

# Promotion of circular economy in the textile and garment sector through the sustainable management of chemicals and waste in Lesotho, Madagascar and South Africa

Review CEO Endorsement and Make a recommendation

## Basic project information

**GEF ID**

10543

**Countries**

Regional (Lesotho, Madagascar, South Africa)

**Project Name**

Promotion of circular economy in the textile and garment sector through the sustainable management of chemicals and waste in Lesotho, Madagascar and South Africa

**Agencies**

UNIDO

**Date received by PM**

2/25/2022

**Review completed by PM**

5/5/2022

**Program Manager**

Yuki Shiga

**Focal Area**

Chemicals and Waste

**Project Type**

FSP

**PIF**   
**CEO Endorsement**

**Part I ? Project Information**

**Focal area elements**

**1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Project description summary**

**2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?**

Secretariat Comment at CEO Endorsement Request

4.27.2022:

Clear

3.4.2022:

Some outcome/output numbers seem to be odd. For example, Outputs 2.1 ? 2.4 under Component 1, and Outputs 2.1.1-2.1.4/2.5 under Component 2. No Output 3.1 under Component 3. Also, perhaps for this reason, linkage with Alternative Scenario (Section A4) is not clear.

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

Agency Response

Revised and highlighted in the CEO endorsement.

**3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?**

Secretariat Comment at CEO Endorsement Request

Agency Response

**Co-financing**

**4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?**

Secretariat Comment at CEO Endorsement Request

4.27.2022:

Clear

3.4.2022:

Some support letters seem to be pending signature; e.g., NRDC.

Agency Response

NRDC letter and support letters from ICLEI Africa and ASOS are attached.

**GEF Resource Availability**

**5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?**

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

**Project Preparation Grant**

**6. Is the status and utilization of the PPG reported in Annex C in the document?**

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

**Core indicators**

**7. Are there changes/adjustments made in the core indicator targets indicated in Table E?**

**Do they remain realistic?**

Secretariat Comment at CEO Endorsement Request

4.27.2022:

Clear

3.4.2022:

It is not clear if the project will leverage supply chain approaches mobilizing private companies to make greater impacts on reduction of POPs and wastes or GEBs will be achieved solely within the country.

Agency Response

The project will address the entire value chain, in and outside the country. The project will facilitate regional outreach and dissemination of information and building of synergies with ongoing national and regional initiatives within the African continent especially through the cooperation with GIZ and AfDB and their platforms in the continent. Particularly, the project is partnering with international brands and will benefit from their knowledge platforms, best practices, CSR initiatives, while their suppliers not only in participating countries but in neighboring countries will benefit from the project activities. Thus, it is expected that greater GEBs will be achieved.

The projects activities under component 2 will address chemicals and wastes management to along TG value chain for products free of hazardous chemicals. Under component 3, the project will establish partnership and cooperation with global fashion brands, their suppliers and global textile organizations (Output 3.6). Component 4 will support capacity building, knowledge sharing, information, education and communication across the different components and scale up project results nationally, regionally, and globally, by creating and curating knowledge, information, education, safer alternatives, and sound management practices.

In the course of the PPG phase the support and involvement of all stakeholders along the value chains have been enlisted in the project i.e. input raw suppliers; the textile industries, garment production companies; waste recycling companies; international brands and retail outlets; municipal waste management authorities/agencies; regulatory agencies; business associations; and banking and development financing institutions, etc. In the course of implementing the full-size project further engagement of and consultations with the relevant stakeholders in order to broaden the network of supply/chain involvement and participation in order to be able to close the resource loop and enhance the project impacts/GEBs.

Summary of the description was added and highlighted under table E in the CEO endorsement.

## **Part II ? Project Justification**

**1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?**

Secretariat Comment at PIF/Work Program Inclusion

4.27.2022:

Clear

3.4.2022:

- ToC (figure 11) seems to be missing (It is in the attached document, but not in the CEOER itself).
- Component 2 seems to cover 'reduction', whereas Component 3 seems to cover 'reuse' and 'recycle', in a separate manner. Please elaborate on, in which Component, how, the optimization of the entire 'cycle', in a holistic manner, be considered and assessed, beyond the sub-optimization within each phase or Component. Also, circular economy generally covers entire supply chain which involves multiple stakeholders - not just

manufacturers, but also suppliers, distributors, users etc. Although the proposal appears to well cover the role and the view of manufacturers and processes they are involved, other aspects of circular economy would require further elaboration.

