

# Reducing uses and releases of chemicals of concern, including POPs, in the textiles sector

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

10523

**Countries**

Regional (Bangladesh, Indonesia, Pakistan, Viet Nam, Asia/Pacific)

**Project Name**

Reducing uses and releases of chemicals of concern, including POPs, in the textiles sector

**Agencies**

UNEP

**Date received by PM**

3/20/2020

**Review completed by PM**

4/16/2020

**Program Manager**

Yuki Shiga

**Focal Area**

Chemicals and Waste

**Project Type**

FSP

## **PIF**

### **Part I – Project Information**

#### **Focal area elements**

**1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?**

#### **Secretariat Comment at PIF/Work Program Inclusion**

03.27.2020: Yes. CW-1-1 in Table A is aligned with 2018-2022 GEFTF Programming Direction.

#### **Agency Response**

**Indicative project/program description summary**

**2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?**

**Secretariat Comment at PIF/Work Program Inclusion** Yes.

### **Agency Response**

**Co-financing**

**3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?**

### **Secretariat Comment at PIF/Work Program Inclusion**

04.23.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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04.21.2020:

In-kind co-financing from Gov of Indonesia is identified as investment mobilized. However, where co-financing truly meets the definition of "in-kind", it should typically be classified as "recurrent expenditures" rather than "investment mobilized".

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04.08.2020:

Explanation provided in the review sheet on how investment mobilized is sufficient; as such, Agency is requested reflect the response in the PIF under 'Describe how-' section.

Recommended action: Please address the above point(s).

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03.27.2020:

Please provide further clarification on how investment mobilized were identified, particularly for private sector, which is the largest co-financing source of \$25 mil. In addition, overall co-financing ratio is 5.08.

Recommended action: Please consider and elaborate on the above.

## **Agency Response**

### **Agency response 22 April 2020**

The in-kind co-finance from the Govt of Indonesia is re-classified to 'recurrent expenditures' in Table C.

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### **Agency response 10 April 2020**

The explanation from the review sheet is duly reflected in the PIF under 'Describe how -' as recommended.

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### **Agency Response 04.02.2020**

The co-finance figures are based on the significant amount of existing work by the sector on chemical management. Initial figures have been provided by some of the key partners (up to 8m USD from ZDHC and NRDC alone). For the other partners (SAC, EMF, individual brands and factories, organizations partnering with the SAICM Secretariat in the last year) discussions are still on-going but their active engagement as stakeholders of SAICM demonstrates their willingness to participate in concrete actions such as this project proposes. The overall scale of activity and existing investment as set out in the Baseline section far exceeds the estimated total investment mobilized and we are confident it will continue to grow over the lifetime of the project.

## **GEF Resource Availability**

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

**Secretariat Comment at PIF/Work Program Inclusion** Yes.

**Agency Response**

The STAR allocation?

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

The focal area allocation?

**Secretariat Comment at PIF/Work Program Inclusion** Yes.

**Agency Response**

The LDCF under the principle of equitable access

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

The SCCF (Adaptation or Technology Transfer)?

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

Focal area set-aside?

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

**Impact Program Incentive?**

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

**Project Preparation Grant**

**5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)**

**Secretariat Comment at PIF/Work Program Inclusion** 03.27.2020: Yes. PPG has been requested and is within the allowable cap at \$200k.

**Agency Response**

**Core indicators**

**6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)**

**Secretariat Comment at PIF/Work Program Inclusion**

04.08.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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03.27.2020:

Indicator 9.1: PIF seems to state that the project will be targeting POPs other than PFOS which is indicated in Indicator 9.1. If so, please provide an estimate for these chemicals.

Recommended action: Please address the above point(s).

## **Agency Response**

### **Response 04.02.20**

The baseline review has been able to confirm the use of PFOS and deca-BDE in textiles, as described in Table 1. However, we were not able to estimate quantities of deca-BDE use in the textile sector, unlike for PFAS for which industry estimates of around 8,000 tonnes used globally per year exist (Fig 1). For this reason, we did not include separate, quantified estimates of reductions in deca-BDE, and indeed the other POPs for which there are potential textiles uses indicated in the POPRC assessments but no evidence of actual use e.g. via NIP inventories (HBCD and SCCP). We will only be able to confirm actual use and provide reasonable quantified estimates for reductions in these chemicals following the PPG phase.

A note to this effect is added below the Core Indicators table.

### **Project/Program taxonomy**

**7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?**

**Secretariat Comment at PIF/Work Program Inclusion** Yes.

## **Agency Response**

### **Part II – Project Justification**

**1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?**

### **Secretariat Comment at PIF/Work Program Inclusion**

03.27.2020: Yes. However, Agency is requested to elaborate further on issues specific to each country by CEO Endorsement stage.

