


















Support for accelerating the transformation of the Indian textile sector towards circularity (IndiaTex)

<p>Key results:</p> <ul style="list-style-type: none"> - Government and businesses in India have improved capacity and knowledge to support a fast-tracked transition to a circular textile value chain - public and private sectors increasingly adopt sustainable and circular practices and transition towards a sustainable textile value chain - which will lead to reduced product environment footprint through reduced pollutants to air, water, soil and the ocean from the textile sector and reduce GHG emissions due to energy efficiency and shift towards renewable energy <p>Justification for support:</p> <ul style="list-style-type: none"> - Supports the implementation of the SDG12 that is essential for the realisation of other SDGs, incl. SDG13. - addresses the triple planetary crisis and enhances human well-being in India and beyond - provides evidence and solutions for a transformation of the Indian textile sector towards more sustainable production and circularity through capacity building and partnerships incl. with the private sector for sustainable solutions - aligns with the Government of India's strategy for sustainable production of textile and increased circularity -aligns with the Danish Strategies: The World We Share, The Strategy for a Green and Sustainable World, and the UNEP Organisation Strategy as well as the Danish-Indian Green Partnership <p>Major risks and challenges:</p> <ul style="list-style-type: none"> -Limited political and stakeholder engagement, incl. from the private sector in a transition towards a more sustainable and circular business models in the textile sector. Mitigation through the engagement of the private sector. Incentives include access to EU markets. -Lack of government and worker's associations buy-in due to potential impact on employment and as well as just transition concerns. GOI have sustainable textiles as a goal. Long-term transition must be expected. 	File No. 360	23/05012						
	Country	India						
	Responsible Unit	GDK						
	Sector	Environment						
	Partner	MIM, UNEP						
		<i>DKK million</i>	2023	2024	2025	2026	20xx	Total
	Commitment	12						12
	Projected disbursement	6	4	2				12
	Duration	1 December 2023- 30 September 2027						
	Previous grants	N/A						
	Finance Act code	06.34.01.75						
	Head of unit	Karin Poulsen						
	Desk officer	Lærke Marie Lund Petersen., GDK						
	Reviewed by CFO	YES: Jacob Strange Thomsen						
Relevant SDGs [<i>Maximum 1 – highlight with grey</i>]								
								
								
								

Strategic objectives [for projects under a Country Strategic Framework]/**Objectives** [for stand-alone projects] – **Choose as relevant.**

Support the acceleration of the transformation of the Indian textile sector towards circularity through government and businesses in India having improved capacity and knowledge to support a fast-tracked transition to a circular textiles value chain

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%		50%		50 %
Total green budget (DKK)		6.000.000		6.000.000

Justification for choice of partner:

Over the past decade, UNEP has become increasingly engaged in the promotion of sustainable and circular value chains in the textile sector through encouraging sector wide collaboration to accelerate a just transition of the sector. UNEP has initiated a cooperation with the Ministry of Textiles in India on promotion of sustainability and circularity in the textile sector, this project will support the further work in this area. As such, UNEP is a key player in terms of reaching the green goals and priorities of Denmark.

Summary:

The project will support the acceleration towards a more sustainable and circular business model in the textile sector in India through cooperation with stakeholders – government, industry and associations - in the textile value chain to promote resource efficiency (reduced use of energy, water and chemicals) in the value chain from production of fibres to usage by consumers as well as promote circularity including through the reuse of fibres and a move away for the current buy and discard culture that dominates the textile sector. This will be done with due consideration to the complex impacts this will have on employment opportunities in the sector, including for women.

Budget (engagement as defined in FMI):

Project support costs Accelerating the transformation of the Indian Textiles sector	DKK 10.514.323
Project support cost ((PSC) 13 pct.	DKK 1.366.862
1 pct. levy for UN Systems Reform	DKK 118.815
Total	DKK 12.000.000

Ministry of Foreign Affairs of Denmark

**Accelerating the Transition of the Indian Textile Sector
towards Circularity (IndiaTex)**

December 2023 - September 2027

Project document

28 November, 2023

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Abbreviations and acronyms

DKK	Danish Krone
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GHG	Greenhouse Gas
ILO	International Labour Organisation
InTex	EU supported project with UNEP on circular textiles South Africa, Kenya, Tunisia.
MFA	Ministry of Foreign Affairs, Denmark
MIM	Ministry of Environment, Denmark
MoT	Ministry of Textiles, India
MTS	Medium Term Strategy
NGO	Non-Governmental Organization
One Planet Network	Community of organisations (including UN organisations) countries and individuals working for SCP
PAGE	Partnership for Green Action
PEF	Product Environmental Footprint
SCP	Sustainable Consumption and Production
SDG	Sustainable Development Goal
SPP	Sustainable Public Procurement
UN	United Nations
UNCT	United Nations Country Team
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organisation

1 Introduction

This project document outlines the context, rationale and justification, objectives, and management arrangements for a Danish grant to UNEP in support of the acceleration of the transition of the Indian textile sector towards circularity. The terms, conditions, and requirements regarding this contribution will be set out in an Agreement between UNEP and the Ministry of Environment Denmark (MIM) and the Ministry of Foreign Affairs (MFA). This project document is an annex to this legal agreement and constitutes an integral part of this Agreement together with partner documentation for the supported intervention: *Project document: Accelerating the Transition of the Indian Textile Sector towards Circularity*.

Contribution: Denmark, represented by the Ministry of the Environment of Denmark (MIM) and the Green Diplomacy and Climate Department (GDK) of the Ministry of Foreign Affairs Denmark (MFA), commits to a contribution of DKK 12.000.000 for the project implemented by UNEP.

2 Context and strategic considerations

2.1 Context – the textile sector globally and in India

The textile sector¹ is of global importance, providing high levels of employment, foreign exchange earnings, and products essential to human welfare. At the same time, the sector is characterized by unsustainable production and consumption patterns including high energy consumption and strong implications for the environment in terms of freshwater usage, and pollution of land and water, as well as socio-economic issues. Wet processing (the bleaching/dyeing/finishing stage of textile production), synthetic fibre production and laundering in the consumer use phase impact climate change through high energy consumption, whilst natural fibre production (cotton cultivation) and the consumer use impact water scarcity and freshwater use impact, respectively. The use and release of hazardous chemicals in textile wet processing (more than 3400 different substances), lead to water and land pollution and impact human health and ecosystems. Microfibers are an environmental issue of increasing concern, with research continuing to shed light on their harmful effects on biodiversity, and potentially on human health as well. The current price pressure on textile manufacturing and the consequent practice of seeking manufacturing locations where labour wages are lowest and environment regulation weakest are strong contributing factors to both the negative environmental and social impacts. The strong competition in the textiles market has contributed to low prices and fostered a culture of buy and discard. The production and consumption of textiles almost doubled from 2000 to 2015.

The textile supply chain is highly fragmented and complex. The dominance of the SMEs – many of which are informal – add to the complexity. The production phase often involves multiple actors - as more than 15-20 actors are involved in different processes from the sourcing of the raw materials to the products being ready for sale. Such complexity makes transparency difficult as even high-end brands may not be aware of the situation further up-stream in the value chain. The dominance of the SMEs makes change difficult as they are already struggling in a highly competitive market and have limited resources for testing new technologies and production modes.

With increasing energy costs the business case for moving towards more sustainable and circular production models becomes more compelling to stay competitive. Circular production models respond to 1) increased resource efficiency (energy, water, and chemicals); 2) growing consumer demand for sustainable production methods; 3) extended product life span by producing durable and repairable products increasing customer satisfaction; 4) innovation and branding based on sustainability and eco-friendly production.

¹ The textile sector in the context of UNEP refers to the full value chain from the production of the fibers to consumption and end use. (see Annex 1) This concrete project concerns the value chain from the processing of cloth, to the sale to end consumers. It does not include the production of fibers e.g. cotton growing.

Another important driver for circular business models is regulatory compliance as the textile sector is subject to increased compliance demands nationally as well as for exports. The EU being one of the largest importers of textiles from developing countries has outlined a strategy - The EU Strategy for Sustainable and Circular Textiles – that seeks to promote sustainable textile production and circularity. Measures include support for international standard setting including in the context of the United Nations Environment Assembly and the Global Alliance for Circular Economy and Resource Efficiency as well as through trade preferential schemes (GSP+). Recognising the business model and reacting to increased regulatory demands and consumer pressure, the industry itself has taken steps to respond. Initiatives include UNFCCC Fashion Industry Charter where the industry outlines a vision and collaborates to achieve net-zero emissions by 2050 as well as industry collaborations such as the Fashion Pact or organizations enabling industry dialogue such as the Global Fashion Agenda, that cooperates with UNEP to establish targets for the industry related to Resource Stewardship, Smart Material Choices, Circular Systems, Respectful Workplaces and Better Wage Systems.

While the textile sector has benefitted from globalization, wages in the textile sector in many cases barely allows workers to sustain their most basic needs. Globally there is a gap of two-to five times between manufacturing industry standard wages and wages in the garment industry. Workers are often unskilled women or/and migrant workers representing some of the most vulnerable workers prone to discrimination and harassment. The transition towards circularity and more responsible production and consumption patterns will have complex impacts on employment opportunities in the textiles sector leading both to expectations of fewer jobs in the traditional mass production textile industries and new jobs emerging in repair, recycling, and resale. The transition to circularity could create higher quality jobs, especially for informal workers. Globally, the ILO estimates that implementing circular solutions across sectors – notably in waste management and recycling, and the services sectors, repair and renting models – could create a net growth of 6 million jobs globally by 2030.² However, achieving positive net outcomes and a just transition will require targeted efforts from governments, companies and workers' unions on issues such as wages, health, safety and rights, and the retraining and upskilling of workers for new types of work.

India is one of the largest producers of textiles globally and the biggest exporter with 5 pct of global trade. The textile sector contributes 2.3 pct. of the India's GNP and is the second largest employer with 40-50 million jobs across the value chain of whom women represent approximately 40 pct. Approx.70-80 pct. of the textile production is for domestic consumption. The textile market is highly competitive with many small and medium sized enterprises, low profit margins, and a business culture where payment is made upon delivery rather than when ordering. Combined with limited knowledge, lack of skills and technologies, this inhibits adoption of sustainable practices. The environmental impact primarily relates to the climate impact using coal for energy production, and high production of man-made fibers (polyester from petrochemical producers) as well as high water usage from cotton production, which is increasing in irrigated areas, and finally extensive pollution from the fabric production taking place in SMEs with limited access to wastewater treatment. The Indian textiles sector also faces numerous social issues related to low wages, discrimination based on sex and social grouping as many workers come from socially and economically disadvantaged groups and migrants, as well as issues related to health, and work safety.

The Indian Government is prioritizing circular economy measures and has developed action plans primarily related to recycling and use of waste. There is not yet a cohesive policy for sustainability /circularity in the textiles sector. Presently, textile production takes place all over India, but there are initiatives to expand textile production in selected clusters where environmental issues can be addressed. The prime minister of India has launched the MITRA scheme – the 5Fs from Farm to Fibre to Factory to Fashion to Foreign that seeks to establish integrated textile parks encompassing the full textile value chain and support sustainable practices³. Similar, the Integrated

² ILO (2018). World Employment Social Outlook 2018: Greening with Jobs This is however a small fraction of the current amount of jobs in the textiles industry. There are no data for India – and note this number of new jobs is quite low, compared to e.g. number of workers in the textile sector that in India comes to 40-50 million.

³ <https://pib.gov.in/PressReleasePage.aspx?PRID=1761408>

Processing Development Scheme (IPDS) aims to facilitate the textile industry to become globally competitive using environmentally friendly processing standards and technology. The IPDS is planned to create new processing parks (location tbd) as well as support the upgrading of existing processing clusters specifically in the area of water and wastewater management and promote research and development for cleaner technology in the processing sector.⁴ The textiles sector benefits from broader schemes related to promotion of resource efficiency and sustainable practices such as the Performance, Achieve and Trade Scheme, that supports energy efficiency measures, or Solar Power Schemes where textile industries receive incentives to install solar power, research and development for cleaner technology in the processing sector.⁵

India has for the past 80 years had a Ministry of Textiles (MoT). The Ministry has identified sustainability as the topical issue. In 2022 a Sustainability Cell was established commensurate with the Indian Government's ambition to play a leading role in the global policy debate on sustainable and circular production of textiles.

2.2 UNEP's engagement in the textile sector globally and in India

UNEP has over the past decade become increasingly engaged in the promotion of sustainable and circular value chains in the textile sector through encouraging sector wide collaboration to accelerate a just transition of the sector. Since 2019, UNEP has been leading consultation workshops with stakeholders across the value chain to inform research and define priorities, and now leads a community of 700+ experts engaged in discussions on circularity in textile consumption and production. In 2020, UNEP released the report Sustainability and Circularity in the Textile Value Chain: Global Stocktaking that identifies environmental and socio-economic impacts along the value chain, takes stock of current initiatives, and outlines priority actions. This report was followed up in 2023 with a Roadmap outlining what each stakeholder group can do to promote a circular textiles sector.⁶

Based on UNEP's consultative work, four main root causes for the continued unsustainable production and consumption patterns in the textile value chain globally have been identified and outlined in a problem tree that is now the basis for the development for UNEP flagship project to address these issues on a global scale (Figure 1). The four root causes can be summarized as follows:

1. Poor industry practices due to lack of industry capacity based on lack of data and knowledge – lack of data and ways to measure environmental footprint coupled with lack of knowledge about technological more sustainable alternatives is a major factor that inhibits transformation. This is compounded by the high prevalence of SMEs that also have no means to access such data and knowledge. SMEs perceive life cycle approaches to be too technical and complex due to lack of technical know-how, resulting in low adoption. Transition towards more circularity and sustainable practices also requires a long-term vision and planning capacity at the company level. Furthermore, there is limited contacts and lack of cooperation between the bigger companies and the SME suppliers further up-stream in the value chain that makes it difficult to effectively align practices. These challenges are also apparent in India, where the lack of communication between value chain partners hinders a systemic shift.

2. Investment and finance practices – companies – and SMEs – are reluctant to borrow for what is perceived as non-core business. Expenses related to environmental improvements and improved health and occupational safety are not often considered important and, in many countries, there is an expectation that such investments should come with government subsidies. Furthermore, companies may find it difficult to make the business plan and argue the business case when data and knowledge are not available. Similarly, the banking sector is reluctant to lend for what is not considered core business, and a lack of understanding of what sustainability in the textiles value chain implies. In India there is a large financing gap for MSMEs despite a legal requirement for banks to lend to MSMEs, and national requirements regarding environmental, social and governance (ESG) standards have yet to take root in India's financial sector.

