, and dissemination will be financed and implemented through the Global Microfinance Initiative.

Sub-component 3.1: Project-level monitoring and evaluation

This sub-component supports the implementation of a project-level monitoring and evaluation framework for the South Africa Child Project, aligned with the results framework and indicators of the Global Microfinance Initiative. Monitoring activities will track progress toward agreed outputs and outcomes under Components 1 and 2, including support to microfinance institutions, women- and youth-led MSMEs, and stakeholder engagement related to the just energy transition.

Data collection will be undertaken at the country level, using methods and guidance provided under the global program to ensure consistency and comparability across pilot countries. Monitoring activities will generate quantitative and qualitative evidence on implementation progress, results achieved, and emerging challenges, and will support adaptive management of the South Africa Child Project as implementation evolves.

Sub-component 3.2: Synthesis and sharing of South Africa-specific evidence.

This sub-component supports the synthesis and structured sharing of monitoring data, results, and lessons learned from the South Africa Child Project with the Global Microfinance Initiative. Evidence generated under Sub-Component 3.1 will be consolidated into concise inputs that complement the qualitative lessons captured under Component 2, including insights on microfinance ecosystem strengthening, MSME support, and inclusive participation in transition processes.

South Africa–specific evidence will be shared with the global program to inform global reporting, knowledge products, and learning activities, including training materials and knowledge exchanges developed under Component 2 of the Global Microfinance Initiative. This sub-component does not finance the creation of global repositories or publications, but ensures that validated country-level evidence from South Africa is available for incorporation into global outputs.

Sub-component 3.3: Project Management

This sub-component supports project management for the South Africa Child Project, including coordination, fiduciary oversight, reporting, and alignment with both the Eskom Just Energy Transition Project and the Global Microfinance Initiative. Project management responsibilities will include day-to-day coordination of activities, preparation of required progress reports and inputs to GEF reporting, and liaison with the World Bank team responsible for global program implementation. Project management under the Child Project will focus on ensuring timely implementation, effective coordination across components, and alignment with national just transition priorities. Global-level program management, governance, and evaluations will be financed and implemented through the Global Microfinance Initiative.

Institutional Arrangement and Coordination with Ongoing Initiatives and Project.

Please describe the Institutional Arrangements for the execution of this child project, including framework and mechanisms for coordination, governance, financial management and procurement. This should include consideration for linking with other relevant initiatives at country-level (if a country child project) or regional/global level (for coordination platform child project). If possible, please summarize the flow of funds (diagram), accountabilities for project management and financial reporting (organogram), including audit, and staffing plans. (max. 500 words, approximately 1 page)

The South Africa child project is implemented as Additional Financing to the EJETP (P177398) and follows the institutional arrangements established under EJETP. Eskom Holdings SOC Ltd (Eskom) is the implementing entity and is responsible for the execution of Component 1 (GEF-financed strengthening of microfinance for the just energy transition). Components 2 (Knowledge and Learning) and 3 (Monitoring, Evaluation, and Project Management) are implemented under the parent Global Microfinance Initiative (Project 11903) and follow the institutional arrangements of that global program.

Governance and coordination.

Overall project oversight is provided by Eskom's Office of the Group Chief Executive (GCE), which is responsible for strategic coordination, interface with the World Bank, and consolidated monitoring and reporting for the EJETP and its Additional Financing. Day-to-day execution is divided across dedicated Eskom units in line with the EJETP structure. The Clean Energy Unit (CEU) within Eskom's Generation Division is responsible for EJETP Components A (decommissioning) and B (repowering/repurposing). The Just Energy Transition Office (JETO) is responsible for Component C of the EJETP and for the execution of Component 1 of the GEF-financed child project.

Execution of Component 1 (GEF microfinance activities).

Under Component 1, JETO acts as the executing unit on behalf of Eskom, with responsibility for planning, procurement, contract management, financial management, and reporting of GEF-financed microfinance activities. JETO will contract and oversee selected local microfinance institutions (MFIs) and, where required, specialized service providers to deliver Component 1 outputs, including MFI capacity-building, establishment and operation of a tailored MSME Growth Fund, development of climate-relevant financial products, and bundled support to women- and youth-led MSMEs. These activities are closely aligned with EJETP Component C objectives and geographic focus areas.

Environmental and social management, inclusion, and M&E.

JETO maintains core environmental and social capacity in line with the EJETP Environmental and Social Commitment Plan (ESCP), including dedicated environmental and social specialists. To support safe, inclusive, and results-oriented implementation of Component 1, JETO is complemented by a competitively selected Implementation Agency, which provides specialized expertise, including (i) a gender and social inclusion specialist to support beneficiary targeting and safeguard inclusion outcomes, and (ii) a monitoring and evaluation specialist to track results, including those related to women, youth, and MSMEs. This arrangement ensures adequate technical coverage for community-facing and financial inclusion activities.

