

IFC Initial Call for Proposals – Decarbonization Investments in Microsoft Supply-Chain Frequently Asked Questions

1. Eligibility and general information

1.1 Can you provide clarification on geographic eligibility?

Projects must be located in eligible countries, defined as developing (i.e. low and middle income) countries¹

- Projects bundling components from multiple facilities in multiple eligible countries are eligible
- Projects that are proposed to be implemented in countries like Taiwan, Japan, Korea, and the USA for instance are not eligible. However, a project in a developing country undertaken by a company whose headquarters is in an ineligible country is still eligible for consideration.

1.2 Which suppliers are eligible?

An eligible supplier would be any supplier that meets the following criteria:

- Is a private sector institution duly organized, licensed and registered to do business in the country considered.
- Direct suppliers to Microsoft Procurement, Cloud, and Devices Business Groups, and those suppliers who provide goods or services to these direct suppliers (i.e., tier 2 and 3) with operations in developing countries. To be eligible, direct suppliers must be in current compliance with Microsoft's Supplier Code of Conduct and other contractual arrangements. Suppliers to direct suppliers (i.e., tier 2 and 3) will be considered eligible if the relevant direct supplier is currently in compliance with Microsoft's Supplier Code of Conduct and other contractual arrangements.

1.3 Can you provide examples of what types of projects are eligible?

Investments in energy efficiency from retrofit or new installation, grid-tied or distributed renewable energy, cleaner production, construction of new Green Buildings, electric vehicles, energy storage, water use and waste reduction efforts, investments enabling usage of alternatives to fluorinated gases, and other interventions that can reduce supplier carbon emissions are types of projects that would be considered for inclusion.

1.4 Are there any restrictions in the number of projects that can be submitted?

There are no restrictions on the number of projects to be submitted, but only projects located in developing countries will be eligible.

1.5 What documents would the supplier need to provide if the project is selected?

¹ Defined by Gross National Income per capita calculated by World Bank Atlas Method, which should be less than GNI of \$12,696 for FY22 <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

If the project proposal is accepted into the Short List, IFC may ask for additional company information/clarifications depending on level of detail provided in the initial submission

2. Investment conditions

2.1 What types of financing are available?

If approved, Suppliers can benefit from long term Senior Loans or Mezzanine / Subordinated Loans

2.2 Loans Tenor

Medium tenor loans will be provided to approved borrowers, with a maximum tenor of [8] years

2.3 Loans currency

Each debt obligation to be denominated in U.S. dollars, although IFC is open to discussing alternatives for larger loan submissions.

2.4 Loans amount

Each Loan to be for a minimum of US\$ 5 million for the identified climate projects

2.5 Can IFC provide finance for other company needs beyond climate?

Yes, IFC can provide finance for other components beyond climate, although at least 60% of the total loan provided must be for projects which reduce greenhouse gas emissions

2.6 Are concessional loans or grants available?

No, finance will be provided on commercial terms. No grants are available under this call

2.7 Is there a maximum loan size limit?

There is no maximum specified at this stage for climate investments

3. Other services

3.1 What other services can IFC provide?

Microsoft has engaged IFC, for a fee, to provide it with advisory services on how to achieve more efficient uses of energy and increased usage of renewable energy in certain parts of Microsoft's supply chain by conducting scoping, diagnostic and capacity building efforts at the supplier level. This can include detailed technical and financial assessment of additional commercially proven measures that may reduce supplier greenhouse gas emissions, input to technical specifications for purchase of new equipment, implementation guidance and other training and capacity building needs.

Information will be provided to selected Microsoft Suppliers at no cost, since IFC has been retained by Microsoft which is fully supporting this effort.

3.2 What is needed to be done by suppliers seeking Microsoft support for this type of diagnostic and scoping and other inputs?

Please make a note in the RFP submission package on areas of interest, and if merited, Microsoft will follow up directly to discuss potential additional support that could be provided.