



## Project Implementation Report

(1 July 2023 – 30 June 2024)

<b>Project Title:</b>	<i>Promotion of circular economy in the textiles and garment sector through the sustainable management of chemicals and waste in Ethiopia</i>
<b>GEF ID:</b>	<i>10683</i>
<b>UNIDO ID:</b>	<i>200231</i>
<b>GEF Replenishment Cycle:</b>	<i>GEF-7</i>
<b>Country(ies):</b>	<i>Ethiopia</i>
<b>Region:</b>	<i>AFR - Africa</i>
<b>GEF Focal Area:</b>	<i>Chemicals and Waste (CW)</i>
<b>Integrated Approach Pilot (IAP) Programs<sup>1</sup>:</b>	<i>N/A</i>
<b>Stand-alone / Child Project:</b>	<i>Stand Alone</i>
<b>Implementing Department/Division:</b>	<i>ENV / IRE</i>
<b>Co-Implementing Agency:</b>	<i>N.A</i>
<b>Executing Agency(ies):</b>	<i>National Executing Entity (NEE):– Textile and Garment Industry Research and Development Centre (TGIRDC) Regional Executing Entity (REE): Africa Institute for Environmentally Sound Management of Hazardous and other Wastes (Africa Institute)</i>
<b>Project Type:</b>	<i>Full-Sized Project (FSP)</i>
<b>Project Duration:</b>	<i>60 months</i>
<b>Extension(s):</b>	<i>N/A</i>
<b>GEF Project Financing:</b>	<i>USD \$ 3 000 000</i>
<b>Agency Fee:</b>	<i>USD \$ 285 000</i>
<b>Co-financing Amount:</b>	<i>USD 30 590 273</i>
<b>Date of CEO Endorsement/Approval:</b>	<i>5/19/2022</i>
<b>UNIDO Approval Date:</b>	<i>7/1/2022</i>
<b>Actual Implementation Start:</b>	<i>12/21/2023</i>
<b>Cumulative disbursement as of 30 June 2024:</b>	<i>1,448,623.99 \$</i>
<b>Mid-term Review (MTR) Date:</b>	<i>TBC</i>
<b>Original Project Completion Date:</b>	<i>6/30/2027</i>
<b>Project Completion Date as reported in FY23:</b>	<i>6/30/2027</i>

<sup>1</sup> Only for GEF-6 projects, if applicable

<b>Current SAP Completion Date:</b>	<i>7/7/2027</i>
<b>Expected Project Completion Date:</b>	<i>6/30/2027</i>
<b>Expected Terminal Evaluation (TE) Date:</b>	<i>9/30/2027</i>
<b>Expected Financial Closure Date:</b>	<i>3/31/2028</i>
<b>UNIDO Project Manager<sup>2</sup>:</b>	<i>Ozunimi Iti</i>

## I. Brief description of project and status overview

<b>Project Objective</b>
<i>To promote the concept of circular economy (CE) in the textile and garment (TG) sector of Ethiopia through value chain approach that addresses the sector's upstream: resource use; green and sustainable chemistry as well as downstream by the reuse, recycling and conversion of textile/garment discards and related wastes into economically viable and socially beneficial products and services.</i>

<b>Baseline</b>
<p><i>Ethiopia is aiming to generate USD 30 billion in export revenue from the textile apparel and accessories sector by 2030, the country is investing in more than 10 industrial parks (most of them dedicated to textile and garment manufacturing) to accelerate textile production and the country's productivity as well as developing a heavy industry that will allow its full industrialization by 2025. The textile and garment sector contributes significantly to the national economy and to the national export of goods and services. The Ethiopian textile and apparel industry has grown an average of 51% over the last 5-6 years. According to McKinsey's 2019 Chief Purchasing Officer (CPO) survey that reflects the perspectives of 64 participating sourcing executives, who are responsible for a total sourcing value of over USD 100 billion, Ethiopia is the only African country seen as one of the top highly rated countries in terms of its growth prospects. Furthermore, based on the consultation meetings with the international brands, Ethiopia was emphasized as the new hub for textile and garment production in Africa and was dubbed the "Bangladesh of Africa".</i></p> <p><i>The textile and garment sector is among the priority sectors identified by the Ethiopian government in transforming the country's traditional agricultural based economy to industrialization. It is an important source of income that provides employment for over 450,000 people (2013), up more than 200% from 2010/11 engaged directly and indirectly in the cotton and textile production chain (International Trade Centre, Textile and Clothing value Chain Road-map of Ethiopia (2016-2020). Besides, there are thousands indirectly employed in the informal, artisanal hand-loom weaving sector comprising SME's engaged in production of traditional fabrics. The livelihood of thousands of cotton growers depends on the textile industry. Clearly, the government policy encourages the development of the textile industry. This is being achieved by attracting Foreign Direct Investment (FDI), modernization of the existing textile mills, provision of incentives and capacity building measures. The government has established a dedicated Textile &amp; Apparel Industry Development Institute (ETIDI) under the Ministry of Trade &amp; Industry. The institute is responsible for overseeing the development of the sector and formulation and implementation of relevant policies.</i></p> <p><i>Gradually, apparel manufacturers from South and East Asia have become interested in Ethiopia as a possible outsourcing destination. Ethiopia attracted foreign investments of US\$1.2 billion in the first six months of the 2016-2017 fiscal year, especially since the Ethiopian government set export-oriented apparel production as a priority in the national development agenda. Based on Ethiopian country data, in the last 5 to 6 years, the textile, and apparel industry have grown at an average of 51% and more than 65 international textile investment projects have been licensed for foreign investors, during this period. The growth in the textile industry is directly linked to the Government's strong commitment to set up an industrial development strategy. Furthermore, the government is building industrial parks in order to ease logistics constraints for export-oriented apparel producers. Currently, there are more than 10 industrial parks (IPs) most of them</i></p>