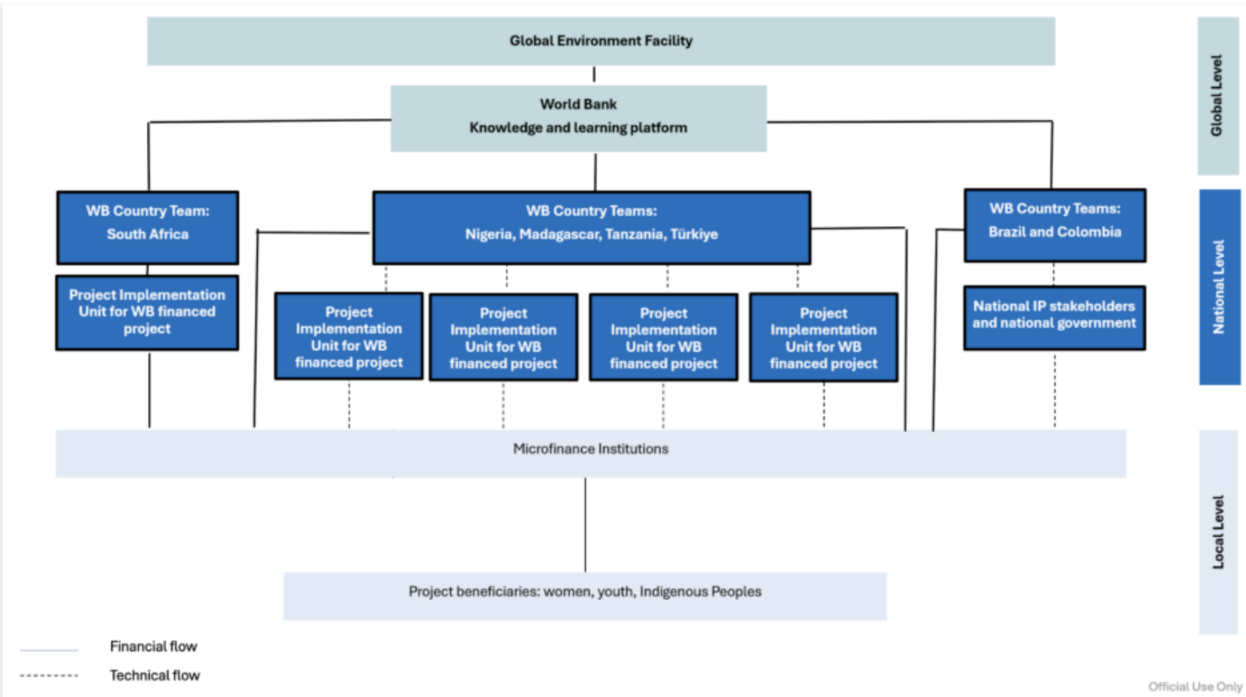
Financial management, procurement, and audit.

GEF funds for Component 1 flow from the World Bank to Eskom, consistent with the EJETP financing arrangements, and are managed using Eskom's established financial management and procurement systems, which are already assessed and supervised under the parent project. Eskom is responsible for financial reporting, internal controls, and external audit of Component 1 expenditures, with reporting integrated into EJETP reporting structures and subject to World Bank supervision.

Linkages to the Global Microfinance Initiative (Project 11901).

While Eskom executes Component 1 at country level, South Africa benefits from Components 2 and 3 of the Global Microfinance Initiative, which are implemented by the World Bank under Project 11903. These global components provide a shared knowledge platform, harmonized results framework, and cross-country learning. Coordination mechanisms between JETO and the global program team ensure that lessons from South Africa feed into global knowledge products, and that global tools and guidance inform country-level implementation.

Organigram of the Global Microfinance Program and South Africa Implementation Arrangements:



Will the GEF Agency play an execution role on this child project?

If so, please describe that role here and the justification.

n/a

Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing (max. 500 words, approximately 1 page)

The project will coordinate with multiple national initiatives in each of the selected countries under the Global Microfinance Initiative (Project 11903).

Table 4: Overview of national projects selected for the Global Microfinance Initiative			
Country	**Co-financing**	**Project scope**	**Leveraging co-financing and opportunities for scale up**
Brazil and Colombia	$1.8M	This is an advisory regional program in Brazil and Colombia aiming to establish Indigenous People's (IPs) Development Bank for environmental action and economic empowerment. This regional advisory program supports a partnership with governments in Colombia and Brazil to mainstream and integrate historically excluded groups into operations, policy dialogue, and analytics in the region. The IPs Bank will (i) strengthen Indigenous Peoples' resilience through sustainable and locally managed finance for climate and biodiversity, (ii) deliver co-benefits for financial inclusion, resilient livelihoods/jobs, and advancing climate and environmental objectives, and (iii) support microfinance initiatives for locally led action on climate and other environmental issues.	The GEF financing will support MFIs identified under the baseline assessment (capacity building, financing, and policy dialogue) of the advisory program to strengthen their integration into the national IPs Bank. Co-financing from the Bank supported initial stakeholder engagement activities, including the identification of MFIs, and will be used to develop a plan for sustainability and scale after the close of the GMI.
Türkiye	$400M	Türkiye Socially Inclusive Green Transition Project (SOGREEN) focuses on fostering gender and youth -inclusive entrepreneurship and promoting equitable participation in the green economy.	GEF financing will support MFIs to develop green products and deliver these to women and youth. Successful interventions from the GMI will be scaled up across the country through SOGREEN. The GMI will also benefit from the existing efforts of SOGREEN to establish relationships with stakeholders essential for implementation.
Madagascar	*Not yet determined*	Seascape Management and Lemur Bond Operations Project (LSMP) is intended to "improve integrated natural resources management and to improve economic benefits for local beneficiaries, primarily women and youth.	GEF financing will support MFIs as primary providers of private capital to MSMEs, primary producers, including small-scale farmers and artisanal fishers, and low-income groups to support resilient and economic activities. Results of the interventions piloted under the GMI will be scaled up across the national project after the initiative's close.
Nigeria	$440M	Nigeria for Women Project – Scale Up (NFWP-SU), is a national program that supports creating women's affinity groups (WAGs) to support women's access to finance; enhance their voice, agency, and resilience to climate change impacts; and drive behavioral change.	GEF financing will support MFIs as primary providers of private capital to women-led MSMEs. Using the World Bank financing allocated under the national project, successful solutions piloted under the GMI will be scaled up across different areas.
Tanzania	$74M	Advancing Gender Equality is a national program in Tanzania (PAMOJA) which aims to increase access to (i) economic opportunities for women provide access to microfinance for women-led microenterprises in rural areas.	GEF financing will support MFIs as primary providers of private capital to women-led MSMEs to promote global environmental benefits. World Bank financing under the national project will be utilized to scale up successful solutions.