**Agency Response** Noted.

**2. Is the baseline scenario or any associated baseline projects appropriately described?**

### **Secretariat Comment at PIF/Work Program Inclusion**

Yes.

### **Agency Response**

**3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?**

### **Secretariat Comment at PIF/Work Program Inclusion**

04.08.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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03.27.2020:

The project aims to achieve significant reductions in the use, release and exposures to CoCs (Chemical of Concerns) and POPs in the textile sector. The project will work at facility, national government, and global levels to scale up approaches that are already working within certified voluntary schemes.

Component 1 will provide technical support at facility level on identifying and reporting on chemicals used, improving handling and management practices and supporting transitions to alternatives. Activities will focus on chemical suppliers and T2 (wet processors) and T3 (fabric producers) facilities where chemical use is the heaviest.

Component 2 will trigger policy changes by governments and more coordinated and ambitious practices by global supply chains. Through partnership with UNIDO and UNDP it will also include waste management and recycling companies, consumers and supporting actors including Green Chemistry researchers and civil society.

Component 3 will scale up the project results nationally and globally, supporting Component 2 by creating and curating resources and knowledge management.

However, Agency is requested to elaborate further on means to manage and incentivize 'thousands of facilities' that are intervened during the project, including 'at least 500 SMEs' that will be requested to disclose highly sensitive information on POPs and CoCs used in textiles. Considering the number and the nature of information, means to manage and incentivize them is likely to be critical. Although Outputs 1.3 (pilot projects) could be one incentive to some of the stakeholders, this is conducted for 10 facilities, may not be enough to cover 'thousands of facilities'.

Recommended action: Please address the above point(s).



## **Agency Response**

### **Agency Response 04.02.2020**

On managing the high number of beneficiary SMEs, the project proposes to deliver the wide-reaching engagement programme via established partners and networks. One major partner, ZDHC, already has plans to scale up their membership by up to 8,000 new companies globally over the project implementation period. Both ZDHC and other project partners have a demonstrated track record in working with SMEs and have already developed relevant methodologies and reporting tools for chemical inventory, assessment and management. The 500 SMEs to be engaged using the GEF resources will be managed within this far larger group, ensuring economies of scale for management and means.

Lack of motivation of SMEs to participate is recognized as the major risk to the project (1st entry in the Risk Table) and was one of the lessons learnt from the China Textiles project. Further details have been added in the Risk Table (Section 5) on how this risk will be mitigated. During PPG focus group consultations with SME beneficiaries will allow us to further refine and hone the proposed mitigation measures.

#### **4. Is the project/program aligned with focal area and/or Impact Program strategies?**

### **Secretariat Comment at PIF/Work Program Inclusion**

03.27.2020: Yes. The proposal is aligned with CW-1-1 (Industrial Chemicals Program).

## **Agency Response**

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

### **Secretariat Comment at PIF/Work Program Inclusion**

Yes.

## **Agency Response**

**6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?**

### **Secretariat Comment at PIF/Work Program Inclusion**

04.08.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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03.27.2020: Please refer to earlier comments provided for Core Indicator section.

### **Agency Response**

#### **Agency Response 04.02.2020**

See response above.

**7. Is there potential for innovation, sustainability and scaling up in this project?**

### **Secretariat Comment at PIF/Work Program Inclusion**

Yes.

### **Agency Response**

#### **Project/Program Map and Coordinates**

**Is there a preliminary geo-reference to the project's/program's intended location?**

### **Secretariat Comment at PIF/Work Program Inclusion**

03.27.2020:

Yes. The specific geo-referenced information and map of individual companies within the four countries will be developed during the PPG phase.

### **Agency Response**

#### **Stakeholders**

**Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?**

**Secretariat Comment at PIF/Work Program Inclusion**

04.08.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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03.27.2020:

The PIF clearly indicates a range of stakeholders and their potential role during the project. However, Agency is requested provide further information on which Stakeholder(s) have participated in consultations during the project identification phase and how.

Recommended action: Please address the above point(s).

**Agency Response**

**Agency Response 04.02.2020**

Noted.

The stakeholders table is updated accordingly in the Portal, Section 2, to reflect the participation in consultations during identification.

**Gender Equality and Women's Empowerment**

**Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?**

**Secretariat Comment at PIF/Work Program Inclusion**

03.27.2020: Yes.

**Agency Response**

**Private Sector Engagement**

**Is the case made for private sector engagement consistent with the proposed approach?**

**Secretariat Comment at PIF/Work Program Inclusion**

Yes.