- Safe and environmentally-sound management of removed chemicals from textile supply chains is not clear including the final disposal.
- Title of Component 2 is 'Recyclability of ??'. Does Component 2 only cover recyclability, or something more? If so, please consider revising the title that matches the actual activities etc. under Component 2.
- Investments/demonstrations are mentioned under Components 2 and 3. Please mention actual sites these investments/demonstrations are going to take place or if these are yet to be identified, please elaborate on how these sites will be determined (i.e., process, criteria etc.).
- Please elaborate on the actual BAT/BET/RECP that will be demonstrated and implemented under Components 2 and 3. If these are to be identified after the project inception, please provide several candidates, with explanation on the process /criteria in determining these.

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

### Agency Response

- While ToC was submitted initially, we have re-introduced it, as it was not visible at your end.

- As the removal of hazardous chemicals in textile production is a prerequisite for sustainable circular models, reducing and phasing out the use of hazardous chemicals in the textile sector is needed. Moreover, under Component 1, activity 1.1.6 will address the imported material (supplier), it will build capacity to test and monitor the supplies to ensure the imported fabric for garment making is POPs free.

The main goal of Component 2 is to implement BAT/ BEP/ RECP methodology and Circular Economy concepts for the prevention and reduction of POPs and other hazardous chemicals and materials used in textile and garment production facilities. This will enhance the recyclability of textile fabric and its wastes that are generated upstream in the textile mills and garment making operations. The POPs free fabric from the textile mills will be used in garment production process, and recycling operations through the introduction of green product design, improved operational efficiency and sustainable municipal waste management plan as part of implementing circular economy concept under component 3. Furthermore, the implementation of RECP methodology will minimize wastes and any wastes generated will be POPs free fabric.

Some of the participating facilities have integrated facilities (fabric and garment) and the project will ensure the elimination of the use of POPs chemicals as well as the minimization of wastes through BAT/ BEP/ RECP especially in the fabric/textile facilities before they are used in the garment facilities, where circular economy concepts will be implanted for the reuse and recycling of the discards.

The project will focus primarily on 'post-industrial/pre-consumption' wastes and not on post consumption waste such as worn garment. However, based on the pilot demonstration location and the assessments results, post consumption wastes might be

included. Through the development of ESM plan (output 3.1), the post-consumer can be integrated in the future. Under output 3.7, the project will link to ongoing TG waste initiatives, other TG industrial facilities wastes and municipality TG waste.

The project is partnering with local recyclers and waste management entities as well as ZDHC on CE and sustainable chemicals management.

- Technical guidelines for environmental sound management of POPs chemicals and wastes will be prepared under output 2.1. To reflect the output, activities 2.1.1, 2.1.3 and 2.1.4 were modified to reflect the wastes management as well as the chemical one.

Under Activity 2.2.3 options/strategies for implementing resource efficient and cleaner production (RECP) techniques and deployment of environmentally sound technologies (ESTs) for chemical and waste management will be identified. Based on these options, techno-economic feasibility will be carried out to identify the most efficient environmentally-sound management of eliminated chemicals, wastes and stockpiles (Output 2.3).

- Titled revised to "Efficient and POPs-free textile manufacturing process through the implementation of BAT/BEP and RECP investments".

- The investment intervention of component 2 will demonstrate the recommended BAT/BEP/ RECP options based on the findings of the assessments and the techno-economic feasibility studies under Output 2.3. The pilot investment demonstrations under this component will be implemented in the all participating companies listed in the project document and the description provided in the ESMP (Annex J). Based on the assessment findings (output 3.4 and output 3.5) on the BAT/BEP options for recycling/reuse of textile and garment wastes generated in all participating facilities, component 3 will ensure economic viability and financial profitability of private sector investments in pilot demonstration/technology for the ESM of TG wastes from the selected TG facilities. Under this component, the project will link to ongoing TG waste initiatives, other TG industrial facilities wastes and if possible municipality TG waste, in order to maximize the benefit of the pilot recycling/reuse technology/facility.