⁴ <https://www.indiafilings.com/learn/ipds-scheme/>

⁵ <https://www.indiafilings.com/learn/ipds-scheme/>

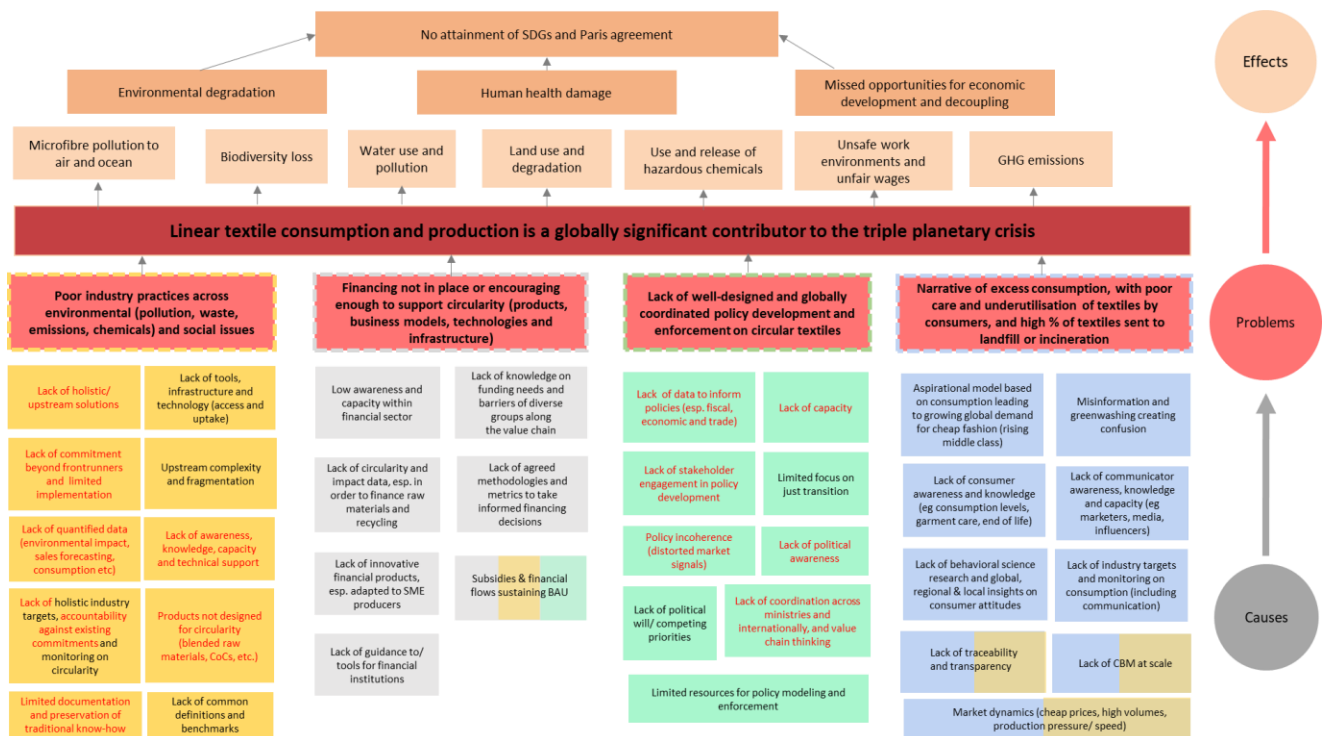
⁶ <https://www.oneplanetnetwork.org/knowledge-centre/resources/sustainability-and-circularity-textile-value-chain-global-roadmap> The Road Map is further outlined in Annex 1.

3. Lack of coherent and well-designed policies to drive circularity – despite increased acknowledgement of the importance of sustainable and circular textiles sector, lack of data and knowledge hinders science-based policy making. The complexity of the textile value chain calls for coherent national policies across several ministries – incl. trade, environment, energy, and labour to set the right policy incentives to support a move towards circularity and addressing socio-economic and environmental impacts. In India, also larger players in the textile sector are reluctant to make investments in sustainability and circularity due to policy uncertainty. The interconnectedness of global textile value chains across borders, calls for policy coordination and standards setting at the global level.

4. Lack of communication and narrative with regards to excess consumption of textiles – consumer demand for eco-friendly production and circularity will be an important driver for change. More is needed to enhance consumer awareness and knowledge of the environmental and social-economic impacts of production and consumption of textiles, based on behavioural research as to how to effectively drive consumer behaviours towards circularity. India has a rapidly growing middle-class that is expected to spend a lot more on clothing the coming years and efforts to enhance awareness about overconsumption has been initiated.

These four root causes have been integrated into a problem tree for UNEP’s Textiles Flagship project which is the overarching framework under which UNEP frames all its activities (technical cooperation, advisory and enabling initiatives) targeting the textiles value chain globally, with the aim of transforming it. The funding from Denmark will hence also contribute to the overarching Theory of Change of the UNEP Textiles Flagship Project (Figure 1, elements that the funding from Denmark will help address are in red).

Figure 1: Problem tree related to the current unsustainable and linear textile consumption and production model (from the UNEP Textile Flagship project)



Source: UNEP Textile Flagship project

This project will address root causes 1 (poor industry practices) and 3 (lack of well-designed policies) as they play out in the Indian context with a focus on the causes marked in red font.

UNEP has been working with the Indian Government and the MoT for some years. This project will benefit from and built on work in relation to a textile cluster in Surat, Gujarat, where UNEP in cooperation with the MoT and the Centre for Environment Education (CEE) (and under the steering of a committee which was chaired by the Commissioner of the Surat Municipal Corporation) developed a Roadmap for a Sustainable Textile Hub in India. The Roadmap lays out six goals for the cluster to achieve by 2030, as well as the priority actions to achieve these goals. These goals were agreed to by key stakeholders including two industry associations (the South Gujarat Chamber of Commerce and Industry, and the South Gujarat Textile Processors Association), and the Surat Municipal Corporation. The Roadmap will be launched together with the MoT later this year and work to implement the goals will commence.⁷

Other important activities that the project will built upon include support for MoT for development of a policy for immediate initiatives in the textile sector involving recommendations to focus on:

- Integrating sustainability and circularity into the PM-MITRA scheme.
- Build capacity and train designers, textile engineers, industry actors and policy makers on sustainable and circular textile practices.
- Invest in Research & Development for recycling technologies, greener chemicals, affordable wastewater management, and alternative sustainable materials.
- Establish cluster-level centres of excellence to provide expertise and testing facilities for new and upcoming technologies.
- Consider extended producer responsibility (EPR) for the sector, drawing upon lessons learnt from e-waste, plastics, and Danish, French, and Swedish EPR regulations. Update industrial standards with defined benchmarks for energy, water and chemical consumption.

UNEP has also contributed to the design of a university curriculum on sustainability and circularity in textiles, as well as a handloom study that is expected to bring back some old sustainable traditions, and a campaign to raise awareness among Indian consumers about life-cycle thinking and sustainable fashion.

UNEP is currently implementing a project financially supported by the EU to introduce circular business models in the textile sectors of South Africa, Kenya and Tunisia (InTex). The textile sectors in these countries share some of the same challenges as the Indian textile sector. Important lessons learned from UNEPs activities in textiles globally, InTex, and so far in India includes:

- Industry is looking for governments to set clear policies and incentives – nationally and globally,
- MSMEs need a clear business case to invest in eco-friendly production and Product Environment Footprint (PEF)
- Charging companies a small fee for participating might help ensure higher commitment
- Tools such as eco-innovation and PEF are valuable as they bring about a mindset shift in the companies, as they start considering the entire value chain and life cycle and partnerships to improve their business practices and models; however, their application therefore also needs time and training.
- It has proven very successful to work through implementing partners in project countries, focusing on training them and equipping them with the business case and tools to continue applying project tools also after the project ends. The selection of implementing partners is therefore an important step in the project.
- There is a perception amongst both businesses and policymakers in India that sustainability and circularity is limited to recycling waste and incremental resource efficiency improvements. Additionally, businesses

⁷ In addition, UNEP has also been actively working 12 sub-national Governments in India related to circular economy, on, areas such as-plastic waste management/ air pollution/sustainable and energy efficient cooling/sustainable agriculture/development of low-carbon and climate resilient road map and circular economy road map development. Respective projects are being implemented in partnership with the state government/ district administration or the municipal corporations, across various states, including, Uttar Pradesh, Bihar, Odisha, Gujarat, Kerala, Tamil Nadu, Maharashtra, Uttarakhand, Assam, Haryana, Delhi, Andhra Pradesh.

either lack awareness on circular textiles, or lack knowledge and capacities on implementing circular practices. Policymakers need support in applying a value chain approach that could help identify the trade-offs of proposed policy options. Awareness raising is needed to build consensus on the more ambitious and systems-level solutions needed.

- It is important to focus on textile production and processing clusters, as well as (M)SMEs is key to ensure sufficient buy in and impact from the beginning.
- India's 'innovation culture' is very strong and can be leveraged for circularity, but a robust innovation ecosystem is needed that can identify and scale solutions.
- Sustainable and circular textiles have traditionally been part of India's culture with the handloom practices – it is important to preserve traditional knowledge, and if possible, scale up and modernise the handloom sector without losing this knowledge.
- Interventions and incentives must be aimed at MSMEs to make a sufficiently large impact.

Gender equality – women make up nearly 40 pct. of the work force in the textiles sector, and despite the low wages, the jobs in the garment industry has given women (including migrants and vulnerable people) an income opportunity that has supported the family income. At the same time, gender has been discriminated against – with lower wages than men for similar jobs, high job insecurity, which became clear during COVID where the lay-off of women was much higher than for men, exposed to sexual harassment, unsafe working conditions, exploitation and forced labour, health impacts including from chemicals on reproductive health, and general abuse. Women are also more at risk for not receiving payment for their work due to cancellations of orders in the highly competitive textile business. The Covid-19 outbreak exposed this particular vulnerability, with millions of female garment workers losing their jobs with no access to social or financial safety nets, not receiving payment for labour due to cancelled orders, and an estimated tens of thousands of Indian textile workers going into 'deep debt' to survive⁸.

During the implementation, the project will mainstream gender in its activities to ensure that both men and women are benefitting. This will include: aiming for parity in attendance of events/ workshops and monitoring it (including gender balance on panels of workshops/ events), ensuring participation of women-led technical institutions and SMEs in activities, integrating gender aspects in the knowledge created by the project, with a view to ascertaining whether specific additional measures need to be adopted to address gender inequalities.

2.3 Strategic considerations – and alignment with the Danish strategies

Climate change and the pressure on the world's resources are defined as major challenges in the Danish Strategy for development cooperation "The World We Share" and in the Danish Government's long-term strategy for climate action – "A Green and Sustainable World". This project to *Accelerate the Transition of the Indian Textiles Sector towards Circularity* contributes simultaneously to addressing the triple planetary crises of climate change, loss of biodiversity, and pollution and hence to the achievement of SDG 12 and to a lesser extent SDGs 7, 13 and 15. The project aligns well with the Danish strategies' priorities to reduce GHG emissions through increased energy efficiency, to strengthen synergies and simultaneously address climate change and promote sustainable consumption and production, circular economy and global recycling as well as safe management of chemicals and waste. Furthermore, the project takes into consideration the need for a just transition and attention workers' situation and need for reskilling incl. women and disadvantaged groups in accordance the poverty orientation of the Danish development cooperation. Finally, the project is based on partnerships involving the private sector which is necessary for sustainable long-term changes which is a mode of operation strongly supported by Denmark.

The project also aligns well with the Danish Organisation Strategy for UNEP 2022-2025, as it responds to all of the three strategic objectives – Green Transition, Nature-based Solutions and Biodiversity, and Sustainable Consumption and Production with the main priority to the third objective of sustainable consumption and

⁸ <https://www.reuters.com/article/india-workers-idINL4N2HB3SD>

production (SCP). Within the SCP objective the project directly contributes to resource efficiency and promotion of clean technologies as well as UNEPs work on pollution control and sound management of chemicals and waste.

Finally, the project aligns with the evolving and expanding Indo-Danish cooperation. In 2020, Denmark and India launched a Green Strategic Partnership based on reaching ambitious climate goals. By partnering, India and Denmark wanted to demonstrate to the world that delivering ambitious climate and sustainability goals is possible. A Danish environment sector specialist is posted in the Danish Embassy in New Delhi to support the implementation of the Green Strategic Partnership. The project directly addresses the ambitions in the Green Strategic Partnership with regards to environment, water, and circular economy.⁹ Where the partnership focusses extensively on water and sustainable water resource management, this project goes wider and support circularity and sustainability in a sector that is of importance to both Denmark and India, as well as globally. The project complements a project implemented by MFA Innovation Centre Denmark (ICDK) in Bangalore in partnership with the Confederation of Danish Industries and the Life-Style Design Cluster. ICDK works with Danish companies to promote access to sustainable textiles produced in India and supports Danish SMEs which offer sustainable solutions in water and energy to provide these technologies to Indian companies. A pre-project has come to an end that have tested the concepts and there is interest in continuing this work. Opportunities to share experiences and promote learning across the projects will be pursued.

The project is aligned with the UNEP Medium Term Strategy (MTS) and directly contributes to achieving the objectives set out in here in particular with regards to UNEPs Programme of Work on Chemicals and Pollution.

Data gaps and lack of knowledge about the benefits of sustainable and circular business models is a major hindrance for its promotion. By contributing to the project, Denmark can support data gathering and development of knowledge for both coherent policy making and for design of circular and sustainable business models that can help drive transformation of the textile sector. Denmark is an active partner together with the EU, Sweden, Finland, and Germany in driving circular economy considerations globally and in the context of the UNEA. Stronger evidence developed in cooperation with an influential partner like India can potentially contribute substantially to the global textile transformation process as India is key to driving the global agenda forward.

Denmark is considered a leader in environmental management and circularity. Hence Denmark in its support to the project can draw upon own experiences. Based on the climate and environmental impact from the textiles sector – consumption and production - the Ministry of Environment has launched a voluntary sectoral cooperation with the industry in Denmark on industry standards including that all textiles from Danish companies must contain 40 pct. recycled textiles by 2030, and that the design of fashion and clothing must promote re-cycling and promotion of reused clothes.¹⁰The cooperation is based on a partnership and a joint steering committee include companies involved in the textiles and fashion sector has been set up. Another cooperation from which experiences can be drawn is the Nordic Textile Collaboration that is intended to support the transition in the Nordic countries towards a circular textile economy.¹¹

This project builds upon Danish cooperation with UNEP on promotion of sustainable consumption and production that has been on-going the past years including a Danish contribution to the 10 YFP for SCP. This project seeks to go deeper into one sector to create knowledge about transformation and provide real environmental benefits, that can inform the global transformation of the textile sector that has to take place to respond to the sector's impact on the three planetary crises. The Danish MIM is considering expanding its cooperation with UNEP with regards to sustainability and circularity in the textile value chain beyond this project to more countries in Asia where MIM has environment sector cooperation – Indonesia and Thailand.

