CONSULTANCY ANNOUNCEMENT

TERMS OF REFERENCE

DEVELOPMENT OF A ROADMAP AND POLICY ADVICE FOR IMPLEMENTING TEXTILE CIRCULARITY AND CIRCULAR ECONOMY IN VIETNAM, WITH FOCUS ON COCS AND POPS RISK MANAGEMENT

1. GENERAL INFORMATION

Textiles, apparel and fashion are part of one of the largest industries in the world economy. Textiles and apparel represent about 5% of total manufactured goods exported worldwide. The textile and garment industry in Bangladesh, Indonesia, Pakistan and Vietnam has a significant market share in the world and is growing, accounting for about 15-20% of garment exports. Vietnam's textile industry is currently among the top textile and apparel exporters in the world, accounting for 4-5% of the global market share. The industry consist of about 6,000 companies, mostly small and medium-sized enterprises (SMEs), of which about 84% are private companies and 15% are foreign direct investment companies.

The textile and apparel value chain is long and complex, with large apparel manufacturers often having more than 1,000 suppliers in dozens of countries. The value chain extends from retailers, to spinning, knitting, weaving, bonding, processing, and on to yarn manufacturers and chemical suppliers.

The textile value chain consists of different stages of production described in a hierarchy as follows:

Tier 1: Fabric assembly factories (garment)

Tier 2: Processing factories where materials are turned in fabrics ready for assembly through printing, dying, laundering and embroidery.

Tier 3: Processing facilities where spinning, knitting and weaving take place.

Tier 4: Raw material suppliers (including chencical supply)

Vietnam’s textile and garment industry is a key driver of economic development and exports. However, the sector faces increasing pressure to align with global sustainability standards, reduce environmental and chemical pollution, and

transition toward a circular and non-toxic economy. International regulations, such as those from the EU (e.g., Green Deal, Circular Economy Action Plan, REACH, POPs Regulation), and voluntary initiatives (ZDHC, UNEP Eco-Innovation, OECD Guidelines) emphasize reducing Chemicals of Concern (CoCs) and Persistent Organic Pollutants (POPs).

In terms of chemical use, for every kilogram of garment produced, an estimated 0.58 kilogram of chemical inputs are required, and a quarter of all chemicals produced worldwide are used in the textile industry. Of the approximately 3,500 chemicals commonly used in the textile industry, 750 are classified as hazardous to human health and 440 as hazardous to the environment. Some are classified as Chemicals of Concern (CoC) or Persistent Organic Pollutants (POPs) listed under the Stockholm Convention.

1.1. The textile industry's chemical management regime in Viet Nam

In Vietnam, the management of chemicals in general and chemicals in the textile industry in particular is regulated in the Law on Chemicals and its implementing documents. At the same time, the control of emissions in the industry is also regulated by the Law on Environmental Protection and related regulations. In addition, the management of persistent organic pollutants is also strictly regulated by the Law on Environmental Protection, the Penal Code and other related regulations.

The Law on Chemicals and sub-law documents have formed a relatively comprehensive system of chemical management regulations from central to local levels. With the efforts of state management agencies, chemical activities have been strictly managed and increasingly regulated, the role and quality of chemical safety work has been enhanced, contributing to minimizing risks and negative impacts of chemicals on people, the environment, property, ensuring security and social order.

The provisions of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Weapons and on their Destruction, the Rotterdam Convention, the Minamata Convention on Mercury, the Stockholm Convention and international treaties related to chemicals and chemical activities to which the Socialist Republic of Vietnam is a member have been proactively legalized in Vietnam and actively implemented, contributing to ensuring security and order and fully implementing the role and responsibilities of Vietnam as a member.

Overall, the Chemical Law is relatively comprehensive and progressive, with regulations designed to suit the specific circumstances and economic conditions of the Vietnamese chemical industry, while also being consistent with the general development trend of chemical management in the world. After 17 years of implementation, the implementation of the Chemical Law has brought positive impacts to the socio-economic development of the country.

Currently, the Law on Chemicals (amended) and regulations under the Law are being developed and widely consulted for promulgation.