<sup>2</sup> Person responsible for report content

dedicated to textile and garment manufacturing. Bole Lemi 1, built in 2014, hosts foreign-owned firms in both apparel and footwear manufacturing, such as Arvind (India), JayJay Textiles (India) or Shin (South Korea). Another example is Hawassa Industrial Park (HIP), inaugurated in 2017, which is estimated to bring USD 1bn in export earnings, almost 10 times the current figure for the entire textile industry, as well as employing 60,000 people when operating at full capacity. The park has attracted the first-wave of world-leading apparel producers in Ethiopia. The anchor investor for this park is PhilipVan-Heusen (PVH), one of the world's largest apparel companies. Furthermore, cheap labour is the most important explanation for foreign direct investments in flows in the TG industry. According to foreign investors, no other country could offer lower wages, ranging between USD 30 and USD 45 per month at the operator level in assembly operations (the lowest skill segment). Other aspects that attract foreign investors are cheap electricity prices, government support, and low risk of investing. The global brands to which the Ethiopian cotton and textile market is linked are: PVH, H&M, Asda, Primark, Van Heusen, Tchibo, Tesco, Marks & Spencer, VF Corporation, Inditex, Itochu, etc.

Although in terms of business, the textile/garment manufacturing industry is a great contributor to economic prosperity and poverty reduction, it is also associated with some problems. The following baseline presents national situations on the textile and garment sector, its chemicals use and waste management practices; and on national government policy, regulation and enforcement including data and information sharing on key chemicals and wastes issues.

Ethiopia signed the Stockholm Convention (SC) on 17 May 2002 and ratified the instrument on 2 July 2002. Article 7 of the SC requires member countries to develop a National Implementation Plan (NIP) to meet the requirements of the Convention and communicate such plan to the Conference of Parties (COP) within two years into force of the Convention. Ethiopia prepared the NIP in 2006 and updated in 2017 to meet its obligations under the SC on Persistent Organic Pollutants (POPs). The updated NIP shall provide a framework to develop and implement, in a systematic and participatory way, priority policy and regulatory reforms, capacity building, and investment programs. Moreover, it helps in mitigating the potential threats of POPs on human health and the environment at both the national and global level.

However, analysis of the relevant legislations and their enforcement indicates that, in Ethiopia, the performances of legal frameworks related to the management and use of chemicals in general and POPs in particular is less developed. The major gaps and limitations in this area include the lack of comprehensive approach and coverage of the legal framework; limited rules that ban the production, import and use of POPs pesticides; absence of proper regulatory mechanism for the use of DDT; insufficient legislations and standards that directly and comprehensively regulate the management of industrial chemicals, including PCBs; limited legislations and standards to regulate releases of uPOPs from different sources; lack of proper regulatory mechanism for the management of POPs stockpiles and wastes; lack of regulatory framework on information gathering and exchange as well as limited public awareness and participation.

The POPs inventories carried out for the NIP Update found information for Endosulfan (a pesticide used for cotton pest prevention and control) and for PFOS. Ethiopia has never undertaken the inventory of PFOS. The amounts of PFOS in all use categories were processed through statistics on manufacture, export and import volumes from a national trade bureau over a 14-year period. The estimation of annual PFOS consumption included commercial categories, such as textile, carpets, hydraulic fluids, fire extinguish foams, etc. The total amount was estimated at 3.1Tons/year as higher range value for a conservative approach. With regard to identification of Persistent Organic Pollutants (POPs) chemicals along the value chain, this task requires monitoring and tracking of all kinds of chemicals used along both value chains. Basically, due to the long value chain and many kinds of chemicals used in the different processes of the sectors, it is more likely that some precursor chemicals for POPs (dioxins and Furans) can be found but needs thorough investigation of the kinds of chemicals being used in the whole value chain.

Studies show that textile production processes are typically not sources of PCDD/PCDF formation. Rather, the use of dyes, pigments and chemicals such as fungicides containing or contaminated with PCDD/PCDF to treat raw materials such as cotton appear to be the sources of the detected PCDD/PCDF.

During the PPG assessment and classification of chemicals, dyestuffs and pigments used by the surveyed 7 companies based on their hazardous nature, evidences from the material safety data sheet (MSDS) and other related literatures were used although it was difficult to get the MSDS for some of these inputs. The PPG study survived a total of 292 chemicals in 7 companies and three pigments were found to be chloranil containing, one chemical was usage banned (Navy blue), and three chemicals were classified as possible hazardous according to directive 67/548/EEC or 1999/45/EC (Vivizol Extra black, Remazol turq Blue G133% and Hicion Blue HE-xl). Of the remaining chemicals 239 were not listed in the RSL and 46 chemicals could not be classified in this study as it was difficult to get MSDS.

*Textile waste is one type of solid waste growing rapidly in recent years. Abundant textile waste which includes the waste generated from streams of fiber, textile and clothing manufacturing process, commercial service and consumption has raised increasing concerns worldwide in developing novel circular textiles approach.*

Please refer to the explanatory note at the end of the document and select corresponding ratings for the current reporting period, i.e. FY24. Please also provide a short justification for the selected ratings for FY24.

In view of the GEF Secretariat's intent to start following the ability of projects to adopt the concept of adaptive management<sup>3</sup>, Agencies are expected to closely monitor changes that occur from year to year and demonstrate that they are not simply implementing plans but modifying them in response to developments and circumstances or understanding. In order to facilitate with this assessment, please introduce the ratings as reported in the previous reporting cycle, i.e. FY23, in the last column.