- The BAT/BET/RECP will be identified based on the detailed assessment after the inception of the project. The options will be derived from the BAT/BEP guidelines of Stockholm convention and from the EU Best Available Techniques (BAT) Reference Document for the Textiles Industry but also from other sources such as from the industry initiative "Zero Discharge of Hazardous Chemicals (ZDHC)". The latter is very important as it also considers pollutants present in textile product which is crucial for closing the loop, i.e. to re-use and recycle textiles. This requires the design of textile products in a way that the application of chemicals of concern including POPs, uPOPS and hazardous which are already identified but not regulated so far (precautionary approach). Important examples for this approach are all poly- and perfluorinated compounds whether with a carbon chain of four up to 10 carbon atoms, other than PFOS and PFOA. The same is true for brominated and chlorinated flame retardants, biocides, and water or oil repellents.

UNIDO RECP methodology will be used for resource conservation and waste minimization, usage for renewable energy and water management. Developing improvements based on the RECP methodology follows the logical approach of assessment, root cause analyses and option generation. Feasibility studies of the options are performed to include technical feasibility, economic and environmental and social sustainability. Apart from technical and financial decision criteria also several more or less intangible criteria are used such as improved image, corporate social responsibility; compliance with transparency and traceability requirements, green product development, and improved relationship with national and international stakeholders and liability issues. Barriers which may hamper implementation can be the lack of finance, time and space constraints, lack of capability to absorb the new technologies and processes.

Based on the PPG studies, preliminary options were identified to achieve the aforementioned objectives, i.e to avoid, at least to substantially minimize the application of chemicals of concern. The list includes good management practices, water, chemical and energy optimization/minimization, chemical substitutions, and end-of-pipe treatment options. Some of the potential measures and their justification were added and highlighted in the CEO endorsement document.

**4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?**

Secretariat Comment at CEO Endorsement Request

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

Agency Response

**5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?**

Secretariat Comment at CEO Endorsement Request

Yes

Agency Response

**6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?**



## Secretariat Comment at CEO Endorsement Request

4.27.2022:

Clear

3.4.2022:

Please further elaborate on 'innovation'. The CEOER states that 'The innovative approach of this project proposal lies mainly in the promotion of Circular economy in the TG sector through BAT/ BEP actions for the prevention and reduction of POPs/hazardous chemicals use and waste and TG waste with the simultaneous implementation of RECP measures on possible energy efficiency, materials efficiency and renewable energy measures.' However, it is difficult to confirm this statement without further explanation on BAT/BEP/RECP. As such, as mentioned in Section II-3, please elaborate on the actual BAT/BET/RECP that will be demonstrated and implemented under Components 2 and 3. If these are to be determined after the project inception, please provide several examples /candidates. Please also discuss why these BAT/BET/RECP are innovative.

### Agency Response

The introduction of circular economy concepts as well as BAT/ BEP/ RECP in the participating companies and the sector in general, is relatively new. The BAT/BET/RECP options will be identified based on the detailed assessment after the inception of the project. The examples and candidates are provided in the proposed alternative scenario sections (Component 2 and 3). Innovative production techniques will be fostered by incorporating means of zero-waste techniques (e.g. using off-cuts right at the production facility) and use of innovative 'green/alternatives' chemicals. This will enhance circular economy of the TG sector by reducing the use of natural resources, preventing/ reducing the use of POPs and hazardous chemicals, reducing health and environmental impacts while improving the efficiency and augmenting the profitability of TG facilities. The scale of the innovation of the options and technologies depends on the status of the company. Whereas innovation in larger companies mostly is centered on increased level of automation, advanced process and production management and state of the art technology, innovation in SME usually concerns implementation of measures concerning resource management, improved production and process management, improved product quality, improved health and safety. In the larger companies also measures commonly implemented in SMEs can be found feasible especially when companies have experienced a rapid development and large production expansion.

### **Project Map and Coordinates**

**Is there an accurate and confirmed geo-referenced information where the project intervention will take place?**

Secretariat Comment at CEO Endorsement Request

4.27.2022:

Clear

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Please provide legend for Madagascar and South Africa maps (like Lesotho). Also, please provide coordinates.

Agency Response

Legends and coordinates added

**Child Project**

**If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?**

Secretariat Comment at CEO Endorsement Request

Agency Response

**Stakeholders**

**Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Gender Equality and Women's Empowerment**

**Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Private Sector Engagement**

**If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Risks to Achieving Project Objectives**

**Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Coordination**

**Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

**Consistency with National Priorities**

**Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?**

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response  
**Knowledge Management**

**Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?**

Secretariat Comment at CEO Endorsement Request  
Yes.