⁹ [file:///Users/susanulbaek/Downloads/Green-Strategic-Partnership-Joint-Action-Plan-final-task-48-updated-June-2022-resp-IN-partne%20\(1\).pdf](file:///Users/susanulbaek/Downloads/Green-Strategic-Partnership-Joint-Action-Plan-final-task-48-updated-June-2022-resp-IN-partne%20(1).pdf)

¹⁰ <https://mst.dk/affald-jord/affald/affaldsfraktioner/tekstil/frivilligt-sektorsamarbejde-om-tekstiler/>

¹¹ <https://mst.dk/affald-jord/affald/affaldsfraktioner/tekstil/the-nordic-textile-collaboration/>

3 The project: Objective, intervention strategy, relevance, and justification

3.1 The project objective and intervention strategy

The project objective is to accelerate the transition of the Indian textile sector towards circularity.

The value chain approach is a proven intervention strategy that UNEP has successfully applied previously. By addressing the entire system, the value chain approach identifies the drivers and barriers that shape a value chain's operations. By engaging all stakeholders, the value chain approach identifies the most effective solutions and defines a common agenda for concerted actions that can transform the system. This project will intervene at 1) the business level to support implementation and changes in practices, by guiding Indian textile brand SMEs in implementing and communicating about circular business models and the benefits associated herewith, as well as working with Indian textile manufacturers in measuring their product environmental footprint (PEF) ; and 2) at the government level to support policy development to move towards circular business models in the textiles sector based on knowledge and evidence (including needs identified through the business-level support).

Company level work will be focused in two textile clusters. The one will be Surat, where UNEP has engaged previously in mapping impacts and challenges, and creating an ambitious Roadmap towards sustainability that has already received validation by key cluster stakeholders. Thus, UNEP already has access to data, partners, and other stakeholders, as well as a clear understanding of the work needed to address key challenges identified in the Roadmap creation, which include:

- A need for systemic planning to allow for transition towards circularity at company level,
- Increased production costs from risings labour and power costs
- Lack of skilled workforce
- Use of outdated technology
- Lack of financial stability arising from payment being made upon delivery

The second cluster will be selected in consultation with the Ministry of Textiles based on criteria including existing support from industry associations at the cluster level and state/local Municipal co-operation, availability of local-level plans, their potential to support mainstreaming sustainability, the possibility of obtaining/accessing unit-level data/baseline data (an optional but preferred indicators), the presence of large clusters that incorporate smaller clusters, and the value chain tiers represented. The engagement with Indian textile brands on circularity is likely to focus on SMEs that export to Europe, as they have a higher interest to apply project tools to prepare for upcoming legislations.

At the national level, Indian policymakers, through the Ministry of Textiles as a focal point, will be supported to develop and implement circular textile policies and instruments that take into consideration SMEs' needs, based on the findings of the work with clusters and their SME members, as well as Indian textile brands.

This project will draw on UNEP's expertise on sustainable and circular textiles. (See also Annex 2 Partner Assessment). In aligning with the up-coming global UNEP Textile Flagship Initiative, the project contributes to a bigger programme which covers all regions and the period up to 2027. This project will therefore inform baselining and planning of UNEP's textile work in India under this Flagship and help UNEP position itself further in this space globally by building the evidence base for and experience on circular textiles at country level for wider use. The project builds on experiences and lessons learned of UNEP in the EU-funded InTex project implemented in Kenya, South Africa and Tunisia, as well as the GEF supported Textile project implemented in Bangladesh, Indonesia, Pakistan and Vietnam. It is the intention to provide for knowledge sharing among governments and companies to foster south-south cooperation. UNEP will also tap into the network and expertise of other UN agencies for this project, such as UNECE's work on transparency and traceability, ILO's work on labour rights and just transition, or UNIDO's work on resource efficiency.

The project is in direct response to priorities and gaps identified by the Indian government. Partners for this project's work will be in-country, with a well-established network, including the Indian Textile Ministry, state and local level authorities, industry associations, and research institutes, to ensure that the project is adapted for local contexts and knowledge and that sustainability and continuity is ensured with the knowledge staying in the country. Joint development and implementation of knowledge products and in-country activities with in-country partners will ensure strong ownership by the partners with a potential catalytic effect in the uptake. The project will also benefit from the UNEP-based platforms in India and their multiplier effect (e.g. working with Indian textile associations to include training on circular textiles in their core offer, thereby reaching a higher number of SMEs in the long term).

A stakeholder analysis has been made identifying major stakeholders in the private sector, associations, government, and in the research/NGO community and the extent to which they are included in the project including the extent to which their concerns are addressed, and how they will be engaged in the project – and what changes in behaviours are expected based on the project. This analysis is included in Annex 3.

The Theory of Change for the project can be summarized as follows:

- *If* industry actors (including SMEs) are assisted in integrating life cycle approaches into business practices and implementing circular business models (Output 1)
- *and if* government is supported to develop and implement circular textile policies and instruments that take into consideration SMEs' needs (Output 2)
- *then* government and businesses in India have improved capacity and knowledge to support a fast-tracked transition to a circular textiles value chain; (Outcome)
- *and then* public and private sectors increasingly adopt circular practices and transition towards a sustainable textile value chain (Intermediate state/ High-level Outcome)
- *and then* releases of pollutants to air, water, soil and the ocean from the textile sector are reduced (Impact/Goal).

The main drivers/assumptions are:

- Private sector commitment to transition towards circular textile production models based on data and evidence,
- Willingness of key stakeholders (including private sector) and initiatives to collaborate with UNEP on circular textiles,
- Broad network of institutions and experts committed to engaging in collaborative research and sharing of knowledge on circular textiles, including textile consumption,
- Growing awareness of policy makers (national/state and local levels) on opportunities to mainstream circularity into existing policy frameworks related to the textile sector, and the continued existence of Science Policy platforms supporting e.g. textiles and climate change, or textiles and chemicals,
- Increased consumer awareness and appetite for circular textiles and trade policy measures adopted by importing countries.

Annex 4 contains an assessment of the project based on the OECD DAC criteria.

Transition towards a circular textile sector involves increased resource efficiency in the production and reduced GHG emissions per unit of production which is picked up in the PEF. Hence, the project qualifies for being Rio Marked 1. The project objective and outcome objective significantly contribute to climate mitigation through support for policies and actions that promote resource efficiency incl. energy efficiency and low-carbon production patterns (less chemicals, less water etc.).

4 Project results framework

The following table 1 sets out the results framework for the project.

Table 1: Results framework: IndiaTex

Project title		Accelerate the transition of the Indian textiles sector towards circularity	
Project objective		To accelerate the transition of the Indian textiles sector towards circularity	
Outcome		Government and businesses in India have improved capacity and knowledge to support a fast-tracked transition to a circular textiles value chain	
Outcome indicator		<i>No outcome indicator is formulated for this project, however, the project will be monitored at outcome level in its contribution to the One UNEP Textile Project.</i>	
Baseline	Year	2022	0
Target	Year	2026	15
Output 1		Industry actors (including SMEs) are assisted in integrating life cycle approaches into business practices and implementing circular business models	
Output indicator		Number of communication products (case studies, videos, news stories, podcasts etc.) on sustainable and circular solutions in the Indian textiles sector	
Baseline	Year	2022	0
Target	Year	2026	10
Output indicator		Number of individuals in companies and institutions trained on circular textile tools (at least 40% women), out of which 70% reporting increased knowledge	
Baseline	Year	2022	0
Target	Year	2026	200
Output indicator		Number of SMEs that have been supported to calculate their product environmental footprint or to develop circular business models, out of which 50% have initiated changes in business practices (e.g., action plans to address PEF results or to implement circular business models)	
Baseline	Year	2022	0
Target	Year	2026	30
Output 2		Capacity building and technical assistance provided to the Indian government on the development and implementation of circular textile policies and instruments that take into consideration SMEs' needs	
Output indicator		Number of individuals in government institutions trained on circular textile policies, out of which 70% reporting increased knowledge	
Baseline	Year	2022	0
Target	Year	2026	60
Output indicator		Number of convening opportunities created for government, companies and organizations to coordinate and align at national, regional and global level on circular textiles ambition	
Baseline	Year	2022	0
Target	Year	2026	3 national, 1 regional, 1 global

5 Risk Management

The below table 2 presents the main risk factors and risk responses at the contextual, programmatic, and institutional level. The full UNEP's project risk management framework has been included as Annex 5.

Table 2: Main risk factors IndiaTex

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Contextual					
There is limited political and stakeholder engagement, incl. from the private sector	Likely	Major	Work with the government to provide policy incentives for a shift. Provide the evidence for the	There is always a risk that short term interests and risk aversion to new ways of	The economic model of the textile sector is based on high consumption and production rates and production driven by speed and lowest cost. In particular SMEs may find it

<p>and the workers associations/unions in a transition towards sustainable and circular production models</p>			<p>business model for sustainable and circular production. Advocacy to promote an understanding amongst businesses and associations of changing consumer demands – and advantages related to being first movers, including that it opens up new markets (esp. for companies exporting to the EU) and attracts financing. Link to UNEP’s global work to mobilize a critical mass supporting a move towards sustainable textiles.</p>	<p>producing will take the upper hand – in a very competitive industry</p>	<p>difficult to see the business model and the need for investments at this time or see such changes as a risk to their continued survival. The pathways to sustainable equitable growth will have to be clear also to the employees’ associations and employees that, although most negatively impacted by pollution and environmental degradation, may also face short term risks to their livelihoods. Women and disadvantaged groups are most likely to be negatively impacted as they have the lowest skills and protection.</p>
<p>Lack of government (national/state and local levels) buy-in due to potential impact on employment – as well as just transition concerns; lack of funding for investments in sustainability</p>	<p>Likely</p>	<p>Major</p>	<p>Recognise this risk and work to mitigate the impact in particular on women and the most disadvantaged by ensuring their participation in skills up-upgrades, and other capacity building up-upgrades. Address other income opportunities for workers. Promote cooperation across ministries at all levels to support the transition and its funding. Build understanding about upcoming global policies (e.g., EU Textile Strategy) and how it will impact Indian textile production, with the project being a key lever to prepare the industry for the shift. Co-create solutions and policy measures with the government that</p>	<p>The risk can be reduced but not eliminated. This is a long-term transformation and the impact on jobs is not immediately huge, but over time job growth outside the textile sector will be needed.</p>	<p>Demands for jobs and economic growth are high in developing countries. State/local administrations level may be more concerned with employment and short-term growth. Sustainable production may also require additional investments in e.g. waste and waste water treatment that has yet to be prioritized</p>

			could mitigate tradeoffs or transform tradeoffs into opportunities.		
Just transition concerns in shifting to a circular textiles value chain, risking unemployment of vulnerable and disadvantaged groups in transition phase (informal sector, women and youth)	Likely	Major	Include this risk and mitigation actions in guidance to governments created by the project; ensure participation of vulnerable groups in project capacity building activities and document and communicate reskilling and other needs to organizations such as ILO, and make it feed into policy guidance created by the project.	The risk can be reduced but not eliminated. This is a long-term transformation and the impact on jobs is not immediately huge, but over time job growth outside the textile sector will be needed.	The transition to circularity is expected to have a complex impact on employment; for example, increased recycling may reduce demand for virgin fibres and related production jobs. While it could also create higher quality jobs for informal workers in the long term (e.g. waste management and recycling, services for repair and renting), it is likely that disadvantaged groups will be most at risk and affected in the short term.
Programmatic risks					
Delays due to political and administrative processes	Likely	Major	Frequent monitoring to prevent the risks of delays and be able to take immediate action when delays are encountered. Close communication with government and focal points throughout to anticipate risks through UNEP India office. Not relying on one implementing partner only.	This risk can be reduced but is unlikely to be totally eliminated.	Despite the Indian government's commitment to a sustainable and circular textile sector, this must filter through to State and lower levels, which may cause delays and renewed policy discussions.
Lack of knowledge or capacity in implementing partners/ technical intermediaries	Unlikely	Major	Implementing partners will be selected based on their knowledge and network in circular textiles and life cycle. The project will not rely on only one implementing partner to further mitigate. Finally, the project will train implementing partners and	This risk can to a large extent be mitigated through close follow-up and support from UNEP.	The success of the project and its impact to a large extent depends on the implementing partners that UNEP selects for the work in the textile clusters.

			provide international experts to support.		
Institutional					
Lack of capacity in UNEP/UNEP India and inability to work across UN agencies to promote the change	Unlikely	Major	UNEP has initiated cooperation with other UN agencies in the context of the One Planet network on sustainable consumption and production and the UN Alliance for Sustainable Fashion. UNEP India is working with other UN agencies in the context of the UN Country programme for India.	This risk can be mitigated but will also depend on resource constraints (funding and people) in other UN agencies.	Driving change and just transition of the textile sector involves an array of incentives and policies that goes beyond UNEP capacities and knowledge related to sustainability and circularity. Hence working with other UN agencies in areas such as labour, trade, gender will be important for a successful outcome.

The overall risk monitoring and reporting on risk factors will be carried out by UNEP (Industry and Economy Division and India country office) as part of the regular monitoring.

6 Budget overview

The total Danish contribution for the project is DKK 12,000,000. The Danish contribution covers all costs related to the implementation of the project incl. 1 pct. UN system levy and 13 pct. project support cost (PSC). The contribution will be made in three instalments into a project account specifically set up for the implementation of this project. The second instalment will be made based on the first progress report. Any currency risks (exchange rate losses and gains) are to be borne by the project. UNEP is contributing in-kind (office space, technical inputs from UNEP colleagues not paid by the project, etc). In line with the UNEP Evaluation Policy, USD 30.000 has been included in the project costs for an independent Terminal Evaluation or a management-led Terminal Review, quality assessed by the UNEP Evaluation Office, at the end of the project in 2027. Table 3 provides an overview of the budget. The detailed budget is available in Annex 6.