<b>Overall Ratings<sup>4</sup></b>	<b>FY24</b>	<b>FY23</b>
Global Environmental Objectives (GEOs) / Development Objectives (DOs) Rating	<i>Satisfactory (S)</i>	<i>Unknown</i>
<p><i>The project is expected to achieve or exceed all its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.</i></p> <p><i>The project has strong support from national stakeholders and key ministries. Project beneficiaries are engaged and collaborating well with the national executing entity TGIRDC and the service providers who are helping execute the different activities. Effective communication mechanism exist between the NEE, the REE, UNIDO, Service Providers (sub-contracted 3<sup>rd</sup> Parties) and the project beneficiaries. There is effective monitoring of the project by the GEF Operational Focal Point and support by Ministries such as the Ministry of Finance and Planning.</i></p>		
Implementation Progress (IP) Rating	<i>Satisfactory (S)</i>	<i>Unknown</i>
<p><i>Implementation of all components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.</i></p> <p><i>Effective project implementation monitoring mechanisms exist between the NEE, the REE, UNIDO, Service Providers (sub-contracted 3<sup>rd</sup> Parties). There is effective monitoring of the project by the GEF Operational Focal Point and support by the parent ministry and the Ministry of Finance and Planning. The NEE is currently focused on execution of activities in Component 1 and Component 2 and have been working with ICLEI to review the policy and regulatory landscape. The NEE is working with ZDHC and the beneficiary facilities to implement chemical and waste management systems with training on chemical inventory. Significant progress has taken place in executing these 2 components as elucidated in in Section II.</i></p>		
Overall Risk Rating	<i>Low Risk (L)</i>	<i>Low Risk (L)</i>
<p><i>Project was given overall low risk rating at CEO Endorsement</i></p> <p><i>There may be changes in market forces and the economic and political landscape that may arise. Some of the project activities may be delayed as was experienced during the contracting period where there was government and institutional restructuring in the sister project 10543 Lesotho Madagascar with changes in responsible parties and names of the executing entities. Some of the beneficiary companies may experience business transformations/challenges, which may severely impact their</i></p>		

<sup>3</sup> Adaptive management in the context of an intentional approach to decision-making and adjustments in response to new available information, evidence gathered from monitoring, evaluation or research, and experience acquired from implementation, to ensure that the goals of the activity are being reached efficiently

<sup>4</sup> Please refer to the explanatory note at the end of the document and assure that the indicated ratings correspond to the narrative of the report

ability to participate in project execution activities. To safeguard against this the project is ensuring strong stakeholder relationship management with the project stakeholders including the GEF Operational Focal Point in Ethiopia and attending the GEF quarterly project update sessions organized by the GEF OFF. There is strong relationship management between the NEE, the Min of Finance, The Ministry of Industry and the UNIDO country office in order to stay well informed on trends and any changes in the economic and political landscape. There is effective monitoring through bi-weekly update meetings, quarterly reports and UNIDO participation in meetings with NEE meeting with service providers ZDHC, ICLEI and the project beneficiaries.

## II. Targeted results and progress to-date

Please describe the progress made in achieving the outputs against key performance indicator's targets in the project's **M&E Plan/Log-Frame at the time of CEO Endorsement/Approval**. Please expand the table as needed.

*In Year 1 of project execution activities are focused on Components 1 and 2, therefore these are the only Outcomes shown in table below. Other activities are built upon results of from Components 1 and 2*

Project Strategy	KPIs/Indicator	Baseline	Target (for the entire project duration)	Progress in Y1
<b>Outcome 1 – Strengthened regulatory and institutional framework and capacities for adoption of Circular Economy in the TG sector</b>				
Output 1.1. Legal and institutional framework for life cycle management of the TG supply/value chains.	<p># Policy and regulatory framework for CE and toxic-free in the TG sector is developed / accepted</p> <p># Implementation of EPR programmes</p> <p>#Standards developed/adapted in each country for POPs/hazardous chemicals/waste management and CE in the TG sector</p> <p># Laboratories testing and analytical capacities Strengthen</p> <p>% of women and men in CE and TG policymaking organs/structures</p>	<p>Policies and strategies to support programmes and activities for life circle management do not exist.</p> <p>Testing and analytical capacity needs strengthening</p>	<p>&gt;1 Legal and institutional framework to promote CE, BAT/BEP/RECP</p> <p>1 CE technical committees</p> <p>1 revised legal framework to promote CE and including technical infrastructure for implementation of BAT/ BEP on POPs, hazardous chemicals, and textile waste management as well as RECP options</p> <p>&gt;2 capacity building and awareness raising events conducted</p> <p>&gt;2 local Laboratories certified by ZDHC</p>	<p>Policy documents related to CE and chemicals and waste management are being collected by the NEE and reviewed by ICLEI to identify gaps and formulate recommendations prepared</p>

Output 1.2. Regulations and incentive scheme for promotion and sustainability of circular economy in the TG sector.	# Targets and incentives are set, promoted, and enforced #Master plan for national strategy for transition to CE is developed	Regulations and incentives scheme for the promotion of circular economy are not in place  There is not adequate national master plan and strategy on circular economy	1 Regulations and incentive scheme (one in each country) > 2 capacity building events conducted for incentive scheme 1 Master plans for transition to CE	Government officials are interested and actively participating in the process of regulatory review
Output 1.3. Technical Committee for Circular Economy in the TG sector	Technical Committee on Circular Economy established and operational	A formal government organization/committee for supporting a circular TG economy is non-existent	1 workplan and Coordination mechanism (one for each country) 2 targeted trainings  5 annual Reports and recommendations of the Committee 50% women participation in the committee	In progress The NEE is currently setting up their technical committee, the process takes a bit of time as the nominated individuals must be validated and confirmed by the parent ministry and the regional executing entity
<b>Outcome 2.</b> BAT/BEP/RECP and Circular Economy concept are implemented through technical assistance in selected textile production facilities for the ESM and prevention / reduction of POPs, hazardous chemicals and wastes while improving process efficiency and profitability at plant level.				
Output 2.1. Chemical Inventories for POPs and Technical guidelines for environmental sound management of POPs chemicals and wastes	Inventory, database, and material flow analysis (MFA) prepared #Technical guidance developed # Factory Implementation and adoption of ZDHC tools/ relevant methodologies  #Capacity building and institutional strengthening on sustainable chemicals management system #People trained (total)  #men and women who participate in capacity building programmes  % of enterprises complying to new inclusive and legal measures	Lack of data and inventories of Chemicals use  No available guidelines	Inventories prepared >1 Technical guidelines on Chemical management to participating TG production facilities >5 pilot demonstration facilities implemented ZDHC tools >3 capacity building events conducted >30 people gained knowledge on sustainable chemical management through ZDHC trainings	In progress, facilities are working with ZDHC on chemicals inventories and introductory training on chemical and waste management. The ZDHC introduction webinar for the participating textile facilities in Ethiopia, as well as for the local task force and other project stakeholders took place on 25 June 2024. Upon request of TGIRDC, ZDHC presented the main components of the ZDHC CMS Framework to increase awareness of chemical management before continuing with the in-person ZDHC CMS TIG Training and ZDHC Wastewater Management Training, planned for Q3, 2024. 39 Participants were invited to the introduction webinar, and 31 participants attended. After the introduction webinar the "Introduction to ZDHC" e-learning course was offered to the invited participants.