South Africa	$497M	The objective of the Eskom Just Energy Transition Project (EJETP) is to (i) decommission the Komati coal-fired power plant, (ii) repurpose the area with renewable energy, and (iii) create opportunities for workers and communities during the transition process.	GEF financing will support MFIs as primary providers of private capital to women- and youth-led MSMEs to promote global environmental benefits in the Komati area and support the Just Transition. Co-financing from the Bank will support scale up of successful solutions and integration of microfinance as a tool for the just transition alongside other strategies leveraged by the project.

In addition, the Child Project has the following linkages with GEF Integrated Programs, National GEF Activities, and Country-Led Strategies.

The South Africa child project aligns with and contributes to multiple GEF-8 Integrated Programs (IPs) by strengthening local financial intermediation for climate-relevant livelihoods. In particular, the project complements the Food Systems Integrated Program (FSIP), under which South Africa is a participating country, by expanding access to finance for MSMEs engaged in climate-resilient and diversified value chains, including food-related enterprises that support inclusive economic transitions in coal-affected regions. The project also aligns with the Ecosystem Restoration Integrated Program (ERIP), to which South Africa contributes, by enabling livelihood diversification pathways that reduce pressure on ecosystems and support restoration-compatible economic activities. In addition, while South Africa is not a national child project country under the Net-Zero Nature-Positive Accelerator, the project is conceptually aligned with its objectives by piloting microfinance approaches that integrate net-zero outcomes through inclusive financial systems.

The project complements ongoing GEF SGP core program activities in South Africa, which support community-based initiatives in biodiversity conservation, climate adaptation, and sustainable livelihoods, with a strong focus on women and youth. While SGP core activities are primarily grant-based, this child project introduces microfinance as a complementary instrument to help scale and sustain successful community initiatives beyond one-off grants. Coordination with the SGP country program will support alignment in beneficiary targeting, geographic focus, and learning.

The project is aligned with South Africa's Second Nationally Determined Contribution (NDC), which emphasizes a just transition, expanded access to climate finance, and integrated mitigation and adaptation outcomes. It also supports objectives of South Africa's National Adaptation Plan, which highlights the need to reduce vulnerability and build adaptive capacity through improved access to adaptation finance.

Table On Core Indicators

Core Indicators

Indicate expected results in each relevant indicator using methodologies indicated in the GEF-8 Results Measurement Framework Guidelines. There is no need to complete this table for climate adaptation projects financed solely through LDCF and SCCF.

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	317000	317000	0	0
Expected metric tons of CO_2e (indirect)	0	0	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	317,000	317,000		
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting	2023	2023		
Duration of accounting	4	4		

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)				
Expected metric tons of CO_2e (indirect)				
Anticipated start year of accounting				
Duration of accounting				

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	7,500	7,500		
Male	7,500	7,500		
Total	**15,000**	**15,000**	0	**0**

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

For Indicator 6.1 Carbon Sequestered or Emissions Avoided: With regards to green house gas emission reduction, the Komati power plant produced 2,065 GWh of electricity and 2.6 million tons of CO2 emissions in 2019, when Units 4, 5, 7 and 9 were still operational. Estimates for the yearly emissions from Unit 9, the last remaining operating unit that would have its life extended until 2026 if it were not for EJETP, put the average generation and emission in future years at 767 GWh/year and 847 ktCO2e/year. This points towards an emission factor over 1.1 tCO2e/MWh – a very high value even after life extension services improve the unit's condition. Even after considering that the retirement of Komati would lead to increased dispatch of the existing generating fleet of South Africa and calculating the emissions from these changes in the operation of the existing fleet under conservative parameters, shutting down Unit 9 in 2022 would avoid emissions of 317 ktCO2e between 2023 and 2026. Even though Unit 9 of the Komati Power Station was shut down in 2022, the power plant has not been fully decommissioned and the workers and communities associated with were not supported with other economic opportunities. Hence this grant along with the EJETP project are supporting decommissioning which includes as the complete and irreversible closure of a coal unit, including the removal, dismantling, or permanent disabling of infrastructure such that it cannot resume operations and provision of economic opportunities supported with the GEF grant. As this standard has not yet been met, the associated emissions reductions cannot be considered guaranteed.

For Indicator 11 People benefiting from GEF-financed investments: the project will benefit 15,000 people (50% women or 7,500 people)

Key Risks

	Rating	Explanation of risk and mitigation measures
CONTEXT		
Climate	Moderate	Climate risk for the South Africa Child Project is assessed as moderate, reflecting the country's exposure to climate variability and extreme weather events, particularly in transition affected regions. The residual risk to project outcomes is manageable, as GEF supported activities do not finance climate sensitive physical infrastructure but focus on institutional strengthening, capacity building, and the expansion of climate relevant financial products through microfinance institutions (MFIs). Climate risks are mitigated through integration within the Eskom Just Energy Transition Project (EJETP), alignment with national systems, and support to MFIs to incorporate climate risk considerations into product design and lending decisions. On this basis, climate risk is rated Moderate.
Environmental and Social	Moderate	Environmental and social risk for the South Africa Child Project is assessed as moderate, consistent with the Environmental and Social Review Summary for the EJETP Additional Financing. GEF supported activities do not involve large scale civil works and are primarily focused on capacity building, financial intermediation, and support to MSMEs and communities. The residual risk to project outcomes is manageable, as relevant risks are site specific, low to moderate in magnitude, and readily addressed through established mitigation measures. Risks are managed through the application of World Bank Environmental and Social Framework instruments and national systems under the EJETP, including an Environmental and Social Management System aligned with ESS9 for financial intermediary activities. On this basis, environmental and social risk is rated Moderate.
Political and Governance	Moderate	Political and governance risk for the South Africa Child Project is assessed as moderate, reflecting the broader political and institutional context of the just