The Law on Environmental Protection (LEP 2020) and related decrees and circulars establish regulations for:

- Prohibiting or restricting the production, import, and use of POPs.
- Managing stockpiles and wastes containing POPs.
- Controlling releases of POPs from unintentional production.
- Implementing measures for the safe disposal of POPs.
- Monitoring and reporting on POPs levels.
- Registration of POPs exemptions.
- Labeling of and information disclosure on POPs-containing products.
- Conformity assessment and inspection of POPs-containing products

The implementation of regulations on POPs management is being promoted in Vietnam. However, the implementation and compliance with regulations on POPs management, especially POPs in articles, are still limited, with overlaps between the legal frameworks on chemical management, environmental management and material and product quality management.

1.2. The textile industry's circular economy status in Viet Nam

Vietnam's textile industry plays a crucial role in the national economy, with the sector ranking as one of the largest textile exporters globally. However, rapid growth in this industry has led to increasing concerns over environmental impact, particularly in terms of chemical use, waste generation, and resource depletion. To address these concerns, Vietnam is transitioning towards a Circular Economy (CE) model, aiming for sustainable production practices that reduce environmental footprints while ensuring economic growth.

Vietnam's commitment to CE is supported by several key policies, including the

National Green Growth Strategy (Decision No. 1393/QĐ-TTg, 2012) and the National Action Plan for Sustainable Production and Consumption (2015). These policies encourage the adoption of CE principles, focusing on resource efficiency, recycling, and waste reduction across all sectors, including textiles. The 2020 Environmental Protection Law (Law No. 72/2020/QH14) and the Chemical Law (2007, amended in 2019) provide the legal framework for managing hazardous chemicals, which are critical to the textile production process. These laws aim to control the use of Chemicals of Concern (CoCs) and Persistent Organic Pollutants (POPs), substances that pose significant risks to both human health and the environment.

Despite these regulatory efforts, the textile industry in Vietnam faces challenges in fully implementing CE practices. While larger enterprises are starting to adopt sustainable practices such as recycling, eco-design, and reducing hazardous chemical use, small and medium-sized enterprises (SMEs) face barriers such as limited access to advanced technologies and financial constraints. Furthermore, the fragmented nature of the industry and inconsistent enforcement of chemical regulations hinder widespread adoption of CE practices.

Chemical management remains a key issue, as the textile sector is highly dependent on chemicals for dyeing, finishing, and fabric treatment. The use of CoCs and POPs in textile manufacturing poses risks to the environment and public health. While the government has implemented the Stockholm Convention and other international agreements to reduce the use of these substances, enforcement remains inconsistent, particularly among smaller producers. This gap calls for stronger policies, clearer regulations, and enhanced enforcement mechanisms to ensure better chemical management practices across the sector.

Despite these challenges, opportunities exist for the textile industry to adopt more circular practices. The growing global demand for sustainable fashion presents an opportunity for Vietnam to gain a competitive edge by adopting CE principles. Initiatives such as the Zero Discharge of Hazardous Chemicals (ZDHC) and UNEP Eco-Innovation are helping to guide Vietnamese textile manufacturers towards safer chemical practices and sustainable business models. To support this transition, the government must develop a unified national action plan that encourages innovation, supports SMEs, and strengthens enforcement of existing regulations.

In conclusion, while the textile industry in Vietnam is making strides toward Circular Economy practices, further efforts are needed to overcome challenges

related to chemical management, regulatory enforcement, and SME involvement. By strengthening policies, improving technology access, and promoting sustainable business practices, the sector can contribute to the country's broader sustainability goals and align with global standards.

1.3. The Project

The project "**Reducing uses and releases of chemicals of concern (CoC), including persistent organic pollutants (POPs), in the textiles sector**" was developed and implemented to reduce the use of POPs and CoCs in textile production in Bangladesh, Indonesia, Pakistan and Vietnam.

The overall objective of the project is "Enhancing the management of chemicals and industrial waste through better control, reduction and treatment of priority controlled chemicals (CoC), including persistent organic pollutants (POPs)".