Output 2.2. Standard operating procedures (SOPs) and checklists POPs pollution prevention and control	# of SOPs developed and implemented in the facilities BAT/BEP options on POPs and hazardous chemicals identified #Pilot facilities are audited # Business models for sustainable chemicals management developed.	No SOPs for handling and usage of chemicals and auxiliaries in the textile production process  No access to POPs free and non hazardous alternatives and technologies	> 1 SOPs for chemical management, RECP, BAT/BEP.  >5 Assessment report on the identified BAT/BEP/RECP options >5 of facilities audited for RECP and ESTs  > 1 business opportunity developed (incl. Chemical Leasing).  >100 training participants on SOPs , BAT/BEP/RECP (male and female) > 200 raining participants on New Business models (male and female)	N/A To be formulated based on inventories
Output 2.3. Techno-economic feasibility of BAT/BEP and RECP options	Technical assessment and feasibility carried out	No technical assessment and feasibility study with cost-benefit analysis, economic and market conditions	1 Techno-economic feasibility assessment reports	N/A
Output 2.4: Training and Capacity building in BAT/BEP, RECP and Circular Economy.	#Capacity building and awareness raising programmes on chemicals and wastes BAT/BEP/RECP and CE # training guidelines, modules, and manuals developed by ZDHC service providers #People trained (total)  # men and women who participate in capacity building programmes  % of enterprises complying to new inclusive and legal measures	Limited technical capacity in BAT/BEP, RECP and CE	>2 Capacity building programmes > 3 training guidelines, modules, and manuals  800 training participants (male and female)	Key stakeholders are actively participating in trainings by ZDHC
Output 2.5: BAT/BEP and RECP options identified and implemented in at least one facility for each country.	# Factory Implementation In-plant assessment and training programmes # of participants (sex disaggregated) Socio-economic impact assessment		>5 pilot facilities that adapt new technologies > 5 In-plant assessment and training programmes 30 In-plant personnel trained (female and male)	N/A

### III. Project Risk Management

1. Please indicate the overall project-level risks and the related risk management measures: (i) as identified in the CEO Endorsement document, and (ii) progress to-date. Please expand the table as needed.

	(i) Risks at CEO stage	(i) Risk level FY 23	(i) Risk level FY 24	(i) Mitigation measures	(ii) Progress to-date	New defined risk <sup>5</sup>
1	Restricted travel due to Covid 19 pandemic	Medium	Medium	Meetings, workshops, and consultations will be held virtually as much as possible.	Most meetings, workshops, and consultations are held in a hybrid format	<input type="checkbox"/>
2	Decreased local support due to shifted priorities	Low	Low	To ensure continued support, activities will be validated with the national stakeholders, and the project will focus on ongoing effective communication that underlines the long-term benefits and business opportunities resulting from of its proposed activities	Activities have been validated with the national stakeholders, and the project will focuses on communication that underlines the long-term benefits and business opportunities resulting from of its proposed activities. There is increased awareness and support for the project following endorsement by Ministry of Finance and Planning and the GEF funded projects evaluation workshops hosted by the GEF OFF	<input type="checkbox"/>
3	Risk of climate change on the project (increased temperature, drought, etc.)	Low	Low	The project will take into consideration the vulnerability of these country to climate change. The project will raise awareness with regards of climate change and the project reduction of the GHGs emissions from the open burning operations and land contamination and surface /underground water pollution. Water resource management is important for the Ethiopia and will be addressed in the project through RECP including water recycling and reuse. Where relevant, activities to climate-proof facilities to these gradual impacts could be considered.		<input type="checkbox"/>
4	Inadequate political support, regulatory framework partly formulated and not fully implemented and enforced. Change of governments leads to change of priorities	Medium	Medium	Policy/ decision makers will be involved from the inception stage of the project, to ensure that the country's national priorities are considered and that political buy-in is ensured, especially on awareness activities on issues related circular economy, POPs, hazardous chemicals, hazardous waste, wastewater, waste (including textile and garment offcuts), air emissions as well as its environmental and public health implications.	The project will is engaging with government stakeholders all throughout the implementation. Furthermore, the national focal points are regularly updated on the project progress to guarantee continued support.	<input type="checkbox"/>
5	The project partners do not sustain the project activities and benefits	Medium	Medium	The project will involve global actors and associations which have been active on this issue for over 10 years. The need for a sustainable solution is clear, and the project will publicize – through the networks of the numerous and diverse project partners - the gains and successes of the project activities, bringing visibility to their efforts and progress, and stimulating continuity and replication.	Beneficiaries are actively involved and updated on project status and are engaged in trainings	<input type="checkbox"/>

<sup>5</sup> New risk added in reporting period. Check only if applicable.