		energy transition, which may give rise to policy uncertainty or delays in decision making. The residual risk to project outcomes is manageable, as the project is embedded within the EJETP and leverages established governance arrangements, clear implementation roles, and ongoing engagement with Eskom and government counterparts. GEF supported activities focus on strengthening microfinance ecosystems and resilient livelihoods, which are less sensitive to short term political shifts and aligned with national just transition priorities. On this basis, political and governance risk is rated Moderate.
INNOVATION		
Institutional and Policy	Moderate	Institutional and policy risk is assessed as moderate, reflecting that the role of MFIs in climate relevant finance is not yet fully embedded within South Africa's institutional and policy architecture, despite strong national commitments to inclusive development and the just energy transition. The residual risk to project outcomes is manageable, given the World Bank's role as implementing agency and the project's integration within the EJETP, which provides an established platform for policy dialogue and cross sectoral coordination. The project further mitigates this risk by generating operational evidence and lessons on the role of MFIs, informing learning and dialogue under the Global Microfinance Initiative. On this basis, institutional and policy risk is rated Moderate.
Technological	Moderate	Technological risk for the South Africa Child Project is assessed as moderate, reflecting variations in digital readiness and institutional capacity among MFIs to adopt and scale digital and financial technologies. The residual risk to project outcomes is manageable, as the project relies on adapting and scaling existing technologies rather than deploying untested or complex solutions. Technological risks are mitigated through World Bank implementation support and a dedicated knowledge and learning agenda that emphasizes digital innovation, peer learning, and dissemination of good practices. On this basis, technological risk is rated Moderate.
Financial and Business Model	Moderate	Financial and business model risk is assessed as moderate, reflecting the emerging nature of climate relevant microfinance models and the need to strengthen their viability and scalability in the South African context. The residual risk to project outcomes is manageable, given the World Bank's role as implementing agency and the project's integration within national just transition programs that support financial inclusion and MSME development. Risks are mitigated through targeted capacity building for MFIs and the generation and dissemination of operational evidence under the Global Microfinance Initiative. On this basis, financial and business model risk is rated Moderate.
EXECUTION		
Capacity	Moderate	Capacity risk for the South Africa Child Project is assessed as moderate, reflecting current limitations in the capacity of MFIs to design and deliver climate relevant financial products at scale, as well as constraints in public

		sector experience engaging MFIs as implementation partners. The residual risk to project outcomes is manageable, given the project's integration within the EJETP and the World Bank's role in implementation support and oversight. Capacity risks are mitigated through targeted technical assistance and institutional strengthening for MFIs, alongside coordination support among MFIs, public institutions, and other stakeholders. On this basis, capacity risk is rated Moderate.
Fiduciary	Moderate	Fiduciary risk is assessed as moderate, reflecting the involvement of multiple actors and the use of financial intermediary arrangements to channel support to MFIs. The residual risk to project outcomes is manageable, given the application of established World Bank procurement and financial management procedures through EJETP implementation arrangements. Risks are further mitigated through transparent and competitive selection processes for participating MFIs, supported by expert review, as well as ongoing supervision and reporting requirements. On this basis, fiduciary risk is rated Moderate.
Stakeholder	Moderate	Stakeholder risk is assessed as moderate, reflecting the diversity of stakeholders involved, including government entities, MFIs, and transition affected communities such as women and youth. The residual risk to project outcomes is manageable, given the project's integration within the EJETP, which provides established stakeholder engagement structures and processes. Risks are mitigated through continuous consultation and engagement with local actors, alongside targeted capacity building activities to support effective participation. On this basis, stakeholder risk is rated Moderate.

Other		

Overall Risk Rating	Moderate	Based on the assessment of individual risk categories and associated mitigation measures, the overall risk rating for the South Africa Child Project is Moderate. While the project is implemented in a complex transition context, residual risks are considered manageable due to integration within the EJETP, application of established World Bank systems, and targeted support to MFIs and other stakeholders. Learning and knowledge exchange under the Global Microfinance Initiative further support adaptive risk management. On this basis, the project's overall risk profile is assessed as Moderate.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Explain how the proposed interventions are aligned with GEF- 8 programming strategies, including the specific integrated program priorities, and country and regional priorities, Describe how these country strategies and plans relate to the multilateral environmental agreements, such as through NDCs, NBSAPs, etc.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how.

(max. 500 words, approximately 1 page)

Alignment with GEF-8 Programming Strategies

The Global Microfinance Initiative under which this Additional Financing will be processed aligns with the strategic focus of GEF-8 programming, emphasizing the local level as an untapped source of innovation and leadership in addressing global environmental challenges. The GEF's approach supports countries and civil society organizations in strengthening local actors' capacity to lead efforts on climate change and biodiversity loss. This commitment is reflected in countries' endorsement of principles for locally led adaptation, their prioritization of local actions in their nationally determined contributions under the Paris Agreement, and the growing movement toward locally led approaches in biodiversity governance. As noted in the GEF-8 strategy document, this shift toward empowering local action has gained momentum within multilateral environmental agreements (MEAs), including the post-2020 Global Biodiversity Framework and the UN Decade of Ecosystem Restoration, both of which emphasize the role of civil society and community-based organizations (CBOs) in achieving their objectives.