The project is a knowledge transfer project of international tools and methods (such as PEF and eco-innovation) for adaptation to and application in the Indian context, a large portion of the budget is allocated towards staff costs. Staff costs of the project include both staff to manage and coordinate the project, provide technical inputs and guidance, and ensure synergies with UNEP's wider work on textiles, as well as national and international expert consultants hired by the project to provide capacity building and targeted technical assistance to the Indian project partners, companies and government representatives on specific technical topics (for instance, on PEF, on chemicals in textiles, on eco-innovation).

Table 3 Budget for implementation of the Acceleration of the Indian Textile Sector towards Circularity

Outputs/USD	2023	2024	2025	2026	2027	Total	Total DKK*
Output 1							

Staff	30,000	150,000	150,000	105,000	15,000	450,000	3,016,126
Transfer IP		150,377	120,000	47,000		317,377	2,127,220
Other	3,000	30,000	30,000	30,000		93,000	623,333
Total	33,000	330,377	300,000	182,000	15,000	860,377	5,766,679
Output 2						0	
Staff	30,000	140,000	140,000	95,000	15,000	420,000	2,815,051
Transfer IP		60,000	60,000	40,000		160,000	1,072,400
Other	5000	37,673	47,666	38,000		128,339	860,193
Total	35,000	237,673	247,666	173,000	15,000	708,339	4,747,644
PSC 13 pct.	8,840	73,847	71,197	46,150	3,900	203,933	1,366,862
UN System Coordination Levy 1 pct.	17,727					17,727	118,815
Project cost covered by DK	94,567	641,897	618,863	401,150	33,900	1,790,376	12,000,000
UNEP in-kind contribution	17,735	53,202	53,202	35,468	35,468	159,607	1,069,766
Total project costs	112,302	695,099	672,065	436,618	69,368	1,949,983	13,069,767

*exchange rate 1 DKK =0,149198 USD/1USD = 6,702503 DKK ¹²

Notes: Staff: Includes UNEP staff for monitoring and administering the project, international and national consultants, as well as a junior consultant to be placed in the Ministry of Textiles Sustainability Cell.

Transfer IP – transfers to implementing partners for project activities.

7 Implementation arrangements and project management

Overall coordination and technical supervision of the project will be carried out by UNEP's Industry and Economy Division, Resources and Markets Branch, Consumption and Production Unit and Life Cycle Unit. Engagement and coordination with stakeholders in India will be conducted by UNEP's India office, which is under UNEP's regional office for Asia and the Pacific. The project will benefit from expertise of divisions and teams across UNEP (e.g., chemicals and waste branch on safe management of hazardous chemicals in Indian textile clusters, involvement of environment and trade unit on using trade policy instruments in India for circular textiles, etc.). The project will contribute the UNEPs overall engagement in the textiles sector in the context of the up-coming UNEP Textile Flagship Initiative.

The project coordination with the Indian government will take place in the context of the government-established Sustainable Textile Multi-stakeholder Platform, supported by UNEP. Denmark will be invited to participate in this platform along with other stakeholders. Including the project in this platform allows for overview and coordination of all activities in the sector to the benefit of the Indian Government as well as the various stakeholders. This approach has already been discussed during the National Consultation on 'Sustainability in The Textile Value Chain in India' organized by the India Ministry of Textiles and the Cotton Corporation of India (CCI) on 7th Oct 2022 in New Delhi. In addition, Denmark will receive regular updates on activities in the textile sector and progress towards sustainability and circularity (through meetings, and email communications, etc.) provided to key stakeholders including government, industry, NGOs and other UN and development agencies under this platform. Stakeholders joining the platform will also be asked to review deliverables, where relevant, and provide advice on specific technical questions or challenges the activities might incur, as well as identify synergies to other work. This approach to project steering in the national context is based on UNEP's previous experience with working with India, and in the InTex programme and has strong benefits as it ensures sectoral overview and coordination.

¹² The exchange rate specified in the budget within the project document is provided as an estimate and is subject to potential adjustments based on the prevailing exchange rate at the time UNEP receives the installments.

An annual meeting will be arranged between representatives from UNEP and the Danish government to discuss project progress and possible collaboration and dynamic project planning. These will be complemented with more frequent meetings in New Delhi between the UNEP office and the Danish Embassy.

Activities under the project will be delivered through national partners with support of international experts (UNEP’s approach being to build capacity locally for sustainability of project results). This approach has been proven successful in previous UNEP projects and allows for knowledge and capacity building in country that will stay after the project has ceased to exist. To identify, select and onboard in-country implementation partners, UNEP will follow UN rules and regulations and either issue a Call for Proposals for interested public institutions, academia (research institutes and universities), Non-Government Organisations (NGOs), and other Not-for-Profit Organisations (NPOs), or alternatively identify and compare at least three such organizations to select the implementing partners (at least one per output). The selection will be based on – but not limited to - the following criteria:

- Deep knowledge of the textiles value chain, awareness of existing available impact and financial data, understanding of the dynamics between value chain actors and regions, and an understanding of contexts in textile clusters
- Existing relationships with industry associations and local Municipal Corporations,
- Organisational gender parity disclosure, including in senior management and ownership
- Deep knowledge and experience in environmental science and economic analysis (and PEF and/or circular business models)

Criteria for cluster proposals will include:

- Availability of local-level plans
- Textile cluster’s potential to adopt sustainable and circular practices
- Availability of unit-level data/baseline data (optional)
- The size of cluster (if it incorporates smaller clusters)
- The value chain tiers represented

UNEP already has experience with a number of national and international partners that might be valuable to continue to cooperate with. Table 4 provides an overview and potential areas for cooperation:

Table 4: Partners’ information

Partner	Expertise/ strength	Possible roles / responsibilities in project implementation
Centre for Environment Education (CEE)	Implementation partner of UNEP for the Surat roadmap in the past	Analysis and roadmap development for other cluster; or training of new implementing partner on methodology applied in Surat
World Wildlife Foundation, TERI, World Resource Institute	Research and implementation, experience across sectors, robust methodologies, good network	Capacity building and technical assistance to Indian textile companies
Centre for Responsible Business, Oxford Policy Management	Research, including on textiles, good network, policy engagement	Capacity building and support to Indian government for policy development
Conserve India	Social impacts of textile production and consumption	Strengthen the implementation partners with social impact considerations
Confederation of Indian Textile Industry	Indian textile network, convening power	Capacity building and technical assistance to Indian textile companies
NIFT	Academic programmes on sustainable textiles, research	Capacity building
Invest India	Financing of sustainable textiles	Capacity building

Similarly, the SMEs in the textile clusters that the project will provide technical assistance to (under output 1) will be selected according to the following criteria:

- *Commitment*, which is important in order to ensure recommendations are implemented by the company, and willingness to invest time and lay open the required information about operations and processes. This will be evidenced by a formal letter from the management of the company.
- *Economic importance*: The type of textile product the company works with shall be amongst the three most economically important types of textiles in the country and/or be prioritized by the country's government through local support policies.
- *Markets*: the EU shall be one important market of destination for the selected type of textiles, with selected SMEs producing the selected type of textiles (and being part of multinational or European value chains).
- *Gender* considerations (with an aim of encouraging women or partially women- owned businesses to participate).

8 Management arrangements, monitoring and reporting.

The management of the Funds follows the standard rules of UNEP management of Funds as set out in the Agreement between the Danish authorities (MIM and MFA) with UNEP in the project agreement.

In accordance with this agreement it is in particular noted that,

- UNEP shall receive, manage, and administer the payment in accordance with United Nations rules and regulations.
- UNEP will be responsible for regularly monitoring and review of activities carried out under this Agreement in accordance with UNEP's own reporting, monitoring and evaluation systems.
- Yearly reporting on the results of the project as well as a report on the Danish financial contribution. The first, interim financial report shall cover the period up to 31 May 2024 and be due 30 June 2024. The second financial report shall cover the period up to 31 December 2024 and be due 31 January 2025. The subsequent financial reports shall cover the period up to 30 June and be submitted yearly no later than 15 September, for 2025 and 2026. The final reporting shall cover the period up to 30 September 2027 and be due 31 December 2027. The reporting will follow the normal reporting requirements for UNEP projects.
- UNEP will keep Denmark informed on relevant preparation, review and evaluation missions or other activities in relation to the implementation of this Agreement. UNEP shall, where the Parties agree it is appropriate, facilitate the participation of officials or designated representatives of the Donor in any such mission in accordance with UNEP Regulations and Rules. The cost of such participation will be borne by the Donor.
- UNEP shall inform Denmark immediately if any changes, or irregularities in the management of funds, are foreseen or have occurred.

The Ministry of Environment (MIM) of Denmark is responsible for overseeing the contribution. MIM will represent Denmark in the Textile Multi-Stakeholder platform (possibly through the representative in the Embassy in New Delhi). MIM will review work plans, and annual reports on technical progress and financial statements and follow-up on these. MIM will participate in the annual meeting with UNEP on the project based on a report on progress in implementation as well as a financial report that UNEP will forward to MIM ahead of the annual meeting. The MIM will keep the MFA informed on progress in project implementation based on the reports and financial statements.

Learning: Reporting on activities and results will be based on UNEP's internal reporting procedures. Emphasis will be placed on learning from the activities both with a view to improving the project during the implementation phase and with a view to sharing knowledge wider – see below under communication and knowledge management.

Review/evaluation:

In line with the UNEP Evaluation policy the project may be subject to a mid-term review and an independent terminal evaluation. In case a Review is required, the UNEP Evaluation Office will provide tools, templates, and guidelines to support the review consultant and will perform a quality assessment of the Terminal Review report. However, if an independent Terminal Evaluation (TE) of the project is required, the Evaluation Office will be responsible for the entire evaluation process in accordance with UNEP procedures and will liaise with the Project Manager and the project implementing partners at key points during the evaluation.

9 Financial Management

The Danish contribution will be disbursed to UNEP to a designated account in three instalments. The first upon signature of the agreement. The second, based on progress reporting, in July 2024. The third, based on progress reporting, in January 2025. The contribution will be made in DKK and reference will be made to the Agreement.

Financial management, accounting, and auditing of the grant will be based on UN financial management and auditing procedures as referred to in the Agreement. All financial accounts will be held in USD.

Based on the Agreement between UNEP and the Danish Ministry of Environment and the Danish Ministry of Foreign Affairs it is particularly noted that:

- Procurement: UNEP shall conduct all procurement of commodities, goods and services funded with the Contribution made under this Agreement in accordance with the UN/UNEP Regulations and Rules, policies, and procedures,
- Accounting: 1. The accounts shall at all times be kept updated according to international standards. 2. The accounts shall be drawn up to the same level of detail as is done in the budget.
- The total budget cannot be exceeded and shall be used for the agreed purposes only.
- Financial reporting will be done yearly and the financial statement of accounts shall be drawn up to the same level of detail as is done in the budget (reflecting any agreed changes made). The financial report will specify what the Danish contribution has been used for. The statements shall clearly state the disbursements made by the project as well as the outstanding balance at the time of reporting,
- Auditing: The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the UN Financial Regulations and Rules. Should an Audit Report of the Board of Auditors of UNEP contain observations relevant to the Contribution, such information shall be made explicitly available to the Donor. The Contribution is made to UNEP subject to the UN Single Audit Principle. The Donor will rely on the UN Single Audit Principle consistent with the Donor's active engagement in the international efforts towards harmonizing procedures and rules among donors with a view to simplifying aid administration,
- Any interest income attributed to the contribution shall be credited to UNEP account and shall be utilized in accordance with the project document and agreement.
- Any unspent balance after September 30, 2027 shall be returned to the Donor.

10 Communication and knowledge management

10.1 Communication

The overall objective of the project's communications activities is to raise awareness about the need for a sustainable and circular textile value chain and the related environmental, health and socio-economic impacts and benefits, in order to inspire action for change with all stakeholder groups.

The project will engage with all relevant actors, including large national textile brands and manufacturers, SMEs across the Indian value chain, governments, financial institutions, consumer engagement actors (including Indian industry-specific outlets such as TexFash), textile-sector NGOs and industry initiatives and beyond, via collaboration on the implementation of project activities, and increasing the visibility of project results and

outcomes. The communication activities will further provide access to the knowledge and tools developed under the project and support coordination and information sharing with partners.

Communications activities under the project aim to:

- Raise awareness and build demand for a sustainable and circular textile value chain across all stakeholder groups,
- Inspire action and mobilise the uptake of innovative solutions and new business models, giving visibility to best practices in different markets,
- Help reimagine the narrative of the sector, triggering broader advocacy and social action for a more sustainable and circular textile economy,
- Promote harmonized ways to access knowledge, methodologies, and data for all relevant stakeholders.

While this project will not directly target consumers through its activities, the intention is that it will inform consumer-facing campaigns run by stakeholders including the Indian government's LiFe campaign.

The communication strategy of the project will make use of a wide array of channels and tools to do so:

- Data and knowledge-sharing platforms (WESR, Asia Garment Hub, One Planet Network, GGKP, SAICM platform, etc.)
- Social media communications, UNEP web stories, press releases
- Trainings and workshops
- Expert participation in sector-specific conferences and panel discussions
- UNEP- and partner-hosted webinars
- Publications and guidance documents
- Consultation and coordination meetings with partners and stakeholders
- Regular textile expert community newsletters

The project will develop and communicate best practices and lessons learned from this project in India and globally to inform ongoing work of governments, industry and other initiatives and projects.

The Danish Embassy in New Delhi will be invited to participate in communicating about the project to ensure visibility and recognition in India of the Danish contribution, including conferences etc..

10.2 Knowledge management

One of the important outputs of this project are data and knowledge as to sustainable and circular solutions in the Indian textiles sector. These lessons learned and experiences will be shared across regions and countries to foster knowledge exchange. To manage and exchange knowledge, the project will utilize UNEP knowledge platforms such as the UNEP Circularity Platform, One Planet Network, and Green Growth Knowledge Partnership¹³. The UNEP website will be utilized for public communication.

Additionally, the project will collaborate with local networks to enhance regional capacity and facilitate the continuous sharing of knowledge beyond the project's scope. Country delivery plans will be co-designed with other UN projects operating on the ground, such as UNEP's ongoing various collaborations with the Indian government or the work initiated through the PAGE initiative¹⁴. The project will explore opportunities for the knowledge generated to be utilized by other UNEP initiatives. Collaborations will be established to ensure that existing UNEP projects benefit from the outcomes of this project, contributing to broader sustainability objectives even after the project concludes. The project will also build synergies with external platforms such as the Asia Garment Hub. UN monitoring tools will be employed to collect information on lessons learned and previous work, which will significantly contribute to knowledge management.