6	Lack of cooperation from the informal sector to release textile and garment waste as well other waste potentially containing POPs.	Low	Low	Potential options and financial mechanism designed to incentivize the formal and informal sector. Economic incentive schemes will be explored and implemented to transform the informal sector into formal companies and jobs making the economy more circular	Other actors besides the project beneficiaries are being invited to trainings and workshops to help scale awareness and knowledge to other actors.
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2. If the project received a **sub-optimal risk rating (H, S)** in the previous reporting period, please state the **actions taken** since then to mitigate the relevant risks and improve the related risk rating. Please also elaborate on reasons that may have impeded any of the sub-optimal risk ratings from improving in the current reporting cycle; please indicate actions planned for the next reporting cycle to remediate this.

N/A

3. Please clarify if the project is facing delays and is expected to request an **extension**.

*There were delays associated with contract signing procedures and UNIDO received signed contract from TGIRC on 18 June 2023. The project will be implemented together with the regional textile project 10543 with similar title in Lesotho, South Africa and Madagascar to align implementation activities with other partners and stakeholders and to coordinate knowledge management. For the regional project 10543 There have been delays related to contract signing procedures and protocols within the various executing entities.*

4. Please provide the **main findings and recommendations of completed MTR**, and elaborate on any actions taken towards the recommendations included in the report.

N/A

#### IV. Environmental and Social Safeguards (ESS)

1. As part of the requirements for **projects from GEF-6 onwards**, and based on the screening as per the UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), which category is the project?

Category A project

Category B project

Category C project

(By selecting Category C, I confirm that the E&S risks of the project have not escalated to Category A or B).

*Please see attached 10683\_Annex J ESMP Ethiopia and 10683\_ESS\_Mission Debriefing.pptx*

#### V. Stakeholder Engagement

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes** regarding engagement of stakeholders in the project (based on the Stakeholder Engagement Plan or equivalent document submitted at CEO Endorsement/Approval).

*Implementing Partner Agreements signed by the NEE. The signed contract was received by UNIDO from Ethiopia TGIRDC on 18 June 2023. Sub-Contracts between the REE and the service providers ZDHC and ICLEI were signed. Terms of reference have been drafted for other service providers such as Cambridge Circular Economy Centre, Natural Resources Defence Council. The national inception workshop was*

hosted successfully in April 2024 and was well attended by relevant stakeholders. Project execution activities with ICLEI and the NEE and national counterparts in reviewing the policy landscape and ZDHC has commenced chemicals and waste management trainings with beneficiary facilities.

[Links to inception workshop below](#)

[TGIRDC Inception Workshop for the project "Promotion of circular economy in the textile & garment sector in Ethiopia"](#)

[TGIRDC Inception Workshop for the project "Promotion of circular economy in the textile & garment sector in Ethiopia"](#)

2. Please provide any feedback submitted by national counterparts, GEF OFF, co-financiers, and other partners/stakeholders of the project (e.g. private sector, CSOs, NGOs, etc.).

### **Key issues discussed over the course of the Inception Workshop**

- *Rules and Regulations: some of the participants express their concern regarding how the project interventions would affect the rules and regulation of the disposal and management of expired chemicals in Ethiopia as managing the chemical and waste in Ethiopia is challenging.*
- *Capacity Building: the training on the management of hazardous chemicals needs to be exhaustive and reach out to all factories rather than some pilot industries and participants raise queries how the pilot factories are selected for implementation.*
- *Project Management: it is recommended to have a monitoring and evaluation of the project at least twice a year with all stakeholders and pilot companies to properly follow the implementation phase.*
- *The scope of the project: it is raised by the participants how the scope and objective of this project is in line with the recent European Union due diligence requirements*

### **Key points from Ethiopia GEF Project Evaluation workshop hosted by the GEF OFF**

*The workshop focused on the performance of ongoing GEF/GCF funded projects in the country.*

*During the two-day workshop, more than 15 ongoing GEF/GCF funded projects in the country were presented by the executing project managers. For each project, there were brief discussions for further clarification on the performance of the projects. In addition, there were presentations by the GEF/GCF focal persons on the challenges and future directions for the implementation of the GEF/GCF projects in the country. A lot of valuable insights were gained from all the presentations and discussions.*

*Additionally, the respective State Minister, H.E. Mr. Seyoum Mekonen, participated in the two-day workshop. In his closing remarks, he shared how the Ministry of Planning and Development plans to manage GEF and GCF projects in the country, which is very important for our project to accelerate implementation in the remaining period. From his point of view, the following main points were very important:*

- 1. The MoPD has already drafted a digital monitoring application system which they will share for upgrading, and then it will be implemented for all GEF funded projects.*
- 2. The Minister's office has planned to establish very close relationships and take actions with the implementing and executing agencies.*
- 3. The Minister advised all project managers:*
  - a) To develop an acceleration plan to finalize the project activities with set objectives in a timely manner.*
  - b) To take fast and timely action and make decisions for any problems encountered by the project rather than dragging and taking unnecessary time during the implementation period.*
  - c) To undertake regular project monitoring and evaluation activities.*
  - d) To shorten procedures and bureaucracy with better and best alternative systems.*
  - e) To improve stakeholder engagement during the implementation so that to develop common understanding that will help for faster implementation.*
- 4. The MoPD will organize project performance evaluation workshops regularly every six months based on field visit and feedback collected from all projects before the workshop.*
- 5. A reporting format will be developed by the Minister's office, and quarterly reports will be submitted by all*

*executing and implementing agencies regularly to the GEF Focal point.*

*6.Capacity building programs on the GEF/GCF will be organized and conducted by the Minister's office to upgrade the preparation and implementation of GEF projects by the implementing and executing agencies.*

*7.All new GEF/GCF projects will be endorsed through the approval of newly established National Steering Committee.*

3. Please provide any **relevant stakeholder consultation** documents.

*Please list here the documents which will be submitted in addition to the report, e.g.:*

- 10683\_Regional Project Steering Committee minutes*
- 10683\_Inception Report*

## VI. Gender Mainstreaming

1. Using the previous reporting period as a basis, please report on the **progress achieved on implementing gender-responsive measures** and **using gender-sensitive indicators**, as documented at CEO Endorsement/Approval (in the project results framework, gender action plan or equivalent),.