Agency Response  
**Environmental and Social Safeguard (ESS)**

**Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?**

Secretariat Comment at CEO Endorsement Request  
Yes.

Agency Response  
**Monitoring and Evaluation**

**Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?**

Secretariat Comment at CEO Endorsement Request  
Yes.

Agency Response  
**Benefits**

**Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?**

Secretariat Comment at CEO Endorsement Request  
Yes.

## Agency Response

### Annexes

#### **Are all the required annexes attached and adequately responded to?**

#### Secretariat Comment at CEO Endorsement Request

5.11.2022:

Cleared.

5.5.2022:

Budget table is not readable in the CEOER.

Please provide a readable budget table in GEF format in the CEOER.

(budget table can be by per component instead of per output to fit the margin, if appropriate)

5.3.2022:

1) M&E budget table doesn't have a total row, but M&E activities totaled \$190,000 while the M&E column in the budget table at Annex E showed \$300,000 which is the same as in table B ? please amend.

2) Office supplies are being charged to project components but not to PMC ? please correct.

3) UNIDO is listed as responsible for one activity under the budget table. Also, institutional arrangement seems to imply UNIDO's execution functions on global forum issues. As such, please correct, or further elaborate on the IA/EA arrangement. If UNIDO will be playing an EA role, government request letter or regional lead executing entity's request letter for this execution support services by UNIDO, is needed.

3.4.2022:

Annex B: Response to project reviews is incomplete. For example, response to comments to several Council Members are missing, or hid.

## Agency Response

### **Agency response 5.11.2022**

The budget table within the CEO document was further summarized and now presents information on component level only. It is legible when extracted in PDF format.

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All changes were highlighted in the CEO endorsement. A revised final budget document is attached as a supporting document. The project duration in the Project information is amended to 60 months.

1) M&E budget table:

The table was revised in the Monitoring and Evaluation section to show the 300,000 budget.

2) Office supplies:

The office supplies were charged to the PMC, budget table revised.

3) UNIDO wont execute any activities including global forum issues, UNIDO will only be the IA. The section was revised. The budget table was revised, those specific activities will be executed by Cambridge University Circular Economy Centre (CEC).

The responses were introduced in the respective section of the CEO document at the time of the submission as well as uploaded as an annex in the Roadmap -> Documents section. We tried re-introducing them on several occasions from different browsers but the Portal crashes each time. Currently, there is a mixture of screen shots and text which we managed to save and we hope is visible on your end.

#### **Project Results Framework**

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

**GEF Secretariat comments**

Secretariat Comment at CEO Endorsement Request

Agency Response

**Council comments**

Secretariat Comment at CEO Endorsement Request

Agency Response

**STAP comments**

Secretariat Comment at CEO Endorsement Request

Agency Response

**Convention Secretariat comments**

Secretariat Comment at CEO Endorsement Request

Agency Response

**Other Agencies comments**

Secretariat Comment at CEO Endorsement Request

Agency Response  
**CSOs comments**

Secretariat Comment at CEO Endorsement Request

Agency Response  
**Status of PPG utilization**

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response  
**Project maps and coordinates**

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response  
**Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)**

Secretariat Comment at CEO Endorsement Request

Agency Response

**Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)**

Secretariat Comment at CEO Endorsement Request

Agency Response  
**Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)**

Secretariat Comment at CEO Endorsement Request

Agency Response

**GEFSEC DECISION**

**RECOMMENDATION**

**Is CEO endorsement recommended? (applies only to projects and child projects)**

Secretariat Comment at CEO Endorsement Request

5.11.2022:

This CEOER is recommended for technical clearance.

5.5.2022 /5.3.2022 /3.4.2022:

Not yet. Please refer to the review items and resubmit for consideration (please highlight the change).

**Review Dates**

	<b>Secretariat Comment at CEO Endorsement</b>	<b>Response to Secretariat comments</b>
<b>First Review</b>	<b>3/4/2022</b>	
<b>Additional Review (as necessary)</b>	<b>5/3/2022</b>	
<b>Additional Review (as necessary)</b>	<b>5/5/2022</b>	
<b>Additional Review (as necessary)</b>	<b>5/11/2022</b>	
<b>Additional Review (as necessary)</b>		

**CEO Recommendation**

**Brief reasoning for CEO Recommendations**