Unlocking local leadership requires both financial support for local institutions and capacity-building for local actors to effectively manage and direct these resources toward environmental initiatives. The Global Microfinance Initiative will provide direct funding to local financial systems (via grants to MFIs) and enhance the capabilities of key stakeholders, including financial service providers (micro, medium, and macro), CSOs, governments, and beneficiaries—across core technical areas such as climate, biodiversity, risk screening, financial instruments, and business planning. By involving diverse stakeholders—governments at all levels, businesses of various sizes, CSOs, community groups, and individuals, this Initiative embodies the whole-of-society approach necessary for tackling climate change and biodiversity loss. Additionally, targeted efforts to support vulnerable groups, including women, youth, and Indigenous Peoples, will ensure their active participation and benefit from new financial products and services related to climate and biodiversity. These efforts under the Global Microfinance Initiative are consistent with and build upon the existing country-led initiatives guiding national climate and biodiversity action, such as National Adaptation Plans (NAPs), Nationally Determined Contributions (NDCs), and National Biodiversity Strategies and Action Plans (NBSAPs). See further details on alignment of the program with national priorities in Annex B and further details on coordination with stakeholders across society in the Stakeholder Engagement Plan.

The long-term outcomes of this Initiative are both environmental and socio-economic, aligning with the priorities of the GEF SGP 2.0. The GEF SGP 2.0 has served as an important mechanism for the GEF to deliver community-based grantmaking and as an avenue to supporting IPs, CSOs, and CBOs to achieve GEF's mission. The Initiative is well aligned with the GEF SPG 2.0 as it adopts a local based approach to generate benefits for both people and the environment by addressing the drivers of climate change, biodiversity loss, and social vulnerability—focusing on behaviors and livelihoods that exacerbate emissions, environmental degradation, and exposure to hazards, as well as financial systems and policies governing resource access. Its interventions will support grassroots economic transitions and enhance policy coherence with national goals. By working with MFIs, the Bank will help community-level beneficiaries gain access to capital and financial services that foster economic resilience and reduce environmental stressors. Support from MFIs can facilitate livelihood adjustments, promote sustainable business opportunities, and provide financial safeguards such as risk insurance. MFI products and services will be tailored to local contexts but are expected to support investments in areas like sustainable agriculture, fisheries, food security, and low-carbon energy access. Each financial product or service introduced will contribute to GEBs, such as climate change mitigation, enhanced ecosystem services, and biodiversity conservation. Locally, the anticipated environmental benefits include greater resilience to climate change hazards, with activities designed to maximize co-benefits in related areas like land degradation and water availability.

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Because the Global Microfinance Initiative builds on existing national-level World Bank projects, its activities will strongly align with national priorities. The Bank's project development process mandates alignment with each country's Country Partnership Framework (CPF), ensuring that interventions are strategically integrated into national development plans. Annex B of the Concept Note provides further details on policy and institutional alignment. By incorporating capacity-building and policy dialogues, the Initiative increases the likelihood of long-term impact and scalability across additional regions and stakeholders.

Finally, the Global Microfinance Initiative complements the GEF's SGP portfolio by addressing a gap in climate adaptation and mitigation efforts. Currently, climate-related projects receive only 25% of all SGP financing, with just 4% allocated to adaptation and 21% to mitigation. This mirrors global trends of chronic underfunding for climate adaptation. Consequently, this Initiative presents an opportunity for the GEF to advance learning and innovation in adaptation finance. Given its bottom-up and inclusive project design, the SGP Microfinance Initiative aligns with and complements GEF's Integrated Programs on Food Systems, Ecosystem Restoration, and the Net-Zero Nature-Positive Accelerator. The Initiative can help introduce greater social inclusion and multistakeholder participation in achieving the core objectives of these programs

Alignment of Child Project with Country Priorities

The child project is aligned with South Africa's core national frameworks guiding climate action. It supports the implementation of South Africa's Second Nationally Determined Contribution (NDC) under the Paris Agreement, which emphasizes a just transition, expanded access to climate finance, and the integration of mitigation, adaptation, and socio-economic development objectives. By strengthening access to climate-relevant finance for MSMEs, workers, and communities in coal-affected regions, the project contributes to the NDC's focus on inclusive, people-centered climate action. The project also aligns with South Africa's National Adaptation Plan (NAP), as articulated through the National Climate Change Adaptation Strategy, which highlights the need to reduce vulnerability and build adaptive capacity through improved access to adaptation finance and livelihood diversification. Microfinance-based solutions supported under the project directly contribute to these objectives by strengthening the resilience of households and enterprises to climate and transition-related shocks.

D. POLICY REQUIREMENTS

Gender Equality and Women's Empowerment:

We confirm that gender dimensions relevant to the project have been addressed during Project Preparation as per GEF Policy and are clearly articulated in the child Project Description (Section B).

Yes

1) Does the project expect to include any gender-responsive-measures to address gender gaps or promote gender equality and women's empowerment?

Yes

If the child project expects to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment, please indicate in which results area(s) the project is expected to contribute to gender equality:

Closing gender gaps in access to and control over natural resources;

Yes

Improving women's participation and decision-making; and/or

Yes

Generating socio-economic benefits or services for women.

Yes

2) Does the child project's results framework or logical framework include gender-sensitive indicators?

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during Project Preparation as required per GEF policy, their relevant roles to project outcomes has been clearly articulated in the Child Project Description (Section B) and that a Stakeholder Engagement Plan has been developed before CEO endorsement.