*Project is being executed in line with gender action plan and gender responsive measures set out.*

*A gender expert is being engaged to ensure that gender issues are mainstreamed throughout the project and monitored. The project is also engaging with ZDHC representatives who are part of the SAICM and working on a Gender and Chemicals programme to see how gender issues can be further strengthened in the project.*

## VII. Knowledge Management and Communication

1. Using the previous reporting period as a basis, please elaborate on any **knowledge management and communication activities / products**, as documented at CEO Endorsement / Approval.

*Communications are in line with stakeholder engagement and communications plan see 10683\_Annex I SEP\_Ethiopia*

*No knowledge products have been generated.*

2. Please list any **relevant knowledge management and communication mechanisms / tools** that the project has generated.

*National Executing Entities quarterly meet up for knowledge and ideas sharing.*

*Document sharing platform for all NEEs to share information, links*

*Attached: 10683\_NCPC\_ZDHC-TRAINING FLYER*

## VIII. Implementation progress

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes achieved/observed** with regards to project implementation.

*Though there were initial delays the project implementation since kick-off has been progressing efficiently.*

*•Implementing Partner Agreement signed between UNIDO and Ethiopia under the project - GEF: 10683*

*•On the sister project GEF 10543- all IPAs from the national executing entities have been signed*

*•Contracts signed between the regional executing entity (Africa Institute) and the international partners - ICLEI and Zero Discharge of Harmful Chemicals (ZDHC)*

- *Signing ceremony between UNIDO Deputy Director General/ Managing Director -GLO (GEF Focal Point) and Min of Finance to endorse project – 31 January 2024*
- *Project Kick off- report submitted and approved on 16 February 2024*
- *1st disbursement of projects funds by UNIDO finance completed on 29 February 2024*
- *ZDHC representatives traveled to Addis and held in-person coordination meeting with Min of Industry, TGIRDC, and the ZDHC sub-contracted service provider (Bluwin) to discuss Year 1 project execution priorities– (March 2024)*
- *National Project Steering Committee members nominated and validated by REE*
- *TGIRDC submitted nominations to Africa Institute for Regional Project Steering Committee members*
- *Project inception workshop hosted on 18 April 2024 and attended by government officials, textile associations and project beneficiaries.*
- *Project execution activities have commenced with focus on Component 1-(Review of regulatory/policy frameworks with ICLEI, and Component 2 – (Chemical/waste inventories and assessments with ZDHC).*
- *Coordination meetings with other national executing agencies – Ongoing*
- *ZDHC Chemicals and Waste Management Introductory seminar with beneficiaries held on 25 June 2024 online.*
- *In-check audit assessment of beneficiary facilities with ZDHC planned for August 2024*
- *Regional Inception workshop – tentatively scheduled for 13 September 2024*
- *Ongoing training on hazardous chemicals and waste management – ZDHC and Consultations by ICLEI (Local Governments for Sustainability originally International Council for Local Environmental Initiatives) with key stakeholders to review and shape policy advice on developing robust circular economy regulatory frameworks.*

**2. Please briefly elaborate on any **minor amendments**<sup>6</sup> to the approved project that may have been introduced during the implementation period or indicate as not applicable (NA).**

Please tick each category for which a change has occurred and provide a description of the change in the related textbox. You may attach supporting documentation, as appropriate.

<input type="checkbox"/>	Results Framework	
<input type="checkbox"/>	Components and Cost	
<input type="checkbox"/>	Institutional and Implementation Arrangements	
<input type="checkbox"/>	Financial Management	
<input type="checkbox"/>	Implementation Schedule	
<input type="checkbox"/>	Executing Entity	
<input type="checkbox"/>	Executing Entity Category	
<input type="checkbox"/>	Minor Project Objective Change	
<input type="checkbox"/>	Safeguards	
<input type="checkbox"/>	Risk Analysis	
<input type="checkbox"/>	Increase of GEF Project Financing Up to 5%	
<input type="checkbox"/>	Co-Financing	

<sup>6</sup> As described in Annex 9 of the *GEF Project and Program Cycle Policy Guidelines*, **minor amendments** are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5%.

<input type="checkbox"/>	Location of Project Activities	
<input type="checkbox"/>	Others	

**3. Please provide progress related to the financial implementation of the project.**

*The first advance payment of 65,507.00 was disbursed to TGIRDC in February 2024 according to planned Activities shown in the table below.*

**BUDGET FOR YEAR 1**

	Outputs	Main Activities	Budget (USD)
Output 1.1	Legal and institutional framework for life cycle management of the TG supply/value chains.	Develop policy and regulatory framework for CE and toxic-free in the TG sector	16,723.00
		Organize capacity building and institutional strengthening programs /activities to support enforcement and compliance with laws/regulations.	
		Develop/adapt standards(guidelines)for POPs/hazardous chemicals/waste management and CE in the TG sector	
Output 1.3	Technical Committee for Circular Economy in the TG sector	Establish Technical Committee for Circular Economy in the TG sector	2,000.00
		Prepare work plan and Coordination mechanism	
		Prepare Reports and recommendations of the Committee	
Output 2.1	Technical guidelines for environmental sound management of POPs chemicals and wastes	Prepare inventory, database and material flow analysis (MFA) of chemicals used and wastes generated in the TG sector, (In cooperation with ZDHC).	3,700.00
		Prepare technical guidelines, protocols and procedures for safe and environmentally sound management of the chemicals along the TG supply/value chains.	
		Assess pilot industries and organize capacity building and training programs for institutional strengthening on establishment of a sustainable chemicals and wastes management system in pilot textile industries. (In cooperation with ZDHC).	
Output 2.2	Standard operating procedures (SOPs) and checklists POPs pollution prevention and control	Establish cooperation's and agreements with ZDHC. Organize a taskforce Create awareness to the taskforce on developing SOPs	3,000.00
Output 3.1	Waste mapping prepared for ESM plan	Prepare Waste mapping	4,725.00
		Assess interregional wastes flow/trade especially between regions in the country.	
Output 4.1	Knowledge management plan prepared	National capacity and awareness programs developed and implemented to increase ability of textile sector and policy makers to control POPs and CoCs	3,528.00
Output 4.2	and implemented	Support Regional and Global Knowledge Exchange and Management through NRDC and REE	1,200.00