The specific objectives of the project include:

- Implement voluntary compliance measures aimed at reducing the use, emissions and exposure to priority CoCs, including POPs, in Level 2, Level 3 and Level 4 (focus on chemical supply) textile and garment companies;

- Strengthen the capacity of competent authorities to develop and implement policies and regulations to control and eventually eliminate CoCs and POPs in the textile and garment sector.

Aligned with UNEP's guidance, the Government of Vietnam is seeking to advance circular economy policies in the textile sector through this initiative.

This Activity will contribute to the formulation of national policy recommendations, pilot actions, capacity development plans, and regulatory improvements.

2. OBJECTIVES

The main objective of this Activity is to develop a comprehensive Policy Recommendation Package for enabling circular economy and textile circularity in Vietnam, integrating:

- International and regional best practices;
- Risk management for CoCs and POPs;
- Alignment with global supply chains and buyers' expectations;

- Feasible transition models for SMEs.

3. SCOPE OF WORK

The Consultant/Team will undertake the following activities:

3.1. Review & Diagnostic Assessment

- Conduct a review of Vietnam's existing textile policies, chemical regulations, and circular economy strategies.
- Assess current status of POPs and CoCs management in Vietnam's textile sector, with a focus on circular materials.
- Review international policies and best practices on circularity, taking into account the CoCs and POPs management aspects (e.g., EU CEAP, Japan, South Korea, China, US).
- Identify key actors (government, industry, buyers, associations), existing initiatives and the impacts on textile circularity (e.g., GIZ, WWF, IDH, ZDHC).

3.2. Stakeholder Engagement

- Organize consultations with national agencies, textile enterprises (especially SMEs), industry associations, academia, and international organizations.
- Document needs, challenges, and transition potential across different segments (design, production, consumption, end-of-life).

3.3. Policy Recommendations

3.3.1. **Roadmap recommendation**

- Define short-, medium-, and long-term actions (2025–2035) for circularity in Vietnam's textile value chain.
    - Develop sector-specific pathways for:Circular business models (reuse, repair, recycling, product-as-a-service);
    - Hazardous chemical phase-out and substitution;
    - Eco-design and labeling;
    - Data systems for traceability and transparency;
    - Incentive mechanisms and financing.

- Propose a roadmap (2025–2035) for circularity in Vietnam's textile value chain with feasible pathway for sectors:
    - Circular business models (reuse, repair, recycling, product-as-a-service);
    - Hazardous chemical phase-out and substitution;
    - Eco-design and labeling;
    - Data systems for traceability and transparency;
    - Incentive mechanisms and financing.

3.3.2. Develop a policy brief (draft) and recommendation for:

- Circular economy recommendation, with integration into textile and chemical management;
- Enhanced regulatory controls for POPs and CoCs (for textile circularity);
- Alignment with international chemical conventions (e.g., Stockholm Convention, Basel Convention, GFC, …);
- Aligning with Eco-innovation support for SMEs;
- Institutional coordination and capacity building.

3.4. Risk Management Tool for CoCs/POPs

- Introduce a risk assessment tool for CoCs/POPs in the textile lifecycle (based on Open LCA and Chemical Foot Print concept, supported by International Expert).
- Propose appliation / enforcement mechanisms (registration, labeling, monitoring, licensing).
- Provide recommendations for relevant national institutions (laboratories, testing capacities, and enforcement agencies).

4. DELIVERABLES

No.	Deliverable	Description	Timeline
1	Inception Report	Detailed methodology, work plan, stakeholder map	Week 3
2	Review Report	Gap analysis of Vietnamese textile and chemical policy vs international standards	Week 8
3	Stakeholder Consultation Summary	Summary of key insights and sector challenges	Week 12
4	Policy Advice Package	Recommendation for roadmap for textile circularity 2025-2035 Policy recommendations with feasibility analysis (with focus on chemicals and POPs) A Framework for CoCs/POPs monitoring, compliance, substitution, and enforcement (Toolkit)	Week 24
6	Final Report	Consolidated roadmap and policy package (English and Vietnamese)	Week 28
7	Presentation and Dissemination	Present to stakeholders in a national workshop	Week 36

5. TEAM COMPOSITIONS AND QUALIFICATION REQUIRED

For the Team Lead / Organization:

- Proven experience in circular economy, chemical management, or environmental policy.
- Demonstrated work on textile value chains or hazardous substances.
- Familiarity with Vietnam’s environmental and industrial policy landscape.