Yes

Select what role civil society will play in the Project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier;

Member of project steering committee or equivalent decision-making body ;

Executor or co-executor;

Other (Please explain)

Private Sector

Will there be private sector engagement in the Child project?

Yes

And if so, has its role been described and justified in section B "Child project description"?

Yes

Environmental and Social Safeguards

We confirm that we have provided information regarding Environmental and Social risks associated with the proposed child project or program, including risk screenings/ assessments and, if applicable, management plans or other measures to address identified risks and impacts (this information should be presented in Annex E).

Yes

Please provide overall Project/Program Risk Classification

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
	Medium/Moderate		

E. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described during Project Preparation in the Project Description and that these activities have been budgeted and an anticipated timeline for delivery of relevant outputs has been provided. This includes budget for linking with and participation in knowledge exchange activities organized through the coordination platform.

Yes

Socio-economic Benefits

We confirm that the child project design has considered socio-economic benefits to be delivered by the project and these have been clearly described in the Project Description and will be monitored and reported on during project implementation (at MTR and TER).

Yes, please see project documents.

ANNEX A: FINANCING TABLES

GEF Financing Table

Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant($)	Agency Fee($)	Total GEF Financing ($)
World Bank	GET	South Africa	Multi Focal Area	Small Grant Program	Grant	1,000,000.00	90,000.00	1,090,000.00
Total GEF Resources ($)						**1,000,000.00**	**90,000.00**	**1,090,000.00**

Project Preparation Grant (PPG)

Was a Project Preparation Grant requested? false

PPG Amount ($)

PPG Agency Fee ($)

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	PPG($)	Agency Fee($)	Total PPG Funding($)
Total PPG Amount ($)					**0.00**	**0.00**	**0.00**

Please provide Justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total($)
Total GEF Resources					**0.00**

Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing($)	Co-financing($)
SGP	GET	1,000,000.00	497000000
Total Project Cost		**1,000,000.00**	**497,000,000.00**

Confirmed Co-financing for the project, by name and type

Please include evidence for each co-financing source for this project in the tab of the portal

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
GEF Agency	World Bank	Loans	Investment mobilized	439500000
GEF Agency	World Bank	Loans	Investment mobilized	47500000
GEF Agency	World Bank	Grant	Investment mobilized	10000000
Total Co-financing				**497,000,000.00**

Please describe the investment mobilized portion of the co-financing

The GEF SGP financing will be fully blended with the South Africa ESKOM Just Energy Transition Project which has a total combined envelope of US$ 497 million in financing. The World Bank project is financed through an IBRD loan (US$ 439.5 million), the Canada Clean Energy & Forest Climate Facility housed within the World Bank (US$ 47.5 million), and a Grant from Energy Sector Management Assistance Program (ESMAP) also housed within the World Bank (US$ 10 million). The World Bank project will support Eskom's first demonstration project under its Just Energy Transition Strategy and provide an important adaptive learning experience as South Africa embarks on its transition to creating new economic opportunities in a decarbonized economy with a diversified energy mix, away from its heavy reliance on coal.

ANNEX B: ENDORSEMENT

GEF Agency(ies) Certification

GEF Agency Coordinator	Date	Project Contact Person	Telephone	Email
GEF Agency Coordinator	1/21/2026	Elif Kiratli		ekeratli@worldbank.org
Project Coordinator	1/21/2026	Jana El-Horr		jelhorr@worldbank.org

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Please attach the Operational Focal Point endorsement letter(s) with this template.

Name of GEF OFP	Position	Ministry	Date (MM/DD/YYYY)

ANNEX C: PROJECT RESULTS FRAMEWORK

Please indicate the page number in the Project Document where the project results and M&E frameworks can be found. Please also paste below the Project Results Framework from the Agency document. For the Integrated Programs' global/regional coordination child project, please include the program-wide results framework, inclusive of results specific to the coordination child project. For any country child project, please ensure that relevant program level indicators are included.

Results Framework

Project Development Objectives(s)

The PDO of the EJETP, which this Child Project contributes to, is to (i) decommission the Komati coal-fired power plant, (ii) repurpose the project area with renewables, and (iii) create opportunities for workers and communities during the transition process. The objective of the Child Project is "to strengthen the microfinance ecosystem in South Africa by enabling MFIs to deliver climate-relevant financial products that support inclusive livelihoods, MSME growth, and community participation in the just energy transition, while leveraging the Eskom Just Energy Transition Project and contributing to learning and scale-up under the Global Microfinance Initiative."

Project Development Objective Indicators

Indicator Name	Baseline	End Target
Decommissioning of Komati Power Plant		
Net greenhouse gas emissions (t/yr)	80,000	0
Repurposed Renewables Plant		
Renewable energy produced (GWh)	0	420
Creating Opportunities for Workers and Communities		
Eskom workers retrained (%)	0	100
Suppliers/contractors supported	0	40
Community Forum female rep (%)	0	50