**Agency Response**

**Risks**

**Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?**

**Secretariat Comment at PIF/Work Program Inclusion**

04.08.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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03.27.2020:

PIF lacks Environmental and Social Safeguards policy.

Also, please refer to the earlier comment for Part II-3.

Recommended action: Please address the above point(s).

**Agency Response**

**Agency Response 04.02.2020**

Noted, this was an omission in the submission.

The UNEP Environmental, Social and Economic Review Note is duly included in this re-submission as Annex G in the attached PDF file of the PIF.

## Coordination

**Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?**

### **Secretariat Comment at PIF/Work Program Inclusion**

04.08.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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03.27.2020:

Please further provide clarification on the institutional structure. Who is 'Regional Executing Agency' and who are the national project partners for each of the four countries? Currently, following institutions are listed as an executing partner: (1) BCRC-SCRC Indonesia; (2) Vietnam Centre for Cleaner Production; (3) Vietnam Center for Creativity and Sustainability Study and Consultancy. However, institutional structure for these entities are not clear. Who is intended to be playing what intended role?

Recommended action: Please address the above point(s).

### **Agency Response**

#### **Response 04.02.2020**

We anticipate that the Indonesia BCRC will be the Regional Executing Agency for the project. However, following evolving practice at UNEP, we will be required to conduct a due diligence process during the PPG phase to ensure adequate financial, procurement and project management capacity at our Executing Agencies. As we are not able to commit to an executing agency until this assessment has been completed, we have listed three options in Indonesia and Vietnam which will be assessed during PPG.

The intended roles for regional and national partners have been further distinguished and elaborated in Section 6.

### **Consistency with National Priorities**

**Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?**

### **Secretariat Comment at PIF/Work Program Inclusion**

Yes.

### **Agency Response**

#### **Knowledge Management**

**Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project’s/program’s overall impact and sustainability?**

### **Secretariat Comment at PIF/Work Program Inclusion**

03.27.2020: Sufficient at the PIF stage.

### **Agency Response**

#### **Part III – Country Endorsements**

**Has the project/program been endorsed by the country’s GEF Operational Focal Point and has the name and position been checked against the GEF data base?**

### **Secretariat Comment at PIF/Work Program Inclusion**

04.23.2020: Cleared. Earlier comment(s) are appropriately addressed for the PIF stage.

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04.21.2020:

Three OFPs (Viet Nam, Indonesia and Pakistan) allocated PPG funds but no PPG Agency Fees in their letters of Endorsement.

This means that no PPG fee was allocated. There are three options:

- 1- leave the PPG request in Portal for \$200,000 with no Agency Fee
- 2- reduce \$19,000 from the Fee in the project Financing (\$821,750), then the Agency leaves the PPG at \$200,000 and the PPG Fee at \$19,000
- 3- request new LoEs in which OFPs include the PPG Fee of \$19,000

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04.10.2020: Noted. Bangladesh LoE pending.

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04.08.2020: Cleared for Pakistan LoE; Bangladesh LoE pending.

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03.27.2020:

No. LoEs are not from the current OFP for Bangladesh and Pakistan. The LoE has to be signed by the OFP in office at the time of project submission.

### **Agency Response**

#### **Agency Response 22 April 2020**

The PPG Agency Fee (19,000 USD) has been removed in Table E.

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#### **Agency Response 16 April 2020**

Revised LoE from Bangladesh new OFP uploaded in the Portal.

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#### **Agency Response 10 April 2020**

Pending receipt of the LoE, an email endorsement from the Bangladesh OFP is uploaded in the Portal. The communication includes an explanation of the COVID-related factors preventing immediate submission of the LoE, and confirmation that the official LoE will be submitted as soon as logistically possible.

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#### **Agency Response 04.02.2020**

Noted.

The revised LoE from the new GEF OFP in Pakistan has been received and is duly uploaded in the Portal.

Bangladesh is in lockdown since 26 March, national holiday has been announced and official business has been severely disrupted. We have uploaded an email communication confirming this situation which we hope is sufficient for the technical clearance. Our counterparts and we understand that the project cannot be included in the Work Programme (published on 5 May) without the LoE. We are working to submit it in April as soon as offices re-open and the situation allows.

**Termsheet, reflow table and agency capacity in NGI Projects**

**Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

**Secretariat Comment at PIF/Work Program Inclusion  
Agency Response**

**GEFSEC DECISION**

**RECOMMENDATION**

**Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?**

**Secretariat Comment at PIF/Work Program Inclusion**

04.23.2020: This PIF is recommended for technical clearance.

04.21.2020: Not yet. Please refer to the review item (s) in Sections I-3 and Country Endorsement and resubmit for consideration. (please highlight the update).