- Capacity to engage multi-stakeholders (government, private sector, NGOs, international bodies).
- Strong analytical and policy drafting skills; bilingual in English and Vietnamese preferred.

To effectively carry out the tasks outlined in this TOR, a multidisciplinary team of experts with diverse skills and qualifications will be required. The team will consist of professionals with substantial experience in environmental policy, circular economy, chemical management, data analysis, and textile industry practices.

5.1. Team Leader – Economics and Sustainable Development

- **Role**: The Team Leader will be responsible for coordinating the project, developing the Circular Economy roadmap, providing policy recommendations, and liaising with government agencies and international partners such as MONRE, MOIT, UNEP, and GIZ.
- **Qualifications**:
    - Degree in Public Policy, Environmental Management, Sustainable Development, or related fields.
    - Minimum 7 years of experience in policy development, project management, or research on environmental policies, circular economy, or chemical management.
    - Strong knowledge of the **2020 Environmental Protection Law (Law No. 72/2020/QH14)**, **Decision No. 687/QĐ-TTg**, and international treaties like the **Stockholm Convention**.

5.2. Environment and Waste Management Expert

- **Role**: The expert will analyze the textile value chain (Tier 1-4), evaluate technical processes, material flows, and circularity opportunities, and propose eco-design, recycling, and repair models for the sector.

- **Qualifications**:
    - Background in Textile Engineering, Chemistry, or Environmental Technology.

- Minimum 5 years of experience in production or technical consulting for textile businesses.
- Familiarity with **Cleaner Production**, **ZDHC MRSL**, and Circular Economy models in the textile industry.

5.3. Chemicals Expert

- **Role**: The Chemicals Expert will assess chemical use in the textile sector, propose a roadmap to eliminate or substitute **POPs** and **CoCs**, and develop a risk management framework for chemical control within the industry.
- **Qualifications**:
  - Degree in Chemistry, Environmental Science, Chemical Safety, or related fields.
  - Minimum 5 years of relevant experience with **MSDS**, chemical control, **Stockholm Convention**, **Chemical Law**, and testing systems.
  - Preferred experience in working with businesses, laboratories, or chemical regulatory agencies.

5.4. Data Expert

- **Role**: The Data Expert will analyze supply chain data, build traceability systems, track chemicals, and assess the effectiveness of CE implementation. They will also support the monitoring framework and reporting logic.
- **Qualifications**:
  - Background in Information Technology, Environmental Science, or Quality Management Systems.
  - Experience with **ISO 14001**, **LCA**, **GHG Protocol**, **ERP systems**, or traceability systems.
  - Proficiency in data processing tools (advanced Excel, PowerBI, QGIS if needed).

6. DURATION

Expected timeframe: 36 weeks (approx. 9 months) from the signing of contract.

7. REPORTING AND SUPERVISION

The Consultant will report to the PMU of the (GEF/UNEP POPs Textile Project) and collaborate with:

- Ministry of Agriculture and Environment (MAE)
- Ministry of Industry and Trade (MOIT)
- Vietnam Textile and Apparel Association (VITAS),
- UN agencies (e.g., UNEP),
- Relevant development partners (e.g., GIZ, IDH, UNDP, WWF).

8. BUDGET AND PAYMENT SCHEDULE

Budget to be agreed based on a detailed technical and financial proposal. Payment schedule:

- 20% upon approval of Inception Report;
- 20% upon submission of Policy Review and Stakeholder consultation report and Draft Roadmap;
- 25 % upon Policy Advice Package;
- 20% upon submission of Final Draft Report;
- 15% upon approval of Final report and presentation & dissemination.

9. ETHICAL AND CONFIDENTIALITY CLAUSE

The Consultant must ensure confidentiality of all non-public information accessed or generated during the assignment and adhere to ethical standards in conducting research and stakeholder engagement.