Intermediate Results Indicators by Components

Indicator	Baseline	Target
Decommissioning of Komati Plant		
Hiring of Owner-Engineer (OE) (Date)	22-Jun-2022	30-Nov-2022
Hiring of EPC contractor (Date)	30-Jun-2022	05-Dec-2024
Coal Plant Decommissioning Guidelines (Yes/No)	No	Yes
Repurposing of Komati Power Plant		
Installation of 150 MW energy storage (Megawatt)	0	150
Synchronous condensers (Number)	0	3
Generation capacity of energy constructed or rehabilitated (CRI, MW)	0	220
Thermal (conventional) power generation capacity constructed under the project (CRI, Megawatt)	0	0
Hydropower generation capacity constructed under the project (CRI, Megawatt)	0	0
Hydropower generation capacity rehabilitated under the project (CRI, Megawatt)	0	0
Renewable energy generation capacity (other than hydropower) constructed under the project (CRI, Megawatt)	0	220
Renewable energy generation capacity (other than hydropower) rehabilitated under the project (CRI, Megawatt)	0	0
Thermal (conventional) power generation capacity rehabilitated under the project (CRI, Megawatt hour(MWh))	0	0
Coal Plant Repurposing Guidelines (yes/no)	No	Yes
Volume of private and public direct finance mobilized for renewable energy leveraged (USD)	0	350,000,000
New Renewable Energy jobs directly created (%, m/f, percentage permanent/temporary) (Number	0	100
Opportunities for Workers and Communities		

Suppliers, contractors, enterprises supported that are women-led (%)	0	50
Female Komati workers trained at Komati who are gainfully employed or self-employed 6 months after certification (%)	0	80
Grievances solved within 6 months (%)	0	80
Feedback received through the stakeholder engagement platforms and Eskom's responses published on a semi-annual basis (Number)	0	40
Socio-economic guidelines for Coal Plant Retirement (yes/no)	No	Yes

Additional Indicators for Global Microfinance Initiative South Africa Child Project

Indicator framework for the Global Microfinance Initiative South Africa Child Project			
	Indicator	**Baseline**	**Target**
PDO-level	Number of MSMEs supported	0	110
	Number of beneficiaries (for categories other than MFIs) [total beneficiaries]	0	15000
	– Share of total project beneficiaries who are women	0	50.00
	– Share of total project beneficiaries who are youth	0	30.00
Component 1	Number of participants in training and capacity-building provided to support integration of climate and biodiversity microfinance (by type: MFIs, governments, beneficiaries, other stakeholders)	0	20
	Share of participants trained who are women (by type: MFI staff, government staff, beneficiaries and other stakeholders)	0	40
	Share of participants trained who are/represent youth (by type: MFI staff, government staff, beneficiaries and other stakeholders)	0	30
	Percentage of financial products designed or adapted to address constraints faced by women- and youth-led MSMEs	0	100
Component 2	Number of stakeholders participating in knowledge and learning activities	0	500
	Share of participants in knowledge and learning activities who are women	0	50
	Share of participants in knowledge and learning activities who are/represent youth	0	40

ANNEX D: STATUS OF UTILIZATION OF PROJECT PREPARATION GRANT (PPG)

Provide detailed funding amount of the PPG activities financing status in the table below:

Project Preparation Activities Implemented	GETF/LDCF/SCCF Amount ($)		
	Budgeted Amount	Amount Spent To date	Amount Committed
Total			

ANNEX E: PROJECT MAP AND COORDINATES

Please provide geo-referenced information and map where the project interventions will take place

Location Name	Latitude	Longitude	GeoName ID
Mpumalanga Region	-26.086754	29.464374	

Location Description:

Activity Description:

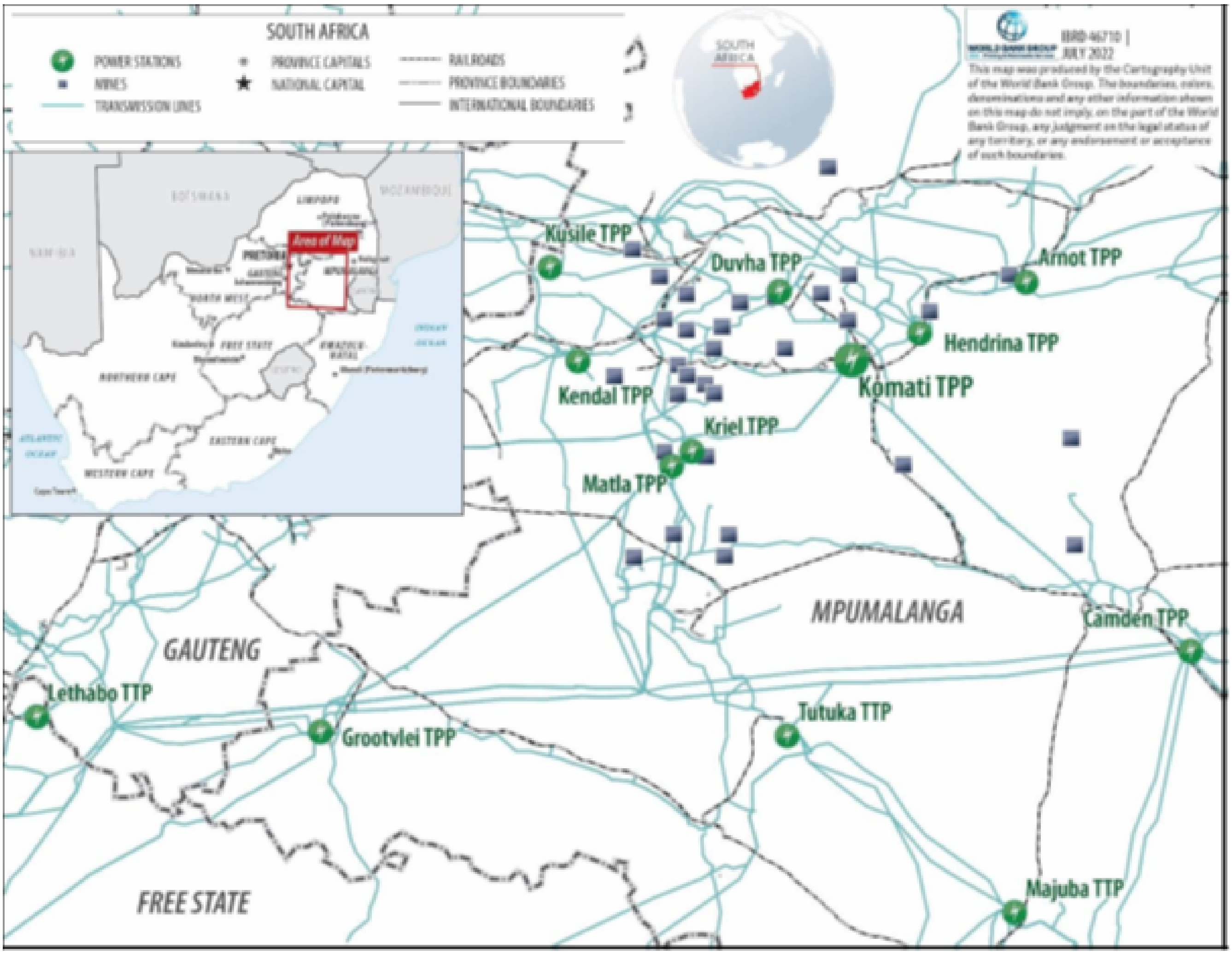
Location Name	Latitude	Longitude	GeoName ID
Free State Region	-26.736810	27.969340	