¹³ Green Growth Knowledge Partnership bring together governments, businesses and financial sector for knowledge sharing <https://www.greengrowthknowledge.org/>

¹⁴ Partnership for Action on Green Economy - <https://www.un-page.org/> Multi UN agency and donor partnership

Annex 1 Context Analysis

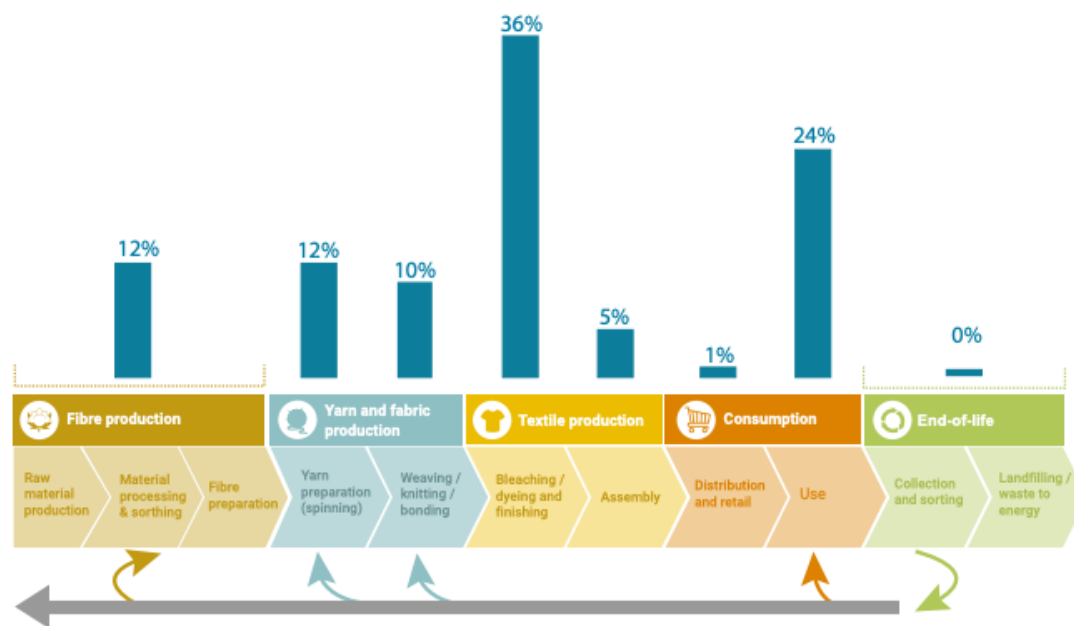
1. Overall Development Challenges and opportunities related to a sustainable and circular textiles sector

Climate, environmental impacts, and socio-economic issues in the textile sector

The consumption and production of textiles has almost doubled from 2000 to 2015 (the global population in the same period grew from 6.1 billion to 7.4 billion people). The demand for textiles is expected to continue to grow not least due to increased consumption from an additional 2-3 billion people moving up the income ladder in Asia, Middle East and Africa. The current production model is linear – based on “take, make and dispose”. It is a highly competitive industry, that moves fast and depends on low costs, this latter aspect being one aspect to drive incentives for change.

Climate - The textile value chain is estimated to account for 2-8 per cent of global GHG emissions, with sector CO₂ emissions projected to increase to nearly 2.7 billion tons per year by 2030, the equivalent of one year of emissions from nearly 230 million average passenger vehicles, assuming average driving patterns. Figure A shows the distribution of climate impact across the global apparel value chain, with hotspots seen particularly during textile production (synthetic fibre production) and the use phase.

Figure A: Climate impact across the value chain



Source: UNEP (2020). Sustainability and Circularity in the Textile Value Chain: Global Stocktaking.

(NB data is from previous UNEP report and is out of scope for this study. For details on methodology and limitations please refer to UNEP 2020.)

The industry has agreed climate goals – e.g. The Fashion Industry Charter for Climate Action that includes a net-zero goal by 2050. In India the climate impact from energy is high as the sector to a large extent depends on coal.

Water scarcity and fresh water use – the volume of water consumed in the textile industry is estimated to increase by at least 50 pct. in 2030 and is likely to impact water availability in producing countries. The most water intense parts of the value chain is in the production of fibre (e.g. cotton) but water usage is generally high including in the consumption phase. Production of cotton in India is taking up an increasing share of water as production is increasing in areas where irrigated cotton is grown.

Pollution with chemicals - It is estimated that producing 1 kg of textiles requires 0.58 kg of chemicals, many of which might be harmful to human health and the environment, damaging to natural ecosystems. 4 per cent of nitrogen fertilizers and phosphorous globally are used in cotton production as well as an estimated 16 per cent of all insecticides and 7 per cent of all herbicides. Wastewater discharge from wet processing sites can also

be a significant source of hazardous chemicals and pollution in key production regions. Despite widely acknowledged concern over the volume and variety of chemicals used in the textile sector, it is still challenging to identify all industrial chemicals used and emitted due to limited capacity, a lack of transparency and poor tracking systems. By eliminating human health impacts due to poor chemical management by 2030, an annual value of around €7 billion could be gained globally. The ZDHC Roadmap to Zero Programme is one of the main initiatives focusing on chemicals, with the overall goal being to phase out the use of harmful chemicals in the textile value chain. While there is not a specific time-bound goal in place, the ZDHC Roadmap to Zero Programme has provided valuable frameworks for the industry, leading to cleaner and more sustainable.¹⁵

Biodiversity – the impact on biodiversity stems from land and water usages, including in the production of fibre phase, from impacts from landfills and wastewater that also pollutes and impact the oceans. The Fashion Pact has goals on biodiversity, including the development and implementation of strategies and Science Based Targets for Nature, developing individual biodiversity blueprints by 2020, and supporting zero deforestation and sustainable forest management by 2025.

Socio economic issues in the textile sector - There are significant social and health impact hotspots in both the fibre production and processing phases. Research shows that a large proportion of textile workers in seven garment-exporting countries in Asia are paid below the minimum wage. Non-compliance rates in the sector range from 6.6 per cent of workers in Viet Nam to 53.3 per cent in the Philippines. In each of the countries, women are more likely than men to be paid below the minimum wage. There are significant health issues for workers from exposure to hazardous processes, which in turn can have a significant impact on society and GDP levels. Addressing these issues is complicated by the significant proportion of textile workers employed in the informal sector, in business structures that have developed due to governance and structural issues related to a very competitive business model. In the context of social and labour impact along the textile value chain, the ILO places particular importance on the need to address decent work, together with environmental impacts.

Moving towards a circular production model comes with new potential for social and labour risks for example, for child labour in recycled material collection.

Transforming the textile sector to a sustainable and circular production and consumption mode

Sustainable production and consumption – measures to reduce the resource inputs and avoid impacts on the environment in accordance with the SDGs, the Paris Agreement on climate and the industry goals mentioned above. To ensure progress and avoid a that production is just moving to new places with cheap labour and few environmental restrictions global policy goals are an important part of the transformation as is changed consumer demand.

Circular production – Circularity provides a model to transform the current linear textile economic model towards a sustainable future. It requires governments, businesses, and consumers to look beyond the current “take, make and dispose” extractive industrial model and redefine growth, focusing on positive society-wide benefits. Circularity’s underlying objective is that materials should be kept at their highest possible value as they move and are retained as long as possible within the textile value chain. This reduces and disconnects the use of natural resources and environmental impacts from the economic activity of the textile industry, while continuing to enable improvements in human well-being. UNEP’s circularity approach goes well beyond recycling fibres, and “reduce by design” and aims to reduce the amount of material, particularly raw material, and hazardous chemicals consumed during production and during use from the very beginning of product and service conceptualization. Production and consumption patterns as well as end-of-life processes of textile products are optimized via innovative product designs and business models, resulting in not only eliminated harmful impacts and waste but also improved social protections and business resilience.

Just transition - The transition to circularity is expected to have a complex impact on employment in the textile value chain; for example, increased recycling may reduce demand for virgin fibres and related production jobs, while shifting to regenerative farming will likely create more employment. Some jobs may be lost in manufacturing, while new jobs will be created in repair, resale, sorting, pre-processing and recycling. Climate change mitigation could slightly reduce the share of women in total employment unless action is taken to reduce occupational segregation, as the employment gains associated with the 2°C scenario are likely to create jobs in currently male-dominated industries (renewables, manufacturing and construction). Helping displaced workers and those facing other economic losses – through either direct compensation or skills development – will be crucial to ensuring that the transition towards circularity is just and inclusive. Consumers and access to clothing at suitable price points is another consideration to the just transition to ensure equitable access to textiles. ILO’s

¹⁵ <https://www.roadmaptozero.com/?locale=en>

has established guidelines on ensuring a just transition. The transition to circularity could create higher quality jobs, especially for informal workers. The ILO estimates that implementing circular solutions – notably in waste management and recycling, and the services sectors, repair and renting models – could create a net growth of 6 million jobs globally by 2030. However, achieving positive net outcomes requires targeted efforts from governments, companies and workers’ organizations on issues such as wage protection, health and safety and rights, and the retraining of people.

Based on UNEP’s work three priority areas for action has been identified to deliver systems change:

1. Shift consumption patterns
2. Improve practices - including in sourcing of materials, and recycling
3. Invest - in renewable energy and new technologies

The following figure B outlines nine areas – building blocs – needed to deliver the three priorities:

Shifting Consumption Patterns	1	Sustainable and circular textile business models are adopted globally. This requires a significant shift in perception of what 'value' means for consumers, brands and retailers. The focus must be placed on shifting the market and business revenue away from linear models towards circular models that have demonstrated impact reduction in both production and use phases, or focusing on selling experiences or other non-material goods rather than physical products.
	2	Textile overconsumption and overproduction is addressed. A significant decrease in unnecessary consumption is required, particularly in developed countries. This can be achieved through a combination of increased clothing utility (how long a product is used) and shifting consumer norms and aspirations towards lower consumption through engagement with the social and emotional aspects of behaviour. Reducing unnecessary production will be important for brands and retailers, and can be achieved through improved stock and demand management, as well as exploring new models such as on-demand production.
Shifting Consumption Patterns + Improved Practices	3	All textile products are designed to minimize impacts and support circular models. Design must be informed and intentional. Improved data and feedback loops will be critical to take into account knock-on effects of design at each stage of production, use and end of use. Products should be designed to consider the relevant circular business model (e.g. durability for rental), and with the assumption that they will be an input to closed loop recycling.
	4	Better product care reduces impacts and improves product durability. The consumer 'use' phase for textiles has chemical, energy, and water impacts, alongside microfibre and product durability issues. However, most textile brands do not include the consumer use phase in their impact evaluations and there are no large initiatives working on this phase. There is especially a need for more data on product care impacts and behaviour, also considering that consumers are diverse and global.
Improved Practices	5	The textile value chain drives resource efficiency and eliminates production pollution, production waste, on-site fossil fuel use and chemicals of concern. Textile production sites – especially wet processing sites – require major support and investment to substitute machinery and apply circular production methods. This is particularly important for sites beyond tiers 1 and 2 of large multinational brands, or production countries without strong policy enforcement on cleaner production.
	6	A just transition with skilled, safe, and empowered people takes place and social issues in the textile value chain are addressed. This includes collaborating with less-developed countries and previously marginalized communities, including – but not limited to – women, young people, indigenous and tribal peoples and persons with disabilities, which will help to avoid significant trade-offs and negative consequences.
Improved Practices + Infrastructure Investment	7	Textile raw materials are shifted to sustainable or recycled sources. There is a need to rapidly scale new and more sustainable production and cultivation practices for virgin raw materials, and to mainstream fibre-to-fibre recycling through improved practices as well as investment in waste management systems and infrastructure.
Infrastructure investment	8	Significant improvements in shared infrastructure are made globally for a sustainable and circular textile value chain. This includes renewable energy, waste management and water treatment, as investment in shared infrastructure is essential to unlock the potential of individual actors to make changes in their own systems.
Infrastructure Investment + Shifting Consumption Patterns	9	All textile waste is diverted from avoidable landfill and incineration. Shifting consumer behaviour and global dynamics are required to avoid landfill and incineration; for instance, addressing the issue of donations from developed countries being sent to countries that cannot adequately process textile waste. Banning incineration for non-contaminated products could also ensure that textile resources are not wasted.

List the key documentation and sources used for the analysis:

- Sustainability and circularity in the Textile Value Chain A global Road Map May 2023

https://www.oneplanetnetwork.org/sites/default/files/2023-06/UNEP_Sustainability%20and%20Circularity%20in%20the%20Textile%20Value%20Chain%20-%20A%20Global%20Roadmap_0.pdf

Annex 2 Partner Assessment

UNEP is the UN's designated lead agency on environment and tackling the triple planetary crisis of climate change, biodiversity loss, and pollution. SCP is central to the activities of UNEP and integrated into its MTS for the present decade.

The MOPAN assessment 2020¹⁶ found that UNEP possesses many attributes of an effective organisation. Its current leadership seeks to strengthen its capacity to influence the broader, UN system through its response to the UNDS reforms and an internal change process. The internal reforms aim to improve UNEP's strategic planning and operational efficiency, and strengthen results of its diverse interventions, including its knowledge products, advisory support, and the donor-financed projects it implements. Key strengths relate to commitment and strong technical capacity of its professional staff and their ability to work with a variety of partners, including the ability to quickly translate updated scientific information into key findings and lessons to move the agenda forward. Another strength relates to participatory processes including in the design of strategies as was evident when the MTS was elaborated. Key weaknesses related to

- i) increasing resource mobilisation and resource allocation flexibility through the Environment Fund (EF)
- ii) strengthening the alignment between the strategic direction and the project portfolio
- iii) clarifying persistent ambiguities and tensions related to UNEP's normative versus operational roles
- iv) enhancing knowledge management to scale up insights gained from small projects and further integrating cross-cutting gender and human rights issues into operations
- v) strengthening efficiency, effectiveness, and sustainability of outcomes of the donor-funded projects for which it is the implementing agency
- vi) strengthening the financing of evaluation and giving greater attention to the results of knowledge products and other normative activities.

The Ministry of Foreign Affairs in its Organisation Strategy for UNEP 2022¹⁷ provided an assessment of the on-going reform processes towards a more focused, aligned, effective and impactful UNEP. UNEP has initiated a process of reviewing its organisational focus to ensure that it effectively addresses the urgent environmental challenges and delivers more impactful results on its mandate. Efforts related with operationalising strategic plans, prioritisation of work to ensure alignment of resources and capacities are ongoing. This includes strengthening institutional capacity for gender responsive programme delivery.