Output 4.3	Gender and Social Action Plan implemented	Implement Gender and Social Action Plan and benefits accrued to women workers	3,000.00
Output 5.1	Project progress monitoring and reporting	Establish the Project management Unit (PMU) and assign a National Project Coordinator and Project Assistant(s)	27,631.00
		Organize the project Inception Workshop	
		Prepare a monitoring plan for the implementation of the stakeholder engagement plan (SEP).	
		Report on risk mitigation measures (with due attention to the results of HACT Micro-Assessment)	
		Establish National Steering committee (NSC/PIC)	
		<b>Total</b>	<b>65,507.00</b>

### IX. Work Plan and Budget

1. Please provide **an updated project work plan and budget** for the remaining duration of the project, as per last approved project extension. Please expand/modify the table as needed.

- [5 Year Work plan – See attached 10683\\_Work Plan](#)
- [5 Year Budget Breakdown – See Table Below](#)

Component (Ethiopia)	Budget NEE (\$)	Output	Budget NEE (\$)	Y1	y2	y3	y4	Y5	Total
Component 1	128,262	Output 1.1	42,754	10,688.50	32,065.50				42,754.00
		Output 1.2	42,754		18,701.60	24,052.40			42,754.00
		Output 1.3	42,754		12,826.20	8,550.80	12,826.20	8,550.80	42,754.00
Component 2	399,967	Output 2.1	5,000	1,750	2,000	1,250			5,000
		Output 2.2	8,000		8,000				8,000
		Output 2.3	8,000		8,000				8,000
		Output 2.4	70,300	5,624	16,169	16,169	16,169	16,169	70,300
		Output 2.5	308,667		154,333.50	61,733.40	61,733.40	30,866.70	308,667.00
Component 3	1,568,024	Output 3.1	15,750	1,575	11,025	3,150			15,750
		Output 3.2	40,024		4,002.40	28,016.80	8,004.80		40,024.00
		Output 3.3	14,750		1,475	10,325	2,950		14,750
		Output 3.4	15,750		15,750				15,750
		Output 3.5	16,750	16,750					16,750
		Output 3.6	20,250	2,430	4,455	4,455	4,455	4,455	20,250

		Output 3.7	1,444,750		722,375	361,18 7.50	216,71 2.50	144,47 5	1,444,75 0
Component 4	65,616	Output 4.1	31,082	3,729. 84	6,838.04	6,838.0 4	6,838.0 4	6,838.0 4	31,082.0 0
		Output 4.2	9,867	1,184. 04	2,170.74	2,170.7 4	2,170.7 4	2,170.7 4	9,867.00
		Output 4.3	24,667	2,960. 04	5,426.74	5,426.7 4	5,426.7 4	5,426.7 4	24,667.0 0
<b>M&amp;E</b>			47,250			21,262. 50		25,987. 50	47,250.0 0
<b>PMC</b>			113,000	22,60 0	22,600	22,600	22,600	22,600	113,000
<b>Total</b>			<b>2,322,120</b>	<b>69,29 1.42</b>	<b>1,048,2 13.72</b>	<b>577,18 7.92</b>	<b>359,88 6.42</b>	<b>267,53 9.52</b>	<b>2,322,1 19.00</b>

## X. Synergies

### 1. Synergies achieved:

*Describe potential synergies arising out of UNIDO internal cooperation and/or cooperation with (external) bilateral and multilateral projects/programmes, if applicable.*

- *UNIDO is part of the UN Alliance on Sustainable Fashion and is collaborating with other similar projects sharing knowledge and lesson learnt from the project.*
- *GEF IP11 “Eliminating Hazardous Chemicals from the Fashion and Construction Supply Chains”*  
[https://www.thegef.org/sites/default/files/documents/2022-10/GEF\\_IP\\_HazardousChemicals\\_2022\\_10\\_12.pdf](https://www.thegef.org/sites/default/files/documents/2022-10/GEF_IP_HazardousChemicals_2022_10_12.pdf)
- *UNEP Textile Projects in Asia*  
<https://www.unep.org/news-and-stories/press-release/textile-producing-nations-unite-reduce-chemical-waste>
- *UNIDO Switch to CE and SwitchMed II Projects*
- *UNIDO Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia*

### 3. Stories to be shared (Optional)

*Please provide a brief summary of any especially interesting and impactful project results that are worth sharing with a larger audience, and/or investing communications time in. Please include links to any stories/videos available online.*

- *Inception Workshop in the news*  
<https://www.youtube.com/watch?v=KrvS4kCakpo>
- *Ethiopia Ministry of Finance signing ceremony*  
<https://www.mofed.gov.et/blog/ethiopia-signs-a-28million-usd-project-agreement-with-unido/>
- *In the news*  
<https://textileinsights.in/ethiopia-gets-28mn-from-unido-to-promote-textile-sector/>  
<https://www.fanabc.com/english/ethiopia-signs-a-28million-usd-project-agreement-with-unido/>