Location Description:

Activity Description:

Please provide any further geo-referenced information and map where project interventions are taking place as appropriate.

Project Map:



ANNEX F: ENVIRONMENTAL AND SOCIAL SAFEGUARDS DOCUMENTS INCLUDING RATING

Attach agency safeguard datasheet/assessment report(s), including ratings of risk types and overall project/program risk classification as well as any management plans or measures to address identified risks and impacts (as applicable).

Title
P177398_AF ESRS

ANNEX G: BUDGET TABLE

Please upload the budget table here.

Annex. Indicative Project Budget

Expenditure Category	Detailed Description	Component (USDeq.)				Sub-Total	M&E	PMC	Total (USDeq.)	Responsible Entity
		Component 1		*Component 2*						
		Outcome 1.1	*Outcome 1.2*	*Outcome 2.1*	*Outcome 2.2*					
Contractual Services – Firms	Investment / Financial Intermediation: Capitalization of the MSME Growth Fund as catalytic, first-loss and enabling capital within a blended-finance structure. Funds will be used to support direct project loans, term loans, and targeted grants to approximately 110 MSMEs operating in and around the Komati Power Station, with downstream benefits for an estimated 15,000 beneficiaries.	600,000				600,000			600,000	Eskom
	MFI Catalytic Support & Product Development: Technical assistance to the selected MFI managing the MSME Growth Fund, including: design and piloting of climate-relevant financial products; development of eligibility criteria and investment guidelines;	180,000				180,000			180,000	Eskom

	establishment of fund governance, fiduciary controls, and risk-management systems; and integration with EJETP implementation arrangements.									
	Documentation and synthesis of lessons from MSME Growth Fund implementation, including case studies on microfinance support to MSMEs in just transition contexts, feeding into Global Microfinance Initiative knowledge products.			30,000		30,000			30,000	Eskom
	Implementation of a project-level monitoring and evaluation framework aligned with the Global Microfinance Initiative, including data collection, results tracking, and reporting.						20,000		20,000	Eskom
Sub-total Contractual Services - Firms		**780,000**	**-**	**30,000**	**-**	**810,000**	**20,000**	**-**	**830,000**	

Trainings, Workshops, Meetings	Structured training programs for MFI staff and MSMEs, including: climate-relevant product design; just transition financing; risk screening; financial literacy; business planning; and tailored modules for women- and youth-led enterprises.	70,000				70,000			70,000	Eskom
Sub-total Trainings, Workshops, Meetings		**70,000**	-	-	-	**70,000**	-	-	**70,000**	
Travel	Field-based supervision, stakeholder engagement, and on-site support in Komati and surrounding coal-affected regions, including engagement with MSMEs, MFIs, and EJETP stakeholders.		20,000			20,000			20,000	Eskom
	Participation of South African MFIs, women- and youth-led MSMEs, and government counterparts in global knowledge exchange and peer learning activities facilitated under the Global Microfinance Initiative.				15,000	15,000			15,000	Eskom
Sub-total Travel		-	**20,000**	-	**15,000**	**35,000**	-	-	**35,000**	

Contractual Services – Individual Consultants	Specialized short-term expertise to support MSME readiness assessments, beneficiary screening, product piloting, and mentoring of MFIs during early Fund operations.	30,000				30,000			30,000	Eskom
	Analytical inputs, drafting of learning notes, and support to South-South knowledge exchanges under the global program.			15,000		15,000			15,000	Eskom
	MEL specialist support to synthesize results, document lessons, and contribute South Africa-specific data to the global results framework.						10,000		10,000	Eskom
Sub-total Contractual Services - Individuals		**30,000**	**-**	**15,000**	**-**	**45,000**	**10,000**	**-**	**55,000**	
Operating Costs	Rentals, office supplies, fiduciary support handling/processing to ensure timely implementation and compliance with World Bank and GEF requirements.							10,000	10,000	Eskom
Sub-total Operating Costs		**-**	**-**	**-**	**-**	**-**	**-**	**10,000**	**10,000**	

Grand Total		**880,000**	**20,000**	**45,000**	**15,000**	**960,000**	**30,000**	**10,000**	**1,000,000**	

Please explain any aspects of the budget as needed here

ANNEX I: RESPONSES TO PROJECT REVIEWS

From GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF.

Please see an additional annex/ document in the roadmap