UNEP and the textile value chain:

Increasingly, UNEP has become engaged in the textile value chain as part of its mandate related to sustainable consumption and production and SDG 12:

- **Consultations and creation of an [expert community](#)** – Since January 2019, UNEP has been leading consultation workshops with stakeholders across the value chain to inform research and define priorities. Workshop participants have also become part of a wider expert community nurtured by UNEP which now is comprised of 400+ stakeholders.

¹⁶

[https://www.mopanonline.org/assessments/unep2020/MOPAN%20Assessment%20UNEP%20web%20\[for%20download\].pdf](https://www.mopanonline.org/assessments/unep2020/MOPAN%20Assessment%20UNEP%20web%20[for%20download].pdf)

¹⁷

<https://www.google.com/search?q=Udenrigsministeriet+organsation+startegy+UNEP&coq=Udenrigsministeriet+organation+startegy+UNEP&aqs=chrome..69i57j0i546l3j0i546i649.12197j1j7&sourceid=chrome&ie=UTF-8>

- Report, [Sustainability and Circularity in the Textile Value Chain - A Global Roadmap](#). (See above) This report was launched in May 2023 and outlines what each stakeholder group can do individually and collectively to reach the shared destination of a circular textile sector.
- **Report [Sustainability and Circularity in the Textile Value Chain - Global Stocktaking](#)** – This report was released in October 2020 and identifies environmental and socio-economic impacts along the value chain, takes stock of initiatives working to address those, and outlines priority action areas. You can watch the launch event at WCEF2023 [here](#).
- **Sustainable fashion communication** – This strategy aims to change the narrative of the sector from one of extraction, exploitation and disposable consumption, towards regeneration, equity and care. It is focused on doing so by increasing consumer awareness, industry accountability and policy breakthroughs. So far, this has led to a new communication commitment added to the upgraded [UNFCCC Fashion Industry Charter for Climate Action](#). Learn more about [UNEP's sustainable fashion communication work](#).
- UNEP is part of the One Planet Network - a global community of practitioners, policymakers and experts, including governments, businesses, civil society, academia and international organisations, that implements the [10-Year Framework of Programmes on Sustainable Consumption and Production](#) and works towards achieving [SDG 12: ensuring sustainable patterns of consumption and production](#). It is comprised of thousands of individual [members](#); six thematic programmes and their partner organisations; numerous working groups; and over 140 [national focal points](#) for sustainable consumption and production within country governments.

With the most recent reports and the Sustainability and circularity in the Textile Value Chain - Global Roadmap, that summarises the actions of each of the stakeholders, UNEP has positioned itself as the global knowledge hub for transformation of the textiles value chains.

Annex 3 Stakeholder analysis

Stakeholders	Explain the power they hold over the project results or implementation and their level of interest in the project	Explain their participation in project design and how their concerns are addressed by the project ¹⁸	Explain the potential roles & responsibilities in project implementation	Explain how they will be engaged	Explain the changes in behaviour or condition expected through implementation of the project
Type A: High power / high interest = Key player					
Large Indian and multi-national (especially European, including Danish) textile brands and manufacturers with sustainability agenda	National brands are more in tune with Indian consumers demand and behaviour, and represent a complete value chain, including retailing and consumer insights. Given their proximity to Indian consumers, they also hold more direct influence with consumers. On the other side, multi-national brands sourcing from India are important due to the power they hold over their supply chain. Their sourcing criteria and partnerships can drive the entire textile value chain (including competitors) towards sustainability and they can become good practice examples on sustainability practices and reporting in doing so inspiring others. They have a high interest to gain further visibility and access to networks through the project.	Project SU.RE is a collaboration between the Indian government, UNEP, and 16 of the biggest brands in India. Through Project SU.RE and UNEP India's ongoing relationship with specific textile brands, brands' concerns and needs have been communicated, and will be reflected and met in this project. This is too loose – what are their interests and how have they been involved – will they be in the steering committee? The players also include multinationals – but they are not included in the projects?	They will be one of the key stakeholder groups to engage with under Output 2. Inspire others by setting good example (visibility at events and through case studies), acting as champions. Support driving value chain approach of the project by engaging and supporting their suppliers and pushing commitments. Participants as industry representatives in relevant working groups/ project meetings. Also key in output 1 – ?? likely that India will approve policies against their interests?	Leveraging existing links with UNEP and the Ministry of Textiles, Indian brands will be engaged via existing initiatives such as SU.RE, and through identified textile clusters where they have operations. Additionally, they will engage with UNEP's global work with initiatives (e.g., Global Fashion Agenda, UNFCCC Fashion Industry Charter, Fashion Pact, etc.). MNEs will be engaged, where relevant through UNEP partners (e.g., Global Fashion Agenda) This latter part is not supported through this project – ...	Commit to targets that give a 'business case for sustainability' to their SME suppliers and connect more to other actors in their value chain; implement further sustainability measures and continue reporting those.
Consumer engagement actors (e.g. marketers, media, imagemakers, influencers, advocacy groups)	Key stakeholders for the success of the project. Significant because of the influence they have on consumer behaviour and demand side levers. They can redirect towards sustainable consumption	Indian media have been engaged through UNEP's global textile work (including in consultations for UNEP's Sustainable Communications Playbook, and as part of UNEP's expert	They will be one of the stakeholder groups to engage with Outputs 1 and 2 in shifting the narrative of the sector through their marketing and communication, helping to inspire	Through existing consumer engagement actor-facing initiatives such as the Lifestyle for Environment (LiFE) campaign for social media, as well as through working groups	Adopt and implement UNEP sustainable communication principles. Act as ambassadors for this agenda in India, in close coordination with government-

¹⁸ The full project design process needs to be explained in Annex E.

Stakeholders	Explain the power they hold over the project results or implementation and their level of interest in the project	Explain their participation in project design and how their concerns are addressed by the project ¹⁸	Explain the potential roles & responsibilities in project implementation	Explain how they will be engaged	Explain the changes in behaviour or condition expected through implementation of the project
	and lifestyles, inspiring others to do the same. High interest because of business opportunity that lies in doing so.	community), and have expressed their need for customization of knowledge resources for the Indian context, and how to leverage their platforms for a more sustainable and circular Indian textile sector. These needs have been incorporated in this project's Output activities 1.8 and 2.5.	others to do the same and influence consumer behaviour change.	established under UNEP Communication Centre of Excellence. Also through industry initiatives (e.g. UNFCCC Fashion Industry Charter, Global Fashion Agenda).	led initiatives such as LiFE campaign. How will this project support these activities? It will not – but they are still an influential group that needs to be thought about
Government of India – Ministry of Textiles	The Indian government, and particularly the Ministry of Textiles, are crucial for the success of the project, given their influence over Output 2, and Output 1 being focused on their needs. Their level of interest in the project is significant as well, as identified barriers for the textile sector require significant policy interventions, for which the government will require capacity building, access to data, and access to knowledge resources from neutral trustworthy sources. . Given India's large textile production and economic dependence on the textile sector, the government has a high interest in engaging with the project. Existing MoT bodies, such as their Sustainability Unit, Textiles Committee, ESG Task Force and Technical Resource Efficiency Association can benefit from technical assistance provided by this project.	The Joint Secretary of the Ministry of Textiles has been consulted with on the project, and raised the need to support MSMEs and leverage existing government work such as the LiFe campaign, existing textile advisory bodies, and the need to work at cluster level. These needs have been directly incorporated into the project's outputs.	Promoting mainstreaming of sustainability and circularity in policy planning; in implementing enabling policies; in value chains (which are selected by the project); globally also implementing enabling policies and acting as champions to inspire others. Where applicable driving regional approaches and uptake via inter-governmental bodies.	Through UNEP India Office's existing relationship and history of project collaboration with the Ministry of Textiles, under the UNEP Regional Office for Asia Pacific.	Implement policies that are already in place, coordinate across ministries for a systemic approach, and strengthen existing / add new policies where needed. Learn about the benefits of a circular textile value chain and act as ambassadors for this agenda.

Stakeholders	Explain the power they hold over the project results or implementation and their level of interest in the project	Explain their participation in project design and how their concerns are addressed by the project ¹⁸	Explain the potential roles & responsibilities in project implementation	Explain how they will be engaged	Explain the changes in behaviour or condition expected through implementation of the project
<p>Textile initiatives and associations (such as the Clothing Manufacturers Association of India (CMAI), the Apparel Export Promotion Council (AEPC), Confederation of Indian Industries (CII) and textile cluster associations for the 17 that exist.</p>	<p>They provide access to the private sector and also have influential power over their constituencies and at times on policy making. While this power should be considered, it is only relative in its potential impact on the success of this project at large. Their interest is to have a voice to ensure project activities benefit their members.</p>	<p>Direct contact has already been made with key associations such as CMAI and AEPC, as well as with textile cluster associations, as part of UNEP's work on the Surat cluster and with the Ministry of Textiles at large. Many barriers revealed in the Surat Roadmap are common across clusters, and are addressed as key components in this project.</p>	<p>Act as partners in project activities and support dissemination and promotion of results; bring their network into the project. Provide access to their network and help consult on project outputs and disseminate results. Take up tools and roll out with their members.</p>	<p>Directly through partnerships, otherwise through broad consultations, coordination and communication such as via the UNEP textile expert community.</p>	<p>Integrate tools provided by the project further in their agenda and offer. Act as advocates for this agenda and replicators for project tools and approaches.</p>
<p>UN agencies and initiatives (e.g., UNIDO and ILO with textile India activities under the Partnership for Action on Green Economy (PAGE), UNIDO for GEF8 IP project)</p>	<p>Those that are already engaged and driving this agenda have high interest to partner with UNEP and the project due to alignment with many of their own priorities. Their power lies in their knowledge and network - it is important they are engaged to ensure that coordinated messages are sent to their relative members and stakeholder groups.</p>	<p>Agencies and initiatives with existing work in India have already been coordinated and consulted with to ensure that this project will build on and strengthen their existing work. This project will also leverage findings from existing work, and seek to find synergies where possible.</p>	<p>Act as partners in project activities. Bring their network into the project, raise awareness of the work, support dissemination and promotion of results. Take up tools and learnings of this project for their future work in India.</p>	<p>Directly through partnership and UN country team. Through UN Fashion Alliance.</p>	<p>Act in line with research outcomes of the project. Serve as advocates for this agenda. Coordinate for project replication and sustainability through linking to their relevant Indian textile projects.</p>
<p>Type B: High power / low interest over the project = Meet their needs</p>					
<p>Financial institutions, including regional development banks (ADB, etc.), as well as intermediaries working to promote ESG (for instance SEBI and RBI India)</p>	<p>Key stakeholders for the success of the project. Their support to fund circular solutions, esp. for MSMEs, is indispensable for the long-term success of the project. Due to their risk averseness and low awareness of benefits these approaches can bring in monetary returns their current interest over the project is low. As ESG</p>	<p>UNEP is already working with FIs including the Asian Development Bank and needs they see regarding the textile industry have been integrated. Financial institutions were also consulted for UNEP's Roadmap report, which in turn informs this project.</p>	<p>Participate in awareness raising activities with other financial institutions, including on the need to develop circular taxonomies; or use existing international ESG standards and how SMEs can create bankable proposals that meet their needs; participate in multi-stakeholder events/ consultations to ensure their</p>	<p>Through UNEP FI, including existing initiatives such as PRI and working group developing circular economy guidance for FIs. Also through broad consultations, daily coordination and communication such as via the UNEP textile expert community.</p>	<p>Increased knowledge and awareness on the economic benefits of a circular textile value chain, such as ESG standards</p>

Stakeholders	Explain the power they hold over the project results or implementation and their level of interest in the project	Explain their participation in project design and how their concerns are addressed by the project ¹⁸	Explain the potential roles & responsibilities in project implementation	Explain how they will be engaged	Explain the changes in behaviour or condition expected through implementation of the project
	standards for the financial sector takes hold this will improve.		needs are reflected in strategies of the value chain.		
Government of India – Ministry of Environment, Forest and Climate change; Ministry of Agriculture and Farmers Welfare; Ministry of MSMEs, NITI Aayog (governmental public policy think tank); Ministry of Trade	Key stakeholders for national policy support beyond Ministry of Textiles. There might be conflicting interests depending on their mandates (for instance, Ministry of Trade objective to increase production and trade of textiles)	They have not been involved in project design and will be involved closely in the project appraisal phase to ensure their participation and buy in, with a focus on tailoring messaging on how the project helps achieve India national goals.	Participate in project steering committee/ platform; develop/ align policies nationally and regionally/ globally (especially Ministry of Trade).	Through UNEP India office and Ministry of Textiles.	Promote sustainable textiles, adapt their policies to enable such development of the sector in India and beyond.
Large Indian textile brands and manufacturers without sustainability agenda	As above, their importance lies in the influence they have over their supply and value chain. As the ones not yet transitioning towards sustainability in a systemic way, they need to be engaged; their interest is low as they do not yet consider these issues.	No, though their needs and challenges will be similar to the ones of the brands and manufacturers with sustainability agenda, who have been widely consulted in the development of the project.	Participate in awareness raising events, esp. with other brands that are advanced to be inspired; get engaged in commitments.	Through industry fora, events and campaigns. Through companies with sustainability agenda (through their supply chain).	Build awareness on the benefits and need for a circular value chain; be enabled to convince internal company actors for a change in direction; join sustainability initiatives.
Type C: Low power / high interest over the project = Show consideration					
Indian textile brand and manufacturing SMEs	It is key that SMEs transition to sustainable and circular business models given that they employ 77% of India's textile workers. While their power individually is low, collectively there is high interest and potential - participation in the project will allow them to increase their	Engaged through UNEP's consultation processes for Global Stocktaking and Roadmap reports, as well as Fashion Industry Target Consultation, which in turn inform this project. Engaged in development of roadmap for Surat Textile Cluster.	For Indian SMEs, participate in capacity building and benefit from technical assistance to move towards circular business strategies and apply life cycle approaches; share experiences for south-south exchange (at events, through good practice case studies, etc.).	Through UNEP India Office, industry initiatives, technical intermediaries and trade / cluster associations.	Increased awareness, knowledge and capacity to changing their business practices and strategies to mainstream circularity and measure their product environmental footprint. SMEs with successful implementation of measures will also gain access to networks and visibility and thus be