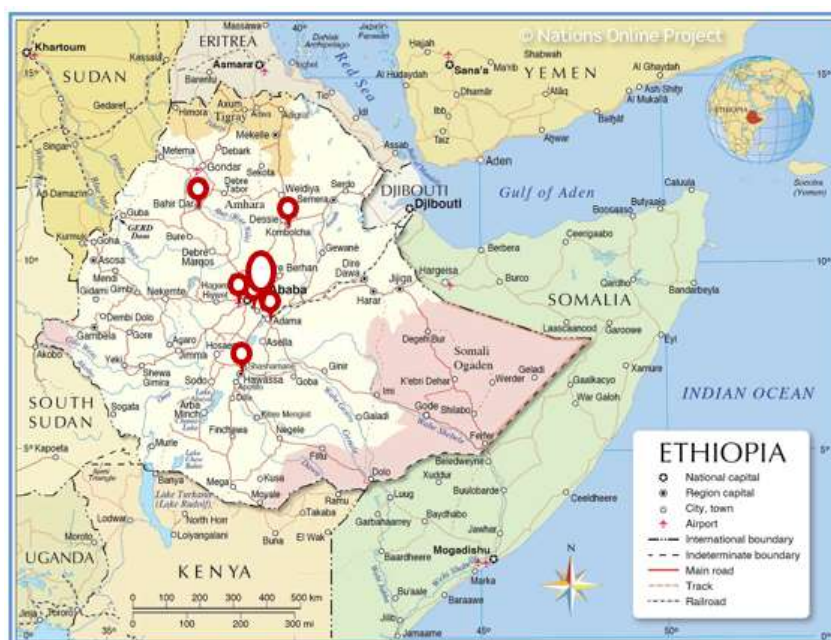


## XI. GEO LOCATION INFORMATION

The Location Name, Latitude and Longitude are required fields insofar as an Agency chooses to enter a project location under the set format. The Geo Name ID is required in instances where the location is not exact, such as in the case of a city, as opposed to the exact site of a physical infrastructure. The Location & Activity Description fields are optional. Project longitude and latitude must follow the Decimal Degrees WGS84 format and Agencies are encouraged to use at least four decimal points for greater accuracy. Users may add as many locations as appropriate. Web mapping applications such as [OpenStreetMap](https://openstreetmap.org/) or [GeoNames](https://www.geoNames.org/) use this format. Consider using a conversion tool as needed, such as: <https://coordinates-converter.com> Please see the Geocoding User Guide by clicking [here](#)

Location Name	Latitude	Longitude	Geo Name ID	Location and Activity Description
Muya, Ethiopia PLC. Addis Ababa	9.02497	38.74689	344979	Beneficiary facility
Kanoria Africa Textile Bishoftu	8.75225	38.97846	339666	Beneficiary facility
Kombolcha Textile Sh.co Kombolcha	11.08155	39.74339	333373	Beneficiary facility
Al-Asar Industries PLC Dukem	8.8	38.9	338488	Beneficiary facility
EPIC Apparel PLC Hawassa	6.919	37.529	342445	Beneficiary facility
Yirgalem Addis Addis Ababa	9.02497	38.74689	344979	Beneficiary facility
Bahir Dar Textile Sh.Co. Bahir Dar	11.59364	37.39077	342884	Beneficiary facility
ETUR Textile Adama	10.70587	39.55201	345502	Beneficiary facility </tr

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





## EXPLANATORY NOTE

1. **Timing & duration:** Each report covers a twelve-month period, i.e. 1 July 2023 – 30 June 2024.
2. **Responsibility:** The responsibility for preparing the report lies with the project manager in consultation with the Division Chief and Director.
3. **Evaluation:** For the report to be used effectively as a tool for annual self-evaluation, project counterparts need to be fully involved. The (main) counterpart can provide any additional information considered essential, including a simple rating of project progress.
4. **Results-based management:** The annual project/programme progress reports are required by the RBM programme component focal points to obtain information on outcomes observed.

Global Environmental Objectives (GEOs) / Development Objectives (DOs) ratings	
<b>Highly Satisfactory (HS)</b>	Project is expected to achieve or exceed <u>all</u> its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as "good practice".
<b>Satisfactory (S)</b>	Project is expected to <u>achieve most</u> of its <u>major</u> global environmental objectives, and yields satisfactory global environmental benefits, with only minor shortcomings.
<b>Moderately Satisfactory (MS)</b>	Project is expected to <u>achieve most</u> of its major <u>relevant</u> objectives but with either significant shortcomings or modes overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environmental benefits.
<b>Moderately Unsatisfactory (MU)</b>	Project is expected to achieve <u>some</u> of its major global environmental objectives with major shortcomings or is expected to <u>achieve only some</u> of its major global environmental objectives.
<b>Unsatisfactory (U)</b>	Project is expected <u>not</u> to achieve <u>most</u> of its major global environmental objectives or to yield any satisfactory global environmental benefits.
<b>Highly Unsatisfactory (HU)</b>	The project has failed to achieve, and is not expected to achieve, <u>any</u> of its major global environmental objectives with no worthwhile benefits.

Implementation Progress (IP)	
<b>Highly Satisfactory (HS)</b>	Implementation of <u>all</u> components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as "good practice".
<b>Satisfactory (S)</b>	Implementation of <u>most</u> components is in substantial compliance with the original/formally revised plan except for only few that are subject to remedial action.
<b>Moderately Satisfactory (MS)</b>	Implementation of <u>some</u> components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.
<b>Moderately Unsatisfactory (MU)</b>	Implementation of <u>some</u> components is <u>not</u> in substantial compliance with the original/formally revised plan with most components requiring remedial action.
<b>Unsatisfactory (U)</b>	Implementation of <u>most</u> components in <u>not</u> in substantial compliance with the original/formally revised plan.
<b>Highly Unsatisfactory (HU)</b>	Implementation of <u>none</u> of the components is in substantial compliance with the original/formally revised plan.

Risk ratings	
Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risk of projects should be rated on the following scale:	
<b>High Risk (H)</b>	There is a probability of greater than <b>75%</b> that assumptions may fail to hold or materialize, and/or the project may face high risks.
<b>Substantial Risk (S)</b>	There is a probability of between <b>51%</b> and <b>75%</b> that assumptions may fail to hold or materialize, and/or the project may face substantial risks.
<b>Moderate Risk (M)</b>	There is a probability of between <b>26%</b> and <b>50%</b> that assumptions may fail to hold or materialize, and/or the project may face only moderate risk.
<b>Low Risk (L)</b>	There is a probability of up to <b>25%</b> that assumptions may fail to hold or materialize, and/or the project may face only low risks.