04.10.2020 /04.08.2020 /03.27.2020: Not yet. Please refer to the review item(s) and resubmit for consideration. (please highlight the update).



**ADDITIONAL COMMENTS**

**Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.**

**Secretariat Comment at PIF/Work Program Inclusion**

**Review Dates**

	<b>PIF Review</b>	<b>Agency Response</b>
<b>First Review</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		

**PIF Recommendation to CEO**

**Brief reasoning for recommendations to CEO for PIF Approval**

CONTEX:

This project is aligned with C&W strategic objectives CW-1-1 (Industrial Chemicals Program).

Textiles are a priority for transition to a circular economy, creating almost 17m tonnes of waste per year in the US alone, but the removal of hazardous chemicals in textile production is a pre-requisite for circular models.

More than 3,500 chemical substances are potentially used in the processing of textiles to provide specific properties amongst which 750 classified as hazardous for human health and 440 as hazardous for the environment. Stockholm Convention Risk Profiles for PFOS and PFOA, hexabromobiphenyl (HBB), technical mixtures of tetra- and penta-bromodiphenyl ethers (c-pentaBDE), technical mixtures of hexa-, hepta- and octa-bromodiphenyl ethers (c-octaBDE), decaBDE, hexabromocyclododecane (HBCD) and short-chain chlorinated paraffins (SCCPs) identify past or current use as additives in textiles.

The Global Chemicals Outlook summarizes chemical use and trends in the textiles sector, noting a doubling of production in the last 15 years and still growing, with the annual retail value of apparel and footwear is expected to increase by 30 per cent between 2017 and 2030. A key driver is a phenomenon known as “fast fashion”, characterized by quick turn-arounds of new styles, a larger number of collections offered per year, and lower prices coupled with a lower cloth utilization rate. A growing textile industry leads to an increase in the chemicals used in textile processing, the market value of which is estimated to be US dollars 31.8 billion by the end of 2026. The Asia-Pacific chemicals industry is expected to experience the fastest growth.

#### COMPONENTS AND RESULTS:

The project aims to achieve significant reductions in the use, release and exposures to CoCs (Chemical of Concerns) and POPs in the textile sector. The project will work at facility, national government, and global levels to scale up approaches that are already working within certified voluntary schemes. Through support under this project, participating countries will have a set of effective instruments to assess and manage chemicals manufactured by the chemical industry and used in the textiles sector in an environmentally sound manner. This will enable and strengthen national capacities to comply with requirements under the Stockholm Convention on current and future POPs and to proactively prevent contamination by and harmful impact on human health from other priority CoCs used in the textile sectors, as well as businesses’ (including SMEs in the selected countries) capacities to develop eco-innovative strategies that cut across the textile value chain, to contribute to a circular economy.

The project is structured around four Components that will result in avoidance of 5,500 MT of POPS/Hg containing materials and approximately 25 MT of chemicals of global concern along with 10,000 direct beneficiaries as co-benefit of GEF investment:

Component 1:

Information sharing and eco-innovation pilots on priority CoCs

Component 2:

Eco-innovative strategies towards a non-toxic circular textiles economy

Component 3:

Knowledge management for scaling up

Component 4:

## Monitoring & Evaluation

### INNOVATION, SUSTAINABILITY, SCALE-UP & GENDER:

This project will leverage ambitious voluntary initiatives that are well established but not universal, thus providing incremental benefit through replication, scale-up and broadened stakeholder engagement. The project is also innovative in explicitly targeting producers who are typically less engaged in voluntary schemes despite being the heaviest users of hazardous chemicals.

the experience gained in building information exchange system within and outside supply chains will generate knowledge in effective implementation of these systems and their use in providing information for sound chemicals management decisions and actions. This knowledge, and the project's methodology of engaging stakeholders broadly, will be applicable in many country settings and to many product sectors. Application of this approach to other sectors will be achieved through engagement with the RECP Network and SAICM community, bringing a new and strengthened cooperation between industry (particularly SMEs) and governments in SAICM, and modelling an important element of future replication of project benefits in other countries.

The momentum of a regional project in major textile producing economies, with practical activities from a range of private-sector initiatives, will accelerate and align stakeholders toward implementing and scaling up sustainable and circular textiles.

The project will focus attention to gendered differences in chemicals exposures, access to protective equipment and training at site level. At policy-level, gender-differentiated evidence of women's needs will be explicitly communicated and reflected in national and global consultations for formulation of policies, while the project will include activities to train women policy-makers and legislators on specific gender aspects of a just transition to a circular textiles economy.

It is aligned with country priorities and will coordinate with relevant baseline initiatives on the ground.

The project will deliver additional global environmental benefits within \$45 million of co-financing.