Stakeholders	Explain the power they hold over the project results or implementation and their level of interest in the project	Explain their participation in project design and how their concerns are addressed by the project ¹⁸	Explain the potential roles & responsibilities in project implementation	Explain how they will be engaged	Explain the changes in behaviour or condition expected through implementation of the project
	competitiveness and market access.				enabled to act as champions/change agents.
Wider trade associations and international fora (e.g. Fashion Design Council of India, International Chamber of Commerce and its national chapters, Business for Social Responsibility, World Business Council for Sustainable Development and its chapters)	They provide access to the private sector and also have influential power over their constituencies and at times on policy making. While this power should be considered, it is only relative in its potential impact on the success of this project at large. Their interest is to have a voice to ensure project activities benefit their members.		Provide access to their network. Raise awareness of the work, support dissemination and promotion of results.	Through broad consultations and communication.	Act as advocates for this agenda.
Standards and label organisations (e.g., GRI, GOTS, Oekotex, Textile Exchange, ZdHC)	Low power over the success of this project but relevant stakeholder group in terms of their interest in the work and how it will impact their own activities.	Through consultation processes, e.g. for UNEP Stocktaking and Roadmap report and Fashion Industry Target Consultation.	Help consult on project outputs and disseminate results.	Through broad consultations and communication such as the UNEP textile expert community as well as UNEP's existing relationships (e.g., advisory role with GRI).	Integrate tools provided by the project further in their agenda and offer. Act as advocates for this agenda.
Informal sector (esp. recycling), including vulnerable groups	While low in power, the interests of the informal sector including vulnerable groups need to be met to ensure social risks will be avoided and the success of the project can be achieved. The informal sector makes up an important constituency in the textile sector, for instance for waste picking but also product repairs.	The specific needs of the informal sector and vulnerable groups have been considered and incorporated during project design so as to ensure the project is focused on a just transition towards a sustainable and circular textile value chain. Further, NGOs and organisations working with the informal sector will be included in project development and implementation.	They will be consulted to 1) ensure gender mainstreaming will be transversal throughout the project and both women and men are equally and fully engaged; 2) ensure economic interests will not be negatively affected by the project activities.	Through relevant NGOs and industry associations.	They are empowered through inclusive consultation and they benefit from the project with improved practices and enhanced working conditions.
Textile-specific academia (e.g., India's National Institute of Fashion Technology (NIFT))	High interest in the project due to alignment with many of their own priorities. While lower power compared to other actors, their	Engaged through UNEP India Office collaboration on the creation of a course on 'Fashion Innovation and Sustainable	Contribute expertise to tools and activities, provide research insights. Bring their network into the project, raise awareness of the	Through UNEP India's existing relationship with NIFT and any other relevant academic organisations.	Cooperating on consensus building around tools and data. Integrate tools provided by the project further in their agenda and

Stakeholders	Explain the power they hold over the project results or implementation and their level of interest in the project	Explain their participation in project design and how their concerns are addressed by the project ¹⁸	Explain the potential roles & responsibilities in project implementation	Explain how they will be engaged	Explain the changes in behaviour or condition expected through implementation of the project
	support is important to reach e.g. the next generation of professionals entering the sector (at student stage). Further, valuable input in terms of research findings and results, especially on a regional basis.	Design for Circularity' – this process highlighted the needs of both academia and students, which are incorporated into this project, especially through the identified outputs that work to provide for the need for skilled workers.	work, support dissemination and promotion of results.		offer. Act as advocates for this agenda.
Wider NGOs (e.g., Centre for Responsible Business)	While they have high interest in the project due to alignment with many of their own wider priorities, their power is low within the textile sector.	Some Indian NGOs are part of UNEP's expert community and were consulted in development of UNEP's roadmap report, upon which this project builds.	Bring their network into the project, raise awareness of the work, support dissemination and promotion of results. Potentially act as implementing partners.	Through broad consultations and communication such as the UNEP textile expert community.	Act in line with research outcomes of the project. Serve as advocates for this agenda. Potentially support implementation directly.
Type D: Low power / low interest over the project = Least important					
Individual consumers	Changing consumption patterns and lifestyles is important for the overall impact of the project but the focus of the project is not directly on working with consumers themselves to implement change. It rather focuses on creating a context that enables consumers to make more sustainable decisions, without waiting for consumers to change their behaviour for the industry to start acting.	No	The project will focus on consumer-facing actors, rather than individual consumers.	Social media channels and publications , UNEP campaigns.	Increased awareness of sustainable and circular textiles and resulting demand shift towards new solutions.

Annex 4 OECD/DAC criteria

OECD/DAC has defined six quality criteria, which serve as the reference framework for evaluating international cooperation interventions. They are also a useful framework for the justification of the project.

Relevance - The project addresses SDG 12 and related SDGs linked to the three planetary interlinked crises: Climate change, degradation of the environment and the biodiversity loss. Support for sustainable and circular production models are key in this regard. The current linear production method in the textiles sector, and the very competitive business model that is based on high consumption and discard, and a production model that focusses speed and lowest cost contributes to excessive GHG emissions, pollution, and water consumption. The Indian government has taken the first steps towards a more sustainable and circular textiles sector including through its cluster approach. This project will support the acceleration of this transformation by supporting further policy development as well as strengthen industry knowledge about the sustainable and circular business models.

Internal and external coherence - Support for more sustainable and circular production methods in the textiles sector aligns well with Danish development and climate strategies. It also aligns well with the Indo-Danish Green Strategic Partnership and will support its expansion to a new sector of interest to both the Indian and the Danish governments. Furthermore, the project aligns to the Danish UNEP Organization strategy and support UNEPs own implementation of its MTS in particular measures related to chemicals and pollution control. Finally, the project supports the overall ambitions laid out on the Global Programme for SCP 2023-2030 that Denmark also contributes to.

Effectiveness- The project is based on a well-tested implementation strategy taking a value chain approach and engaging the various stakeholders along the value chain to build momentum for change. UNEP has worked with the value chain approach previously also in the textiles sector and will bring lessons learned from these projects to this project, notably from the InTex. UNEP is already working with the GoI and the MoT on developing policies, this project will support this work and at the same time support knowledge generation and data collection for better evidence of benefits from transforming the textile sector. The project in its work at the cluster level will draw upon networks and data already established to take the next steps in the implementation of the more sustainable and circular production models. The strategy to link with the other UN agencies to provide support in areas outside the mandate of UNEP, notably in the area socio-economic issues, ensures attention to aspects related to a just transition.

Efficiency- The value delivered by this project is expected to be higher than the actual cost. The project aims to support the policies and the evidence underpinning a transformational ship in the production of textiles. By partnering and complementing other relevant projects implemented globally, regionally, as well as in India by other key stakeholders and partners, the impact of this project will potentially go beyond the immediate target indicators.

UNEP's intervention adds value through its convening power and mandate, which also helps to attract and unite external partners for joint delivery. This is important for the cost-effectiveness of the project, as it will also benefit from in-kind contributions by partners and individual experts, for instance in the form of expert time provided by partners when participating in consultations to review knowledge products produced by the project.

Impact- The project seeks to catalyse change beyond the immediate activities in India. Depending on the data and the knowledge gathered and the experience from policy changes, the project has the potential to contribute to the wider transformation of the textile production in India and globally and through this contribute to reducing GHG emissions, pollution, and promotion of more effective resource use. For this to happen wider impact drivers such as changes in consumer demands will be important. Data and evidence gathered from this project by measuring and reporting on PEF can support complementary projects related to influencing consumer demand hence supporting a virtuous circle.

Sustainability- Sustainability of the project to some extent depends on the project's ability to 1) provide the necessary evidence and knowledge about circular and sustainable business models and engage the private sector partners in testing those and helping to spread the evidence and knowledge, 2) engage the GoI in the necessary policy making to provide incentives for sustainable and circular production including through regulation. Sustainability also depends on measures beyond the direct control of this project related to consumer demand and new trade regulations favoring sustainable products.

Annex 5 Risk Management

UNEP's Project Management Risk Framework

Risk Description/ Analysis	Category	(I) Impact Severity (1-5)	(L) Likelihood (1-5)	(I x L) Overall Risk Rating	Risk Management Strategy & Actions ¹⁹	By Whom? When/ Whom?
Delays in country implementation due to political and administrative processes (i.e. change in focal points, delays in signing legal documents)	Political	3	3	9	Frequent monitoring to prevent the risks of delays and be able to take immediate action when delays are encountered. Close communication with government and focal points throughout to anticipate risks through UNEP India office. Not relying on one implementing partner only.	Throughout/ Project manager, regional offices
Economic challenges of textile industry, esp. SMEs, leading to a de-prioritization of sustainability measures and a 'risk-averse' approach not in favor of innovation (e.g., Covid impacts, energy costs, etc.)	Economic	4	2	8	Continue consultations with the industry (esp. those most vulnerable) and adjust project offerings to current needs; communicate a strong business case for circular textiles	Throughout/ Project manager, regional offices
Tradeoffs of alternative fibres, processes and business models	Environmental	4	2	8	Take a life cycle perspective to all research and recommendations produced by the project to avoid burden shifting. Involve key Ministry policymakers to co-create policy solutions to address tradeoffs, including across environment, economy, resource use, and health.	Throughout/ Project team
Just transition concerns in shifting to a circular textiles value chain, risking unemployment of vulnerable groups in transition phase (informal sector, women and youth)	Social, potential negative gender-relevant impacts	4	2	8	Include this risk and mitigation actions in guidance to governments created by the project; establish key partnerships for instance with ILO; ensure participation of vulnerable groups in project capacity building activities (including aiming at 40% or higher participation of women beneficiaries) and communicate reskilling and other needs to organizations	Throughout/ Project team and partners
Change or lack in Indian governments' will to support the transition towards circular textiles, due to competing priorities, elections, etc.	Political	3	2	6	The identified Indian government textile initiatives are long-term (for example, the PM MITRA textile park work has funding until 2028) and the next general elections will be held by May 2024. Therefore, activities will have already commenced, and any changes to existing programmes (pending a significant change in textile strategy) will still take months to be identified and implemented. In this case, the project will shift to focus on working directly with associations, rather than leveraging government programmes that do not have long-term political stability. The project will also highlight the benefits of circular textiles at national level (e.g., job creation, contribution to adhering to MEAs, etc.), where possible backed up by statistics; continue regular and close engagement with Ministry of Textile's sustainability cell but also maintain a dialogue with various parts of government throughout the project	Throughout/ Project manager and regional offices

Change in consumer demands or brands priorities (e.g., onshoring, buying local), reflecting in reduced textile sector/activity in India	Economic, social	4	1	4	If this shift occurs, it is unlikely to happen at scale in the time span of the project. Consumers and brands do not typically work in coordination with each other to result in sufficiently significant shifts to make an impacts on Indian textile activities within the time span of the project. However, recognizing the long-term impacts of a circular transition, UNEP will engage at global and national level with the industry and with consumer-engagement actors to mobilize a critical mass supporting a move towards sustainability in textiles and related industry targets.	Throughout/ Project manager and regional offices
This project will provide a comparative and competitive advantage for the Indian textile sector that can become permanent if India can be established as the authority/best practice for circular textiles. However, this will result in job losses, business failure/reduced textile economic activity due to less raw material use, changes in practices and skills required	Economic, social	4	4	16	This project will identify the skills and supports needed for the transition, and work with government ministries to provide upskilling resources and supports to those predicted to lose livelihoods, as well as with relevant non-governmental stakeholders to provide other supports, such as other international organisations. universities.	Project appraisal phase (first 3 months) and throughout/ Project manager, regional offices
Other governments regulate to require local or diversified sourcing	Political	4	1	4	UNEP will use its neutral and convening role to dialogue with policymakers on the impacts on supplier countries of policies through the policy coordination and dialogue mechanism supported by the project.	Throughout/ Project manager
Intra-governmental opposition to policy proposals	Political	3	3	9	UNEP will involve policymakers from other Ministries that could be affected by proposed changes to co-create solutions and policy measures that could mitigate tradeoffs or transform tradeoffs into opportunities. UNEP will leverage its neutral status to facilitate constructive and transparent dialogue between policymakers, including bringing in subject experts from other neutral international organisations for consultation (e.g. ILO, OECD).	Throughout/ Project manager
Economic model of the textile sector is based on high consumption and production rates and production driven by speed and lowest cost. Infrastructure (both hard and soft) are structured around this economic model.	Economic	5	3	15	Work with Indian government to develop policies that create incentives and a level playing field. Identify key stakeholders (cluster associations, NGOs) to onboard from the beginning of the process for greater likelihood of stakeholder buy in, and ensure their views are considered in the development of policies. Work with occupational standards/training institutions to provide skills for circularity, with a focus on bringing in vulnerable groups (women, certain caste members, migrant workers).	Project appraisal phase (first 3 months) and throughout/ Project manager, regional offices
Key stakeholders, especially manufacturing SMEs, have low interest in engaging, especially those who are in 'survival' mode and still feeling the impacts of Covid-19 disruptions or supply chain challenges (e.g., energy shortages), and to implement changes suggested through the project analysis/ support. Companies are reluctant to invest into sustainability and change their business model to circularity (esp.	Political	3	2	6	The comparative and competitive advantage that this project will provide to the Indian textile sector will be emphasized, in a time where consumers and customers are demanding more sustainability and transparency. Where relevant, UNEP will also use trusted intermediaries to act as champions for the project. Additionally, the close involvement of the Ministry of Textiles will be highly influential for engaging with skeptical stakeholders. Alternatively, other key stakeholders with similar influence will be approached. The project will make a strong business case for circularity (e.g., minimize supply chain disruptions	Throughout/ Project manager

	when it concerns producing and selling less physical goods) and perceive this as a risk to business survival and that there is no consumer demand or policy level playing field for this (risk to be 'first mover').					and risk, access new markets and prepare for stricter regulations in export countries like EU, diversify business) and show companies a pathway for gradual, low risk transition. It will showcase case studies from companies who implemented the shift successfully and support companies to market 'better' products and circular business models (e.g., rental or repair) in an attractive way to consumers. Engage multinational brands producing in India and highlight to project SMEs that those brands' sustainability commitments means they need to adjust production processes, which the project can support them with. The project will further explore charging a small fee to the companies that participate to ensure their serious commitment (the fee could then for instance feed into a common pot at cluster level which can be used to finance joint needs such as data sharing mechanisms, technologies or infrastructure).	
	Lack of knowledge or capacity in implementing partners/ technical intermediaries	Organizational	4	2	8	Implementing partners will be selected based on their knowledge and network in circular textiles and life cycle approaches in India, but also assessed against performance in previous projects to mitigate this risk. The project will not rely on only one implementing partner to further mitigate. Finally, the project will train implementing partners and provide international experts to support them in the technical assistance to the companies, to ensure the implementing partners also increase their capacity through the project.	Throughout/ Project manager

UNEP Environmental and Social Safeguard Risks

UNEP's projects are designed, implemented, and monitored as per the application of results-based management methodologies and standards. Results-based management is a management strategy by which all actors contributing directly or indirectly to achieving a set of results, ensure that their processes, products, and services contribute to the desired results (outputs, outcomes and higher-level goals or impact) and use information and evidence on actual results to inform decision making on the design, resourcing and delivery of programmes and projects as well as for accountability.

