

 Early Warning System

IFC-31199  
GTSF TradeCard

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.



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### Quick Facts

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| <b>Financial Institutions</b> | International Finance Corporation (IFC) |
| <b>Status</b>                 | Proposed                                |
| <b>Bank Risk Rating</b>       | B                                       |
| <b>Borrower</b>               | GT NEXUS, INC.                          |



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## Project Description

### OVERVIEW OF IFC'S SCOPE OF REVIEW

Many apparel and footwear brands and retailers, recognizing reputational risk to their own brands from potential supply chain exposure to issues have taken measures designed to ensure equitable working conditions and responsible environmental and social performance among their supply chains. In addition many of the brands active in this sector publish information describing their management systems and processes used to develop the necessary assurance of good environmental and social performance among their Suppliers, usually as a component of the company's approach to Corporate Social Responsibility (CSR). The branded companies that will be proposed as Buyers in this supplier finance structure are expected to have supply chain assurance processes as described above, and therefore it is expected that their Suppliers in this structure will have satisfactory E&S practices. IFC's supplier due diligence will be based upon IFC's review of the Buyers' CSR management systems and procurement practices, in the manner described below.

### PROJECT DESCRIPTION

The transaction involves IFC support to clients of TradeCard, ("TC" or the "Platform"). TC is a supply chain collaboration, trade finance and vendor compliance electronic automated platform connecting branded Buyers, Suppliers and service providers. This project is proposed under the Global Trade Supplier Finance program ("GTSF" or the "Program") approved by the IFC Board in September 2010. (Original Project Link #28723). Under GTSF, IFC will provide short-term financing to Suppliers ("Suppliers") in emerging markets selling to large companies ("Buyers") on open account terms. The total GTSF program size is \$500 million and this proposed project under the Program involves revolving short-term working capital finance to Suppliers to globally known, branded apparel and footwear Buyers that are clients of TC. Financing would be disbursed to eligible Suppliers after acceptance of the Buyer, through the TC platform, to pay on the due date, for goods or services supplied. The project therefore will increase access to finance for these Suppliers and facilitate immediate improvement in cash flow rather than await payment from the Buyer several weeks later. The Program seeks to enhance the availability of such supplier finance solutions in emerging markets, particularly for small and medium size enterprises Suppliers supplying to large international Buyers. In the first phase of the project with TC, IFC expects to support over 200 Suppliers in countries such as Bangladesh, Indonesia, India, Peru, Pakistan, Sri Lanka, Egypt, Jordan and Philippines.

### IDENTIFIED APPLICABLE PERFORMANCE STANDARDS

In this Project, potential adverse E&S impacts arise at the level of the Suppliers. While all Performance Standards are applicable to this investment, IFC's due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards: PS1 Social and Environmental Assessment and Management Systems; PS2 Labor and Working Conditions; PS3 Pollution Prevention and Abatement. The apparel and footwear Supplier companies are likely to be long-established, manufacturing companies, usually in assigned industrial locations, therefore issues related to other performance standards are unlikely to be encountered.

### ENVIRONMENTAL AND SOCIAL CATEGORIZATION AND RATIONALE

The most common E&S risks associated with the apparel and shoe manufacturing sector relate to poor working conditions, and can involve failure to inform workers of their rights, compulsory overtime requirements, failure to record and compensate for



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### **Contact Information**

#### ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org). You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



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**Other Related Projects**

- IFC-28723 Global Trade Supplier Finance