UNEP's project are also designed and implemented as per UNEP's Environmental and Social Sustainability Framework (ESSF), which aims to strengthen the sustainability and accountability of UNEP programmes and projects. It respects human rights and aims to protect people and the environment from potential adverse impacts of project interventions, and to ensure that stakeholders actively participate in programmes and projects and have effective channels to voice their concerns. The Framework sets out UNEP's commitment to sustainable development and environmental and social standards that are designed to promote human well-being and the protection of the environment. The Framework is structured around guiding principles, safeguard standards and related operational modalities. It reflects key elements of a human rights-based approach to programmes and projects and applies a risk-informed approach to addressing environmental and social risks and impacts.

UNEP evaluates the environmental and social safeguards according to a safeguard risk identification system. The safeguard risk identification process follows guiding principles and checks against specific safeguard standards.

UNEP Guiding principles:

Leave No One Behind: Ensuring, through proactive engagement, that marginalized and disadvantaged groups and individuals are appropriately identified, provided equitable access to programme and project benefits and resources, and are not left behind due to disadvantages, discrimination, and vulnerability to shocks, including crisis and conflict situations, climate change impacts and natural disasters.

Human Rights and Gender Equality and Women's Empowerment: The Framework is based on the human rights standards contained in, and the principles derived from, the United Nations Charter, the Universal Declaration of Human Rights and other international human rights treaties and other legal instruments.

Sustainability and Resilience: The Framework supports international conventions and agreed policy frameworks to promote sustainability and to increase the resilience of societies.

Accountability: compliance with legal norms and standards, including national laws, regulations and obligations under international environmental treaties and agreements, human rights law, international labour standards (respecting the higher standard where national law and international law set different standards).

Annex 6 Budget provided by UNEP on the distribution of the Project funds in (USD).²⁰

Output	CLASS	2023 Amount	2024 Amount	2025 Amount	2026 Amount	2027 Amount	Grand Total
Grand total		\$ 76,840	\$ 641,897	\$ 618,863	\$ 401,150	\$ 33,900	\$ 1,772,649
Output 1	STAFF PERSONNEL	30,000	150,000	150,000	105,000	15,000	450,000
	TRAVEL	3,000	20,000	30,000	10,000		63,000
	CONTRACT SERVICE		10,000		20,000		30,000
	OPERAT OTH COSTS						
	SUPPL COM MATER						
	EQUIP VEH FURNIT						
	TRANSFER/GRANT TO IP		150,377	120,000	47,000		317,377
	GRANTS OUT						
	IP-PSC						
	OP1 Activity Sub-total	33,000	330,377	300,000	182,000	15,000	860,377
	UN-PSC	4,290	42,949	39,000	23,660	1,950	111,849
	Total OP 1	37,290	373,326	339,000	205,660	16,950	989,176
Output 2	STAFF PERSONNEL	30,000	140,000	140,000	95,000	15,000	420,000
	TRAVEL	5,000	30,000	34,666	15,000		84,666
	CONTRACT SERVICE			10,000	20,000		30,000
	OPERAT OTH COSTS		2,673	3,000	3,000		8,673
	SUPPL COM MATER						
	EQUIP VEH FURNIT		5,000				5,000
	TRANSFER/GRANT TO IP		60,000	60,000	40,000		160,000
	GRANTS OUT						
	IP-PSC						
	OP2 Activity Sub-total	35,000	237,673	247,666	173,000	15,000	708,339
	UN-PSC	4,550	30,897	32,197	22,490	1,950	92,084
	Total OP 2	39,550	268,570	279,863	195,490	16,950	800,423

²⁰ Project expenditure does not include the 1 pct. levy.

Annex 7 Supplementary material

#	Document / Material	Source
1	Global Strategy for Sustainable Consumption and Production	UNEP
2	UNEP web – Sustainable and circular textiles https://www.unep.org/explore-topics/resource-efficiency/what-we-do/sustainable-and-circular-textiles	UNEP
3	UNEP – Sustainability and Circularity in the Textile Value Chain – A global Road Map https://www.unep.org/resources/publication/sustainability-and-circularity-textile-value-chain-global-roadmap	UNEP-
4	Global Fashion Agenda – non-profit housed in Copenhagen https://globalfashionagenda.org/	Global Fashion Agenda
5	MITRA – Mega Integrated Textile Region and Apparel Parks Scheme India https://www.india.gov.in/spotlight/pm-mega-integrated-textile-region-and-apparel-pm-mitra	Government of India
6	EU strategy for sustainable and circular textiles https://environment.ec.europa.eu/strategy/textiles-strategy_en	EU Commission
7	Just Transition Toolkit for the Textile and Garment Sector https://www.ilo.org/asia/media-centre/news/WCMS_806222/lang--en/index.htm	ILO

Annex 8 Process Action Plan

Item	Timing	Responsible
Submit draft proposal for comments from GDK management	Ultimo September	MFA
Address comments from GDK management and resubmit to MFA/MIM	Primo November	PEM
Submit final project documents to GDK management for review and approval	Primo November	MFA
Project document approved by head of department GDK	November	MFA
Submit project document for Under-Secretary for Development Policy	November	MFA
Address comments from Under-Secretary and resubmit	Ultimo November	PEM
Submit notice on the project to the Minister for Development Cooperation	Ultimo November	MFA
Agreement between UNEP and Denmark is signed	December	MFA/UNEP
Funds disbursed 1 st Installment	December	MFA

ANNEX 9: QUALITY ASSURANCE CHECKLIST

File number/360 reference: 23/05012

Programme/Project name: Accelerating the Transition of the Indian Textile Sector towards Circularity (IndiaTex)

Programme/Project period: 30 November 2023 -30 September 2027

Budget: DKK 12 Million

This Quality Assurance Checklist should be used by the responsible MFA unit to document the quality assurance process of appropriations, where development specialists from either ELK or other units are not involved in the process; i.e.

- (i) *internal appraisals* of appropriations up to DKK 10 Million where this checklist constitutes the appraisal.
- (ii) *external appraisals* of appropriations between DKK 10 – 43 million and (iii) appraisal in exceptional cases. The checklist aims to help the responsible MFA unit ensure that key questions regarding the quality of the programme/project are asked and that the answers to these questions are properly documented and communicated to the approving authority.

Presentation of quality assurance process:

The project document has been developed by an external consultancy PEMConsult with strong expertise in AMG and Danish development priorities. The draft project document has been appraised by a development specialist in GDK, and afterwards quality assured by a senior staff in GDK as well as the CFO. The project has been developed in close cooperation with specialists in the Ministry of Environment, as well as in coordination with UNEP office in India and the Embassy in New Delhi. Furthermore, the project document has been reviewed by CFO Jacob Strange Thomsen, in GDK.

The design of the programme/project has been appraised/appraisal checklist filled out, by someone independent who has not been involved in the development of the programme/project.

Comments: Yes, the project has been appraised by Emilie Wieben, chief advisor in the Department for Green Diplomacy & Climate, Ministry of Foreign Affairs of Denmark.

The recommendations of the appraisal/comments in the appraisal checklist have been reflected upon in the final design of the programme/project.

Comments: The appraisal made three recommendations:

R1: The appraisal recommends that the Outcome indicator is listed as an Output indicator under Output 1 in Table 1 in the project document's chapter 4. This recommendation was accommodated.

R2: The appraisal recommends that the project document's chapter 8 on management arrangements is elaborated with a description of the role and responsibility of the MIM.

Additional text clarifying the role and responsibility of MiM in the context of implementation was added.

R3: The appraisal recommends that the risk management framework provides a risk response pertaining to stakeholder engagement and the potential impacts/perceived risks on women and disadvantaged groups. The risk framework was elaborated to address the risk and risk mitigation efforts regarding women and disadvantaged groups.

□ The programme/project complies with Danida policies and Aid Management Guidelines, including the fundamental principles of Doing Development Differently.

Comments: Yes

□ The programme/project addresses relevant challenges and provides adequate responses.

Comments: Yes. The project 'Accelerating the Transition of the Indian Textile Sector towards Circularity (IndiaTex)' is designed to provide evidence and solutions for a transformation of the Indian textile sector towards more sustainable production and consumption through capacity building and partnerships. The project, which will be implemented by UNEP, will support the acceleration towards a more sustainable and circular business model in the textile sector in India through cooperation with stakeholders – government, industry and associations - in the textile value chain. Activities are targeted to promote resource efficiency (reduced use of energy, water and chemicals) along the value chain from production of fibres to usage by consumers. Such efforts also aim to shift toward circular approaches including through the reuse of fibres and a move away from the current buy and discard culture that dominates the textile sector. This will be done with due consideration to the complex impacts this will have on employment opportunities in the sector, including for women.

□ Issues related to HRBA, LNOB, Gender, Youth, Climate Change, Green Growth and Environment have been addressed sufficiently in relation to content of the project/programme.

Comments – yes. Especially gender, green growth and environmental issues are addressed through the focus on sustainable production. Women make up nearly 40 pct. of the work force in the textiles sector. Gender is a discriminating factor in the industry where women receives lower wages than men for similar jobs, high job insecurity, exposed to sexual harassment, unsafe working conditions, exploitation and forced labour, health impacts including from chemicals on reproductive health, and general abuse. Women are also more at risk for not receiving payment for their work due to cancellations of orders in the highly competitive textile business. The project will mainstream gender in its activities to ensure that both men and women are benefitting. This will include: aiming for parity in attendance of events/ workshops and monitoring it (including gender balance on panels of workshops/ events), ensuring participation of women-led technical institutions and SMEs in activities, integrating gender aspects in the knowledge created by the project, with a view to ascertaining whether specific additional measures need to be adopted to address gender inequalities.

□ Comments from the Danida Programme Committee (if applicable) have been addressed

Comments: N/A

- The programme/project outcome(s) are found to be sustainable and in line with the partner's development policies and strategies. Implementation modalities are well described and justified.

Comments: *yes.* Increasingly, UNEP has become engaged in the textile value chain as part of its mandate related to sustainable consumption and production and SDG 12. The project will draw on UNEP's expertise on sustainable and circular textiles. (See also Annex 2 Partner Assessment). In aligning with the up-coming global UNEP Textile Flagship Initiative, the project contributes to a bigger programme which covers all regions and the period up to 2027. The project will therefore inform baselining and planning of UNEP's textile work in India under this Flagship and help UNEP position itself further in this space globally by building the evidence base for and experience on circular textiles at country level for wider use. The project builds on experiences and lessons learned of UNEP in the EU-funded InTex project implemented in Kenya, South Africa and Tunisia, as well as the GEF supported Textile project implemented in Bangladesh, Indonesia, Pakistan and Vietnam. It is the intention to provide for knowledge sharing among governments and companies to foster south-south cooperation. The project also aligns well with the Danish Organisation Strategy for UNEP 2022-2025, as it responds to all of the three strategic objectives – Green Transition, Nature-based Solutions and Biodiversity, and Sustainable Consumption and Production with the main priority to the third objective of sustainable consumption and production (SCP).

- The theory of change (if applicable), results framework, indicators and monitoring framework of the programme/project provide an adequate basis for monitoring results and outcome.

Comments: Yes. The project's Theory of Change is well-described and linked to the project objectives and the expected results presented in the results framework. The results framework is solid with realistic baseline data. The project will be managed in keeping with already established arrangements and rules of UNEP management of funds as set out in the agreement between the Danish Government and UNEP. The proposed management arrangements along with the monitoring and reporting framework are adequate and sufficiently covered.

- The programme/project is found sound budget-wise

Comments: Yes

- The agreed budget and financial reporting procedures provide an adequate basis for financial monitoring of funds.

Comments: Yes. The management of the Funds follows the standard rules of UNEP management of Funds. Financial management, accounting, and auditing of the grant will be based on UN financial management and auditing procedures as referred to in the Agreement. UNEP will be responsible for regularly monitoring and review of activities carried out in accordance with UNEP's own reporting, monitoring and evaluation systems. Yearly reporting (starting from 2024, noting the start date of Nov 2023) on the results of the

project as well as a report on the Danish financial contribution. The first financial report shall cover the period 30 November 2023 to 31 December 2024 and is due 31 May 2025. The subsequent financial reports shall be submitted for 2025 and 2026 and will be due 30 June 2026 and 30 June 2027 respectively. The reporting will follow the normal reporting requirements for UNEP projects.

- The programme/project is found realistic in its time-schedule.

Comments: yes

- Other donors involved in the same programme/project have been consulted, and possible harmonised common procedures for funding and monitoring have been explored.

Comments: There are no other donors to the India textile project.

- Key programme/project stakeholders have been identified, the choice of partner has been justified and criteria for selection have been documented.

Comments: yes. see annex 2- partner assessment.

- The implementing partner(s) is/are found to have the capacity to properly manage, implement and report on the funds for the programme/project and lines of management responsibility are clear.

Comments: Yes. UNEP is the UN's designated lead agency on environment and tackling the triple planetary crisis of climate change, biodiversity loss, and pollution. SCP is central to the activities of UNEP and integrated into its midterm strategy for the present decade.

- Implementing partner(s) has/have been informed about Denmark's zero-tolerance policies towards (i) Anti-corruption; (ii) Child labour; (iii) Sexual exploitation, abuse and harassment (SEAH); and, (iv) Anti-terrorism.

Comments: Yes, this is part of the general conditions of the agreement as well as UNEP's Social and environmental safeguards policy.

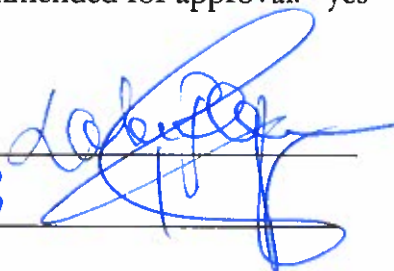
- Risks involved have been considered and risk management integrated in the programme/project document.

Comments: yes, And it can be found in Annex 5 of the project document.

In conclusion, the programme/project can be recommended for approval: yes

Date and signature of Desk Officer:

28/11-23



Date and signature of Management:

28/11-23

KARIN POULSEN